



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

Zagreb, October 2013

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# I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Reporting period:  to

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

Tax number(MB)	<input type="text" value="03276147"/>
Company registration number (MBS):	<input type="text" value="080051022"/>
Personal identification number (OIB):	<input type="text" value="26187994862"/>
Issuing company:	<input type="text" value="CROATIA osiguranje d.d."/>
Postal code and place	<input type="text" value="10000"/> <input type="text" value="ZAGREB"/>
Street and house number:	<input type="text" value="MIRAMARSKA 22"/>
E-mail address:	<input type="text"/>
Internet address	<input type="text" value="www.crosig.hr"/>
Municipality/city code and name	<input type="text" value="133"/> <input type="text" value="ZAGREB"/>
County code and name	<input type="text" value="21"/> <input type="text" value="GRAD ZAGREB"/>
Consolidated report:	<input type="text" value="YES"/>
Number of employees: (quarter end)	<input type="text" value="3.942"/>
NKD code:	<input type="text" value="65.12"/>

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

Bookkeeping service:	<input type="text"/>
Contact person:	<input type="text" value="Nevena Babić"/>
Telephone:	<input type="text" value="01/6333 112"/>
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E-mail address:	<input type="text" value="izdavatelj@crosig.hr"/>
Family name and name:	<input type="text" value="STARČEVIĆ KREŠIMIR, FABIJANČIĆ IVAN"/>
	<small>(person authorized to represent the company)</small>

### 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 01.01.2013-30.09.2013**

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>	280.621.252	1.803.504.856	2.084.126.108	288.755.397	1.715.159.908	2.003.915.305
1. Gross written premiums	125	280.567.359	2.250.841.663	2.531.409.021	288.186.790	2.213.036.826	2.501.223.616
2. Coinsurance premium	126		902.391	902.391		601.153	601.153
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-51.158.486	-51.158.486		-61.361.558	-61.361.558
4. Premiums ceded to reinsurance	128	-148.563	-263.212.127	-263.360.690	-201.283	-255.880.375	-256.081.659
5. Premiums ceded to coinsurance	129		-6.354.529	-6.354.529		-199.726	-199.726
6. Change in gross unearned premium provision	130	179.413	-152.865.021	-152.685.608	747.003	-217.158.499	-216.411.497
7. Change in unearned premium provision, reinsurer's share	131	23.043	25.350.965	25.374.008	22.887	22.330.409	22.353.296
8. Change in unearned premium provision, coinsurer's share	132					13.791.678	13.791.678
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	105.151.919	157.872.778	263.024.696	99.057.270	136.075.644	235.132.914
1. Income from branch-offices, associated companies and joint ventures	134		1.014.569	1.014.569	73.750	1.012.582	1.086.332
2. Income from investments into land and buildings (136 to 138)	135	6.923	16.847.588	16.854.510	3.478	6.429.169	6.432.646
2.1. Income from rental fees	136	6.923	16.847.588	16.854.510	3.478	6.423.380	6.426.857
2.2. Income from increased value of land and buildings	137						
2.3. Income from real estate sale	138					5.789	5.789
3. Interest income	139	83.276.238	113.792.322	197.068.560	84.630.863	99.486.000	184.116.863
4. Unrealized profits from investment at fair value	140	16.709.521	16.953.517	33.663.038	1.441.815	3.320.484	4.762.299
5. Gain on sale (realization) of financial investments (142 to 145)	141	5.028.978	4.951.157	9.980.135	1.465.778	4.762.515	6.228.293
5.1. Investment at fair value through profit and loss account	142	4.024.861	3.326.701	7.351.562	1.126.015	4.258.277	5.384.292
5.2. Investment available for sale	143	680.391	1.624.455	2.304.847	339.762	504.238	844.001
5.3. Other gains on sale of financial investments	144	323.726		323.726			
6. Net positive exchange rate differences	145				10.970.383	4.641.704	15.612.087
7. Other investment income	146	130.258	4.313.625	4.443.883	471.203	16.423.190	16.894.393
<b>III. Income from commissions and fees</b>	<b>147</b>	20.181	33.922.279	33.942.460	13.905	34.321.756	34.335.661
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	63.484	11.951.075	12.014.559	36.124	23.390.297	23.426.421
<b>V. Other income</b>	<b>149</b>	484.627	165.975.457	166.460.084	2.266.600	162.698.468	164.965.068
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-195.409.117	-1.047.806.058	-1.243.215.175	-252.159.248	-940.569.395	-1.192.728.643
1. Paid claims (AOP 152 to 154)	151	-200.989.561	-1.001.019.593	-1.202.009.154	-262.104.832	-953.779.105	-1.215.883.937
1.1. Gross amount	152	-201.120.337	-1.104.473.695	-1.305.594.032	-262.255.144	-1.084.104.675	-1.346.359.818
1.2. Coinsurer's share	153		1.332.614	1.332.614		794.785	794.785
1.3. Reinsurer's share	154	130.776	102.121.489	102.252.264	150.312	129.530.784	129.681.096
2. Change in claims provision (AOP 156 to 158)	155	5.580.444	-46.786.465	-41.206.021	9.945.584	13.209.710	23.155.294
2.1. Gross amount	156	5.580.444	19.691.261	25.271.705	9.945.584	35.212.563	45.158.148
2.2. Coinsurer's share	157		-65.127	-65.127		220.740	220.740
2.3. Reinsurer's share	158		-66.412.599	-66.412.599		-22.223.593	-22.223.593
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-59.111.999	-6.700.000	-65.811.999	-44.610.108	3.000.000	-41.610.108
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-59.111.999		-59.111.999	-44.610.108		-44.610.108
1.1. Gross amount	161	-59.078.778		-59.078.778	-44.610.108		-44.610.108
1.2. Reinsurer's share	162	-33.220		-33.220			
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		-6.700.000	-6.700.000		3.000.000	3.000.000
2.1. Gross amount	164		-6.700.000	-6.700.000		3.000.000	3.000.000
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
<b>VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)</b>	<b>167</b>		3.255.895	3.255.895	2.879.461		2.879.461
1. Gross amount	168		3.255.895	3.255.895	2.879.461		2.879.461
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>		1.686.588	1.686.588		-1.082.938	-1.082.938
1. Depending on results (bonuses)	172		2.077.402	2.077.402		1.562.997	1.562.997
2. Irrespective of results (discounts)	173		-390.814	-390.814		-2.645.935	-2.645.935

