



**UNAUDITED CONSOLIDATED BUSINESS  
REPORT FOR THE FIRST QUARTER OF THE  
YEAR 2013**

Zagreb, April 2013

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# I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

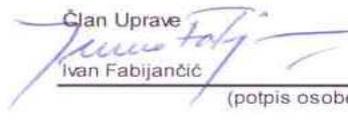
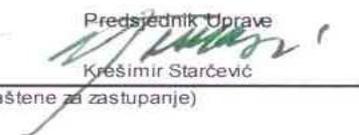
Reporting period:  to

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

Tax number(MB)	<input type="text" value="03276147"/>		
Company registration number (MBS):	<input type="text" value="080051022"/>		
Personal identification number (OIB):	<input type="text" value="26187994862"/>		
Issuing company:	<input type="text" value="CROATIA osiguranje d.d."/>		
Postal code and place	<input type="text" value="10000"/>	<input type="text" value="ZAGREB"/>	
Street and house number:	<input type="text" value="MIRAMARSKA 22"/>		
E-mail address:	<input type="text"/>		
Internet address	<input type="text" value="www.crosig.hr"/>		
Municipality/city code and name	<input type="text" value="133"/>	<input type="text" value="ZAGREB"/>	
County code and name	<input type="text" value="21"/>	<input type="text" value="GRAD ZAGREB"/>	
Consolidated report:	<input type="text" value="YES"/>	Number of employees: (quarter end)	<input type="text" value="3.965"/>
		NKD code:	<input type="text" value="65.12"/>
Companies of the consolidation subject (according to):	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:	<input type="text"/>		
Contact person:	<input type="text" value="Babić Nevena"/>		
Telephone:	<input type="text" value="01/6333 112"/>	Telefaks:	<input type="text" value="01/6332 073"/>
E-mail address:	<input type="text" value="izdavatelj@crosig.hr"/>		
Family name and name:	<input type="text" value="STARČEVIĆ KREŠIMIR, FABIJANČIĆ IVAN"/>		
	<input type="text" value="(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)
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**Comprehensive report on consolidated profit  
(PROFIT & LOSS ACCOUNT)  
For the period 01.01.2013.-31.03.2013.**

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>	93.074.513	571.188.209	664.262.722	105.256.933	532.710.183	637.967.116
1. Gross written premiums	<b>125</b>	93.581.421	968.239.064	1.061.820.485	105.015.495	913.440.292	1.018.455.787
2. Coinsurance premium	<b>126</b>		914.185	914.185		492.843	492.843
3. Value adjustment and collected insurance/coinsurance premium value adjustment	<b>127</b>		-26.458.701	-26.458.701		-22.818.103	-22.818.103
4. Premiums ceded to reinsurance	<b>128</b>	-130.821	-132.632.834	-132.763.654	-167.443	-127.386.536	-127.553.979
5. Premiums ceded to coinsurance	<b>129</b>		-5.070.411	-5.070.411			
6. Change in gross unearned premium provision	<b>130</b>	-441.509	-288.237.836	-288.679.346	342.853	-281.467.041	-281.124.188
7. Change in unearned premium provision, reinsurer's share	<b>131</b>	65.422	54.434.742	54.500.164	66.028	45.245.029	45.311.057
8. Change in unearned premium provision, reinsurer's share	<b>132</b>					5.203.698	5.203.698
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	34.383.007	51.798.861	86.181.869	35.135.425	48.014.368	83.149.792
1. Income from branch-offices, associated companies and joint ventures	<b>134</b>		398.520	398.520			
2. Income from investments into land and buildings (136 to 138)	<b>135</b>	2.316	5.595.849	5.598.165	1.163	2.220.845	2.222.008
2.1. Income from rental fees	<b>136</b>	2.316	5.595.849	5.598.165	1.163	2.220.845	2.222.008
2.2. Income from increased value of land and buildings	<b>137</b>						
2.3. Income from real estate sale	<b>138</b>						
3. Interest income	<b>139</b>	28.461.782	36.970.516	65.432.298	27.915.715	33.875.661	61.791.376
4. Unrealized profits from investment at fair value	<b>140</b>	5.270.564	6.083.472	11.354.035	810.587	3.042.992	3.853.580
5. Gain on sale (realization) of financial investments (142 to 145)	<b>141</b>	646.467	900.473	1.546.940	335.234	686.765	1.021.999
5.1. Investment at fair value through profit and loss account	<b>142</b>	277.217	298.122	575.339	178.006	534.069	712.075
5.2. Investment available for sale	<b>143</b>	53.711	602.351	656.063		152.696	152.696
5.3. Other gains on sale of financial investments	<b>144</b>	315.538		315.538	157.228		157.228
6. Net positive exchange rate differences	<b>145</b>				5.906.107	4.789.260	10.695.367
7. Other investment income	<b>146</b>	1.879	1.850.031	1.851.910	166.617	3.398.844	3.565.461
<b>III. Income from commissions and fees</b>	<b>147</b>	7.737	13.563.804	13.571.541	5.107	13.014.900	13.020.007
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	38.617	6.386.561	6.425.178	10.168	3.747.169	3.757.337
<b>V. Other income</b>	<b>149</b>	150.177	55.781.218	55.931.395	195.606	53.116.952	53.312.558
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-75.557.404	-371.917.638	-447.475.042	-93.067.101	-288.434.891	-381.501.992
1. Paid claims (AOP 152 to 154)	<b>151</b>	-81.426.316	-318.856.634	-400.282.950	-103.289.838	-319.577.473	-422.867.311
1.1. Gross amount	<b>152</b>	-81.426.316	-349.653.842	-431.080.158	-103.289.838	-335.093.322	-438.383.160
1.2. Reinsurer's share	<b>153</b>		169.491	169.491		378.135	378.135
1.3. Reinsurer's share	<b>154</b>		30.627.717	30.627.717		15.137.713	15.137.713
2. Change in claims provision (AOP 156 to 158)	<b>155</b>	5.868.912	-53.061.004	-47.192.092	10.222.737	31.142.582	41.365.319
2.1. Gross amount	<b>156</b>	5.868.912	-61.190.481	-55.321.569	10.222.737	11.356.847	21.579.584
2.2. Reinsurer's share	<b>157</b>					-414.025	-414.025
2.3. Reinsurer's share	<b>158</b>		8.129.477	8.129.477		20.199.761	20.199.761
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-2.306.103	6.000.000	3.693.897	-6.111.519		-6.111.519
1. Change in mathematical insurance provision (AOP 161 + 162)	<b>160</b>	-2.306.103		-2.306.103	-6.111.519		-6.111.519
1.1. Gross amount	<b>161</b>	-2.296.845		-2.296.845	-6.098.475		-6.098.475
1.2. Reinsurer's share	<b>162</b>	-9.258		-9.258	-13.044		-13.044
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	<b>163</b>		6.000.000	6.000.000			
2.1. Gross amount	<b>164</b>		6.000.000	6.000.000			
2.2. Reinsurer's share	<b>165</b>						
2.3. Reinsurer's share	<b>166</b>						
<b>VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)</b>	<b>167</b>	1.342.658		1.342.658	1.201.442		1.201.442
1. Gross amount	<b>168</b>	1.342.658		1.342.658	1.201.442		1.201.442
2. Reinsurer's share	<b>169</b>						
3. Reinsurer's share	<b>170</b>						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>		1.154.624	1.154.624		1.842.164	1.842.164
1. Depending on results (bonuses)	<b>172</b>		1.100.000	1.100.000		1.665.460	1.665.460
2. Irrespective of results (discounts)	<b>173</b>		54.624	54.624		176.704	176.704

