



**UNAUDITED CONSOLIDATED ANNUAL  
REPORT FOR THE YEAR 2011**

Zagreb, February 2012

## CONTENTS

	<u>Page</u>
<b>Unaudited Consolidated Financial Statements</b>	3
– Consolidated Report on Profit (Profit & Loss Account)	4
– Consolidated Report on Financial Status (Balance Sheet)	6
– Consolidated Report on Changes in Equity	8
– Consolidated Report on Money Flow	9
<b>Management Board's Report on Company Status</b>	10
<b>Notes to the Unaudited Financial Statements</b>	13
<b>Statements of the Responsible Persons</b>	17

# I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG

Tax number(MB)	03276147	
Company registration number (MBS):	080051022	
Personal identification number (OIB):	26187994862	
Issuing company:	CROATIA osiguranje d.d.	
Postal code and place	10000	ZAGREB
Street and house number:	MIRAMARSKA 22	
E-mail address:		
Internet address	<a href="http://www.crosig.hr">www.crosig.hr</a>	
Municipality/city code and name	133	ZAGREB
County code and name	21	GRAD ZAGREB
Consolidated report:	YES	
	Number of employees: (quarter end)	3.786
	NKD code:	6152
Companies of the consolidation subject (according to)	Seat:	MB:
CROATIA LLOYD D.D.	ZAGREB	03276236
CROATIA OSIGURANJE D.D.	LJUBUŠKI	20097647
PBZ CROATIA OSIGURANJE D.D.	ZAGREB	01583999
CROATIA ZDRAVSTVENO OSIGURANJE D.D.	ZAGREB	01808435
CROATIA TEHNIČKI PREGLEDI D.D.	ZAGREB	01450930
CROATIA LEASING D.O.O.	ZAGREB	01892037
Bookkeeping service:		
Contact person:	Gordana Golub Levanić	
Telephone:	01/ 6333 108	Telefaks: 01/ 6332 073
E-mail address:	<a href="mailto:izdavatelj@crosig.hr">izdavatelj@crosig.hr</a>	
Family name and name:	SILVANA IVANČIĆ, ZDRAVKO ZRINUŠIĆ	
	(person authorized to represent the company)	

### Documents to be published:

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Statement of persons responsible for the drawing-up of financial statements
3. Report of the Management Board on the Company Status



Članica Uprave  
*Silvana Ivančić*  
 Silvana Ivančić

Predsjednik Uprave  
*Zdravko Zrinušić*  
 Zdravko Zrinušić

(potpis osobe ovlaštene za zastupanje)

**CONSOLIDATED REPORT ON PROFIT  
(PROFIT & LOSS ACCOUNT)  
For the period from 01/01/2011-31/12/2011**

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>I. Earned premiums (AOP 125 to 132)</b>	<b>124</b>	385.810.559	2.580.804.201	2.966.614.760	387.557.064	2.454.382.207	2.841.939.271
1. Gross written premiums	<b>125</b>	385.704.710	2.911.414.493	3.297.119.203	387.803.438	2.853.628.245	3.241.431.683
2. Coinsurance premium	<b>126</b>		556.583	556.583		1.026.206	1.026.206
3. Value adjustment and collected insurance/coinsurance premium value adjustment	<b>127</b>		-52.405.459	-52.405.459		-69.019.060	-69.019.060
4. Premiums ceded to reinsurance	<b>128</b>	-6.859	-352.894.530	-352.901.389	-319.731	-328.195.883	-328.515.614
5. Premiums ceded to coinsurance	<b>129</b>		-5.383.364	-5.383.364		-5.278.754	-5.278.754
6. Change in gross unearned premium provision	<b>130</b>	112.708	74.099.692	74.212.400	73.219	6.830.653	6.903.872
7. Change in unearned premium provision, reinsurer's share	<b>131</b>		4.342.854	4.342.854	138	-4.609.200	-4.609.062
8. Change in unearned premium provision, reinsurer's share	<b>132</b>		1.073.932	1.073.932			
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	132.402.422	216.589.009	348.991.431	135.096.118	320.376.920	455.473.037
1. Income from branch-offices, associated companies and joint ventures	<b>134</b>						
2. Income from investments into land and buildings (136 to 138)	<b>135</b>	4.474	12.240.130	12.244.604	4.566	62.867.583	62.872.148
2.1. Income from rental fees	<b>136</b>	4.474	6.669.941	6.674.415	4.566	7.096.310	7.100.876
2.2. Income from increased value of land and buildings	<b>137</b>		5.137.070	5.137.070		55.751.782	55.751.782
2.3. Income from real estate sale	<b>138</b>		433.119	433.119		19.491	19.491
3. Interest income	<b>139</b>	120.273.024	173.695.336	293.968.360	108.747.360	163.483.998	272.231.358
4. Unrealized profits from investment at fair value	<b>140</b>	3.898.786	6.693.193	10.591.979	2.494.897	8.892.042	11.386.939
5. Gain on sale (realization) of financial investments (142 to 145)	<b>141</b>	3.455.091	7.390.415	10.845.506	3.870.283	6.598.217	10.468.500
5.1. Investment at fair value through profit and loss account	<b>142</b>	3.190.003	5.516.247	8.706.250	3.081.729	4.899.661	7.981.390
5.2. Investment available for sale	<b>143</b>	83.070	1.751.575	1.834.645		1.698.556	1.698.556
5.3. Other gains on sale of financial investments	<b>144</b>	182.018	122.593	304.611	788.554		788.554
6. Net positive exchange rate differences	<b>145</b>	11.058.585	12.329.780	23.388.365	19.753.250	16.956.754	36.710.003
7. Other investment income	<b>146</b>	-6.287.538	4.240.155	-2.047.383	225.763	61.578.325	61.804.088
<b>III. Income from commissions and fees</b>	<b>147</b>	90.042	45.903.228	45.993.270	69.101	44.661.158	44.730.259
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	728.107	39.647.332	40.375.439	108.336	21.274.611	21.382.948
<b>V. Other income</b>	<b>149</b>	1.832.993	244.744.866	246.577.859	1.361.321	201.829.438	203.190.759
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-229.929.004	-1.549.705.854	-1.779.634.858	-323.768.560	-1.401.913.477	-1.725.682.037
1. Paid claims (AOP 152 to 154)	<b>151</b>	-230.501.346	-1.578.904.031	-1.809.405.377	-329.935.998	-1.471.271.266	-1.801.207.264
1.1. Gross amount	<b>152</b>	-230.501.346	-1.695.479.590	-1.925.980.936	-329.935.998	-1.615.805.841	-1.945.741.839
1.2. Coinsurer's share	<b>153</b>		-491.247	-491.247		40.693	40.693
1.3. Reinsurer's share	<b>154</b>		117.066.806	117.066.806		144.493.883	144.493.883
2. Change in claims provision (AOP 156 to 158)	<b>155</b>	572.342	29.198.177	29.770.519	6.167.438	69.357.789	75.525.226
2.1. Gross amount	<b>156</b>	572.342	29.198.177	29.770.519	6.167.438	-48.986.329	-42.818.892
2.2. Coinsurer's share	<b>157</b>						
2.3. Reinsurer's share	<b>158</b>					118.344.118	118.344.118
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-136.507.486	-13.847.225	-150.354.711	-64.996.943	-10.670.000	-75.666.943
1. Change in mathematical insurance provision (AOP 161 + 162)	<b>160</b>	-136.507.486		-136.507.486	-64.996.943		-64.996.943
1.1. Gross amount	<b>161</b>	-136.505.904		-136.505.904	-65.149.825		-65.149.825
1.2. Reinsurer's share	<b>162</b>	-1.582		-1.582	152.883		152.883
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	<b>163</b>		-13.847.225	-13.847.225		-10.670.000	-10.670.000
2.1. Gross amount	<b>164</b>		-13.847.225	-13.847.225		-10.670.000	-10.670.000
2.2. Coinsurer's share	<b>165</b>						
2.3. Reinsurer's share	<b>166</b>						
<b>VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)</b>	<b>167</b>	1.918.336		1.918.336	4.700.768		4.700.768
1. Gross amount	<b>168</b>	1.918.336		1.918.336	4.700.768		4.700.768
2. Coinsurer's share	<b>169</b>						
3. Reinsurer's share	<b>170</b>						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>		3.614.102	3.614.102		-466.213	-466.213
1. Depending on results (bonuses)	<b>172</b>		-390.424	-390.424		-104.981	-104.981
2. Irrespective of results (discounts)	<b>173</b>		4.004.526	4.004.526		-361.232	-361.232