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-88.820.174	-729.666.525	-818.486.699	-75.937.498	-788.699.502	-864.636.999
1. Sales expenses (AOP 176 to 178)	<b>175</b>	-21.882.734	-217.441.380	-239.324.114	-22.536.705	-234.664.498	-257.201.203
1.1. Commission	<b>176</b>	-16.329.122	-139.258.103	-155.587.225	-16.763.177	-144.942.368	-161.705.545
1.2. Other sales expenses	<b>177</b>	-5.553.612	-79.244.739	-84.798.351	-5.773.529	-94.721.360	-100.494.889
1.3. Change in split sales expenses	<b>178</b>		1.061.462	1.061.462		4.999.230	4.999.230
2. Management expenses (AOP 180 to 182)	<b>179</b>	-66.937.439	-512.225.145	-579.162.585	-53.400.792	-554.035.003	-607.435.796
2.1. Depreciation of tangible assets	<b>180</b>	-1.578.020	-41.588.813	-43.166.833	-1.540.103	-42.803.656	-44.343.759
2.2. Salaries, taxes and salary contributions (from and on salary)	<b>181</b>	-33.645.110	-281.875.300	-315.520.410	-36.660.815	-297.325.954	-333.986.768
2.3. Other management expenses	<b>182</b>	-31.714.308	-188.761.033	-220.475.341	-15.199.875	-213.905.393	-229.105.269
<b>XI. Investment expenses(AOP 184 to 189)</b>	<b>183</b>	-31.795.336	-102.326.630	-134.121.965	-6.978.573	-82.330.430	-89.309.003
1. Depreciation (buildings not intended for business activities of the company)	<b>184</b>						
2. Interest	<b>185</b>	-26.067		-26.067	-30.133	-175.849	-205.982
3. Investment impairments	<b>186</b>	-17.834.825	-32.399.345	-50.234.170		-36.853.482	-36.853.482
4. Losses from sale (realizations) of investment	<b>187</b>	-3.045.072	-432.938	-3.478.010	-2.136.674	-450.776	-2.587.450
5. Adjustment of financial assets at fair value through P&L	<b>188</b>	-837.818	-1.164.482	-2.002.300	-4.407.479	-8.882.354	-13.289.833
6. Net foreign exchange losses	<b>189</b>	-9.575.581	-3.618.344	-13.193.925			
7. Other investment costs	<b>190</b>	-475.972	-64.711.521	-65.187.493	-404.287	-35.967.970	-36.372.256
<b>XII. Other technical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-183.168	-66.254.398	-66.437.566	-184.965	-61.407.127	-61.592.093
1. Prevention activities expenses	<b>192</b>		-4.472.548	-4.472.548		-4.966.332	-4.966.332
2. Other technical expenses	<b>193</b>	-183.168	-61.781.850	-61.965.018	-184.965	-56.440.795	-56.625.760
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>		-89.869.700	-89.869.700	-193	-111.984.280	-111.984.473
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	14.277.565	132.289.722	146.567.287	13.138.172	88.572.400	101.710.572
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-2.182.630	-31.374.307	-33.556.937		-33.627.732	-33.627.732
1. Current tax expenses	<b>197</b>	-2.182.630	-31.374.307	-33.556.937		-33.627.732	-33.627.732
2. Deferred tax expenses	<b>198</b>						
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	12.094.935	100.915.415	113.010.350	13.138.172	54.944.669	68.082.840
1. Attributable to majority owners	<b>200</b>	11.354.940	98.156.251	109.511.191	10.598.523	55.793.331	66.391.854
2. Attributable to minority interests	<b>201</b>	739.995	2.759.164	3.499.159	542.185	1.148.801	1.690.986
<b>XVII. TOTAL INCOME</b>	<b>202</b>	386.341.462	2.173.226.445	2.559.567.907	390.129.296	2.071.646.072	2.461.775.368
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-374.246.527	-2.072.311.030	-2.446.557.558	-376.991.124	-2.016.701.404	-2.393.692.528
<b>XIX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	5.398.975	-13.738.659	-8.339.685	12.519.961	-1.887.691	10.632.270
1. Profit / loss from translation of financial statements	<b>205</b>		-3.871.973	-3.871.973		2.951.425	2.951.425
2. Profit / loss from revaluation of financial assets available for sale	<b>206</b>	5.398.975	-6.683.316	-1.284.341	12.519.961	-2.829.070	9.690.891
3. Profit / loss from revaluation of operational land and buildings	<b>207</b>		-3.183.370	-3.183.370		-2.010.045	-2.010.045
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	<b>208</b>						
5. Effects of cash flow hedging instruments	<b>209</b>						
6. Actuarial profit / loss on pension plans with defined pensions	<b>210</b>						
7. Share of other comprehensive profit of associates	<b>211</b>						
8. Profit tax on other comprehensive profit	<b>212</b>						
<b>XX. Total comprehensive profit (199+204)</b>	<b>213</b>	17.493.840	87.176.758	104.670.599	23.660.669	55.054.442	78.715.111
1. Attributable to majority owners	<b>214</b>	16.753.879	88.037.664	104.791.543	23.118.484	53.340.674	76.459.158
2. Attributable to minority interests	<b>215</b>	739.962	-860.906	-120.944	542.185	1.713.767	2.255.952
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

## CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE SHEET) as at 30.09.2013

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>ASSETS</b>							
<b>A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)</b>	<b>001</b>						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
<b>B. INTANGIBLE ASSETS (005+006)</b>	<b>004</b>	87.670	61.956.051	62.043.721	59.465	75.124.925	75.184.390
1. Goodwill	005		37.775.869	37.775.869		47.667.560	47.667.560
2. Other intangible assets	006	87.670	24.180.182	24.267.852	59.465	27.457.365	27.516.830
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>	4.515.262	1.637.560.228	1.642.075.490	4.538.787	1.575.567.163	1.580.105.950
1. Land and buildings used for insurance activities	008	3.637.270	1.524.026.255	1.527.663.524	3.631.766	1.502.534.381	1.506.166.147
2. Equipment	009	791.706	68.242.236	69.033.942	819.981	48.966.944	49.786.924
3. Other tangible assets and reserves	010	86.286	45.291.738	45.378.024	87.040	24.065.838	24.152.878
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	2.238.295.255	3.945.083.973	6.183.379.227	2.323.750.636	3.935.748.263	6.259.498.899
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>	438.081	798.517.620	798.955.707	441.911	877.682.410	878.124.321
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		13.555.756	13.555.756		16.941.781	16.941.781
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		13.416.562	13.416.562		15.416.562	15.416.562
3. Participating in joint investments	016		139.193	139.193		1.525.218	1.525.218
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	2.237.857.174	3.133.010.597	5.370.867.770	2.323.308.725	3.041.124.072	5.364.432.797
1. Investments kept till maturity date (019 + 020)	018	1.371.473.095	1.017.196.317	2.388.669.412	1.608.041.033	1.192.064.281	2.800.105.314
1.1. Debt securities and other securities with fixed income	019	1.371.473.095	985.897.009	2.357.370.104	1.608.041.033	1.160.528.386	2.768.569.419
1.2. Other investments kept till maturity date	020		31.299.308	31.299.308		31.535.895	31.535.895
2. Investments available for sale (022 to 025)	021	36.965.121	158.174.138	195.139.259	34.485.141	244.042.987	278.528.129
2.1. Stocks, shares and other securities with variable income	022	34.865.893	116.658.303	151.524.196	32.264.597	215.430.988	247.695.585
2.2. Debt securities and other securities with fixed income	023		3.522.450	3.522.450		7.115.072	7.115.072
2.3. Stakes in investment funds	024	2.099.228	37.993.386	40.092.613	2.220.544	21.496.928	23.717.472
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	302.074.884	676.308.328	978.383.212	179.176.131	403.407.074	582.583.205
3.1. Stocks, shares and other securities with variable income	027		26.835.009	26.835.009		22.286.607	22.286.607
3.2. Debt securities and other securities with fixed income	028	122.744.891	161.489.247	284.234.138	91.881.717	117.131.244	209.012.961
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	179.329.993	487.984.072	667.314.065	87.294.414	263.989.223	351.283.637
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	527.344.074	1.281.331.814	1.808.675.888	501.606.420	1.201.609.730	1.703.216.150
4.1. Bank deposits	033	443.666.957	1.097.705.651	1.541.372.608	432.545.671	905.861.057	1.338.406.728
4.2. Loans	034	79.455.133	175.512.225	254.967.359	64.435.235	289.685.662	354.120.897
4.3. Other loans and receivables	035	4.221.984	8.113.937	12.335.921	4.625.515	6.063.010	10.688.526
<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	9.120.261		9.120.261
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	232.704	162.918.945	163.151.649	240.175	175.578.341	175.818.517
1. Unearned premiums, reinsurance share	039	2.654	25.340.658	25.343.312	54.818	60.869.435	60.924.254
2. Mathematical insurance provision, reinsurance share	040	230.049		230.049	185.357		185.357
3. Claims provision, reinsurance share	041		137.251.765	137.251.765		114.446.491	114.446.491
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		326.523	326.523		262.415	262.415
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
<b>G. DEFERRED AND CURRENT TAX ASSETS (047+048)</b>	<b>046</b>	2.638.059	25.239.114	27.877.173	2.638.059	22.862.805	25.500.865
1. Deferred tax assets	047	2.638.059	22.816.680	25.454.739	2.638.059	22.816.394	25.454.454
2. Current tax assets	048		2.422.434	2.422.434		46.411	46.411
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	11.925.311	1.096.669.872	1.108.595.183	14.851.055	1.206.170.386	1.221.021.441
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	258.453	630.619.802	630.878.255	15.040	847.771.754	847.786.794
1.1. Receivables from policyholders	051	163.405	625.320.729	625.484.134	-17.735	841.953.540	841.935.805
1.2. Receivables from insurance agents	052	95.048	5.299.072	5.394.120	32.775	5.818.215	5.850.989
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		58.005.866	58.005.866	152.873	60.516.653	60.669.526
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	11.666.858	408.044.205	419.711.062	14.683.142	297.881.979	312.565.121
3.1. Receivables for other insurance activities	055		182.126.368	182.126.368		144.234.610	144.234.610
3.2. Receivables for returns on investments	056	2.443.023	10.154.492	12.597.515	3.651.894	10.116.109	13.768.003
3.3. Other receivables	057	9.223.835	215.763.345	224.987.179	11.031.248	143.531.260	154.562.508
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	16.931.532	102.800.202	119.731.734	13.280.898	132.861.272	146.142.170
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	16.866.138	90.690.426	107.556.563	13.264.764	123.330.718	136.595.483
1.1. Money on business account	060	3.257.157	90.374.615	93.631.772	4.659.763	122.940.536	127.600.299
1.2. Money on mathematical provision account	061	13.605.575	9.998	13.615.573	8.602.550		8.602.550
1.3. Cash money	062	3.406	305.813	309.218	2.451	390.182	392.633
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
3. Other	064	65.395	12.109.776	12.175.171	16.134	9.530.553	9.546.688
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	27.499.641	64.877.005	92.376.646	18.710.822	56.881.307	75.592.129
1. Split interest and rental fees	066	27.258.055	18.984.354	46.242.409	18.528.785	14.966.405	33.495.190
2. Split sales costs	067		21.079.984	21.079.984		25.522.309	25.522.309
3. Other paid expenses of the future period and undue income collection	068	241.586	24.812.667	25.054.253	182.037	16.392.593	16.574.630
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.313.550.647	7.097.105.391	9.410.656.038	2.387.190.159	7.180.794.463	9.567.984.622
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>	3.437.460	1.116.205.488	1.119.642.948	3.481.912	1.162.284.126	1.165.766.039

