



**UNAUDITED CONSOLIDATED BUSINESS
REPORT FOR THE THIRD QUARTER OF THE
YEAR 2012**

Zagreb, October, 2012

C O N T E N T S

	Page
Unaudited consolidated financial statements	3
– Consolidated report on comprehensive profit (Profit & Loss account)	4
– Consolidated report on financial position (Balance sheet)	6
– Consolidated report on Changes in Equity	8
– Consolidated report on cash flows	9
Management Interim Report	10
Notes to the unaudited consolidated financial statements	15
Statement of the persons responsible for the preparation of finan. statements	19

I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Reporting period: to

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

Tax number(MB)

Company registration number (MBS):

Personal identification number (OIB):

Issuing company:

Postal code and place:

Street and house number:

E-mail address:

Internet address:

Municipality/city code and name:

County code and name: Number of employees:
(quarter end)

Consolidated report: NKD code:

Companies of the consolidation subject (according to the law)	Seat:	MB:
<input type="text" value="CROATIA LLOYD D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="03276236"/>
<input type="text" value="CROATIA OSIGURANJE D.D."/>	<input type="text" value="LJUBUŠKI"/>	<input type="text" value="20097647"/>
<input type="text" value="PBZ CROATIA OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01583999"/>
<input type="text" value="CROATIA ZDRAVSTVENO OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01808435"/>
<input type="text" value="CROATIA TEHNIČKI PREGLEDI D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01450930"/>
<input type="text" value="CROATIA LEASING D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01892037"/>

Bookkeeping service:

Contact person:

Telephone: Telefaks:

E-mail address:

Family name and name:
(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

Član Uprave

Ivan Fabijančić

Predsjednik Uprave

Krešimir Starčević

(potpis osobe ovlaštene za zastupanje)



**CONSOLIDATED STATEMENT ON COMPREHENSIVE PROFIT
(PROFIT AND LOSS ACCOUNT)
FOR THE PERIOD 01.01.2012.-30.09.2012.**

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)
I. Earned premiums (AOP 125 to 132)	124	280,154,225	1,823,130,623	2,103,284,849	280,621,252	1,803,504,856	2,084,126,108
1. Gross written premiums	125	279,727,745	2,334,569,699	2,614,297,443	280,567,359	2,250,841,663	2,531,409,021
2. Coinsurance premium	126		664,116	664,116		902,391	902,391
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-58,419,998	-58,419,998		-51,158,486	-51,158,486
4. Premiums ceded to reinsurance	128	-211,736	-277,267,879	-277,479,615	-148,563	-263,212,127	-263,360,690
5. Premiums ceded to coinsurance	129		-3,992,481	-3,992,481		-6,354,529	-6,354,529
6. Change in gross unearned premium provision	130	619,212	-210,449,176	-209,829,964	179,413	-152,865,021	-152,685,608
7. Change in unearned premium provision, reinsurer's share	131	19,005	38,026,342	38,045,347	23,043	25,350,965	25,374,008
8. Change in unearned premium provision, coinsurer's share	132						
II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)	133	99,794,812	189,505,548	289,300,360	105,151,919	157,872,778	263,024,696
1. Income from branch-offices, associated companies and joint ventures	134		799,423	799,423		1,014,569	1,014,569
2. Income from investments into land and buildings (136 to 138)	135	3,035	9,101,006	9,104,041	6,923	16,847,588	16,854,510
2.1. Income from rental fees	136	3,035	5,176,688	5,179,723	6,923	16,847,588	16,854,510
2.2. Income from increased value of land and buildings	137		3,924,318	3,924,318			
2.3. Income from real estate sale	138						
3. Interest income	139	80,438,200	123,406,640	203,844,840	83,276,238	113,792,322	197,068,560
4. Unrealized profits from investment at fair value	140	2,335,629	7,664,882	10,000,511	16,709,521	16,953,517	33,663,038
5. Gain on sale (realization) of financial investments (142 to 145)	141	2,748,428	4,567,998	7,316,426	5,028,978	4,951,157	9,980,135
5.1. Investment at fair value through profit and loss account	142	2,072,432	3,239,473	5,311,905	4,024,861	3,326,701	7,351,562
5.2. Investment available for sale	143		1,328,525	1,328,525	680,391	1,624,455	2,304,847
5.3. Other gains on sale of financial investments	144	675,996		675,996	323,726		323,726
6. Net positive exchange rate differences	145	14,074,844	2,422,228	16,497,072			
7. Other investment income	146	194,676	41,543,372	41,738,048	130,258	4,313,625	4,443,883
III. Income from commissions and fees	147	68,438	34,633,324	34,701,762	20,181	33,922,279	33,942,460
IV. Other insurance-technical income, net of reinsurance	148	86,242	9,258,055	9,344,296	63,484	11,951,075	12,014,559
V. Other income	149	163,061	144,066,349	144,229,410	484,627	165,975,457	166,460,084
VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)	150	-244,855,335	-1,101,886,282	-1,346,741,616	-195,409,117	-1,047,806,058	-1,243,215,175
1. Paid claims (AOP 152 to 154)	151	-220,037,494	-1,006,210,007	-1,226,247,501	-200,989,561	-1,001,019,593	-1,202,009,154
1.1. Gross amount	152	-220,037,494	-1,068,916,105	-1,288,953,599	-201,120,337	-1,104,473,695	-1,305,594,032
1.2. Coinsurer's share	153		121	121		1,332,614	1,332,614
1.3. Reinsurer's share	154		62,705,977	62,705,977	130,776	102,121,489	102,252,264
2. Change in claims provision (AOP 156 to 158)	155	-24,817,841	-95,676,275	-120,494,116	5,580,444	-46,786,465	-41,206,021
2.1. Gross amount	156	-24,817,841	-248,175,011	-272,992,851	5,580,444	19,691,261	25,271,705
2.2. Coinsurer's share	157					-65,127	-65,127
2.3. Reinsurer's share	158		152,498,735	152,498,735		-66,412,599	-66,412,599
VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)	159	-43,581,245	3,500,000	-40,081,245	-59,111,999	-6,700,000	-65,811,999
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-43,581,245		-43,581,245	-59,111,999		-59,111,999
1.1. Gross amount	161	-43,648,668		-43,648,668	-59,078,778		-59,078,778
1.2. Reinsurer's share	162	67,423		67,423	-33,220		-33,220
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		3,500,000	3,500,000		-6,700,000	-6,700,000
2.1. Gross amount	164		3,500,000	3,500,000		-6,700,000	-6,700,000
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
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)	167	3,468,687		3,468,687	3,255,895		3,255,895
1. Gross amount	168	3,468,687		3,468,687	3,255,895		3,255,895
2. Coinsurer's share	169						
3. Reinsurer's share	170						
IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)	171		-406,969	-406,969		1,686,588	1,686,588
1. Depending on results (bonuses)	172		-200,544	-200,544		2,077,402	2,077,402
2. Irrespective of results (discounts)	173		-206,425	-206,425		-390,814	-390,814