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-113.880.673	-1.022.477.203	-1.136.357.876	-108.883.777	-1.040.665.304	-1.149.549.081
1. Sales expenses (AOP 176 to 178)	<b>175</b>	-40.406.269	-303.952.105	-344.358.374	-35.290.163	-296.453.811	-331.743.974
1.1. Commision	<b>176</b>	-27.414.311	-152.594.619	-180.008.930	-25.822.347	-176.590.338	-202.412.685
1.2. Other sales expenses	<b>177</b>	-12.991.958	-149.729.940	-162.721.898	-9.467.816	-123.337.219	-132.805.035
1.3. Change in split sales expenses	<b>178</b>		-1.627.546	-1.627.546		3.473.746	3.473.746
2. Management expenses (AOP 180 to 182)	<b>179</b>	-73.474.404	-718.525.098	-791.999.502	-73.593.614	-744.211.494	-817.805.108
2.1. Depreciation of tangible assets	<b>180</b>	-2.069.428	-55.150.513	-57.219.941	-1.944.285	-54.452.414	-56.396.698
2.2. Salaries, taxes and salary contributions (from and on salary)	<b>181</b>	-42.779.247	-385.889.195	-428.668.442	-44.308.600	-380.298.288	-424.606.889
2.3. Other management expenses	<b>182</b>	-28.625.729	-277.485.390	-306.111.119	-27.340.729	-309.460.792	-336.801.521
<b>XI. Investment expenses (AOP 184 to 189)</b>	<b>183</b>	-33.810.143	-142.231.822	-176.041.965	-20.233.603	-184.753.812	-204.987.415
1. Depreciation (buildings not intended for business activities of the company)	<b>184</b>		-1.271.102	-1.271.102			
2. Interest	<b>185</b>	-16.051	-476.808	-492.859	-12.186	-1.354	-13.539
3. Investment impairments	<b>186</b>	-16.717.359	-20.330.656	-37.048.015	-12.043.534	-32.152.661	-44.196.195
4. Losses from sale (realizations) of investment	<b>187</b>	-13.739.085	-38.910.657	-52.649.742	-2.575.940	-21.363.966	-23.939.906
5. Adjustment of financial assets at fair value through P&L	<b>188</b>	-726.384	-111.231	-837.615	-5.089.978	-8.014.888	-13.104.866
6. Net foreign exchange losses	<b>189</b>						
7. Other investment costs	<b>190</b>	-2.611.264	-81.131.368	-83.742.632	-511.965	-123.220.944	-123.732.909
<b>XII. Other tehcnical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-305.749	-82.178.583	-82.484.332	-190.956	-84.697.974	-84.888.930
1. Prevention activities expenses	<b>192</b>		-3.271.962	-3.271.962		-6.130.964	-6.130.964
2. Other technical expenses	<b>193</b>	-305.749	-78.906.621	-79.212.370	-190.956	-78.567.010	-78.757.966
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>	-60.845	-210.100.989	-210.161.834	-1.142.463	-168.812.244	-169.954.707
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	8.288.559	110.761.062	119.049.621	9.676.407	150.545.310	160.221.717
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-1.051.194	-29.699.441	-30.750.635	-1.483.094	-41.356.721	-42.839.815
1. Current tax expenses	<b>197</b>	-1.051.194	-29.699.441	-30.750.635	-1.483.094	-41.506.771	-42.989.866
2. Deferred tax expenses	<b>198</b>					150.051	150.051
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	7.237.365	81.061.621	88.298.986	8.193.312	109.188.590	117.381.902
1. Attributable to majority owners	<b>200</b>	6.607.740	78.342.027	84.949.767	7.721.142	106.878.895	114.600.037
2. Attributable to minority interests	<b>201</b>	629.625	2.719.594	3.349.219	472.170	2.309.695	2.781.865
<b>XVII. TOTAL INCOME</b>	<b>202</b>	520.864.123	3.127.688.636	3.648.552.759	524.191.941	3.042.524.334	3.566.716.275
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-513.626.758	-3.046.627.015	-3.560.253.773	-515.998.628	-2.933.335.744	-3.449.334.373
<b>IX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	16.309.458	64.383.814	80.693.272	-24.407.721	-39.370.969	-63.778.690
1. Profit / loss from translation of financial statements	<b>205</b>					64.839	64.839
2. Profit / loss from revaluation of financial assets available for sale	<b>206</b>	16.309.458	62.123.524	78.432.982	-24.407.721	-41.830.581	-66.238.302
3. Profit / loss from revaluation of operational land and buildings	<b>207</b>		2.112.091	2.112.091		2.394.773	2.394.773
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	<b>208</b>		148.199	148.199			
5. Effects of cash flow hedging instruments	<b>209</b>						
6. Actuarial profit / loss on pension plans with defined pensions	<b>210</b>						
7. Share of other comprehensive profit of associates	<b>211</b>						
8. Profit tax on other comprehensive profit	<b>212</b>						
<b>XX. Total comprehensive profit (199+204)</b>	<b>213</b>	23.546.823	145.445.435	168.992.258	-16.214.409	69.817.621	53.603.212
1. Attributable to majority owners	<b>214</b>	22.917.197	141.927.305	164.844.502	-16.686.579	61.337.148	44.650.569
2. Attributable to minority interests	<b>215</b>	629.625	3.518.131	4.147.756	472.170	8.480.473	8.952.643
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