<b>LIABILITIES</b>								
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	134.947.548	1.921.974.127	2.056.921.676	157.631.829	1.982.131.582	2.139.763.411	
<b>1. Subscribed capital (073 to 075)</b>	<b>072</b>	44.288.720	398.598.480	442.887.200	44.288.720	398.598.480	442.887.200	
1.1. Subscribed capital - common shares	<b>073</b>	44.288.720	386.348.480	430.637.200	44.288.720	386.348.480	430.637.200	
1.2. Subscribed capital - preferred shares	<b>074</b>		12.250.000	12.250.000		12.250.000	12.250.000	
1.3. Capital invited to be paid	<b>075</b>							
<b>2. Capital reserves</b>	<b>076</b>							
<b>3. Revaluation reserves (078 to 080)</b>	<b>077</b>	-12.335.250	500.680.252	488.345.003	184.142	490.664.910	490.849.052	
3.1. Revaluation of land and buildings	<b>078</b>	-65.126	519.371.788	519.306.662	-65.695	513.506.956	513.441.261	
3.2. Revaluation of investments in financial assets	<b>079</b>	-12.270.123	-25.698.091	-37.968.214	249.837	-26.017.362	-25.767.525	
3.3. Other revaluation reserves	<b>080</b>		7.006.554	7.006.554		3.175.316	3.175.316	
<b>4. Reserves (082 to 084)</b>	<b>081</b>	79.651.090	399.432.378	479.083.468	81.746.348	426.943.385	508.689.733	
4.1. Legal provision	<b>082</b>	721.929	22.853.579	23.575.508	721.929	22.853.579	23.575.508	
4.2. Statutory provision	<b>083</b>	3.429.161	109.867.971	113.297.132	5.524.419	137.378.978	142.903.398	
4.3. Other reserves	<b>084</b>	75.500.000	266.710.828	342.210.828	75.500.000	266.710.827	342.210.827	
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	11.873.546	511.313.435	523.186.981	20.814.095	610.131.476	630.945.571	
5.1. Retained profit	<b>086</b>	11.873.546	511.313.435	523.186.981	20.814.095	610.131.476	630.945.571	
5.2. Retained loss (-)	<b>087</b>							
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	11.469.442	111.949.582	123.419.024	10.598.523	55.793.331	66.391.854	
6.1. Profit for the period	<b>089</b>	11.469.442	111.949.582	123.419.024	10.598.523	55.793.331	66.391.854	
6.2. Loss for the period (-)	<b>090</b>							
<b>B. MINORITY INTEREST</b>	<b>091</b>	8.190.518	69.572.463	77.762.981	8.167.190	46.084.429	54.251.619	
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	2.105.904.330	4.233.883.329	6.339.787.658	2.142.765.156	4.413.594.115	6.556.359.271	
1. Unearned premiums, gross amount	<b>093</b>	3.678.793	1.090.638.280	1.094.317.073	2.969.638	1.307.796.779	1.310.766.417	
2. Mathematical insurance provision, gross amount	<b>094</b>	2.068.933.899		2.068.933.899	2.116.438.484		2.116.438.484	
3. Claims provision, gross amount	<b>095</b>	33.291.638	3.055.379.936	3.088.671.574	23.357.034	3.020.167.372	3.043.524.406	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	<b>096</b>		4.312.513	4.312.513		5.077.364	5.077.364	
5. Provision for claims fluctuation, gross amount	<b>097</b>		1.725.600	1.725.600		1.725.600	1.725.600	
6. Other technical insurance provision, gross amount	<b>098</b>		81.827.000	81.827.000		78.827.000	78.827.000	
<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	9.120.261		9.120.261	
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	15.057.011	95.539.884	110.596.896	9.695.281	119.632.124	129.327.404	
1. Provision for pensions	<b>101</b>	15.057.011	90.099.512	105.156.523	9.695.281	114.927.311	124.622.592	
2. Other provision	<b>102</b>		5.440.373	5.440.373		4.704.813	4.704.813	
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>	32.672	134.297.391	134.330.063	2.005.486	140.220.858	142.226.344	
1. Deferred tax liability	<b>104</b>		120.965.179	120.965.179		119.959.411	119.959.411	
2. Current tax liability	<b>105</b>	32.672	13.332.212	13.364.884	2.005.486	20.261.447	22.266.933	
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>							
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>	275.992	142.885.905	143.161.896	288.315	40.982.560	41.270.875	
1. Loan liabilities	<b>108</b>		140.501.821	140.501.821		35.370.388	35.370.388	
2. Outstanding securities	<b>109</b>							
3. Other financial liabilities	<b>110</b>	275.992	2.384.084	2.660.075	288.315	5.612.172	5.900.487	
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	34.743.027	282.475.588	317.218.615	44.174.454	290.143.965	334.318.419	
1. Liabilities derived from direct insurance activities	<b>112</b>	3.982.651	95.403.551	99.386.202	3.563.759	110.673.506	114.237.265	
2. Liabilities derived from coinsurance and reinsurance activities	<b>113</b>	3.196	58.120.239	58.123.435	4.491	78.913.466	78.917.957	
3. Liabilities for misappropriation and discontinued operations	<b>114</b>							
4. Other liabilities	<b>115</b>	30.757.181	128.951.798	159.708.978	40.606.204	100.556.993	141.163.197	
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	2.974.335	216.476.704	219.451.039	13.342.187	148.004.831	161.347.018	
1. Reinsurance commission split	<b>117</b>		1.770.883	1.770.883				
2. Other deferred costs payment and future income	<b>118</b>	2.974.335	214.705.821	217.680.155	13.342.187	148.004.831	161.347.018	
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116 )</b>	<b>119</b>	2.313.550.647	7.097.105.391	9.410.656.038	2.387.190.159	7.180.794.463	9.567.984.622	
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>	3.437.460	1.116.205.488	1.119.642.948				
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>								
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	143.138.066	1.991.546.590	2.134.684.657	165.799.019	2.028.216.011	2.194.015.030	
1. Attributable to majority owners	<b>122</b>	134.947.548	1.921.974.127	2.056.921.676	157.631.829	1.982.131.582	2.139.763.411	
2. Attributable to minority interests	<b>123</b>	8.190.518	69.572.463	77.762.981	8.167.190	46.084.429	54.251.619	



