

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

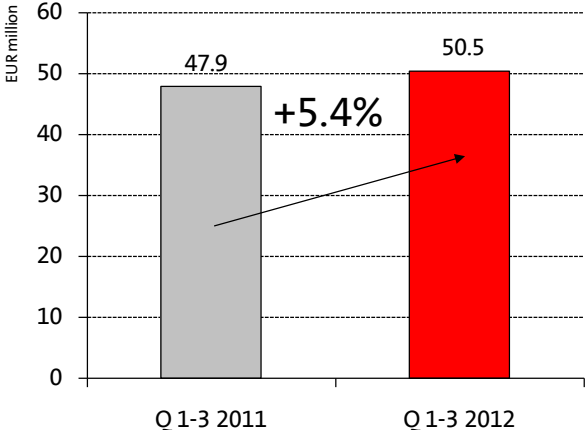


**UNAUDITED INTERIM REPORT OF ZAVAROVALNICA
TRIGLAV AND THE TRIGLAV GROUP FOR THE PERIOD
FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

Ljubljana, 30 November 2012

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST THREE QUARTERS OF 2012

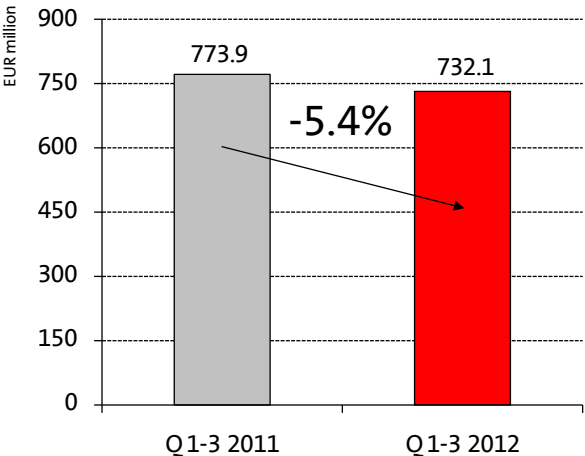
Net profit



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

For additional information see page 38.

Gross written premium for insurance and co-insurance contracts



Lower premium income is a consequence of the strategic focus on profitability unfavourable market conditions and the economic crisis.

For additional information see page 19.



Dear Shareholders,

With the consistent implementation of the set strategy in the first nine months of 2012 the Triglav Group was able to achieve good results. Further exacerbation and deepening of the economic and financial crisis was successfully overcome by our focus on core business and profitability. In the first three quarters of the year we earned **EUR 50.5 million in net profit** which represents a **5.4% growth** compared to the respective period of 2011. At the same time, we managed to keep high financial stability, also owing to the prudent management of business and financial risks.

The debt crisis in the EU member states remains the main source of the investment risk to which the Triglav Group is exposed. In the first half of 2012 credit rating agencies continued downgrading sovereign ratings for several countries, including the Republic of Slovenia. This rating cut of Slovenia, which reflects the general state of public finances and economy of the country, as a consequence helped change the credit rating of the Company. The Standard & Poor's credit rating agency decreased the **long-term rating of the Triglav Group**, also applying to Zavarovalnica Triglav and Pozavarovalnica Triglav Re, by one notch from "A" to "A-". Due to continued uncertainties regarding the dynamics and intensity of the reform process and framework, in early December S&P published a warning of a possible negative change in the credit rating of Slovenia and consequently announced it may review the credit rating of the Triglav Group. Despite the difficult economic situation, the operations of the Group remain stable as reflected by its continued strong position in South-East Europe and high credit rating, comparable to the credit ratings of other trusted insurance groups in Europe.

A slump in the insurance market that followed the deepening of the economic crisis had an impact on the **total written premium of the Triglav Group**, which **dropped by 5.4%**. This was not only due to the market stagnation that was triggered by lower demand for some insurance products – since the countries in the region covered by the Triglav Group continue to face negative pressures on economic activity – but also to a decline in exports and imports, new bankruptcies, reduced purchasing power of households, higher unemployment, reduction of bank lending, etc. Increased price competitiveness in the motor vehicle insurance market and the consequent adjustments of the insurance terms and conditions reduced the volume of written premiums for car insurance. Moreover, we continued with portfolio selection activities and building relationships with quality clients. Intensive management of the non-life technical result led to a favourable **combined ratio** - a measure of profitability in core insurance operations - which at the end of Q 3 **reached 91.8%**.

Profit generated in the first half was affected by **individual mass loss events**, primarily by wind storms in February in Western Slovenia which caused EUR 5.1 million of damage. Claims settled in crop and fruit insurance amounted to approximately EUR 3.7 million due to the spring frost in early April. This significantly decreased crop output, especially in fruit growing and to a lesser extent also in viticulture. Furthermore, summer hail storms caused crop claims of approximately EUR 2 million. In Central and Western Slovenia a hail storm in June caused

approximately EUR 1.8 million of damage and in July, as a consequence of another hail storm Central and North-Western Slovenia sustained damage of approximately EUR 4 million. Mass storm insurance claims were registered in the region around Rijeka and in Istria, whilst in February extremely bad weather events hit Montenegro and Bosnia and Herzegovina.

Zavarovalnica Triglav's business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's total assets. The global financial crisis caused market slumps and despite a conservative investment policy of the Triglav Group the value of some portfolio investments decreased as a result. A lower value of portfolio investments was reflected foremost in a decrease of net profit. In the first nine months of 2012, **permanent impairments of financial assets** totalled **EUR 35.5 million** and profits additionally suffered due to losses arising from Greek securities holdings as a consequence of the unilateral write-off of the Greek government debt by EUR 9.5 million. As capital market conditions remain volatile, the Company paid particular attention to monitoring their effects on the assets and liabilities structure, adapting investment policies of individual long-term business funds and assets backing liabilities when needed. In doing so, the Company employed results of different capital adequacy models as well as the stress testing results.

Total balance sheet assets of the Triglav Group as at 31 November 2012 stood at **EUR 3,131.1 million** and were **6% higher** than as at the end of 2011. Moreover, **total equity of the Triglav Group increased by 13%** and amounted to **EUR 554.9 million** as at the end of September 2012. The portion of equity in the balance sheet total increased by 1.2 percentage point compared to 31 December 2011 and reached 17.7%.

As regards **the share value of Zavarovalnica Triglav (ZVTG)**, listed on the Ljubljana Stock Exchange, an upward trend was observed, whilst the value of the Slovene Blue Chip Index in the reporting period remained practically the same. **From 31 December 2011 to the end of Q3**, the closing price of the Zavarovalnica Triglav's share **increased by 44%** and equalled EUR 14.39 as at 30 September 2012. The average turnover per trading day in the first three quarters of 2012 totalled EUR 60,482.53, which was above the 2011 average of EUR 53,930.40.

The markets in which we are present are forecast to remain uncertain by the end of the year and forecasts for 2013 are similar. Therefore, the implementation of the business strategy of the Triglav Group will seriously depend on active management of operating costs, careful selection of the existing portfolio, redesign and development of insurance products, greater attention to risk assessment and underwriting as well as a prudent investment policy with the focus on a stable and profitable portfolio. We will continue our efforts to develop the Triglav Group into the hub of insurance in the Adria region, also in cooperation with our strategic partner IFC.

Matjaž Rakovec

CEO and President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST NINE MONTHS OF 2012

1.1 Performance of the Triglav Group

in EUR million			
	Q 1-3 2012	Q 1-3 2011	INDEX
Gross written premium for insurance and co-insurance contracts	732.1	773.9	95
Net premium earned	665.9	687.1	97
Gross claims settled	449.5	437.1	103
Net claims incurred	450.1	428.9	105
Gross operating costs*	169.5	166.6	102
Profit/loss before tax	62.6	65.1	96
Net profit/loss	50.5	47.9	105
Net profit/loss attributable to the controlling company	49.9	46.7	107
	30 September 2012	31 December 2011	INDEX
Insurance technical provisions as at	2,334.6	2,234.1	104
Equity as at	554.9	489.5	113
Equity attributable to the controlling company as at	542.1	465.3	117
Number of employees	5.426	5.064	107

* Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q 1-3 2012	Q 1-3 2011
Claims ratio in non-life insurance	64.0%	61.9%
Expense ratio in non-life insurance	27.8%	27.7%
Combined ratio in non-life insurance	91.8%	89.7%

1.2 Performance of Zavarovalnica Triglav d.d.

in EUR million			
	Q 1-3 2012	Q 1-3 2011	INDEX
Gross written premium for insurance and co-insurance contracts	513.3	550.1	93
Net premium income	452.5	473.0	96
Gross claims settled	307.2	306.4	100
Net claims incurred	296.8	283.5	105
Gross operating costs	119.4	117.2	102
Profit/loss before tax	50.1	51.0	98
Net profit/loss	39.2	35.0	112
	30 September 2012	31 December 2011	INDEX
Insurance technical provisions as at	2.018.5	1.940.8	104
Equity as at	494.1	437.7	113
Number of employees	2.419	2.400	101

Key performance indicators of Zavarovalnica Triglav d.d.

	Q 1-3 2012	Q 1-3 2011
Claims ratio in non-life insurance	58.1%	57.6%
Expense ratio in non-life insurance	27.3%	25.7%
Combined ratio in non-life insurance	85.4%	83.3%

1.3 Activities and standing of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and one of the leading groups in South-East Europe, where it is gaining ground and expanding its operations. It is present in eight markets and seven countries. The Group's key business pillars are:

- insurance;
- asset management;
- banking; and
- support activities for the three key financial pillars.

The Triglav Group's core business, accounting for the bulk of its operations, 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.;
- abroad: insurance undertakings in the Czech Republic, Croatia, Slovakia, Bosnia and Herzegovina, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia.

Asset management is the activity of Triglav Skladi d.o.o., Triglav Naložbe d.d. and Triglav nepremičnine d.d. Their business involves investments in securities, real property, etc.

Banking represents a strategic businesses line of the Triglav Group, which brings together an integrated range of products and services, and enables the development of bancassurance. Zavarovalnica Triglav is a shareholder in Abanka Vipava, one of the largest Slovene banks.

Table: Subsidiaries of the Triglav Group directly involved in or supporting the Group's core business lines

	INSURANCE	ASSET MANAGEMENT	BANKING	OTHER
Slovenia	- Zavarovalnica Triglav d.d. - Pozavarovalnica Triglav Re d.d. - Triglav, Zdravstvena zavarovalnica d.d.	- Triglav Skladi d.o.o. - Triglav Naložbe d.d. - Triglav nepremičnine d.d. - Investicijsko podjetje, d.o.o.	- 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.
Croatia	- Triglav Osiguranje d.d., Zagreb			
Bosnia and Herzegovina	- Triglav Osiguranje d.d., Sarajevo - Triglav Osiguranje a.d.o., Banja Luka	- Polara Invest d.d. - PROF-IN d.o.o.		- TRI-PRO BH d.o.o. - Triglav Auto d.o.o. - Autocentar BH d.o.o. - Unis automobili i dijelovi d.o.o.
Serbia	- Triglav Osiguranje a.d.o., Belgrade	- Triglav Penzijski fondovi a.d.		- Pista d.o.o.
Montenegro	- Lovćen Osiguranje a.d., Podgorica - Lovćen životna osiguranja a.d., Podgorica			- Lovćen Avto a.d.
Former Yugoslav Republic of Macedonia	- Triglav Osigurivanje a.d., Skopje			
Czech Republic	- Triglav Pojišťovna a.s., Brno			

1.4 Composition and markets of the Triglav Group



As at 30 September 2012 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 INT d.d.
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o.
 - Unis automobili i dijelovi d.o.o.
 - Sarajevostan d.d.
 - Triglav Pojišt'ovna a.s., Brno
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d.
 - Lovćen avto d.o.o.
 - Triglav Osiguranje a.d.o., Belgrade
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav avto d.o.o.
 - Triglav Osigurivanje a.d., Skopje
- Triglav Skladi društva za upravljanje d.o.o.
 - PROF-IN d.o.o.
 - Polara Invest d.d.
- Triglav Naložbe finansijska društva d.d.
 - Golf Arboretum d.o.o.
 - SALNAL d.d.
 - AVRIGO društva za avtobusni promet in turizem d.d.
 - Integral Notranjska d.o.o.

- Alptours Turizem d.o.o.
- Integral Zagorje d.o.o.
- Integral Stojna Kočevje d.o.o.
- Triglav penzijski fondovi a.d.
- TRI - PRO d.o.o.
 - TRI-PRO BH d.o.o.
- AS Triglav - servis in trgovina d.o.o.
- Investicijsko podjetje d.o.o.
 - IP Nova d.o.o.
 - IP Nova A d.o.o.
- Triglav nepremičnine, upravljanje in svetovanje d.d.
 - Pista d.o.o.
- Slovenijales d.d.
 - Slovenijales trgovina d.o.o.
- Gradis IPGI d.d.
- Hotel Grad Podvin d.d.

Associated companies of the Triglav Group:

- Skupna pokojninska družba d.d.
- TriglavKo zavarovalno zastopniška družba d.o.o.
- Tehnološki center varne vožnje Vransko d.o.o.
- Nama trgovsko podjetje d.d.
- Goriške opekarne d.d.
- Elan Skupina (Skimar) d.o.o.
- Info TV d.d.
- IF Prof Plus
- ZIP Polara Invest Fond a.d., Banja Luka

Changes to the Triglav Group composition in 2012:

- By purchasing the shares of AVRIGO d.d. from Nova Gorica, Triglav Naložbe d.d. acquired a 100% stake of that company. AVRIGO d.d., Nova Gorica is the 100% owner of Integral Notranjska d.o.o. and has a 97.66% stake in Alptours Turizem d.o.o., a 78.57% stake in Integral Zagorje d.o.o. and a 79.88% stake in Integral Stojna Kočevje d.o.o.
- Zavarovalnica Triglav d.d., transferred its shareholdings in Triglav Osiguranje d.d., Zagreb to Triglav INT d.d.
- Zavarovalnica Triglav d.d. acquired 1,950 shares in Pozavarovalnica Triglav Re d.d., Ljubljana from minority shareholders, thus increasing its stake in the company to 100%.
- By acquiring 3,029 shares of Triglav, Zdravstvena zavarovalnica d.d. and squeezing out the minority shareholders, Zavarovalnica Triglav became the sole shareholder of Triglav Zdravstvena zavarovalnica.
- Upon the payment of the purchase price of EUR 14.8 million, Zavarovalnica Triglav became the sole shareholder of Investicijsko podjetje, Trgovanje z lastnimi nepremičninami d.o.o. (former Sava IP d.o.o.). Investicijsko podjetje d.o.o. holds 100% of IP Nova d.o.o. and 100% of IP Nova A d.o.o.
- Triglav INT provided additional capital to Triglav Osiguranje, Belgrade. Additional capital was raised by issuing 377,000 shares with a nominal value of RSD 700 each or RSD 263,900,000 in total. By raising additional capital Triglav INT increased its stake in the said company from 96.08% to 97.10%.
- Based on a final decision in summary proceedings, the District Court of Ljubljana on 26 September 2012 had the company SIANAL, upravljanje z nepremičninami, kapitalske naložbe d.o.o., stricken out from the Companies Register. The total assets of the company

were assigned to Salnal d.d., which thereby acquired a 0.7144% stake in the company Geoplin d.o.o.

- Triglav INT increased the share capital of Triglav Osiguranje, Banja Luka. The raising of capital was carried out through the issue of 973 shares with a nominal value of BAM 2,000 each or BAM 1,946,000 (EUR 994,974) in total. Recapitalisation funds were advanced on 6 August 2012 and on 16 October 2012 the capital increase was entered into the Court Register.
- In September 2012, Zavarovalnica Triglav purchased 59,694 shares of Slovenijales d.d. from non-controlling shareholders, which increased its shareholding to 83.55% of the company. The purchase price of the 21.81% equity stake equalled EUR 7,129,254.
- On 25 October 2012, Zavarovalnica Triglav launched a takeover bid to acquire all shares of Slovenijales družba za trgovino in druge storitve d.d. The acquirer offered EUR 119.43 per share.
- On 30 October, based on a decision issued by the District Court of Ljubljana, a merger by acquisition was entered into the Companies Register, merging Triglav nepremičnine d.d., Dunajska cesta 22, 1000 Ljubljana, the acquired company, with TRIGLAV NEPREMIČNINE d.o.o., Dunajska cesta 22, 1000 Ljubljana (prior to the merger: Investicijsko podjetje d.o.o., Davčna ulica 1, Ljubljana), the acquiring company. Upon the merger by acquisition, the acquired company Triglav nepremičnine d.d., Dunajska cesta 22, 1000 Ljubljana, ceased to exist and was stricken out from the Companies Register on 30 October 2012.

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- In the lawsuit Zavarovalnica Triglav d.d. as the plaintiff vs. Nadežda Klemenčič and Milan Marolt as the defendants, Zavarovalnica Triglav was served a decision of the Ljubljana District Court, by which the claim of Zavarovalnica Triglav d.d. had been rejected. Zavarovalnica Triglav appealed against the judgement. The Court has not yet decided the case.
- In a scrutiny by the Insurance Supervision Agency - Risk management review with focus on unit-linked life insurance, the Insurance Supervision Agency on 6 March 2012 sent Zavarovalnica Triglav a request to review its operations in order to re-examine the relevant facts and evidence, as well as review the operations related to the subsidiary Triglav Osiguranje a.d.
- On 16 March 2012, Zavarovalnica Triglav d.d. published the Governance Policy of Zavarovalnica Triglav d.d., including the amendments thereto, which were approved by the Management Board and Supervisory Board on 15 March 2012.
- On 15 March 2012, the Supervisory Board of Zavarovalnica Triglav appointed Stanislav Vrtunski, the current Executive Director of Non-Life Insurance Claims Division, as a new member of the Management Board with a five-year term of office. As a Member of the Management Board, Stanislav Vrtunski is in charge of the sales and marketing of property, life, health and accident insurance, excluding key accounts. The resolution on the appointment of the new member of the Management Board became effective as of the date the authorisation to serve on the Management Board was issued by the Insurance Supervision Agency.
- On 26 March 2012, the Supervisory Board approved the continuation of activities regarding the entry of a strategic partner (International Finance Corporation - IFC) in the shareholding structure of the holding company Triglav INT d.d.
- On 26 March 2012, the Supervisory Board took note of the resignation letter by Igor Stebernak and approved the termination of his term of office and employment.

Stebernak's term of office as a Member of the Management Board is to end no later than 30 June 2012.

- On 30 March 2012, Zavarovalnica Triglav d.d. and Triglav INT d.d. signed a Subscription Agreement in the amount of EUR 25 million and a Shareholders Agreement with IFC, a member of the World Bank Group. The strategic partnership between IFC and the Triglav Group will be aimed at the expansion and consolidation of the Triglav Group's operations in existing and potential new markets.
- On 23 May 2012, Stanislav Vrtunski was issued a decision by the Insurance Supervision Agency authorising him to serve on the Management Board of Zavarovalnica Triglav. Based on this decision, the Supervisory Board resolution on his appointment as the new member of the Management Board of 15 March 2012 became effective.
- On 29 May 2012, Zavarovalnica Triglav d.d. was served a judgement of the Supreme Court of the Republic of Slovenia rejecting Zavarovalnica Triglav's challenge of a decision by the Securities Market Agency prohibiting it from exercising its voting rights in Abanka Vipava d.d.
- On 12 June 2012, the 36th General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o., Dunajska cesta 111, Ljubljana, as the auditors for 2012.
- The General Meeting of Shareholders appointed Adolf Zupan as a replacement member of the Supervisory Board with the term of office starting on the date the resolution was passed and ending on 7 April 2013.
- The General Meeting of Shareholders as of 12 June 2012 recalled Anton Ribnikar and Uroš Slavinec as members of the Supervisory Board - shareholder representatives. and appointed Jovan Lukovac and Gregor Kastelic in their stead, their term of office starting on 13 June 2012 and ending on 7 April 2013.
- Pursuant to the changes in the Supervisory Board's composition, approved by the General Meeting of Shareholders, the Supervisory Board on 21 June 2012 appointed Igor Mihajlovič its new Chairman and Gregor Kastelic its new Vice-Chairman.
- Zavarovalnica Triglav ordered to partially cancel the bond issue with the ticker symbol ZT01, ISIN: SI0022102063 from the Share Register kept by KDD, and filed a request to reduce the total number of ZT01 bonds on the Ljubljana Stock Exchange. Following the reduction, the total remaining number of listed bonds with a denomination of EUR 1,000.00 will be 8,769, totalling EUR 8,769,000.00 in nominal terms.
- The term of office of Igor Stebernak as Member of the Management Board was terminated on 30 June 2012.
- On 29 August 2012, the Supervisory Board unanimously appointed Benjamin Jošar as a new member of the Management Board, in charge of finance and accounting, for a five-year term of office. The appointment will be effective as of the date an authorisation to serve on the Management Board is issued by the Insurance Supervision Agency.
- The Supervisory Board took note of the management of Zavarovalnica Triglav's equity holding in Abanka Vipava d.d. and the expected scenarios of the share capital increase in that bank. The Board concluded, that the level of available capital of Zavarovalnica Triglav d.d. according to S&P capital model does not prevent its participation in the planned recapitalisation of Abanka Vipava d.d., as provided in the notice of the bank's General Meeting of Shareholders, aimed at keeping the equity stake of Zavarovalnica Triglav d.d. and its related parties at the present level and increasing it to no more than 1/3 of total equity. Zavarovalnica Triglav d.d. will, in accordance with good corporate governance practices, continue to actively manage and help maintain a solid capital base of Abanka Vipava d.d., considering its own interests and the interests of all of its stakeholders. To this end Zavarovalnica Triglav d.d. will make use of all the available information regarding the said equity investment and make the final decision regarding its participation in the

recapitalisation of Abanka Vipava d.d. on the basis of the due diligence investigation summary and taking into account its own interests.

- On 2 November 2012, Benjamin Jošar was issued a decision by the Insurance Supervision Agency authorising him to serve on the Management Board of Zavarovalnica Triglav. Based on this decision, the Supervisory Board resolution of 29 August 2012 on his appointment as the new member of the Management Board for a five-year term of office became effective.
- On 6 November 2012 Slovenia's sovereign rating was put on credit watch negative by the Standard & Poor's Ratings Services (hereinafter: S&P). As a direct consequence of this, S&P on 7 November 2012 placed the credit rating on the Triglav Group on CreditWatch with negative implications.
- With respect to the long-term rating of the Triglav Group, which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re, S&P back in mid December 2011 published a warning saying that due to highly probable extraordinary financial assistance to the Republic of Slovenia in the event of its financial distress the credit rating of the Triglav Group may be cut by no more than one notch, i.e. down to "A-". The possible long-term rating deterioration of the Triglav Group will depend on the extent of any downgrading of the long-term sovereign credit rating of the Republic of Slovenia.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav d.d.

Zavarovalnica Triglav is managed and governed according to a two-tier system. The management bodies, i.e. 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 www.triglav.eu.

2.2 General Meetings of Shareholders

Shareholders of Zavarovalnica Triglav exercise their rights in respect of matters concerning the Company through the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be 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 Meetings of Shareholders in the third quarter of 2012

In the third quarter of 2012, the General Meeting of Shareholders of Zavarovalnica Triglav was convened once. At the 36th General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 12 June 2012, the shareholder representatives:

- passed a resolution on the distribution of the accumulated profit of EUR 93,322,070.68 as at 31 December 2011 as follows:

- the part of accumulated profit in the amount of EUR 15,914,603.60 to dividend payments to the shareholders, i.e. EUR 0.70 gross per share,
- the remaining profit of EUR 77,407,467.08 to be distributed in the following years;
- granted discharge for the financial year 2011 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
- appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
- appointed a replacement member to the Supervisory Board, a shareholder representative;
- recalled and appointed a member to the Supervisory Board, a shareholder representative, as explained in Section 1.5.

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, of whom one 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 of the Management Board 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 September 2012

As at 30 September 2012 the Management Board of Zavarovalnica Triglav included:

- Matjaž Rakovec, President;
- Andrej Slapar, member;
- Stanislav Vrtunski, member;
- Marica Makoter, Member of the Management Board, 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 Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Members of the Supervisory Board are given 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 members deprived of their office, the General Meeting of Shareholders elects a new member with a term of office lasting until the end of the term of office of the Supervisory Board.

2.4.1 Supervisory Board as at 30 September 2012

As at 30 June 2012, the Supervisory Board of Zavarovalnica Triglav had the following members:

- Igor Mihajlovič, Chairman, shareholder representative;
- Gregor Kastelic, Deputy Chairman, shareholder representative;
- Aljoša Valentinčič, member, shareholder representative;
- Adolf Zupan, member, shareholder representative;
- Vladimir Uršič, member, shareholder representative;
- Jovan Lukovac, shareholder representative;
- Branko Gorjan, member, employee representative;
- Peter Celar, member, employee representative;
- Miran Krštinc, member, employee representative.

3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Capital

As at 30 September 2012, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. It is 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 up in full.

3.2 The share of Zavarovalnica Triglav

Table: Key figures for the shares of Zavarovalnica Triglav d.d.

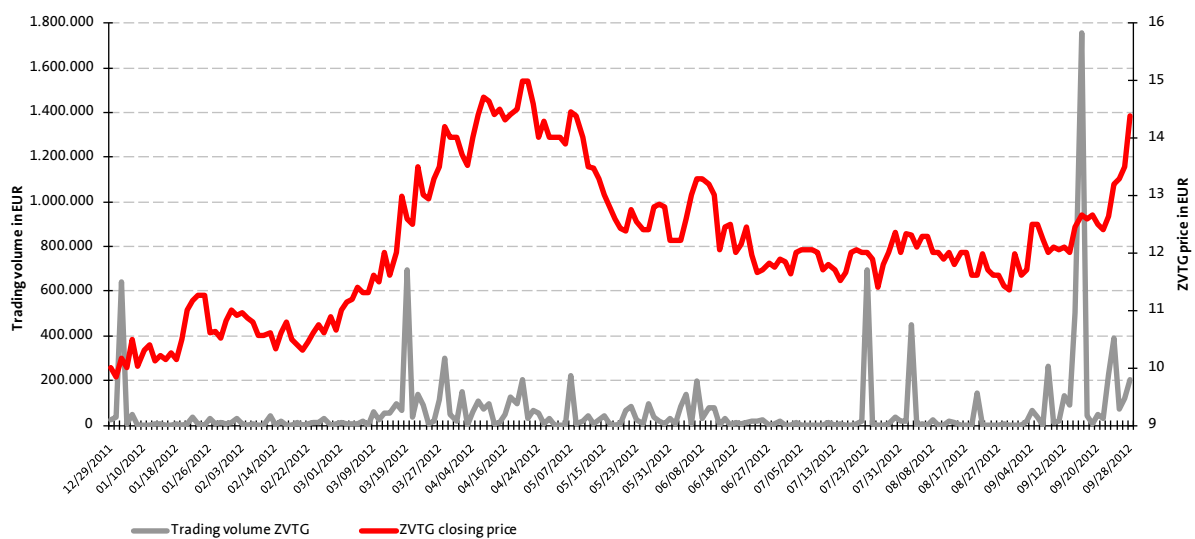
ITEMS	30 September 2012	31 December 2011
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	21.73	19.25
Share market value - closing price (in EUR)	14.39	10.00
Market capitalisation - closing price (in EUR)	327,158,780	227,351,480
Net earnings/loss per share (in EUR)	1.72	1.93
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljana Stock Exchange - LJSE	
Credit rating	Standard & Poor's; »A-«, negative medium-term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

Trading on the Ljubljana Stock Exchange - LJSE

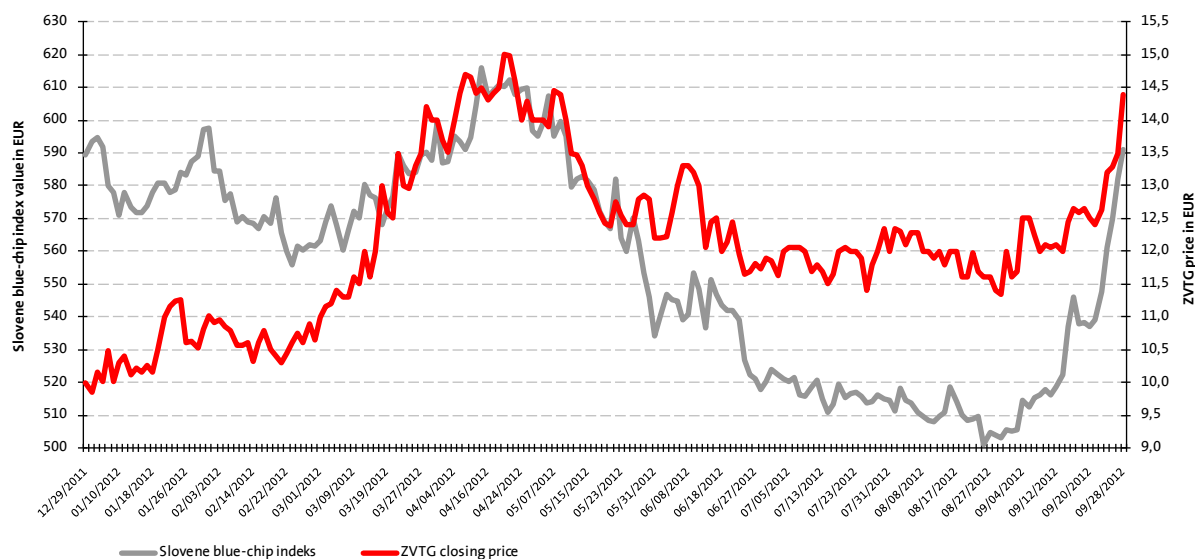
Price fluctuations of the ZVTG share were characterised by an upward trend. From 31 December 2011 to 30 September 2012, the closing price of the Zavarovalnica Triglav's share increased by 44% and reached EUR 14.39 as at 30 September 2012.