## CONSOLIDATED REPORT ON COMPANY STATUS (BALANCE SHEET) as at 31/12/2011

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>ASSETS</b>							
<b>A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)</b>	<b>001</b>						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
<b>B. INTANGIBLE ASSETS (005+006)</b>	<b>004</b>	35.779	68.571.950	68.607.729	59.932	59.713.281	59.773.212
1. Goodwill	005		43.154.776	43.154.776		40.052.296	40.052.296
2. Other intangible assets	006	35.779	25.417.174	25.452.953	59.932	19.660.985	19.720.917
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>	4.868.441	1.551.699.463	1.556.567.904	4.305.464	1.561.501.441	1.565.806.905
1. Land and buildings used for insurance activities	008	4.185.330	1.372.329.198	1.376.514.528	3.679.148	1.348.994.603	1.352.673.752
2. Equipment	009	521.068	140.887.166	141.408.234	491.763	98.488.522	98.980.285
3. Other tangible assets and reserves	010	162.043	38.483.099	38.645.142	134.553	114.018.315	114.152.868
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	2.083.905.096	3.845.786.189	5.929.691.285	2.106.295.797	3.973.576.595	6.079.872.392
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>		816.718.189	816.718.189	437.198	969.181.220	969.618.418
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		19.140.405	19.140.405		17.607.577	17.607.577
1. Shares and stakes in branch-offices	014		429.012	429.012			
2. Shares and stakes in associate companies	015		17.891.495	17.891.495		16.295.014	16.295.014
3. Participating in joint investments	016		819.898	819.898		1.312.562	1.312.562
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	2.083.905.096	3.009.927.595	5.093.832.691	2.105.858.599	2.986.787.799	5.092.646.398
1. Investments kept till maturity date (019 + 020)	018	1.229.341.654	793.103.148	2.022.444.802	1.312.794.201	917.842.884	2.230.637.086
1.1. Debt securities and other securities with fixed income	019	1.229.341.654	776.802.637	2.006.144.291	1.312.794.201	904.550.884	2.217.345.085
1.2. Other investments kept till maturity date	020		16.300.511	16.300.511		13.292.000	13.292.000
2. Investments available for sale (022 to 025)	021	115.155.930	324.509.104	439.665.034	60.422.034	198.835.404	259.257.438
2.1. Stocks, shares and other securities with variable income	022	54.417.013	205.911.348	260.328.361	24.314.237	118.648.920	142.963.157
2.2. Debt securities and other securities with fixed income	023					1.267.500	1.267.500
2.3. Stakes in investment funds	024	60.738.917	118.597.756	179.336.673	36.107.797	78.918.984	115.026.780
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	180.044.882	312.854.885	492.899.767	200.501.903	383.929.268	584.431.170
3.1. Stocks, shares and other securities with variable income	027		2.279.958	2.279.958		8.213.904	8.213.904
3.2. Debt securities and other securities with fixed income	028	9.879.000	42.510.883	52.389.883	83.590.987	110.355.342	193.946.328
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	170.165.882	268.064.044	438.229.926	116.910.916	265.380.022	382.270.938
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	559.362.630	1.579.460.458	2.138.823.088	532.140.461	1.486.180.244	2.018.320.705
4.1. Bank deposits	033	488.990.842	1.162.729.771	1.651.720.613	474.809.212	1.077.434.138	1.552.243.350
4.2. Loans	034	69.709.704	391.404.689	461.114.393	56.645.349	403.499.529	460.144.877
4.3. Other loans and receivables	035	662.084	25.325.998	25.988.082	685.901	5.246.577	5.932.477
<b>IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)</b>	<b>036</b>						
<b>E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER</b>	<b>037</b>	22.374.967		22.374.967	16.320.627		16.320.627
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	11.607	170.577.663	170.589.270	164.628	236.028.898	236.193.526
1. Unearned premiums, reinsurance share	039		77.653.096	77.653.096	138	19.727.747	19.727.885
2. Mathematical insurance provision, reinsurance share	040	11.607		11.607	164.490		164.490
3. Claims provision, reinsurance share	041		92.306.696	92.306.696		215.781.823	215.781.823
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		617.871	617.871		519.328	519.328
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
<b>G. DEFERRED AND CURRENT TAX ASSETS (047+048)</b>	<b>046</b>	3.365.941	8.089.287	11.455.228	3.386.095	3.780.651	7.166.746
1. Deferred tax assets	047	3.343.472	4.192.043	7.535.515	3.343.472	3.780.651	7.124.123
2. Current tax assets	048	22.469	3.897.244	3.919.713	42.623		42.623
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	47.579.928	1.044.599.437	1.092.179.365	11.855.309	942.832.074	954.687.383
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	41.306.800	689.902.212	731.209.012	162.077	681.016.847	681.178.925
1.1. Receivables from policyholders	051	41.239.595	681.607.349	722.846.944	118.331	673.614.618	673.732.950
1.2. Receivables from insurance agents	052	67.205	8.294.863	8.362.068	43.746	7.402.229	7.445.975
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		29.146.633	29.146.633		62.082.885	62.082.885
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	6.273.128	325.550.592	331.823.720	11.693.232	199.732.341	211.425.573
3.1. Receivables for other insurance activities	055		39.441.426	39.441.426		29.563.633	29.563.633
3.2. Receivables for returns on investments	056	1.774.148	15.395.682	17.169.830	3.943.028	13.140.442	17.083.470
3.3. Other receivables	057	4.498.980	270.713.484	275.212.464	7.750.204	157.028.266	164.778.470
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	7.480.660	77.732.314	85.212.974	6.117.246	84.215.126	90.332.372
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	7.387.138	58.049.720	65.436.858	6.052.921	71.344.523	77.397.445
1.1. Money on business account	060	1.172.350	57.713.155	58.885.505	3.918.390	71.001.728	74.920.119
1.2. Money on mathematical provision account	061	6.205.208		6.205.208	2.127.973		2.127.973
1.3. Cash money	062	9.580	336.565	346.145	6.558	342.795	349.353
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
<b>3. Other</b>	<b>064</b>	93.522	19.682.594	19.776.116	64.325	12.870.603	12.934.927
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUPLICATE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	18.055.825	49.340.791	67.396.616	22.259.901	60.315.957	82.575.858
1. Split interest and rental fees	066	18.012.109	19.367.411	37.379.520	22.185.161	16.833.700	39.018.861
2. Split sales costs	067		13.408.769	13.408.769		20.923.993	20.923.993
3. Other paid expenses of the future period and undue income collection	068	43.716	16.564.611	16.608.327	74.740	22.558.264	22.633.004
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.187.678.244	6.816.397.094	9.004.075.338	2.170.764.998	6.921.964.023	9.092.729.021
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>		704.570.820	704.570.820		679.133.071	679.133.071

