



**UNAUDITED CONSOLIDATED BUSINESS
REPORT FOR THE YEAR 2013**

Zagreb, February 2014

CONTENTS

	<u>Page</u>
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS	3
– CONSOLIDATED REPORT ON COMPREH. PROFIT (PROFIT&LOSS ACC.)	4
– CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE SHEET)	6
– CONSOLIDATED REPORT ON CHANGES IN EQUITY	8
– CONSOLIDATED REPORT ON CASH FLOWS	9
INTERIM MANAGEMENT REPORT	10
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL REPORTS	15
STATEMENTS OF PERSONS RESPONSIBLE FOR FIN. STAT. PREPARATION	19

I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Reporting period: to

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

Tax number(MB)

Company registration number (MBS):

Personal identification number (OIB):

Issuing company:

Postal code and place

Street and house number:

E-mail address:

Internet address

Municipality/city code and name

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

Consolidated report:

Companies of the consolidation subject (according to IFRS):

Company name	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 ZDRAVSTVENO OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01808435"/>
<input type="text" value="CROATIA OSIGURANJE D.D."/>	<input type="text" value="LJUBUŠKI"/>	<input type="text" value="20097647"/>
<input type="text" value="MILENIJUM OSIGURANJE A.D."/>	<input type="text" value="BEOGRAD"/>	<input type="text" value="07810318"/>
<input type="text" value="CROATIA SIGURIMI SH.A."/>	<input type="text" value="PRIŠTINA"/>	<input type="text" value="70260436"/>
<input type="text" value="CROATIA OSIGURANJE A.D. - ZA ŽIVOTNA OSIG."/>	<input type="text" value="SKOPJE"/>	<input type="text" value="05920922"/>
<input type="text" value="CROATIA OSIGURANJE A.D. - ZA NEŽIVOTNA OSIG."/>	<input type="text" value="SKOPJE"/>	<input type="text" value="06479570"/>
<input type="text" value="PBZ CROATIA OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01583999"/>
<input type="text" value="CROATIA OSIGURANJE MIROVINSKO DRUŠTVO D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01731742"/>
<input type="text" value="RAZNE USLUGE D.O.O. - U LIKVIDACIJI"/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01892037"/>
<input type="text" value="CROATIA - TEHNIČKI PREGLEDI D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01450930"/>
<input type="text" value="SLAVONIJATRANS TEHNIČKI PREGLEDI D.O.O."/>	<input type="text" value="SLAVONSKI BROD"/>	<input type="text" value="01853732"/>
<input type="text" value="HERZ D.D."/>	<input type="text" value="POŽEGA"/>	<input type="text" value="03738302"/>

Bookkeeping service:

Contact person:

Telephone: Telefaks:

E-mail address:

Family name and name:
(person authorized to represent the company)

Documents to be published:

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

Član Uprave

Ivan Fabijančić

Predsjednik Uprave

Krešimir Starčević

(potpis osobe ovlaštene za zastupanje)

**CONSOLIDATED REPORT ON COMPREHENSIVE PROFIT
(PROFIT AND LOSS ACCOUNT)
FOR THE PERIOD 01.01.2013-31.12.2013**

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)
I. Earned premiums (AOP 125 to 132)	124	414.891.250	2.402.156.277	2.817.047.526	417.498.612	2.308.720.111	2.726.218.723
1. Gross written premiums	125	414.905.982	2.744.605.397	3.159.511.379	417.646.043	2.711.561.573	3.129.207.616
2. Coinsurance premium	126		925.743	925.743		694.733	694.733
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-62.109.081	-62.109.081		-55.731.076	-55.731.076
4. Premiums ceded to reinsurance	128	-266.416	-300.751.393	-301.017.809	-260.405	-297.456.184	-297.716.589
5. Premiums ceded to coinsurance	129		-8.020.281	-8.020.281		-187.566	-187.566
6. Change in gross unearned premium provision	130	250.399	20.351.438	20.601.837	112.483	-51.525.976	-51.413.492
