



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

Zagreb, February 2014

## CONTENTS

	<u>Page</u>
<b>Unaudited financial statements</b>	3
– Comprehensive profit report (Profit & Loss Account)	4
– Financial position report (Balance Sheet)	6
– Report on Changes in Equity	8
– Report on cash Flows	9
<b>Management Interim Report</b>	10
<b>Notes to the Unaudited Financial Statements</b>	15
<b>Statement of Persons Responsible for Preparation of Fin.statements</b>	18

## I UNAUDITED FINANCIAL STATEMENTS

Reporting period:	01.01.	to	31.12.2013.
<b>Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG</b>			
Tax number(MB)	03276147		
Company registration number (MBS):	080051022		
Personal identification number (OIB):	26187994862		
Issuing company:	CROATIA osiguranje d.d.		
Postal code and place	10000	ZAGREB	
Street and house number:	MIRAMARSKA 22		
E-mail address:			
Internet address	<a href="http://www.crosig.hr">www.crosig.hr</a>		
Municipality/city code and name	133	ZAGREB	
County code and name	21	GRAD ZAGREB	Number of employees: 2.715 (quarter end)
Consolidated report:	NO	NKD code:	6512
Companies of the consolidation subject (according to):	Seat:	MB:	
Bookkeeping service:			
Contact person:	KATICA KUZMANOVIĆ		
Telephone:	01/6333-117	Telefaks:	01/6332-073
E-mail address:	<a href="mailto:izdavatelj@crosig.hr">izdavatelj@crosig.hr</a>		
Family name and name:	FABIJANČIĆ IVAN, STARČEVIĆ KREŠIMIR (person authorized to represent the company)		
<b>Documents to be published:</b>			
1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)			
2. Statement of persons responsible for the drawing-up of financial statements			
3. Report of the Management Board on the Company Status			

Član Uprave

Ivan Fabijančić

Predsjednik Uprave

Krešimir Starčević

(potpis osobe ovlaštene za zastupanje)

**COMPREHENSIVE PROFIT REPORT  
(PROFIT & 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)
<b>I. Earned premiums (AOP 125 to 132)</b>	<b>124</b>	363.930.271	1.943.918.729	2.307.849.000	356.204.388	1.854.472.324	2.210.676.713
1. Gross written premiums	125	363.819.427	2.343.874.377	2.707.693.805	356.051.053	2.269.034.358	2.625.085.411
2. Coinsurance premium	126						
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-52.173.832	-52.173.832		-40.795.113	-40.795.113
4. Premiums ceded to reinsurance	128	-222.024	-377.743.981	-377.966.005	-124.520	-354.833.709	-354.958.229
5. Premiums ceded to coinsurance	129		-3.950.576	-3.950.576			
6. Change in gross unearned premium provision	130	330.352	32.907.106	33.237.458	277.364	-19.233.950	-18.956.586
7. Change in unearned premium provision, reinsurer's share	131	2.516	1.005.634	1.008.150	492	300.738	301.229
8. Change in unearned premium provision, coinsurer's share	132						
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	133.576.098	275.537.193	409.113.291	122.926.343	220.914.423	343.840.766
1. Income from branch-offices, associated companies and joint ventures	134		61.986.202	61.986.202	73.750	46.084.983	46.158.733
2. Income from investments into land and buildings (136 to 138)	135		40.282.145	40.282.145		36.279.941	36.279.941
2.1. Income from rental fees	136		23.089.486	23.089.486		24.771.494	24.771.494
2.2. Income from increased value of land and buildings	137		17.101.150	17.101.150		11.470.042	11.470.042
2.3. Income from real estate sale	138		91.508	91.508		38.405	38.405
3. Interest income	139	103.208.811	117.159.940	220.368.751	103.986.786	103.803.707	207.790.493
4. Unrealized profits from investment at fair value	140	19.173.222	17.682.021	36.855.243	1.502.186	1.444.078	2.946.264
5. Gain on sale (realization) of financial investments (142 to 145)	141	7.126.149	5.690.301	12.816.450	1.657.526	2.898.353	4.555.879
5.1. Investment at fair value through profit and loss account	142	6.064.757	4.075.684	10.140.441	1.657.526	2.394.115	4.051.641
5.2. Investment available for sale	143	1.061.391	1.614.618	2.676.009		504.238	504.238
5.3. Other gains on sale of financial investments	144						
6. Net positive exchange rate differences	145	3.906.397	3.029.264	6.935.661	15.189.498	6.269.134	21.458.632
7. Other investment income	146	161.520	29.707.320	29.868.840	516.597	24.134.227	24.650.824
<b>III. Income from commissions and fees</b>	<b>147</b>	25.901	25.335.080	25.360.981	16.344	22.832.715	22.849.059
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	180.377	13.958.518	14.138.895	54.332	10.730.926	10.785.258
<b>V. Other income</b>	<b>149</b>	627.517	38.967.738	39.595.255	2.139.617	47.333.149	49.472.765
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-256.819.307	-1.126.611.377	-1.383.430.684	-343.131.167	-946.377.351	-1.289.508.518
1. Paid claims (AOP 152 to 154)	151	-260.364.269	-1.131.413.594	-1.391.777.863	-348.324.323	-1.070.457.023	-1.418.781.346
1.1. Gross amount	152	-260.364.269	-1.340.982.733	-1.601.347.002	-348.324.323	-1.278.949.481	-1.627.273.804
1.2. Coinsurer's share	153						
1.3. Reinsurer's share	154		209.569.139	209.569.139		208.492.458	208.492.458
2. Change in claims provision (AOP 156 to 158)	155	3.544.962	4.802.218	8.347.179	5.193.156	124.079.672	129.272.828
2.1. Gross amount	156	3.544.962	68.516.500	72.061.462	5.193.156	146.743.605	151.936.762
2.2. Coinsurer's share	157						
2.3. Reinsurer's share	158		-63.714.283	-63.714.283		-22.663.934	-22.663.934
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-103.613.599	-16.125.600	-119.739.199	-34.954.626	-7.846.035	-42.800.661
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-103.613.599		-103.613.599	-34.954.626		-34.954.626
1.1. Gross amount	161	-103.679.159		-103.679.159	-35.009.325		-35.009.325
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		-16.125.600	-16.125.600		-7.846.035	-7.846.035
2.1. Gross amount	164		-16.125.600	-16.125.600		-7.846.035	-7.846.035
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
<b>VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)</b>	<b>167</b>	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						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>						
1. Depending on results (bonuses)	172						
2. Irrespective of results (discounts)	173						