<b>LIABILITIES</b>								
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	141.697.572	1.793.597.369	1.935.294.941	122.256.608	1.842.240.587	1.964.497.195	
<b>1. Subscribed capital (073 to 075)</b>	<b>072</b>	44.288.720	398.598.480	442.887.200	44.288.720	398.598.480	442.887.200	
1.1. Subscribed capital - common shares	<b>073</b>	44.288.720	386.348.480	430.637.200	44.288.720	386.348.480	430.637.200	
1.2. Subscribed capital - preferred shares	<b>074</b>		12.250.000	12.250.000		12.250.000	12.250.000	
1.3. Capital invited to be paid	<b>075</b>							
<b>2. Capital reserves</b>	<b>076</b>							
<b>3. Revaluation reserves (078 to 080)</b>	<b>077</b>	8.753.985	552.018.411	560.772.396	-15.718.730	512.712.437	496.993.706	
3.1. Revaluation of land and buildings	<b>078</b>		518.667.184	518.667.184	-64.994	520.883.392	520.818.398	
3.2. Revaluation of investments in financial assets	<b>079</b>	8.753.985	26.530.844	35.284.829	-15.653.736	-15.000.350	-30.654.086	
3.3. Other revaluation reserves	<b>080</b>		6.820.383	6.820.383		6.829.395	6.829.395	
<b>4. Reserves (082 to 084)</b>	<b>081</b>	77.013.268	366.917.393	443.930.661	78.314.936	378.151.843	456.466.779	
4.1. Legal provision	<b>082</b>	263.177	17.198.799	17.461.976	489.554	19.152.618	19.642.172	
4.2. Statutory provision	<b>083</b>	1.250.091	83.007.767	84.257.858	2.325.382	92.288.398	94.613.780	
4.3. Other reserves	<b>084</b>	75.500.000	266.710.827	342.210.827	75.500.000	266.710.828	342.210.828	
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	5.033.861	397.721.058	402.754.919	7.650.540	445.898.932	453.549.472	
5.1. Retained profit	<b>086</b>	5.033.861	397.721.058	402.754.919	7.650.540	445.898.932	453.549.472	
5.2. Retained loss (-)	<b>087</b>							
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	6.607.738	78.342.027	84.949.765	7.721.142	106.878.895	114.600.037	
6.1. Profit for the period	<b>089</b>	6.607.738	78.342.027	84.949.765	7.721.142	106.878.895	114.600.037	
6.2. Loss for the period (-)	<b>090</b>							
<b>B. MINORITY INTEREST</b>	<b>091</b>	9.606.916	58.991.088	68.598.004	7.791.231	67.658.243	75.449.474	
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	1.924.060.577	4.309.035.501	6.233.096.078	1.986.686.474	4.317.704.491	6.304.390.965	
1. Unearned premiums, gross amount	<b>093</b>	3.986.675	1.173.196.945	1.177.183.620	3.929.192	1.114.848.550	1.118.777.742	
2. Mathematical insurance provision, gross amount	<b>094</b>	1.877.152.130		1.877.152.130	1.945.987.781		1.945.987.781	
3. Claims provision, gross amount	<b>095</b>	42.921.772	3.074.104.217	3.117.025.989	36.769.501	3.130.615.965	3.167.385.466	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	<b>096</b>		5.977.339	5.977.339		5.812.976	5.812.976	
5. Provision for claims fluctuation, gross amount	<b>097</b>							
6. Other technical insurance provision, gross amount	<b>098</b>		55.757.000	55.757.000		66.427.000	66.427.000	
<b>D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount</b>	<b>099</b>	22.374.967		22.374.967	16.320.627		16.320.627	
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	2.647.001	85.216.786	87.863.787	2.557.348	87.775.295	90.332.643	
1. Provision for pensions	<b>101</b>	2.647.001	78.382.881	81.029.882	2.557.348	82.364.011	84.921.359	
2. Other provision	<b>102</b>		6.833.905	6.833.905		5.411.285	5.411.285	
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>		129.438.669	129.438.669	1.484.020	147.337.925	148.821.944	
1. Deferred tax liability	<b>104</b>		123.685.469	123.685.469		122.317.431	122.317.431	
2. Current tax liability	<b>105</b>		5.753.200	5.753.200	1.484.020	25.020.494	26.504.514	
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>							
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>	144.963	161.061.626	161.206.589	100.067	109.275.861	109.375.928	
1. Loan liabilities	<b>108</b>		146.314.014	146.314.014		106.526.305	106.526.305	
2. Outstanding securities	<b>109</b>							
3. Other financial liabilities	<b>110</b>	144.963	14.747.612	14.892.575	100.067	2.749.556	2.849.623	
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	45.013.731	258.456.232	303.469.963	33.390.208	308.593.767	341.983.975	
1. Liabilities derived from direct insurance activities	<b>112</b>	974.033	109.025.151	109.999.184	2.025.459	111.761.638	113.787.097	
2. Liabilities derived from coinsurance and reinsurance activities	<b>113</b>	1.665	38.334.150	38.335.815	1.693	68.264.171	68.265.864	
3. Liabilities for misappropriation and discontinued operations	<b>114</b>							
4. Other liabilities	<b>115</b>	44.038.033	111.096.931	155.134.964	31.363.056	128.567.959	159.931.015	
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	42.132.517	20.599.823	62.732.340	178.417	41.377.854	41.556.271	
1. Reinsurance commission split	<b>117</b>							
2. Other deferred costs payment and future income	<b>118</b>	42.132.517	20.599.823	62.732.340	178.417	41.377.854	41.556.271	
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.187.678.244	6.816.397.094	9.004.075.338	2.170.764.998	6.921.964.023	9.092.729.021	
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>		704.570.820	704.570.820		679.133.072	679.133.072	
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>								
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	151.304.488	1.852.588.457	2.003.892.945	130.047.839	1.909.898.830	2.039.946.669	
1. Attributable to majority owners	<b>122</b>	141.697.572	1.793.597.369	1.935.294.941	122.256.608	1.842.240.587	1.964.497.195	
2. Attributable to minority interests	<b>123</b>	9.606.916	58.991.088	68.598.004	7.791.231	67.658.243	75.449.474	