7. Change in unearned premium provision, reinsurer's share	131	1.284	378.808	380.093	492	1.390.361	1.390.852
8. Change in unearned premium provision, coinsurer's share	132		6.775.645	6.775.645		-25.753	-25.753
II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)	133	142.645.193	244.543.208	387.188.401	132.983.307	195.985.113	328.968.421
1. Income from branch-offices, associated companies and joint ventures	134						
2. Income from investments into land and buildings (136 to 138)	135	4.618	23.337.676	23.342.294	4.648	20.228.852	20.233.500
2.1. Income from rental fees	136	4.618	6.145.017	6.149.636	4.648	8.696.094	8.700.742
2.2. Income from increased value of land and buildings	137		17.101.150	17.101.150		11.494.353	11.494.353
2.3. Income from real estate sale	138		91.508	91.508		38.405	38.405
3. Interest income	139	111.995.864	153.641.049	265.636.913	113.641.174	133.354.836	246.996.010
4. Unrealized profits from investment at fair value	140	19.176.414	25.292.859	44.469.274	1.503.329	3.669.410	5.172.739
5. Gain on sale (realization) of financial investments (142 to 145)	141	7.453.530	6.155.699	13.609.230	2.124.261	6.209.819	8.334.081
5.1. Investment at fair value through profit and loss account	142	6.064.757	4.541.082	10.605.839	1.657.526	5.668.160	7.325.686
5.2. Investment available for sale	143	1.061.391	1.614.618	2.676.009	466.735	504.238	970.974
5.3. Other gains on sale of financial investments	144	327.382		327.382		37.421	37.421
6. Net positive exchange rate differences	145	3.829.831	4.502.517	8.332.348	15.119.548	6.391.852	21.511.399
7. Other investment income	146	184.935	31.613.408	31.798.343	590.347	26.130.344	26.720.691
III. Income from commissions and fees	147	25.901	40.199.038	40.224.939	16.344	40.846.446	40.862.790
IV. Other insurance-technical income, net of reinsurance	148	180.377	19.606.815	19.787.192	54.332	23.393.627	23.447.959
V. Other income	149	702.612	235.287.019	235.989.631	2.329.756	204.412.493	206.742.249
VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)	150	-276.828.883	-1.409.663.452	-1.686.492.335	-365.027.957	-1.225.834.875	-1.590.862.832
1. Paid claims (AOP 152 to 154)	151	-280.307.524	-1.406.169.973	-1.686.477.497	-370.456.719	-1.331.499.795	-1.701.956.514
1.1. Gross amount	152	-280.438.416	-1.539.615.209	-1.820.053.625	-370.456.719	-1.492.612.121	-1.863.068.839
1.2. Coinsurer's share	153		1.567.252	1.567.252		301.710	301.710
1.3. Reinsurer's share	154	130.892	131.877.983	132.008.876		160.810.615	160.810.615
2. Change in claims provision (AOP 156 to 158)	155	3.478.641	-3.493.479	-14.838	5.428.761	105.664.921	111.093.682
2.1. Gross amount	156	3.478.641	81.741.710	85.220.350	5.428.761	139.606.598	145.035.360
2.2. Coinsurer's share	157		425.564	425.564		-62.075	-62.075
2.3. Reinsurer's share	158		-85.660.753	-85.660.753		-33.879.603	-33.879.603
VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)	159	-122.247.760	-17.117.896	-139.365.656	-59.617.942	-6.808.430	-66.426.372
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-122.247.760		-122.247.760	-59.617.942		-59.617.942
1.1. Gross amount	161	-122.313.320		-122.313.320	-59.672.642		-59.672.642
1.2. Reinsurer's share	162	65.559		65.559	54.699		54.699
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		-17.117.896	-17.117.896		-6.808.430	-6.808.430
2.1. Gross amount	164		-17.117.896	-17.117.896		-6.808.430	-6.808.430
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)	167	4.947.345		4.947.345	3.696.021		3.696.021
1. Gross amount	168	4.947.345		4.947.345	3.696.021		3.696.021
2. Coinsurer's share	169						
3. Reinsurer's share	170						
IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)	171		561.466	561.466		-1.186.122	-1.186.122
1. Depending on results (bonuses)	172		999.176	999.176		305.807	305.807
2. Irrespective of results (discounts)	173		-437.711	-437.711		-1.491.929	-1.491.929