The average turnover per trading day in the first nine months of 2012 totalled EUR 60,482.53, which was above the 2011 average of EUR 53,930.40. In the reporting period the Slovene Blue-Chip Index remained almost unchanged, whilst the value of the ZVTG share as at 30 September 2012 was 44% higher.

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)



Graph: 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 three quarters of 2012 compared to 31 December 2011

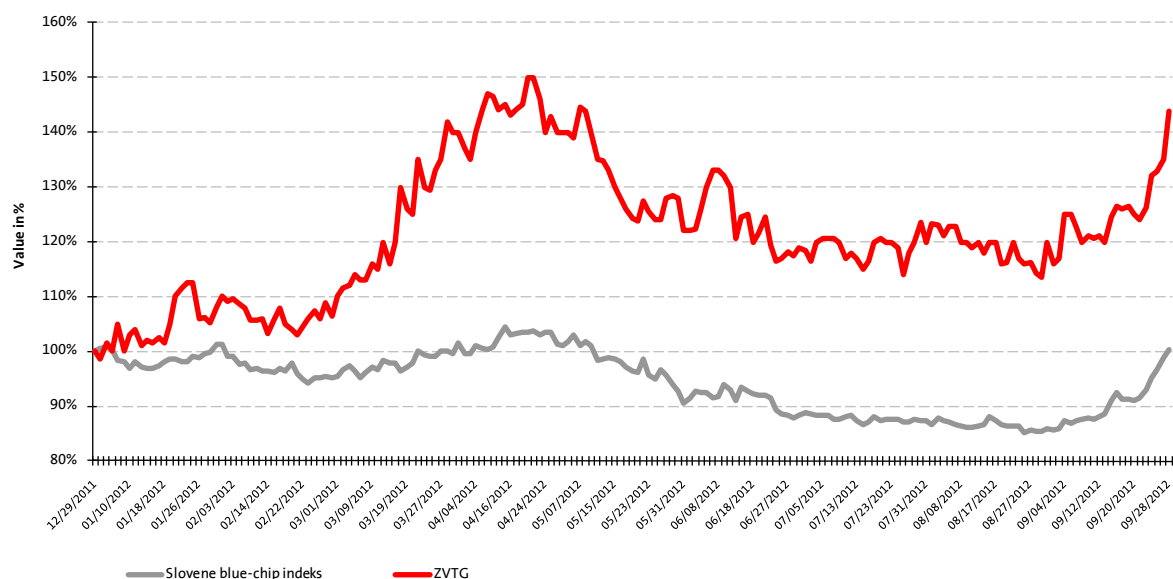
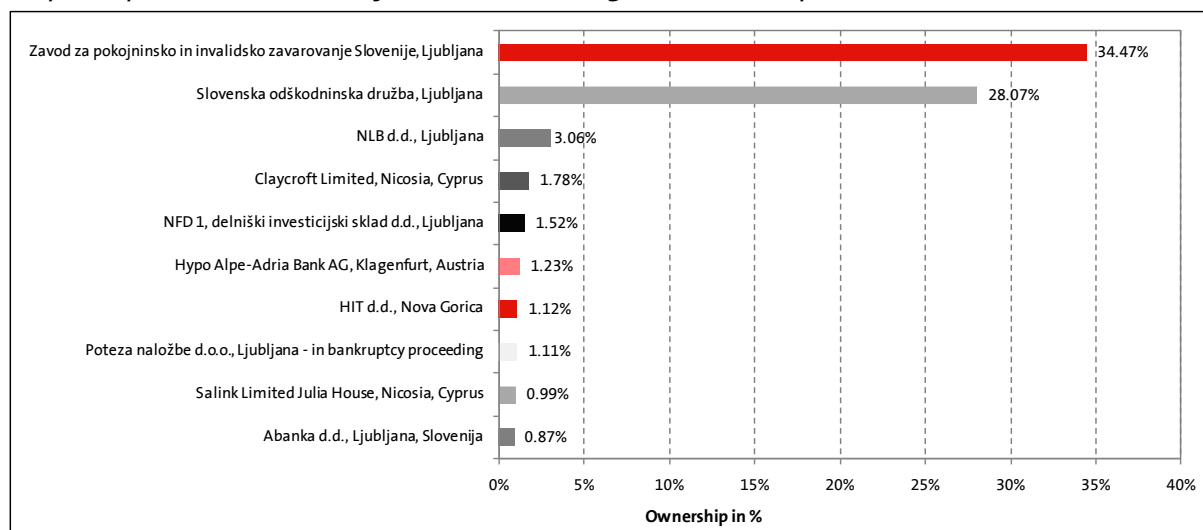


Table: Shareholder structure of Zavarovalnica Triglav as at 30 September 2012

	TOTAL	DOMESTIC	FOREIGN	LEGAL ENTITIES	NATURAL PERSONS
Number of shares	22,735,148	20,848,991	1,886,157	20,848,776	1,886,372
Number of shareholders	28,582	28,109	473	681	27,901
Number of shares - percentage	100.00 %	91.70 %	8.30 %	91.70 %	8.30 %
Number of shareholders - percentage	100.00 %	98.35 %	1.65 %	2.38 %	97.62 %

Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 September 2012



3.3 Credit rating of Zavarovalnica Triglav

On 7 August 2012 the rating agency Standard & Poor's Ratings Services (hereinafter S&P) cut the long-term credit rating and financial strength credit rating of the Triglav Group (which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re) by one notch from »A« to »A-«. This rating cut was caused by a recent downgrade of the Republic of Slovenia, reflecting the general state of public finances and economy of Slovenia. The medium-term outlook for the Triglav Group remained negative.

With respect to the long-term rating of the Triglav Group, which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re, S&P back in mid December 2011 published a warning saying that due to highly probable extraordinary financial assistance to the Republic of Slovenia in the event of its financial distress the credit rating of the Triglav Group may be cut by no more than one notch, i.e. down to »A-«. On 6 November 2012 S&P published a warning regarding a possible downgrading of the Republic of Slovenia due to highly probable extraordinary financial assistance to the country in the event of its financial distress. As a direct consequence of this warning, on 7 November 2012 S&P also published a warning of a possible downgrading of the Triglav Group. Any change of the long-term credit rating of the Triglav Group will depend on the extent of any downgrade of the long-term credit rating of the Republic of Slovenia.

3.4 Dividends

At the 36th Annual General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 12 June 2012, the shareholders voted in favour of the following distribution of the accumulated profit of EUR 93,322,070.68 as at 31 December 2011:

- the part of the accumulated profit in the amount of EUR 15,914,603.60 to dividend payments to the shareholders, i.e. EUR 0.70 gross per share,
- the remaining profit of EUR 77,407,467.08 to be distributed in future years.

Dividend payment fell due within 30 days of the date this resolution was passed.

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

4.1 Impact of the environment on performance

In the first half of 2012, the operations of Zavarovalnica Triglav and the Triglav Group were marked by the global economic and financial crisis. As a financial organisation, Zavarovalnica Triglav is closely intertwined with financial markets and cannot avoid their influence entirely. In spite of a relatively conservative investment policy, the value of some investments decreased, which was reflected in a lower net profit of Zavarovalnica Triglav. Owing to significant or long-term decreases in the value of investments, permanent impairment of investments was carried out in the amount of EUR 35.5 million. The bottom-line profit was also adversely affected by loss arising from Greek securities holdings, owing to the effect of the unilateral write-off of the Greek government debt in the amount of EUR 9.5 million.

The rating downgrade of the Republic of Slovenia due to the general state of public finances and economy of Slovenia caused a one-notch cut of the long-term rating and financial strength rating of the Triglav Group, down

The downgrading of the Triglav Group by one notch from »A« to »A-«, was caused by the downgrading of the Republic of Slovenia.

to »A-«, applying also to Zavarovalnica Triglav and Pozavarovalnica Triglav Re.

The crisis also affected the insurance business of Zavarovalnica Triglav. Its consequences can be seen in lower demand for some insurance products due to lower economic activity, decline in exports and imports, new bankruptcies, reduced purchasing power of households, higher unemployment, reduction of bank lending, etc. Increased competitiveness in the motor vehicle insurance market and subsequent adjustments to the terms and conditions reduced the volume of written premiums on motor vehicle insurance. 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, manifested in a high claims ratio for both the parent company and the Group.

Profit generated in the first nine months was affected by individual mass loss events – the largest were bora wind storms in Western Slovenia in February, which caused EUR 5.1 million of damage. Claims settled in crop and fruit insurance amounted to approximately EUR 3.7 million due to the spring frost in early April which reduced crop output, especially in fruit growing and to a lesser extent also in viticulture. Summer hails caused approximately EUR 2.0 million of damage in crops. In June, bora wind storms in central and western Slovenia caused approximately EUR 1.8 million, and in July a hail storm in Central and North-Western Slovenia caused approximately EUR 4.0 million of damage. Mass loss events due to storms affected the Istria and Rijeka area in Croatia, while extreme weather conditions in February hit Montenegro and Bosnia and Herzegovina.

With consistent implementation of its business policy measures, designed to neutralise the adverse effects of the financial crisis, and an adequate portfolio management investment policy, Zavarovalnica Triglav ended the first nine months of 2012 with a profit, i.e. profit after tax was EUR 39.2 million (index 112), while profit after tax for the Triglav Group amounted to 50.5 million EUR (index 105).

4.2 The insurance market and market position of Group members in the first nine months of 2012

There were 16 insurance companies and 3 foreign branch offices active in the Slovene insurance market in the first three quarters of 2012. Together they recorded gross written premium amounting to EUR 1,568.4 million, which was 3.5% less than in the same period of 2011. Since the SODPZ fund was not transferred to Modra zavarovalnica, but remained under KAD control, the comparison with total premium and life insurance in 2011 is not realistic, as in 2011 the entire KAD premium was taken into account.

Traditional insurance companies (18) booked a total of EUR 1,566.3 million in premium, of which 72% stemmed from non-life insurance and the remainder from life insurance. In October of 2011 Modra zavarovalnica was included among the traditional insurance companies. It was founded in the process of division by exclusion from Kapitalska družba (upon incorporation it took over the management of Closed Mutual Pension Fund for Civil Servants, Capital Mutual Pension Fund, First Pension Fund of the Republic of Slovenia and Guarantee Fund of the First Pension Fund). Non-life insurance premiums decreased by 0.4% and life insurance premiums by 10.9%. The data do not include insurance business in Slovenia written directly by insurance companies from other EU member states (FOS). This share is growing, but the Company still considers it to be negligible.

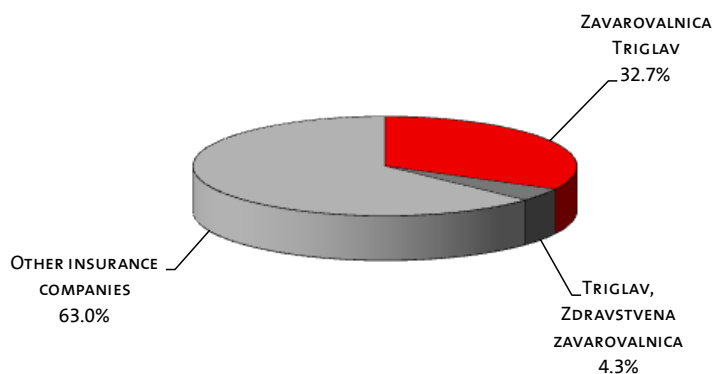
The market is characterised by a high degree of concentration. The four largest insurers controlled over

In Slovenia, the Triglav Group has a market share of 37,0%.

71.8% of the traditional insurance market (vs. 70.6% in 2011). By holding 32.7% of the market, Zavarovalnica Triglav remained the market leader (excluding Modra zavarovalnica the market share of Zavarovalnica Triglav was 34.3%). The second largest market share was held by Zavarovalnica Maribor, a company 2.4 times smaller. At the end of the third quarter, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 37.0%, which was 0.5 percentage points less than in 2011 (excluding Modra zavarovalnica their combined market share was 38.8%). Predominantly foreign-owned insurance companies (Generali, Merkur, Grawe, Arag, Ergo življenjska zavarovalnica, Victoria Volksbanken - ERGO branch office, Wiener Städtische, Allianz) continued to increase their market shares. In the first nine months of 2012, they recorded a total of EUR 156.2 million in premium and had a combined market share of 10.0% (vs. 9.5% in the respective period of 2011).

The Company held 32.4% of the non-life insurance market and 33.4% of the life insurance market. After excluding Modra zdravstvena zavarovalnica, the market share of Zavarovalnica Triglav in life insurance was 40.0%. Since the Slovene insurance market is one of the more developed markets with a relatively high market concentration, the competition is directed at the existing clients. Maintaining the leading position and increasing comparative advantages are therefore both demanding and stimulating for development.

Graph: The market share of Zavarovalnica Triglav and other traditional insurance companies domiciled in Slovenia in the first three quarters of 2012



Source: Slovenian Insurance Association

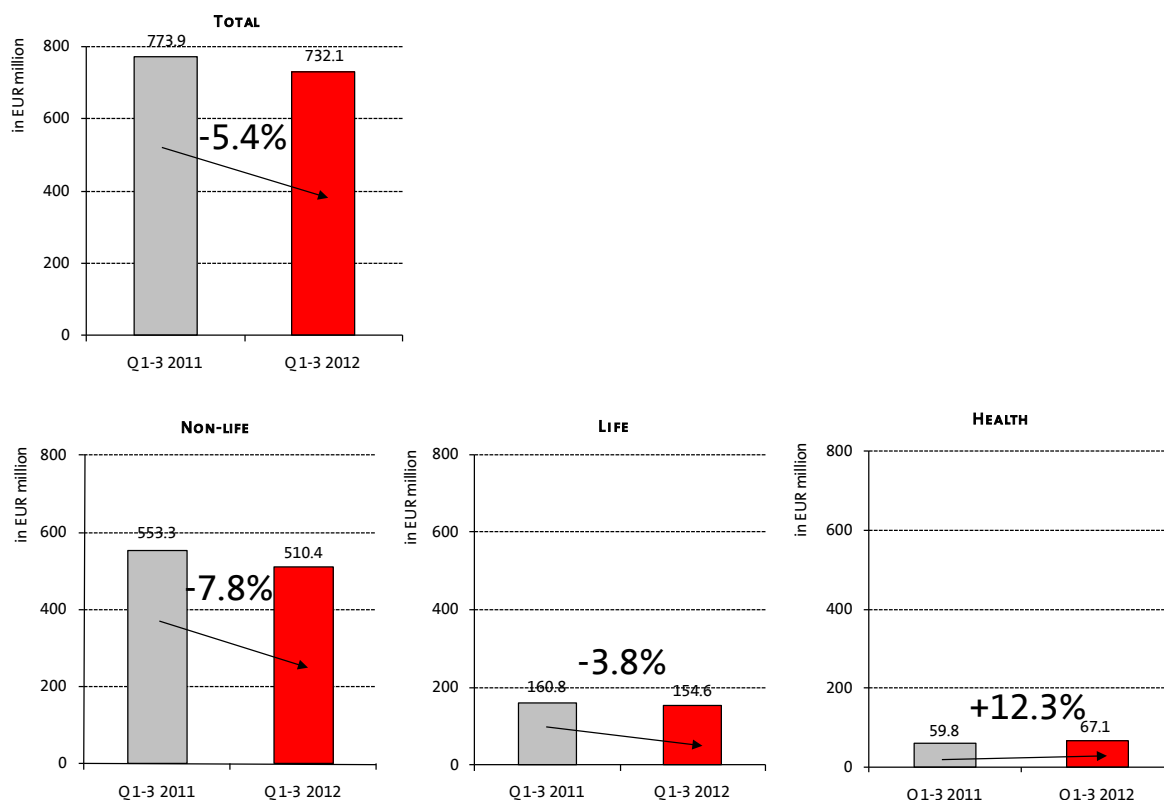
4.3 Operations of the Triglav Group

4.3.1 Gross written premium for insurance and co-insurance contracts

In the first half of 2012, the Triglav Group posted a total of EUR 732.1 million in consolidated gross insurance and co-insurance premium or 5% less than in the respective period of 2011. Gross **non-life insurance premium** was EUR 510.4 million (index 92), **life insurance premium** totalled EUR 154.6 million (index 96) and **health insurance premium** reached EUR 67.1 million (index 112).

A total of EUR 732.1 million has been charged in gross insurance and co-insurance premium this year.

Graph: Gross written premium on insurance and co-insurance contracts in the first three quarters of 2012 compared to the first three quarters 2011



The structure of consolidated written premium was the following:

- non-life insurance accounted for 69.7%;
- life insurance for 21.1% and
- health insurance for 9.2%.

In the first three quarters of 2012, 82.6% of the consolidated gross written premium was charged in the Slovene insurance market. The share of gross written premium charged in Slovenia increased by 0.7 percentage points compared to the respective period in the previous year.

The Triglav Group members (excluding Triglav Re) booked EUR 702.7 million in non-consolidated gross insurance and co-insurance premium, which was 6% less than in the same period last year. Trends varied depending on company and market. The written premium of Zavarovalnica Triglav was lower by 7% in comparison with the respective period of 2011, whilst that of Triglav Zdravstvena zavarovalnica was higher by 12%. Premium growth was recorded in Triglav Osiguranje, Sarajevo, (by 9%) and in Lovćen životna osiguranja (by 10%). In Triglav Pojišt'ovna premium remained at the same level as the year before (index 100). Lower premium was written by Triglav Osiguranje, Zagreb, by 13%, Lovćen Osiguranje by 6%, Triglav Osiguranje, Belgrade, by 23%, Triglav Osiguranje, Banja Luka, by 32% and Triglav Osiguruvanje, Skopje, by 10%.

Pozavarovalnica Triglav Re booked a total of EUR 91.4 million in gross reinsurance premium or 5% less than in the first half of 2011. This decrease in gross reinsurance premium was mostly caused by lower reinsurance premium from the class of other damage to property (25%) and the class of land motor vehicle insurance (8%). Pozavarovalnica Triglav Re recorded 10% growth rate was in fire and natural forces insurance, which is in the largest class. Lower gross reinsurance premium is primarily the result of lower less optional business with Zavarovalnica Triglav, whereas reinsurance premium earned outside the Triglav Group rose by 3%.

Table: Gross written premium for insurance and co-insurance contracts in the first three quarters of 2012 by insurance company of the Triglav Group

	INSURANCE COMPANY	GROSS WRITTEN PREMIUM IN Q 1-3 2012			INDEX			STRUCTURE
		NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	Q 1-3 2012
1	Zavarovalnica Triglav	368,536,671	144,723,455	513,260,126	92	96	93	73.0%
2	Triglav, Zdravstvena zavarovalnica	67,127,434	0	67,127,434	112		112	9.6%
3	Triglav Osiguranje, Zagreb	30,127,220	6,876,005	37,003,225	85	96	87	5.3%
4	Triglav Osiguranje, Sarajevo	11,493,040	1,757,093	13,250,133	107	127	109	1.9%
5	Triglav Pojišt'ovna, Brno	20,747,306	0	20,747,306	100		100	3.0%
6	Lovćen Osiguranje, Podgorica	20,920,682	0	20,920,682	94		94	3.0%
7	Triglav Osiguranje, Belgrade	11,525,639	457,320	11,982,959	77	101	77	1.7%
8	Triglav Osiguranje, Banja Luka	2,893,708	0	2,893,708	68		68	0.4%
9	Triglav Osigurivanje, Skopje	14,430,995	0	14,430,995	90		90	2.1%
10	Lovćen životna osiguranja, Podgorica	0	1,069,461	1,069,461		110	110	0.2%
	TOTAL	547,802,695	154,883,334	702,686,029	94	96	94	100.0%
11	Pozavarovalnica Triglav Re	91,407,111	0	91,407,111	95		95	
	Consolidation eliminations	-61,730,835	-251,240	-61,982,075	93		93	
	TOTAL - CONSOLIDATED	577,478,971	154,632,094	732,111,065	94	96	95	

4.3.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 547.8 million of unconsolidated insurance and co-insurance premium from non-life insurance contracts in the first half of 2012, which represents a 6% nominal decrease compared to the same period last year.

The best performing class by size of gross written premium was **motor vehicle insurance**, accounting for 35.1% of the total written premium. In **comprehensive car insurance**, the members of the Triglav Group recorded a 10% decrease in premium compared to the respective period of 2011. Premium increases were posted by Triglav

Motor vehicle insurance remained the most important segment, accounting for 35.1% of total premium earned.

Osiguranje, Banja Luka (6% growth), Triglav Pojišt'ovna (5% growth) and Triglav Osiguranje, Sarajevo (1% growth), whereas in all the other insurance companies of the Triglav Group written premium decreased, with the highest declines recorded in Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb. In **motor liability insurance**, the insurance companies of the Triglav Group booked EUR 143.6 million of written premium, which represents a 12% decline compared to the same period of 2011. Among the Group members, written premium grew by 3% in Triglav Osiguranje, Sarajevo, whereas in all the other insurance companies of the Triglav Group written premium decreased. This decrease in written premium results from price competition among insurers in the motor vehicle insurance market, greater prudence of policy holders, lower prices of insurance products and premium discounts 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 (reduced purchasing power, lower economic growth, higher unemployment, stricter borrowing terms and conditions, lower sales volumes of motor vehicle in certain countries covered by the Group's subsidiaries, fewer insurance policies taken out for leased cars where comprehensive car insurance is obligatory). The insurance markets in Serbia, Bosnia and Herzegovina, Montenegro and the Former Yugoslav Republic of Macedonia are characterised by the insufficient role of the supervisory bodies and lack of respect for established rules of conduct (premium system, bonus-malus system, insurance codes), which is the result of underdeveloped insurance markets. Characteristic for these markets are competitive insurers that pay high commissions to agents, brokers, agencies and roadworthiness test providers, as well as unfair competition among insurers on most markets,

where competitive insurers offer clients large discounts and different material incentives, such as roadworthiness test or registration vouchers, partial premium reimbursement, gas coupons etc. The decrease in written premium from statutory insurance recorded in Triglav Osiguranje, Banja Luka, resulted from the strategic decision to change the insurance portfolio structure, causing motor liability insurance to account for a lesser share of total premium. In addition to the above mentioned reasons, the drop in premium in Triglav Osiguranje, Zagreb was caused by the portfolio clean-up performed to restructure the technical result in comprehensive car insurance, whereas in Lovćen Osiguranje less premium was a result of extreme weather conditions.

A high growth of 12% was recorded in **health insurance**, mostly owing to the results of Triglav Zdravstvena zavarovalnica. The growth of written premium stems from the successful marketing of supplementary health insurance products and a consequent increase in the portfolio of Triglav Zdravstvena zavarovalnica, as well as from the increased price of the supplementary health insurance premium. Triglav Zdravstvena zavarovalnica booked a total of EUR 67.1 million in gross reinsurance premium or 12% more than in the first three quarters of 2011.

A growth rate of 12% was achieved in health insurance.

In the **property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 127.2 million was booked, representing a 6% decrease. In fire and natural disaster insurance a nominal growth of 5% was achieved, whilst other damage to property insurance recorded a 14% premium decrease. Most of the Group's insurance companies recorded growth, the highest rates in Triglav Pojišt'ovna, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade. Lower premium was posted only in Zavarovalnica Triglav and Triglav Osiguranje, Zagreb, whose share in total premium from property insurance represents 89%. Zavarovalnica Triglav experienced an 8% premium decrease, mainly due to a lower premium on combined property insurance products. A premium decrease in Triglav Osiguranje, Zagreb, was due to the discontinuation of business with two major clients and numerous bankruptcies on account of the economic crisis.

Accident insurance represented 5.4% of total written premium or nominally EUR 37.7 million. Compared to the previous year, the premium booked fell by 7%. More than a half of premium from accident insurance arises from two insurance sub-classes taken out simultaneously with car insurance (driver and passenger accident insurance and AO-plus insurance), where the decrease in written premium results from the developments in the motor vehicle insurance market. The decline of written premium from other accident insurance was influenced mostly by the poor state of economies and growing unemployment. The strongest decrease of premium was recorded in Triglav Osiguranje, Belgrade, Triglav Osiguruvanje, Skopje, and Triglav Osiguranje, Banja Luka. However, written premium increased in Triglav Pojišt'ovna, Triglav Osiguranje, Sarajevo, and Lovćen Osiguranje.

In **general liability insurance** the Triglav Group recorded EUR 29.7 million, representing 4.2% of total premium. Most insurance companies within the Triglav Group posted a growth in premium; less premium was collected only in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Sarajevo and Lovćen Osiguranje, Podgorica. Zavarovalnica Triglav (accounting for 85% of total premium) recorded a 2% growth in written premium.

Credit insurance accounted for 2.2% of total written premium and remained at the same level as the year before. A significant growth in premium was recorded in Triglav Osiguranje, Sarajevo, achieved as a result of business co-operation with one of the banks. Zavarovalnica Triglav (accounting for 97% of total premium) recorded a 2% decrease in written premium, mostly due to the decline in consumer loan insurance.

Premium from **other non-life insurance** (accounting for 3,4% of total premium) decreased by 3%, mostly due to the loss of a large aircraft insurance client and aircraft liability insurance in Lovćen Osiguranje. A high growth in premium was seen in railway insurance, suretyship insurance and marine insurance,

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 154.9 million in unconsolidated gross written premium from **life insurance** contracts or 4% less than in the first nine months of 2011. Life insurance represented 22.0% of total gross written premium of the Triglav Group, which was 0.4 percentage point higher than in the respective period of 2011.

Due to continually uncertain financial markets and the economic crisis, clients were more prudent when purchasing long-term life insurance policies.

Premium from **life insurance** (traditional life insurance, annuity insurance, voluntary pension insurance) amounted to EUR 71.8 million or 46.4% of the total. Life insurance generated 1% less premium than in the same period of 2011.

The premium generated by **unit-linked life insurance** totalled EUR 67.7 million or 43.7% of gross written premium in the life insurance class. It is estimated that a 9% premium decrease was caused by the continuing uncertainty in the financial markets and the economic crisis, as clients were more prudent when purchasing long-term life insurance policies. In addition to Zavarovalnica Triglav, unit-linked products are also available from Triglav Osiguranje, Zagreb, which booked a total of EUR 3.0 million in written premium or 8% less than a year earlier.