X. Business expenditures(AOP 175+179)	174	-80,660,214	-731,093,723	-811,753,937	-88,820,174	-729,666,525	-818,486,699
1. Sales expenses (AOP 176 to 178)	175	-24,410,019	-202,092,945	-226,502,964	-21,882,734	-217,441,380	-239,324,114
1.1. Commission	176	-18,768,194	-120,212,061	-138,980,255	-16,329,122	-139,258,103	-155,587,225
1.2. Other sales expenses	177	-5,641,825	-87,927,125	-93,568,950	-5,553,612	-79,244,739	-84,798,351
1.3. Change in split sales expenses	178		6,046,241	6,046,241		1,061,462	1,061,462
2. Management expenses (AOP 180 to 182)	179	-56,250,194	-529,000,778	-585,250,973	-66,937,439	-512,225,145	-579,162,585
2.1. Depreciation of tangible assets	180	-1,410,903	-40,332,140	-41,743,044	-1,578,020	-41,588,813	-43,166,833
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-32,965,472	-286,215,068	-319,180,539	-33,645,110	-281,875,300	-315,520,410
2.3. Other management expenses	182	-21,873,820	-202,453,570	-224,327,390	-31,714,308	-188,761,033	-220,475,341
XI. Investment expenses(AOP 184 to 189)	183	-7,577,888	-52,431,191	-60,009,079	-31,795,336	-102,326,630	-134,121,965
1. Depreciation (buildings not intended for business activities of the company)	184						
2. Interest	185		-1,351	-1,351	-26,067		-26,067
3. Investment impairments	186		-1,483,200	-1,483,200	-17,834,825	-32,399,345	-50,234,170
4. Losses from sale (realizations) of investment	187	-2,546,242	-12,899,326	-15,445,568	-3,045,072	-432,938	-3,478,010
5. Adjustment of financial assets at fair value through P&L	188	-4,649,984	-4,570,836	-9,220,820	-837,818	-1,164,482	-2,002,300
6. Net foreign exchange losses	189				-9,575,581	-3,618,344	-13,193,925
7. Other investment costs	190	-381,662	-33,476,478	-33,858,140	-475,972	-64,711,521	-65,187,493
XII. Other technical expenses, net of reinsurance (AOP 192 + 193)	191	-74,054	-62,998,142	-63,072,195	-183,168	-66,254,398	-66,437,566
1. Prevention activities expenses	192		-4,011,945	-4,011,945		-4,472,548	-4,472,548
2. Other technical expenses	193	-74,054	-58,986,196	-59,060,250	-183,168	-61,781,850	-61,965,018
XIII. Other expenses, including value adjustment	194	-101	-151,565,218	-151,565,319		-89,869,700	-89,869,700
XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194)	195	6,986,629	103,712,374	110,699,003	14,277,565	132,289,722	146,567,287
XV. Taxation (AOP 197+198)	196	-1,023,743	-24,043,985	-25,067,728	-2,182,630	-31,374,307	-33,556,937
1. Current tax expenses	197	-1,023,743	-24,043,985	-25,067,728	-2,182,630	-31,374,307	-33,556,937
2. Deferred tax expenses	198						
XVI. Net profit or loss for the period(AOP 195-196)	199	5,962,886	79,668,390	85,631,275	12,094,935	100,915,415	113,010,350
1. Attributable to majority owners	200	5,648,858	76,858,163	82,507,021	11,354,940	98,156,251	109,511,191
2. Attributable to minority interests	201	314,028	2,810,227	3,124,254	739,995	2,759,164	3,499,159
XVII. TOTAL INCOME	202	380,266,777	2,200,593,900	2,580,860,677	386,341,462	2,173,226,445	2,559,567,907
XVIII. TOTAL EXPENSES	203	-374,303,892	-2,120,925,510	-2,495,229,402	-374,246,527	-2,072,311,030	-2,446,557,558
IX. Other comprehensive profit (205 to 211 - 212)	204	-26,679,871	-58,598,246	-85,278,117	5,398,975	-13,738,659	-8,339,685
1. Profit / loss from translation of financial statements	205		40,085	40,085		-3,871,973	-3,871,973
2. Profit / loss from revaluation of financial assets available for sale	206	-26,679,871	-51,254,229	-77,934,100	5,398,975	-6,683,316	-1,284,341
3. Profit / loss from revaluation of operational land and buildings	207		-7,384,102	-7,384,102		-3,183,370	-3,183,370
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	208						
5. Effects of cash flow hedging instruments	209						
6. Actuarial profit / loss on pension plans with defined pensions	210						
7. Share of other comprehensive profit of associates	211						
8. Profit tax on other comprehensive profit	212						
XX. Total comprehensive profit (199+204)	213	-20,716,985	21,070,144	353,158	17,493,910	87,176,756	104,670,665
1. Attributable to majority owners	214	-21,031,013	17,908,559	-3,122,454	16,753,879	88,037,664	104,791,543
2. Attributable to minority interests	215	314,028	3,161,585	3,475,613	739,962	-860,906	-120,944
XXI. Reclassification adjustments	216						

