



**UNAUDITED UNCONSOLIDATED  
BUSINESS REPORT  
FOR THE THIRD QUARTER  
OF 2012**

Zagreb, October 2012

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# I UNAUDITED FINANCIAL STATEMENTS

Reporting period:	01.01.	to	30.09.2012.
<b>Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG</b>			
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	Number of employees: 2.853 (quarter end)
Consolidated report:	NO	NKD code:	6512
Companies of the consolidation subject (according to):	Seat:	MB:	
Bookkeeping service:			
Contact person:	KATICA KUZMANOVIĆ		
Telephone:	01/6333-117	Telefaks:	01/6332-073
E-mail address:	<a href="mailto:katica.kuzmanovic@crosig.hr">katica.kuzmanovic@crosig.hr</a>		
Family name and name:	FABIJANČIĆ IVAN, STARČEVIĆ KREŠIMIR (person authorized to represent the company)		
<b>Documents to be published:</b>			
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	Predsjednik Uprave
Ivan Fabijančić	Krešimir Starčević
(počpis osobe ovlaštene za zastupanje)	
	

**COMPREHENSIVE PROFIT REPORT**  
**(Profit & Loss Account)**  
**For the period from 01.01.2012. until 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)
<b>I. Earned premiums (AOP 125 to 132)</b>	<b>124</b>	248.004.015	1.487.457.744	1.735.461.759	244.635.771	1.473.979.152	1.718.614.922
1. Gross written premiums	125	247.481.356	2.025.540.223	2.273.021.579	244.589.465	1.941.590.027	2.186.179.492
2. Coinsurance premium	126		3.606.417	3.606.417			
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-54.870.927	-54.870.927		-42.208.226	-42.208.226
4. Premiums ceded to reinsurance	128	-174.744	-329.834.204	-330.008.948	-104.211	-304.295.659	-304.399.870
5. Premiums ceded to coinsurance	129		-4.304.247	-4.304.247		-3.950.576	-3.950.576
6. Change in gross unearned premium provision	130	678.398	-169.246.950	-168.568.552	127.473	-138.949.142	-138.821.669
7. Change in unearned premium provision, reinsurer's share	131	19.005	16.567.432	16.586.437	23.043	21.792.729	21.815.772
8. Change in unearned premium provision, coinsurer's share	132						
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	93.087.668	192.172.045	285.259.713	97.986.279	167.393.691	265.379.969
1. Income from branch-offices, associated companies and joint ventures	134		34.558.009	34.558.009		29.612.217	29.612.217
2. Income from investments into land and buildings (136 to 138)	135		6.444.429	6.444.429		17.227.651	17.227.651
2.1. Income from rental fees	136		5.012.079	5.012.079		17.227.651	17.227.651
2.2. Income from increased value of land and buildings	137		1.432.350	1.432.350			
2.3. Income from real estate sale	138						
3. Interest income	139	74.390.173	96.715.687	171.105.859	76.444.436	87.499.876	163.944.312
4. Unrealized profits from investment at fair value	140	2.335.629	2.400.958	4.736.587	16.706.332	14.768.644	31.474.976
5. Gain on sale (realization) of financial investments (142 to 145)	141	2.072.432	4.157.741	6.230.173	4.705.252	4.605.288	9.310.540
5.1. Investment at fair value through profit and loss account	142	2.072.432	2.829.216	4.901.648	4.024.861	2.990.670	7.015.531
5.2. Investment available for sale	143		1.328.525	1.328.525	680.391	1.614.618	2.295.009
5.3. Other gains on sale of financial investments	144						
6. Net positive exchange rate differences	145	14.237.242	7.973.759	22.211.001			
7. Other investment income	146	52.193	39.921.462	39.973.655	130.258	13.680.016	13.810.274
<b>III. Income from commissions and fees</b>	<b>147</b>	57.992	18.215.923	18.273.915	20.181	20.053.260	20.073.441
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	86.242	5.326.767	5.413.008	63.484	8.287.132	8.350.616
<b>V. Other income</b>	<b>149</b>	150.011	17.477.499	17.627.510	436.138	31.290.962	31.727.100
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-232.016.055	-915.341.808	-1.147.357.863	-180.500.555	-842.043.238	-1.022.543.793
1. Paid claims (AOP 152 to 154)	151	-207.759.570	-824.177.938	-1.031.937.509	-186.350.490	-802.348.791	-988.699.281
1.1. Gross amount	152	-207.759.570	-940.848.750	-1.148.608.320	-186.350.490	-958.053.331	-1.144.403.822
1.2. Coinsurer's share	153		-60.093	-60.093			
1.3. Reinsurer's share	154		116.730.905	116.730.905		155.704.540	155.704.540
2. Change in claims provision (AOP 156 to 158)	155	-24.256.484	-91.163.870	-115.420.354	5.849.936	-39.694.447	-33.844.511
2.1. Gross amount	156	-24.256.484	-264.689.537	-288.946.022	5.849.936	10.460.688	16.310.624
2.2. Coinsurer's share	157						
2.3. Reinsurer's share	158		173.525.668	173.525.668		-50.155.135	-50.155.135
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-30.450.879		-30.450.879	-46.084.158	-6.000.000	-52.084.158
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-30.450.879		-30.450.879	-46.084.158		-46.084.158
1.1. Gross amount	161	-30.518.302		-30.518.302	-46.050.938		-46.050.938
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					-6.000.000	-6.000.000
2.1. Gross amount	164					-6.000.000	-6.000.000
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
<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>	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						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>						
1. Depending on results (bonuses)	172						
2. Irrespective of results (discounts)	173						