<b>X. Business expenditures (AOP 175+179)</b>	<b>174</b>	-36.365.411	-222.744.891	-259.110.302	-26.831.774	-231.296.759	-258.128.533
1. Sales expenses (AOP 176 to 178)	<b>175</b>	-7.113.173	-66.017.838	-73.131.010	-7.289.133	-64.358.808	-71.647.941
1.1. Commission	<b>176</b>	-5.428.809	-38.925.742	-44.354.551	-5.905.842	-41.076.284	-46.982.126
1.2. Other sales expenses	<b>177</b>	-1.684.364	-26.065.997	-27.750.361	-1.383.290	-23.308.739	-24.692.030
1.3. Change in split sales expenses	<b>178</b>		-1.026.098	-1.026.098		26.215	26.215
2. Management expenses (AOP 180 to 182)	<b>179</b>	-29.252.238	-156.727.054	-185.979.292	-19.542.641	-166.937.950	-186.480.591
2.1. Depreciation of tangible assets	<b>180</b>	-559.741	-14.241.611	-14.801.352	-513.675	-14.314.237	-14.827.912
2.2. Salaries, taxes and salary contributions (from and on salary)	<b>181</b>	-11.221.710	-93.624.165	-104.845.875	-11.246.070	-92.146.530	-103.392.600
2.3. Other management expenses	<b>182</b>	-17.470.788	-48.861.277	-66.332.065	-7.782.897	-60.477.183	-68.260.080
<b>XI. Investment expenses (AOP 184 to 189)</b>	<b>183</b>	-3.847.736	-16.992.587	-20.840.324	-2.854.672	-43.909.343	-46.764.015
1. Depreciation (buildings not intended for business activities of the company)	<b>184</b>						
2. Interest	<b>185</b>	-6.957		-6.957	-15.007	-37.724	-52.731
3. Investment impairments	<b>186</b>		-124.731	-124.731		-21.977.685	-21.977.685
4. Losses from sale (realizations) of investment	<b>187</b>	-1.000	-8.499	-9.499		-1.553.618	-1.553.618
5. Adjustment of financial assets at fair value through P&L	<b>188</b>	-264.334	-321.135	-585.469	-2.679.034	-2.990.902	-5.669.936
6. Net foreign exchange losses	<b>189</b>	-3.346.209	-479.182	-3.825.390			
7. Other investment costs	<b>190</b>	-229.237	-16.059.041	-16.288.278	-160.631	-17.349.415	-17.510.046
<b>XII. Other technical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-86.719	-23.411.670	-23.498.389	-62.531	-16.550.994	-16.613.525
1. Prevention activities expenses	<b>192</b>		-1.236.118	-1.236.118		-1.318.851	-1.318.851
2. Other technical expenses	<b>193</b>	-86.719	-22.175.551	-22.262.270	-62.531	-15.232.143	-15.294.674
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>		-32.010.257	-32.010.257	-190	-29.175.361	-29.175.551
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	10.833.337	38.796.234	49.629.570	12.876.894	43.078.389	55.955.282
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-1.791.648	-6.347.796	-8.139.444	-2.285.866	-9.322.879	-11.608.745
1. Current tax expenses	<b>197</b>	-1.791.648	-6.347.796	-8.139.444	-2.285.866	-9.322.879	-11.608.745
2. Deferred tax expenses	<b>198</b>						
<b>XVI. Net profit or loss for the period (AOP 195-196)</b>	<b>199</b>	9.041.688	32.448.438	41.490.126	10.591.028	33.755.509	44.346.537
1. Attributable to majority owners	<b>200</b>	8.846.777	31.440.265	40.287.042	10.264.124	33.361.658	43.625.782
2. Attributable to minority interests	<b>201</b>	194.912	1.008.174	1.203.085	326.904	393.851	720.755
<b>XVII. TOTAL INCOME</b>	<b>202</b>	127.654.052	698.718.653	826.372.705	140.603.239	650.603.571	791.206.810
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-118.612.363	-666.270.215	-784.882.578	-130.012.211	-616.848.062	-746.860.274
<b>XIX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	4.227.115	2.652.078	6.879.193	11.549.145	11.983.898	23.533.043
1. Profit / loss from translation of financial statements	<b>205</b>		10.785	10.785		-213.308	-213.308
2. Profit / loss from revaluation of financial assets available for sale	<b>206</b>	4.227.115	3.969.569	8.196.684	11.549.145	14.878.642	26.427.787
3. Profit / loss from revaluation of operational land and buildings	<b>207</b>		-1.328.276	-1.328.276		-2.681.436	-2.681.436
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>	13.268.803	35.100.516	48.369.319	22.140.173	45.739.407	67.879.580
1. Attributable to majority owners	<b>214</b>	13.073.892	38.564.096	51.637.988	21.813.270	45.471.644	67.284.914
2. Attributable to minority interests	<b>215</b>	194.912	-3.463.581	-3.268.669	326.903	267.763	594.666
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

## CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE SHEET) AS AT 31.03.2013

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>	87.670	61.956.051	62.043.721	79.096	71.105.476	71.184.572
1. Goodwill	005		37.775.869	37.775.869		46.621.745	46.621.745
2. Other intangible assets	006	87.670	24.180.182	24.267.852	79.096	24.483.732	24.562.828
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>	4.515.262	1.637.560.228	1.642.075.490	4.556.028	1.665.357.119	1.669.913.147
1. Land and buildings used for insurance activities	008	3.637.270	1.524.026.255	1.527.663.524	3.644.689	1.515.886.425	1.519.531.114
2. Equipment	009	791.706	68.242.236	69.033.942	824.583	54.366.536	55.191.119
3. Other tangible assets and reserves	010	86.286	45.291.738	45.378.024	86.756	95.104.159	95.190.915
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	2.238.295.255	3.945.083.973	6.183.379.227	2.291.431.687	3.856.589.191	6.148.020.878
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>	438.081	798.517.620	798.955.701	440.467	805.908.282	806.348.749
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		13.555.756	13.555.756		22.448.696	22.448.696
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		13.416.562	13.416.562		20.916.562	20.916.562
3. Participating in joint investments	016		139.193	139.193		1.532.133	1.532.133
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	2.237.857.174	3.133.010.597	5.370.867.770	2.290.991.220	3.028.232.214	5.319.223.434
1. Investments kept till maturity date (019 + 020)	018	1.371.473.095	1.017.196.317	2.388.669.412	1.474.840.807	1.088.822.745	2.563.663.551
1.1. Debt securities and other securities with fixed income	019	1.371.473.095	985.897.009	2.357.370.104	1.474.840.807	1.058.009.455	2.532.850.262
1.2. Other investments kept till maturity date	020		31.299.308	31.299.308		30.813.290	30.813.290
2. Investments available for sale (022 to 025)	021	36.965.121	158.174.138	195.139.259	48.514.266	154.761.249	203.275.515
2.1. Stocks, shares and other securities with variable income	022	34.865.893	116.658.303	151.524.196	46.111.413	112.580.524	158.691.937
2.2. Debt securities and other securities with fixed income	023		3.522.450	3.522.450		3.491.200	3.491.200
2.3. Stakes in investment funds	024	2.099.228	37.993.386	40.092.613	2.402.853	38.689.525	41.092.378
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	302.074.884	676.308.328	978.383.212	268.423.835	520.873.435	789.297.269
3.1. Stocks, shares and other securities with variable income	027		26.835.009	26.835.009		25.477.993	25.477.993
3.2. Debt securities and other securities with fixed income	028	122.744.891	161.489.247	284.234.138	116.607.033	143.890.324	260.497.357
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	179.329.993	487.984.072	667.314.065	151.816.802	351.505.118	503.321.919
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	527.344.074	1.281.331.814	1.808.675.888	499.212.312	1.263.774.786	1.762.987.098
4.1. Bank deposits	033	443.666.957	1.097.705.651	1.541.372.608	435.559.190	988.088.044	1.423.647.235
4.2. Loans	034	79.455.133	175.512.225	254.967.359	59.555.305	268.540.720	328.096.025
4.3. Other loans and receivables	035	4.221.984	8.113.937	12.335.921	4.097.817	7.146.021	11.243.839
<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>	11.425.214		11.425.214	10.629.483		10.629.483
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	232.704	162.918.945	163.151.649	285.688	231.760.241	232.045.929
1. Unearned premiums, reinsurance share	039	2.654	25.340.658	25.343.312	68.682	74.150.755	74.219.437
2. Mathematical insurance provision, reinsurance share	040	230.049		230.049	217.006		217.006
3. Claims provision, reinsurance share	041		137.251.765	137.251.765		157.451.525	157.451.525
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		326.523	326.523		157.961	157.961
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>	2.638.059	25.239.114	27.877.173	2.638.059	25.227.079	27.865.139
1. Deferred tax assets	047	2.638.059	22.816.680	25.454.739	2.638.059	22.820.601	25.458.660
2. Current tax assets	048		2.422.434	2.422.434		2.406.479	2.406.479
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	11.925.311	1.096.669.872	1.108.595.183	15.698.579	1.302.414.964	1.318.113.543
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	258.453	630.619.802	630.878.255	263.061	903.206.750	903.469.811
1.1. Receivables from policyholders	051	163.405	625.320.729	625.484.134	254.053	897.651.922	897.905.975
1.2. Receivables from insurance agents	052	95.048	5.299.072	5.394.120	9.008	5.554.828	5.563.836
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		58.005.866	58.005.866		54.376.611	54.376.611
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	11.666.858	408.044.205	419.711.062	15.435.518	344.831.603	360.267.121
3.1. Receivables for other insurance activities	055		182.126.368	182.126.368		188.564.280	188.564.280
3.2. Receivables for returns on investments	056	2.443.023	10.154.492	12.597.515	3.941.891	10.728.968	14.670.859
3.3. Other receivables	057	9.223.835	215.763.345	224.987.179	11.493.627	145.538.355	157.031.982
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	16.931.532	102.800.202	119.731.734	12.272.507	107.940.507	120.213.014
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	16.866.138	90.690.426	107.556.563	12.240.098	92.182.932	104.423.030
1.1. Money on business account	060	3.257.157	90.374.615	93.631.772	4.920.057	91.902.111	96.822.168
1.2. Money on mathematical provision account	061	13.605.575	9.998	13.615.573	7.316.279		7.316.279
1.3. Cash money	062	3.406	305.813	309.218	3.762	280.821	284.583
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
<b>3. Other</b>	<b>064</b>	65.395	12.109.776	12.175.171	32.409	15.757.574	15.789.984
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDEUE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	27.499.641	64.877.005	92.376.646	19.488.590	61.325.058	80.813.648
1. Split interest and rental fees	066	27.258.055	18.984.354	46.242.409	19.235.320	13.246.961	32.482.281
2. Split sales costs	067		21.079.984	21.079.984		21.306.205	21.306.205
3. Other paid expenses of the future period and undue income collection	068	241.586	24.812.667	25.054.253	253.271	26.771.891	27.025.162
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.313.550.647	7.097.105.391	9.410.656.038	2.357.079.717	7.321.719.636	9.678.799.353
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>	3.437.460	1.116.205.488	1.119.642.948	3.456.185	1.104.781.233	1.108.237.418