**CONSOLIDATED STATEMENT ON FINANCIAL POSITION (BALANCE SHEET)
AS AT 30.09.2012.**

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)
ASSETS							
A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)	001						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
B. INTANGIBLE ASSETS (005+006)	004	59,932	63,309,339	63,369,271	85,762	62,253,907	62,339,669
1. Goodwill	005		42,263,906	42,263,906		43,068,724	43,068,724
2. Other intangible assets	006	59,932	21,045,433	21,105,365	85,762	19,185,183	19,270,945
C. TANGIBLE ASSETS (008 to 010)	007	4,305,464	1,484,861,407	1,489,166,870	4,577,074	1,476,590,226	1,481,167,300
1. Land and buildings used for insurance activities	008	3,679,148	1,347,814,385	1,351,493,534	3,603,223	1,309,404,303	1,313,007,526
2. Equipment	009	491,763	98,488,524	98,980,287	858,902	73,287,350	74,146,251
3. Other tangible assets and reserves	010	134,553	38,558,497	38,693,050	114,950	93,898,573	94,013,523
D. INVESTMENTS (012+013+017+036)	011	2,106,295,797	3,947,245,974	6,053,541,771	2,211,096,425	4,102,784,746	6,313,881,170
I. Investments in land and buildings not intended for business activities of the company	012		437,198	968,976,989	969,414,187	432,514	1,010,409,963
II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)	013			17,607,576	17,607,576		22,206,802
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015			16,295,014	16,295,014		20,916,563
3. Participating in joint investments	016			1,312,562	1,312,562		1,290,239
III. Other financial investments (018 + 021 + 026 + 032)	017	2,105,858,599	2,960,661,409	5,066,520,008	2,210,663,917	3,070,167,981	5,280,831,891
1. Investments kept till maturity date (019 + 020)	018	1,312,794,201	918,652,533	2,231,446,734	1,320,697,293	983,401,709	2,304,099,003
1.1. Debt securities and other securities with fixed income	019	1,312,794,201	904,550,884	2,217,345,085	1,320,697,293	955,136,421	2,275,833,715
1.2. Other investments kept till maturity date	020		14,101,649	14,101,649		28,265,288	28,265,288
2. Investments available for sale (022 to 025)	021	60,422,034	198,835,404	259,257,438	24,485,542	148,135,958	172,621,500
2.1. Stocks, shares and other securities with variable income	022	24,314,237	118,648,920	142,963,157	16,793,735	108,577,036	125,370,771
2.2. Debt securities and other securities with fixed income	023		1,267,500	1,267,500		1,362,400	1,362,400
2.3. Stakes in investment funds	024	36,107,797	78,918,984	115,026,780	7,691,807	38,196,522	45,888,329
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	200,501,903	383,929,268	584,431,170	286,159,057	503,826,208	789,985,265
3.1. Stocks, shares and other securities with variable income	027			8,213,904	8,213,904		22,175,894
3.2. Debt securities and other securities with fixed income	028	83,590,987	110,355,342	193,946,328	126,533,545	163,448,759	289,982,304
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	116,910,916	265,360,022	382,270,938	159,625,512	318,201,555	477,827,067
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	532,140,461	1,459,244,205	1,991,384,666	579,322,017	1,434,804,105	2,014,126,123
4.1. Bank deposits	033	474,809,212	1,073,025,807	1,547,835,019	515,883,943	1,092,833,733	1,608,717,676
4.2. Loans	034	56,645,349	381,059,384	437,704,732	59,062,760	337,668,782	396,731,542
4.3. Other loans and receivables	035	685,901	5,159,014	5,844,914	4,375,314	4,301,590	8,676,905
IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)	036						
E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER	037	16,320,627		16,320,627	13,558,292		13,558,292
F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)	038	164,628	236,107,174	236,271,802	154,450	194,046,828	194,201,278
1. Unearned premiums, reinsurance share	039	138	19,806,023	19,806,161	23,181	44,522,103	44,545,284
2. Mathematical insurance provision, reinsurance share	040	164,490		164,490	131,269		131,269
3. Claims provision, reinsurance share	041		215,781,823	215,781,823		149,265,547	149,265,547
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		519,328	519,328		259,178	259,178
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						
G. DEFERRED AND CURRENT TAX ASSETS (047+048)	046	2,451,330	3,588,575	6,039,905	2,408,707	3,564,977	5,973,683
1. Deferred tax assets	047	2,408,707	3,588,575	5,997,282	2,408,707	3,564,977	5,973,683
2. Current tax assets	048	42,623		42,623			
H. RECEIVABLES (050 + 053 + 054)	049	10,292,727	1,001,153,666	1,011,446,393	6,920,418	1,126,448,271	1,133,368,689
1. Receivables from direct insurance activities (051 + 052)	050	162,077	681,383,908	681,545,985	181,684	846,238,631	846,420,315
1.1. Receivables from policyholders	051	118,331	673,981,679	674,100,010	114,645	840,090,658	840,205,303
1.2. Receivables from insurance agents	052	43,746	7,402,229	7,445,975	67,039	6,147,973	6,215,012
2. Receivables from coinsurance and reinsurance activities	053		61,234,875	61,234,875	128,980	71,094,734	71,223,714
3. Other receivables (055 to 057)	054	10,130,650	258,534,883	268,665,533	6,609,754	209,114,906	215,724,660
3.1. Receivables for other insurance activities	055		29,563,633	29,563,633		25,317,024	25,317,024
3.2. Receivables for returns on investments	056	3,943,028	13,160,606	17,103,634	3,605,492	12,355,485	15,960,977
3.3. Other receivables	057	6,187,622	215,810,644	221,998,266	3,004,262	171,442,397	174,446,658
I. OTHER ASSETS (059 + 063 + 064)	058	6,117,246	88,539,542	94,656,787	8,437,363	72,500,844	80,938,207
1. Money in bank and in cash (060 to 062)	059	6,052,921	75,750,040	81,802,961	8,404,812	58,279,742	66,684,553
1.1. Money on business account	060	3,918,390	75,407,245	79,325,635	3,701,897	57,961,401	61,663,297
1.2. Money on mathematical provision account	061	2,127,973		2,127,973	4,699,891		4,699,891
1.3. Cash money	062	6,558	342,795	349,353	3,024	318,341	321,365
2. Long-term assets intended for sale and business termination	063						
3. Other	064	64,325	12,789,502	12,853,826	32,552	14,221,102	14,253,654
J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068)	065	22,259,902	59,037,498	81,297,400	16,331,928	51,355,271	67,687,199
1. Split interest and rental fees	066	22,185,161	16,024,052	38,209,213	16,151,056	13,778,558	29,929,615
2. Split sales costs	067		20,454,677	20,454,677		19,185,198	19,185,198
3. Other paid expenses of the future period and undue income collection	068	74,741	22,558,770	22,633,510	180,871	18,391,515	18,572,386
K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)	069	2,168,267,651	6,883,843,174	9,052,110,826	2,263,570,420	7,089,545,069	9,353,115,489
L. NON-BALANCE SHEET RECORDS	070		734,133,071	734,133,071		716,438,044	716,438,044