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-69.664.140	-607.560.393	-677.224.533	-77.469.888	-588.638.081	-666.107.969
1. Sales expenses (AOP 176 to 178)	<b>175</b>	-18.235.391	-154.715.807	-172.951.198	-15.713.048	-156.264.921	-171.977.969
1.1. Commision	<b>176</b>	-13.166.935	-111.328.736	-124.495.671	-11.194.387	-119.591.310	-130.785.697
1.2. Other sales expenses	<b>177</b>	-5.068.456	-43.387.071	-48.455.527	-4.518.662	-36.673.611	-41.192.273
1.3. Change in split sales expenses	<b>178</b>						
2. Management expenses (AOP 180 to 182)	<b>179</b>	-51.428.749	-452.844.586	-504.273.335	-61.756.840	-432.373.160	-494.129.999
2.1. Depreciation of tangible assets	<b>180</b>	-1.213.546	-33.849.599	-35.063.145	-1.306.946	-34.823.435	-36.130.381
2.2. Salaries, taxes and salary contributions (from and on salary)	<b>181</b>	-30.967.138	-244.005.996	-274.973.134	-31.041.487	-238.108.608	-269.150.095
2.3. Other management expenses	<b>182</b>	-19.248.064	-174.988.991	-194.237.055	-29.408.407	-159.441.116	-188.849.524
<b>XI. Investment expenses(AOP 184 to 189)</b>	<b>183</b>	-7.576.738	-47.027.116	-54.603.854	-31.681.448	-117.029.460	-148.710.908
1. Depreciation (buildings not intended for business activities of the company)	<b>184</b>						
2. Interest	<b>185</b>						
3. Investment impairments	<b>186</b>		-1.483.200	-1.483.200	-17.834.825	-47.584.748	-65.419.573
4. Losses from sale (realizations) of investment	<b>187</b>	-2.546.242	-8.696.943	-11.243.185	-3.045.072	-432.938	-3.478.010
5. Adjustment of financial assets at fair value through P&L	<b>188</b>	-4.649.984	-4.535.407	-9.185.390	-837.818	-691.609	-1.529.428
6. Net foreign exchange losses	<b>189</b>				-9.492.450	-5.317.272	-14.809.721
7. Other investment costs	<b>190</b>	-380.513	-32.311.567	-32.692.079	-471.284	-63.002.892	-63.474.176
<b>XII. Other tehncial expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-74.054	-53.254.551	-53.328.604	-183.168	-56.033.991	-56.217.159
1. Prevention activities expenses	<b>192</b>						
2. Other technical expenses	<b>193</b>	-74.054	-53.254.551	-53.328.604	-183.168	-56.033.991	-56.217.159
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>		-34.798.775	-34.798.775		-311.651	-311.651
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	5.072.749	62.667.335	67.740.084	10.478.529	90.947.776	101.426.306
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-1.014.550	-12.533.467	-13.548.017	-2.095.706	-18.189.555	-20.285.261
1. Current tax expenses	<b>197</b>	-1.014.550	-12.533.467	-13.548.017	-2.095.706	-18.189.555	-20.285.261
2. Deferred tax expenses	<b>198</b>						
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	4.058.199	50.133.868	54.192.067	8.382.824	72.758.221	81.141.044
1. Attributable to majority owners	<b>200</b>						
2. Attributable to minority interests	<b>201</b>						
<b>XVII. TOTAL INCOME</b>	<b>202</b>	341.385.927	1.720.649.978	2.062.035.905	343.141.851	1.701.004.197	2.044.146.048
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-337.327.728	-1.670.516.109	-2.007.843.837	-334.759.028	-1.628.245.976	-1.963.005.003
<b>IX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	-26.679.871	-54.981.018	-81.660.890	5.398.975	-10.862.002	-5.463.027
1. Profit / loss from translation of financial statements	<b>205</b>						
2. Profit / loss from revaluation of financial assets available for sale	<b>206</b>	-26.679.871	-50.225.517	-76.905.389	5.398.975	-6.849.191	-1.450.216
3. Profit / loss from revaluation of operational land and buildings	<b>207</b>		-4.755.501	-4.755.501		-4.012.811	-4.012.811
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	<b>208</b>						
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>	-22.621.672	-4.847.150	-27.468.822	13.781.798	61.896.219	75.678.017
1. Attributable to majority owners	<b>214</b>						
2. Attributable to minority interests	<b>215</b>						
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