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-100.919.084	-803.363.867	-904.282.952	-89.712.614	-890.973.608	-980.686.222
1. Sales expenses (AOP 176 to 178)	175	-21.458.321	-215.954.950	-237.413.271	-20.667.603	-223.328.653	-243.996.256
1.1. Commission	176	-15.547.789	-166.530.634	-182.078.423	-13.991.769	-172.995.234	-186.987.003
1.2. Other sales expenses	177	-5.910.532	-49.424.316	-55.334.848	-6.675.834	-50.333.419	-57.009.253
1.3. Change in split sales expenses	178						
2. Management expenses (AOP 180 to 182)	179	-79.460.764	-587.408.918	-666.869.681	-69.045.011	-667.644.955	-736.689.966
2.1. Depreciation of tangible assets	180	-1.698.688	-46.114.510	-47.813.198	-1.681.952	-44.409.359	-46.091.312
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-41.045.625	-316.178.831	-357.224.455	-43.632.049	-332.564.746	-376.196.795
2.3. Other management expenses	182	-36.716.451	-225.115.577	-261.832.028	-23.731.010	-290.670.850	-314.401.860
<b>XI. Investment expenses(AOP 184 to 189)</b>	<b>183</b>	-28.379.348	-152.407.923	-180.787.271	-6.568.598	-226.534.799	-233.103.397
1. Depreciation (buildings not intended for business activities of the company)	184						
2. Interest	185		-27.664	-27.664		-229.317	-229.317
3. Investment impairments	186	-23.815.095	-92.037.974	-115.853.070	-287.507	-101.238.301	-101.525.808
4. Losses from sale (realizations) of investment	187	-3.076.766	-204.056	-3.280.822	-2.325.542	-5.640.415	-7.965.957
5. Adjustment of financial assets at fair value through P&L	188	-887.183	-677.844	-1.565.027	-3.442.992	-4.752.535	-8.195.526
6. Net foreign exchange losses	189						
7. Other investment costs	190	-600.303	-59.460.385	-60.060.688	-512.557	-114.674.231	-115.186.789
<b>XII. Other tehcnical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-267.483	-71.677.739	-71.945.223	-285.921	-77.742.351	-78.028.272
1. Prevention activities expenses	192						
2. Other technical expenses	193	-267.483	-71.677.739	-71.945.223	-285.921	-77.742.351	-78.028.272
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>		-475.596	-475.596		-4.579.485	-4.579.485
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	13.288.687	127.055.157	140.343.844	10.384.120	2.229.908	12.614.028
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-4.907.655	-17.011.127	-21.918.782	-2.076.824	-445.982	-2.522.806
1. Current tax expenses	197	-5.137.008	-28.231.220	-33.368.228	-2.076.824	-445.982	-2.522.806
2. Deferred tax expenses	198	229.353	11.220.093	11.449.446			
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	8.381.032	110.044.030	118.425.061	8.307.296	1.783.926	10.091.223
1. Attributable to majority owners	200						
2. Attributable to minority interests	201						
<b>XVII. TOTAL INCOME</b>	<b>202</b>	498.569.516	2.308.937.351	2.807.506.868	481.341.024	2.156.283.537	2.637.624.561
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-490.188.485	-2.198.893.322	-2.689.081.806	-473.033.728	-2.154.499.610	-2.627.533.338
<b>IX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	3.383.613	-9.730.911	-6.347.298	14.767.514	-314.936.594	-300.169.079
1. Profit / loss from translation of financial statements	205						
2. Profit / loss from revaluation of financial assets available for sale	206	3.383.613	-11.068.490	-7.684.877	14.767.514	30.893.871	45.661.385
3. Profit / loss from revaluation of operational land and buildings	207		1.337.580	1.337.580		-345.830.464	-345.830.464
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						
<b>XX. Total comprehensive profit (199+204)</b>	<b>213</b>	11.764.645	100.313.119	112.077.764	23.074.811	-313.152.667	-290.077.856
1. Attributable to majority owners	214			0			0
2. Attributable to minority interests	215			0			0
<b>XXI. Reclassification adjustments</b>	<b>216</b>	0	0	0	0	0	0