LIABILITIES								
A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)	071	121,188,229	1,837,865,705	1,959,053,933	136,663,941	1,926,606,796	2,063,270,737	
1. Subscribed capital (073 to 075)	072	44,288,720	398,598,480	442,887,200	44,288,720	398,598,480	442,887,200	
1.1. Subscribed capital - common shares	073	44,288,720	386,348,480	430,637,200	44,288,720	386,348,480	430,637,200	
1.2. Subscribed capital - preferred shares	074		12,250,000	12,250,000		12,250,000	12,250,000	
1.3. Capital invited to be paid	075							
2. Capital reserves	076							
3. Revaluation reserves (078 to 080)	077	-15,718,730	512,712,440	496,993,709	-10,319,060	498,973,085	488,654,025	
3.1. Revaluation of land and buildings	078	-64,994	520,883,395	520,818,401	-64,298	517,327,397	517,263,099	
3.2. Revaluation of investments in financial assets	079	-15,653,736	-15,000,350	-30,654,086	-10,254,762	-21,398,927	-31,653,689	
3.3. Other revaluation reserves	080		6,829,395	6,829,395		3,044,615	3,044,615	
4. Reserves (082 to 084)	081	78,314,936	378,151,843	456,466,779	79,651,090	399,432,378	479,083,468	
4.1. Legal provision	082	489,554	19,152,617	19,642,171	721,928	22,853,580	23,575,508	
4.2. Statutory provision	083	2,325,382	92,288,398	94,613,780	3,429,162	109,867,971	113,297,133	
4.3. Other reserves	084	75,500,000	266,710,828	342,210,828	75,500,000	266,710,827	342,210,827	
5. Retained profit or loss (086 + 087)	085	7,517,828	448,141,312	455,659,140	11,688,249	531,446,605	543,134,854	
5.1. Retained profit	086	7,517,828	448,141,312	455,659,140	11,688,249	531,446,605	543,134,854	
5.2. Retained loss (-)	087							
6. Profit or loss for the period (089 + 090)	088	6,785,475	100,261,630	107,047,104	11,354,942	98,156,250	109,511,191	
6.1. Profit for the period	089	6,785,475	100,261,630	107,047,104	11,354,942	98,156,250	109,511,191	
6.2. Loss for the period (-)	090							
B. MINORITY INTEREST	091	7,791,231	67,654,463	75,445,694	8,146,604	58,762,190	66,908,794	
C. TECHNICAL PROVISION (093 to 098)	092	1,986,686,474	4,320,732,309	6,307,418,783	2,038,086,631	4,444,987,820	6,483,074,451	
1. Unearned premiums, gross amount	093	3,929,192	1,114,848,550	1,118,777,742	3,740,218	1,260,340,878	1,264,081,097	
2. Mathematical insurance provision, gross amount	094	1,945,987,781		1,945,987,781	2,003,170,127		2,003,170,127	
3. Claims provision, gross amount	095	36,769,501	3,133,643,782	3,170,413,284	31,176,286	3,108,166,056	3,139,342,342	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		5,812,976	5,812,976		3,353,886	3,353,886	
5. Provision for claims fluctuation, gross amount	097							
6. Other technical insurance provision, gross amount	098		66,427,000	66,427,000		73,127,000	73,127,000	
D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	099	16,320,627		16,320,627	13,558,292		13,558,292	
E. OTHER PROVISION (101 + 102)	100	2,557,348	87,913,892	90,471,240	15,055,191	131,146,239	146,201,430	
1. Provision for pensions	101	2,557,348	82,502,608	85,059,956	15,055,191	126,551,402	141,606,593	
2. Other provision	102		5,411,285	5,411,285		4,594,837	4,594,837	
F. DEFERED AND CURRENT TAX LIABILITY (104 + 105)	103	55,052	134,844,757	134,899,809	2,181,437	142,158,541	144,339,978	
1. Deferred tax liability	104		122,317,431	122,317,431		121,314,225	121,314,225	
2. Current tax liability	105	55,052	12,527,327	12,582,379	2,181,437	20,844,316	23,025,753	
G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	106							
H. FINANCIAL LIABILITIES (108 to 110)	107	100,067	88,400,064	88,500,131	299,923	67,830,574	68,130,497	
1. Loan liabilities	108		84,079,870	84,079,870		65,433,689	65,433,689	
2. Outstanding securities	109							
3. Other financial liabilities	110	100,067	4,320,194	4,420,261	299,923	2,396,885	2,696,808	
I. OTHER LIABILITIES (112 to 115)	111	33,390,208	305,054,135	338,444,342	49,414,416	298,524,304	347,938,720	
1. Liabilities derived from direct insurance activities	112	2,025,459	110,716,980	112,742,439	3,266,043	114,717,476	117,983,519	
2. Liabilities derived from coinsurance and reinsurance activities	113	1,693	67,958,283	67,959,976	547	81,186,920	81,187,467	
3. Liabilities for misappropriation and discontinued operations	114							
4. Other liabilities	115	31,363,056	126,378,871	157,741,927	46,147,826	102,619,908	148,767,733	
J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)	116	178,417	41,377,850	41,556,267	163,985	19,528,605	19,692,590	
1. Reinsurance commission split	117							
2. Other deferred costs payment and future income	118	178,417	41,377,850	41,556,267	163,985	19,528,605	19,692,590	
K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)	119	2,168,267,652	6,883,843,174	9,052,110,826	2,263,570,420	7,089,545,069	9,353,115,490	
L. NON-BALANCE SHEET RECORDS	120		734,133,072	734,133,072		716,438,044	716,438,044	
ADDITION TO BALANCE SHEET (only for consolidated financial statements)								
M. CAPITAL AND RESERVES (122+123)	121	128,979,460	1,905,520,168	2,034,499,627	144,810,545	1,985,368,986	2,130,179,531	
1. Attributable to majority owners	122	121,188,229	1,837,865,705	1,959,053,933	136,663,941	1,926,606,796	2,063,270,737	
2. Attributable to minority interests	123	7,791,231	67,654,463	75,445,694	8,146,604	58,762,190	66,908,794	