Note: Data under AOP 200,201,214 and 215 are to be filled up by insurance companies that compose consolidated annual financial statements

**REPORT ON COMPANY STATUS (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)
<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>		6.437.899	6.437.899		6.800.637	6.800.637
1. Goodwill	005						
2. Other intangible assets	006		6.437.899	6.437.899		6.800.637	6.800.637
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>		1.224.449.894	1.224.449.894		1.187.270.339	1.187.270.339
1. Land and buildings used for insurance activities	008		1.181.440.971	1.181.440.971		1.155.009.975	1.155.009.975
2. Equipment	009		37.247.025	37.247.025		26.626.291	26.626.291
3. Other tangible assets and reserves	010		5.761.898	5.761.898		5.634.074	5.634.074
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	1.975.688.524	3.473.012.783	5.448.701.307	2.031.930.483	3.487.869.826	5.519.800.309
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>		778.301.665	778.301.665		843.822.462	843.822.462
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		436.646.740	436.646.740		411.836.460	411.836.460
1. Shares and stakes in branch-offices	014		429.420.640	429.420.640		407.576.760	407.576.760
2. Shares and stakes in associate companies	015		7.226.100	7.226.100		4.259.700	4.259.700
3. Participating in joint investments	016						
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	1.975.688.524	2.258.064.378	4.233.752.902	2.031.930.483	2.232.210.903	4.264.141.387
1. Investments kept till maturity date (019 + 020)	018	1.220.013.350	721.277.269	1.941.290.619	1.252.096.667	830.598.481	2.082.695.148
1.1. Debt securities and other securities with fixed income	019	1.220.013.350	721.277.269	1.941.290.619	1.252.096.667	830.598.481	2.082.695.148
1.2. Other investments kept till maturity date	020						
2. Investments available for sale (022 to 025)	021	70.193.418	218.466.546	288.659.963	24.485.542	142.276.394	166.761.937
2.1. Stocks, shares and other securities with variable income	022	32.462.251	134.718.396	167.180.647	16.793.735	104.079.872	120.873.607
2.2. Debt securities and other securities with fixed income	023						
2.3. Stakes in investment funds	024	37.731.167	83.748.150	121.479.317	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	228.291.804	262.992.887	491.284.690	286.159.057	284.916.540	571.075.597
3.1. Stocks, shares and other securities with variable income	027		7.340.851	7.340.851		7.589.415	7.589.415
3.2. Debt securities and other securities with fixed income	028	83.772.752	94.807.017	178.579.768	126.533.545	129.203.225	255.736.770
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	144.519.052	160.845.018	305.364.071	159.625.512	148.123.900	307.749.412
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	457.189.952	1.055.327.676	1.512.517.628	469.189.217	974.419.488	1.443.608.705
4.1. Bank deposits	033	410.968.080	691.447.519	1.102.415.599	422.412.188	697.690.609	1.120.102.796
4.2. Loans	034	46.221.872	363.880.157	410.102.029	46.777.029	276.728.879	323.505.908
4.3. Other loans and receivables	035						
<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>	17.733.255		17.733.255	13.558.292		13.558.292
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	98.035	496.164.548	496.262.583	154.450	383.407.308	383.561.759
1. Unearned premiums, reinsurance share	039	19.005	70.699.166	70.718.171	23.181	68.496.133	68.519.314
2. Mathematical insurance provision, reinsurance share	040	79.030		79.030	131.269		131.269
3. Claims provision, reinsurance share	041		425.465.382	425.465.382		314.911.175	314.911.175
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042						
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>	3.343.472	2.947.669	6.291.141	2.408.707	2.756.393	5.165.100
1. Deferred tax assets	047	3.343.472	2.947.669	6.291.141	2.408.707	2.756.393	5.165.100
2. Current tax assets	048						
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	42.636.407	960.300.160	1.002.936.567	5.142.398	908.446.960	913.589.358
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	38.527.092	814.200.460	852.727.552	67.039	749.789.810	749.856.849
1.1. Receivables from policyholders	051	38.463.369	809.727.139	848.190.508		747.662.222	747.662.222
1.2. Receivables from insurance agents	052	63.723	4.473.321	4.537.044	67.039	2.127.588	2.194.627
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		5.312.124	5.312.124		10.742.410	10.742.410
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	4.109.314	140.787.576	144.896.891	5.075.359	147.914.740	152.990.099
3.1. Receivables for other insurance activities	055		27.110.711	27.110.711		17.954.729	17.954.729
3.2. Receivables for returns on investments	056	1.683.014	6.918.954	8.601.968	2.094.965	7.023.676	9.118.641
3.3. Other receivables	057	2.426.300	106.757.911	109.184.212	2.980.394	122.936.334	125.916.728
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	4.243.699	33.693.818	37.937.517	2.500.999	37.924.582	40.425.581
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	4.196.666	19.621.959	23.818.625	2.468.448	23.762.997	26.231.444
1.1. Money on business account	060		19.278.284	19.278.284		23.618.145	23.618.145
1.2. Money on mathematical provision account	061	4.193.809		4.193.809	2.467.141		2.467.141
1.3. Cash money	062	2.857	343.675	346.532	1.306	144.852	146.158
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
<b>3. Other</b>	<b>064</b>	47.033	14.071.859	14.118.892	32.552	14.161.585	14.194.137
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	18.887.905	25.480.774	44.368.678	16.163.187	24.848.378	41.011.565
1. Split interest and rental fees	066	18.876.324	13.478.987	32.355.311	16.151.056	12.080.251	28.231.307
2. Split sales costs	067						
3. Other paid expenses of the future period and undue income collection	068	11.580	12.001.787	12.013.367	12.131	12.768.127	12.780.258
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.062.631.297	6.222.487.545	8.285.118.842	2.071.858.517	6.039.324.423	8.111.182.941
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>		610.582.704	610.582.704		656.014.983	656.014.983