<b>LIABILITIES</b>								
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	134.947.548	1.921.974.127	2.056.921.676	157.207.797	1.977.038.916	2.134.246.713	
<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>	-12.335.250	500.680.252	488.345.003	-786.460	508.463.597	507.677.137	
3.1. Revaluation of land and buildings	<b>078</b>	-65.126	519.371.788	519.306.662	-65.482	516.223.327	516.157.846	
3.2. Revaluation of investments in financial assets	<b>079</b>	-12.270.123	-25.698.091	-37.968.214	-720.978	-10.930.589	-11.651.567	
3.3. Other revaluation reserves	<b>080</b>		7.006.554	7.006.554		3.170.859	3.170.859	
<b>4. Reserves (082 to 084)</b>	<b>081</b>	79.651.090	399.432.378	479.083.468	79.651.090	399.432.378	479.083.468	
4.1. Legal provision	<b>082</b>	721.929	22.853.579	23.575.508	721.928	22.853.580	23.575.508	
4.2. Statutory provision	<b>083</b>	3.429.161	109.867.971	113.297.132	3.429.162	109.867.971	113.297.133	
4.3. Other reserves	<b>084</b>	75.500.000	266.710.828	342.210.828	75.500.000	266.710.827	342.210.827	
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	11.873.546	511.313.435	523.186.981	23.790.323	637.182.803	660.973.126	
5.1. Retained profit	<b>086</b>	11.873.546	511.313.435	523.186.981	23.790.323	637.182.803	660.973.126	
5.2. Retained loss (-)	<b>087</b>							
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	11.469.442	111.949.582	123.419.024	10.264.125	33.361.658	43.625.782	
6.1. Profit for the period	<b>089</b>	11.469.442	111.949.582	123.419.024	10.264.125	33.361.658	43.625.782	
6.2. Loss for the period (-)	<b>090</b>							
<b>B. MINORITY INTEREST</b>	<b>091</b>	8.190.518	69.572.463	77.762.981	8.562.121	46.070.119	54.632.240	
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	2.105.904.330	4.233.883.329	6.339.787.658	2.103.117.032	4.503.587.541	6.606.704.574	
1. Unearned premiums, gross amount	<b>093</b>	3.678.793	1.090.638.280	1.094.317.073	3.345.694	1.372.105.321	1.375.451.015	
2. Mathematical insurance provision, gross amount	<b>094</b>	2.068.933.899		2.068.933.899	2.076.695.092		2.076.695.092	
3. Claims provision, gross amount	<b>095</b>	33.291.638	3.055.379.936	3.088.671.574	23.076.246	3.045.731.944	3.068.808.190	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	<b>096</b>		4.312.513	4.312.513		2.197.677	2.197.677	
5. Provision for claims fluctuation, gross amount	<b>097</b>		1.725.600	1.725.600		1.725.600	1.725.600	
6. Other technical insurance provision, gross amount	<b>098</b>		81.827.000	81.827.000		81.827.000	81.827.000	
<b>D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount</b>	<b>099</b>	11.425.214		11.425.214	10.629.483		10.629.483	
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	15.057.011	95.539.884	110.596.896	16.859.037	94.531.800	111.390.838	
1. Provision for pensions	<b>101</b>	15.057.011	90.099.512	105.156.523	15.656.519	89.911.107	105.567.626	
2. Other provision	<b>102</b>		5.440.373	5.440.373	1.202.518	4.620.693	5.823.212	
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>	32.672	134.297.391	134.330.063	2.295.430	127.807.983	130.103.413	
1. Deferred tax liability	<b>104</b>		120.965.179	120.965.179	9.083	120.630.802	120.639.885	
2. Current tax liability	<b>105</b>	32.672	13.332.212	13.364.884	2.286.346	7.177.182	9.463.528	
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>							
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>	275.992	142.885.905	143.161.896	248.871	84.075.029	84.323.900	
1. Loan liabilities	<b>108</b>		140.501.821	140.501.821		80.448.825	80.448.825	
2. Outstanding securities	<b>109</b>							
3. Other financial liabilities	<b>110</b>	275.992	2.384.084	2.660.075	248.871	3.626.204	3.875.075	
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	34.743.026	282.475.589	317.218.615	56.097.560	284.100.385	340.197.945	
1. Liabilities derived from direct insurance activities	<b>112</b>	3.982.651	95.403.551	99.386.202	13.986.218	98.230.781	112.216.998	
2. Liabilities derived from coinsurance and reinsurance activities	<b>113</b>	3.196	58.120.239	58.123.435		79.393.813	79.393.813	
3. Liabilities for misappropriation and discontinued operations	<b>114</b>							
4. Other liabilities	<b>115</b>	30.757.180	128.951.799	159.708.978	42.111.342	106.475.791	148.587.133	
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	2.974.335	216.476.704	219.451.039	2.062.386	204.507.862	206.570.248	
1. Reinsurance commission split	<b>117</b>		1.770.883	1.770.883				
2. Other deferred costs payment and future income	<b>118</b>	2.974.335	214.705.821	217.680.155	2.062.386	204.507.862	206.570.248	
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.313.550.646	7.097.105.392	9.410.656.039	2.357.079.717	7.321.719.636	9.678.799.353	
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>	3.437.460	1.116.205.488	1.119.642.948	3.456.185	1.104.781.233	1.108.237.418	
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>								
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	143.138.066	1.991.546.590	2.134.684.657	165.769.918	2.023.109.035	2.188.878.953	
1. Attributable to majority owners	<b>122</b>	134.947.548	1.921.974.127	2.056.921.676	157.207.797	1.977.038.916	2.134.246.713	
2. Attributable to minority interests	<b>123</b>	8.190.518	69.572.463	77.762.981	8.562.121	46.070.119	54.632.240	

## CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD 01.01.2013 - 31.03.2013

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		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	002					-926.649		-926.649	-853.656	-1.780.305
2. Correction of previous period errors	003			13.374.685		-13.958.063		-583.378		-583.378
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		510.368.394	456.466.779	440.774.427	107.047.105	1.957.543.905	74.592.038	2.032.135.943
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			-22.023.392		-1.037.863	123.419.023	100.357.768	4.952.059	105.309.827
1. Profit/loss of the previous period	006						123.419.023	123.419.023	3.798.752	127.217.775
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-22.023.392		-1.037.863		-23.061.255	1.153.307	-21.907.948
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-14.609.393		6.743.432		-7.865.961	904.158	-6.961.803
2.2. Unrealized profit/loss from financial assets available for sale	009			-7.121.089				-7.121.089	-14.767	-7.135.856
2.3. Realized profit/loss from financial assets available for sale	010			-374.345				-374.345		-374.345
2.4. Other non-ownership changes in capital	011			81.435		-7.781.295		-7.699.860	263.916	-7.435.944
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				22.616.689	83.450.416	-107.047.105	-980.000	-1.781.115	-2.761.115
1. Increase/decrease of share capital	013								-438.659	-438.659
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-980.000	-980.000	-1.342.456	-2.322.456
4. Other distribution to the owners	016				22.616.689	83.450.416	-106.067.105			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		488.345.002	479.083.468	523.186.980	123.419.023	2.056.921.673	77.762.982	2.134.684.655
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		488.345.002	479.083.468	523.186.981	123.419.023	2.056.921.674	77.762.982	2.134.684.655
1. Change in accounting policy	019									
2. Correction of previous period errors	020					604.265		604.265		604.265
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		488.345.002	479.083.468	523.791.246	123.419.023	2.057.525.939	77.762.982	2.135.288.920
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			22.141.079		1.518.054	43.625.783	67.284.916	594.664	67.879.580
1. Profit/loss of the previous period	023						43.625.783	43.625.783	720.753	44.346.536
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			22.141.079		1.518.054		23.659.133	-126.089	23.533.044
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-4.353.319		1.671.884		-2.681.435		-2.681.435
2.2. Unrealized profit/loss from financial assets available for sale	026			26.284.083				26.284.083	-953	26.283.130
2.3. Realized profit/loss from financial assets available for sale	027			144.657				144.657		144.657
2.4. Other non-ownership changes in capital	028			65.658		-153.830		-88.172	-125.136	-213.308
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>			-2.808.944		135.663.826	-123.419.023	9.435.859	-23.725.406	-14.289.547
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031			1.226.272		12.244.803		13.471.075	-13.471.075	
3. Payment of shares in profit/dividends	032									
4. Other distribution to the owners	033			-4.035.216		123.419.023	-123.419.023	-4.035.216	-10.254.331	-14.289.547
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		507.677.137	479.083.468	660.973.126	43.625.782	2.134.246.713	54.632.240	2.188.878.953