## CONSOLIDATED REPORT ON CHANGES IN EQUITY for the period from 01/01/2011 until 31/12/2011

in HRK

Position	AOP	Attributable to the owners of the parent company							Attributable to non-controlling interests	Total capital and reserves (9+10)
		Subscribed capital	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or transferred loss	Current year profit/loss	Total capital and reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
<b>I. Balance at 1 January - previous year</b>	<b>001</b>	442.887.200		492.570.679	423.894.652	274.246.101	152.504.002	1.786.102.634	62.855.107	1.848.957.741
1. Change in accounting policy	<b>002</b>					906.944		906.944	1.746.368	2.653.312
2. Correction of previous period errors	<b>003</b>			-7.526.061		-6.134.196		-13.660.257	835.504	-12.824.753
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		485.044.618	423.894.652	269.018.849	152.504.002	1.773.349.321	65.436.979	1.838.786.300
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			75.727.778		4.166.959	84.949.765	164.844.502	4.147.754	168.992.256
1. Profit/loss of the previous period	<b>006</b>						84.949.765	84.949.765	3.349.219	88.298.984
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	<b>007</b>			75.727.778		4.166.959		79.894.737	798.535	80.693.272
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>008</b>			-3.244.589		5.356.680		2.112.091		2.112.091
2.2. Unrealized profit/loss from financial assets available for sale	<b>009</b>			-7.746.521				-7.746.521	245.624	-7.500.897
2.3. Realized profit/loss from financial assets available for sale	<b>010</b>			85.933.880				85.933.880		85.933.880
2.4. Other non-ownership changes in capital	<b>011</b>			785.008		-1.189.721		-404.713	552.911	148.198
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				20.036.009	129.569.111	-152.504.002	-2.898.882	-986.729	-3.885.611
1. Increase/decrease of share capital	<b>013</b>									
2. Other payments by the owners	<b>014</b>									
3. Payment of shares in profit/dividends	<b>015</b>						-2.898.882	-2.898.882	-986.729	-3.885.611
4. Other distribution to the owners	<b>016</b>				20.036.009	129.569.111	-149.605.120			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		560.772.396	443.930.661	402.754.919	84.949.765	1.935.294.941	68.598.004	2.003.892.945
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		560.772.396	443.930.661	402.754.919	84.949.765	1.935.294.941	68.598.004	2.003.892.945
1. Change in accounting policy	<b>019</b>									
2. Correction of previous period errors	<b>020</b>			74.365		-39.842		34.523		34.523
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		560.846.761	443.930.661	402.715.077	84.949.765	1.935.329.464	68.598.004	2.003.927.468
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			-63.853.055		7.084.568	114.600.037	57.831.550	8.952.643	66.784.193
1. Profit/loss of the previous period	<b>023</b>						114.600.037	114.600.037	2.781.864	117.381.901
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	<b>024</b>			-63.853.055		7.084.568		-56.768.487	6.170.779	-50.597.708
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>025</b>			2.320.408		6.838.719		9.159.127	8.141.666	17.300.793
2.2. Unrealized profit/loss from financial assets available for sale	<b>026</b>			-48.173.323				-48.173.323	-1.494.807	-49.668.130
2.3. Realized profit/loss from financial assets available for sale	<b>027</b>			-18.064.979				-18.064.979		-18.064.979
2.4. Other non-ownership changes in capital	<b>028</b>			64.839		245.849		310.688	-476.080	-165.392
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>				12.536.118	42.749.827	-84.949.765	-29.663.820	-2.101.173	-31.764.993
1. Increase/decrease of share capital	<b>030</b>									
2. Other payments by the owners	<b>031</b>									
3. Payment of shares in profit/dividends	<b>032</b>						-28.663.820	-28.663.820	-2.101.173	-30.764.993
4. Other distribution to the owners	<b>033</b>				12.536.118	42.749.827	-56.285.945	-1.000.000		-1.000.000
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		496.993.706	456.466.779	452.549.472	114.600.037	1.963.497.194	75.449.474	2.038.946.668