<b>LIABILITIES</b>							
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	112.726.636	1.490.129.853	1.602.856.489	129.369.877	1.590.846.913	1.720.216.790
<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>	-17.925.886	466.943.405	449.017.519	-10.254.762	464.883.294	454.628.532
3.1. Revaluation of land and buildings	<b>078</b>		487.819.622	487.819.622		482.463.944	482.463.944
3.2. Revaluation of investments in financial assets	<b>079</b>	-17.925.886	-20.876.217	-38.802.103	-10.254.762	-17.580.650	-27.835.412
3.3. Other revaluation reserves	<b>080</b>						
<b>4. Reserves (082 to 084)</b>	<b>081</b>	78.314.936	378.151.842	456.466.778	79.651.090	399.432.377	479.083.468
4.1. Legal provision	<b>082</b>	489.554	19.152.617	19.642.171	721.929	22.853.579	23.575.508
4.2. Statutory provision	<b>083</b>	2.325.382	92.288.398	94.613.780	3.429.161	109.867.971	113.297.132
4.3. Other reserves	<b>084</b>	75.500.000	266.710.827	342.210.827	75.500.000	266.710.827	342.210.827
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	3.990.667	196.302.258	200.292.925	7.302.005	255.174.541	262.476.545
5.1. Retained profit	<b>086</b>	3.990.667	196.302.258	200.292.925	7.302.005	255.174.541	262.476.545
5.2. Retained loss (-)	<b>087</b>						
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	4.058.199	50.133.868	54.192.067	8.382.824	72.758.221	81.141.044
6.1. Profit for the period	<b>089</b>	4.058.199	50.133.868	54.192.067	8.382.824	72.758.221	81.141.044
6.2. Loss for the period (-)	<b>090</b>						
<b>B. MINORITY INTEREST</b>	<b>091</b>						
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	1.870.980.052	4.241.142.736	6.112.122.788	1.896.052.972	3.984.746.636	5.880.799.608
1. Unearned premiums, gross amount	<b>093</b>	2.935.663	1.137.082.385	1.140.018.048	3.232.958	1.085.358.659	1.088.591.616
2. Mathematical insurance provision, gross amount	<b>094</b>	1.801.396.497		1.801.396.497	1.862.632.849		1.862.632.849
3. Claims provision, gross amount	<b>095</b>	66.647.891	3.089.303.351	3.155.951.242	30.187.165	2.869.960.977	2.900.148.142
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	<b>096</b>						
5. Provision for claims fluctuation, gross amount	<b>097</b>						
6. Other technical insurance provision, gross amount	<b>098</b>		14.757.000	14.757.000		29.427.000	29.427.000
<b>D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount</b>	<b>099</b>	17.733.255		17.733.255	13.558.292		13.558.292
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	6.187.568	133.156.793	139.344.361	14.943.980	124.167.286	139.111.266
1. Provision for pensions	<b>101</b>	6.187.568	97.143.320	103.330.888	14.943.980	122.286.905	137.230.885
2. Other provision	<b>102</b>		36.013.473	36.013.473		1.880.381	1.880.381
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>	1.014.550	134.658.508	135.673.058	2.095.706	138.975.672	141.071.378
1. Deferred tax liability	<b>104</b>		122.125.041	122.125.041		120.786.117	120.786.117
2. Current tax liability	<b>105</b>	1.014.550	12.533.467	13.548.017	2.095.706	18.189.555	20.285.261
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>						
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>		117.147	117.147		69.825	69.825
1. Loan liabilities	<b>108</b>		117.147	117.147		69.825	69.825
2. Outstanding securities	<b>109</b>						
3. Other financial liabilities	<b>110</b>						
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	15.508.106	201.888.514	217.396.620	15.827.086	193.719.617	209.546.703
1. Liabilities derived from direct insurance activities	<b>112</b>	1.012.838	113.196.882	114.209.719	1.181.630	98.721.265	99.902.895
2. Liabilities derived from coinsurance and reinsurance activities	<b>113</b>	545	10.943.839	10.944.384	547	16.684.695	16.685.243
3. Liabilities for misappropriation and discontinued operations	<b>114</b>						
4. Other liabilities	<b>115</b>	14.494.724	77.747.794	92.242.517	14.644.908	78.313.657	92.958.565
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	38.481.130	21.393.994	59.875.124	10.605	6.798.475	6.809.080
1. Reinsurance commission split	<b>117</b>						
2. Other deferred costs payment and future income	<b>118</b>	38.481.130	21.393.994	59.875.124	10.605	6.798.475	6.809.080
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.062.631.297	6.222.487.545	8.285.118.842	2.071.858.517	6.039.324.423	8.111.182.941
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>		610.582.704	610.582.704		656.014.983	656.014.983
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>							
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	0	0	0	0	0	0
1. Attributable to majority owners	<b>122</b>						
2. Attributable to minority interests	<b>123</b>			0			0