X. Business expenditures(AOP 175+179)	174	-118.230.886	-999.522.608	-1.117.753.494	-109.344.590	-1.115.432.596	-1.224.777.186
1. Sales expenses (AOP 176 to 178)	175	-30.792.325	-300.698.986	-331.491.311	-32.026.006	-329.580.112	-361.606.119
1.1. Commission	176	-23.143.484	-191.091.364	-214.234.849	-23.584.184	-195.509.794	-219.093.978
1.2. Other sales expenses	177	-7.648.841	-107.511.353	-115.160.194	-8.441.823	-127.704.519	-136.146.342
1.3. Change in split sales expenses	178		-2.096.268	-2.096.268		-6.365.799	-6.365.799
2. Management expenses (AOP 180 to 182)	179	-87.438.561	-698.823.622	-786.262.183	-77.318.584	-785.852.484	-863.171.067
2.1. Depreciation of tangible assets	180	-2.088.099	-59.290.210	-61.378.309	-2.101.718	-57.133.665	-59.235.384
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-44.719.484	-374.390.554	-419.110.039	-47.859.986	-391.146.546	-439.006.531
2.3. Other management expenses	182	-40.630.978	-265.142.857	-305.773.835	-27.356.879	-337.572.273	-364.929.152
XI. Investment expenses(AOP 184 to 189)	183	-28.657.730	-128.045.104	-156.702.834	-6.951.791	-206.047.054	-212.998.845
1. Depreciation (buildings not intended for business activities of the company)	184						
2. Interest	185	-33.336	-27.664	-61.000	-37.383	-234.859	-272.241
3. Investment impairments	186	-23.815.095	-76.852.571	-100.667.666	-287.507	-81.574.046	-81.861.552
4. Losses from sale (realizations) of investment	187	-3.076.766	-233.258	-3.310.024	-2.325.542	-1.142.561	-3.468.103
5. Adjustment of financial assets at fair value through P&L	188	-1.113.883	-4.176.827	-5.290.710	-3.755.271	-12.755.197	-16.510.467
6. Net foreign exchange losses	189						
7. Other investment costs	190	-618.649	-46.754.784	-47.373.433	-546.089	-110.340.392	-110.886.481
XII. Other technical expenses, net of reinsurance (AOP 192 + 193)	191	-287.042	-90.939.086	-91.226.128	-350.935	-99.797.099	-100.148.034
1. Prevention activities expenses	192		-6.103.165	-6.103.165		-8.384.037	-8.384.037
2. Other technical expenses	193	-287.042	-84.835.922	-85.122.964	-350.935	-91.413.061	-91.763.997
XIII. Other expenses, including value adjustment	194		-147.943.019	-147.943.019	-676.825	-144.971.312	-145.648.137
XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194)	195	17.140.375	149.122.660	166.263.034	14.608.332	-26.719.697	-12.111.365
XV. Taxation (AOP 197+198)	196	-4.991.196	-34.054.063	-39.045.259	-2.163.179	-9.698.907	-11.862.085
1. Current tax expenses	197	-5.220.549	-45.417.026	-50.637.575	-2.163.179	-17.062.593	-19.225.772
2. Deferred tax expenses	198	229.353	11.362.963	11.592.315		7.363.686	7.363.686
XVI. Net profit or loss for the period(AOP 195-196)	199	12.149.178	115.068.597	127.217.775	12.445.153	-36.418.604	-23.973.451
1. Attributable to majority owners	200	11.469.442	111.949.581	123.419.023	11.732.095	-37.618.131	-25.886.036
2. Attributable to minority interests	201	679.736	3.119.016	3.798.752	713.059	1.199.527	1.912.586
XVII. TOTAL INCOME	202	558.445.332	2.941.792.358	3.500.237.689	552.882.352	2.773.357.790	3.326.240.141
XVIII. TOTAL EXPENSES	203	-546.296.153	-2.826.723.761	-3.373.019.914	-540.437.199	-2.809.776.393	-3.350.213.592
XIX. Other comprehensive profit (205 to 211 - 212)	204	3.383.613	-25.291.562	-21.907.949	14.767.514	-315.807.455	-301.039.941
1. Profit / loss from translation of financial statements	205		-7.435.944	-7.435.944		-7.870.284	-7.870.284
2. Profit / loss from revaluation of financial assets available for sale	206	3.383.613	-10.893.814	-7.510.201	14.767.514	39.682.340	54.449.854
3. Profit / loss from revaluation of operational land and buildings	207		-6.961.804	-6.961.804		-347.619.511	-347.619.511
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	208						
5. Effects of cash flow hedging instruments	209						
6. Actuarial profit / loss on pension plans with defined pensions	210						
7. Share of other comprehensive profit of associates	211						
8. Profit tax on other comprehensive profit	212						
XX. Total comprehensive profit (199+204)	213	15.532.791	89.777.035	105.309.827	27.212.668	-352.226.059	-325.013.391
1. Attributable to majority owners	214	14.853.055	85.504.712	100.357.768	26.499.609	-353.139.232	-326.639.623
2. Attributable to minority interests	215	679.736	4.272.323	4.952.059	713.059	913.173	1.626.232
XXI. Reclassification adjustments	216						

CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE SHEET) AS AT 31.12.2013

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)
ASSETS							
A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)	001						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
B. INTANGIBLE ASSETS (005+006)	004	87.670	61.956.051	62.043.721	55.878	66.611.031	66.666.909
1. Goodwill	005		37.775.869	37.775.869		40.010.362	40.010.362
2. Other intangible assets	006	87.670	24.180.182	24.267.852	55.878	26.600.669	26.656.547
C. TANGIBLE ASSETS (008 to 010)	007	4.515.262	1.637.560.228	1.642.075.490	4.148.630	1.329.349.464	1.333.498.093
1. Land and buildings used for insurance activities	008	3.637.270	1.524.026.255	1.527.663.524	3.301.623	1.251.436.015	1.254.737.638
2. Equipment	009	791.706	68.242.236	69.033.942	789.480	49.402.636	50.192.116
3. Other tangible assets and reserves	010	86.286	45.291.738	45.378.024	57.526	28.510.813	28.568.339
D. INVESTMENTS (012+013+017+036)	011	2.238.295.255	3.946.743.378	6.185.038.632	2.338.761.783	3.994.653.967	6.333.415.751
I. Investments in land and buildings not intended for business activities of the company	012	438.081	798.517.620	798.955.701	428.962	613.382.239	613.811.201
II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)	013		15.215.161	15.215.161		18.716.309	18.716.309
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		15.075.967	15.075.967		17.128.075	17.128.075
3. Participating in joint investments	016		139.193	139.193		1.588.234	1.588.234
III. Other financial investments (018 + 021 + 026 + 032)	017	2.237.857.174	3.133.010.597	5.370.867.770	2.338.332.821	3.362.555.419	5.700.888.240
1. Investments kept till maturity date (019 + 020)	018	1.371.473.095	1.017.196.317	2.388.669.412	1.645.372.057	1.245.908.538	2.891.280.595
1.1. Debt securities and other securities with fixed income	019	1.371.473.095	985.897.009	2.357.370.104	1.645.372.057	1.217.021.140	2.862.393.197
1.2. Other investments kept till maturity date	020		31.299.308	31.299.308		28.887.398	28.887.398
2. Investments available for sale (022 to 025)	021	36.965.121	158.174.138	195.139.259	44.798.630	251.403.406	296.202.036
2.1. Stocks, shares and other securities with variable income	022	34.865.893	116.658.303	151.524.196	34.232.695	219.560.712	253.793.408
2.2. Debt securities and other securities with fixed income	023		3.522.450	3.522.450	8.353.442	7.083.624	15.437.066
2.3. Stakes in investment funds	024	2.099.228	37.993.386	40.092.613	2.212.494		2.212.494
2.4. Other investments available for sale	025					24.759.069	24.759.069
3. Investments at fair value through the profit and loss account (027 to 031)	026	302.074.884	676.308.328	978.383.212	98.613.451	613.659.684	712.273.135
3.1. Stocks, shares and other securities with variable income	027		26.835.009	26.835.009		22.361.012	22.361.012
3.2. Debt securities and other securities with fixed income	028	122.744.891	161.489.247	284.234.138	79.886.386	114.283.474	194.169.861
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	179.329.993	487.984.072	667.314.065	18.727.064	157.851.721	176.578.785
3.5. Other investments	031					319.163.477	319.163.477
4. Deposits, loans and receivables (033 to 035)	032	527.344.074	1.281.331.814	1.808.675.888	549.548.683	1.251.583.791	1.801.132.474
4.1. Bank deposits	033	443.666.957	1.097.705.651	1.541.372.608	432.221.177	959.792.229	1.392.013.406
4.2. Loans	034	79.455.133	175.512.225	254.967.359	62.902.843	286.479.219	349.382.062
4.3. Other loans and receivables	035	4.221.984	8.113.937	12.335.921	54.424.663	5.312.343	59.737.006
IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)	036						
E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER	037	11.425.214		11.425.214	8.388.857		8.388.857
F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)	038	232.704	162.918.945	163.151.649	303.567	129.525.446	129.829.013
1. Unearned premiums, reinsurance share	039	2.654	25.340.658	25.343.312	18.819	25.848.650	25.867.468
2. Mathematical insurance provision, reinsurance share	040	230.049		230.049	284.749		284.749
3. Claims provision, reinsurance share	041		137.251.765	137.251.765		103.372.161	103.372.161
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		326.523	326.523		304.635	304.635
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
G. DEFERRED AND CURRENT TAX ASSETS (047+048)	046	2.638.059	25.239.114	27.877.173	2.638.059	38.643.568	41.281.627
1. Deferred tax assets	047	2.638.059	22.816.680	25.454.739	2.638.059	38.587.565	41.225.624
2. Current tax assets	048		2.422.434	2.422.434		56.003	56.003
H. RECEIVABLES (050 + 053 + 054)	049	11.925.311	1.096.669.872	1.108.595.183	7.050.518	1.007.518.357	1.014.568.874
1. Receivables from direct insurance activities (051 + 052)	050	258.453	630.619.802	630.878.255	168.585	661.091.391	661.259.976
1.1. Receivables from policyholders	051	163.405	625.320.729	625.484.134	75.263	657.016.702	657.091.965
1.2. Receivables from insurance agents	052	95.048	5.299.072	5.394.120	93.321	4.074.689	4.168.011
2. Receivables from coinsurance and reinsurance activities	053		58.005.866	58.005.866		52.516.133	52.516.133
3. Other receivables (055 to 057)	054	11.666.858	408.044.205	419.711.062	6.881.933	293.910.833	300.792.766
3.1. Receivables for other insurance activities	055		182.126.368	182.126.368		138.159.042	138.159.042
3.2. Receivables for returns on investments	056	2.443.023	10.154.492	12.597.515	3.610.933	9.885.623	13.496.557
3.3. Other receivables	057	9.223.835	215.763.345	224.987.179	3.271.000	145.866.168	149.137.167
I. OTHER ASSETS (059 + 063 + 064)	058	16.931.532	102.800.202	119.731.734	15.325.203	140.797.627	156.122.831
1. Money in bank and in cash (060 to 062)	059	16.866.138	90.690.426	107.556.563	15.315.122	133.897.823	149.212.945
1.1. Money on business account	060	3.257.157	90.374.615	93.631.772	5.227.028	133.653.991	138.881.019
1.2. Money on mathematical provision account	061	13.605.575	9.998	13.615.573	10.085.356		10.085.356
1.3. Cash money	062	3.406	305.813	309.218	2.738	243.832	246.570
2. Long-term assets intended for sale and business termination	063				10.082	1.573.059	1.583.141
3. Other	064	65.395	12.109.776	12.175.171		5.326.745	5.326.745
J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDEUE COLLECTION OF INCOME (066 to 068)	065	27.499.641	64.877.005	92.376.646	32.554.111	52.905.852	85.459.963
1. Split interest and rental fees	066	27.258.055	18.984.354	46.242.409	32.410.583	23.561.813	55.972.396
2. Split sales costs	067		21.079.984	21.079.984		14.732.835	14.732.835
3. Other paid expenses of the future period and undue income collection	068	241.586	24.812.667	25.054.253	143.527	14.611.205	14.754.732
K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)	069	2.313.550.647	7.098.764.796	9.412.315.443	2.409.226.607	6.760.005.312	9.169.231.919
L. NON-BALANCE SHEET RECORDS	070	3.437.460	1.116.205.488	1.119.642.948	86.141.049	1.173.232.587	1.259.373.637