**CONSOLIDATED REPORT ON CASH FLOWS – INDIRECT METHOD FOR THE PERIOD  
01.01.2013 - 31.03.2013**

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>	99.472.240	330.798.890
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	10.322.168	48.665.453
1.1. Profit before tax	003	49.629.570	55.955.282
1.2. Adjustment: (AOP 005 to 012)	004	-39.307.402	-7.289.829
1.2.1. Depreciation and amortization of immovables and equipment	005	18.709.279	15.926.530
1.2.2. Depreciation and amortization of intangible property	006	1.901.360	2.429.889
1.2.3. Impairment and profits/losses from adjustment to fair value	007	-9.209.686	23.021.630
1.2.4. Interest expenses	008		52.339
1.2.5. Interest income	009	-55.967.559	-52.390.361
1.2.6. Share in profit of associated companies	010	-2.626.468	
1.2.7. Profits/losses from sale of tangible property (including real estate)	011	-1.153.392	-937.159
1.2.8. Other adjustments	012	9.039.064	4.607.303
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	98.098.928	292.848.547
2.1. Increase /decrease in investments available for sale	014	-7.053.141	-8.136.256
2.2. Increase /decrease in investment estimated at fair value	015	38.582.396	177.155.262
2.3. Increase / decrease in deposits, loans and receivables	016	20.729.334	129.910.981
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	638.843	795.732
2.6. Increase /decrease of reinsurance stakes in technical provision	019	-61.176.803	-68.894.280
2.7. Increase/decrease of taxable property	020	45.835	12.034
2.8. Increase/decrease in receivables	021	-217.264.275	-206.485.048
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	688.161	11.562.998
2.11. Increase/decrease in technical provision	024	331.985.971	266.916.915
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	025	-638.843	-795.732
2.13. Increase/decrease in tax liabilities	026	-1.467.923	-4.226.650
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		
2.15. Increase/decrease in financial liabilities	028	-11.397.783	-8.752.519
2.16. Increase/decrease in other liabilities	029	20.640.688	16.665.901
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	-16.213.532	-12.880.791
<b>3. Income tax paid</b>	<b>031</b>	-8.948.856	-10.715.110
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	-87.049.953	-270.655.579
1. Receipts from sale of tangible assets	033	1.468.802	17.402.754
2. Expenditures for the purchase of tangible assets	034	-5.276.504	-12.152.354
3. Receipts from sale of intangible assets	035		
4. Expenditures for the purchase of intangible assets	036	-1.418.351	-2.393.377
5. Receipts from sale of land and buildings not intended for business activities of the company	037		
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-5.542.312	-1.188.002
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	10.762.298	-15.587.830
8. Receipts from investments kept till maturity	040	18.701.748	20.150.001
9. Expenditures for investments kept till maturity	041	-102.491.610	-193.264.554
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043		
12. Receipts from dividends and profit share	044	211.289	241.035
13. Receipts from long term and short term loans	045	69.924.056	104.874.611
14. Expenses for long term and short term loans	046	-73.389.369	-188.737.863
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	279.634	-50.387.647
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049	385.109	41.837
3. Expenditures for short-term and long-term loans	050	-105.475	-50.426.348
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052		-3.136
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	12.701.921	9.755.664
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	5.930.620	-9.274.388
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	18.632.541	481.276
Cash and cash equivalents at the beginning of the period	056	94.656.787	119.731.734
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	113.289.328	120.213.010

## II MANAGEMENT INTERIM REPORT

During the first quarter of the year 2013, the Croatian insurance industry recorded decrease in premium, thus justifying views that the year 2013 would not be less challenging than the previous year. In accordance with economic situation, the Croatian insurance market does not expect any significant increase in premium in the year 2013 as a whole.

During the period I-III 2013 the CROATIA osiguranje Group realized income amounting to HRK 791.2 mil. that is a decrease of 4.3% compared to the realized income in the same period of the previous year. The total expenditures of the Group amounted to HRK 735.3 mil. that is a decrease of 5.3%. Net profit after taxation and minority shares amounted to HRK 43.6 mil. that is an increase of 8.3% compared to the same period of the previous year.

The gross written premium of the Group for the period I-III 2013 amounted to HRK 1,018.5 mil. that is a decrease of 4.1%. The non-life insurance gross written premium amounted to HRK 913.4 mil. that is a decrease of 5.7% while life insurance gross written premium amounted to HRK 105.0 mil. that is an increase of 12.2%.

In the first quarter of the year 2013 the earned premium amounted to HRK 638.0 mil. that makes 80.6% of the total income and is a decrease of 4.0% compared to the same period of the previous year.