Note: Data under AOP 121 to 123 are to be filled up by insurance companies that compose consolidated annual financial statements

## REPORT ON CHANGES IN EQUITY

### for the period from 01.01.2012. until 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 nad 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		530.698.408	443.930.661	192.072.963	43.603.887	1.653.193.119		1.653.193.119
1. Change in accounting policy	<b>002</b>			-783.465		825.966		42.501		42.501
2. Correction of previous period errors	<b>003</b>									
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		529.914.943	443.930.661	192.898.929	43.603.887	1.653.235.620		1.653.235.620
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			-69.823.383		7.670.975	78.666.745	16.514.337		16.514.337
1. Profit/loss of the previous period	<b>006</b>						78.666.745	78.666.745		78.666.745
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	<b>007</b>			-69.823.383		7.670.975		-62.152.408		-62.152.408
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>008</b>			-6.118.371		6.780.054		661.683		661.683
2.2. Unrealized profit/loss from financial assets available for sale	<b>009</b>			-45.640.033				-45.640.033		-45.640.033
2.3. Realized profit/loss from financial assets available for sale	<b>010</b>			-18.064.979				-18.064.979		-18.064.979
2.4. Other non-ownership changes in capital	<b>011</b>					890.921		890.921		890.921
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				12.536.117	2.403.949	-43.603.887	-28.663.821		-28.663.821
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>						-28.663.821	-28.663.821		-28.663.821
4. Other distribution to the owners	<b>016</b>				12.536.117	2.403.949	-14.940.066			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		460.091.560	456.466.778	202.973.853	78.666.745	1.641.086.136		1.641.086.136
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		460.091.560	456.466.778	202.973.853	78.666.745	1.641.086.136		1.641.086.136
1. Change in accounting policy	<b>019</b>									
2. Correction of previous period errors	<b>020</b>					-583.377		-583.377		-583.377
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		460.091.560	456.466.778	202.390.476	78.666.745	1.640.502.759		1.640.502.759
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			-5.463.027		5.016.014	81.141.044	80.694.031		80.694.031
1. Profit/loss of the previous period	<b>023</b>						81.141.044	81.141.044		81.141.044
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	<b>024</b>			-5.463.027		5.016.014		-447.013		-447.013
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>025</b>			-4.012.811		5.016.014		1.003.203		1.003.203
2.2. Unrealized profit/loss from financial assets available for sale	<b>026</b>			-694.871				-694.871		-694.871
2.3. Realized profit/loss from financial assets available for sale	<b>027</b>			-755.345				-755.345		-755.345
2.4. Other non-ownership changes in capital	<b>028</b>									
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>				22.616.689	55.070.056	-78.666.745	-980.000		-980.000
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>						-980.000	-980.000		-980.000
4. Other distribution to the owners	<b>033</b>				22.616.689	55.070.056	-77.686.745			
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		454.628.533	479.083.467	262.476.546	81.141.044	1.720.216.790		1.720.216.790



