

9. Financial standing of the Triglav Group

The balance sheet total of the Triglav Group as at 31 December 2011 stood at EUR 2,962.0 million, which is 2% lower than in 2010.

9.1 Equity and liabilities

The total value of equity as at 31 December 2011 was EUR 489.5 million or 2% less than in the year before. Its share in the balance-sheet total equalled 16.5%, the same as in 2010. Controlling interests amounted to EUR 465.3 million, while non-controlling interests holders had EUR 24.2 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares (*see also Section 5.1 Equity*) and was EUR 50.0 million higher than as at the end of 2010. At the 35th regular General Meeting of Shareholders of Zavarovalnica Triglav a resolution was passed to increase the share capital by capitalisation of reserves without issuing new shares, from net profit brought forward.

The **fair value reserve**, which represents changes in the fair value of available-for-sale financial assets, totalled EUR 2.8 million. This reduction was affected by an impairment due to the falling asset value resulting from the developments on financial markets induced by the financial crisis.

Share premium amounted to EUR 53.2 million. Reserves from profit increased significantly due to a transfer of EUR 160.0 million from accumulated profits and equalled EUR 230.8 million (index 333). Reserves from profit include legal, statutory and contingency reserves in the amount of EUR 20.0 million, credit risk equalisation reserves of EUR 34.9 million and other profit reserves of EUR 176.0 million.

Accumulated profits for the year were EUR 107.3 million. In addition to EUR 46.2 million in net profit for the year, they also include EUR 61.1 million of net profit brought forward.

Subordinated liabilities of the Group remained at the 2010 level. They amounted to EUR 40.9 million and accounted for 1.4% share of total balance sheet liabilities.

Gross insurance technical provisions decreased by 2% to EUR 2,234.1 million by the end of 2011. In the balance sheet total they accounted for 75.4%, which is 0.3 percentage points more than in 2010. As at the last day of 2011 mathematical provisions amounted to EUR 1,210.0 million, which is 1% lower than at the end of the previous year. Provisions for gross unearned premiums shrunk by 2%, gross claims provisions by 1%, while the volume of other insurance technical provisions shrunk by 27%.

Financial liabilities account for only 1.3% of the balance sheet total.

Financial liabilities of EUR 39.5 million were 13% higher than in 2010. In the balance sheet total they accounted for only 1.3% (in 2010: 1.2%).

Operating liabilities of the Group reached EUR 57.9 million, after a 15% decrease from the level reported at the 2010 year end. Their share in the balance sheet total was 2.0% or 0.3 percentage points less than in the preceding year. Liabilities from direct insurance operations decreased as well. They fell by 10% and amounted to EUR 20.9 million, whilst liabilities from co-insurance and reinsurance operations rose by 29% and reached EUR 36.1 million. Current tax liabilities equalled EUR 826.7 thousand.

Other liabilities decreased as well (by 11%). Reaching 61.0 million, they accounted for a 2.1 share of the balance sheet total.

9.2 Assets

As at the 2010 year end, **financial assets** stood at EUR 2,326.0 million, which represents a 2% rise compared to 2010. The percentage of financial assets in total assets grew by 3.1 percentage points, reaching 78.5%. Unit-linked insurance assets amounted to EUR 364.7 million and financial investments to EUR 1,961.3 million. In total financial investments, EUR 439.7 million is accounted for by deposits and loans, EUR 245.2 million by investments held to maturity, EUR 1,192.9 million by investments available for sale and EUR 83.5 million by investments recognised at fair value through profit and loss.

Financial assets increased by 2%.

With 58.9%, debt securities account for the bulk of total financial assets: as at 31 December 2011 they amounted to EUR 1,370.6 million (index 98). In 2011 investments in equity securities decreased by 4% to EUR 561.1 million, representing 24.1% of total financial assets. Loans and receivables increased by 31% and as at 31 December 2011 stood at EUR 389.2 million. Their share in total financial assets increased to 16.7%. Derivative financial instruments were recognised at EUR 1.5 million (index 64) and re-insurers' financial investments from reinsurance schemes at EUR 3.7 million (index 120).

Financial investments of the Triglav Group in associates decreased significantly compared to 2010 (index 18). As at the end of 2011 they amounted to EUR 20.5 million, representing 0.7% of total assets. The decrease in financial investments in associates was affected mostly by the deletion of Abanka Vipava d.d. from the associates group and its transfer to investments available for sale.

Investment property stood at EUR 96.8 million, up by 15% compared to 2010. They accounted for 3.3% of total assets.

The Triglav Group's **receivables** as at 31 December 2011 totalled EUR 205.0 million, which represents a 5% decrease from the 2010 year end. Receivables accounted for 6.9% of total assets. Receivables from direct insurance operations amounted to EUR 118.6 million (index 93), receivables from co-insurance and reinsurance operations totalled EUR 40.7 million (index 90), while other receivables stood at EUR 45.3 million (index 105).