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY FOR THE PERIOD 01.01.2012. - 30.09.2012.

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
I. Balance at 1 January - previous year	001	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	002									
2. Correction of previous period errors	003			74,365		-39,842		34,523		34,523
II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)	004	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
III. Comprehensive profit or loss - previous year (AOP 006+007)	005			-63,853,052		9,194,235	107,047,105	52,388,288	8,948,863	61,337,151
1. Profit/loss of the previous period	006						107,047,105	107,047,105	2,645,353	109,692,457
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-63,853,052		9,194,235		-54,658,816	6,303,511	-48,355,306
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			2,320,408		6,835,588		9,155,996	8,144,812	17,300,807
2.2. Unrealized profit/loss from financial assets available for sale	009			-48,173,323				-48,173,323	-1,494,807	-49,668,130
2.3. Realized profit/loss from financial assets available for sale	010			-18,064,979				-18,064,979		-18,064,979
2.4. Other non-ownership changes in capital	011			64,842		2,358,648		2,423,490	-346,494	2,076,996
IV. Transactions with owners (previous period) (AOP 013 to 016)	012				12,536,118	43,749,827	-84,949,765	-28,663,820	-2,101,173	-30,764,993
1. Increase/decrease of share capital	013									
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-28,663,820	-28,663,820	-2,101,173	-30,764,993
4. Other distribution to the owners	016				12,536,118	43,749,827	-56,285,945			
V. Balance at 31 December - previous period (AOP 004+005+012)	017	442,887,200		496,993,709	456,466,779	455,659,139	107,047,105	1,959,053,932	75,445,694	2,034,499,626
VI. Balance at 1 January - current year	018	442,887,200		496,993,709	456,466,779	455,659,139	107,047,105	1,959,053,932	75,445,694	2,034,499,626
1. Change in accounting policy	019									
2. Correction of previous period errors	020						-583,377	-583,377		-583,377
VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)	021	442,887,200		496,993,709	456,466,779	455,075,762	107,047,105	1,958,470,555	75,445,694	2,033,916,249
VIII. Comprehensive profit or loss - current period (AOP 023+024)	022			-8,339,685		4,608,676	109,511,191	105,780,182	-120,944	105,659,238
1. Profit/loss of the previous period	023						109,511,191	109,511,191	3,499,159	113,010,350
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-8,339,685		4,608,676		-3,731,009	-3,620,103	-7,351,112
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-3,183,370		5,016,014		1,832,644	988,124	2,820,768
2.2. Unrealized profit/loss from financial assets available for sale	026			-528,997				-528,997	1,658	-527,339
2.3. Realized profit/loss from financial assets available for sale	027			-755,345				-755,345		-755,345
2.4. Other non-ownership changes in capital	028			-3,871,973		-407,339		-4,279,311	-4,609,885	-8,889,196
IX. Transactions with owners (current period) (AOP 030 to 033)	029				22,616,689	83,450,416	-107,047,105	-980,000	-8,415,956	-9,395,956
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031									
3. Payment of shares in profit/dividends	032						-980,000	-980,000	-1,342,456	-2,322,456
4. Other distribution to the owners	033				22,616,689	83,450,416	-106,067,105		-7,073,500	-7,073,500
X. Balance at 31 December - current period (AOP 021+022+029)	034	442,887,200		488,654,025	479,083,468	543,134,854	109,511,191	2,063,270,737	66,908,794	2,130,179,531