## REPORT ON MONEY FLOW – INDIRECT METHOD for the period from 01.01.2012. until 30.09.2012.

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>	214.877.548	-16.284.485
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	-184.328.654	-8.083.477
1.1. Profit before tax	<b>003</b>	67.740.084	101.426.305
1.2. Adjustment: (AOP 005 to 012)	<b>004</b>	-252.068.738	-109.509.782
1.2.1. Depreciation and amortization of immovables and equipment	<b>005</b>	33.055.486	33.598.491
1.2.2. Depreciation and amortization of intangible property	<b>006</b>	2.007.660	2.531.890
1.2.3. Impairment and profits/losses from adjustment to fair value	<b>007</b>	5.932.004	35.474.025
1.2.4. Interest expenses	<b>008</b>		
1.2.5. Interest income	<b>009</b>	-171.105.859	-163.944.312
1.2.6. Share in profit of associated companies	<b>010</b>	-34.558.009	-29.612.217
1.2.7. Profits/losses from sale of tangible property (including real estate)	<b>011</b>	5.013.011	-5.832.530
1.2.8. Other adjustments	<b>012</b>	-92.413.031	18.274.871
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	412.754.219	12.084.253
2.1. Increase /decrease in investments available for sale	<b>014</b>	119.946.451	86.201.215
2.2. Increase /decrease in investment estimated at fair value	<b>015</b>	-159.789.358	-203.453.518
2.3. Increase / decrease in deposits, loans and receivables	<b>016</b>	76.301.771	-74.118.327
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>	4.641.712	2.762.335
2.6. Increase /decrease of reinsurance stakes in tehcnical provision	<b>019</b>	-190.179.527	28.372.584
2.7. Increase/decrease of taxable property	<b>020</b>	3.897.244	
2.8. Increase/decrease in receivables	<b>021</b>	-36.497.956	-52.653.711
2.9. Increase/decrease in other assets	<b>022</b>		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	<b>023</b>	-1.053.409	12.015.234
2.11. Increase/decrease in tehcnical provision	<b>024</b>	488.032.876	174.561.983
2.12. Increase/decrease in life insurance tehcnical provision when the policyholder bears investment risk	<b>025</b>	-4.641.712	-2.762.335
2.13. Increase/decrease in tax liabilities	<b>026</b>	10.273.827	12.866.628
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>		
2.16. Increase/decrease in other liabilities	<b>029</b>	95.670.194	56.085.485
2.17. Increase/decrease in deferred payment of expenses and income of the future period	<b>030</b>	6.152.106	-27.793.320
<b>3. Income tax paid</b>	<b>031</b>	-13.548.017	-20.285.261
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	-164.841.578	4.041.227
1. Receipts from sale of tangible assets	<b>033</b>	0	0
2. Expenditures for the purchase of tangible assets	<b>034</b>	-4.818.090	-5.856.401
3. Receipts from sale of intangible assets	<b>035</b>		
4. Expenditures for the purchase of intangible assets	<b>036</b>	-2.355.326	-2.216.086
5. Receipts from sale of land and buildings not intended for business activities of the company	<b>037</b>		
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	<b>038</b>	-99.854.360	-29.679.481
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	<b>039</b>	34.842.182	49.148.511
8. Receipts from investments kept till maturity	<b>040</b>	0	0
9. Expenditures for investments kept till maturity	<b>041</b>	-68.626.322	-73.487.486
10. Receipts from sale of securities and stakes	<b>042</b>		
11. Expenditures for investments in securities and stakes	<b>043</b>		
12. Receipts from dividends and profit share	<b>044</b>	35.484.582	24.432.159
13. Receipts from long term and short term loans	<b>045</b>	175.194.601	176.956.707
14. Expenses for long term and short term loans	<b>046</b>	-234.708.845	-135.256.696
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	-28.704.665	-944.776
1. Receipts from capital stock increase	<b>048</b>		
2. Receipts from short-term and long-term loans	<b>049</b>		3.134
3. Expenditures for short-term and long-term loans	<b>050</b>	-32.556	-38.502
4. Expenditures for purchase of treasury shares	<b>051</b>		
5. Expenditures for payment of profit share (dividends)	<b>052</b>	-28.672.109	-909.408
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	21.331.305	-13.188.034
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	-22.211.001	14.809.721
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	-879.696	1.621.687
Cash and cash equivalents at the beginning of the period	<b>056</b>	38.817.213	38.803.894
Cash and cash equivalents at the end of the period (AOP 057 + 058)	<b>057</b>	37.937.517	40.425.581