In non-life and life insurance investment business, the Group recorded investment income amounting to HRK 83.1 mil. that makes 10.5% of the total income.

In the first quarter of the year 2013, other income, consisting of the commission and compensation income, other insurance-technical income and other income amounted to HRK 70.1 mil that makes 8.9% of the total income and is a decrease of 7.7% compared to the same period of the previous period year.

In the period I-III 2013, the gross paid claims amounted to HRK 438.4 mil. that is an increase of 1.7% compared to the same period of the previous year. The non-life insurance business recorded a decrease of gross paid claims by 4.2%, while life insurance business recorded an increase of paid claims by 26.9% compared to the same period of the previous year.

In the period I-III 2013, employees' expenses amounted to HRK 103.4 mil. that makes 14.1% of the total expenditures that is a decrease of 1.4% compared to the same period of the previous year.

In the period I-III 2013, investment expenses amounted to HRK 46.8 mil. that makes 6.4% of the total expenditures.

The gross profit margin amounted to 7.1% that is an increase of 18.3% compared to the same period of the previous year.

As at 31 March 2013, the total assets of the Group amounted to HRK 9,678.8 mil. that is an increase of 2.8% compared to the position on 31 December 2012.

In the reporting period, the counted technical provision amounted to HRK 6,606.7 mil. that is an increase of 4.2% compared to the counted technical provision on 31 December 2012.

Key business indicators for the Group are set out below:

in 000 HRK

DESCRIPTION	GROUP		
	1	2	3
PROFIT&LOSS ACCOUNT	I-III 2012	I-III 2013	INDEX 3/2
<b>Total income</b>	<b>826,373</b>	<b>791,207</b>	<b>95.7</b>
<b>Total expenditure</b>	<b>776,743</b>	<b>735,252</b>	<b>94.7</b>
<b>Written gross premium</b>	<b>1,061,820</b>	<b>1,018,456</b>	<b>95.9</b>
- non-life	968,239	913,440	94.3
- life	93,581	105,015	112.2
<b>Paid claims (gross)</b>	<b>431,080</b>	<b>438,383</b>	<b>101.7</b>
- non-life	349,654	335,093	95.8
- life	81,426	103,290	126.9
<b>Profit before taxation</b>	<b>49,630</b>	<b>55,955</b>	<b>112.7</b>
<b>Profit after taxation</b>	<b>41,490</b>	<b>44,347</b>	<b>106.9</b>
<b>Profit after minority interest</b>	<b>40,287</b>	<b>43,626</b>	<b>108.3</b>
<b>BALANCE</b>	<b>31.12.2012</b>	<b>31.3.2013</b>	<b>INDEX 3/2</b>
<b>Total assets</b>	<b>9,410,656</b>	<b>9,678,799</b>	<b>102.8</b>
<b>Equity and provision</b>	<b>2,056,922</b>	<b>2,134,247</b>	<b>103.8</b>
- subscribed capital	442,887	442,887	100.0
- revaluation provision	488,345	507,677	104.0
- legal provision	23,576	23,576	100.0
- statutory provision	113,297	113,297	100.0
- other provision	342,211	342,211	100.0
- retained profit	523,187	660,973	126.3
- current period profit	123,419	43,626	35.3
<b>Technical provision</b>	<b>6,339,788</b>	<b>6,606,705</b>	<b>104.2</b>
- unearned premium, gross	1,094,317	1,375,451	125.7
- LIMP	2,068,934	2,076,695	100.4
- claim provision	3,088,672	3,068,808	99.4
- provision for premium returns dependent and independent on the result (bonus & discount), gross	4,313	2,198	51.0
- provision for claims fluctuation, gross amount	1,726	1,726	100.0
- other technical insurance provision, gross	81,827	81,827	100.0
<b>Life insurance special provision-policyholder's investment risk, gross</b>	<b>11,425</b>	<b>10,629</b>	<b>93.0</b>
<b>Investment</b>	<b>6,183,379</b>	<b>6,148,021</b>	<b>99.4</b>
<b>KEY BUSINESS INDICATORS</b>	<b>I-III 2012</b>	<b>I-III 2013</b>	<b>INDEX 3/2</b>
ROA (%) (net profit / assets)	0.4	0.5	125.0
ROE (%) (net profit / equity and provision)	2.0	2.0	100.0
Gross profit margin (%) (gross profit / total income )	6.0	7.1	118.3

The unaudited consolidated financial statements for the first quarter of the year 2013 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).

### **Major business events in/after the reporting period**

On 4 February 2013, Croatia osiguranje d.d. announced a voluntary offer for taking over the remaining 7,777 shares of the company Croatia Lloyd d.d. On the basis of the offer, the number of 6,866 shares has been purchased that makes 4.73% shares in the capital stock of the company. Now, Croatia osiguranje d.d. holds the number of 144,165 shares that makes 99.37% of the capital stock of the company.

On 2 April 2013 the Commercial Court in Zagreb brought a decision which enabled to register the company CROATIA Leasing d.o.o. for services, Zagreb, Savska cesta 41/XXII in the court register under the new name of the company – Various services, company with limited liability for consulting and services, with the seat in Zagreb, Savska cesta 41/XXII; abbreviated: Various services d.o.o. Changing its name, the company changed its activities which will not include leasing any more. Mr. Zoran Šangut has been nominated as the only member of the Management Board as well as the director of the Company.