## CONSOLIDATED REPORT ON CHANGES IN EQUITY for the period 01.01.2013- 30.09.2013

Position	AOP	Attributable to the owners of the parent company							Attributable to non-controlling interests	Total capital and reserves (9+10)
		Subscribed capital	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or transferred loss	Current year profit/loss	Total capital nad reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
<b>I. Balance at 1 January - previous year</b>	<b>001</b>	442.887.200		496.993.709	456.466.779	455.659.139	107.047.105	1.959.053.932	75.445.694	2.034.499.626
1. Change in accounting policy	<b>002</b>					-926.649		-926.649	-853.656	-1.780.305
2. Correction of previous period errors	<b>003</b>			13.374.685		-13.958.063		-583.378		-583.378
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		510.368.394	456.466.779	440.774.427	107.047.105	1.957.543.905	74.592.038	2.032.135.943
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			-22.023.392		-1.037.863	123.419.023	100.357.768	4.952.059	105.309.827
1. Profit/loss of the previous period	<b>006</b>						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)	<b>007</b>			-22.023.392		-1.037.863		-23.061.255	1.153.307	-21.907.948
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>008</b>			-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	<b>009</b>			-7.121.089				-7.121.089	-14.767	-7.135.856
2.3. Realized profit/loss from financial assets available for sale	<b>010</b>			-374.345				-374.345		-374.345
2.4. Other non-ownership changes in capital	<b>011</b>			81.435		-7.781.295		-7.699.860	263.916	-7.435.944
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				22.616.689	83.450.416	-107.047.105	-980.000	-1.781.115	-2.761.115
1. Increase/decrease of share capital	<b>013</b>								-438.659	-438.659
2. Other payments by the owners	<b>014</b>									
3. Payment of shares in profit/dividends	<b>015</b>						-980.000	-980.000	-1.342.456	-2.322.456
4. Other distribution to the owners	<b>016</b>				22.616.689	83.450.416	-106.067.105			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		488.345.002	479.083.468	523.186.980	123.419.023	2.056.921.673	77.762.982	2.134.684.655
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		488.345.002	479.083.468	523.186.981	123.419.023	2.056.921.674	77.762.982	2.134.684.655
1. Change in accounting policy	<b>019</b>									
2. Correction of previous period errors	<b>020</b>					-380.934		-380.934	55.164	-325.770
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		488.345.002	479.083.468	522.806.047	123.419.023	2.056.540.740	77.818.146	2.134.358.885
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			5.306.366		4.760.938	66.391.854	76.459.158	2.255.952	78.715.110
1. Profit/loss of the previous period	<b>023</b>						66.391.854	66.391.854	1.690.986	68.082.840
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	<b>024</b>			5.306.366		4.760.938		10.067.304	564.966	10.632.270
2.1. Unrealized profit/loss from tangible assets (land and buildings)	<b>025</b>			-7.038.882		5.028.837		-2.010.045		-2.010.045
2.2. Unrealized profit/loss from financial assets available for sale	<b>026</b>			9.274.495				9.274.495	-2.531	9.271.964
2.3. Realized profit/loss from financial assets available for sale	<b>027</b>			418.926				418.926		418.926
2.4. Other non-ownership changes in capital	<b>028</b>			2.651.827		-267.899		2.383.928	567.497	2.951.425
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>			-2.802.316	29.606.265	103.378.589	-123.419.023	6.763.515	-25.822.480	-19.058.965
1. Increase/decrease of share capital	<b>030</b>									
2. Other payments by the owners	<b>031</b>			1.234.132		10.308.361	-337.404	11.205.089	-14.230.574	-3.025.485
3. Payment of shares in profit/dividends	<b>032</b>						-1.550.423	-1.550.423	-1.187.743	-2.738.166
4. Other distribution to the owners	<b>033</b>			-4.036.448	29.606.265	93.070.228	-121.531.196	-2.891.151	-10.404.163	-13.295.314
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		490.849.052	508.689.733	630.945.574	66.391.854	2.139.763.413	54.251.618	2.194.015.030



## CONSOLIDATED REPORT ON CASH FLOWS-INDIRECT METHOD FOR THE PERIOD

**01.01.2013- 30.09.2013**

Position	AOP	Previous period	Current period
1	2	3	4
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)</b>	<b>001</b>	29.479.400	620.210.714
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	81.996.200	71.151.873