**Note: The positions that reduce the cash flows are entered with a negative sign**

## 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 forecasts, the insurance market is not expected to change significantly until the end of this year. This is supported by the fact that the negative trend in the written premium was still present in the third quarter of 2012.

In the third quarter of 2012 CROATIA osiguranje d.d. realized the total written premium amounting to HRK 2,186.2 million, which is a decrease of 4.0% in comparison to the same period of the previous year. The non-life written premium fell by 4.3%, while in the life insurance segment the Company recorded a decrease of 1.2% in comparison to the same period of the previous year. The realization of the written premium plan for 2012 amounted to 77.9%.

At the end of the third quarter of 2012 the written premium market share of CROATIA osiguranje d.d. in the total written premium of all insurance companies in the Republic of Croatia was 31.8%, while the daughter company Croatia zdravstveno osiguranje recorded a market share of 1.1%.

The gross paid claims in the period from January to September 2012 amounted to HRK 1,144.4 million, which is a decrease of 0.4%, i.e. HRK 4.2 million, in comparison to the same period of the previous year. Gross paid claims under non-life insurance increased by 1.8%, whereas life business recorded a decrease of 10.3% in comparison to the same period of the previous year.

The total revenues of CROATIA osiguranje d.d. amounted to HRK 2,044.1 million, which is a decrease of 0.9 %, or nominally HRK 17.9 million, in comparison to the same period of the previous year. The total expenditures amounted to HRK 1,942.7 million, which is a decrease of 2.6%, or nominally HRK 51.6 million, in comparison to the same period of the previous year.

The gross profit of the Company amounted to HRK 101.4 million, which is an increase of 49.7% in comparison to the same period of the previous year.

The consolidated gross profit of the Group before the eliminations amounted to HRK 160.5 million, which is an increase of 11.0% in comparison to the same period of the previous year. The profit of the Group after the eliminations, tax and minority shareholders' stake amounted to HRK 109.5 million.

On 30 September 2012 the Company's liquidity ratio was 15.9.

Aiming at further sales growth and an increase in the profit of the Company in 2012 we shall continue to introduce innovative insurance products and redesign the old ones in accordance with the global trends in the development of insurance.

Business indicators are set out as follows:

In HRK

DESCRIPTION	I-IX 2011.	I-IX 2012.	Index 3 : 2
1	2	3	4
<b>PROFIT AND LOSS ACCOUNT</b>			
Total income	2.062.035.905	2.044.146.048	99,1
Written gross premium	2.276.627.995	2.186.179.492	96,0
Total expenditure	1.994.295.820	1.942.719.742	97,4
Paid claims (gross)	1.148.608.320	1.144.403.822	99,6
Profit before taxation (gross profit)	67.740.084	101.426.306	149,7
Profit after taxation (net profit)	54.192.067	81.141.044	149,7
<b>BALANCE</b>			
Total assets	8.285.118.842	8.111.182.941	97,9
Equity and provision	1.602.856.489	1.720.216.790	107,3
Technical provision	6.112.122.788	5.880.799.608	96,2
Life insurance special provision-policyholder's investment risk	17.733.255	13.558.292	76,5
Investments	5.448.701.307	5.519.800.309	101,3
<b>INDICATORS OF PROFITABILITY</b>			
ROA (%) (net profit / assets)	0,65	1,00	152,9
ROE (%) (net profit / equity and provision)	3,38	4,72	139,5
Gross profit margin (%) (gross profit / total income )	3,29	4,96	151,0
<b>NON-LIFE INSURANCE INDICATORS</b>			
Loss ratio	64,9	52,6	80,9
Expense ratio	29,1	29,3	100,6
Combined ratio	94,0	81,9	87,0
<b>ECONOMY INDICATOR</b>			
Total cost of operations (tot.income /tot.expenditure %)	103,4	105,2	101,8
<b>OTHER INDICATORS</b>			
Number of employees	2.892	2.853	98,7
Total income per employee	713.014	716.490	100,5
Total assets per employee	2.864.841	2.843.036	99,2
Written premium per employee	787.216	766.274	97,3
Profit (before taxation) per employee	23.423	35.551	151,8

