



**UNAUDITED CONSOLIDATED BUSINESS
REPORT FOR THE FIRST QUARTER OF THE
YEAR 2014**

Zagreb, April 2014

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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)

Company registration number (MBS):

Personal identification number (OIB):

Issuing company:

Postal code and place

Street and house number:

E-mail address:

Internet address

Municipality/city code and name

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

Consolidated report: NKD code:

Companies of the consolidation subject (according to IFRS):

Company name	Seat	MB:
<input type="text" value="CROATIA LLOYD D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="03276236"/>
<input type="text" value="CROATIA ZDRAVSTVENO OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01808435"/>
<input type="text" value="CROATIA OSIGURANJE D.D."/>	<input type="text" value="LJUBUŠKI"/>	<input type="text" value="20097647"/>
<input type="text" value="MILENIJUM OSIGURANJE A.D."/>	<input type="text" value="BEOGRAD"/>	<input type="text" value="07810318"/>
<input type="text" value="CROATIA SIGURIMI SH.A."/>	<input type="text" value="PRIŠTINA"/>	<input type="text" value="70260436"/>
<input type="text" value="CROATIA OSIGURANJE A.D. - ZA ŽIVOTNA OSIG."/>	<input type="text" value="SKOPJE"/>	<input type="text" value="05920922"/>
<input type="text" value="CROATIA OSIGURANJE A.D. - ZA NEŽIVOTNA OSIG."/>	<input type="text" value="SKOPJE"/>	<input type="text" value="06479570"/>
<input type="text" value="CROATIA OSIGURANJE MIROVINSKO DRUŠTVO D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01731742"/>
<input type="text" value="RAZNE USLUGE D.O.O. - U LIKVIDACIJI"/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01892037"/>
<input type="text" value="CROATIA - TEHNIČKI PREGLEDI D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01450930"/>
<input type="text" value="SLAVONIJATRANS TEHNIČKI PREGLEDI D.O.O."/>	<input type="text" value="SLAVONSKI BROD"/>	<input type="text" value="01853732"/>
<input type="text" value="HERZ D.D."/>	<input type="text" value="POŽEGA"/>	<input type="text" value="03738302"/>
<input type="text" value="PBZ CROATIA OSIGURANJE DD"/>		<input type="text" value="01583999"/>
<input type="text" value="BRIONI D.D."/>	<input type="text" value="PULA"/>	<input type="text" value="03228819"/>

Bookkeeping service:

Contact person:

Telephone: Telefaks:

E-mail address:

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

Documents to be published:

