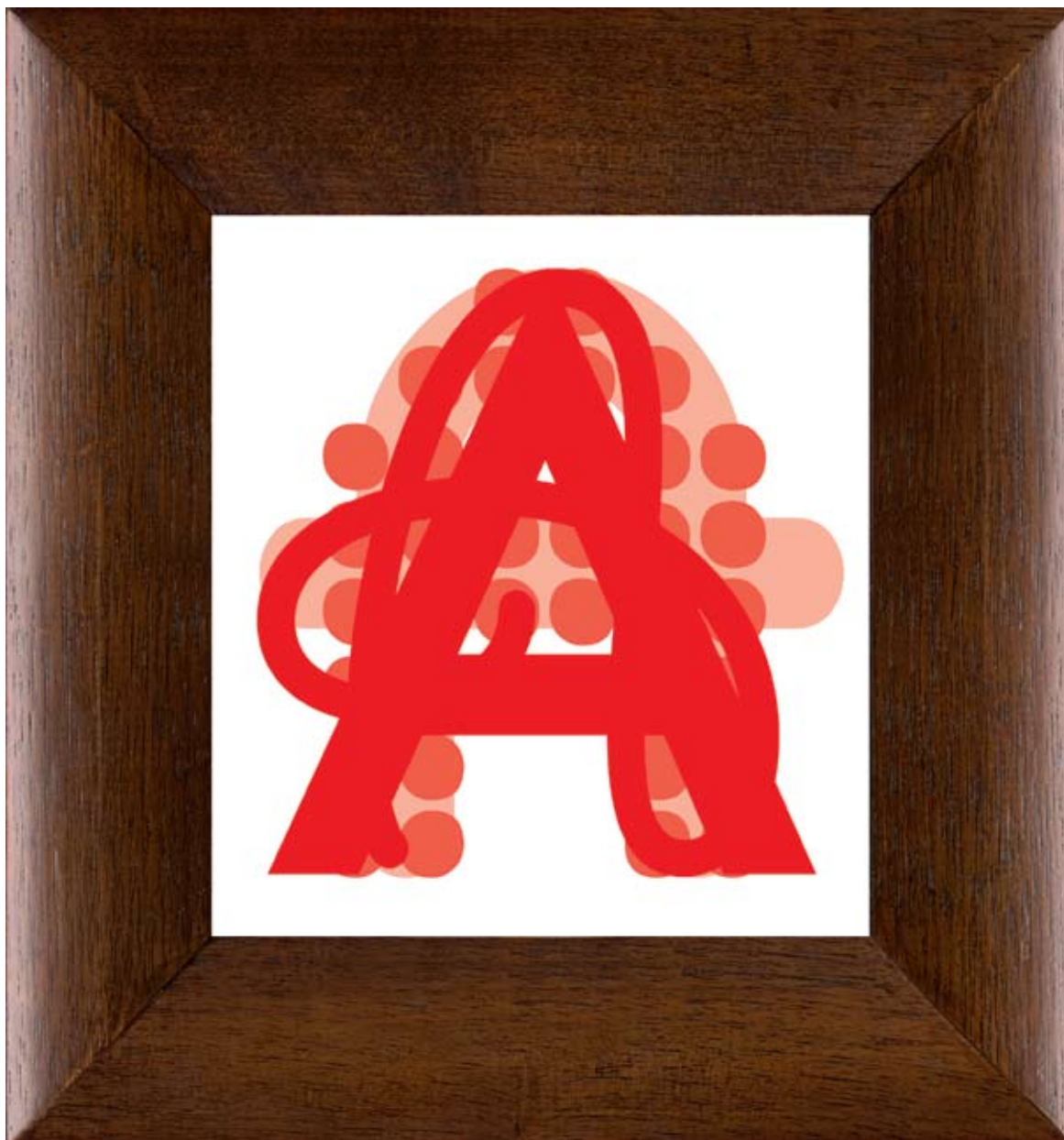


ANNUAL REPORT OF THE TRIGLAV GROUP 2009





Management and strategies



Competitive position



Financial flexibility



Risk management



Capital adequacy



Investing / Liquidity

A - the first letter of trust

An “A” credit rating is among the first letters we use to daily spell safety for our employees, clients and community. This rating combines several views of the Triglav Group’s operations.

Our financial strength stems from many factors, the leading of which are right strategies and governance, market position, financial flexibility, capital adequacy, good performance, investing and liquidity.

All of this is summed up in our social responsibility.

In addition to some key elements of our financial strength, the following pages speak about our projects which in 2009 helped reduce risks in the economic environment, as well as in society and nature.

A - the first letter of trust

In times of quick changes, globalisation and economic instability it is important to have information which can improve the quality of operations and reduce business risks.

The credit rating becomes crucial as it indicates a capacity for sustainable growth.



It can help groups and individuals choose a financial institution and can facilitate the decision-making of brokers, supervisory bodies and business partners. The credit rating reduces investors' risks, increases management supervision and represents a long-term process of communication with stakeholders.

In August 2009, Standard & Poor's Ratings Services again confirmed the "A" rating of Zavarovalnici Triglav, d.d. and the Triglav Group, with a stable outlook in the medium term. It also raised the long-term credit and financial strength rating of Pozavarovalnica Triglav Re to the same level.



The "A" rating implies the great financial safety of the Triglav Group and represents the accomplishment of one of its major strategic objectives. Maintaining the same credit rating is also one of our strategic objectives for the period until 2013, set in order to consolidate our comparative advantages, improve operations in the future and respond to the Solvency II system.

Business Report

8	1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN 2009	67	9. FINANCIAL RESULT OF THE TRIGLAV GROUP
8	1.1 Zavarovalnica Triglav d.d. - Company Profile		
8	1.2 Financial highlights of the Triglav Group	74	10. FINANCIAL STANDING OF THE TRIGLAV GROUP
9	1.3 Performance of Zavarovalnica Triglav d.d.		
9	1.4 Triglav Group	78	11. RISK MANAGEMENT
10	1.5 Activities of the Triglav Group	78	11.1 Insurance risk management measures
		84	11.2 Measures for financial risk management
12	2. ADDRESS BY THE PRESIDENT OF THE MANAGEMENT BOARD	85	11.3 Operational risk management measures
		86	11.4 Internal audit
15	3. REPORT OF THE SUPERVISORY BOARD		
15	3.1 Introduction	87	12. DEVELOPMENT AND MARKETING ACTIVITIES IN THE TRIGLAV GROUP
15	3.2 General information		
16	3.3 The supervisory board's operations in 2009 and the scope of its supervision	87	12.1 Marketing and sales activities
18	3.4 Self assessment	89	12.2 Development activities
19	3.5 Opinion on the annual internal audit report for 2009	92	12.3 Investments in property and equipment
19	3.6 Findings of the supervisory board regarding the operations of Zavarovalnica Triglav in 2009	92	12.4 Organisation of the Triglav Group in 2009
19	3.7 Annual report	93	12.5 ISO 9001 quality management system in the Triglav Group
20	3.8 Proposed distribution of accumulated profits	93	12.6 Development of IT support
25	4. MISSION, VISION, VALUES AND STRATEGIC GOALS OF THE TRIGLAV GROUP	99	13. SUSTAINABLE DEVELOPMENT IN THE TRIGLAV GROUP
25	4.1 Values	99	13.1 Social responsibility as a value of the Triglav Group
25	4.2 Mission	99	13.2 Management of social responsibility
25	4.3 Vision	100	13.3 Human resources management
26	4.4 Strategic goals according to the four balanced levels in the Triglav Group Strategy for the 2010 - 2013 period	112	13.4 Responsibility to the social and natural environments
26	4.5 Strategic measures	116	13.5 Responsibility to the social and natural environments
27	4.6 Objectives of the Triglav Group achieved in 2009		
		117	14. MAIN DEVELOPMENTS AFTER THE END OF THE ACCOUNTING PERIOD
28	5. CORPORATE GOVERNANCE STATEMENT		
28	5.1 Corporate governance policy	118	15. INFORMATION ON THE TRIGLAV GROUP AS AT 31 DECEMBER, 2009
28	5.2 Statement of compliance with the Corporate Governance Code		
29	5.3 Management bodies of Zavarovalnica Triglav	120	16. THE BUSINESS NETWORK OF THE TRIGLAV GROUP
36	5.4 Management of subsidiaries	120	16.1 Insurance and co-insurance
37	5.5 Internal and external audit	121	16.2 Asset management
37	5.6 Main characteristics of the internal control and risk management system		
38	6. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D.		
38	6.1 Equity		
38	6.2 Key figures for the ZVTG shares		
39	6.3 Disclosure of possible agreements or authorisations regarding shares or voting rights		
40	6.4 Movements in the share value of Zavarovalnica Triglav in 2009		
41	6.5 Shareholder structure		
43	6.6 Dividend policy		
43	6.7 Communication with investors		
43	6.8 Credit rating of Zavarovalnica Triglav		
44	6.9 Financial calendar for 2010		
49	7. REPORT ON THE OPERATIONS OF THE TRIGLAV GROUP		
49	7.1 General economic environment in Slovenia		
49	7.2 Influence of the environment on the performance of the Triglav Group		
50	7.3 The insurance market and market position of group members in 2009		
51	7.4 Operations of the Triglav Group in other markets		
58	8. PERFORMANCE OF THE TRIGLAV GROUP		
58	8.1 Gross written premium for insurance and co-insurance contracts in 2009		
61	8.2 Gross claims paid in 2009		
64	8.3 Gross operating costs in 2009		
65	8.4 Risk equalisation in 2009		

Financial Overview

126	I. INDEPENDENT AUDITOR'S REPORT
127	II. STATEMENT OF MANAGEMENT'S RESPONSIBILITY
128	III. CONSOLIDATED FINANCIAL STATEMENTS
128	A. Consolidated balance sheet
129	B. Consolidated income statement
130	C. Consolidated statement of comprehensive income
130	D. Consolidated statement of changes in equity
132	E. Consolidated cash-flow statement
134	1. GENERAL INFORMATION
140	2. MAIN ACCOUNTING POLICIES
140	2.1 The use of estimates and judgments
140	2.2 Functional and presentation currency
140	2.3 Intangible assets
141	2.4 Property, plant and equipment
141	2.5 Investment property
141	2.6 Investments in associates
141	2.7 Financial assets (excluding operating receivables and cash)
142	2.8 Fair value of financial assets
143	2.9 Derecognition of financial assets
143	2.10 Impairment
143	2.11 Reinsurers' share of technical provisions
144	2.12 Receivables from insurance operations
144	2.13 Other assets
144	2.14 Cash and cash equivalents
144	2.15 Non-current assets held for sale
144	2.16 Equity
145	2.17 Subordinated liabilities
145	2.18 Insurance technical provisions
145	2.19 Other reserves
146	2.20 Other financial liabilities
146	2.21 Operating liabilities and other liabilities
146	2.22 Premium income
146	2.23 Income from financial assets
146	2.24 Other income from insurance operations
146	2.25 Other income
146	2.26 Claims incurred
146	2.27 Other operating costs and costs of insurance contract acquisition
146	2.28 Expenses from financial assets and liabilities
147	2.29 Other insurance expenses
147	2.30 Other expenses
147	2.31 Taxes
147	2.32 Adoption of new and revised IFRS
149	3. MAIN ASSUMPTIONS
149	3.1 Parameters and assumptions in calculating life insurance provisions
150	3.2 Liability adequacy test (LAT) for life insurance
151	3.3 Parameters and assumptions in calculating non-life insurance provisions
151	3.4 Liability Adequacy Test (LAT) for non-life insurance
151	3.5 Parameters and assumptions applied in measuring non-tradable financial assets
153	4. RISK EXPOSURE AND MANAGEMENT
153	4.1 Financial risks and sensitivity analysis
156	4.2 Underwriting risk
157	4.3 Risk related to capital or capital adequacy and the management of such risk

159	5. SEGMENT REPORTING
160	5.1 Business segments
165	5.2 Reporting by geographical area
168	6. NOTES TO FINANCIAL STATEMENTS
168	6.1 Intangible assets
170	6.2 Property, plant and equipment
171	6.3 Investment property
172	6.4 Investments in associated companies
173	6.5 Financial assets
176	6.6 Reinsurers' share of technical provisions
177	6.7 Receivables from operation
178	6.8 Other assets
178	6.9 Cash and cash equivalents
178	6.10 Non-current assets held for sale
179	6.11 Equity
181	6.12 Subordinated liabilities
182	6.13 Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts
183	6.14 Provisions for employee benefits
183	6.15 Other provisions
184	6.16 Deferred tax liabilities
184	6.17 Other financial liabilities
185	6.18 Operating liabilities
185	6.19 Other liabilities
186	6.20 Premium income
187	6.21 Income from financial assets
188	6.22 Expenses from financial assets and liabilities
188	6.23 Fair value gains and losses
189	6.24 Realised gains and losses
189	6.25 Other income from insurance operations
190	6.26 Other income
190	6.27 Claims
192	6.28 Change in other insurance technical provisions
192	6.29 Expenses for bonuses and rebates
192	6.30 Acquisition costs and other operating expenses
195	6.31 Other expenses from insurance operations
195	6.32 Other expenses
195	6.33 Income tax expense
196	6.34 Related party transactions
199	6.35 Slovakia branch office
199	6.36 Profit per share
200	6.37 Cash flow statement
200	6.38 Contingent receivables and liabilities
202	6.39 Review by the insurance supervision agency (ISA) and claim challenging the validity of an ISA decision
203	6.40 Subsequent events

Appendix

206	1. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2009
215	2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009
221	3. CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT ON 31 DECEMBER, 2009
225	4. CONSOLIDATED INCOME STATEMENTS OF TECHNICAL ACCOUNT
228	5. ALLOCATED INVESTMENT RETURN

Business Report

1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN 2009

1.1 ZAVAROVALNICA TRIGLAV D.D. - COMPANY PROFILE

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

1.2 FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP

	IN EUR			
	2009	2008 (ADJUSTED)	2008 (AUDITED)	INDEX 2009/2008
Gross written premium for insurance and co-insurance contracts	1,022,259,614	1,028,521,624	1,024,451,610	99
Net premium earned	946,344,123	943,629,834	941,032,569	100
Gross claims paid*	597,203,374	596,532,261	596,532,261	100
Net claims incurred	610,884,699	586,307,590	583,723,107	104
Gross operating costs	288,501,970	298,282,704	298,754,232	97
Gross insurance technical provisions as at 31 December	2,161,764,063	1,918,484,839	1,904,571,984	113
Equity as at 31 December	477,787,692	516,929,601	526,960,357	92
Controlling interests as at 31 December	449,910,028	473,226,281	481,806,347	95
Profit/loss before tax	2,081,220	1,796,715	2,346,027	116
Net profit/loss	-6,292,342	1,010,294	1,559,609	
Net profit/loss attributable to the controlling company	-4,810,683	2,567,299	2,951,518	
Return on equity	-1.3%	0.2%	0.3%	
Return on equity attributable to the controlling company	-1.0%	0.5%	0.6%	
Number of employees as at 31 December	5,237	5,174	5,174	101

*Gross claims paid are reduced by recourse income.

1.3 PERFORMANCE OF ZAVAROVALNICA TRIGLAV D.D.

	IN EUR		
	2009	2008	INDEX 2009/2008
Gross written premium for insurance and co-insurance contracts	744,455,698	753,937,387	99
Net premium earned	669,073,956	672,289,908	100
Gross claims paid*	435,881,331	447,182,156	97
Net claims incurred	414,235,190	403,520,956	103
Gross operating costs	166,211,198	168,527,412	99
Gross insurance technical provisions as at 31 December	1,897,136,519	1,683,576,583	113
Equity as at 31 December	477,389,183	482,671,724	99
Profit/loss before tax	3,235,492	15,340,352	21
Net profit/loss	-1,810,699	14,931,170	
Return on equity	-0.38%	2.79%	
Number of employees as at 31 December	2,514	2,507	100
Share book value	21.00	21.23	99
Net earnings/loss per share	-0.08	0.66	

*Gross claims paid are reduced by recourse income.

1.4 TRIGLAV GROUP

The Triglav Group consists of the following companies:

Controlling company:

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

Companies included in the consolidated financial statements using the full consolidation method:

- **Pozavarovalnica Triglav Re d.d.**, Miklošičeva cesta 19, Ljubljana, Slovenia
- **Triglav, Zdravstvena zavarovalnica d.d.**, Pristaniška 10, Koper, Slovenia
- **Triglav Osiguranje d.d.**, Antuna Heinza 4, Zagreb, Croatia
- **Triglav BH Osiguranje d.d.**, Dolina 2, Sarajevo, Bosnia and Herzegovina
 - **Autocentar BH d.o.o.**, Topal Osman Paše BB, Sarajevo, Bosnia and Herzegovina - indirect full consolidation
 - **Unis automobili i dijelovi d.o.o.**, M. EF. Pandže Br. 13, Sarajevo, Bosnia and Herzegovina - indirect full consolidation
- **Triglav Pojišt'ovna a.s.**, Novobranska 544/1, Brno, The Czech Republic
- **Lovćen Osiguranje a.d.**, Ulica Slobode 13a, Podgorica, Montenegro
- **Triglav Kopaonik a.d.o.**, Kralja Petra br. 28, Beograd, Serbia
- **Triglav Krajina Kopaonik a.d.**, Kralja Petra I. Karadjordjevića 103, Banja Luka, Republic of Srpska, Bosnia and Herzegovina
- **Vardar Osiguruvanje a.d.**, Gradski zid, blok br. 8, Skopje, Former Yugoslav Republic of Macedonia
- **Triglav Družba za upravljanje d.o.o.**, Slovenska cesta 54, Ljubljana, Slovenia
- **Triglav Naložbe, finančna družba d.d.**, Slovenska cesta 54, Ljubljana, Slovenia
- **Triglav Netherlands b.v.**, Koningslaan 14, Amsterdam, The Netherlands
- **Triglav penzijski fondovi a.d.**, Kralja Petra 45, Beograd, Serbia
- **TRI - PRO d.o.o.**, Ljubljanska cesta 86, Domžale, Slovenija
- **AS Triglav-servis in trgovina d.o.o.**, Verovškova 60b, Ljubljana, Slovenia
- **Zenit nepremičnine, inženiring in trženje d.d.**, Verovškova 60c, Ljubljana, Slovenia
- **Slovenijales d.d.**, Dunajska cesta 22, Ljubljana, Slovenia



- **Slovenijales trgovina d.o.o.**, Plemljeva ulica 8, Ljubljana, Slovenia - indirect full consolidation
- **Lesnina LGM trgovsko podjetje za les in gradbeni material d.o.o.**, Dunajska cesta 22, Ljubljana, Slovenia - indirect full consolidation
- **Slovenijales bivanje d.o.o.**, Dunajska cesta 22, Ljubljana, Slovenia - indirect full consolidation
- **Golf Arboretum d.o.o.**, Volčji potok 3a, Radomlje, Slovenia
- **Gradis IPGI d.d.**, Industrijska cesta 2, Ljubljana, Slovenia
- **TRI-PRO BH d.o.o.**, Topal Osman Paše br. 30, Bosnia and Herzegovina.

Other subsidiaries of the Triglav Group:

- **Triglav Invest a.d.**, Kralja Petra 45, Beograd, Serbia
- **PROF-IN d.o.o.**, Podgraj 15, Sarajevo, Bosnia and Herzegovina
- **Polara Invest d.d.**, Veselina Masleše 1, Banja Luka, Republic of Srpska - Bosnia and Herzegovina
- **Lovćen Auto d.o.o.**, Bulevar 13. jula b.b., Nikšić, Montenegro
- **Triglav, Zdravstvena dejavnost d.o.o.**, Pristaniška ul. 10, Koper, Slovenia
- **Zdravstveni center Morje d.o.o.**, Ljubljanska cesta 6a, Koper, Slovenia
- **Hotel Grad Podvin d.d.**, Mošnje 1, Radovljica, Slovenia
- **Poslovno hotelsko stanovanjski center Štemarje d.o.o.**, Kapucinski trg 9, Škofja Loka, Slovenia
- **SPCP, poslovanje z nepremičninami d.d.**, Cankarjeva cesta 1, Ljubljana, Slovenia
- **Turistično hotelsko podjetje KRONA, hoteli in drugi obrati d.o.o.**, Mestni trg 32, Škofja Loka, Slovenia
- **Alpetour THP d.o.o.** - in bankruptcy proceedings
- **HLT invest d.d.** - in bankruptcy proceedings
- **Kopaonik Trade a.d.o.** - in bankruptcy proceedings
- **Tilmont Podgorica d.o.o.**, Rimski trg 63, Podgorica, Montenegro.

1.5 ACTIVITIES 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.

The Group's business is based on four pillars:

- insurance;
- asset management;
- banking and
- other activities.

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

The insurance part of the Group encompasses:

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

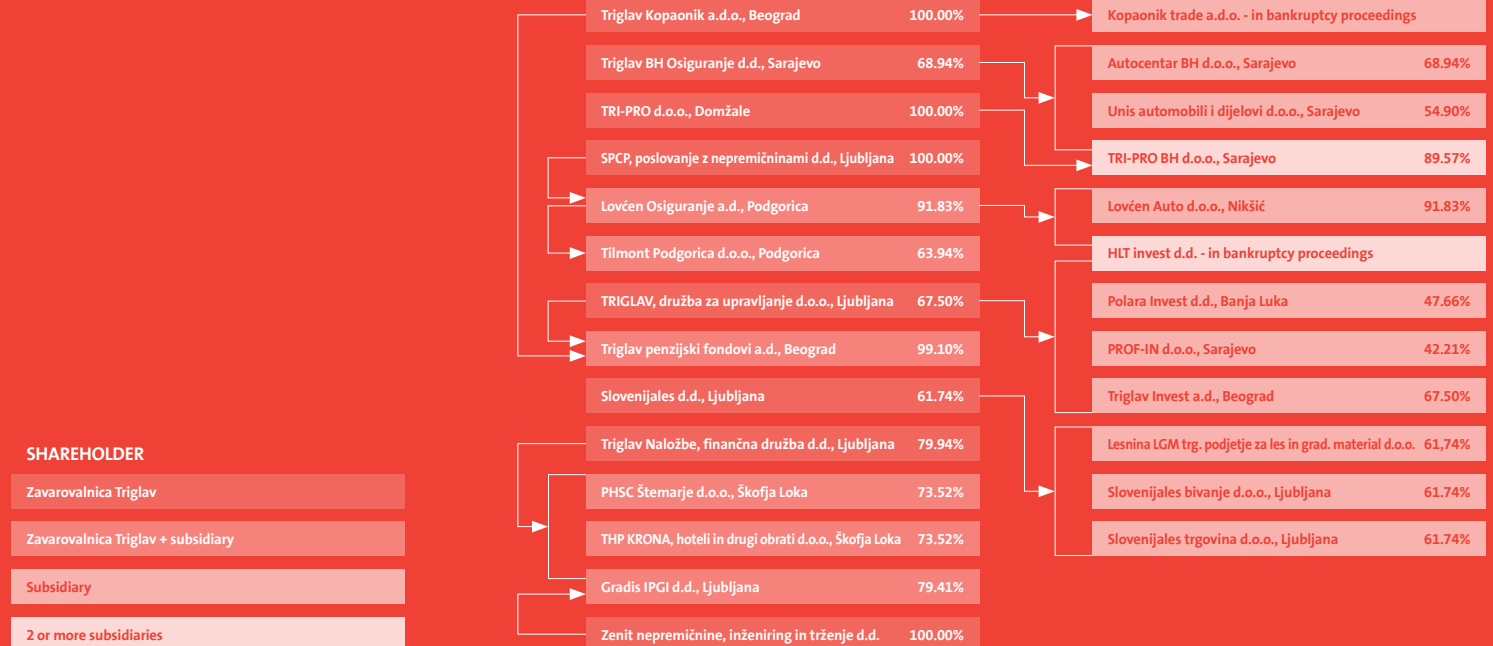
Asset management is the activity of Triglav DZU d.o.o., Triglav Naložbe, finančna družba d.d. and Zenit nepremičnine, inženiring in trženje d.d. Their business involves investments in securities, real property, loans and other instruments.

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

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

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

SUBSIDIARIES OF THE TRIGLAV GROUP AS AT 31 DECEMBER, 2009 AND THEIR CORRESPONDING PARTICIPATING INTEREST

Zavarovalnica Triglav d.d.,
Ljubljana

Details on the Triglav Group subsidiaries are listed in Chapter 1 of the accounting section of the Annual Report.



The Management Board of Zavarovalnica Triglav (from left to right): Igor Stebernak – Member, Vladimir Mišo Čeplak – Member and Worker Director, Matjaž Rakovec – President and Andrej Slapar – Member.

2. ADDRESS BY THE PRESIDENT OF THE MANAGEMENT BOARD

In 2009, the Triglav Group was faced with the same issues as most of Europe and the rest of the world. How to manage increasingly volatile risks. How to create the preconditions for a developmental leap. How to bolster and inspire the confidence of others. Our clear answer was to focus fully on the general development of insurance as our core business and at the same time continuously provide for the capital and financial strength of the Triglav Group.

The purpose of our business is to create safety. We are even more committed to this mission and to the responsible role we play in society under the new operating conditions and given the new demands of our clients. As the leading insurance group in South East Europe we are a factor in the region's stability. Adverse economic trends affected our performance, but we are nevertheless satisfied that we maintained our financial stability, business soundness and competitiveness. Our written premiums stayed at the same level as one year before and our capital adequacy remained appropriate.

The many tasks ahead of us are linked with the consolidation of our inner strengths, with profitable growth and with development, while the single final goal remains unaltered – positive results and sound operations.

WITH THE 2010-2013 DEVELOPMENT STRATEGY TO GREATER CAPITAL AND FINANCIAL STRENGTH

Positive results and sound operations can only be achieved through the long-term and continuous process of boosting the confidence of our clients, our employees and the environment in which we operate. It was with this in mind that I took the helm of Zavarovalnica Triglav in October last year. Together with the other members of the Management Board, the Assistants to the President of the Management Board and two Proxies of the Management Board, we set greater capital and financial strength as the main goal of not only the parent company but the entire Triglav Group.

Our development strategy was recast due to the economic crisis and thus became one of our top priorities. In the recasting process strategic workshops were organised including the top management of subsidiaries and managers of all of the business functions of Zavarovalnica Triglav. The aim of this process was to set clear guidelines and measures which the employees would recognise, identify with and implement through their work.

PROFITABLE AND SAFE BUSINESS — THE VISION OF THE TRIGLAV GROUP

Given the volatility of the situation our development vision was limited to the period until 2013 and placed profitable and safe business at its forefront. Profitability can be attained only by achieving the strategic goals set at four levels: development of top human resources, client satisfaction, cost effectiveness and appropriate organisational setup, along with the reengineering of IT support. We have also committed to optimising our balance sheet structure in accordance with the Solvency II requirements and maintaining our "A" credit rating. The major strategic guidelines have already been defined and in the first half of 2010 the strategy will be presented in detail to the staff and to the public at large.

The process of adapting to new conditions has also started in our subsidiaries outside Slovenia. After a period of growth through acquisitions, we are now focusing on the return they generate. Further development of subsidiaries represents a great challenge, since insurance culture in South East Europe is still in the development phase. The situation is similar to that in Slovenia two decades ago: car insurance is the predominant category, whilst unit-linked insurance and life insurance are weak. There is still a great deal of untapped growth potential, a fact that our many competitors are also well aware of. We can only succeed by making the best use of all available resources, adjusting our organisational setup and continuously developing products and business processes. The parent company will play a key role in this with the transferral of knowledge, procedures and processes.

CRISIS EFFECTS PRESENT BUT NOT DEVASTATING

Despite decreased economic activity in the region, the Triglav Group generated only 1% less in gross written insurance and co-insurance premiums compared to one year earlier. Gross claims, on the other hand, were higher by 1%. The financial results were negatively affected by several storms which hit Slovenia in summer as well as material and long-term decreases in asset value caused by the financial crisis, which required asset impairments. The bottom line figure at the end of 2009 was EUR -6.3 million of net loss. At the same time, business streamlining was commenced in order to change the negative figure into a positive one already in 2010. In the first quarter of 2010, the first positive effects were shown as Zavarovalnica Triglav earned EUR 14.7 million of profit before tax.

The Triglav Group weathered the crisis year of 2009 relatively well. The first signs of recovery, therefore, fill us with optimism about the future. We are further encouraged by the fact that last year both the long-term rating

and the financial strength rating of Zavarovalnica Triglav and the Triglav Group retained an "A" rating according to Standard & Poor's. This is an important recognition of the financial strength of the Group, further confirmed by the good capital adequacy of Zavarovalnica Triglav. Furthermore, the credit rating of Pozavarovalnica Triglav Re was raised to an "A" rating. The safe and stable operations of this subsidiary offer optimal reinsurance cover to the insurance companies within the Triglav Group and increasingly also to other insurers. The soundness of our business is reflected in the value of the Triglav share, which in the two years since quotation on the stock market has risen by 66%.

REMAINING A LEADING INSURANCE GROUP IN THE REGION

Stable and effective operations cannot be achieved without constant adaptation to markets, development of the right products and marketing improvements. New approaches have already yielded good results. Total non-life premiums have increased by 1% and the sales of packages related to comprehensive motor vehicle insurance have boosted premiums by 6% in this segment. Health insurance premiums have risen by 13%, whilst growing health concerns open up opportunities for new products. An increase has also been recorded in traditional non-life insurance classes (fire and natural forces insurance and other damage to property insurance). A fall has been registered in insurance products linked to the standard of life, such as unit-linked and accident insurance policies, as expected.

The Triglav Group remains one of the leading and strongest insurance groups in South East Europe. The business fluctuations we are experiencing are an inevitable part of the modern environment. Strategic investments abroad are of great importance for the future of the Group, as last year subsidiaries earned almost one quarter of its total income and this share is expected to rise further. Despite a lower market share, Lovćen Osiguranje is the strongest insurer in Montenegro, earning the highest insurance premium among its 11 competitors. In Macedonia, Vardar Osiguruvanje is the market leader with a 21% market share. Last year, the Former Yugoslav Republic of Macedonia got its Insurance Supervision Agency, which we see as an important step towards regulating the market and reducing unfair competition. In markets where we are already in the lead our goal is to maintain and consolidate our position. We intend to get a stronger hold on other markets through good corporate governance and product development.

SOCIAL RESPONSIBILITY — ONE OF THE CORE VALUES

The Triglav Group understands social responsibility as a broad economic, legal, ethical, humanitarian and environmental responsibility. In this context the first priority is to provide security and built up security culture. We assign great importance to prevention, and have accordingly maintained the same prevention budget despite the crisis. We reinvest in society not only funds but also knowledge and human resources, thus generating benefits for the entire social community. Through donations and sponsor-

ships we regularly help many individuals and groups in sports and culture, as well as promoting humanitarian initiatives.

Last year alone the prevention budget amounted to EUR 2.2 million. The bulk of the budget was devoted to fire safety, but increasingly more funds are being dedicated to safety at work, traffic safety and the protection of nature. Last year, the campaign Safe Driving Days for young families and young drivers was very popular and in order to fully develop traffic safety culture it has been continued and upgraded this year.

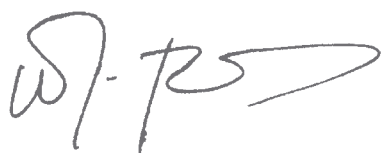
Last year, we introduced new elements in reporting on social responsibility. Our efforts for quality, consistent and transparent reporting have been upgraded on the basis of the Global Reporting Initiative (GRI), which has improved the comparability of our reporting on the international level. Within this framework we have set measurable objectives, such as the harmonisation of the social responsibility policy with the business strategy and the continuous implementation of traffic safety prevention programmes at the Group level.

Socially responsible behaviour as the basis of the Triglav Group's sustainable development stems from creativity, professionalism and employee motivation. In these times of crisis, we therefore take special care of our employees, ensuring the conditions for their wellbeing and progressive development. We understand socially responsible behaviour as a way of creating benefits for all stakeholders. Satisfied employees, in combination with high quality products and services and good governance, represent the key factor for the profit growth of the Triglav Group.

MEETING THE CHALLENGES

By defining the key strategic guidelines and priorities for the 2010-2013 period, the Triglav Group has set its development guidelines. Our next task is the realisation of the planned strategic and business challenges. I would like to thank all of the employees and my colleagues in the Management Board for their contributions to this end so far and express my firm belief in their future commitment.

I am convinced that at the end of 2010, which promises to be a demanding year, we will already be able to discern progress. We will succeed thanks to dedicated and professional staff, responsible shareholders, reorganisation and effective business processes. With all of this I am sure we will be able to create a safer future.



Matjaž Rakovec,

President of the Management Board of Zavarovalnica Triglav

3. REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD OF ZAVAROVALNICA TRIGLAV ON THE EXAMINATION OF THE ANNUAL REPORT OF ZAVAROVALNICA TRIGLAV AND THE TRIGLAV GROUP FOR 2009 AND THE OPINION OF THE SUPERVISORY BOARD ON THE ANNUAL INTERNAL AUDIT REPORT FOR 2009 BY THE INTERNAL AUDIT DEPARTMENT OF ZAVAROVALNICA TRIGLAV

3.1 INTRODUCTION

Pursuant to Article 282 of the Companies Act (ZGD-1, Official Gazette of the RS, no. 42/2006 et. seq.) and the fourth paragraph of Article 165 of the Insurance Act (ZZavar, Official Gazette of the RS, no. 13/2000 et. seq.), the Supervisory Board hereby presents the report on the examination of the Annual Report of Zavarovalnica Triglav and the Triglav Group for 2009 (hereinafter: the Report) and its opinion on the Annual Internal Audit Report for 2009 by the Internal Audit Department of Zavarovalnica Triglav.

The findings of the Supervisory Board are based on the review of the minutes of its sessions held in 2009, the supervision of the operations of Zavarovalnica Triglav in 2009 and the examination of the Audited Annual Report of Zavarovalnica Triglav for 2009. According to Article 76 and pertaining to Article 159 of the Insurance Act, the reports and opinions by the chartered actuaries for non-life and life insurance business are integral parts of the audited Annual Report of the Triglav Group for 2009.

The Report also includes the opinion of the Supervisory Board regarding the adequacy of the work of the Internal Audit Department in 2009.

In 2009, the Supervisory Board controlled the operations of Zavarovalnica Triglav within the scope of its authorities and competencies set out by law, the Articles and Memorandum of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board.

- Bojan Župevec, member, shareholder representative,
- Branko Gorjan, member, employee representative,
- Boris Gabor, member, employee representative, and
- Peter Celar, member, employee representative;
- as of 7 April, 2009¹:
 - Borut Jamnik, Chairman, shareholder representative,
 - Uroš Slavinec, Vice Chairman, shareholder representative,
 - Mirko Miklavčič, member, shareholder representative,²
 - Anton Ribnikar, member, shareholder representative,
 - Aljoša Valentinčič, member, shareholder representative,
 - Igor Mihajlović, member, shareholder representative,
 - Branko Gorjan, member, employee representative,
 - Boris Gabor, member, employee representative, and
 - Peter Celar, member, employee representative.

At its session held on 20 April, 2009, the Supervisory Board of Zavarovalnica Triglav appointed Borut Jamnik its Chairman and Uroš Slavinec its Vice Chairman.

In 2009, the Supervisory Board held sixteen sessions.

The Supervisory Board has two committees: the Audit Committee of the Supervisory Board, required according to the legislation in force, and the Compensation and Appointments Committee of the Supervisory Board.

AUDIT COMMITTEE

As of 20 April, 2009, the Audit Committee of the Supervisory Board (hereinafter: the Audit Committee) was composed of: Uroš Slavinec as Chairman and Aljoša Valentinčič, Anton Ribnikar, Barbara Nose³ and Branko Gorjan as members. In 2009, the Audit Committee had eight meetings.

Before the appointment of the new members of the Supervisory Board as shareholder representatives at the 32nd General Meeting of Shareholders on 6 April, 2009, the Audit Committee had had three meetings in 2009 in the following composition: Mateja Perger as Chairwoman and Branko Gorjan and Barbara Nose⁴ as committee members.

3.2 GENERAL INFORMATION

SUPERVISORY BOARD IN 2009

In 2009 the Supervisory Board was made up of the following members:

- until 6 April, 2009:
 - Damjan Mihevc, Chairman, shareholder representative,
 - Mateja Perger, Vice Chairwoman, shareholder representative,
 - Gregor Gomišček, member, shareholder representative,
 - Janez Sušnik, member, shareholder representative,
 - Janez Gregorič, member, shareholder representative,

¹ As the shareholder representatives' membership in the Supervisory Board expired, the 32nd General Meeting of Shareholders held on 6 April, 2009 appointed new shareholder representatives on the Supervisory Board with a four-year term of office as of 7 April, 2009.

² Mirko Miklavčič gave his irrevocable resignation on the basis of which his term of office ended on 25 September, 2009.

³ Barbara Nose, who is not a member of the Supervisory Board, was appointed as a member of the Audit Committee as an outsourced independent expert.

⁴ See note no. 3.

The tasks and competences of the Audit Committee are stipulated in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board's decisions. The work of the Audit Committee in 2009 included:

- following of the accounting reporting procedure, functioning of internal controls, reports and recommendations by the Internal Audit Department, risk management systems and the exercise of the external audit of consolidated and non-consolidated financial statements;
- cooperation with the Internal Audit Department on defining material auditing areas;
- proposing to the Supervisory Board candidates for external auditors of the insurance company and its annual report;
- assessment of drafting consolidated and non-consolidated annual reports and relevant proposals to the Supervisory Board; and
- regular reporting on its activities to the Supervisory Board.

COMPENSATION AND APPOINTMENTS COMMITTEE

From 20 April, 2009, the Compensation and Appointments Committee of the Supervisory Board had the following composition: Borut Jamnik, Chairman, and Mirko Miklavčič and Boris Gabor, members. At its session on 4 May, 2009, the Supervisory Board appointed an outsourced expert, Srečo Jadek, as an additional member of the Compensation and Appointments Committee and at its session on 20 October, 2009 it replaced Mirko Miklavčič, who had resigned as a member of the Supervisory Board, by appointing Igor Mihajlovič member of the Compensation and Appointments Committee. In 2009, the said Committee had 12 meetings.

The tasks and competences of the Compensation and Appointments Committee are stipulated in the Rules of Procedure of the Supervisory Board and the Supervisory Board's decisions. The work of the Compensation and Appointments Committee in 2009 included:

- proposing to the Supervisory Board draft criteria for membership in the Management Board;
- proposing to the Supervisory Board a draft policy on remuneration, compensation and other benefits of management board members; and
- regular reporting on its activities to the Supervisory Board.

3.3 THE SUPERVISORY BOARD'S OPERATIONS IN 2009 AND THE SCOPE OF ITS SUPERVISION

The operations of the Supervisory Board and the scope of its supervision in 2009 are described on the basis of the supervision it carried out as well as the examination of the minutes of the previous Supervisory Board's sessions held in 2009, since as of 6 April, 2009, the composition of the Board has greatly changed.⁵

The Supervisory Board is in charge of supervising the operations of the insurance company and has other duties in its competence according to

the Companies Act (ZGD-1), the Insurance Act (ZZavar), the Articles and Memorandum of Association of Zavarovalnica Triglav, the Rules of Procedure of the Supervisory Board and the Corporate Governance Code. The method and organisation of work are regulated by the Rules of Procedure of the Supervisory Board, which are available to the public on the website of the insurance company.

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

a. Within the scope of its principal competencies in 2009 the Supervisory Board:

- adopted the Business Policy and Business Plan of Zavarovalnica Triglav for 2009 and the draft financial statements of the Triglav Group for 2009;
- adopted the Annual Report on Internal Audits in 2008 by the Internal Audit Department (IAD);
- adopted the Annual Report on Internal Audits in 2009 by the IAD and the Amended Work Plan of the IAD for 2009;
- adopted the audited Annual Report of Zavarovalnica Triglav for 2008 and the audited Annual Report of the Triglav Group for 2008 as well as the Supervisory Board's report on the examination of the Annual Report of Zavarovalnica Triglav and the Triglav Group for 2008 and its Opinion on the Annual Internal Audit Report for 2008 by the Internal Audit Department of Zavarovalnica Triglav;
- proposed to the General Meeting of Shareholders of Zavarovalnica Triglav the appointment of the auditors for 2009, approved the resolution proposed to the General Meeting of Shareholders for the distribution of profits as at 31 December, 2008, the amendments to the Articles and Memorandum of Association, the agenda for the 33rd General Meeting of Shareholders and together with the Management Board convened the 32nd General Meeting of Shareholders;
- adopted the amended Strategy of the Triglav Group for the 2009–2011 Period;
- approved the amendments and supplements to the Rules of Procedure of the Supervisory Board;
- passed the Management Board Articles and approved their subsequent amendments;
- took note of the findings and requirements of the Insurance Supervision Agency and other supervisory bodies following their scrutiny of Zavarovalnica Triglav;

⁵ As the membership in the Supervisory Board of six shareholder representatives expired, the 32nd General Meeting of Shareholders held on 6 April, 2009 appointed new shareholder representatives to the Supervisory Board with a four-year term of office as of 7 April, 2009.

- set up its Audit and Compensation and Appointments Committees and appointed its members as well as establishing a consultative body for recording candidates for membership in the Supervisory Board;
 - accepted the resignation of Andrej Kocič, President of the Management Board, and appointed in his stead Vladimir Mišo Čeplak with a six-month term of office, as of 28 May, 2009;
 - appointed under a suspensive condition Matjaž Rakovec President of the Management Board, whose term of office started on 15 October, 2009, after he had fulfilled the suspensive condition;
 - established that the term of office of Vladimir Mišo Čeplak as the President of the Management Board would expire on 15 October, 2009, and that he would remain a member of the Management Board in the capacity of the Employee Representative;
 - appointed under a suspensive condition the following members of the Management Board: Andrej Slapar, whose five-year term of office started on 10 November, 2009, and Igor Stebernak, whose term of office started on 19 November, 2009, after having fulfilled the suspensive condition, as well as Boštjan Vovk and Blaž Brodnjak;
 - for economic and business reasons recalled Borut Eržen from the membership in the Management Board as of 25 September, 2009 and based on an agreement and resignation agreed to the termination of the term of office of Tomaž Rotar as of 15 October, 2009; and
 - based on the proposal by the Works Council of Zavarovalnica Triglav appointed Vladimir Mišo Čeplak the Employee Representative and member of the Management Board for a term of office from 6 June, 2010 to 20 October, 2014;
- b. Regarding supervision of the insurance company's business conduct in 2009, the Supervisory Board:**
- received reports on the operations of Zavarovalnica Triglav and the Triglav Group;
 - received reports on the amount of written premium and loss adjustments;
 - received the IAD's reports on internal audits;
 - received reports on the implementation of the business process redesigning project and the non-life insurance IT reengineering project;
 - took note of the Report on the Size of Multiple Loss Events in 2009;
 - took note of the report on loss adjustment in the case of Rettenmeier Tatra Timber, Slovakia;
 - took note of the policy of financing donations, prevention activities, sponsorships and promotional products of Zavarovalnica Triglav as a whole;
 - was informed about the implementation of the recommendations given by KPMG Slovenia following its audit of the financial statements of Zavarovalnica Triglav for 2007;
 - took note of the Corporate Governance and Subsidiary Development Model of the Triglav Group;
 - took note of the Report on the Harmonisation of the Salaries of the Management Board and the Employees under Service Contracts with the Government of the Republic of Slovenia's Decision on the Recommendations to the RS's Representatives on the Supervisory Boards
- of Predominantly State-Owned Companies and the Report on the Changed Employee Remuneration Schemes in Zavarovalnica Triglav Due to the Changes in the Remuneration of the Management Board;
- was informed about the harmonisation of the remuneration of supervisory body members in the subsidiaries of Zavarovalnica Triglav;
 - discussed the equity investment in Triglav Osiguranje from Zagreb and was informed about the implementation of rehabilitation activities in that company;
 - took note of the Report on the Position and Activities Related to the Required Raising of Additional Capital for Vardar Osiguruvanje, Skopje;
 - discussed the equity investment of Zavarovalnica Triglav in the bank Abanka Vipava;
 - discussed the equity investment of Zavarovalnica Triglav in the company Nama;
 - was informed about the liquidation of Triglav Netherlands b.v. and the transfer of that company's equity stake in the private equity fund Poteza Adriatic Fund to Zavarovalnica Triglav;
 - was informed about the developments with regard to the procedures against the subsidiary Slovenijales; and
 - was given other information about Zavarovalnica Triglav and the Triglav Group.
- c. Within the scope of the Supervisory Board's competence, set out in its Rules of Procedure, to approve the decisions by the Management Board concerning the foundation of companies with share capital in Slovenia and abroad where the initial investment exceeds EUR 2,500,000, the acquisition or sale of shareholdings in domestic or foreign companies in excess of EUR 2,500,000, the issuing of debt securities and long-term borrowing from domestic or foreign banks above EUR 2,500,000 and the acquisition, sale of, or investment in real property where the sales price or investment value exceeds EUR 2,500,000 over a period of one year, in 2009 the Supervisory Board approved the sale of a portfolio equity investment as well as the participation of Zavarovalnica Triglav in raising the share capital of Triglav Osiguranje, Zagreb, the acquisition of an additional 41.1402% equity stake by Zavarovalnica Triglav in Lovćen osiguranje, Podgorica and the issuance of a subordinated bond of Zavarovalnica Triglav.**
- d. Other major actions of the Supervisory Board in 2009 included:**
- approval of the report by the Internal Audit Department on an extraordinary audit of transactions related to donations, prevention activities, sponsorships and promotional products of Zavarovalnica Triglav, and
 - consent to the service contracts and pertaining annexes with the Management Board members.
- e. Major requests, recommendations and/or warnings of the Supervisory Board in 2009:**
- recommendation to the Management Board to regulate the remuneration of the Management Board members and employees of Zavarovalnica Triglav for their membership in supervisory and management boards of the companies within the Triglav Group, excluding Zavarovalnica Triglav itself, so that they are not to be paid any income,

bonuses and attendance fees but are covered by liability insurance with tax neutral effects at the individual level;

- recommendation to the members of the current and previous Supervisory Boards of Zavarovalnica Triglav not to simultaneously serve as members of the supervisory and management boards of the companies within the Triglav Group, and in the case they do, to be recalled from such offices at the first general meetings of shareholders of these companies to be held following this recommendation;
- recommendation to the Management Board to recruit more staff to the Internal Audit Department of Zavarovalnica Triglav;
- request to the Management Board to apply a uniform policy of financing donations, prevention activities, sponsorships and promotional products of Zavarovalnica Triglav and to pass internal documents which would in detail define the relevant procedures and above all the limitations and conditions for such financing;
- request to the Management Board to make a report on the pending legal actions of Zavarovalnica Triglav, separately showing the suits with claims exceeding EUR 100,000 and total legal fees and expenses arising from the representation of Zavarovalnica Triglav in such proceedings as well as an overview of the pending legal actions of the Triglav Group;
- request to the Management Board to report monthly to the Supervisory Board on the implementation of rehabilitation activities in Triglav Osiguranje, Zagreb;
- request to the Management Board to report monthly to the Supervisory Board on the developments in the legal proceedings of the company Slovenijales in Belgrade in the Jugobanka case;
- request to the Management Board to make a list of all payments to the members of the supervisory and management boards of Zavarovalnica Triglav and its subsidiaries and state the legal basis for any such payment;
- request to the Management Board to submit to the Supervisory Board the letter to the management which the certified auditor sends directly to the Insurance Supervision Agency (including the auditor's reports on subsidiaries), copies of the auditor's opinions regarding the individual financial statements of subsidiaries and letters related to improving their capital adequacy; and
- request to the Management Board to make a list of adopted and proposed new measures aimed at the streamlining of operations in view of the economic situation and a list of activities related to equity investment disposals in case Zavarovalnica Triglav requires additional sources of funds due to a deterioration of the economic environment.

3.4 SELF ASSESSMENT⁶

The Supervisory Board has two committees: the Audit Committee and the Compensation and Appointments Committee. Both the Chairman of the

Audit Committee and the Chairman of the Compensation and Appointments Committee regularly report on their work to the Supervisory Board at its sessions. The Supervisory Board discussed and carefully weighed the decisions and reports of the two committees and on that basis adopted its own decisions.

The Supervisory Board involves in its work all of its members, whose attendance at its sessions and active participation in its discussions help adopt decisions that contribute to the effective implementation of the tasks within the competence of the Supervisory Board. The Rules of Procedure of the Supervisory Board were amended to include a rule on conduct in the case of actual or potential conflict of interest and a requirement from the Supervisory Board members to once a year, upon any replacement or change, submit to the Supervisory Board their statements of independence and loyalty in accordance with the Corporate Governance Code, which Zavarovalnica Triglav has published on its website. In order to avoid any conflict of interest, the Supervisory Board made a recommendation requiring from its members not to serve at the same time as members on the supervisory and management boards of the companies within the Triglav Group.

The Supervisory Board is of the opinion that its cooperation with the Management Board is appropriate and in compliance with the legislation and good practice. To the best of its knowledge the Supervisory Board was informed about all of the events which are material and necessary for assessing the situation and consequences of the governance of the company and for the supervision of its operations. The Supervisory Board regularly followed how its decisions were being implemented. Together with the Management Board, the Supervisory Board passed the Governance Policy of Zavarovalnica Triglav, setting out the main guidelines for the governance of the company and taking into account the company's long-term objectives, including the definition of the role and functioning of the Supervisory Board and its committees.

In view of the above the Supervisory Board is of the opinion that its own work and the work of its two committees was successful.

The Supervisory Board is of the opinion that its composition is adequate in terms of the size, business and objectives of Zavarovalnica Triglav, that the (in)dependence of its members is also adequate according to the Corporate Governance Code and that its members have the appropriate knowledge, experience and skills required for membership in supervisory boards, enabling the Supervisory Board to adopt decisions of good quality. After the resignation of Mirko Miklavčič on 25 September, 2009, the Supervisory Board was left with eight members and, therefore, initiated the procedure for appointing another member as a substitute.⁷

⁶ The assessment refers to the period after 6 April, 2009, as the composition of the Supervisory Board before that was considerably different (See note no. 5).

⁷ In the procedure for appointing a new member of the Supervisory Board in the stead of Mirko Miklavčič, who resigned on 25 September, 2009, the Supervisory Board established a Nomination Committee, which carried out the procedure for nominating a new supervisory board candidate replacing a resigned member and which submitted its nomination proposal to the Supervisory Board. Candidates for supervisory board members have to comply with the legal requirements for membership in the Supervisory Board of Zavarovalnica Triglav, have to have the appropriate knowledge, experience and skills required for membership in supervisory boards, and have to in advance be free of any conflicts of interest of such a nature which could materially influence their actions and decision making. After having completed the said procedure, the Supervisory Board proposed to the General Meeting of Shareholders a candidate to be appointed as its member.

3.5 OPINION ON THE ANNUAL INTERNAL AUDIT REPORT FOR 2009

Pursuant to the 3rd paragraph of Article 165 of the Insurance Act (ZZavar), the Annual Internal Audit Report for 2009 was submitted to the Supervisory Board, containing a report on the implementation of the annual work programme and a summary of material audit findings.

On the basis of the Annual Internal Audit Report for 2009, approved at its 3rd session on 20 April, 2010, The Supervisory Board hereby establishes that the Internal Audit Department (IAD) carried out its duties in accordance with the IAD's Annual Work Programme for 2009 and the Amendments to the IAD's Annual Work Programme for 2009 - both passed by the Management Board and approved by the Supervisory Board - as well as in accordance with the Management Board's decisions on extraordinary audits. In 2009, the IAD carried out the planned partial and comprehensive regular audits of Zavarovalnica Triglav and was involved in the audits in the companies of the Triglav Group. Furthermore, the IAD conducted extraordinary audits, realised its advisory and investigation tasks and took part in internal ISO audits. The IAD audited non-life insurance business, life, health and accident insurance business as well as finance, accounting, IT, strategic investments and human resources management in headquarters services and four regional units. The findings and observations of the IAD resulting from individual audits were communicated to the officers in charge, together with the recommendations on the elimination of deficiencies. The IAD quarterly reported on the implementation of its work programme and recommendations to the Audit Committee and/or the Supervisory Board.

The members of the Supervisory Board and its Audit Committee in 2009 oversaw the work of the IAD on the basis of its individual, quarterly, semi-annual and annual reports. Following a warning by its Audit Committee in view of the extended scope of the auditing of the Triglav Group and the importance of a well functioning IAD, the Supervisory Board recommended to the Management Board to recruit more staff to the Internal Audit Department of Zavarovalnica Triglav. On 1 January, 2010, two additional auditors were recruited to the IAD, which will in the future enable the department to perform audits in a greater scope.

Based on the above ascertainties, the Supervisory Board is of the opinion that the Internal Audit Department operated in line with its Annual Work Programme for 2009 and significantly contributed to the better functioning of internal controls and to more appropriate risk management, thanks to its audits of the operations of the company and the deficiencies it discovered.

3.6 FINDINGS OF THE SUPERVISORY BOARD REGARDING THE OPERATIONS OF ZAVAROVALNICA TRIGLAV IN 2009

On the basis of the examination of the minutes of the Supervisory Board's sessions held in 2009 and the supervision of Zavarovalnica Triglav's operations in 2009, since in 2009 the composition of the Supervisory Board

greatly changed, and on the basis of the review and examination of the Annual Report for 2009, the Supervisory Board hereby establishes that despite the economic crisis and weather conditions Zavarovalnica Triglav in 2009 realised most of its ambitious business objectives. In 2009, the Triglav Group posted a total of EUR 1,022 billion in gross written premium which was 1% less than in 2008. Due to developments in financial markets and weakened economic activity the sales objectives were not fully realised, especially in life insurance business as a result of the falling value of fund units and the rising number of the unemployed. The disclosed profit before tax of the Triglav Group in 2009 amounted to EUR 2.1 million and its net loss equalled EUR -6.3 million, which was less than planned. The financial results in the reporting year were negatively affected by the financial crisis and several storms which in summer raged over most of the Slovene territory. The state of capital markets had a negative impact on the value of some Zavarovalnica Triglav assets, which led to their due impairment. In the Slovene insurance market the Triglav Group achieved a 42.0% share, which was 1.1 percentage point below its market share in 2008.

The credit rating agency Standard & Poor's confirmed its "A" rating of Zavarovalnica Triglav and the Triglav Group, with a stable outlook in the medium term. At the same time, it raised the rating of Pozavarovalnica Triglav Re to A, also with a stable outlook in the medium term. This represented the accomplishment of one of the major objectives set out in the Triglav Group's Strategy.

In 2009, the Supervisory Board was equally informed about the operations of the insurance company's subsidiaries.

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

- a positive opinion of a chartered actuary for non-life insurance business,
- a positive opinion of a chartered actuary for life insurance business; and
- the Annual Report on Internal Audits by the Internal Audit Department for 2009.

The Supervisory Board has no objections to the above reports.

3.7 ANNUAL REPORT

The Management Board submitted to the Supervisory Board on 20 April, 2010 the audited Annual Report of Zavarovalnica Triglav for 2009 and the audited Annual Report of the Triglav Group for 2009.

The Supervisory Board and the Audit Committee discussed the audited Annual Report of Zavarovalnica Triglav for 2009 and the audited Annual Report of the Triglav Group for 2009 at its sessions held on 20 April, 2009 and 18 May, 2010. The Supervisory Board ascertained that the reports had been prepared within the legally prescribed period and submitted to the appointed auditor. The Annual Report of Zavarovalnica Triglav for 2009 was audited by the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., which on 19 April, 2010 issued a positive opinion on the Annual Report of Zavarovalnica Triglav for 2009 and on the Annual Report of the

Triglav Group for 2009.

In the discussion of the annual reports of Zavarovalnica Triglav and the Triglav Group the auditor's letter to the management was presented to the Supervisory Board and the Audit Committee. The certified auditor who signed the annual reports attended the discussions of the Supervisory Board and the Audit Committee of that topic and provided the required additional explanations.

The certified auditor established that in 2009 progress was made in the preparation of reporting packages. In all material aspects the financial statements and the data used in accounting report disclosures were compiled in accordance with the financial standards of the countries in which subsidiaries operate and/or adjusted to International Financial Reporting Standards. In some subsidiaries the auditor was still faced with delays in the delivery of reporting packages, which is why the reasons for such delays have to be investigated and adequate measures taken in order to reduce the risk of delays in preparing financial statements in the Triglav Group.

On the basis of detailed examinations, the Supervisory Board established that the Annual Report of Zavarovalnica Triglav for 2009 and the Annual Report of the Triglav Group for 2009, as produced by the Management Board and audited by the chartered auditor, had been prepared in a clear and transparent manner and that they give a true and fair view of the assets, liabilities, financial standing and profit or loss of the Triglav Group.

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

In line with the above findings, the Supervisory Board expresses no objection to the positive opinion given by the chartered audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., stating that the financial statements in all material aspects give a true and fair view of the financial standing of Zavarovalnica Triglav as at 31 December, 2009, and of its profit or loss and cash flow for the year then ended, and that they were compiled in accordance with International Financial Reporting Standards as adopted by the EU.

The Supervisory Board expresses no objection to the positive opinion given by the chartered audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., stating that the financial statements of the Triglav Group give a true and fair view of its financial standing as at 31 December, 2009, and of its profit or loss and cash flow for the year then ended, and that they were compiled

in accordance with International Financial Reporting Standards as adopted by the EU.

Based on its findings the Supervisory Board hereby approves the audited Annual Report of Zavarovalnica Triglav for the Year Ended 31 December, 2009 and the audited Annual Report of the Triglav Group for the Year Ended 31 December, 2009.

3.8 PROPOSED DISTRIBUTION OF ACCUMULATED PROFITS

The Supervisory Board also studied the proposal for the distribution of accumulated profits as at 31 December, 2009, subject to the final approval by the General Meeting of Shareholders of Zavarovalnica Triglav, and gave its full consent to the following resolution on the distribution of accumulated profits proposed by the Management Board:

"Accumulated profits as at 31 December, 2009 totalled EUR 252,529,148.51. The accumulated profits consist of net profits brought forward in the amount of EUR 254,906,431.42 and net loss for the year of EUR 2,377,282.91.

A decision regarding the use of the accumulated profit will be taken over the coming years."

The Supervisory Board hereby proposes to the General Meeting of Shareholders that it give a discharge to the Management Board for its operations in 2009.



Borut Jamnik
Chairman of the Supervisory Board

In Ljubljana, 18 May, 2010



Management and strategies

Our investments in the knowledge of our employees continued unabated in 2009. The educational structure of the staff improved further. Every tenth employee was involved in work study and the first group of employees completed the first year of the in-house study course at the level of Bachelor of Science in Economics - specialisation in insurance.



Our knowledge circulated, boosted by in-house trainers who carried out the bulk of the functional training courses attended by employees from the entire Triglav Group and partner companies.





Our development strategies and objectives are based on our implementation capacity and effective management.

For us investing in knowledge means investing in development and ensuring asset growth in the future.

4. MISSION, VISION, VALUES AND STRATEGIC GOALS OF THE TRIGLAV GROUP

In the second half of 2009, Zavarovalnica Triglav d.d. mapped out a new Strategy of the Triglav Group for the 2010-2013 period, which redefines its basic medium term strategy guidelines. With its fresh strategic goals and activities for their realisation the strategy will offer an answer to the changes that will affect the industries in which the Triglav Group operates.

In the process of redesigning the strategy, the values, mission and vision of the Triglav Group were adjusted or redefined. At the very centre of our system of values there is professionalism, security and corporate social responsibility. The nature of the modern, rapidly changing business environment was taken into account when designing our vision, therefore it is valid until 2013 and concerns concrete strategic goals.

The strategy was designed within the framework of strategic workshops by the Management Board and the senior management from all lines of business in the parent company as well as the senior management of the Triglav Group subsidiaries. Thus we were able to define clear strategic goals and measures with which our employees can identify and lead the company with joined forces towards its goals.

4.1 VALUES

The Triglav Group is centered around three common values which underline its daily operations, personal relations and relations with the environment:

PROFESSIONALISM

The Triglav Group achieves its business objectives through the professionalism of its financial services, which are supported by the professional attitude of its employees. The Triglav Group is the driving force behind the professional development of financial services in the environments in which it is present.

SECURITY

Effective risk management is used to provide for the security of operations. We offer high-quality financial products and services which improve the financial security of our clients.

CORPORATE SOCIAL RESPONSIBILITY

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

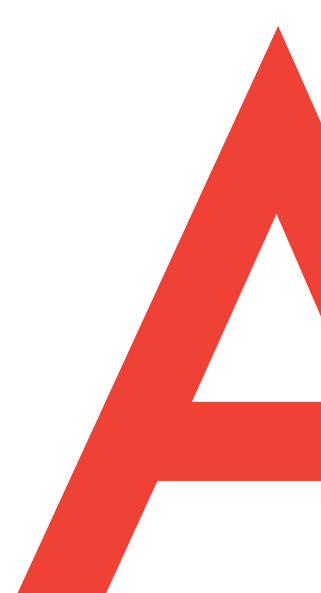
4.2 MISSION

We are building a safer future.

4.3 VISION

Our business operations are profitable and secure. The sources of profit growth are competitive, high quality services, effective risk management and the financial stability of the Triglav Group, which will serve to maintain the A rating from an established credit rating agency. Members of the Triglav Group are reaching a higher level of reputation than their competitors and are distinguishable by comprehensive insurance-financial services offered through modern sales channels. The Group has a well regulated and efficient management system and follows the principles of modern organisation

The source of our profitable growth is highly competitive and quality services, effective risk management and the financial stability of the Triglav Group, on the basis of which the "A" rating of a renowned rating agency will be maintained.



The strategic objectives for the 2010-2013 period have been set in financial terms at the employee, client, process and organisation levels.

The employee structure is being adapted to the demands of process reengineering and reorganisation.

An optimised balance sheet structure in compliance with Solvency II requirements and an "A" credit rating by Standard & Poor's are among the important objectives.

Client satisfaction is one of the key activities.

in all areas of business. Our dedicated, highly-qualified and motivated employees are the basis of the Group's sustainable development.

4.4 STRATEGIC GOALS ACCORDING TO THE FOUR BALANCED LEVELS IN THE TRIGLAV GROUP STRATEGY FOR THE 2010 - 2013 PERIOD

- **Level 1: Employees, knowledge and learning**
 - successful adaptation of the number and structure of employees to the demands of process and organisation reengineering
 - enhancing staff mobility and internationalisation
 - development and retention of key staff with high potential
 - redesigned organisational culture in line with the reorganisation of processes in the Group
 - increase in the variable part of remuneration for successful individuals
- **Level 2: Clients**
 - comprehensive overview of the policyholder and an upgraded, modern credit system (policyholder card)
 - development of efficient client loyalty programmes
 - increase of the number of active policyholders
 - comprehensive insurance-financial services offered through modern sales channels
 - the Triglav Group shall be among the three biggest insurance companies in the region (former Yugoslavia and Albania)
- **Level 3: Processes and Organisation**
 - finalisation of the IT-Build and IT-Life projects, including changes in processes and organisation
 - implementation of the data warehouse, including the CRM system
 - implementation of the business process management system
 - implementation of the corporate governance management system and key internal controls for the Group
 - compliance of operations with Solvency II requirements
- **Level 4: Finances**
 - profitability and cost efficiency
 - optimised balance sheet structure according to the requirements of Solvency II and the "A" rating from Standard & Poor's
 - positive technical result of the Group

4.5 STRATEGIC MEASURES

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

- **Keeping to the 3-C's concept:** Consumer, Company, Competition. The Triglav Group will keep seizing opportunities in insurance markets, taking into account market trends, competition, business development prospects and likely achievements.
- **Client relationship management.** Client satisfaction is our fundamental value. Despite stronger competition the Triglav Group will strive to keep its clients and deepen its relationships with them. Client segmentation will be upgraded, so that services and approaches to clients can be more tailor made. Introducing an integrated system of client relationship management (CRM) is a must for the Triglav Group as a whole and its individual members. Triglav sales networks will play an important role, as they will be greatly developed and modernised to be able to deliver greater sales effectiveness. The multichannel strategy will enable the Triglav Group to increase key market shares.

- **Product development.** Insurance services will be intensely developed and adapted to individual markets. Services will be tailored on the basis of analytical knowledge of individual markets, including market demand, price acceptability, potential of individual Group members, etc.
- **Strengthening of the Triglav Group.** A model of corporate governance and development of the Group will be designed. Moreover, we will establish a commercial model (know-how, procedures and processes) which will also be applied to our subsidiaries. There is great synergy potential among the members of the Triglav Group. Efforts will be devoted to strengthening inter-group cooperation.
- **Human resources development.** The knowledge and skills of our staff are the basis of our competitive edge. An integrated and comprehensive system of human resources management will be implemented, a competency model developed and the existing remuneration system upgraded.
- **Finalisation of basic processes and IT support reengineering.** The IT system is the key to achieving effectiveness, on the one hand, and becoming both flexible and adaptable, on the other. It is also crucial for fast responsiveness and high quality of learning. Therefore, the Group will finalise the overall redesigning of the fundamental processes and IT support in this strategic period.
- **Final reorganisation of operations.** Our operational reorganisation aims to strike a balance between three goals:
 1. to improve performance and risk management across the whole Group;
 2. to maintain the entrepreneurial drive and adaptability to market conditions; and
 3. to promote learning and knowledge transfer.
 To a great extent, these goals can be attained simultaneously with the help of modern technologies and suitable organisation.

The Triglav Group is strengthened through the transfer of knowledge and processes to subsidiaries.

The reengineering of processes and IT support will be completed.

4.6 OBJECTIVES OF THE TRIGLAV GROUP ACHIEVED IN 2009

Considering its ambitiously designed business plans, the Triglav Group managed to reach many of the 2009 objectives, despite the financial crisis and unpredictable weather events.

Due to the events on the financial markets and a decline of economic activity, the Group was unable to fully reach the set objectives in sales, foremost in the life insurance sector, where we were facing a decline in fund unit value and a rise in unemployment. Despite the relatively conservative investment policy of the Triglav Group, the situation on the capital markets negatively affected the value of some of Zavarovalnica Triglav's investments, thus it had to recognise an asset impairment loss.

In addition to the financial crisis the business result of the Triglav Group was affected by devastating weather events which caused the amount of claims met to be higher than predicted.

With consistent implementation of its business policy measures the company managed to a great extent to neutralize the above stated negative effects. The following activities should be highlighted:

- many insurance products were upgraded and tailored to fit the needs of our clients;
- the company adopted many measures which caused the costs to decrease;
- the insurance company successfully complied with liquidity requirements;
- the company entered into an appropriate reinsurance deal in line with the changed circumstances;
- more emphasis was put on the evaluation and assumption of risk;
- portfolio management investment policy was governed by the principles of security, liquidity and profitability.

The rating agency Standars & Poor's assigned Zavarovalnica Triglav d.d. and the Triglav Group an "A" rating with a stable medium-term outlook. Moreover, it raised the rating of Pozavarovalnica Triglav Re d.d. to an "A" rating, also with a stable medium-term outlook. Thereby, the Triglav Group successfully reached one of its key business objectives set out in the strategy.

The developments on the financial markets and a downturn in general economic activity prevented us from fully realising the sales objectives.

Despite the relatively conservative investment policy of the Triglav Group, the state of capital markets had a negative impact on the value of some of Zavarovalnica Triglav's assets, which led to their due impairment.

5. CORPORATE GOVERNANCE STATEMENT

The corporate governance of Zavarovalnica Triglav and the members of the Triglav Group is founded on a clearly defined Governance Policy. We take account of the good practices recommended by the Corporate Governance Code and the Insurance Code as well as comply with national legislations of the countries in which we operate.

5.1 CORPORATE GOVERNANCE POLICY

In accordance with the recommendations of the Corporate Governance Code, the Management Board and the Supervisory Board of Zavarovalnica Triglav d.d. adopted a document entitled The Corporate Governance Policy of Zavarovalnica Triglav d.d.. The document sets out the key guidelines for the management of the company by taking into account its long-term objectives. The document was published in electronic format on SEOnet, the Ljubljana stock exchange information system, and on the official website of Zavarovalnica Triglav d.d..

5.2 STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Zavarovalnica Triglav d.d. is lead and managed in compliance with the Corporate Governance Code (hereinafter: the Code), established and adopted by the Ljubljana Stock Exchange, the Slovenian Directors' Association and the Managers' Association of Slovenia. The Code is publicly available in Slovene and English on the Ljubljana Stock Exchange website <http://www.ljse.si>.

The statement of compliance with the Corporate Governance Code for the period from 1 January, 2008 to the day of publication, i.e., 30 April, 2009, was published in electronic format on SEOnet, the information system of the Ljubljana Stock Exchange., and on the official website of Zavarovalnica Triglav d.d.

By this statement Zavarovalnica Triglav takes a stance on the provisions of the Code amended on 8 December, 2009 and on the Statement of Compliance with the Corporate Governance Code, published by the Company on 30 April, 2009, i.e., the harmonisation with the deviations, described in the Statement, from the provisions of the Code, which was valid before the introduction of changes, i.e., the amendment of the Code in 2009.

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

- 8.1 in conjunction with 11

The secretary of the Supervisory Board has not been appointed. The tasks of the secretary of the Supervisory Board are being carried out by an appropriate division of the Company.

- 10.1

A member of the management of a Company's associate, which on behalf of and for the account of the largest shareholder of the company manages the shares of the mentioned holder, was appointed president of the Supervisory Board.

- 12.1

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

- 21.3

Zavarovalnica Triglav has not yet started providing public announcements in English.

Zavarovalnica Triglav harmonised all deviations described in the Statement of compliance with the Corporate Governance Code, published on 30 April, 2009, except in 2.2.2, 3.2.3 and the disclosures given in this statement.

The company conducts business in line with the Insurance Code in full compliance with all of its provisions. The Insurance Code is available on the website of the Slovene Insurance Association www.zav-zdruzenje.si.

5.3 MANAGEMENT BODIES OF ZAVAROVALNICA TRIGLAV

The management of Zavarovalnica Triglav is performed according to a two-tier system through the General Meeting of Shareholders, the Management Board and the Supervisory Board. The management bodies operate in compliance with the primary and secondary legislation, the By-Laws of the company and their own rules of procedure.

5.3.1 General Meeting of Shareholders

The General Meeting of Shareholders of Zavarovalnica Triglav is its highest body through which shareholders exercise their rights in respect of matters concerning the company. It is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders is also convened in other circumstances set out by law and by the Articles and Memorandum of Association, and when it is in the interest of the Company.

The competences and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles and Memorandum of Association, available at the website <http://www.triglav.si>. The Articles and Memorandum of Association do not set out any specific provisions regarding its amendments and supplements.

A share of Zavarovalnica Triglav gives each of its holders the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share from the remaining bankruptcy or liquidation mass in the case of bankruptcy or liquidation.

All shareholders who are entered into the share register managed by the Central Securities Clearing Corporation (KDD) no later than by the end of the fourth day before the date of the General Meeting of Shareholders have the right to attend the General Meeting and exercise their voting right if they apply to be present no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders.

In line with the provisions of the Insurance Act, the acquisition of shares of Zavarovalnica Triglav by which a person indirectly or directly acquires or exceeds the qualifying holding in the Company requires the prior authorisation of the Insurance Supervision Agency. If a person who has acquired the authorisation plans a disposal of shares which would decrease their share below the limit for which the authorisation has been issued, they are required to inform the Insurance Supervision Agency thereof in advance. If individual shareholders of Zavarovalnica Triglav enter into an agreement by which they agree on a co-ordinated execution of management rights arising from the shares which they own, each individual shareholder must notify the Insurance Supervision Agency of the agreement within three working days from its conclusion and attach a copy of the agreement to the notification. If individual shareholders enter into an agreement by which they agree on a co-ordinated execution of management rights arising from the shares which they own, and the total of the shares or management rights equals or exceeds a qualifying holding they are required to acquire the prior authorisation of the Insurance Supervision Agency. Holders of shares which have been acquired or are possessed contrary to the Insurance Act have no voting rights. For details see the Insurance Act.

In accordance with the Takeover Act, the following two shareholders own a qualifying holding in Zavarovalnica Triglav:

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter ZPIZ) holding 7,836,628 or 34.47% of the share capital of Zavarovalnica Triglav. The shares are managed by Kapitalska družba pokojninskega in invalidskega zavarovanja d.d. (hereinafter KAD) on behalf of and for the account of the Institute of Pension and Invalidity Insurance

of Slovenia in compliance with the Act on Ownership Transformation of Insurance Companies' Shareholders, to which Natural Persons are Entitled; and

- Slovenska odškodninska družba d.d. (hereinafter SOD) holding 6,380,728 or 28.06% of the share capital of Zavarovalnica Triglav as at 31 December, 2009.

As at 31 December, 2009, Zavarovalnica Triglav had no other shareholders whose share capital exceeded 5%, nor any issued securities which would grant their holders special control rights.

5.3.1.1 General Meeting of Shareholders in 2009

The shareholders of Zavarovalnica Triglav had two general meetings in 2009.

According to the proposal of SOD and KAD, the 32nd General Meeting of Shareholders on 6 April, 2009:

- appointed six new members of the Supervisory Board as shareholder representatives with a four-year term of office, starting on 7 April, 2009;
- set the amount of attendance fees payable to Supervisory Board members for attending its meetings and the meetings of its committees.

The total number of shares and voting rights represented at the General Meeting of Shareholders was 15,708,060 or 69.09% of all shares to which voting rights are attached. No challenging actions were announced.

At the 33rd General Meeting of Shareholders on 24 August, 2009, shareholders took note of:

- the Annual Reports by Zavarovalnica Triglav d.d. and the Triglav Group for 2008, including the opinions given by the chartered auditors;
- the Annual Report on Internal Audits for 2008 and
- the Supervisory Board's report on the examination of both Annual Reports of Zavarovalnica Triglav and its opinion on the Annual Internal Audit Report by the Internal Audit Department of Zavarovalnica Triglav for 2008.

Moreover, the General Meeting of Shareholders:

- passed a resolution on the distribution of accumulated profit and determined that a part would go for a dividend payment amounting to EUR 0.10 gross per share; the distribution of the remaining accumulated profit shall be decided in the following business years;
- appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o. as the auditors for 2009;
- approved the amendments to the Articles and Memorandum of Association.

The total number of shares and voting rights represented at the General Meeting of Shareholders was 14,809,882 or 65.14% of all shares to which voting rights are attached. No challenging actions were announced.

5.3.2 Management Board

The Management Board of Zavarovalnica Triglav d.d. manages the company independently and at its own responsibility. The Management Board presents and represents the company without limitations. Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act can be appointed to the Management Board as its president or member.

5.3.2.1 Composition and appointment of the Management Board

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 a reappointment of its members. In Zavarovalnica Triglav an 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 their obligations set out by primary and secondary legislation and in other circumstances set out by law.

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

5.3.2.2 Management Board Competence to increase the share capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital by up to 15.00% of the share capital of Zavarovalnica Triglav at the time of adoption of the amendments to the Articles of Association. The authorisation is valid until 25 April, 2013. The share capital can be increased by no more than EUR 3,555,208.77 by issuing new shares for cash. The Company's Management Board - with the consent of the Supervisory Board - is authorised to decide on issuing new shares, the amount of capital increases, the rights related to new shares and the conditions for issuing new shares.

The Management Board of Zavarovalnica Triglav is not authorised to buy its own shares.

5.3.2.3 Management Board in 2009

At the end of 2009, the Management Board of Zavarovalnica Triglav was made up of the following members:

- Matjaž Rakovec, President of the Management Board, took office on 15 October, 2009
- Andrej Slapar, Member of the Management Board, took office on 10 November, 2009
- Igor Stebernak, Member of the Management Board, took office on 19 November, 2009,
- Vladimir Mišo Čeplak, Member of the Management Board (employee representative), took office on 29 November, 2009; from 28 May, 2009 to 14 October, 2009 he was president of the Management Board; on 15 October, 2009 he continued his term of office as a Member of the Management Board (employee representative).

Until the expiration of their term of office in 2009 the Management Board had the following members:

- Andrej Kocič, President of the Management Board, took office on 6 June, 2005 and ended office on 28 May, 2009,
- Borut Eržen, Member of the Management Board, took office on 16 August, 2005 and ended office on 25 September, 2009,
- Tomaž Rotar, Member of the Management Board, took office on 22 November, 2007 and ended office on 15 October, 2009.

Data on earnings of the Management Board members are disclosed in Chapter 6.34.3 of the accounting part of the Annual Report.

5.3.2.4 Introducing the Management Board

President of the Management Board - Matjaž Rakovec

Born in 1964.

Education

- University of Ljubljana, Faculty of Economics
- B.Sc.Ec. (1990)

Work experience

- Self-employed craftsman, Radovljica (1989 - 1990)
- Intertrade d.d., Ljubljana (1991 - 1993)
 - independent sales officer
- Anga d.o.o., Ljubljana (1993 - 1994)
 - independent sales officer

- Zavarovalnica Triglav d.d., Ljubljana Branch Office
 - head of insurance sales (1995 - 1996)
 - assistant to the CEO (1996 - 2005)
- Studio Moderna d.o.o. (2005 - 2006)
 - director
- Poslovni sistem Mercator d.d. (2006)
 - advisor to the Management Board
- Zavarovalnica Triglav d.d., Ljubljana Branch Office (2006 - 2009)
 - director
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - President of the Management Board (since 2009)

Management Board Member - Andrej Slapar

Born in 1972.

Education

- University of Ljubljana, Faculty of Law
 - LLB (1997)

Work experience

- Zavarovalnica Triglav d.d., Headquarters, Ljubljana (1997 - 1999)
 - lawyer in the Department of International Claims and Insurance Law
- Pozavarovalnica Triglav Re d.d., Ljubljana
 - independent administrator for reinsurance of liability insurance (1999 - 2001)
 - head of reinsurance of liability and accident insurance (2001 - 2004)
 - head of car, liability and accident insurance (2005 - 2006)
 - head of car, transport, liability and personal insurance (2006 - 2007)
 - assistant to the president of the Management Board for reinsurance (2007 - 2009)
 - Member of the Management Board (2009)
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - Member of the Management Board (since 2009)

Member of the Management Board - Igor Stebernak

Born in 1968.

Education

- University of Ljubljana, Faculty of Electrical engineering
 - BEE (1994)
- Clemson University, South Carolina, USA
 - MBA studies

Work experience

- ITEO d.o.o. - Inštitut za trženje, organizacijo in ekonomiko, Ljubljana (1994 - 1995)
 - strategic planning, market analysis, operation streamlining project
- SKB Banka d.d., Ljubljana, Société Générale Group
 - project manager (1995 - 1999)
 - Director of the Controlling Division (1999 - 2001)
 - Deputy Executive Director, Finance Division (2001 - 2004)
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - Director of the strategic Planning and Controlling Division (2004 - 2009)
 - Member of the Management Board (since 2009)

Member of the Management Board, Employee Representative - Vladimir Mišo Čeplak

Born in 1957.

Education

- University of Ljubljana, Faculty of Social Sciences
 - BA Sociology (1979)
 - BA Journalism (1980)
- Faculty of Economics, Ljubljana
 - MSc Econ, marketing (1999)

Work experience

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

MEMBERSHIP OF THE MANAGEMENT BOARD MEMBERS OF ZAVAROVALNICA TRIGLAV IN THE SUPERVISORY BOARDS OR MANAGEMENT BOARDS OF OTHER COMPANIES AS AT 31 MARCH, 2010

NAME	MEMBERSHIP IN THE SUPERVISORY (MANAGEMENT) BOARDS OF OTHER COMPANIES
Matjaž Rakovec President of the Management Board	Lovčen Osiguranje a.d. Pool za zavarovanje in pozavarovanje jedrskih nevarnosti GIZ
Andrej Slapar Member of the Management Board	Triglav Pojišt'ovna a.s. Triglav Re d.d. Lovčen Osiguranje a.d.
Igor Stebernak Member of the Management Board	Vardar Osiguruvanje a.d. Lovčen Osiguranje a.d. Triglav, Zdravstvena zavarovalnica d.d. Triglav, družba za upravljanje d.o.o. Triglav Kopaonik a.d.o.
Vladimir Mišo Čeplak Member of the Management Board, Employee Representative	Triglav, Zdravstvena zavarovalnica d.d. Triglav BH Osiguranje d.d. Triglav Kopaonik a.d.o. Abanka Vipava d.d.