**CONSOLIDATED STATEMENT ON MONEY FLOW – INDIRECT METHOD
FOR THE PERIOD 01.01.2012. - 30.09.2012.**

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)	001	306,320,502	29,479,400
1. Cash flow before change in business property and liabilities (AOP 003+004)	002	-110,097,397	81,996,200
1.1. Profit before tax	003	110,699,003	146,567,286
1.2. Adjustment: (AOP 005 to 012)	004	-220,796,400	-64,571,086
1.2.1. Depreciation and amortization of immovables and equipment	005	58,958,402	55,284,718
1.2.2. Depreciation and amortization of intangible property	006	4,492,242	6,075,882
1.2.3. Impairment and profits/losses from adjustment to fair value	007	4,139,159	31,270,624
1.2.4. Interest expenses	008		25,709
1.2.5. Interest income	009	-171,119,253	-166,413,553
1.2.6. Share in profit of associated companies	010	-34,558,009	-469,329
1.2.7. Profits/losses from sale of tangible property (including real estate)	011	4,983,339	-5,905,326
1.2.8. Other adjustments	012	-87,692,280	15,560,189
2. Increase/decrease in business property and liabilities (AOP 014 to 030)	013	441,539,044	-19,301,920
2.1. Increase /decrease in investments available for sale	014	126,467,615	86,635,937
2.2. Increase /decrease in investment estimated at fair value	015	-178,169,545	-250,005,311
2.3. Increase / decrease in deposits, loans and receivables	016	47,461,818	-64,441,468
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		0
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	4,641,712	2,762,335
2.6. Increase /decrease of reinsurance stakes in technical provision	019	-189,795,816	42,070,524
2.7. Increase/decrease of taxable property	020	3,510,225	66,222
2.8. Increase/decrease in receivables	021	43,523,599	-35,984,630
2.9. Increase/decrease in other assets	022		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	-11,424,421	13,610,202
2.11. Increase/decrease in technical provision	024	531,171,347	175,655,668
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	025	-4,641,712	-2,762,335
2.13. Increase/decrease in tax liabilities	026	8,362,157	9,440,168
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		0
2.15. Increase/decrease in financial liabilities	028	-63,948,268	-20,334,265
2.16. Increase/decrease in other liabilities	029	116,082,363	45,848,715
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	8,297,970	-21,863,682
3. Income tax paid	031	-25,121,145	-33,214,879
II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)	032	-225,486,410	-53,005,258
1. Receipts from sale of tangible assets	033	13,262,673	3,148,622
2. Expenditures for the purchase of tangible assets	034	-25,768,384	-15,838,057
3. Receipts from sale of intangible assets	035	24,026	
4. Expenditures for the purchase of intangible assets	036	-4,706,925	-4,252,828
5. Receipts from sale of land and buildings not intended for business activities of the company	037		554,588
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-99,854,360	-29,679,481
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	34,842,182	20,005,624
8. Receipts from investments kept till maturity	040	33,693,594	107,476,033
9. Expenditures for investments kept till maturity	041	-118,979,330	-174,838,078
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043		-190,453
12. Receipts from dividends and profit share	044	1,725,996	805,527
13. Receipts from long term and short term loans	045	179,228,385	182,758,133
14. Expenses for long term and short term loans	046	-238,954,267	-142,954,888
III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)	047	-40,665,814	-465,366
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049	27,447	1,038,614
3. Expenditures for short-term and long-term loans	050	-605,513	-1,032,299
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052	-40,087,748	-471,681
NET CASH FLOW (AOP 001 + 032 + 049)	053	40,168,278	-23,991,224
IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES	054	-22,236,209	10,272,644
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)	055	17,932,069	-13,718,580
Cash and cash equivalents at the beginning of the period	056	85,212,974	94,656,787
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	103,145,043	80,938,208

II MANAGEMENT INTERIM REPORT

The still existing global financial crisis reflects itself on the insurance market as well which affects two leading markets in the region the most, i.e., Slovenian and Croatian. According to the projections for the rest of the business year, no significant changes on the insurance market are expected. This statement is supported by the fact that in the third quarter of 2012 we still have to cope with the negative trends in written premium.

In the third quarter of 2012 Croatia osiguranje Group realized revenues amounting to HRK 2,560.0 mil. that is a decrease of 0.8% compared to the same period of the previous year. The total expenditures of the Group amounted to HRK 2,413. million and recorded a decrease of 2.3%. The net profit after tax and minority interest amounted to HRK 109.5 million which is an increase of 32.7% compared to the same period of the previous year..

The gross written premium of the Group in the third quarter of 2012 amounted to HRK 2,531.4 million and recorded a decrease of 3.2%. The non-life gross written premium amounting to HRK 2,250.8 million recorded a decrease of 3.6%, whereas the life gross written premium amounting to HRK 280.6 million recorded an increase of 0.3%.

The gross paid claims in the third quarter of 2012 amounted to HRK 1,305.6 million which is an increase of 1.3% compared to the same period of the previous year. Non-life gross paid claims rose, with the increase amounting to 3.3%, whereas life business recorded a decrease of 8.6% compared to the same period of the previous year.

Through its investment activity in both life and non-life business the Group recorded revenue amounting to HRK 263.2 million.

As at 30th September, 2012 the total assets of the Group amounted to HRK 9,353.1 million which is an increase of 3.3% compared to December 31, 2011.

The accounted technical provisions in the reporting period amounted to HRK 6,483.1 million which is an increase of 2.8% compared to the accounted technical provisions at December 31, 2011.

Key business indicators for the Group:

in 000 HRK

DESCRIPTION	GROUP			
	1	2	3	4
PROFIT&LOSS ACCOUNT	I-IX 2011.	I-IX 2012.	INDEX 3/2	
Total income	2,580,861	2,559,568	99.2	
Total expenditure	2,470,162	2,413,000	97.7	
Written gross premium	2,614,297	2,531,409	96.8	
- non-life	2,334,569	2,250,842	96.4	
- life	279,728	280,567	100.3	
Paid claims (gross)	1,288,954	1,305,594	101.3	
- non-life	1,068,916	1,104,474	103.3	
- life	220,038	201,120	91.4	
Profit before taxation	110,699	146,567	132.4	
Profit after taxation	85,631	113,010	132.0	
Profit after minority interest	82,507	109,511	132.7	
BALANCE	31.12.2011.	30.09.2012.	INDEX 3/2	
Total assets	9,052,111	9,353,115	103.3	
Equity and provision	1,959,054	2,063,271	105.3	
- subscribed capital	442,887	442,887	100.0	
- revaluation provision	496,994	488,654	98.3	
- legal provision	19,642	23,576	120.0	
- statutory provision	94,614	113,297	119.7	
- other provision	342,211	342,211	100.0	
- retained profit	455,659	543,135	119.2	
- current period profit	107,047	109,511	102.3	
Technical provision	6,307,419	6,483,074	102.8	
- unearned premium, gross	1,118,778	1,264,081	113.0	
- LIMP	1,945,988	2,003,170	102.9	
- claim provision	3,170,413	3,139,342	99.0	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	5,813	3,354	57.7	
- other technical insurance provision, gross	66,427	73,127	110.1	
Life insurance special provision-policyholder's investment risk, gross	16,321	13,558	83.1	
Investment	6,053,542	6,313,881	104.3	
KEY BUSINESS INDICATORS	I-IX 2011.	I-IX 2012.	INDEX 3/2	
ROA (%) (net profit / assets)	0.9	1.2	135.9	
ROE (%) (net profit / equity and provision)	4.3	5.3	122.9	
Gross profit margin (%) (gross profit / total income)	4.3	5.7	133.5	

Faced with turbulent market conditions the Group undertakes numerous activities to reduce negative influence of unfavourable economic trends on business operations. The stress is put on achieving market share increase on the regional markets, larger presence of CROATIA osiguranje, sales network expansion and establishing of new subsidiaries as well as increasing the scope and quality of insurance products.