LIABILITIES							
A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)	071	134.947.548	1.923.633.531	2.058.581.080	161.740.091	1.584.786.255	1.746.526.345
1. Subscribed capital (073 to 075)	072	44.288.720	398.598.480	442.887.200	44.288.720	398.598.480	442.887.200
1.1. Subscribed capital - common shares	073	44.288.720	386.348.480	430.637.200	44.288.720	386.348.480	430.637.200
1.2. Subscribed capital - preferred shares	074		12.250.000	12.250.000		12.250.000	12.250.000
1.3. Capital invited to be paid	075						
2. Capital reserves	076						
3. Revaluation reserves (078 to 080)	077	-12.335.250	493.037.998	480.702.748	3.486.948	166.880.085	170.367.033
3.1. Revaluation of land and buildings	078	-65.126	519.371.788	519.306.662	-237.735	164.840.395	164.602.660
3.2. Revaluation of investments in financial assets	079	-12.270.123	-33.340.345	-45.610.468	3.724.683	-1.116.320	2.608.363
3.3. Other revaluation reserves	080		7.006.554	7.006.554		3.156.010	3.156.010
4. Reserves (082 to 084)	081	79.651.090	399.921.646	479.572.736	81.746.348	427.432.653	509.179.001
4.1. Legal provision	082	721.929	23.066.526	23.788.455	721.929	23.066.526	23.788.455
4.2. Statutory provision	083	3.429.161	109.867.971	113.297.132	5.524.419	137.378.978	142.903.397
4.3. Other reserves	084	75.500.000	266.987.149	342.487.149	75.500.000	266.987.149	342.487.149
5. Retained profit or loss (086 + 087)	085	11.873.546	520.125.825	531.999.371	20.485.979	629.493.167	649.979.146
5.1. Retained profit	086	11.873.546	520.125.825	531.999.371	20.485.979	629.493.167	649.979.146
5.2. Retained loss (-)	087						
6. Profit or loss for the period (089 + 090)	088	11.469.442	111.949.582	123.419.024	11.732.095	-37.618.130	-25.886.035
6.1. Profit for the period	089	11.469.442	111.949.582	123.419.024	11.732.095	-37.618.130	-25.886.035
6.2. Loss for the period (-)	090						
B. MINORITY INTEREST	091	8.190.518	69.572.463	77.762.981	8.207.837	43.961.871	52.169.707
C. TECHNICAL PROVISION (093 to 098)	092	2.105.904.330	4.233.883.329	6.339.787.658	2.162.753.821	4.153.389.783	6.316.143.604
1. Unearned premiums, gross amount	093	3.678.793	1.090.638.280	1.094.317.073	3.587.070	1.142.164.255	1.145.751.325
2. Mathematical insurance provision, gross amount	094	2.068.933.899		2.068.933.899	2.131.297.358		2.131.297.358
3. Claims provision, gross amount	095	33.291.638	3.055.379.936	3.088.671.574	27.869.393	2.916.888.415	2.944.757.808
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		4.312.513	4.312.513		4.938.478	4.938.478
5. Provision for claims fluctuation, gross amount	097		1.725.600	1.725.600		4.571.635	4.571.635
6. Other technical insurance provision, gross amount	098		81.827.000	81.827.000		84.827.000	84.827.000
D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	099	11.425.214		11.425.214	8.388.857		8.388.857
E. OTHER PROVISION (101 + 102)	100	15.057.011	95.539.884	110.596.896	10.177.651	113.719.376	123.897.028
1. Provision for pensions	101	15.057.011	90.099.512	105.156.523	10.177.651	108.263.902	118.441.553
2. Other provision	102		5.440.373	5.440.373		5.455.474	5.455.474
F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)	103	32.672	134.297.391	134.330.063	2.097.491	33.310.817	35.408.308
1. Deferred tax liability	104		120.965.179	120.965.179		32.643.889	32.643.889
2. Current tax liability	105	32.672	13.332.212	13.364.884	2.097.491	666.928	2.764.419
G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	106						
H. FINANCIAL LIABILITIES (108 to 110)	107	275.992	142.885.905	143.161.896	271.431	389.728.365	389.999.796
1. Loan liabilities	108		140.501.821	140.501.821		384.540.550	384.540.550
2. Outstanding securities	109						
3. Other financial liabilities	110	275.992	2.384.084	2.660.075	271.431	5.187.815	5.459.246
I. OTHER LIABILITIES (112 to 115)	111	34.743.027	282.475.588	317.218.615	46.495.022	267.539.322	314.034.344
1. Liabilities derived from direct insurance activities	112	3.982.651	95.403.551	99.386.202	5.149.399	101.603.853	106.753.252
2. Liabilities derived from coinsurance and reinsurance activities	113	3.196	58.120.239	58.123.435	1.725	49.989.643	49.991.368
3. Liabilities for misappropriation and discontinued operations	114					842.749	842.749
4. Other liabilities	115	30.757.181	128.951.798	159.708.978	41.343.898	115.103.077	156.446.975
J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)	116	2.974.335	216.476.704	219.451.039	9.094.406	173.569.524	182.663.930
1. Reinsurance commission split	117		1.770.883	1.770.883			
2. Other deferred costs payment and future income	118	2.974.335	214.705.821	217.680.155	9.094.406	173.569.524	182.663.930
K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)	119	2.313.550.647	7.098.764.795	9.412.315.442	2.409.226.607	6.760.005.312	9.169.231.920
L. NON-BALANCE SHEET RECORDS	120	3.437.460	1.116.205.488	1.119.642.948	86.141.049	1.173.232.587	1.259.373.637
ADDITION TO BALANCE SHEET (only for consolidated financial statements)							
M. CAPITAL AND RESERVES (122+123)	121	143.138.066	1.993.205.995	2.136.344.061	169.947.927	1.628.748.125	1.798.696.052
1. Attributable to majority owners	122	134.947.548	1.923.633.531	2.058.581.080	161.740.091	1.584.786.255	1.746.526.345
2. Attributable to minority interests	123	8.190.518	69.572.463	77.762.981	8.207.837	43.961.871	52.169.707

The income realized in the company which ceases with its operation (Razne usluge d.o.o – in liquidation) amounted to HRK 81.2 mil. among which the amount of HRK 71.1 mil. related to income realized with CROATIA osiguranje d.d. that resulted with elimination in consolidation. The expenditures of the above mentioned company amounted to HRK 86.6 mil. among which the amount of HRK 66.1 mil. related to expenditures realized with CROATIA osiguranje d.d. that resulted with elimination in consolidation as well. The loss of the company Razne usluge d.o.o. – in liquidation amounted to HRK 5.4 mil.