5.3.3 Supervisory Board

The Supervisory Board as a supervisory body supervises the company's business conduct with full responsibility. It has nine members, of whom six are representatives of the shareholders and three are representatives of employees.

The former are elected by the General Meeting of Shareholders and the latter by the Works Council, which informs the General Meeting of Shareholders of its decision. Their appointment or recall is made in accordance with the law and the Articles and Memorandum of Association. The Supervisory Board elects its Chairman and Vice Chairman from among its members representing shareholders. Members of the Supervisory Board are 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 the member of the Supervisory Board deprived of their office the General Meeting of Shareholders elects a new member with a term of office lasting until the end of the mandate of the Supervisory Board.

5.3.3.1 Competencies of the Supervisory Board

The competencies and decision making rules of the Supervisory board, its method and organisation of work and other issues relevant for its functioning are set out by law, the Articles and Memorandum of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board. Besides the competences set out in the Companies Act and the Insurance Act, the Supervisory Board gives consent to the decisions of the Management Board where the value or the investment exceeds the amount set out in the Rules of Procedure of the Supervisory Board, i.e., for:

- founding limited companies in Slovenia and abroad;
- the acquisition or sale of stakes in foreign or domestic companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; and
- the acquisition, sale of, or investment in investment property.

In accordance with the law and the provisions of the Rules of Procedure of the Supervisory Board, the Supervisory Board shall have at least one meeting per quarter, or more if necessary.

The Rules of Procedure of the Supervisory Board are available on the website of Zavarovalnica Triglav at the address <http://www.triglav.si> - subpage Investor Relations.

5.3.3.2 Supervisory Board in 2009

At the 32nd General Meeting of shareholders of Zavarovalnica Triglav, which took place on 6 April, 2009, six new members of the Supervisory Board representing shareholders were elected to substitute for the members whose four-year term of office had ended.

Until 6 April, 2009 the Supervisory Board of Zavarovalnica Triglav was made up of the following members:

- Damjan Mihevc, Chairman, shareholder representative, took office on 6 April, 2005 and ended office on 6 April, 2009;
- Mateja Perger, Deputy Chairwoman, shareholder representative, took office on 6 April, 2005 and ended office on 6 April, 2009;
- Gregor Gomišček, Member, shareholder representative, took office on 6 April, 2005 and ended office on 6 April, 2009;
- Janez Sušnik, Member, shareholder representative, took office on 18 April, 2005 and ended office on 6 April, 2009;
- Bojan Župevec, Member, shareholder representative, took office on 25 August, 2008 and ended office on 6 April, 2009;
- Janez Gregorič, Member, shareholder representative, took office on 25 August, 2008 and ended office on 6 April, 2009;
- Branko Gorjan, Member, employee representative, took office on 29 May, 2007;
- Boris Gabor, Member, employee representative, took office on 29 May 2007;
- Peter Celar, Member, employee representative, took office on 29 May, 2007.

Since 7 April, 2009, when the newly elected members of the Supervisory Board representing the shareholders took office, the Supervisory Board was made up of the following members:

- Borut Jamnik, Chairman, shareholder representative;
- Uroš Slavinec, Deputy Chairman, shareholder representative;
- Mirko Miklavčič, Member, shareholder representative;
- Anton Ribnikar, Member, shareholder representative;
- Igor Mihajlovič, Member, shareholder representative,
- Aljoša Valentinčič, Member, shareholder representative,
- Branko Gorjan, Member, employee representative;
- Boris Gabor, Member, employee representative; and
- Peter Celar, Member, employee representative.

Mirko Miklavčič, shareholder representative, ceased to be a Supervisory Board member on 25 September, 2009 following his resignation.

MEMBERS OF THE SUPERVISORY BOARD SINCE 26 SEPTEMBER, 2009

NAME	EDUCATION	EMPLOYED IN	MEMBERSHIP IN SUPERVISORY BOARDS OF OTHER COMPANIES
SHAREHOLDER REPRESENTATIVES			
Borut Jamnik Chairman	Bachelor of Engineering -Mathematics	Kapitalska družba d.d., President of the Management Board	/
Uroš Slavinec Deputy Chairman	Bachelor of Science in Economics	Helios d.d., President of the Management Board	/
Anton Ribnikar Member	Bachelor of Law	Nova Ljubljanska banka d.d., head lawyer of NLB d.d. and NLB Group and procurator	SIB d.d., Member of the Supervisory Board NLB Montenegro banka a.d., member of the Board of Directors NLB BANKA a.d., member of the Management Board
Igor Mihajlovič Member	Bachelor of Mechanical Engineering	Iskra Avtoelektrika d.d., procurator (from 1 Feb., 2009 to 31 Aug., 2009), President of the Management Board (from 1 Sep., 2009 to 30 Nov., 2009) STD d.o.o., director	TKK Srpenica, d.d., Member of the Supervisory Board Euroinvestmet d.d., Tuzla, Member of the Supervisory Board
Aljoša Valentinčič Member	PhD in business administration	Faculty of Economics in Ljubljana, Assistant Professor at the Academic Unit for Money and Finance	/
EMPLOYEE REPRESENTATIVES			
Branko Gorjan Member	Economics Technician	Zavarovalnica Triglav d.d.	/
Peter Celar Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/
Boris Gabor Member	Bachelor of Mechanical Engineering	Zavarovalnica Triglav d.d.	/

At its 15th meeting on 24 November, 2009, the Supervisory Board adopted the Rules of Procedure of the Supervisory Board, which are available on the website of Zavarovalnica Triglav.

The members of the Supervisory Board signed the Statement of Independence and Loyalty, thereby undertaking to adhere to the criteria of independence stated in Section C.3 of the Appendix C to the Corporate Governance Code. The Statement is published on the website www.triglav.si in the Investor Relations section.

Data on earnings of the Supervisory Board members are disclosed in Chapter 6.33.3 of the accounting part of the Annual Report.

5.3.3.3 Composition of Supervisory Board Committees and their activities in 2009

The Supervisory Board may appoint one or more committees which prepare proposals for resolutions of the Supervisory Board, assure their implementation and carry out other professional tasks. In 2009, the Supervisory Board established the Audit Committee, which must still be established in compliance with the applicable legislation and the Appointments and Remuneration Committee.

5.3.3.3.1 Audit Committee

The duties and competences of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions. These include:

- monitoring the financial reporting process;
- monitoring internal control systems, reports and recommendations of the Internal Audit Division;
- monitoring risk management systems and monitoring the mandatory audit of annual and consolidated accounting statements;
- proposing to the Supervisory Board the candidate for the auditor of the annual report of the Company;
- evaluation of the drawing up of the annual report, including drafting the proposal for the Supervisory board;
- co-operation in identifying the most important audit areas.

Until 20 April, 2009, the Audit Committee was made up of the following members: Mateja Perger, Chair, Branko Gorjan, Member, and Barbara Nose, Member (outsourced independent expert). In this composition the Audit Committee had three meetings in 2009.

At its meeting on 20 April, 2009, the Supervisory Board established an Audit Committee in the following composition: Uroš Slavinec as Chairman, and Aljoša Valentinčič, Anton Ribnikar, Branko Gorjan and Barbara Nose (outsourced independent expert) as members.

5.3.3.2 Appointments and Remuneration Committee

The duties and competences of the Appointments and Remuneration Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions. These include:

- drawing up proposals for the Supervisory Board regarding the criteria for membership in the Management Board;
- drawing up proposals regarding the policy for remuneration, compensation and other benefits of the Management Board members;

At its meeting on 20 April, 2009, the Supervisory Board established an Appointments and Compensation Committee with the following composition: Borut Jamnik as Chair, Mirko Miklavčič and Boris Gabor as members. At its meeting on 4 May, 2009, the Supervisory Board appointed Srečo Jadek, outsourced independent expert, as an additional member of the Committee. At its meeting on 20 October, 2009, the Supervisory Board appointed Igor Mihajlovič as a member of the Committee to fill the position of Mirko Miklavčič, whose term of office had ended.

5.4 MANAGEMENT OF SUBSIDIARIES

The fundamental principles and management regulation of Zavarovalnica Triglav's subsidiaries are set out in the document entitled the Corporate Governance Policy of Zavarovalnica Triglav.

The management of the Triglav Group is based on the unification of rules and procedures in individual areas in the subsidiaries. Management and control of subsidiaries is actively run by all business divisions of the parent company, which act as the pillars of standardisation and harmonisation of the operations in subsidiaries with the standards of Zavarovalnica Triglav.

THE COMPOSITION OF MANAGEMENT BODIES IN THE SUBSIDIARIES AS AT 31 MARCH, 2010

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
SLOVENIA		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gojko Kavčič - President, Gregor Stražar, Tomaž Rotar	Supervisory Board: Andrej Slapar - Chairman, Mojca Piškurič, Nadja Pivk
Triglav, Zdravstvena zavarovalnica d.d., Koper	Danijel Starman - President, Ivan Gracar, Simon Vidmar, Gregor Strmčnik	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Tadej Čoroli, Igor Stebernak, Robert Kavčič, Mateja Jaklin
Triglav DZU, d.o.o., Ljubljana	Igor Kušar - President, Samo Javornik, Miloš Čas	Supervisory Board: Igor Stebernak - Chairman, Uroš Ivanc, Boštjan Vovk
Triglav Naložbe, finančna družba d.d., Ljubljana	Stojan Nikolič, Kristina Rovšek	Supervisory Board: Igor Kušar - Chairman, Simona Kozjek, Sarah Jezernik
TRI - PRO, d.o.o.	Edvard Kranjčič - Director	Supervisory Board: Miroslav Matijašević - Chairman, Matjaž Novak, Jadran Grželj
AS Triglav-servis in trgovina d.o.o.	Anton Vatovec - Director	Supervisory Board: Iztok Pekolj - Chairman, Damir Dragar
Zenit nepremičnine, inženiring in trženje d.d.	Mitja Križaj - President	Supervisory Board: Rok Pivk - Chairman Ana Stradar Iglič, Tomaž Rotar
Slovenijales d.d.	Mitja Pleterski - General Manager	Supervisory Board: Uroš Ivanc - Chairman, Aleksandra Vuković Kačar, Janka Planinc, Dušan Mežnar, Marko Pahor
Golf Arboretum d.o.o.	Zvonimir Rozman - Director	Miha Grilec - Chairman, Roman Klemenak, Andrej Repina, Mitja Kepec, Andrej Kozelj
Gradis IPGI d.d.	Aleš Vahčič - Director	Supervisory Board: Miha Grilec - Chairman, Rok Pivk, Kristina Rovšek
CROATIA		
Triglav Osiguranje d.d., Zagreb	Krešimir Jelić - President, Marin Matijaca, Igor Škrkatić	Supervisory Board: Blaž Brodnjak - Chairman, Jože Obersnel, Boris Žnidarič, Boštjan Vovk, Željko Duralija
CZECH REPUBLIC		
Triglav Pojišť'ovna a.s., Brno	Petr Bany - General director	Supervisory Board: Andrej Slapar - Chairman, Jože Obersnel, Šarka Vodičková

THE COMPOSITION OF MANAGEMENT BODIES IN THE SUBSIDIARIES AS AT 31 MARCH, 2010

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
MONTENEGRO		
Lovćen Osiguranje a.d., Podgorica	Radenko Purić - Executive director	Supervisory Board: Matjaž Rakovec - Chairman, Igor Stebernak, Andrej Slapar, Miha Grilec, Uroš Ivanc, Aleš Košiček, Drago Ljubojević
BOSNIA AND HERZEGOVINA		
Triglav BH Osiguranje d.d., Sarajevo	Fejsal Hrustanović - Director, Edib Galijatović, Aida Lačević	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Janka Planinc, Damir Lačević
Triglav Krajina Kopaonik a.d.o., Banja Luka	Matej Žlajpah - Director	Management Board: Andrej Knap - Chairman, Jože Obersnel, Zoran Nikolić
TRI-PRO BH d.o.o., Sarajevo	Amir Hujjić - Director	
SERBIA		
Triglav Kopaonik a.d. o.	Milan Skok - General Manager Management Board: Igor Stebernak - Chairman, Andreja Pelc, Jože Obersnel	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Miroslav Ribič, Drago Ljubojević
Triglav, penzijski fondovi a.d.	Vojko Saksida - Director	Management Board: Miroslav Matijašević - Chairman, Miloš Čas, Milan Skok
FORMER YUGOSLAV REPUBLIC OF MACEDONIA		
Vardar Osiguruvanje a.d., Skopje	Trajče Latinovski - Executive member of the Board of Directors - General Manager	Board of Directors: Igor Stebernak - Chairman, Aleksandra Vuković Kačar, Drago Ljubojević, Uroš Ivanc

5.5 INTERNAL AND EXTERNAL AUDIT

On 24 August, 2009, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o. as the auditors for 2009.

The report on the work of the Internal Audit Department is part of the chapter on risk management.

5.6 MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Zavarovalnica Triglav is subject to the Companies Act provisions as well as the special provisions of the Insurance Act, which regulates and lays down the obligation of insurance companies to establish and maintain an internal control and risk management system. Moreover, secondary legislation in this field is issued by the Insurance Supervision Agency. The Company is always in compliance with the applicable regulations.

The same applies to other insurance companies, subsidiaries of the Triglav Group in Slovenia and abroad. In compliance with legal provisions and the legislation of individual countries they guarantee the adequate quality of the internal control and risk management system.

The goal of a reliable risk management system, maintained and implemented by Zavarovalnica Triglav, is to ensure the harmonisation of its functioning with the strategic goals, appropriate accounting activities and internal and external financial-accounting reporting. Internal controls have been set up in all processes, organisational units and organisational levels of Zavarovalnica Triglav. They include:

- a clear organisational structure with a precisely defined and transparent system of authorities and competences;
- efficient procedures for the identification, evaluation, management and monitoring of risks the insurance company is or may be exposed to in the course of its business;
- an adequate internal control system which includes appropriate administrative and accounting processes (reporting, working procedures, risk exposure limits and physical controls).

Moreover, in compliance with the legislation, Zavarovalnica Triglav runs a special Internal Audit Department, which in accordance with its competences runs efficiency checks on the internal control system and offers upgrade proposals for the system and individual controls. The Department reports on its work to the Supervisory Board of the Company.

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

6.1 EQUITY

In 2009 the ZVTG share rose by 66%.

On the last day of 2009, the share capital of Zavarovalnica Triglav amounted to EUR 23,701,391.79. It was divided into 22,735,148 ordinary registered par value shares bearing the symbol ZVTG and the ISIN code SI0021111651. The shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each share represents the same stake and corresponding amount in the share capital. All of the shares have been paid up in full.

6.2 KEY FIGURES FOR THE ZVTG SHARES

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

ITEMS	31 DECEMBER, 2009	31 DECEMBER, 2008
Number of shares	22,735,148	22,735,148
Book value of a share (in EUR)	21.00	21.23
Book value of a share (in EUR) - consolidation -Triglav Group	19.79	21.19
Share market value (in EUR) - average daily price	25.40	15.26
Net earnings/loss per share (in EUR)	-0.08	0.66
Net earnings/loss per share (in EUR) - consolidation - Triglav Group	-0.21	0.13
Dividend per share (in EUR) - for the previous business year	To be defined	0.10
Traded on	Ljubljana Stock Exchange - LJSE	
Trading symbol	ZVTG	
Market capitalisation - average daily price as at 31 December, 2008	EUR 577,472,759	EUR 346,938,358
Credit rating	Standard & Poor's; "A", stable outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

The market capitalisation of the ZVTG share totalled EUR 557,472,759.

Each share gives its holder the right to:

- one vote at the General Meeting of Shareholders
- proportional dividends from the profit intended for the payment of dividends;
- proportional share from the remaining bankruptcy or liquidation mass after the pay off of the priority shareholders in the case of bankruptcy or liquidation.

In line with the provisions of the Insurance Act, the acquisition of shares of an insurance company by which a person indirectly or directly acquires or exceeds the qualifying holding in the company (hereinafter: qualified holder) requires the prior authorisation of the Insurance Supervision Agency (authorisation to acquire a qualifying holding).

According to the Insurance Act, a qualifying holding is an indirect or direct holding of shares or other rights which give the holder a 10% share of voting rights or a participation in the issuer's capital that is smaller than 10% but is nevertheless able to considerably influence the management of the issuer.

A person having obtained authorisation shall be obliged for each further acquisition of shares of the insurance company by which they acquire or exceed the 20%, 1/3 or 50% limit of voting rights or the participation in the company's capital, or by which the person becomes a controlling company of the insurance company, to obtain the prior authorisation of the Insurance Supervision Agency. A qualified holder must, before the further acquisition of shares by which they would surpass the range for

which an authorisation for an acquisition of a qualifying holding has been issued, obtain a new authorisation for the acquisition of a qualifying holding.

Entities that agree to a concerted acquisition of the shares of the insurance company or a concerted exercising of management rights arising from the shares and intend to acquire a holding by which they would jointly reach or exceed the qualifying holding shall obtain prior authorisation for the acquisition of a qualifying holding.

Shareholders of the insurance company who jointly own shares by which they do not reach the qualifying holding in the insurance company and who reach an agreement on a coordinated execution of management rights arising from these shares (hereinafter: shareholders' agreement) shall thereof inform the Insurance Supervision Agency within 8 days of the conclusion of the agreement.

Shareholders of the insurance company who jointly own shares by which they reach or exceed the qualifying holding in the insurance company and who intend to enter into an agreement (hereinafter: qualified shareholders' agreement) shall obtain the prior authorisation of the Insurance Supervision Agency for the acquisition of the qualifying holding.

Shareholders of shares which have been acquired or are possessed contrary to the Insurance Act have no voting rights. For details see the Insurance Act.

In accordance with the provisions of the Takeover Act (Official Gazette of the RS, No. 79/06, No. 1/08 and No. 68/08, ZPre-1) Zavarovalnica Triglav is subject to the provisions of this Act.

Zavarovalnica Triglav has not issued any securities granting special controlling rights.

6.3 DISCLOSURE OF POSSIBLE AGREEMENTS OR AUTHORISATIONS REGARDING SHARES OR VOTING RIGHTS

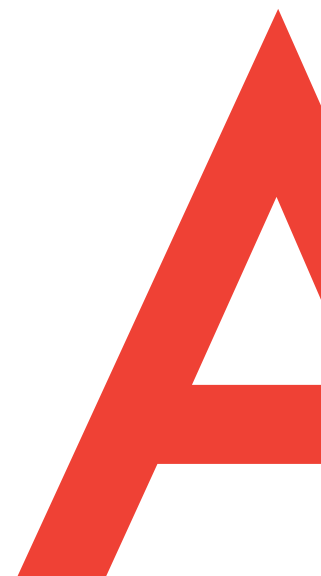
Zavarovalnica Triglav is not aware of any agreements among shareholders which could cause a restriction on transfer of shares or voting rights.

The Management Board of Zavarovalnica Triglav is not authorised to buy its own shares. In accordance with the Company's Articles and Memorandum of Association, the Management Board is authorised to increase the share capital at the time of adoption of the amendments to the Articles of Association by up to 15.00% of the share capital, which amounts to a maximum of EUR 3,555,208.77, by issuing new shares for cash. The authorisation is valid until 25 April, 2013. The Company's Management Board - with the consent of the Supervisory Board - is authorised to decide on issuing new shares, the amount of capital increases, the rights related to new shares and the conditions for issuing new shares.

Zavarovalnica Triglav has no employee share scheme.

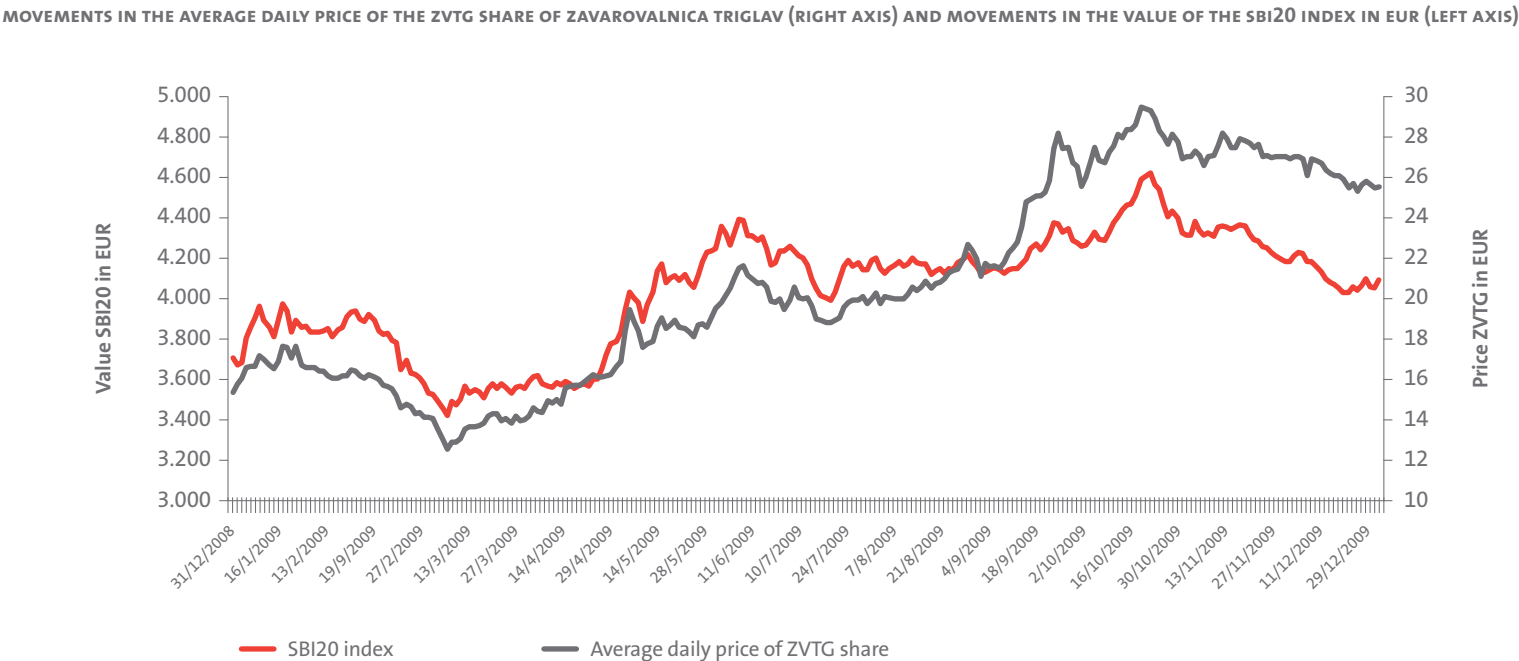
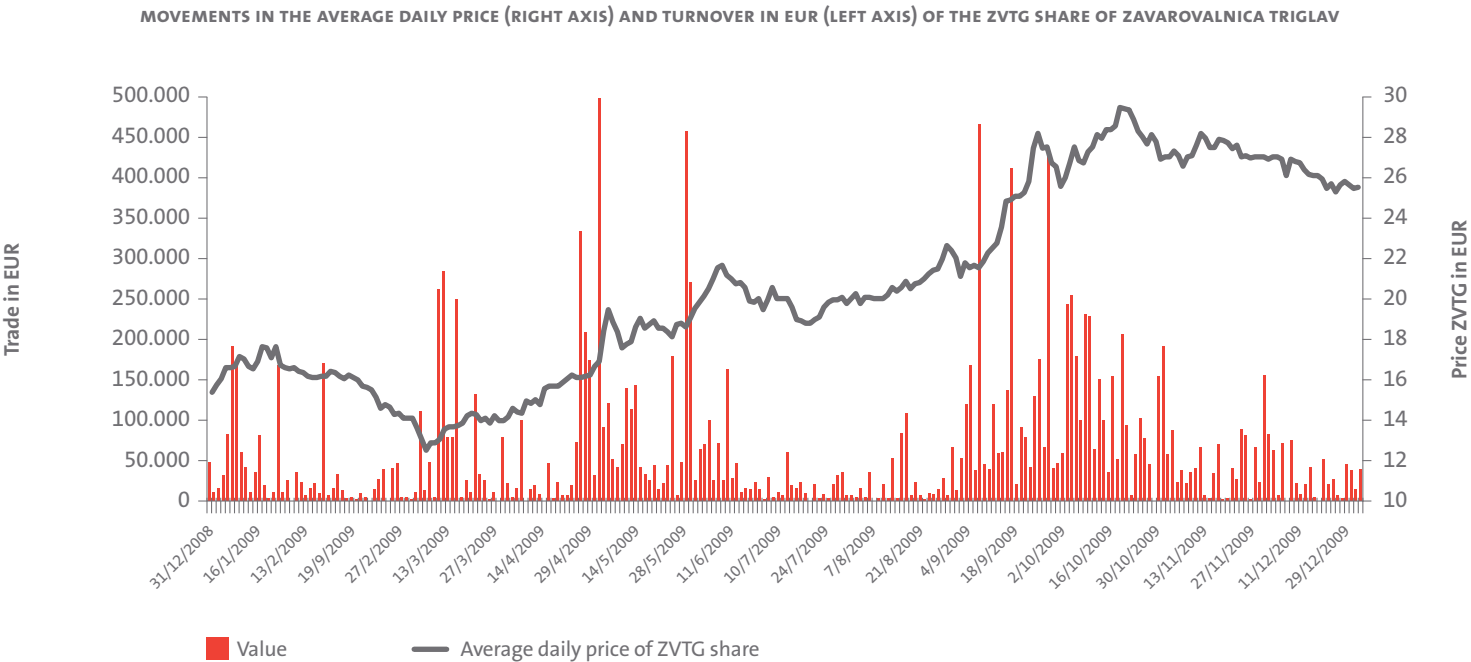
Zavarovalnica Triglav is not aware of any agreements which would become effective, change or expire on the basis of a changed control of the company as a consequence of an offer as defined by the law regulating takeovers.

Zavarovalnica Triglav has entered into no agreements with the members of its management or supervisory bodies or employees that would provide for remuneration if an offer as defined by the law regulating takeovers caused them to resign, be dismissed without justified grounds or caused their employment to be terminated.



6.4 MOVEMENTS IN THE SHARE VALUE OF ZAVAROVALNICA TRIGLAV IN 2009

ZVTG shares witnessed general growth. After a short rise, the share value fell at the beginning of the year and reached the lowest level on 10 March 2009. Afterwards it showed a growing trend until 15 October, 2009, when it reached its highest value. Its valued dropped somewhat again towards the end of the year. The average turnover per trading day in 2009 amounted to EUR 78,540.59, which is below the 2008 average of EUR 141,203.11 (the share was quoted for the first time on 9 September, 2008). In comparison with the SBI20 index, the share had a similar trend, although the impact of changes on the share was higher than on the index. In 2009, the index rose by 10%, whereas the ZVTG share rose by 66%.



MOVEMENTS IN THE AVERAGE DAILY PRICE OF THE ZVTG SHARE OF ZAVAROVALNICA TRIGLAV AND MOVEMENTS IN THE VALUE OF THE SBI20 INDEX AS A % IN 2009
AS COMPARED TO 31 DECEMBER, 2008



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

MONTH	MAXIMUM CLOSING PRICE	MINIMUM CLOSING PRICE	MAXIMUM DAILY TRADING VOLUME	MINIMUM DAILY TRADING VOLUME	IN EUR
					AVERAGE DAILY TRADING VOLUME
January	17.66	15.55	190,850.30	132.00	51,259.78
February	16.30	14.08	170,077.20	538.02	21,676.54
March	14.20	12.50	283,499.80	1,227.80	65,414.76
April	16.10	13.85	333,285.50	464.40	40,598.09
May	19.32	16.10	628,877.40	14,620.10	110,867.56
June	21.70	18.40	458,054.40	1,224.20	71,824.09
July	20.60	18.73	59,821.49	1,200.00	17,686.02
August	22.74	20.00	168,290.10	1,783.50	44,006.01
September	27.75	21.58	465,789.20	19,577.93	144,342.61
October	29.80	26.96	231,517.40	111.20	107,750.96
November	28.35	26.53	155,682.00	1,913.00	43,383.67
December	27.00	25.00	102,755.70	520.00	33,015.55

6.5 SHAREHOLDER STRUCTURE

The shareholder structure is number-wise dominated by domestic natural persons with a relatively low percentage of ownership leverage-wise by domestic legal entities.

SHAREHOLDER STRUCTURE OF ZAVAROVALNICA TRIGLAV AS AT 31 DECEMBER, 2009

	TOTAL	DOMESTIC	FOREIGN	LEGAL ENTITIES	NATURAL PERSONS
Number of shares	22,735,148	21,853,093	882,055	20,896,345	1,838,803
Number of shareholders	30,678	30,195	483	767	29,911
Number of shares - percentage	100.00%	96.12%	3.88%	91.91%	8.09%
Number of shareholders - percentage	100.00%	98.43%	1.57%	2.50%	97.50%

Despite holding a relatively small share of equity, Slovene citizens are the most numerous shareholders of Zavarovalnica Triglav, whilst Slovene companies wield the strongest influence as shareholders.

There have been no significant changes in the shareholder structure. Among the top ten shareholders, three increased and two decreased their share. In 2009, one of the top ten shareholders as at the last day of 2008 withdrew from ownership.

TOP TEN SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV AS AT 31 DECEMBER, 2009

SHAREHOLDER	NUMBER OF SHARES - 2009	OWNERSHIP 2009 (IN %)	OWNERSHIP 2008 (IN %)
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	34.47	34.47
Slovenska odškodninska družba, Ljubljana	6,380,728	28.06	28.14
NLB d.d., Ljubljana	696,213	3.06	3.06
Poteza naložbe d.o.o., Ljubljana	380,465	1.67	0.78
NFD 1, delniški investicijski sklad d.d., Ljubljana	368,717	1.62	1.05
RADENSKA d.d., Radenci	366,944	1.61	1.61
HYPO ALPE ADRIA BANK AG, Klagenfurt, Austria	324,188	1.43	1.82
HIT d.d., Nova Gorica	255,408	1.12	1.12
UNICREDIT BANK AUSTRIA AG, Dunaj, Austria	218,296	0.96	0.68
DIVIDES d.o.o., Ljubljana	140,040	0.62	0.62

In accordance with the Takeover Act, two of the shareholders achieved a qualifying holding: Zavod za pokojninsko in invalidsko zavarovanje Slovenije (hereinafter: ZPIZ) and Slovenska odškodninska družba d.d., Ljubljana.

Zavod za pokojninsko in invalidsko zavarovanje Slovenije (hereinafter ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the share capital of Zavarovalnica Triglav. The shares are managed by Kapitalska družba pokojninskega in invalidskega zavarovanja d.d., Ljubljana, on behalf of and for the account of ZPIZ.

On 23 May, 2008, the National Assembly adopted the Ownership Transformation of Insurance Companies' Shareholders to which Natural Persons are Entitled Act, which entered into force on 21 June, 2008. The Act stipulates that insurance company shares that were issued for a stake in the undenominated capital corresponding to the share premium paid by natural persons in the period of one year before the ex-date, and which are owned by Kapitalska družba pokojninskega in invalidskega zavarovanja d.d. on the basis of the Ownership Transformation of Insurance Companies Act, be permanently transferred to the Institute of Pension and Invalidity Insurance of Slovenia (ZPIZ) with the sole aim of ensuring additional funds for compulsory pension and disability insurance. Since the involvement of natural persons in the ownership transformation of insurance companies had been problematic already while drafting the Ownership Transformation of Insurance Companies Act due to the specification of concrete beneficiaries (natural persons), the law set out that these shares be permanently transferred to ZPIZ whereby the benefits would be equally distributed among all citizens. The shares are managed by Kapitalska družba pokojninskega in invalidskega zavarovanja d.d., Ljubljana, on behalf of and for the account of ZPIZ, whereas Kapitalska družba pokojninskega in invalidskega zavarovanja d.d transfers the annual asset management profit to the account of ZPIZ. ZPIZ leads the process of the disposal of shares set out in the Act in accordance with the regulations concerning the processes of the disposal of state-owned financial assets, whereas the Ministry of Finance is required to include the proposal of ZPIZ for the disposal of shares in the programme for the disposal of state-owned financial assets in an unchanged version.

Slovenska odškodninska družba d.d. is the direct holder of 6,380,728 shares or 28.06% of the share capital of Zavarovalnica Triglav. According to our information, Slovenska odškodninska družba d.d., Ljubljana, can freely dispose of the shares of Zavarovalnica Triglav.

6.6 DIVIDEND POLICY

The purpose of the dividend policy is to connect dividend growth with the achieved business results, i.e., the profit, as well as capital requirements for future growth. Dividends are paid once a year in accordance with a resolution passed by the General Meeting of Shareholders.

DIVIDENDS IN 2007 - 2009

ITEMS	IN EUR		
	31 DECEMBER, 2009	31 DECEMBER, 2008	31 DECEMBER, 2007
Total dividends	To be defined	2,273,515	5,683,787
Dividend per share	To be defined	0.10	0.25

6.7 COMMUNICATION WITH INVESTORS

In communication with shareholders, investors and other interested publics we strive towards transparent, equitable, up-to-date and reliable reporting. We inform the public about all relevant decisions and events in the parent company and in the Group.

Information is regularly published on SEOnet, the portal of the stock exchange. A special subpage for investors has been added to the website of Zavarovalnica Triglav. This page regularly provides all important information on Zavarovalnica Triglav and the Triglav Group.

Information for shareholders:

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

6.8 CREDIT RATING OF ZAVAROVALNICA TRIGLAV

On 25 August, 2009, the Standard & Poor's credit rating agency confirmed Zavarovalnica Triglav and the Triglav Group the "A" long-term rating and financial strength rating. Moreover, it raised the long-term rating and financial strength rating of the subsidiary Pozavarovalnica Triglav Re d.d. from an "A-" rating in the previous year to an "A" rating. The ratings of both companies have a stable medium-term outlook.

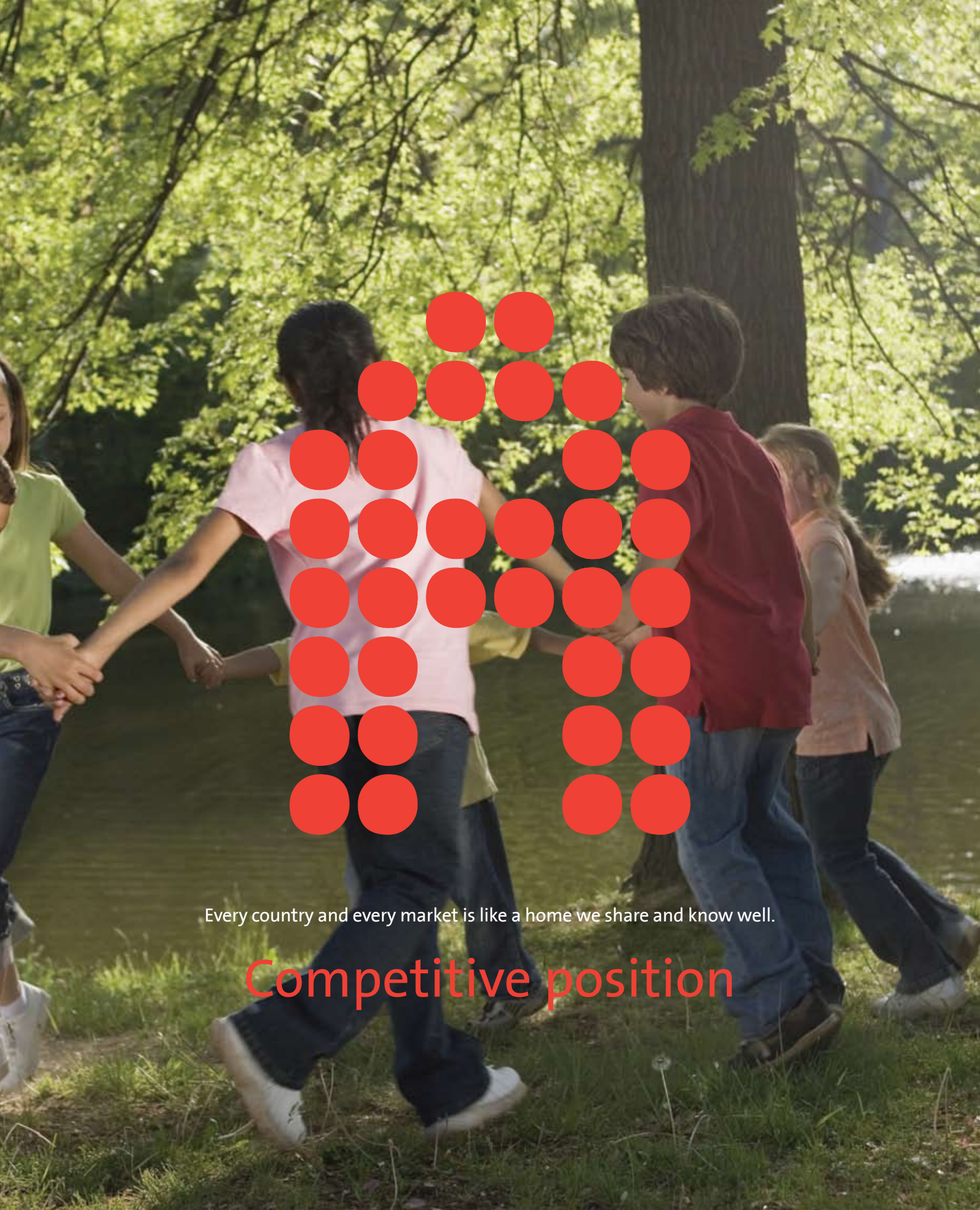
With a confirmed "A" rating the Triglav Group once again successfully reached one of the key strategic objectives. Considering the difficult conditions in the global economy and in the international capital market this rating represents an important confirmation of its financial strength, a relatively successful performance and the undoubted support of the Republic of Slovenia as the indirect majority shareholder. The upgrade of the rating to an "A" for Pozavarovalnica Triglav Re confirms this company's key role in regulating the reinsurance coverage of the Triglav Group and its high level of integration in the Triglav Group. Moreover, the rating enables it more competitive reinsurance marketing in the international reinsurance market.

On 25 August, 2009 Standard & Poor's Ratings Services confirmed their "A" rating of Zavarovalnica Triglav and the Triglav Group, with a stable outlook in the medium term.

The "A" credit rating is an important recognition of the financial strength of the Triglav Group, even more so in view of the current difficulties in the global economy.

6.9 FINANCIAL CALENDAR FOR 2010

CALENDAR OF FINANCIAL ANNOUNCEMENTS FOR 2010		
TYPE OF ANNOUNCEMENT	PLANNED DATE OF ANNOUNCEMENT	
Announcement of unaudited financial statements for 2009	Wednesday	31 March, 2010
Annual report of Zavarovalnica Triglav d.d. and the Triglav Group for 2009	Friday	30 April, 2010
Statement of compliance with the Corporate Governance Code	Friday	30 April, 2010
Annual document	Friday	30 April, 2010
Results for the first quarter of 2010	Monday	31 May, 2010
General Meeting of Shareholders of Zavarovalnica Triglav d.d. deciding on the distribution of accumulated profit	Monday	30 June, 2010
Unaudited semi-annual report of Zavarovalnica Triglav d.d. and the Triglav Group for 2010	Tuesday	31 August, 2010
Results for the first three quarters of 2010	Tuesday	30 November, 2010

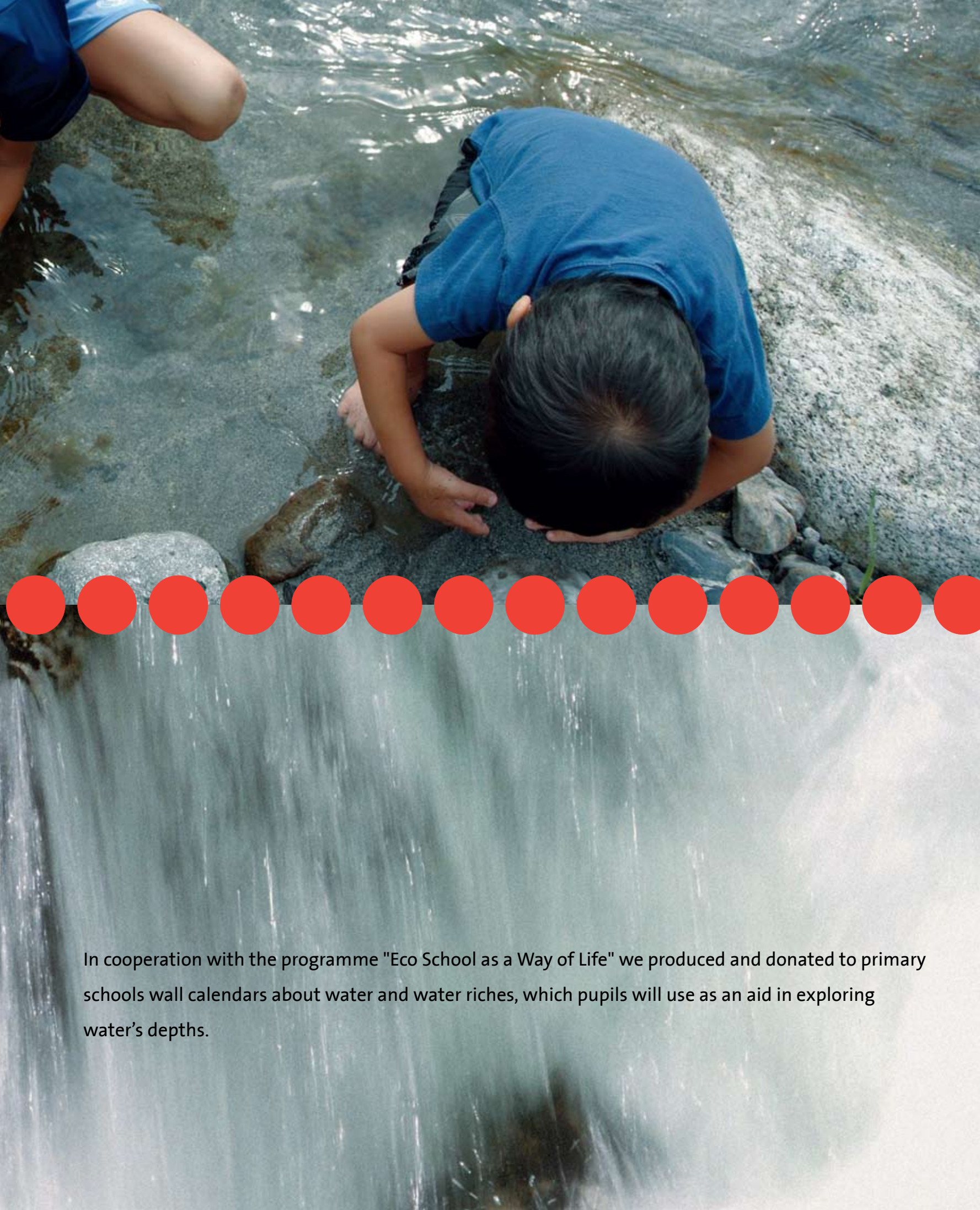


Every country and every market is like a home we share and know well.

Competitive position

They are dedicated to the importance of water for natural balance, health and the economy, as well as to stories from our heritage, deeply rooted in our cultural tradition.





In cooperation with the programme "Eco School as a Way of Life" we produced and donated to primary schools wall calendars about water and water riches, which pupils will use as an aid in exploring water's depths.

After a period of growth through acquisitions, we are now intensifying consolidation processes within the Triglav Group, strengthening our advantages and improving the quality of our services, so as to give our clients new reasons for loyalty.

7. REPORT ON THE OPERATIONS OF THE TRIGLAV GROUP

7.1 GENERAL ECONOMIC ENVIRONMENT IN SLOVENIA

By the middle of last year, the global economy was officially out of recession, but the process of recovery will be gradual. For the first time since 1992, Slovenia experienced a real fall in GDP, according to initial estimates of around 7.8%. The inflation rate in 2009 was 1.8%. UMAR (Institute of Macroeconomic Analysis and Development) projections for 2010 and 2011 predict a gradual recovery, and in 2010 an inflation rate of 1.5% is expected.

The results of economic growth were highly influenced by a decrease in exports and a high unemployment rate in Slovenia, fewer investments in the construction industry and a decrease in government consumption. For the first time in nine years private consumption decreased as well. Individuals mostly restricted the purchase of durable goods. The registration of personal vehicles dropped by 23%. Consequently, lending activity also fell.

Simultaneously with the fall in economic growth, added value in most sectors decreased as well, with the greatest falls in the processing industry, construction and retail. Growth continued only in the public services sector, especially in healthcare and social security (in the latter due to the growth of nursing capacities for the elderly and the handicapped) and in financial brokerage. In 2010, UMAR predicts 0.9% GDP growth.

Despite the general decrease of inter-bank interest rates in the euro zone there was no significant revival in lending markets. In the time of crisis, the Slovene banking system faced fewer difficulties than banking systems of comparable European countries. In terms of European standards, the dependence of Slovene banks on external financing and low returns remain a problem.

Conditions in the labour market are deteriorating with a slight time lag. The largest fall in employment was recorded in the processing industry (-8.3%), as a result of a considerable decrease in production. Economic experts predict that 2010 and 2011 will see a further decrease in employment, although at a slower pace than in 2009.

Public finance imbalance increased gradually. According to IMF data, the deficit in 2009 amounted to EUR 2.1 billion euros, i.e., 5.6% of GDP. The ageing of the population is a serious long-term challenge, since Slovenia is a country with the one of the highest proportions of GDP allocated for the pension system in Europe (11% in 2008). With past reforms of the pension system the effective average retirement age has been raised slightly. It is expected that the new pension act will raise it further. In 2010, fiscal discipline will be high on the agenda, since the government is striving to reach the goal of lowering the budget deficit to 3% of the GDP by 2013.

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

The operations of the Triglav Group in 2009 were affected by the negative trends in the domestic and global economy. Among the most visible impacts of the financial and economic crisis are a decline in the demand for unit-linked insurance products and credit insurance. Moreover, the recession influenced the demand for transport insurance, which can be seen in premium drop due to a decline in economic activity, and therefore also in export and import.

Despite a relatively conservative investment policy, the global financial crisis and the current situation on capital markets negatively affected the value of some of the Triglav Group's investments.

In mid 2009, the recession of the global economy officially ended, but recovery will be a gradual process.

One of the visible consequences of the global financial crisis is a lower demand for unit-linked insurance products, as well as for credit insurance products.

Despite the relatively conservative investment policy of the Triglav Group, the global financial crisis negatively affected the value of some of the Triglav Group's assets.

Their value dropped as the values of tradable and non-tradable financial investment decreased following market price adjustments on organised capital markets and the fair value adjustment of assets. The lower value of investments was mainly reflected in the decrease of the share capital and net profit of the Group. As a result of material and long-term decreases in asset value, Zavarovalnica Triglav recognised a permanent asset impairment loss in the amount of EUR 15.6 million.

In addition to the financial crisis the performance of the Group was also affected by weather events with devastating consequences. Slovenia witnessed several hail storms. The most severe storms occurred on 25 May and 16 June, 2009 and caused approximately 21,400 loss events. Total estimated claims due to storms amount to EUR 37.2 million.

7.3 THE INSURANCE MARKET AND MARKET POSITION OF GROUP MEMBERS IN 2009

According to the latest official data for 2008, the Slovene insurance market represented 0.07% of the total world market and is one of the smaller markets in the European and world context. The Slovene market is 152 times smaller than the British market (178 times smaller in the previous year), which is the biggest European insurance market. On the other hand, the collected premium was USD 74 million larger than the total realisation of Croatia and Serbia together.

Due to the small population size and lower GDP of the Slovene market, comparisons with other European markets should rather be based on relative indicators, such as premium per inhabitant or insurance penetration (premiums as a percentage of GDP). On the world scale, Slovenia is placed 29th in premium per inhabitant and 25th in insurance penetration.

PREMIUM PER INHABITANT AND INSURANCE PENETRATION IN SLOVENIA AND SOME OTHER EUROPEAN COUNTRIES IN 2008

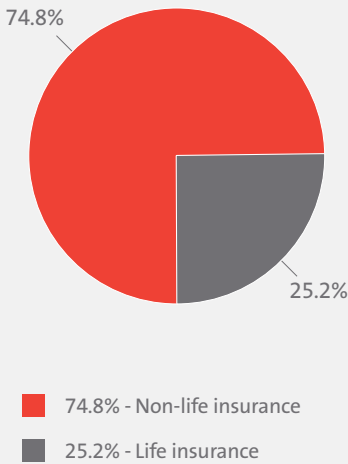
	PREMIUM PER INHABITANT		INSURANCE PENETRATION	
	(IN USD)	WORLD SCALE	(AS A % OF GDP)	WORLD SCALE
Slovenia	1,484	29	5.40	25
Austria	2,866	19	5.80	23
Slovakia	549	40	3.10	47
Croatia	431	42	3.20	44
Czech Republic	804	36	3.50	39
UK	6,858	1	15.70	2
Greece	594	38	1.90	64
Serbia	126	62	1.90	65
EU - geographic area	2,044	-	7.46	-
EU - 27	3,061	-	8.28	-

Source: Sigma, Swiss Re (No 3, 2009)

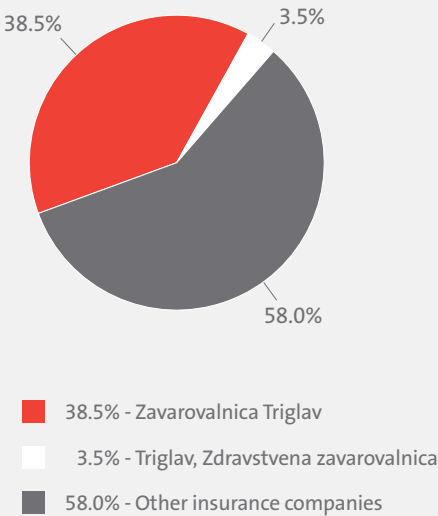
There were 15 insurance companies and 3 foreign branch offices active in the Slovene insurance market in 2009. By the end of 2009, their combined gross written premium totalled EUR 2.1 billion. Classical insurance companies (16 insurance companies) charged a total of EUR 1.9 billion in premium written. Three quarters of this was non-life insurance and the rest was life insurance. These data exclude insurance transactions concluded directly in Slovenia by foreign-owned subsidiaries (FOS). Their share is growing but, according to our data, is still negligible. Zavarovalnica Triglav has done away with all formal restrictions for the direct sale of insurance in all 27 member states, thus we can follow our customers anywhere in the European Union.

The concentration level in the Slovene insurance market is still relatively high. In 2009, the four largest insurance companies dominated 79% of the classical insurance companies market. With a 38.5% share, Zavarovalnica Triglav remained the leader among them. The runner-up was

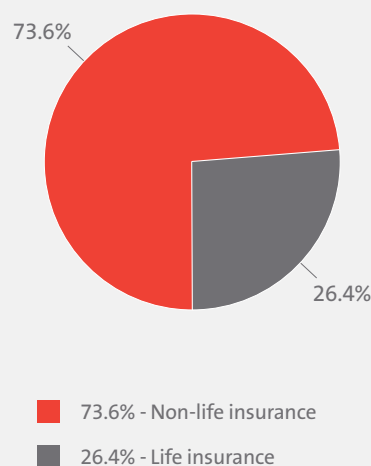
PREMIUM STRUCTURE IN THE SLOVENE INSURANCE MARKET



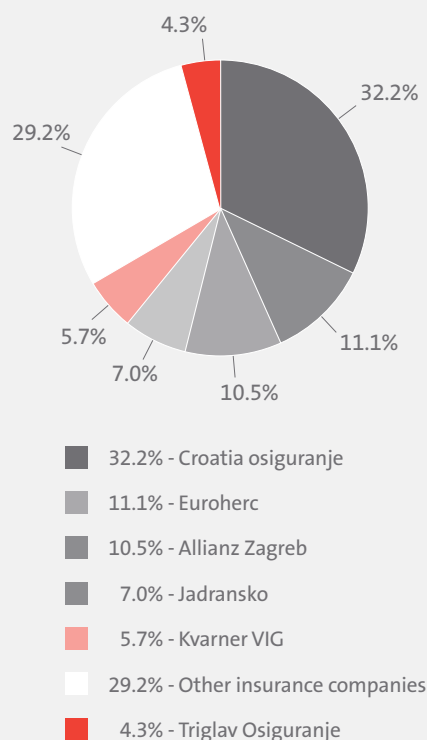
MARKET SHARES OF ZAVAROVALNICA TRIGLAV IN 2009 COMPARED TO OTHER TRADITIONAL INSURANCE COMPANIES REGISTERED IN SLOVENIA IN 2009



PREMIUM STRUCTURE IN THE CROATIAN INSURANCE MARKET



SHARES IN THE CROATIAN INSURANCE MARKET



Zavarovalnica Maribor, which is almost 3 times smaller. Including Triglav Zdravstvena zavarovalnica d.d., our market share at the end of 2009 was 42.0% and therefore 1.1% lower than in 2008. Zavarovalnica Triglav reached a 43.5% market share in life insurance and a 36.8% market share in non-life insurance. Maintaining the position of the leading competitive insurance company is becoming ever more demanding, because the competitors are looking for their market opportunities with our current customers.

In 2009, the reinsurance premium written by the two Slovene reinsurance companies totalled EUR 261.1 million or 8% more than in 2008. In 2009, the reinsurance premium written by Pozavarovalnica Triglav Re totalled EUR 114 million or 3% more than in 2008. Its market share was 43.7%.

7.4 OPERATIONS OF THE TRIGLAV GROUP IN OTHER MARKETS

7.4.1 South-East Europe

Through organic growth and acquisitions the Triglav Group strengthened its position in the markets in South-East Europe. After the completed strategic expansions our focus in Slovenia and abroad is now placed on consolidation of the Group, better harmonisation and closer inter-company co-operation. We are committed to the exchange of knowledge and experience in all areas, as well as to the standardisation and integration of business processes. At the same time, we follow demand and tailor our insurance products and services to the needs of individual and corporate clients.

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

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

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

7.4.2 Croatia

According to provisional data, in 2009 the GDP in Croatia dropped by 5.8%, mostly as a result of global events and the specific nature of the domestic market. In 2010, EBRD predicts a gradual GDP growth of 0.6%.

The conditions in the labour market deteriorated further. The average annual rate of registered unemployment was 14.9%, which is the highest rate since 2006. The situation is predicted to deteriorate further in 2010 (15.6%).

The national central bank continued to implement a stable Kuna exchange rate policy. The goal of economic and fiscal policy in the medium term in Croatia is to enable continued growth of the economy and create conditions which will contribute to the conclusion of the accession negotiations with the European Union.

MAIN MACROECONOMIC INDICATORS FOR 2009

Population	4.44 million
GDP growth in 2009 (estimate)	-5.8%
GDP in 2008 (estimate)	USD 61.7 billion
GDP per capita in 2008 (estimate)	USD 15,633
Inflation rate (retail prices) in 2009 (estimate)	2.8%

Source: IMF, World Economic Outlook, October 2009

Insurance Market

At the end of 2009, 27 insurance companies were active in the Croatian market, of which 9 were composite insurance companies, 9 non-life insurance companies and 9 life insurance companies. Together they charged a total of HRK 9.41 billion in premium written or 3% less than in 2008, of which 74% was non-life insurance and the remaining 26% was life insurance.

With HRK 400.1 million of gross written premium, Triglav Osiguranje moved up from 8th to 7th place among the largest Croatian insurance companies. It raised its market share by 0.34 percentage points and reached a 4.25% share of the total gross written premium. The five biggest insurance companies control 66.6% of the insurance market. The largest insurance company, Croatia osiguranje, has a 32.24% market share and a leading position in non-life and life insurance.

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

7.4.3 Bosnia and Herzegovina

The country is facing a poor economic state, which in 2009 resulted in a 3% drop in economic growth and high 42% unemployment. The conditions are worsened by a privatisation process which is still not completed and the large size of the public sector. The lagging behind in economic development is also caused by political tensions between the two entities.

There are delays in the implementation of reforms related to the EU alignment process and the enactment of secondary legislation governing the insurance business. The low liquidity of economic subjects indirectly causes a lower demand for insurance.

MAIN MACROECONOMIC INDICATORS FOR 2009 (ESTIMATES ON THE BASIS OF 2008 DATA)

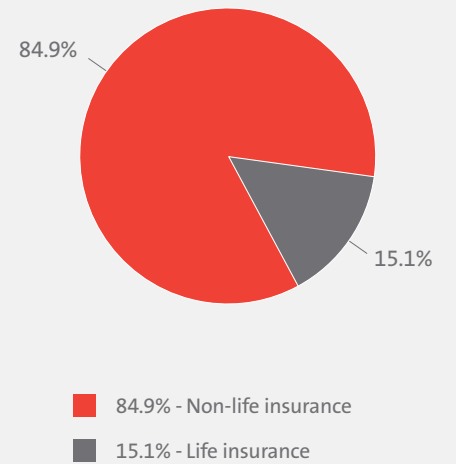
Population	4.00 million
GDP growth (estimate)	-3.0%
GDP in 2009 (estimate)	USD 17.0 million
GDP per capita in 2009 (estimate)	USD 4,235
Inflation rate in 2009 (estimate)	0.9%

Source: IMF, World Economic Outlook, October 2009

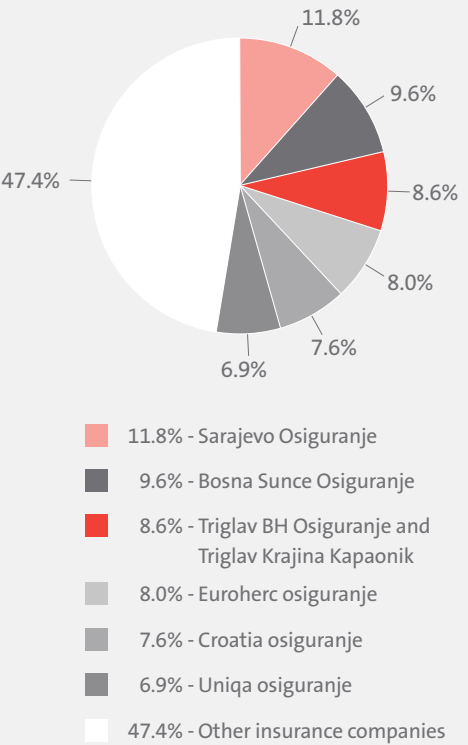
Insurance Market

The competition in the insurance market is strong despite difficult economic conditions. At the end of the year, 25 insurance companies were active in the market, 15 of which were in the Federation of Bosnia and Herzegovina and 19 in the Republic of Srpska. Preliminary data show that the written premium rose by 1.4% compared to 2008 and amounted to 459.6 million convertible marks, 330.0 million of which were charged in the Federation of Bosnia and Herzegovina and 129.6 million in the Republic of Srpska.

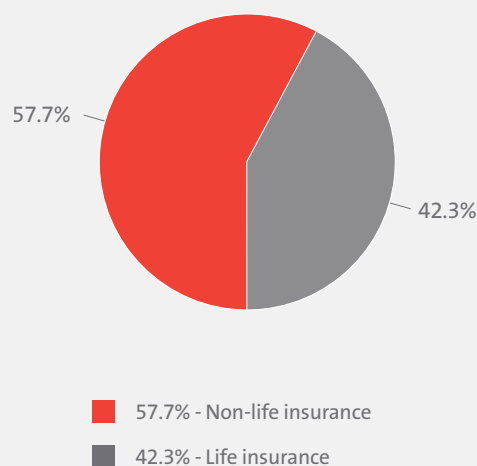
PREMIUM STRUCTURE IN THE INSURANCE MARKET OF BOSNIA AND HERZEGOVINA



SHARES IN THE ENTIRE INSURANCE MARKET OF BOSNIA AND HERZEGOVINA



PREMIUM STRUCTURE IN THE CZECH INSURANCE MARKET



In the structure of total gross written premium, non-life insurance, with 84.9%, prevailed over life insurance, with 15.1%.

With a market share of 9.54%, Triglav BH Osiguranje ranked fifth among the insurance companies on the BiH Federation market. The insurance market is fairly dispersed, as the differences in market share of large insurance companies are relatively small. Sarajevo Osiguranje, the leading insurance company, reached a 16.35% market share, Bosna Sunce Osiguranje a 13.36% share and the next four largest insurance companies achieved market shares ranging from 9% to 10.5%.

The division of market shares is similar in the Republic of Srpska, where the largest market share of 16.92% belongs to Jahorina osiguranje, while Triglav Krajina Kopaonik with 6.37% of the market is the seventh strongest insurer in the entity.

In the market of Bosnia and Herzegovina as a whole the combined market shares of the two insurance companies of the Triglav Group equal 8.64%, which makes them the third strongest insurer in the country.

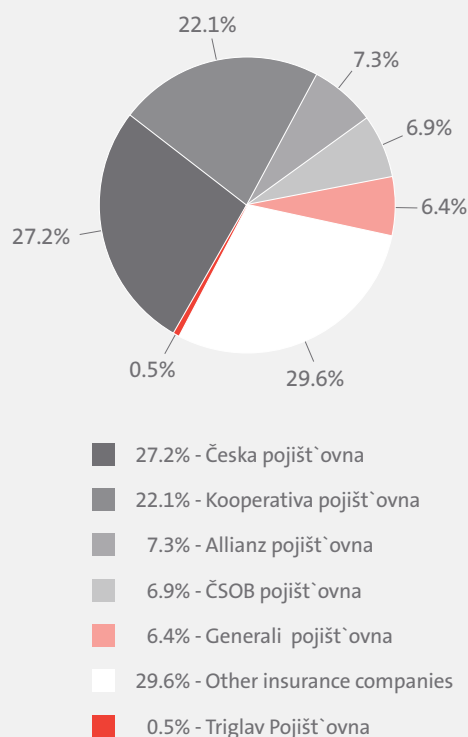
7.4.4 The Czech Republic

The economic trends in 2009 were the most unfavourable in the last decade, when the economic growth was still very high. The Czech economy is highly export dependent, but orders of foreign buyers decreased by approximately 30% in comparison with 2008. On an annual basis, the Czech economy recorded a 4.2% drop, which is the fastest decline since gaining independence in 1993. By mid 2009, the unemployment rate was almost 8%, which was the highest level in the last three and a half years, with the number of unemployed rising to 385,000.

The crisis adversely affected the car industry, which is responsible for approx. 25% of exports and employs more than 10% of all employed persons. However, the crisis was also felt in other industries: those with a long-standing tradition, like glass and porcelain production, as well as in the real estate market and in tourism.

The pension system reform and the supplementary voluntary health insurance system are still in the design phase and no final solution has been found yet. Further growth is set to be based on the restructuring of industry, the further development of the financial sector and the effective use of European structural funds. The Czech Republic is expected to enter the euro zone after 2012.

SHARES IN THE CZECH INSURANCE MARKET



MAIN MACROECONOMIC INDICATORS FOR 2009

Population	10.42 million
GDP growth (estimate)	-4.2%
GDP in 2009 (estimate)	USD 189.7 billion
GDP per capita in 2009 (estimate)	USD 18,193
Inflation rate (retail prices) in 2009 (estimate)	1.0%

Source: IMF, World Economic Outlook, October 2009

Insurance Market

Insurance activities were carried out by 31 companies, 2 more than the year before. Despite tightened economic conditions the insurance market managed to avoid significant shocks, since insurance companies charged CZK 139.92 billion in premium written, representing a 2.4% rise compared to the previous year. Non-life insurance accounted for 57.72% and life insurance for 42.28%. In terms of gross written premium, the best performing insurers were Česka pojišťovna (27.16% market share), Kooperativa pojišťovna (22.15% market share) and Allianz pojišťovna (7.32% market share). Triglav Pojišťovna gained a 0.88% market share in non-life insurance, which is slightly less than in 2008 when it reached a 0.90% market share.

7.4.5 Montenegro

The financial and economic crisis significantly impacted Montenegro already in the beginning of 2009. Foreign direct investments, which were the driving force of high GDP growth until 2009, decreased considerably. A significant threat to the Montenegrin economy is an exposed banking sector. In 2008, the country managed to save Prva bank from ruin, but this subsequently proved to be insufficient. The previously high growth of shares and real estate suddenly stopped, adversely impacting on banks that had invested heavily in these assets.

Due to a decrease in retail prices, the predictions of 9% inflation growth from 2008 were not realised. The inflation rate in 2009 fell to 3.4% according to estimates.

The total growth of industrial production was negatively influenced by a smaller production of aluminium as the most important export product. Production decreased by 17% and low prices of aluminium lowered the value of exports. Industrial giants once giving employment to thousands of people were closing down production or going bankrupt one after another. After a period of boosting construction for the purposes of tourism in the coastal area the construction industry suffered heavy blows at the end of 2009. Foreign investors, mostly Russian, left behind unfinished building sites and large debts.

However, unemployment should grow only slightly, since the government significantly increased obstacles for the temporary employment of foreigners. According to predictions, in 2009 the country will have one of the lowest unemployment rates in the Western Balkans, the same as in 2008, when the unemployment rate was 10.7%.

The economic crisis also had consequences in the insurance market. Uncollected premium presents a significant problem, since state institutions are the biggest debtors.

MAIN MACROECONOMIC INDICATORS FOR 2009

Population	0.68 million
GDP growth in 2009 (estimate)	-4.0%
GDP in 2009 (estimate)	USD 4.4 billion
GDP per capita in 2009 (estimate)	USD 6,535
Inflation rate (retail prices) in 2009 (estimate)	3.4%

Source: IMF, World Economic Outlook, October 2009

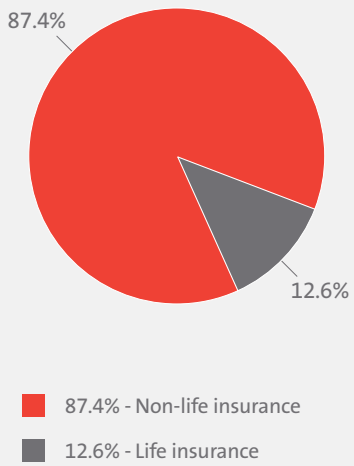
Insurance Market

Lovćen Osiguranje is currently in the top position in the insurance market, despite a decrease in its market share to 55.7% at the end of 2009 (in 2008 its market share was 61.0%). The largest share in the previous year was gained by Delta Generali, whose market share increased to 7.6%.

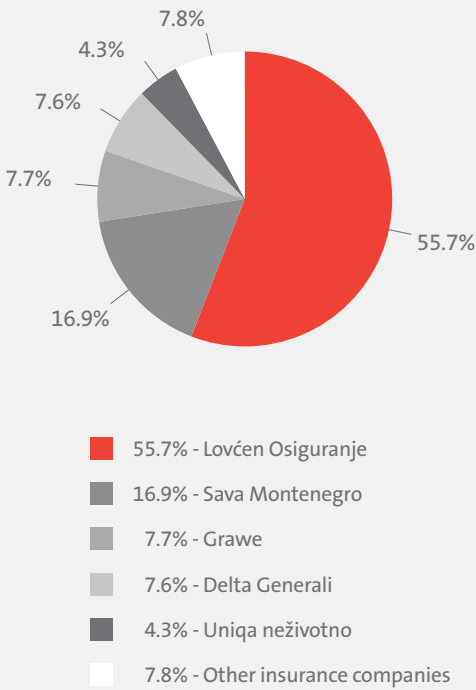
At the end of 2009, the number of insurance companies in the Montenegrin insurance market decreased from 11 to 10. The Magnat Osiguranje insurance company is no longer present in the market, as its licence for performing insurance operations was withdrawn due to failure to conform to regulator's requirements.

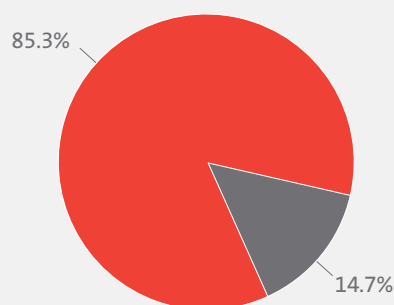
In non-life insurance the product with the highest potential remains the insurance of immovable property owned by citizens and small enterprises. Following the privatisation of socially-owned homes, a lot of people became homeowners but almost none of the flats are insured. The situation with SMEs is similar, as there is still a great lack of insurance culture in this sector. In the future a promising segment might be capital insurance. Its development was hindered in the last few years due to high inflation, and currently it is hindered by the economic and financial crisis.

PREMIUM STRUCTURE IN THE INSURANCE MARKET OF MONTENEGRO



SHARES IN THE INSURANCE MARKET OF MONTENEGRO



PREMIUM STRUCTURE IN THE
SERBIAN INSURANCE MARKET

- 85.3% - Non-life insurance
- 14.7% - Life insurance

7.4.6 Serbia

The Republic of Serbia continued its activities for the stabilisation and development of the economy, which was paralysed by the global financial crisis. The consequences can be seen in an almost 4% drop in GDP. The country is continuing to implement measures to ensure relative price stability (in 2009, the inflation rate, measured by the consumer price index, was 10.1%, a slight drop in comparison with 2008), budgetary balance and to harmonise national legislation with the legal order of the EU. Moreover, it is undertaking structural reforms.

The privatisation process is still not completed despite valid regulations. This will therefore remain a priority in 2010. At 16.6%, the unemployment rate is still very high. The national central bank is attempting to maintain an appropriate exchange rate of the dinar, which devalued considerably in 2009 compared to 2008.

The country's major achievement in 2009 was the abolishment of the visa requirement for Serbian citizens to travel to the European Union.

MAIN MACROECONOMIC INDICATORS FOR 2009

Population	7.4 million
GDP growth in 2009 (estimate)	-4.0%
GDP in 2009	USD 42.4 billion
GDP per capita in 2009 (estimate)	USD 5,742
Inflation rate in 2009 (estimate)	9.9%

Source: IMF, World Economic Outlook, October 2009

Insurance Market

25 insurance companies were active in the market, three more than in 2008. Among them were 3 reinsurance companies and one company with a licence for conducting insurance and reinsurance business. In most of them foreign companies have a controlling stake, while the largest insurance company, Dunav, is still owned by the state. The market is still highly concentrated, half of it being controlled by the two largest insurance companies, Dunav, with a nearly 27.4% share, and DDOR, holding 20.9% of the market.

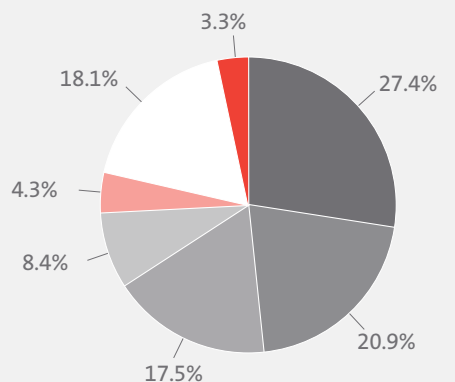
In comparison with 2008, the total gross premium grew by 2.6% and amounted to nearly RSD 53.5 billion (Serbian dinars). Non-life insurance is still in the foreground, although the share of life insurance has been growing in the last few years, also due to the arrival of foreign insurance companies.

The largest portion of premium earned came from motor liability insurance, followed by other non-life insurance, motor hull insurance and life insurance products. The latter account for less than 15% of total gross written premium. The life insurance market is controlled mainly by insurers which are mostly foreign owned. They report above-average premium growth rates.

In 2009, the Triglav Kopaonik insurance company increased its gross written premium by more than 4%, and with a market share of approx. 3.3% ranked 7th among all Serbian insurance companies.

Banks participate in the sales of insurance to an ever larger extent. To date, some banks have already been granted licences to act as agents of insurance companies, and licences for acting as insurance brokers or agents have been granted to a few dozen legal entities and a few thousand natural persons.

SHARES IN THE SERBIAN INSURANCE MARKET



- 27.4% - Dunav Osiguranje
- 20.9% - DDOR
- 17.5% - Delta Generali Osiguranje
- 8.4% - Wiener
- 4.3% - Uniqua neživot
- 18.1% - Other insurance companies
- 3.3% - Triglav Kopaonik

7.4.7 The Former Yugoslav Republic of Macedonia

In 2009, the financial and economic crisis impacted the Former Yugoslav Republic of Macedonia. Although the crisis did not directly affect the financial sector, a significant decline could be felt in the real sector and in industrial production. According to government estimates, BDP in 2009 fell by 0.6%, while the IMF and the European Commission predict a decline of 2.0%.

According to the latest data for 2009, industrial production increased by 4% in November and by 20% in December, which indicates that the Macedonian economy is coming out of recession. The exit from recession is officially expected in the first quarter of 2010, when the economy will start to gradually recover. The Macedonian government predicts a positive trend in economic activity in the second quarter of 2010 and expects GDP growth of 2%. The growth is predicted to continue in the next three years.

The unemployment rate is still high, amounting to as much as 32.4%, which is 2.1 percentage points less than a year before. At the beginning of the year, the government introduced a system of gross wages which include meal and travel allowance. Therefore, the average gross wage per employee in November 2009 was EUR 487.

MAIN MACROECONOMIC INDICATORS

Population	2.06 million
GDP growth in 2009 (estimate)	-2.5%
GDP in 2009	USD 8.82 billion
GDP per capita in 2009 (estimate)	USD 4,281.5
Inflation rate (retail prices) in 2009 (estimate)	-0.5%

Source: IMF, World Economic Outlook, October 2009

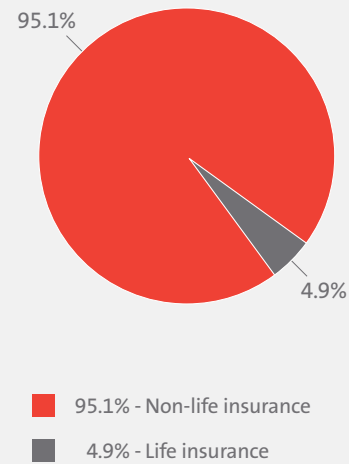
Insurance Market

13 companies were active in the market, 11 of which offer non-life insurance products with two offering life insurance products. One new insurance company opened for business. In 2009, gross written premium totalled MKD 6.2 billion or 3.7% less than in 2008. Non-life insurance still accounted for as much as 95.1% of the total gross premium booked in the market. The largest decline was registered in car insurance and the largest increases were recorded in aircraft, general liability insurance and life insurance.

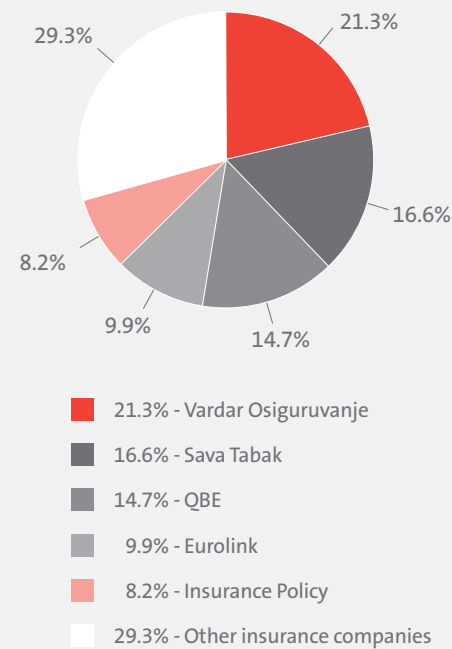
With a 21.3% market share, the company Vardar Osiguruvanje reinforced its position as the leading Macedonian insurance company in terms of gross written premium. It was followed by Sava Tabak (16.6% market share) and QBE (14.7% market share).

The Insurance Supervision Agency became operational in November 2009, which is a big step towards better control of the insurance market and of unfair competition. It is expected that the Agency will shortly adopt the necessary (positive) legal provisions and secondary regulations in the insurance sector.

PREMIUM STRUCTURE IN THE INSURANCE MARKET OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA



SHARES IN THE INSURANCE MARKET OF THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA



7.4.8 Slovakia

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

Due to smaller export demand the GDP growth slowed down already in 2008 (6.4%), but was nevertheless among the highest in the EU. After several years of economic growth, the drop in GDP was expected due to the global financial crisis, which caused a decrease in export and investment demand. GDP amounted to 4.7%. The Slovak government predicts 1.9% economic growth in 2010.

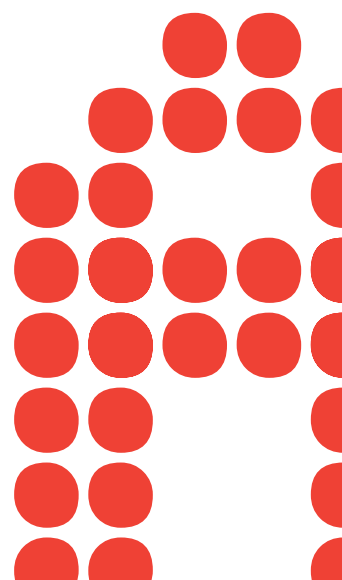
MAIN MACROECONOMIC INDICATORS

Population	5.41 million
GDP growth in 2009 (estimate)	-4.7%
GDP in 2009	USD 88.3 billion
GDP per capita in 2008 (estimate)	USD 16,315
Inflation rate (retail prices) in 2009 (estimate)	1.5%

Source: IMF, World Economic Outlook, October 2009

Insurance Market

The market is well developed, open and strongly competitive, with 22 insurance companies active in 2009. Total written premium in the first three quarters of 2009 was EUR 1.52 billion, of which 50.8% was in the life insurance sector and 49.2% in the non-life insurance sector. The strongest company - in terms of gross premium written is Allianz, with a 31.2% market share, followed by Kooperativa with a 23.4% market share. The remaining insurance companies have considerably smaller market shares.



8. PERFORMANCE OF THE TRIGLAV GROUP

Consolidated gross insurance and co-insurance premiums of the Triglav Group totalled EUR 1,022.3 million, which was 1% less than in 2008.

The volume of property and health insurance business increased, whilst life insurance experienced a decrease.

8.1 GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS IN 2009

In 2009, the Triglav Group posted a total of EUR 1,022.3 million in consolidated gross insurance and co-insurance or 1% less than in 2008. The Group earned EUR 729.4 million in gross written premium (index 101) in non-life insurance, EUR 225.7 million (index 91) in life insurance and EUR 67.1 million (index 113) in health insurance.

The structure of the consolidated written premium was the following:

- non-life insurance accounted for 71.4%;
- life insurance for 22.1% and
- health insurance for 6.6%.

The Triglav Group members (excluding Triglav Re) booked EUR 988.6 million in non-consolidated gross insurance and co-insurance premium, or 1% less than the year before. Written premium decreased by 1% in Zavarovalnica Triglav, rose by 14% in Triglav Zdravstvena zavarovalnica, 4% in Triglav Osiguranje, fell by 3% in Triglav BH Osiguranje, 5% in Triglav Pojišt'ovna, 6% in Lovćen Osiguranje, 10% in Triglav Kopaonik, 14% in Triglav Krajina Kopaonik and 4% in Vardar Osiguruvanje in comparison with the previous year.

GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS PER MEMBER OF THE TRIGLAV GROUP IN 2009

				IN EUR					
INSURANCE COMPANY		GROSS WRITTEN PREMIUM IN 2009						INDEX	STRUCTURE 2009
		NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL		
1	Zavarovalnica Triglav	532,747,927	211,707,771	744,455,698	102	91	99	75.3%	
2	Triglav, Zdravstvena zavarovalnica	67,307,126	0	67,307,126	114		114	6.8%	
3	Triglav Osiguranje	43,416,983	11,091,088	54,508,070	106	99	104	5.5%	
4	Triglav BH Osiguranje	14,973,376	1,094,361	16,067,738	99	72	97	1.6%	
5	Triglav Pojišt'ovna	26,965,122	0	26,965,122	95	95		2.7%	
6	Lovćen Osiguranje	33,474,675	1,324,892	34,799,568	94	90	94	3.5%	
7	Triglav Kopaonik	18,386,663	526,318	18,912,981	89	122	90	1.9%	
8	Triglav Krajina Kopaonik	4,223,502	0	4,223,502	86		86	0.4%	
9	Vardar Osiguruvanje	21,349,374	0	21,349,374	96		96	2.2%	
TOTAL		762,844,748	225,744,431	988,589,179	102	91	99	100.0%	
10	Pozavarovalnica Triglav Re	113,836,471	190,656	114,027,127	103	119	103		
Consolidation eliminations		-80,166,035	-190,657	-80,356,692	102	119	103		
TOTAL - CONSOLIDATED		796,515,184	225,744,430	1,022,259,614	102	91	99		

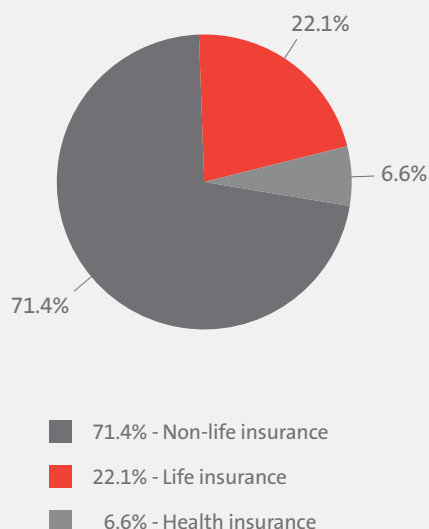
8.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 762.8 million of unconsolidated insurance and co-insurance premium from non-life insurance contracts in 2009, which is a 2% nominal increase on the same period the year before.