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

**REPORT ON 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)
<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>		11.486.212	11.486.212		14.770.503	14.770.503
1. Goodwill	005						
2. Other intangible assets	006		11.486.212	11.486.212		14.770.503	14.770.503
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>		1.176.044.464	1.176.044.464		925.569.387	925.569.387
1. Land and buildings used for insurance activities	008		1.143.937.615	1.143.937.615		894.713.567	894.713.567
2. Equipment	009		26.978.763	26.978.763		25.380.438	25.380.438
3. Other tangible assets and reserves	010		5.128.086	5.128.086		5.475.381	5.475.381
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	2.048.883.896	3.576.376.016	5.625.259.913	2.121.439.942	3.577.858.430	5.699.298.372
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>		853.380.926	853.380.926		656.118.194	656.118.194
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		413.344.809	413.344.809		395.148.028	395.148.028
1. Shares and stakes in branch-offices	014		409.085.109	409.085.109		390.888.328	390.888.328
2. Shares and stakes in associate companies	015		4.259.700	4.259.700		4.259.700	4.259.700
3. Participating in joint investments	016						
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	2.048.883.896	2.309.650.281	4.358.534.177	2.121.439.942	2.526.592.208	4.648.032.150
1. Investments kept till maturity date (019 + 020)	018	1.298.755.857	868.542.458	2.167.298.314	1.574.485.381	1.064.379.005	2.638.864.386
1.1. Debt securities and other securities with fixed income	019	1.298.755.857	868.542.458	2.167.298.314	1.574.485.381	1.064.379.005	2.638.864.386
1.2. Other investments kept till maturity date	020						
2. Investments available for sale (022 to 025)	021	36.965.121	149.861.550	186.826.671	36.445.189	240.102.551	276.547.739
2.1. Stocks, shares and other securities with variable income	022	34.865.893	111.868.164	146.734.057	34.232.695	215.343.482	249.576.177
2.2. Debt securities and other securities with fixed income	023						
2.3. Stakes in investment funds	024	2.099.228	37.993.386	40.092.613	2.212.494	24.759.069	26.971.563
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	465.768.836	767.843.720	98.613.451	430.616.858	529.230.308
3.1. Stocks, shares and other securities with variable income	027		13.120.108	13.120.108		9.685.686	9.685.686
3.2. Debt securities and other securities with fixed income	028	122.744.891	128.491.777	251.236.668	79.886.386	101.767.694	181.654.081
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	179.329.993	324.156.951	503.486.944	18.727.064	319.163.477	337.890.541
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	411.088.035	825.477.437	1.236.565.472	411.895.922	791.493.794	1.203.389.716
4.1. Bank deposits	033	343.665.118	691.902.891	1.035.568.008	310.275.280	559.608.805	869.884.085
4.2. Loans	034	67.422.917	133.574.547	200.997.464	51.620.642	231.884.989	283.505.631
4.3. Other loans and receivables	035				50.000.000		50.000.000
<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	8.388.857		8.388.857
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	232.704	349.061.066	349.293.769	287.895	326.697.870	326.985.765
1. Unearned premiums, reinsurance share	039	2.654	47.709.039	47.711.693	3.146	48.009.776	48.012.922
2. Mathematical insurance provision, reinsurance share	040	230.049		230.049	284.749		284.749
3. Claims provision, reinsurance share	041		301.352.027	301.352.027		278.688.093	278.688.093
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042						
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
<b>G. DEFERRED AND CURRENT TAX ASSETS (047+048)</b>	<b>046</b>	2.638.059	13.976.486	16.614.546	2.638.059	14.012.397	16.650.457
1. Deferred tax assets	047	2.638.059	13.976.486	16.614.546	2.638.059	13.976.486	16.614.546
2. Current tax assets	048					35.911	35.911
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	10.379.302	815.832.978	826.212.280	4.086.819	801.987.084	806.073.903
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	95.048	545.150.877	545.245.925	93.321	550.709.152	550.802.473
1.1. Receivables from policyholders	051		543.888.617	543.888.617		549.085.557	549.085.557
1.2. Receivables from insurance agents	052	95.048	1.262.260	1.357.308	93.321	1.623.595	1.716.916
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		6.592.015	6.592.015		12.349.999	12.349.999
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	10.284.254	264.090.086	274.374.340	3.993.498	238.927.933	242.921.431
3.1. Receivables for other insurance activities	055		177.979.517	177.979.517		133.393.382	133.393.382
3.2. Receivables for returns on investments	056	1.452.106	2.488.816	3.940.922	1.129.275	4.249.892	5.379.167
3.3. Other receivables	057	8.832.148	83.621.753	92.453.901	2.864.223	101.284.659	104.148.882
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	12.681.997	65.107.728	77.789.725	9.877.007	99.106.452	108.983.459
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	12.616.602	53.050.337	65.666.939	9.866.925	93.839.479	103.706.404
1.1. Money on business account	060		52.919.691	52.919.691		93.748.511	93.748.511
1.2. Money on mathematical provision account	061	12.615.532		12.615.532	9.866.271		9.866.271
1.3. Cash money	062	1.071	130.646	131.716	654	90.968	91.622
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
3. Other	064	65.395	12.057.391	12.122.786	10.082	5.266.973	5.277.055
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUO COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	27.316.541	33.527.329	60.843.870	32.454.170	33.809.231	66.263.401
1. Split interest and rental fees	066	27.258.055	18.131.672	45.389.727	32.410.583	21.935.288	54.345.871
2. Split sales costs	067						
3. Other paid expenses of the future period and undue income collection	068	58.486	15.395.657	15.454.143	43.586	11.873.944	11.917.530
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.113.557.713	6.041.412.280	8.154.969.994	2.179.172.749	5.793.811.354	7.972.984.103
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>		1.050.374.591	1.050.374.591	82.647.220	1.112.471.075	1.195.118.295