## CONSOLIDATED REPORT ON MONEY FLOW – INDIRECT METHOD for the period from 01/01/2011 until 31/12/2011

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)</b>	<b>001</b>	273.728.784	415.417.563
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	284.064.707	-76.919.139
1.1. Profit before tax	<b>003</b>	119.049.621	160.221.717
1.2. Adjustment: (AOP 005 to 012)	<b>004</b>	165.015.086	-237.140.856
1.2.1. Depreciation and amortization of immovables and equipment	<b>005</b>	92.593.942	78.610.696
1.2.2. Depreciation and amortization of intangible property	<b>006</b>	5.466.381	6.452.213
1.2.3. Impairment and profits/losses from adjustment to fair value	<b>007</b>	83.072.151	57.139.297
1.2.4. Interest expenses	<b>008</b>		12.876
1.2.5. Interest income	<b>009</b>	7.100.560	-229.499.066
1.2.6. Share in profit of associated companies	<b>010</b>		-34.558.009
1.2.7. Profits/losses from sale of tangible property (including real estate)	<b>011</b>	-16.754	10.899.507
1.2.8. Other adjustments	<b>012</b>	-23.201.194	-126.198.370
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	44.001.317	532.254.998
2.1. Increase /decrease in investments available for sale	<b>014</b>	50.800.526	180.407.596
2.2. Increase /decrease in investment estimated at fair value	<b>015</b>	-117.423.599	-126.638.762
2.3. Increase / decrease in deposits, loans and receivables	<b>016</b>	76.305.127	135.120.518
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	<b>017</b>		
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	<b>018</b>	-47.302	6.054.340
2.6. Increase /decrease of reinsurance stakes in tehcnical provision	<b>019</b>	-19.556.515	-65.604.255
2.7. Increase/decrease of taxable property	<b>020</b>	-5.298.967	4.288.483
2.8. Increase/decrease in receivables	<b>021</b>	204.840.393	328.653.259
2.9. Increase/decrease in other assets	<b>022</b>	3.274.980	
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	<b>023</b>	-19.580.536	-15.179.241
2.11. Increase/decrease in tehcnical provision	<b>024</b>	52.266.070	71.294.889
2.12. Increase/decrease in life insurance tehcnical provision when the policyholder bears investment risk	<b>025</b>	47.302	-6.054.340
2.13. Increase/decrease in tax liabilities	<b>026</b>	-15.770.859	19.383.274
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	<b>027</b>		
2.15. Increase/decrease in financial liabilities	<b>028</b>	-71.162.828	-51.830.661
2.16. Increase/decrease in other liabilities	<b>029</b>	-50.142.167	73.535.968
2.17. Increase/decrease in deferred payment of expenses and income of the future period	<b>030</b>	-44.550.308	-21.176.070
<b>3. Income tax paid</b>	<b>031</b>	-54.337.240	-39.918.296
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	-178.277.131	-353.222.438
1. Receipts from sale of tangible assets	<b>033</b>	9.222.035	19.955.263
2. Expenditures for the purchase of tangible assets	<b>034</b>	-69.267.621	-34.193.150
3. Receipts from sale of intangible assets	<b>035</b>	237.804	
4. Expenditures for the purchase of intangible assets	<b>036</b>	-8.903.911	-2.027.176
5. Receipts from sale of land and buildings not intended for business activities of the company	<b>037</b>	433.119	
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	<b>038</b>	-11.820.494	-81.376.244
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investements	<b>039</b>	13.688.777	40.116.167
8. Receipts from investments kept till maturity	<b>040</b>	80.271.090	123.066.820
9. Expenditures for investments kept till maturity	<b>041</b>	-188.366.596	-308.329.328
10. Receipts from sale of securities and stakes	<b>042</b>		1.314.422
11. Expenditures for investments in securities and stakes	<b>043</b>	-8.086.626	-2.596.698
12. Receipts from dividends and profit share	<b>044</b>	1.982.736	2.787.773
13. Receipts from long term and short term loans	<b>045</b>	6.271.979	225.439.845
14. Expenses for long term and short term loans	<b>046</b>	-3.939.423	-337.380.132
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	-99.539.133	-34.839.517
1. Receipts from capital stock increase	<b>048</b>		
2. Receipts from short-term and long-term loans	<b>049</b>	203.347	31.596
3. Expenditures for short-term and long-term loans	<b>050</b>	-96.843.597	-1.026.315
4. Expenditures for purchase of treasury shares	<b>051</b>		
5. Expenditures for payment of profit share (dividends)	<b>052</b>	-2.898.883	-33.844.798
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	-4.087.480	27.355.608
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	812.500	-22.236.209
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	-3.274.980	5.119.399
Cash and cash equivalents at the beginning of the period	<b>056</b>	88.487.953	85.212.973
Cash and cash equivalents at the end of the period (AOP 057 + 058)	<b>057</b>	85.212.973	90.332.372

## II MANAGEMENT BOARD'S REPORT ON COMPANY STATUS

During last three years, the global financial crisis, unfavourable economic movements as well as illiquidity, influenced the insurance market as in the Republic of Croatia as in the region. Regarding the falling trend in the insurance industry it is expected that such trend will continue in the first quarter of 2012 as well.

During the period I-XII 2011 the Croatia osiguranje Group realized income amounting to HRK 3,566.7 mil. that is a decrease of 2.2 % compared to realized income in the same period of the previous year. The net profit after taxation and minority shares in the net profit amounted to HRK 114.6 mil. that is an increase of 34.9% compared to the same period of the previous year.

During the period I-XII 2011 the written gross premium of the Group amounted to HRK 3,241.4mil. that is a decrease of 1.7%. The share of the non-life written premium amounted to HRK 2,853.6 mil. that is a decrease of 2.0%, while the life insurance written premium amounted to HRK 387.8 mil. that is an increase of 0.5%.

In the non-life and life insurance investment business the Group records investment income amounting to HRK 455.5 mil.

The total expenditure of the Group amounted to HRK 3,406.5 mil. that is a decrease of 3.5%. The slight increase of business expenditure by 1.2% was recorded, which makes 33.8% of the total expenditure of the Group.

On 31/12/2011 the total assets of the Group amounted to HRK 9,092.7 mil. that is an increase of 1.0% compared to 31/12/2010.

In the reported period the calculated technical provision amounted to HRK 6,304.4 mil. that is an increase of 1.1% compared to calculated technical provision on 31/12/2010.