Once again in 2009, the strongest class in non-life insurance was **motor vehicle insurance**, a segment to which the Triglav group pays its greatest attention. The share of car insurance in total premium charged was 39.4%. We achieved an increase in the premium from **motor hull insurance** (index 106). This high growth was mainly thanks to the good sales of Zavarovalnica Triglav motor vehicle insurance packages, of which we sold almost 560,000, and to the correction of premium for certain partial combinations of motor hull insurance and for certain premium groups of the general motor hull insurance. The range of packages was renewed in 2008 and its attractiveness was proven by sales results - in 2009 we sold 10,000 motor vehicle insurance packages more than in 2008. Besides Zavar-

In non-life insurance, non-consolidated insurance and co-insurance premiums written by the Triglav Group were 2% lower than one year before.

GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE - STRUCTURE



ovalnica Triglav, Krajina Kopaonik recorded higher growth than in 2008 (4% growth), while the other insurance companies achieved a smaller premium written than the year before. In terms of **motor liability insurance**, the members of the Triglav Group in 2009 achieved EUR 243.7 million of written premium, which represents a 6% decline compared to the previous year. Among the Group members, Triglav Osiguranje recorded an increase in its written premium (7% growth), while the other insurance companies recorded a smaller premium written than the year before. The decrease in written premium was caused by ever growing price competition among the insurance companies in the motor vehicle insurance market, which intensified significantly in 2009. The smaller written premium is also a consequence of price adjustments to benefit the customers, since we introduced various discounts and refunds which were not being offered before in this insurance class. These discounts are directed toward a differentiation of premium for individual policyholder groups.

A high 12% growth in written premium was recorded in **health insurance**. This was mainly the achievement of Triglav zdravstvena zavarovalnica, which in 2009 carried three insurance products:

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

Triglav Zdravstvena zavarovalnica booked a total of EUR 67.3 million in gross written premium or EUR 8 million more than the year before. The increased portfolio resulted in higher gross written premium, which increased from 231,230 insurance contracts at the end of 2008 to 241,264 at the end of 2009. In total, there were 26,050 voluntary health insurance policies, 960 health-resort treatment insurance policies and 362 accident insurance policies sold in 2009.

In 2009, we were also again successful in the **proper non-life insurance class** (fire and natural forces insurance and other damage to property insurance), where we recorded 10% nominal growth. Within the class of fire and natural forces insurance the nominal growth rate was 3% and within other damage to property insurance as much as 15%. We earned EUR 94.5 million in gross written premium. Good sales results in other damage to property insurance are due to crop and fruit insurance and the DOM package insurance. The latter is a package product that is classified amongst other damage to property insurance but contains elements of fire insurance. The sales results of these insurance products therefore partly overlap with the fire insurance premium. In 2009, the sales of these packages more than doubled, partly due to our direct marketing. We sold more than 82,000 packages, 45,000 more than in 2008.

The next best performing class by value of gross written premium is **accident insurance**, representing 6.2% of total premium earned or EUR 61.1 million in written premium. In 2009, the latter decreased by 5% in comparison to 2008. This result is a consequence of events in the two largest insurance sub-classes of this insurance class, the AO-plus (expanded insurance coverage for claims of persons not considered third parties) and group accident insurance. The premium for AO-plus insurance decreased in nominal terms due to the situation in the car market. Moreover, the consequences of developments in motor liability insurance can be felt within AO-plus insurance. The slower growth of the premium written for group accident insurance was influenced by growing unemployment and the poor state of the economy. The premium for **general liability insurance** was 1% lower than in 2008. Natural persons and legal entities are aware of their exposure in this field, but the worse outcome was caused by a lower premium from liability insurance of incorporated entities resulting from the poor state of the economy and growth in unemployment.

Credit insurance (2.3% structural share) premium rose by 1% in nominal terms due to an increase in retail borrowing and an increase in overdraft insurance in the last quarter of 2009.

In life insurance, the Triglav Group generated EUR 225.7 million in non-consolidated gross insurance premiums, which was 9% less than in 2008.

Other classes of non-life insurance recorded a high 11% growth in 2009. This class includes railway insurance, aircraft insurance, marine insurance, goods in transit insurance, aircraft liability insurance, marine liability insurance, suretyship insurance, miscellaneous financial loss insurance, legal expense insurance and assistance insurance. Assistance insurance contributed the most to this high growth rate, with car and travel assistance and aircraft insurance products in the lead. Railway insurance, suretyship insurance, aircraft liability insurance and legal expense insurance experienced nominal growth as well.

8.1.2 Life insurance

In total, Triglav Group insurance companies charged EUR 225.7 million in unconsolidated written premium from **life insurance** contracts in 2009, which represents a 9% decrease on 2008. Life insurance represented 22.8% of the 2009 total combined gross written premium of the Triglav Group.

The premium generated by **unit-linked life insurance** totalled EUR 99.3 million or 44.0% of gross written premium in the life insurance class. Apart from Zavarovalnica Triglav, unit-linked life insurance is also available from Triglav Osiguranje, which booked a total of EUR 4.7 million in written premium in 2009 or 1% less than in 2008. Due to tight conditions in the financial markets (a decline in the fund unit value) and in the economy (an increase in unemployment) 2009 was a very unfavourable year for selling unit-linked insurance.

Premium from **life insurance** earned by the Group amounted to EUR 106.7 million or 47.3% of total premium, whilst the remaining EUR 19.8 million (or 8.8% of total premium) was accounted for by **supplementary voluntary pension insurance** (capital redemption insurance). The latter fell by 29% compared to 2008 owing to the transfer of funds from the Skupna pokojninska družba pension scheme to that of Zavarovalnica Triglav in 2008.

GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS OF THE TRIGLAV GROUP (EXCLUDING POZAVAROVALNICA TRIGLAV RE) AND GROWTH INDEXES IN 2009 PER INSURANCE CLASS

			IN EUR		
INSURANCE CLASS		GROSS WRITTEN PREMIUM		INDEX	STRUCTURE 2009
		2009	2008		
1	Accident insurance	61,127,665	64,195,013	95	6.2%
2	Health insurance	68,318,518	60,752,330	112	6.9%
3	Motor hull insurance	145,462,647	136,755,664	106	14.7%
4	Property insurance	158,619,230	144,586,149	110	16.0%
5	Motor liability insurance	243,719,749	259,949,532	94	24.7%
6	General liability insurance	35,217,221	35,606,504	99	3.6%
7	Credit insurance	22,706,207	22,457,799	101	2.3%
8	Other insurance	27,673,512	24,822,392	111	2.8%
NON-LIFE INSURANCE		762,844,748	749,125,384	102	77.2%
9	Life insurance	106,692,704	111,202,031	96	10.8%
10	Unit-linked life insurance	99,269,804	107,827,987	92	10.0%
11	Capital redemption insurance	19,781,923	27,685,630	71	2.0%
LIFE INSURANCE		225,744,431	246,715,647	91	22.8%
TOTAL		988,589,179	995,841,032	99	100.0%

8.1.3 Gross reinsurance premium written for Pozavarovalnica Triglav Re in 2009

In 2009, Pozavarovalnica Triglav Re booked a total of EUR 114.0 million in gross reinsurance premium or 3% more than the year before. In 2009, Pozavarovalnica adopted an new accounting principle, stipulating that the basis for booking operations with cedants outside the Triglav Group be the evaluations of individual reinsurance contracts. For operations with cedants outside the Triglav Group, the amount of premium, commissions, claims provisions and provisions for unearned premiums shall be evaluated on the basis of the concluded reinsurance contracts. For operations with the Triglav Group the basis for booking income and expenses remains the received reinsurance accounts. The impact of the change in accounting principles to gross reinsurance premium for 2008 totalled EUR 4.1 million.

The 2009 business year was influenced by the uncertainty about the end of the global economic and financial crisis, but it was sparing on a global scale with regard to weather conditions and the frequency of natural disasters. In August 2009, the ratings agency Standard & Poor's assigned Pozavarovalnica Triglav Re an "A" rating with a stable medium-term outlook.

Pursuing its long-term business strategy, Pozavarovalnica Triglav Re consolidated its presence on foreign reinsurance markets in 2009. The written reinsurance premium in 2009, excluding transactions with the Triglav Group, totalled EUR 34.7 million or 30.4% of total gross written premium (30.2% in 2008). This increase was primarily generated by the reinsurance of fire insurance, other non-life insurance, aircraft insurance and goods in transit insurance.

By acquiring a good rating Pozavarovalnica further strengthened its market position. The rating confirmed the stability of Pozavarovalnica Triglav's financial operations and gained it access to reinsurance markets which condition their cooperation with an appropriate rating.

By organising a Triglav Group reinsurance scheme in Slovenia and abroad, Pozavarovalnica Triglav can concentrate to a greater extent on acquiring operations with cedants outside the Group. The share of such operations is growing slightly every year. However, in terms of the size of the premium booked, the Slovene market remains the most important for Pozavarovalnica Triglav, although its share is slightly decreasing by the year. Pozavarovalnica continued to follow that path in 2009, when deals with Zavarovalnica Triglav on the said market amounted to 58.6% of gross premium written, which is 1.1 percentage points less than in 2008.

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

8.2 GROSS CLAIMS PAID IN 2009

During 2009, the Triglav Group posted a total of EUR 623.9 million in non-consolidated gross claims, 1% more than in 2008. Gross claims grew by 2 percentage points more than written premium. In **non-life insurance** the Triglav Group recorded EUR 492.5 million (index 100), in **life insurance** EUR 80.7 million (index 101) and in **health insurance** EUR 50.7 million (index 115) of gross claims.

Excluding Pozavarovalnica Triglav Re, the members of the Triglav Group posted EUR 606.9 million of non-consolidated gross claims, representing an increase in claims of 1% over the preceding year.

Gross insurance premiums written by Pozavarovalnica Triglav Re were higher 3% higher compared to 2008.

With further consolidation of its programmes Pozavarovalnica Triglav Re provides optimal and more favourable reinsurance coverage for all insurance companies within the Group.

The Triglav Group booked a total of EUR 623.9 million in consolidated gross claims or 1% more than in 2008.

GROSS CLAIMS PAID IN 2009 BY INSURANCE COMPANY OF THE TRIGLAV GROUP

INSURANCE COMPANY	GROSS CLAIMS PAID IN 2009			INDEX			STRUCTURE 2009
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
1 Zavarovalnica Triglav	382,676,612	75,898,520	458,575,131	98	100	99	75.6%
2 Triglav, Zdravstvena zavarovalnica	50,680,275	0	50,680,275	115		115	8.4%
3 Triglav Osiguranje	27,452,282	3,089,368	30,541,650	101	94	100	5.0%
4 Triglav BH Osiguranje	7,889,154	845,608	8,734,762	112	3.614	123	1.4%
5 Triglav Pojišt'ovna	14,380,216	0	14,380,216	121		121	2.4%
6 Lovčen Osiguranje	20,752,311	677,762	21,430,073	118	159	119	3.5%
7 Triglav Kopaonik	6,544,606	155,243	6,699,849	126	103	125	1.1%
8 Triglav Krajina Kopaonik	1,734,139	0	1,734,139	96		96	0.3%
9 Vardar Osiguruvanje	14,127,606	0	14,127,606	83		83	2.3%
TOTAL	526,237,201	80,666,500	606,903,702	101	101	101	100.0%
10 Pozavarovalnica Triglav Re	70,966,104	54,069	71,020,173	83	79	83	
Consolidation eliminations	-54,009,194	-54,070	-54,063,264	79	79	79	
TOTAL - CONSOLIDATED	543,194,111	80,666,500	623,860,611	101	101	101	

8.2.1 Non-life insurance

Triglav Group members settled EUR 526.2 million in gross claims from **non-life insurance** contracts in 2009. This represents a 1% increase on the preceding year. The increase in claims was 1 index point lower than the growth of premium written for non-life insurance contracts.

Claims related to **motor liability insurance** represented 23.5% of total gross claims settled by the Triglav Group. The Triglav Group members' total claims met amounted to EUR 142.7 million or 2% more than in 2008. Lower growth of claims was posted by Zavarovalnica Triglav, in part also due to the changed road traffic safety legislation in Slovenia and higher fines for traffic offences. As in the past, the changed legislation again helped decrease the amount of claims met. Other members of the Group recorded high claim growth rates in this insurance class, particularly Triglav Kopaonik, Triglav Pojišt'ovna and Lovčen Osiguranje.

In **comprehensive car insurance** the Triglav Group recorded a 9% growth of gross claim settlements in 2009. Gross claims settled amounted to EUR 130.0 million, which was 21.4% of all claims settled. The increase in claims was mostly the result of multiple loss events caused by storms in Slovenia. Claim settlement amounts also rose because of high vehicle repair costs (car makers putting more emphasis on passive safety, more sophisticated repair standards, more expensive spare parts, higher service costs). Other members of the Group also recorded high claim growth rates in this insurance class, particularly Triglav Kopaonik, Triglav BH Osiguranje, Lovčen Osiguranje and Vardar Osiguruvanje.

In **proper non-life insurance** total claims met amounted to EUR 116.2 million or 14% less than in 2008, a year of heavy storms in Slovenia. A favourable index and a lower amount of claims settled are to a great extent a consequence of a smaller number and lower intensity of claims due to storms, hail, floods and other natural disasters. In 2009, we recorded no major claims from fire insurance contracts.

In **health insurance** a 15% growth in gross claims was recorded. This is primarily due to Equalization Scheme expenses, which reached EUR 4.5 million or 1.2 million more than the previous year (a 37% increase).

Gross claims settled in **general liability insurance** were lower by as much as 11% compared to 2008. This result was achieved thanks to our new business approach, which included recasting the terms and conditions for professional liability insurance in the past years, paying more attention to insurance contracts with a no claims benefit as well as identifying insured persons with poor loss history in the past observation periods on the basis of a comprehensive portfolio analysis. Based on these

In non-life insurance business, insurance premiums grew by 1 percentage point more than claims.

Thanks to new business approaches, gross claims from general liability insurance were reduced by 11%.

activities we adopted measures to strengthen the diligence for assuming insurance risks. Analyses of past business co-operation with individual policyholders are proving to be ever more important.

Credit insurance developments greatly depended on the financial crisis, therefore it is not surprising that the gross claims from **credit insurance** products rose in 2009 by 28% in 2008. The performance of credit insurance products was influenced to a large extent by increasing unemployment, a lower standard of living, a reduction in the availability of credit and interest rate growth.

In **accident insurance** a 4% decrease in gross claims was recorded. This was mostly owing to a considerably lower amount of claims settled from AO-plus insurance, collective accident insurance and accident insurance of consumers and subscribers.

In the **other non-life insurance** class, claims increased by 50% in 2009 compared to the previous year. This increase was caused mostly by higher claims in assistance insurance, which accounted for one third of claims in this insurance class (index 193). A strong increase in claims settled was recorded from miscellaneous financial loss insurance (index 177), suretyship insurance (index 242), marine insurance (index 179), marine third party liability insurance (index 392) and transport insurance (index 138).

8.2.2 Life insurance

In total, Triglav Group insurance companies charged EUR 80.7 million in gross claims from **life insurance** contracts in 2009, which represents a 1% increase on 2008. This class accounts for 13.3% of all claims settled.

The **life insurance** class (life assurance, annuity insurance, voluntary pension insurance) accounts for the bulk of all claims settled which totalled EUR 63.9 million, i.e. 6% less than in 2008. The amount of settled claims experienced the highest growth in **unit-linked life insurance** (index 144) owing to a higher number of policy loans and surrendered insurance policies. In claims from **supplementary voluntary health insurance** the growth index was 132.

GROSS CLAIMS PAID BY MEMBERS OF THE TRIGLAV GROUP (EXCLUDING POZAVAROVALNICA TRIGLAV RE) AND GROWTH INDICES IN 2009 PER INSURANCE CLASS

INSURANCE CLASS	IN EUR		INDEX	STRUCTURE 2009
	2009	2008		
1 Accident insurance	30,563,993	31,979,711	96	5.0%
2 Health insurance	51,188,149	44,443,627	115	8.4%
3 Motor hull insurance	130,041,158	118,838,359	109	21.4%
4 Property insurance	116,175,591	135,620,110	86	19.1%
5 Motor liability insurance	142,688,550	139,839,514	102	23.5%
6 General liability insurance	23,693,252	26,624,103	89	3.9%
7 Credit insurance	18,162,036	14,148,988	128	3.0%
8 Other insurance	13,724,473	9,132,550	150	2.3%
NON-LIFE INSURANCE	526,237,201	520,626,964	101	86.7%
9 Life insurance	63,918,396	68,153,962	94	10.5%
10 Unit-linked life insurance	14,120,278	9,787,937	144	2.3%
11 Capital redemption insurance	2,627,827	1,995,283	132	0.4%
LIFE INSURANCE	80,666,500	79,937,182	101	13.3%
TOTAL	606,903,702	600,564,145	101	100.0%

As a consequence of a lower number of severe weather events in Slovenia and abroad, gross reinsurance premiums written by Pozavarovalnica Triglav were 17% lower.

Total consolidated gross operating costs of the Triglav Group were 3% lower compared to 2008.

8.2.3 Gross claims paid by Pozavarovalnica Triglav Re from reinsurance contracts in 2009

Pozavarovalnica Triglav Re met EUR 71.0 million worth of reinsurance claims, which is 17% less than in 2008. The decrease in settled claims is foremost a consequence of a lower number of severe weather events in Slovenia and abroad. Transactions with the Triglav Group recorded a 22% decrease in claims settled, while claims from operations with cedants outside the Group rose by 4%.

In 2009 the largest part of gross claims arose from non-life and car reinsurance. Compared to 2008, the share of claims from these reinsurance operations grew by 6.8 percentage points, while the share of gross claims from non-life insurance decreased for 8.4 percentage points.

8.3 GROSS OPERATING COSTS IN 2009

Total consolidated gross operating costs of the Triglav Group reached EUR 288.5 million in 2009 and were 3% lower than in the same period of the preceding year. Gross operating costs for **non-life insurance** came to EUR 190.4 million (index 104); in the **life-insurance** segment they amounted to EUR 39.2 million (index 86); in **health insurance** they totalled EUR 9.5 million (index 109) and in **non-insurance activities** they were EUR 49.4 million (index 81).

Acquisition costs (fees and charges) totalled EUR 31.3 million and decreased 7% over the preceding year. The costs of the acquisition of goods sold were lower than in 2008 and amounted to EUR 24.4 million (index 72), while depreciation costs were EUR 12.5 million and went down 6% over 2008. The largest portion of total costs were labour costs (48.4%). They totalled EUR 144.1 million which is 4% more than in 2008. Costs of services provided by natural persons totalled EUR 3.8 million, representing an increase of 4%. Other operating costs climbed to EUR 81.3 million (index 100).

Total insurance business gross operating costs reached EUR 239.1 million and were 1% higher compared to 2008. The increase in insurance business operating costs was 1.5 percentage points higher than the growth of gross written premium. This means that the share of insurance business operating costs in gross written premium was 0.3 percentage points above the figure of 2008 and equalled 23.4%.

The structure of total insurance business gross operating costs, broken down by functional groups, did not change significantly compared to 2008. In total gross operating expenses, costs of insurance contract acquisition accounted for 56.4%, followed by 11.5% in assessment costs, 1.6% in expenses arising from asset management, while other operating expenses represented 30.5%.

GROSS OPERATING COSTS BY NATURE

	2009	2008 (ADJUSTED)	IN EUR	
			2008 (AUDITED)	INDEX
1. Acquisition costs (fees and charges)	31,309,074	33,630,447	34,467,044	93
2. Changes in accrued acquisition costs	0	0	0	
3. Cost of goods sold	24,423,372	33,727,155	33,727,155	72
4. Depreciation of operating assets	12,497,195	13,325,432	13,325,432	94
5. Labour costs	144,138,700	138,487,422	138,487,422	104
- wages and salaries	101,302,896	97,431,479	97,431,479	104
- social security and pension insurance costs	23,662,385	23,589,448	23,589,448	100
- other labour costs	19,173,419	17,466,492	17,466,492	110
6. Costs of services provided by outsource persons other than Sole traders	3,793,934	3,647,808	3,647,808	104

GROSS OPERATING COSTS BY NATURE

	IN EUR			
	2009	2008 (ADJUSTED)	2008 (AUDITED)	INDEX
7. Other operating costs	81,341,661	81,080,112	80,715,043	100
- costs of entertainment, advertising, trade shows	16,535,312	15,408,634	15,408,634	107
- costs of material and energy	9,288,991	9,853,081	9,853,081	94
- maintenance costs	9,017,548	6,910,851	6,910,851	130
- reimbursement of labour-related costs	4,884,354	5,349,069	5,349,069	91
- costs of intellectual and personal services	3,272,132	3,768,481	3,768,481	87
- membership fees and charges	3,287,102	3,388,693	3,388,693	97
- costs of services - transport and communications	5,199,290	4,902,092	4,902,092	106
- costs for insurance premiums	1,722,507	1,581,306	1,581,306	109
- payment transaction costs and banking services	4,117,482	3,850,333	3,850,333	107
- rents	6,739,159	6,455,628	6,455,628	104
- costs of services of professional training	891,383	938,232	938,232	95
- other costs of services	16,386,401	18,673,712	18,308,644	88
TOTAL OPERATING COSTS	297,503,936	303,898,373	304,369,904	98
Consolidation eliminations	-9,001,966	-5,615,669	-5,615,672	160
TOTAL OPERATING COSTS	288,501,970	298,282,704	298,754,232	97

8.4 RISK EQUALISATION IN 2009

The Triglav Group equalised 93% of risks at the Group level. Within the Group's equalisation capacities, losses were covered by the current inflow of technical premium by insurance class and allocated insurance technical provisions. The Triglav Group was able to adequately equalise risks that exceeded its own equalisation capabilities by reinsurance and, to a lesser extent, by co-insurance arrangements.

Risk equalisation at the Group level was 93%.

8.4.1 Insurance technical provisions

On the last day of 2009 the Group allocated EUR 2,161.8 million to gross insurance technical provisions which are the basis for balanced operations and ensure the long-term safety of our insured parties. The total amount of gross provisions increased by 13% compared to 2008. Gross insurance technical provisions were 111% higher than the total gross premium written in 2009.

Growth of provisions by type as at 31 December, 2009 compared to the same day of the preceding year:

- Gross provisions for unearned premiums increased by 2% and reached EUR 301.3 million as at 31 December, 2009. Unearned premium from non-life insurance amounted to EUR 300.5 million (index 103). Unearned premium from life insurance amounted to EUR 0.7 million and was lower by 31% in comparison to the preceding year.
- Gross provisions increased by 6% and amounted to EUR 711.2 million. Claims provisions from non-life insurance totalled EUR 689.5 million (index 106) and those from life insurance amounted to EUR 21.7 million (index 104).
- As at the end of 2008, mathematical provisions stood at EUR 1,104.7 million representing a 21% increase over the year before. Of the total amount of mathematical provisions, EUR 665.0 million was in the life insurance business fund, EUR 149.8 million in the SVPI long-term business fund and EUR 309.8 million in the unit-linked life insurance business fund.
- Compared to the end of 2009 provisions for bonuses and rebates rose by 6% to EUR 19.4 million.
- Changes in insurance technical provisions amounted to EUR 25.3 million. In comparison to the last day of 2008 they increased by 30%.

Gross insurance technical provisions were 111% above the amount of total premiums written in 2009.

GROSS INSURANCE TECHNICAL PROVISIONS AS AT 31 DECEMBER, 2009

GROSS INSURANCE TECHNICAL PROVISIONS AS AT 31 DECEMBER, 2009				IN EUR
	GROSS INSURANCE TECHNICAL PROVISIONS			INDEX
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	31 DECEMBER, 2008 (AUDITED)	
Unearned premium	301,267,271	294,001,382	290,767,791	102
Mathematical provisions	1,104,651,736	913,406,897	913,406,897	121
Claims provisions	711,229,696	673,425,434	662,746,170	106
Provisions for bonuses and rebates	19,364,696	18,240,094	18,240,094	106
Other insurance technical provisions	25,250,664	19,411,032	19,411,032	130
INSURANCE TECHNICAL PROVISIONS	2,161,764,063	1,918,484,839	1,904,571,984	113

8.4.2 Reinsurance

The Triglav Group allocated EUR 71.3 million of reinsurance and coinsurance premium to external equalisation, which was 11% more than in 2008. Reinsurance premium accounts for 7.0% of total gross written premium. The change in gross premium reserves related to reinsurance portion amounted to EUR 0.9 million, which was 9% less than one year earlier. An amount of EUR 38.0 million was received from reinsurance (index 68). The change in gross claims provisions for reinsurance portion equalled EUR 5.4 million (index 38). EUR 1.7 million was received from reinsurance, which led to a negative reinsurance result for 2009 of EUR -25.4 million.

9. FINANCIAL RESULT OF THE TRIGLAV GROUP

In 2009, harsh economic conditions greatly influenced the operations of the Triglav Group, which reflected on its business results. The Triglav Group posted a profit before tax of EUR 2.1 million and a loss after tax of EUR 6.3 million. In this, net loss attributable to the controlling company amounted to EUR 4.8 million and net loss attributable to non-controlling interest holders was EUR 1.5 million.

In addition to the financial crisis as the key factor, the financial results in the reporting year were negatively affected by several storms which in summer raged over most of the Slovene territory. As a result of material or long-term decreases in asset value, an asset impairment loss was recognised in the amount of EUR 15.6 million.

As the impairment of investments in subsidiaries does not represent a tax deductible expense, no corresponding deferred tax income is recognised. Consequently, income tax expense was considerably higher than in 2008.

Net premiums earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by the reinsurers' share and adjusted by the change in gross unearned premiums taking into account the reinsurers' share in unearned premiums) amounted to EUR 946.3 million and stayed approximately at the same level as in 2008. In comparison with the year before, net non-life premiums earned went up by 2% in property insurance and by 13% in health insurance, whereas posted net life insurance premiums earned dropped by 8%. Gross written premiums from reinsurance and co-insurance operations went down by EUR 71.3 million, representing an 11% higher decrease than in 2008. On the other hand, gross unearned premiums grew by EUR 4.6 million; at a 78% lower growth rate than in 2008.

Net claims incurred (gross claims increased by assessment costs, reduced by the reinsurers' and co-insurers' shares and recourse receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' share in these provisions and increased by equalisation scheme expenses for supplementary health insurance) totalled EUR 610.9 million and thus exceeded the amount reported for 2008 by 4%. Net claims incurred from non-life insurance increased by 4%, by 1% from life insurance and by 12% from health insurance. The reinsurers' and co-insurers' share of gross claims decreased compared to 2008 by 32% and totalled EUR 38.0 million. Claims provisions grew by EUR 47.2 million or 12% above the level recognised in the previous reporting year.

The ratio between consolidated net claims incurred and net premiums earned deteriorated compared to 2008 by 2.5 percentage points, moving from 62.1% to 64.6%.

Consolidated gross operating expenses totalled EUR 288.5 million: gross operating expenses of insurance business amounted to EUR 239.1 million and expenses of non-insurance business EUR 49.4 million. Operating expenses of insurance business accounted for 23.4% of consolidated gross written premiums.

Income from financial assets in 2009 totalled EUR 204.4 million and were 40% higher than in 2008. Income from financial assets in associates reached EUR 18.6 million, income from other financial assets was EUR 132.0 million and net unrealised gains on unit-linked life insurance assets amounted to EUR 53.9 million. Consolidated financial expenses were EUR 83.5 million or 65% less than in 2008. Expenses from financial assets in associates totalled EUR 8.8 million, expenses from other financial assets were EUR 57.3 million and net unrealised losses on unit-linked life insurance assets amounted to EUR 17.4 million.

Harsh economic conditions greatly influenced the operations of the Triglav Group, which was primarily reflected in asset impairment.

The disclosed profit before tax of the Triglav Group was EUR 2.1 million, while its net loss equalled EUR -6.3 million.

Net income from insurance premiums amounted to EUR 946.3 million and remained at the 2008 level.

Changes in other technical provisions summed up to EUR 92.00 million (index 125). Mathematical provisions rose by EUR 89.0 million and other provisions (provisions for cancellations and provisions for unexpired risk) by EUR 3.0 million. Change in insurance technical provisions for unit-linked insurance contracts equalled EUR 90.1 million. Expenses for bonuses and discounts amounted to EUR 12.1 million (index 97).

Other income from insurance operations of the Triglav Group reached EUR 27.4 million, which was 36% less than the year before, and other income was EUR 56.6 million (index 94). Other expenses from insurance operations totalled EUR 60.5 million (index 114) and expenses equalled EUR 76.0 million (index 113).

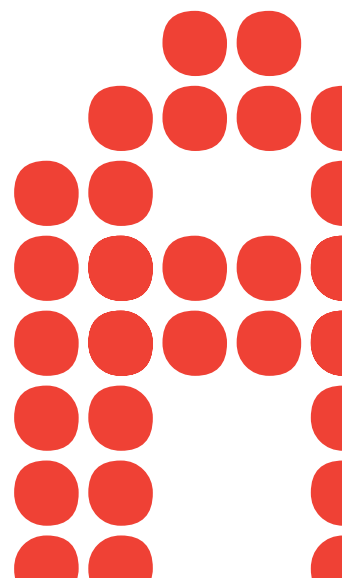
INCOME STATEMENT FOR 2009 - ACCORDING TO IFRS


	IN EUR		
	2009	2008 (ADJUSTED)	INDEX
NET PREMIUM INCOME	946,344,123	943,629,834	100
- gross written premium	1,022,259,614	1,028,521,624	99
- ceded written premium	-71,334,542	-64,515,171	111
- change in provision for unearned premiums	-4,580,949	-20,376,619	22
INCOME FROM FINANCIAL ASSETS	204,441,102	145,660,834	140
INCOME FROM FINANCIAL ASSETS IN ASSOCIATED COMPANIES	18,612,653	14,552,550	128
- profit on equity investments accounted for using the equity method	12,388,038	8,323,853	149
- other income from financial assets in associated companies	6,224,615	6,228,697	100
INCOME FROM FINANCIAL ASSETS	131,952,367	115,263,316	114
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	53,876,082	15,844,968	340
OTHER INSURANCE INCOME	27,449,020	42,863,819	64
- fees and commission income	20,830,183	35,562,402	59
- other income from insurance operations	6,618,837	7,301,417	91
OTHER INCOME	56,613,838	60,341,174	94
NET CLAIMS INCURRED	610,884,699	586,307,590	104
- gross claims settled	597,203,374	596,532,261	100
- reinsurers' and co-insurers' share	-37,994,709	-55,658,365	68
- changes in claims provisions	47,165,611	42,147,926	112
- equalization scheme expenses for supplementary health insurance	4,510,423	3,285,768	137
CHANGES IN OTHER INSURANCE TECHNICAL PROVISIONS	92,004,461	73,434,623	125
CHANGES IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	90,122,332	-49,058,086	
EXPENSES FOR BONUSES AND DISCOUNTS	12,066,727	12,388,561	97
OPERATING EXPENSES	207,752,004	207,932,393	100
- acquisition costs	134,822,095	134,117,000	101
- other operating expenses	72,929,909	73,815,393	99
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	83,496,380	239,338,408	35
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	8,787,215	7,359	119.408
- loss on investments accounted for using the equity method	6,354,300	7,359	86.347
- interest	1,824,700	0	
- other expenses from financial assets and liabilities in associates	608,215	0	
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	57,267,023	110,297,056	52
- impairment of financial assets other than recognised at fair value through profit/loss	14,415,580	35,662,495	40
- interest	4,943,275	5,157,292	96
- other expenses from financial assets and liabilities	37,908,168	69,477,269	55
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	17,442,142	129,033,993	14
OTHER INSURANCE EXPENSES	60,486,014	52,953,040	114
OTHER EXPENSES	75,954,246	67,402,420	113
NET PROFIT/LOSS BEFORE TAX	2,081,220	1,796,715	116
Income tax expense	-8,373,562	-786,421	1.065
NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD	-6,292,342	1,010,294	
Net profit/loss attributable to the controlling company	-4,810,683	2,567,299	
Net profit/loss attributable to non-controlling interest holders	-1,481,660	-1,557,005	

FINANCIAL PERFORMANCE INDICATORS

	2009	2008 (ADJUSTED)
Ratio between gross claims paid and gross premium written	58.4%	58.0%
Ratio between net claims incurred and net premium earned	64.6%	62.1%
Portion of gross operating costs of the insurance segment in gross premium written	23.4%	23.1%
Gross written premium per employee at the insurance company * (in EUR)	215,576	221,092

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





Fitness results from
readiness.



Financial flexibility

When high liquidity levels or long-term sources of funding are required, the capacity to raise share capital and place debt securities under favourable terms are another indicator of financial strength.

Enthusiasm is not enough to enjoy snowy slopes - good physical fitness has to be maintained. With ski simulators we enabled recreational skiers to test the level of their physical fitness.



The innovative project "Ski Safely" combined all of the elements relevant to skiers' safety.
The project was carried out on ski simulators in Slovenia and Croatia.



10. FINANCIAL STANDING OF THE TRIGLAV GROUP

Total balance sheet assets of the Group as at 31 December, 2009 stood at EUR 2,866.0 million and were 6% higher than as at the end of 2008.

The total value of equity as at the 2009 year end was EUR 477.8 million, which was 8% less than one year earlier. The portion of equity in the balance sheet total decreased by 2.5 percentage points, from 19.1% down to 16.7%. As at 31 December, 2009, controlling company's equity was worth EUR 449.9 million and non-controlling interest holders had EUR 27.9 million. Share capital amounted to EUR 23.7 million and was divided into 22,735,148 ordinary shares. Fair value reserve, which represents a change in the fair value of available-for-sale financial assets, as at 31 December, 2009 stood at EUR 54.4 million and was 22% lower than at the end of the previous year. This reduction resulted from developments on crisis-struck financial markets, which required impairments due to falling asset value.

As at 31 December, 2009, total balance sheet assets of the Triglav Group amounted to EUR 2,866.0 million, which was 6% more than at the end of 2008.

On the liabilities side, gross insurance technical provisions grew by 13% and reached EUR 2,161.8 million.

Share premium amounted to EUR 53.9 million and reserves from profit, after an increase of 5%, to EUR 54.2 million. On top of legal and statutory reserves, reserves from profit comprise contingency reserves of EUR 21.2 million, as well as credit risk equalisation reserves and catastrophe reserves, which totalled EUR 32.9 million. As at 31 December, 2009, accumulated profit for the year was EUR 265.2 million, including a net loss for the year of EUR -5.9 million and net profit brought forward of EUR 271.1 million.

Subordinated liabilities of the Group reached EUR 43.2 million and rose 44% above the level reported at the 2008 year end. They represented 1.5% of the balance sheet total. This high growth of subordinated liabilities was caused by ZT02 bonds, which were in 2009 issued as subordinated registered bonds denominated in EUR and in a dematerialised form.

On the liabilities side, gross insurance technical provisions rose by 13% and reached EUR 2,161.8 million by the end of 2009. In balance sheet total their share grew by 4.5 percentage points, from 71.0% to 75.4%. Mathematical provisions increased the most among insurance technical provisions (by 21%) and amounted to EUR 1,104.7 million as at 31 December, 2009. Provisions for gross unearned premiums grew by 2%, gross claims provisions increased by 6% and other insurance technical provisions went up by 18%.

Compared to one year earlier, financial liabilities decreased to EUR 44.1 million as at 31 December, 2009 (index 58). In total balance sheet liabilities they represented a 1.5% share, compared to 2.8% in 2008. Financial liabilities decreased due to the repayment of a loan taken out in the second half of 2008 to mitigate the consequences of the financial crisis and a series of devastating storms.

Operating liabilities as at the 2009 year end amounted to EUR 39.7 million and were 14% below the figure reported one year earlier. They accounted for 1.4% of total balance sheet liabilities. Liabilities from direct insurance operations fell by 14% and amounted to EUR 14.7 million, whilst liabilities from co-insurance and reinsurance operations rose by 29% and reached EUR 24.6 million.

Deferred tax liabilities amounted to EUR 16.4 million and accounted for 0.6% of total balance sheet liabilities. Other liabilities decreased by 24% down to EUR 60.0 million and accounted for 2.1% of the balance sheet total.

As at the 2009 year end, financial assets stood at EUR 2,132.1 million, which represents a 9% rise compared to the previous year. The percentage of financial assets in total assets grew by 1.8 percentage points and reached 74.4% as at 31 December, 2009. In total financial assets, unit-linked insurance assets amount to EUR 310.6 million and financial investments total EUR 1,821.5 million. In total financial investments, EUR 397.4 million is accounted for by deposits and loans, EUR 261.6 million by investments held to maturity, EUR 1,075.1 million by investments available for sale and EUR 87.4 million by investments recognised at fair value through profit/loss.

With 58.8% debt securities account for the bulk of total financial assets, and as at 31 December, 2009 they amounted to EUR 1,252.8 (index 101). In 2009, equities rose by 14%, reaching EUR 574.9 million and accounting for 27.0% of total financial assets. In total financial assets loans and receivables in 2009 showed an upward trend, so that as at 31 December, 2009 they stood at EUR 298.1 million (index 135) and their percentage of total financial assets increased by 14.0%. Derivative financial instruments as at 31 December, 2009 totalled EUR 3.3 million (index 248) and financial investments of reinsurance companies arising from reinsurance contracts were EUR 3.0 million (index 134).

Financial investments in subsidiaries increased by 23% and reached EUR 122.3 million, representing 4.3% of total assets.

An outstanding asset item of the Triglav Group is investment property, disclosed in the amount of EUR 82.0 million. Compared to the 2008 year end, investment property grew by 2% and reached 2.9% of total assets.

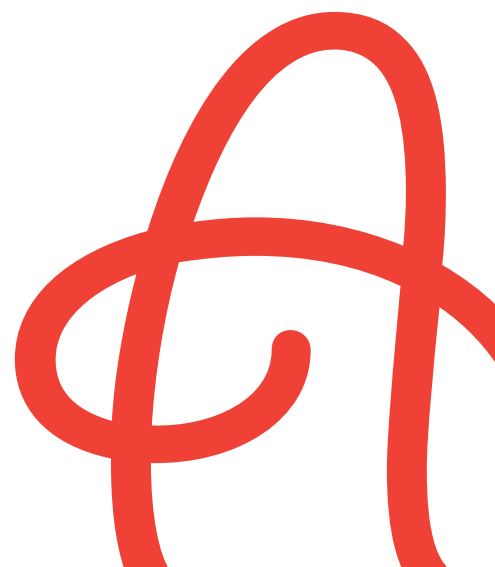
The Triglav Group's receivables as at 31 December, 2009 totalled EUR 219.8 million, which represents a 5% decrease from the 2008 year end. Receivables accounted for 7.7% of total assets. Receivables from direct insurance operations amounted to EUR 132.2 million (index 102), receivables from co-insurance and reinsurance operations totalled EUR 34.7 million (index 86), current tax liabilities EUR 4.2 million and other receivables stood at EUR 48.8 million (index 81).

The reinsurers' share of technical provisions of the Triglav Group as at 31 December, 2009 stood at EUR 38.7 million, which was 10% less compared to one year earlier. Assets from reinsurance contracts from claim provisions totalled EUR 28.6 million, while unearned premiums equalled EUR 10.1 million.

As at the 2009 year end, property, plant and equipment of the Group stood at EUR 132.9 million and represented 4.6% of total assets. Intangible assets amounted to EUR 73.5 million and accounted for 2.6% of total assets.

Cash and cash equivalents amounted to EUR 30.4 million, whilst other assets totalled EUR 11.8 million.

Operating liabilities amounted to EUR 39.7 million and were 14% below the figure reported one year earlier.

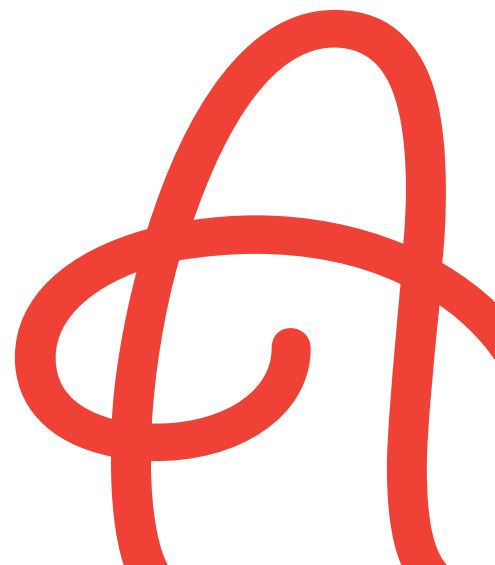


BALANCE SHEET AS AT 31 DECEMBER, 2009 - ACCORDING TO IFRS

	IN EUR					
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008	INDEX	STRUCTURE 2009	STRUCTURE 2008
ASSETS						
Intangible assets	73,506,342	84,455,499	75,960,946	87	2.6%	3.1%
Property, plant and equipment	132,895,282	132,584,565	134,963,596	100	4.6%	4.9%
Deferred tax assets	20,426,847	21,121,861	11,071,290	97	0.7%	0.8%
Investment property	81,997,052	80,069,945	59,770,494	102	2.9%	3.0%
Financial assets in associated companies	122,342,222	99,330,861	47,862,503	123	4.3%	3.7%
Financial assets	2,132,149,856	1,963,318,101	2,112,388,747	109	74.4%	72.6%
Financial investments:	1,821,513,756	1,742,458,694	1,845,634,092	105	63.6%	64.5%
- loans and deposits	397,384,402	331,709,110	165,312,600	120	13.9%	12.3%
- held to maturity	261,587,909	243,444,567	81,452,256	107	9.1%	9.0%
- available for sale	1,075,127,103	1,078,859,635	1,461,430,494	100	37.5%	39.9%
- recognised at fair value through profit and loss	87,414,343	88,445,381	137,438,742	99	3.1%	3.3%
Unit-linked insurance assets	310,636,100	220,859,408	266,754,655	141	10.8%	8.2%
Reinsurers' share of technical provisions	38,707,113	42,960,186	27,202,664	90	1.4%	1.6%
Receivables	219,787,187	232,226,333	189,612,818	95	7.7%	8.6%
- receivables from direct insurance operations	132,182,897	129,771,754	119,394,751	102	4.6%	4.8%
- receivables from co-insurance and reinsurance operations	34,673,805	40,168,478	20,921,957	86	1.2%	1.5%
- current tax receivables	4,170,535	2,041,613	1,344,436	204	0.1%	0.1%
- other receivables	48,759,950	60,244,488	47,951,674	81	1.7%	2.2%
Other assets	11,820,949	13,178,538	12,575,907	90	0.4%	0.5%
Cash and cash equivalents	30,443,965	32,517,218	25,320,567	94	1.1%	1.2%
Non-current assets held for sale	1,903,219	1,609,225	15,903,583	118	0.1%	0.1%
TOTAL ASSETS	2,865,980,034	2,703,372,332	2,712,633,115	106	100.0%	100.0%
EQUITY AND LIABILITIES						
Equity	477,787,692	516,929,601	615,389,979	92	16.7%	19.1%
Controlling interests	449,910,028	473,226,281	570,915,220	95	15.7%	17.5%
- share capital	23,701,391	23,701,391	23,701,392	100	0.8%	0.9%
- share premium	53,892,536	53,412,885	53,412,885	101	1.9%	2.0%
- reserves from profit	54,180,190	51,549,611	45,448,057	105	1.9%	1.9%
- fair value reserve	54,370,241	70,010,806	162,786,788	78	1.9%	2.6%
- net profit/loss brought forward	271,086,497	276,507,159	234,818,152	98	9.5%	10.2%
- net profit/loss for the year	-5,861,926	-760,473	50,795,065	771	-0.2%	0.0%
- consolidation adjustment	-1,458,901	-1,195,098	-47,119	122	-0.1%	0.0%
Non-controlling interests	27,877,664	43,703,320	44,474,759	64	1.0%	1.6%
Subordinated liabilities	43,242,091	30,000,000	30,000,000	144	1.5%	1.1%
Insurance technical provisions	1,851,940,383	1,698,817,959	1,555,812,678	109	64.6%	62.8%
- unearned premium	301,267,271	294,001,382	265,248,078	102	10.5%	10.9%
- mathematical provisions	794,828,056	693,740,017	640,699,449	115	27.7%	25.7%
- claims provisions	711,229,696	673,425,434	617,581,304	106	24.8%	24.9%
- other insurance technical provisions	44,615,360	37,651,126	32,283,847	118	1.6%	1.4%
Insurance technical provisions for unit-linked insurance contracts	309,823,680	219,666,880	268,736,408	141	10.8%	8.1%
Employee benefits	7,652,833	7,271,982	6,649,404	105	0.3%	0.3%
Other provisions	15,386,715	14,293,196	11,840,257	108	0.5%	0.5%
Deferred tax liabilities	16,383,815	15,297,569	81,636,628	107	0.6%	0.6%
Other financial liabilities	44,058,737	76,341,389	31,059,352	58	1.5%	2.8%
Operating liabilities	39,661,083	46,152,830	39,633,927	86	1.4%	1.7%
- liabilities from direct insurance operations	14,677,542	17,004,469	12,796,170	86	0.5%	0.6%
- liabilities from co-insurance and reinsurance operations	24,564,148	19,006,425	15,636,596	129	0.9%	0.7%
- current tax liabilities	419,393	10,141,936	11,201,161	4	0.0%	0.4%
Other liabilities	60,043,005	78,600,926	71,874,482	76	2.1%	2.9%
TOTAL EQUITY AND LIABILITIES	2,865,980,034	2,703,372,332	2,712,633,115	106	100.0%	100.0%

FINANCIAL POSITION INDICATORS

	2009	2008 (ADJUSTED)
Capital in total liabilities	16.7%	19.1%
Average capital as a percentage of gross written premium	48.7%	55.5%
Return on equity	-1.3%	0.2%
Gross Insurance contract liabilities as a percentage of total liabilities	75.4%	71.0%
Gross Insurance contract liabilities as a percentage of gross written premium	199.6%	181.5%
Financial assets as a percentage of total assets	74.4%	72.6%
Ratio between financial assets and gross Insurance technical provisions	98.6%	102.3%



11. RISK MANAGEMENT

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

The Triglav Group is gradually introducing a centralised risk management system before the implementation of Solvency II, depending on the needs and capacities of individual group members.

Most of risk management activities were aimed at mitigating the effect of the financial crisis on the assets and liabilities of the Group members, setting up a system of ongoing exposure monitoring and a reporting system.

The Triglav Group provided sufficient capital adequacy throughout the year, was able to duly meet due obligations and was permanently capable of fulfilling all of its obligations arising from concluded insurance contracts.

The Triglav Group is gradually introducing this centralised risk management system in the period leading up to the adoption of Solvency II, depending on the needs and capacities of individual group members. In 2009, most of the Group's risk management activities were aimed at mitigating the effect of the financial crisis on the assets and liabilities of the Group members, setting up a system of ongoing exposure monitoring and a reporting system. The Group is introducing risk management activities in accordance with the Financial Conglomerates Act and in view of the needs of its individual members. In this process the Risk Management Department actively co-operates with the internal audit and strategic investment divisions, as well as with the Management Boards of the Triglav Group members.

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

In 2009, Zavarovalnica Triglav continued preparing for the forthcoming EU Solvency II Directive, in which it actively co-operated with several working bodies of the Slovenian Insurance Association.

11.1 INSURANCE RISK MANAGEMENT MEASURES

Also in 2009 the Triglav Group always:

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

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

- the capital level and satisfaction of statutory capital requirements,
- capital adequacy,
- the level of insurance technical provisions,
- the level of assets backing liabilities and long-term business funds,
- the type, spread, compliance and localisation of placements of assets backing liabilities and long-term business funds.

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

The financial products of the Triglav Group provide security. Therefore, the risk management of the Group is both centralised and integrated, adapted to markets, new risks and the needs of individual group members, as well as being geared towards future returns.

Extensive prevention activities are planned to reduce the risks to which our clients and the economic environment are exposed.




Risk management



POŠLJITE SMS
TOCA
NA **3131**

TOČA
ALARM

The service "HAIL ALARM"
was introduced, enabling
SMS texts free of charge
about possible hail hazards
anywhere in Slovenia.



Our storyteller Srečo is a nice person to talk to and has a good sense of humour. He tells children fairy tales about the Car City and urges them and their parents to behave safely in traffic.

Together with AMZS (Automobile Association of Slovenia) we organised Safe Driving Days for young families and young drivers at the AMZS Safe Driving Centre in Vransko.

Only in fairy tales does
courage conquer all threats.

In real life we take
protection against risks.



11.1.1 Capital and capital adequacy

In 2009, Zavarovalnica Triglav monitored and calculated regulatory capital adequacy of individual members of the financial conglomerate, as the entity at the top of the conglomerate, and taking into account Standard & Poor's capital requirements as part of the process and review for acquiring credit rating. Each insurance company belonging to the Group has to provide for its capital adequacy in line with the local legislation, considering the volume and type of its operations, as well as managing the risks it is exposed to.

As at 31 December, 2009, Zavarovalnica Triglav achieved a minimum capital coverage of 146% for both non-life liabilities and life liabilities. The high capital adequacy level of Zavarovalnica Triglav was further confirmed by the fact that it kept Standard & Poor's ratings "A" and "stable" (FSR, ICR).

11.1.2 Insurance technical provisions

The members of the Group set aside, on an ongoing basis, insurance technical provisions covering all of their insurance operations. The underlying purpose of this is to meet all future claims arising from concluded insurance contracts and to cover potential losses resulting from risks inherent in their insurance operations.

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

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

11.1.3 Financial assets and liabilities from insurance contracts

Members of the Triglav Group ensure, with the appropriate conduct of business, that they have sufficient financial investments to cover insurance technical provisions. The members of the Triglav Group make sure on an ongoing basis that all of their insurance operations are covered by adequate insurance technical provisions, in order to meet their future claims arising from concluded insurance contracts and potential losses resulting from risks inherent in their insurance operations.

11.1.4 Reinsurance

The members of the Triglav Group make use of the same reinsurance arrangement. Retained lines, as laid down in this reinsurance arrangement, are based on the tables of maximum retained lines of Zavarovalnica Triglav as the largest member of the Triglav Group. The Triglav Group members cover with adequate reinsurance the part of the underwritten risks taken over which, according to the tables of maximum coverage of Zavarovalnica Triglav, exceeds own net retained lines in the equalisation of losses.

The Group adopts a planned reinsurance programme for each business year. This programme includes:

- calculated retained lines by individual class of insurance for Zavarovalnica Triglav,
- a table of maximum coverage based on retained lines, as well as
- the procedures, bases and criteria for establishing the highest probable loss arising from individual risks underwritten.

A high capital adequacy of Zavarovalnica Triglav of 146% was further proven by the fact that according to Standard & Poor's its international credit rating remained "A" "stable" (FSR, ICR).

The members of the Group set aside insurance technical provisions on an ongoing basis.



Every insurance company of the Group whose tables of maximum coverage are below the retained lines laid down in the Group reinsurance contract signs an individual contract whereby it assigns the difference between its maximum retained lines and the retained lines laid down in the Group reinsurance contract.

11.2 MEASURES FOR FINANCIAL RISK MANAGEMENT

Members of the Triglav Group are exposed to financial risks as they manage their assets backing liabilities and long-term business funds. In order to maximise the effectiveness of continuous financial risk management Zavarovalnica Triglav in 2009 continued with regular weekly reports on all relevant financial exposure items. Simultaneously, the impact of current developments on the Triglav Group was carefully monitored. Based on regular checks, the competent bodies took decisions so as to manage risk exposures.

11.2.1 Liquidity risk

The Triglav Group ensures its liquidity by investing in adequate financial instruments and manages liquidity in accordance with the expected cash flows from insurance operations and investments. Temporary financing options under favourable terms are available to the Group from some domestic financial institutions, but were not used in 2009.

11.2.2 Credit risk

The local legislation imposes limits on the amounts of investment by geographical area and by individual issuer to all insurance companies within the Group. In order to reduce their credit risk, Group members are trying to achieve the best possible spread of investments within the restrictions of law. The total value of the Group's investments exposed to credit risk is EUR 2,524.8 million. In economic terms the year 2009 was more favourable than 2008, so that the Group made impairments due to default in the amount of only several thousand euros.

In international markets, Zavarovalnica Triglav mostly invests in securities with credit ratings above Standard & Poor's BBB- and/or Moody's Baa3. We check the overall exposure to individual issuers on an ongoing basis and follow their credit ratings. The quality of the portfolio is monitored on a quarterly basis by using Moody's Weighted Average Rating (WAR) method. In 2009, the share of investments with the highest credit rating increased considerably.

11.2.3 Share risk

The exposure to fluctuations in market share prices is balanced out by limiting the portion of shares in the portfolio. In 2009, the exposure to equities was additionally reduced. Investments in shares are spread in line with analyses by industry and individual company. The bulk of the Group's exposure to international markets is spread over investments in index and mutual funds.

Due to the established long-term decrease in the fair value of equity securities in 2009, the Triglav Group, in accordance with International Financial Reporting Standards, as at 31 December, 2009 impaired certain equities in the investment portfolios of assets backing liabilities and long-term business funds of the Triglav Group members. This impairment of equity securities is permanent and reflected in the income statement of the Group.

11.2.4 Interest rate risk

Interest rate risk is primarily managed by actively matching assets and liabilities according to maturity structure. Ideal matching would entirely offset the impact of interest rate fluctuations on the

In international markets, Zavarovalnica Triglav mostly restricted its investments to securities with credit ratings above Standard & Poor's BBB- or Moody's Baa3.

In 2009, the percentage of highest rated investments increased considerably.

Interest rate risk is primarily managed by the active matching of maturities of assets and liabilities.

profit or loss. Due to extremely low levels of risk-free interest rates, in 2009 portfolio maturities were somewhat shortened. Moreover, a substantial part of interest rate sensitivity was still restricted by applying the "hold to maturity" accounting method.

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

11.2.5 Foreign exchange risk

Most of the assets and liabilities of the Triglav Group are in euros. The largest portion of exposure denominated in currencies other than the euro is in currencies of former Yugoslav countries, which are also the currencies of the Triglav Group members' liabilities in that region. Foreign exchange risk is additionally lowered by means of currency swaps and currency futures and options.

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

Balance sheet risks result from the different characteristics and exposures of the assets and liabilities on the balance sheet. Zavarovalnica Triglav manages these risks at the level of the Assets and Liabilities Committee (ALCO), which supervises investment policies of individual long-term business funds and assets backing liabilities, exposures to balance sheet risks, profit distribution policy, etc. ALCO regularly monitors the coverage ratios, liquidity and capital adequacy of long-term business funds and assets backing liabilities of Zavarovalnica Triglav. Based on reports and proposals by the ALCO, the Management Board of Zavarovalnica Triglav promptly takes measures to provide for sufficient coverage ratios, liquidity and capital adequacy.

11.3 OPERATIONAL RISK MANAGEMENT MEASURES

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

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

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

In 2009, a project for setting up an insurance fraud detection system was brought to an end. This system constitutes important internal control in the prevention of operational risks. Furthermore, in late 2009 Zavarovalnica Triglav started preparations for analysing the status and effectiveness of its internal control system by work process. The analysis will be fully implemented in 2010 and its results used to optimise the internal control systems of the Triglav Group members. In 2009, compliance mechanisms continued to be transferred to the companies of the Triglav Group.

Based on regular reports and proposals by the Assets and Liabilities Committee (ALCO), the Management Board of Zavarovalnica Triglav took prompt measures to provide for sufficient coverage, liquidity, capital adequacy and other ratios.

A system of internal controls helps Zavarovalnica Triglav manage operational risk and its quality management system is in line with the ISO 9001 international standard.

Compliance mechanisms continued to be transferred to the companies of the Triglav Group.

11.4 INTERNAL AUDIT

Functioning internal audit is a legal requirement. The purpose of the Internal Audit Department is to provide for the continuous and comprehensive supervision of operations in order to verify whether:

- insurance operations are duly and correctly performed, pursuant to the Insurance Act, pertaining secondary legislation and the internal rules of the individual insurance company which regulate its operations;
- the insurance company is keeping accounting records, drawing up bookkeeping documents, measuring accounting records and compiling financial and other reports in accordance with the Insurance Act and related secondary legislation, as well as the internal rules which regulate its operations; and
- the insurance company is keeping a register of insurance agents who act as insurance agents either as employees or on the basis of another type of legal relationship, in line with the Insurance Act and related secondary legislation, as well as the internal rules which regulate its operations.

The Internal Audit Department of Zavarovalnica Triglav operates in accordance with the International Audit Standards, the Code of Ethics of Internal Auditors and the Code of Internal Auditing Principles. At the Group level it is responsible for the transfer of know-how and good practices as well as for setting minimum standards for internal auditing.

Within this scope the Internal Audit Department in 2009 performed the following activities:

- transfer and improvement of internal audit methodologies on the basis of the International Audit Standards;
- cooperation and/or cosourcing in the auditing of subsidiaries (identification of major risks in an audited work process, assessment of internal controls, involvement in the preparation of audit reports);
- providing advice to internal auditors on their work.

Zavarovalnica Triglav's Internal Audit Department carried out audits in accordance with its Annual Work Programme for 2009 and following the Management Board's decisions on extraordinary audits. Based on additions to the Annual Work Programme, the Internal Audit Department (IAD) started tasks related to the investigation, detection and prevention of fraud. In 2010, it will transfer its knowledge and practice in this area to the Internal Audit Departments of other Group members.

In 2009, the Department carried out 34 regular and 4 extraordinary audits, participated in 6 ISO audits and was involved in co-source audit ventures in the Triglav Group. Within the scope of the investigation, detection and prevention of fraud the IAD audited 7 suspected cases of fraud, managed a fraud audit project related to car insurance and prepared an internal document on the policy of audit investigation, detection and prevention.

After completed audits the IAD presented its findings to the responsible persons and gave recommendations to establish more efficient internal controls, achieve better financial performance, ensure the observance of financial discipline and improve the design of internal controls.

The IAD regularly reported, orally and in writing, on all of the audits performed to the Management Board as well as the Supervisory Board where necessary. Based on these reports the Management Board adopted decisions that require the auditees to follow the recommendations of the Internal Audit Department and eliminate all of the established infringements, irregularities and shortcomings by the agreed deadlines. Following discussions at the Audit Committee, the IAD reported on its work at agreed intervals to the Management Board and the Supervisory Board.

To its regular work the Internal Audit Department of Zavarovalnica Triglav added tasks related to the detection and prevention of fraud.

12. DEVELOPMENT AND MARKETING ACTIVITIES IN THE TRIGLAV GROUP

12.1 MARKETING AND SALES ACTIVITIES

12.1.1 Non-life insurance

The year behind us was demanding, but despite the economic crisis we archived most of the targets set in the ambitious non-life insurance yearly plan. Furthermore, numerous insurance products were upgraded and adapted to clients' needs, relations with business partners were strengthened, insurance sales IT support was modernised and the sales organisation structure improved.

The integrated home insurance range, which includes three products (DOM-01, DOM-02 and DOM-03), was in late 2009 expanded by accident insurance options. Our first direct marketing campaign in non-life insurance addressed those clients who had not yet decided for any DOM home insurance, home contents insurance or fire insurance product. In combination with other marketing activities in 2009, this campaign resulted in over 11,000 new DOM home insurance policies and earned EUR 2 million in premiums.

In car insurance, actuarial bases were amended or corrected and the following new elements introduced:

- a new criterion for premium differentiation based on the car owner's age, which reduces the premium for personal car insurance owned and used by persons above 33 years of age;
- a bonus for young families, who remain the key target group;
- additional premium exemption for the increased hazard of "a driver with less than 3 years of driving experience" not charged to those who have completed a safe driving course, which was an important step towards greater traffic safety in Slovenia and a new competitive advantage that will boost the reputation of Triglav.

Our first mobile marketing campaign for a new free of charge service "HAIL ALARM" was launched, bringing non-life insurance products closer to clients. Clients who have their vehicles insured with Triglav under any kind of policy were informed about possible hail hazards in Slovenia with SMS texts free of charge, which enabled them to protect their cars in time.

COOPERATION WITH BUSINESS CORPORATIONS

In the car insurance segment Triglav's long-term strategic cooperation with the nationwide Automobile Association of Slovenia (AMZS) and its subsidiaries plays an important role. In 2009, this partnership was further strengthened by our participation in the Driving Centre in Vransko. With the Chamber of Craft and Small Business of Slovenia foundations were laid for active marketing to small and micro businesses, which are becoming an important target group of clients.

The cooperation with foreign insurers operating in South East Europe was furthered and Triglav subsidiaries were actively involved in these processes. Such cooperation additionally boosts premium income, provides for the transfer of key client management know-how and also enables the servicing of key clients outside the Triglav Group.

CLIENT COMMUNICATION

Information about new non-life insurance products was disseminated through active and targeted communication, functioning as sales support.

We dedicated most of our financial resources and activities to car insurance, where competition is the fiercest. The communication mixes we applied combined several communication tools, with an emphasis on the Internet and direct communication. Communication activities were regularly ana-

With new marketing approaches in non-life insurance we gained over 11 million new DOM home insurance contracts, which yielded almost EUR 2 million of additional insurance premium.

A free of charge text service "HAIL ALARM" was launched, bringing non-life insurance products closer to clients.

Our long-term strategic partnership with the nationwide Automobile Association of Slovenia (AMZS) was strengthened within the framework of the Safe Driving Centre in Vransko.

In terms of organisation, the greatest attention was paid to improving the organisation and management of sales in regional units.

On top of quality insurance products and favourable terms in the form of discounts, new socially responsible services were introduced, such as Hail Alarm and Safe Driving Days.

The life insurance range was tailored to specific individual target groups.

lysed to measure their effectiveness. In car insurance a significant positive correlation was discovered in 2009 between communication and sales results.

MODERN ORGANISATION

In terms of organisation the greatest attention was paid to improving the organisation and management of sales in regional units, especially sales staff management at the level of sales teams. The sales coordination and management was organised along the same lines in the external sales network, which plays an important part in car insurance.

Activities started for the substantive and organisational modernisation of sales through own points of sale, where Triglav is earning less than planned. This exercise was also based on user opinions, obtained in a survey. The plan is to continue with these activities in 2010.

ACTIVE APPROACH TO CLIENTS

In non-life insurance many activities focused on communication with both existing and prospective clients. The first contact is certainly established by our sales staff visiting clients or at points of sale, where more information is available and where an insurance contract can be concluded or a loss reported. In addition, information is also available on the toll free number 080 555 555. A special role is played by the blue line 080 2864, open 24 hours every day of the year to clients in need of an assistance service <http://www.triglav.si/>.

In order to back up the personal sales of non-life insurance, several advertising campaigns were organised in 2009, informing the market about new products and services. Many different media and communication channels were employed in these campaigns. Among others, two mini websites were set up - www.vozim.se and avto.triglav.si - that provided information on car insurance products and services in a modern and user-friendly way. Brochures, leaflets and promotional products are also used to appropriately present our business. In 2009, several events were organised at fairs and in shopping malls.

On top of quality car insurance products and favourable terms in the form of discounts, new services directly related to car insurance were offered as well. Services such as Hail Alarm and Safe Driving Days help Triglav accomplish its mission, contribute to its social responsibility and provide additional safety for our clients in an original and innovative way.

Special attention was paid to measuring client satisfaction, which served as a basis for improving work processes. In 2009, external user satisfaction remained at the same level as in 2008.

12.1.2 Life insurance

Developments in financial markets and the economy, especially the falling value of fund units and the rising number of the unemployed, had a significant impact on the sales of life insurance (particularly unit-linked) products. More attention was therefore dedicated to making existing and potential clients aware of our range of products and services, which represent not only insurance but also a safe investment.

The life insurance range was tailored to specific individual target groups. A unit-linked life insurance product named FLEKS FOR YOUNGSTERS was launched as a novelty in the Slovene insurance market. This product, the first of its kind, is for children and young people under the age of 18 and is the only form of insurance which enables the policy to be assumed and all of the rights of the policy preserved after the insured person reaches the age of 26. In 2009, the life insurance range had to be adapted in view of several factors, the most outstanding of which was an economic climate unfavourable to new life insurance. On that basis the ABC life insurance policy was developed, combining an investment element with high protection and extensive cover at an affordable premium. This unique form

of bridging insurance is a risk and investment-type insurance product. Both products are a novelty in the Slovene market, tailored to the needs of individual target groups.

The range of existing insurance products was also redesigned:

- to unit-linked insurance policies payable by instalments an optional choice was offered among different investment strategies and optional supplementary accident insurance for children, which was also made part of FLEKS products,
- the unit-linked product FLEKS FOR ADULTS was redesigned to adapt the extent of coverage of supplementary accident insurance and abolish the required one-off payment upon the inception of the insurance contract.
- supplementary accident insurance products were extended to include traffic accident death cover equalling 50% of the sum insured in the case of accidental death.

Sales activities were again backed up by adequate communication campaigns. The advertising campaign for FLEKS FOR YOUNGSTERS unit-linked products attracted a great deal of attention.

Moreover, four new direct marketing campaigns were also carried out:

- addition or expansion of coverage to accidental death for standard instalment based and unit-linked life insurance policies;
- accident insurance for children and young adults for the 2009-2010 academic year - very popular in previous years;
- additional payments to investment accounts of the holders of instalment based unit-linked life insurance policies and unit-linked FLEKS policies without entry fee;
- additional payments to the personal accounts of the holders of supplementary voluntary pension insurance policies.

REDRAFTING OF UNDERWRITING DOCUMENTATION

The underwriting documentation for unit-linked FLEKS and other products was redrafted. In this exercise the entire underwriting documentation was included in a single brochure. The same was done for ABC life insurance and FLEKS FOR YOUNGSTERS unit-linked products, which were launched in 2009. Both clients and the sales network responded positively.

REACHING CLIENTS THROUGH PROMOTIONAL EVENTS

In the promotional campaign for FLEKS FOR YOUNGSTERS unit-linked products several events were organised, attracting the attention of children and those accompanying them (parents, grandparents). The mascot from "Watch out Doggie" was also present at these events. As a very well-known and popular figure, it mixed with children and invited them to the children's drawing corner. Their parents or those accompanying them were meanwhile informed about insurance products designed for children.

SIMPLIFIED AND MORE TRANSPARENT WEBSITE

The Internet is an increasingly important communication channel for both existing and potential clients, as well as for Zavarovalnica Triglav itself. In view of this, a new concept was used to present insurance products on Triglav's website, which included simplifications and easier access to insurance documentation.

12.2 DEVELOPMENT ACTIVITIES

12.2.1 Non-life insurance

Particular attention is paid to product development. Taking into account market conditions, the Triglav Group's development activities are focused on the redesigning of the existing products and the creation of new ones.

The unit-linked life insurance product FLEKS FOR YOUNGSTERS and the life insurance product ABC insurance were developed and the existing products were upgraded.

The presentation of our range of insurance products and services on the Triglav website was based on a new, simpler and more transparent concept. The website plays an increasingly important role in communication with our clients.

We are reengineering the existing insurance products and developing new ones, adapting them to the situation on the market.

The range of property and car insurance packages was upgraded and expanded.

In agricultural insurance new products were launched and the existing ones upgraded, taking account of the Regulation on the Co-Financing of Insurance Premiums.

The financial credit insurance range was widened to cover the repayment of full loan instalments.

In 2009, the activities of the Non-life and Property Interest Division were:

- the definition and implementation of a restructured and uniform process of underwriting authorisations in non-life insurance by different levels of competence within the division itself and among other divisions (marketing);
- specialised support to regional units and subsidiaries of the Triglav Group and headquarters departments;
- drafting professional instructions and guidelines for underwriting in non-life insurance;
- surveys and estimates of complex material risks;
- cooperation with the IT Division on the vital projects Witra and IT-Build,
- the development and redesign of insurance products.

DEVELOPMENT AND REDESIGN OF INSURANCE PRODUCTS

In the area of **non-life insurance** and **insurance of property interests**:

- the existing actuarial bases for the insurance of travel arrangement cancellations as well as the general terms and conditions for liability insurance and for abandonment of events were modified;
- the package insurance of property and interests of home owners DOM was upgraded;
- new actuarial bases were introduced for professional liability insurance of managers, offering modern and internationally comparable liability insurance cover to top management, representing an important and sought-after insurance product option in times of business uncertainty.

In **car insurance** portfolio movement analyses were taken into account as the basis for price differentiation, depending on numerous factors, such as history of past losses, the individual's driving experience, the car make and the like. The range of products was also augmented by enhancing popular packages, offering lower premiums in the most sensitive segment of motor liability insurance and driver insurance (safe driving course participants, the criterion of the driver's age and experience, the criterion of the young family) and making individual corrections to the insurance sub-class of comprehensive motor vehicle insurance.

In **agricultural insurance** some existing products were redesigned and new ones launched, in line with the Regulation on the Activities of Insurance Premiums, which has a considerable impact on development trends in this insurance class. Major development activities included:

- expansion of excess insurance (crop and fruit);
- upgrading of record monitoring methods, premium state co-financing applications and premium distribution among organisational units;
- further involvement in the Working Group for the Expert Evaluation of Establishing a System of Agricultural Outputs Insurance at the Ministry of Agriculture, Forestry and Food (MKGP);
- extension of the horse insurance product - health treatment abroad;
- preparation of actuarial bases for subsidiaries and operational involvement in subsidiaries' risk underwriting;
- raising premiums for additional health insurance of breeding cows.

The development of **financial credit insurance** products included the following activities:

- adoption of new terms and conditions for insuring the borrower's loss of employment, accidental death or permanent disablement, which covers the repayment of loan instalments (previously just interest) for loans with a term of over 30 years. On that basis a new subclass of employment loss, disablement and accidental death was created and termed BNI insurance;
- premium tariff change for the insurance of consumer and housing loans;
- redrafting of forms for sending separate e-claims (PK, STAN, LTR, etc.).

In the area of **commercial credit insurance** and **bid bonds** the following activities were most prominent:

- introduction of new terms and conditions of commercial credit insurance;
- premium tariff change for commercial credit insurance;
- introduction of new quotation forms under the new terms and conditions;
- implementation of IT-Build project for bid bonds;

- Lotus Notes application upgrading, enabling monitoring of cumulative exposure by policyholder/insured person.

With regard to other credit insurance products regular activities were performed (quotations to banks for insurance contract conclusion and rearrangement of contracts in line with new actuarial bases).

In **transport insurance** the focus was on the following areas:

- participation in preparing IT-Build software applications for the liability insurance of road cargo transporters;
- changes of premium tariffs for the liability insurance of aircraft owners covering damage to third parties and passengers based on more favourable terms of insurance;
- amendments of the actuarial bases for marine hull insurance as well as of insurance terms and premium tariffs for comprehensive insurance types;
- design of and participation in the insurance project of the automatic renewal of liability insurance for marine vessel owners - the project will be launched at the beginning of next year when insurance renewals start;
- transfer of bases for aircraft hull insurance to Triglav Osiguranje;
- transfer of bases for cargo insurance and marine hull insurance to Triglav Kopaonik, Belgrade;
- in Triglav Osiguranje marine hull insurance losses were analysed and modifications of insurance terms and premium tariffs were proposed in that regard.

The Accident Insurance Division underwent reorganisation in 2009. Expert departments were transferred to the Non-Life Insurance Division, risk easement and risk underwriting were established as functions in accident insurance and accident insurance losses were transferred to the Non-Life Insurance Losses Department.

In this area product development involved:

- the addition of accident insurance to the home insurance packages DOM1, DOM2, and DOM3,
- foundations were laid for amending the general and supplementary terms and conditions of accident insurance in 2010;
- expert departments were included in the project ITB Losses and ITB Decision and brought to the phase of functional specifications.

12.2.2 Life insurance

Life insurance development was based on the principles of building the trust and satisfaction of clients, insurance agents and employees. In 2009, target and segmented development of insurance products continued, accompanied by the modernisation of key business processes and of the sales of life insurance products.

The life insurance range was tailored to specific individual target groups and two novelties were launched on the Slovene market, which are more detailly described in Chapter 12.1.2 Life insurance:

- a unit-linked life insurance product named FLEKS FOR YOUNGSTERS;
- ABC life insurance.

Good sales results with the unit-linked life insurance range FLEKS and the popularity of individual investment strategies within this range triggered a decision to redesign other insurance ranges as well. Different investment strategies were added as an option to unit-linked insurance products, such as choice of funds, automatic asset reallocation, financial objectives and optional supplementary child accident insurance. The unit-linked product FLEKS FOR ADULTS was redesigned to adapt the extent of coverage of supplementary accident insurance and abolish the required one-off payment upon the inception of the insurance contract. The latter was due to unfavourable trends in capital markets, as the required one-off payment upon inception was not popular. For all supplementary accident insurance products the cover was expanded to include death in a traffic accident, which increased cover by 50%.

Special know-how on transport insurance was more widely disseminated among subsidiaries.

Accident insurance was reorganised and risk assessment and risk underwriting were established as functions.

As the FLEKS unit-linked life insurance package took off, a new product named FLEKS FOR YOUNGSTERS was launched and other similar products were reengineered.

In addition, product-centred underwriting documentation was introduced, which simplified the procedures of taking out insurance and reduced the number of complaints. The process of supporting individual insurance products and services with the IT system required their restructuring and gradual migration to the new IT system.

Secondary development continued in the area of life, health and accident insurance, which primarily involved expert monitoring. Within the framework of development and actuarial affairs, studies were conducted to identify what changes need to be made to calculated parameters and insurance rating bases for individual products and to provide development programming tools. Insurance-technical analyses continued to include the analyses of costs, survival rates, paid-up rates and mortality rates, as well as mortality projections for annuity insurance. In this area all operational parameters are integrally and promptly followed, including the trends and other financial indicators of the life insurance portfolio.

Moreover, 2009 witnessed the transfer of insurance products and know-how to subsidiaries, mainly to Triglav Osiguranje from Zagreb.

12.3 INVESTMENTS IN PROPERTY AND EQUIPMENT

The Triglav Group invested EUR 8.8 million in property and equipment and EUR 6.0 million in intangible assets, mostly in software and property rights.

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

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

12.4 ORGANISATION OF THE TRIGLAV GROUP IN 2009

In line with its strategy and long-term business goals, the Triglav Group in 2009 continued the Business Process Redesigning Project. Within its framework it set new organisational, process and IT requirements. The project enabled the implementation of the following strategic guidelines:

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

Since the organisational changes are very complex and comprehensive, they are being introduced systematically and gradually. The goal of the reorganisation is to ensure the implementation of the business functions of the uniform (composite) insurance company by unifying the process and support functions. The aim of redesigning business processes is to streamline operations and to improve cost efficiency, performance and the effectiveness of business process implementation in the realisation of the set objectives. By fulfilling the requirements and meeting the expectations of our clients and policyholders we wish to become even more responsive and flexible.

In 2009, most attention was paid to:

- setting up and implementing an integrated system of responsibilities, competences and authorisations in line with strategic goals as well as with IT and insurance technology enhancements;
- changes in the organisational structure and job descriptions;
- thorough description of individual back-office processes, drafting of improvement suggestions

The Business Process Redesigning Project was continued in line with the strategy and long-term business objectives of the Triglav Group.

The goal of the reorganisation is to ensure the implementation of business functions of the uniform (composite) insurance company by unifying the process and support functions.

in accordance with the aim of concentrating back-office functions;

- after an analyses of the state of affairs and the definition of objectives, projects were designed to enable our active participation in the organisational changes of individual subsidiaries.

12.5 ISO 9001 QUALITY MANAGEMENT SYSTEM IN THE TRIGLAV GROUP

Zavarovalnica Triglav has established a certified quality management system according to the ISO 9001 quality management system standard. The system is audited each year by the leading Slovene certification institution, SIQ - The Slovenian Institute for Quality and Metrology. As required by the standard, Zavarovalnica Triglav carries out a quality system internal audit programme twice a year, concentrating on compliance and finding new opportunities for improving work processes.

Process owners are responsible for following the efficiency and effectiveness of work processes in the organisation. These are controlled by applying a set of process performance indicators, in accordance with risk management indicators and business performance indicators. Business results by division and suggestions for their improvement are regularly discussed by the Management Board.

Zavarovalnica Triglav continued work to introduce the Safety Management Information System (SMIS) according to the ISO 27001 international standard. The idea is to integrate the latter standard with the certified quality management system according to ISO 9001 into a single process management system and gradually transfer it to the entire Triglav Group.

Within the Triglav Group the ISO 9001 quality certificate was obtained by Lovćen Osiguranje from Montenegro and Triglav Zdravstvena zavarovalnica, the certification audit of which was successfully concluded in November 2009.

12.6 DEVELOPMENT OF IT SUPPORT

The redesigning of business processes in Zavarovalnica Triglav continued by including all IT segments. The goal of this redesigning is to enable the effective performance of insurance processes and to shorten the development cycle of software support required for new or redesigned insurance products and services.

The IT Division's activities by individual departments included the following

- **Non-life insurance IT system.** The existing IT system supporting non-life insurance was maintained and upgraded, which covered upgrading the general ledger of distribution channels and developing a software application for E-EXECUTIONS. At the same time, development activities were included in the upgrading of the IT system supporting non-life insurance, most of which were carried out with an outsourced partner and focused on the upgrading of software applications for: losses and recourses, insurance underwriting and processing and sub-ledger records. Users were enabled to make an evaluation of the newly developed applications (in parallel production).
- **Life, health and accident insurance IT system.** The existing life, health and accident insurance IT system was maintained and developed. In parallel this system underwent upgrading, which included the migration of 50 PLUS, annuity and scholarship insurance products (from the ISOZ IT system) to a new IT system (JAVA) and the production of all of the software applications required to support these products. The standing order software application was also upgraded, which simplified and accelerated the procedures of opening standing orders, viewing them by policy, standing order cancellations and error corrections. Software applications were developed to support two new products: ABC insurance and FLEKS FOR YOUNGSTERS. Many additional functionalities of the existing software supporting life, health and accident insurance products were upgraded. Within the framework of the support to other members of the Triglav Group, IT support was developed for Triglav Osiguranje for two products: risk life insurance and borrower's life insurance.

Zavarovalnica Triglav continued working on the introduction of the Safety Management Information System (SMIS) according to the ISO 27001 international standard.

Within the Triglav Group the ISO 9001 quality certificate is held by the parent company, Lovćen Osiguranje from Montenegro and Triglav, Zdravstvena Zavarovalnica, which obtained it 2009.

IT redesigning shortens the development cycle of software support required for new or redesigned insurance products and services.



- **IT support systems.** The IT systems supporting the functions of finance and accounting, human resources, general affairs and headquarters services were maintained and developed. The IT department also worked on migrating data from the existing IT system supporting non-life insurance to an upgraded IT system and the integration of the latter with the existing back-office and external systems.
- **IT system support.** The IT Department ensured the required responsiveness and operation of computer infrastructure (server and communication infrastructure as well as operating system infrastructure) to enable business continuity of all the organisational units.
In 2009, the system of monitoring and filtering Internet transactions and e-mail was upgraded together with antivirus applications. Citrix Access Gateway access application was also upgraded. Due to the company's business requirements, the existing communication links were upgraded and some new ones established due to the larger volume of operations.
The IT Department provided environments enabling the running of upgraded software applications for non-life and life insurance as well as for different support systems. It participated in the introduction of a digitalisation system for input documents and in the integration of modules with the existing back-office systems.
- **IT user support.** The IT Department provided the required support both to in-house users and outsourced partners.
- **IT support for the Triglav Group.** In the cooperation between the parent company and subsidiaries, the IT Department coordinated the activities related to the implementation of software applications supporting the property, life, health and accident insurance business of the Group. The year 2009 witnessed the successful introduction of a new application for non-life insurance in Triglav Osiguranje d.d. The IT Department also helped to introduce some new and upgraded applications for life, health and accident insurance.