<b>LIABILITIES</b>							
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	127.352.723	1.624.247.799	1.751.600.522	150.427.534	1.311.289.852	1.461.717.386
<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	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						
<b>2. Capital reserves</b>	<b>076</b>						
<b>3. Revaluation reserves (078 to 080)</b>	<b>077</b>	-12.270.123	459.326.487	447.056.364	2.497.391	137.674.402	140.171.793
3.1. Revaluation of land and buildings	078		481.126.437	481.126.437		128.580.481	128.580.481
3.2. Revaluation of investments in financial assets	079	-12.270.123	-21.799.950	-34.070.073	2.497.391	9.093.921	11.591.312
3.3. Other revaluation reserves	080						
<b>4. Reserves (082 to 084)</b>	<b>081</b>	79.651.090	399.432.377	479.083.468	81.746.348	426.943.385	508.689.733
4.1. Legal provision	082	721.929	22.853.579	23.575.508	721.929	22.853.579	23.575.508
4.2. Statutory provision	083	3.429.161	109.867.971	113.297.132	5.524.419	137.378.978	142.903.398
4.3. Other reserves	084	75.500.000	266.710.827	342.210.827	75.500.000	266.710.827	342.210.827
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	7.302.005	256.846.424	264.148.429	13.587.779	346.289.659	359.877.437
5.1. Retained profit	086	7.302.005	256.846.424	264.148.429	13.587.779	346.289.659	359.877.437
5.2. Retained loss (-)	087						
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	8.381.032	110.044.030	118.425.061	8.307.296	1.783.926	10.091.223
6.1. Profit for the period	089	8.381.032	110.044.030	118.425.061	8.307.296	1.783.926	10.091.223
6.2. Loss for the period (-)	090						
<b>B. MINORITY INTEREST</b>	<b>091</b>						
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	1.955.783.288	3.764.960.176	5.720.743.463	1.985.322.093	3.645.296.555	5.630.618.648
1. Unearned premiums, gross amount	093	3.030.079	913.502.410	916.532.489	2.752.715	932.736.360	935.489.075
2. Mathematical insurance provision, gross amount	094	1.920.261.070		1.920.261.070	1.955.270.395		1.955.270.395
3. Claims provision, gross amount	095	32.492.139	2.811.905.165	2.844.397.304	27.298.983	2.665.161.560	2.692.460.542
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096						
5. Provision for claims fluctuation, gross amount	097		1.725.600	1.725.600		3.571.635	3.571.635
6. Other technical insurance provision, gross amount	098		37.827.000	37.827.000		43.827.000	43.827.000
<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	8.388.857		8.388.857
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	14.943.980	87.584.756	102.528.736	10.165.273	98.950.633	109.115.907
1. Provision for pensions	101	14.943.980	85.704.375	100.648.355	10.165.273	97.070.252	107.235.526
2. Other provision	102		1.880.381	1.880.381		1.880.381	1.880.381
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>		131.432.737	131.432.737	2.076.824	32.591.102	34.667.926
1. Deferred tax liability	104		120.451.740	120.451.740		32.145.120	32.145.120
2. Current tax liability	105		10.980.997	10.980.997	2.076.824	445.982	2.522.806
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>						
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>		50.085.478	50.085.478		350.056.575	350.056.575
1. Loan liabilities	108		50.085.478	50.085.478		350.056.575	350.056.575
2. Outstanding securities	109						
3. Other financial liabilities	110						
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	2.206.097	185.926.488	188.132.585	13.773.025	188.191.900	201.964.925
1. Liabilities derived from direct insurance activities	112	2.099.551	81.632.590	83.732.141	2.567.802	84.698.307	87.266.110
2. Liabilities derived from coinsurance and reinsurance activities	113	3.196	17.952.945	17.956.141	1.725	17.205.005	17.206.730
3. Liabilities for misappropriation and discontinued operations	114						
4. Other liabilities	115	103.350	86.340.953	86.444.303	11.203.497	86.288.588	97.492.085
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	1.846.411	197.174.847	199.021.258	9.019.143	167.434.737	176.453.880
1. Reinsurance commission split	117						
2. Other deferred costs payment and future income	118	1.846.411	197.174.847	199.021.258	9.019.143	167.434.737	176.453.880
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.113.557.713	6.041.412.280	8.154.969.994	2.179.172.749	5.793.811.354	7.972.984.103
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>		1.050.374.591	1.050.374.591	82.647.220	1.112.471.075	1.195.118.295
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>							
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	0	0	0	0	0	0
1. Attributable to majority owners	122			0			0
2. Attributable to minority interests	123			0			0