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD 01.01.2013 - 31.12.2013

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 and reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
I. Balance at 1 January - previous year	001	442.887.200		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	489.269	-12.787.925		1.076.029		1.076.029
II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)	004	442.887.200		510.368.394	456.956.048	441.944.565	107.047.105	1.959.203.312	74.592.038	2.033.795.350
III. Comprehensive profit or loss - previous year (AOP 006+007)	005			-29.665.646		6.604.390	123.419.023	100.357.767	4.952.059	105.309.826
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			-29.665.646		6.604.390		-23.061.256	1.153.307	-21.907.949
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			-7.560.819		-139.042		-7.699.861	263.916	-7.435.945
IV. Transactions with owners (previous period) (AOP 013 to 016)	012				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			
V. Balance at 31 December - previous period (AOP 004+005+012)	017	442.887.200		480.702.748	479.572.737	531.999.371	123.419.023	2.058.581.079	77.762.982	2.136.344.061
VI. Balance at 1 January - current year	018	442.887.200		480.702.748	479.572.737	531.999.371	123.419.023	2.058.581.079	77.762.982	2.136.344.061
1. Change in accounting policy	019									
2. Correction of previous period errors	020					1.025.972		1.025.972		1.025.972
VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)	021	442.887.200		480.702.748	479.572.737	533.025.343	123.419.023	2.059.607.051	77.762.982	2.137.370.033
VIII. Comprehensive profit or loss - current period (AOP 023+024)	022			-307.664.000		6.910.412	-25.886.036	-326.639.624	1.626.232	-325.013.392
1. Profit/loss of the previous period	023								1.912.586	1.912.586
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-307.664.000		6.910.412		-300.753.588	-286.354	-301.039.942
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-353.537.469		6.774.170		-346.763.299	-856.212	-347.619.511
2.2. Unrealized profit/loss from financial assets available for sale	026			54.025.360				54.025.360	5.572	54.030.932
2.3. Realized profit/loss from financial assets available for sale	027			418.923				418.923		418.923
2.4. Other non-ownership changes in capital	028			-8.570.814		136.242		-8.434.572	564.286	-7.870.286
IX. Transactions with owners (current period) (AOP 030 to 033)	029			-2.671.715	29.606.264	110.043.391	-123.419.022	13.558.918	-27.219.506	-13.660.588
1. Increase/decrease of share capital	030								-15.651.457	-15.651.457
2. Other payments by the owners	031			-2.671.715		9.387.415	-337.403	6.378.297		6.378.297
3. Payment of shares in profit/dividends	032						-1.550.423	-1.550.423	-1.187.743	-2.738.166
4. Other distribution to the owners	033				29.606.264	100.655.976	-121.531.196	8.731.044	-10.380.306	-1.649.262
X. Balance at 31 December - current period (AOP 021+022+029)	034	442.887.200		170.367.033	509.179.001	649.979.146	-25.886.035	1.746.526.345	52.169.708	1.798.696.053

**CONSOLIDATED REPORT ON CASH FLOWS- INDIRECT METHOD FOR THE PERIOD
01.01.2013- 31.12.2013**

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)	001	1.054.665	-124.254.316
1. Cash flow before change in business property and liabilities (AOP 003+004)	002	62.667.435	-320.086.737
1.1. Profit before tax	003	166.263.034	-12.111.365
1.2. Adjustment: (AOP 005 to 012)	004	-103.595.599	-307.975.372
1.2.1. Depreciation and amortization of immovables and equipment	005	75.005.515	61.163.877
1.2.2. Depreciation and amortization of intangible property	006	8.677.191	8.236.646
1.2.3. Impairment and profits/losses from adjustment to fair value	007	69.694.625	114.987.520
1.2.4. Interest expenses	008	61.088	534.606
1.2.5. Interest income	009	-225.820.372	-209.376.652
1.2.6. Share in profit of associated companies	010	-861.252	-936.211
1.2.7. Profits/losses from sale of tangible property (including real estate)	011	-26.797.239	-5.905.138
1.2.8. Other adjustments	012	-3.555.155	-276.680.019
2. Increase/decrease in business property and liabilities (AOP 014 to 030)	013	-26.387.172	211.299.400
2.1. Increase /decrease in investments available for sale	014	64.118.179	-101.062.777
2.2. Increase /decrease in investment estimated at fair value	015	-457.952.099	177.421.967
2.3. Increase / decrease in deposits, loans and receivables	016	18.500.323	90.051.581
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		0
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	4.895.412	3.036.357
2.6. Increase /decrease of reinsurance stakes in technical provision	019	73.120.153	33.322.636
2.7. Increase/decrease of taxable property	020	-21.837.268	-13.404.454
2.8. Increase/decrease in receivables	021	116.396.183	221.947.070
2.9. Increase/decrease in other assets	022		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	-11.079.247	6.916.683
2.11. Increase/decrease in technical provision	024	32.368.876	-23.644.054
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	025	-4.895.412	-3.036.357
2.13. Increase/decrease in tax liabilities	026	-569.747	-98.921.755
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		0
2.15. Increase/decrease in financial liabilities	028	4.681.480	-53.133.198
2.16. Increase/decrease in other liabilities	029	-22.028.773	8.592.811
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	177.894.768	-36.787.109
3. Income tax paid	031	-35.225.598	-15.466.978
II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)	032	-10.900.706	-124.252.900
1. Receipts from sale of tangible assets	033	52.841.610	265.844.514
2. Expenditures for the purchase of tangible assets	034	-61.430.346	-43.348.403
3. Receipts from sale of intangible assets	035		
4. Expenditures for the purchase of intangible assets	036	-10.804.292	-10.313.102
5. Receipts from sale of land and buildings not intended for business activities of the company	037	587.570	208.732.775
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-22.136.795	-832.291
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	18.801.250	21.568.435
8. Receipts from investments kept till maturity	040	127.981.610	85.518.810
9. Expenditures for investments kept till maturity	041	-283.146.588	-595.791.761
10. Receipts from sale of securities and stakes	042		0
11. Expenditures for investments in securities and stakes	043	-192.904	
12. Receipts from dividends and profit share	044	1.821.640	26.851.037
13. Receipts from long term and short term loans	045	368.606.461	231.313.106
14. Expenses for long term and short term loans	046	-203.829.922	-313.796.019
III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)	047	44.357.713	306.073.883
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049	50.417.273	477.908.964
3. Expenditures for short-term and long-term loans	050	-6.059.560	-170.492.413
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052		-1.342.668
NET CASH FLOW (AOP 001 + 032 + 049)	053	34.511.672	57.566.667
IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES	054	-9.436.727	-21.175.570
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)	055	25.074.945	36.391.097
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	119.731.734	156.122.831

II INTERIM MANAGEMENT REPORT

Notwithstanding the fact that the year 2013 brought optimism to insurance industry owing to the slight growth of premium for the first time after four years, the significant recovery of the insurance industry has not been registered.