The remaining EUR 15.4 million (or 9.9% of total premium) was accounted for by **supplementary voluntary pension insurance** (capital redemption insurance), which experienced a 9% growth.

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

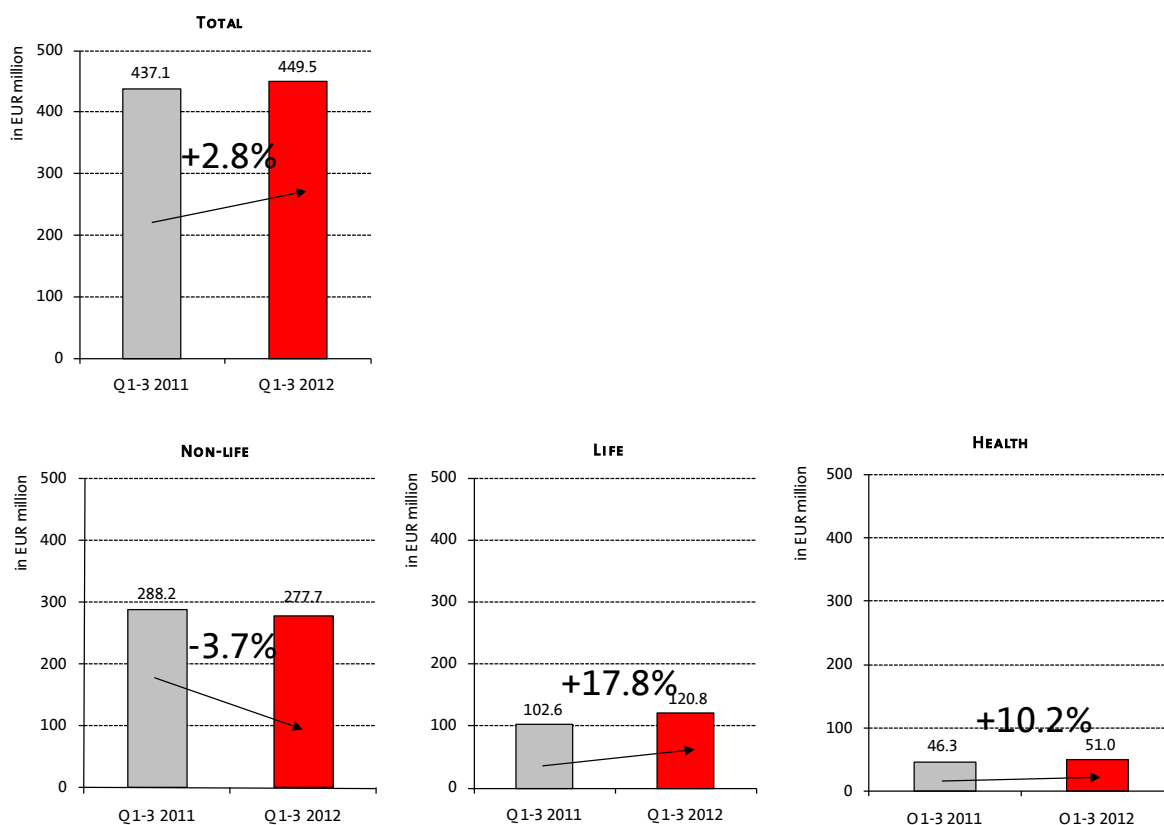
No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		INDEX	STRUCTURE
		Q 1-3 2012	Q 1-3 2011	2012/2011	Q 1-3 2012
1	Accident insurance	37,673,382	40,479,390	93	5.4%
2	Health insurance	67,624,287	60,329,388	112	9.6%
3	Comprehensive car insurance	103,007,338	114,545,574	90	14.7%
4	Property insurance	127,185,575	135,668,024	94	18.1%
5	Motor liability insurance	143,627,302	163,171,736	88	20.4%
6	General liability insurance	29,680,644	29,254,783	101	4.2%
7	Credit insurance	15,294,983	15,364,451	100	2.2%
8	Other non-life insurance	23,709,184	24,566,921	97	3.4%
	NON-LIFE INSURANCE	547,802,695	583,380,267	94	78.0%
9	Life insurance	71,805,484	72,709,413	99	10.2%
10	Unit-linked life insurance	67,726,519	74,057,582	91	9.6%
11	Capital redemption insurance	15,351,331	14,123,061	109	2.2%
	LIFE INSURANCE	154,883,334	160,890,056	96	22.0%
	TOTAL	702,686,029	744,270,323	94	100.0%

4.3.2 Gross claims paid

In the first nine months of 2012, the Triglav Group posted a total of EUR 449.5 million in consolidated gross claims (including claim handling costs and subrogation receivables) or 3% more than in the same period of 2011. In non-life insurance, the Triglav Group recorded EUR 277.7 million (index 96), in life insurance EUR 120.8 million (index 118) and in health insurance EUR 51.0 million (index 110) in gross claims.

In the first three quarters of 2012, gross claims paid in non-life insurance dropped by 4%.

Graph: Gross claims paid in the first three quarters of 2012 compared to the first three quarters of 2011



The Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) posted a total of EUR 431.0 million in non-consolidated gross claims. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 162), Triglav Osiguranje, Zagreb (index 121) and Triglav, Zdravstvena zavarovalnica (index 110). Triglav Osiguranje, Sarajevo recorded a 9%, Triglav Osiguruvanje, Skopje and Triglav Pojišt'ovna a 7%, and Triglav Osiguranje, Banja Luka a 4% increase in gross claims paid. Zavarovalnica Triglav's gross claims paid remained at the same level as in 2011 (index 100), while Triglav Osiguranje, Belgrade and Lovćen Osiguranje, Podgorica recorded less gross claims paid than in the corresponding period of 2011 (index 96).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 39.3 million, or 8% less than a year earlier. This decrease was caused by lower gross claims settled in the Triglav Group in the insurance classes land motor vehicle insurance, motor vehicle liability insurance, and fire and natural disaster insurance. Gross claims paid in business outside the Triglav Group increased by 12%, mostly due to claims arising from the devastating weather events in 2011.

Table: Gross claims paid in the first the first three quarters of 2012 by insurance company of the Triglav Group

INSURANCE COMPANY	GROSS CLAIMS PAID IN Q 1-3 2012			INDEX			STRUCTURE
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	Q 1-3 2012
1 Zavarovalnica Triglav	190,193,096	116,975,577	307,168,673	92	117	100	71.3%
2 Triglav, Zdravstvena zavarovalnica	50,991,942	0	50,991,942	110		110	11.8%
3 Triglav Osiguranje, Zagreb	20,549,935	2,780,459	23,330,394	121	124	121	5.4%
4 Triglav Osiguranje, Sarajevo	5,095,913	384,463	5,480,376	106	163	109	1.3%
5 Triglav Pojišt'ovna, Brno	13,683,634	0	13,683,634	107		107	3.2%
6 Lovćen Osiguranje, Podgorica	11,785,199	0	11,785,199	96		96	2.7%
7 Triglav Osiguranje, Belgrade	6,023,096	126,009	6,149,105	97	61	96	1.4%
8 Triglav Osiguranje, Banja Luka	1,216,743	0	1,216,743	104		104	0.3%
9 Triglav Osiguruvanje, Skopje	10,630,205	0	10,630,205	107		107	2.5%
10 Lovćen životna osiguranja, Podgorica	0	519,092	519,092		162	162	0.1%
TOTAL	310,169,763	120,785,601	430,955,363	98	118	103	100.0%
11 Pozavarovalnica Triglav Re	39,276,190	0	39,276,190	92		92	
Consolidation eliminations	-20,759,639	0	-20,759,638	81	100	81	
TOTAL - CONSOLIDATED	328,686,314	120,785,601	449,471,915	98	118	103	

4.3.2.1 Non-life insurance

The increase in claims in **non-life insurance** was 4 index point higher than the growth of written premium. Non-consolidated gross claims in non-life insurance amounted to EUR 310.2 million or 2% less than in the respective period of 2011.

Claims related to **motor liability insurance** represented 17.8% of total gross claims paid by the Triglav Group. Total claims paid amounted to EUR 76.7 million, which was 15% less than in the first nine months of 2011. All Group members recorded a slower growth of gross claims settled in this insurance class, particularly Lovćen Osiguranje, Podgorica, Triglav Osiguruvanje, Skopje, and Triglav Osiguranje, Sarajevo. In Zavarovalnica Triglav, which accounts for almost 64% of the total, claims settled in motor vehicle liability insurance fell by as much as 17%.

An 8% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 71.9 million, which was 16.7% 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 and is mainly the consequence of the lower number of mass claims arising from devastating weather events. A higher volume of claims in this insurance class was registered only in Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Banja Luka, and Triglav Osiguranje, Belgrade.

In **property insurance**, total claims paid were EUR 65.0 million or 15% more than the year before. The highest claim growth rates were recorded in Triglav Osiguranje, Zagreb – due to payments of certain large claims made on fronting policies and storms in the regions of Rijeka and Istria – in Triglav Osiguranje, Sarajevo, in Triglav Pojišt'ovna due to certain individual large claims paid, as well as in Lovćen Osiguranje on account of the weather conditions in February. Zavarovalnica Triglav holding 71% of this insurance class, experienced a 1% growth in claims, mostly as a result of a greater number of weather-related loss events.

In **health insurance**, gross claims increased by 10% Following the adoption of the Fiscal Balance Act (ZUJF), a part of health care costs was transferred from compulsory to supplementary health insurance. Equalisation scheme expenses totalled EUR 5.5 million or 10% more than in the same period of 2011 (an increase of EUR 0.5 million).

Gross claims paid in **accident insurance** decreased by 1%. The decrease in claims in this insurance class was mostly due to the decline in claims paid in group accident insurance by Zavarovalnica Triglav (Zavarovalnica Triglav's accident insurance accounts for two thirds of the Group's premium). A decline in claims settled was also posted by Triglav Osiguruvanje, Skopje, and Triglav Osiguranje, Belgrade.

Gross claims paid in **general liability insurance** were lower by 10%. The majority of gross claims paid represent claims paid by Zavarovalnica Triglav and Triglav Osiguranje, Zagreb, which recorded a significant decrease in claims settled. In other insurance subsidiaries gross claims paid increased.

In **credit insurance**, a 16% growth in gross claims paid was recorded. The result was affected by less gross claims paid in credit insurance by Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb.

A 13% increase in gross claims paid was recorded in **other non-life insurance**, mostly due to higher claims paid in railway insurance and assistance insurance. However, a decrease in claims paid was registered in miscellaneous financial loss insurance, goods in transit insurance suretyship insurance. A significant growth was recorded in most of the Group's insurance companies, the highest in Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Zagreb and Zavarovalnica Triglav.

4.3.2.2 Life insurance

Non-consolidated gross claims paid in **life insurance** totalled EUR 120.8 million and were 18% higher than in the respective period of 2011. Claims in the life insurance group accounted for 28.0% of total claims paid or 3.6 percentage points more than a year earlier.

The increase in gross claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and surrenders, mostly triggered by the economic crisis.

The bulk of all claims settled is accounted for by the **life insurance class** (traditional life insurance, annuity insurance, voluntary pension insurance), which totalled EUR 69.4 million, i.e., 8% more than one year earlier. A high increase in gross claims was seen in **unit-linked life insurance**, where the growth index was 139 and claims paid amounted to EUR 28.2 million. In **voluntary pension insurance** claims rose by 27%. The increase in claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and surrenders, mostly as a result of the economic crisis.

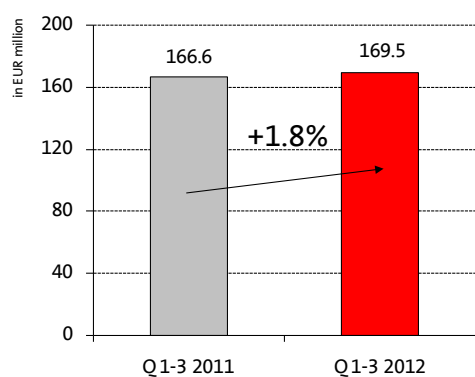
Table: Gross claims paid in the first three quarters of 2012 of the Triglav Group (excluding Pozavarovalnica Triglav Re) and growth indexes by insurance class

No.	INSURANCE CLASS	GROSS CLAIMS PAID		INDEX	STRUCTURE
		Q 1-3 2012	Q 1-3 2011		Q 1-3 2012
1	Accident insurance	18,590,309	18,801,853	99	4.3%
2	Health insurance	51,317,172	46,668,648	110	11.9%
3	Comprehensive car insurance	71,884,463	78,462,425	92	16.7%
4	Property insurance	65,032,182	56,449,782	115	15.1%
5	Motor liability insurance	76,680,279	90,527,791	85	17.8%
6	General liability insurance	13,045,383	14,526,833	90	3.0%
7	Credit insurance	3,505,858	3,014,854	116	0.8%
8	Other non-life insurance	10,114,117	8,934,013	113	2.3%
	NON-LIFE INSURANCE	310,169,763	317,386,199	98	72.0%
9	Life insurance	69,403,543	64,040,445	108	16.1%
10	Unit-linked life insurance	28,212,309	20,303,649	139	6.5%
11	Capital redemption insurance	23,169,748	18,227,607	127	5.4%
	LIFE INSURANCE	120,785,600	102,571,701	118	28.0%
	TOTAL	430,955,363	419,957,900	103	100.0%

4.3.3 Gross operating costs

In the first three quarters of 2012, total gross operating costs of the insurance business of the Triglav Group reached EUR 169.5 million or 2% more than one year earlier. Operating costs accounted for 23.2% of gross written premium and were 1.6 percentage point higher than in the same period of 2011.

Graph: Gross operating costs in the first three quarters of 2012 compared to the same period of 2011



Gross operating costs in non-life insurance equalled EUR 137.3 million (index 102), in the life-insurance segment they amounted to EUR 27.0 million (index 101) and in health insurance they totalled EUR 5.2 million (index 105).

Acquisition costs (fees and charges) increased by 19% and totalled EUR 26.0 million. Depreciation expenses of EUR 9.5 million were 25% higher than in the first nine months of 2011. Labour costs, accounting for the majority of gross operating costs (51%), totalled EUR 89.0 million or 1% less than a year before. Costs of outsourced services fell by 6% compared to the respective period of 2011 and amounted to EUR 2.1 million and other operating costs decreased by 3% down to EUR 47.9 million.

Labour costs, representing the bulk of total expenses, fell by 1%.

Table: Insurance business gross operating costs in the first three quarters of 2012 by nature

OPERATING COSTS BY NATURE	GROSS OPERATING COSTS		INDEX	STRUCTURE
	Q 1-3 2012	Q 1-3 2011	2012/2011	Q 1-3 2012
1. Acquisition costs	26,044,172	21,806,611	119	14.9%
2. Changes in accrued acquisition costs	0	0	0	0.0%
3. Depreciation	9,464,710	7,594,616	125	5.4%
4. Labour costs	88,976,401	89,934,075	99	51.0%
- wages and salaries	61,805,550	62,825,356	98	35.4%
- social security and pension insurance costs	14,032,870	14,891,096	94	8.0%
- other labour costs	13,137,981	12,217,623	108	7.5%
5. Costs of services provided by outsourced persons other than	2,083,229	2,222,036	94	1.2%
6. Other operating costs	47,866,458	49,142,101	97	27.4%
- costs of entertainment, advertising, trade shows	9,719,077	10,764,647	90	5.6%
- costs of material and energy	5,470,907	5,339,010	102	3.1%
- maintenance costs	6,827,164	6,299,439	108	3.9%
- reimbursement of labour-related costs	3,609,456	3,636,554	99	2.1%
- costs of intellectual and personal services	2,819,066	2,493,933	113	1.6%
- non-income-related costs, excluding insurance	2,074,860	2,074,563	100	1.2%
- costs of services - transport and communications	3,508,847	3,542,739	99	2.0%
- costs for insurance premiums	949,926	1,324,294	72	0.5%
- payment transaction costs and banking services	2,963,136	2,977,594	100	1.7%
- rents	5,148,409	5,146,999	100	3.0%
- costs of services of professional training	747,763	725,860	103	0.4%
- other costs of services	3,490,655	4,343,132	80	2.0%
- long-term employee benefits	537,192	473,337	113	0.3%
TOTAL OPERATING COSTS	174,434,970	170,699,439	102	100.0%
Consolidation eliminations	-4,926,315	-4,120,463	120	0
TOTAL - CONSOLIDATED	169,508,655	166,578,976	102	

Gross operating costs of non-insurance operations totalled EUR 49.4 million (index 129). The rise in costs for non-insurance operations results from the inclusion of the Avrigo Group and Investicijsko podjetje d.o.o among the Triglav Group subsidiaries.

4.3.4 Reinsurance

In the first nine months of 2012, the Triglav Group allocated EUR 59.3 million of reinsurance and coinsurance premium to external equalisation, which was 8% less than in the respective period of 2011. Reinsurance premium accounted for 8.1% of total gross written insurance and coinsurance premium. An amount of EUR 15.8 million was received from reinsurance (index 92).

4.3.5 Insurance technical provisions

As at 30 September 2012, the Triglav Group allocated EUR 2,334.6 million to gross insurance technical provisions. The total amount of gross insurance technical provisions increased by 4% compared to 31 December 2011.

The total amount of gross insurance technical provisions was 4% higher than as at 31 December 2011.

Growth by provision type:

- Compared to the end of 2011, gross unearned premiums increased by 6% and as at 30 September 2012 reached EUR 309.7 million.
- Gross claims provisions grew by 4% over the end of 2011 and as at 30 September 2012 amounted to EUR 734.8 million.
- As at 30 September 2012, mathematical provisions stood at EUR 1,264.3 million, or 4%

more than at the end of 2011. Of that amount, EUR 860.2 million arose from the long-term business fund backing life insurance and long-term business fund backing SVPI, and the remaining EUR 404.1 million from the long-term business fund backing unit-linked life insurance.

- Provisions for bonuses and rebates remained at approximately the same level as at the end of 2011 and as at 30 September 2012 totalled EUR 16.6 million (index 100).
- As at 30 September 2012, other insurance technical provisions amounted to EUR 9.1 million, which is a 12% decrease compared to the 2011 year end.

Table: Gross insurance technical provisions as at 30 September 2012

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 September 2012	31 December 2011	INDEX
Unearned premium	309,698,297	291,740,398	106
Mathematical provisions	1,264,326,444	1,209,960,825	104
Claims provisions	734,828,901	705,464,250	104
Provisions for bonuses and rebates	16,561,111	16,599,643	100
Other insurance technical provisions	9,143,483	10,377,656	88
INSURANCE TECHNICAL PROVISIONS	2,334,558,236	2,234,142,772	104

4.3.6 Structure of financial investments as at 30 September 2012

Financial investments and investment property as at 30 September 2012 stood at EUR 2,531.1 million, which was 4% more compared to 31 December 2011. Their share in total assets was 80.8%.

With 62.7%, debt and other fixed-return securities account for the bulk of total financial investments. Compared to 31 December 2011, they increased by 16% and as at 30 September 2012 reached EUR 1,587.1 million. In terms of volume, debt and other fixed-return securities are followed

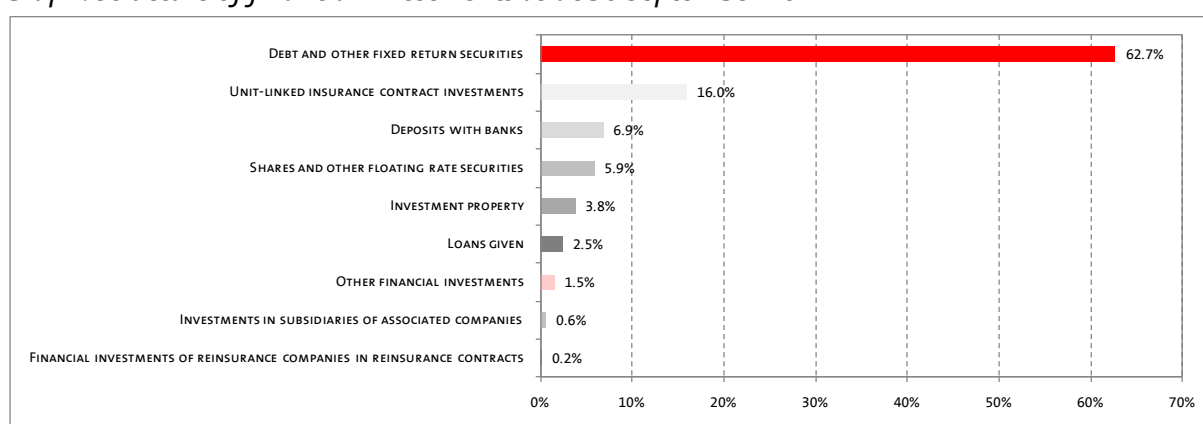
Debt and other fixed-return securities accounted for 58.9% of total financial investments.

by unit-linked insurance contract investments, which recorded an 11% increase over the end of 2011 and as at 30 September 2012 totalled EUR 404.2 million. As at the reporting date, shares and other floating rate securities totalled EUR 148.8 million, decreasing by 17%. They accounted for 5.9% of total investments. Deposits with banks dropped by 42% down to EUR 173.9 million as at 30 September 2012, whereas investment property totalled EUR 96.1 million, representing a decrease of 1% over the 2011 year end. Investment property accounts for 3.8% and deposits for 6.9% of total investments. As at 30 September 2012 loans stood at EUR 62.3 million, accounting for 2.5% of total investments, whereas other financial investments reached EUR 38.9 million, representing 1.5% of the total. Loans decreased by 10%, while other financial investments dropped by 9% over the end of 2011. The smallest share in total investments (0.6%) was represented by investments in associated companies, which decreased by 24% down to EUR 15.5 million as at 30 September 2012.

Table: Financial investments as at 30 September 2012

	FINANCIAL INVESTMENTS		
	30 September 2012	31 December 2011	INDEX
Investment property	96,116,391	96,784,890	99
Investments in subsidiaries and associated companies	15,514,066	20,504,562	76
Shares and other floating rate securities	148,837,626	179,694,545	83
Debt and other fixed-return securities	1,587,067,373	1,363,563,309	116
Loans given	62,311,864	69,277,003	90
Deposits with banks	173,911,975	302,344,124	58
Other financial investments	38,947,438	42,745,847	91
Financial investments of reinsurance companies in reinsurance contracts	4,178,018	3,714,618	112
Unit-linked insurance contract investments	404,188,601	364,684,374	111
TOTAL	2,531,073,352	2,443,313,272	104

Graph: Structure of financial investments as at 30 September 2012



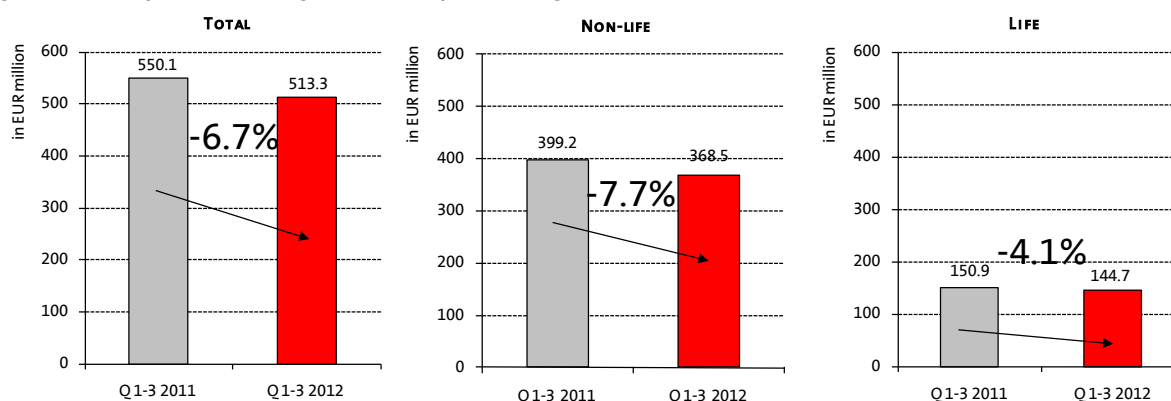
4.4 Operating performance of Zavarovalnica Triglav d.d.

4.4.1 Gross written premium for insurance and co-insurance contracts

In the period from 1 January 2012 to 30 September 2012, Zavarovalnica Triglav booked a total of EUR 513.3 million in gross written premium or 7% less than in the same period of 2011.

From January to September EUR 513.3 million in gross insurance and co-insurance premium was charged.

Graph: Gross written premium for insurance and co-insurance contracts in the first three quarters of 2012 compared to the first three quarters of 2011



Non-life insurance premium totalled EUR 368.5 million (index 92), while life insurance premium amounted to EUR 144.7 million (index 96).

Of total gross written premium, non-life insurance accounted for 71.8% and life insurance for 28.2%. The share of life insurance premium in total gross written premium increased by 0.8 percentage point compared to the same period of 2011.

Table: Gross written premium for insurance and co-insurance contracts of Zavarovalnica Triglav in the first three quarters of 2012 by insurance class

No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		INDEX	STRUCTURE
		Q 1-3 2012	Q 1-3 2011		Q 1-3 2012
1	Accident insurance	28,921,787	31,589,411	92	5.6%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	87,896,944	97,793,778	90	17.1%
4	Property insurance	103,163,241	112,252,048	92	20.1%
5	Motor liability insurance	90,843,166	100,558,157	90	17.7%
6	General liability insurance	25,361,529	24,847,495	102	4.9%
7	Credit insurance	14,789,061	15,134,499	98	2.9%
8	Other non-life insurance	17,560,943	17,004,166	103	3.4%
NON-LIFE INSURANCE		368,536,671	399,179,554	92	71.8%
9	Life insurance	64,614,616	65,940,799	98	12.6%
10	Unit-linked life insurance	64,757,508	70,826,580	91	12.6%
11	Capital redemption insurance	15,351,331	14,123,061	109	3.0%
LIFE INSURANCE		144,723,456	150,890,441	96	28.2%
TOTAL		513,260,127	550,069,994	93	100.0%

In **non-life insurance**, the highest increase in gross written premium was seen in other non-life insurance, where Zavarovalnica Triglav booked EUR 17.6 million, that is a nominal increase of 3% compared to the same period of 2011. This rise was primarily generated by railway insurance, suretyship insurance, marine insurance, aircraft insurance and aircraft liability insurance. In general liability insurance a 2% nominal growth was recorded, mainly due to good sales results in two largest subclasses in this insurance class (product liability insurance and general liability insurance) which together represent almost 88% of the total.

Other insurance groups generated less premium than in the same period of 2011. Motor vehicle insurance, which accounts for 34.8% of the total premium, experienced a drop in written premium, with premium earned from motor liability insurance and comprehensive car insurance declining by 10%. The decrease in written premium results mostly from harsh price competition among insurers in the motor vehicle insurance market, greater prudence of policy

holders, lower prices of insurance products and premium reductions for large policy holders won through public tenders, and it is also a consequence of the economic crisis (bankruptcies of large construction and transport companies, lower sales of motor vehicles).

In the property insurance class premium fell by 8%, predominantly as a result of lower written premium from combined property insurance products – which last year included “one-off” policies with a high premium price– and less premium from machinery breakdown insurance and car warranty insurance. However, solid sales results were achieved in fire and natural forces insurance, food freezer insurance and construction and erection insurance. The decrease in accident insurance premium (index 92) was a result of the developments in the motor vehicle insurance market, as more than a half of premium in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance driver and passenger accident insurance and AO-plus insurance), as well as growing unemployment and the poor state of the economy as the main reasons for lower general liability insurance premium. In credit insurance (index 98), the decrease in written premium is primarily caused by trends in consumer loan insurance which account for 63% of total credit insurance, where index for the period was 89, since the volume of bank loans dropped as a result of the economic crisis. The results in the majority of other credit insurance sub-classes were solid, especially in domestic trade insurance (index 139) and overdraft insurance (index 116).