1.1. Profit before tax	<b>003</b>	146.567.286	101.710.572
1.2. Adjustment: (AOP 005 to 012)	<b>004</b>	-64.571.086	-30.558.699
1.2.1. Depreciation and amortization of immovables and equipment	<b>005</b>	55.284.718	47.202.041
1.2.2. Depreciation and amortization of intangible property	<b>006</b>	6.075.882	5.915.029
1.2.3. Impairment and profits/losses from adjustment to fair value	<b>007</b>	31.270.624	43.296.720
1.2.4. Interest expenses	<b>008</b>	25.709	203.388
1.2.5. Interest income	<b>009</b>	-166.413.553	-156.242.348
1.2.6. Share in profit of associated companies	<b>010</b>	-469.329	-936.211
1.2.7. Profits/losses from sale of tangible property (including real estate)	<b>011</b>	-5.905.326	3.316.903
1.2.8. Other adjustments	<b>012</b>	15.560.189	26.685.779
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	-19.301.920	581.373.394
2.1. Increase /decrease in investments available for sale	<b>014</b>	86.635.937	-83.388.870
2.2. Increase /decrease in investment estimated at fair value	<b>015</b>	-250.005.311	367.158.493
2.3. Increase / decrease in deposits, loans and receivables	<b>016</b>	-64.441.468	193.006.737
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	<b>017</b>	0	
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	<b>018</b>	2.762.335	2.304.953
2.6. Increase /decrease of reinsurance stakes in technical provision	<b>019</b>	42.070.524	-12.666.867
2.7. Increase/decrease of taxable property	<b>020</b>	66.222	2.376.309
2.8. Increase/decrease in receivables	<b>021</b>	-35.984.630	-31.943.940
2.9. Increase/decrease in other assets	<b>022</b>		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	<b>023</b>	13.610.202	16.784.517
2.11. Increase/decrease in technical provision	<b>024</b>	175.655.668	216.571.613
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	<b>025</b>	-2.762.335	-2.304.953
2.13. Increase/decrease in tax liabilities	<b>026</b>	9.440.168	7.896.281
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	<b>027</b>	0	
2.15. Increase/decrease in financial liabilities	<b>028</b>	-20.334.265	-51.805.544
2.16. Increase/decrease in other liabilities	<b>029</b>	45.848.715	15.488.686
2.17. Increase/decrease in deferred payment of expenses and income of the future period	<b>030</b>	-21.863.682	-58.104.021
<b>3. Income tax paid</b>	<b>031</b>	-33.214.879	-32.314.553
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	-53.005.258	-527.777.480
1. Receipts from sale of tangible assets	<b>033</b>	3.148.622	32.739.825
2. Expenditures for the purchase of tangible assets	<b>034</b>	-15.838.057	-32.757.780
3. Receipts from sale of intangible assets	<b>035</b>		
4. Expenditures for the purchase of intangible assets	<b>036</b>	-4.252.828	-9.240.921
5. Receipts from sale of land and buildings not intended for business activities of the company	<b>037</b>	554.588	
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	<b>038</b>	-29.679.481	-70.762.809
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	<b>039</b>	20.005.624	29.703.876
8. Receipts from investments kept till maturity	<b>040</b>	107.476.033	98.652.643
9. Expenditures for investments kept till maturity	<b>041</b>	-174.838.078	-515.256.330
10. Receipts from sale of securities and stakes	<b>042</b>		
11. Expenditures for investments in securities and stakes	<b>043</b>	-190.453	
12. Receipts from dividends and profit share	<b>044</b>	805.527	25.842.988
13. Receipts from long term and short term loans	<b>045</b>	182.758.133	204.619.866
14. Expenses for long term and short term loans	<b>046</b>	-142.954.888	-291.318.838
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	-465.366	-50.590.089
1. Receipts from capital stock increase	<b>048</b>		
2. Receipts from short-term and long-term loans	<b>049</b>	1.038.614	120.177.618
3. Expenditures for short-term and long-term loans	<b>050</b>	-1.032.299	-170.435.838
4. Expenditures for purchase of treasury shares	<b>051</b>		
5. Expenditures for payment of profit share (dividends)	<b>052</b>	-471.681	-331.869
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	-23.991.224	41.843.145
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	10.272.644	-15.432.708
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	-13.718.580	26.410.437
Cash and cash equivalents at the beginning of the period	<b>056</b>	94.656.787	119.731.734
Cash and cash equivalents at the end of the period (AOP 057 + 058)	<b>057</b>	80.938.208	146.142.170