In the year 2013 the CROATIA osiguranje Group realized income amounting to HRK 3,326.2 mil. that is a decrease of 5.0% compared to realized income during the same period of the previous year. The total expenditures of the Group amounted to HRK 3,338.4 mil. that is an increase of 0.1%. The net loss after taxation and minority shares in net profit amounted to HRK -25.9 mil.

In the year 2013 the gross written premium of the Group amounted to HRK 3,129.2 mil. that is a decrease of 1.0%. The non-life gross written premium amounted to HRK 2,711.6 mil. that is a decrease of 1.2% while the gross written life insurance premium amounted to HRK 417.6 mil. that is an increase of 0.7%.

During the period I-XII 2013 the earned premium amounted to HRK 2,726.2 mil. that makes 82% of the total income and is a decrease of 3.2% compared to the same period of the previous year.

The non-life and life insurance investment business of the Group recorded investment income amounting to HRK 329.0 mil. that makes 9.9% of the total income.

During the period I-XII 2013, other income, consisting of the commission and compensation income, other insurance-technical income and other income amounted to HRK 271.1 mil. that makes 8.2% of the total income and recorded the decrease of 8.4% compared to the same period of the previous year.

During the period I-XII 2013 the gross paid claims amounted to HRK 1.863.1 mil that is an increase of 2.4% compared to the same period of the previous year. The non-life insurance recorded a decrease of 3.1% in gross paid claims while life insurance recorded the increase in paid claims amounting to 32.1% compared to the same period of the previous year.

During the period I-XII 2013 the employees expenses amounted to HRK 439.0 mil. that makes 13.2% of the total expenditures that is an increase of 4.9% compared to the same period of the previous year.

During the period I-XII 2013 the investment expenses amounted to HRK 213.0 mil. that makes 6.4% of the total expenditures.

On 31/12/2013 the total assets of the Group amounted to HRK 9,169.2 mil. that is a decrease of 2.6% compared to 31 December 2012.

During the reporting period the counted technical provision amounted to HRK 6,316.1 mil. that is a decrease of 0.4% compared to the counted technical provision on 31 December 2012.

Key business indicators for the Group are set below:

in 000 HRK

DESCRIPTION	GROUP			
	1	2	3	4
PROFIT&LOSS ACCOUNT	I-XII 2012	I-XII 2013	INDEX 3/2	
Total income	3,500,238	3,326,240	95.0	
Total expenditure	3,333,975	3,338,351	100.1	
Written gross premium	3,159,511	3,129,207	99.0	
- non-life	2,744,605	2,711,561	98.8	
- life	414,906	417,646	100.7	
Paid claims (gross)	1,820,053	1,863,069	102.4	
- non-life	1,539,615	1,492,612	96.9	
- life	280,438	370,457	132.1	
Profit before taxation	166,263	-12,111	-	
Profit after taxation	127,218	-23,973	-	
Profit after minority interest	123,419	-25,886	-	
BALANCE	31.12.2012	31.12.2013	INDEX 3/2	
Total assets	9,412,315	9,169,232	97.4	
Equity and provision	2,058,581	1,746,526	84.8	
- subscribed capital	442,887	442,887	100.0	
- revaluation provision	480,703	170,367	35.4	
- legal provision	23,789	23,789	100.0	
- statutory provision	113,297	142,903	126.1	
- other provision	342,487	342,487	100.0	
- retained profit	531,999	649,979	122.2	
- current period profit	123,419	-25,886	-	
Technical provision	6,339,788	6,316,143	99.6	
- unearned premium, gross	1,094,317	1,145,751	104.7	
- LIMP	2,068,933	2,131,297	103.0	
- claim provision	3,088,672	2,944,758	95.3	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	4,313	4,938	114.5	
- provision for claims fluctuation, gross amount	1,726	4,572	264.9	
- other technical insurance provision, gross	81,827	84,827	103.7	
Life insurance special provision-policyholder's investment risk, gross	11,425	8,389	73.4	
Investment	6,185,039	6,333,416	102.4	
KEY BUSINESS INDICATORS	I-XII 2012	I-XII 2013	INDEX 3/2	
ROA (%) (net profit / assets)	1.3	-0.3	-	
ROE (%) (net profit / equity and provision)	6.0	-1.5	-	
Gross profit margin (%) (gross profit / total income)	4.8	-0.4	-	

* the above positions have changed compared to the same period of the previous year because of the share method IAS 28 appliance

The unaudited consolidated financial statements for the period I-XII 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 the reporting period

The Government of the Republic of Croatia has brought a Decision on choosing the best investor to buy the share as well as to recapitalize the company CROATIA osiguranje d.d. The binding offer of the company Adris grupa d.d. has been accepted which offered the amount of HRK 905.0 mil i.e. EUR 970.45 per share and EUR 110.0 mil on the account of recapitalization all that for 39.05% of CROATIA osiguranje ordinary shares. Adris grupa d.d. has got the approval of Croatian Financial Supervisory Services Agency (HANFA) to enter the ownership as well as to recapitalize the Company.

As well, Agency for Protection of Market Competition approved the intention of Adris grupa d.d. and CROATIA osiguranje d.d. to make ownership concentration. In this way the last formal barrier has been removed and the final part of buying and selling process started.

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. During the period I-XII 2013, on the basis of the offer, all 7,777 shares have been purchased that makes 5.36% shares in the capital stock of the company. Now, Croatia osiguranje d.d. holds the number of 145,076 shares that makes 100.00% of the capital stock of the company

On 27th december 2012 on the basis of the Transfer of the Business Share Treaty and the Decision of the Commercial Court in Zagreb on Change Registry, on 22nd January 2013, the company Croatia Lloyd acquired a 100% ownership in the company Histria Construct d.o.o. Zagreb.