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

Member of the Board

Andrej Koštomaj

President of the Board

Nikola Mišetić

**CONSOLIDATED STATEMENT ON COMPREHENSIVE PROFIT
(PROFIT&LOSS ACCOUNT)
FOR THE PERIOD 01.01.2014-31.03.2014**

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
I. Earned premiums (AOP 125 to 132)	124	105.256.933	532.710.183	637.967.116	111.450.019	515.542.832	626.992.851
1. Gross written premiums	125	105.015.485	913.440.292	1.018.455.787	111.456.726	819.229.796	930.686.522
2. Coinsurance premium	126		492.843	492.843		1.191.312	1.191.312
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-22.818.103	-22.818.103		-32.286.316	-32.286.316
4. Premiums ceded to reinsurance	128	-167.443	-127.386.536	-127.553.979	-442.201	-120.513.781	-120.955.982
5. Premiums ceded to coinsurance	129					-31.182	-31.182
6. Change in gross unearned premium provision	130	342.853	-281.467.041	-281.124.188	209.905	-169.647.634	-189.437.729
7. Change in unearned premium provision, reinsurer's share	131	66.028	45.245.029	45.311.057	225.588	37.579.030	37.804.618
8. Change in unearned premium provision, coinsurer's share	132		5.203.698	5.203.698		21.608	21.608
II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)	133	35.135.425	48.014.368	83.149.792	36.004.538	46.057.287	82.061.825
1. Income from branch-offices, associated companies and joint ventures	134					2.402.843	2.402.843
2. Income from investments into land and buildings (136 to 138)	135	1.163	2.220.845	2.222.008	1.174	2.370.160	2.371.334
2.1. Income from rental fees	136	1.163	2.220.845	2.222.008	1.174	2.370.160	2.371.334
2.2. Income from increased value of land and buildings	137						
2.3. Income from real estate sale	138						
3. Interest income	139	27.915.715	33.875.661	61.791.376	29.195.702	31.861.638	61.057.339
4. Unrealized profits from investment at fair value	140	810.587	3.042.992	3.853.580	2.062.063	4.514.553	6.576.615
5. Gain on sale (realization) of financial investments (142 to 145)	141	335.234	686.765	1.021.999	914.613	1.378.371	2.292.984
5.1. Investment at fair value through profit and loss account	142	178.006	534.069	712.075	98.600	1.003.371	1.101.971
5.2. Investment available for sale	143		152.696	152.696	816.013	375.000	1.191.013
5.3. Other gains on sale of financial investments	144	157.228		157.228			
6. Net positive exchange rate differences	145	5.906.107	4.789.260	10.695.367	3.742.878	2.253.053	5.995.931
7. Other investment income	146	166.617	3.398.844	3.565.461	88.108	1.276.670	1.364.779
III. Income from commissions and fees	147	5.107	13.014.900	13.020.007	2.886	14.663.382	14.666.268
IV. Other insurance-technical income, net of reinsurance	148	10.168	3.747.169	3.757.337	259.499	17.485.562	17.745.061
V. Other income	149	195.606	53.116.952	53.312.558	712.637	43.136.686	43.849.322
VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)	150	-93.067.101	-288.434.891	-381.501.992	-71.056.354	-304.057.164	-375.113.518
1. Paid claims (AOP 152 to 154)	151	-103.289.838	-319.577.473	-422.867.311	-74.836.668	-336.206.841	-411.043.509
1.1. Gross amount	152	-103.289.838	-335.093.322	-438.383.160	-74.836.668	-359.479.965	-434.318.633
1.2. Coinsurer's share	153		378.135	378.135			
1.3. Reinsurer's share	154		15.137.713	15.137.713		23.273.124	23.273.124
2. Change in claims provision (AOP 156 to 158)	155	10.222.737	31.142.582	41.365.319	3.780.314	32.149.678	35.929.991
2.1. Gross amount	156	10.222.737	11.356.847	21.579.584	3.780.314	37.638.186	41.418.500
2.2. Coinsurer's share	157		-414.025	-414.025			
2.3. Reinsurer's share	158		20.199.761	20.199.761		-5.488.508	-5.488.508
VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)	159	-6.111.519		-6.111.519	-42.363.117	-1.250.932	-43.614.049
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-6.111.519		-6.111.519	-42.363.117		-42.363.117
1.1. Gross amount	161	-6.098.475		-6.098.475	-42.341.327		-42.341.327
1.2. Reinsurer's share	162	-13.044		-13.044	-21.790		-21.790
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163					-1.250.932	-1.250.932
2.1. Gross amount	164					-1.250.932	-1.250.932
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)	167	1.201.442		1.201.442	1.620.519		1.620.519
1. Gross amount	168	1.201.442		1.201.442	1.620.519		1.620.519
2. Coinsurer's share	169						
3. Reinsurer's share	170						
IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)	171		1.842.164	1.842.164		32.932	32.932
1. Depending on results (bonuses)	172		1.665.460	1.665.460			
2. Irrespective of results (discounts)	173		176.704	176.704		32.932	32.932