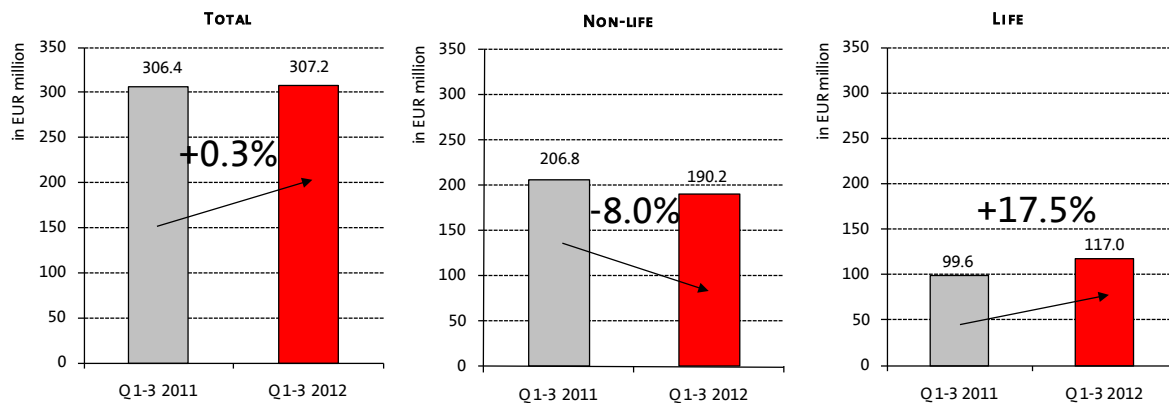
The decrease in premium from **life insurance** was affected mostly by the aging of the life insurance portfolio (maturities and surrenders) and the financial and economic crisis which was reflected in more prudent consumer behaviour and consequently less-life insurance contracts sold. Premium generated from unit-linked life insurance was 9% lower than in the respective period last year and accounted for almost 45% of the total life-insurance premium. Premium generated from life insurance (traditional life insurance, annuity insurance and voluntary pension insurance) fell by 2% compared to the same period of 2011, whereas supplementary voluntary pension (capital redemption insurance) generated 9% more premium than in the first three quarters of the year before.

4.4.2 Gross claims paid

In the first nine months of 2012, Zavarovalnica Triglav posted a total of EUR 307.2 million in gross claims paid (excluding claim handling costs and subrogation receivables), which is approximately the same as in the respective period of 2011. In February bora wind storms in Western Slovenia caused EUR 5.1 million of damage. Approximately 6,000 loss events were reported, 90% of which have already been settled and EUR 3.9 million in claims paid. Claims settled in crop and fruit insurance amounted to approximately EUR 3.7 million due to the spring frost in early April which reduced crop output, especially in fruit growing and to a lesser extent also in viticulture. Summer hails caused approximately EUR 2.0 million of damage in crops. In June, bora wind storms in Central and Western Slovenia caused approximately EUR 1.8 million, and in July a hail storm in Central and North-Western Slovenia resulted in some EUR 4.0 million of damage.

Profit generated in the first three quarters of 2012 was also affected by mass loss events.

Graph: Gross claims paid in the first three quarters of 2012 and 2011



In non-life insurance, Zavarovalnica Triglav recorded EUR 190.2 million in gross claims or 8% less than last year. The increase in claims for non-life insurance contracts was 0.4 index points lower than the growth of written premium. The largest increase in gross claims (10%) was recorded in other non-life insurance, mostly due to considerably higher gross claims in railway insurance, assistance insurance and aircraft liability insurance. An increase in credit insurance claims of 2% is primarily the result of a significant growth in claims settled in export credit insurance (index 211) affected by a major claim paid to a policyholder due to the bankruptcy of their German debtor. In property insurance total claims paid increased by 1% mostly due to a greater number of loss events caused by bora winds, fruit and crop claims caused by spring frost and a large claim arising from mine insurance. In other non-life insurance classes gross claims paid were lower than in the corresponding period of 2011; the largest decline was witnessed in motor liability insurance (index 83), general liability insurance (index 87) and comprehensive car insurance (index 92).

The comparison of growth rates between claims and insurance premium in non-life insurance shows that claims grew at a rate 0.4 index points lower than insurance premium.

Gross claims paid in life insurance totalled EUR 117.0 million and were 17% higher than in the respective period of 2011. Claims in the life insurance class accounted for 38.1% of all claims paid or 5.6 percentage points more than a year before. The bulk of all claims settled is accounted for by the life insurance class (traditional life insurance, annuity insurance, voluntary pension insurance), which totalled EUR 66.5 million or 8% more than one year earlier. The amount of settled claims experienced a high growth in unit-linked life insurance (index 138) and in supplementary voluntary pension insurance (index 127). The main reasons for the high claim growth is the increased number of surrendered supplementary voluntary pension insurance, due to the completion of a 10-year saving period and the economic crisis.

Table: Gross claims paid of Zavarovalnica Triglav in the first three quarters of 2012 by insurance class

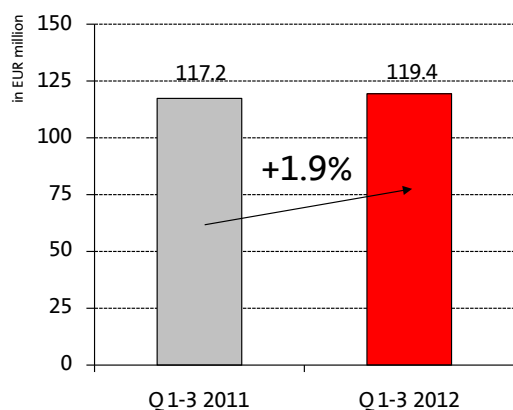
No.	INSURANCE CLASS	GROSS CLAIMS PAID		INDEXS	STRUCTURE
		Q 1-3 2012	Q 1-3 2011		Q 1-3 2012
1	Accident insurance	12,120,247	12,969,451	93	3.9%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	59,490,930	64,977,769	92	19.4%
4	Property insurance	46,406,629	45,899,904	101	15.1%
5	Motor liability insurance	48,707,068	58,630,162	83	15.9%
6	General liability insurance	11,799,775	13,490,510	87	3.8%
7	Credit insurance	2,737,662	2,689,999	102	0.9%
8	Other non-life insurance	8,930,785	8,149,217	110	2.9%
	NON-LIFE INSURANCE	190,193,096	206,807,012	92	61.9%
9	Life insurance	66,520,280	61,573,545	108	21.7%
10	Unit-linked life insurance	27,285,551	19,764,181	138	8.9%
11	Capital redemption insurance	23,169,748	18,227,607	127	7.5%
	LIFE INSURANCE	116,975,578	99,565,334	117	38.1%
	TOTAL	307,168,674	306,372,345	100	100.0%

4.4.3 Gross operating costs

In the first nine months of 2012, gross operating costs totalled EUR 119.4 million and were 2% higher than in the respective period of 2011.

Gross operating costs were 2% higher than in the respective period of 2011.

Graph: Gross operating costs in the first three quarters of 2012 compared to the first three quarters of 2011



Operating costs accounted for 23.3% of gross written premium and were 2.0 percentage point higher than in the first nine months of 2011.

Acquisition costs (fees and charges) totalled EUR 13.5 million, decreasing by 1% over the same period of the preceding year. Depreciation charges of EUR 6.7 million were higher by 37%. Labour costs reached EUR 68.4 million (accounting for 57.2% of total operating costs) and experienced a 1% increase compared to the respective period last year. Costs of services provided by outsourced natural persons totalled EUR 1.4 million, representing an increase of 10% on the year before. In the reporting period, other operating costs reached EUR 29.4 million and were 1% lower compared to the first nine months of 2011.

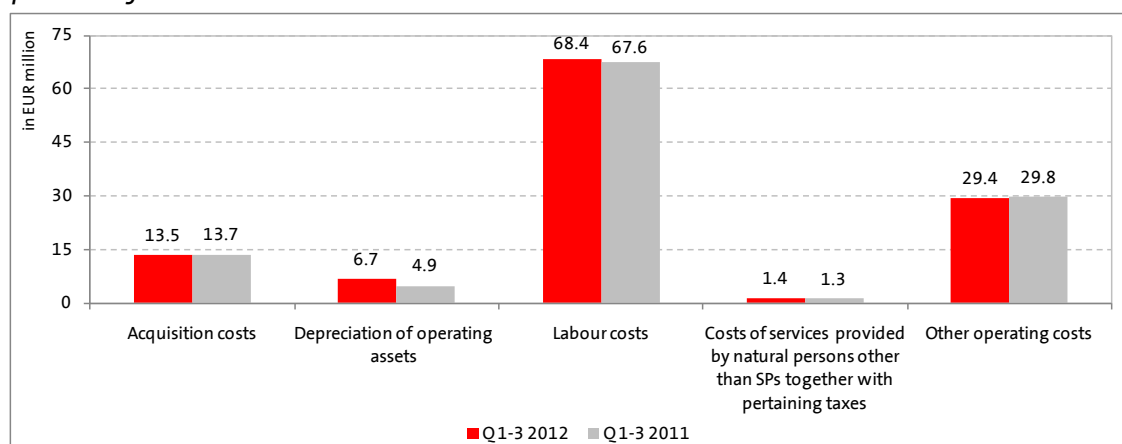
Operating costs in life insurance came to EUR 25.7 million, accounting for 17.7% of gross written premium, while gross operating costs in non-life insurance amounted to EUR 93.8 million, their share in gross written premium totalling 25.4%

In total gross operating costs, broken down by functional groups, costs of insurance contract acquisition accounted for 59.2%, claim handling costs for 12.7% and expenses arising from asset management for 2.1% while other operating expenses represented 25.9%.

Table: Gross operating costs in the first three quarters of 2012 by nature

COSTS BY NATURE	GROSS OPERATING COSTS		INDEX	STRUCTURE
	Q 1-3 2012	Q 1-3 2011	2012/2011	Q 1-3 2012
1. Acquisition costs (fees and charges)	13,536,536	13,657,796	99	11.3%
2. Other operating costs	105,905,148	103,585,003	102	88.7%
2.1. Depreciation of operating assets	6,718,744	4,915,516	137	5.6%
2.2. Labour costs	68,380,345	67,623,980	101	57.2%
- wages and salaries	48,718,199	48,377,552	101	40.8%
- social security and pension insurance costs	8,424,012	8,248,598	102	7.1%
- other labour costs	11,238,134	10,997,830	102	9.4%
2.3. Costs of services provided by natural persons other than SPs together with pertaining taxes	1,394,813	1,270,651	110	1.2%
- costs of work contracts and work-made-for-hire Agreements	414,140	436,389	95	0.3%
- costs of student employment agency services	980,673	834,262	118	0.8%
2.4. Other operating costs	29,411,246	29,774,856	99	24.6%
- costs of entertainment, advertising, trade shows	6,871,518	6,890,319	100	5.8%
- costs of material and energy	3,327,704	3,265,642	102	2.8%
- maintenance costs	4,688,811	4,511,615	104	3.9%
- reimbursement of labour-related costs	2,938,793	2,970,334	99	2.5%
- costs of intellectual and personal services	1,263,073	1,439,664	88	1.1%
- non income related costs, excluding insurance	1,438,169	1,513,696	95	1.2%
- costs of services - transport and communications	2,031,799	2,055,286	99	1.7%
- costs for insurance premiums	531,272	967,178	55	0.4%
- payment transaction costs and banking services	2,324,777	2,325,400	100	1.9%
- rents	1,929,881	1,923,126	100	1.6%
- costs of services of professional training	576,223	540,442	107	0.5%
- other costs of services	952,034	898,817	106	0.8%
- long-term employee benefits	537,193	473,337	113	0.4%
TOTAL	119,441,684	117,242,799	102	100.0%

Graph: Gross operating costs in the first three quarters of 2012 compared to the first three quarters of 2011



4.4.4 Reinsurance

In the period from 1 January to 30 September 2012, Zavarovalnica Triglav allocated EUR 54.9 million to external equalisation, which was 8% less than in the respective period of 2011. Reinsurance premium accounts for 10.7% of total gross written premium. The change in gross premium reserves related to the reinsurance portion amounted to EUR 5.6 million, which was 44% less than in the respective period of 2011. The reinsurers' share of gross claims settled totalled EUR 15.3 million (index 71). The change in gross claims provisions for the reinsurance portion equalled EUR 8.0 million. The Company also received EUR 9.0 million in ceding commissions (index 92).

4.4.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 30 September 2012, Zavarovalnica Triglav allocated EUR 2,018.5 million to gross insurance technical provisions, which are the basis for balanced operations and ensure the long-term safety of insured parties. The total amount of gross insurance technical provisions increased by 4% compared to 31 December 2011. In both non-life and life insurance, gross insurance technical provisions increased by 4%.

The total amount of gross insurance technical provisions increased by 4% compared to 31 December 2011.

Growth by provision type:

- compared to the end of 2011, **gross unearned premiums** increased by 7% and as at 30 September 2012 stood at EUR 236.0 million. Unearned premium from non-life insurance totalled EUR 235.6 million (index 107) and from life insurance EUR 0.4 million (index 90).
- **gross claims provisions** rose by 2% over the end of 2011 and as at 30 September 2012 amounted to EUR 550.8 million. Claims provisions in non-life insurance totalled EUR 530.5 million (index 102) and those in life insurance EUR 20.3 million (index 104).
- As at 30 September 2012, **mathematical provisions** stood at EUR 1,209.6 million, or 4% more than at the end of 2011. Of the total amount of mathematical provisions EUR 654.3 million was in the long-term business fund backing life insurance, EUR 155.8 million in the long-term business fund backing SVPI, EUR 7.2 million in the long term business fund backing SVPI - annuities and EUR 392.3 million in the long-term business fund backing unit-linked life insurance.
- Compared to the end of 2011, **provisions for bonuses and rebates** remained at the same level and as at 30 September 12 equalled EUR 16.4 million.
- As at the reporting date, **other insurance technical provisions** totalled EUR 5.8 million or 1% less than as at the 2011 year end. This item includes provisions for unexpired risk, which as at the reporting date amounted to EUR 4.7 million, and provisions for cancellations, which totalled EUR 1.1 million.

Table: Gross insurance technical provisions as at 30 September 2012

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 September 2012	31 December 2011	INDEX
Unearned premium	235,952,977	219,683,849	107
Mathematical provisions	1,209,613,814	1,160,953,401	104
Claims provisions	550,792,467	537,912,790	102
Provisions for bonuses and rebates	16,397,603	16,397,603	100
Other insurance technical provisions	5,790,728	5,877,503	99
INSURANCE TECHNICAL PROVISIONS	2,018,547,590	1,940,825,147	104

4.4.6 Structure of financial assets as at 30 September 2012

Financial assets, investments in subsidiaries and associated companies and investment property as at 30 September 2012 stood at EUR 2,275.7 million, which was 4% more than at the 2011 year end. They represented 86.8% of total assets.

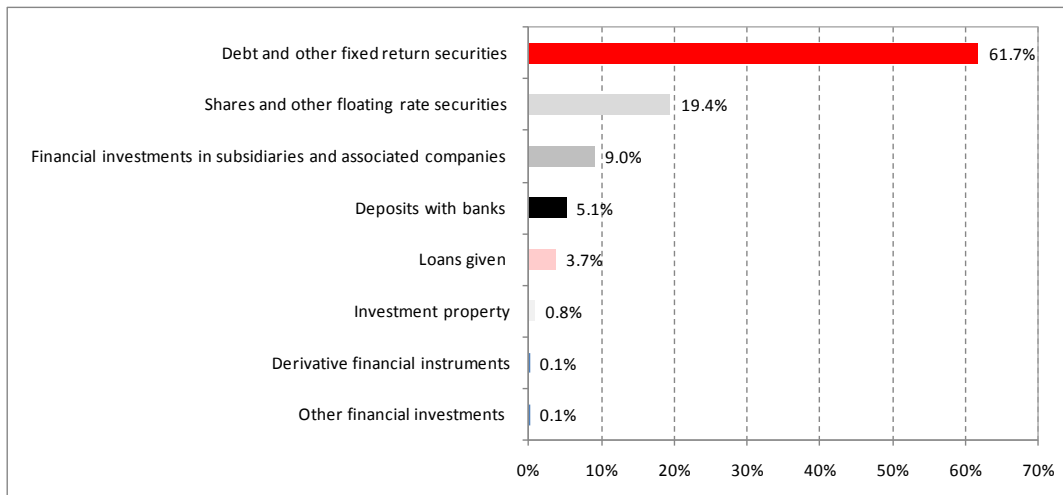
With 61.7%, debt and other fixed-return securities account for the bulk of total financial assets. Compared to 31 December 2011, they increased by 16% and as at 30 September 2012 reached EUR 1,404.4 million. In terms of volume they are followed by shares and other floating rate securities, which as at the reporting date totalled EUR 442.0 million or 1% more than at the 2011 year end. They accounted for 19.4% of total investments. As at 30 September 2012 investments in subsidiaries and associated companies reached EUR 205.8 million, which was 1% more than as at the end of 2011 (representing a 9.0% share). Deposits with banks (which account for 5.1% of the total) decreased by 49% to EUR 116.7 million as at 30 September 2012. Loans given declined by 4% over the end of 2011 (EUR 84.4 million), accounting for 3.7% of total investments.

As at the reporting date the smallest share (0.8%) in total investments was represented by investment property equalling EUR 19.3 million, followed by derivative financial instruments of EUR 1.7 million (0.1%) and other financial investments amounting to EUR 1.6 million (0.1%). Compared to 31 December 2011, investment property decreased by 4%, derivative financial instruments increased by 17%, while other financial investments remained at the same level (index 100).

Table: Financial assets as at 30 September 2012

	FINANCIAL INVESTMENTS		
	30 September 2012	31 December 2011	INDEX
Investment property	19,261,120	19,984,888	96
Financial investments in subsidiaries and associated companies	205,772,551	203,986,798	101
Shares and other floating rate securities	441,981,325	437,899,997	101
Debt and other fixed-return securities	1,404,373,676	1,215,859,601	116
Derivative financial instruments	1,659,759	1,413,999	117
Loans given	84,367,855	87,739,036	96
Deposits with banks	116,682,857	228,130,763	51
Other financial investments	1,591,572	1,591,572	100
TOTAL	2,275,690,716	2,196,606,654	104

Graph: Structure of financial assets as at 30 September 2012



5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Triglav Group

5.1.1 Financial result

Despite the financial crisis and several mass loss events, the Triglav Group ended the first three quarters of 2012 with a profit. Net profit reached EUR 50.5 million and was 5% higher than in the first three quarters of 2011, while profit before tax totalled EUR 62.6 million, and 4% lower than in 2011. Net profit attributable to the controlling company amounted to EUR 49.9 million (index 107), whereas net profit attributable to non-controlling interests totalled EUR 0.6 million (index 48). The Group achieved such interim results by consistently realising its strategic goals and values, focused on its core business, by implementing adequate risk management, underwriting and reinsurance policies as well as by implementing business policy measures geared towards mitigating the negative impacts of the financial crisis. The combined ratio - a measure of profitability in core insurance operations - reached 91.8%.

Despite the financial crisis, the Triglav Group ended the first three quarters of 2012 with a profit of 50.5 million or 5% more than in the same period last year.

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. Owing to significant or long-term decreases in the value of investments, a permanent impairment of investments was carried out in the amount of EUR 35.5 million.

Net premium earned totalled EUR 665.9 million or 3% less in nominal terms. Net non-life insurance premium dropped by 5%, net life insurance premium fell by 4%, whereas net health insurance premium grew by 12%. Written premium from reinsurance and coinsurance operations totalled EUR 59.3 million, representing an 8% decrease on the first half of 2011. The change in net unearned premium totalled EUR 6.9 million, which represented a 69% decrease of the growth rate on the same period of 2011.

As at the reporting date, net claims incurred stood at EUR 450.1 million, which represents a 5% increase compared to one year earlier. In comparison with the previous year, net claims

incurred from non-life insurance decreased by 1%, whereas net claims incurred from life insurance rose by 17% and from health insurance by 12%. The reinsurers' and co-insurers' share of gross claims decreased compared to the same period of 2011 by 8% down to EUR 15.8 million. In the reporting period net claims provisions increased by EUR 11.0 million and were 173% higher compared to the respective period of 2011. Equalisation scheme expenses for supplementary health insurance totalled EUR 5.5 million, which was 10% more than in the first three quarters of 2011.

Investment income reached EUR 127.1 million, whilst investment expenses amounted to EUR 79.2 million. In the reporting period, investment return, i.e., the difference between investment income and expenses, totalled EUR 47.9 million. Due to significant or permanent value decreases, assets were impaired by EUR 35.5 million. Profit was also adversely affected by a loss arising from Greek securities holdings, owing to the effect of the unilateral write-off of the Greek government debt in the amount of EUR 9.5 million.

Gross operating costs (excluding claim handling costs and asset management costs) totalled EUR 146.5 million (index 102). Acquisition costs amounted to EUR 95.0 million (index 104), whereas other operating costs stood at EUR 51.5 million (index 99).

Other income from insurance operations of EUR 15.6 million, with fees and commission income amounting to EUR 10.6 million, was 22% lower. Other insurance expenses totalled EUR 32.9 million (index 75).

Table: Individual items in the consolidated income statement of the Triglav Group for the first three quarters of 2012

	in EUR		
	Q 1-3 2012	Q 1-3 2011	INDEX
Net premium earned	665,926,411	687,067,319	97
Total income from financial assets	127,099,450	101,818,164	125
Other income from insurance operations	15,627,870	20,039,173	78
Other income	54,847,622	43,191,015	127
Net claims incurred	450,064,876	428,859,633	105
Change in other insurance technical provisions	-4,047,520	8,852,595	
Change in insurance technical provisions for unit-linked insurance contracts	39,465,942	-34,337,721	
Expenses for bonuses and discounts	3,532,288	3,285,786	108
Operating expenses	146,531,930	143,609,129	102
Expenses from financial assets and liabilities	79,184,339	151,896,865	52
Other insurance expenses	32,869,494	43,770,954	75
Other expenses	53,334,828	41,097,181	130
Profit / loss before tax	62,565,176	65,081,249	96
Income tax expense	-12,054,317	-17,139,563	70
Net profit /loss for the accounting period	50,510,859	47,941,686	105
Net profit/loss attributable to the controlling company	49,896,502	46,665,933	107
Net profit/loss attributable to non-controlling interest holders	614,357	1,275,751	48

5.1.2 Financial standing

Total balance sheet assets of the Triglav Group as at 30 September 2012 stood at EUR 3,131.1 million and were 6% higher than as at the 2011 year end.

Total equity as at 30 September 2012 equalled EUR 554.9 million, which was 13% more than as at 31 December 2011. The portion of equity in the balance sheet total increased by 1.2 percentage point compared to the end of 2011, reaching 17.7%. Controlling interests amounted to EUR 542.1 million (index 117) and non-controlling interests holders had EUR 12.9 million (index 53). Share capital totalled EUR 73.7 million and was divided into 22,735,148 ordinary shares. Fair value reserve amounted to EUR 43.9 million, share premium totalled EUR 55.9 million and reserves from profits stood at EUR 229.3 million. As at 30 September 2012, net profit brought forward amounted to EUR 91.3 million (index 149), while net profit for the period stood at EUR 51.4 million.

Total equity increased by 13% compared to 31 December 2011.

In comparison with 31 December 2011 subordinated liabilities decreased by 10% to EUR 37.0 million as at 30 September 2012.

Gross insurance technical provisions rose by 4% to EUR 2,334.6 million by the end of the first three quarters of 2012. In total liabilities, their share decreased by 0.9 percentage point, from 75.4% to 74.6%.

As at 30 September 2012, operating liabilities stood at EUR 57.7 million, or approximately the same as at the end of 2011. Liabilities from direct insurance operations amounted to EUR 22.7 million (index 109), liabilities from co-insurance and reinsurance operations reached EUR 31.5 million (index 87) and current tax liabilities totalled EUR 3.5 million.

Compared to 31 December 2011, financial liabilities increased by 42% to EUR 56.2 million as at 30 September 2012 (accounting for 1.8% of total liabilities).

Deferred tax liabilities amounted to EUR 15.2 million (index 158) and accounted for 0.5% of total liabilities. Other liabilities decreased by 26% and as at the end of the third quarter stood at EUR 45.2 million, representing 1.4% of total liabilities.

Financial assets, financial investments in associated companies and investment property as at 30 September 2012 stood at EUR 2,531.1 million, which was 4% more than as at 31 December 2011. Their share in total assets was 80.8%.

As at the reporting date financial assets amounted to EUR 2,419.4 million or 4% more. The bulk (57.0%) of financial assets was accounted for by available-for-sale financial assets, which as at 31 September 2012 totalled EUR 1,378.8 million (index 116). As at the reporting date, unit-linked insurance assets amounted EUR 404.2 million, accounting for 16.7% of total financial assets. Compared to 31 December 2011 these assets increased by 11%. By the end of the reporting period, deposits and loans fell by 29% to EUR 311.2 million and held-to-maturity investments decreased by 6% to EUR 229.4 million, compared to the 2011 year end. At the end of the first three quarters of 2012, financial investments measured at fair value through profit or loss reached EUR 95.8 million, which represents an increase of 15% over the end of 2011. As at the end of the reporting period, investment property stood at EUR 96.1 million (index 99), while financial investments in associated companies amounted to EUR 15.5 million (index 76).

Assets and deferred tax assets totalled EUR 217.2 million or 6% more than at the end of 2011, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 129.5 million (index 109).

Reinsurers' share of technical provisions as at 30 September 2012 amounted to EUR 70.4 million, rising by 60% over the end of 2011.

Property, plant and equipment totalled EUR 138.3 million (index 107) or 4.4% of total assets as at the end of the reporting period. Intangible assets equalled EUR 71.3 million (index 113), accounting for 2.3% of total assets.

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 30 September 2012

ASSETS	in EUR				
	30 September 2012	31 December 2011	INDEX	2012 STRUCTURE	2011 STRUCTURE
Intangible assets	71,305,445	63,333,465	113	2.3%	2.1%
Property, plant and equipment	138,284,544	128,808,682	107	4.4%	4.3%
Deferred tax receivables	46,336,317	40,661,243	114	1.5%	1.4%
Investment property	96,116,391	96,784,890	99	3.1%	3.3%
Investments in associates	15,514,066	20,504,563	76	0.5%	0.7%
Financial assets	2,419,442,898	2,326,023,820	104	77.3%	78.5%
Reinsurers' share of technical provisions	70,406,853	43,983,083	160	2.2%	1.5%
Receivables	217,218,061	205,049,270	106	6.9%	6.9%
Other assets	38,096,837	12,597,206	302	1.2%	0.4%
Cash and cash equivalents	16,931,401	22,771,667	74	0.5%	0.8%
Non-current assets held for sale	1,482,215	1,482,215	100	0.0%	0.1%
TOTAL ASSETS	3,131,135,027	2,962,000,104	106	100.0%	100.0%

EQUITY AND LIABILITIES	in EUR				
	30 September 2012	31 December 2011	INDEX	2012 STRUCTURE	2011 STRUCTURE
Share capital	554,931,208	489,469,838	113	17.7%	16.5%
Subordinated liabilities	37,017,159	40,932,090	90	1.2%	1.4%
Insurance technical provisions	1,930,460,082	1,869,646,881	103	61.7%	63.1%
Insurance technical provisions for unit-linked insurance contracts	404,098,154	364,495,891	111	12.9%	12.3%
Employee benefits	11,380,509	10,392,165	110	0.4%	0.4%
Other provisions	18,934,662	19,140,222	99	0.6%	0.6%
Deferred tax liabilities	15,223,486	9,613,587	158	0.5%	0.3%
Other financial liabilities	56,198,891	39,491,120	142	1.8%	1.3%
Operating liabilities	57,673,648	57,860,742	100	1.8%	2.0%
Other liabilities	45,217,227	60,957,569	74	1.4%	2.1%
TOTAL EQUITY AND LIABILITIES	3,131,135,027	2,962,000,104	106	100.0%	100.0%

5.2 Zavarovalnica Triglav d.d.

5.2.1 Financial result

The disclosed net profit of Zavarovalnica Triglav in the first three quarters of 2012 was EUR 39.2 million or 12% more than in the respective period of 2011. Profit before tax declined by 2% compared to the same period of 2011, totalling EUR 50.1 million. A decrease in profit was mainly due to permanent impairment of assets as well as loss arising from Greek securities holdings, owing to the effect of the unilateral write-off of the Greek government debt.