On 10th September 2013, the company CROATIA osiguranje brought a Decision on capital stock increase and acquisition of Milenijum osiguranje a.d.o. shares. After completing the acquisition and recapitalization of the company Milenijum osiguranje a.d.o., CROATIA osiguranje d.d. acquired new 3,420 shares which number in total makes 59,212 shares i.e. 99.50% of the capital stock of the company.

On 2nd September 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-in liquidation, with the seat in Zagreb, Savska cesta 41/XXII; abbreviated: Various services d.o.o. – in liquidation. Ms. Vlasta Balentić has been nominated to represent the Company independently and individually.

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 audited annual report for the year 2013.

Zagreb, 14.02.2014

Member of the
Management Board

President of the
Management Board

Član Uprave

Ivan Fabijančić

Predsjednik Uprave

Krešimir Starčević

III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD I-XII 2013

1. GENERAL DATA

CROATIA OSIGURANJE GROUP ("Group") consists of the parent company CROATIA osiguranje d.d. Zagreb and 25 daughter companies as follows:

Ovisna društva	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
- Histria Construct d.o.o.	Building engineering and services	Croatia
Razne Usluge d.o.o. – u likvidaciji, Zagreb	Consulting and services	Croatia
CROATIA-Tehnički pregledi d.o.o., Zagreb	MOT-tests	Croatia
- STP Pitomača, Pitomača	MOT-tests	Croatia
Herz d.d., Požega	MOT-tests	Croatia
CROATIA osiguranje mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia
CROATIA zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia
- Poliklinika Ars Medica, Pula	Health services	Croatia
- Poliklinika CROATIA zdravstveno osiguranje, Zagreb	Health services	Croatia
PBZ CROATIA osiguranje d.d., Zagreb	Pension fund management	Croatia
Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	Mot-tests	Croatia
CROATIA Sigurimi sh.a., Priština	Insurance	Kosovo
Milenijum osiguranje a.d., Beograd	Insurance	Serbia
CROATIA osiguranje d.d., Ljubuški	Insurance	Bosnia&Herzegovina
- Crotehna d.o.o., Ljubuški	MOT-tests	Bosnia&Herzegovina
- CROATIA remont d.d., Čapljina	MOT-tests	Bosnia&Herzegovina
- Croauto d.o.o., Mostar	MOT-tests	Bosnia&Herzegovina
- CROATIA Vitez d.o.o., Vitez	MOT-tests	Bosnia&Herzegovina
- Hotel Hum d.o.o. , Ljubuški	Hotel-and catering services	Bosnia&Herzegovina
- Ponte d.o.o., Mostar	Representation in insurance	Bosnia&Herzegovina
CROATIA osiguranje a.d., društvo za osiguranje života, Skopje	Insurance	Macedonia
CROATIA osiguranje a.d. društvo za osiguranje neživota, Skopje	Insurance	Macedonia

*the above mentioned company has not been consolidated in temporary unaudited financial statements hence it will be included in the final audited financial statements

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
Đurđa Hunjet, Member
Prof. D.Sc. Petar Miladin, Member
Miroslav Hrašćanec, Member

Management Board

Krešimir Starčević, President
Ivan Fabijančić, Member

Capital stock and shares

As at 31 December 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 December 2013:

Shareholder	Number of Shares	31/12/2013	
		Amount HRK	% Share
1. State Office for the Administration of Government Property / Republic of Croatia	253,697	355,175,800.00	80.20
2. Raiffeisenbank Austria d.d.- custody account	19,745	27,643,000.00	6.24
3. Societe Generale- Splitska banka d.d.- custody account	6,802	9,522,800.00	2.15
4. Erste&Steiermärkische Bank d.d. - basic and custody account	3,904	5,465,600.00	1.23
5. Hrvatska poštanska banka d.d.- basic and custody account	3,672	5,140,800.00	1.16
6. HPB nekretnine d.o.o.	2,957	4,139,800.00	0.93
7. PBZ d.d.- custody account	2,032	2,844,800.00	0.64
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. Komercijalna banka Zagreb d.d. in liquidation	700,000	980,000.00	0.22
11. Hypo alpe-adria-bank d.d.- custody account	633,000	886,200.00	0.20
12. Bahovec Srećko	576,000	806,400.00	0.18
13. Škaro Miroslav	520,000	728,000.00	0.16
14. Adriacommerce	500,000	700,000.00	0.16
15. Radić Antun	467,000	653,800.00	0.15
16. Tankerska plovdba d.d.	400,000	560,000.00	0.13
17. Fran Mihaljević - klinika za infekt. bolesti	330,000	462,000.00	0.10
18. Cemex Hrvatska d.d.	249,000	348,600.00	0.08
19. Končar-elektroindustrija d.d.	230,000	322,000.00	0.07
20. Kotoraš Marino	230,000	322,000.00	0.07
21. Other shareholders	16,300	22,820,000.00	5.17
TOTAL:	316,348	442,887,200.00	100.00

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation and consolidation

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette 88/08, 146/08, 74/09 and 54/13) 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 December 2013 the official exchange rate of the Croatian kuna was HRK 7.63 to 1 Euro and HRK 5.55 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 year 2013 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2012.



CROATIA OSIGURANJE

utemeljeno 1884.

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, 146/08, 74/09, 54/13 and 159/13) the Management Board of the Company issues the following

STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for 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, 14 February 2014

Member of the
Management Board

President of the
Management Board

Član Uprave

Ivan Fabijančić

Predsjednik Uprave

Krešimir Starčević