## II MANAGEMENT INTERIM REPORT

During the third quarter of the year, now already fifth in row of financial crisis years, the Croatian insurers ended with a slight premium plus. This could be a sign of the insurance market recovery but the significant premium growth is not expected until the end of this year.

During the period I-IX 2013 the Croatia osiguranje Group realized income amounting to HRK 2,461.8 mil. that is a decrease of 3.8% compared to realized income during the same period of the previous year. The total expenditures of the Group amounted to HRK 2,360.1 mil. that recorded decrease of 2.2%. Net profit after taxation and minority shareholders in net profit amounted to HRK 66.4 mil.

During the period I-IX 2013 the gross written premium for the Group amounted to HRK 2,501.2 mil. that recorded the decrease of 1.2%. The non-life gross written premium amounted to HRK 2,213.0 mil. that is a decrease of 1.7%, while gross written premium of life insurance amounted to HRK 288.2 mil. that is an increase of 2.7%.

During the period I-IX 2013 the earned premium amounted to HRK 2,003.9 mil. that makes 81.4% of total income and recorded a decrease of 3.8% compared to the same period of the previous year.

In life and non-life investment business the Group recorded investment income amounting to HRK 235.1 mil. that makes 9.5% of the total income.

During the period I-IX 2013, other income, consisting of the commission and compensation income, other insurance-technical income and other income amounted to HRK 222.7 mil that makes 9.0% of the total income and is an increase of 4.8% compared to the same period of the previous period year.

During the period I-IX 2013 the gross paid claims amounted to HRK 1.346.4 mil that is an increase of 3.1% compared to the same period of the previous year. The non-life insurance recorded a decrease of 1.8% in gross paid claims while life insurance recorded the increase in paid claims amounting to 30.4% compared to the same period of the previous year.

During the period I-IX 2013 the employees expenses amounted to HRK 334.0 mil. that makes 14.2% of the total expenditures that is an increase of 5.9% compared to the same period of the previous year.

During the period I-IX 2013 the investment expenses amounted to HRK 89.3 mil. that makes 3.8% of the total expenditures.

The gross profit margin amounted to 4.1% that is a decrease of 28.1% compared to the same period of the previous year.

On 30/09/2013 the total assets of the Group amounted to HRK 9,568.0 mil. that is an increase of 1.7% compared to 31 December 2012.