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

## REPORT ON CHANGES IN EQUITY FOR THE PERIOD 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 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		460.091.559	456.466.778	202.973.853	78.666.745	1.641.086.136		1.641.086.136
1. Change in accounting policy	002									
2. Correction of previous period errors	003						-583.377	-583.377		-583.377
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		460.091.559	456.466.778	202.390.476	78.666.745	1.640.502.758		1.640.502.758
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			-13.035.195		6.687.898	118.425.061	112.077.764		112.077.764
1. Profit/loss of the previous period	006						118.425.061	118.425.061		118.425.061
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-13.035.195		6.687.898		-6.347.298		-6.347.298
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-5.350.318		6.687.898		1.337.580		1.337.580
2.2. Unrealized profit/loss from financial assets available for sale	009			-7.310.533				-7.310.533		-7.310.533
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									
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				22.616.689	55.070.056	-78.666.745	-980.000		-980.000
1. Increase/decrease of share capital	013									
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-980.000	-980.000		-980.000
4. Other distribution to the owners	016				22.616.689	55.070.056	-77.686.745			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		447.056.364	479.083.468	264.148.429	118.425.061	1.751.600.522		1.751.600.522
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		447.056.364	479.083.468	264.148.429	118.425.061	1.751.600.522		1.751.600.522
1. Change in accounting policy	019									
2. Correction of previous period errors	020						1.174.720	1.174.720		1.174.720
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		447.056.364	479.083.468	265.323.149	118.425.061	1.752.775.242		1.752.775.242
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			-306.884.571		6.715.492	10.091.223	-290.077.856		-290.077.856
1. Profit/loss of the previous period	023						10.091.223	10.091.223		10.091.223
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-306.884.571		6.715.492		-300.169.079		-300.169.079
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-352.545.956		6.715.492		-345.830.464		-345.830.464
2.2. Unrealized profit/loss from financial assets available for sale	026			45.242.459				45.242.459		45.242.459
2.3. Realized profit/loss from financial assets available for sale	027			418.926				418.926		418.926
2.4. Other non-ownership changes in capital	028									
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>				29.606.265	87.838.796	-118.425.061	-980.000		-980.000
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031									
3. Payment of shares in profit/dividends	032						-980.000	-980.000		-980.000
4. Other distribution to the owners	033				29.606.265	87.838.796	-117.445.061			
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		140.171.793	508.689.733	359.877.437	10.091.223	1.461.717.386		1.461.717.386