Key business indicators for the Group:

DESCRIPTION	GROUP			
	1	2	3	4
PROFIT&LOSS ACCOUNT	I-XII 2010	I-XII 2011	INDEX 3/2	
<b>Total income</b>	<b>3,648,553</b>	<b>3,566,716</b>	<b>97.8</b>	
<b>Total expenditure</b>	<b>3,529,503</b>	<b>3,406,495</b>	<b>96.5</b>	
<b>Written gross premium</b>	<b>3,297,120</b>	<b>3,241,431</b>	<b>98.3</b>	
- non-life	2,911,415	2,853,628	98.0	
- life	385,705	387,803	100.5	
<b>Paid claims (gross)</b>	<b>1,925,981</b>	<b>1,945,742</b>	<b>101.0</b>	
- non-life	1,695,480	1,615,806	95.3	
- life	230,501	329,936	142.1	
<b>Profit before taxation</b>	<b>119,050</b>	<b>160,221</b>	<b>134.6</b>	
<b>Profit after taxation</b>	<b>88,299</b>	<b>117,382</b>	<b>132.9</b>	
<b>Profit after minority interest</b>	<b>84,950</b>	<b>114,600</b>	<b>134.9</b>	
BALANCE	31.12.2010	31.12.2011	INDEX 3/2	
<b>Total assets</b>	<b>9,004,075</b>	<b>9,092,729</b>	<b>101.0</b>	
<b>Equity and provision</b>	<b>1,935,295</b>	<b>1,964,498</b>	<b>101.5</b>	
- subscribed capital	442,887	442,887	100.0	
- revaluation provision	560,772	496,994	88.6	
- legal provision	17,462	19,642	112.5	
- statutory provision	84,258	94,614	112.3	
- other provision	342,211	342,211	100.0	
- retained profit	402,755	453,550	112.6	
- current period profit	84,950	114,600	134.9	
<b>Technical provision</b>	<b>6,233,096</b>	<b>6,304,391</b>	<b>101.1</b>	
- unearned premium, gross	1,177,184	1,118,778	95.0	
- LIMP	1,877,152	1,945,988	103.7	
- claim provision	3,117,026	3,167,385	101.6	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	5,977	5,813	97.3	
- other technical insurance provision, gross	55,757	66,427	119.1	
<b>Life insurance special provision-policyholder's investment risk, gross</b>	<b>22,375</b>	<b>16,321</b>	<b>72.9</b>	
<b>Investment</b>	<b>5,929,691</b>	<b>6,079,872</b>	<b>102.5</b>	
KEY BUSINESS INDICATORS	I-XII 2010	I-XII 2011	INDEX 3/2	
ROA (%) (net profit / assets)	0.9	1.3	133.6	
ROE (%) (net profit / equity and provision)	4.4	5.8	132.9	
Gross profit margin (%) (gross profit / total income )	3.3	4.5	137.7	

The Group takes measures and activities to reduce negative influence of unfavourable economic movements on business operations in turbulent market conditions. The aim is the enhancement of market share in the region, larger presence of CROATIA osiguranje, sales network widening as well as establishing the new subsidiaries and enhancement of the sales conditions & services' scope and quality.

In 2011, the member of the Group Croatia - Tehnički pregledi d.o.o. opened three new MOT test stations i.e. in Virovitica, Kaštel Sućurac and Samobor that is at the same time the 43rd MOT test station owned by the Croatia osiguranje Group equipped to the highest contemporary standard.

The temporary unaudited consolidated financial statements for the period I-XII 2011 shall be available on Croatia osiguranje d.d.'s, the Zagreb Stock Exchange's, the Register of Prescribed Information's web pages as well as publicly disclosed by HINA.

In the scope of the temporary unaudited annual report the Company fulfills the obligation to publicly disclose the financial statements for the fourth quarter. The final audited financial statements will be published within the prescribed time.

### **Description of Main Risks and Uncertainties**

The basic target of the Group during financial and insurance risk management is the maintenance of the equity level adequate to the scope and types of business as well as to the risk exposure. The Management Board acknowledges the significance of the existence of the efficient and the effective risk management system. During this period the Group introduces the centralized risk management system.

The regulatory bodies supervise the Group's solvency to secure the coverage of liabilities arisen out of possible economic changes or natural disasters. The Group manages its assets actively using the approach of harmonized relation between quality, diversification, compliance between assets and liabilities, solvency as well as investment proceeds. The Management Board reviews and approves the targeted portfolios periodically, determines the investment directives as well as limits and supervises the assets' and liabilities' process management. The due attention is paid to the compliance with the provisions of the Law on Insurance.

During the transactions with financial instruments the Group takes over the financial risks. These risks include market risk, credit risk and solvency risk. The most significant risks will be described in the audited annual report for the year 2011.

Zagreb, 15/02/2012

Member of the Board

  
**Članica Uprave**  
**Silvana Ivančić**

President of the Board

  
**Predsjednik Uprave**  
**Zdravko Zrinušić**

### III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD I-XII 2011

#### 1. GENERAL

The CROATIA OSIGURANJE GROUP ("Group") consists of the Croatia osiguranje d.d. Zagreb (parent company) and 24 daughter companies:

Daughter companies	Activity	State
Croatia Lloyd d.d., Zagreb	Reinsurance	Croatia
- Croatia mirovni dom d.o.o., Zagreb	Construction	Croatia
- Plančić d.o.o., Vrbanj	Viticulture	Croatia
Croatia Leasing d.o.o., Zagreb	Leasing	Croatia
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT tests	Croatia
- STP Pitomača, Pitomača	MOT tests	Croatia
Herz d.d., Požega	MOT tests	Croatia
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia
- Poliklinika Ars Medica, Pula	Health services	Croatia
- Poliklinika Croatia zdravstveno osiguranje, Zagreb	Health services	Croatia
PBZ Croatia osiguranje d.d., Zagreb	Pension fund management	Croatia
Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	MOT tests	Croatia
Croatia Sigurimi sh.a., Priština	Insurance	Kosovo
Milenijum osiguranje a.d., Beograd	Insurance	Serbia
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia&Herzegovina
- Crotehna d.o.o., Ljubuški	MOT tests	Bosnia&Herzegovina
- Croatia remont d.d., Čapljina	MOT tests	Bosnia&Herzegovina
- Croauto d.o.o., Mostar	MOT tests	Bosnia&Herzegovina
- Croatia Vitez d.o.o., Vitez	MOT tests	Bosnia&Herzegovina
- Hotel Hum d.o.o., Ljubuški	Hotel-and catering services	Bosnia&Herzegovina
- Ponte d.o.o., Mostar	Insurance representation	Bosnia&Herzegovina
Croatia osiguranje a.d., društvo za osiguranje života, Skopje	Insurance	Macedonia
Croatia osiguranje a.d. društvo za osiguranje neživota, Skopje	Insurance	Macedonia

Croatia osiguranje d.d. (parent company) with the seat in Zagreb, Miramarska 22, is registered at the Commercial Court Register in Zagreb under subject registration number MBS: 080051022. The principal activity of the Company is non-life and life insurance

## **Management Board and Supervisory Board**

In accordance with Law on Commercial Companies, Insurance Law and the Statute of the Company, bodies of the Company are: the Management Board, the Supervisory Board and the General Assembly. Responsibilities of the members of these bodies are regulated by the above mentioned acts.