The profit of Zavarovalnica Triglav was also adversely affected by loss arising from Greek securities holdings, owing to the effect of the unilateral write-off of the Greek government debt.

In the reporting period, net premium earned amounted to EUR 452.5 million or 4% less in nominal terms as compared to the same period in the previous year. Net premium income from life and from non-life insurance contracts were down by 4%. Gross written premium from reinsurance and co-insurance operations fell by EUR 54.9 million, representing an 8% decrease on the same period in 2011. Gross unearned premium grew by EUR 5.9 million, which was 66% less compared to the respective period in the previous year.

For the nine months ended 30 September 2012, the Company reported net claims incurred of EUR 296.8 million, a 5% increase from one year earlier. Compared to the same period of 2011, net claims incurred from non-life insurance were down 2%, but up 17% from life insurance. The reinsurers' and co-insurers' shares of gross claims dropped by 29% over the first nine months of 2011, totalling EUR 15.3 million. In the nine months ended 30 September 2012, net claims provisions were up by EUR 4.9 million, whereas in the respective period of 2011 they declined by EUR 1.2 million.

The Company reports operating costs (costs of insurance contract acquisition and other operating costs) of EUR 101.7 million or 2% more compared to the same period of 2011. Acquisition costs totalled EUR 70.8 million and other operating costs came to EUR 30.9 million.

In the first three quarters of 2012, income from financial assets totalled EUR 99.7 million (index 130), of which EUR 35.6 million (index 108) came from non-life insurance and EUR 64.1 million (index 146) from life insurance. In the same period investment expenses reached EUR 69.9 million (index 50). In the first nine months of 2012, investment return, i.e., the difference between investment income and expenses, totalled EUR 29.8 million (compared to -63.9 million EUR in the corresponding period of 2011). Due to significant or permanent value decreases, assets were impaired by EUR 35.1 million. Profit was also adversely affected by loss arising from Greek securities holdings, owing to the effect of unilateral write-off of the Greek government debt in the amount of EUR 9.5 million.

Permanent impairment of assets totalled EUR 35.1 million.

Other income from insurance operations of EUR 22.4 million, in which fees and commission income amounted to EUR 18.8 million (index 89), was 6% lower. Other insurance expenses totalled EUR 25.6 million (index 92).

Table: Individual items in the non-consolidated income statement of Zavarovalnica Triglav d.d. for the period from 1 January 2012 to 30 September 2012

	in EUR		
	Q 1-3 2012	Q 1-3 2011	INDEX
Net premium earned	452,488,703	472,990,345	96
Income from financial assets	99,727,496	76,947,830	130
Other income from insurance operations	22,392,023	23,884,441	94
Other income	4,789,500	4,563,310	105
Net claims incurred	296,780,140	283,477,702	105
Change in other insurance technical provisions	-6,156,402	7,519,799	
Change in insurance technical provisions for unit-linked insurance contracts	37,403,098	-35,198,081	
Expenses for bonuses and discounts	2,815,000	2,455,678	115
Operating expenses	101,693,736	99,605,351	102
Expenses from financial assets and liabilities	69,906,853	140,870,223	50
Other insurance expenses	25,557,724	27,634,609	92
Other expenses	1,274,071	1,038,363	123
Profit/ loss before tax	50,123,501	50,982,282	98
Income tax expense	10,969,302	15,942,160	69
Net profit /loss for the accounting period	39,154,199	35,040,122	112

5.2.2 Financial standing

Total assets of Zavarovalnica Triglav as at 30 September 2012 stood at EUR 2,620.5 million and were 4% higher than as at 31 December 2011.

Total equity as at the reporting date stood at EUR 494.1 million (index 113). In the balance sheet total its share increased from 17.4% to 18.9%. Share capital amounted to EUR 73.7 million and was divided into 22,735,148 ordinary registered par value shares. Share premium totalled EUR 53.4 million (index 100) and reserve from profit EUR 211.3 million (index 100). In the nine months ended 30 September 2012, revaluation surplus climbed by EUR 33.1 million to EUR 39.1. Net profit brought forward amounted to EUR 77.4 million (index 156), while net profit earned in the first three quarters of the year was EUR 39.2 million.

Total equity increased by 13% compared to 31 December 2011.

On the liabilities side, gross insurance technical provisions rose by 4% to EUR 2,018.5 million by the end of Q3 2012. Their share in total liabilities fell by 0.1 percentage point compared to the end of 2011, down to 77.0%.

As at 30 September 2012, the Company reported operating liabilities of EUR 26.9 million, or 6% less in comparison with 31 December 2011. Liabilities from direct insurance operations amounted to EUR 14.0 million (index 104), liabilities from co-insurance and reinsurance operations reached EUR 9.5 million (index 64) and current tax liabilities totalled EUR 3.4 million (index 647).

As at the reporting date, financial liabilities totalled EUR 8.8 million or 70% less than as at 31 December 2011. They accounted for 0.3% of the balance sheet total.

Other liabilities were up 21%, equalling EUR 23.7 million as at 30 September 2012 or 0.9% of total liabilities.

As at the reporting date, financial assets, financial investments in subsidiaries and associated companies as well as investment property equalled EUR 2,275.7 million, up 4% since the 2011 year end. Their share in total assets was 86.8%.

In total financial assets, equalling EUR 2,050.7 million as at the last day of the reporting period (index 104), the largest share (54.9%) were available-for-sale financial assets, which amounted to EUR 1,126.2 million (index 115). For the three quarters ended 30 September 2012, unit-linked insurance assets totalled EUR 392.4 million, accounting for 19.1% of total financial assets. Compared to the 2011 year end these assets were up 11%. At the end of the reporting period, held-to-maturity investments reached EUR 199.9 million, or 6% less than at the end of 2011, whilst deposits and loans amounted to EUR 243.9 million, falling by 33%. For the first nine months of 2012, the Company reported financial investments measured at fair value through profit or loss of EUR 88.2 million, which represents an increase of 33% over the 2011 year end.

As at the reporting date, investment property amounted to EUR 19.3 million (index 96), while financial investments in subsidiaries and associated companies stood at EUR 205.8 million (index 101).

As at 30 September 2012, receivables totalled EUR 112.8 million, or 7% more than as at the 2011 year end, with the largest portion represented by receivables from direct insurance operations, amounting to EUR 89.9 million (index 111).

For the first nine months of 2012, reinsurers' share of technical provisions amounted to EUR 68.1 million, up 25% from 31 December 2011. Assets from reinsurance contracts from claim provisions totalled EUR 45.7 million, while unearned premiums equalled EUR 22.4 million.

Property, plant and equipment stood at EUR 70.2 million, representing 2.7% of total assets. Intangible assets equalled EUR 58.0 million or 2.2% of total assets.

Table: Individual items in the non-consolidated balance sheet of Zavarovalnica Triglav as at 30 September 2012

	in EUR				
	30 September 2012	31 December 2011	INDEX	2012 STRUCTURE	2011 STRUCTURE
ASSETS					
Intangible assets	57,964,972	49,863,069	116	2.2%	2.0%
Property, plant and equipment	70,234,556	71,932,485	98	2.7%	2.9%
Deferred tax receivables	31,033,121	30,423,884	102	1.2%	1.2%
Investment property	19,261,120	19,984,888	96	0.7%	0.8%
Investments in subsidiaries and in associates	205,772,551	203,986,798	101	7.9%	8.1%
Financial assets	2,050,657,044	1,972,634,968	104	78.3%	78.4%
Reinsurers' share of insurance technical provisions	68,138,498	54,547,910	125	2.6%	2.2%
Receivables	112,806,505	105,902,050	107	4.3%	4.2%
Other assets	3,069,700	3,060,960	100	0.1%	0.1%
Cash and cash equivalents	1,608,518	4,216,855	38	0.1%	0.2%
TOTAL ASSETS	2,620,546,586	2,516,553,868	104	100.0%	100.0%
EQUITY AND LIABILITIES					
Share capital	494,081,526	437,692,451	113	18.9%	17.4%
Subordinated liabilities	38,716,178	40,932,091	95	1.5%	1.6%
Insurance technical provisions	1,626,244,365	1,585,925,020	103	62.1%	63.0%
Insurance technical provisions for unit-linked insurance contracts	392,303,225	354,900,127	111	15.0%	14.1%
Employee benefits	8,837,203	8,300,010	106	0.3%	0.3%
Other provisions	945,034	835,806	113	0.0%	0.0%
Other financial liabilities	8,816,207	29,231,960	30	0.3%	1.2%
Operating liabilities	26,893,740	28,761,344	94	1.0%	1.1%
Other liabilities	23,709,110	29,975,059	79	0.9%	1.2%
TOTAL EQUITY AND LIABILITIES	2,620,546,586	2,516,553,868	104	100.0%	100.0%

6. RISK MANAGEMENT

6.1 Risk management in the first three quarters of 2012

The debt crisis in the EU member states remains the main source of the investment risk to which the Triglav Group is exposed. In Q1 and Q2 of the reporting year credit rating agencies continued downgrading sovereign ratings for several countries, including Slovenia. Slovenia's downgrading had a considerable impact on the levels of government debt spread, as shown by a graph below which demonstrates movements of the credit spread on Slovene bonds in the first three quarters of 2012. Even though financial markets remain a matter of fact and are normally expected, optimism for the future is not out of place in the long run.

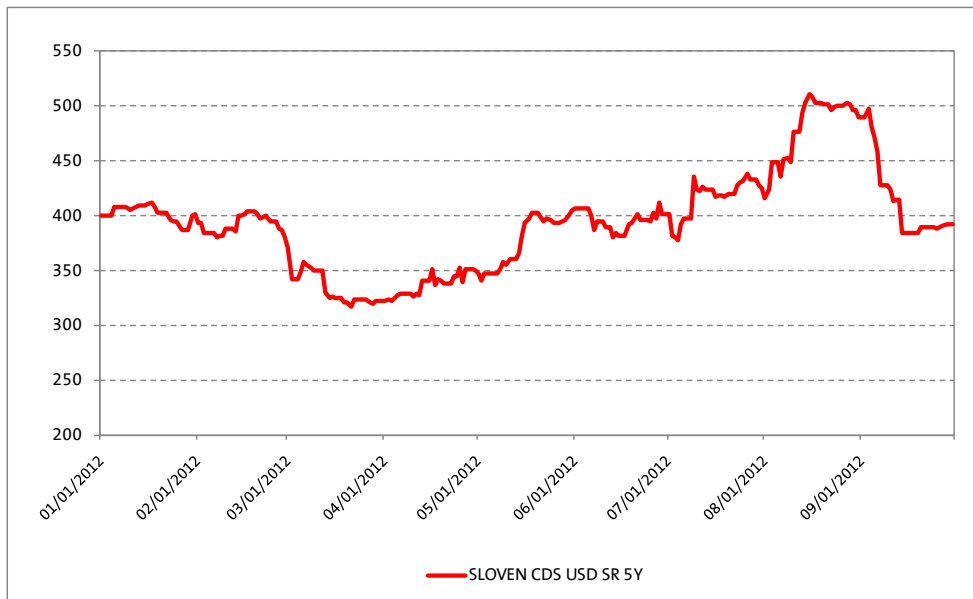
The debt crisis in the EU member states remains the main source of the investment risk to which the Triglav Group is exposed in addition to the potential political instability of Slovenia.

At the beginning of July 2012, the European Central Bank (the ECB) decreased the key interest rate to 0.75%. As a result, this interest rate fell below 1% for the first time in 13 years since the establishment of the European Monetary Union. The ECB also decreased both the interest rate on the deposit facility and the interest rate on the marginal lending facility down to 1.5% and 0% respectively, with an aim to stimulate lending to banks and companies.

Major changes continued with Germany's approval to set up the European Stability Mechanism (the ESM) as a permanent instrument for providing assistance to countries in the euro area. The capital of the ESM will amount to EUR 700 billion and its lending capacity will be EUR 500 billion. Assistance will be made available to any member of the European Monetary Union which has ratified the fiscal pact. At the same time the ECB announced it would buy unlimited quantities of short-term bonds of distressed Eurozone countries and thus assumed the role of the lender of last resort. These changes restored investors' confidence in the Euro and optimism on financial markets, which very positively affected the value of Zavarovalnica Triglav's portfolio.

After the restructuring of the Greek sovereign debt in the first half of the year, markets calmed down slightly as focus was shifted to Spain and Italy. During the summer the situation started deteriorating again in anticipation of a potential bail out of Spain, Greek requests for additional time to reduce deficit and speculations about the Slovene government asking for international assistance. In Q3 credit spreads started decreasing as a result of interventions by the ECB and other rescue operations, such as the approval to set up the ESM. In the near future, however, major changes are anticipated also in Slovenia. By the end of 2012, Slovenia will have to adopt both a pension reform and a labour market reform. If these reforms are not carried out, Slovenia might have to ask for international financial assistance as well, which could additionally raise the cost of government borrowing (see the graph below). As a result of Slovenia's lower credit rating and higher government debt, the situation on foreign markets and potential political instability of the country, yields on Slovene bonds increased.

Graph: Movements of the credit spread on Slovene bonds in the first three quarters of 2012



Following a downgrade of the Republic of Slovenia, reflecting the general state of public finances and economy of the country, Standard & Poor's Ratings Services in Q2 cut the long-term credit rating of the Triglav Group, which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re, by one notch from »A« to »A-«.

Since Zavarovalnica Triglav is a major investor in the Slovene government debt market, it is particularly exposed to such pertaining financial risks. Therefore, its financial risk management activities were focused on credit risk exposure and on maintaining an adequate assets and liability structure. Since the beginning of 2010, Triglav has been carefully monitoring the exposure to debt securities of the euro area peripheral states. As conditions in the capital markets remain volatile, the Company paid particular attention to monitoring their effects on the assets and liabilities structure, adapting investment policies of individual long-term business funds and assets backing liabilities when needed. In doing so, the Company employed results of different capital adequacy models as well as the stress testing results.

The future uncertainty and volatility of financial markets will depend on many factors. The major ones will be the following: establishment of a banking union and euro crisis rescue developments, financial market movements in the USA - affecting, of course, the entire global financial system - and, in Slovenia, primarily the realisation of the reforms urgently needed to avoid international bail-out assistance and to enable future economic development. In the near future these factors will have the greatest impact on the Group's investment activities and the value of its portfolio, whilst the state of the real economy will continue to shape its insurance business.

Other information detailed in the section on risk management of the 2011 Annual Report remain accurate.

6.2 Key types of risks in the first three quarters of 2012

Due to negotiations on repeated assistance to Greece and Spain, economic conditions are assessed to remain volatile and uncertain also in the second half of 2012. Moreover, the USA may contribute to market uncertainty – the fiscal cliff they will face at the end of 2012 may change the American tax policy with the introduction of tax increases and spending cuts, the

accumulation of which could push the US back into recession. On the other hand they can avoid such measures, which will result in an even higher budget deficit and public debt. Market conditions could be affected by the elections in the USA. In view of that entire situation it is estimated that uncertain outcome of the debt crisis and its effect on the Company's exposure to financial risks will continue to present the greatest risks. At the same time the credit risk (counterparty's default risk) of government securities remains high as well as the credit spread risk. 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 the risks of policyholders defaulting on the payment of premiums and risks related to the selection of underwritten risks.

It is therefore estimated that uncertain outcome of the debt crisis and its effect on the Company's exposure to financial risks will continue to present the greatest risks.

Disasters (natural or man-made) remain a significant risk for the Triglav Group, 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 the long-term business funds and assets backing liabilities, capital management and capital adequacy management, including the adequacy of the reinsurance scheme.

6.3 Internal audit

In the first three quarters of 2012, the Internal Audit Department complied with its annual and operational work programme. It carried out 14 planned internal audits of various divisions in Zavarovalnica Triglav and 6 internal audits in subsidiaries. The findings were reported to the Management Board and to the management of the audited divisions.

The Internal Audit Department also carried out informal advisory activities, Internal Auditing Quality Improvement activities (mainly regarding planning, execution and reporting on individual internal audits and the work of internal audit departments in subsidiaries), monitored the implementation of recommendations made by internal and external auditors and reported to the Management and Supervisory Boards.

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 September 2012, there were 5,426 employees in the Triglav Group, which is 362 more than at the end of 2011. The number of staff increased, as the Avrigo Group and Investicijsko podjetje were added as subsidiaries to the Triglav Group.

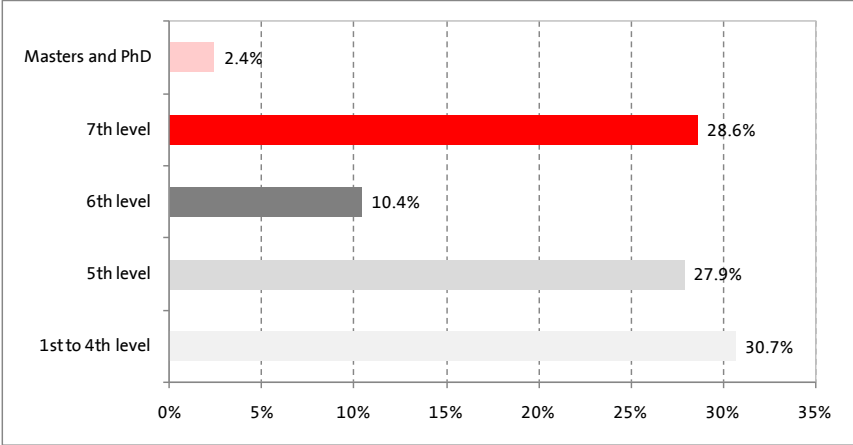
Table: Number of employees in the Triglav Group as at 30 September 2012

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES		
	30 September 2012	31. December 2011	DEFFERENCE
Zavarovalnica Triglav d.d.	2.419	2.400	19
Pozavarovalnica Triglav RE d.d., Ljubljana	39	37	2
Triglav, Zdravstvena zavarovalnica d.d., Koper	79	78	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
Lovčen Osiguranje a.d., Podgorica	290	264	26
Triglav Osiguranje a.d.o, Belgrade	465	488	-23
Triglav penzijski fondovi a.d., Belgrade	5	5	0
Triglav Osiguranje a.d., Banja Luka	81	84	-3
Triglav Osiguruvanje a.d., Skopje	166	150	16
Triglav Skladi d.o.o., Ljubljana	36	36	0
AS Triglav - servis in trgovina d.o.o., Ljubljana	31	31	0
TRI-PRO d.o.o., Domžale	73	75	-2
Triglav nepremičnine d.d., Ljubljana	41	5	36
Triglav Naložbe finančna družba d.d., Ljubljana	5	5	0
Slovenijales d.d., Ljubljana	146	196	-50
Golf Arboretum d.o.o., Volčji potok	11	11	0
Gradis IPGI d.d., Ljubljana	1	1	0
TRI-PRO BH d.o.o., Sarajevo	12	16	-4
Unis automobili i dijelovi d.o.o., Sarajevo	33	33	0
Autocentar BH d.o.o., Sarajevo	45	47	-2
Triglav INT d.d., Ljubljana	5	4	1
Lovčen životna osiguranja, Podgorica	8	6	2
Sarajevostan d.d., Sarajevo	122	126	-4
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovčen Auto a.d.o., Nikšić	114	98	16
Avrigo d.d., Nova Gorica	200	0	200
Integral Notranjska d.o.o., Cerknica	17	0	17
Integral Zagorje d.o.o., Zagorje	47	0	47
Integral Stojna Kočevje d.o.o., Kočevje	28	0	28
Alptours turizem d.o.o., Bovec	0	0	0
Investicijsko podjetje d.o.o., Ljubljana	17	0	17
IP Nova d.o.o., Ljubljana	0	0	0
IP Nova A d.o.o., Ljubljana	0	0	0
TOTAL	5.426	5.064	362

7.2 Educational structure of employees

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

Graph: Employees of the Triglav Group as at 30 September 2012 - structure by education level



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board 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 Management Board is responsible for preparing the Interim Report 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 Group and Zavarovalnica Triglav 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 Management Board 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 Management Board further confirms that the financial statements and the notes thereto were prepared on a going concern basis for Zavarovalnica Triglav d.d. and the Triglav Group and in line with the applicable legislation and International Financial Reporting Standards, as adopted by the EU.

The Management Board confirms that the interim business report of the Triglav Group and Zavarovalnica Triglav d.d. 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 Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

The Management Board 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.



Matjaž Rakovec
President of the Management Board



Andrej Slapar
Member of the Management Board



Stanislav Vrtunski
Member of the Management Board



Benjamin Jošar
Member of the Management Board



Marica Makoter
Member of the Management Board, Employee Representative

**Unaudited Financial Statements of
Zavarovalnica Triglav d.d. and the Triglav
Group**

and Notes thereto for the Period from
1 January 2012 to 30 September 2012

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

(IN EUR)

	30 September 2012	31 December 2011	Index
ASSETS	2,620,546,586	2,516,553,868	104
Intangible assets	57,964,972	49,863,069	116
Property, plant and equipment	70,234,556	71,932,485	98
Deferred tax receivables	31,033,121	30,423,884	102
Investment property	19,261,120	19,984,888	96
Investments in subsidiaries	194,917,048	193,131,295	101
Investments in associates	10,855,503	10,855,503	100
Financial assets	2,050,657,044	1,972,634,968	104
Financial investments	1,658,259,754	1,617,636,390	103
- loans and deposits	243,944,953	363,304,828	67
- held to maturity	199,884,435	211,599,458	94
- available for sale	1,126,238,470	976,228,336	115
- investments recognised at fair value	88,191,897	66,503,768	133
Unit-linked insurance assets	392,397,290	354,998,578	111
Reinsurers' share of insurance technical provisions	68,138,498	54,547,910	125
Receivables	112,806,505	105,902,050	107
- receivables from direct insurance operations	89,875,737	80,970,481	111
- receivables from reinsurance and co-insurance operations	7,158,012	8,187,183	87
- other receivables	15,772,756	16,744,387	94
Other assets	3,069,700	3,060,960	100
Cash and cash equivalents	1,608,518	4,216,855	38
EQUITY AND LIABILITIES	2,620,546,586	2,516,553,868	104
Equity	494,081,526	437,692,451	113
- share capital	73,701,392	73,701,392	100
- share premium	53,412,884	53,412,884	100
- reserves from profit	211,286,919	211,286,919	100
- fair value reserve	39,118,664	5,969,185	655
- net profit/loss brought forward	77,407,467	49,539,512	156
- net profit/loss for the year	39,154,199	43,782,559	89
Subordinated liabilities	38,716,178	40,932,091	95
Insurance technical provisions	1,626,244,365	1,585,925,020	103
- unearned premiums	235,952,977	219,683,849	107
- mathematical provisions	817,310,588	806,053,274	101
- claims provisions	550,792,467	537,912,790	102
- other insurance technical provisions	22,188,332	22,275,106	100
Insurance technical provisions for unit-linked insurance contracts	392,303,225	354,900,127	111
Employee benefits	8,837,203	8,300,010	106
Other provisions	945,034	835,806	113
Other financial liabilities	8,816,207	29,231,960	30
Operating liabilities	26,893,740	28,761,344	94
- liabilities from direct insurance operations	14,040,019	13,489,315	104
- liabilities from reinsurance and co-insurance operations	9,503,114	14,753,844	64
- current tax liabilities	3,350,607	518,186	647
Other liabilities	23,709,110	29,975,059	79

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	(IN EUR)		
	Q 1-3 2012	Q 1-3 2011	Index
NET PREMIUM INCOME	452,488,703	472,990,345	96
- gross written premium	513,260,127	550,069,994	93
- ceded written premium	-54,910,662	-59,910,645	92
- change in unearned premiums	-5,860,762	-17,169,005	34
TOTAL INCOME FROM FINANCIAL ASSETS	99,727,496	76,947,830	130
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,268,578</i>	<i>3,395,395</i>	<i>37</i>
- interest income	1,262,561	2,195,799	57
- dividends	0	696,433	
- fair value gains	0	21,547	
- realised gains on disposals	0	481,611	
- other financial income	6,017	5	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>77,833,189</i>	<i>66,502,319</i>	<i>117</i>
- interest income	51,552,630	51,481,256	100
- dividends	1,636,883	2,394,298	68
- fair value gains	9,057,335	3,635,749	249
- realised gains on disposals	14,281,117	8,405,477	170
- other financial income	1,305,225	585,539	223
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>20,625,728</i>	<i>7,050,115</i>	<i>293</i>
OTHER INCOME FROM INSURANCE OPERATIONS	22,392,023	23,884,441	94
- fees and commission income	18,769,820	21,150,835	89
- other income from insurance operations	3,622,203	2,733,606	133
OTHER INCOME	4,789,500	4,563,310	105
NET CLAIMS INCURRED	296,780,140	283,477,702	105
- gross claims settled	307,168,674	306,372,345	100
- reinsurers' and co-insurers' share	-15,308,073	-21,699,419	71
- changes in claims provisions	4,919,539	-1,195,224	
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked)	-6,156,402	7,519,799	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	37,403,098	-35,198,081	
EXPENSES FOR BONUSES AND DISCOUNTS	2,815,000	2,455,678	115
OPERATING EXPENSES	101,693,736	99,605,351	102
- acquisition costs	70,752,549	69,864,856	101
- other operating costs	30,941,187	29,740,495	104
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	69,906,853	140,870,223	50
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>45,465</i>	<i>2,405,823</i>	<i>2</i>
- interest expense	0	367,691	
- fair value losses	0	2,010,741	
- permanent impairment	29,411	21,379	138
- other expenses from financial assets and liabilities	16,054	6,013	267
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>68,360,658</i>	<i>65,013,542</i>	<i>105</i>
- interest expense	2,044,497	3,441,588	59
- fair value losses	13,760,088	7,101,589	194
- realised loss on disposals	14,231,976	5,902,393	241
- permanent impairment of financial assets	35,095,712	43,757,279	80
- other expenses from financial assets and liabilities	3,228,386	4,810,694	67
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>1,500,730</i>	<i>73,450,858</i>	<i>2</i>
OTHER INSURANCE EXPENSES	25,557,724	27,634,609	92
OTHER EXPENSES	1,274,071	1,038,363	123
PROFIT/LOSS BEFORE TAX	50,123,501	50,982,282	98
Income tax expense	10,969,302	15,942,160	69
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	39,154,199	35,040,122	112
Earnings per share (basic and diluted)	1,72	1,54	

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

		(IN EUR)	
		Q 1-3 2012	Q 1-3 2011
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	39,154,199	35,040,122
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	33,149,479	-70,222,719
1.	Net gains/losses from the remeasurement of available-for-sale financial assets	55,982,306	-90,488,341
1,1	Gains/losses recognised in fair value reserve	27,496,971	-129,357,850
1,2	Transfer from fair value reserve to profit/loss	28,485,335	38,869,508
2.	Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-17,326,896	4,918,944
3.	Tax on other comprehensive income	-5,505,931	15,346,678
III.	COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	72,303,678	-35,182,597

STATEMENT OF CHANGES IN EQUITY OF TRIGLAV D.D.