### **Expected development of the companies in consolidation as a whole**

Croatia osiguranje d.d., as the parent company of the thirteen daughter companies expects the continuous growth and successful business in future. The exception is the company Croatia leasing d.o.o. which, according to the redefined outgoing strategy, ceased with its operations as at 31 March 2013. The optimistic view of the future specially relates to the newly founded companies abroad that started their business successfully, but on the market of the home countries they participate with a small market share now. With the aim to enlarge their market share it is necessary to enhance education and quality of employees, especially the young ones, expand the sales network, include new modern methods of insurance sales, especially on-line sales. The emphasis is on the business partnership with banks with the aim to sale insurance products on the basis of bank-insurance as well as on the step by step enhancing the business operations towards other financial industry segments as investment funds and obligatory as well as voluntary pension funds. As well, health insurance services will be offered to the market as new products in existing insurance companies in the region.

### **Research & development in the companies of the Group as a whole (R&D)**

Research & development (R & D) as specially important part of marketing, mainly functions as centralized coordinated business function. The daughter companies start to manage it little by little and their independency in this field will be encouraged in connection with development of new insurance products as well as new ways of insurance sale, in accordance with those markets' needs. The aim is maximum harmonization of insurance offer and demand on the relevant market. In that way,

Croatia osiguranje d.d. and Croatia osiguranje Group companies will be oriented at the wishes of the insureds at most.

### Description of main risks and uncertainties

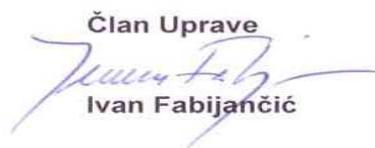
The basic goal of the Group in managing financial and insurance risks is to keep the capital level adequate to the scope and type of insurance business it underwrites while taking into account the risks to which it is exposed.

The Management Board recognizes the significance of the existence of an efficient and effective risk management system. The Group introduces the centralized risk management system as well. The legal entities supervise the Group's solvency to ensure obligations which could arise in case of unforeseeable economic changes or natural disasters.

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 Management Board examines and approves target portfolios, determines investment guidelines and limits, supervises the process of managing assets and liabilities periodically. Due attention is also paid to the compliance with the regulations defined by the Insurance Act.

The Group actively manages its financial instrument transactions by taking over the financial risks. These risks include market risk, credit risk and solvency risk. The most important risks and uncertainties are described in the 2012 Annual Audited Report.

Zagreb, 30 April 2013

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 PERIOD I-III 2013

#### 1. GENERAL DATA

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

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 insurance	Croatia
- Poliklinika Croatia zdravstveno osiguranje, Zagreb	Health insurance	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.

## **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:**

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

### **Management Board**

Krešimir Starčević, President  
Ivan Fabijančić, Member

### **Capital stock and shares**

As at 31 March 2013 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 31 March 2013

Shareholder	Number of Shares	31/03/2013	
		Amount HRK	% Share
1. AUDIO / Republic of Croatia	253,697	355,175,800	80.20
2. Raiffeisenbank Austria d.d.- custody account	19,744	27,641,600	6.24
3. Hrvatska poštanska banka d.d.- basic and custody account	6,631	9,283,400	2.10
4. Societe Generale- Splitska banka d.d.- custody account	6,507	9,109,800	2.06
5. Hypo alpe-adria-bank d.d.- custody account	3,593	5,030,200	1.14
6. PBZ d.d.- custody account	2,310	3,234,000	0.73
7. Kraš d.d.	1,400	1,960,000	0.44
8. Auto Hrvatska d.d.	1,004	1,405,600	0.32
9. Erste&Steiermärkische Bank d.d. - basic and custody account	709	992,600	0.22
10. Komercijalna banka d.d. in liquidation	700	980,000	0.22
11. Bahovec Srećko	568	795,200	0.18
12. Adriacommerce	500	700,000	0.16
13. Radić Antun	412	576,800	0.13
14. Tankerska plovdba	400	560,000	0.13
15. Škaro Miroslav	380	532,000	0.12
16. Fran Mihaljević - klinika za infekt. bolesti	330	462,000	0.10
17. Cemex Hrvatska d.d.	249	348,600	0.08
18. Končar-elektroindustrija d.d.	230	322,000	0.07
19. Eko Međimurje d.d.	226	316,400	0.07
20. Hrvatski duhani d.d.	200	280,000	0.06
21. Other shareholders	16,558	23,181,200	5.23
<b>UKUPNO:</b>	<b>316,348</b>	<b>442,887,200</b>	<b>100.00</b>

## 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, 146/08 and 74/09) 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, 39/2012) 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 31 March 2013 the official exchange rate of the Croatian kuna was HRK 7.59 to 1 Euro and HRK 5.92 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 unaudited consolidated financial statements for the first quarter of the year 2013 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2012.



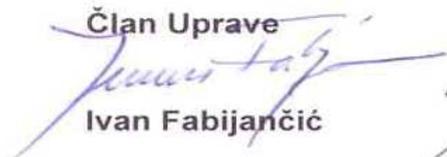
Based on Article 20 of the Articles of Association of CROATIA osiguranje d.d. of 27 September 2012 and Article 410 of the Capital Market Act (Official Gazette 88/08) the Management Board of the Company issues the following

### STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for the first quarter of the year 2013, 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 April 2013

Član Uprave  Ivan Fabijančić	Predsjednik Uprave  Krešimir Starčević
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Member of the  
Management Board

President of the  
Management Board