### **Members of the Supervisory Board of the Company:**

Nikola Mijatović, D.Sc. Chairman  
Nataša Duspara, Deputy chair-woman  
Gzim Redžepi, D.Sc. Member  
Josip Zaher, Member  
Ante Obuljen, Member  
Miroslav Hrašćanec

### **Members of the Management Board:**

Zdravko Zrinušić, President  
Silvana Ivančić, Woman Member

## **Capital stock and shares**

On 30/09/2011 the capital stock is determined in the nominal amount of HRK 442,887,200.00 and consists of 316,348 shares in the nominal value of HRK 1,400.00. All shares are initial public offering shares and are marked as follows:

- 307,598 shares are ordinary shares marked as CROS-R-A
- 8,750 shares are preferred shares marked as CROS-P-A.

Each share, ordinary and preferred, relates to 1 (one) vote at the General Assembly. All shares are entirely paid, issued in non-material form, are free for transfer and are recorded in depository of the central Depository and Clearing Company.

The Group has no own shares in its ownership.

Ownership structure on 31/12/2011:

Shareholder	Number of Shares	31/12/2011	
		Amount HRK	% Share
1. AUDIO / Republic of Croatia	253,807	355,329,800	80.23
2. Raiffeisenbank Austria d.d.- custody account	19,692	27,568,800	6.22
3. Hrvatska poštanska banka d.d.- basic and custody account	6,505	9,107,000	2.06
4. Societe Generale- Splitska banka d.d.- custody account	6,441	9,017,400	2.04
5. PBZ d.d.- custody account	2,753	3,854,200	0.87
6. Zvon ena holding d.d.	2,122	2,970,800	0.67
7. Hypo alpe-adria-bank d.d.- custody account	1,497	2,095,800	0.47
8. Kraš d.d.	1,400	1,960,000	0.44
9. Erste&Steiermärkische Bank d.d. - basic and custody account	1,231	1,723,400	0.39
10. Auto Hrvatska d.d.	1,004	1,405,600	0.32
11. Zagrebačka banka d.d.- custody account	711	995,400	0.22
12. Komercijalna banka d.d. in liquidation	700	980,000	0.22
13. Bahovec Srećko	566	792,400	0.18
14. Adriacommerce	500	700,000	0.16
15. Radić Antun	408	571,200	0.13
16. Tankerska plovidba	400	560,000	0.13
17. Škaro Miroslav	380	532,000	0.12
18. Fran Mihaljević - klinika za infekt. bolesti	330	462,000	0.1
19. Cemex Hrvatska d.d.	249	348,600	0.08
20. Končar-elektroindustrija d.d.	230	322,000	0.07
21. Other shareholders	15,422	21,590,800	4.88
<b>UKUPNO:</b>	<b>316,348</b>	<b>442,887,200</b>	<b>100.00</b>

## 2. BASIS FOR MAKING THE FINANCIAL STATEMENTS

### Basis for Making and Consolidation

Financial statements are made in accordance with the Law on Equity Market provisions (NN 88/08), the Zagreb Stock Exchange Rules and the Decision on Form and Contents of the Financial Statements' Issuer for the periods during the year (NN 132/10), which has been brought by the Croatian Financial Services' Supervisory Agency (HANFA).

The financial statements are made by appliance of the basic accounting assumption of the occurrence of business event whose effects are recognized at the moment of the occurrence and recorded in the financial statement for the related period, as well as under the accounting assumption of unlimitedness of business operations.



The consolidated financial statements include the parent company Croatia osiguranje d.d. and its subsidiaries. The control is apparent in the case when the Company owns, either directly or indirectly, over 50% of votes in the company, consequently it is able to manage financial and business policy of the company with the aim to realize benefit from its activities. All significant transactions and amounts in the Group are eliminated.

### **Reporting Currency**

The financial statements are presented in Croatian kuna (HRK). On 31 December 2011 the official exchange rate of the Croatian kuna was HRK 7.53 to 1 Euro and HRK 5.82 to 1 USD.

### **Use of Estimate**

The making of the financial statements in accordance with IFRS requires the making of judgments, estimates and assumptions influencing the appliance of policies as well as presented amounts of assets, liabilities, income and expenditure. The estimates and assumptions are based on experience and other various factors considered rational in given circumstances accompanied by information available at the time of making financial statements, the result of which makes the basis for book value of assets and liabilities assessment which is not easy to determine on the basis of other sources. Actual results may differ from these estimates. The estimates and assumptions are continually examined. The changes in accounting assessments are recognized for the period for which they have been changed as well as for future periods if the changes influence them.

### **Accounting Policies**

The accounting policies used during making the unaudited consolidated financial statements for 2011 correspond to the accounting policies used during making the audited financial statements for the year 2010 apart from the accounting policy applied to the life insurance premium receivables.

### **Major events after the balance sheet date**

On the basis of the Election Board Decision, Mr. Miroslav Hrašćanec has been elected for the member of the Supervisory Board as the employees' representative in the Supervisory Board.



On the basis of the Article 20 of the Statute of CROATIA osiguranje d.d. of 30 April 2008 and Article 410 of the Law on Equity Market (NN 88/08) the Management Board of the Company gives the

### STATEMENT

To the best of its knowledge:

- The unaudited consolidated financial statements of the issuer for the year 2011, made by applying relevant FRS, gives the whole and true presentation of assets and liabilities, losses and gains, financial position and business operation of the issuer as well as companies included in consolidation as a whole,
- The Management Board's report consists of true presentation of the development and results of business operations as well as the position of the issuer and companies included in consolidation, accompanied by the description of major risks and uncertainties the issuer as well as companies are exposed to.

Zagreb, 15/02/2012

Member of the Board

President of the Board

Članica Uprave  
*Silvana Ivančić*  
Silvana Ivančić

Predsjednik Uprave  
*Zdravko Zrinušić*  
Zdravko Zrinušić