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

(IN EUR)

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
1. OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	176,000,000	5,969,185	49,539,517	43,782,558	437,692,456
2. Comprehensive income for the period from 1 January 2012 to 30 September 2012						33,149,479		39,154,199	72,303,678
3. Allocation to net profit/loss brought forward							43,782,558	-43,782,558	0
4. Dividend payment							-15,914,608		-15,914,608
5. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	176,000,000	39,118,664	77,407,467	39,154,199	494,081,526

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 SEPTEMBER 2011

(IN EUR)

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit/loss 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	4,662,643	30,624,276	16,000,000	84,817,134	252,529,149	16,104,423	481,851,900
2. Comprehensive income for the period from 1 January 2011 to 30 September 2011						-70,222,719		35,040,122	-35,182,597
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 retained earnings to other reserves from profit					160,000,000		-160,000,000		0
6. Dividend payment							-9,094,059		-9,094,059
7. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	176,000,000	14,594,415	49,539,512	35,040,122	437,575,244

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	(IN EUR)	
	Q 1-3 2012	Q 1-3 2011
A OPERATING CASH FLOW		
Income statement items	46,413,263	-37,146,807
Operating income (excluding revaluation) and financial income from operating receivables	521,845,726	529,179,229
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-461,180,413	-536,106,613
Corporate income tax and other taxes excluded from operating expenses	-14,252,049	-30,219,423
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-34,373,048	103,719,602
Movements in receivables and prepayments and accrued income	-8,643,582	-22,247,741
Movements in deferred tax assets	-6,115,168	-7,936,702
Movements in inventories	5,716	-448,687
Movements in operating debts	11,405,625	108,679,229
Movements in accruals and deferred income and provisions	-31,025,639	25,673,502
OPERATING CASH FLOW	12,040,215	66,572,795
B CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,661,413,107	2,333,953,914
Cash inflows from interest received and profit sharing arising from investing activities	52,815,191	53,677,055
Income from dividends and profit sharing	1,550,678	2,863,101
Cash inflows from the disposal of intangible assets	15,857	876,417
Cash inflows from the disposal of property, plant and equipment	725,263	2,501,126
Cash inflows from the disposal of financial investments	1,580,684,133	2,263,580,940
Cash inflows from the disposal of financial investments in associates	25,621,985	10,455,275
Cash outflows from investing activities	-1,658,700,503	-2,394,799,011
Cash outflows for the purchase of intangible assets	-6,036,081	-3,954,656
Cash outflows for the purchase of property, plant and equipment	-2,653,830	-4,368,185
Cash outflows for the purchase of financial investments	-1,636,485,843	-2,338,298,584
Cash outflows for the acquisition of financial investments in associates	-13,524,749	-48,177,585
CASH FLOWS FROM INVESTING ACTIVITIES	2,712,604	-60,845,096
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-17,361,156	-11,101,338
Interest paid on financing activities	-1,786,597	-2,227,665
Dividends and profit sharing paid	-15,574,559	-8,873,674
CASH FLOWS FROM FINANCING ACTIVITIES	-17,361,156	-11,101,338
D. Opening balance of cash and cash equivalents	4,216,855	9,241,996
E. Net cash flow for the period	-2,608,337	-5,373,640
F. Closing balance of cash and cash equivalents	1,608,518	3,868,356

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2012	31 December 2011	(IN EUR) Index
ASSETS	3,131,135,027	2,962,000,104	106
Intangible assets	71,305,445	63,333,465	113
Property, plant and equipment	138,284,544	128,808,682	107
Deferred tax receivables	46,336,317	40,661,243	114
Investment property	96,116,391	96,784,890	99
Investments in associates	15,514,066	20,504,563	76
Financial assets	2,419,442,898	2,326,023,820	104
Financial investments:	2,015,254,297	1,961,339,446	103
- loans and deposits	311,187,163	439,712,247	71
- held to maturity	229,432,358	245,218,281	94
- available for sale	1,378,798,457	1,192,865,725	116
- investments recognised at fair value	95,836,318	83,543,191	115
Unit-linked insurance assets	404,188,602	364,684,374	111
Reinsurers' share of insurance technical provisions	70,406,853	43,983,083	160
Receivables	217,218,061	205,049,270	106
- receivables from direct insurance operations	129,487,670	118,559,323	109
- receivables from reinsurance and co-insurance operations	41,390,526	40,739,474	102
- current tax receivables	181,352	459,509	39
- other receivables	46,158,513	45,290,964	102
Other assets	38,096,837	12,597,206	302
Cash and cash equivalents	16,931,401	22,771,667	74
Noncurrent assets for sale	1,482,215	1,482,215	100
EQUITY AND LIABILITIES	3,131,135,027	2,962,000,104	106
Equity	554,931,208	489,469,838	113
Controlling interests	542,070,047	465,264,933	117
- share capital	73,701,388	73,701,402	100
- share premium	55,855,004	53,204,076	105
- reserves from profit	229,297,272	230,826,820	99
- fair value reserve	43,936,612	2,786,975	
- net profit/loss brought forward	91,278,001	61,135,220	149
- net profit/loss for the year	51,424,358	46,175,732	111
- currency translation differences	-3,422,588	-2,565,292	133
Non-controlling interests	12,861,161	24,204,905	53
Subordinated liabilities	37,017,159	40,932,090	90
Insurance technical provisions	1,930,460,082	1,869,646,881	103
- unearned premiums	309,698,297	291,740,398	106
- mathematical provisions	860,228,290	845,464,934	102
- claims provisions	734,828,901	705,464,250	104
- other insurance technical provisions	25,704,594	26,977,299	95
Insurance technical provisions for unit-linked insurance contracts	404,098,154	364,495,891	111
Employee benefits	11,380,509	10,392,165	110
Other provisions	18,934,662	19,140,222	99
Deferred tax liabilities	15,223,486	9,613,587	158
Other financial liabilities	56,198,891	39,491,120	142
Operating liabilities	57,673,648	57,860,742	100
- liabilities from direct insurance operations	22,738,591	20,928,061	109
- liabilities from reinsurance and co-insurance operations	31,479,580	36,106,029	87
- current tax liabilities	3,455,477	826,652	418
Other liabilities	45,217,227	60,957,569	74

CONSOLIDATED INCOME STATEMENT

	(IN EUR)		
	Q 1-3 2012	Q 1-3 2011	Index
NET PREMIUM INCOME	665,926,411	687,067,319	97
- gross written premium	732,111,065	773,856,976	95
- ceded written premium	-59,309,257	-64,633,118	92
- change in unearned premiums	-6,875,397	-22,156,539	31
INCOME FROM FINANCIAL ASSETS	127,099,450	101,818,164	125
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>9,232,823</i>	<i>5,248,997</i>	<i>176</i>
- profit on equity investments accounted for using the equity method	1,177,787	1,469,690	80
- interest income	0	1,104,201	
- fair value losses	0	21,548	
- realised gains on disposals	0	2,653,553	
- other financial income	8,055,036	5	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>96,041,802</i>	<i>89,172,446</i>	<i>108</i>
- interest income	63,102,230	62,541,444	101
- dividends	3,028,924	3,849,444	79
- fair value gains	9,796,777	4,151,772	236
- realised gains on disposals	14,887,525	15,100,000	99
- other financial income	5,226,346	3,529,786	148
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>21,824,825</i>	<i>7,396,721</i>	<i>295</i>
OTHER INCOME FROM INSURANCE OPERATIONS	15,627,870	20,039,173	78
- fees and commission income	10,582,029	13,686,160	77
- other income from insurance operations	5,045,841	6,353,013	79
OTHER INCOME	54,847,622	43,191,015	127
NET CLAIMS INCURRED	450,064,876	428,859,633	105
- gross claims settled	449,471,915	437,097,801	103
- reinsurers' and co-insurers' share	-15,819,378	-17,194,996	92
- changes in claims provisions	10,951,786	4,006,192	273
- equalisation scheme expenses for supplementary health insurance	5,460,553	4,950,636	110
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-4,047,520	8,852,595	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	39,465,942	-34,337,721	
EXPENSES FOR BONUSES AND DISCOUNTS	3,532,288	3,285,786	108
OPERATING EXPENSES	146,531,930	143,609,129	102
- acquisition costs	95,018,120	91,699,366	104
- other operating costs	51,513,810	51,909,763	99
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	79,184,339	151,896,865	52
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,889,086</i>	<i>13,814,662</i>	<i>14</i>
- loss on investments accounted for using the equity method	1,889,086	11,362,269	17
- interest expense	0	238,536	
- fair value losses	0	2,112,496	
- realised loss on disposals	0	94,434	
- other expenses from financial assets and liabilities	0	6,927	
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>75,526,966</i>	<i>63,444,386</i>	<i>119</i>
- interest expense	2,762,445	4,446,364	62
- fair value losses	14,529,634	7,992,990	182
- realised loss on disposals	15,691,632	6,396,885	245
- permanent impairment of financial assets	35,509,295	37,009,907	96
- other expenses from financial assets and liabilities	7,033,960	7,598,240	93
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>1,768,287</i>	<i>74,637,817</i>	<i>2</i>
OTHER INSURANCE EXPENSES	32,869,494	43,770,954	75
OTHER EXPENSES	53,334,828	41,097,181	130
PROFIT/LOSS BEFORE TAX	62,565,176	65,081,249	96
Income tax expense	-12,054,317	-17,139,563	70
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	50,510,859	47,941,686	105
Net profit / loss attributable to the controlling company	49,896,502	46,665,935	107
Net profit / loss attributable to non-controlling interest holders	614,357	1,275,751	48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IN EUR)

	Q 1-3 2012	Q 1-3 2011
I. NET PROFIT/LOSS FOR THE YEAR AFTER TAX	50,510,859	47,941,686
II. OTHER COMPREHENSIVE INCOME AFTER TAX	40,668,966	-42,588,234
1. Net gains/losses from the remeasurement of available-for-sale financial assets	65,132,888	-61,757,569
1.1 Gains/losses recognised in fair value reserve	33,749,200	-62,188,173
1.2 Transfer from fair value reserve to profit/loss	31,383,688	430,604
2. Net profit / loss from non-current assets held for sale	30,355	-696,197
3. 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	31,318	-974,056
4. Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-17,326,896	4,918,944
5. Translation differences	-902,642	239,706
6. Tax on other comprehensive income	-6,296,057	15,680,940
III. COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	91,179,825	5,353,451
Controlling interests	90,230,103	4,605,400
Non-controlling interests	949,722	748,051

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

PERIOD from 1 January 2012 to 30 September 2012	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
			Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
1. OPENING BALANCE FOR THE PERIOD	73,701,401	53,204,076	529,798	364,680	19,430,985	34,866,038	176,000,000	2,786,975	61,135,220	46,175,732	-364,680	-2,565,292	465,264,933	24,204,905	489,469,838
2. Comprehensive income for the period from 1 January 2012 to 30 September 2012								41,190,896		49,896,502		-857,295	90,230,103	949,722	91,179,825
3. Net profit allocations to net profit/loss brought forward									46,175,732	-46,175,732			0	0	0
4. Acquisition of treasury shares				88,200						-88,200	-88,200		-88,200	0	-88,200
5. Dividend payment									-15,899,001				-15,899,001	2,799	-15,896,202
6. Release of credit risk reserves							-1,615,955			1,527,855			-88,100	88,100	0
7. Legal and statutory reserve of Group companies					85,405				-85,405				0	0	0
8. Recognition of reserves resulting from intragroup transactions		2,650,927			1,000								2,651,927	-12,384,370	-9,732,443
9. Other								-41,257	39,647				-1,610	0	-1,610
10. CLOSING BALANCE for the period	73,701,401	55,855,003	529,798	452,880	19,517,390	33,250,083	176,000,000	43,936,614	91,277,993	51,424,357	-452,880	-3,422,587	542,070,052	12,861,156	554,931,208

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 SEPTEMBER 2011

(IN EUR)															
PERIOD from 1 January 2012 to 30 September 2011	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	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	19,451,956	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	498,977,808
2. Comprehensive income for the period from 1 January 2011 to 30 September 2011								-42,268,575		46,665,933		208,042	4,605,400	748,051	5,353,451
3. Dividend payment									-9,088,059				-9,088,059	-22,020	-9,110,079
4. Share capital increase	50,000,000								-50,000,000				0	0	0
5. Other reserves from profit							16,000,000		-160,000,000				0	0	0
6. Profit/loss brought forward									11,313,295	-11,313,295			0	0	0
7. Credit risk reserve						157,708				-137,206			20,502	-20,502	0
8. Legal and statutory reserve of Group companies					8,580				-8,580				0	0	0
9. Recognition of reserves resulting from intragroup transactions		-713,553							-72,121				-785,674	-3,719,615	-4,505,289
10. CLOSING BALANCE for the period	73,701,392	52,941,961	529,798	364,680	19,460,536	33,593,933	176,000,000	3,252,270	61,298,206	46,528,727	-364,680	-1,789,619	465,517,204	25,198,686	490,715,891

CONSOLIDATED CASH FLOW STATEMENT

	(IN EUR)	
	Q 1-3 2012	Q 1-3 2011
A OPERATING CASH FLOW		
Income statement items	47,897,373	-18.760.600
Operating income(excluding revaluation) and financial income from operating receivables	805,657,325	816.971.641
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-741,713,298	-801.166.043
Corporate income tax and other taxes excluded from operating expenses	-16,046,654	-34.566.198
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-8,584,373	98.409.772
Movements in receivables and prepayments and accrued income	4,366,977	-34.325.754
Movements in deferred tax assets	-5,147,651	-8.026.138
Movements in inventories	328,072	-596.577
Movements in operating debts	15,253,952	126.999.945
Movements in accruals and deferred income and provisions	-28,964,739	30.717.202
Movements in deferred tax liabilities	5,579,016	-16.358.906
OPERATING CASH FLOW	39,313,000	79.649.172
B CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,975,599,793	2.636.709.879
Cash inflows from interest received and profit sharing arising from investing activities	76,611,663	82.929.710
Income from dividends and profit sharing	9,387,336	3.898.419
Cash inflows from the disposal of intangible assets	15,857	978.737
Cash inflows from the disposal of property, plant and equipment	1,220,250	3.099.782
Cash inflows from the disposal of financial investments	1,862,742,702	2.488.364.847
Cash inflows from disposal of financial investments in associates	25,621,985	57.438.384
Cash outflows from investing activities	-2,007,753,619	-2.711.344.235
Cash outflows for the purchase of intangible assets	-6,019,839	-5.549.631
Cash outflows for the purchase of property, plant and equipment	-20,276,800	-9.050.489
Cash outflows for the purchase of financial investments	-1,964,870,534	-2.591.159.209
Cash outflows for the acquisition of financial investments in associates	-16,586,446	-105.584.906
CASH FLOWS FROM INVESTING ACTIVITIES	-32,153,826	-74.634.356
c. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	14,575,118	9.695.837
Cash inflows from loans received and bonds issued	14,575,118	9.695.837
Cash outflows from financing activities	-26,952,548	-28.628.754
Interest paid from financing activities	-2,812,854	-3.585.851
Cash outflows for payments of financial liabilities	-8,565,135	-16.169.229
Cash outflows from dividends paid and profit sharing	-15,574,559	-8.873.674
CASH FLOWS FROM FINANCING ACTIVITIES	-12,377,430	-18.932.917
D. Opening balance of cash and cash equivalents	22,771,667	34.108.091
E. Net cash flow for the period	-5,218,256	-13.918.101
Foreign exchange differentials	-622,010	278.604
F. Closing balance of cash and cash equivalents	16,931,401	20.468.594

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1. Statement of compliance

The financial statements for the period from 1 January 2012 to 30 September 2012 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Pursuant to requirements of the 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. Entities in which the Zavarovalnica Triglav 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 the consolidated financial statement.

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

3.2. Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2011 were used for the preparation of the financial statements for the first three quarters of 2012. The tax expense calculation for the first quarter of 2012 was made by applying the average effective tax rate of 2011, taking into account the changed rate of taxation from 20% to 18%.

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

3.3. Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first three quarters of 2012, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

3.4. Segmental analysis Zavarovalnica Triglav's operations

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 the income statement by business segment are given below.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

(IN EUR)

	30 September 2012			31 December 2011		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,286,665,504	1,346,495,371	2,633,160,875	1,238,615,910	1,292,439,778	2,531,055,688
Intangible assets	55,353,587	2,611,385	57,964,972	47,787,036	2,076,033	49,863,069
Property, plant and equipment	59,531,660	10,702,896	70,234,556	60,826,425	11,106,060	71,932,485
Deferred tax receivables	33,995,642	5,629,688	39,625,330	28,749,274	4,760,888	33,510,162
Investment property	17,310,577	1,950,543	19,261,120	18,008,707	1,976,181	19,984,888
Investments in subsidiaries	193,402,377	1,514,671	194,917,048	191,616,624	1,514,671	193,131,295
Investments in associates	975	10,854,528	10,855,503	975	10,854,528	10,855,503
Financial assets	744,339,295	1,306,317,750	2,050,657,044	723,280,154	1,249,354,814	1,972,634,968
Financial investments	744,339,295	913,920,459	1,658,259,754	723,280,154	894,356,236	1,617,636,390
- loans and deposits	123,599,502	120,345,451	243,944,953	185,713,454	177,591,374	363,304,828
- held to maturity	0	199,884,435	199,884,435	0	211,599,458	211,599,458
- available for sale	601,518,509	524,719,961	1,126,238,470	518,144,697	458,083,638	976,228,336
- investments recognised at fair value	19,221,284	68,970,613	88,191,897	19,422,002	47,081,766	66,503,768
Unit-linked insurance assets	0	392,397,290	392,397,290	0	354,998,578	354,998,578
Reinsurers' share of insurance technical provisions	68,133,386	5,113	68,138,498	54,544,229	3,681	54,547,910
Receivables	110,577,362	6,251,223	116,828,585	110,105,259	7,212,333	117,317,592
- receivables from direct insurance operations	89,249,316	626,421	89,875,737	80,444,885	525,595	80,970,481
- receivables from reinsurance and co-insurance operations	7,139,573	18,440	7,158,012	8,179,159	8,024	8,187,183
- other receivables	14,188,474	5,606,363	19,794,836	21,481,215	6,678,714	28,159,929
Other assets	2,996,486	73,214	3,069,700	2,974,226	86,734	3,060,960
Cash and cash equivalents	1,024,158	584,360	1,608,518	723,001	3,493,853	4,216,855
EQUITY AND LIABILITIES	1,286,665,504	1,346,495,371	2,633,160,875	1,238,615,910	1,292,439,778	2,531,055,688
Equity	410,611,179	83,470,347	494,081,526	367,580,534	70,111,917	437,692,451
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- 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	179,723,028	31,563,891	211,286,919
- fair value reserve	27,282,132	11,836,532	39,118,664	6,958,384	-989,199	5,969,185
- net profit/loss brought forward	77,407,467	0	77,407,467	49,539,512	0	49,539,512
- net profit/loss for the year	34,513,034	4,641,165	39,154,199	39,674,093	4,108,466	43,782,559
Subordinated liabilities	25,040,264	13,675,914	38,716,178	27,259,666	13,672,424	40,932,091
Insurance technical provisions	788,291,267	837,953,098	1,626,244,365	759,968,461	825,956,559	1,585,925,020
- unearned premiums	235,580,216	372,761	235,952,977	219,268,476	415,373	219,683,849
- mathematical provisions	0	817,310,588	817,310,588	0	806,053,274	806,053,274
- claims provisions	530,522,719	20,269,748	550,792,467	518,424,878	19,487,912	537,912,790
- other insurance technical provisions	22,188,332	0	22,188,332	22,275,106	0	22,275,106
Insurance technical provisions for unit-linked insurance contracts	0	392,303,225	392,303,225	0	354,900,127	354,900,127
Employee benefits	7,263,707	1,573,496	8,837,203	6,820,823	1,479,187	8,300,010
Other provisions	881,384	63,650	945,034	835,806	0	835,806
Deferred tax liabilities	5,988,837	2,603,373	8,592,209	1,739,596	1,346,682	3,086,278
Other financial liabilities	6,084,787	2,731,420	8,816,207	24,102,964	5,128,996	29,231,960
Operating liabilities	19,608,227	7,285,513	26,893,740	20,778,431	7,982,913	28,761,344
- liabilities from direct insurance operations	6,820,700	7,219,319	14,040,019	5,514,429	7,974,886	13,489,315
- liabilities from reinsurance and co-insurance operations	9,436,920	66,194	9,503,114	14,745,817	8,027	14,753,844
- current tax liabilities	3,350,607	0	3,350,607	518,186	0	518,186
Other liabilities	22,895,854	4,835,336	27,731,190	29,529,628	11,860,973	41,390,601

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

(IN EUR)

	Q 1-3 2012			Q 1-3 2011		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	307,989,684	144,499,020	452,488,703	322,465,274	150,525,071	472.990.345
- gross written premium	368,536,671	144,723,456	513,260,127	399,179,554	150,890,441	550.069.994
- ceded written premium	-54,643,614	-267,048	-54,910,662	-59,685,104	-225,540	-59.910.645
- change in unearned premiums	-5,903,373	42,612	-5,860,762	-17,029,175	-139,830	-17.169.005
TOTAL INVESTMENT INCOME	35,603,335	64,124,160	99,727,496	33,093,700	43,854,130	76.947.830
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,268,556</i>	<i>22</i>	<i>1,268,578</i>	<i>2,462,432</i>	<i>932,964</i>	<i>3.395.395</i>
- interest income	1,262,539	22	1,262,561	1,751,589	444,210	2.195.799
- dividends	0	0	0	447,112	249,322	696.433
- fair value gains	0	0	0	3,094	18,454	21.547
- realised gains on disposals	0	0	0	260,632	220,978	481.611
- other financial income	6,017	0	6,017	5	0	5
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>34,334,779</i>	<i>43,498,411</i>	<i>77,833,189</i>	<i>30,631,269</i>	<i>35,871,051</i>	<i>66.502.319</i>
- interest income	22,725,748	28,826,881	51,552,630	22,859,531	28,621,724	51.481.256
- dividends	1,000,901	635,982	1,636,883	1,400,941	993,357	2.394.298
- fair value gains	2,723,595	6,333,740	9,057,335	1,763,830	1,871,919	3.635.749
- realised gains on disposals	6,583,725	7,697,392	14,281,117	4,046,129	4,359,347	8.405.477
- other financial income	1,300,809	4,416	1,305,225	560,836	24,703	585.539
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>20,625,728</i>	<i>20,625,728</i>	<i>0</i>	<i>7,050,115</i>	<i>7.050.115</i>
OTHER INCOME FROM INSURANCE OPERATIONS	11,783,818	10,608,205	22,392,023	12,393,158	11,491,283	23.884.441
- fees and commission income	9,019,993	9,749,827	18,769,820	9,798,709	11,352,126	21.150.835
- other income from insurance operations	2,763,825	858,378	3,622,203	2,594,449	139,157	2.733.606
OTHER INCOME	2,630,896	2,158,603	4,789,500	2,460,957	2,102,353	4.563.310
NET CLAIMS INCURRED	179,083,455	117,696,685	296,780,140	182,744,301	100,733,401	283.477.702
- gross claims settled	190,193,096	116,975,578	307,168,674	206,807,012	99,565,334	306.372.345
- reinsurers' and co-insurers' share	-15,248,775	-59,298	-15,308,073	-21,599,258	-100,161	-21.699.419
- changes in claims provisions	4,139,134	780,405	4,919,539	-2,463,453	1,268,229	-1.195.224
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)	-86,775	-6,069,627	-6,156,402	3,087,642	4,432,157	7.519.799
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	37,403,098	37,403,098	0	-35,198,081	-35.198.081
EXPENSES FOR BONUSES AND DISCOUNTS	2,815,000	0	2,815,000	2,455,678	0	2.455.678
OPERATING EXPENSES	78,359,165	23,334,571	101,693,736	76,634,212	22,971,139	99.605.351
- acquisition costs	56,877,117	13,875,432	70,752,549	55,715,539	14,149,317	69.864.856
- other operating costs	21,482,047	9,459,139	30,941,187	20,918,674	8,821,822	29.740.495
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	37,720,875	32,185,979	69,906,853	42,702,099	98,168,125	140.870.223
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>16,054</i>	<i>29,411</i>	<i>45,465</i>	<i>2,107,680</i>	<i>298,143</i>	<i>2.405.823</i>
- interest expense	0	0	0	286,048	81,643	367.691
- fair value losses	0	0	0	1,815,620	195,121	2.010.741
- permanent impairment of financial assets	0	29,411	29,411	0	21,379	21.379
- other expenses from financial assets and liabilities	16,054	0	16,054	6,013	0	6.013
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>37,704,820</i>	<i>30,655,838</i>	<i>68,360,658</i>	<i>40,594,418</i>	<i>24,419,124</i>	<i>65.013.542</i>
- interest expense	1,427,138	617,359	2,044,497	2,213,318	1,228,270	3.441.588
- fair value losses	3,633,500	10,126,588	13,760,088	2,962,002	4,139,587	7.101.589
- realised loss on disposals	2,851,627	11,380,349	14,231,976	3,095,286	2,807,106	5.902.393
- permanent impairment of financial assets	27,642,661	7,453,050	35,095,712	28,935,720	14,821,559	43.757.279
- other expenses from financial assets and liabilities	2,149,894	1,078,491	3,228,386	3,388,092	1,422,602	4.810.694
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>1,500,730</i>	<i>1,500,730</i>	<i>0</i>	<i>73,450,858</i>	<i>73.450.858</i>
OTHER INSURANCE EXPENSES	14,544,459	11,013,265	25,557,724	16,049,058	11,585,551	27.634.609
OTHER EXPENSES	1,171,106	102,965	1,274,071	946,996	91,366	1.038.363
PROFIT/LOSS BEFORE TAX	44,400,448	5,723,053	50,123,501	45,793,104	5,189,178	50.982.282
- Income tax expense	9,887,414	1,081,888	10,969,302	14,319,504	1,622,656	15.942.160
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	34,513,034	4,641,165	39,154,199	31,473,600	3,566,522	35.040.122

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 statement of financial position and the consolidated income statement by business segment and geographical area are given below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

AS AT 30 SEPTEMBER 2012							(IN EUR)
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL – NON-CONSOLIDATED	Eliminations	TOTAL - CONSOLIDATED
ASSETS	1,805,518,338	1,415,467,625	26,470,966	349,001,301	3,596,458,230	-465,323,203	3,131,135,027
Intangible assets	65,333,137	2,626,831	362,738	1,164,877	69,487,583	1,817,862	71,305,445
Property, plant and equipment	92,047,223	10,759,749	2,719,803	32,757,769	138,284,544	0	138,284,544
Deferred tax receivables	35,871,907	5,986,606	537,865	3,939,939	46,336,317	0	46,336,317
Investment property	33,713,978	3,185,987	0	48,237,278	85,137,243	10,979,148	96,116,391
Investments in subsidiaries	198,456,015	1,600,756	0	127,067,285	327,124,056	-327,124,057	-1
Investments in associates	821	8,105,561	0	7,407,684	15,514,066	0	15,514,066
Financial assets	1,000,183,592	1,372,854,625	18,405,164	66,395,722	2,457,839,103	-38,396,204	2,419,442,898
Financial investments:	1,000,183,592	968,666,023	18,405,164	66,395,722	2,053,650,501	-38,396,204	2,015,254,297
- loans and deposits	199,510,100	131,090,756	7,253,178	9,942,114	347,796,148	-36,608,985	311,187,163
- held to maturity	3,275,711	226,156,647	0	0	229,432,358	0	229,432,358
- available for sale	773,959,233	540,577,962	11,151,986	54,896,496	1,380,585,677	-1,787,219	1,378,798,457
- investments recognised at fair value	23,438,548	70,840,658	0	1,557,112	95,836,318	0	95,836,318
Unit-linked insurance assets	0	404,188,602	0	0	404,188,602	0	404,188,602
Reinsurers' share of insurance-technical provisions	144,338,178	18,857	0	0	144,357,035	-73,950,182	70,406,853
Receivables	217,295,478	8,076,728	4,330,445	25,989,103	255,691,754	-38,473,694	217,218,061
- receivables from direct insurance operations	126,366,342	774,527	4,074,559	0	131,215,428	-1,727,758	129,487,670
- receivables from reinsurance and co-insurance operations	65,473,019	18,739	0	0	65,491,754	-24,101,232	41,390,526
- current tax receivables	171,212	154	0	9,986	181,352	0	181,352
- other receivables	25,284,905	7,283,308	255,886	25,979,117	58,803,216	-12,644,704	46,158,513
Other assets	8,029,860	241,097	88,011	29,913,945	38,272,913	-176,076	38,096,837
Cash and cash equivalents	10,248,149	2,010,828	26,940	4,645,484	16,931,401	0	16,931,401
Noncurrent assets for sale	0	0	0	1,482,215	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	1,805,518,338	1,415,467,625	26,470,966	349,001,301	3,596,458,230	-465,323,203	3,131,135,027
Equity	507,788,539	97,228,547	10,560,809	253,641,546	869,219,441	-314,288,233	554,931,208
Controlling interests	507,788,539	97,228,547	10,560,809	253,641,546	869,219,441	-327,149,394	542,070,047
- share capital	115,974,541	31,119,897	25,822,144	184,892,899	357,809,481	-284,108,093	73,701,388
- share premium	43,254,647	13,067,907	0	19,938,798	76,261,352	-20,406,348	55,855,004
- reserves from profit	198,410,906	32,091,323	0	3,777,999	234,280,228	-4,982,956	229,297,272
- fair value reserve	36,498,874	5,599,252	-548,750	20,309,979	61,859,355	-17,922,743	43,936,612
- net profit/loss brought forward	82,935,254	9,801,205	-18,268,658	20,505,243	94,973,044	-3,695,043	91,278,001
- net profit/loss for the year	32,542,029	6,420,340	3,556,073	5,289,280	47,807,722	3,616,636	51,424,358
- currency translation differences	-1,827,712	-871,377	0	-1,072,652	-3,771,741	349,153	-3,422,588
Non-controlling interests	0	0	0	0	0	12,861,161	12,861,161
Subordinated liabilities	26,420,723	13,675,914	1,500,000	0	41,596,637	-4,579,478	37,017,159
Insurance technical provisions	1,113,303,708	882,009,979	9,468,626	0	2,004,782,313	-74,322,231	1,930,460,082
- unearned premiums	330,819,124	384,126	2,493,490	0	333,696,740	-23,998,443	309,698,297
- mathematical provisions	0	860,228,290	0	0	860,228,290	0	860,228,290
- claims provisions	757,269,872	21,397,563	6,485,254	0	785,152,689	-50,323,788	734,828,901
- other insurance technical provisions	25,214,712	0	489,882	0	25,704,594	0	25,704,594
Insurance technical provisions for unit-linked insurance contracts	0	404,098,154	0	0	404,098,154	0	404,098,154
Employee benefits	8,551,648	1,581,174	156,244	1,091,443	11,380,509	0	11,380,509
Other provisions	7,422,746	401,871	191,953	10,918,092	18,934,662	0	18,934,662
Deferred tax liabilities	6,213,576	945,954	0	8,063,957	15,223,487	0	15,223,487
Other financial liabilities	29,754,851	3,205,225	0	52,431,034	85,391,110	-29,192,219	56,198,891
Operating liabilities	74,364,016	7,554,245	1,440,463	104,870	83,463,594	-25,789,946	57,673,648
- liabilities from direct insurance operations	14,393,870	7,487,974	1,440,463	0	23,322,307	-583,716	22,738,591
- liabilities from reinsurance and co-insurance operations	56,619,539	66,271	0	0	56,685,810	-25,206,230	31,479,580
- current tax liabilities	3,350,607	0	0	104,870	3,455,477	0	3,455,477
Other liabilities	31,698,531	4,766,562	3,152,871	22,750,359	62,368,323	-17,151,096	45,217,227