SECURITY SUPPORT AND IT COMPLIANCE

In addition to everyday activities in providing for the safety of the information goods of Zavarovalnica Triglav and the Triglav Group and compliance with the IT safety regulation, the greatest efforts were invested in the concept of new IT security system management in Zavarovalnica Triglav and the drafting of the formally required accompanying documentation.

Together with the Risk Management Department an analysis was made of outsourcing risk.

PLANS FOR 2010

In the future the IT Division will focus on the implementation of the following business objectives:

- redesigning of software applications for non-life insurance products;
- migration of remaining software applications for life, health and accident insurance to a new technological platform;
- setting up a software application for compiling consolidated financial statements at the level of the Triglav Group;
- further transfer of knowledge and technologies to subsidiaries abroad through the introduction of applications;
- continued introduction of electronic records as an alternative to paper-document records;
- introduction of a new concept of the information goods management system in Zavarovalnica Triglav, covering all of the work processes within the company;
- activities within the project for establishing a business continuity system in Zavarovalnica Triglav.

The greatest efforts were invested in the concept of new IT security system management in Zavarovalnica Triglav.

In the area of IT, in 2010 we will further transfer knowledge and technologies to subsidiaries abroad.

Capital adequacy





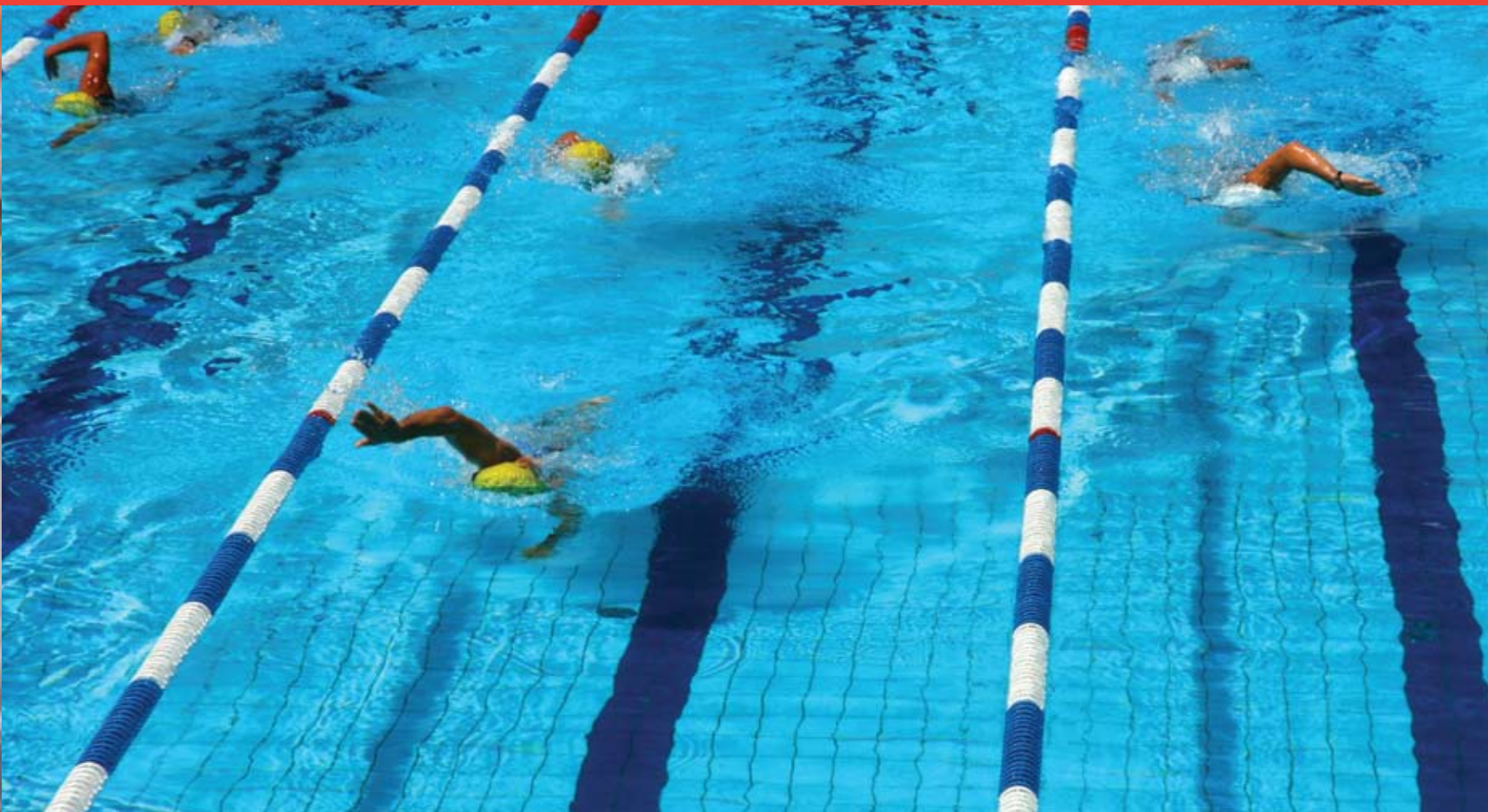
We are committed to sports:
amateur, recreational and professional. In the sporting
spirit we strive for lasting results, perseverance and
the mentoring of generations of young sportspeople.

Strength lies in adaptability





ility to all circumstances.



In partnership with several thousands of volunteers, many associations and non-governmental organisations from eight European countries we are consolidating our mission – building a safer future.

Being aware of our role in society, we know the importance of protection against unpredictable and unexpected events.

Our capital structure is therefore adapted to all types of risk management.

13. SUSTAINABLE DEVELOPMENT IN THE TRIGLAV GROUP

13.1 SOCIAL RESPONSIBILITY AS A VALUE OF THE TRIGLAV GROUP

Social responsibility has been defined as one of the key values and strategic orientations also in the new strategy for the 2010-2013 period. We see it as a foundation of sustainable development; it is built into our strategic goals and the measures to achieve these goals. Therefore, much attention is devoted to it in terms of organisation and content, as manifested in:

- active presence and activities in the environment,
- identification of the environment's needs and adequate responses to them, and
- maintenance of long-term partnerships of mutual benefit and progress.

Special attention is devoted to the career and personal development of our employees and their satisfaction, but we strive no less to maintain and boost the satisfaction of our clients with high quality services and a proactive approach. Our subsidiaries independently decide on their cooperation with their social environment. Our broad support extends from donations to extensive prevention activities and sponsorships.

Harsh economic conditions commit the Triglav Group even more strongly to stick to the principles of sustainable development and of economic, legal, ethical and humanitarian responsibility.

13.2 MANAGEMENT OF SOCIAL RESPONSIBILITY

REPORTING ON SOCIAL RESPONSIBILITY - CHARACTERISTICS AND LIMITATIONS

The Triglav Group and Zavarovalnica Triglav annually report on their social responsibility in their Annual Reports for the relevant year of reporting, i.e., for the past financial and calendar year. The last report on sustainable development in the Triglav Group was issued within the Annual Report of the Triglav Group for the year 2008. In 2009, we are for the first time including our sustainable development reporting in the Global Reporting Initiative (GRI), thereby improving the quality of reporting and its international comparability.

The driver of reporting and promoting social responsibility at the group level is Zavarovalnica Triglav, which comprehensively reports on all aspects of sustainable development. Reporting under GRI guidelines will be gradually introduced in all of our daughter companies. However, we have included information covering the entire Triglav Group already in the 2009 Sustainable Development Report, as far as possible.

The structure, organisation, activity and company profile of Zavarovalnica Triglav and of the Triglav Group are presented in the chapter Financial Highlights of the Triglav Group in the Annual Report for the year 2009. The ownership structure and changes in this structure are covered in the chapter Share Capital and Shareholders of Zavarovalnica Triglav.

MANAGEMENT AND COMMITMENTS OF THE COMPANY AND THE INVOLVEMENT OF STAKEHOLDERS

Zavarovalnica Triglav is managed by the Management Board, which is appointed by the Supervisory Board. Pursuant to the Articles of Association of the company, the Management Board has no less than three and no more than six members, of whom one is the President. One of the members of the Management Board is an employee representative. The management of the company is presented in detail in the Business Report, in the chapter Statement on the management.

Social responsibility has been defined as a key value and strategic guideline also in the 2010 – 2013 strategy.

Special attention is devoted to the career and personal development of our employees and their satisfaction.

The driver of reporting and promoting social responsibility at the group level is Zavarovalnica Triglav, which comprehensively reports on all aspects of sustainable development.



Being the largest Slovenian insurance company and one of the largest insurance groups in the countries of South-East Europe, we contribute substantially to the economic growth of the countries in which we operate.

Zavarovalnica Triglav alone allocated EUR 2.2 million to prevention activities in 2009.

Our objectives:

- We will prepare the social responsibility strategy of the Triglav Group and present it to all employees of the Group.
- We will modernise internal communication tools at the Triglav Group level and adjust them to the needs of individual interest groups. In addition, we will set up a corporate blog and internal website.
- We will enable the constant implementation of prevention programmes aimed at improving traffic safety at the level of the whole Triglav Group.

Part of the new strategy of the Triglav Group, which is based on the establishment of an efficient organisational structure, also contains the strategy of social responsibility. In the future we will, in line with our values, formalise the involvement of stakeholders and the selection criteria for cooperation partners.

Small shareholders may submit their initiatives to the Supervisory Board of Zavarovalnica Triglav by e-mail, while employees may directly turn to the Works Council and to the employee representative in the Supervisory Board.

MEMBERSHIP IN ASSOCIATIONS

Zavarovalnica Triglav is a member of the Slovenian Insurance Association and abides by the Insurance Code. It is also a member of the Chamber of Commerce and Industry of Slovenia, while the subsidiaries in countries outside Slovenia are members of branch associations and economic groupings in their relevant countries.

ECONOMIC EFFECTS

Being the largest Slovenian insurance company and one of the largest insurance groups in the countries of South-East Europe, we contribute substantially to the economic growth of the countries in which we operate. We will maintain and strengthen the presence of both the Group and Zavarovalnica Triglav in the region with the high quality of our services, financial stability and efficient risk management, all of which has been confirmed with the assigned "A" rating.

PREVENTION ACTIVITY

Since prevention projects are inseparably related to our activity, the implementation of well-planned and long-term prevention activities is an important demonstration of the social responsibility of both the parent company and all of its subsidiaries.

Zavarovalnica Triglav alone allocated EUR 2.2 million to prevention activities in 2009. The majority of funds are still aimed at the provision of fire safety, but prevention activities and safety measures in the fields of safety at work, safety in traffic and nature protection are gaining importance, too. A significant segment remains the funding of protection fences at airports and around sports and playing grounds.

13.3 HUMAN RESOURCES MANAGEMENT

Committed, highly professional and motivated employees are the source of our sustainable development. In 2009, we therefore continued to invest in the knowledge and development of employees at the level of the Group and the parent company in the same amount as in the previous year. The activities in the field of employment were in line with the staffing plans, taking into consideration the holistic approach to operating cost management and business objectives.

Human resources management in the Triglav Group is founded on the establishment of close and efficient mutual communication between the employees and the employer in all related fields of work in the Group.

Successful cooperation and creative relations are based on understanding a colleague also as a fellow human being. Discovering employees' untapped potential and talent, and at the same time searching for real opportunities by which employees can to the greatest extent possible use and develop their potential, constitute two important factors of allegiance and loyalty to the company. We encourage the further development of prospective technical and management staff working in the design and development of insurance products and services, marketing and support functions through material and non-material forms of employee motivation.

Framework objective: In 2010, we will prepare the social responsibility strategy of the Triglav Group and present it to all employees of the Triglav Group.



Functional training was organised in all of the subsidiaries of the Triglav Group.



The use of Eco Calendars in environmental science classes.



In 2009, training encompassed around 9,500 employees.



The traditional New Year concert of Zavarovalnica Triglav included a performance by the vocalist Manca Izmajlova.

EMPLOYMENT POLICY

Obtaining employment in the Triglav Group represents a great opportunity and challenge not only for young, ambitious and promising individuals, but also for experienced professionals and leaders, who bring with them good practices and know-how also gained outside the insurance business. The Group chooses among the best human resources available on the labour market as well as providing opportunities to the students to whom it has given scholarships. It is a popular employer thanks to its reliability and to the size of the Group, which was hit by the wave of recession but not undermined by it. Recruitment policy will crucially contribute to the further development of the Group and its good performance, underpinned by prudent planning, selection, training and motivation of the staff.

ETHICAL CONDUCT

Professional excellence stems from the Group's broad business knowledge and understanding of external circumstances in different economic, cultural and international environments, which at the same time reflect its competitiveness. Of crucial importance for the business of the Triglav Group is its attitude to clients and business partners, which can be built and successfully upgraded only through adequate relations with employees, tolerance and appreciation of their work. The international orientation of the Triglav Group excludes any kind of the discrimination of employees, clients and business partners and builds up the Group's reputation on the principle of equal partnership.

In 2009, no cases of discrimination were registered in the Triglav Group.

ABSENTEEISM

Absenteeism, or health absenteeism, is a temporary absence from work due to illness or injury, measured by the number of lost working days in a year.

The level of absenteeism in Zavarovalnica Triglav dropped compared to 2008 by 0.29 percentage point, but still remained above the national level reported in the Republic of Slovenia (data for January-September 2009).

ABSENTEEISM LEVELS IN ZAVAROVALNICA TRIGLAV AND SLOVENIA BY YEAR AND TYPE OF MEDICAL LEAVE

YEAR	REIMBURSED BY ZAVAROVALNICA TRIGLAV D.D.	REIMBURSED BY ZZZS	ABSENTEEISM LEVEL IN ZAVAROVALNICA TRIGLAV D.D.	IN %
				ABSENTEEISM LEVEL IN SLOVENIA ¹
2005	2.37	1.68	4.05	4.28
2006	2.29	1.74	4.03	4.09
2007	2.31	1.76	4.07	4.21
2008	2.34	2.05	4.39	3.69
2009	2.36	1.74	4.10	3.84 ²

1 Source: Health Insurance Institute of Slovenia - sick leave data base.

2 For 2009 only data from January to September are available.

LABOUR TURNOVER

Labour turnover in Zavarovalnica Triglav was at a level of 4.2%. As many as 111 employees left the company and 188 new ones joined it. Most of the employees who left were above 56 years of age, i.e., older generations, and among those who joined Zavarovalnica Triglav the majority were between 20-30 years old.

As at 31 December, 2009, there were 5,237 employees in the Triglav Group.

NUMBER OF PERSONS WHO LEFT AND JOINED ZAVAROVALNICA TRIGLAV IN 2009 AND THEIR AGE

AGE GROUP	THOSE WHO JOINED		THOSE WHO LEFT	
	NUMBER	STRUCTURE (IN %)	NUMBER	STRUCTURE (IN %)
20 - 25	23	19.5	5	4.5
26 - 30	38	32.2	12	10.8
31 - 35	18	15.3	7	6.3
36 - 40	18	15.3	11	9.9
41 - 45	15	12.7	13	11.7
46 - 50	5	4.2	15	13.5
51 - 55	1	0.8	21	18.9
56 and more		0	27	24.3
TOTAL	118	100.0	111	100.0

Among those who joined the company, 54% were men, while 53% of those who left were women.

NUMBER OF FUNCTIONAL TRAINING HOURS PER EMPLOYEE AND THEIR GENDER IN ZAVAROVALNICA TRIGLAV IN 2009

GENDER	THOSE WHO JOINED		THOSE WHO LEFT	
	NUMBER	STRUCTURE (IN %)	NUMBER	STRUCTURE (IN %)
Men	64	54.2	52	46.8
Women	54	45.8	59	53.2
TOTAL	118	100.0	111	100.0

13.3.1 Employment and human resources structure

The recruitment policy of the Triglav Group was focused on the careful monitoring of activities throughout the year in accordance with the employment plan. Recruitment guidelines were followed, taking into account integrated cost management as well as overall business objectives.

As at 31 December, 2009, there were 5,237 employees in the Triglav Group, which is 63 more than the year before.

NUMBER OF EMPLOYEES IN THE TRIGLAV GROUP AS AT 31 DECEMBER

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES		DIFFERENCE
	31 DECEMBER, 2009	31 DECEMBER, 2008	
Zavarovalnica Triglav d.d.	2,514	2,507	7
Pozavarovalnica Triglav RE d.d.	38	32	6
Triglav, Zdravstvena zavarovalnica d.d.	82	82	0
Triglav Osiguranje d.d.	663	571	92
Triglav BH Osiguranje d.d.	344	262	82
Triglav Pojišt'ovna a.s.	121	118	3
Lovčen Osiguranje a.d.	267	252	15
Triglav Kopaonik a.d.o.	484	587	-103
Triglav penzijski fondovi a.d.	9	11	-2
Triglav Krajina Kopaonik a.d.	77	92	-15
Vardar Osiguruvanje a.d.	152	149	3
Triglav DZU d.o.o.	35	36	-1
AS Triglav - servis in trgovina d.o.o.	30	32	-2
TRI-PRO d.o.o.	73	109	-36
Triglav Netherland b.v.	0	0	0
Zenit nepremičnine, inženiring in trženje d.d.	3	3	0
Triglav Naložbe, finančna družba d.d.	6	6	0
Slovenijales d.d.	300	313	-13
Golf Arboretum d.o.o.	12	12	0
Gradis IPGI d.d.	3	0	3
TRI-PRO BH d.o.o.	24	0	24
TOTAL	5,237	5,174	63

The educational structure continued to improve in 2009, since the number of employees with higher-educational or university degrees, as well as completed masters degrees, increased at the expense of staff with only secondary school education or less.

Compared to the preceding year, the educational structure continued to improve in 2009, since the number of employees with higher-educational or university degrees, as well as completed masters degrees, increased at the expense of staff with only secondary school education or less.

EMPLOYEES OF THE TRIGLAV GROUP AS AT 31 DECEMBER, 2008 AND 2009 - STRUCTURE BY EDUCATION LEVEL

LEVEL OF EDUCATION	31 DECEMBER, 2009		31 DECEMBER, 2008	
	NUMBER	STRUCTURE (IN %)	NUMBER	STRUCTURE (IN %)
1 st - 4 th level	1,456	27.8	894	17.3
5 th level	1,792	34.2	2,413	46.6
6 th level	663	12.7	571	11.0
7 th level	1,242	23.7	1,223	23.6
Masters and PhD	84	1.6	73	1.4
TOTAL	5,237	100.0	5,174	100.0

As at the 2009 year end, 93.2% of the staff of Zavarovalnica Triglav were employed under the collective agreement. Compared to 2008, there was a slight increase (0.3 percentage point) of employees under fixed-term employment agreements.

NUMBER OF EMPLOYEES IN ZAVAROVALNICA TRIGLAV AS AT 31 DECEMBER, 2008 AND 2009 BY EMPLOYMENT TYPE

EMPLOYMENT AGREEMENT TYPE	2009	PERCENTAGE (IN %)	2008	PERCENTAGE (IN %)	2007	PERCENTAGE (IN %)
Fixed-term agreements	173	6.8	164	6.5	162	6.5
Permanent agreements	2,341	93.2	2,343	93.5	2,334	93.5
TOTAL	2,514	100.0	2,507	100.0	2,496	100.0

13.3.2 Staff training and development

13.3.2.1 Training

Improving the know-how of staff is promoted throughout the Triglav Group. Zavarovalnica Triglav's investing in the know-how of its employees continued unabated.

TYPES OF TRAINING IN ZAVAROVALNICA TRIGLAV IN 2009 AND 2008

TYPE OF TRAINING	2009	2008	INDEX
Scholarships	40	48	83
Work study	284	248	115
Trainees	9	15	60
Probationers	76	64	119
External training	450	489	92
In-house training	8,586	8,470	101
TOTAL	9,445	9,334	101

Training was performed in accordance with the training plan, focused on improving the competences of individual target groups. Funds allocated for training were appropriately streamlined. The number of scholarships granted was slightly reduced, but the number of employees involved in work study grew to 11.3% of the total staff. The first group of students completed the first year of the in-house study course at the level of Bachelor of Science in Economics - specialisation in insurance.

In line with the set guidelines, external functional training accounted for a mere 5% of total functional training, and in terms of hours functional training dropped by 11%. The number of in-house training hours increased slightly. This primarily covered specialised insurance topics, sales techniques, IT, foreign languages and legally required training, as well as the programmes of the Triglav Academy. Training was mostly organised for managers, sales agents/officers and loss adjusters. In-house training courses in Zavarovalnica Triglav were also attended by employees from other group companies and colleagues from external agencies. A higher percentage of training organised in-house reduced overall training costs.

The number of hours of internal training grew by 1%, mainly covering specialised insurance topics, sales techniques, IT, foreign languages, as well as manager programmes of the Triglav Academy.



Planica, the cradle of ski jumping and the venue of the largest sports event in Slovenia, once again witnessed the competition of the best world ski jumpers.





Over almost three decades we have taken over 60,000 children to see the giant ski jump.

We are preparing for new seasons in Planica together with event organisers, sport enthusiasts, sport professionals and sportspeople.



NUMBER OF FUNCTIONAL TRAINING HOURS PER EMPLOYEE IN ZAVAROVALNICA TRIGLAV IN 2009 AND 2008.

	2009	2008	INDEX
Number of participants in functional ttraining	9,036	8,959	101
Number of hours of in-house training	67,177	65,465	103
Number of hours of external training	8,220	9,220	89
Total number of functional training hours	75,397	74,685	101
Number of hours of functional training per employee	30	30	100

TRAINING COSTS OF ZAVAROVALNICA TRIGLAV IN 2009 AND 2008

	2009	2008	INDEX
TOTAL*	1,095,746	1,148,829	95
Costs per employee	436	458	95
Costs per participant	116	123	94

* Data includes both direct (scholarships, grants, tuition fees, work study costs, probationer pay and payments to external in in-house trainers) and indirect training costs (travel costs in Slovenia and abroad, subsistence and overnight stay allowances related to training).

Employees set their objectives at annual development interviews, on top of which the employees with special authorisations had annual appraisal interviews with their superior.

According to the SiOK (Organisational Climate in Slovenia) methodology, the organisational climate in Zavarovalnica Triglav improved compared to 2004 and 2006, and is above the SiOK average.

13.3.2.2 Management by objectives and annual development interviews

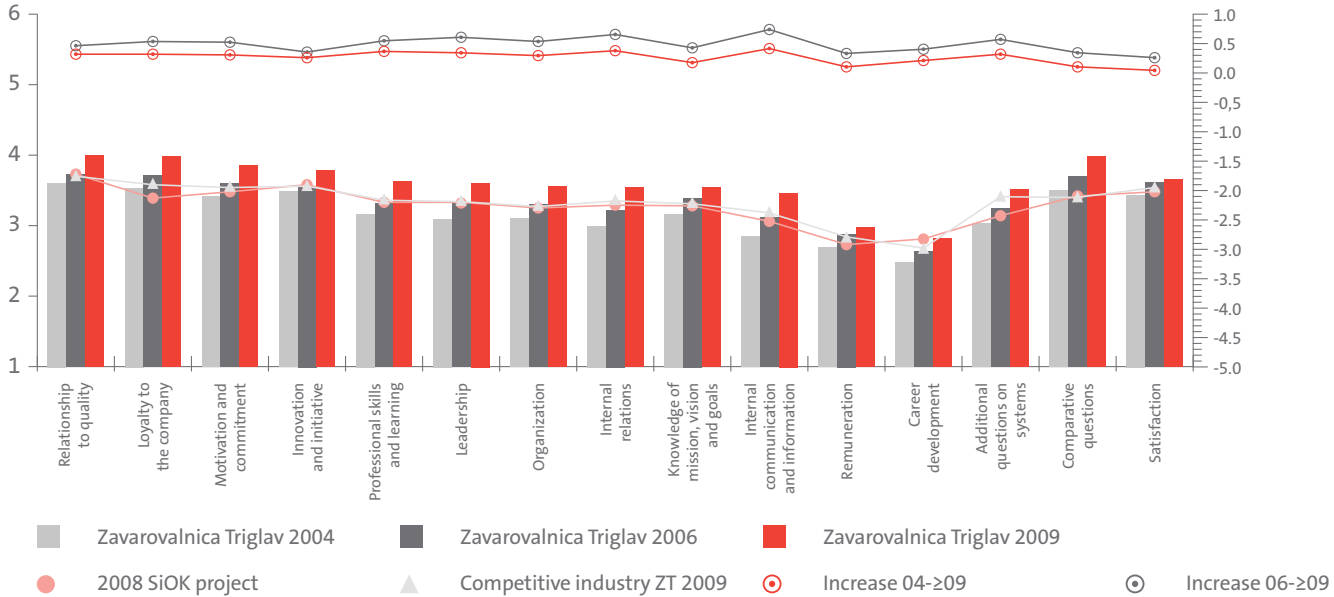
As in the previous year, our employees set their objectives at annual development interviews. In addition, employees with special authorisations had annual appraisal interviews with their superiors, since the performance related part of their salaries (incentive bonus) depends on such appraisals.

The appraisal of managerial knowledge was upgraded to a system of competences which helps individuals to discover their own advantages and challenges as the point of departure for their personal development planning. We further made a selection and performed tests of prospective staff members on the basis of which we will include them in training programmes in 2010.

13.3.2.3 Measurement of the organisational climate

In December 2009, the organisational climate was measured once again in Zavarovalnica Triglav according to the SiOK (Organisational Climate in Slovenia) methodology. The measurement results were satisfactory, showing that in comparison to the previous two measurements (2004, 2006) the organisational climate has improved in all monitored categories at the level of the company as a whole and is, in addition, above the SiOK average.

RESULTS OF ORGANISATIONAL CLIMATE MEASUREMENTS IN THE YEARS 2004, 2006 AND 2009



*Due to rounding up in average calculation the last decimal digit can show a minor error

13.3.3 Communication with stakeholders

The establishment of the Triglav Group in foreign markets calls for even stronger and more determined promotion of the company's reputation created by Zavarovalnica Triglav through its 110 years of existence in the domestic market. We are well aware of the fact that a uniform corporate image is of key importance for every member of the family. Regulated communication procedures and well-organised corporate communication are key tools for the achievement of this goal. They are the responsibility of the Corporate Communications Department, which has become an extremely important part of the company's management in view of the growing significance of communications. Zavarovalnica Triglav cultivates communications at several levels: internal communication, external communication, corporate communication, investor relations and publications. The Corporate Communications Department endeavours to build balanced and constructive relations with all stakeholders.

Duties of the Corporate Communications Department:

- to promote the public image of Zavarovalnica Triglav and to provide a uniform platform and guidelines for all Triglav Group companies;
- to provide internal and external communication in support of management's decisions and the company's operation, and to perform other management support activities;
- to provide for the designing of the company's communication strategy and communication with employees;
- to handle relations with the media, customers and clients;
- to support market strategies;
- to promote social responsibility; and
- to maintain a high level of cooperation with the local community.

With the aim of enforcing equal communication standards wherever the Triglav Group is present, the Communications Department prepared the Communication Code, issued in Slovene, Serbian and English in 2009.

INTERNAL COMMUNICATION

The purpose of internal communication is the timely informing of employees through notifications in Lotus Notes, aimed at providing support to and better understanding of the company's goals; it enables the free flow of information, enhances mutual trust and increases the motivation of the staff, thus building up the satisfaction of employees, which is reflected in the business results of the insurance company. An additional channel of communication with employees is the "Staff Ideas" post boxes placed in all regional units; they give the staff an opportunity to express their opinions and submit suggestions. The Corporate Communications Department sees to it that employees receive answers and solutions to the submitted proposals.

Development has led us to the establishment of a corporate blog and internal website, which will add value to the good communication among the Group's employees.

An extremely important means of communication and a tool for building the image of Zavarovalnica Triglav in the internal public is Obzornik, a monthly printed magazine that has been published for more than three decades.

EXTERNAL COMMUNICATION

Communication with the external public, and with the media in particular, is another important part of our day-to-day activities. The Corporate Communications Department actively participates in the drafting and publishing of press releases and in the preparation of timely answers to journalists, with the aim of consistently informing the public of events and developments in Zavarovalnica Triglav and the Triglav Group. We prepare technical and corporate articles, and organise press conferences and interviews. Relations with clients are yet another important part of communication activities.

We consistently inform the external public and investors of the developments in Zavarovalnica Triglav and the Triglav Group.

Yet another communication tool is Link, a monthly e-newsletter of the Triglav Group that has been published since 2007 in both Slovene and English. It addresses both the internal and external public (corporation), investors, our clients and media. It brings any important business information about the Group, presents events from both the parent and the daughter companies and interesting news from the insurance world. This e-newsletter deepens the links among employees of the Triglav Group and improves their mutual communication. It further informs about our products, services and organisational and corporate initiatives. It is distributed to all employees and interested parties, and published on the websites of all Triglav Group companies.

COMMUNICATION WITH INVESTORS

Information on all important decisions and events in both the parent company and the entire Group is regularly published on SEOnet, the Ljubljana Stock Exchange portal. On the website of Zavarovalnica Triglav, however, we have created a special investor subsite for the on-line publication of any important information.

On the website of Zavarovalnica Triglav a special subsite was created for investors.

Investor communication of Zavarovalnica Triglav is based on the management of investors' expectations. The building and monitoring of interest groups is one of the basics of relations management and investor communication, whereby special care is also devoted to investor database management and to the acquisition and maintenance of the target number of domestic and foreign investors, and of the analysts who monitor the operations and shares of Zavarovalnica Triglav.

The Triglav Group is now one of the leading insurance/financial groups in South-East Europe and the biggest player in insurance markets in Slovenia and the Western Balkans. As such, it requires state-of-the-art and proactive corporate communication to promote its image and the recognition of its brand name.

Framework objective: In 2010 we will modernise internal communication tools at the Triglav Group level and adjust them to the needs of individual interest groups. In addition, we will set up a corporate blog and internal website.

13.3.4 Safety at work

In accordance with a risk assessment we took measures to reduce injuries and health problems.

Employees working in safe and healthy workplaces are more satisfied and achieve better performance at work. In 2009, we therefore started to raise awareness of safe and healthy work among the employees of Zavarovalnica Triglav. In accordance with risk assessment we took measures to reduce injuries and health problems.

SAFETY AND HEALTH AT WORK

A safe and healthy working environment has been provided to our employees by:

- regular annual visits by a professional who directly advises employees,
- notifications on safety and health in work places via e-mail,
- raising awareness by training for new employees, periodic training, e-courses and in other ways,
- discussions about safety and health at work at Works Council meetings, where various topics regarding safety and health at work are deliberated.

Within the risk assessment for reducing injuries and health problems we have specified categories of workplaces for which a risk and health assessment was made. Following the risk assessment, relevant collective and individual risk reduction measures were taken.

Collective measures to assure safety and health at work are the following:

- training of all persons employed in Zavarovalnica Triglav, including students and external workers (receptionists, cleaning staff, security offices) through software application of internal tests - Safety at Work and Fire Safety;
- training of all new employees at an introductory course on Safety and Health at Work and Fire Safety;

- preparation of e-material for employee training in e-courses for safe working with computer screens to be introduced in 2010;
- practical and theoretical training of employees for safe driving at the Vransko training ground.

Individual measures to assure safety and health at work are the following:

- awareness raising of employees at regular annual visits to regional units with regard to the ergonomic organisation of the workplace;
- awareness raising of employees with regard to healthy lifestyle, provided by a certified practitioner of occupational medicine;
- resolution of concrete complaints by employees with regard to working conditions (purchase of a special ergonomic chair for individuals, purchase of an air cleaner for allergic employees).

FIRE SAFETY

In order to provide for optimal fire safety, we have raised the quality level of maintenance of the installed active fire safety systems and of buildings, and in 2009 we:

- renewed the obsolete fire detection systems and safety lighting at several locations,
- performed regular testing of all installed active fire safety systems in the premises of our regional units and representative offices in accordance with the updated maintenance contracts,
- prepared protection plans and specified fire protection duties for the relevant service providers,
- monitored maintenance deadlines and expiry dates of proper functioning certificates for active fire safety systems, aimed at the timely application for new certificates,
- carried out fire safety training in all regional units,
- carried out building evacuation training in case of fire in major regional units (with more than 100 people in a building),
- trained designated persons responsible for early fire fighting and evacuation at all locations of regional units and representative offices.

With regard to the maintenance of our buildings we carried out the following activities in accordance with legal obligations:

- for the installed air conditioning systems we prepared an umbrella contract covering all statutory requirements and designated the person responsible on the part of Zavarovalnica Triglav as contract manager and coordinator of activities,
- measurements of lightning protection installations,
- measurements of electrical installations,
- arrangement of evacuation routes.

INJURIES AT WORK

Zavarovalnica Triglav registered 33 injuries at work, which is 6% higher than in 2008. The number of injuries at work increased and fewer commuting injuries were registered, while the number of business travel injuries remained equal. Classified by cause of accident, traffic accidents rank first, followed by stumbles, trips, falls and slips.

To reduce the number of business travel accidents we are raising the awareness of our employees in terms of respecting traffic regulations and safe driving.

In order to provide for optimal fire safety, we raised the quality level of maintenance of the installed active fire safety systems and of buildings, as well as carrying out fire safety training involving all of the staff.

To reduce the number of business travel accidents we are raising the awareness of our employees in terms of respecting traffic regulations and safe driving.

Premiums are paid under collective accident insurance for all employees.

INJURIES AT WORK IN 2008 AND 2009

	NUMBER OF INJURIES IN 2009	PERCENTAGE (IN %)	NUMBER OF INJURIES IN 2008	INDEX 2009/2008
At work	8	24	4	200
On business trips	11	33	11	100
Travelling to / from work	14	42	16	88
TOTAL	33	100	31	106

The campaign "Triglav Generations in Planica" – for almost three decades Zavarovalnica Triglav has shared the project "Faithful to Planica" with its partners, clients and employees, and with generations of youngsters. We received a special award at SPOROTO 09, a conference on marketing and sponsorship in sports, for building this legend of Nordic sports in Slovenia and for its contribution to the trans-generational visibility of ski jumping.

Sports are still primarily about movement and socialising.

Together with the Sport Union of Slovenia, Triglav Zdravstvena zavarovalnica is developing the project "Healthy Club", with the intention of making it an example of good practice in the EU. Professional trainers who have passed a special test are already active in recreational centres around Slovenia, offering advice to recreational sportspeople of all ages.



13.3.5 Care for employee satisfaction

Additional benefits for employees

The staff of Zavarovalnica Triglav enjoy various insurance benefits:

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

Much attention is devoted to a safe and healthy working environment and to the provision of safe working conditions, as well as regular periodic health checks of employees. We do our best to make normal work possible for employees who became disabled while working in Zavarovalnica Triglav, and care for their satisfaction in spite of their reduced working capacity by assigning them appropriate jobs in accordance with the decisions of invalid committees.

We adjust the working time to employee wishes. Special attention is devoted to young mothers with reduced working hours pursuant to the Parental Protection and Family Benefit Act. We try to comply with their needs in the arrangement working time, and the same applies to persons with invalid status, who work for shorter hours than normal.

Care for employees outside working hours

The trade unions at the Triglav Group organise social events and meetings for the staff, among which the most prominent are:

- the Triglav Group Day,
- New Year's gatherings of employees and gifts for employees' children, and
- ŠIFO - the Winter and Summer Games of Financial Organisations.

Our employees can use holiday facilities Slovenia and Croatia at reasonable prices, and workers with invalid status can even use these facilities free of charge.

We further provide for sports activities and other benefits, such as the purchase of theatre tickets, the organisation of trips, organised purchases of clothes, car tyres and similar. We organise New Year's gatherings and gifts for our retirees and cover part of the costs of organised trips.

13.4 RESPONSIBILITY TO THE SOCIAL AND NATURAL ENVIRONMENTS

Due to the nature of our activity, responsibility to the social environment is of key importance for sustainable development. We are actively present in the wider environments in which the Triglav Group operates. We identify and respond to the needs of the environment. In our social environment, we enter into long-term mutually beneficial partnerships with many stakeholders. We are connected with legal entities and individuals through:

- sponsorship cooperation,
- donations and
- grants for prevention purposes.

13.4.1 Sponsorships and donations

Zavarovalnica Triglav allocated EUR 2.8 million to sponsorships and EUR 0.4 million to donations. We executed 1,058 sponsorship agreements and 583 donation deeds.

The bulk of sponsorship funding (73%) by Zavarovalnica Triglav goes for sports, followed by cultural activities (7.9%), charity and humanitarian activities and healthcare (7.6%). The share of the latter increased by 5.7 percentage points in comparison to the previous year.



SportFest 2009 in Crikvenica was attended by 100,000 visitors from 20 countries.



Sports and entertainment events at SportFest 2009 also attracted young generations.



Matjaž Rakovec, the President of the Management Board, next to Saša Farič, the best Slovene Ski Cross competitor and her coach, Primož Vrhovnik.



Lovćen Osiguranje from Montenegro took care of the visibility of skiers on ski fields.

STRUCTURE OF SPONSORSHIP AND DONATION FUNDS OF ZAVAROVALNICA TRIGLAV PER ACTIVITY

FIELD	PORTION IN 2009 (IN %)	PORTION IN 2008 (IN %)	DIFFERENCE 2009/2008 (IN PERCENTAGE POINTS)
Sports	73.3	79.0	-5.7
Other	8.8	9.2	-0.4
Culture	7.9	8.6	-0.7
Socially responsible, humanitarian activities and healthcare	7.6	1.9	5.7
Training courses	2.4	1.3	1.1

13.4.2 Decision-making powers and coordination

The social environment is supported at both the local and national levels. The Triglav Group provides support at the local level primarily through regional units, which contributed 42% of the total sponsorship funds, while the parent company contributed 58%. The Marketing Communications Division sets guidelines and allocates funds at the level of regional units and the parent company. Subsidiaries of the Triglav Group abroad give support at both the local and national levels.

The Marketing and Corporate Communications Department is responsible for the coordination of work among regional units, departments and the Management Board, for ensuring unified work methods (for the purpose of which it is issued work instructions and circulars), for keeping record of concluded contracts and for supplying proposals and reports to the Management Board.

Information on sustainable development:

Zavarovalnica Triglav d.d. Ljubljana
 Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
 Miroslav Ribič, Corporate Communications Director
 Telephone: +386 (1) 47 47 570
 Fax: +386 (1) 47 47 159
 E-mail address: miroslav.ribic@triglav.si

Subsidiaries are independent in their decisions on donations. As donors they contribute to sports, culture, education and corporate responsibility at both the local and national levels.

Our subsidiaries independently decide on their sponsorship and donation budgets.

13.4.3 Main sponsorships and donations

Sports

Funds are donated to sports at both the local and national levels, with priority given to the inclusion of young people in sports activities.

For over 30 years, we have been among the biggest sponsors of the Ski Association of Slovenia and the golden sponsor of the Slovene Nordic Skiing and Biathlon teams. The national and international successes of Petra Majdič were to a great extent founded on our financial support. We also traditionally organise the popular campaign "Triglav Generations in Planica", aimed at inspiring and cultivating the spirit of sport among the youngest generations. Within this framework 3,000 children were taken to see the ski flying in Planica.

Zavarovalnica Triglav was also linked to top-level sports through a four-year sponsorship contract with the swimmer Sara Isakovič, the Slovenian Sport Shooting Federation and Rajmond Debevc, the Ski Jumping Club Ilirija and Jernej Damjan, as well as with the sports club ŠD Vagabund and the cross skier Saša Farič. Special attention was paid to participation in the projects of Slovene disabled sports clubs and the sponsorship of Gal Jakič.



Funds are donated to sports at both the local and national levels, with priority given to the inclusion of young people in sports activities.

Ski Safely (Smučaj varno) is a major innovative project connecting sponsorship and prevention activities. It combines several elements which are important for the safety of skiers and for safety on ski fields, practically representing a new theory of skiing. The project was implemented on ski simulators in Slovenia and Croatia.

Sports are supported by subsidiaries as well. The subsidiary Triglav Osiguranje donated funds to the Split Athletic Sports Club to help it organise an international athletics tournament in high jumping, the Zagreb Ice Hockey Club, which systematically works with young players, the Samobor Women's Handball Club and the international event SportFest 2009 in Crikvenica. Moreover, Triglav Osiguranje was the general sponsor of the 5th International Women's Tennis Tournament ITF Zagreb Open 2009.

Zavarovalnica Lovćen Osiguranje sponsored the football clubs Lovćen and Mladost, the handball clubs Lovćen and Rudar Pljevlja, the Peking Karate Club, the volleyball clubs Budvanska Rivijera and Studentski centar, the Nikšić Women's Volleyball Club, the Badminton Union of Montenegro Budva, the Ski Association and the Summit Sports Club. It also donated funds for the organisation of a tennis tournament, a chess tournament and an international speedboat race.

Triglav BH Osiguranje was a sponsor of the Jug Football Club, the Pale Athletics Club, talented young players of basketball, tennis, football and karate, as well as a basketball tournament and tennis tournament.

Zavarovalnica Triglav Kopaonik provided sponsorships to the Partizan Sports Club, the Crvena Zvezda Handball Club, the tennis clubs Crvena Zvezda and Palić, the Club Dogs Baseball Club and the Beograd Swimming Club.

The subsidiary Vardar Osiguruvanje donated funds to the Macedonian Football Union and Handball Union, as well as the men's basketball club and the woman's handball club both named Triglav.

Zavarovalnica Triglav dedicated around 8% of its total sponsorship budget to cultural projects.

Support of cultural creativity

Zavarovalnica Triglav dedicated around 8% of its total sponsorship budget to cultural projects. We are co-operating with Cankarjev dom and the Ljubljana Summer Festival, while at the local level we work with the Tartini Festival in Piran, the Carniola Festival in Kranj and the Serious Music Festival in Pomurje.

The insurance company Ločen Osiguranje was among the sponsors of the music festival Sunčane skale Herceg Novi and the Zetski dom Royal Theatre from Cetinje.

Triglav BH Osiguranje enabled free access to the concerts of the Central European Jazz Connection and the Sebastian Gehler Trio in Sarajevo, Mostar and Tuzla.

Zavarovalnica Triglav Kopaonik sponsored the Slavija Theatre, the National Ensemble Kolo and the Five Dance Studio.

Vardar Osiguruvanje helped finance the organisation of the festivals Ohrid Fest - Ohrid Troubadours and Ohrid Summer.

The Triglav Group members support various humanitarian initiatives for the benefit of children, disabled persons and other underprivileged groups.

Support of humanitarian activities and civil initiatives

Zavarovalnica Triglav started a four-year cooperation with the Ljubljana-Matica Climbing Club on a project for improving the quality of services available in mountain lodges and cabins. Once again we took part in the project Festival for the Third Life Period, enabling 12,000 visitors to explore the possibilities of the active participation of the elderly in various interest programmes free of charge. For small children we organised a Magic Winter Day event in order to present winter sports and sponsored the Happy CICI School to improve the image of schools.



Triglav Zdravstvena zavarovalnica is the general sponsor of the campaign "You Can Choose, Win or Lose".



Through the project "Ski Safely" we boosted self-responsibility and self-protection among Slovene skiers.



Young families and drivers were invited to the AMZS Safe Driving Centre in Vransko.



Sebastian Gehler Trio's concert in Tuzla (Bosnia and Herzegovina) organised by EUNIC, an organisation for intercultural dialogue.

Triglav BH Osiguranje was a sponsor of a bazaar organised by the International Ladies Association, all of the profits of which were donated to charity. Sponsorships enabled socially vulnerable children to attend a school camp and funds were provided to help the Association of Paraplegics and Patients with Poliomyelitis organise the Paraplegic Games. Triglav BH Osiguranje sponsored the purchase of sports equipment for schools and clubs, as well as funding the Pippi Longstocking Festival in Slovenia and the International Red Cross.

Zavarovalnica Triglav Kopaonik was a sponsor of the Dragan Kovačević Primary School for the Blind and Visually Impaired, as well as other primary and secondary schools, the Vlaški Romi Roma Children Humanitarian Centre and the Tara Ecological National Park Reforestation Project - Ekotopija.

The subsidiary Vardar Osiguruvanje sponsored the campaign Home Visit, within the framework of which insurance agents visited the owners of renovated houses or flats and presented them an insurance policy as a gift. Funds were provided to a kindergarten in Skopje for kitchen reconstruction.

Triglav Krajina Kopaonik co-sponsored the selection of the best sportsmen in Banja Luka, a sports ball and some cultural events and film screenings. Donations were given to the association "Sva djeca Svijeta", the Marinska Church Community and the Association of the Blind of Serbia in support of their programmes for blind and visually impaired students.

13.4.4 Prevention activity

Our social responsibility is also expressed through the planned and long-term implementation of prevention activity at all levels, the key objectives of which are general public awareness building, reducing the level of risk and the likelihood of accidents.

The acquisition of fire fighting vehicles and equipment still accounted for the bulk of the fire safety budget, with increasing attention being paid to safety at work (training, prevention equipment), traffic safety and the protection of nature. In 2009, the Triglav Group dedicated EUR 2.2 million to prevention activity.

Safe driving

Together with AMZS (The Automobile Association of Slovenia), Zavarovalnica Triglav helped improve traffic safety by organising Safe Driving Days for young families and young drivers. This campaign built the awareness of drivers regarding their responsible behaviour towards themselves and other traffic participants. The programme is geared towards the young generation, which behaves differently to experienced long-term drivers on the road. Thanks to an excellent response and the usefulness of the campaign it is scheduled to continue in 2010.

Framework objective: Constant implementation of prevention programmes aimed at improving traffic safety at the level of the whole Triglav Group.

Child safety in traffic

The booklet "Watch out Doggy" served as a textbook for young children on safe traffic behaviour. It was distributed among pupils starting primary schools in Slovenia who had to face traffic for the first time.

Fire safety

Zavarovalnica Triglav co-financed equipment purchases of over 100 fire fighter associations and unions. With material contributions Triglav was involved in the purchase of 17 new fire engines and 7 cisterns. Increasingly more funds are dedicated to improving fire safety in companies and groups. We helped 8 companies purchase anti-fire devices, and by setting up burglary protection systems and anti-hail nets we considerably contributed to improving the protection of property. In addition, more funds were allocated to safety at work, most of which were donated to the companies CM Celje, Arcont and Montavar.

Environmentally responsible behaviour has become an integral part of our daily operations, even though the business of the Triglav Group does not pose any direct environmental threats.

Nature protection

As heavy storms again caused considerable damage to Slovene agriculture in 2009, Zavarovalnica Triglav helped out not only with prompt loss adjustment but also by providing anti-hail nets. Our protection efforts in the bovine sector included donations for the purchase of medicines.

13.4.5 Anti-Competitive Behaviour

In 2009, Triglav was not involved in any case of the Competition Protection Office. Legal action on the grounds of unfair competition was commenced against Zavarovalnica Generali.

13.5 RESPONSIBILITY TO THE SOCIAL AND NATURAL ENVIRONMENTS

Protection of the environment is understood as a integral element of the business management and organisational structure of the company and the group. Environmentally responsible behaviour has become an integral part of our daily operations, even though the business of the Triglav Group does not pose any direct environmental threats.

In order to reduce negative environmental impact in 2009, 41 old company vehicles were replaced with new ones. This was our contribution to a cleaner environment, as new vehicles consume at least 10% less fuel per kilometre and thus indirectly help reduce pollutant emissions into environment.

GRI CONTENT INDEX

	GRI G3 CONTENT	PAGE
1	Strategy and analysis	
1.1	The importance of sustainable development for the organisation and strategy	99
2	Organisational profile	
2.1 - 2.10	Name, brands, location of the organisation's headquarters, organisational structure, ownership structure, markets served, key data, significant changes regarding structure and ownership, awards	99, Business Report - pages 8-11, 41-42,
3	Report parameters	
3.1 – 3.8	Report profile, scope and boundaries	99
3.10-3.11	The effects of any re-statements of information provided in earlier reports, and the reasons for such re-statement, significant changes from previous reporting periods	Business Report - pages 9-11, Financial Review - pages 137-139
3.12	G3 Content index	116
4	Governance, commitments and engagement	
4.1 – 4.4	Governance structure, mechanisms for small shareholders and employees to provide recommendations or initiatives to the Supervisory Board and the Works Council and employee's representatives on the Supervisory Board	99-100, Financial Review - pages 28-37
4.12 – 4.13	Commitments to external initiatives, support of external initiatives, memberships in associations	100
4.14 – 4.15	Stakeholder engagement, selection criteria for engaged stakeholders	107-108
	Economic performance indicators	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, payments to shareholders	100, 112-115 Business Report – pages 49-69
	Environmental performance indicators	
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved	116
	Labour practices and decent work performance indicators	
LA1	Total workforce by employment type, employment contract, and region	102-103
LA2	Total number and rate of employee turnover by age group, gender, and region	102
LA4	Percentage of employees covered by collective bargaining agreements	103
LA7	Rates of injury, occupational diseases, lost days, and absenteeism	101, 108
LA10	Average hours of training per year per employee by employee category	103
LA 11	Programmes for skills management and lifelong learning	103, 106
	Society indicators	
SO7	Anti-Competitive Behaviour	115

The reporting of Zavarovalnica Triglav and the Triglav Group on sustainable development is based on GRI GR3, with regard to which we fulfil the C level of reporting.

14. MAIN DEVELOPMENTS AFTER THE END OF THE REPORTING PERIOD

After the balance sheet date there were no subsequent developments that influenced the financial statements for 2009. Post-balance sheet events having an impact on the operations in 2010:

New members of management bodies

• Pozavarovalnica Triglav Re d.d., Ljubljana

On 18 January, 2010, Gregor Stražar was issued a licence to sit on the Management Board of the reinsurer, Pozavarovalnica Triglav Re. At its 2nd session held on 18 January, 2010, the Supervisory Board of Pozavarovalnica Triglav Re appointed Tomaž Rotar as a new member of the Management Board. He was issued the required licence on 25 March, 2010.

• Triglav družba za upravljanje d.o.o., Ljubljana

On 4 February, 2010, the term of office of the former president of the Management Board, Tanja Miklavc Maček, expired, and as of 15 February, 2010 Igor Kušar was appointed in her stead.

• Triglav Osiguranje d.d., Zagreb

Igor Bratina was appointed procurator of the company as of 1 March, 2010.

• Triglav Kopaonik a.d.o., Belgrade

On 16 March, 2010, Milan Skok was recalled as a member of the Management Board by the General Meeting of Shareholders. The new member of the Management Board appointed in his stead was Igor Stebernak.

In accordance with a decision by the Management Board, Goran Jelisavac was appointed Life Insurance Sales Director. The employment of Gordana Marinković, a former member of the Management Board, was terminated.

• Triglav Krajina Kopaonik a.d., Banja Luka

On 22 January, 2010, the Management Board appointed Matej Žlajpah as its new president with a four-year term of office.

New members of supervisory bodies

• Triglav Zdravstvena zavarovalnica d.d., Koper

On 2 January, 2010, the term of office of Erika Kranjc, as a substitute member of the Supervisory Board, expired. A new member, Mateja Jaklin, was appointed in her stead.

• Triglav družba za upravljanje d.o.o., Ljubljana

Based on a resolution by the General Meeting of Shareholders, on 4 February, 2010 Boštjan Vovk was appointed as a member of the Supervisory Board of Triglav Družbe za upravljanje d.o.o.

• Triglav Osiguranje d.d., Zagreb

On 26 February, 2010, the General Meeting of Shareholders recalled the Supervisory Board's members Vladimir Mišo Čepak, Janka Planinc and Iztok Pekolj and appointed the following new members in their stead: Blaž Brodnjak, Boštjan Vovk and Boris Žnidarič. The term of office of the newly appointed members commenced on 27 February, 2010.

Other important events

• Slovenijales d.d., Ljubljana

The court of jurisdiction of Ljubljana fixed a hearing on 12 May, 2010 in the compromise proceedings Jugobanka / Municipium's vs. Slovenijales d.d.

• SPCP d.d., Ljubljana.

In February 2010, the Regional Court of Ljubljana sent to Zavarovalnica Triglav its decision on the deletion of the company SPCP d.d. from the Companies Register. In November, 2009, the General Meeting of Shareholders of SPCP passed a resolution on the dissolution of the company according to a simplified procedure without liquidation. After the dissolution of SPCP, Zavarovalnica Triglav became the owner of the total assets of the dissolved company.

• Triglav Osiguranje d.d., Zagreb

On 26 February, 2010, the General Meeting of Shareholders amended the Articles of Association of Triglav Osiguranje, entering into force as of the day of their entry in the Companies Register, according to which: The Management Board passes decisions with consensus, requiring a vote in favour by the procurator of the company, if appointed. The company is represented by at least two members of the Management Board or all of its members in the case that no procurator of the company is appointed.

• Triglav BH Osiguranje d.d., Sarajevo

In 2007, the Tax Administration inspected Triglav BH Osiguranje from Sarajevo, covering its operations in the 2002-2007 period. The purpose of the inspection was to verify whether the company duly paid all tax liabilities arising from that period. The findings in the inspection report stipulated a tax debt due to the misapplication of the Corporate Income Tax Law. In the 2002-2006 period, Triglav BH Osiguranje, in accordance with the above stated law, used tax relief for contributions of foreign capital in the company's share capital. Following many complaints, the Federal Ministry of Finance, as the body of second instance, in June 2009 passed a decision requiring the company to pay corporate income tax and accumulated interest in the amount of BAM 3,478,264.99. The payment was made in August 2009. In due time Triglav BH Osiguranje appealed to the court of jurisdiction with regard to the above decision and adjusted its financial statements for 2008 by the said amount. In 2009, this amount was posted as a loss brought forward. In March 2010, the Federal Ministry of Finance rescinded its decision and remanded the case to the authority of first instance, i.e., the Tax Administration. So far the Tax Administration has not issued a decision.

• Triglav Netherlands b.v., Amsterdam

In February 2010, the procedure of liquidation of Triglav Netherlands b.v. from The Netherlands was completed. This company was a 100%-owned subsidiary of Zavarovalnica Triglav. Due to the change of tax legislation in The Netherlands, it was decided to dissolve the company, as it was no longer needed. After the dissolution of Triglav Netherlands b.v. all of its assets became the property of Zavarovalnica Triglav.

• Branch office in Slovakia

After having analysed the performance of the branch office in Slovakia, the Management Board of Zavarovalnica Triglav decided to redefine its approach to the Slovakian market and start marketing insurance products and services according to the FOS (freedom of services) principle as well as to gradually phase out the branch office.

15. INFORMATION ON THE TRIGLAV GROUP AS AT 31 DECEMBER, 2009

Insurance

ZAVAROVALNICA TRIGLAV D.D.	
Address:	Miklošičeva 19, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 474 72 00
Fax:	++ 386 (1) 432 63 02
E-mail address:	info-triglav@triglav.si
Website:	www.triglav.si

POZAVAROVALNICA TRIGLAV RE D.D.	
Address:	Miklošičeva 19, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
E-mail address:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Insurance
Equity stake:	87.00%
Share of voting rights:	87.00%
Nominal value of equity stake:	EUR 2,722,834

TRIGLAV, ZDRAVSTVENA ZAVAROVALNICA D.D.	
Address:	Pristaniška ulica 10, 6000 Koper, Slovenija
Telephone:	++ 386 (5) 662 20 00
Fax:	++ 386 (5) 662 20 02
E-mail address:	info@zdravstvena.net
Website:	www.zdravstvena.net
Activity:	Insurance
Equity stake:	99.51%
Share of voting rights:	99.51%
Nominal value of equity stake:	EUR 25,695,615

TRIGLAV OSIGURANJE D.D.	
Address:	Antuna Heinza 4, 10000 Zagreb, Hrvatska
Telephone:	++ 385 (1) 563 27 77
Fax:	++ 385 (1) 563 27 09
E-mail address:	centrala@triglav-osiguranje.hr
Website:	www.triglav-osiguranje.hr
Activity:	Insurance
Equity stake:	99.32%
Share of voting rights:	99.68%
Nominal value of equity stake:	EUR 27,654,702

TRIGLAV POJIŠT'OVNA A.S.	
Address:	Novobranska 544/1, 602 00 Brno, Češka
Telephone:	++ 420 (5) 424 250 00
Fax:	++ 420 (5) 422 179 10
E-mail address:	triglav@triglav.cz
Website:	www.triglav.cz
Activity:	Insurance
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 13,598,761

LOVČEN OSIGURANJE A.D.	
Address:	Ulica Slobode 13a, 81 000 Podgorica, Montenegro
Telephone:	++382 (20) 404 400
Fax:	++382 (20) 665 281
E-mail address:	lovosig@co.me, lovcen@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake:	91.83%
Share of voting rights:	50.68%
Nominal value of equity stake:	EUR 9,672,230

TRIGLAV BH OSIGURANJE D.D.	
Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Telephone:	++387 (33) 252 110
Fax:	++387 (33) 252 177
E-mail address:	opstasluzba@triglavbh.ba
Website:	www.triglavbh.ba
Activity:	Insurance
Equity stake:	68.94%
Share of voting rights:	78.71%
Nominal value of equity stake:	EUR 2,929,923

TRIGLAV KRAJINA KOPAONIK A.D.	
Address:	Kralja Petra I. Karađorđevića 103, 78000 Banja Luka, Bosnia and Herzegovina
Telephone:	++ 387 (51) 221 050
Fax:	++ 387 (51) 215 262
E-mail address:	info@triglavkrajinakopaonik.com
Website:	www.triglavkrajinakopaonik.com
Activity:	Insurance
Equity stake:	98.72%
Share of voting rights:	98.72%
Nominal value of equity stake:	EUR 5,451,271

TRIGLAV KOPAONIK A.D.O.	
Address:	Kralja Petra 28, 11000 Belgrade, Serbia
Telephone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 330 51 38
E-mail address:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 6,744,169

VARDAR OSIGURUVANJE A.D.	
Address:	Gradski Zid blok 8, 1000 Skopje, Former Yugoslav Republic of Macedonia
Telephone:	++ 389 (2) 328 66 00
Fax:	++ 389 (2) 328 66 60
E-mail address:	osig@advardar.com.mk
Website:	www.insurance.com.mk
Activity:	Insurance
Equity stake:	70.36%
Share of voting rights:	70.36%
Nominal value of equity stake as at 31 December	EUR 2,098,598

Asset management

TRIGLAV DZU D.O.O.	
Address:	Slovenska cesta 54, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 300 73 00
Fax:	++ 386 (1) 300 73 50
E-mail address:	info@triglav-du.si
Website:	www.triglav-du.si
Activity:	Asset management
Equity stake:	67.50%
Share of voting rights:	96.43%
Nominal value of equity stake:	EUR 563,344

TRIGLAV NALOŽBE, FINANČNA DRUŽBA D.D.	
Address:	Slovenska cesta 54, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 434 55 40
Fax:	++ 386 (1) 434 55 50
E-mail address:	info@triglav-fd.si
Website:	www.triglav-fd.si
Activity:	Asset management
Equity stake:	79.94%
Share of voting rights:	79.94%
Nominal value of equity stake:	EUR 25,395,043

ZENIT NEPREMIČNINE, INŽENIRING IN TRŽENJE D.D.	
Address:	Verovškova 60c, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 242 06 90
Activity:	Real estate management
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 133,440

TRIGLAV PENZIJSKI FONDOVI A.D.	
Address:	Kralja Petra 45, 11000 Belgrade, Serbia
Telephone:	++ 381 (11) 303 63 56
Fax:	++ 381 (11) 303 84 87
E-mail address:	office@triglavpenzija.rs
Website:	www.triglavpenzija.rs
Activity:	Insurance
Equity stake:	99.10%
Share of voting rights:	99.10%
Nominal value of equity stake:	EUR 2,080,552

TRIGLAV NETHERLANDS B.V.	
Address:	Koningslaan 14, Amsterdam, The Netherlands
Activity:	Investment management
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 125,000

Other

TRI-PRO D.O.O.	
Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Telephone:	++ 386 (1) 724 66 50
Fax:	++ 386 (1) 724 66 75
E-mail address:	info@tri-pro.si
Website:	www.tri-pro.si
Activity:	Insurance agency
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 8,763

AS TRIGLAV-SERVIS IN TRGOVINA D.O.O.	
Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 580 68 72
E-mail address:	as-triglav@siol.net
Activity:	Maintenance and repair of motor vehicles
Equity stake:	100.00%
Share of voting rights:	100.00%
Nominal value of equity stake:	EUR 8,763

SLOVENIJALES D.D.	
Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Telephone:	++ 386 (1) 474 42 00
Fax:	++ 386 (1) 431 41 45
E-mail address:	info@slovenijales.si
Website:	www.slovenijales.si
Activity:	Retail trade
Equity stake:	61.74%
Share of voting rights:	61.74%
Nominal value of equity stake:	EUR 7,049,037

GOLF ARBORETUM D.O.O.	
Address:	Volčji potok 3a, 1235 Radomlje, Slovenia
Telephone:	++ 386 (1) 831 80 80
Fax:	++ 386 (1) 831 80 91
E-mail address:	uprava@golfarboretum.si
Website:	http://www.golfarboretum.si/main.htm
Activity:	Sport facilities management
Equity stake:	80.10%
Share of voting rights:	80.10%
Nominal value of equity stake:	EUR 509,994

GRADIS IPGI D.D.	
Address:	Industrijska cesta 2, Ljubljana, Slovenia
Telephone:	++ 386 (1) 541 19 97
Fax:	++ 386 (1) 541 19 98
E-mail address:	info@gradis-ipgi.si
Website:	http://www.gradis-ipgi.si
Activity:	Construction
Equity stake:	79.41%
Share of voting rights:	79.41%
Nominal value of equity stake:	EUR 614,536

TRI-PRO BH D.O.O.	
Address:	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina
Telephone:	++ 387 (33) 618 106
Fax:	++ 386 (33) 618 295
E-mail address:	info@tri-probh.ba
Website:	www.tri-probh.ba
Activity:	Insurance agency
Equity stake:	89.57%
Share of voting rights:	89.57%
Nominal value of equity stake:	EUR 137,389

16. THE BUSINESS NETWORK OF THE TRIGLAV GROUP

The registered office of Zavarovalnica Triglav is where the management, developmental and coordinating functions are performed. Services offered by Zavarovalnica Triglav can be easily and quickly accessed through its network of 12 branch offices throughout Slovenia and 1 in Slovakia.

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

16.1 INSURANCE AND CO-INSURANCE

ZAVAROVALNICA TRIGLAV D.D., LJUBLJANA,

HEADQUARTERS - registered office

Regional units:

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

Branch office abroad:

- Insurance company office from an EU member state, Bratislava

POZAVAROVALNICA TRIGLAV RE D.D., LJUBLJANA

- registered office

TRIGLAV, ZDRAVSTVENA ZAVAROVALNICA D.D.,

KOPER - registered office

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

TRIGLAV OSIGURANJE D.D., ZAGREB

- registered office

Branch offices:

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

TRIGLAV BH OSIGURANJE D.D., SARAJEVO

- registered office

Branch offices:

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

TRIGLAV POJIŠŤOVNA A.S., BRNO

- registered office

Branch offices:

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

LOVČEN OSIGURANJE A.D., PODGORICA

- registered office

Branch offices:

- Podgorica
- Nikšić
- Berane
- Pljevlja
- Bijelo Polje
- Kotor

TRIGLAV KOPAONIK A.D.O., BELGRADE

- registered office

Agencies:

- Vranje
- Novi Sad
- Čačak
- Jagodina
- Kikinda
- Kragujevac
- Kruševac
- Leskovac
- Mladenovac
- Niš
- Šabac
- Subotica
- Valjevo

Agencies:

- Aranđelovac
- Bor
- Bečej
- Golubac
- Kraljevo
- Loznica
- Novi Pazar
- Pančevo
- Negotin

TRIGLAV KRAJINA KOPAONIK A.D., BANJA LUKA

- registered office

Agencies:

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

VARDAR OSIGURUVANJE A.D., SKOPJE

- registered office

Agencies:

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

16.2 ASSET MANAGEMENT**TRIGLAV DRUŽBA ZA UPRAVLJANJE D.O.O., LJUBLJANA**

- registered office

TRIGLAV NALOŽBE, FINANČNA DRUŽBA D.D.,**LJUBLJANA** - registered office**VOLUNTARY PENSION FUND MANAGEMENT COM-****PANY - TRIGLAV PENZIJSKI FONDOVI A.D.,****BELGRADE** - registered office



The primary source of liquidity is an adequate cash flow, partly arising from return on financial investments. The investment portfolio is of a basically conservative nature, since the maturity and scope of future payments are mostly unknown due to the nature of our business.

Investing / Liquidity



Financial Overview



I. INDEPENDENT AUDITOR'S REPORT

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



Independent Auditor's Report

To the Shareholders of Zavarovalnica Triglav, d.d.

We have audited the accompanying consolidated financial statements of the company Zavarovalnica Triglav d.d. and its subsidiaries (the Triglav Group) which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Triglav Group as at 31 December 2009, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion we draw your attention to the Note 6.11 (Equity, revenue reserves) to the financial statements referring to inconsistency of requirements in the Insurance Act with the International Financial Reporting Standards as adopted by the European Union. The Group forms and discloses equalisation provisions within equity in accordance with the International Financial Reporting Standards as adopted by the European Union. If these consolidated financial statements would be prepared according to provisions of the Insurance Act, these equalisation provisions would have been formed and charged against the operating profit or loss and disclosed among technical provisions.

Report on other legal and regulatory requirements

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


Mag. Simona Korošec Lavrič, M.Sc.Ec.
Certified Auditor

Ljubljana, 19. April 2010

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

Katarina Šitar Suštar, B.Sc.Ec.
Certified Auditor
Partner KPMG Slovenija, d.o.o.

The Independent Auditor's Report hereof is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only.

II. STATEMENT OF MANAGEMENT'S RESPONSIBILITY



II. STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY

The Management Board confirms the Group's financial statements for the year ended 31 December, 2009 on pages 8 through 16, the applied accounting policies and the notes to the financial statements on pages 17 through 128 of the Annual Report.

The Management Board is responsible for preparing the Annual Report so that it gives a true and fair view of the state of affairs of the Group and of the profit or loss for the year ending on 31 December, 2009.

- The Management Board confirms that suitable accounting policies have been used, excluding the exception explained in Chapter 1. The accounting estimates are based on reasonable and prudent judgement. The Management Board also confirms that the Group's financial statements and the notes thereto have been prepared on a going concern basis and that they comply with the applicable legislation and the International Financial Reporting Standards.
- The Management Board is also responsible for the proper management of accounting, for taking appropriate measures to protect the Group's assets and for preventing and discovering fraud, other irregularities or illegal acts.

President of the Management Board

Matjaž Rakover

Member of the Management Board

Mag. Vladimir Milo Čepičak

Member of the Management Board

Andrej Štupar

Member of the Management Board

Igor Stebernak

Ljubljana, 19 April, 2010

III. CONSOLIDATED FINANCIAL STATEMENTS

A. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

		IN EUR		
	NOTES	31 DECEMBER, 2009	31 DECEMBER, 2008 ¹	1 JANUARY, 2008
ASSETS				
Intangible assets	6.1	73,506,342	84,455,499	75,960,946
Property, plant and equipment	6.2	132,895,282	132,584,565	134,963,596
Deferred tax assets		20,426,847	21,121,861	11,071,290
Investment property	6.3	81,997,052	80,069,945	59,770,494
Investments in associates	6.4	122,342,222	99,330,861	47,862,503
Financial assets	6.5	2,132,149,856	1,963,318,101	2,112,388,747
Financial investments:		1,821,513,756	1,742,458,694	1,845,634,092
- loans and deposits		397,384,402	331,709,110	165,312,600
- held to maturity		261,587,909	243,444,567	81,452,256
- available for sale		1,075,127,103	1,078,859,635	1,461,430,494
- recognised at fair value through profit and loss		87,414,343	88,445,381	137,438,742
Unit-linked insurance assets		310,636,100	220,859,408	266,754,655
Reinsurers' share of technical provisions	6.6	38,707,113	42,960,186	27,202,664
Receivables	6.7	219,787,187	232,226,333	189,612,818
- receivables from direct insurance operations		132,182,897	129,771,754	119,394,751
- receivables from reinsurance and co-insurance operations		34,673,805	40,168,478	20,921,957
- current tax receivables		4,170,535	2,041,613	1,344,436
- other receivables		48,759,950	60,244,488	47,951,674
Other assets	6.8	11,820,949	13,178,538	12,575,907
Cash and cash equivalents	6.9	30,443,965	32,517,218	25,320,567
Non-current assets held for sale	6.10	1,903,219	1,609,225	15,903,583
TOTAL ASSETS		2,865,980,034	2,703,372,332	2,712,633,115
EQUITY AND LIABILITIES				
Equity	6.11	477,787,692	516,929,601	615,389,979
Controlling interests		449,910,028	473,226,281	570,915,220
- share capital		23,701,391	23,701,391	23,701,392
- share premium		53,892,536	53,412,885	53,412,885
- reserves from profit		54,180,190	51,549,611	45,448,057
- fair value reserve		54,370,241	70,010,806	162,786,788
- net profit brought forward		271,086,497	276,507,159	234,818,152
- net profit/loss for the year		-5,861,926	-760,473	50,795,065
- consolidation adjustment		-1,458,901	-1,195,098	-47,119
Non-controlling interests		27,877,664	43,703,320	44,474,759
Subordinated liabilities	6.12	43,242,091	30,000,000	30,000,000
Insurance technical provisions	6.13	1,851,940,383	1,698,817,959	1,555,812,678
- unearned premiums		301,267,271	294,001,382	265,248,078
- mathematical provisions		794,828,056	693,740,017	640,699,449
- claims provisions		711,229,696	673,425,434	617,581,304
- other insurance technical provisions		44,615,360	37,651,126	32,283,847
Insurance technical provisions for unit-linked insurance contracts	6.13	309,823,680	219,666,880	268,736,408
Employee benefits	6.14	7,652,833	7,271,982	6,649,404
Other provisions	6.15	15,386,715	14,293,196	11,840,257
Deferred tax liabilities	6.16	16,383,815	15,297,569	81,636,628
Other financial liabilities	6.17	44,058,737	76,341,389	31,059,352
Operating liabilities	6.18	39,661,083	46,152,830	39,633,927
- liabilities from direct insurance operations		14,677,542	17,004,469	12,796,170
- liabilities from reinsurance and co-insurance operations		24,564,148	19,006,425	15,636,596
- current tax liabilities		419,393	10,141,936	11,201,161
Other liabilities	6.19	60,043,005	78,600,926	71,874,482
TOTAL EQUITY AND LIABILITIES		2,865,980,034	2,703,372,332	2,712,633,115

1 The data for 2008 are adjusted in accordance with the changes of the accounting policies described in chapter 1.

B. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

		IN EUR	
	NOTE	2009	2008 ²
NET PREMIUM INCOME	6.20	946,344,123	943,629,834
- gross written premium		1,022,259,614	1,028,521,624
- ceded written premium		-71,334,542	-64,515,171
- change in unearned premiums		-4,580,949	-20,376,619
INCOME FROM FINANCIAL ASSETS	6.21	204,441,102	145,660,834
INCOME FROM FINANCIAL ASSETS IN ASSOCIATED COMPANIES		18,612,653	14,552,550
- profit on equity investments accounted for using the equity method		12,388,038	8,323,853
- other income from financial assets in associated companies		6,224,615	6,228,697
INCOME FROM OTHER FINANCIAL ASSETS		131,952,367	115,263,316
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS		53,876,082	15,844,968
OTHER INCOME FROM INSURANCE OPERATIONS	6.25	27,449,020	42,863,819
- fees and commission income		20,830,183	35,562,402
- other income from insurance operations		6,618,837	7,301,417
OTHER INCOME	6.26	56,613,838	60,341,174
NET CLAIMS INCURRED	6.27	610,884,699	586,307,590
- gross claims settled		597,203,374	596,532,261
- reinsurers' and co-insurers' share		-37,994,709	-55,658,365
- changes in claims provisions		47,165,611	42,147,926
- equalisation scheme expenses for supplementary health insurance		4,510,423	3,285,768
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	6.28	92,004,461	73,434,623
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	6.28	90,122,332	-49,058,086
EXPENSES FOR BONUSES AND DISCOUNTS	6.29	12,066,727	12,388,561
OPERATING EXPENSES	6.30	207,752,004	207,932,393
- acquisition costs		134,822,095	134,117,000
- other operating costs		72,929,909	73,815,393
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	6.22	83,496,380	239,338,408
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES		8,787,215	7,359
- loss on investments accounted for using the equity method		6,354,300	7,359
- interest		1,824,700	0
- other expenses from financial assets and liabilities in associates		608,215	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES		57,267,023	110,297,056
- impairment of financial assets other than recognised at fair value through profit and loss		14,415,580	35,662,495
- interest		4,943,275	5,157,292
- other expenses from financial assets and liabilities		37,908,168	69,477,269
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS		17,442,142	129,033,993
OTHER INSURANCE EXPENSES	6.31	60,486,014	52,953,040
OTHER EXPENSES	6.32	75,954,246	67,402,420
NET PROFIT/ LOSS BEFORE TAX		2,081,220	1,796,715
Income tax expense	6.33	-8,373,562	-786,421
NET LOSS FOR THE ACCOUNTING PERIOD		-6,292,342	1,010,294
Net profit/loss attributable to the controlling company		-4,810,683	2,567,299
Net loss attributable to non-controlling interest holders		-1,481,660	-1,557,005

2 Data for 2008 have been adjusted in accordance with the changed accounting principles, described in Chapter 1.

C. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		IN EUR	
	NOTE	2009	2008
I. NET PROFIT/LOSS FOR THE YEAR AFTER TAX		-6,292,342	1,010,294
II. OTHER COMPREHENSIVE INCOME AFTER TAX		-24,199,429	-89,703,566
1. Net gains/losses from the remeasurement of available-for-sale financial assets	6.5	-13,101,507	-163,046,229
Gains/losses recognised in fair value reserve		18,919,663	-176,988,595
Transfer from fair value reserve to profit/loss		-32,021,170	13,942,366
2. Gains/losses, recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities, recognised using the equity method		2,193,297	-836,271
3. Liabilities from insurance contracts with discretionary participating feature (shadow accounting)	6.33	-11,881,684	16,108,624
4. Consolidation adjustment	6.11	-263,803	-1,147,979
5. Tax on other comprehensive income	6.33	-1,145,732	59,218,289
III. COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		-30,491,771	-88,693,272
Controlling interests		-20,717,160	-91,356,661
Non-controlling interests		-9,774,611	2,663,389

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY³

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2009		RESERVES FROM PROFIT					
	SHARE CAPITAL	SHARE PREMIUM	CONTINGENCY RESERVES	TREASURY SHARE RESERVES	LEGAL AND STATUTORY RESERVES	CREDIT RISK RESERVES	CATASTROPHE RESERVES
1. OPENING BALANCE FOR THE PERIOD (after the change in accounting policies)	23,701,392	53,412,884	4,869,926	364,680	13,897,919	32,652,053	129,714
2. Comprehensive income for the year after tax							
3. Dividend payment							
4. Net profit allocations to reserves from profit			-3,658,023		6,121,094		
5. Offset of loss from previous years							
6. Allocation and use of reserves for credit risk and catastrophe claims						209,856	-42,353
7. Allocation to net profit/loss brought forward							
8. Other		479,652					
9. CLOSING BALANCE FOR THE PERIOD	23,701,392	53,892,536	1,211,903	364,680	20,019,013	32,861,909	87,361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2008		RESERVES FROM PROFIT					
	SHARE CAPITAL	SHARE PREMIUM	CONTINGENCY RESERVES	TREASURY SHARE RESERVES	LEGAL AND STATUTORY RESERVES	CREDIT RISK RESERVES	CATASTROPHE RESERVES
OPENING BALANCE FOR THE PERIOD (before the change in accounting policies)	23,701,392	53,412,884	12,176,095	0	4,662,643	28,458,240	151,080
Difference due to the change in accounting policies							
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,412,884	12,176,095	0	4,662,643	28,458,240	151,080
2. Comprehensive income for the year after tax							
3. Dividend payment (calculation)							
4. Net profit allocations to reserves from profit			-7,306,169	364,680	9,235,276		-21,366
5. Allocation and use of reserves for credit risk and catastrophe claims						4,193,813	
6. Allocation to net profit/loss brought forward							
7. Other							
8. CLOSING BALANCE FOR THE PERIOD	23,701,392	53,412,884	4,869,926	364,680	13,897,919	32,652,053	129,714

³ For additional notes on equity see Chapter 6.11.