On October 9, 2012, Croatia osiguranje d.d. Ljubuški, member of the Group marked its 20th business anniversary. On October 9, 1992 the Company started its independent business operations in Bosnia & Herzegovina. Since that time until today, the Company has become an important economic subject on the territory of Bosnia & Herzegovina, using the business philosophy, knowledge and experience of its parent company, Croatia osiguranje d.d., as well as its financial and property potentials.

Croatia Lloyd d.d., member of the Group, acquired 14.66% of shares of the company Moja banka – Sarajevo and so became the second the biggest shareholder of this financial institution. On 11/09/2012 the Company purchased 87,647 ordinary shares of the company Moja banka.

Croatia – Tehnički pregledi d.o.o., the Group member, after 5 opened MOT test stations during the previous year, opened the new MOT test station in Bjelovar. It is the two-line MOT test station equipped to the highest contemporary standard in the region.

Unaudited consolidated financial statements for the third quarter of the year 2012 shall be available on Croatia osiguranje d.d.'s, the Zagreb Stock Exchange's, the Register of the Prescribed Information's web pages as well as publicly disclosed by HINA.

Key events

At the meeting of the Supervisory Board of Croatia osiguranje held on 27th April, 2012, the approval of the following reports was granted: the Annual Report on the position of the Company in 2011, the Annual financial statements for 2011, as well as the Consolidated Annual Report of the Company and the Consolidated Annual Financial Statements for 2011. The Supervisory Board also granted approval of the proposal Decision on the Allocation of profit for 2011.

The Decision on the allocation of profit was submitted for approval to the 36th General Assembly of Croatia osiguranje d.d. held on 15th June 2012.

The above-mentioned 36th General Assembly of CROATIA osiguranje d.d. considered the Annual Report on the position of Croatia osiguranje d.d. and the Consolidated Annual Report of Croatia osiguranje d.d. The report of the Supervisory Board and the Annual Financial Statements of Croatia osiguranje d.d. for 2011 were also considered as well as the Consolidated Annual Financial Statements of Croatia osiguranje d.d. for 2011 that were approved by both the Management Board and the Supervisory Board of Croatia osiguranje d.d.

The following decisions that were on the agenda of the 36th General Assembly were adopted by a majority of the voting rights held by the shareholders present:

1. a) Decision on the allocation of profit for the year 2011
b) Decision on granting discharge to the Management Board of Croatia osiguranje d.d.
c) Decision on granting discharge to the Supervisory Board of Croatia osiguranje d.d.
2. Decision on the appointment of the auditor of CROATIA osiguranje d.d. for the year 2012
3. Decision on the recall of the members of the Supervisory Board of Croatia osiguranje d.d.
4. Decision on the appointment of members of the Supervisory Board of Croatia osiguranje d.d.

The realized net profit of CROATIA osiguranje d.d. amounting to HRK 78,666,744.93 will be distributed as follows:

1. Legal provisions	HRK	3,933,337.25
2. Statutory reserves	HRK	18,683,351.92
3. Dividend on preferred stock	HRK	980,000.00
4. Retained profit	HRK	55,070,055.76

The dividend on preferred shares amounts to HRK 112.00 per share.

Description of main risks and uncertainties

The Group recognizes the significance of the existence of an efficient and effective risk management system. The basic goal of the Group in managing financial, insurance, operational and other risks is to keep the capital level adequate to the scope and type of insurance business it underwrites while taking into account the risks to which it is exposed. The Group also needs to ensure the continuity of business operations in unforeseeable situations (unexpected economic changes, natural disasters and the like)


The Group actively manages the assets using the approach that creates a balance between the quality, diversification, coordination of assets and liabilities, solvency and return on investments. The Group examines and approves target portfolios, determines investment guidelines and limits, and supervises the process of managing assets and liabilities. Due attention is also paid to the compliance with the regulations defined by the Insurance Act.

The Group actively manages its liabilities by regularly keeping track of them in the manner prescribed by the professional rules and the Insurance Act. These risks include market risk, credit risk and solvency risk. The most important risks and uncertainties are described in the 2011 Annual Audited Report.

Zagreb, 30 October 2012

Član Uprave

Ivan Fabijančić



Member of the
Management Board

Predsjednik Uprave

Krešimir Starčević



President of the
Management board

III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF THE YEAR 2012

1. GENERAL DATA

CROATIA osiguranje GROUP ("Group") consists of Croatia osiguranje d.d. Zagreb (parent company) and 24 daughter companies, as follows:

Daughter companies	Activity	Country
Croatia Lloyd d.d., Zagreb	Reinsurance	Croatia
- Croatia mirovni dom d.o.o., Zagreb	Building-engineering	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 made up of all types of life and non-life insurance business as well as other closely connected business activities.

Management Board and Supervisory Board

Pursuant to the Companies' Act, Insurance Act and the Articles of Association the bodies of the Company are as follows: the Management Board, The Supervisory Board and the General Assembly. The liability and responsibility of the members of these bodies are regulated by the above-mentioned acts.

Members of the Supervisory Board of the Company:

On 15 June 2012 the 36th General Assembly of Croatia osiguranje d.d. passed the Decision on the recall of the members of the Supervisory Board of Croatia osiguranje d.d., as well as the Decision on the appointment of members of the Supervisory Board of Croatia osiguranje d.d.