Zavarovalnica Triglav and the Triglav Group
Interim Report for the period from January to September 2012

	(IN EUR)						
AS AT 31 DECEMBER 2011	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	1,727,489,315	1,352,282,081	22,952,603	288,845,146	3,391,569,145	-429,569,041	2,962,000,104
Intangible assets	58,347,323	2,091,664	503,270	1,242,965	62,185,222	1,148,243	63,333,465
Property, plant and equipment	95,093,620	11,165,759	2,638,647	19,910,656	128,808,682	0	128,808,682
Deferred tax receivables	31,530,559	5,156,245	586,802	3,387,637	40,661,243	0	40,661,243
Investment property	36,017,082	3,236,659	0	46,552,001	85,805,742	10,979,148	96,784,890
Investments in associates	227,046,559	9,188,006	0	107,678,422	343,912,987	-323,408,424	20,504,563
Financial assets	943,491,451	1,307,690,817	15,312,405	59,529,147	2,326,023,820	0	2,326,023,820
Financial investments	943,491,451	943,006,443	15,312,405	59,529,147	1,961,339,446	0	1,961,339,446
- loans and deposits	241,728,764	185,861,724	7,410,950	4,710,809	439,712,247	0	439,712,247
- held to maturity	4,420,046	240,798,235	0	0	245,218,281	0	245,218,281
- available for sale	664,130,314	467,455,530	7,901,455	53,378,426	1,192,865,725	0	1,192,865,725
- investments recognised at fair value	33,212,325	48,890,954	0	1,439,912	83,543,191	0	83,543,191
Unit-linked insurance assets	0	364,684,374	0	0	364,684,374	0	364,684,374
Reinsurers' share of insurance-technical provisions	100,568,860	17,461	0	0	100,586,321	-56,603,238	43,983,083
Receivables	215,274,084	8,797,084	3,862,792	38,651,204	266,585,164	-61,535,894	205,049,270
- receivables from direct insurance operations	115,165,850	1,969,843	3,641,378	0	120,777,071	-2,217,748	118,559,323
- receivables from reinsurance and co-insurance operations	69,524,867	8,192	0	0	69,533,059	-28,793,585	40,739,474
- current tax receivables	392,857	154	0	66,498	459,509	0	459,509
- other receivables	30,190,510	6,818,895	221,414	38,584,706	75,815,525	-30,524,561	45,290,964
Other assets	8,457,864	244,655	28,757	4,014,806	12,746,082	-148,876	12,597,206
Cash and cash equivalents	11,661,913	4,693,731	19,930	6,396,093	22,771,667	0	22,771,667
Non-current assets held for sale	0	0	0	1,482,215	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	1,727,489,315	1,352,282,081	22,952,603	288,845,146	3,391,569,145	-429,569,041	2,962,000,104
Equity	460,317,468	80,010,670	6,808,987	223,023,290	770,160,415	-280,690,577	489,469,838
Controlling interests	460,317,468	80,010,670	6,808,987	223,023,290	770,160,415	-304,895,482	465,264,933
- share capital	115,916,612	31,119,897	25,822,144	159,361,215	332,219,868	-258,518,466	73,701,402
- share premium	43,254,651	13,067,907	0	17,558,739	73,881,297	-20,677,221	53,204,076
- reserves from profit	199,910,474	32,091,323	0	2,950,511	234,952,308	-4,125,488	230,826,820
- fair value reserve	9,768,055	-8,964,301	-744,499	19,297,694	19,356,949	-16,569,974	2,786,975
- net profit/loss brought forward	53,276,018	6,727,413	-20,368,943	21,058,080	60,692,568	442,652	61,135,220
- net profit/loss for the year	39,808,441	6,704,672	2,100,285	3,147,653	51,761,051	-5,585,319	46,175,732
- currency translation differences	-1,616,783	-736,241	0	-350,602	-2,703,626	138,334	-2,565,292
Non-controlling interests	0	0	0	0	0	24,204,905	24,204,905
Subordinated liabilities	28,623,604	13,672,424	1,500,000	0	43,796,028	-2,863,938	40,932,090
Insurance technical provisions	1,051,421,356	866,517,668	8,466,282	0	1,926,405,306	-56,758,425	1,869,646,881
- unearned premiums	307,369,081	427,347	2,025,805	0	309,822,233	-18,081,835	291,740,398
- mathematical provisions	0	845,464,934	0	0	845,464,934	0	845,464,934
- claims provisions	718,208,945	20,625,387	5,306,508	0	744,140,840	-38,676,590	705,464,250
- other insurance technical provisions	25,843,330	0	1,133,969	0	26,977,299	0	26,977,299
Insurance technical provisions for unit-linked insurance contracts	0	364,495,891	0	0	364,495,891	0	364,495,891
Employee benefits	8,194,705	1,488,470	159,001	549,989	10,392,165	0	10,392,165
Other provisions	8,136,557	333,893	399,522	10,270,250	19,140,222	0	19,140,222
Deferred tax liabilities	1,905,791	-307,328	0	8,015,124	9,613,587	0	9,613,587
Other financial liabilities	51,698,726	5,498,322	0	28,310,568	85,507,616	-46,016,496	39,491,120
Operating liabilities	77,207,270	8,211,610	2,405,045	26,693	87,850,618	-29,989,876	57,860,742
- liabilities from direct insurance operations	11,009,638	8,139,667	2,405,045	0	21,554,350	-626,289	20,928,061
- liabilities from reinsurance and co-insurance operations	65,421,610	48,006	0	0	65,469,616	-29,363,587	36,106,029
- current tax liabilities	776,022	23,937	0	26,693	826,652	0	826,652
Other liabilities	39,983,838	12,360,461	3,213,766	18,649,232	74,207,297	-13,249,728	60,957,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

(IN EUR)

AS AT 30 SEPTEMBER 2012	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	3,205,025,646	391,432,584	3,596,458,230	-465,323,203	3,131,135,027
Intangible assets	58,747,058	10,740,525	69,487,583	1,817,862	71,305,445
Property, plant and equipment	98,166,411	40,118,133	138,284,544	0	138,284,544
Deferred tax receivables	44,253,066	2,083,251	46,336,317	0	46,336,317
Investment property	65,162,344	19,974,899	85,137,243	10,979,148	96,116,391
Investments in subsidiaries	321,894,626	5,229,430	327,124,056	-327,124,057	-1
Investments in associates	15,514,066	0	15,514,066	0	15,514,066
Financial assets	2,253,484,951	204,354,152	2,457,839,103	-38,396,204	2,419,442,898
Financial investments:	1,861,087,661	192,562,840	2,053,650,501	-38,396,204	2,015,254,297
- loans and deposits	280,848,356	66,947,792	347,796,148	-36,608,985	311,187,163
- held to maturity	199,884,435	29,547,923	229,432,358	0	229,432,358
- available for sale	1,288,382,114	92,203,563	1,380,585,677	-1,787,219	1,378,798,457
- investments recognised at fair value	91,972,756	3,863,562	95,836,318	0	95,836,318
Unit-linked insurance assets	392,397,290	11,791,312	404,188,602	0	404,188,602
Reinsurers' share of insurance technical provisions	112,110,412	32,246,623	144,357,035	-73,950,182	70,406,853
Receivables	196,236,028	59,455,726	255,691,754	-38,473,694	217,218,061
- receivables from direct insurance operations	93,960,281	37,255,147	131,215,428	-1,727,758	129,487,670
- receivables from reinsurance and co-insurance operations	59,502,480	5,989,278	65,491,758	-24,101,232	41,390,526
- current tax receivables	144,360	36,992	181,352	0	181,352
- other receivables	42,628,907	16,174,309	58,803,216	-12,644,704	46,158,513
Other assets	32,658,211	5,614,702	38,272,913	-176,076	38,096,837
Cash and cash equivalents	5,316,258	11,615,143	16,931,401	0	16,931,401
Noncurrent assets for sale	1,482,215	0	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	3,205,025,646	391,432,584	3,596,458,230	-465,323,203	3,131,135,027
Equity	787,947,857	81,271,584	869,219,441	-314,288,233	554,931,208
Controlling interests	787,947,857	81,271,584	869,219,441	-327,149,394	542,070,047
- share capital	275,747,547	82,061,934	357,809,481	-284,108,093	73,701,388
- share premium	74,498,387	1,762,965	76,261,352	-20,406,348	55,855,004
- reserves from profit	217,723,691	16,556,537	234,280,228	-4,982,956	229,297,272
- fair value reserve	58,495,338	3,364,017	61,859,355	-17,922,743	43,936,612
- net profit/loss brought forward	110,318,541	-15,345,497	94,973,044	-3,695,043	91,278,001
- net profit/loss for the year	51,164,353	-3,356,631	47,807,722	3,616,636	51,424,358
- currency translation differences	0	-3,771,741	-3,771,741	349,153	-3,422,588
Non-controlling interests	0	0	0	12,861,161	12,861,161
Subordinated liabilities	40,216,178	1,380,459	41,596,637	-4,579,478	37,017,159
Insurance technical provisions	1,769,739,236	235,043,077	2,004,782,313	-74,322,231	1,930,460,082
- unearned premiums	270,387,714	63,309,026	333,696,740	-23,998,443	309,698,297
- mathematical provisions	817,310,589	42,917,701	860,228,290	0	860,228,290
- claims provisions	659,036,830	126,115,859	785,152,689	-50,323,788	734,828,901
- other insurance technical provisions	23,004,103	2,700,491	25,704,594	0	25,704,594
Insurance technical provisions for unit-linked insurance contracts	392,303,225	11,794,929	404,098,154	0	404,098,154
Employee benefits	10,161,036	1,219,473	11,380,509	0	11,380,509
Other provisions	11,898,467	7,036,195	18,934,662	0	18,934,662
Deferred tax liabilities	14,994,833	228,654	15,223,487	0	15,223,487
Other financial liabilities	58,776,810	26,614,300	85,391,110	-29,192,219	56,198,891
Operating liabilities	67,565,583	15,898,011	83,463,594	-25,789,946	57,673,648
- liabilities from direct insurance operations	15,481,999	7,840,308	23,322,307	-583,716	22,738,591
- liabilities from reinsurance and co-insurance operations	48,628,107	8,057,703	56,685,810	-25,206,230	31,479,580
- current tax liabilities	3,455,477	0	3,455,477	0	3,455,477
Other liabilities	51,422,421	10,945,902	62,368,323	-17,151,096	45,217,227

Zavarovalnica Triglav and the Triglav Group
Interim Report for the period from January to September 2012

(IN EUR)					
AS AT 31 DECEMBER 2011	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	3,015,049,209	376,519,936	3,391,569,145	-429,569,041	2,962,000,104
Intangible assets	50,731,242	11,453,980	62,185,222	1,148,243	63,333,465
Property, plant and equipment	86,280,649	42,528,033	128,808,682	0	128,808,682
Deferred tax receivables	38,475,326	2,185,917	40,661,243	0	40,661,243
Investment property	64,166,737	21,639,005	85,805,742	10,979,148	96,784,890
Investments in associates	336,061,478	7,851,509	343,912,987	-323,408,424	20,504,563
Financial assets	2,125,551,370	200,472,450	2,326,023,820	0	2,326,023,820
Financial investments	1,770,552,792	190,786,654	1,961,339,446	0	1,961,339,446
- loans and deposits	370,997,749	68,714,498	439,712,247	0	439,712,247
- held to maturity	211,599,458	33,618,823	245,218,281	0	245,218,281
- available for sale	1,117,989,900	74,875,825	1,192,865,725	0	1,192,865,725
- investments recognised at fair value	69,965,684	13,577,507	83,543,191	0	83,543,191
Unit-linked insurance assets	354,998,578	9,685,796	364,684,374	0	364,684,374
Reinsurers' share of insurance technical provisions	81,923,035	18,663,286	100,586,321	-56,603,238	43,983,083
Receivables	213,401,379	53,183,785	266,585,164	-61,535,894	205,049,270
- receivables from direct insurance operations	84,628,155	36,148,916	120,777,071	-2,217,748	118,559,323
- receivables from reinsurance and co-insurance operations	64,234,278	5,298,781	69,533,059	-28,793,585	40,739,474
- current tax receivables	435,240	24,269	459,509	0	459,509
- other receivables	64,103,706	11,711,819	75,815,525	-30,524,561	45,290,964
Other assets	6,665,824	6,080,258	12,746,082	-148,876	12,597,206
Cash and cash equivalents	10,309,954	12,461,713	22,771,667	0	22,771,667
Non-current assets held for sale	1,482,215	0	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	3,015,049,209	376,519,936	3,391,569,145	-429,569,041	2,962,000,104
Equity	690,276,727	79,883,688	770,160,415	-280,690,577	489,469,838
Controlling interests	690,276,727	79,883,688	770,160,415	-304,895,482	465,264,933
- share capital	250,215,863	82,004,005	332,219,868	-258,518,466	73,701,402
- share premium	72,118,328	1,762,969	73,881,297	-20,677,221	53,204,076
- reserves from profit	216,767,136	18,185,172	234,952,308	-4,125,488	230,826,820
- fair value reserve	21,168,811	-1,811,862	19,356,949	-16,569,974	2,786,975
- net profit/loss brought forward	76,434,327	-15,741,759	60,692,568	442,652	61,135,220
- net profit/loss for the year	53,572,262	-1,811,211	51,761,051	-5,585,319	46,175,732
- currency translation differences	0	-2,703,626	-2,703,626	138,334	-2,565,292
Non-controlling interests	0	0	0	24,204,905	24,204,905
Subordinated liabilities	42,432,090	1,363,938	43,796,028	-2,863,938	40,932,090
Insurance technical provisions	1,705,835,686	220,569,620	1,926,405,306	-56,758,425	1,869,646,881
- unearned premiums	246,082,775	63,739,458	309,822,233	-18,081,835	291,740,398
- mathematical provisions	806,053,274	39,411,660	845,464,934	0	845,464,934
- claims provisions	629,969,034	114,171,806	744,140,840	-38,676,590	705,464,250
- other insurance technical provisions	23,730,603	3,246,696	26,977,299	0	26,977,299
Insurance technical provisions for unit-linked insurance contracts	354,900,127	9,595,764	364,495,891	0	364,495,891
Employee benefits	9,037,774	1,354,391	10,392,165	0	10,392,165
Other provisions	11,314,516	7,825,706	19,140,222	0	19,140,222
Deferred tax liabilities	9,447,240	166,347	9,613,587	0	9,613,587
Other financial liabilities	54,801,866	30,705,750	85,507,616	-46,016,496	39,491,120
Operating liabilities	74,957,364	12,893,254	87,850,618	-29,989,876	57,860,742
- liabilities from direct insurance operations	15,803,708	5,750,642	21,554,350	-626,289	20,928,061
- liabilities from reinsurance and co-insurance operations	58,628,262	6,841,354	65,469,616	-29,363,587	36,106,029
- current tax liabilities	525,394	301,258	826,652	0	826,652
Other liabilities	62,045,819	12,161,478	74,207,297	-13,249,728	60,957,569

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	444,591,764	154,674,897	66,659,750	0	665,926,411
- gross written premium	510,351,537	154,632,094	67,127,434	0	732,111,065
- ceded written premium	-59,308,191	-1,066	0	0	-59,309,257
- change in unearned premiums	-6,451,582	43,869	-467,684	0	-6,875,397
INCOME FROM FINANCIAL ASSETS	52,496,946	68,945,017	500,160	5,157,327	127,099,450
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>5,735,507</i>	<i>783,902</i>	<i>0</i>	<i>2,713,414</i>	<i>9,232,823</i>
- profit on equity investments accounted for using the equity method	0	783,902	0	393,885	1,177,787
- other financial income	5,735,507	0	0	2,319,529	8,055,036
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>46,761,439</i>	<i>46,336,290</i>	<i>500,160</i>	<i>2,443,913</i>	<i>96,041,802</i>
- interest income	31,265,511	30,960,910	500,156	375,653	63,102,230
- dividends	1,129,329	647,748	0	1,251,847	3,028,924
- fair value gains	2,860,875	6,553,282	0	382,620	9,796,777
- realised gains on disposals	7,186,195	7,701,330	0	0	14,887,525
- other financial income	4,319,529	473,020	4	433,793	5,226,346
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>21,824,825</i>	<i>0</i>	<i>0</i>	<i>21,824,825</i>
OTHER INCOME FROM INSURANCE OPERATIONS	5,010,920	10,598,061	18,889	0	15,627,870
- fees and commission income	858,764	9,723,265	0	0	10,582,029
- other income from insurance operations	4,152,156	874,796	18,889	0	5,045,841
OTHER INCOME	3,244,652	202,435	67,516	51,333,019	54,847,622
NET CLAIMS INCURRED	270,839,823	121,552,257	57,672,796	0	450,064,876
- gross claims settled	277,652,817	120,785,601	51,033,497	0	449,471,915
- reinsurers' and co-insurers' share	-15,819,378	0	0	0	-15,819,378
- changes in claims provisions	9,006,384	766,656	1,178,746	0	10,951,786
- equalisation scheme expenses for supplementary health insurance	0	0	5,460,553	0	5,460,553
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-566,971	-2,836,461	-644,088	0	-4,047,520
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	39,465,942	0	0	39,465,942
EXPENSES FOR BONUSES AND DISCOUNTS	3,530,965	1,323	0	0	3,532,288
OPERATING EXPENSES	116,953,579	24,590,695	4,987,656	0	146,531,930
- acquisition costs	79,948,815	14,226,687	842,618	0	95,018,120
- other operating costs	37,004,764	10,364,008	4,145,038	0	51,513,810
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	42,538,812	33,429,808	30,071	3,185,648	79,184,339
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>0</i>	<i>54,667</i>	<i>0</i>	<i>1,834,419</i>	<i>1,889,086</i>
- loss on investments accounted for using the equity method	0	54,667	0	1,834,419	1,889,086
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>42,538,812</i>	<i>31,606,854</i>	<i>30,071</i>	<i>1,351,229</i>	<i>75,526,966</i>
- interest expense	1,457,911	617,703	13,397	673,434	2,762,445
- fair value losses	3,897,223	10,217,937	0	414,474	14,529,634
- realised loss on disposals	4,293,599	11,398,033	0	0	15,691,632
- permanent impairment of financial assets	28,048,860	7,460,435	0	0	35,509,295
- other expenses from financial assets and liabilities	4,841,219	1,912,746	16,674	263,321	7,033,960
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>1,768,287</i>	<i>0</i>	<i>0</i>	<i>1,768,287</i>
OTHER INSURANCE EXPENSES	21,253,595	11,120,072	495,827	0	32,869,494
OTHER EXPENSES	3,009,038	142,748	552	50,182,490	53,334,828
PROFIT/LOSS BEFORE TAX	47,785,441	6,954,026	4,703,501	3,122,208	62,565,176
Income tax expense	-10,540,939	-1,081,888	0	-431,490	-12,054,317
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	37,244,502	5,872,138	4,703,501	2,690,718	50,510,859
Net profit / loss attributable to the controlling company	36,839,063	5,841,530	4,703,501	2,512,407	49,896,502
Net profit / loss attributable to non-controlling interest holders	405,439	30,608	0	178,310	614,357

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 SEPTEMBER 2011	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	467,035,528	160,615,599	59,416,192	0	687,067,319
- gross written premium	553,336,872	160,754,851	59,765,253	0	773,856,976
- ceded written premium	-64,630,836	-2,282	0	0	-64,633,118
- change in unearned premiums	-21,670,508	-136,970	-349,061	0	-22,156,539
INCOME FROM FINANCIAL ASSETS	42,939,168	47,476,143	389,446	11,013,407	101,818,164
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>650,828</i>	<i>1,407,935</i>	<i>19,422</i>	<i>3,170,812</i>	<i>5,248,997</i>
- profit on equity investments accounted for using the equity method	0	736,173	0	733,517	1,469,690
- interest income	647,729	432,330	19,422	4,720	1,104,201
- fair value gains	3,094	18,454	0	0	21,548
- realised gains on disposals	0	220,978	0	2,432,575	2,653,553
- other financial income	5	0	0	0	5
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>42,288,340</i>	<i>38,671,487</i>	<i>370,024</i>	<i>7,842,595</i>	<i>89,172,446</i>
- interest income	31,340,839	30,639,948	370,024	190,633	62,541,444
- dividends	1,502,846	1,003,980	0	1,342,618	3,849,444
- fair value gains	1,832,012	2,002,025	0	317,735	4,151,772
- realised gains on disposals	5,307,690	4,381,346	0	5,410,964	15,100,000
- other financial income	2,304,953	644,188	0	580,645	3,529,786
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>7,396,721</i>	<i>0</i>	<i>0</i>	<i>7,396,721</i>
OTHER INCOME FROM INSURANCE OPERATIONS	8,569,899	11,462,322	6,952	0	20,039,173
- fees and commission income	2,370,051	11,316,109	0	0	13,686,160
- other income from insurance operations	6,199,848	146,213	6,952	0	6,353,013
OTHER INCOME	3,160,653	136,476	10,261	39,883,625	43,191,015
NET CLAIMS INCURRED	273,554,614	103,613,786	51,691,233	0	428,859,633
- gross claims settled	288,212,055	102,571,702	46,314,044	0	437,097,801
- reinsurers' and co-insurers' share	-17,194,996	0	0	0	-17,194,996
- changes in claims provisions	2,537,555	1,042,084	426,553	0	4,006,192
- equalisation scheme expenses for supplementary health insurance	0	0	4,950,636	0	4,950,636
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	1,720,054	7,989,195	-856,654	0	8,852,595
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-34,337,721	0	0	-34,337,721
EXPENSES FOR BONUSES AND DISCOUNTS	3,284,565	1,221	0	0	3,285,786
OPERATING EXPENSES	114,953,120	23,967,802	4,688,207	0	143,609,129
- acquisition costs	76,919,385	14,099,625	680,356	0	91,699,366
- other operating costs	38,033,735	9,868,177	4,007,851	0	51,909,763
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	49,041,852	99,977,069	66,173	2,811,771	151,896,865
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>10,289,491</i>	<i>2,040,310</i>	<i>914</i>	<i>1,483,947</i>	<i>13,814,662</i>
- loss on investments accounted for using the equity method	8,428,718	1,763,546	0	1,170,005	11,362,269
- interest expense	39,140	81,643	0	117,753	238,536
- fair value losses	1,815,620	195,121	0	101,755	2,112,496
- realised loss on disposals	0	0	0	94,434	94,434
- other expenses from financial assets and liabilities	6,013	0	914	0	6,927
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>38,752,361</i>	<i>23,298,942</i>	<i>65,259</i>	<i>1,327,824</i>	<i>63,444,386</i>
- interest expense	2,718,004	1,228,270	2,034	498,056	4,446,364
- fair value losses	3,356,279	4,421,017	0	215,694	7,992,990
- realised loss on disposals	3,581,024	2,815,861	0	0	6,396,885
- permanent impairment of financial assets	23,479,497	13,193,732	49,632	287,046	37,009,907
- other expenses from financial assets and liabilities	5,617,557	1,640,062	13,593	327,028	7,598,240
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>74,637,817</i>	<i>0</i>	<i>0</i>	<i>74,637,817</i>
OTHER INSURANCE EXPENSES	31,457,510	12,068,765	244,679	0	43,770,954
OTHER EXPENSES	1,690,200	137,882	324,186	38,944,913	41,097,181
PROFIT/LOSS BEFORE TAX	46,003,333	6,272,541	3,665,027	9,140,348	65,081,249
Income tax expense	-14,880,952	-1,622,656	0	-635,955	-17,139,563
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	31,122,381	4,649,885	3,665,027	8,504,393	47,941,686
Net profit / loss attributable to the controlling company	30,137,872	4,572,903	3,651,799	8,303,359	46,665,933
Net profit / loss attributable to non-controlling interest holders	984,508	76,982	13,227	201,034	1,275,751