IN EUR

FAIR VALUE RESERVE	NET PROFIT BROUGHT FORWARD	NET PROFIT/LOSS	TREASURY SHARES	CURRENCY TRANSLATION DIFFERENCES	TOTAL CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL
70,010,806	276,507,159	-760,473	-364,680	-1,195,098	473,226,282	43,703,320	516,929,602
-15,642,676		-4,810,683		-263,803	-20,717,162	-9,774,611	-30,491,773
	-2,273,515				-2,273,515	-16,283	-2,289,798
	-2,388,752	-214			74,105	-74,105	0
	812,212	-808,232			3,980	-3,980	0
	42,353	-242,798			-32,942	32,942	0
	-760,473	760,473			0		0
2,111	-852,488				-370,724	-5,989,619	-6,360,343
54,370,241	271,086,497	-5,861,927	-364,680	-1,458,901	449,910,024	27,877,664	477,787,688

IN EUR

FAIR VALUE RESERVE	NET PROFIT BROUGHT FORWARD	NET PROFIT/LOSS	TREASURY SHARES	CURRENCY TRANSLATION DIFFERENCES	TOTAL CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL
162,786,788	243,014,002	50,795,065	0	-47,119	579,111,070	45,760,352	624,871,422
	-8,195,850				-8,195,850	-1,285,593	-9,481,443
162,786,788	234,818,152	50,795,065	0	-47,119	570,915,220	44,474,759	615,389,979
-92,775,982		2,567,302		-1,147,979	-91,356,659	2,663,391	-88,693,268
	-5,683,787				-5,683,787	-383,945	-6,067,732
	-2,270,693	-1,384	-364,680		-364,336	-344	-364,680
		-3,326,391			867,422	-867,422	0
	50,795,065	-50,795,065			0		0
	-1,151,578				-1,151,579	-2,183,119	-3,334,698
70,010,806	276,507,158	-760,473	-364,680	-1,195,098	473,226,281	43,703,320	516,929,602

E. CONSOLIDATED CASH-FLOW STATEMENT⁴

CONSOLIDATED CASH-FLOW STATEMENT

		IN EUR	
	NOTE	2009	2008
A. OPERATING CASH FLOW			
a. Income statement items		187,510,125	110,110,681
1. Net written premium for the period	6.20	952,302,582	961,133,932
2. Investment income (excluding financial income) arising from:	6.21	103,022,831	50,801,481
- insurance technical provisions		97,615,208	43,108,351
- other sources		5,407,623	7,693,130
3. Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables		87,964,174	186,144,060
4. Net claims paid	6.27	-562,331,768	-525,903,580
5. Bonuses and rebates paid	6.29	-10,728,754	-11,472,602
6. Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	6.30	-198,077,595	-193,040,210
7. Investment expenses (excluding financial expenses) arising from:	6.22	-65,330,614	-202,120,883
- technical sources		-57,284,752	-186,154,963
- other sources		-8,045,862	-15,965,920
8. Other operating expenses excluding depreciation charge(except for revaluations and without increasing provisions)	6.32	-102,490,690	-140,727,912
9. Corporate income tax and other taxes excluded from operating expenses		-16,820,042	-14,703,605
b. Changes in net current assets – operating balance sheet items		23,481,720	-114,149,377
1. Movements in receivables from insurance operations	6.7	-27,894,073	-23,524,927
2. Movements in receivables from reinsurance operations		21,032,782	-38,055,012
3. Movements in other receivables from (re)insurance operations		10,362,818	-16,654,846
4. Movements in other receivables and assets		6,652,188	1,895,759
5. Movements in deferred tax assets		-1,739,996	-10,050,571
6. Movements in inventories		447,528	3,591,365
7. Movements in debts from direct insurance operations	6.18	3,793,203	7,985,570
8. Movements in debts from reinsurance operations		-8,633,761	18,592,356
9. Movements in operating debts		37,483,850	-21,547,025
10. Movements in other liabilities (excluding unearned premiums)		-13,755,257	29,957,013
11. Movements in deferred tax liabilities	6.16	-4,267,563	-66,339,059
c. Operating cash flow		210,991,845	-4,038,696
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a. Cash inflows from investing activities		3,088,317,991	2,407,260,722
1. Cash inflows from interest from investing activities and from:	6.5	86,154,548	70,389,059
- investment financed by insurance technical provisions		80,409,123	67,210,217
- other investment		5,745,425	3,178,841
2. Cash inflows from dividends received and profit sharing, arising from:	6.5	8,321,247	20,801,937
- investment financed by insurance technical provisions		5,048,896	9,156,489
- other investment		3,272,351	11,645,449
3. Cash inflows from the disposal of intangible assets financed by:	6.1	47,552	42,515
- insurance technical provisions		0	0
- other sources		47,552	42,515
4. Cash inflows from the disposal of property, plant and equipment financed by:	6.2	507,941	1,272,364
- insurance technical provisions		0	64,781
- other sources		507,941	1,207,583
5. Cash inflows from the disposal of non-current investments financed by:	6.5	1,106,626,521	1,024,277,601
- insurance technical provisions		918,329,890	935,949,280
- other sources		188,296,631	88,328,320
6. Cash inflows from the disposal of current investments financed by:	6.5	1,886,660,181	1,290,477,246
- insurance technical provisions		1,756,251,051	1,126,720,327
- other sources		130,409,130	163,756,919

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

CONSOLIDATED CASH-FLOW STATEMENT

		IN EUR	
	NOTE	2009	2008
b. Cash outflows from financing activities		-3,276,635,159	-2,425,957,324
1. Cash outflows for the purchase of intangible assets	6.1	-6,163,259	-12,341,225
2. Cash outflows for the purchase of property, plant and equipment financed by:	6.2	-7,224,796	-15,885,845
- insurance technical provisions		-855,130	-5,069,642
- other sources		-6,369,665	-10,816,204
3. Cash outflows for the purchase of non-current investments financed by:	6.5	-1,121,357,790	-804,143,125
- insurance technical provisions		-878,501,600	-678,173,101
- other sources		-242,856,189	-125,970,024
4. Cash outflows for the purchase of current investments financed by:	6.5	-2,135,889,483	-1,591,712,667
- insurance technical provisions		-1,986,352,360	-1,433,725,539
- other sources		-149,537,123	-157,987,128
5. Cash outflows for the purchase of interests in subsidiaries	1	-5,999,832	-1,874,462
c. Total cash flow from investing activities		-188,317,168	-18,696,602
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a. Cash inflows from financing activities		81,848,051	95,264,526
1. Cash inflows from paid-in capital		0	0
2. Cash inflows from long-term loans received	6.12	39,084,440	21,340,345
3. Cash inflows from short-term loans received		42,763,611	73,924,181
b. Cash outflows from financing activities		-106,147,386	-64,774,431
1. Cash outflows for paid interest		-11,951,803	-11,837,274
2. Cash outflows for repayments of principal		0	0
3. Cash outflows for payments of long-term financial liabilities	6.17	-18,653,366	-5,800,290
4. Cash outflows for payments of short-term financial liabilities		-73,317,865	-41,648,810
5. Cash outflows from dividends paid and profit sharing		-2,224,352	-5,488,057
c. Total cash flow from financing activities		-24,299,334	30,490,095
D. OPENING BALANCE OF CASH AND CASH EQUIVALENTS		32,517,218	25,320,567
E1. NET CASH FLOW FOR THE PERIOD	6.9	-1,624,658	7,754,797
E2. FOREIGN EXCHANGE DIFFERENTIALS		448,595	-558,146
F. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		30,443,965	32,517,218

1. GENERAL INFORMATION

COMPANY PROFILE

Zavarovalnica Triglav d.d. (hereinafter: "Zavarovalnica Triglav" or "the controlling company") with its subsidiary and associated companies forms the Triglav Group (hereinafter: "the Group").

Zavarovalnica Triglav is a public limited company, with the registered office at Miklošičeva 19 in Ljubljana, Slovenia. The controlling interest in Zavarovalnica Triglav is held by the Institute of Pension and Disability Insurance of Slovenia, which participates with 34.47%, and the Slovene Restitution Fund (Slovenska odškodninska družba - SOD), with 28.07% in share capital.

Insurance is the core business of the Group, including a wide range of life, property and health insurance as well as reinsurance products. In addition, the Group provides a variety of asset management, servicing and other financial services.

On 19 April, 2010, the Management Board approved the issuing of consolidated financial statements. The financial statements of the Group are available at the headquarters of Zavarovalnica Triglav and on its web pages.

MANAGEMENT AND SUPERVISORY BODIES

Supervisory Board

Until 6 April, 2009, the Supervisory Board of Zavarovalnica Triglav was composed of:

- Damjan Mihevc, Chairman,
- Mateja Perger, Vice Chairperson
- Gregor Gomišček, member,
- Janez Sušnik, member,
- Bojan Župevec, member,
- Janez Gregorič, member,
- Branko Gorjan, member,
- Boris Gabor, member,
- Peter Celar, member.

The General Meeting of Shareholders held on 6 April, 2009 appointed the following members to the new Supervisory Board:

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

At its first (constitutive) session the Supervisory Board appointed Borut Jamnik its Chairman and Uroš Slavinec its Vice Chairman.

At the Supervisory Board's session on 25 September, 2009, Mirko Miklavčič irrevocably resigned from his membership on the board.

Management Board

Until 28 May, 2009, the Management Board of Zavarovalnica Triglav was composed of:

- Andrej Kocič, President,
- Borut Eržen, member,
- Vladimir Mišo Čeplak, member, and
- Tomaž Rotar, member.

On 28 May, 2009, Andrej Kocič resigned from the Management Board as its president. The Supervisory Board appointed Vladimir Mišo Čeplak, formerly a member of the Management Board, as its acting President with a six-month term of office.

On 24 August, 2009, the Supervisory Board appointed Matjaž Rakovec as the new President of the Management Board. He took office on 15 October, 2009, after having received an authorisation from the Insurance Supervision Agency for acting as a member on the Management Board of an insurance company. The term of office of the new Management Board's President started as of the day he took office.

As decided by the Supervisory Board, after Matjaž Rakovec became the President of the Management Board, Vladimir Mišo Čeplak remained its member as an employee representative.

On the day the new President of the Management Board took office, the mandate of its member Tomaž Rotar was terminated by agreement.

On 25 September, 2009, Borut Eržen was recalled from his office of Management Board member for economic and business reasons.

The Supervisory Board on 25 September, 2009 appointed the following new members to the Management Board of Zavarovalnica Triglav:

- Igor Stebernak - in charge of strategic investments and controlling,
- Andrej Slapar - in charge of non-life insurance,
- Boštjan Vovk - in charge of life insurance, and
- Blaž Brodnjak - in charge of finance.

All of the appointees were appointed for a five-year term, with the resolutions on their appointment taking force as of the day of their authorisation by the Insurance Supervision Agency for acting as members on the Management Board of an insurance company.

Andrej Slapar received authorisation from the Insurance Supervision Agency on 10 November, 2009 and Igor Stebernak on 19 November, 2009.

STAFF

As at 31 December, 2009, the Group employed 5,237 staff. In 2009, the average number of employees was 5,168 (vs. 5,011 in 2008). The education structure of employees in the Group is shown in the table below:

LEVEL OF EDUCATION	31 DECEMBER, 2009	31 DECEMBER, 2008
Primary and Vocational (I – IV)	1,456	894
Secondary School (V)	1,792	2,413
High School (VI)	663	571
Higher Education and University (VII)	1,242	1,223
Masters and Doctorate (VIII-IX)	84	73
TOTAL	5,237	5,174

REPORTING BASIS

The Group's financial statements have been compiled on the historical cost basis, except for the following items:

- derivative financial instruments, which are measured at fair value;
- financial assets measured at fair value through profit and loss;
- available-for-sale financial assets; and
- equity instruments in associates, which are accounted for using the equity method.

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

In compiling its balance sheet the Group classifies individual items into groups of assets and liabilities depending on their nature, listed in the order of their liquidity and/or maturity. In additional disclosures the Group posts current and non-current assets as well as current and non-current liabilities as separate items, depending on whether they are expected to be paid or settled within 12 months of the balance sheet date (current) or more than 12 months of the balance sheet date (non-current).

Financial assets and liabilities on the balance sheet are offset only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to settle the asset and settle the liability simultaneously. Income and expenses on the income statement are offset only if so provided by the standards explained in notes or required by the accounting policies of the Group.

Compared to the previous year, the recognition of individual items in the financial statements has been partly adjusted for the purpose of compliance with amended secondary legislation passed by the Insurance Supervision Agency regulating financial statements. The said adjustments mainly concern a different disclosure of income from financial assets and liabilities as well as expenses from financial assets and liabilities. In amended formats these income and expenses are recognised in greater detail and not offset already in the income statement, as was the case for 2008. The offset amounts are subsequently disclosed in the notes to financial statements. Reference period data have been adjusted accordingly. For financial statements by insurance group see Chapter 5 - Segment reporting.

The amended IAS 1 'Presentation of Financial Statement', effective for annual periods beginning on or after 1 January 2009, requires that data from financial statements be merged on the basis of their common features, disclosed in a statement of comprehensive income which replaces the income statement. The statement of comprehensive income of the Group is divided in two separate statements: income statement and statement of

other comprehensive income. The recognition of net profit/loss does not influence the income statement or net profit/loss for the year.

The amended IAS 23 'Borrowing Costs', effective from 1 January, 2009, requires that costs directly attributable to the acquisition, construction or production of a qualifying asset be capitalised as part of the cost of that asset. All of the assets were acquired with own sources of funds and consequently no borrowing costs were incurred attributable to the acquisition, construction or production of a qualifying asset.

The consolidated annual report is adopted by the Management Board and approved by the Supervisory Board. In the case that the Supervisory Board fails to approve the said report, it is discussed by the General Meeting of Shareholders. The General Meeting of Shareholders decides on the distribution of profits.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: "IFRS"). Zavarovalnica Triglav, as the controlling company of the Triglav Group, has prepared separate financial statements in accordance with IFRS and published them in a separate document available at its headquarters.

CONSOLIDATION

The subsidiaries in which the Group has directly or indirectly more than half of the voting rights or otherwise has the power to exercise control over their operations have been fully consolidated. The subsidiaries are consolidated from the date on which the effective control is transferred to the Group and are no longer consolidated from the date that such control is disposed of. All inter-company transactions, balances and any income and expenses arising from intra-group transactions have been eliminated in the process of consolidation. The accounting policies adhered to by the subsidiaries are predominantly the same as the accounting policies of Zavarovalnica Triglav. In cases where the subsidiaries' accounting policies differ from those of the parent company, translations and adjustments have been made following the accounting policies of the parent company. Non-controlling interests on the consolidated balance sheet are disclosed under equity separately from the equity of the controlling company. In the statement of changes in equity and in the income statement the net profit/loss of non-controlling interest holders is disclosed separately.

In 2009, certain new companies were included in the Triglav Group (Triglav Invest a.d., Slovenijales Bivanje d.o.o. and Triglav Zdravstvena dejavnost d.o.o.). All of the pertaining details are explained below.

The companies listed under numbers 1 to 25 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 26 to 39 have not been included using the full consolidation method, as they are not of material importance to the Group.

IN EUR									
NAME	ADDRESS	TAX RATE - %	ACTIVITY	% EQUITY STAKE		% SHARE OF VOTING RIGHTS		VALUE OF EQUITY AS AT 31 DECEMBER	
				2009	2008	2009	2008	2009	2008
1 Pozavarovalnica Triglav RE d.d.	Miklošičeva cesta 19, Ljubljana, Slovenia	21	Reinsurance	87.00	87.00	87.00	87.00	31,370,343	28,698,907
2 Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška ulica 10, Koper, Slovenia	21	Insurance	99.51	99.51	99.51	99.51	7,079,618	6,166,524
3 Triglav Osiguranje d.d.	Antuna Heinza 4, Zagreb, Croatia	20	Insurance	99.32	98.04	99.68	98.04	7,952,051	2,415,674
4 Triglav BH Osiguranje d.d.	Dolina br. 2, Sarajevo, Bosnia and Herzegovina	10	Insurance	68.94	68.94	78.71	78.71	15,732,705	15,594,921
5 Triglav Pojišt'ovna a.s.	Novobranska 1, Brno, Czech Republic	20	Insurance	100.00	100.00	100.00	100.00	8,493,861	7,615,926
6 Lovćen Osiguranje a.d.	Ulica Slobode 13a, Podgorica, Montenegro	9	Insurance	91.83	50.68	50.68	50.68	7,887,289	19,323,929
7 Triglav Kopaonik a.d.o.	Kralja Petra 28, Beograd, Serbia	10	Insurance	100.00	100.00	100.00	100.00	7,887,199	8,221,085
8 DU Penzijski fond Triglav a.d.	Kralja Petra 45, Beograd, Serbia	10	Fund management	99.10	99.10	99.10	99.10	1,370,971	1,314,715
9 Triglav Krajina Kopaonik a.d.	Kralja Petra I. Karadjordjevića 103, Banja Luka, Bosnia and Herzegovina	10	Insurance	98.72	98.72	98.72	98.72	335,240	2,587,248
10 Vardar Osiguruvanje a.d.	Gradski zid, blok br. 8, Skopje, The Former Yugoslav Republic of Macedonia	10	Insurance	70.36	70.36	70.36	70.36	8,206,858	8,328,968
11 Triglav, Družba za upravljanje d.o.o.	Slovenska cesta 54, Ljubljana, Slovenia	21	Asset management	67.50	67.50	96.43	96.43	23,419,266	16,116,869
12 AS Triglav servis in trgovina d.o.o.	Verovškova 60b, Ljubljana, Slovenia	21	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	33,571	46,799
13 TRI-PRO zavarovalno zastopniška družba d.o.o.	Ljubljanska cesta 86, Domžale, Slovenija	21	Insurance agents	100.00	100.00	100.00	100.00	332,874	223,461
14 Triglav Netherlands b.v.	Koningslaan 14, Amsterdam, Netherlands	33.6-52	Financial brokerage	100.00	100.00	100.00	100.00	2,076,700	4,349,184
15 Zenit nepremičnine, inženiring in trženje d.d.	Verovškova 60c, Ljubljana, Slovenia	21	Real estate management	100.00	100.00	100.00	100.00	706,153	596,630
16 Triglav Naložbe, finančna družba d.d.	Slovenska cesta 54, Ljubljana, Slovenia	21	Holding company	79.94	79.94	79.94	79.94	19,516,193	54,255,730
17 Slovenijales družba za trgovino in druge storitve d.d.	Dunajska cesta 22, Ljubljana, Slovenia	21	Retail trade	61.74	61.74	61.74	61.74	40,650,497	43,398,130
18 Golf Arboretum d.o.o.	Volčji potok 3a, Radomlje, Slovenia	21	Sport facilities management	80.10	80.10	80.10	80.10	864,423	859,091
19 Gradis IPGI industrijsko podjetje gradbenih izdelkov Ljubljana d.d.	Industrijska cesta 2, Ljubljana, Slovenia	21	Construction	79.41	79.41	79.41	79.41	-3,222,049	-2,334,800
20 Slovenijales trgovina d.o.o.	Plemljeva ulica 8, 1210 Ljubljana, Slovenia	21	Retail trade	61.74	61.74	61.74	61.74	1,870,975	1,448,687
21 Lesnina LGM trgovsko podjetje za les in gradbeni material d.o.o.	Dunajska cesta 22, 1000 Ljubljana, Slovenia	21	Manufacturing and retail trade	61.74	58.41	61.74	58.41	2,486,984	2,687,539
22 TRI-PRO BH d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	89.57	84.78	89.57	84.78	-143,199	6,202
23 Autocentar BH d.o.o.	Topal Osman Paše BB Sarajevo Bosnia and Herzegovina	10	Car retailer	68.94	68.94	78.71	78.71	829,450	781,758
24 Unis automobili i dijelovi d.o.o.	M. EF. Pandže Br. 13, Sarajevo	10	Car retailer	54.90	54.90	62.68	62.68	688,604	687,419
25 Slovenijales bivanje d.o.o.	Dunajska cesta 22, 1000 Ljubljana	21	Retail trade	61.74	0	61.74	0	-671,600	0
26 Triglav Invest a.d.	Kralja Petra 45, 11000 Beograd, Serbia	10	Fund management	67.50	0	96.43	0	398,874	0
27 PROF-IN d.o.o.	Podgraj 15, Sarajevo, Bosnia and Herzegovina	10	Fund management	42.21	42.21	60.31	60.31	863,526	752,305
28 Polara Invest d.d.	Veselina Masleše 1, Banja Luka, Serbia - Bosnia and Herzegovina	10	Asset management	47.66	47.66	68.08	68.08	1,108,023	1,024,450
29 Lovćen Auto d.o.o.	Bulevar 13. jula b.b., Nikšić, Montenegro	10	Maintenance and repair of motor vehicles	91.83	50.7	91.83	50.7	185,678	184,324
30 Triglav, Zdravstvena dejavnost d.o.o.	Pristaniška ulica 10, Koper, Slovenia	21	Health services	99.51	0	99.51	0	-32,356	0
31 Zdravstveni center Morje d.o.o.	Ljubljanska cesta 6a, 6000 Koper, Slovenia	21	Health services	69.5	69.5	69.5	69.5	75,815	115,463
32 Hotel Grad Podvin d.d.	Mošnje 1, Radovljica, Slovenia	21	Tourism	98.98	98.98	98.98	98.98	1,461,008	1,789,228
33 Poslovno hotelsko stanovanjski center Štemarje d.o.o.	Kapucinski trg 9, Škofja Loka, Slovenia	21	Real estate management	73.52	73.52	73.52	73.52	1,515,658	1,650,745
34 SPCP, poslovanje z nepremičninami d.d.	Cankarjeva cesta 1, Ljubljana, Slovenia	21	Real estate management	100	99.46	100	99.46	2,060,713	2,037,122
35 Turistično hotelsko podjetje KRONA, hoteli in drugi obrati d.o.o.	Mestni trg 32, Škofja Loka, Slovenia	21	Real estate	73.52	73.52	73.52	73.52	560,710	566,170
36 Alpetour THP d.o.o. - in bankruptcy proceedings	in bankruptcy proceedings								

									IN EUR	
	NAME	ADDRESS	TAX RATE - %	ACTIVITY	% EQUITY STAKE		% SHARE OF VOTING RIGHTS		VALUE OF EQUITY AS AT 31 DECEMBER	
					2009	2008	2009	2008	2009	2008
37	HLT invest d.d. - in bankruptcy proceedings	in bankruptcy proceedings								
38	Kopaonik Trade a.d.o. - in bankruptcy proceedings	in bankruptcy proceedings								
39	Tilmont Podgorica d.o.o.	Rimski trg 63, Podgorica, Črna Gora	9	Trade in medicines and medicinal products	63.94	50.22	63.94	50.22	Data not available	2,118,675

CHANGES IN ACCOUNTING ESTIMATES

In 2009, the Group adjusted the calculation of the carrying value of:

- Impairment of recourse receivables and other receivables (receivables from default interest on insurance premium).

Due to the financial crisis, which led to increased illiquidity and insolvency, the value of overdue receivables rose compared to previous years. Zavarovalnica Triglav corrected the existing method of allowing for the impairment of receivables, so that for the receivables from the same subrogation debtor impairment allowances were made using the maturity of the longest outstanding receivable as the criterion. The same method was applied to other receivables (receivables from default interest on insurance premium). The calculation of the value adjustments of receivables arising from insurance premiums remained unchanged compared to 2008.

Due to a changed estimate, other insurance expenses rose to EUR 1,775,040. This changed accounting estimate reduced profit posted for 2009 by the above stated amount.

- Calculation of mathematical provisions.

In the evaluation of the receivables from annuity and pension insurance policies, German mortality tables were applied (DAV 1994 R) to all insurance contracts in force (irrespective of the date they were concluded). Before this change Zavarovalnica Triglav used its own mortality tables, where mortality value was calculated as the mean of the mortality values in DAV 1987R and DAV 1994R. The application of different mortality tables resulted in higher mathematical provisions and consequently lowered the profit of Zavarovalnica Triglav by EUR 8.3 million.

In the calculation of the maximum interest rate, the interest rate applied in 2009 was 4.0%, whilst in 2008 it was 4.1822%. The changes in the above-mentioned technical parameters resulted in higher mathematical provisions and consequently lowered the profit of Zavarovalnica Triglav by EUR 2.5 million.

CHANGE IN ACCOUNTING POLICIES

Two companies of the Group in 2009 changed their accounting policies so as to affect the consolidated financial statements. These changes included:

- Pozavarovalnica Triglav RE, d.d.

Before changing its accounting policy, the reinsurer Pozavarovalnica Triglav RE had recognised all non-group transactions on the basis of actual statements of account, which are received from cedants and retrocedants with a considerable time lag due to specificities of the reinsurance business. As a result, the income and expenses arising from non-group business had also been recognised with a certain time lag. In 2009, the reinsurer adopted a new accounting policy, according to which non-group transactions are accounted for on the basis of the estimates of individual reinsurance contracts. Accounting estimates are made for the following items: gross reinsurance premiums, gross unearned premiums, commissions and gross claims provisions. The described policy enabled more adequate accruing of income and expenses.

- Triglav Krajina Kopaonik, a.d.

In 2009, the insurance company Triglav Krajina Kopaonik changed the method of calculating gross claims provisions in respect to incurred but not reported claims. Before 2009, this insurance company had calculated claims provisions for incurred but not reported claims by using a method which was in use in other Western Balkan countries. This method is based on the analysis of the events in the preceding year and does not take account of either reopened claims or under-claims. In 2009, Triglav Krajina Kopaonik started applying the generally accepted Chain-Ladder method, based on a multi-annual sample of claims and taking into account both reopened claims and under-claims (IBNER). Thus the insurance company's method of calculating claims provisions was brought in line with the method generally used in the Triglav Group. In the future, this will enable a stochastic approach to provisioning, which is crucial in the context of Solvency II.

- Triglav BH Osiguranje, d.d.

The financial statements of Triglav BH Osiguranje for previous periods were adjusted, as the company was issued a tax decision referring to the income tax levies from 2002 to 2007. An established tax liability of EUR 1,778,410 was charged against profit brought forward in 2008. For additional explanations of this business event see notes in Chapter 6.39.

THE EFFECT OF CHANGED ACCOUNTING POLICIES ON BALANCE SHEET ITEMS

THE EFFECT OF CHANGED ACCOUNTING POLICIES ON BALANCE SHEET ITEMS

	IN EUR					
	31 DECEMBER, 2007 (AUDITED)	ADJUSTMENTS	1 JANUARY, 2008 (ADJUSTED)	31 DECEMBER, 2008 (AUDITED)	ADJUSTMENTS	31 DECEMBER, 2008 (ADJUSTED)
Deferred tax assets	9,273,404	1,797,886	11,071,290	19,323,975	1,797,886	21,121,861
Receivables from reinsurance and co-insurance operations	20,095,288	826,669	20,921,957	35,271,796	4,896,682	40,168,478
Other assets	12,870,814	-294,907	12,575,907	13,001,916	176,622	13,178,538
TOTAL CHANGE IN ASSETS		2,329,648			6,871,190	
Equity	624,871,422	-9,481,443	615,389,979	526,960,357	-10,030,756	516,929,601
Controlling interests	579,111,070	-8,195,850	570,915,220	481,806,347	-8,580,066	473,226,281
- share capital	23,701,392	0	23,701,392	23,701,391	0	23,701,391
- share premium	53,412,885	0	53,412,885	53,412,885	0	53,412,885
- reserves from profit	45,448,057	0	45,448,057	51,549,611	0	51,549,611
- fair value reserve	162,786,788	0	162,786,788	70,010,806	0	70,010,806
- net profit brought forward	243,014,002	-8,195,850	234,818,152	284,703,008	-6,969,820	277,733,188
- net profit/loss for the year	50,795,065	0	50,795,065	-376,256	-1,610,246	-1,986,502
- consolidation adjustment	-47,119	0	-47,119	-1,195,098	0	-1,195,098
Non-controlling interest	45,760,352	-1,285,593	44,474,759	45,154,010	-1,450,690	43,703,320
Insurance technical provisions	1,545,957,056	9,855,622	1,555,812,678	1,684,905,104	13,912,855	1,698,817,959
- unearned premiums	263,487,236	1,760,842	265,248,078	290,767,791	3,233,591	294,001,382
- mathematical provisions	640,699,449	0	640,699,449	693,740,017	0	693,740,017
- claims provisions	609,486,524	8,094,780	617,581,304	662,746,170	10,679,264	673,425,434
- other insurance technical provisions	32,283,847	0	32,283,847	37,651,126	0	37,651,126
Operating liabilities	37,678,457	1,955,468	39,633,925	43,163,739	2,989,091	46,152,830
- liabilities from direct insurance operations	12,796,170	0	12,796,170	17,004,469	0	17,004,469
- liabilities from reinsurance and co-insurance operations	15,459,536	177,058	15,636,594	17,795,744	1,210,681	19,006,425
- current tax liabilities	9,422,751	1,778,410	11,201,161	8,363,526	1,778,410	10,141,936
TOTAL CHANGE IN EQUITY AND LIABILITIES		2,329,648			6,871,190	

THE EFFECT OF CHANGED ACCOUNTING POLICIES ON THE INCOME STATEMENT

THE EFFECT OF CHANGED ACCOUNTING POLICIES ON THE INCOME STATEMENT

	IN EUR		
	2008 (AUDITED)	ADJUSTMENTS	2008 (ADJUSTED)
NET PREMIUM INCOME	941,032,569	2,597,265	943,629,834
- gross written premium	1,024,451,610	4,070,014	1,028,521,624
- ceded written premium	-64,515,171	0	-64,515,171
- change in unearned premiums	-18,903,870	-1,472,749	-20,376,619
OTHER INCOME FROM INSURANCE OPERATIONS	43,897,444	-1,033,625	42,863,819
- financial income	36,596,027	-1,033,625	35,562,402
- other income from insurance operations	7,301,417	0	7,301,417
NET CLAIMS INCURRED	583,723,107	2,584,483	586,307,590
- gross claims settled	596,532,261	0	596,532,261
- reinsurers' and co-insurers' share	-55,658,365	0	-55,658,365
- changes in claims provisions	39,563,443	2,584,483	42,147,926
- equalisation scheme expenses for supplementary health insurance	3,285,768	0	3,285,768
OPERATING EXPENSES	208,403,922	-471,529	207,932,393
- costs of insurance contract acquisition	134,953,597	-836,597	134,117,000
- other operating costs	73,450,325	365,068	73,815,393
NET PROFIT/LOSS BEFORE TAX	2,346,027	-549,314	1,796,713
Income tax expense	-786,418	0	-786,421
NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD	1,559,609	-549,314	1,010,295

The impact on the profit/loss of the Group arises from the changed accounting policies of the following companies:

- Pozavarovalnica Triglav Re d.d.: profit decreased by EUR 1,348,687.
- Triglav Krajina Kopaonik a.d.: profit increased by EUR 799,374.

Chapter 6 contains the data for 2008 adjusted in accordance with the abovementioned changes, relevant to all of the balance sheet and income statements adjusted due to the changed accounting policies.

Changes to the consolidated financial statements for 2009.

	IN EUR		
	31 DECEMBER, 2009 (AFTER CHANGES)	31 DECEMBER, 2009 (NO CHANGE)	DIFFERENCE
Receivables from reinsurance and co-insurance operations	34,673,805	28,469,165	6,204,640
Current tax receivables	4,170,535	3,390,159	780,376
TOTAL CHANGE IN ASSETS			6,985,016
Net profit/loss brought forward	271,086,497	279,755,078	-8,668,581
Net profit/loss for the year	-5,861,926	-11,594,804	5,732,878
Insurance technical provisions			
- unearned premiums	301,267,271	298,356,256	2,911,015
- claims provisions	711,229,696	706,177,977	5,051,719
- other insurance technical provisions	44,615,360	44,891,373	-276,013
Liabilities from reinsurance and co-insurance operations	24,564,148	22,330,149	2,233,998
TOTAL CHANGE IN EQUITY AND LIABILITIES			6,985,016

The above table shows individual capital items and assets and liabilities of the Group as at 31 December, 2009. It also shows what their balances would have been as at the balance sheet date if no accounting policies had

been changed. In this case the total assets of the Group would be EUR 7 million lower.

	IN EUR		
	2009 (AFTER CHANGES)	2009 (NO CHANGE)	DIFFERENCE
Gross written premium	1,022,259,614	1,020,951,656	-1,307,958
Change in unearned premiums	-4,580,949	-4,903,525	-322,576
Changes in claims provisions	47,165,611	53,032,767	-5,867,156
Changes in other technical provisions	92,004,461	91,728,447	-276,014
Reinsurance commission	20,830,183	19,806,869	1,023,314
Tax expense	-8,373,562	-7,356,051	1,017,511
EFFECT ON NET PROFIT/LOSS			-5,732,880

The above table shows that the net profit/loss of the Group for 2009 would have been EUR 5.7 million lower if the accounting policy changes had not been taken into account.

2. MAIN ACCOUNTING POLICIES

2.1 THE USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the value of reported assets and liabilities as at the reporting date and the amount of income and expenses in the reporting period. Though the applied estimates were made on the best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and the underlying assumptions are subject to regular review. An adjustment to accounting estimates is recognised for the period for which the estimates have been corrected, as well as for any future periods that are affected.

The most important estimates and decisive judgments prepared by the management while applying the accounting policies, having the strongest impact on the balances on financial statements, are as follows:

- Claims provisions: Provisions are calculated on the basis of insurance contracts and past trends in occurred loss events. The accounting policies are presented in Chapter 2.18, the main assumptions in Chapter 3 and an analysis of changes in these provisions is presented in Chapter 6.13. A calculation of the adequacy of claims provisions as at 31 December, 2009 is also given.
- Calculation of the fair value of financial assets and impairment thereof: an estimate of the fair value of financial assets, the price of which cannot be determined in an active capital market, has been made on the basis of several assumptions. Possible changes in these assumptions are reflected in the amount, or even the impairment, of these assets. Due to the financial crisis the assessed fair value is subject to greater uncertainty. The accounting policies are presented in Chapters 2.7, 2.8 and 2.9. Parameters and assumptions applied in the valuation of non-tradable financial assets are presented in Chapter 3.5. The values of individual types of assets are reported in Chapter 6.5.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the respective company operates. The consolidated financial statements are stated in euro, which is the functional and presentation currency of the Group.

Transactions in foreign currencies in the financial statements of individual companies are translated into the functional currency as at the date of the transaction. Foreign exchange differences arising from the settlement of these transactions or from the translation of cash items are recognised in the income statement. All equity items in the balance sheet, excluding net profit/loss for the current period, are carried at the values recognised upon the first consolidation or as recognised later in equity. The difference between disclosed equity and equity balance at the final exchange rate is

recognised under a separate equity heading: currency translation differences.

In the financial statements of individual companies the foreign exchange differences arising from the change in the amortised cost in a foreign currency, classified as available-for-sale financial assets, are recognised in the income statement. If the foreign exchange differences occur in non-cash items, such as equity instruments in the group of financial instruments that are measured at fair value through profit and loss, they are disclosed in the income statement. Foreign exchange differences from non-cash items, such as equity instruments classified as available-for-sale financial assets, are shown in the fair value reserve from these assets under equity together with the effects of the measurement at fair value.

The financial statements of the Group companies in currencies other than the functional currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the final exchange rate as at the balance sheet date; and
- income, expenses and costs at the average exchange rate of the year.

2.3 INTANGIBLE ASSETS

Intangible assets are evaluated according to the historical cost method. The values of these assets are disclosed as their historical cost reduced by amortisation adjustments and cumulative impairment loss.

Amortisation is calculated using the straight-line amortisation method.

	ANNUAL RATE
Software	20.0%
Other economic rights	1.0% - 20.0%

The period and method of amortisation of an intangible asset with a definite useful life are reviewed at least at the end of each business year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Intangible assets with an indefinite useful life are not amortised, but they are subject to impairment tests on an annual basis. These assets are impaired if their carrying amount exceeds their recoverable amount.

Intangible assets governed by IFRS 4 also include the assets which are in mergers recognised as:

- contractual rights arising from insurance contracts (list of insured persons) accounted for as intangible assets with an indefinite useful life;
- the value arising from insurance contracts as the difference between fair value and the value actually accounted for in accordance with accounting policies (value of the acquired contract). At initial recogni-

tion the measurement of these assets depends on the measurement of the underlying insurance obligations on the basis of which these assets were created.

Intangible assets include deferred acquisition costs for non-life insurance contracts. Change in non-life deferred acquisition cost is recognised within net premium income.

Deferred acquisition costs of life insurance contracts are accounted for in the calculation of mathematical provisions using the Zillmer method. Change in deferred acquisition cost for life insurance contracts is recognised as change of mathematical provision.

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued using the historical-cost model. The values of these assets are disclosed as their historical cost reduced by depreciation adjustments and cumulative impairment loss. The historical cost includes acquisition expenses and all other costs incurred in the process of putting the assets into use.

Depreciation is calculated using the straight-line depreciation method. The depreciation rates stated below have been consistently applied for years.

	ANNUAL RATE
Buildings	1.5% - 5.0%
Transport vehicles	12.5%
Computers and hardware	50.0%
Office and other furniture	10.0% - 20.0%
Other equipment	6.7% - 25.0%

The assets acquired in the current year become subject to depreciation on the first day of the month following the month in which they are put into use. Assets in the course of construction are depreciated as of the date they are put into use.

The residual value and useful life of an asset are reviewed as at the balance sheet date in the case that expectations differ from previous estimates.

Gains or losses arising from the disposal of plant, property or equipment are established with regard to the difference between net gain on disposal and carrying amount. They have an impact on profit/loss.

Maintenance and repair costs are recognised in the income statement as incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

2.5 INVESTMENT PROPERTY

Investment property comprises own land and buildings or land and buildings acquired under financial lease and leased forward. Real estate is defined as investment property if not used by the holder for performing its activities or if only a minor part of the building is used for that purpose.

Investment property is initially recognised and carried at historical cost including the costs of legal services, tax on the transfer of investment property and other transaction costs. An historical cost model is taken into account in revaluation. These assets are depreciated and impaired using the same method as that used for property, plant and equipment described under 2.4.

Fair values for disclosure purposes are determined on the basis of appraisals by licensed real estate appraisers.

All income arising from investment property is rental income, i.e., rents, disclosed in the income statement under "Other income". Expenses arising from investment property consist of depreciation and amortisation charges and the costs of investment property maintenance. In the income statement they are disclosed under "Other expenses".

2.6 INVESTMENTS IN ASSOCIATES

Investments in the capital instruments of associates (shares, holdings) are accounted for in the consolidated financial statements using the equity method. Associates are associated companies in which the Group has a significant influence. The part of the profit or loss of associates attributable to the Group is recognised in the income statement. The percentage of change in the other comprehensive income of the associate is recognised in the other comprehensive income of the Group.

2.7 FINANCIAL ASSETS (EXCLUDING OPERATING RECEIVABLES AND CASH)

Financial assets are classified into the following groups: financial assets at fair value through profit and loss, financial assets held to maturity, loans and receivables and available-for-sale financial assets. Their classification depends on the initial intent at their purchase. At their initial recognition the management decides on the classification of assets.

Financial assets are measured at fair value at initial recognition. Initially recognised values are increased by transaction costs (allowances and redundancy payments to agents, consultants, brokers, fees paid to the Stock Exchange and other transfer related taxes) directly arising from the purchase or issue of the financial asset. This rule does not apply to financial assets classified as assets classified at their fair value through profit and loss.

The trade date is taken into account for the purchase or sale of financial assets. However, the settlement date is taken into consideration for loans and receivables.

Available-for-sale financial assets

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

After initial recognition, financial assets classified as available for sale are measured at their fair value, without deducting transaction costs which may occur in their sale or other disposal. Financial instruments not listed on a stock exchange are measured at fair value on the basis of their prices in latest transactions (official price offers by stockbroking firms or banks for certain securities) or using different pricing models (discounting of expected cash flow). Equity instruments not quoted in an active market and the fair value of which cannot be reliably measured are measured at historical cost.

Changes in fair value are recognised directly in other comprehensive income as increase (gain) or decrease (loss) in revaluation surplus, with the exception of asset impairments and foreign exchange differences on cash items, such as debt securities recognised in the income statement.

When available-for-sale financial assets are derecognised, the accumulated losses or gains, previously recognised under other comprehensive income, are transferred to the income statement.

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group definitely intends to hold and is able to hold to their maturity.

Financial assets held to maturity are measured at amortised cost reduced by impairment.

The fair value of a security in this group may be temporarily below its carrying amount without this resulting in asset impairment, except in the case of the changed financial position of the issuer.

Financial assets at fair value through profit or loss

This category is divided into two groups: financial instruments held for trading and financial instruments measured at fair value through profit and loss.

A financial asset is classified as such if the underlying purpose of its acquisition was resale in a short period, if it forms part of a portfolio of financial instruments aimed at short-term profit generation or if this classification was decided on by the management. Derivative financial instruments are always classified as financial instruments held for trading.

A financial asset designated at fair value through profit and loss is an asset:

- held in Zavarovalnica Triglav's long-term business funds⁵ with the purpose of meeting obligations arising from insurance contracts relating to the change of fair value of these assets. Such a classification eliminates or reduces any mismatches that might arise from the measuring of assets and liabilities or the recognition of gains and losses arising from various contracts; or
- managed and its performance measured based on fair value in accordance with the investment policy of Zavarovalnica Triglav.

⁵ Long-term business funds include assets of insured persons arising from life assurance, supplementary voluntary pension insurance and unit-linked insurance.

After initial recognition these assets are designated at fair value through profit and loss, excluding traded derivative financial instruments and non-listed financial assets measured at fair value on the basis of prices quoted in an active market.

Gains and losses arising from the change of fair value are recognised in the income statement.

The category of financial assets designated at fair value through profit and loss also includes financial assets with embedded derivative financial instruments. These are measured at fair value through profit and loss.

Loans and receivables

Loans and receivables (excluding receivables from insurance operations) are non-derivative financial assets with fixed or determinable payments not listed in an active market.

After initial recognition, loans and receivables are measured at historical cost and later at amortised cost using the effective interest method. The impairments of loans and receivables are recognised if there is objective evidence that Zavarovalnica Triglav will not recover the receivables in accordance with contractual provisions.

Derivative financial instruments

After initial recognition, derivatives are measured based on their fair value, with effects recognised in the income statement. The fair value is determined on the basis of the price quoted in an active market. If the price is not known the fair value is determined on the basis of the latest transactions or by using another pricing model (discounting of expected cash flow, the Black-Scholes option pricing model). Derivatives include financial instruments used for protecting cash flows against foreign exchange risk as well as for protecting the cash flows of individual financial instruments and other items. All of the documented gains and losses due to changes in fair value are recognised in profit or loss through financial income or expenses.

2.8 FAIR VALUE OF FINANCIAL ASSETS

The fair value of financial instruments traded on organised financial markets is designated on the basis of their prices quoted as at the balance sheet date. In the case that no quoted price is available, the price offered by stock brokers is used as the reference price.

If there is no active market for a financial instrument, its fair value is established by using valuation techniques. These valuation techniques include the use of recent arm's length transactions (if any), comparison with the current fair value of another instrument with similar key features, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants for establishing instrument prices and if such a technique has yielded reliable estimates of prices used in actual market transactions, such a technique is applied by the Group.

In the discounted cash flow method future cash flows and discount rates are applied as estimated by the management, reflecting interest rates on comparable instruments.

When the fair value of financial instruments cannot be reliably measured the financial instruments are measured at historical cost (paid or received amount) increased by expenses incurred in the underlying transaction.

2.9 DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when:

- the contractual rights to cash flows from the financial asset expire;
- the Group retains the contractual rights to cash flows from the financial asset and assumes the obligation to pay cash flows to one or several payees by agreement;
- the Group transfers the contractual rights to cash flows from the financial asset and
 - has transferred all of the risks and benefits arising from the financial asset, or
 - has not retained or transferred all of the risks and benefits arising from the financial asset, but has retained control over that asset.

2.10 IMPAIRMENT

Intangible assets and property, plant and equipment

At the date of reporting, the Triglav Group estimates the value of intangible assets to determine whether there are any objective signs of impairment. In the case that there are no objective signs of impairment, the recoverable amount is assessed. The recoverable amount of intangible non-current assets with an indefinite useful life and of intangible non-current assets not yet put into use is measured on an annual basis, irrespective of any objective signs of impairment.

An impairment test of goodwill is carried out on an annual basis and in the case of objective signs of impairment. In the case of objective signs of impairment the recoverable amount is assessed, equalling the net sales value reduced by sales costs or the value in use, whichever the highest. If the recoverable amount is higher than the carrying amount, assets are not impaired.

If the carrying amount of an asset or group of assets exceeds their recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

For material assets impairments are assessed on an individual basis. The impairment of the remaining financial assets is carried out collectively, on the basis of the nature of their exposure to risk.

The previously recognised impairment losses of property, plant and equipment and intangible assets are reversed only if their recoverable amount increases and if this increase can be objectively related to an event occurring after the previous impairment was recognised. An impairment loss

of an asset is derecognised only up to the amount of the carrying amount which would have resulted after depreciation charge if in previous periods no impairment loss had been recognised.

Financial assets

Objective signs of the impairment of assets in associates are reviewed on a quarterly basis. Underperformance of a subsidiary or associate may represent an objective sign of impairment.

The impairment loss of a financial asset, disclosed at amortised value, is calculated as the difference between that asset's carrying amount and the current value of expected future cash flows, determined on the basis of the historical effective interest rate.

The impairment loss of an available-for-sale financial asset is calculated on the basis of its current fair value. If there is objective evidence of the impairment of an available-for-sale financial asset, the accumulated loss, previously recognised in other comprehensive income, is transferred to the income statement. For equity securities objective evidence of impairment is statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security (above 40%) or a long-term decrease in the fair value of a security (continuing for 9 months). For debt securities objective evidence of impairment is statutory changes (bankruptcy, liquidation, etc.), payment arrears or other significant negative events related to the creditworthiness of the issuer.

The reversal of the previously recognised impairment losses of equity instruments, classified as available-for-sale financial assets, is disclosed in other comprehensive income (and not in the income statement).

In the case of financial assets measured at amortised cost and available-for-sale financial assets that are debt instruments, a reversal of the previously recognised impairment losses is shown in the income statement. Impairment loss may be reversed if such a reversal can be objectively related to an event occurring after the previous impairment was recognised.

Insurance receivables

The Group tests the adequacy of the value disclosed for each group of receivables. The need for impairment or its reversal is tested at least at the end of the business year. Impairments, recorded as an adjustment of the value of receivables, are formed individually or collectively for the receivables involving similar credit risk. Credit risk is assessed based on the classification of receivables by maturity and the experience of previous years regarding the recovery of receivables with the same maturity. Impairment allowance is added to other expenses from insurance operations.

2.11 REINSURERS' SHARE OF TECHNICAL PROVISIONS

Reinsurers' share of technical provisions includes assets arising from reinsurance contracts.

The amounts of these assets are established on the basis of the value of assessed losses, i.e., claims provisions, arising from reinsurance claims in accordance with reinsurance contracts and taking into account unearned premiums.

On an annual basis the Group establishes possible objective signs of impairment related to assets arising from reinsurance contracts. Assets from reinsurance contracts are impaired only if there is objective evidence, resulting from an event occurring after the initial recognition of the reinsurance asset, showing that Zavarovalnica Triglav may not recover all of the amounts due from reinsurers in accordance with underlying agreements and that the event has a reliably measurable impact on the amounts which Zavarovalnica Triglav will recover from reinsurers. An impairment loss of assets from reinsurance contracts is recognised in the income statement.

Assets from reinsurance contracts are derecognised when the rights from underlying insurance contracts expire or are transferred to a third party.

2.12 RECEIVABLES FROM INSURANCE OPERATIONS

Receivables from insurance operations are recognised when insured persons are charged the premium. After initial recognition, receivables are posted at historical cost and later reduced by the value of adjustments of receivables, so as to show their expected recoverable amount.

Receivables from subrogated operations are recognised when the first instalment is paid to the Group, after a receivable has been tested in court or based on an agreement made with the subrogation debtor. In credit insurance recourse receivables are recognised upon occurrence.

2.13 OTHER ASSETS

Other assets include inventories of material, short-term accruals and accrued receivables.

At initial recognition inventories are measured at historical cost increased by acquisition costs. Inventories are measured using the FIFO method.

The short-term accrued items or expenses which will impact profit or loss in the following accounting period are also included. These are accrued in order to ensure their even impact on profit or loss or to accrue prepaid expenses not yet incurred.

Accrued receivables are the receivables already accounted for in profit or loss for the current year but not yet charged.

2.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and cash in hand.

For cash flow statement purposes, cash and cash equivalents are stated net of credit line disbursements. Cash in foreign currency is converted into the domestic currency at the exchange rate as at the day they are received.

Balances of foreign-currency accounts are converted at the reference exchange rate of the European Central Bank as at the balance sheet date.

2.15 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale include assets that meet the criteria to be classified as such accordance with IFRS 5. These assets are measured at the lower of carrying amount and *fair value less costs to sell*.

2.16 EQUITY

Share capital equals the nominal value of paid-up ordinary shares, expressed in euros. When Zavarovalnica Triglav or its subsidiary acquire shares of Zavarovalnica Triglav their value is disclosed as a deduction from the Group's equity. The same amount is then allocated to treasury share reserves as required by the Companies Act (hereinafter: "ZGD-1").

Share premium is formed from the paid-in capital surplus and other capital contributions in line with the Articles of Association. Share premium also includes amounts resulting from the introduction of IFRS (the reversal of a general equity revaluation adjustment).

Reserves from profit are legal reserves, treasury share reserves, credit risk equalisation reserves and catastrophe reserves. Some insurance companies outside the Republic of Slovenia set aside contingency reserves as well.

The consolidated financial statements also include legal and statutory reserves. Legal reserves are formed and used in line with the Companies Act (ZGD-1). Together with share premium they have to account for no less than 10% of share capital. They represent tied capital set aside in order to protect creditors' interests.

Statutory reserves of Zavarovalnica Triglav represent 20% of its share capital. Based on a decision by the Management Board, Zavarovalnica Triglav may allocate up to 5% of net profit to statutory reserves in any business year, decreased by any amounts used for loss covering and allocations to legal reserves and reserves from profit. Statutory reserves may be used for covering loss after tax for the business year or loss brought forward, for treasury share reserves, for increasing share capital from authorised capital, as well as for dividend payment policy purposes.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. The Insurance Act defines equalisation reserves as a liability and requires that they be recognised under insurance technical provisions and formed or used through the income statement. Pursuant to local legislation such reserves are also established by the following subsidiary insurance companies outside the Republic of Slovenia:

- Triglav Pojišt'ovna a.s. (provisions for catastrophe claims),
- Lovćen Osiguranje a.d.

As this is contrary to IFRS, the Group discloses equalisation reserves under reserves from profit in accordance with IFRS and establishes them from profit for the year in the statement of changes in equity.

Contingency reserves are established in accordance with the local legislation of Macedonia, Croatia, and Bosnia and Herzegovina. They account for no less than one third of net profit for the current year and are earmarked for covering contingent future losses.

2.17 SUBORDINATED LIABILITIES

Subordinated liabilities are the subordinated debt instruments which are, in accordance with underlying agreements, to be paid last in the case of Zavarovalnica Triglav's bankruptcy or liquidation. In the financial statements the subordinated debt is disclosed at amortised cost.

2.18 INSURANCE TECHNICAL PROVISIONS

Provisions for unearned premium

Unearned premium provisions are formed for the part of gross written premium attributable to the following business year. These are calculated separately for individual insurance contracts using the pro-rata-temporis method, except for insurance policies where insurance coverage changes during their term and where the expiry of insurance coverage is agreed to be more than one year after the insurance policy is taken out.

Unearned premiums are calculated both for life and non-life insurance contracts.

Claims provisions

Claims reserves are formed for claims incurred but not settled until the reporting date. Claims reserves are established for reported claims as well as for unreported and under-reported claims.

Provisions for incurred but not reported claims (IBNR) are calculated by means of "triangle" methods (a combination of Chain Ladder and Bonhuetter-Ferguson methods). The basis for calculation is a sample of past loss experience. For this purpose the Group applies a several-year-long time series of loss liquidation.

With the exception of annuities, the Group does not discount its provisions for outstanding claims. The methods used and estimates made are reviewed at least on an annual basis.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked lines of business are calculated separately for each individual policy. Generally, a modified net premium prospective method is applied, taking into account insurance contract acquisition costs. For pension and unit-linked business, where the nature of products makes the aforementioned method inappropriate, the retrospective net premium method is applied. All calculations allow for prudent actuarial assumption bases, legislation in force and all liabilities to policyholders arising from contracts and the respective terms and conditions.

The portion of fair value reserve of investments available for sale, which will be distributed among policyholders after maturity, is also disclosed among mathematical provisions. The principle of shadow accounting is applied. All effects from fair value measurement of investments available for sale are recorded in equity (fair value reserve). The sums are then transferred to mathematical provisions on the balance sheet date, as follows:

- the entire fair value reserve from investments available for sale (disclosed as investment in the fund covering the Supplementary Voluntary Pension Insurance Fund (SVPI)) is transferred from equity to mathematical provisions;
- an 80% portion of the entire fair value reserve from financial assets available for sale (disclosed under life insurance long-term business fund) is transferred from equity to mathematical provisions.

The applied assumptions and other parameters are presented in greater detail in Chapter 3.1.

Other insurance technical provisions

Provisions for bonuses are established for partial premium reimbursements to those beneficiaries who meet certain beneficiary criteria set out in insurance conditions (total loss result over the last three years, financial discipline in premium payment and total insurance premium). An annual analysis and preset criteria are used to calculate the amount of premium reimbursement.

Provisions for cancellations represent that part of unearned premiums which is expected to be reimbursed in the event of early cancellation and for which insurance acquisition costs have been accrued.

Provisions for unexpired risk are set aside for policies where, based on experience from the previous period, it is assumed that the amount of unearned premiums will not suffice for covering all future losses.

2.19 OTHER RESERVES

Other reserves comprise provisions for jubilee and retirement benefits. The calculation of these provisions is made by using the actuarial evaluation method, i.e., the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic variables (employee mortality and labour turnover),
- financial assumptions, such as:
 - discount rate by reference to the yield curve published by the European Central Bank as at the balance sheet date and
 - estimates of future salary increases taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the labour market.

2.20 OTHER FINANCIAL LIABILITIES

At initial recognition financial liabilities are measured at historical cost arising from relevant underlying documents. They are decreased by amortised costs and increased by accrued interest. In the financial statement financial liabilities are disclosed at amortised value. Interest paid on loans taken are recognised as income and accordingly accrued over the term of the underlying loan.

2.21 OPERATING LIABILITIES AND OTHER LIABILITIES

Operating liabilities and other liabilities are disclosed in the income statement when a liability has to be paid on the basis of a relevant contractual obligation. Operating liabilities and other liabilities are carried at historical cost.

2.22 PREMIUM INCOME

Net premium earned is calculated on the basis of gross written premium, reduced by reinsurers' share and adjusted depending on the change in gross provisions for unearned premiums taking into account the reinsurers' share in provisions for unearned premiums. The invoiced premium serves as the basis for recognising gross written premium.

2.23 INCOME FROM FINANCIAL ASSETS

Income from financial assets arises from interest income, dividends, changes in fair value, capital gains and other financial income. In the income statement interest income is carried at amortised cost using the effective interest method, which does not apply to financial assets recognised at fair value through profit and loss. Income from dividends is recognised in the income statement once the right to the payment is obtained. Income from changes in fair value arises from the subsequent remeasurement of the fair value of financial assets recognised at fair value through profit and loss. Gains on disposal arise from the derecognition of financial assets other than those recognised at fair value through profit and loss. The difference between the carrying amount of a financial asset and its sales value represents a realised gain.

Income from financial assets includes net unrealised gains on unit-linked life insurance assets. The latter arise from changes in fair value of unit-linked life insurance assets.

2.24 OTHER INCOME FROM INSURANCE OPERATIONS

Other income from insurance operations represents fees and commission income (asset management fees, entrance and withdrawal fees and other) and includes other income from insurance operations (income from

green card sales, accommodation loss adjustment, assistance services and other). This income is recognised in the income statement once a service has been provided and/or invoiced.

2.25 OTHER INCOME

Other income includes investment property income, income from intangible assets and property, plant and equipment, as well as other income not directly related to insurance operations. Other income is recognised in the income statement when an invoice is issued.

2.26 CLAIMS INCURRED

Net claims represent gross claims (claims incurred and assessment costs), reduced by the reinsurers' share and recourse receivables, and adjusted depending on the change in gross provisions for outstanding claims, taking into account the reinsurers' share in these provisions. Assessment costs consist of external and internal costs of assessing the eligibility and amount of damage claims, including court fees and charges, expert fees and subrogation recovery expenses.

Gross claims settled are disclosed in the income statement once losses have been adjusted.

2.27 OTHER OPERATING COSTS AND COSTS OF INSURANCE CONTRACT ACQUISITION

Gross operating costs are recognised as original expenses by natural type of cost. In the income statement these costs are classified by function. Assessment costs are a constituent part of claims incurred, asset management costs a constituent part of investment expense, whilst costs of insurance contract acquisition and other operating costs are separately disclosed in the statement. All operating costs are disclosed by natural type and function.

2.28 EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES

Other financial expenses are interest expenses, fair value losses, net realised losses on financial assets, permanent impairment losses and other financial expenses.

In the income statement interest income is recognised using the effective interest method, which does not apply to the financial assets measured at fair value through profit and loss.

Expenses due to changes in fair value arise from the subsequent remeasurement of the fair value of financial assets recognised at fair value through profit and loss.

Losses on disposal arise from the derecognition of financial assets other than those recognised at fair value through profit and loss. The difference

between the carrying amount of a financial asset and its sales value represents a loss incurred.

Expenses from financial assets include net unrealised losses on unit-linked life insurance assets. These expenses reflect the change in the fair value of unit-linked insurance assets.

2.29 OTHER INSURANCE EXPENSES

Other insurance expenses include entrance, withdrawal and management fees, losses arising from the impairment of receivables, fire protection tax, prevention expenses and other insurance related expenses. Other insurance expenses are disclosed in the income statement once a service is provided.

2.30 OTHER EXPENSES

Other expenses comprise other expenses not directly arising from insurance operation. Other expenses are disclosed in the income statement once a service is provided.

2.31 TAXES

Tax expense for the year comprises current and deferred tax. Deferred tax is calculated for all temporary differences between the carrying amounts of assets and liabilities used for taxation and their carrying amount. The impact of the recognition of deferred tax assets or liabilities is disclosed as income tax expense in the income statement, excluding taxes charged on a business event recognised under other comprehensive income.

In the Republic of Slovenia, current income tax is charged at a 21% tax rate (vs. 22% in 2008) and in other countries at tax rates enacted by local tax laws (as shown in Chapter 1).

In consolidation, temporary differences may be recognised, arising either from the difference between the official financial statements of a subsidiary and those adjusted for consolidation purposes, or from consolidation procedures.

2.32 ADOPTION OF NEW AND REVISED IFRS

The following is a list of standards, interpretations and amendments to the published Standards which were binding on 1 January, 2010 and have not been adopted by the Group early:

- IFRS 3 (Revised) - Business Combinations (effective for annual periods from 1 July, 2009).
The scope of the amended Standards has been expanded and the definition of a business has been widened.
The amended Standard comprises several other changes, including:
 - all items of consideration transferred by the acquirer are recognised and measured at fair value as at the acquisition date, including the amount of consideration which depends on future events (contingent consideration);

- subsequent changes in contingent consideration are recognised in profit or loss;
- transaction costs, other than share and debt issuance costs, are expensed as incurred;
- the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquirer, on a transaction-by-transaction basis.

The amended IFRS 3 will influence potential mergers in the future. The effect on the consolidated financial statements cannot be assessed.

- IAS 27 (Amendment) - Consolidated and separate financial statements (effective for annual periods from 1 July, 2009).
The amendment of the standard concerns the term "minority holding" and replaces it with the term "non-controlling interest", which is defined as "equity interest" in a subsidiary that is not owned, directly or indirectly through subsidiaries, by the parent. The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.
This change has been taken into account in the financial statements for 2009.
- IAS 32 (amendment) - Financial Instruments: Presentation (effective for annual periods from 1 February, 2010)
In accordance with this amendment, rights, options and warrants for acquiring a certain number of an entity's own equity instruments in exchange for a certain amount in any currency are equity instruments if the entity offers to all its existing holders of the same class proportional rights, options and warrants related to own non-derivative equity instruments.
The amendments to IFRS 32 are irrelevant to the Group, as in the past no such instruments have been issued.
- IAS 39 (amendment) - Financial instruments: Recognition and measurement (effective for annual periods from 1 July, 2010).
The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however, inflation cannot be designated, except in limited circumstances.
The analysis of the effect of the amended IAS 39 on the consolidated financial statements has not yet been completed.
- IFRIC 12 - Service Concession Arrangements (effective for annual periods from 1 April, 2009)
The Interpretation applies to private entities and their recognition and measurement of items arising in the accounting for public-to-private service concession arrangements.

The Interpretation will not impact the financial statements of the Group, as it has not entered into any service concession arrangements.

- IFRIC 15 - Agreements for the Construction of Real Estate (effective for annual periods from 1 January, 2010)

IFRIC 15 clarifies that the revenues arising from agreements on the construction of real estate shall be recognised with regard to the stage of completion in the following cases:

- the agreement complies with the definition of the construction contract in accordance with IAS 11.3;
- the contract applies only to the provision of services under IAS 18 (e.g., an entity is not required to supply construction material); and
- the purpose of the agreement is the sale of goods and revenues are recognised as they are generated in accordance with IAS 18.14.

In all other cases revenues are recognised when the conditions for their recognition under 18.14 are met.

The Group has not yet analysed the impact of this Interpretation.

- IFRIC 16 - Hedges of a net investment in a foreign operation (effective for annual periods from 1 July, 2009).

The Interpretation explains the type of exposure that needs to be hedged and where in the Group the hedged item may be held. It also explains whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of a foreign operation.

The Interpretation will not affect the consolidated financial statement of the Group, since it applies no hedges.

- IFRIC 17 - Distributions of non-cash assets to owners (effective for annual periods from 1 November, 2009)

The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation, a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled, the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

As the Interpretation is applicable only from the date of application, it will not impact the financial statements for periods prior to the date of its adoption. Further, since it relates to future dividends that will be at the discretion of the Management Board/shareholders it is not possible to determine the effects of its application.

- IFRIC 18 - Transfers of Assets from Customers (effective for annual periods from 1 November, 2009)

This Interpretation clarifies the requirement that an entity has to recognise any transferred asset at fair value if such assets meet the definition of property, plant and equipment under IAS 16. The entity is also required to recognise the amount of transfer as revenue. The time framework for the recognition depends on the facts and circumstances of individual agreements.

This Interpretation is irrelevant for consolidated financial statements, since the Group as a rule receives no transfers from customers.

3. MAIN ASSUMPTIONS

The main assumptions used for measuring the value of insurance contracts are described below. Other contracts, including asset management and lease agreements are immaterial for the Group.

3.1 PARAMETERS AND ASSUMPTIONS IN CALCULATING LIFE INSURANCE PROVISIONS

3.1.1 Insurance and financial agreements

All products in the portfolio of the Triglav Group are classified as insurance contracts since all of the products bear relevant insurance risk. The relevance is determined on the basis of additional payments upon the occurrence of a loss event. The relevance of additional amounts is assessed by comparing the greatest difference between the economic value of the payment in case of a loss event and the payment in other cases. Percentages from 105% to 110% are used for the assessment of risk relevance.

For the purpose of accounting for the assets covering the liabilities of Zavarovalnica Triglav that arise from insurance contracts, the Group has formed three long-term business funds: a long-term business fund of unit-linked life insurance, a long-term business fund of supplementary voluntary pension insurance and a combined long-term business fund of life, annuity and voluntary pension insurance.

3.1.2 Life and annuity insurance

For life and annuity insurance policies liability valuation the Group applies a modified prospective net premium method by taking into account insurance acquisition costs, all of the contractual obligations and the already allocated surplus. The technical parameters used by the method are either the same as those used for calculating insurance premiums or corrected so as to reflect the subsequent circumstances which increase the value of liabilities. The latter applies to the annuity insurance products of Zavarovalnica Triglav, where the relevant liabilities are valued on the basis of rather conservative mortality tables and a prudently set lower interest rate of 4% for the contracts with a fixed interest rate of 4.5%. For the purpose of valuing annuity insurance contracts, instead of the legally allowed German mortality tables of 1987 Zavarovalnica Triglav applies the German mortality tables of 1994. The guaranteed interest rate used for the valuation at the Group level ranges between 2.75% and 5%. The calculation takes into account the insurance contract acquisition costs below the legally imposed level of 3.5% of the sum insured under life assurance policies.

3.1.3 Voluntary pension insurance

During the accumulation period, mathematical provisions are formed using the retrospective method. This method takes into account all of the premiums received to the day of valuation, entrance charges, any sums paid out, guaranteed interest rate and additional allocated surplus to individual accounts arising from profit sharing. During the pension annuity

pay-out period, provisions are calculated on the basis of the current value of the insurance company's expected future liabilities (the prospective net method).

The technical parameters used in the calculation are either the same as those used when underwriting a policy, or they are adapted to the circumstances expected in the pension annuity pay-out period in the case that these circumstances are worse than those taken into account in the premium calculation. The guaranteed technical interest rate used for the valuation of liabilities during the premium payment period ranges between 2% and 4.5%. For the pension annuity pay-out period, a prudently set lower interest rate of 4% is applied for the contracts with a fixed interest rate of 4.5%. For the purpose of valuing its liabilities during the pay-out period of pension annuity bearing an interest rate from 2.75% to 4%, instead of the legally allowed German mortality tables of 1987 the Group applies the German mortality tables of 1994, which are more conservative.

3.1.4 Supplementary voluntary pension insurance (SVPI)

During the accumulation period, mathematical provisions are evaluated using the retrospective method. The method takes into account all of the premiums received to the day of valuation, entrance charges, any sums paid out, guaranteed interest rates and additional allocated surplus made to individual accounts arising from extra returns on funds. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

The technical parameters used are either the same as those used when underwriting a policy or adjusted due to the circumstances which will change later and increase the value of liabilities - primarily when valuing liabilities arising from pension annuity pay-outs. For valuation purposes instead of the legally allowed German mortality tables of 1987 the Group applies the more conservative German mortality tables of 1994. During the accumulation period, the insurance companies of the Group guarantee a minimum annual return on net premiums paid, equalling 50% of the average annual interest rate on government securities with a maturity of over one year (figures published by the Ministry of Finance of the Republic of Slovenia). During the annuity pay-out period, the insurance companies value their liabilities at an interest rate ranging from 3.25% to 4% in the case of policies with annuity factors guaranteed at the time of underwriting.

3.1.5 Unit-linked insurance

The liabilities of the Group are evaluated for each insurance policy as the value of assets in the investment account decreased by capitalised insurance management charges (actuarial funding). For certain insurance products the Group also forms additional provisions covering contractual payments under basic and additional policies.

3.2 LIABILITY ADEQUACY TEST (LAT) FOR LIFE INSURANCE

The liability adequacy test for mathematical provisions is carried out at each balance-sheet date for each Group member separately on the basis of common principles. The calculation is based on internal models for individual types of life insurance. The calculation takes into account the highest estimates of contractual cash flows on the basis of parameters applied to future insurance premium, future expenses, mortality and morbidity rates, capitalisation rates, persistency, return on assets and embedded guarantees and options.

Individual parameters are estimated on the basis of historical data from the own portfolio of life insurance and publicly accessible information from various public institutions (European Central Bank, World Health Organisation (WHO), national central banks and national statistical offices). Input data and assumptions are renewed accordingly every time the LAT is carried out.

3.2.1 Grouping of life insurance products

The liability adequacy test is not carried out individually for each policy. For this purpose homogeneous groups of (substantively) comparable policies are formed instead at the level of each Group member, albeit based on common principles.

Initially, the contracts are divided into various types of insurance (traditional, annuity, VPI, SVPI, unit-linked insurance) and subsequently on the basis of profit participation rights. The result of such grouping is the following homogeneous groups within individual long-term business funds (some of them only appear in certain Group members):

1. Long-term business fund backing life, annuity and voluntary pension insurance:
 - traditional life insurance with profit participation;
 - traditional life insurance without profit participation;
 - annuity insurance;
 - voluntary pension insurance (VPI).
2. Long-term business fund backing supplementary pension insurance:
 - supplementary voluntary pension insurance (SVPI).
3. Long-term business fund backing unit-linked insurance:
 - Unit-linked life insurance.

The test is carried out separately for each group. If the test shows that the provisions are inadequate or that there is a deficit in an individual homogenous group this deficit may be covered within the same long-term business fund by using any surpluses from other groups in the long-term business fund of the same type within the Group. If such coverage cannot be achieved the deficit is recognised in the income statement of the subsidiary and of the entire Group as an increase in liabilities.

3.2.2 Parameters and assumptions applied to life insurance

Mortality and morbidity tables

Mortality tables are based on the data of national statistical offices, comparative data from WHO sources and the mortality analysis of the own life insurance portfolio. Where the analysis of mortality experience was not carried out (due to a lack of statistical data reliability), the Slovene mortality experience served as a basis, corrected by an adequate margin obtained with a comparative analysis of mortality data from WHO sources and Slovene mortality statistics.

For the purpose of LAT for annuity and pension insurance, cohort mortality tables based on the Lee-Carter model are used, which take into account the improving mortality trends on the basis of mortality data of the Slovene population between 1980 and 2002.

Morbidity tables for critical diseases are prepared in co-operation with Munich Re.

Persistency

The model also takes into account the lapse probability on the basis of an analysis of past experience. Some insurance companies of the Group continuously monitor the persistency of insurance policies by duration and type of insurance, and adapt their assumptions accordingly.

Expenses

The model takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as defined on the basis of an analysis of Zavarovalnica Triglav's expenses in preceding years. Estimated future expenses are increased every year in line with the expected inflation rate.

Increasing insurance premiums

In the case of insurance policies for which the monthly premium directly or indirectly follows the increase in salaries the increase is calculated in line with the expected inflation rate.

Expected returns and discount interest rates

In their calculations, all of the insurance companies of the Group, except Triglav Kopaonik, take into account return rates based on the reference yield curve of AAA-rated government bonds, published by the European Central Bank (ECB). The 15-year reference value was 4.334% as at 31 December, 2009 and 3.962% as at 31 December, 2008. The calculation of liabilities in local currency of Triglav Kopaonik (representing 70% of the mathematical provisions of that insurance company and 0.06% of the Group's mathematical provisions) takes into account the yield curve of the government bonds of the Republic of Serbia, whereas its liabilities in EUR are calculated with reference to the ECB yield curve.

Profit participation

The profit participation rate in an individual company's profits for with-profit policies is the discretionary right of each Group member, although the participation method used is the same in all of the Group members (the surplus is used for buying additional insurance). The estimated future allocation of surpluses are taken into account for each Group member in line with the expected performance, the previous profit allocation rates and the policyholders' reasonable expectations. In the model profit is allocated in excess of the technical interests for with-profit policies. The allocation is determined on the basis of the mathematical provisions accumulated at the end of the business year.

Annuity factor guarantee

The liability adequacy test allows for the possibility of a change of annuity factors in the case of insurance policies for which the mortality forecasts indicate that life expectancy is likely to increase to such an extent that the contract conditions justify such a change. The calculation also takes into account the probability that 80% of the policyholders will choose to receive a pension annuity, while the others will opt for a lump-sum pay-out.

3.2.3 Results of the liability adequacy test

Liability adequacy tests show that provisions formed at the Group level, as well as for each individual Group member, are adequate on the basis of the above-mentioned parameters and assumptions.

3.2.4 The provisions adequacy test's sensitivity to parameter changes

The valuation of liabilities mostly depends on technical parameters such as mortality, lapse rate, operating costs and the estimated percentage of policyholders deciding to opt for a pension annuity. Parameters are sensitivity tested in order to assess the impact of changes to such variables on future liabilities, the amount of statutory reserves and the income statement for the year. The changes represent reasonable and possible variations in the parameters which could have a significant influence on the performance of the insurance company. Changes in the value of assets backing such liabilities are not taken into consideration.

Individual sensitivity analyses always account for the change of a selected parameter with all of the remaining assumptions unchanged, whilst *mutatis mutandis* taking into account the effect of the changes on the amount of future surpluses allocated to policyholders' accounts. Parameters are always changed so as to increase the liabilities of the insurance company. In the case of mortality, the test is based on a 10% decrease in mortality during the annuity pay-out period and a 10% increase in mortality during the accumulation period. A 10% increase is considered in the assumption of withdrawal rates, operating expenses and the probability of opting for a pension annuity.

Test results have proved mathematical provisions in all of the scenarios of changing key technical parameters to be adequate for all Group members.

3.3 PARAMETERS AND ASSUMPTIONS IN CALCULATING NON-LIFE INSURANCE PROVISIONS

The unearned premium for most insurance policies is calculated pro-rata temporis, assuming a uniform distribution of loss during the entire validity of insurance contracts. Insurance policies with variable insurance cover are the only exception to this rule. These policies include credit insurance, since the insurance cover in such cases gradually decreases, and construction and erection insurance, where the insurance cover rises. For each type of insurance, the calculation of unearned premiums is based on the assumption of a constant frequency of loss throughout the duration of the insurance contract and a variable insurance cover. In general, the claims provisions are calculated in the Group as the sum of total claims reported but not settled (RBNS) and claims incurred but not reported (IBNR). Provisions for incurred but not reported claims are calculated using the triangle method.

3.4 LIABILITY ADEQUACY TEST (LAT) FOR NON-LIFE INSURANCE

The insurance companies of the Group form reserves for unexpired risks for those lines of business where loss ratio exceeds 100%. Additional reserves for unexpired risks are calculated as a product of unearned premiums and the difference between the value of the loss ratio and 100%.

Additional tests are performed to check the adequacy of the unearned premiums and unexpired risks reserve. The amounts of future gross claims and gross claims handling costs are applied in these tests and compared with the amount of established provisions for unearned premiums reduced by deferred insurance acquisition costs.

The results of tests show that the level of unearned premiums reserves, together with the level of unexpired risks reserves, is sufficient.

3.5 PARAMETERS AND ASSUMPTIONS APPLIED IN MEASURING NON-TRADABLE FINANCIAL ASSETS

Assessing the value of non-insurance companies

In accordance with the internal rules on valuing non-tradable assets with a historical cost above EUR 500 thousand, their fair value is established by arriving at a valuation (i.e., by making an appraisal). The following methods have been used: discounted cash flow method, listed comparable companies method and asset valuation method. The application of a method depends on the specificities of the operations of the company subject to valuation. In order to obtain an impartial opinion most of the value appraisals of non-tradable assets have been provided by outsourced corporate assessors.

Value appraisals of individual non-tradable asset are based on the assumptions the assessor makes on the basis of public information and, where possible, on an interview with the entire management of the com-

pany under appraisal. The applied estimates and assumptions involve certain risks as to their future realisation. With the aim of reducing this risk, the estimates and assumptions are verified in various ways (by comparing estimates and assumptions against the industry, against individual traded companies and the like). Moreover, a sensitivity analysis of the following value drivers is used in estimating the value range of the analysed company: a discount rate, net sales income, EBITDA margin, cash flow growth over a period of forecast. In the sensitivity analysis for more detailed periods of forecast the following ranges are used for the above mentioned categories: income growth (1.5% - 10.5%), EBITDA margin (4.5% - 17.5%), discount rate (6.5% - 14.0%) and cash flow growth over a period of forecast (2.5% - 4.5%). The value, i.e., range, of any of the given categories depends on the specificities of the operations and/or risks of the analysed company and/or the industry in which it operates. On the basis of sensitivity analyses carried out we calculated the expected resolution of uncertainty.

The value of non-tradable non-insurance assets, measured on the basis of value appraisals, was EUR 175 million. It is estimated that the total value of non-tradable non-insurance assets under a pessimistic scenario will fall by EUR 22.8 million or rise by EUR 20.8 million under an optimistic scenario.

Depending on the chosen assumptions, the process of value appraisal can result in different appraised value ranges. Zavarovalnica Triglav selects a value within the calculated appraised value range as the best assessment of an asset's fair value. It should be noted that in some cases the appraised value range is quite wide. Due to the above mentioned lack of clarity inherent to the process of appraising the value of non-tradable assets, which results in a relatively wide appraised value range, Zavarovalnica Triglav

tries to apply a consistent and prudent approach to defining the best assessment of an asset's fair value and thus minimise any subjective elements in this process.

Assessing the value of insurance companies

Zavarovalnica Triglav applies to historical cost method for assessing the value of its subsidiaries in the insurance industry and its asset management company. In line with standards and internal rules, internal models are used for the related value appraisals and impairment tests. The discounted cash flow method is the primary asset valuation method. The carrying value of subsidiary insurance companies and the asset management company as at 31 December, 2009, following impairments, amounted to EUR 108,397,967. In this amount the assets which met the impairment testing criteria represented EUR 91,771,177.

Main assumptions on the future and key sources of estimation uncertainty regarding the assessment of subsidiary insurance companies for 2009:

- economic environment convergence to the EU average;
- the development of premiums dependant on economic growth;
- convergence of the insurance market characteristics to more developed markets;
- Solvency I capital adequacy – EU standard;
- the management's plans for the available period as the basis for projections and estimates; followed by decreasing growth rates extrapolation.

The sensitivity of the asset which met the criteria for impairment testing or impairment:

THE SENSITIVITY OF THE ASSET WHICH MET THE CRITERIA FOR IMPAIRMENT TESTING OR IMPAIRMENT

	ASSET VALUE	ASSET SENSITIVITY					
		CAPITAL OUTLAY DETAIL PERIOD OF FORECAST		CAPITAL OUTLAY INDEFINITE VALUE		INDEFINITE CASH FLOW GROWTH RATE	
Change		1%	-1%	1%	-1%	-1%	1%
TOTAL (IN EUR)	91,771,177	-11,943,189	13,726,358	-6,772,373	9,481,322	-7,163,087	10,028,321

4. RISK EXPOSURE AND MANAGEMENT

4.1 FINANCIAL RISKS AND SENSITIVITY ANALYSIS

All financial instruments are exposed to market risks, i.e., risks that future market conditions will affect the value of financial instruments, as well as to credit risk, i.e., counterparty default risk. Zavarovalnica Triglav formally manages financial risks through a scheme of exposure limits in line with the Insurance Act and including limits on exposure to persons or individual types of risk and their sectoral or geographical concentration. Within the scope of risk management, Zavarovalnica Triglav has formed investment guidelines based on the nature and characteristics of its liabilities in order to achieve an optimum spread of assets and thus an optimum rate of return.

Among all risks, the balance sheet of the Triglav Group is most exposed to interest-rate risk of assets and equity risk. In the context of asset management the Group's liabilities arising from all insurance types are formed in accordance with a method which does not include sensitivity to market parameters. Therefore, the main risk exposures of the Group arise from the management of long-term business funds, assets backing liabilities and own funds. Chapters 4.1.1 and 4.1.2 show the results of the sensitivity analysis of the Group's financial assets for both major risks and their impact on the comprehensive income and income statement of the Group.

The breakdown of the financial assets portfolio of Triglav Group by industry is shown below.

INDUSTRY	31 DECEMBER, 2009 (IN EUR)	PERCENTAGE	31 DECEMBER, 2008 (IN EUR)	PERCENTAGE
(Raw) materials	5,893,089	0.28	15,674,681	0.80
Communications	27,161,849	1.27	24,153,290	1.23
Cyclical activities	14,263,533	0.67	33,994,455	1.73
Non-cyclical activities	42,612,120	2.00	52,239,142	2.66
Highly diversified activity - conglomerates	4,017,359	0.19	0	0.00
Energy	31,220,419	1.46	19,131,549	0.97
Finance	901,122,792	42.26	880,452,336	44.85
Manufacturing	26,275,359	1.23	68,838,940	3.51
Technologies	90,081	0.00	694,825	0.04
Goods and services of public interest	13,771,070	0.65	24,110,658	1.23
EMU countries	622,512,243	29.20	515,921,663	26.28
EU-EMU countries	108,860,127	5.11	71,017,210	3.62
Other countries	50,312,538	2.36	52,175,542	2.66
Small businesses and households	6,143,049	0.29	4,995,761	0.25
No data	277,894,229	13.03	199,918,047	10.18
TOTAL	2,132,149,856	100.00	1,963,318,101	100.00

*Percentages are calculated on the basis of carrying amounts.

4.1.1 Interest-rate risk

Interest-rate risk is the risk of changes in market interest rates affecting the value of interest-sensitive assets, as well as the risk that interest-sensitive assets and interest-sensitive liabilities reach their maturity at different times at different values. In the case of interest-sensitive assets that pay out coupons until their maturity, Zavarovalnica Triglav is exposed to re-investment risk, which depends on the structure of individual instruments. Asset and liability management is performed in the context of Zavarovalnica Triglav's sensitivity to changes in market interest rates. The main tool for matching the sensitivity of assets and liabilities is the selection of financial investments with good ratings and maturity matching the maturity of liabilities. Zavarovalnica Triglav deliberately keeps a certain limited level of maturity mismatches between assets and liabilities and through this earns part of the return.

The interest rate risk sensitivity analysis included all financial assets exposed to interest rate risk, i.e. debt securities, classified into the "at fair value through profit and loss" and "available-for-sale" categories and derivative financial instruments. The value of these assets as at 31 December, 2009 was EUR 891,346,661 and as at 31 December, 2008 881,089,894. The share of debt securities in the total portfolio is shown in the detailed overview of financial assets per groups of assets in Chapter 6.5.

The following analysis shows a sensitivity analysis of the Group's portfolio to interest risk and its influence on the comprehensive income and income statement.

TYPE OF SECURITY	IN EUR			
	31 DECEMBER, 2009		31 DECEMBER, 2008	
	+100BP	-100BP	+100BP	-100BP
Government securities	-28,677,111	42,987,488	-21,766,397	21,766,397
Securities issued by financial institutions	-5,347,944	5,752,636	-5,226,738	5,226,738
Securities issued by companies	-2,528,555	2,528,555	-3,528,698	3,528,698
Composite securities	-11,457,112	11,457,112	-14,927,312	14,927,312
Other	3,567,866	-3,567,866	0	0
TOTAL	-44,442,857	59,157,926	-45,449,146	45,449,146
Impact on comprehensive income	-41,880,762	41,880,762	-36,252,621	36,252,621
Impact on income statement	-2,562,094	2,562,094	-9,196,525	9,196,525

4.1.2 Equity risk

Equity risk is the risk of fluctuation in share prices, which affects the carrying value of those securities in the portfolio of Zavarovalnica Triglav which are sensitive to such fluctuations. Zavarovalnica Triglav manages these

risks through investment limits as well as through geographical and sectoral diversification. Zavarovalnica Triglav invests most of its assets within the European Union and spreads them to other geographical areas in order to manage the risks and performance of the equity portfolio.

The structure of the equity portfolio per type of exposure is shown in the following table. The table includes the structure of the equity portfolio by carrying amount.

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Equities in the EU	408,619,596	341,789,638
Equities in the USA	3,440,512	0
Equities in Asia*	0	1,279,947
Equities in emerging markets	106,879,834	129,629,620
Global equities**	55,979,068	31,358,707
TOTAL	574,919,010	504,057,912

*Equity investments in Asia's developed countries (Japan, Hong Kong)

**Globally diversified equity investments

The credit portfolio's sensitivity to equity price fluctuations and its impact on the comprehensive income and/or the income statement of the Group.