During the reporting period the counted technical provision amounted to HRK 6,556.4 mil. that is an increase of 3.4% 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
PROFIT&LOSS ACCOUNT	I-IX 2012	I-IX 2013	INDEX 3/2
<b>Total income</b>	<b>2,559,568</b>	<b>2,461,775</b>	<b>96,2</b>
<b>Total expenditure</b>	<b>2,413,000</b>	<b>2,360,065</b>	<b>97,8</b>
<b>Written gross premium</b>	<b>2,531,409</b>	<b>2,501,224</b>	<b>98,8</b>
- non-life	2,250,842	2,213,037	98,3
- life	280,567	288,187	102,7
<b>Paid claims (gross)</b>	<b>1,305,594</b>	<b>1,346,360</b>	<b>103,1</b>
- non-life	1,104,474	1,084,105	98,2
- life	201,120	262,255	130,4
<b>Profit before taxation</b>	<b>146,567</b>	<b>101,710</b>	<b>69,4</b>
<b>Profit after taxation</b>	<b>113,010</b>	<b>68,083</b>	<b>60,2</b>
<b>Profit after minority interest</b>	<b>109,511</b>	<b>66,392</b>	<b>60,6</b>
BALANCE	31.12.2012	30.9.2013	INDEX 3/2
<b>Total assets</b>	<b>9,410,656</b>	<b>9,567,985</b>	<b>101,7</b>
<b>Equity and provision</b>	<b>2,056,922</b>	<b>2,139,763</b>	<b>104,0</b>
- subscribed capital	442,887	442,887	100,0
- revaluation provision	488,345	490,849	100,5
- legal provision	23,576	23,575	100,0
- statutory provision	113,297	142,903	126,1
- other provision	342,211	342,211	100,0
- retained profit	523,187	630,946	120,6
- current period profit	123,419	66,392	53,8
<b>Technical provision</b>	<b>6,339,788</b>	<b>6,556,358</b>	<b>103,4</b>
- unearned premium, gross	1,094,317	1,310,766	119,8
- LIMP	2,068,934	2,116,438	102,3
- claim provision	3,088,672	3,043,524	98,5
- provision for premium returns dependent and independent on the result (bonus & discount), gross	4,313	5,077	117,7
- provision for claims fluctuation, gross amount	1,726	1,726	100,0
- other technical insurance provision, gross	81,827	78,827	96,3
<b>Life insurance special provision-policyholder's investment risk, gross</b>	<b>11,425</b>	<b>9,120</b>	<b>79,8</b>
<b>Investment</b>	<b>6,183,379</b>	<b>6,259,499</b>	<b>101,2</b>
KEY BUSINESS INDICATORS	I-IX 2012	I-IX 2013	INDEX 3/2
ROA (%) (net profit / assets)	1,2	0,7	58,3
ROE (%) (net profit / equity and provision)	5,3	3,1	58,5
Gross profit margin (%) (gross profit / total income )	5,7	4,1	71,9

The unaudited consolidated financial statements for the period I-IX 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**

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-IX 2013, on the basis of the offer, the number of 6,910 shares have been purchased that makes 4.76% shares in the capital stock of the company. Now, Croatia osiguranje d.d. holds the number of 144,209 shares that makes 99.40% 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. 99.51% 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 2012 Annual Audited Report.

Zagreb, 30 October 2013

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

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

#### 1. GENERAL DATA

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

Daughter companies	Activity	Country
CROATIA Lloyd d.d., Zagreb	Reinsurance	Croatia
- CROATIA mirovni dom d.o.o., Zagreb	Building engineering	Croatia
- Plančić d.o.o., Vrbanj	Viticulture	Croatia
- Histria Construct d.o.o.	Building engineering and services	Croatia
Razne Usluge d.o.o. – in liquidation, 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



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 30 September 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 30 October 2013:**

Shareholder	Number of Shares	30/09/2013	
		Amount HRK	% Share
1. AUDIO / Republic of Croatia	253,697	355,175,800	80.20
2. Raiffeisenbank Austria d.d.- custody account	19,677	27,547,800	6.22
3. Hrvatska poštanska banka d.d.- basic and custody account	6,637	9,291,800	2.10
4. Societe Generale- Splitska banka d.d.- custody account	6,424	8,993,600	2.03
5. Hypo alpe-adria-bank d.d.- custody account	1,963	2,748,200	0.62
6. PBZ d.d.- custody account	2,302	3,222,800	0.73
7. Erste&Steiermärkische Bank d.d. - basic and custody account	2,494	3,491,600	0.79
8. Kraš d.d.	1,400	1,960,000	0.44
9. Auto Hrvatska d.d.	1,004	1,405,600	0.32
10. Komercijalna banka d.d. in liquidation	700	980,000	0.22
11. Bahovec Srećko	574	803,600	0.18
12. Adriacommerce	500	700,000	0.16
13. Radić Antun	412	576,800	0.13
14. Tankerska plovdba	400	560,000	0.13
15. Škaro Miroslav	520	728,000	0.16
16. Fran Mihaljević - klinika za infekt. bolesti	330	462,000	0.10
17. Cemex Hrvatska d.d.	249	348,600	0.08
18. Končar-elektroindustrija d.d.	230	322,000	0.07
19. Eko Međimurje d.d.	226	316,400	0.07
20. Kotoras Marino	227	317,800	0.07
21. Other shareholders	16,382	22,934,800	5.18
<b>UKUPNO:</b>	<b>316,348</b>	<b>442,887,200</b>	<b>100.00</b>

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis of preparation and consolidation

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette 88/08, 146/08 and 74/09) and the Zagreb Stock Exchange Regulations as well as pursuant to the Ordinance on the structure and contents of the financial statements of the issuer for the periods during the year (Official Gazette 132/10, 39/2012) brought by the CFSSA.

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

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

### **Reporting currency**

The financial statements are presented in Croatian kuna (HRK). On 30 September 2013 the official exchange rate of the Croatian kuna was HRK 7.61 to 1 Euro and HRK 5.64 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 third quarter of the year 2013 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2012.





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

### STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for the third quarter of the year 2013, prepared by the application of the relevant FRS, offer a wholesome and true presentation of assets and liabilities, losses and gains, financial position and business operations of the issuer and the companies included in the consolidation as a whole,
- the Management Report contains a true presentation of the development, business operation results and the financial position of the issuer and the companies included in the consolidation, as well as a description of major risks and uncertainties to which the issuer and the companies are exposed as a whole.

Zagreb, 30 October 2013

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

President of the  
Management Board