The unaudited unconsolidated financial statements for the third quarter of 2012 will be available at the websites of Croatia osiguranje d.d. and the Zagreb Stock Exchange (Zagrebačka burza), in the Official Register of Prescribed Information and will be publicly revealed by the Croatian News Agency (HINA).

## Key events

At the meeting of the Supervisory Board of Croatia osiguranje held on 27 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 for Decision on the distribution of profit for 2011. The Decision on the distribution of profit was submitted for approval to the 36th General Assembly of Croatia osiguranje d.d. held on 15 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 distribution 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 Company recognizes the significance of the existence of an efficient and effective risk management system. The basic goal of the Company 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 Company also needs to ensure the continuity of business operations in unforeseeable situations (unexpected economic changes, natural disasters and the like)

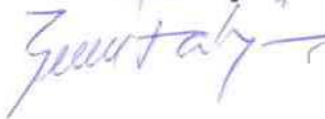
The Company actively manages the assets using the approach that creates a balance between the quality, diversification, coordination of assets and liabilities, solvency and return on investments. The Company examines and approves target portfolios, determines investment guidelines and limits, and supervises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

The Company actively manages its liabilities by regularly keeping track of them in the manner prescribed by the professional rules and the Insurance Act. The most important risks and uncertainties are described in the 2011 Annual Report.

Zagreb, 30 October 2012

Član Uprave

Ivan Fabijančić



Predsjednik Uprave

Krešimir Starčević



### **III NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY TO SEPTEMBER 2012**

#### **1. General Data**

CROATIA osiguranje d.d. was founded in 1884. Ever since its foundation CROATIA osiguranje d.d. takes up the leading position in the insurance market, which makes it is most successful insurance company in the country as well as in the region.

CROATIA osiguranje d.d. (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.

The Company also performs the following activities directly or indirectly related to the insurance business:

- mediation at sale, i.e. the sale of property acquired by the Company through insurance activities,
- taking measures aimed at prevention and elimination of perils endangering insured persons and property,
- estimation of the level of risk exposure of an insured object, as well as loss assessment,
- other intellectual and technical services related to the insurance business.

#### **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

In the period from 1 January to 30 September 2012 the Company's Management Board held 35 meetings at which it discussed and passed decisions pursuant to the Acts, Rules of procedure for the Management Board and the Company's Articles of Association. By 30 September 2012 the Supervisory Board held nine meetings.

## **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. Croatia osiguranje d.d. has no ownership stake in its shares.

### Ownership structure as at 30 September 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 plovdba	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
<b>TOTAL:</b>	<b>316.348</b>	<b>442.887.200,00</b>	<b>100,00</b>

## 2. Basis of preparation of financial statements

Financial statements are prepared pursuant to the provisions of the Insurance Act (Official Gazette: 151/05, 87/08, 82/09), the Accounting Act (Official Gazette 109/07) and the International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Committee (Official Gazette: 140/06, 30/08, 130/08, 137/08, 29/09), as well as pursuant to the Ordinance on the structure and contents of supervisory statements of insurance and reinsurance companies (Official Gazette 132/10).

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.



### **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

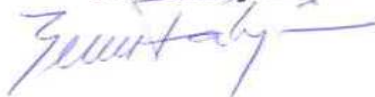
that to the best of its knowledge:

- 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

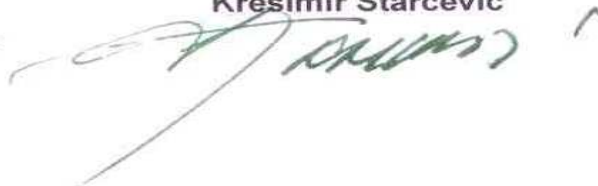
Ivan Fabijančić



Member of the Management

Predsjednik Uprave

Krešimir Starčević



Board President of the Management Board