	IN EUR			
	31 DECEMBER, 2009		31 DECEMBER, 2008	
	10%	-10%	10%	-10%
Equities in the EU	40,861,960	-40,861,960	34,178,964	-34,178,964
Equities in the USA	344,051	-344,051	0	0
Equities in Asia	0	0	127,995	-127,995
Equities in emerging markets	10,687,983	-10,687,983	12,962,962	-12,962,962
Global equities	5,597,907	-5,597,907	3,135,871	-3,135,871
TOTAL	57,491,901	-57,491,901	50,405,791	-50,405,791
Impact on comprehensive income	25,700,030	-25,700,030	33,199,320	-33,199,320
Impact on income statement	31,791,871	-31,791,871	17,206,471	-17,206,471

The above analysis demonstrates the sensitivity of the equity portfolio to equity price fluctuations. If the prices of the equities in the portfolio as at 31 December, 2009 had been 10% above their disclosed values the comprehensive income and profit of the Group would have been EUR 25.7 million and EUR 31.8 million higher respectively. On the other hand, if the prices of the equities in the portfolio as at 31 December, 2009 had been 10% lower the comprehensive income and profit of the Group would have been EUR 25.7 million and EUR 31.8 million lower respectively.

Due to a prolonged material decrease in the fair value of certain equity securities, some members of the Triglav Group, in accordance with International Financial Reporting Standards, in 2008 and 2009 additionally impaired certain equity securities. The impacts of impairments are described in detail in Chapter 6.22.

4.1.3 Liquidity risk

Liquidity risk is the risk or threat of a liquidity mismatch, i.e., the mismatched maturity of assets and liabilities. Such a mismatch can cause liquidity problems or a shortage in liquidity needed to settle due liabilities. Zavarovalnica Triglav manages liquidity by cash flow planning and, on an operating level, with an adequate maturity structure of investments and liquid premium financial instruments. Liquidity is also managed, when needed, by means of a network of credit lines opened at domestic and foreign banks.

The following tables show the maturity structure of the Group's financial assets and liabilities.

FINANCIAL ASSETS AND LIABILITIES BY MATURITY

	IN EUR					
31 DECEMBER, 2009	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Investments in associated companies	122,342,222	0	0	0	0	122,342,222
Financial assets	522,539,233	298,594,184	487,699,222	497,244,174	326,073,043	2,132,149,856
Reinsurers' share of technical provisions	0	22,344,864	12,854,461	2,384,881	1,122,907	38,707,113
Receivables	409,384	211,575,293	6,637,392	1,165,118	0	219,787,187
Cash and cash equivalents	0	30,443,966	0	0	0	30,443,966
TOTAL FINANCIAL ASSETS	645,290,839	562,958,307	507,191,076	500,794,172	327,195,950	2,543,430,344
FINANCIAL LIABILITIES AND PROVISIONS						
Subordinated liabilities	0	0	13,308,000	0	29,934,091	43,242,091
Insurance technical provisions	310,092,561	696,072,779	297,269,422	222,521,467	635,807,834	2,161,764,063
Other financial liabilities	949,658	35,234,551	7,874,528	0	0	44,058,737
TOTAL FINANCIAL LIABILITIES	311,042,219	731,307,330	318,451,950	222,521,467	665,741,925	2,249,064,891

FINANCIAL ASSETS AND LIABILITIES BY MATURITY

						IN EUR
31 DECEMBER, 2008	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Investments in associated companies	99,330,861	0	0	0	0	99,330,861
Financial assets	506,393,870	215,415,185	446,427,658	512,303,147	282,778,242	1,963,318,102
Reinsurers' share of technical provisions	0	24,800,081	14,266,888	2,646,928	1,246,290	42,960,186
Receivables	0	231,391,931	834,402	0	0	232,226,333
Cash and cash equivalents	0	32,517,218	0	0	0	32,517,218
TOTAL FINANCIAL ASSETS	605,724,731	504,124,415	461,528,948	514,950,075	284,024,532	2,370,352,700
FINANCIAL LIABILITIES AND PROVISIONS						
	ni določeno	pod 1 letom	med 1 in 5 let	med 5 in 10 let	nad 10 let	SKUPAJ
Subordinated liabilities	0	0	30,000,000	0	0	30,000,000
Insurance technical provisions	342,892,832	634,117,305	244,647,007	199,646,190	497,181,505	1,918,484,839
Other financial liabilities	0	66,299,364	5,677,270	436,475	0	76,341,389
TOTAL FINANCIAL LIABILITIES	342,892,832	700,416,669	280,324,277	204,010,945	497,181,505	2,024,826,228

4.1.4 Foreign-exchange risk

The Group's exposure to foreign exchange risk is limited, as most of its investments are in euros. Among other foreign exchange exposures the most

prominent are exposures to the currencies of the countries of the former Yugoslavia; however, in total these account for less than 5% of the portfolio. The table below shows the currency structure of the Group's assets.

							IN EUR
31 DECEMBER, 2009	DEBT SECURITIES	EQUITY SECURITIES	DERIVATIVE FINANCIAL INSTRUMENTS	LOANS AND RECEIVABLES	FINANCIAL INVESTMENTS OF REINSURERS FROM REINSURANCE CONTRACTS	TOTAL FINANCIAL ASSETS	PERCENTAGE
EUR	1,194,709,981	559,215,688	2,347,235	269,155,393	93,670	2,025,521,968	95.00
USD	642,185	4,301,300	25,858	88,003	0	5,057,345	0.24
GBP	0	3,589	46,545	0	0	50,134	0.00
HRK	12,160,665	4,776,300	0	9,842,847	0	26,779,812	1.26
RSD	8,338,984	2,880,839	0	0	0	11,219,823	0.53
BAM	2,308,877	1,814,321	0	19,006,304	0	23,129,502	1.08
MKD	15,170,196	840,222	919,538	0	0	16,929,957	0.79
CZK	19,485,098	819,628	0	0	0	20,304,726	0.95
Other	0	267,123	0	0	2,889,466	3,156,589	0.15
TOTAL	1,252,815,987	574,919,010	3,339,177	298,092,546	2,983,136	2,132,149,856	100.00

							IN EUR
31 DECEMBER, 2008	DEBT SECURITIES	EQUITY SECURITIES	DERIVATIVE FINANCIAL INSTRUMENTS	LOANS AND RECEIVABLES	FINANCIAL INVESTMENTS OF REINSURERS FROM REINSURANCE CONTRACTS	TOTAL FINANCIAL ASSETS	PERCENTAGE
EUR	1,180,647,315	488,748,775	1,248,435	189,322,803	0	1,859,967,328	94.74
USD	0	154,523	100,629	9,184	0	264,336	0.01
GBP	0	324,004	0	0	0	324,004	0.02
HRK	15,283,983	6,913,133	0	14,100,112	0	36,297,227	1.85
RSD	6,183,847	2,431,241	0	155,632	0	8,770,721	0.45
BAM	2,117,481	3,753,351	0	17,271,098	0	23,141,930	1.18
MKD	12,324,152	877,325	0	0	0	13,201,477	0.67
CZK	18,137,191	700,540	0	0	0	18,837,730	0.96
Other	0	155,019	0	134,289	2,224,038	2,513,346	0.13
TOTAL	1,234,693,968	504,057,912	1,349,064	220,993,118	2,224,038	1,963,318,100	100.00

4.1.5 Credit risk

Credit risk is the risk of loss due to counterparty default. The Group's exposure to credit risk mostly arises from the investing of its assets backing liabilities in debt securities. The Group manages the credit risk exposures of individual Group members through a system of exposure limits and by monitoring the credit quality of their portfolios.

The Group's financial assets that may be exposed to credit risk (i.e., financial investments, assets from reinsurance contracts, receivables from operations and cash or cash equivalents) as at 31 December, 2009 totalled EUR 2,524,807,327 (vs. EUR 2,351,014,019 as at 31 December, 2008).

The table below shows the credit-rating structure of debt securities.

CREDIT RATING	31 DECEMBER, 2009 (IN EUR)	SHARE (IN %)	31 DECEMBER, 2008 (IN EUR)	SHARE (IN %)
AAA	154,337,504	12.32	84,475,518	6.84
AA	675,398,315	53.91	643,175,514	52.09
A	183,612,284	14.66	250,096,878	20.26
BBB	130,919,844	10.45	76,488,742	6.19
BB	12,683,781	1.01	10,420,117	0.84
B	0	0.00	167,087	0.01
No credit rating	95,864,259	7.65	169,870,112	13.76
TOTAL	1,252,815,987	100.00	1,234,693,968	100.00

In 2009, the single largest exposure of the Triglav Group was to Abanka Vipra, amounting to EUR 135,058,390. In 2008, the single largest exposure of the Triglav Group was also to Abanka Vipra and amounted to EUR 159,249,691.

Due to tough conditions on the world financial markets and increased credit risk, certain members of the Group impaired some of their debt security holdings. The impacts of impairments are described in detail in Chapter 6.22.

The Group is continuously monitoring its own exposure to credit risk in insurance business by analysing:

- the maturity structure of receivables from insurance operations (the policies are described in Chapter 2.12 and the analysis of overdue receivables in Chapter 6.7) and
- reinsurers' credit ratings. The Group monitors the financial standing of reinsurers and, as a rule, enters into retrocession contracts on liability insurance only with A- rated reinsurers, and on all other insurance classes only with BBB+ rated reinsurers.

4.2 UNDERWRITING RISK

Insurance risk is the threat of a loss or adverse change in the value of insurance liabilities due to inadequate assumptions in pricing and provisioning.

The Triglav Group is exposed to actuarial and insurance risks through the whole range of life and non-life insurance products it markets: tradi-

tional life-insurance products, unit-linked products, pension products and products of all types of non-life insurance. Insurance risk stems from the uncertainty of the insurance business.

The risk inherent in the formation of insurance technical provisions, i.e., reserve risk, is important from the point of view of meeting the obligations that are assumed under insurance contracts. Several elements need to be taken into account when evaluating reserve risks: the insurance company's capital strength (the capital strength of an individual insurance company – member of the Group), the characteristics of assets backing liabilities and of the risks insured, as well as other technical factors considered in the calculation of insurance technical provisions. The insurance technical provisions are established so as to take into account all of the relevant factors and thus ensure that the liabilities stemming from insurance contracts can be regularly met.

The Triglav Group manages its insurance risks in several ways. Risk concentration is managed through adequate reinsurance schemes. The main guideline in concluding any reinsurance contract is the maximum retention table of Zavarovalnica Triglav, as the largest insurance company of the Group. In addition to reinsurance contracts and facultative contracts covering major risks, the insurance companies of the Group also stipulate retention clauses. An important factor in the choice of appropriate reinsurers is their credit rating.

4.2.1 Underwriting risk concentration

The threat of underwriting risk concentration stems from the consequences of a single event, or several events, that could have a significant impact on the Group members' ability to meet their obligations. Such a concentration may be caused by one or more insurance contracts that can result in a considerable increase in liabilities. An increase in liabilities may also be caused by a single event having an impact on several insurance lines of business if they are mutually correlated. The Group is well aware of this threat and has therefore laid down tables with maximum own participations, based on the relevant tables of the parent, in order to avert exceeding risk concentrations.

Particular attention is paid to events with a low frequency and a high impact. Natural disasters are certainly among such events. Over the last three years, the Group has suffered six natural disasters resulting in reinsurance claims, with two of them occurring in 2009. These instances have shown the reinsurance programme to be adequate, enabling Zavarovalnica Triglav to fulfil its obligations from insurance contracts. Based on the experience from previous years, the Group expects an increase in the frequency of such disasters with high impact and is adapting its reinsurance programme appropriately.

At the level of the Group, an earthquake is assessed to have the highest loss potential. The reinsurance scheme is designed accordingly. In the case of an earthquake with a return period of 1,000 years, the retained loss of the Group increased by 20% would account for two thirds of the maximum risk which the Group is still able to assume according to the excess tables.

Natural events cause the highest losses in fire and technical insurance groups, as well as in (comprehensive) motor vehicle insurance. Crop insurance is also subject to the occurrence of natural events. In 2009, the Group started to intensely adapt its business to climate change. It is expected that the cost of such reinsurance schemes in the future will increase, while reinsurance coverage will shrink. In an attempt to minimise climate change impacts, the Group has started to adapt its products accordingly and at the same time insure perils with greater care.

The concentration of life underwriting risk in the Group is low, as the risk sum insured is below EUR 35,000 and accounts for 99.6% of the life, annuity and unit-linked portfolio. For additional insurance of accidental death, the risk sum insured is lower than EUR 50,000 and represents 99.3% of the respective portfolio. Both sums insured represent the stipulated retention in line with the reinsurance agreement for most insurance policies.

4.2.2. Geographic and sector concentration

The Triglav Group is active mostly in the territory of the Republic of Slovenia and the countries of the former Yugoslavia, with limited operations in the Czech Republic. The table below summarises the gross written premium in the countries in which the insurance companies of the Group operate.

COUNTRY	GROSS WRITTEN PREMIUM IN EUR		SHARE IN %	
	2009	2008	2009	2008
Slovenia	845,434,977	845,905,314	82.70	82.24
Croatia	54,514,507	52,317,342	5.33	5.09
Montenegro	34,799,568	37,108,586	3.40	3.61
Czech Republic	26,965,122	28,440,832	2.64	2.77
Bosnia and Herzegovina	20,291,240	21,570,311	1.98	2.10
Serbia	18,904,826	21,002,848	1.85	2.04
The Former Yugoslav Republic of Macedonia	21,349,374	22,176,391	2.09	2.16
TOTAL	1,022,259,614	1,028,521,624	100.00	100.00

Geographical risk concentrations are managed by managing the levels of equity and total premium and through adequate reinsurance schemes.

In terms of business segments, the Group is most active in car insurance, as shown in Chapter 6.20. The Group has considerable underwriting concentrations in supplementary health insurance in the Republic of Slovenia and in the reinsurance of non-life products. The largest business segment is motor vehicle third party liability insurance, where there is no concentration risk. The same characteristic is evident in supplementary health insurance. Potential risk of sector concentration exists in comprehensive motor vehicle insurance. However, this is covered by the catastrophe reinsurance programme, which proved adequate last year. The risk of reinsurance business concentration is managed with adequate retrocession as well as with the geographical diversification of underwritten risks.

4.2.3 Low-frequency high-severity risks

The threat of earthquakes represents the biggest potential risk in the region to the Group's operations. Reinsurance protection against earthquakes and other natural disasters is regulated accordingly. So far, the Triglav Group has not recorded any earthquake of catastrophic extent. The earthquake models available to the Group show that earthquakes with a return period of 1,000 years and an implied 20% margin of error in estimating the amount of potential claims do not represent a bigger threat than the other natural disasters the Group is faced with almost every year.

Another potentially catastrophic loss occurrence could arise from the nuclear threat, which Zavarovalnica Triglav has assumed from the Slovenian Nuclear Pool. Such a loss occurrence is characterised by an extremely low frequency, since no major loss event has been reported in 25 years and the correlation between such a potential loss event and the arising liabilities is low or null.

4.3 RISK RELATED TO CAPITAL OR CAPITAL ADEQUACY AND THE MANAGEMENT OF SUCH RISK

Zavarovalnica Triglav and its subsidiaries in the insurance business have calculated their individual capital adequacy levels in line with national legislation. The amount of required capital, and above all the fluctuation in the level of the capital available to insurance companies, are subject to various factors, mostly the structure and nature of services, the volume of premium, assets and liabilities, as well as the impact of interest rates and capital markets on the changes in the said items. The Group members regularly monitor their capital adequacy, whereby they are required to maintain a surplus of available capital over the capital requirement in order to ensure the coverage of potential losses and their individual operations. Capital surplus offers a considerably higher coverage of losses due to unexpected adverse events, with regard to the past and current developments in the environment of the Group and future expectations. The Group members monitor their planned capital adequacy levels, which enables them to follow the effects of the extended and narrow environment on capital adequacy. Furthermore, this enables optimal distribution of capital both at the level of the Group and in its individual members.

A high, and targeted, level of capital adequacy was further confirmed by Standard & Poor's 'A' Rating 'Stable Outlook' (FSR, ICR). Zavarovalnica Triglav closely follows the planned capital adequacy at the Group level, which enables it to monitor the effects of the extended and narrow environment on capital adequacy and facilitates an optimal distribution of capital both at the level of the Group and in its individual members.

For managing its capital adequacy, Zavarovalnica Triglav may utilise its authorised capital and raise equity up to 15% of share capital, a procedure described in detail in Chapter 6.11.

Zavarovalnica Triglav has to monitor and calculate the capital adequacy of the entire Triglav Group as a conglomerate. One of the purposes of the

capital adequacy of the financial conglomerate is to eliminate double usage of capital across the Group and to incorporate both regulated and non-regulated entities from the banking and capital market sections into the monitoring of capital adequacy. In accordance with the Rules for the Calculation of Supplementary Capital Adequacy Requirements of the Regulated Entities and for the Calculation of Notional Solvency Requirements of the Non-Regulated Entities in a Financial Conglomerate (Official Gazette of the RS, no. 8/2007), requirements are calculated with the following combination of methods: the deduction and aggregation method (for the subsidiaries of Zavarovalnica Triglav) and the accounting consolidation method (Abanka Group). Risk-adjusted capital requirement calculation is used for non-controlled entities in the financial sector.

5. SEGMENT REPORTING

The management monitors the operations of the Group based on the following business segments (non-life insurance, life insurance, health insurance and non-insurance operations) and based on geographical segments (separately for the Slovenian market and foreign markets).

Distribution of income and expenses between the segments

Income

Income from insurance premiums is accounted for separately by insurance group and by insurance class, as well as according to geographical segmentation (separately for Slovenia and other countries)

Investment income is posted separately by insurance group. Within individual insurance classes and types of technical provisions investment income is distributed according to the structure of technical provisions. Investment income from assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions is accounted for separately. The above stated items are also accounted for separately by insurance group.

Other net income from insurance operations is disclosed by insurance group and insurance class, other income from insurance operations and other income is accounted for by insurance group. In order to ensure the appropriate presentation of the insurance-technical result, income from non-insurance operations is disclosed as other income.

All income is also accounted for separately according to geographical segmentation - for Slovenia and other countries.

Expenses

Net claims incurred arising from damages are disclosed separately by insurance group and by insurance class. Direct claim handling costs are posted by insurance class. Part of assessment costs, primarily accounted for by their natural type under operating expenses, is posted by insurance group and insurance class directly and by using a matrix which is the same as that used for distributing other operating expenses.

Changes in insurance technical provisions (provisions for bonuses and discounts and other insurance technical provisions) are accounted for directly by insurance group and by insurance class.

Investment expenses are posted separately by insurance groups. Investment expenses within individual insurance classes and types of insurance technical provisions are distributed according to the same criteria as investment income. Within individual insurance groups expenses from investments are disclosed separately for assets covering non-life insurance provisions, assets covering life insurance provisions and assets other than from insurance technical provisions. The latter are accounted for separately by insurance group as well.

Other net insurance expenses are accounted for separately by insurance group and by insurance class - partly directly and partly by using a matrix. Other expenses from insurance operations and other expenses are posted separately by insurance group. In order to ensure the appropriate presentation of the insurance-technical result, expenses from non-insurance operations are disclosed as other expenses in the income statement. In additional notes these expenses are also disclosed by their nature.

All expenses are also accounted for separately according to geographical segmentation - for Slovenia and for other countries.

Additional disclosures

Depreciation and amortisation charges by business segment are disclosed under operating expenses in Chapter 6.30.

Values of investments in intangible assets, property, plant and equipment and investment property are shown in the table below.

ADDITIONAL DISCLOSURES	IN EUR				
	NON-LIFE	LIFE	HEALTH	NON-INSURANCE	TOTAL
Investments in intangible assets	5,158,853	446,945	201,391	178,164	5,985,353
Investments in PP&E	7,287,712	411,967	45,079	1,015,778	8,760,536
Investments in investment property	529,846	0	0	0	529,846

5.1 BUSINESS SEGMENTS

The balance sheet and income statement by business segment are shown below for the reporting and previous year.

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

- Non-life insurance,
- Life insurance,
- Health insurance and
- Non-insurance operations.

STATEMENT OF COMPREHENSIVE INCOME

		2009				2008			
		NON-LIFE	LIFE	HEALTH	TOTAL	NON-LIFE	LIFE	HEALTH	TOTAL
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	-19,238,865	10,448,031	2,498,492	-6,292,342	-2,769,203	1,681,550	2,097,947	1,010,294
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	-17,464,730	-6,835,582	100,883	-24,199,429	-79,566,305	-10,164,750	27,489	-89,703,566
	1. Net gains/losses from the remeasurement of available-for-sale financial assets	-16,417,654	3,215,264	100,883	-13,101,507	-124,029,279	-39,044,440	27,489	-163,046,229
	2. Gains/losses, recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities, recognised using the equity method	1,947,295	246,002	0	2,193,297	-865,976	29,705	0	-836,271
	3. Liabilities from insurance contracts with discretionary participating feature (shadow accounting)	0	-1,881,684	0	-11,881,684	0	16,108,624	0	16,108,624
	4. Consolidation adjustment	-95,930	-167,873	0	-263,803	-864,392	-283,587	0	-1,147,979
	5. Tax on other comprehensive income	-2,898,442	1,752,710	0	-1,145,732	46,193,342	13,024,947	0	59,218,289
III.	COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX	-36,703,595	3,612,449	2,599,375	-30,491,771	-82,335,508	-8,483,200	2,125,436	-88,693,272
	Controlling interests	-26,869,698	3,557,636	2,594,901	-20,717,160	-84,853,162	-8,627,492	2,123,994	-91,356,661
	Non-controlling interests	-9,833,898	54,813	4,474	-9,774,611	2,517,654	144,292	1,442	2,663,389

CONSOLIDATED BALANCE SHEET BY SEGMENT FOR THE YEAR 2009

31 DECEMBER, 2009	IN EUR						
	NON-LIFE	LIFE	HEALTHCARE	OTHER	TOTAL (BEFORE ELIMINATIONS)	ELIMINATIONS	TOTAL (AFTER ELIMINATIONS)
ASSETS	1,714,797,336	1,278,836,580	19,878,862	160,153,703	3,173,666,481	-307,686,447	2,865,980,034
Intangible assets	51,707,248	1,874,998	723,470	729,383	55,035,099	18,471,243	73,506,342
Property, plant and equipment	97,946,751	10,986,814	2,848,287	21,113,431	132,895,282	0	132,895,282
Non-current assets held for sale	433,831	0	0	1,469,388	1,903,219	0	1,903,219
Deferred tax assets	16,350,439	2,094,704	264,280	1,717,425	20,426,847	0	20,426,847
Investment property	28,051,214	3,284,801	0	39,681,889	71,017,904	10,979,148	81,997,052
Investments in subsidiaries	157,180,753	4,940,861	0	4,355,659	166,477,273	-166,477,273	0
Financial assets in associated companies	104,823,348	46,017,588	0	23,779,397	174,620,333	-52,278,111	122,342,222
Financial assets	909,184,419	1,191,794,060	12,674,263	42,763,059	2,156,415,800	-24,265,944	2,132,149,856
Financial investments:	909,184,419	881,157,961	12,674,263	42,763,059	1,845,779,702	-24,265,944	1,821,513,758
- loans and deposits	262,684,743	148,216,890	5,218,728	5,529,987	421,650,346	-24,265,944	397,384,402
- held to maturity	18,694,937	242,784,686	0	108,286	261,587,909	0	261,587,909
- available for sale	594,599,254	437,244,679	7,455,535	35,827,635	1,075,127,103	0	1,075,127,103
- investments recognised at fair value	33,205,485	52,911,706	0	1,297,152	87,414,343	0	87,414,343
Unit-linked insurance assets		310,636,099	0	0	310,636,098	0	310,636,098
Reinsurers' share of technical provisions	95,506,137	34,942	0	0	95,541,079	-56,833,966	38,707,113
Receivables	231,679,904	13,392,210	3,277,640	8,536,158	256,885,912	-37,098,725	219,787,187
- Receivables from direct insurance operations	128,162,871	986,929	3,092,879	0	132,242,679	-59,782	132,182,897
- Receivables from reinsurance and co-insurance operations	67,554,431	37,058	0	0	67,591,488	-32,917,683	34,673,805
- Current tax receivables	4,133,213	0	0	37,322	4,170,535	0	4,170,535
- Other receivables	31,829,390	12,368,223	184,761	8,498,836	52,881,210	-4,121,260	48,759,950
Other assets	6,566,055	280,550	80,451	5,076,712	12,003,768	-182,819	11,820,949
Cash and cash equivalents	15,367,237	4,135,055	10,471	10,931,202	30,443,965	0	30,443,965
EQUITY AND LIABILITIES	1,714,797,336	1,278,836,580	19,878,862	160,153,703	3,173,666,481	-307,686,447	2,865,980,034
Equity	460,050,498	104,929,537	7,079,619	84,730,960	656,790,614	-179,002,923	477,787,691
Controlling interests	460,050,498	104,929,537	7,079,619	84,456,663	656,516,317	-206,606,290	449,910,027
- share capital	84,739,506	14,340,071	25,822,144	48,280,686	173,182,407	-149,481,016	23,701,391
- share premium	44,262,729	13,067,907	0	10,312,268	67,642,904	-13,750,368	53,892,536
- reserves from profit	55,992,557	2,774,568	0	2,901,227	61,668,352	-7,488,162	54,180,190
- fair value reserve	85,962,330	30,238,363	70,585	9,634,475	125,905,753	-71,535,512	54,370,241
- net profit/loss brought forward	213,100,709	37,130,392	-18,813,110	18,961,760	250,379,751	20,706,746	271,086,497
- net profit/loss for the year	-23,081,949	7,745,263	0	-5,467,261	-20,803,947	14,942,022	-5,861,925
- consolidation adjustment	-925,384	-367,027	0	-166,492	-1,458,903	0	-1,458,903
Non-controlling interests	0	0	0	274,297	274,297	27,603,367	27,877,664
Subordinated liabilities	31,770,410	17,349,316	0	0	49,119,726	-5,877,635	43,242,091
Insurance technical provisions	1,077,333,581	817,348,165	6,608,191	0	1,901,289,937	-49,349,555	1,851,940,382
- unearned premium	313,255,223	747,123	1,912,580	0	315,914,926	-14,647,656	301,267,270
- mathematical provisions	0	794,828,056	0	0	794,828,056	0	794,828,056
- claims provisions	723,485,879	21,713,631	4,412,637	0	749,612,147	-38,382,451	711,229,696
- other insurance technical provisions	40,592,479	59,355	282,974	0	40,934,808	3,680,552	44,615,360
Insurance technical provisions for unit-linked insurance contracts	0	309,823,680	0	0	309,823,680	0	309,823,680
Employee benefits	5,680,826	1,158,422	144,792	668,793	7,652,833	0	7,652,833
Other provisions	15,350,291	36,424	0	0	15,386,715	0	15,386,715
Deferred tax liabilities	21,168,957	7,682,275	0	5,182,980	34,034,212	-17,650,397	16,383,815
Other financial liabilities	8,917,058	4,053,384	1,537,175	45,938,745	60,446,362	-16,387,625	44,058,737
Operating liabilities	68,569,112	2,435,283	1,725,426	180,366	72,910,187	-33,249,104	39,661,083
- liabilities from direct insurance operations	10,640,399	2,398,988	1,725,426	0	14,764,813	-87,271	14,677,542
- liabilities from co-insurance and reinsurance operations	57,719,085	6,896	0	0	57,725,981	-33,161,833	24,564,148
- current tax liabilities	209,628	29,399	0	180,366	419,393	0	419,393
Other liabilities	25,956,603	14,020,094	2,783,659	23,451,859	66,212,215	-6,169,208	60,043,007

CONSOLIDATED BALANCE SHEET BY SEGMENT FOR THE YEAR 2008

31 DECEMBER, 2008	IN EUR						
	NON-LIFE	LIFE	HEALTHCARE	OTHER	TOTAL (BEFORE ELIMINATIONS)	ELIMINATIONS	TOTAL (AFTER ELIMINATIONS)
ASSETS	1,725,962,566	1,084,492,923	17,638,236	192,224,440	3,020,318,165	-316,945,833	2,703,372,332
Intangible assets	45,001,110	2,002,687	753,206	665,049	48,422,052	36,033,447	84,455,499
Property, plant and equipment	96,667,483	14,534,129	2,973,351	18,409,604	132,584,566	-1	132,584,565
Non-current assets held for sale	413,379	0	0	1,195,846	1,609,225	0	1,609,225
Deferred tax assets	14,878,415	3,046,887	202,621	2,993,938	21,121,861	0	21,121,861
Investment property	29,056,280	2,060,041	0	40,761,965	71,878,286	8,191,659	80,069,945
Financial assets in associated companies	267,046,957	34,179,930	80,641	50,364,665	351,672,193	-252,341,332	99,330,861
Financial assets	869,286,704	1,023,425,000	10,594,172	50,606,753	1,953,912,629	9,405,473	1,963,318,101
Financial investments:	869,286,704	802,565,593	10,594,172	50,606,753	1,733,053,222	9,405,473	1,742,458,694
- loans and deposits	212,019,483	123,317,162	3,325,344	8,307,790	346,969,779	-15,260,669	331,709,110
- held to maturity	9,816,021	233,628,546	0	0	243,444,567	0	243,444,567
- available for sale	605,521,880	406,094,378	7,268,828	36,186,906	1,055,071,991	23,787,645	1,078,859,635
- recognised at fair value	41,929,323	39,525,506	0	6,112,057	87,566,886	878,497	88,445,381
Unit-linked insurance assets	0	220,859,408	0	0	220,859,408	0	220,859,408
Reinsurers' share of technical provisions	106,757,258	47,351	0	0	106,804,609	-63,844,423	42,960,186
Receivables	269,709,521	3,905,411	2,840,557	10,062,048	286,517,536	-54,291,203	232,226,333
- Receivables from direct insurance operations	121,152,401	1,014,306	2,743,044	0	124,909,751	4,862,003	129,771,754
- Receivables from reinsurance and co-insurance operations	87,996,447	11,500	0	0	88,007,947	-47,839,469	40,168,478
- Current tax receivables	1,053,577	0	0	988,036	2,041,613	0	2,041,613
- Other receivables	59,507,095	2,879,605	97,513	9,074,011	71,558,225	-11,313,737	60,244,488
Other assets	6,292,926	217,979	152,464	6,614,620	13,277,989	-99,451	13,178,538
Cash and cash equivalents	20,852,532	1,073,507	41,225	10,549,953	32,517,218	0	32,517,218
EQUITY AND LIABILITIES	1,725,962,566	1,084,492,923	17,638,236	192,224,440	3,020,318,165	-316,945,833	2,703,372,332
Equity	476,542,305	99,035,079	6,166,524	118,678,603	700,422,512	-227,196,231	473,226,281
- share capital	73,365,041	14,340,071	25,822,144	71,044,463	184,571,719	-160,870,328	23,701,391
- share premium	43,581,019	13,067,907	0	10,266,216	66,915,142	-13,502,257	53,412,885
- reserves from profit	53,094,434	2,403,818	0	2,536,280	58,034,532	-6,484,921	51,549,611
- fair value reserve	85,424,623	31,268,605	-30,298	38,910,154	155,573,083	-85,562,277	70,010,806
- net profit/loss brought forward	213,007,220	37,703,268	-19,895,979	9,987,393	240,801,902	35,705,256	276,507,158
- net profit/loss for the year	8,836,205	517,250	270,658	-13,902,260	-4,278,147	3,517,674	-760,473
- consolidation adjustment	-766,237	-265,840	0	-163,643	-1,195,720	622	-1,195,098
Non-controlling interests	-1,450,690	0	0	147,206	-1,303,484	45,006,804	43,703,320
Subordinated liabilities	22,000,000	8,000,000	0	0	30,000,000	0	30,000,000
Insurance technical provisions	1,032,307,567	715,694,127	7,176,273	0	1,755,177,967	-56,360,010	1,698,817,957
- unearned premium	306,490,253	1,086,247	1,818,346	0	309,394,845	-15,393,463	294,001,382
- mathematical provisions	0	693,740,017	0	0	693,740,017	0	693,740,017
- claims provisions	688,252,454	20,867,863	5,271,661	0	714,391,978	-40,966,546	673,425,432
- other insurance technical provisions	37,564,860	0	86,267	0	37,651,127	-1	37,651,126
Insurance technical provisions for unit-linked insurance contracts	0	219,666,880	0	0	219,666,880	0	219,666,880
Other provisions	5,504,907	1,048,055	123,386	595,634	7,271,982	0	7,271,982
Deferred tax liabilities	21,373,298	8,085,104	0	4,924,325	34,382,728	-19,085,159	15,297,569
Other financial liabilities	44,008,609	1,948,564	1,352,936	44,248,344	91,558,452	-15,217,063	76,341,389
Operating liabilities	89,374,653	4,167,257	543,162	29,623	94,114,695	-47,961,863	46,152,832
- liabilities from direct insurance operations	12,471,479	4,156,167	543,162	1,596	17,172,404	-167,935	17,004,469
- liabilities from reinsurance and co-insurance operations	66,789,265	11,090	0	0	66,800,354	-47,793,927	19,006,427
- current tax liabilities	10,113,909	0	0	28,027	10,141,936	0	10,141,936
Other liabilities	36,301,916	26,847,857	2,275,955	23,600,705	89,026,433	3,867,690	92,894,123

CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE YEAR 2009

	IN EUR				
	2009				
	TOTAL	NON-LIFE	LIFE	HEALTHCARE	OTHER
NET PREMIUM INCOME	946,344,123	653,242,854	226,076,343	67,024,926	0
- gross written premium	1,022,259,614	729,396,349	225,744,430	67,118,835	0
- ceded written premium	-71,334,542	-71,327,646	-6,896	0	0
- change in unearned premiums	-4,580,949	-4,825,849	338,809	-93,909	0
TOTAL INCOME FROM FINANCIAL ASSETS	204,441,102	75,374,835	116,380,150	479,108	12,207,009
INCOME FROM FINANCIAL ASSETS IN ASSOCIATED COMPANIES	18,612,653	6,663,415	3,409,750	50,826	8,488,662
- profit on equity investments accounted for using the equity method	12,388,038	5,789,630	2,160,491	0	4,437,917
- other income from financial assets in associated companies	6,224,615	873,785	1,249,259	50,826	4,050,745
INCOME FROM OTHER FINANCIAL ASSETS	131,952,367	68,711,420	59,094,318	428,282	3,718,347
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	53,876,082	0	53,876,082	0	0
OTHER INCOME FROM INSURANCE OPERATIONS	27,449,020	7,634,264	19,787,756	27,000	0
- financial income	20,830,183	2,100,547	18,729,636	0	0
- other income from insurance operations	6,618,837	5,533,717	1,058,120	27,000	0
OTHER INCOME	56,613,838	9,532,865	285,348	231,330	46,564,295
NET CLAIMS INCURRED	610,884,699	475,136,980	81,515,631	54,232,088	0
- gross claims settled	597,203,374	465,894,684	80,666,500	50,642,190	0
- reinsurers' and co-insurers' share	-37,994,709	-37,994,710	0	0	0
- changes in claims provisions	47,165,611	47,237,006	849,130	-920,525	0
- equalisation scheme expenses for supplementary health insurance	4,510,423	0	0	4,510,423	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	92,004,461	2,722,932	89,084,822	196,707	0
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	90,122,332	0	90,122,332	0	0
EXPENSES FOR BONUSES AND DISCOUNTS	12,066,727	12,066,727	0	0	0
OPERATING EXPENSES	207,752,004	162,514,887	35,918,626	9,318,491	0
- acquisition costs	134,822,095	112,270,886	21,180,796	1,370,413	0
- other operating costs	72,929,909	50,244,001	14,737,830	7,948,078	0
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	83,496,380	36,703,981	32,647,868	19,072	14,125,459
OTHER EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	8,787,215	3,066,203	98,285	1,501	5,621,226
- loss on investments accounted for using the equity method	6,354,300	4,613,526	8,052	0	1,732,722
- other expenses from financial assets and liabilities in associates	2,432,915	-1,547,323	90,233	1,501	3,888,504
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	57,267,023	42,133,157	15,116,295	17,571	0
- permanent impairments	14,415,580	13,205,854	1,184,395	0	25,331
- other expenses from financial assets and liabilities	42,851,443	20,431,924	13,923,046	17,571	8,478,902
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	17,442,142	0	17,442,142	0	0
OTHER INSURANCE EXPENSES	60,486,014	38,985,907	19,932,956	1,567,151	0
OTHER EXPENSES	75,954,246	25,924,081	605,992	23,969	49,400,204
NET PROFIT/LOSS BEFORE TAX	2,081,220	-8,270,677	12,701,370	2,404,886	-4,754,359
Income tax expense	8,373,562	4,801,133	2,048,408	-93,606	1,617,627
NET PROFIT/LOSS	-6,292,342	-13,071,810	10,652,962	2,498,492	-6,371,986

CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE YEAR 2008

	IN EUR				
	2008				
	TOTAL	NON-LIFE	LIFE	HEALTHCARE	OTHER
NET PREMIUM INCOME	943,629,834	637,695,231	246,825,602	59,109,001	0
- gross written premium	1,028,521,624	722,518,823	246,715,647	59,287,154	0
- ceded written premium	-64,515,171	-64,502,999	-12,172	0	0
- change in unearned premiums	-20,376,619	-20,320,593	122,127	-178,153	0
TOTAL INCOME FROM FINANCIAL ASSETS	145,660,837	81,752,595	59,743,944	496,529	3,667,768
INCOME FROM FINANCIAL ASSETS IN ASSOCIATED COMPANIES	14,552,550	10,300,334	2,100,080	114,687	2,037,449
- profit on equity investments accounted for using the equity method	8,323,853	5,244,635	1,419,315		1,659,903
- other income from financial assets in associated companies	6,228,697	5,055,699	680,765	114,687	377,546
INCOME FROM OTHER FINANCIAL ASSETS	115,263,319	71,452,261	41,798,896	381,842	1,630,319
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	15,844,968	0	15,844,968	0	0
OTHER INCOME FROM INSURANCE OPERATIONS	42,863,819	11,180,195	22,228,626	6,936	9,448,062
- financial income	35,562,402	5,118,387	20,995,953	0	9,448,062
- other income from insurance operations	7,301,417	6,061,807	1,232,673	6,936	0
OTHER INCOME	60,341,174	7,738,667	1,834,716	57,312	50,710,479
NET CLAIMS INCURRED	586,307,590	456,662,598	81,030,677	48,614,315	0
- gross claims settled	596,532,261	472,428,508	79,937,181	44,166,572	0
- reinsurers' and co-insurers' share	-55,658,365	-55,658,365	0	0	0
- changes in claims provisions	42,147,926	39,892,455	1,093,496	1,161,975	0
- equalisation scheme expenses for supplementary health insurance	3,285,768	0	0	3,285,768	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	73,434,623	4,006,525	69,391,746	36,352	0
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-49,058,086	0	-49,058,086	0	0
EXPENSES FOR BONUSES AND DISCOUNTS	12,388,561	12,388,561	0	0	0
OPERATING EXPENSES	207,932,393	157,136,618	42,144,526	8,651,249	0
- acquisition costs	134,117,000	105,964,660	27,435,892	716,448	0
- other operating costs	73,815,393	51,171,958	14,708,634	7,934,801	0
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	239,338,408	61,368,094	161,077,643	24,035	16,868,636
OTHER EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	7,359	0	0	7,359	0
- loss on investments accounted for using the equity method	7,359	0	0	7,359	0
- other expenses from financial assets and liabilities in associates	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	110,297,056	61,368,094	32,043,650	16,676	16,868,636
- permanent impairments	35,662,495	20,786,815	10,489,482	0	4,386,198
- other expenses from financial assets and liabilities	74,634,561	40,581,279	21,554,168	16,676	12,482,438
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	129,033,993	0	129,033,993	0	0
OTHER INSURANCE EXPENSES	52,953,040	29,984,729	22,691,542	276,769	0
OTHER EXPENSES	67,402,420	2,517,734	1,778,941	39,229	63,066,516
NET PROFIT/LOSS BEFORE TAX	1,796,715	14,301,829	1,575,900	2,027,829	-16,108,843
Income tax expense	786,421	1,807,377	-565,821	-70,118	-385,017
NET PROFIT/LOSS	-1,010,294	12,494,452	2,141,721	2,097,947	-15,723,826

5.2 REPORTING BY GEOGRAPHICAL AREA

CONSOLIDATED BALANCE SHEET BY GEOGRAPHICAL AREA FOR THE YEAR 2009

31 DECEMBER, 2009						IN EUR
	SLOVENIA	ABROAD	TOTAL (BEFORE ELIMINATIONS)	ELIMINATIONS	TOTAL (AFTER ELIMINATIONS)	
ASSETS	2,852,716,202	320,950,279	3,173,666,481	-307,686,447	2,865,980,034	
Intangible assets	45,769,747	9,265,352	55,035,099	18,471,243	73,506,342	
Property, plant and equipment	91,344,101	41,551,183	132,895,282	0	132,895,282	
Non-current assets held for sale	1,469,388	433,831	1,903,219	0	1,903,219	
Deferred tax assets	18,692,243	1,734,605	20,426,847	0	20,426,847	
Investment property	57,866,821	13,151,082	71,017,904	10,979,148	81,997,052	
Investments in subsidiaries	166,372,312	104,962	166,477,273	-166,477,273	0	
Financial assets in associated companies	172,751,508	1,868,820	174,620,333	-52,278,111	122,342,222	
Financial assets	1,995,469,552	160,946,250	2,156,415,800	-24,265,944	2,132,149,856	
Financial investments:	1,689,893,477	155,886,225	1,845,779,702	-24,265,944	1,821,513,758	
- loans and deposits	342,927,597	78,722,751	421,650,346	-24,265,944	397,384,402	
- held to maturity	228,336,499	33,251,410	261,587,909	0	261,587,909	
- available for sale	1,041,769,231	33,357,871	1,075,127,103	0	1,075,127,103	
- investments recognised at fair value	76,860,150	10,554,193	87,414,343	0	87,414,343	
Unit-linked insurance assets	305,576,075	5,060,025	310,636,098	0	310,636,098	
Reinsurers' share of technical provisions	80,890,540	14,650,539	95,541,079	-56,833,966	38,707,113	
Receivables	201,179,966	55,705,947	256,885,912	-37,098,725	219,787,187	
- receivables from direct insurance operations	87,303,346	44,939,333	132,242,679	-59,782	132,182,897	
- receivables from reinsurance and co-insurance operations	64,476,018	3,115,471	67,591,488	-32,917,683	34,673,805	
- current tax receivables	4,161,640	8,895	4,170,535	0	4,170,535	
- other receivables	45,238,962	7,642,248	52,881,210	-4,121,260	48,759,950	
Other assets	7,155,588	4,848,179	12,003,768	-182,819	11,820,949	
Cash and cash equivalents	13,754,436	16,689,529	30,443,965	0	30,443,965	
EQUITY AND LIABILITIES	2,852,716,202	320,950,279	3,173,666,481	-307,686,447	2,865,980,034	
Equity	596,990,937	59,799,673	656,790,614	-179,002,923	477,787,691	
Controlling interests	596,990,937	59,525,376	656,516,317	-206,606,290	449,910,027	
- share capital	98,234,278	74,948,128	173,182,407	-149,481,016	23,701,391	
- share premium	60,583,668	7,059,236	67,642,904	-13,750,368	53,892,536	
- reserves from profit	40,486,398	21,181,954	61,668,352	-7,488,162	54,180,190	
- fair value reserve	124,318,461	1,587,291	125,905,753	-71,535,512	54,370,241	
- net profit/loss brought forward	271,519,457	-21,139,707	250,379,751	20,706,746	271,086,497	
- net profit/loss for the year	1,784,838	-22,588,786	-20,803,947	14,942,022	-5,861,925	
- consolidation adjustment	63,837	-1,522,740	-1,458,903	0	-1,458,903	
Non-controlling interests	0	274,297	274,297	27,603,367	27,877,664	
Subordinated liabilities	43,242,091	5,877,635	49,119,726	-5,877,635	43,242,091	
Insurance technical provisions	1,690,227,068	211,062,870	1,901,289,937	-49,349,555	1,851,940,382	
- unearned premiums	249,873,179	66,041,748	315,914,926	-14,647,656	301,267,270	
- mathematical provisions	762,505,208	32,322,847	794,828,056	0	794,828,056	
- claims provisions	639,181,691	110,430,457	749,612,147	-38,382,451	711,229,696	
- other insurance technical provisions	38,666,990	2,267,818	40,934,808	3,680,552	44,615,360	
Insurance technical provisions for unit-linked insurance contracts	304,621,161	5,202,519	309,823,680	0	309,823,680	
Provisions for employee benefits	5,371,522	2,281,312	7,652,833	0	7,652,833	
Other provisions	9,712,339	5,674,376	15,386,715	0	15,386,715	
Deferred tax liabilities	33,836,328	197,884	34,034,212	-17,650,397	16,383,815	
Other financial liabilities	51,276,634	9,169,729	60,446,362	-16,387,625	44,058,737	
Operating liabilities	64,539,945	8,370,242	72,910,187	-33,249,104	39,661,083	
- liabilities from direct insurance operations	10,038,649	4,726,164	14,764,813	-87,271	14,677,542	
- liabilities from reinsurance and co-insurance operations	54,353,985	3,371,996	57,725,981	-33,161,833	24,564,148	
- current tax liabilities	147,311	272,082	419,393	0	419,393	
Other liabilities	52,898,177	13,314,039	66,212,215	-6,169,208	60,043,007	

CONSOLIDATED BALANCE SHEET BY GEOGRAPHICAL AREA FOR THE YEAR 2008

31 DECEMBER, 2008	IN EUR				
	SLOVENIA	OTHER	TOTAL (BEFORE ELIMINATIONS)	ELIMINATIONS	TOTAL (AFTER ELIMINATIONS)
ASSETS	2,716,987,916	303,330,250	3,020,318,165	-316,945,833	2,703,372,332
Intangible assets	41,424,155	6,997,897	48,422,052	36,033,447	84,455,499
Property, plant and equipment	94,282,437	38,302,127	132,584,566	-1	132,584,565
Non-current assets held for sale	1,195,846	413,379	1,609,225	0	1,609,225
Deferred tax assets	19,771,883	1,349,978	21,121,861	0	21,121,861
Investment property	59,062,158	12,816,130	71,878,286	8,191,659	80,069,945
Financial assets in associated companies	347,959,069	3,713,124	351,672,193	-252,341,332	99,330,861
Financial assets	1,804,384,272	149,528,357	1,953,912,629	9,405,473	1,963,318,101
Financial investments:	1,586,267,706	146,785,516	1,733,053,222	9,405,473	1,742,458,694
- loans and deposits	265,260,782	81,708,997	346,969,779	-15,260,669	331,709,110
- held to maturity	220,463,558	22,981,009	243,444,567	0	243,444,567
- available for sale	1,021,752,374	33,319,617	1,055,071,991	23,787,645	1,078,859,635
- investments recognised at fair value	78,790,992	8,775,893	87,566,886	878,497	88,445,381
Unit-linked insurance assets	218,116,567	2,742,841	220,859,408	0	220,859,408
Reinsurers' share of technical provisions	92,581,682	14,222,926	106,804,609	-63,844,423	42,960,186
Receivables	236,317,643	50,199,894	286,517,536	-54,291,203	232,226,333
- receivables from direct insurance operations	90,337,540	34,572,211	124,909,751	4,862,003	129,771,754
- receivables from reinsurance and co-insurance operations	85,784,733	2,223,215	88,007,947	-47,839,469	40,168,478
- current tax receivables	1,070,540	971,073	2,041,613	0	2,041,613
- other receivables	59,124,830	12,433,395	71,558,225	-11,313,737	60,244,488
Other assets	8,554,530	4,723,460	13,277,989	-99,451	13,178,538
Cash and cash equivalents	11,454,241	21,062,977	32,517,218	0	32,517,218
EQUITY AND LIABILITIES	2,716,987,916	303,330,250	3,020,318,165	-316,945,833	2,703,372,332
Equity	623,788,381	76,634,131	700,422,512	-227,196,231	473,226,281
- share capital	121,475,687	63,096,032	184,571,719	-160,870,328	23,701,391
- share premium	60,583,668	6,331,474	66,915,142	-13,502,257	53,412,885
- reserves from profit	39,350,021	18,684,512	58,034,532	-6,484,921	51,549,611
- fair value reserve	152,293,178	3,279,906	155,573,083	-85,562,277	70,010,806
- net profit/loss brought forward	247,661,208	-6,859,307	240,801,902	35,705,256	276,507,158
- net profit/loss for the year	2,424,619	-6,702,766	-4,278,147	3,517,674	-760,473
- consolidation adjustment	0	-1,195,720	-1,195,720	622	-1,195,098
Non-controlling interests	147,206	-1,450,690	-1,303,484	45,006,804	43,703,320
Subordinated liabilities	30,000,000	0	30,000,000	0	30,000,000
Insurance technical provisions	1,567,964,107	187,213,860	1,755,177,967	-56,360,010	1,698,817,957
- unearned premiums	244,212,746	65,182,100	309,394,845	-15,393,463	294,001,382
- mathematical provisions	666,798,518	26,941,499	693,740,017	0	693,740,017
- claims provisions	622,624,621	91,767,356	714,391,978	-40,966,546	673,425,432
- other insurance technical provisions	34,328,222	3,322,904	37,651,127	-1	37,651,126
Insurance technical provisions for unit-linked insurance contracts	216,770,737	2,896,144	219,666,880	0	219,666,880
Other provisions	4,960,643	2,311,339	7,271,982	0	7,271,982
Deferred tax liabilities	33,824,639	558,089	34,382,728	-19,085,159	15,297,569
Other financial liabilities	82,475,443	9,083,008	91,558,452	-15,217,063	76,341,389
Operating liabilities	80,016,174	14,098,525	94,114,695	-47,961,863	46,152,832
- liabilities from direct insurance operations	9,259,521	7,912,885	17,172,404	-167,935	17,004,469
- liabilities from reinsurance and co-insurance operations	62,636,689	4,163,668	66,800,354	-47,793,927	19,006,427
- current tax liabilities	8,119,964	2,021,972	10,141,936	0	10,141,936
Other liabilities	77,040,584	11,985,846	89,026,433	3,867,690	92,894,123

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA FOR THE YEAR 2009 AND 2008

	IN EUR					
	2009			2008		
	TOTAL	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER
NET PREMIUM INCOME	946,344,123	784,278,431	162,065,692	943,629,835	793,342,018	150,287,817
- gross written premium	1,022,259,614	845,434,977	176,824,637	1,028,521,624	845,905,314	182,616,310
- ceded written premium	-71,334,542	-58,059,162	-13,275,380	-64,515,171	-36,519,629	-27,995,542
- change in unearned premiums	-4,580,949	-3,097,384	-1,483,565	-20,376,618	-16,043,667	-4,332,951
INCOME FROM FINANCIAL ASSETS	204,441,102	189,575,587	14,865,515	145,660,834	132,953,993	12,706,841
INCOME FROM FINANCIAL ASSETS IN ASSOCIATED COMPANIES	18,612,653	18,542,283	70,370	14,552,550	13,363,712	1,188,838
- profit on equity investments accounted for using the equity method	12,388,038	12,317,668	70,370	8,323,853	7,757,435	566,418
- other income from financial assets in associated companies	6,224,615	6,224,615	0	6,228,697	5,606,277	622,420
INCOME FROM OTHER FINANCIAL ASSETS	131,952,367	117,774,840	14,177,527	115,263,316	103,745,313	11,518,003
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	53,876,082	53,258,463	617,619	15,844,968	15,844,968	0
OTHER INCOME FROM INSURANCE OPERATIONS	27,449,020	23,342,750	4,106,270	42,863,819	35,376,426	7,487,393
- financial income	20,830,183	19,135,664	1,694,519	35,562,402	30,887,270	4,675,132
- other income from insurance operations	6,618,837	4,207,086	2,411,751	7,301,417	4,489,156	2,812,261
OTHER INCOME	56,613,838	49,449,249	7,164,589	60,341,175	57,448,516	2,892,659
NET CLAIMS INCURRED	610,884,699	502,290,292	108,594,407	586,307,589	498,288,848	88,018,741
- gross claims settled	597,203,374	503,649,455	93,553,919	596,532,260	508,749,099	87,783,161
- reinsurers' share	-37,994,709	-34,995,561	-2,999,148	-55,658,365	-45,430,765	-10,227,600
- changes in claims provisions	47,165,611	29,125,974	18,039,637	42,147,926	31,684,746	10,463,180
- equalisation scheme expenses for supplementary health insurance	4,510,423	4,510,423	0	3,285,768	3,285,768	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	92,004,461	87,053,038	4,951,423	73,434,625	68,954,543	4,480,082
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	90,122,332	87,850,424	2,271,908	-49,058,086	-49,173,502	115,416
EXPENSES FOR BONUSES AND DISCOUNTS	12,066,727	11,781,807	284,920	12,388,561	12,083,018	305,543
OPERATING EXPENSES	207,752,004	150,514,949	57,237,055	207,932,393	152,540,515	55,391,878
- costs of insurance contract acquisition	134,822,095	99,421,431	35,400,664	134,215,791	101,784,434	32,431,357
- other operating costs	72,929,909	51,093,518	21,836,391	73,716,602	50,756,081	22,960,521
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	83,496,380	72,119,469	11,376,911	239,338,408	227,943,261	11,395,147
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	8,787,215	6,480,300	2,306,915	7,359	7,359	0
- loss on investments accounted for using the equity method	6,354,300	6,351,261	3,039	7,359	7,359	0
- other expenses from financial assets and liabilities in associates	2,432,915	2,432,915	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	57,267,023	46,192,503	11,074,520	110,297,056	98,901,909	11,395,147
- impairment of financial assets other than recognised at fair value through profit and loss	14,415,580	11,184,072	3,231,508	35,662,495	35,578,699	83,796
- other expenses from financial assets and liabilities	42,851,443	35,008,432	7,843,011	74,634,561	63,323,210	11,311,351
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	17,442,142	17,142,789	299,353	129,033,993	129,033,993	0
OTHER INSURANCE EXPENSES	60,486,014	46,172,711	14,313,303	52,953,039	39,082,631	13,870,408
OTHER EXPENSES	75,954,246	68,233,397	7,720,849	67,402,420	62,419,971	4,982,449
NET PROFIT/ LOSS BEFORE TAX	2,081,220	14,364,580	-12,283,360	1,796,714	6,981,667	-5,184,954
Income tax expense	8,373,562	8,448,276	-74,714	786,418	602,169	184,249
NET LOSS FOR THE ACCOUNTING PERIOD	-6,292,342	5,916,304	-12,208,646	1,010,296	6,379,498	-5,369,203

6. NOTES TO FINANCIAL STATEMENTS

6.1 INTANGIBLE ASSETS

INTANGIBLE ASSETS

	IN EUR				
	GOODWILL	CONTRACTUAL RIGHTS AND VALUE OF ACQUIRED OPERATIONS	OTHER INTANGIBLE ASSETS	DEFERRED ACQUISITION COSTS	TOTAL
COST					
As at 1 January, 2008	12,970,635	25,054,033	21,897,571	25,798,247	85,720,486
- acquisition	0	0	5,578,816	8,766,632	14,345,448
- disposal	0	0	-969,370	0	-969,370
- other	0	0	0	-16,138	-245,716
As at 31 December, 2008	12,970,635	25,054,033	26,507,017	34,548,741	99,080,426
- increase	763,796	0	5,985,353	4,638,164	11,387,313
- decrease	0	0	-339,053	-1,682,828	-2,021,881
- impairment	-7,061,775	0	-37,544	0	-7,099,319
- other	0	0	639,584	0	639,584
- exchange rate differences	0	0	-5,650	-10,440	-16,090
As at 31 December, 2009	6,672,656	25,054,033	32,749,707	37,493,637	101,970,033
ACCUMULATED DEPRECIATION					
As at 1 January, 2008	0	0	-9,759,539	0	-9,759,539
- acquisition	0	0	-2,999,845	0	-2,999,845
- disposal	0	0	125,677	0	125,677
- other	0	-1,991,220	0	0	-1,991,220
As at 31 December, 2008	0	-1,991,220	-12,633,707	0	-14,624,927
- amortisation	0	-11,264,116	-2,356,712	0	-13,620,828
- disposal	0	0	251,457	0	251,457
- impairment	0	0	-12,072	0	-12,072
- other changes	0	0	-461,767	0	-461,767
- exchange rate differences	0	0	4,556	0	4,556
As at 31 December, 2009	0	-13,255,336	-15,208,245	0	-28,463,581
CARRYING AMOUNT					
As at 31 December, 2008	12,970,635	23,062,813	13,873,310	34,548,741	84,455,499
As at 31 December, 2009	6,672,656	11,798,587	17,541,462	37,493,637	73,506,342

Other intangible assets are computer software and other licences.

The Group did not pledge any intangible assets as collateral. As at 31 December, 2009, trade payables for intangible assets amounted to EUR 1,808,063 (vs. EUR 51,219 as at 31 December, 2008).

The depreciation charge for the current year is disclosed in several items of the income statement. For details see expenses by nature and function in Chapter 6.30.

As at 31 December, 2009, intangible assets with an indefinite useful life amounted to EUR 9,368 EUR (as at 31 December, 2008: EUR 47,263), representing a licence issued for an indefinite period.

The Group has no individual intangible assets of material value to the consolidated financial statements.

GOODWILL

GOODWILL DUE TO	YEAR OF OCCURRENCE	RECOGNISED GOODWILL	GOODWILL IMPAIRMENT	IN EUR
				AS AT 31 DECEMBER, 2009
- Takeover of Triglav Kopaonik, a.d.o.	2006	10,937,681	-5,288,002	5,649,679
- Takeover of Triglav Krajine Kopaonik, a.d.	2007	1,773,772	-1,773,772	0
- Additional acquisition of equity shares - TRI-PRO, d.o.o.		112,759	0	112,759
- Additional acquisition of equity shares - Golf Arboretum, d.o.o.		146,422	0	146,422
- Additional acquisition of equity shares - Lovćen Osiguranje, a.d.	2009	763,796	0	763,796
TOTAL GOODWILL AS AT 31 DECEMBER, 2009		13,734,430	-7,061,774	6,672,656

In 2009, Zavarovalnica Triglav as the parent company acquired 41.14% of the non-controlling interest in Lovćen Osiguranje a.d. from Montenegro. Before this purchase the parent company owned directly 48.25% and indirectly 2.44% through its subsidiary, SPCP, družba za poslovanje z nepremičninami d.d. Therefore, Lovćen Osiguranje was treated as a subsidiary and fully consolidated before the said purchase of the non-controlling interest.

For the purchase of 41.14% of the non-controlling interest the parent company paid EUR 5,999,832. The value of consideration was calculated based on the proportionate share in net assets. Due to the excess of the value of consideration over the proportionate share in net assets, goodwill was finally recognised as shown below:

	IN EUR
Purchase price for the non-controlling interest of 41.14%	5,999,832
Carrying value of the proportionate share in net assets	5,236,037
Goodwill	763,795

The goodwill of the above stated items was tested as at 31 December, 2009. The recoverable amount was set on the basis of value in use, where individual subsidiaries represented cash-generating units. It was calculated that goodwill impairment is required for certain items. Total goodwill impairment of EUR 7 million is disclosed under other expenses (see Chapter 6.32).

The goodwill of the companies Triglav Kopaonik Osiguranje, Lovćen Osiguranje and Triglav Krajina Kopaonik was tested using the method of discounted cash flow and applying a projection until 2026. The estimate and extrapolation at falling growth rates were based on the available management plans. The methodology remained unchanged from previous years. The updated IMF estimations of the economic environment in which the insurers operate were taken into account. For this purpose it was assumed that the insurance market would approach the proportions of developed insurance markets with stabilisation of growth by the end of the projected period. Consequently, the utilised discount rates are also expected to adapt to the convergence of economic development and were applied as follows:

- Triglav Kopaonik Osiguranje: a fall from 19.09% in 2010 to 14.22% in 2026;
- Lovćen Osiguranje: a fall from 19.07% in 2010 to 15.09% in 2026;
- Triglav Krajina Kopaonik: a fall from 22.47% in 2010 to 15.12% in 2026.

In the case of all the said companies a constant 4% growth rate was applied to an indefinite period.

The sensitivity analysis of goodwill assets is shown below.

ASSETS SENSITIVITY

		ASSETS SENSITIVITY						IN EUR
	ASSET VALUE	COST OF CAPITAL DETAILED IN PROJECTED PERIOD		COST OF CAPITAL INDEFINITE VALUE		CASH FLOW INDEFINITE VALUE GROWTH RATE		
		1%	-1%	1%	-1%	-1%	1%	
Triglav Kopaonik a.d.o.	15,647,077	-1,382,392	1,576,294	-813,758	1,139,261	-860,705	1,204,987	
Lovćen Osiguranje a.d.	12,032,899	-2,885,998	3,406,107	-1,326,930	1,857,701	-1,403,483	1,964,876	
Triglav Krajina Kopaonik a.d.	0	-215,208	243,462	-124,643	174,500	-131,834	184,568	
TOTAL	27,679,976	-4,483,598	5,225,863	-2,265,330	3,171,462	-2,396,022	3,354,431	

Contractual rights and value of acquired operations

The value of contractual rights and the value of acquired operations were decreased in 2009 in proportion to the decrease of insurance liabilities related to those assets. Based on the settlement of claims in 2009 (for the claims recognised as reserves as at the purchase date) the value of contractual rights and the value of acquired operations decreased by 48.8%.

6.2 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

					IN EUR
	LAND	BUILDINGS	EQUIPMENT		TOTAL
COST					
As at 1 January, 2008	19,307,494	116,397,250	64,056,547		199,761,291
- acquisition	3,672,687	1,968,682	10,997,276		16,638,645
- disposal	-3,440,930	-2,466,502	-5,547,483		-11,454,915
As at 31 December, 2008	19,539,251	115,899,430	69,506,340		204,945,021
- acquisition	1,649,248	1,803,243	5,308,045		8,760,536
- disposal	-846,786	-140,301	-2,734,511		-3,721,598
- other changes	-151,787	4,014,962	1,197,677		5,060,851
- exchange rate differences	9,472	-71,449	-66,792		-128,769
As at 31 December, 2009	20,199,397	121,505,885	73,210,759		214,916,041
ACCUMULATED DEPRECIATION					
As at 1 January, 2008	0	-18,899,483	-45,898,213		-64,797,696
- acquisition	0	-1,982,200	-8,300,970		-10,283,170
- disposal	0	101,407	2,447,950		2,549,357
- other changes	0	171,052	0		171,052
As at 31 December, 2008	0	-20,609,224	-51,751,233		-72,360,457
- depreciation charge for the current year	0	-2,370,773	-7,213,052		-9,583,824
- disposal	0	48,166	2,133,601		2,181,767
- value adjustment decrease	0	146,208	2,120		148,328
- other changes	0	-1,995,473	-461,332		-2,456,805
- exchange rate differences	0	6,157	44,076		50,233
As at 31 December, 2009	0	-24,774,939	-57,245,819		-82,020,758
CARRYING AMOUNT					
As at 31 December, 2008	19,539,251	95,290,206	17,755,107		132,584,564
As at 31 December, 2009	20,199,397	96,730,946	15,964,940		132,895,283

Property, plant and equipment pledged as collateral by the Group as at 31 December, 2009 totalled EUR 12,519,884 (vs. EUR 7,894,140 as at 31 December, 2008). The statutory limitation on the Group's property, plant and equipment as at 31 December, 2009 was EUR 13,930,669 (vs. EUR 4,028,068 as at 31 December 2008).

As at 31 December, 2009, trade payables for property, plant and equipment amounted to EUR 826,973 (vs. EUR 1,470,775 as at 31 December, 2008).

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group as described in Chapter 2.27. For details see expenses by nature and function in Chapter 6.30.

As at 31 December, 2009, property, plant and equipment under financial lease totalled EUR 12,572,892 (vs. EUR 12,245,759 as at 31 December, 2008).

6.3 INVESTMENT PROPERTY

INVESTMENT PROPERTY

	IN EUR		
	LAND	BUILDINGS	TOTAL
COST			
As at 1 January, 2008	14,470,680	50,985,443	65,456,123
- acquisition	11,601,754	2,310,974	13,912,728
- disposal	-320,913	-317,036	-637,949
- consolidation adjustment	8,191,661	0	8,191,661
As at 31 December, 2008	33,943,182	52,979,381	86,922,563
- acquisition	0	529,846	529,846
- disposal	-47,210	-35,601	-82,811
- other changes	-250,289	56,566	-193,723
- consolidation adjustment	2,787,489	0	2,787,489
- exchange rate differences	52	-24,694	-24,642
As at 31 December, 2009	36,433,224	53,505,498	89,938,722
ACCUMULATED DEPRECIATION			
As at 1 January, 2008	0	-5,685,629	-5,685,629
- depreciation	0	-1,257,856	-1,257,856
- disposal	0	93,369	93,369
- other changes	0	-2,502	-2,502
As at 31 December, 2008	0	-6,852,618	-6,852,618
- depreciation	0	-1,218,404	-1,218,404
- disposal	0	4,058	4,058
- value adjustment decrease	0	69,541	69,541
- other changes	0	55,150	55,150
- exchange rate differences	0	604	604
As at 31 December, 2009	0	-7,941,670	-7,941,670
CARRYING AMOUNT			
As at 31 December, 2008	33,943,182	46,126,763	80,069,945
As at 31 December, 2009	36,433,224	45,563,828	81,997,052

The Group leases its investment properties, i.e., individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents.

All investment property income relates exclusively to rents and is shown in the income statement under the item "Other income" (see Chapter 6.26). All investment property expenses relate to depreciation and maintenance costs arising from investment property and are shown in the income statement under the item "Other income" (see Chapter 6.32).

Investment property was not impaired in 2009. Fair value is disclosed below:

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Carrying amount	81,997,052	80,069,945
Estimated fair value	143,263,134	149,807,399

6.4 INVESTMENTS IN ASSOCIATED COMPANIES

INVESTMENTS IN ASSOCIATED COMPANIES

	NAME	ADDRESS	TAX RATE (%)	ACTIVITY	SHARE IN CAPITAL (%)		VOTING RIGHTS (%)		VREDNOST NALOŽBE (V EUR)
					2009	2008	2009	2008	
1	Abanka Vipra d.d.	Slovenska cesta 58, 1000 Ljubljana, Slovenia	21	Bank	26.61	25.69	25.69	25.69	64,760,391
2	AVRIGO družba za avtobusni promet in turizem d.d., Nova Gorica	Kidričeva ulica 20, 5000 Nova Gorica, Slovenia	21	Transport	46.51	46.51	46.51	46.51	3,437,393
3	Elan Skupina (Skimar)	Begunje na Gorenjskem 1, 4275 Begunje na Gorenjskem, Slovenia	21	Holding	22.42	22.42	22.42	22.42	1,724,811
4	Goriške opekarne Renče-Bilje	Merljaki 7, 5292 Renče, Slovenia	21	Manufacturing	46.13	46.13	46.13	46.13	1,528,290
5	Info TV d.d., Ljubljana	Stegne 11B, 1000 Ljubljana, Slovenia	21	Radio and television	33.1	31.98	33.1	31.98	0
6	Intercement d.o.o.	Dunajska cesta 63, 1000 Ljubljana, Slovenia	21	Advisory and holding	23.13	23.13	23.13	23.13	29,010,813
7	NAMA trgovsko podjetje d.d., Ljubljana	Tomšičeva ulica 1, 1000 Ljubljana, Slovenia	21	Retail trade	38.86	38.87	38.86	38.87	4,777,106
8	Sarajevostan d.d., Sarajevo	Dolina 8, Sarajevo, Bosna in Hercegovina	10	Real estate	43.78	36.33	43.78	36.33	1,793,663
9	SKUPNA pokojninska družba d.d.	Trg Republike 3, 1000 Ljubljana, Slovenia	21	Pension funds	30.14	30.14	30.14	30.14	4,343,619
10	Stilles d.d.	Savska cesta 13, 8290 Sevnica, Slovenia	21	Manufacturing	35.16	35.16	35.16	35.16	496,310
11	Tehnološki center varne vožnje Vransko	Vransko 66a, 3305 Vransko, Slovenia	21	Research and development	25.01	25.01	25.01	25.01	1,747
12	Triglavko d.o.o.	Ulica XXX. divizije 23, 5000 Nova Gorica, Slovenia	21	Insurance agency	38.47	38.47	38.47	38.47	62,838
13	ZIF Polara Invest Fond a.d., Banja Luka	Veselina Masleše 1, Banja Luka, Republic of Srpska - Bosnia and Herzegovina	10	Investment fund	14.06	14.6	20.09	20.09	2,262,947
14	ZIF Prof Plus	Veselina Masleše 1, Banja Luka, Republic of Srpska - Bosnia and Herzegovina	10	Investment fund	18.58	-	21.97	-	8,070,448
15	Nacionalni biro osiguravača CG	Novaka Miloševa 6, Podgorica, Montenegro	9	Insurance Association	30.61	16.89	30.61	16.89	71,845
TOTAL									122,342,222

INVESTMENTS IN ASSOCIATED COMPANIES

											IN EUR
		ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1	Abanka Vipa d.d.	4,557,476,000	3,883,003,000	4,197,199,000	3,546,247,000	360,277,000	336,756,000	234,069,000	263,056,000	22,119,000	20,398,000
2	AVRIGO družba za avtobusni promet in turizem d.d., Nova Gorica	13,570,536	13,642,735	3,688,595	4,676,895	9,881,941	8,965,840	15,218,730	15,179,920	949,586	556,760
3	Elan Skupina (Skimar)	27,205,787	33,045,198	5,361,955	11,196,752	21,843,832	21,848,446	5,986,650	1,890,923	-4,616	-26,670,183
4	Goriške opekarne Renče-Bilje	15,476,005	18,029,679	9,001,121	10,076,765	6,474,884	7,952,914	8,150,112	10,106,173	-1,478,031	10,332
5	Info TV d.d., Ljubljana	2,084,866	2,931,039	1,996,967	1,165,829	87,899	1,765,210	1,182,041	1,093,807	-2,155,244	-1,307,248
6	Intercement d.o.o.	116,772,235	116,746,299	16,026,423	17,442,669	100,745,812	99,303,630	4,828,454	5,351,046	4,142,182	4,325,591
7	NAMA trgovsko podjetje d.d., Ljubljana	15,469,752	17,042,486	5,262,199	7,598,577	10,207,553	9,443,909	17,160,869	18,600,783	569,217	476,871
8	Sarajevostan d.d., Sarajevo	4,835,549	3,537,373	1,701,352	215,409	3,134,196	3,116,077	2,095,856	2,116,657	18,120	21,667
9	SKUPNA pokojninska družba d.d.	287,882,237	238,812,883	274,918,211	227,639,425	12,964,026	11,173,458	4,620,807	4,142,437	2,231,922	1,723,400
10	Stilles d.d.	8,671,676	6,564,883	5,514,362	3,366,462	3,157,314	3,198,421	8,485,727	9,167,111	-62,783	93,464
11	Tehnološki center varne vožnje Vransko	6,987	7,201	0	0	6,987	7,201	75	15	-214	-299
12	Triglavko d.o.o.	262,057	300,447	104,441	121,901	157,616	178,546	824,131	1,044,609	-17,062	9,627
13	ZIF Polara Invest Fond a.d., Banja Luka	11,251,737	6,524,436	387,854	834,529	10,863,883	5,689,907	906,320	163,197	28,757	-6,904,471
14	ZIF Prof Plus	665,109	1,004,477	2,257	419	662,852	1,004,058	53,962	12,698	-5,863	163,911
15	Nacionalni biro osiguravača CG	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available

* The company under 15 is not accounted for using the equity method, since the Group cannot influence the operations of the that company through the management of supervisory bodies.

The effect of valuation of investments using the equity method is disclosed as a separate item in the financial statements (details in Chapter 6.21). The fair value of the investments in associates listed on the stock exchange is stated below:

NAME OF THE LEGAL ENTITY	IN EUR	
	2009	2008
Abanka Vipra d.d.	101,102,253	97,975,488
NAMA trgovsko podjetje d.d., Ljubljana	10,379,040	9,382,361
Goriške opekarne Renče-Bilje	1,932,424	627,944

6.5 FINANCIAL ASSETS⁶

FINANCIAL ASSETS

	IN EUR	
	2009	2008
Held to maturity	261,587,909	243,444,567
At fair value through profit and loss:	87,414,343	88,445,381
- distributed after acquisition	76,088,456	76,015,521
- held for trading	11,325,887	12,429,860
Available for sale	1,075,127,103	1,078,859,635
Loans and receivables	397,384,402	331,709,110
Unit-linked insurance assets	310,636,100	220,859,408
- at fair value through profit and loss	306,068,489	217,427,455
- loans and receivables	4,135,196	3,016,617
- available for sale	432,414	415,336
TOTAL	2,132,149,856	1,963,318,101

The table above shows the carrying amount of financial assets (without receivables from operations and cash or cash equivalents).

OVERVIEW OF FINANCIAL ASSETS BY TYPE

2009	IN EUR					
	HELD TO MATURITY	FVTPL - HELD FOR TRADING	FVTPL - CLASSIFIED INTO THIS GROUP	AVAILABLE FOR SALE	LOANS AND RECEIVABLES	TOTAL
Debt and other fixed-return securities	249,597,477	0	72,223,821	815,783,662	115,211,028	1,252,815,987
Investments in shares, other floating-rate securities and fund coupons	0	13,427,850	304,491,985	256,999,175	0	574,919,010
Financial derivatives	0	3,255,988	83,190	0	0	3,339,177
Loans and receivables	11,990,433	0	0	2,776,679	283,325,434	298,092,546
- Deposits with banks	0	0	0	0	220,767,910	220,767,910
- Loans given	0	0	0	0	58,084,160	58,084,160
- Other financial investments	11,990,433	0	0	2,776,679	4,473,364	19,240,476
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	2,983,136	2,983,136
TOTAL	261,587,909	16,683,838	376,798,995	1,075,559,516	401,519,598	2,132,149,856

6 For presentational ease, abbreviations of individual categories of financial assets are used in the disclosures.

- HTM - financial assets held to maturity
- FVTPL - financial assets at fair value through profit and loss
- AFS - financial assets available for sale
- L&R - loans and receivables

OVERVIEW OF FINANCIAL ASSETS BY TYPE

						IN EUR
2008	HELD TO MATURITY	FVTPL - HELD FOR TRADING	FVTPL - CLASSIFIED INTO THIS GROUP	AVAILABLE FOR SALE	LOANS AND RECEIVABLES	TOTAL
Debt and other fixed-return securities	243,444,567	3,658,072	128,800,908	747,281,850	111,508,571	1,234,693,968
Investments in shares, other floating-rate securities and fund coupons	0	10,198,214	161,866,577	331,993,121	0	504,057,912
Financial derivatives	0	1,349,064	0	0	0	1,349,064
Loans and receivables	0	0	0	0	220,993,118	220,993,118
- Deposits with banks	0	0	0	0	190,719,617	190,719,617
- Loans given	0	0	0	0	27,937,542	27,937,542
- Other financial investments	0	0	0	0	2,335,959	2,335,959
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	2,224,038	2,224,038
TOTAL	243,444,567	15,205,350	290,667,485	1,079,274,971	334,725,727	1,963,318,100

MOVEMENTS IN FINANCIAL ASSETS

					IN EUR
FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	TOTAL
As at 1 January, 2008	81,452,256	404,193,397	1,461,430,494	165,312,600	2,112,388,747
Purchases	160,843,882	94,107,962	497,891,556	1,713,938,357	2,466,781,757
Maturity	-6,653,448	-4,174,997	-141,968,555	-1,445,202,953	-1,597,999,953
Disposals	-8,633	-42,448,890	-574,426,091	-109,073,074	-725,956,689
Amounts transferred from equity at disposal	0	0	-14,512,723	0	-14,512,723
Valuation through profit and loss	0	-150,280,933	0	0	-150,280,933
Valuation through equity	0	0	-160,879,971	0	-160,879,971
Value adjustment changes	0	0	-28,117,304	755,828	-27,361,476
Premiums and discounts	2,185,562	0	-3,567,502	367,262	-1,014,678
Interest income	5,378,703	4,437,082	43,593,233	8,719,398	62,128,416
Foreign exchange differences	246,245	39,215	-168,165	-91,690	25,605
As at 31 December, 2008	243,444,567	305,872,836	1,079,274,972	334,725,727	1,963,318,102
Acquisitions	23,147,172	109,630,184	1,084,287,198	2,299,415,883	3,516,480,437
Maturity	-16,734,917	-4,394,002	-49,279,665	-2,175,622,111	-2,246,030,695
Disposal	-1,005,671	-60,577,817	-1,065,213,128	-67,525,355	-1,194,321,970
Amounts transferred from equity at disposal	0	0	12,512,196	0	12,512,196
Valuation through profit and loss	0	38,366,052	0	0	38,366,052
Valuation through equity	0	0	7,037,979	0	7,037,979
Value adjustment changes	0	0	-24,634,001	-1,431,610	-26,065,610
Premiums and discounts	3,101,407	0	1,052,736	618,746	4,772,889
Interest income	9,624,483	4,585,579	30,542,728	11,383,249	56,136,040
Foreign exchange differences	10,868	0	-21,498	-44,931	-55,563
As at 31 December, 2009	261,587,909	393,482,832	1,075,559,517	401,519,598	2,132,149,856

FAIR VALUE OF FINANCIAL ASSETS HELD TO MATURITY

			IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008	
Financial instruments held to maturity			
- amortised cost	261,587,909	243,444,567	
- fair value	256,593,393	236,694,941	

FINANCIAL ASSETS ACCORDING TO VALUATION LEVELS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
financial assets available for sale	1,075,127,103	1,078,859,636
- level 1	722,579,187	823,289,073
- level 2	205,083,711	67,144,569
- level 3	147,464,204	188,425,994
Financial assets at fair value through profit and loss	393,482,832	305,872,835
- level 1	246,236,863	165,376,476
- level 2	147,245,970	140,496,359
- level 3	0	0

In the valuation of financial assets at fair value the Group applied the following price level hierarchy:

- level 1: valuation through stock exchange prices and Bloomberg generic prices
- level 2: valuation through Bloomberg prices acquired from issuers or other market makers
- level 3: internal valuation and valuation acquired from certified business valuers

Reclassification of financial assets

In accordance with amendments to IFRS (IAS 39.50) and IAS 39.54, individual members of the Group opted for reclassification of financial assets. The following reclassifications were made:

- from the financial assets “fair value through profit or loss” (FVTPL) category to the financial assets “available for sale” (AFS) category;
- from the financial assets “available for sale” (AFS) category to the “loans and receivables” (L&R) category, and
- from the financial assets “available for sale” (AFS) category to the “held to maturity” (HTM) category.

The reclassifications into the “loans and receivables” (L&R) category concern assets whose market price no longer reflects fair value due to illiquidity and forced transactions. All reclassifications were made on 1 July, 2008, with the exception of Triglav Kopaonik Osiguranje, Belgrade, which reclassified its financial assets on 1 October, 2008. The effects of the reclassifications at Group level are disclosed below.

In 2009, individual financial assets were additionally reclassified. The effects of the reclassification are disclosed below.