## 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
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)</b>	<b>001</b>	-115.819.754	-237.638.106
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	-26.327.573	-393.789.422
1.1. Profit before tax	<b>003</b>	140.343.844	12.614.028
1.2. Adjustment: (AOP 005 to 012)	<b>004</b>	-166.671.416	-406.403.450
1.2.1. Depreciation and amortization of immovables and equipment	<b>005</b>	44.218.441	41.218.625
1.2.2. Depreciation and amortization of intangible property	<b>006</b>	3.594.757	4.872.686
1.2.3. Impairment and profits/losses from adjustment to fair value	<b>007</b>	80.562.854	106.775.070
1.2.4. Interest expenses	<b>008</b>	27.664	229.317
1.2.5. Interest income	<b>009</b>	-220.368.751	-207.790.493
1.2.6. Share in profit of associated companies	<b>010</b>	-61.986.202	-46.158.733
1.2.7. Profits/losses from sale of tangible property (including real estate)	<b>011</b>	-26.728.286	-8.098.370
1.2.8. Other adjustments	<b>012</b>	14.008.107	-297.451.553
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	-67.573.400	158.674.122
2.1. Increase /decrease in investments available for sale	<b>014</b>	66.136.481	-89.721.069
2.2. Increase /decrease in investment estimated at fair value	<b>015</b>	-419.770.481	149.925.302
2.3. Increase / decrease in deposits, loans and receivables	<b>016</b>	10.416.461	115.683.923
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	<b>017</b>	0	0
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	<b>018</b>	4.895.412	3.036.357
2.6. Increase /decrease of reinsurance stakes in technical provision	<b>019</b>	62.640.573	22.308.005
2.7. Increase/decrease of taxable property	<b>020</b>	-11.449.446	-35.911
2.8. Increase/decrease in receivables	<b>021</b>	53.581.411	156.493.948
2.9. Increase/decrease in other assets	<b>022</b>	0	0
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	<b>023</b>	-7.817.070	-5.419.532
2.11. Increase/decrease in technical provision	<b>024</b>	14.505.839	-90.124.816
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	<b>025</b>	-4.895.412	-3.036.357
2.13. Increase/decrease in tax liabilities	<b>026</b>	3.227.987	-96.764.811
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	<b>027</b>	0	0
2.15. Increase/decrease in financial liabilities	<b>028</b>	0	0
2.16. Increase/decrease in other liabilities	<b>029</b>	-3.464.012	18.896.461
2.17. Increase/decrease in deferred payment of expenses and income of the future period	<b>030</b>	164.418.858	-22.567.379
<b>3. Income tax paid</b>	<b>031</b>	-21.918.782	-2.522.806
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	112.778.706	-8.451.553
1. Receipts from sale of tangible assets	<b>033</b>	38.967.965	250.475.078
2. Expenditures for the purchase of tangible assets	<b>034</b>	-44.218.441	-41.218.625
3. Receipts from sale of intangible assets	<b>035</b>	0	0
4. Expenditures for the purchase of intangible assets	<b>036</b>	-7.964.530	-8.156.977
5. Receipts from sale of land and buildings not intended for business activities of the company	<b>037</b>	0	208.732.775
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	<b>038</b>	-22.136.795	0
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	<b>039</b>	80.014.148	64.355.514
8. Receipts from investments kept till maturity	<b>040</b>	0	0
9. Expenditures for investments kept till maturity	<b>041</b>	0	0
10. Receipts from sale of securities and stakes	<b>042</b>	-158.090.652	-471.566.072
11. Expenditures for investments in securities and stakes	<b>043</b>	0	0
12. Receipts from dividends and profit share	<b>044</b>	61.998.554	71.434.922
13. Receipts from long term and short term loans	<b>045</b>	359.521.875	231.287.852
14. Expenses for long term and short term loans	<b>046</b>	-195.313.420	-313.796.019
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	48.962.541	298.742.024
1. Receipts from capital stock increase	<b>048</b>	0	0
2. Receipts from short-term and long-term loans	<b>049</b>	50.031.466	470.234.193
3. Expenditures for short-term and long-term loans	<b>050</b>	-78.845	-170.492.413
4. Expenditures for purchase of treasury shares	<b>051</b>	0	0
5. Expenditures for payment of profit share (dividends)	<b>052</b>	-990.080	-999.756
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	45.921.492	52.652.366
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	-6.935.661	-21.458.632
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	38.985.831	31.193.734
Cash and cash equivalents at the beginning of the period	<b>056</b>	38.803.894	77.789.725
Cash and cash equivalents at the end of the period (AOP 057 + 058)	<b>057</b>	77.789.725	108.983.459

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

## II MANAGEMENT INTERIM REPORT

During the period I-XII 2013 the Croatian insurance industry recorded a slight growth of premium (an increase of 0.4%). The life insurance premium recorded an increase of 3.1% while the non-life insurance premium recorded again a decrease of 0.6%.

The market share of CROATIA osiguranje d.d. in total written premium of all insurance companies, during the period I-IX 2013, amounted to 28.9% (not counting Croatia zdravstveno osiguranje d.d., that recorded the share of 1.4%). The Company still recorded a leader position in non-life insurance with its share of 34.7% while the life insurance holds the second position with 14.0% of the market share.

In the year 2013 CROATIA osiguranje d.d. realized the total written premium amounting to HRK 2,625.1 mil. thus fulfilling the annual plan. The written premium of non-life insurance decreased by 3.2%, while life insurance recorded a decrease of 2.1% compared to the same period of the previous year.

During the period I-XII 2013 the earned premium amounted to HRK 2,210.7 mil. That is a decrease of 4.2% compared to the same period of the previous year. In total income its share amounts to 83.8%.

During the period I-XII 2013 the gross paid claims amounted to HRK 1,627.3 mil., that is an increase of 1.6%, i.e. HRK 25.9 mil. than during the same period of the previous year. The paid claims in non-life insurance recorded the decrease in gross paid claims of 4.6%, while paid claims in life insurance increased by 33.8% compared to the same period of the previous year. The increase in life insurance paid claims resulted as the regular expiry of life insurance policies.

The realized gross profit of the Company amounted to HRK 12.6 mil. The realized profit was influenced by real estate value adjustment made during previous year for the first time after five years.

The total income of CROATIA osiguranje d.d. amounted to HRK 2,637.6 mil. (100.2% of the annual plan) and decreased by 5.7% or nominally HRK 158.4 mil. compared to the same period of the previous year. The total expenditures amounted to HRK 2,625.0 mil. (105.4% of the annual plan) and decreased by 1.2% or nominally HRK 30.7 mil. compared to the same period of the previous year.

During the period I-XII 2013 the business expenditures amounted to HRK 980.7 mil. that is an increase of 8.4% compared to the previous year. The increase was the result of redundancy payment amounting to HRK 51.8 mil which increased business expenditures in the year 2013.