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	(IN EUR)		
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	555,229,705	110,696,706	665,926,411
- gross written premium	609,852,735	122,258,330	732,111,065
- ceded written premium	-47,305,285	-12,003,972	-59,309,257
- change in unearned premiums	-7,317,745	442,348	-6,875,397
INCOME FROM FINANCIAL ASSETS	115,392,586	11,706,864	127,099,450
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>9,232,823</i>	<i>0</i>	<i>9,232,823</i>
- profit on equity investments accounted for using the equity method	1,177,787	0	1,177,787
- other financial income	8,055,036	0	8,055,036
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>85,534,035</i>	<i>10,507,767</i>	<i>96,041,802</i>
- interest income	55,602,122	7,500,108	63,102,230
- dividends	2,924,777	104,147	3,028,924
- fair value gains	9,439,955	356,822	9,796,777
- realised gains on disposals	14,057,144	830,381	14,887,525
- other financial income	3,510,037	1,716,309	5,226,346
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>20,625,728</i>	<i>1,199,097</i>	<i>21,824,825</i>
OTHER INCOME FROM INSURANCE OPERATIONS	12,231,953	3,395,917	15,627,870
- fees and commission income	9,284,964	1,297,065	10,582,029
- other income from insurance operations	2,946,989	2,098,852	5,045,841
OTHER INCOME	49,610,866	5,236,756	54,847,622
NET CLAIMS INCURRED	377,868,995	72,195,881	450,064,876
- gross claims settled	376,814,395	72,657,520	449,471,915
- reinsurers' and co-insurers' share	-10,524,006	-5,295,372	-15,819,378
- changes in claims provisions	6,118,053	4,833,733	10,951,786
- equalisation scheme expenses for supplementary health insurance	5,460,553	0	5,460,553
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-6,796,129	2,748,609	-4,047,520
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	37,403,098	2,062,844	39,465,942
EXPENSES FOR BONUSES AND DISCOUNTS	2,815,000	717,288	3,532,288
OPERATING EXPENSES	106,264,237	40,267,693	146,531,930
- acquisition costs	70,743,249	24,274,871	95,018,120
- other operating costs	35,520,988	15,992,822	51,513,810
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	75,972,701	3,211,638	79,184,339
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,889,086</i>	<i>0</i>	<i>1,889,086</i>
- loss on investments accounted for using the equity method	1,889,086	0	1,889,086
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>72,582,885</i>	<i>2,944,081</i>	<i>75,526,966</i>
- interest expense	2,712,609	49,836	2,762,445
- fair value losses	14,154,479	375,155	14,529,634
- realised loss on disposals	15,580,374	111,258	15,691,632
- permanent impairment of financial assets	35,324,627	184,668	35,509,295
- other expenses from financial assets and liabilities	4,810,796	2,223,164	7,033,960
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>1,500,730</i>	<i>267,557</i>	<i>1,768,287</i>
OTHER INSURANCE EXPENSES	26,162,523	6,706,971	32,869,494
OTHER EXPENSES	46,222,983	7,111,845	53,334,818
PROFIT/LOSS BEFORE TAX	66,551,702	-3,986,526	62,565,186
Income tax expense	-12,054,317	0	-12,054,317
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	54,497,385	-3,986,526	50,510,859
Net profit / loss attributable to the controlling company	54,414,956	-4,518,454	49,896,502
Net profit / loss attributable to non-controlling interest holders	82,429	531,928	614,357

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 SEPTEMBER 2011	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	567,423,878	119,643,441	687,067,319
- gross written premium	639,446,583	134,410,393	773,856,976
- ceded written premium	-51,365,244	-13,267,874	-64,633,118
- change in unearned premiums	-20,657,461	-1,499,078	-22,156,539
INCOME FROM FINANCIAL ASSETS	91,928,642	9,889,522	101,818,164
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>5,248,997</i>	<i>0</i>	<i>5,248,997</i>
- profit on equity investments accounted for using the equity method	1,469,690	0	1,469,690
- interest income	1,104,201	0	1,104,201
- dividends	0	0	0
- fair value gains	21,548	0	21,548
- realised gains on disposals	2,653,553	0	2,653,553
- other financial income	5	0	5
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>79,629,530</i>	<i>9,542,916</i>	<i>89,172,446</i>
- interest income	55,100,754	7,440,690	62,541,444
- dividends	3,770,741	78,703	3,849,444
- fair value gains	3,953,484	198,288	4,151,772
- realised gains on disposals	14,609,869	490,131	15,100,000
- other financial income	2,194,682	1,335,104	3,529,786
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>7,050,115</i>	<i>346,606</i>	<i>7,396,721</i>
OTHER INCOME FROM INSURANCE OPERATIONS	14,760,064	5,279,109	20,039,173
- fees and commission income	12,456,469	1,229,691	13,686,160
- other income from insurance operations	2,303,595	4,049,418	6,353,013
OTHER INCOME	37,886,619	5,304,396	43,191,015
NET CLAIMS INCURRED	363,855,152	65,004,481	428,859,633
- gross claims settled	369,920,867	67,176,934	437,097,801
- reinsurers' and co-insurers' share	-15,058,835	-2,136,161	-17,194,996
- changes in claims provisions	4,042,484	-36,292	4,006,192
- equalisation scheme expenses for supplementary health insurance	4,950,636	0	4,950,636
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	6,663,145	2,189,450	8,852,595
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-35,198,081	860,360	-34,337,721
EXPENSES FOR BONUSES AND DISCOUNTS	2,456,708	829,078	3,285,786
OPERATING EXPENSES	103,854,583	39,754,546	143,609,129
- acquisition costs	69,675,048	22,024,318	91,699,366
- other operating costs	34,179,535	17,730,228	51,909,763
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	148,440,527	3,456,338	151,896,865
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>13,814,662</i>	<i>0</i>	<i>13,814,662</i>
- loss on investments accounted for using the equity method	11,362,269	0	11,362,269
- interest expense	238,536	0	238,536
- fair value losses	2,112,496	0	2,112,496
- realised loss on disposals	94,434	0	94,434
- other expenses from financial assets and liabilities	6,927	0	6,927
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>61,175,007</i>	<i>2,269,379</i>	<i>63,444,386</i>
- interest expense	4,378,619	67,745	4,446,364
- fair value losses	7,317,283	675,707	7,992,990
- realised loss on disposals	6,357,602	39,283	6,396,885
- permanent impairment of financial assets	36,752,843	257,064	37,009,907
- other expenses from financial assets and liabilities	6,368,660	1,229,580	7,598,240
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>73,450,858</i>	<i>1,186,959</i>	<i>74,637,817</i>
OTHER INSURANCE EXPENSES	27,902,763	15,868,191	43,770,954
OTHER EXPENSES	35,700,734	5,396,447	41,097,181
PROFIT/LOSS BEFORE TAX	58,323,672	6,757,577	65,081,249
Income tax expense	-17,139,563	0	-17,139,563
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	41,184,109	6,757,577	47,941,686
Net profit / loss attributable to the controlling company	40,734,834	5,931,099	46,665,933
Net profit / loss attributable to non-controlling interest holders	449,275	826,476	1,275,751

3.6. Significant items of the statement of financial position

Intangible assets

In the first nine months of 2012, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 8.1 million. The increase is attributable mostly to the acquisition of computer software and licences (net increase of EUR 3.3 million) and higher long-term deferred acquisition costs (EUR 4.8 million).

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 8 million. The respective increase disclosed in the consolidated financial statements also arises from the acquisition of computer software and licences (net increase of EUR 2.8 million), the change of long-term deferred acquisition costs (EUR 4.5 million) and goodwill (EUR 670,000) – for details see Section 3.7.

Property, plant and equipment

In the first three quarters of 2012, the carrying amount of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 1.7 million. In the reporting period, new purchases amounted to EUR 2.6 million. As at 30 September 2012, liabilities for the acquisition of property, plant and equipment amounted to EUR 319,000.

At the Group level, the carrying amount of intangible assets increased by EUR 9.5 million in the reporting period. Acquisition costs of property, plant and equipment totalled EUR 5.2 million. The value of property, plant and equipment also increased on account of new acquisitions totalling EUR 14.4 million (for details see Section 3.7).

Impairment

In the income statements of Zavarovalnica Triglav and the Triglav Group, an impairment loss on financial assets of EUR 35.1 million and EUR 35.5 million respectively was recognised in the first nine months of 2012. No impairment loss on other assets or reversal of such impairment loss was recognised in the reporting period.

Subordinated debt instruments

From 1 January 2012 to 30 September 2012, Zavarovalnica Triglav d.d. did not issue any debt securities. In the reporting period, however, the Company purchased and cancelled debt securities (ZT 01) in the amount of EUR 2.2 million.

Contingent liabilities/receivables

In the first three quarters of 2012, contingent liabilities decreased over the end of 2011 by EUR 3.6 million from option agreements, while contingent receivables from option agreements rose by EUR 11.7 million and contingent receivables from swap agreements fell by EUR 5 million.

3.7. Changes in equity stakes in subsidiaries and business combinations

Purchase of shares of Pozavarovalnica Triglav Re d.d. Ljubljana

In the reporting period Zavarovalnica Triglav purchased 1,950 shares of Pozavarovalnica Triglav Re d.d. from non-controlling interest holders, thus becoming the sole owner (100%) of that subsidiary. The purchase price for the 13% equity stake was recorded at EUR 2,809,950. The difference between the amount for which the non-controlling interest is adjusted and the compensation received, equalling EUR 1,698,612, was recognized directly in equity (capital reserves).

Purchase of shares of Triglav Zdravstvena zavarovalnica d.d., Ljubljana

Zavarovalnica Triglav purchased 3,029 shares of Triglav Zdravstvena zavarovalnica d.d. from non-controlling interest holders and thus became its sole owner (100%). The purchase price for the 0.49% equity stake was EUR 18,174. The difference between the amount for which the non-controlling interest is adjusted and the compensation received, equalling EUR 15,190, was recognized directly in equity (capital reserves).

Purchase of shares of Slovenijales d.d. Ljubljana

In September 2012, Zavarovalnica Triglav purchased 59,694 shares of Slovenijales d.d. from non-controlling shareholders, which increased its shareholding to 83.55% of the company. The purchase price of the 21.81% equity stake equalled EUR 7,129,254. The difference between the amount for which the non-controlling interest is adjusted and the compensation received, totalling EUR 814,176, was recognized directly in equity (capital reserves).

Zavarovalnica Triglav d.d. – acquisition of Investicijsko podjetje d.o.o. (IP) and its subsidiaries (IP Nova, IP Nova A)

Zavarovalnica Triglav d.d. acquired the company Investicijsko podjetje d.o.o., Ljubljana, on 22 June 2012 and thereby became its 100% owner. The purpose of the acquisition was to exploit synergies in investment property management, which could help streamline operations and improve investment property management at the group level. The acquisition, therefore, represents a reasonable addition to the real property business of the Triglav Group.

IP d.o.o. has two 100%-owned subsidiaries:

- IP Nova d.o.o., and
- IP Nova A d.o.o., Ljubljana.

The acquisition of IP d.o.o. and both its subsidiaries was recognised in the consolidated financial statements for the first half of 2012, i.e. as at 30 June 2012 (the reporting date), applying the acquisition method (previously “purchase method”) according to IFRS 3 – Business Combinations.

The acquired assets and liabilities in the acquired companies were recognised and measured as follows:

Fair value of assets and liabilities of acquired companies as at the acquisition date

No.	Items	(IN EUR)		
		IP	IP Nova	IP Nova A
1	ASSETS	38,473,172	239,033	9,004
	- intangible assets	101,800	0	0
	- property, plant and equipment	1,766,841	0	0
	- Investment property	2,415,000	110,000	0
	- financial assets	5,003,072	120,000	8,346
	- deferred tax assets	128,713	0	0
	- other receivables	179,811	2,703	78
	- cash and cash equivalents	1,184,629	6,330	580
	- inventories	27,358,000	0	0
	- deferred items	335,306	0	0
2	LIABILITIES	17,830,976	0	11
	- long-term provisions	269,889	0	0
	- liabilities to banks	16,820,447	0	0
	- other operating liabilities	328,792	0	11
	- deferred tax liabilities	411,848	0	0
3	NET value of assets acquired and liabilities assumed	20,642,196	239,033	8,993
4	Acquisition price of IP	14,813,370	8,763	8,763
6	Equity stake (%)	100	100	100
7	Fair value of acquired stake	14,813,370	8,763	8,763
8	GOODWILL (recognised under intangible assets)	0	0	0
9	BADWILL (recognised under income)	5,828,826	230,270	230
10	Value of non-controlling interest (calculated as proportionate share in equity instruments in recognised value of net identifiable assets)	0	0	0

Contingent receivables from the Housing Fund of the Republic of Slovenia (Stanovanjski sklad RS) and the Tax Administration of the Republic of Slovenia - Ljubljana Tax Office (DURS Davčni urad Ljubljana) as well as contingent liabilities arising from the agreement with IMP Nova d.o.o., Zagreb, and the building society Zagrebstan (for which a guarantee contract was signed, obliging Zavarovalnica Triglav to pay the seller of IP EUR 1,845,422, conditional upon the collection of contingent receivables and the discharge of contingent liabilities within period of three years) are not recognised as assets of IP.

Other changes in the Triglav Group

Triglav INT d.d. – capital increase in Triglav Osiguranje a.d.o., Belgrade

Additional capital was raised by issuing 377,000 shares with a nominal value of RSD 700 each or RSD 263,900,000 (EUR 2,308,836) in total. Triglav INT d.d. thus increased its stake in the said company from 96.08% to 97.1%.

Newly raised capital was used to cover loss brought forward from previous years of RSD 257,278,700 in total.

Triglav INT d.d. – capital increase in Triglav Osiguranje a.d., Banja Luka

Additional capital was raised by issuing 973 shares with a nominal value of BAM 2,000 each or BAM 1,946,000 (EUR 994,974) in total. Capital was paid in on 6 August 2012 and on 16 October 2012 the capital increase was entered into the Companies Register.

Sianal d.o.o. – winding-up in a simplified procedure without liquidation

On 26 September 2012, Sianal d.o.o. was stricken out from the Companies Register. After the winding-up, the total assets of the company were assigned to Salnal d.d.

Triglav Naložbe d.d. – acquisition of Avrigo d.d. and its subsidiaries

On 6 February 2012 Triglav Naložbe d.d. acquired the company Avrigo d.d., Nova Gorica, by increasing its equity stake from 46.51% to 77.96%. Prior to the acquisition, the holding in Avrigo d.d. was included in the consolidated financial statements and accounted for by using the equity method. Avrigo d.d., assessed as having the ability to generate high return on equity, was acquired in order to gain control over its operations.

The subsidiaries of Avrigo d.d. are the following:

- Integral Notranjska d.o.o., družba za prevoz in turizem, Cerknica – 100% owned;
- Integral avtobusni promet in turizem Zagorje d.o.o. – 78.57% owned;
- Integral Stojna Kočevje d.o.o. – 79.88% owned;
- Alptours Turizem, trgovina, storitve d.o.o., Bovec – 97.66% owned.

Capital ties of the above subsidiaries include:

- a 9.03% equity holding of Integral Stojna Kočevje d.o.o. in Integral avtobusni promet in turizem Zagorje d.o.o.;
- a 19.39% equity holding of Integral avtobusni promet in turizem Zagorje d.o.o. in Integral Stojna Kočevje d.o.o.

The acquisition of Avrigo d.d., with its four subsidiaries, was recognised in the consolidated financial statements for Q1 of 2012, i.e. as at 31 March 2012 (the reporting date), applying the acquisition method (previously “purchase method”) according to IFRS 3 – Business Combinations.

The acquired assets, liabilities and non-controlling interests in the acquired companies are outlined below:

Fair value of assets and liabilities of Avrigo d.d. as at the acquisition date

		(IN EUR)
1	ASSETS	14,011,573
	- intangible assets	25,952
	- property, plant and equipment	8,226,379
	- Investment property	35,025
	- financial assets	2,436,695
	- deferred tax assets	69,409
	- other receivables	2,206,310
	- cash and cash equivalents	921,430
	- other assets	90,373
2	LIABILITIES	5,136,319
	- long-term provisions	372,356
	- liabilities to banks	1,464,647
	- other operating liabilities	3,299,316
3	NET value of assets acquired and liabilities assumed	8,875,254
	Value of identifiable assets and acquired liabilities using the equity method as at the acquisition date (46.51% stake)	3,981,756
4	Fair value calculation for 46.51 % stake	4,127,881
5	Difference (5 - 4) recognised in financial income	146,124
6	Acquisition price of acquired stake (31.45%)	2,976,120
7	Fair value of acquired stake (31.45 %)	2,791,267
9	GOODWILL	184,853
	Value of non-controlling interest (calculated as proportionate share in equity instruments in recognised value of net identifiable assets (22.04 %)	1,956,106

FAIR VALUE of assets and liabilities of subsidiaries of Avrigo d.d. as at the acquisition date

		(IN EUR)			
No.	Items	Integral Notranjska d.o.o.	Integral - Zagorje,d.o.o.	Integral Strojna Kočevje d.o.o.	Alptours d.o.o.
1	ASSETS	2,863,709	2,509,642	1,784,116	31,088
	- intangible assets	0	2,381	2,838	0
	- property, plant and equipment	1,266,080	1,717,030	1,355,057	28,870
	- Investment property	2,000	0	0	0
	- financial assets	431,497	208,269	100,126	0
	- deferred tax assets	3,291	244,933	99,000	0
	- other receivables	725,861	295,543	223,165	0
	- cash and cash equivalents	434,570	41,486	3,930	2,218
	- other assets	410	0	0	0
2	LIABILITIES	183,078	1,725,261	1,227,756	42,679
	- long-term provisions	32,906	114,302	495,000	0
	- liabilities to banks	15,910	0	0	0
	- other operating liabilities	134,262	1,610,959	732,756	42,679
3	NET value of assets acquired and liabilities assumed	2,680,631	784,381	556,360	-11,591
4	Acquisition price of Avrigo -subsidiary	842,050	1,000,000	495,000	9,804
5	Acquisition price of Integral Strojna Kočevje - subsidiary	0	100,126	0	0
6	Acquisition price of Integral Zagorje - subsidiary	0	0	98,269	0
7	Equity stake (%)	100,00	87,60	99,27	97,66
8	Fair value of acquired stake	2,680,631	687,079	552,299	-11,320
9	GOODWILL (recognised under intangible assets)	0	413,047	50,596	21,124
10	BADWILL (recognised under income)	1,838,581	0	9,626	0
	Value of non-controlling interest (calculated as proportionate share in equity instruments in recognised value of net identifiable assets)	0	97,302	4,061	-271

On 14 May 2012, Triglav Naložbe d.d. acquired the remaining 22.04% stake in the company for EUR 1,830,920, thus becoming its sole owner (100%). The difference between the amount for which non-controlling interest is adjusted and the compensation received, equalling EUR 122,949, was recognised directly in equity (capital reserves).

3.8. Related party transactions

Management Board of Zavarovalnica Triglav

In the first nine-month period of 2012, 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			Reimbursements	Net pay received
				Insurance premiums**	Other benefits***	(IN EUR)		
Matjaž Rakovec	113,687	763	0	22,373	9,584	5,643	41,375	
Igor Stebernak	101,683	382	13,949	12,397	3,644	1,592	50,925	
Andrej Slapar	108,030	763	0	21,001	6,744	2,346	41,054	
Vladimir Mišo Čeplak	0	0	14,712	0	0	0	7,127	
Marica Makoter	99,240	763	0	16,616	5,189	1,014	38,520	
Stanislav Vrtunski	39,534	465	0	8,443	1,928	326	15,079	
TOTAL	462,174	3,136	28,661	80,830	27,089	10,921	194,080	

* Other additional payments include holiday allowance.

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

*** Other benefits – company car

As at 30 September 2012, Zavarovalnica Triglav recorded following receivables from and liabilities to the Management Board members:

MANAGEMENT BOARD	(IN EUR)	
	Receivables as at 30 September 2012	Liabilities as at 30 September 2012
Matjaž Rakovec	75	12,486
Andrej Slapar	16	11,800
Marica Makoter	16	4,674
Stanislav Vrtunski	17	5,065
TOTAL	124	34,025

Supervisory Board, the Audit Committee and the Nominations Committee of Zavarovalnica Triglav

In the first three quarters of 2012, members of the Supervisory Board, the Audit Committee and the Nominations Committee of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

(IN EUR)					
SUPERVISORY BOARD, AUDIT COMMITTEE and NOMINATIONS COMMITTEE	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay
Uroš Slavinec	10,400	2,816	0	13,216	10,243
Anton Ribnikar	13,000	2,902	0	15,902	12,324
Igor Mihajlovič	15,889	3,795	0	19,684	15,255
Aljoša Valentinčič,	12,188	3,707	0	15,895	12,318
Vladimir Uršič	12,188	3,531	945	16,664	12,914
Branko Gorjan	12,188	3,707	1,383	17,278	13,390
Peter Celar	12,188	2,475	344	15,007	11,630
Miran Krštinc	13,921	4,015	0	17,936	13,900
Barbara Nose	3,638	1,056	0	4,694	3,637
Srečko Jadek	0	1,100	0	1,100	853
Eva Boštjančič	0	220	0	220	171
Tomaž Kuntarič	0	220	0	220	171
Vanessa Grmek	0	660	0	660	512
Adolf Zupan	3,485	1,485	334	5,304	4,111
Gregor Kastelic	4,017	825	2,393	7,235	5,607
Jovan Lukovac	3,765	1,177	0	4,942	3,830
Total	116,867	33,691	5,399	155,957	120,866

As at 30 September 2012, Zavarovalnica Triglav recorded the following receivables from and liabilities to the members of the Supervisory Board, the Audit Committee and the Nominations Committee:

(IN EUR)		
SUPERVISORY BOARD, AUDIT COMMITTEE and NOMINATIONS COMMITTEE	Receivables as at 30 September 2012	Liabilities as at 30 September 2012
Igor Mihajlovič	0	1,892
Aljoša Valentinčič,	0	1,399
Vladimir Uršič	0	1,480
Branko Gorjan	0	1,635
Peter Celar	0	1,292
Miran Krštinc	0	1,263
Barbara Nose	0	450
Adolf Zupan	0	1,314
Gregor Kastelic	0	1,452
Jovan Lukovac	0	1,504
TOTAL	0	13,681

Subsidiaries

In daily business operations, many insurance transactions are carried out with subsidiaries of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below.

	(IN EUR)	
ASSETS	30 September 2012	31 December 2011
Loans given to members of the Group	37,387,223	31,380,320
Receivables from insurers	1,727,839	1,048,593
Premium receivable from co-insurance	1,684	445
Receivables from reinsurers' share in claims	6,754,726	6,899,598
Other short-term receivables from insurance operations	19,199	7,398
Short-term receivables from financing	27,673	46,983
Other short-term receivables	683,437	571,119

	(IN EUR)	
LIABILITIES	30 September 2012	31 December 2011
Liabilities to policyholders	336,038	258,720
Liabilities to insurance brokers	175,784	197,373
Liabilities from reinsurance premiums	8,818,088	13,533,202
Liabilities for co-insurers' share of claims	128	442
Short-term liabilities from financing	0	22,986,951
Other short-term liabilities	89,233	160,467

	(IN EUR)	
INCOME AND EXPENSES	Q 1-3 2012	Q 1-3 2011
Gross written premium	2,131,244	125,775
Assumed co-insurance written premium	4,798	13,295
Reinsurance written premium (-)	-50,116,948	-56,031,455
reinsurance commission income	8,392,997	9,300,299
Income from dividends and profit sharing	0	172,260
Interest income	1,262,561	847,800
Income from land and buildings	135,274	139,807
Other net income from insurance operations	694,104	431,583
Gains from disposal of investments	0	260,632
Other income	2,674,043	2,569,343
TOTAL INCOME	-34,821,927	-42,170,661
Gross claims settled	872,470	208,196
Co-insurers' share of claims	2,678	442
Reinsurers' share of claims	-15,311,444	-21,895,711
Interest expense	0	255,659
Other finance costs	2,996	0
OTHER EXPENSES	8,550	0
TOTAL EXPENSES	-14,424,750	-21,431,414

Associates

In daily business operations, many insurance transactions are carried out with associated companies of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below, separately for Zavarovalnica Triglav and for the Triglav Group.

	Zavarovalnica Triglav		The Triglav Group	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
ASSETS				
Receivables from insurers	44,121	1,435	44,121	1,435
Short-term receivables from financing	0	0	10,080	0
Other short-term receivables	77,786	55,857	77,786	66,095

	Zavarovalnica Triglav		The Triglav Group	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
LIABILITIES				
Liabilities to policyholders	0	5,250	0	5,250
Liabilities to insurance brokers	16,169	17,802	16,169	17,801
Other short-term liabilities	0	0	4,244	4,536

	Zavarovalnica Triglav		The Triglav Group	
	Q 1-3 2012	Q 1-3 2011	Q 1-3 2012	Q 1-3 2011
INCOME AND EXPENSES				
Gross written premium	154,247	2,927,655	154,247	2,927,655
Income from dividends and profit sharing	0	524,174	0	0
Interest income	0	1,347,999	0	1,104,201
Other income	382	0	382	0
Gains from disposal of investments	0	220,978	0	2,653,553
Net unrealised gains on unit-linked life insurance assets	0	206,914	0	206,914
TOTAL INCOME	154,629	5,227,720	154,629	6,892,323
Gross claims settled	34,716	1,670,998	34,716	1,670,998
Interest expense	0	112,031	0	238,536
Other finance costs	0	6,000	0	6,914
Net unrealised gains on unit-linked life insurance assets	0	90,793	0	185,227
TOTAL EXPENSES	34,716	1,879,822	34,716	2,101,675

3.9. Other significant events in the reporting period

- On 7 May 2012, the Supervisory Board adopted the audited Annual Report of Zavarovalnica Triglav for 2011 and the audited Annual Report of the Triglav Group for 2011 as prepared by the Management Board. The Annual Reports were published on 11 April 2012.
- On 23 May 2012, Stanislav Vrtunski was issued a decision by the Insurance Supervision Agency authorising him to serve on the Management Board of Zavarovalnica Triglav. Based on this decision, the Supervisory Board resolution on his appointment as a new member of the Management Board, dated 15 March 2012, became effective.
- The term of office and the employment of Igor Stebernak, Member of the Management Board, was terminated on 30 June 2012.
- The General Meeting of Shareholders of Zavarovalnica Triglav on 12 June 2012 recalled Anton Ribnikar and Uroš Slavinec as members of the Supervisory Board and appointed Jovan Lukovac, Gregor Kastelic and Adolf Zupan in their stead with the term of office ending on 7 April 2013.
- The Supervisory Board of Zavarovalnica Triglav on 21 June 2012 elected Igor Mihajlović its new Chairman and Gregor Kastelic its new Vice-Chairman.
- On 29 May 2012, Zavarovalnica Triglav d.d. was served a judgement of the Supreme Court of the Republic of Slovenia rejecting Zavarovalnica Triglav's challenge of a decision by the Securities Market Agency prohibiting it from exercising its voting rights in Abanka Vipa d.d.

3.10. Significant events after the reporting date

No events occurring after the reporting date were material to the consolidated financial statements for the first nine months of 2012.

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

- On 2 November 2012, Benjamin Jošar was issued a decision by the Insurance Supervision Agency authorising him to serve on the Management Board of Zavarovalnica Triglav. Based on this decision, the Supervisory Board resolution on his appointment as the new member of the Management Board for a five-year term of office became effective.
- Standard & Poor's Ratings Services (hereinafter: S&P) on 6 November 2012 published a warning of a possible negative change in the credit rating of the Republic of Slovenia. As a direct consequence of this, S&P on 7 November 2012 also published a warning of a possible negative change in the credit rating of the Triglav Group.
- The long-term rating of the Triglav Group which is currently "A-" and which also applies to Zavarovalnica Triglav d.d. and Pozavarovalnica Triglav Re d.d., may be decreased, according to a warning published by S&P, due to highly probable extraordinary financial assistance to the Republic of Slovenia in the event of financial distress. A potential decrease of the Triglav Group's long-term credit rating will depend on the extent of any downgrading of the long-term credit rating of the Republic of Slovenia.

- Zavarovalnica Triglav estimates the total damage caused by heavy rains and floods which hit Slovenia in early November at approximately EUR 10 million. The Company expects an increase in the number of reported loss events and anticipates around 6,000 claims to be filed.
- On 25 October 2012, Zavarovalnica Triglav launched a takeover bid to acquire all shares of Slovenijales družba za trgovino in druge storitve d.d. The acquirer offered EUR 119.43 per share.
- On 30 October, based on a decision issued by the District Court of Ljubljana, a merger by acquisition was entered in the Companies Register, by which Triglav nepremičnine d.d., Dunajska cesta 22, 1000 Ljubljana, the acquired company, was merged with TRIGLAV NEPREMIČNINE d.o.o., Dunajska cesta 22, 1000 Ljubljana (prior to the merger: Investicijsko podjetje d.o.o., Davčna ulica 1, Ljubljana), the acquiring company. Upon the merger by acquisition, Triglav nepremičnine d.d., Dunajska cesta 22, 1000 Ljubljana, the acquired company, ceased to exist and was on 30 October 2012 stricken out from the Companies register.
- On 7 November 2012, Hotel Grad Podvin d.d., a subsidiary of Zavarovalnica Triglav, was served an action of the plaintiff G.P. Hoteli d.o.o., Prečna ulica 4A, Ljubljana, claiming EUR 7.9 million. Hotel Grad Podvin considers the claim to be entirely unfounded, as it will claim in its statement of defence.