The Triglav Group's receivables decreased by 5%.

The **insurance technical provisions transferred to reinsurance contracts** of the Triglav Group as at 31 December 2011 stood at EUR 44.0 million, which was 1% less than one year earlier. Assets from reinsurance contracts from claim provisions totalled EUR 29.3 million, while unearned premiums equalled EUR 14.6 million.

Property, plant and equipment amounted to EUR 128.8 million and accounted for 4.3% of total assets. **Intangible assets** equalled EUR 63.3 million, accounting for 2.1% of total assets.

Cash and cash equivalents amounted to EUR 22.8 million, **other assets** totalled EUR 12.6 million, whereas non-current assets held for sale equalled EUR 1.5 million, arising from real property recognised in the company Slovenijales.

Consolidated balance sheet as at 31.12.2011 – according to IFRS

in EUR			
	31 December 2011	31 December 2010	Index
Assets			
Intangible assets	63,333,465	61,218,108	103
Property, plant and equipment	128,808,682	142,550,661	90
Deferred tax receivables	40,661,243	27,545,028	148
Investment property	96,784,890	84,256,259	115
Investments in associates	20,504,563	117,067,739	18
Financial assets	2,326,023,820	2,282,449,510	102
Financial investments	1,961,339,446	1,904,557,249	103
- loans and deposits	439,712,247	364,944,602	120
- held to maturity	245,218,281	253,578,582	97
- available for sale	1,192,865,725	1,195,021,035	100

Consolidated balance sheet as at 31.12.2011 – according to IFRS - continued

in EUR

	31 December 2011	31 December 2010	Index
- recognised at fair value through profit and loss	83,543,191	91,013,031	92
Unit-linked insurance assets	364,684,374	377,892,261	97
Reinsurers' share of technical provisions	43,983,083	44,221,316	99
Receivables	205,049,270	216,643,960	95
- receivables from direct insurance operations	118,559,323	127,992,948	93
- receivables from reinsurance and co-insurance operations	40,739,474	45,432,007	90
- current tax receivables	459,509	2,427	18,933
- other receivables	45,290,964	43,216,578	105
Other assets	12,597,206	12,949,696	97
Cash and cash equivalents	22,771,667	34,108,090	67
Non-current assets held for sale	1,482,215	1,385,441	107
TOTAL ASSETS	2,962,000,104	3,024,395,808	98
EQUITY AND LIABILITIES			
Share capital	489,469,838	498,977,808	98
Controlling interests	465,264,933	470,765,036	99
- share capital	73,701,402	23,701,391	311
- share premium	53,204,076	53,655,516	99
- reserves from profit	230,826,820	69,417,981	333
- fair value reserve	2,786,975	45,520,845	
- net profit/loss brought forward	61,135,220	269,153,671	23
- net profit/loss for the year	46,175,732	11,313,293	408
- currency translation differences	-2,565,292	-1,997,661	128
Non-controlling interests	24,204,905	28,212,772	86
Subordinated liabilities	40,932,090	40,932,090	100
Insurance technical provisions	1,869,646,881	1,894,832,826	99
- unearned premium	291,740,398	296,367,451	98
- mathematical provisions	845,464,934	849,847,775	99
- claims provisions	705,464,250	711,728,317	99
- other insurance technical provisions	26,977,299	36,889,283	73
Insurance technical provisions for unit-linked insurance contracts	364,495,891	376,083,063	97
Employee benefits	10,392,165	10,278,077	101
Other provisions	19,140,222	17,797,395	108
Deferred tax liabilities	9,613,587	14,110,839	68
Other financial liabilities	39,491,120	34,870,425	113
Operating liabilities	57,860,742	68,049,411	85
- liabilities from direct insurance operations	20,928,061	23,243,104	90
- liabilities from reinsurance and co-insurance operations	36,106,029	27,928,812	129
- current tax liabilities	826,652	16,877,495	5
Other liabilities	60,957,569	68,463,874	89
TOTAL EQUITY AND LIABILITIES	2,962,000,104	3,024,395,808	98

Financial position indicators

	2011	2010	2009
Equity in total liabilities	16.5%	16.5%	16.7%
Average balance of equity as % of gross written premium	50.0%	48.2%	48.7%
Return on equity	9.6%	5.5%	-1.3%
Gross insurance technical provisions as % of total liabilities	75.4%	75.1%	75.4%
Average balance of gross insurance technical provisions as % of gross written premium	227.7%	218.7%	199.6%
Financial assets as % of total assets	78.5%	75.5%	74.4%
Ratio of financial assets to gross insurance contract provisions	104.1%	100.5%	98.6%