The employees expenses in total business expenditures participate with 38.4% or nominally HRK 376.2 mil. That is an increase of 5.3% compared to the same period of the previous year.

Other income of the Company consisting of commission and compensation income, other insurance-technical income, net of reinsurance and other income amounted to HRK 83.1 mil. That is an increase of 5.1% compared to the same period of the previous year. In total income their part amounted to 3.2%.

During this reporting period the total investment income amounted to HRK 343.8 mil. that is a decrease of 16.0% i.e., HRK 65.3 mil. This is the consequence of lower deposit and loan interest rates as well as market prices of state bonds and investment funds. The change in investment income compared to the same period of the previous year make net positive exchange rate differences amounting to HRK 21.5 mil that is an increase of 209.4% compared to the previous period.

During this reporting period investment expenses amounted to HRK 233.1 mil. That is an increase of 28.9% i.e., HRK 52.3 mil. compared to the same period of the previous year. In total expenditures they participate with 8.9%. The investment expenses increased mostly because of the other expenses investment increase amounting to HRK 115.2 mil due to value adjustment of real estate not used for operating business amounting to HRK 79.1 mil.

During the year 2013, in accordance with legal provisions, CROATIA osiguranje d.d. kept its already invested assets and invested new free assets in available financial instruments respecting principles of investment security, marketableness, profitability, liquidity as well as adequate diversity and investment dispersion.

The total investment value at the end of the year 2013 amounted to HRK 5,699.3 billion that is an increase of HRK 74.0 mil. i.e. the total assets increased by 1.3% compared to the end of the year 2012.

During the whole year 2013, the Company operated business with good profit margin which amounted to 3.56% on 31 December 2013.

Equity and provision of the Company amounted to HRK 1,461.7 mil. That is a decrease of 16.5% due to revaluation provision decrease caused by depreciation in value of land and buildings used for operating business. The guarantee capital of non-life insurance increased by 13.3.% amounting to HRK 1,157.1 mil while the guarantee capital of life insurance amounted to HRK 148.9 mil that ia an increase of 14.9% in the year 2013.

The high capital adequacy was realized – non-life insurance capital increased by 125.5% while the life insurance capital increased by 64.7% compared to the legal minimum (solvency margin).

During the year 2013 the process of business restructuring has started including all key stages of the Company. The small subsidiaries joined medium and large subsidiaries. The aim of new organization business structure is to strengthen and make the core business of the subsidiaries faster i.e. sales and insurance services thus facilitate and fasten business processes to the employees of the Company.

The admission of the Republic of Croatia to the European Union made the Croatian insurance market the part of the integral EU market of the financial services which is the biggest world market in the insurance industry. The Company was ready to that transition as well as to provide EU standard of services and business to its present and future insureds.

During the year 2013 the preparation, testing and introducing of new MTPL price list that will help CROATIA osiguranje d.d. to hold the leader position on the market.

CROATIA osiguranje d.d. recorded several social liability projects, besides others, as an Official Sponsor and insurer of the biggest cultural projects in the country, the exhibition „Masterpieces from the Picasso Museum Paris“ as well as Caravaggio masterpiece, Street Art Museum, Dubrovnik Summer Festival and other socially recognized projects with the aim to raise the quality of life. During 2013, the due attention is paid to humanitarian activities from which we point out donations to Krijesnica and Hrabro dijete association taking care of children suffering from malignant deseises as well as the projects for children's association Hrabrost, Caritas.

The most significant business event in the reporting period has ended with the Republic of Croatia's Government's 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.

CROATIA osiguranje d.d. enters the final part of the process ready and expecting the change in ownship welcomes the equity strengthening which will positively influence the business operations and the development of the full potentials of the Company.

**KEY BUSINESS INDICATORS:**

In HRK

DESCRIPTION	I-XII 2012.	I-XII 2013.	Index 3 : 2
1	2	3	4
<b>PROFIT AND LOSS ACCOUNT</b>			
Total income	2.796.057.422	2.637.624.561	94,3
Written gross premium	2.707.693.805	2.625.085.411	96,9
Total expenditure	2.655.713.578	2.625.010.532	98,8
Paid claims (gross)	1.601.347.002	1.627.273.804	101,6
Profit before taxation (gross profit)	140.343.844	12.614.028	9,0
Profit after taxation (net profit)	118.425.061	10.091.223	8,5
<b>BALANCE</b>			
Total assets	8.154.969.994	7.972.984.103	97,8
Equity and provision	1.751.600.522	1.461.717.386	83,5
Technical provision	5.720.743.463	5.630.618.648	98,4
Life insurance special provision-policyholder's investment risk	11.425.214	8.388.857	73,4
Investments	5.625.259.913	5.699.298.372	101,3
<b>INDICATORS OF PROFITABILITY</b>			
ROA (%) (net profit / assets)	1,45	0,13	8,7
ROE (%) (net profit / equity and provision)	6,76	0,69	10,2
Gross profit margin (%) (gross profit / total income )	5,02	0,48	9,5
<b>NON-LIFE INSURANCE INDICATORS</b>			
Loss ratio	53,5	50,3	94,1
Expense ratio	33,2	38,3	115,2
Combined ratio	86,7	88,6	102,2
<b>ECONOMY INDICATOR</b>			
Total cost of operations (tot.income /tot.expenditure %)	105,3	100,5	95,4
<b>OTHER INDICATORS</b>			
Number of employees	2.827	2.715	96,0
Total income per employee	989.055	971.501	98,2
Total assets per employee	2.884.673	2.936.642	101,8
Written premium per employee	957.798	966.882	100,9
Profit (before taxation) per employee	49.644	4.646	9,4

The unaudited unconsolidated financial statements for 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).