The following members of the Supervisory Board were recalled:

Prof. D.Sc. Nikola Mijatović, Chairman
Nataša Duspara, Deputy Chairwoman
D.Sc Gzim Redžepi, Member
Josip Zaher, Member
Ante Obuljen, Member

Newly appointed members of the Supervisory Board are:

Mladen Blažević, Chairman
Vesna Trnokop - Tanta, Deputy Chairwoman
Prof. D.Sc. Josip Tica, Member
Prof. D.Sc. Petar Miladin, Member
Đurđa Hunjet, Member
Miroslav Hrašćanec, Member, Representative of the employees

Management Board

On 27 July 2012 the Supervisory Board of Croatia osiguranje d.d. held its 6th meeting and passed the Decision on dismissal of the members of the Management Board of Croatia osiguranje d.d., as well as the Decision on the appointment of members of the Management Board of Croatia osiguranje d.d. The new Management Board started its work on 31 August 2012, after receiving the license from CFSSA and being registered at the court.

The following members of the Management Board were granted discharge:

Zdravko Zrinušić, President of the Board
Silvana Ivančić, Member of the Board

New members appointed to the Management Board are:

Krešimir Starčević, President of the Board
Ivan Fabijančić, Member of the Board

Capital stock and shares

The capital stock of the Company amounts to HRK 442,887,200.00 and is divided in 316,348 shares with 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, either the ordinary or the preferred one, entitles to 1 (one) vote at the General Assembly of the Company. All shares are paid in total, issued in a dematerialized form, freely transferable and recorded in the depository of the Central Depository & Clearing Company Inc. The Group has no ownership stake in its shares.

Ownership structure as at 30/09/2012

Shareholder	Number of Shares	30/09/2012	
		Amount HRK	% Share
1. AUDIO / Republic of Croatia	253,807	355,329,800.00	80.23
2. Raiffeisenbank Austria d.d.- custody account	19,774	27,683,600.00	6.25
3. Hrvatska poštanska banka d.d.- basic and custody account	6,516	9,122,400.00	2.06
4. Societe Generale- Splitska banka d.d.- custody account	6,513	9,118,200.00	2.06
5. Zvon ena holding d.d.	2,122	2,970,800.00	0.67
6. PBZ d.d.- custody account	1,816	2,542,400.00	0.57
7. Hypo alpe-adria-bank d.d.- custody account	1,498	2,097,200.00	0.47
8. Kraš d.d.	1,400	1,960,000.00	0.44
9. Auto Hrvatska d.d.	1,004	1,405,600.00	0.32
10. Erste&Steiermärkische Bank d.d. - basic and custody account	709	992,600.00	0.22
11. Komercijalna banka d.d. in liquidation	700	980,000.00	0.22
12. Bahovec Srećko	569	796,600.00	0.18
13. Adriacommerce	500	700,000.00	0.16
14. Radić Antun	408	571,200.00	0.13
15. Tankerska plovidba	400	560,000.00	0.13
16. Škaro Miroslav	380	532,000.00	0.12
17. Fran Mihaljević - klinika za infekt. bolesti	330	462,000.00	0.10
18. Cemex Hrvatska d.d.	249	348,600.00	0.08
19. Interkapital vrijednosni papiri d.o.o.- basic and custody account	235	329,000.00	0.07
20. Končar-elektroindustrija d.d.	230	322,000.00	0.07
21. Other shareholders	17,188	24,063,200.00	5.45
TOTAL:	316,348	442,887,200.00	100.00

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation and consolidation

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette 88/08) and the Zagreb Stock Exchange Regulations as well as pursuant to the Ordinance on the structure and contents of the financial statements of the issuer for the periods during the year (Official Gazette 132/10) brought by the CFSSA.

Financial statements are prepared by considering the fundamental accounting assumption of recognizing the business transaction effects as they occur and recording them in the respective periodic financial statements as well as by applying the fundamental accounting going-concern assumption.

The consolidated financial statements include the parent company (Croatia osiguranje d.d.) as well as the daughter companies it controls. This control is normal as the Company owns, directly or indirectly, over 50% of voting rights of the company, in that way being able to manage financial and business policy of the company with the aim to realize benefit from its activities. All significant transactions and amounts between the members of the Group are eliminated.

Reporting currency

The financial statements are presented in Croatian kuna (HRK). On 30 September 2012 the official exchange rate of the Croatian kuna was HRK 7.45 to 1 Euro and HRK 5.76 to 1 USD.

Use of estimate

The preparation of financial statements in conformity with the IFRS requires the management to pass judgements, make use of estimates and assumptions that affect the application of accounting policies and the presented amounts of assets, liabilities, revenues and expenditures. The estimates and the underlying assumptions are based on historical experience, various other factors considered reasonable under the given circumstances and the information available by the day of the preparation of financial statements the result of which makes up the basis for judging the book value of assets and liabilities that is otherwise not easy to determine from other sources. The actual results may differ from these estimates. The estimates and the underlying assumptions are continuously examined. Changes in accounting estimates are recognized in the period in which they were made as well as in the future periods if the changes affect them too.

Accounting Policies

The accounting policies used in the preparation of the financial statements for the third quarter of 2012 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2011.



Based on Article 20 of the Articles of Association of CROATIA osiguranje d.d. of 30 April 2008 and Article 410 of the Capital Market Act (Official Gazette 88/08) the Management Board of the Company issues the following

STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for the third quarter of 2012, prepared by the application of the relevant FRS, offer a wholesome and true presentation of assets and liabilities, losses and gains, financial position and business operations of the issuer and the companies included in the consolidation as a whole,
- the Management Report contains a true presentation of the development, business operation results and the financial position of the issuer and the companies included in the consolidation, as well as a description of major risks and uncertainties to which the issuer and the companies are exposed as a whole.

Zagreb, 30 October 2012

Član Uprave

Ivan Fabijančić



Member of the Management Board

Predsjednik Uprave

Krešimir Starčević



President of the Management board