RECLASSIFICATIONS FROM THE FINANCIAL ASSETS “AVAILABLE FOR SALE” (AFS) CATEGORY TO THE “LOANS AND RECEIVABLES” (L&R) CATEGORY

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Amount of reclassified financial assets	8,977,963	100,342,646
Effective interest rate as at the reclassification date	6,39%	5,17%
Carrying amount of reclassified assets as at 31 December	80,843,173	98,033,746
Fair value of reclassified assets as at 31 December	80,843,173	98,033,746
Impact on comprehensive income if not reclassified	0	0
Effect on net profit if not reclassified	-26,511	0
Loss at disposal of reclassified assets	-338,795	0
Estimated cash flows	113,778,589	136,754,167

RECLASSIFICATIONS FROM THE FINANCIAL ASSETS "AVAILABLE FOR SALE" (AFS) CATEGORY TO THE "HELD TO MATURITY" (HTM) CATEGORY

	IN EUR	
	2009	2008
Amount of reclassified financial assets	23,131,525	92,594,911
Effective interest rate at the date of reclassification	6,64%	4,62%
Carrying amount of reclassified financial assets as at 31 December	94,607,294	92,712,095
Fair value of reclassified financial assets as at 31 December	97,865,523	91,150,563
Impact on comprehensive income if not reclassified	3,258,229	-1,561,532
Impact on net profit if not reclassified	0	0
Profit from disposal of reclassified financial assets	57,649	0
Estimated cash flows	116,362,199	112,797,006

RECLASSIFICATIONS FROM THE "FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS" CATEGORY TO THE "AVAILABLE FOR SALE" CATEGORY

	IN EUR	
	2009	2008
Amount of reclassified financial assets	1,977,595	6,028,224
Effective interest rate at the date of reclassification	n/a	n/a
Carrying amount of reclassified financial assets as at 31 December	1,066,120	3,981,468
Fair value of reclassified financial assets as at 31 December	1,066,120	3,981,468
Impact on comprehensive income if not reclassified	-187,066	-279,504
Effect on net profit if not reclassified	0	0
Profit from disposal of reclassified financial assets	0	0
Estimated cash flows	1,066,120	3,981,468

6.6 REINSURERS' SHARE OF TECHNICAL PROVISIONS

REINSURERS' SHARE OF TECHNICAL PROVISIONS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
NON-LIFE INSURANCE		
Reinsurers' share of unearned premiums	10,086,014	9,005,988
- Reinsurers' share of claims provisions	28,586,157	33,953,610
Total non-life insurance	38,672,171	42,959,598
LIFE INSURANCE		
Reinsurers' share of unearned premiums	240	588
Reinsurers' share of claims	34,702	0
Total life insurance	34,942	588
TOTAL ASSETS FROM REINSURANCE CONTRACTS	38,707,113	42,960,186

6.7 RECEIVABLES FROM OPERATION

RECEIVABLES BY MATURITY

				IN EUR
2009	RECEIVABLES BY MATURITY			TOTAL
	NOT DUE	DUE UP TO 180 DAYS	DUE OVER 180 DAYS	
RECEIVABLES FROM DIRECT INSURANCE OPERATIONS	87,555,932	29,464,286	15,162,679	132,182,897
Receivables from insurers	84,616,633	26,793,403	14,507,477	125,917,513
Receivables from insurance brokers	346,830	1,790,471	76,886	2,214,188
Other receivables from direct insurance operations	2,592,469	880,412	578,316	4,051,197
RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	25,959,747	4,657,184	4,056,874	34,673,805
Premium receivable from co-insurance	1,062,533	0	0	1,062,533
Premium receivable from reinsurance	8,048,108	2,593,198	3,628,380	14,269,685
Receivables from co-insurers' shares in claims	9,033	27,064	0	36,097
Receivables from reinsurers' shares in claims	14,287,413	1,856,581	443,442	16,587,436
Other receivables from co-insurance and reinsurance operations	2,552,660	180,340	-14,948	2,718,053
OTHER RECEIVABLES	40,864,209	9,351,547	2,714,729	52,930,485
Receivables from advance payments on intangible assets	37,571	0	0	37,571
Other short-term receivables from insurance operations	13,807,635	4,071,305	1,833,432	19,712,372
Short-term receivables from financing	800,032	485,174	-22,435	1,262,771
Other short-term receivables	21,429,415	4,795,068	903,731	27,128,214
Long-term receivables	619,021	0	0	619,021
Receivables from corporate income tax	4,170,535	0	0	4,170,535
TOTAL	154,379,888	43,473,017	21,934,282	219,787,187
Insured receivables as at 31 December, 2009				3,384,144
Uninsured receivables as at 31 December, 2009				216,403,043

RECEIVABLES BY MATURITY

				IN EUR
2008	RECEIVABLES BY MATURITY			TOTAL
	NOT DUE	DUE UP TO 180 DAYS	DUE OVER 180 DAYS	
RECEIVABLES FROM DIRECT INSURANCE OPERATIONS	94,783,406	23,602,091	11,386,256	129,771,753
Receivables from insurers	86,374,361	23,064,892	10,812,896	120,252,149
Receivables from insurance brokers	1,108,915	234,923	407,779	1,751,617
Other receivables from direct insurance operations	7,300,130	302,276	165,581	7,767,987
RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	33,988,398	4,988,250	1,191,830	40,168,478
Premium receivable from co-insurance	577,126	0	0	577,126
Premium receivable from reinsurance	7,869,908	2,205,708	505,275	10,580,891
Receivables from co-insurers' shares in claims	73,802	0	0	73,802
Receivables from reinsurers' shares in claims	22,674,226	2,295,930	679,907	25,650,063
Other receivables from co-insurance and reinsurance operations	2,793,336	486,612	6,648	3,286,596
OTHER RECEIVABLES	46,181,942	12,913,090	3,191,071	62,286,103
Other short-term receivables from insurance operations	29,915,755	7,356,584	2,237,434	39,509,773
Short-term receivables from financing	2,167,946	345,059	271,012	2,784,017
Other short-term receivables	11,222,226	5,211,447	682,625	17,116,298
Long-term receivables	834,402	0	0	834,402
Receivables from corporate income tax	2,041,613	0	0	2,041,613
TOTAL	174,953,746	41,503,431	15,769,157	232,226,334
Insured receivables as at 31 December, 2008				11,634,509
Uninsured receivables as at 31 December, 2008				220,591,825

The gross and net amounts of each group of receivables are disclosed below.

	IN EUR		
2009	GROSS VALUE	IMPAIRMENT	NET VALUE
Receivables from direct insurance operations	185,984,435	-53,801,538	132,182,897
Receivables from co-insurance and reinsurance operations	34,673,805	0	34,673,805
Other receivables	128,074,455	-79,314,505	48,759,950
TOTAL	348,732,695	-133,116,043	215,616,652

	IN EUR		
2008	GROSS VALUE	IMPAIRMENT	NET VALUE
Receivables from direct insurance operations	170,754,118	-40,982,365	129,771,753
Receivables from co-insurance and reinsurance operations	40,168,478	-	40,168,478
Other receivables	135,702,796	-75,458,306	60,244,490
TOTAL	346,625,392	-116,440,671	230,184,721

6.8 OTHER ASSETS

OTHER ASSETS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Deferred costs	6,167,331	7,427,443
Inventories	5,652,650	5,738,446
Other assets	967	12,649
TOTAL	11,820,949	13,178,538

6.9 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Cash in bank accounts in EUR	17,159,883	14,851,370
Cash in bank accounts in other currencies	12,594,732	11,914,244
Cash on hand and cheques in EUR	39,763	55,793
Cash on hand and cheques in other currencies	367,746	545,214
Other	281,842	5,150,597
TOTAL	30,443,965	32,517,218

Among the cash in bank accounts in EUR, the Group holds EUR 10 million from Slovenijales which was frozen in 2008 due to a legal dispute with Jugobanka. See Chapter 6.38.2 for more details.

6.10 NON-CURRENT ASSETS HELD FOR SALE

The amounts of non-current assets held for sale arise from the following companies within the Triglav Group:

NON-CURRENT ASSETS HELD FOR SALE AS AT 31 DECEMBER

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Slovenijales	1,469,388	1,195,846
Triglav BH Osiguranje	433,831	413,379
TOTAL	1,903,219	1,609,225

6.11 EQUITY

SHARE HOLDER	PERCENTAGE OF OWNERSHIP (IN %)	NUMBER OF SHARES
Zavod za pokojninsko in invalidsko zavarovanje Slovenije	34.47	7,836,628
Slovenska odškodninska družba d.d., Ljubljana	28.07	6,380,728
Nova Ljubljanska Banka d.d., Ljubljana	3.06	696,213
Poteza Naložbe d.o.o., Ljubljana	1.67	380,465
NFD1 delniški investicijski sklad, d.d., Ljubljana	1.62	368,717
Radenska d.d., Radenci	1.61	366,944
Hypo Alpe Adria Bank AG, Klagenfurt	1.43	324,188
HIT d.d., Nova Gorica	1.12	255,408
Unicredit Bank Austria AG, Viena, Austria	0.96	218,296
Other shareholders (each holds less than 1%)	25.98	5,907,561
TOTAL	100.00	22,735,148

As at 31 December, 2009, the share capital amounted to EUR 23,701,392 and has not changed compared to the previous year. The share capital was divided into 22,735,148 no-par value shares. Each share represents the same stake and a corresponding amount in the share capital. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All of the shares have been paid up in full.

Price of the Company's share

The shares of Zavarovalnica Triglav bearing the symbol ZVTG are listed on the OTC market of the Ljubljana Stock Exchange. The quoted price of the Company's share on the Ljubljana Stock Exchange on the balance-sheet date is given below.

SHARES

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Quoted price of the share	25.40	15.26
Carrying amount per share	19.79	20.81

DIVIDENDS

	IN EUR	
	2009	2008
Dividends to be distributed to shareholders	to be defined	2,273,515
Dividends per share		0,10

Authorised capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital by up to 15% of the share capital, which amounts to EUR 3,555,209, by issuing new shares. The authorisation is valid until 25 April, 2013. The Company's Management Board - with the consent of the Supervisory Board - is authorised to decide on issuing new shares, the amount of capital increases, the rights related to new shares and the conditions for issuing new shares.

On 12 June, 2008, based on the authorisation, the Management Board decided to increase the share capital by 15% of the share capital or 3,555,209 EUR by issuing new shares. The Supervisory Board gave consent to this decision on the same day. On 23 June, 2008, also with the consent of the Supervisory Board, the Management Board decided to temporarily postpone the issue of new shares.

The Management Board had thus not exercised the right to increase the capital, but has an opportunity to do so until 25 April 2013.

Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also represent the credit risk equalisation reserve and catastrophe reserves.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. Calculation of these reserves is also stipulated by local legislation in Montenegro. The local regulator in the Czech Republic also stipulates the formation of catastrophe reserves. The above mentioned legal requirements treat these equalisation provisions as insurance technical provisions. Any change in these reserves should be recognised through profit/loss. Since the above mentioned requirements do not comply with the IFRS, the insurance companies in compliance with the IFRS disclose the equalisation provisions in the reserves from profit. Any changes in these reserves are also recognised as an increase or decrease of the result for the current year in the statement of changes in equity. The same applies to catastrophe reserves.

Had the consolidated financial statements been prepared in line with the provisions of the Insurance Act, the net profit/loss for 2009 would be EUR 167,503 lower (in 2008: EUR 4,193,813). The loss for the business year would thus equal EUR 6,459,845 (the loss for 2008: EUR 2,634,203). In compliance with the Insurance Act, the amount of the above mentioned reserves would have been disclosed among the insurance technical provisions and as at 31 December, 2009 these would amount to EUR 2,194,713,333 (in 2008: EUR 1,937,353,731).

Reserves for own shares and own shares (as a deductible item)

Slovenijales d.d. acquired 24,312 shares of Zavarovalnica Triglav d.d. in 2008, worth EUR 364,680. In the balance sheet of the Group they are disclosed as a deductible equity item of the same amount. Equivalent reserves for own shares are set aside for these shares in the Group balance sheet (from profit from previous years).

Fair value reserve

Fair value reserve includes changes arising from the fair value revaluation of available-for-sale financial assets. Revaluation surplus amounts were reduced by the deferred tax amount. Changes of fair value reserve are specified in more detail in the statement of comprehensive income in Chapter II - Consolidated Financial Statements.

Consolidation adjustment

The Consolidation adjustment, i.e., equity adjustment related to exchange-rate differences occurring during the translation, i.e., consolidation of the financial statements of subsidiaries. In 2009, the Consolidation adjustment amounted to EUR 263,803 (vs. EUR 1,147,979 in 2008), primarily due to the fall of the Serbian dinar (RSD).

Notes to the statement of equity changes

- The item other of the statement of equity changes for 2009 includes a decrease in total equity by EUR 6,360,344. This decrease consists of EUR 5,989,619 lower non-controlling interests caused by the purchase of an equity stake of 41.14% in Lovćen Osiguranje by Zavarovalnica Triglav. The remaining EUR 370,725 is accounted for by controlling interests.

- The item other of the statement of equity changes for 2008 includes a decrease of EUR 3,334,697, in which EUR 2,183,119 refers to non-controlling interests (purchase of a 5.7% equity stake in Triglav Naložbe d.d. by the controlling company). The rest is accounted for by a decrease in the equity of the controlling company due to profit sharing payments under life insurance policies and/or bonuses paid by certain subsidiaries.

6.12 SUBORDINATED LIABILITIES

SUBORDINATED LIABILITIES

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
ZT01 bonds	13,308,000	30,000,000
ZT02 bonds	29,934,091	0
TOTAL SUBORDINATED LIABILITIES	43,242,091	30,000,000

Issued bonds are disclosed at amortised cost. As at 31 December, 2009, they were worth EUR 13,574,160. This calculation is based on the last known price on the Ljubljana Stock Exchange of 102% (108.7% at the end of last year). ZT02 bonds are not listed on the stock exchange, therefore their fair value can not be determined.

The ZT01 bonds were issued in 2003 as subordinated registered bonds denominated in EUR and in a dematerialised form. All of the bonds were sold. The nominal value of this bond is EUR 1,000 per bond with a fixed interest rate of 5.125% p.a. The last coupon and the principal will fall due on 20 October, 2013. In 2009, the Company bought 16,692 of the said bonds and on 28 December, 2009 issued an order to partially delete these bonds at a nominal value of EUR 1,000.

The ZT02 bonds were issued in 2009 as subordinated registered bonds denominated in EUR and in a dematerialised form. A total of 30,000 bonds worth EUR 1,000 each were issued. All of the bonds were sold. The fixed interest rate of the bond is 250 basis points above the 10-year mid swap rate as at 15 December, 2009, and equals 5.95% p.a. The last coupon and the principal will fall due on 21 March, 2020.

In the event of winding-up or liquidation, liabilities arising from the abovementioned bond issue are subordinated to net debt instruments and payable only after the satisfaction of all non-subordinated liabilities to ordinary creditors. These bonds may not be cashed before the maturity set by the amortisation schedule and, likewise, Zavarovalnica Triglav has no right to redeem them before maturity. The bonds are not convertible into capital or any other form of debt. In 2004, these bonds were listed on the OTC market of the Ljubljana Stock Exchange.

6.13 INSURANCE TECHNICAL PROVISIONS AND INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS

INSURANCE TECHNICAL PROVISIONS AND INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
NON-LIFE INSURANCE		
GROSS PROVISION FOR UNEARNED PREMIUMS		
Gross provision for unearned premiums	300,423,935	292,812,328
Gross provision for unearned premiums from co-insurance	96,213	102,807
TOTAL GROSS UNEARNED PREMIUM PROVISION	300,520,148	292,915,135
GROSS CLAIMS PROVISION		
Gross provision for incurred and reported claims	206,467,229	245,259,601
Gross claims provision for co-insurance	1,259,670	1,250,160
Gross claims provision for IBNR and IBNER	459,754,395	385,912,826
Expected recourses	-13,840,711	-13,015,227
Provision for claims handling costs	35,875,482	33,150,209
GROSS CLAIMS PROVISION	689,516,065	652,557,569
GROSS PROVISION FOR BONUSES AND DISCOUNTS	19,364,696	18,240,094
TOTAL OTHER INSURANCE CONTRACT LIABILITIES	25,191,309	19,411,032
NON-LIFE INSURANCE TECHNICAL PROVISIONS	1,034,592,218	983,123,830
LIFE INSURANCE		
GROSS UNEARNED PREMIUM PROVISION	747,123	1,086,247
GROSS MATHEMATICAL PROVISION		
Gross mathematical provision covering life insurance	644,998,829	570,514,065
Gross mathematical provisions covering SVPI	149,829,227	123,225,952
TOTAL GROSS MATHEMATICAL PROVISIONS	794,828,056	693,740,017
GROSS CLAIMS PROVISION	21,713,631	20,867,863
OTHER TECHNICAL PROVISIONS	59,355	0
TOTAL INSURANCE TECHNICAL PROVISIONS FOR LIFE INSURANCE	817,348,165	715,694,127
TOTAL INSURANCE TECHNICAL PROVISIONS	1,851,940,383	1,698,817,957
GROSS MATHEMATICAL PROVISIONS COVERING ULI	309,823,680	219,666,880

Insurance technical provisions include gross mathematical provisions for the long-term business fund backing unit-linked insurance (ULI), which are disclosed in the financial statements under the separate item “Insurance technical provisions for unit-linked insurance”.

ANALYSIS OF CHANGES IN INSURANCE TECHNICAL PROVISIONS

	IN EUR				
	AS AT 31 DECEMBER, 2008	FORMED (SET ASIDE)	UTILISED (DISBURSED)	MADE AVAILABLE	AS AT 31 DECEMBER, 2009
Gross unearned premiums	294,001,382	219,721,215	-211,978,456	-476,870	301,267,271
Gross mathematical provisions	693,740,017	147,220,519	-42,920,549	-3,211,931	794,828,057
Gross claims provisions	673,425,432	243,734,335	-149,347,266	-56,582,804	711,229,696
Gross provisions for bonuses and discounts	18,240,094	11,900,888	-7,023,918	-3,752,368	19,364,696
Other gross insurance technical provisions	19,411,032	24,361,931	-18,425,707	-96,591	25,250,664
Gross insurance technical provisions for unit-linked insurance	219,666,880	90,156,799	0	0	309,823,679
TOTAL	1,918,484,837	737,095,686	-429,695,896	-64,120,564	2,161,764,063

Gross mathematical provisions in 2009 in total dropped by EUR 46.1 million as a result of the following:

- policy loans and surrendered policies: EUR 21,656,854
- endowments: EUR 21,970,499
- deaths: EUR 2,505,128

ANALYSIS OF CHANGES IN LOSS EVENTS FOR NON-LIFE INSURANCE

								IN EUR
CUMULATIVE	YEAR OF OCCURRENCE							TOTAL*
	BEFORE 2004	2004	2005	2006	2007	2008	2009	
at the end of year of occurrence		344,450,512	368,066,407	491,315,763	585,345,174	625,630,053	603,977,796	
1 year after year of occurrence		362,487,248	399,212,496	529,498,645	486,645,878	629,063,541		
2 years after year of occurrence		369,207,230	403,079,316	406,545,400	509,182,700			
3 years after year of occurrence		361,711,086	339,281,961	441,786,682				
4 years after year of occurrence		342,901,611	385,915,304					
5 years after year of occurrence		399,428,482						
CUMULATIVE		399,428,482	385,915,304	441,786,682	509,182,700	629,063,541	603,977,796	2,969,354,504
Cumulative payments until balance sheet date		373,621,450	351,414,685	397,652,443	437,276,877	508,949,252	334,545,794	2,403,460,503
CLAIMS PROVISIONS BALANCE	100,327,622	25,807,031	34,500,620	44,134,239	71,905,823	120,114,289	269,432,001	666,221,623

* The triangle includes gross claims provisions for reported claims as well as gross claims provisions for IBNER.

6.14 PROVISIONS FOR EMPLOYEE BENEFITS

PROVISIONS FOR EMPLOYEE BENEFITS

						IN EUR
	AS AT 31 DECEMBER, 2008	FORMED (SET ASIDE)	UTILISED (DISBURSED)	MADE AVAILABLE	AS AT 31 DECEMBER, 2009	
Provisions for (redundancy) payments (at retirement)	6,324,170	746,053	-228,559	-47,304	6,794,359	
Provisions for jubilee rewards	947,812	39,054	-128,391	0	858,475	
TOTAL	7,271,982	785,107	-356,950	-47,304	7,652,834	

The change in provisions for jubilee rewards and (redundancy) payments (at retirement) is disclosed under other operating costs.

6.15 OTHER PROVISIONS

OTHER PROVISIONS

			IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008	
As at 1 January	14,293,196	11,840,257	
Increase in	1,902,867	2,452,939	
Disbursed	-809,346	0	
As at 31 December	15,386,717	14,293,196	

The increase in other provisions is recognised in the income statement under other income. Other provisions include provisions for litigation, which mostly (EUR 8.5 million) arise from the legal action of Jugobanka against Slovenijales, due to which the transaction account of Slovenijales is frozen to the amount of EUR 10 million and its building is mortgaged for EUR 36.5 million. For details see Chapter 6.38.2.

The maturity of over 90% of other provisions is above 12 months.

6.16 DEFERRED TAX LIABILITIES

DEFERRED TAX LIABILITIES

	IN EUR	
	2009	2008
DEFERRED TAX ASSETS		
As at 1 January	21,121,861	9,273,403
Increase	0	11,848,458
Decrease	-695,014	0
As at 31 December	20,426,847	21,121,861
DEFERRED TAX LIABILITIES		
As at 1 January	15,297,569	81,636,628
Increase	1,086,246	0
Decrease	0	-66,339,059
As at 31 December	16,383,815	15,297,569
OFFSET DEFERRED TAX ASSETS AND LIABILITIES	4,043,032	5,824,292

Deferred tax assets are recognised for temporary differences due to the impairment of receivables, financial assets and investment property, due to employee benefits and due to differences between tax and carrying amount on intangible assets.

Deferred tax liabilities are recognised due to the valuation of available-for-sale financial assets.

The change of deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense, whilst the change of deferred tax liabilities is recognised in other comprehensive income. The impact of changes to the income statement and the comprehensive income is shown in Chapter 6.33.

6.17 OTHER FINANCIAL LIABILITIES

OTHER FINANCIAL LIABILITIES

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Subordinated liabilities	13,744,412	13,413,190
Loans secured by fixed-return securities	14,920,718	44,650,642
Amounts owed to credit institutions	106,405	0
Long-term liabilities for financial lease	7,679,293	7,882,101
Other liabilities from financing	7,607,909	10,395,456
TOTAL FINANCIAL LIABILITIES	44,058,737	76,341,389

As at 31 December, 2009, amounts the Group owed to banks (i.e., outstanding loans) totalled EUR 28.8 million. Compared to the previous year they decreased by EUR 29.3 million. In 2008, amounts owed to credit institutions grew due to higher short-term loans from banks taken out by the parent company as a result of an exceptional increase in damages payable to beneficiaries arising from the summer storms that occurred in 2008. These loans were fully repaid in 2009.

As at 31 December, 2009, the amounts owed to credit institutions by the companies in the Group were disclosed as loans (97% of these amounts were accounted for by loans to Triglav Naložbe, Slovenijales and Triglav DZU).

The interest rates on these loans range between 5.7% and 6.7%. The interest rates linked to 3M or 6M EURIBOR equalled from 1.1% to 5.5% plus margin.

Long-term liabilities for financial lease are related to Triglav Osiguranje, Zagreb. These amounts are intended for completing the construction of an office building in Zagreb.

Other liabilities from financing are predominantly accounted for by the liabilities from security purchases.

6.18 OPERATING LIABILITIES

OPERATING LIABILITIES		
	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
DIRECT INSURANCE LIABILITIES		
Liabilities to policyholders	9,029,768	9,801,596
Liabilities to insurance brokers	2,183,724	2,707,286
Other liabilities from direct insurance operations	3,258,166	2,350,862
Liabilities from direct insurance operations towards Group companies	205,884	2,144,725
TOTAL LIABILITIES FROM DIRECT INSURANCE OPERATIONS	14,677,542	17,004,469
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS		
Liabilities from re/co-insurance premiums	12,279,881	12,529,162
Liabilities from the share of claims from co-insurance	7,921,014	3,929,476
Other re/co-insurance liabilities	4,305,442	2,559,484
Other re/co-insurance liabilities towards Group companies	57,811	-11,697
TOTAL LIABILITIES FROM CO-INSURANCE AND REINSURANCE	24,564,148	19,006,425
CURRENT TAX LIABILITIES	419,393	10,141,936
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	39,661,083	46,152,830

All liabilities are short-term and are due to be settled within the next 12 months.

6.19 OTHER LIABILITIES

OTHER LIABILITIES		
	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
Short-term liabilities to employees	9,801,920	9,300,900
Other short-term liabilities from insurance operations	20,111,843	37,060,433
Other short-term liabilities	24,504,388	24,609,384
Accrued costs and expenses	2,447,794	2,716,661
Other accruals	3,177,060	4,913,548
TOTAL OTHER LIABILITIES	60,043,005	78,600,926

Other short-term liabilities from insurance operations include payments to the claim fund, liabilities from insurance contract tax, fire tax and other similar items.

Other short-term liabilities include accounts payable and all of the liabilities from non-insurance companies.

All liabilities are short-term and are due to be paid off within the next 12 months.

6.20 PREMIUM INCOME

PREMIUM INCOME

	IN EUR	
	2009	2008
NON-LIFE INSURANCE		
Gross written premium	727,986,201	721,317,756
Assumed co-insurance written premium	1,410,148	1,201,067
Ceded co-insurance written premium	-819,999	-144,972
Reinsurance written premium	-70,507,647	-64,358,027
Changes of gross provision for unearned premiums	-5,685,855	-21,268,367
Changes in reinsurers' share of unearned premiums	860,006	947,774
NET PREMIUM INCOME ON NON-LIFE INSURANCE	653,242,854	637,695,231
LIFE INSURANCE		
Gross written premium	225,744,430	246,715,647
Reinsurance written premium	-6,896	-12,172
Changes of gross provision for unearned premiums	339,157	122,203
Changes in reinsurers' share of unearned premiums	-348	-76
NET PREMIUM INCOME ON LIFE INSURANCE	226,076,343	246,825,602
HEALTH INSURANCE		
Gross written premium	67,118,835	59,287,154
Changes of gross provision for unearned premiums	-93,909	-178,153
NET PREMIUM INCOME ON HEALTH INSURANCE	67,024,926	59,109,001
TOTAL NET PREMIUM INCOME	946,344,123	943,629,834

OVERVIEW OF PREMIUM INCOME BY INSURANCE CLASS

	IN EUR		
2009	GROSS WRITTEN PREMIUM	RE/CO- INSURER'S SHARE IN GWP	NET WRITTEN PREMIUM
Accident insurance	63,599,688	1,969,903	61,629,785
Health insurance	68,484,638	40,481	68,444,157
Land motor vehicle insurance	160,285,281	20,169,485	140,115,796
Railway insurance	3,008,480	1,231,400	1,777,080
Aircraft insurance	5,568,491	4,531,203	1,037,288
Marine Insurance	1,718,058	370,227	1,347,830
Cargo insurance	8,249,053	2,274,216	5,974,837
Fire and natural forces insurance	105,571,595	47,030,009	58,541,585
Other damage to property insurance	118,376,876	37,738,402	80,638,474
Motor TPL insurance	260,571,643	18,960,163	241,611,480
Aircraft liability insurance	3,007,687	2,848,426	159,262
Marine liability insurance	783,242	221,847	561,395
General liability insurance	37,795,048	6,770,011	31,025,037
Credit insurance	24,413,259	2,240,069	22,173,190
Suretyship insurance	1,866,316	817,731	1,048,585
Miscellaneous financial loss insurance	6,002,171	3,411,558	2,590,613
Legal expenses insurance	1,304,862	58,592	1,246,270
Travel assistance insurance	6,074,831	489,198	5,585,633
TOTAL NON-LIFE INSURANCE	876,681,220	151,172,921	725,508,299
Life insurance	106,880,628	402,525	106,478,104
Marriage assurance or birth assurance	2,732	0	2,732
Unit-linked life insurance	99,269,804	0	99,269,804
Capital redemption insurance	19,781,923	0	19,781,923
Loss of income due	0	0	0
TOTAL LIFE INSURANCE	225,935,087	402,525	225,532,562
TOTAL	1,102,616,306	151,575,446	951,040,861
Consolidation adjustments	-80,356,692	-80,240,904	-115,789
TOTAL	1,022,259,614	71,334,542	950,925,072

OVERVIEW OF PREMIUM INCOME BY INSURANCE CLASS

2008	IN EUR		
	GROSS WRITTEN PREMIUM	RE/CO- INSURER'S SHARE IN GWP	NET WRITTEN PREMIUM
Accident insurance	66,382,169	1,884,375	64,497,794
Health insurance	60,787,818	48,460	60,739,358
Land motor vehicle insurance	155,994,719	20,058,864	135,935,855
Railway insurance	2,805,719	1,232,771	1,572,948
Aircraft insurance	3,211,366	2,418,116	793,250
Marine Insurance	2,404,191	499,213	1,904,978
Cargo insurance	8,376,692	2,083,738	6,292,954
Fire and natural forces insurance	97,676,675	45,619,146	52,057,529
Other damage to property insurance	103,188,666	30,490,317	72,698,349
Motor TPL insurance	279,856,147	23,230,454	256,625,693
Aircraft liability insurance	2,289,326	1,952,655	336,671
Marine liability insurance	873,425	263,169	610,256
General liability insurance	38,361,226	6,219,790	32,141,436
Credit insurance	24,321,396	2,297,739	22,023,657
Suretyship insurance	1,501,230	852,592	648,638
Miscellaneous financial loss insurance	6,414,641	3,437,313	2,977,328
Legal expenses insurance	1,276,576	56,420	1,220,156
Travel assistance insurance	4,313,297	422,452	3,890,845
TOTAL NON-LIFE INSURANCE	860,035,279	143,067,583	716,967,696
Life insurance	111,310,280	305,083	111,005,197
Unit-linked life insurance	107,827,987	0	107,827,987
Capital redemption insurance	27,685,630	0	27,685,630
Loss of income due	45,987	0	45,987
TOTAL LIFE INSURANCE	246,869,884	305,083	246,564,801
TOTAL	1,106,905,163	143,372,666	963,532,497
Consolidation adjustments	-78,383,541	78,857,495	473,954
TOTAL	1,028,521,622	64,515,171	964,006,451

6.21 INCOME FROM FINANCIAL ASSETS

INCOME FROM FINANCIAL ASSETS

	IN EUR	
	2009	2008
Interest income from financial assets:		
- available for sale	33,718,195	41,779,512
- at fair value through profit and loss	3,230,031	1,207,306
- derivate financial instruments	1,494,190	452,041
- held to maturity	13,148,104	6,616,532
- loans and deposits	18,052,715	8,849,616
- cash or cash equivalents	56,763	1,538,944
- interest on late payments of insurance receivables	1,490,390	1,384,717
- interest income from recourse receivables	6,463,882	6,448,237
- other interest income from insurance operations	102,800	0
TOTAL INTEREST INCOME	77,757,070	68,276,905
Dividends from:		
- available-for-sale financial assets	5,729,256	12,404,081
- financial assets at fair value through profit and loss	165,349	121,208
TOTAL DIVIDENDS	5,894,606	12,525,289
FAIR VALUE GAINS	71,952,555	42,631,878
REALISED GAINS ON DISPOSALS	31,444,580	5,943,952
PROFIT ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	12,388,038	8,323,853
OTHER FINANCIAL INCOME	5,004,253	7,958,957
TOTAL INCOME FROM FINANCIAL ASSETS	204,441,101	145,660,834

Fair value gains are described in detail in Chapter 6.23 and realised gains on disposals in Chapter 6.24.

6.22 EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES

EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES

	IN EUR	
	2009	2008
Interest expenses from derivative financial instruments held for trading	1,162,683	673,509
Interest expenses from current debt:	3,324,870	2,584,169
- on bank loans	3,033,261	2,234,192
- other loans	53,712	0
- other interest expenses	237,897	349,977
Interest expense from non-current debt:	698,351	362,114
- on bank loans	41,318	89,270
- other loans	356,053	68,422
- other interest expenses	300,980	204,422
Interest expense from bonds issued	1,582,071	1,537,500
TOTAL INTEREST EXPENSE	6,767,975	5,157,292
FAIR VALUE LOSSES	28,388,145	177,800,008
REALISED LOSS ON DISPOSALS	14,739,247	15,818,904
LOSS ON EQUITY INVESTMENTS IN ASSOCIATES, ACCOUNTED FOR USING THE EQUITY METHOD	6,354,300	7,359
LOSS ON IMPAIRMENT OF FINANCIAL ASSETS	15,631,995	35,662,495
OTHER FINANCE COSTS	11,614,718	4,892,350
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	83,496,380	239,338,408

Fair value losses are described in detail in Chapter 6.23 and realised loss on disposals of financial assets in Chapter 6.24.

6.23 FAIR VALUE GAINS AND LOSSES

FAIR VALUE GAINS AND LOSSES

	IN EUR	
	2009	2008
Derivative financial instruments:	3,753,126	-2,135,188
- gains	5,729,233	5,696,204
- losses	-1,976,107	-7,831,392
Financial assets recognised at fair value through profit/loss:	39,811,284	-133,032,942
- gains	66,223,322	36,935,674
- losses	-26,412,038	-169,968,616
NET GAINS/LOSSES FROM CHANGES IN FAIR VALUE	43,564,410	-135,168,130

6.24 REALISED GAINS AND LOSSES

REALISED GAINS AND LOSSES

	IN EUR	
	2009	2008
Financial assets recognised at fair value through profit/loss:	4,092,158	-12,233,490
- Realised gains on disposals	5,123,471	347,443
- Realised losses on disposals	-1,031,313	-12,580,933
Available-for-sale financial assets:	13,669,311	2,358,538
- Realised gains on disposals	22,819,227	5,596,509
- Realised losses on disposals	-9,149,915	-3,237,971
Loans and deposits:	-2,028,035	0
- Realised gains on disposals	947,583	0
- Realised losses on disposals	-2,975,618	0
Derivative financial instruments:	1,536,604	0
- Realised gains on disposals	2,554,300	0
- Realised losses on disposals	-1,017,696	0
Held-to-maturity financial assets:	-564,704	0
- Realised gains on disposals	0	0
- Realised losses on disposals	-564,704	0
Total realised gains and losses	16,705,334	-9,874,952

In 2009, the Company sold a bond classified in the "financial assets held to maturity" category. In July 2009, the "CIT 4 1/2 15" bond with maturity in 2015 and a nominal value of EUR 1 million was sold for the price of 43%. The abovementioned transaction was carried out despite the company's commitment that it would be able to hold the above bond until maturity. The sale was made due to a steep decline of the bond's credit rating (in the previous two months it fell from BBB- to CCC+. Moreover, the bond was assigned a "negative outlook", meaning the credit rating would probably continue to deteriorate). Subsequently, the issuer went bankrupt in November 2009.

6.25 OTHER INCOME FROM INSURANCE OPERATIONS

OTHER INCOME FROM INSURANCE OPERATIONS

	IN EUR	
	2009	2008
FEES AND COMMISSION INCOME		
- Investment management services	17,700,428	29,614,035
- Reinsurance commission income	1,682,585	4,827,954
- Policyholder administration	1,229,999	790,256
- Other fees and commission income	196,828	313,992
- Surrender charges and other contract fees	20,343	16,165
TOTAL FEES AND COMMISSION INCOME	20,830,183	35,562,402
OTHER INCOME FROM INSURANCE OPERATIONS		
- Income from sale of green cards for motor vehicles	2,380,005	2,474,035
- Income from claims settled for other insurance companies	1,369,244	1,033,640
- Income from assistance services	332,721	413,419
- Other income from insurance operations	2,536,868	3,380,323
TOTAL OTHER INCOME FROM INSURANCE OPERATIONS	6,618,838	7,301,417
OTHER INCOME FROM INSURANCE OPERATIONS	27,449,021	42,863,819

Other income from insurance operations refers mostly to reimbursement of costs arising from re-courses and claims settlements.

6.26 OTHER INCOME

OTHER INCOME

	IN EUR	
	2009	2008
Income from investment property	2,299,747	5,803,361
Rental income	577,319	128,999
Income from other services	5,760,793	5,889,440
Claims refund	85,070	33,268
Fair value gains	1,326,614	115,998
Income from non-insurance companies in the Group	46,564,295	48,370,108
TOTAL	56,613,838	60,341,174

The bulk of income from non-insurance operations is represented by the net sales income from the disposal of Slovenijales d.d, in the amount of EUR 35.4 million.

6.27 CLAIMS

CLAIMS

	IN EUR	
	2009	2008
NON-LIFE INSURANCE		
Gross claims settled	492,539,121	493,860,639
Income from gross recourse receivables	-26,644,437	-21,432,131
Reinsurers' share in gross claims settled	-38,524,812	-56,076,721
Co-insurers' share in gross claims settled	530,102	418,356
Change in gross claims provisions	41,851,090	54,258,635
Change in gross claims provisions for re/co-insurer's share	5,385,916	-14,366,180
NET CLAIMS INCURRED ON NON-LIFE INSURANCE	475,136,980	456,662,598
LIFE INSURANCE		
Gross claims settled	80,666,500	79,937,181
Change in gross claims provisions	849,130	1,093,496
NET CLAIMS INCURRED ON LIFE INSURANCE	81,515,630	81,030,677
HEALTH INSURANCE		
Gross claims settled	50,654,990	44,166,696
Income from gross recourse receivables	-12,800	-124
Change in gross claims provisions	-920,525	1,161,975
Equalisation scheme expenses	4,510,423	3,285,768
TOTAL NET CLAIMS INCURRED ON HEALTH INSURANCE	54,232,088	48,614,315
NET CLAIMS INCURRED TOTAL	610,884,698	586,307,590

OVERVIEW OF NET CLAIMS INCURRED BY INSURANCE CLASS IN 2009

INSURANCE CLASS	GROSS CLAIMS	REINSURERS' SHARE	IN EUR
			NET CLAIMS INCURRED
Accident insurance	31,312,325	659,912	30,652,413
Health insurance	51,243,785	24,349	51,219,436
Land motor vehicle insurance	147,818,068	24,237,734	123,580,334
Railway insurance	985,278	0	985,278
Aircraft insurance	551,264	273,793	277,471
Marine Insurance	2,282,968	231,634	2,051,333
Cargo insurance	2,169,846	139,049	2,030,797
Fire and natural forces insurance	54,076,170	22,441,777	31,634,393
Other damage to property insurance	99,440,252	27,357,123	72,083,128
Motor TPL insurance	151,499,223	9,517,212	141,982,011
Aircraft liability insurance	746,203	681,934	64,269

OVERVIEW OF NET CLAIMS INCURRED BY INSURANCE CLASS IN 2009

INSURANCE CLASS	GROSS CLAIMS	REINSURERS' SHARE	IN EUR
			NET CLAIMS INCURRED
Marine liability insurance	199,384	24,421	174,963
General liability insurance	25,054,981	2,094,813	22,960,168
Credit insurance	18,964,338	1,114,660	17,849,679
Suretyship insurance	925,971	26,075	899,896
Miscellaneous financial loss insurance	5,270,976	2,832,148	2,438,828
Legal expenses insurance	9,897	286	9,611
Travel assistance insurance	4,652,377	306,058	4,346,318
TOTAL NON-LIFE INSURANCE	597,203,305	91,962,978	505,240,327
Life insurance	63,972,465	108,132	63,864,333
Unit-linked life insurance	14,120,278	-	14,120,278
Capital redemption insurance	2,627,827	-	2,627,827
TOTAL LIFE INSURANCE	80,720,570	108,132	80,612,438
TOTAL	677,923,875	92,071,110	585,852,765
Consolidation adjustments	-54,063,264	-54,076,400	13,136
TOTAL	623,860,611	37,994,710	585,865,901

Gross claims outward include gross claims settled and assessment costs divided by function (see Chapter 6.30).

OVERVIEW OF NET CLAIMS INCURRED BY INSURANCE CLASS IN 2008

INSURANCE CLASS	GROSS CLAIMS	REINSURERS' SHARE	IN EUR
			NET CLAIMS INCURRED
Accident insurance	32,826,355	735,417	32,090,938
Health insurance	44,468,873	23,978	44,444,895
Land motor vehicle insurance	136,957,808	23,017,261	113,940,547
Railway insurance	1,153,607	-	1,153,607
Aircraft insurance	842,205	646,039	196,166
Marine Insurance	1,511,586	17,151	1,494,435
Cargo insurance	1,488,897	-10,236	1,499,133
Fire and natural forces insurance	98,074,640	59,086,589	38,988,051
Other damage to property insurance	91,348,780	26,416,565	64,932,215
Motor TPL insurance	147,947,808	8,721,782	139,226,027
Aircraft liability insurance	1,025,574	1,011,687	13,887
Marine liability insurance	85,539	1,368	84,171
General liability insurance	28,204,886	2,510,431	25,694,455
Credit insurance	14,971,617	1,263,741	13,707,876
Suretyship insurance	380,988	5,680	375,308
Miscellaneous financial loss insurance	2,497,973	402,467	2,095,506
Legal expenses insurance	11,487	336	11,151
Travel assistance insurance	2,446,005	183,149	2,262,856
TOTAL NON-LIFE INSURANCE	606,244,632	124,033,406	482,211,226
Life insurance	68,222,086	136,235	68,085,851
Unit-linked life insurance	9,787,937	-	9,787,937
Capital redemption insurance	1,995,283	-	1,995,283
TOTAL LIFE INSURANCE	80,005,306	136,235	79,869,070
TOTAL	686,249,937	124,169,641	562,080,296
Consolidation adjustments	68,285,421	68,511,276	-225,855
TOTAL	617,964,516	55,658,365	562,306,151

REINSURANCE RESULT

	IN EUR	
	2009	2008
Reinsurance premiums	-71,334,542	-64,515,720
Changes in reinsurers' share of unearned premiums	859,658	947,698
Reinsurers' share in claims	37,994,710	55,658,365
Changes in claims provisions for reinsurers' shares	-5,397,976	14,366,180
Net result from reinsurance operations	-37,878,150	6,456,523
Reinsurance commission	1,682,585	4,784,352
GROSS REINSURANCE RESULT	-36,195,565	11,240,875

6.28 CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS**CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS**

	IN EUR	
	2009	2008
Change in other insurance technical provisions	92,004,461	73,434,623
Change in insurance technical provisions for unit-linked insurance contracts	90,122,332	-49,058,086
TOTAL	182,126,793	24,376,537

Change in other insurance technical provisions is related in full to changes of mathematical provisions and provisions for cancellation and unexpired risk provisions.

6.29 EXPENSES FOR BONUSES AND REBATES**EXPENSES FOR BONUSES AND REBATES**

	IN EUR	
	2009	2008
Settled bonuses and discounts	10,942,125	11,746,021
Changes in gross provision for bonuses and discounts	1,124,602	642,540
TOTAL	12,066,727	12,388,561

6.30 ACQUISITION COSTS AND OTHER OPERATING EXPENSES**GROSS OPERATING EXPENSES BY FUNCTION COMPARED TO 2008**

	IN EUR	
	2009	2008
Acquisition costs	134,822,095	134,117,000
Other operating costs	72,929,909	73,815,393
Claim handling costs *	27,443,854	25,694,990
Costs of asset management **	3,905,907	3,451,218
Operating expenses from non-insurance operations ***	49,400,205	61,204,103
TOTAL	288,501,970	298,282,704

* Claim handling costs are disclosed as a part of gross claims incurred.

** Costs of asset management are disclosed as financial expenses.

*** Operating expenses from non-insurance operations are disclosed as other expenses.

OPERATING EXPENSES BY NATURE AND BUSINESS SEGMENT IN 2009

	IN EUR					
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	TOTAL COSTS OF INSURANCE OPERATIONS	COSTS OF NON-INSURANCE OPERATIONS	TOTAL
1. Acquisition costs (fees and charges)	21,885,120	8,329,809	1,094,145	31,309,074	0	31,309,074
2. Cost of goods sold	0	0	0	0	24,423,372	24,423,372
3. Depreciation of operating assets	7,321,154	2,788,209	506,253	10,615,617	1,881,578	12,497,195
4. Labour costs	108,642,888	18,549,907	4,215,032	131,407,827	12,730,874	144,138,700
- wages and salaries	75,810,079	13,328,095	2,797,215	91,935,390	9,367,506	101,302,896
- social security and pension insurance costs	18,973,048	2,620,087	536,953	22,130,088	1,532,296	23,662,385
- other labour costs	13,859,760	2,601,725	880,863	17,342,348	1,831,071	19,173,419
5. Costs of services provided by outsource persons other than Sole traders	3,212,529	398,942	182,462	3,793,934	0	3,793,934
6. Other operating costs	51,615,871	11,683,630	5,229,968	68,529,468	12,812,193	81,341,661
- costs of entertainment, advertising, trade shows	12,911,955	2,955,202	668,156	16,535,312	0	16,535,312
- costs of material and energy	6,106,617	1,098,611	185,545	7,390,774	1,898,217	9,288,991
- maintenance costs	5,439,948	1,958,022	1,619,579	9,017,548	0	9,017,548
- reimbursement of labour-related costs	4,213,957	549,232	121,165	4,884,354	0	4,884,354
- costs of intellectual and personal services	2,385,653	514,257	372,222	3,272,132	0	3,272,132
- membership fees and charges	2,656,743	534,788	95,571	3,287,102	0	3,287,102
- costs of services - transport and communications	3,719,864	1,011,756	467,670	5,199,290	0	5,199,290
- costs for insurance premiums	1,453,028	262,862	6,618	1,722,507	0	1,722,507
- payment transaction costs and banking services	2,465,215	1,390,376	261,892	4,117,482	0	4,117,482
- rents	5,003,562	846,830	888,766	6,739,159	0	6,739,159
- costs of professional training services	655,193	156,440	79,750	891,383	0	891,383
- other costs of services	4,604,136	405,254	463,035	5,472,426	10,913,976	16,386,401
TOTAL OPERATING COSTS	192,677,562	41,750,498	11,227,860	245,655,920	51,848,017	297,503,937
Consolidation adjustments	-2,319,430	-2,551,382	-1,683,343	-6,554,155	-2,447,812	-9,001,967
TOTAL OPERATING COSTS	190,358,132	39,199,116	9,544,517	239,101,765	49,400,205	288,501,970

OPERATING EXPENSES BY NATURE AND FUNCTION IN 2009

	IN EUR					
	TOTAL	ACQUISITION COSTS	CLAIM HANDLING COSTS	COSTS OF ASSET MANAGEMENT	OTHER OPERATING COSTS	COSTS OF NON-INSURANCE OPERATIONS
1. Acquisition costs (fees and charges)	31,309,074	29,267,464	20,337	15	2,021,258	0
2. Changes in accrued Acquisition costs	24,423,372	0	0	0	0	24,423,372
3. Depreciation of operating assets	12,497,195	2,996,045	1,601,885	300,397	5,717,290	1,881,578
4. Labour costs	144,138,700	70,967,602	19,495,080	2,665,876	38,279,269	12,730,874
- wages and salaries	101,302,896	50,185,518	13,575,348	2,035,032	26,139,491	9,367,506
- social security and pension insurance costs	23,662,385	11,651,672	3,207,048	341,459	6,929,910	1,532,296
- other labour costs	19,173,419	9,130,412	2,712,684	289,384	5,209,868	1,831,071
5. Costs of services provided by outsource persons other than Sole traders	3,793,934	1,747,699	989,489	22,649	1,034,096	0
6. Other operating costs	81,341,661	34,212,770	5,337,064	916,970	28,062,665	12,812,193
- costs of entertainment, advertising, trade shows	16,535,312	14,025,026	94,384	91,481	2,324,420	0
- costs of material and energy	9,288,991	3,430,596	1,143,987	64,291	2,751,899	1,898,217
- maintenance costs	9,017,548	1,839,826	935,112	189,963	6,052,648	0
- reimbursement of labour-related costs	4,884,354	3,897,677	239,392	119,936	627,349	0
- costs of intellectual and personal services	3,272,132	674,400	442,863	185,632	1,969,237	0
- membership fees and charges	3,287,102	1,422,372	204,738	52,245	1,607,747	0
- costs of services - transport and communications	5,199,290	2,399,168	685,597	88,151	2,026,374	0
- costs of insurance premiums	1,722,507	595,064	327,680	30,619	769,144	0
- payment transaction costs and banking services	4,117,482	788,064	69,981	7,889	3,251,548	0
- rents	6,739,159	3,482,035	312,878	16,311	2,927,934	0
- costs of professional training services	891,383	373,414	117,452	17,034	383,483	0
- other costs of services	16,386,401	1,285,128	763,000	53,417	3,370,881	10,913,976
TOTAL OPERATING EXPENSES	297,503,937	139,191,581	27,443,854	3,905,907	75,114,578	51,848,017
Consolidation adjustments	-9,001,967	(4,369,486)	0	0	-2,184,669	-2,447,812
TOTAL OPERATING EXPENSES	288,501,970	134,822,095	27,443,854	3,905,907	72,929,909	49,400,205

OPERATING EXPENSES BY NATURE AND BUSINESS SEGMENT IN 2008

	IN EUR					
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	TOTAL COSTS OF INSURANCE OPERATIONS	COSTS OF NON-INSURANCE OPERATIONS	TOTAL
1. Acquisition costs (fees and charges)	19,937,419	12,670,803	1,022,225	33,630,447	0	33,630,447
2. Changes in accrued Acquisition costs	0	0	0	0	33,727,155	33,727,155
3. Depreciation of operating assets	7,409,469	2,884,851	482,955	10,777,275	2,548,158	13,325,433
4. Labour costs	102,576,546	19,362,146	3,603,948	125,542,640	12,944,780	138,487,420
- wages and salaries	71,950,984	13,725,476	2,345,405	88,021,865	9,409,615	97,431,480
- social security and pension insurance costs	18,502,410	3,078,073	522,086	22,102,569	1,486,878	23,589,447
- other labour costs	12,123,152	2,558,597	736,456	15,418,205	2,048,287	17,466,492
5. Costs of services provided by outsource persons other than Sole traders	2,891,071	501,698	255,040	3,647,809	0	3,647,809
6. Other operating costs	51,229,625	12,836,445	5,030,032	69,096,102	11,984,010	81,080,112
- costs of entertainment, advertising, trade shows	11,217,549	3,695,668	495,417	15,408,634	0	15,408,634
- costs of material and energy	6,247,137	1,179,946	234,446	7,661,529	2,191,552	9,853,081
- maintenance costs	3,695,340	1,737,554	1,477,958	6,910,852	0	6,910,852
- reimbursement of labour-related costs	4,505,060	724,017	119,991	5,349,068	0	5,349,068
- costs of intellectual and personal services	2,367,886	751,375	649,219	3,768,480	0	3,768,480
- membership fees and charges	2,668,689	630,658	89,346	3,388,693	0	3,388,693
- costs of services - transport and communications	3,439,254	1,136,060	326,779	4,902,093	0	4,902,093
- costs of insurance premiums	1,372,865	207,016	1,424	1,581,305	0	1,581,305
- payment transaction costs and banking services	2,362,866	1,249,255	238,211	3,850,332	0	3,850,332
- rents	4,614,040	959,080	882,510	6,455,630	0	6,455,630
- costs of professional training services	733,680	169,901	34,651	938,232	0	938,232
- other costs of services	8,005,259	395,915	480,080	8,881,254	9,792,458	18,673,712
TOTAL OPERATING EXPENSES	184,044,130	48,255,943	10,394,200	242,694,273	61,204,103	303,898,376
Consolidation adjustments	-1,076,295	-2,894,704	-1,644,673	-5,615,672	0	-5,615,672
TOTAL OPERATING EXPENSES	182,967,835	45,361,239	8,749,527	237,078,601	61,204,103	298,282,704

OPERATING EXPENSES BY NATURE AND FUNCTION IN 2008

	IN EUR					
	TOTAL	ACQUISITION COSTS	CLAIM HANDLING COSTS	COSTS OF ASSET MANAGEMENT	OTHER OPERATING COSTS	COSTS OF NON-INSURANCE OPERATIONS
1. Acquisition costs (fees and charges)	33,630,447	33,574,951	13,214	17	42,265	0
2. Changes in accrued Acquisition costs	33,727,155	0	0	0	0	33,727,155
3. Depreciation of operating assets	13,325,432	3,187,702	1,663,857	288,337	5,637,378	2,548,158
4. Labour costs	138,487,422	66,716,159	18,415,265	2,326,199	38,085,019	12,944,780
- wages and salaries	97,431,479	47,139,213	12,896,294	1,701,007	26,285,350	9,409,615
- social security and pension insurance costs	23,589,448	11,583,786	3,079,263	345,854	7,093,667	1,486,878
- other labour costs	17,466,492	7,993,158	2,439,707	279,337	4,706,003	2,048,287
5. Costs of services provided by outsource persons other than Sole traders	3,647,808	1,405,123	959,376	22,261	1,261,048	0
6. Other operating costs	81,080,112	33,080,373	4,643,279	814,404	30,558,046	11,984,010
- costs of entertainment, advertising, trade shows	15,408,634	12,238,531	395,043	27,650	2,747,410	0
- costs of material and energy	9,853,081	3,472,804	1,093,858	65,135	3,029,732	2,191,552
- maintenance costs	6,910,851	1,352,031	591,804	119,226	4,847,790	0
- reimbursement of labour-related costs	5,349,069	3,870,681	249,266	103,836	1,125,286	0
- costs of intellectual and personal services	3,768,481	665,822	427,638	241,013	2,434,008	0
- membership fees and charges	3,388,693	1,359,204	204,434	51,080	1,773,975	0
- costs of services - transport and communications	4,902,092	2,333,976	582,636	77,035	1,908,445	0
- costs of insurance premiums	1,581,306	650,787	277,175	43,694	609,650	0
- payment transaction costs and banking services	3,850,333	667,885	88,357	24,253	3,069,838	0
- rents	6,455,628	3,095,303	317,607	14,621	3,028,097	0
- costs of professional training services	938,232	221,372	35,686	3,320	677,854	0
- other costs of services	18,673,712	3,151,977	379,775	43,541	5,305,961	9,792,458
TOTAL OPERATING EXPENSES	303,898,376	137,964,308	25,694,991	3,451,218	75,583,756	61,204,103
Consolidation adjustments	-5,615,672	-3,847,309	0	0	-1,768,363	0
TOTAL OPERATING EXPENSES	298,282,704	134,117,000	25,694,991	3,451,218	73,815,393	61,204,103

6.31 OTHER EXPENSES FROM INSURANCE OPERATIONS

OTHER EXPENSES FROM INSURANCE OPERATIONS

	IN EUR	
	2009	2008
Expenses of preventive activity	2,944,568	7,257,832
Contributions for claims from uninsured or unidentified vehicles	3,506,090	3,449,408
Other net insurance expenses	54,035,356	42,245,800
OTHER EXPENSES FROM INSURANCE OPERATIONS	60,486,014	52,953,040

Other net insurance expenses refer mainly to fire-protection fees (EUR 4,871,072), supervisory authority fees (EUR 1,414,868), commission expenses (subscription, redemption and management commissions in the amount of EUR 19,577,097) and expenses for the impairment of receivables and receivables write-off (EUR 22,838,581).

6.32 OTHER EXPENSES

OTHER EXPENSES

	IN EUR	
	2009	2008
Depreciation of investment property	503,549	1,138,412
Other investment property expenses	824,208	2,478,222
Other expenses:	74,626,489	63,785,786
- operating expenses of non-insurance companies	49,400,205	61,204,103
- impairment expenses	18,326,000	0
- other expenses	6,900,284	2,581,683
TOTAL	75,954,246	67,402,420

Impairment expenses relate to goodwill impairment in the amount of EUR 7,061,775 and impairment of contractual rights and value of acquired operations in the amount of EUR 11,264,226. Details are shown in Chapter 6.1.

6.33 INCOME TAX EXPENSE

TAX EXPENSE IN THE INCOME STATEMENT

	IN EUR	
	2009	2008
Current tax expense	-8,803,506	-10,311,907
Deferred tax expense/income	429,944	9,525,486
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	-8,373,562	-786,421

TAX EXPENSE IN OTHER COMPREHENSIVE INCOME

	2009			2008		
	BEFORE TAX	TAX	AFTER TAX	BEFORE TAX	TAX	AFTER TAX
Profit from increase in fair value of available-for-sale financial assets	-13,101,506	-3,083,410	-16,184,916	-163,046,229	54,860,891	-108,185,338
Liabilities from insurance contracts with discretionary participating feature (shadow accounting)	-11,881,684	2,376,337	-9,505,347	16,108,624	4,190,143	20,298,767
Net 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	2,193,297	-438,659	1,754,638	-836,271	167,254	-669,017
Translation differences	-263,803	0	-263,803	-1,147,979	0	-1,147,979
TOTAL OTHER COMPREHENSIVE INCOME	-23,053,696	-1,145,732	-24,199,428	-148,921,855	59,218,288	-89,703,567

RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	IN EUR	
	2009	2008
ACCOUNTING PROFIT	2,081,220	1,796,715
Income tax rate - tax rate average of several countries	19.60%	19.52%
ACCOUNTING PROFIT MULTIPLIED BY TAX RATE	-407,919	-350,719
TAX EFFECTS		
Tax effect of income deductible for tax purposes	6,360,007	4,940,460
Tax effect of expenses not deductible for tax purposes	-12,634,461	-5,285,665
Tax effect of income added for tax purposes	696,237	341,583
Revenues or expenses concerning tax relief	177,119	-256,438
Changes in temporary differences	-2,564,545	-175,642
TOTAL TAX EXPENSES	-8,373,562	-786,421
Effective tax rate	402.34%	43.77%

In accordance with the Corporate Income Tax Act (hereinafter CITA-2), the Company has applied a 21% tax rate to its taxable profit for 2009. In line with CITA-2, a 22% tax rate was applied for the previous year and a 20% tax rate will be applied to the taxable profit for 2010. For subsidiaries operating outside the Republic of Slovenia, the Group applied the tax rate of the country of operation in compliance with its local legislation. See Chapter 1 for details on tax rates by company.

Unused tax losses of the Group amounted to EUR 66.4 milion as at 31 December, 2009 (as at 31 December, 2008: EUR 36 milion).

6.34 RELATED PARTY TRANSACTIONS

6.34.1 Transactions with main shareholders

The two main shareholders of Zavarovalnica Triglav d.d. are Zavod za pokojninsko in invalidsko zavarovanje Slovenije, owning 34.47% of the shares (owned until 30 June, 2008 by Kapitalska družba d.d.), and Slovenska odškodninska družba, owning 28.07% of the shares. In 2008, business transactions with the parent companies were limited to the insurance of the two companies' assets. In 2008, Zavarovalnica Triglav booked EUR 40,992 in premium and EUR 4,507 in claims with these parties. In 2009, Zavarovalnica Triglav conducted no business transactions with the abovementioned shareholders, thus it discloses no income or expenses from those relations.

6.34.2 Transactions with associates

This group includes companies in which the Triglav Group has a significant interest (from 20% to 50% of equity). In addition to its capital connections, Zavarovalnica Triglav d.d. has also established business agreements with these companies which is limited to insurance of assets and financial services.

The services exchanged between Group companies are rendered at prices that are applied to other companies outside the Group.

OVERVIEW OF OPEN BALANCES AND TRANSACTIONS WITH ASSOCIATES

	IN EUR	
	2009	2008
Gross written premium for insurance and co-insurance	4,237,534	4,100,301
Gross claims settled	-2,406,073	-2,265,201
Investment income	6,954,131	14,552,550
Expenses from investments	-2,197,199	0

OVERVIEW OF OPEN BALANCES AND TRANSACTIONS

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2009
FINANCIAL INVESTMENTS:		
Investments in associates	122,342,222	99,330,861
Investments in		
- debt instruments	7,762,314	4,358,771
- deposits at banks	30,935,380	57,642,566
RECEIVABLES:		
Insurance receivables	55,778	107,918
Reinsurance and co-insurance receivables	144,582	-11,054
Other short-term receivables	606,184	3,673,057
LIABILITIES:		
From direct insurance operations	205,884	2,144,725
Liabilities from co-insurance and reinsurance operations	57,811	-11,697

6.34.3 Members of management and supervisory bodies

In 2009, the Management Board members were paid the following amounts as compensation for their work:

		IN EUR							
MANAGEMENT BOARD	PERIOD	FIXED SALARIES	OTHER ADDITIONAL PAY*	BONUSES**	INSURANCE PREMIUMS***	OTHER BENEFITS	REIMBURSEMENTS	GROSS PAY FOR WORK IN SUBSIDIARIES****	NET PAY RECEIVED
Matjaž Rakovec	15. 10. - 31. 12. 2009	21,105	0	0	2,243	754	516	1,200	12,696
Igor Stebernak	19. 11. - 31. 12. 2009	5,381	0	0	572	326	288	275	3,852
Andrej Slapar	11. 11. - 31. 12. 2009	8,850	204	0	387	631	245	0	5,331
Andrej Kocič	1. 1. - 28.5. 2009	100,222	11,408	96,963	2,048	1,767	223	11,101	101,070
Borut Eržen	1. 1. - 25.9. 2009	130,991	80,194	82,501	11,646	2,885	310	7,710	147,177
Vladimir Mišo Čeplak	1. 1. - 31. 12. 2009	176,934	10,296	87,536	12,824	2,616	573	9,754	140,127
Tomaž Rotar	1. 1. - 15. 10. 2009	149,084	9,979	9,331	8,914	6,442	191	750	91,807

* Other additional payments include holiday allowance and severance pay.

**Bonuses in accordance with the Supervisory Board's decision based on business results for 2007.

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

****Gross payments for work done in subsidiaries are listed for the entire year 2009.

As at 31 December, 2009, Zavarovalnica Triglav's receivables from and liabilities to the following Management Board members totalled:

	IN EUR	
MANAGEMENT BOARD	RECEIVABLES AS AT 31 DECEMBER, 2009	LIABILITIES AS AT 31 DECEMBER, 2009
Matjaž Rakovec	136	5,988
Igor Stebernak	75	5,911
Andrej Slapar	11	5,241
Vladimir Mišo Čeplak	0	5,902
TOTAL	222	23,042

In 2009, the Supervisory Board members were paid the following amounts as compensation for their work:

SUPERVISORY BOARD					IN EUR	
	FROM 1 JANUARY, 2009 TO 6 APRIL, 2009		FROM 7 APRIL, 2009 TO 31 DECEMBER, 2009		TOTAL NET PAY	GROSS PAY FOR WORK IN SUBSIDIARIES
	ATTENDANCE FEE	REIMBURSE- MENTS	ATTENDANCE FEE	REIMBURSE- MENTS		
Barbara Nose	1,904		1,904		2,951	
Bojan Župevec	4,785				3,708	
Boris Gabor	4,785	859	7,933	3,437	13,186	
Branko Gorjan	6,689	840	6,029	1,155	11,402	
Damjan Mihevc	6,221				4,821	6,414
Gregor Gomišček	4,785				3,708	
Janez Gregorič	4,785				3,708	
Janez Sušnik	4,785	134			3,812	
Mateja Perger	7,260	420			5,952	1,697
Peter Celar	4,785	191	4,125	344	7,320	
Aljoša Valentinčič			6,346		4,918	
Anton Ribnikar			5,616		4,353	
Borut Jamnik			10,313	673	8,514	
Igor Mihajlovič			4,760		3,689	
Mirko Miklavčič			6,473	2,062	6,615	
Srečko Jadek			1,587		1,230	
Uroš Slavinec			7,013		5,435	

Members of Supervisory Board Committees from 1 January, 2009 to 6 April, 2009:

- Audit Committee: Mateja Perger, Branko Gorjan, Barbara Nose (independent member)

Members of Supervisory Board Committees from 7 April, 2009 to 31 December, 2009:

- Appointments and Compensation Committee: Borut Jamnik, Mirko Miklavčič (until 25 September, 2009), Boris Gabor, Srečko Jadek (as of 4 May, 2009)
- Audit Committee: Uroš Slavinec, Anton Ribnikar, Aljoša Valentinčič, Branko Gorjan, Barbara Nose (as of 20 April, 2009)

As at 31 December 2009, Zavarovalnica Triglav's receivables from and liabilities to the Supervisory Board members listed below totalled:

SUPERVISORY BOARD	IN EUR	
	RECEIVABLE AS AT 31 DECEMBER, 2009	LIABILITIES AS AT 31 DECEMBER, 2009
Barbara Nose	0	246
Boris Gabor	121	69
Branko Gorjan	505	647
Aljoša Valentinčič	0	232
Anton Ribnikar	14	0
Borut Jamnik	0	82
Igor Mihajlovič	14	0
Mirko Miklavčič	173	0
Peter Celar	156	0
Uroš Slavinec	0	305
TOTAL	983	1,580

6.34.4 Auditors

The Annual Reports for 2009 and 2008 were audited by KPMG Slovenija d.o.o. The Group spent the following amounts on auditors' services:

	IN EUR	
	2009	2008
Auditing of the annual report and other auditing services	703,053	688,338
Advisory services	50,156	667,628
Tax advice	58,378	21,709

6.35 SLOVAKIA BRANCH OFFICE⁷

The financial statements of the Slovakia branch office are included in the financial statements of Zavarovalnica Triglav d.d. Its separate financial statements are shown below.

BALANCE SHEET

	IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008
ASSETS	2,774,854	4,247,280
Intangible assets	26,750	16,125
Property, plant and equipment	87,197	97,390
Financial assets	6,276	0
Reinsurers' share of technical provisions	2,447,315	3,689,335
Insurance receivables	173,533	344,852
Income tax receivables	29	598
Other assets	24,551	21,199
Cash and cash equivalents	9,203	77,782
EQUITY AND LIABILITIES	2,774,854	4,247,280
Equity	-6,123,753	-6,663,033
- Net profit/loss brought forward	-6,663,033	-827,452
- Net profit/loss for the year	539,280	-5,835,581
Insurance technical provisions	5,360,306	8,288,443
Liabilities from insurance operations	31,159	239
Other liabilities	3,507,142	2,621,631

INCOME STATEMENT

	IN EUR	
	2009	2008
NET PREMIUM EARNED	269,989	303,013
Gross written premium	546,153	765,144
Ceded written premium	-307,862	-510,576
Change in provision for unearned premiums	31,698	48,445
OTHER INCOME	19,567	44,078
Investment income	154	6,561
Fees and commission income	17,626	37,243
Other income	1,787	273
NET CLAIMS INCURRED	-1,136,269	5,370,797
-Gross claims settled	1,151,168	1,755,970
Re/co-insurers' share in gross claims settled	-619,530	-807,973
Changes in claims provisions	-1,667,907	4,422,800
OTHER EXPENSES AND CHARGES	886,545	811,875
Change in other insurance technical provisions	3,812	-820
Acquisition costs	791,464	827,470
Other expenses from insurance operations	25,879	43,928
Other expenses	65,390	-58,704
PROFIT/LOSS BEFORE TAX	539,280	-5,835,581
Income tax expense	0	0
NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD	539,280	-5,835,581

6.36 PROFIT PER SHARE

Net profit per share is calculated for the parent company and is disclosed in the stand-alone financial reports of Zavarovalnica Triglav.

⁷ The financial statements of the branch office in Slovakia are included in the annual report on the basis of secondary legislation of the Insurance Supervision Agency.

6.37 CASH FLOW STATEMENT

The consolidated cash flow is composed of the combined cash flows of all Triglav Group companies, with mutual cash flows subsequently being eliminated.

Operating and investment cash flows were compiled on the basis of balance sheet data and adjusted to account for those items which do not involve cash flows (impairment and changes of provisions for outstanding claims and other provisions). Receipts/payments from intangible assets, from property, plant and equipment and from investment property were calculated on the basis of carrying amount changes, adjusted by depreciation charges and increased or decreased by realised losses or gains on disposals. The figures in this statement therefore differ from the figures in the tables in Chapters 6.1 and 6.2.

Financing cash flow is disclosed on the basis of realised payments. The amount of dividend payments in the cash flow statement differs from that disclosed in the statement of changes in equity by unpaid dividends.

The table below shows the reconciliation of operating cash flows.

RECONCILIATION OF OPERATING CASH FLOWS

	IN EUR	
	2009	2008
PROFIT BEFORE TAX	2,081,220	1,796,715
Depreciation	24,423,057	14,540,871
Impairment of receivables	22,838,581	7,552,910
Change in receivables	12,439,146	-42,613,515
Change in deferred tax assets	695,014	-10,050,571
Change in inventory	447,528	3,591,365
Change in liabilities	164,887,341	35,847,134
Payment of income tax	-16,820,042	-14,703,605
Operating cash flow	210,991,845	-4,038,696

6.38 CONTINGENT RECEIVABLES AND LIABILITIES

6.38.1 Tax matters

In 2009, Zavarovalnica Triglav was not subject to any tax inspections. It did, however, work on resolving an unfinished tax procedure from previous years. The current state of these tax procedures is as follows:

- The tax procedure related to the inspection of the regularity and lawfulness of levying taxes and contributions for 1995 and 1996 is still pending. The issue of levied income tax in the amount of EUR 799,940.33, referring to the expenses for the formation of equalisation provisions in 1995 and 1996, is still to be resolved. With regard to this dispute, on 1 October, 2009, Zavarovalnica Triglav received a decision of the Administrative Court of the Republic of Slovenia rejecting the appeal regarding a misinterpretation of part of the Insurance Statistical Standard No. 5, which is contrary to the stipulations of the Insurance Undertakings Act. On 30 October, 2009, Zavarovalnica Triglav claimed judicial review of the issued decision at the Supreme Court. By 31 March, 2010, Zavarovalnica Triglav had not received any reply. The Company settled the entire liability in the abovementioned tax procedure.
- The tax procedure commenced on 16 November, 2005 by the Special Tax Office, related to an inspection of the corporate income tax for the financial year 2004, is still pending. The Company appealed against the inspection findings contained in the minutes No. 462-02-10072/2005 0203 07 of 11 July, 2006. Based on this appeal the Special Tax Office expanded its inspection to the years 2002, 2003 and 2005. On 5 March, 2007, the Company received decision No. DT 46202-10072/2005 0203 07, according to which it owed EUR 537,027 in corporate income tax for the above stated years and EUR 43,126 in default interest. The Company settled the entire liability. The Company appealed against the tax decision on 4 April, 2007. By 31 March, 2010 Zavarovalnica Triglav had not received any reply.

The Company appealed against the tax decision on 4 April, 2007. As at 31 March, 2010, Zavarovalnica Triglav had received no reply. On 14 April, 2010, Zavarovalnica Triglav received from the Ministry of Finance, Directorate for the System of Tax, Customs and Other Public Finance Revenues, a decision dismissing the appeal of the Company. An administrative dispute may be initiated against this decision, regarding which the Management Board has not yet taken any decision.

6.38.2 Legal disputes

- Zavarovalnica Triglav (plaintiff) versus Istrabenz holdinška družba d.d. (respondents)

On 28 December, 2007, Zavarovalnica Triglav d.d. irrevocably and unconditionally accepted a binding offer made by Istrabenz holdinška družba d.d. to buy Petrol d.d. shares for a total price of EUR 19,950,000. Since Istrabenz did not meet its obligations arising from the above mentioned offer, Zavarovalnica Triglav sued Istrabenz. A hearing was conducted. The decision is pending.

Istrabenz filed a counterclaim against Zavarovalnica Triglav which challenges the agreement on the sales of Petrol shares. Zavarovalnica Triglav responded to that by negating all of the allegations of Istrabenz.
- Zavarovalnica Triglav (plaintiff) versus Milan Marolt and Nadežda Klemenčič (respondents)

The Company filed a suit against Milan Marolt and Nadežda Klemenčič on 12 August, 2004 on the grounds of unlawful issuing of decisions and exceeding their powers. The respondents alleged an erroneous interpretation of the Companies Act and claimed there were no elements of tort as pre-conditions for liability for damages. The Court accepted their argument and on 8 November, 2006 rendered a decision rejecting the claim. On 29 December, 2006, the plaintiff appealed against the ruling of first instance and on 9 January, 2009 the Higher Court of Ljubljana ruled in favour of the appellant, reversed the decision and ordered a retrial at the court of first instance. The Court has not yet issued a decision in the retrial.
- Non-litigious civil procedure - Vzajemna zdravstvena zavarovalnica d.v.z. (applicant) versus Zavarovalnica Triglav (opposing party)

On 4 August, 2006, Vzajemna zdravstvena zavarovalnica d.v.z. started a non-litigious civil procedure requiring judicial scrutiny of the exchange rate applied in the merger of Triglav finančna družba d.d. to Zavarovalnica Triglav d.d. The latter responded by denying all of the allegations of the former and argued against starting the proposed procedure. The Court has appointed a conciliation committee, which has prepared an expert opinion. The Court has not yet decided the case.
- Legal action claiming the nullity of the General Meeting of Shareholders' resolution of 13 November, 1999 and 20 February, 2001 and the Management Board decision on the increase of share capital by the issue of 1800 new bonds.

In the legal dispute of the Republic of Slovenia and the Social Attorney of the Republic of Slovenia (plaintiffs) vs Zavarovalnica Triglav, the Courts of First and Second Instance rejected the claim for nullification of Zavarovalnica Triglav's General Meeting of Shareholders' resolutions of 13 November, 1999 and 20 February, 2001 amending the Articles of Association of Zavarovalnica Triglav and the Management Board decision on the increase of share capital by the issue of 1800 new bonds. The plaintiffs claimed judicial review of the decisions issued by the Court of First Instance and the Court of Second Instance. The Supreme Court of the Republic of Slovenia reversed the decisions of the inferior Courts and ordered retrial at the District Court in Ljubljana, which has not yet decided the case.
- Labour disputes

As at 31 December, 2009, there were 26 labour disputes involving employees or former employees as plaintiffs. Total claims as at the same date amounted to approximately EUR 900,000. Prior to 31 December, 2009, the Court rendered the final decision in 9 cases. The plaintiffs claimed judicial review. The amount of claims might be significantly lower due to success in the disputes, since judicial review is claimed for the disputes with the highest claims.

In 2009, the Company was also served 2 claims challenging the lawfulness of an extraordinary termination of an employment contract and claiming reinstatement and damages. By the date of issuing these financial statements the proceedings had not been concluded. It is impossible to assess

the amount Zavarovalnica Triglav will be required to pay if the plaintiff wins the case. This event may have an impact on the financial statements for 2010.

- Vzajemna zdravstvena zavarovalnica d.v.z. (plaintiff) versus Triglav Zdravstvena zavarovalnica d.d. (respondent)
The suit was filed on the grounds of business conduct representing unfair competition and its prohibition. A first instance decision was made in favour of Triglav Zdravstvena zavarovalnica d.d., but the decision was annulled following an appeal by the respondent. The District Court of Koper rejected the claim, but the Higher Court of Koper partly found for the plaintiff in its decision of 14 March, 2008. Triglav claimed judicial review of the final decision issued by the Higher Court of Koper by the Supreme Court of the Republic of Slovenia. The dispute ended in a court settlement concluded at the District Court in Ljubljana on 17 August, 2009.
- Vzajemna zdravstvena zavarovalnica d.v.z. (plaintiff) versus Triglav Zdravstvena zavarovalnica d.d. (respondent)
The legal action was taken to claim EUR 9,975,780 in damages. The dispute ended in a court settlement concluded at the District Court in Ljubljana on 17 August, 2009.
- Jugobanka a.d. Belgrade, in bankruptcy proceedings, and new creditor Municipium's (plaintiff) versus Slovenijales d.d. (respondent)
In 1990, the subsidiaries of Slovenijales used credit lines provided by Jugobanka New York Agency. Slovenijales backed a blank bill as collateral for these borrowings and submitted it to Jugobanka, Belgrade. Due to financial problems, the subsidiaries of Slovenijales defaulted on the said credit lines. Jugobanka went bankrupt and its liabilities were acquired by Municipium's, which started retrials in Belgrade. An action by Municipium's requiring the issuance of a draft bill is still underway. On that basis the Management Board of Slovenijales valued potential liabilities and formed additional provisions in 2009, which amounted to EUR 8,465,759 as at 31 December 2009.
- Vegrad d.d. (plaintiff) versus Gradis IPGI d.d. (respondent)
On 6 November, 2007, Gradis IPGI d.d. and Vegrad d.d. signed a Service Agreement which involves over 25% of the total assets of Gradis IPGI d.d. As required by the Companies Act, such an agreement had to be made in the form of a notarial deed and approved by the General Meeting of Shareholders. On 4 February, 2008, the General Meeting of Shareholders withheld its approval and as a result the Service Agreement never took effect. Vegrad challenged it and brought a suit against Gradis IPGI, requiring EUR 15 million. In the opinion of the authorised lawyers the Plaintiff is unlikely to succeed and Gradis IPGI has, therefore, not established any provisions.

6.39 REVIEW BY THE INSURANCE SUPERVISION AGENCY (ISA) AND CLAIM CHALLENGING THE VALIDITY OF AN ISA DECISION

Review of risk management with special emphasis on unit-linked life insurance

From 1 July to 27 October, 2008, the Insurance Supervision Agency reviewed the operations of Zavarovalnica Triglav. The purpose of the review was to check how the insurance company complies with the risk management requirements and other provisions of the Insurance Act and secondary legislation adopted on its bases as well as other laws regulating the insurance industry, with special emphasis on unit-linked life insurance. The Agency produced a report on the findings after the review, which Zavarovalnica Triglav received on 19 December, 2008. Zavarovalnica Triglav sent its comments on the report on 9 January, 2009. By the date of issuing these financial statements Zavarovalnica Triglav had not yet received the Agency's final findings.

Regularity review of the 2008 consolidated annual report of the Triglav Group

From 8 July, 2009 to 30 December, 2009, the Insurance Supervision Agency carried out a regularity review of the consolidated annual report of the Triglav Group for 2008. Following this review the

Agency produced a report with findings to which Zavarovalnica Triglav submitted its comments. On 2 April, 2010, in accordance with Article 307 of the Insurance Act, the Agency sent a notification to Zavarovalnica Triglav informing it that it would issue an order to eliminate the violations listed in the said notification. On 16 April, 2010, Zavarovalnica Triglav submitted its statement regarding the proposed measure and alleged violations.

Claim challenging the validity of an ISA decision

On 27 February, 2009, Zavarovalnica Triglav d.d. brought legal proceedings before the Supreme Court of the Republic of Slovenia challenging the validity of the ISA decision of 11 February 2009 by which the defendant established that the plaintiff's authorisation to perform insurance operations in the "health insurance, excluding supplementary health insurance" class (point 2 of the first paragraph of Article 233 of the Insurance Act) granted by the ISA decision of 17 December, 2003 had expired.

The defendant issued its decisions based on point 1 of the first paragraph of Article 69 of the Insurance Act, which in the plaintiff's opinion can not be applied for the expiration (and thus the issuance of an expiration decision) of an authorisation to perform insurance operations in an individual insurance class, since Article 69 of the Insurance Act lays down only the expiry conditions for performing insurance operations (as a whole). The plaintiff proposes that the Court uphold the present action and withdraw the ISA decision of 11 February, 2009 in full. The Supreme Court of the Republic of Slovenia has not yet decided the case.

6.40 SUBSEQUENT EVENTS

No events occurring after the Balance Sheet Date were material to the financial statements of the Group prepared for 2009.

Developments after the balance sheet date important for the operation in 2010:

New members of management bodies

Pozavarovalnica Triglav Re d.d., Ljubljana

On 18 January, 2010, Gregor Stražar was given authorisation to become a member of the Management Board of Pozavarovalnica Triglav Re. At its second session on 18 January, 2010, the Supervisory Board of Pozavarovalnica Triglav RE appointed Tomaž Rotar new member of its Management Board. Tomaž Rotar received authorisation on 25 March, 2010.

Triglav, družba za upravljanje d.o.o., Ljubljana

The term of office of the Management Board Chair Tanja Miklavc Maček ended on 4 February, 2010, and on 15 February, 2010 Igor Kušar was named the new Management Board Chair.

Triglav Osiguranje d.d., Zagreb

On 1 March, 2010 Igor Bratina was appointed procurator of the company.

Triglav Kopaonik a.d.o., Beograd

The General Meeting of Shareholders recalled Milan Skok from the position of Management Board member. Igor Stebernak was appointed as a new member of the Management Board.

By a Management Board decision, Goran Jelisavac was appointed director of life insurance sales. Gordana Marinković, a former member of the Management Board, terminated her employment.

Triglav Krajina Kopaonik a.d., Banja Luka

On 22 January 2010, the Management Board appointed Matej Žlajpah the new director for a 4-year term of office.

New members of supervisory bodies

Triglav, Zdravstvena zavarovalnica d.d., Koper

On 2 January, 2010, the term of office of the substitute member of the Supervisory Board, Erika Krajnc, ended. Mateja Jaklin was appointed as a new Supervisory Board member.

Triglav, družba za upravljanje d.o.o., Ljubljana

By resolution of the General Meeting of Shareholders on 4 February, 2010, Boštjan Vovk was appointed as a new member of the Supervisory Board Triglav Družba za upravljanje, d.o.o.