## Description of main risks and uncertainties

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

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

The Company also actively manages its liabilities by regularly keeping track of them in the manner prescribed by the professional rules and the Insurance Act. The most important risks and uncertainties are described in the audited unconsolidated Annual Report for the year 2013.

Zagreb, 14 February 2014

Member of the Management Board

President of the Management Board

  
Član Uprave  
Ivan Fabijančić

  
Predsjednik Uprave  
Krešimir Starčević

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

#### 1. General Data

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

CROATIA osiguranje d.d. (Company) with the seat in Zagreb, Miramarska 22, is entered into the Commercial Court Register in Zagreb under the subject registration number (MBS): 080051022. The principal activity of the Company is made up of all types of life and non-life insurance business as well as other closely connected business activities.

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

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

#### **Supervisory Board and Management 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:***

Mr. Mladen Blažević, Chairman,  
Mrs. Vesna Trnokop – Tanta, Deputy Chair-woman,  
Prof.D.Sc. Petar Miladin, member,  
Prof.D.Sc. Josip Tica, member,  
Mrs. Đurđa Hunjet, member and  
Mr. Miroslav Hrašćanec, member – employees' representative.

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

Mr. Krešimir Starčević, President and  
Mr. Ivan Fabijančić, Member

In the period from 1 January until 31 December 2013, the Management Board held 62 meetings among 79 during Management Board's mandate consisting of the President of the Management Board Mr. Krešimir Starčević and the Member of the Management Board Mr. Ivan Fabijančić, at which it discussed and made decisions



pursuant to the Acts, Rules of procedure for the Management Board and the Company's Articles of Association.

## Capital stock and shares

The capital stock of the Company amounts to HRK 442,887,200.00 and is divided in 316,348 shares with the nominal value of HRK 1,400.00. All shares are initial public offering shares and are marked as follows:

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

Each share, either the ordinary or the preferred one, entitles to 1 (one) vote at the General Assembly of the Company. All shares are paid in total, issued in a dematerialized form, freely transferable and recorded in the depository of the Central Depository & Clearing Company Inc. Croatia osiguranje d.d. has no ownership stake in its shares.

### *Ownership structure of CROATIA osiguranje d.d. 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	980.000,00	0,22
11. Hypo alpe-adria-bank d.d.- custody account	633	886.200,00	0,20
12. Bahovec Srećko	576	806.400,00	0,18
13. Škaro Miroslav	520	728.000,00	0,16
14. Adriacommerce	500	700.000,00	0,16
15. Radić Antun	467	653.800,00	0,15
16. Tankerska plovidba d.d.	400	560.000,00	0,13
17. Fran Mihaljević - klinika za infekt. bolesti	330	462.000,00	0,10
18. Cemex Hrvatska d.d.	249	348.600,00	0,08
19. Končar-elektroindustrija d.d.	230	322.000,00	0,07
20. Kotoraš Marino	230	322.000,00	0,07
21. Other shareholders	16.300	22.820.000,00	5,17
<b>TOTAL:</b>	<b>316.348</b>	<b>442.887.200,00</b>	<b>100,00</b>



## **2. Basis of preparation of financial statements**

Financial statements are prepared pursuant to the provisions of the Insurance Act (Official Gazette: 151/05, 87/08, 82/09, 54/13), the Accounting Act (Official Gazette 109/07, 54/13) and the International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Committee (Official Gazette: 140/06, 30/08, 130/08, 137/08, 29/09), and pursuant to the Ordinance on the structure and contents of supervisory statements of insurance companies (Official Gazette 132/10, 39/12.).

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

### **Reporting currency**

The financial statements are presented in Croatian kuna (HRK). On 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 and 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 the 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 unconsolidated financial statements for the year 2013 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2013.



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, 159/13) the Management Board of the Company issues the following

### STATEMENT

that to the best of its knowledge:

- the unaudited financial statements of the issuer for the year 2013, prepared by applying the relevant financing reporting standards offer a wholesome and true presentation of assets and liabilities, losses and gains, financial position and business operations of the issuer,
- the Management Report contains a true presentation of the development and business operation results and the financial position of the issuer, as well as a description of major risks and uncertainties to which the issuer is exposed.

Zagreb, 14 February 2014

Member of the Management Board

President of the Management Board

Član Uprave  
  
Ivan Fabijančić

Predsjednik Uprave  
  
Krešimir Starčević