Triglav Osiguranje d.d., Zagreb

On 26 February, 2010, the General Meeting of Shareholders recalled Vladimir Mišo Čeplak, Janka Planinc and Iztok Pekolj from the functions of Supervisory Board members and elected Blaž Brodnjak, Boštjan Vovk in Boris Žnidarič as new members of the Board. The 4-year term of office of the new members began on 27 February, 2010.

Other important events

Slovenijales d.d., Ljubljana

On 12 May, 2010, the competent Court in Ljubljana set a settlement conference date in the Jugobanka/Municipium's vs Slovenijales d.d. case.

SPCP d.d., Ljubljana

In February 2010, Zavarovalnica Triglav d.o.o. received a decision of the District Court in Ljubljana on the deletion of SPCP d.d. from the Companies register. In November 2009, the General Meeting of Shareholders of SPCP adopted a resolution to wind up the company in a simplified procedure without liquidation. After the winding-up of SPCP Zavarovalnica Triglav became the owner of its entire assets.

Triglav BH Osiguranje d.d., Sarajevo

In 2007, the Tax Authority carried out a review of Triglav BH Osiguranje d.d. Sarajevo for the period from 2002 to 2007. The purpose of the review was to check whether the company complied with the requirements on tax and other payments during that period. The report on the findings of the review determined a tax liability due to a misapplication of the Corporate Profit Tax Act. In the years from 2002 to 2006, Triglav BH Osiguranje used the amounts of foreign capital investment as tax relief. In June 2009, after several appeals of the Company, the Federal Ministry of Finance as the body of second instance adopted a decision ordering the company to pay income tax with default interest in the amount of BAM 3,478,264.99. The payment was made in August 2009. Within the legal deadline, Triglav BH Osiguranje appealed to this decision at the Court of competent jurisdiction and corrected its financial statements for 2008. The said amount was disclosed in 2009 as loss of the financial year.

In March 2010, the Federal Ministry of Finance reversed its decision and ordered a review by the body of first instance - the Tax Authority. The Tax Authority has not yet decided the case.

Triglav Netherlands b.v., Amsterdam

In February 2010, the procedure for the liquidation of Triglav Netherlands B.V., based in the Netherlands, was finalised. The company was fully owned by Zavarovalnica Triglav d.d. The grounds for liquidation was a tax legislation change in the Netherlands which rendered the existence of the company unnecessary. After the winding-up of Triglav Netherlands B.V., Zavarovalnica Triglav became the owner of its entire assets.

Slovakia branch office

After analysing the performance of the branch office in Slovakia, the Management Board adopted a decision on redefining Zavarovalnica Triglav's approach on the Slovak market, setting out that Zavarovalnica Triglav would start marketing insurance contracts directly according to the FOS ("freedom of services") system and phase out the operations of the branch office.

Appendix



1. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2009

1.1 CONSOLIDATED BALANCE SHEET FOR NON-LIFE AND LIFE INSURANCE AS AT 31 DECEMBER, 2009

CONSOLIDATED BALANCE SHEET FOR NON-LIFE AND LIFE INSURANCE AS AT 31 DECEMBER, 2009

IN EUR				
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
ASSETS (from A. to G.)	2,865,980,034	2,703,372,333	2,712,633,116	106
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	73,506,342	84,455,499	75,948,446	87
1. Intangible assets	29,328,497	36,918,316	37,161,613	79
2. Goodwill	6,672,656	12,970,634	12,970,634	51
3. Deferred acquisition costs	37,493,637	34,548,740	25,798,247	109
4. Other long-term deferred items	11,552	17,809	17,952	65
B. LAND, BUILDINGS AND FINANCIAL ASSETS	2,188,454,093	2,085,370,933	2,097,275,013	105
I. LAND AND BUILDINGS	198,927,394	194,899,402	176,575,754	102
a.) Directly used in insurance activities	116,930,342	114,829,457	116,805,260	102
1. Land directly used in insurance activities	17,177,344	16,155,223	18,752,897	106
2. Buildings directly used in insurance activities	96,818,827	95,314,400	97,497,767	102
3. Other land and buildings directly used in insurance activities	2,934,171	3,359,834	554,596	87
b.) Investment property	81,997,052	80,069,945	59,770,494	102
1. Land	36,433,224	33,943,181	14,470,681	107
2. Buildings	45,563,828	46,126,764	45,299,813	99
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	161,039,916	163,900,936	71,375,910	98
1. Shares in subsidiaries	0	0	8,535,901	
2. Debt securities and loans to subsidiaries	0	2,568,738	3,485,424	
3. Shares in associated companies	122,342,222	99,330,861	39,326,602	123
4. Debt securities and loans to associated companies	7,762,314	4,358,771	2,931,572	178
5. Other financial investments in subsidiaries and associates	30,935,380	57,642,566	17,096,411	54
III. OTHER FINANCIAL INVESTMENTS	1,786,796,534	1,681,386,371	1,821,001,822	106
1. Long-term financial investments	1,549,574,890	1,538,206,473	1,692,165,300	101
1.1 Shares and other floating rate securities and fund coupons	207,959,436	250,870,641	360,125,817	83
1.2 Debt and other fixed return securities	1,155,176,491	1,171,568,108	1,183,842,859	99
1.3 Investment fund shares	5,435,149	22,400,655	42,310,828	24
1.4 Mortgage loans	4,140,037	7,766,180	10,132,565	53
1.5 Other loans	49,636,240	6,976,371	4,331,360	711
1.6 Deposits with banks	90,403,908	32,010,011	39,985,090	282
1.7 Other financial investments	36,823,629	46,614,507	51,436,781	79
2. Short-term financial investments	237,221,644	143,179,898	128,836,522	166
2.1 Shares available for sale	21,632,948	26,225,247	25,847,369	82
2.2 Securities available for sale and with maturity up to one year	82,327,718	1,877,537	7,672,131	
2.3 Short-term loans	5,257,521	9,526,674	7,230,926	55
2.4 Short-term bank deposits	121,304,086	101,640,248	77,209,505	119
2.5 Other short-term financial investments	6,699,371	3,910,192	10,876,591	171
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	2,983,136	2,224,038	1,118,863	134
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS	38,707,113	42,960,186	27,202,664	90
1. From unearned premium	10,086,254	9,006,576	7,483,288	112
- in reinsurance	10,071,710	9,006,576	7,483,288	112
- in co-insurance	14,544	0	0	
2. From mathematical provision	0	0	0	
3. From outstanding claims	28,620,859	33,953,610	19,719,376	84
- in reinsurance	28,585,985	33,918,751	19,646,816	84
- in co-insurance	34,874	34,859	72,560	100
4. From bonuses and discounts	0	0	0	
5. From other technical provisions	0	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	0	

CONSOLIDATED BALANCE SHEET FOR NON-LIFE AND LIFE INSURANCE AS AT 31 DECEMBER, 2009

		IN EUR			
		31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
C.	UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	303,672,492	215,137,618	266,754,655	141
D.	RECEIVABLES	240,214,034	253,348,194	200,696,608	95
I.	RECEIVABLES FROM DIRECT INSURANCE	132,182,897	129,771,754	119,394,751	102
	1. Receivables from insurers	125,861,735	120,157,901	102,517,740	105
	2. Receivables from insurance brokers	2,214,187	1,751,617	1,168,619	126
	3. Other receivables from direct insurance operations	4,051,197	7,754,318	15,631,079	52
	4. Receivables from direct insurance operations - associates and subsidiaries	55,778	107,918	77,313	52
II.	RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	34,673,805	40,168,478	20,921,957	86
	1. Premium receivable from co-insurance	1,062,533	577,110	359,563	184
	2. Premium receivable from reinsurance	14,269,685	10,580,891	7,501,353	135
	3. Receivables from co-insurers' share in claims	36,097	73,802	3,381	49
	4. Receivables from reinsurers' share in claims	16,442,855	25,650,064	10,171,242	64
	5. Other receivables from co-insurance and reinsurance	2,718,053	3,297,665	1,894,131	82
	6. Receivables from co-insurance and reinsurance- associates and subsidiaries	144,582	-11,054	992,287	
III.	OTHER RECEIVABLES AND DEFERRED TAX ASSETS	73,357,332	83,407,962	60,379,900	88
	1. Receivables for advanced payments for intangible assets	37,571	0	12,500	
	2. Other short-term receivables from insurance operations	21,587,352	37,571,728	19,083,200	57
	3. Short term receivables from financing	1,262,771	1,288,312	6,859,059	98
	4. Other short-term receivables	24,647,051	16,876,989	20,099,108	146
	5. Long-term receivables	619,021	834,402	1,320,958	74
	6. Current tax receivables	4,170,535	2,041,613	1,344,436	204
	7. Deferred tax assets	20,426,847	21,121,861	11,071,290	97
	8. Other short-term receivables - associates and subsidiaries	606,184	3,673,057	589,349	17
IV.	CALLED UP SHARE CAPITAL UNPAID	0	0	0	
E.	OTHER ASSETS	52,062,523	56,023,421	49,438,549	93
I.	TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	15,964,940	17,755,108	18,158,337	90
	1. Equipment and small tools	15,010,937	16,792,041	16,283,668	89
	2. Other tangible fixed assets	954,003	963,067	1,874,669	99
II.	CASH AT BANK AND IN HAND	30,443,965	32,517,218	25,320,567	94
III.	INVENTORIES AND OTHER ASSETS	5,653,618	5,751,095	5,959,645	98
	1. Inventories	5,652,651	5,738,446	5,786,196	99
	2. Other assets	967	12,649	173,449	8
F.	SHORT-TERM DEFERRED ASSETS	6,167,331	7,427,443	6,616,262	83
	1. Accrued interest and rent	105,733	48,774	424,924	217
	2. Deferred short-term expenses of insurance contract acquisition	3,634,962	3,716,134	2,450,366	98
	3. Other short-term deferred items	2,426,636	3,662,535	3,740,972	66
G.	NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	1,903,219	1,609,225	15,903,583	118
H.	OFF BALANCE SHEET ASSETS	248,934,231	121,117,124	95,231,372	206

CONSOLIDATED BALANCE SHEET FOR NON-LIFE AND LIFE INSURANCE AS AT 31 DECEMBER, 2009

		IN EUR			
		31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
EQUITY AND LIABILITIES (from A. to I.)		2,865,980,034	2,703,372,333	2,712,633,116	106
A.	EQUITY	477,787,692	516,929,601	615,389,979	92
I.	SUBSCRIBED (CALLED UP) CAPITAL	23,701,391	23,701,391	23,701,392	100
	1. Share capital	23,701,391	23,701,391	23,701,392	100
	2. Unsubscribed capital (as deduction)	0	0	0	
II.	CAPITAL RESERVES	53,892,536	53,412,885	53,412,885	101
III.	RESERVES FROM PROFIT	54,180,190	51,549,611	45,448,057	105
	1. Security reserves	1,211,904	4,869,926	12,176,095	25
	2. Legal and statutory reserves	19,423,582	13,897,917	4,662,642	140
	3. Reserves for own shares	364,680	364,680	0	100
	4. Own shares (as deduction)	-364,680	-364,680	0	100
	5. Equalisation provision for credit insurance	32,861,910	32,652,054	28,458,240	101
	6. Catastrophe reserves	87,360	129,714	151,080	67

CONSOLIDATED BALANCE SHEET FOR NON-LIFE AND LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
7. Reserves from profit	595,434	0	0	
IV. FAIR VALUE RESERVE	54,370,241	70,010,806	162,786,788	78
1. Fair value reserve for tangible fixed assets	2,486	-93,976	1,476,719	
2. Fair value reserve for long-term investments	51,949,419	62,928,426	154,787,417	83
3. Fair value reserve for short-term investments	2,051,709	6,834,841	6,185,911	30
4. Other fair value reserve	366,627	341,515	336,741	107
V. NET PROFIT / LOSS CARRIED FORWARD	271,086,497	276,507,159	234,818,152	98
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	-5,861,926	-760,473	50,795,065	771
VII. MINORITY INTERESTS	27,877,664	43,703,320	44,474,759	64
VIII. CONSOLIDATION EQUITY ADJUSTMENT	-1,458,901	-1,195,098	-47,119	122
B. SUBORDINATED LIABILITIES	43,242,091	30,000,000	30,000,000	144
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	1,851,940,383	1,698,817,957	1,555,812,679	109
1. Gross provisions for unearned premiums	301,267,271	294,001,382	265,248,078	102
2. Gross mathematical provisions	794,828,056	693,740,017	640,699,449	115
3. Gross claim provisions	711,229,696	673,425,432	617,581,305	106
4. Gross provisions for bonuses and discounts	19,364,696	18,240,094	17,597,554	106
5. Other gross technical provisions	25,250,664	19,411,032	14,686,293	130
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	309,823,680	219,666,880	268,736,408	141
E. PROVISIONS FOR OTHER RISKS AND CHARGES	23,039,548	21,565,178	18,489,662	107
1. Provisions for pensions	7,652,833	7,271,982	6,649,405	105
2. Other provisions	15,386,715	14,293,196	11,840,257	108
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	0	
G. OTHER LIABILITIES	154,521,786	208,762,507	219,817,489	74
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	14,677,542	17,004,469	12,796,170	86
1. Liabilities to policy holders	9,029,768	9,801,596	9,704,605	92
2. Liabilities to agents and brokers	2,183,724	2,707,286	2,067,855	81
3. Other liabilities from direct insurance operations	3,258,166	2,350,862	991,861	139
4. Liabilities from direct insurance operations- associates and subsidiaries	205,884	2,144,725	31,849	10
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	24,564,148	19,006,427	15,636,594	129
1. Liabilities for co-insurance premiums	66,019	79,050	77,029	84
2. Liabilities for reinsurance premiums	12,213,862	12,450,112	10,781,017	98
3. Liabilities for co-insurers' share in claims	1,044,257	282,785	-44,801	369
4. Liabilities for reinsurers' share in claims	6,876,757	3,646,691	2,686,654	189
5. Other liabilities from co-insurance and re-insurance	4,305,442	2,559,486	1,817,363	168
6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	57,811	-11,697	319,332	
III. LOANS SECURED BY FIXED RATE SECURITIES	13,744,412	13,413,190	6,726,688	102
IV. LIABILITIES TO BANKS	10,317,405	14,717,899	14,161,035	70
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	0	
VI. OTHER LIABILITIES	91,218,279	144,620,522	170,497,002	63
a.) Other long term liabilities	25,026,306	23,215,032	90,346,607	108
1. Long term liabilities from finance leases	7,679,293	7,882,101	8,414,929	97
2. Other long term liabilities	963,198	35,362	295,050	
3. Deferred tax liabilities	16,383,815	15,297,569	81,636,628	107
b.) Other short-term liabilities	66,191,973	121,405,490	80,150,395	55
1. Short-term liabilities to employees	9,801,920	9,300,900	12,996,625	105
2. Other short-term liabilities from insurance operations	20,111,843	37,060,433	23,306,213	54
3. Short-term liabilities from financing	11,354,429	40,292,837	1,461,651	28
4. Current income tax liabilities	419,393	10,141,936	11,201,161	4
5. Other short-term liabilities	24,504,388	24,609,384	31,184,745	100
H. ACCRUED EXPENSES AND DEFERRED INCOME	5,624,854	7,630,210	4,386,899	74
1. Accrued expenses	2,447,794	2,716,661	2,143,725	90
2. Other accruals and deferred income	3,177,060	4,913,549	2,243,174	65
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	0	
J. OFF BALANCE SHEET LIABILITIES	248,934,231	121,117,124	95,231,372	206

1.2 CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2009

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
ASSETS (from A. to G.)	1,616,852,278	1,638,317,720	1,654,449,430	99
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	71,579,210	82,377,478	73,387,674	87
1. Intangible assets	27,401,665	34,840,896	34,601,742	79
2. Goodwill	6,672,656	12,970,634	12,970,634	51
3. Deferred acquisition costs	37,493,637	34,548,740	25,798,247	109
4. Other long-term deferred items	11,252	17,208	17,051	65
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1,262,532,546	1,250,520,069	1,323,205,838	101
I. LAND AND BUILDINGS	185,622,896	180,963,126	162,070,174	103
a.) Directly used in insurance activities	106,910,645	102,953,223	104,590,532	104
1. Land directly used in insurance activities	16,526,462	15,555,932	18,153,606	106
2. Buildings directly used in insurance activities	87,450,012	84,037,457	85,916,853	104
3. Other land and buildings directly used in insurance activities	2,934,171	3,359,834	520,073	87
b.) Investment property	78,712,251	78,009,903	57,479,642	101
1. Land	36,105,155	33,615,112	14,185,756	107
2. Buildings	42,607,096	44,394,791	43,293,886	96
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	126,392,495	112,019,124	58,582,079	113
1. Shares in subsidiaries	0	0	8,517,340	
2. Debt securities and loans to subsidiaries	0	2,548,386	3,406,438	
3. Shares in associated companies	98,069,112	86,570,932	32,592,718	113
4. Debt securities and loans to associated companies	4,351,610	4,143,755	2,724,927	105
5. Other financial investments in subsidiaries and associates	23,971,773	18,756,051	11,340,656	128
III. OTHER FINANCIAL INVESTMENTS	908,861,848	912,354,183	1,074,232,722	100
1. Long-term financial investments	753,857,997	797,349,024	973,529,731	95
1.1 Shares and other floating rate securities and fund coupons	164,679,300	176,192,419	247,701,646	93
1.2 Debt and other fixed return securities	480,275,189	519,657,156	591,675,946	92
1.3 Investment fund shares	5,435,149	22,400,655	42,310,828	24
1.4 Mortgage loans	4,140,037	7,766,180	10,132,565	53
1.5 Other loans	18,298,973	6,621,218	3,983,522	276
1.6 Deposits with banks	54,343,650	19,669,304	27,302,918	276
1.7 Other financial investments	26,685,699	45,042,092	50,422,306	59
2. Short-term financial investments	155,003,851	115,005,159	100,702,991	135
2.1 Shares available for sale	14,214,367	22,508,743	18,999,260	63
2.2 Securities available for sale and with maturity up to one year	42,388,985	1,351,092	6,818,148	
2.3 Short-term loans	3,693,562	8,392,995	6,208,093	44
2.4 Short-term bank deposits	88,786,089	79,715,513	57,800,899	111
2.5 Other short-term financial investments	5,920,848	3,036,816	10,876,591	195
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	2,983,136	2,224,038	1,118,863	134
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS	38,672,171	42,959,598	27,202,000	90
1. From unearned premium	10,086,014	9,005,988	7,482,624	112
- in reinsurance	10,071,470	9,005,988	7,482,624	112
- in co-insurance	14,544	0	0	
2. From mathematical provision	0	0	0	
3. From outstanding claims	28,586,157	33,953,610	19,719,376	84
- in reinsurance	28,551,283	33,918,751	19,646,816	84
- in co-insurance	34,874	34,859	72,560	100
4. From bonuses and discounts	0	0	0	
5. From other technical provisions	0	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	0	0	0	
D. RECEIVABLES	228,194,008	244,415,615	189,018,059	93

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
I. RECEIVABLES FROM DIRECT INSURANCE	131,195,968	126,660,974	110,469,292	104
1. Receivables from insurers	125,152,247	119,641,870	102,102,114	105
2. Receivables from insurance brokers	2,214,146	1,751,196	1,160,228	126
3. Other receivables from direct insurance operations	3,773,797	5,159,990	7,129,637	73
4. Receivables from direct insurance operations - associates and subsidiaries	55,778	107,918	77,313	52
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	34,673,546	40,166,284	20,920,035	86
1. Premium receivable from co-insurance	1,062,533	577,110	359,563	184
2. Premium receivable from reinsurance	14,269,685	10,580,891	7,501,353	135
3. Receivables from co-insurers' share in claims	36,097	73,802	3,381	49
4. Receivables from reinsurers' share in claims	16,442,855	25,650,064	10,171,242	64
5. Other receivables from co-insurance and reinsurance	2,717,794	3,295,471	1,892,209	82
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	144,582	-11,054	992,287	
III. OTHER RECEIVABLES AND DEFERRED TAX ASSETS	62,324,494	77,588,357	57,628,732	80
1. Receivables for advanced payments for intangible assets	37,571	0	12,500	
2. Other short-term receivables from insurance operations	18,928,107	36,884,293	18,918,746	51
3. Short term receivables from financing	1,238,381	1,229,507	6,232,338	101
4. Other short-term receivables	18,394,948	14,920,652	18,520,825	123
5. Long-term receivables	619,021	834,402	1,320,958	74
6. Current tax receivables	4,170,514	2,041,597	1,337,424	204
7. Deferred tax assets	18,332,143	18,074,974	10,659,703	101
8. Other short-term receivables - associates and subsidiaries	603,809	3,602,932	626,238	17
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	0	
E. OTHER ASSETS	46,760,821	52,193,435	46,544,360	90
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	14,968,516	15,039,522	15,677,688	100
1. Equipment and small tools	14,037,002	14,105,785	13,861,579	100
2. Other tangible fixed assets	931,514	933,737	1,816,109	100
II. CASH AT BANK AND IN HAND	26,141,106	31,403,915	24,907,110	83
III. INVENTORIES AND OTHER ASSETS	5,651,199	5,749,998	5,959,562	98
1. Inventories	5,651,199	5,738,378	5,786,113	98
2. Other assets	0	11,620	173,449	
F. SHORT-TERM DEFERRED ASSETS	5,882,474	7,201,898	6,389,916	82
1. Accrued interest and rent	102,132	44,308	234,887	231
2. Deferred short-term expenses of insurance contract acquisition	3,436,084	3,597,864	2,448,484	96
3. Other short-term deferred items	2,344,258	3,559,726	3,706,545	66
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	1,903,219	1,609,225	15,903,583	118
H. OFF BALANCE SHEET ASSETS	187,031,293	110,514,186	87,611,145	169

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
EQUITY AND LIABILITIES (from A. to I.)	1,616,852,278	1,638,317,720	1,654,449,430	99
A. EQUITY	395,857,955	435,967,455	525,891,671	91
I. SUBSCRIBED (CALLED UP) CAPITAL	16,510,539	16,510,539	16,510,540	100
1. Share capital	16,510,539	16,510,539	16,510,540	100
2. Unsubscribed capital (as deduction)	0	0	0	
II. CAPITAL RESERVES	40,824,629	40,344,978	40,344,978	101
III. RESERVES FROM PROFIT	51,420,236	49,160,407	43,311,161	105
1. Security reserves	268,118	3,926,141	11,484,618	7
2. Legal and statutory reserves	17,607,414	12,452,498	3,217,223	141
3. Reserves for own shares	364,680	364,680	0	100
4. Own shares (as deduction)	-364,680	-364,680	0	100
5. Equalisation provision for credit insurance	32,861,910	32,652,054	28,458,240	101

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
6. Catastrophe reserves	87,360	129,714	151,080	67
7. Reserves from profit	595,434	0	0	
IV. FAIR VALUE RESERVE	45,558,934	54,524,011	137,427,038	84
1. Fair value reserve for tangible fixed assets	2,486	-93,976	1,078,612	
2. Fair value reserve for long-term investments	43,020,397	46,868,865	129,825,774	92
3. Fair value reserve for short-term investments	2,169,424	7,407,607	6,185,911	29
4. Other fair value reserve	366,627	341,515	336,741	107
V. NET PROFIT / LOSS CARRIED FORWARD	231,364,329	236,082,368	201,613,042	98
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	-16,262,924	-2,289,522	43,263,248	710
VII. MINORITY INTERESTS	27,303,757	42,400,289	43,322,887	64
VIII. CONSOLIDATION EQUITY ADJUSTMENT	-861,545	-765,615	98,777	113
B. SUBORDINATED LIABILITIES	27,259,666	22,000,000	25,000,000	124
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	1,034,592,218	983,123,830	894,124,768	105
1. Gross provisions for unearned premiums	300,520,148	292,915,135	264,039,600	103
2. Gross mathematical provisions	0	0	0	
3. Gross claim provisions	689,516,065	652,557,569	597,801,321	106
4. Gross provisions for bonuses and discounts	19,364,696	18,240,094	17,597,554	106
5. Other gross technical provisions	25,191,309	19,411,032	14,686,293	130
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	0	
E. PROVISIONS FOR OTHER RISKS AND CHARGES	21,844,702	20,432,973	17,505,255	107
1. Provisions for pensions	6,494,411	6,223,927	5,921,286	104
2. Other provisions	15,350,291	14,209,046	11,583,969	108
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	0	
G. OTHER LIABILITIES	131,810,211	169,777,823	187,633,663	78
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	12,446,920	12,905,592	11,050,385	96
1. Liabilities to policy holders	7,302,882	8,297,104	8,080,426	88
2. Liabilities to agents and brokers	2,111,025	2,329,153	2,044,476	91
3. Other liabilities from direct insurance operations	2,864,765	2,261,314	893,634	127
4. Liabilities from direct insurance operations- associates and subsidiaries	168,248	18,021	31,849	934
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	24,557,252	18,995,337	15,628,790	129
1. Liabilities for co-insurance premiums	66,019	79,050	77,029	84
2. Liabilities for reinsurance premiums	12,206,966	12,439,022	10,773,213	98
3. Liabilities for co-insurers' share in claims	1,044,257	282,785	-44,801	369
4. Liabilities for reinsurers' share in claims	6,876,757	3,646,691	2,686,654	189
5. Other liabilities from co-insurance and re-insurance	4,305,442	2,559,486	1,817,363	168
6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	57,811	-11,697	319,332	
III. LOANS SECURED BY FIXED RATE SECURITIES	13,744,412	13,413,190	6,726,688	102
IV. LIABILITIES TO BANKS	10,317,405	14,717,899	14,161,035	70
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	0	
VI. OTHER LIABILITIES	70,744,222	109,745,805	140,066,765	64
a.) Other long term liabilities	22,699,868	19,076,398	73,240,536	119
1. Long term liabilities from finance leases	7,679,293	7,882,101	8,414,929	97
2. Other long term liabilities	961,448	33,612	293,300	
3. Deferred tax liabilities	14,059,127	11,160,685	64,532,307	126
b.) Other short-term liabilities	48,044,354	90,669,407	66,826,229	53
1. Short-term liabilities to employees	9,791,917	9,300,647	12,986,433	105
2. Other short-term liabilities from insurance operations	10,954,254	11,885,691	17,962,090	92
3. Short-term liabilities from financing	7,302,795	38,346,023	1,209,089	19
4. Current income tax liabilities	389,994	10,141,936	11,158,349	4
5. Other short-term liabilities	19,605,394	20,995,110	23,510,268	93
H. ACCRUED EXPENSES AND DEFERRED INCOME	5,487,526	7,015,639	4,294,073	78
1. Accrued expenses	2,312,325	2,108,285	2,084,879	110
2. Other accruals and deferred income	3,175,201	4,907,354	2,209,194	65
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	0	
J. OFF BALANCE SHEET LIABILITIES	187,031,293	110,514,186	87,611,145	169

1.3 CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2009

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
ASSETS (from A. to G.)	1,249,127,756	1,065,054,613	1,058,183,685	117
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	1,927,132	2,078,021	2,560,772	93
1. Intangible assets	1,926,832	2,077,420	2,559,871	93
2. Goodwill	0	0	0	
3. Deferred acquisition costs	0	0	0	
4. Other long-term deferred items	300	601	901	50
B. LAND, BUILDINGS AND FINANCIAL ASSETS	925,921,547	834,850,864	774,069,175	111
I. LAND AND BUILDINGS	13,304,498	13,936,276	14,505,580	95
a.) Directly used in insurance activities	10,019,697	11,876,234	12,214,728	84
1. Land directly used in insurance activities	650,882	599,291	599,291	109
2. Buildings directly used in insurance activities	9,368,815	11,276,943	11,580,914	83
3. Other land and buildings directly used in insurance activities	0	0	34,523	
b.) Investment property	3,284,801	2,060,042	2,290,852	159
1. Land	328,069	328,069	284,925	100
2. Buildings	2,956,732	1,731,973	2,005,927	171
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	34,647,421	51,881,812	12,793,831	67
1. Shares in subsidiaries	0	0	18,561	
2. Debt securities and loans to subsidiaries	0	20,352	78,986	
3. Shares in associated companies	24,273,109	12,759,929	6,733,884	190
4. Debt securities and loans to associated companies	3,410,704	215,016	206,645	
5. Other financial investments in subsidiaries and associates	6,963,608	38,886,515	5,755,755	18
III. OTHER FINANCIAL INVESTMENTS	877,934,686	769,032,188	746,769,100	114
1. Long-term financial investments	795,716,893	740,857,449	718,635,569	107
1.1 Shares and other floating rate securities and fund coupons	43,280,136	74,678,222	112,424,171	58
1.2 Debt and other fixed return securities	674,901,302	651,910,952	592,166,913	104
1.3 Investment fund shares	0	0	0	
1.4 Mortgage loans	0	0	0	
1.5 Other loans	31,337,267	355,153	347,838	
1.6 Deposits with banks	36,060,258	12,340,707	12,682,172	292
1.7 Other financial investments	10,137,930	1,572,415	1,014,475	645
2. Short-term financial investments	82,217,793	28,174,739	28,133,531	292
2.1 Shares available for sale	7,418,581	3,716,504	6,848,109	200
2.2 Securities available for sale and with maturity up to one year	39,938,733	526,445	853,983	
2.3 Short-term loans	1,563,959	1,133,679	1,022,833	138
2.4 Short-term bank deposits	32,517,997	21,924,735	19,408,606	148
2.5 Other short-term financial investments	778,523	873,376	0	89
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS	34,942	588	664	
1. From unearned premium	240	588	664	41
- in reinsurance	240	588	664	41
- in co-insurance	0	0	0	
2. From mathematical provision	0	0	0	
3. From outstanding claims	34,702	0	0	
- in reinsurance	34,702	0	0	
- in co-insurance	0	0	0	
4. From bonuses and discounts	0	0	0	
5. From other technical provisions	0	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	303,672,492	215,137,618	266,754,655	141
D. RECEIVABLES	12,020,026	8,932,579	11,678,549	135
I. RECEIVABLES FROM DIRECT INSURANCE	986,929	3,110,780	8,925,459	32
1. Receivables from insurers	709,488	516,031	415,626	137
2. Receivables from insurance brokers	41	421	8,391	10

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
3. Other receivables from direct insurance operations	277,400	2,594,328	8,501,442	11
4. Receivables from direct insurance operations -associates and subsidiaries	0	0	0	
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	259	2,194	1,922	12
1. Premium receivable from co-insurance	0	0	0	
2. Premium receivable from reinsurance	0	0	0	
3. Receivables from co-insurers' share in claims	0	0	0	
4. Receivables from reinsurers' share in claims	0	0	0	
5. Other receivables from co-insurance and reinsurance	259	2,194	1,922	12
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	0	0	0	
III. OTHER RECEIVABLES AND DEFERRED TAX ASSETS	11,032,838	5,819,605	2,751,168	190
1. Receivables for advanced payments for intangible assets	0	0	0	
2. Other short-term receivables from insurance operations	2,659,245	687,435	164,454	387
3. Short term receivables from financing	24,390	58,805	626,721	41
4. Other short-term receivables	6,252,103	1,956,337	1,578,283	320
5. Long-term receivables	0	0	0	
6. Current tax receivables	21	16	7,012	131
7. Deferred tax assets	2,094,704	3,046,887	411,587	69
8. Other short-term receivables - associates and subsidiaries	2,375	70,125	-36,889	3
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	0	
E. OTHER ASSETS	5,301,702	3,829,986	2,894,188	138
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	996,424	2,715,586	2,480,648	37
1. Equipment and small tools	973,935	2,686,256	2,422,089	36
2. Other tangible fixed assets	22,489	29,330	58,559	77
II. CASH AT BANK AND IN HAND	4,302,859	1,113,303	413,457	386
III. INVENTORIES AND OTHER ASSETS	2,419	1,097	83	221
1. Inventories	1,452	68	83	
2. Other assets	967	1,029	0	94
F. SHORT-TERM DEFERRED ASSETS	284,857	225,545	226,346	126
1. Accrued interest and rent	3,601	4,466	190,037	81
2. Deferred short-term expenses of insurance contract acquisition	198,878	118,270	1,882	168
3. Other short-term deferred items	82,378	102,809	34,427	80
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	0	
H. OFF BALANCE SHEET ASSETS	61,902,938	10,602,938	7,620,227	584

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
EQUITY AND LIABILITIES (from A. to I.)	1,249,127,756	1,065,054,613	1,058,183,685	117
A. EQUITY	81,929,737	80,962,146	89,498,308	101
I. SUBSCRIBED (CALLED UP) CAPITAL	7,190,852	7,190,852	7,190,852	100
1. Share capital	7,190,852	7,190,852	7,190,852	100
2. Unsubscribed capital (as deduction)	0	0	0	
II. CAPITAL RESERVES	13,067,907	13,067,907	13,067,907	100
III. RESERVES FROM PROFIT	2,759,954	2,389,204	2,136,896	116
1. Security reserves	943,786	943,785	691,477	100
2. Legal and statutory reserves	1,816,168	1,445,419	1,445,419	126
3. Reserves for own shares	0	0	0	
4. Own shares (as deduction)	0	0	0	
5. Equalisation provision for credit insurance	0	0	0	
6. Catastrophe reserves	0	0	0	
7. Reserves from profit	0	0	0	
IV. FAIR VALUE RESERVE	8,811,307	15,486,795	25,359,750	57
1. Fair value reserve for tangible fixed assets	0	0	398,107	

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2009

				IN EUR
	31 DECEMBER, 2009	31 DECEMBER, 2008 (ADJUSTED)	1 JANUARY, 2008 (ADJUSTED)	INDEX
2. Fair value reserve for long-term investments	8,929,022	16,059,561	24,961,643	56
3. Fair value reserve for short-term investments	-117,715	-572,766	0	21
4. Other fair value reserve	0	0	0	
V. NET PROFIT / LOSS CARRIED FORWARD	39,722,168	40,424,791	33,205,110	98
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	10,400,998	1,529,049	7,531,817	680
VII. MINORITY INTERESTS	573,907	1,303,031	1,151,872	44
VIII. CONSOLIDATION EQUITY ADJUSTMENT	-597,356	-429,483	-145,896	139
B. SUBORDINATED LIABILITIES	15,982,425	8,000,000	5,000,000	200
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	817,348,165	715,694,127	661,687,911	114
1. Gross provisions for unearned premiums	747,123	1,086,247	1,208,478	69
2. Gross mathematical provisions	794,828,056	693,740,017	640,699,449	115
3. Gross claim provisions	21,713,631	20,867,863	19,779,984	104
4. Gross provisions for bonuses and discounts	0	0	0	
5. Other gross technical provisions	59,355	0	0	
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	309,823,680	219,666,880	268,736,408	141
E. PROVISIONS FOR OTHER RISKS AND CHARGES	1,194,846	1,132,205	984,406	106
1. Provisions for pensions	1,158,422	1,048,055	728,118	111
2. Other provisions	36,424	84,150	256,288	43
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	0	
G. OTHER LIABILITIES	22,711,575	38,984,684	32,183,826	58
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	2,230,622	4,098,877	1,745,785	54
1. Liabilities to policy holders	1,726,886	1,504,492	1,624,179	115
2. Liabilities to agents and brokers	72,699	378,133	23,379	19
3. Other liabilities from direct insurance operations	393,401	89,548	98,227	439
4. Liabilities from direct insurance operations- associates and subsidiaries	37,636	2,126,704	0	2
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	6,896	11,090	7,804	62
1. Liabilities for co-insurance premiums	0	0	0	
2. Liabilities for reinsurance premiums	6,896	11,090	7,804	62
3. Liabilities for co-insurers' share in claims	0	0	0	
4. Liabilities for reinsurers' share in claims	0	0	0	
5. Other liabilities from co-insurance and re-insurance	0	0	0	
6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	0	0	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	0	
IV. LIABILITIES TO BANKS	0	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	0	
VI. OTHER LIABILITIES	20,474,057	34,874,717	30,430,237	59
a.) Other long term liabilities	2,326,438	4,138,634	17,106,071	56
1. Long term liabilities from finance leases	0	0	0	
2. Other long term liabilities	1,750	1,750	1,750	100
3. Deferred tax liabilities	2,324,688	4,136,884	17,104,321	56
b.) Other short-term liabilities	18,147,619	30,736,083	13,324,166	59
1. Short-term liabilities to employees	10,003	253	10,192	
2. Other short-term liabilities from insurance operations	9,157,589	25,174,742	5,344,123	36
3. Short-term liabilities from financing	4,051,634	1,946,814	252,562	208
4. Current income tax liabilities	29,399	0	42,812	
5. Other short-term liabilities	4,898,994	3,614,274	7,674,477	136
H. ACCRUED EXPENSES AND DEFERRED INCOME	137,328	614,571	92,826	22
1. Accrued expenses	135,469	608,376	58,846	22
2. Other accruals and deferred income	1,859	6,195	33,980	30
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	0	
J. OFF BALANCE SHEET LIABILITIES	61,902,938	10,602,938	7,620,227	584

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

		IN EUR		
		2009	2008 (ADJUSTED)	INDEX
A.	TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE EXCEPT HEALTH INSURANCE BUSINESS			
I.	NET PREMIUM EARNED	653,242,854	637,695,231	102
1.	Gross written premium	727,986,201	721,317,756	101
2.	Assumed co-insurance written premium	1,410,148	1,201,067	117
3.	Ceded co-insurance written premium	-819,999	-144,972	566
4.	Outward reinsurance premium	-70,507,647	-64,358,027	110
5.	Change in gross provision for unearned premiums	-5,685,855	-21,268,367	27
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	860,006	947,774	91
II.	ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT (ITEM D. VIII.)	45,310,985	27,011,727	168
III.	OTHER NET INCOME FROM INSURANCE OPERATIONS	5,951,679	6,089,877	98
IV.	NET CLAIMS INCURRED	475,136,980	456,662,598	104
1.	Gross claims settled	492,539,121	493,860,639	100
2.	Income from gross recourse receivables	-26,644,437	-21,432,131	124
3.	Co-insurers' share	530,102	418,356	127
4.	Reinsurers' share	-38,524,812	-56,076,721	69
5.	Changes in gross provisions for claims outstanding	41,851,090	54,258,635	77
6.	Changes in provisions for claims outstanding, reinsurers' and coinsurers' share	5,385,916	-14,366,180	
V.	CHANGE IN OTHER NET TEHNICAL PROVISIONS (+/-)	2,722,932	4,006,525	68
VI.	NET EXPENSES FOR BONUSES AND DISCOUNTS	12,066,727	12,388,561	97
VII.	NET OPERATING EXPENSES	160,832,302	152,354,459	106
1.	Acquisition costs	113,142,336	107,096,510	106
2.	Change in deferred acquisition costs (+/-)	-871,450	-1,131,850	77
3.	Other operating expenses	50,244,001	51,171,958	98
3.1	Depreciation of assets used in insurance business	3,644,697	3,561,873	102
3.2	Labour costs	27,420,613	27,742,493	99
	- wages and salaries	18,602,046	19,216,966	97
	- social security and pension insurance costs	5,432,035	5,439,102	100
	- other labour costs	3,386,532	3,086,425	110
3.3	Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	773,143	803,168	96
3.4	Other operating expenses	18,405,548	19,064,424	97
4.	Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-1,682,585	-4,782,159	35
VIII.	OTHER NET INSURANCE EXPENSES	38,985,907	29,984,729	130
1.	Expenses of preventive activity	7,687,852	7,107,832	108
2.	Contributions for covering losses on uninsured and unknown vehicles	3,506,090	3,449,408	102
3.	Other net insurance expenses	27,791,965	19,427,489	143
IX.	RESULT OF THE TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (I.+II.+III.-IV.+V.-VI.-VII.-VIII.)	14,760,670	15,399,963	96
B.	TEHNICAL ACCOUNT FOR LIFE INSURANCE BUSINESS			
I.	NET PREMIUM EARNED	226,076,343	246,825,602	92
1.	Gross written premium	225,744,430	246,715,647	91
2.	Assumed co-insurance written premium	0	0	
3.	Ceded co-insurance written premium	0	0	
4.	Outward reinsurance premium	-6,896	-12,172	57
5.	Change in gross provision for unearned premiums	339,157	122,203	278
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	-348	-76	458

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

	IN EUR		
	2009	2008 (ADJUSTED)	INDEX
II. INCOME FROM INVESTMENTS	62,745,317	45,195,263	139
1. Income from dividends	1,242,345	3,500,524	35
1.1 Group companies	0	0	
1.2 Associates	0	1,738,903	
1.3 Others	1,242,345	1,761,621	71
2. Income from other investments	48,652,180	34,404,425	141
2.1 Income from land and buildings	95,376	68,908	138
- in group companies	0	0	
- in associates	0	0	
- in others	95,376	68,908	138
2.2 Interest income	36,468,649	33,785,965	108
- in group companies	0	0	
- in associates	1,149,916	361,177	318
- in others	35,318,733	33,424,788	106
2.3 Other investment income	12,088,155	549,552	
2.3.1 Financial income from revaluation	9,924,487	395,363	
- in group companies	0	0	
- in associates	99,343	0	
- in others	9,825,144	395,363	
2.3.2 Other financial income	2,163,668	154,189	
- in group companies	0	0	
- in associates	2,160,491	0	
- in others	3,177	154,189	2
3. Income from asset value adjustments	19,753	780,724	3
4. Profit on disposal of investments	12,831,039	6,509,590	197
III. NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	53,876,082	15,844,968	340
IV. OTHER NET INCOME FROM INSURANCE OPERATIONS	19,787,756	22,216,693	89
V. NET CLAIMS INCURRED	81,515,631	81,030,677	101
1. Gross claims settled	80,666,501	79,937,181	101
2. Income from gross recourse receivables (-)	0	0	
3. Reinsurers' share (-)	0	0	
4. Changes in gross provisions for claims outstanding (+/-)	837,070	1,093,496	77
5. Changes in provisions for claims outstanding, reinsurers' share (+/-)	12,060	0	
VI. CHANGE IN OTHER NET TECHNICAL PROVISIONS (+/-)	179,207,154	20,333,660	881
1. Change of mathematical provisions	179,147,799	20,218,244	886
1.1 Change in gross mathematical provision (+/-)	179,147,799	20,218,244	886
1.2 Change of reinsurers' share (+/-)	0	0	
2. Change of other net technical provisions (+/-)	59,355	115,416	51
2.1 Change of other gross technical provisions (+/-)	59,355	115,416	51
2.2 Change of reinsurers' share (+/-)	0	0	
VII. NET EXPENSES FOR BONUSES AND DISCOUNTS	0	0	
VIII. NET OPERATING EXPENSES	35,918,626	42,142,333	85
1. Acquisition costs	21,180,796	27,435,892	77
2. Change of deferred acquisition costs (+/-)	0	0	
3. Other operating expenses	14,737,830	14,708,634	100
3.1 Depreciation of assets used in insurance business	1,626,624	1,618,826	100
3.2 Labour costs	7,141,435	6,881,530	104
- wages and salaries	5,097,527	4,814,969	106
- social security and pension insurance costs	1,020,667	1,150,260	89
- other labour costs	1,023,241	916,301	112
3.3 Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	137,866	216,083	64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

	IN EUR		
	2009	2008 (ADJUSTED)	INDEX
3.4 Other operating expenses	5,831,905	5,992,195	97
4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	0	-2,193	
IX. EXPENSES FROM INVESTMENTS	15,359,058	33,346,780	46
1. Depreciation and amortization of assets not used in operations	53,659	49,822	108
2. Expenses arising from asset management, interest expenses and other financial expenses	2,671,997	1,938,197	138
3. Revaluation financial expenses	5,735,656	14,588,866	39
4. Loss on disposal of investments	6,897,746	16,769,895	41
X. NET UNREALISED LOSSES ON INVESTMENTS FOR INSURANCE OF WHICH THE POLICYHOLDERS BEAR THE INVESTMENT RISK (UNIT-LINKED INSURANCE CONTRACTS)	17,442,142	129,033,993	14
XI. OTHER NET INSURANCE EXPENSES	19,932,956	22,691,542	88
1. Expenses of preventive activity	0	150,000	
2. Other net insurance expenses	19,932,956	22,541,542	88
XII. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (-)	2,812,874	-1,885,013	
XIII. RESULT OF THE TECHNICAL ACCOUNT FOR LIFE INSURANCE BUSINESS (I.+II.+III.+/-IV.-V.+VI.-VII.-VIII.-IX.-X.-XI.-XII.)	10,297,057	3,388,554	304
C. RESULT OF THE TECHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS			
I. NET PREMIUM EARNED	67,024,926	59,109,001	113
1. Gross premium	67,118,835	59,287,154	113
2. Reinsurance premiums	0	0	
3. Change in gross unearned premium (+/-)	-93,909	-178,153	
4. Change in gross unearned premium for reinsurance (+/-)	0	0	
II. INCOME FROM INVESTMENT	479,108	496,529	96
1. Income from dividends	0	0	
1.1 Group companies	0	0	
1.2. Associates	0	0	
1.3. Others	0	0	
2. Income from other investments	471,749	496,447	95
2.1 Income from land and buildings	0	0	
- group companies	0	0	
- associates	0	0	
- others	0	0	
2.2 Interest income	461,602	496,447	93
- group companies	0	0	
- associates	50,826	114,687	44
- others	410,776	381,760	108
2.3 Other income from investments	10,147	0	
2.3.1 Financial income from revaluation	11	0	
- group companies	0	0	
- associates	0	0	
- others	11	0	
2.3.2 Other financial income	10,136	0	
- group companies	0	0	
- associates	0	0	
- others	10,136	0	
3. Income from asset value adjustments	7,359	0	
4. Profit on disposal of investments	0	82	
III. OTHER NET INCOME FROM INSURANCE OPERATIONS	27,000	6,936	389
IV. NET CLAIMS INCURRED	54,232,088	48,614,315	112
1. Gross claims settled	50,654,990	44,166,696	115
2. Income from gross recourse receivables	-12,800	-124	
3. Reinsurers' share	0	0	
4. Changes in gross provisions for claims outstanding	-920,525	1,161,975	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

	IN EUR		
	2009	2008 (ADJUSTED)	INDEX
5. Changes in provisions for claims outstanding reinsurers' share	0	0	
6. Income from equalisation scheme (-)	0	0	
7. Expenses from equalisation scheme (-)	4,510,423	3,285,768	137
V. CHANGE IN OTHER NET TEHNICAL PROVISIONS (+/-)	196,707	36,352	541
1. Change of mathematical provisions (+/-)	0	0	
1.1 Change of gross mathematical provisions (+/-)	0	0	
1.2 Change of reinsurers' share (+/-)	0	0	
2. Change of other net technical provisions (+/-)	196,707	36,352	541
2.1 Change of gross provisions (+/-)	196,707	36,352	541
2.2 Change of reinsurers' share (+/-)	0	0	
VI. NET EXPENSES FOR BONUSES AND DISCOUNTS	0	0	
VII. NET OPERATING EXPENSES	9,318,491	8,651,249	108
1. Acquisition costs	1,370,413	716,448	191
2. Change in deferred acquisition costs (-)	0	0	
3. Other operating expenses	7,948,078	7,934,801	100
3.1 Depreciation of assets used in insurance business	445,968	457,911	97
3.2 Labour costs	3,717,221	3,460,997	107
- wages and salaries	2,439,802	2,253,415	108
- social security and pension insurance costs	554,227	474,980	117
- other labour costs	723,192	732,602	99
3.3 Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	128,094	202,334	63
3.4 Other operating expenses	3,656,795	3,813,559	96
VIII. EXPENSES FROM INVESTMENTS	19,072	23,985	80
1. Depreciation and amortization of assets not used in operations	0	0	
2. Expenses arising from asset management, interest expenses and other financial expenses	19,072	16,626	115
3. Revaluation financial expenses	0	7,359	
4. Loss on disposal of investments	0	0	
IX. OTHER NET INSURANCE EXPENSES	1,567,151	276,769	566
1. Expenses of preventive activity	0	0	
2. Other net insurance expenses	1,567,151	276,769	566
X. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TEHNICAL ACCOUNT (-) (D.VI)	94,279	35,681	264
XI. PROFIT /-LOSS FROM HEALTH INSURANCE (I.+II.+III.-IV.+/-V.-VI.-VII.-VIII.-IX.-X.) BEFORE ALLOCATION OF HALF OF THE PROFIT/-LOSS FROM SUPPLEMENTARY HEALTH INSURANCE	2,103,246	1,974,115	107
XII. ALLOCATED HALF OF THE PROFIT FROM SUPPLEMENTARY HEALTH INSURANCE (-)	0	0	
XIII. RESULT FOR THE TEHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS (XI-XII)	2,103,246	1,974,115	107
D. NON-TEHNICAL ACCOUNT			
I. RESULT OF THE TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (A IX)	14,760,670	15,399,963	96
II. RESULT OF TEHNICAL THE ACCOUNT FOR LIFE INSURANCE BUSINESS (B XIII)	10,297,057	3,388,554	304
III. RESULT OF TEHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS (C XIII)	2,103,246	1,974,115	107
IV. INCOME FROM INVESTMENT	89,640,342	92,854,348	97
1. Income from participations	4,652,261	22,110,233	21
1.1 Group companies	0	0	
1.2. Associates	281,049	10,762,783	3
1.3. Others	4,371,212	11,347,450	39
2. Inciome from other investments	66,212,420	49,076,444	135
2.1 Income from land and buildings	2,204,371	2,151,617	102
- group companies	0	0	
- associates	0	0	
- others	2,204,371	2,151,617	102
2.2 Interest income	40,826,819	43,472,859	94
- group companies	86,000	22,228	387

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

	IN EUR		
	2009	2008 (ADJUSTED)	INDEX
- associates	823,195	1,539,845	53
- others	39,917,624	41,910,786	95
2.3 Other income from investments	23,181,230	3,451,968	672
2.3.1 Financial income from revaluation	10,198,108	1,815,144	562
- group companies	44	9,078	
- associates	556,599	0	
- others	9,641,465	1,806,066	534
2.3.2 Other financial income	12,983,122	1,636,824	793
- group companies	60,579	166,781	36
- associates	12,240,384	35,155	
- others	682,159	1,434,888	48
3. Income from asset value adjustments	162,120	1,715,046	9
4. Profit on disposal of investments	18,613,541	19,952,625	93
V. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM LIFE INSURANCE TECHNICAL ACCOUNT (B XII)	2,812,874	-1,885,013	
VI. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE HEALTH INSURANCE TECHNICAL ACCOUNT (C X)	94,279	35,681	264
VII. EXPENSES FROM INVESTMENTS	52,003,865	82,093,103	63
1. Depreciation and amortization of assets not used in operations	449,890	484,768	93
2. Expenses arising from asset management, interest expenses and other financial expenses	19,802,786	11,502,036	172
3. Revaluation financial expenses	23,909,688	43,119,384	55
4. Loss on disposal of investments	7,841,501	26,986,915	29
VIII. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (A II)	45,310,985	27,011,727	168
IX. OTHER INCOME FROM INSURANCE BUSINESS	3,116,246	1,335,112	233
1. Other income from property insurance except for health insurance	2,955,633	1,207,905	245
2. Other income from life insurance	160,507	127,125	126
3. Other income from health insurance	106	82	129
X. OTHER EXPENSES	21,795,869	790,460	
1. Other expenses from property insurance except for health insurance	21,628,075	776,910	
2. Other expenses from life assurance	167,473	8,151	
3. Other expenses from health insurance	321	5,399	6
XI. OTHER INCOME	51,197,845	63,774,266	80
1. Other income from property insurance except for health insurance	50,923,313	63,598,608	80
2. Other income from life assurance	43,308	118,541	37
3. Other income from health insurance	231,224	57,117	405
XII. OTHER EXPENSES	52,830,620	65,185,021	81
1. Other expenses from property insurance except for health insurance	52,157,138	64,523,911	81
2. Other expenses from life assurance	649,834	627,343	104
3. Other expenses from health insurance	23,648	33,767	70
XIII. PROFIT/LOSS BEFORE TAX (I.+II.+III.+IV.+V.+VI.-VII.-VIII.+IX.-X.+XI.-XII.)	2,081,220	1,796,715	116
1. Net profit / -loss from property insurance, except health insurance	-12,820,105	-1,344,827	953
2. Net profit / -loss from life assurance	12,496,439	1,113,713	
3. Net profit / -loss from health insurance	2,404,886	2,027,829	119
XIV. CORPORATE INCOME TAX	8,803,506	10,311,907	85
XV. DEFERRED TAXES	-429,944	-9,525,486	5
XVI. NET PROFIT / -LOSS FOR THE ACCOUNTING PERIOD (XIII.-XIV.-XV.)	-6,292,342	1,010,294	
- Net profit / loss from property insurance, except health insurance	-19,238,865	-2,769,203	695
- Net profit / loss from life assurance	10,448,031	1,681,550	621
- Net profit / loss from health insurance	2,498,492	2,097,947	119
Split of net profit / loss:			
- Net profit to the controlling company	-4,810,682	2,567,299	
- Net profit to non-controlling interest holders	-1,481,660	-1,557,005	95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER, 2009

		IN EUR		
		2009	2008 (ADJUSTED)	INDEX
E.	COMPREHENSIVE INCOME			
I.	NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD AFTER TAX	-6,292,342	1,010,294	
II.	OTHER COMPREHENSIVE INCOME AFTER TAX (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	-24,199,429	-89,703,566	27
	1. Net profit / loss recognised in a fair value reserve relating to tangible assets	0	0	
	2. Net profit / loss recognised in a fair value reserve relating to intangible assets	0	0	
	3. Actuarial gains / loss for pension programs	0	0	
	4. Valuation gains / losses on available-for-sale financial assets	-24,983,191	-146,937,605	17
	5. Net profit / loss from non-current assets held for sale	0	0	
	6. Net profit / loss relating to cash flows hedges	0	0	
	7. Share of other comprehensive income /loss of entities accounted for using the equity method	2,193,297	-836,271	
	8. Other net profit / loss from other comprehensive income	0	0	
	9. Consolidation equity adjustment	-263,803	-1,147,979	23
	10. Tax on other comprehensive income	-1,145,732	59,218,289	
III.	COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX (I + II)	-30,491,771	-88,693,272	34
	- attributable to the controlling company	-20,717,160	-91,356,661	23
	- attributable to non-controlling interest holders	-9,774,611	2,663,389	

3. CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT ON 31 DECEMBER, 2009

3.1 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2009	31 DECEMBER, 2008	INDEX
ASSETS (from A. to D.)		699,635,900	619,518,874	113
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	684,229,396	611,354,213	112
I.	INVESTMENT PROPERTY	2,126,528	877,719	242
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	2,227,965	29,324,348	8
	1. Shares in subsidiaries	0	0	
	2. Shares in associates	2,227,965	29,324,348	8
III.	OTHER FINANCIAL INVESTMENTS	679,839,961	581,104,795	117
	1. Shares and other floating rate securities	35,393,413	26,819,561	132
	2. Debt securities with fixed return	565,549,812	524,508,722	108
	3. Investment fund coupons	3,040,404	2,926,253	104
	4. Mortgage loans	0	0	
	5. Other loans	28,452,734	1,708	
	6. Bank deposits	46,816,597	26,337,246	178
	7. Other financial investments	587,001	511,305	115
IV.	ASSETS FROM REINSURANCE CONTRACTS	34,942	47,351	74
	1. From unearned premium	240	588	41
	2. From mathematical provision	0	0	
	3. From outstanding claims	34,702	46,763	74
	4. From bonuses and discounts	0	0	
	5. From technical provisions for life insurance policy holders who bear investment risk	0	0	
B.	RECEIVABLES	12,152,825	7,482,103	162
I.	RECEIVABLES FROM DIRECT INSURANCE	2,437,387	544,939	447
	1. Receivables from insurers	709,489	333,104	213
	2. Receivables from insurance brokers	0	0	
	3. Other receivables from direct insurance operations	1,727,898	211,835	816
II.	RECEIVABLES FROM REINSURANCE	37,058	11,499	322
III.	OTHER RECEIVABLES	9,678,380	6,925,664	140
C.	OTHER ASSETS	2,356,819	564,164	418
I.	CASH AND CASH EQUIVALENTS	2,355,367	564,097	418
II.	OTHER ASSETS	1,452	68	
D.	SHORT-TERM DEFERRED ASSETSE	896,860	118,394	758
	1. Accrued interest and rent	0	0	
	2. Deferred expenses for insurance contract aquisition	197,857	0	
	3. Other deferred items	699,003	118,394	590
E.	OFF BALANCE SHEET ITEMS	33,350,000	2,000,000	

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2009	31 DECEMBER, 2008	INDEX
LIABILITIES (from A. to F.)		699,635,900	619,518,874	113
A.	FAIR VALUE RESERVE	1,455,346	-4,914,629	
B.	GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	668,470,556	592,267,462	113
	1. Gross provision for unearned premium	747,122	1,085,671	69
	2. Gross mathematical provisions	644,998,828	570,350,798	113
	3. Gross provisions for outstanding claims	21,713,632	20,830,993	104
	4. Gross provisions for bonuses and discounts	951,619	0	
	5. Other gross technical provisions			
C.	GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D.	LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E.	OTHER LIABILITIES	29,676,325	31,639,599	94
I.	LIABILITIES FROM DIRECT INSURANCE OPERATIONS	6,308,124	3,812,190	165
	1. Liabilities towards policyholders	1,526,534	1,240,081	123
	2. Liabilities towards intermediaries	278,700	508,006	55
	3. Other liabilities from direct insurance operations	4,502,890	2,064,103	218
II.	LIABILITIES FROM CO-INSURANCE AND REINSURANCE	6,896	11,090	62
III.	OTHER LIABILITIES	23,361,305	27,816,319	84
F.	ACCRUED EXPENSES AND DEFERRED INCOME	33,673	526,442	6
G.	OFF-BALANCE SHEET ITEMS	33,350,000	2,000,000	

3.2 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2009	31 DECEMBER, 2008	INDEX
ASSETS (from A. to D.)		151,426,056	124,031,671	122
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	150,241,520	123,947,634	121
I.	INVESTMENT PROPERTY	0	0	
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	1,182,739	4,075,746	29
	1. Shares in subsidiaries	0	20,353	
	2. Shares in associates	1,182,739	4,055,393	29
III.	OTHER FINANCIAL INVESTMENTS	149,058,781	119,871,888	124
	1. Shares and other floating rate securities	3,769,505	2,505,844	150
	2. Debt securities with fixed return	126,848,333	115,921,083	109
	3. Investment fund coupons	0	0	
	4. Mortgage loans	0	0	
	5. Other loans	3,077,553	0	
	6. Bank deposits	15,363,391	1,444,961	
	7. Other financial investments	0	0	
IV.	ASSETS FROM REINSURANCE CONTRACTS	0	0	
	1. From unearned premium	0	0	
	2. From mathematical provision	0	0	
	3. From outstanding claims	0	0	
	4. From bonuses and discounts	0	0	
	5. From technical provisions for life insurance policy holders who bear investment risk	0	0	
B.	RECEIVABLES	12,420	74,391	17
I.	RECEIVABLES FROM DIRECT INSURANCE	7,931	10,161	78
	1. Receivables from insurers	0	0	
	2. Receivables from insurance brokers	0	0	
	3. Other receivables from direct insurance operations	7,931	10,161	78
II.	RECEIVABLES FROM REINSURANCE	0	0	
III.	OTHER RECEIVABLES	4,489	64,231	7

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR	
		31 DECEMBER, 2009	31 DECEMBER, 2008
	INDEX		
C.	OTHER ASSETS	1,172,115	9,646
I.	CASH AND CASH EQUIVALENTS	1,172,115	9,646
II.	OTHER ASSETS	0	0
D.	SHORT-TERM DEFERRED ASSETSE	0	0
1.	Accrued interest and rent	0	0
2.	Deferred expenses for insurance contract aquisition	0	0
3.	Other deferred items	0	0
E.	OFF BALANCE SHEET ITEMS	21,993,300	2,043,300

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR	
		31 DECEMBER, 2009	31 DECEMBER, 2008
	INDEX		
LIABILITIES (from A. to F.)		151,426,056	124,031,671
A.	FAIR VALUE RESERVE	0	0
B.	GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	149,829,227	123,225,952
1.	Gross provision for unearned premium	0	0
2.	Gross mathematical provisions	149,829,227	123,225,952
3.	Gross provisions for outstanding claims	0	0
4.	Gross provisions for bonuses and discounts	0	0
C.	GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0
D.	LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0
E.	OTHER LIABILITIES	1,596,828	805,719
I.	LIABILITIES FROM DIRECT INSURANCE OPERATIONS	302,553	294,386
1.	Liabilities towards policyholders	200,352	264,412
2.	Liabilities towards intermediaries	0	0
3.	Other liabilities from direct insurance operations	102,201	29,974
II.	LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0
III.	OTHER LIABILITIES	1,294,275	511,334
F.	ACCRUED EXPENSES AND DEFERRED INCOME	0	0
G.	OFF-BALANCE SHEET ITEMS	21,993,300	2,043,300

3.3 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT-LINKED INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT-LINKED INSURANCE

		IN EUR	
		31 DECEMBER, 2009	31 DECEMBER, 2008
	INDEX		
ASSETS (from A. to D.)		311,073,150	221,128,634
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	310,636,099	220,859,408
I.	INVESTMENT PROPERTY	0	0
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	6,963,607	5,721,790
1.	Shares in subsidiaries	0	0
2.	Shares in associates	6,963,607	5,721,790
III.	OTHER FINANCIAL INVESTMENTS	303,672,492	215,137,618
1.	Shares and other floating rate securities	245,441,247	157,693,085
2.	Debt securities with fixed return	53,603,634	55,139,296
3.	Investment fund coupons	4,502,881	2,191,099
4.	Mortgage loans	0	0
5.	Other loans	0	0
6.	Bank deposits	124,730	114,138
7.	Other financial investments	0	0

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT-LINKED INSURANCE

		IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008	INDEX
IV. ASSETS FROM REINSURANCE CONTRACTS	0	0	
1. From unearned premium	0	0	
2. From mathematical provision	0	0	
3. From outstanding claims	0	0	
4. From bonuses and discounts	0	0	
5. From technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	33,809	37,854	89
I. RECEIVABLES FROM DIRECT INSURANCE	33,779	36,533	92
1. Receivables from insurers	0	0	
2. Receivables from insurance brokers	41	421	10
3. Other receivables from direct insurance operations	33,738	36,113	93
II. RECEIVABLES FROM REINSURANCE	0	0	
III. OTHER RECEIVABLES	30	1,321	2
C. OTHER ASSETS	403,242	231,372	174
I. CASH AND CASH EQUIVALENTS	403,242	231,372	174
II. OTHER ASSETS	0	0	
D. SHORT-TERM DEFERRED ASSETSE	0	0	
1. Accrued interest and rent	0	0	
2. Deferred expenses for insurance contract aquisition	0	0	
3. Other deferred items	0	0	
E. OFF BALANCE SHEET ITEMS	6,559,638	6,559,638	100

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT-LINKED INSURANCE

		IN EUR	
	31 DECEMBER, 2009	31 DECEMBER, 2008	INDEX
LIABILITIES (from A. to F.)	311,073,150	221,128,634	141
A. FAIR VALUE RESERVE	-31,533	-45,111	70
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	0	0	
1. Gross provision for unearned premium	0	0	
2. Gross mathematical provisions	0	0	
3. Gross provisions for outstanding claims	0	0	
4. Gross provisions for bonuses and discounts	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	309,823,680	219,666,881	141
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	1,281,003	1,506,864	85
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	47,795	49,591	96
1. Liabilities towards policyholders	0	0	
2. Liabilities towards intermediaries	0	0	
3. Other liabilities from direct insurance operations	47,795	49,591	96
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	1,233,208	1,457,273	85
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	6,559,638	6,559,638	100

4. CONSOLIDATED INCOME STATEMENTS OF TECHNICAL ACCOUNT

4.1 CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		2009	2008	INDEX
I.	PREMIUM EARNED	119,958,390	122,570,686	98
	1. Gross premium earned	119,619,581	122,447,925	98
	2. Change of unearned premium	338,809	122,761	276
II.	INCOME FROM INVESTMENTS	46,423,078	35,881,519	129
	1. Income from dividends	333,720	1,199,939	28
	1.1 Dividends from subsidiaries	0	0	
	1.2 Dividends from associated companies	0	0	
	1.3 Dividends from others	333,720	1,199,939	28
	2. Income from other investments	37,894,982	29,937,279	127
	2.1 Income from land and buildings	66,442	35,309	188
	2.2 Interest income	28,917,158	26,979,396	107
	2.3 Other income from investments	8,911,382	2,922,573	305
	2.3.1 Financial income from revaluation	8,928,279	479,804	
	2.3.2 Other financial income	-16,897	2,442,769	
	3. Income from investment value adjustments	0	378,229	
	4. Gains from disposal of investments	8,194,376	4,366,072	188
III.	Other income from insurance	518,365	231,564	224
IV.	Expenses from claims	64,889,672	69,299,843	94
	1. Claims expenses	64,040,542	68,195,939	94
	2. Change in provisions from claims	849,130	1,103,903	77
V.	Change in other technical provisions (+/-)	65,542,279	40,978,216	160
	1. Change in mathematical provision (+/-)	65,482,924	40,978,216	160
	1.1 Change in mathematical provisions without share in profit(+/-)	55,074,578	39,144,659	141
	1.2 Change in mathematical provision from share in profit (+/-)	10,408,346	1,833,557	568
	2. Change in other technical provisions(+/-)	59,355	0	
VI.	Expenses for bonuses and discounts	0	0	
VII.	Expenses included in policies	16,286,852	13,518,169	120
	1. Entry fees	2,233,471	842,186	265
	2. Incasso, administrative expenses	14,053,381	12,675,983	111
	3. Costs of claims settlement	0	0	
VII.a)	NET OPERATING EXPENSES	15,253,801	17,643,235	86
	1. Cost of contract aquisition	8,240,919	9,551,340	86
	2. Change in deferred costs of contract aquisition (+/-)	0	9,348	
	3. Other operating expenses	7,024,821	8,091,766	87
	3.1 Amortisation and depreciation of assets, needed for operations	775,419	821,180	94
	3.2 Labour costs	3,204,757	4,023,374	80
	- salaries	2,245,559	2,921,152	77
	- costs of social and pension insurance	515,804	490,225	105
	- other labour costs	443,394	611,997	72
	3.3 Costs of services provided by outsourced netural persons other than Sole Traders together with pertaining taxes	69,725	613,158	11
	3.4 Other operating expenses	2,974,920	2,634,054	113
	4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-11,939	-9,220	129

CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		2009	2008	INDEX
VIII.	INVESTMENT EXPENSES	10,210,983	24,877,802	41
	1. Depreciation of assets, not necessary for operations	24,604	10,688	230
	2. Expenses arising from asset management, interest expenses and other financial expenses	1,101,001	1,149,837	96
	3. Financial expenses from revaluation	4,485,405	11,566,562	39
	4. Losses from disposal of financial investments	4,599,973	12,150,716	38
IX.	OTHER NET INSURANCE EXPENSES	663,565	468,153	142
X.	Profit / Loss from life assurance (I.+II.+III.-IV.-V.-VI.-VII.-VIII.-IX.)	9,306,482	9,541,586	98
X.a)	Profit / Loss from life assurance (I.+II.+III.-IV.-V.-VI.-VII.a- VIII.-IX.)	10,339,533	5,416,521	191

4.2 CONSOLIDATED INCOME STATEMENT FOR SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

CONSOLIDATED INCOME STATEMENT FOR SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		2009	2008	INDEX
I.	Gross written premuim	19,781,922	27,685,630	71
II.	Income from investments	9,716,893	5,836,941	166
	1. Income from dividends in companies	25,547	75,931	34
	1.1 Group companies	0	0	
	1.2 Associated companies	0	0	
	1.3 Others	25,547	75,931	34
	2. Income from other investments	6,404,462	4,941,416	130
	2.1 Income from investment property	0	0	
	2.2 Interest income	5,805,000	4,885,429	119
	2.3 Other income from investments	599,462	55,987	
	2.3.1 Revaluation income	599,462	55,987	
	2.3.2 Other financial income	0	0	
	3. Income from revaluation of investments	0	0	
	4. Gains on disposals of investments	3,286,884	819,594	401
III.	Expenses from repayment of insurance amounts or repurchase	2,509,384	1,889,018	133
	1. Ordinary termination	0	0	
	2. Extraordinary termination	2,509,384	1,889,018	133
	2.1 Withdrawal from contract	2,230,424	1,692,620	132
	2.2 Cancellation of contract	0	0	
	2.3 Death of policyholder	278,960	196,398	142
IV.	Assets transfer on the other transactor	0	0	
V.	Change of other technical provisions(+/-)	23,542,543	28,275,527	83
	1. Change of mathematical provision (+/-)	23,542,543	28,275,527	83
	2. Change of other technical provisions (+/-)	0	0	
VI.	Costs and commissions	2,433,785	2,127,665	114
	1. Entry fees	700,903	746,474	94
	2. Termination costs	20,343	16,165	126
	3. Management commission	1,712,540	1,365,026	125
VII.	Investment expenses	1,013,103	1,230,360	82
	1. Depreciation of assets, not used in operations	0	0	
	2. Expenses arising from asset management, interest expenses and other financial expenses	207,229	106,358	195
	3. Impairment expenses	259,421	627,237	41
	4. Loss on disposal of investments	546,452	496,765	110
VIII.	Profit / Loss of technical account (I.+II.-III.-IV.-VI.-VII.)	0	0	

4.3 CONSOLIDATED INCOME STATEMENT FOR UNIT-LINKED INSURANCE

CONSOLIDATED INCOME STATEMENT FOR UNIT-LINKED INSURANCE

		IN EUR		
		2009	2008	INDEX
I.	Gross written premium	86,150,593	96,008,170	90
II.	Income from investments	54,519,993	16,445,228	332
	1. Income from dividends in companies	99,321	0	
	1.1 Group companies	0	0	
	1.2 Associated companies	0	0	
	1.3 Others	99,321	0	
	2. Income from other investments	54,420,672	600,259	
	2.1 Income from investment property	0	0	
	2.2 Interest income	524,514	546,882	96
	2.3 Other income from investments	53,896,158	53,378	
	2.3.1 Revaluation income	53,876,083	37,193	
	2.3.2 Other financial income	20,075	16,184	124
	3. Income from revaluation of investments	0	0	
	4. Gains on disposals of investments	0	15,844,968	
III.	Expenses from repayment of insurance amounts or repurchase	13,174,134	8,880,278	148
	1. Ordinary termination	0	0	
	2. Extraordinary termination	13,174,134	8,880,278	148
	2.1 Withdrawal from contract	13,174,134	8,880,278	148
	2.2 Cancellation of contract	0	0	
	2.3 Death of policyholder	0	0	
IV.	Assets transfer on the other transactor	0	0	
V.	Change of other technical provisions(+/-)	90,122,332	-49,058,086	
	1. Change of mathematical provision (+/-)	90,122,332	-49,173,502	
	2. Change of other technical provisions (+/-)	0	115,416	
VI.	Costs and commissions	18,945,566	20,968,536	90
	1. Entry fees	4,131,899	3,430,777	120
	2. Termination costs	0	0	
	3. Management commission	14,813,667	17,537,758	84
VII.	Investment expenses	18,428,555	131,662,669	14
	1. Depreciation of assets, not used in operations	0	0	
	2. Expenses arising from asset management, interest expenses and other financial expenses	0	3,960	
	3. Impairment expenses	17,442,142	2,624,717	665
	4. Loss on disposal of investments	986,412	129,033,993	1
VIII.	Profit / Loss of technical account (I.+II.-III.-IV.-VI.-VII.)	0	0	

5. ALLOCATED INVESTMENT RETURN

5.1 ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT -NON-LIFE INSURANCE 2009

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - NON-LIFE INSURANCE (EXCLUDING HEALTH) IN 2009

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	3,442,377	1,209,885	4,652,261
Income from land and buildings	1,574,054	630,318	2,204,372
Interest income	39,578,015	1,248,804	40,826,819
Financial income from revaluation	6,138,668	4,059,440	10,198,108
Other financial income	3,016,607	9,966,515	12,983,122
Income from investment value adjustments	162,070	50	162,120
Gains from disposal of investments	15,590,875	3,022,665	18,613,541
TOTAL INCOME	69,502,667	20,137,677	89,640,344

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - NON-LIFE INSURANCE (EXCLUDING HEALTH) IN 2009

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	306,952	142,938	449,890
Expenses from asset management, interest expenses and other financial expenses	4,596,470	15,206,316	19,802,786
Financial expenses from revaluations	12,776,804	11,132,883	23,909,688
Loss on disposal of investments	6,511,455	1,330,047	7,841,501
TOTAL EXPENSES FROM INVESTMENTS	24,191,682	27,812,184	52,003,865
Investment income (income - expenses)	45,310,985	-7,674,507	37,636,478

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - LIFE INSURANCE 2009

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	458,588	783,757	1,242,344
Income from land and buildings	66,441	28,935	95,376
Interest income	35,246,672	1,221,975	36,468,647
Financial income from revaluation	9,527,741	396,746	9,924,487
Other financial income	3,178	2,160,490	2,163,668
Income from investment value adjustments	0	19,753	19,753
Gains from disposal of investments	11,481,260	1,349,779	12,831,039
TOTAL INCOME	56,783,879	5,961,436	62,745,315

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT -LIFE INSURANCE 2009

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	24,604	29,055	53,659
Expenses from asset management, interest expenses and other financial expenses	1,308,229	1,363,768	2,671,997
Financial expenses from revaluations	4,744,826	990,830	5,735,656
Loss on disposal of investments	6,132,837	764,909	6,897,746
TOTAL EXPENSES FROM INVESTMENTS	12,210,496	3,148,561	15,359,057
Investment income (income - expenses)	44,573,383	2,812,874	47,386,257

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - HEALTH INSURANCE 2009

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	373,870	87,731	461,601
Financial income from revaluation	11	0	11
Other financial income	10,136	0	10,136
Income from investment value adjustments	0	7,359	7,359
Gains from disposal of investments	0	0	0
TOTAL INCOME	384,017	95,090	479,107

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - HEALTH INSURANCE 2009

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	0	0	0
Expenses from asset management, interest expenses and other financial expenses	18,261	811	19,072
Financial expenses from revaluations	0	0	0
Loss on disposal of investments	0	0	0
TOTAL EXPENSES FROM INVESTMENTS	18,261	811	19,072
Investment income (income - expenses)	365,756	94,279	460,035

5.2 ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT -NON-LIFE INSURANCE 2008

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - NON-LIFE INSURANCE 2008

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	11,175,537	10,934,696	22,110,233
Income from land and buildings	1,635,175	516,442	2,151,617
Interest income	41,723,696	1,749,163	43,472,859
Financial income from revaluation	900,143	915,001	1,815,144
Other financial income	806,925	829,899	1,636,824
Income from investment value adjustments	224,410	1,490,637	1,715,046
Gains from disposal of investments	16,597,825	3,354,800	19,952,625
TOTAL INCOME	73,063,710	19,790,637	92,854,348

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT -NON-LIFE INSURANCE 2008

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	361,710	123,058	484,768
Expenses from asset management, interest expenses and other financial expenses	4,184,007	7,318,030	11,502,036
Financial expenses from revaluations	19,307,381	23,812,003	43,119,384
Loss on disposal of investments	22,198,886	4,788,030	26,986,916
TOTAL EXPENSES FROM INVESTMENTS	46,051,983	36,041,121	82,093,104
Investment income (income - expenses)	27,011,727	-16,250,484	10,761,243

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - LIFE INSURANCE 2008

	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	IN EUR TOTAL INCOME
Income from dividends	1,799,467	1,701,058	3,500,525
Income from land and buildings	42,246	26,662	68,908
Interest income	32,648,891	1,137,075	33,785,965
Financial income from revaluation	213,732	181,631	395,363
Other financial income	85	154,104	154,189
Income from investment value adjustments	780,724	0	780,724
Gains from disposal of investments	5,188,984	1,320,606	6,509,590
TOTAL INCOME	40,674,128	4,521,136	45,195,264

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - LIFE INSURANCE 2008

	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	IN EUR TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	18,542	31,280	49,822
Expenses from asset management, interest expenses and other financial expenses	983,748	954,449	1,938,197
Financial expenses from revaluations	13,620,620	968,246	14,588,866
Loss on disposal of investments	12,317,722	4,452,173	16,769,896
TOTAL EXPENSES FROM INVESTMENTS	26,940,632	6,406,148	33,346,780
Investment income (income - expenses)	13,733,496	-1,885,013	11,848,483

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - HEALTH INSURANCE 2008

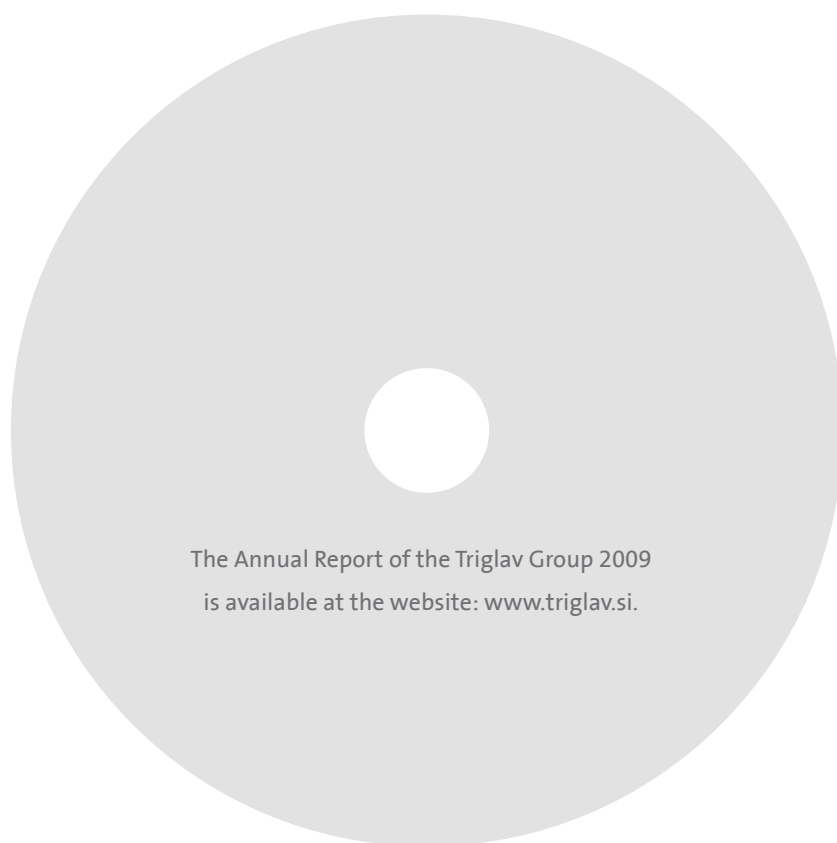
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	IN EUR TOTAL INCOME
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	460,367	36,080	496,447
Financial income from revaluation	0	0	0
Other financial income	0	0	0
Income from investment value adjustments	0	0	0
Gains from disposal of investments	56	26	82
TOTAL INCOME	460,423	36,105	496,528

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT - HEALTH INSURANCE 2008

	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	IN EUR TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	0	0	0
Expenses from asset management, interest expenses and other financial expenses	16,201	424	16,626
Financial expenses from revaluations	7,359	0	7,359
Loss on disposal of investments	0	0	0
TOTAL EXPENSES FROM INVESTMENTS	23,561	424	23,985
Investment income (income - expenses)	436,862	35,681	472,543

LIST OF PHOTOGRAPHS

<i>Page 12:</i>	Franci Virant
<i>Page 21:</i>	Triglav Group Archive
<i>Page 24:</i>	Triglav Group Archive
<i>Page 46 and 47 (below):</i>	Studio Kernel
<i>Page 80:</i>	Studio Kernel
<i>Page 81:</i>	Lidija Lampič
<i>Page 96 (upper):</i>	Bobo
<i>Page 101 (below):</i>	Barbara Zajc
<i>Page 101 (others):</i>	Triglav Group Archive
<i>Page 104 and 105:</i>	Barbara Zajc
<i>Page 111:</i>	Sports Union of Slovenia Archive
<i>Page 112:</i>	Triglav Group Archive
<i>Page 115:</i>	Triglav Group Archive
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Management and strategies



Competitive position



Financial flexibility



Risk management



Capital adequacy



Investing / Liquidity