X. Business expenditures(AOP 175+179)	174	-26.831.774	-231.296.759	-258.128.533	-26.412.423	-248.080.301	-274.492.724
1. Sales expenses (AOP 176 to 178)	175	-7.289.133	-64.358.808	-71.647.941	-6.995.187	-67.203.159	-74.198.346
1.1. Commision	176	-5.905.842	-41.076.284	-46.982.126	-5.747.533	-44.367.178	-50.114.710
1.2. Other sales expenses	177	-1.383.290	-23.308.739	-24.692.030	-1.247.654	-22.074.282	-23.321.936
1.3. Change in split sales expenses	178		26.215	26.215		-761.699	-761.699
2. Management expenses (AOP 180 to 182)	179	-19.542.641	-166.937.950	-186.480.591	-19.417.236	-180.877.142	-200.294.378
2.1. Depreciation of tangible assets	180	-513.675	-14.314.237	-14.827.912	-599.520	-13.593.493	-14.193.014
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-11.246.070	-92.146.530	-103.392.600	-11.497.234	-94.798.709	-106.295.943
2.3. Other management expenses	182	-7.782.897	-60.477.183	-68.260.080	-7.320.481	-72.484.940	-79.805.422
XI. Investment expenses(AOP 184 to 189)	183	-2.854.672	-43.909.343	-46.764.015	-288.902	-13.095.792	-13.384.694
1. Depreciation (buildings not intended for business activities of the company)	184						
2. Interest	185	-15.007	-37.724	-52.731	-6.936	-37.949	-44.885
3. Investment impairments	186		-21.977.685	-21.977.685	-55.565	-6.560.721	-6.616.286
4. Losses from sale (realizations) of investment	187		-1.553.618	-1.553.618		-50.279	-50.279
5. Adjustment of financial assets at fair value through P&L	188	-2.679.034	-2.990.902	-5.669.936	-93.637	-1.222.365	-1.316.002
6. Net foreign exchange losses	189						
7. Other investment costs	190	-160.631	-17.349.415	-17.510.046	-132.764	-5.224.478	-5.357.243
XII. Other tehcnical expenses, net of reinsurance (AOP 192 + 193)	191	-62.531	-16.550.994	-16.613.525	-66.840	-27.630.298	-27.697.138
1. Prevention activities expenses	192		-1.318.851	-1.318.851		-1.358.039	-1.358.039
2. Other technical expenses	193	-62.531	-15.232.143	-15.294.674	-66.840	-26.272.260	-26.339.100
XIII. Other expenses, including value adjustment	194	-190	-29.175.361	-29.175.551		-24.547.905	-24.547.905
XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194)	195	12.876.894	43.078.389	55.955.282	9.862.462	18.256.289	28.118.751
XV. Taxation (AOP 197+198)	196	-2.285.866	-9.322.879	-11.608.745	-1.575.454	-3.147.486	-4.722.940
1. Current tax expenses	197	-2.285.866	-9.322.879	-11.608.745	-1.575.454	-3.147.486	-4.722.940
2. Deferred tax expenses	198						
XVI. Net profit or loss for the period(AOP 195-196)	199	10.591.028	33.755.509	44.346.537	8.287.009	15.108.802	23.395.811
1. Attributable to majority owners	200	10.264.124	33.361.658	43.625.782	8.061.949	14.738.181	22.800.130
2. Attributable to minority interests	201	326.904	393.851	720.755	225.060	370.623	595.682
XVII. TOTAL INCOME	202	140.603.239	650.603.571	791.206.810	148.429.580	636.885.748	785.315.328
XVIII. TOTAL EXPENSES	203	-130.012.211	-616.848.062	-746.860.274	-140.142.571	-621.776.946	-761.919.517
XIX. Other comprehensive profit (205 to 211 - 212)	204	11.549.145	11.983.898	23.533.043	5.807.850	30.298.941	36.106.792
1. Profit / loss from translation of financial statements	205		-213.308	-213.308		-4.731.901	-4.731.901
2. Profit / loss from revaluation of financial assets available for sale	206	11.549.145	14.878.642	26.427.787	5.807.850	34.899.058	40.706.908
3. Profit / loss from revaluation of operational land and buildings	207		-2.681.436	-2.681.436		131.784	131.784
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	208						
5. Effects of cash flow hedging instruments	209						
6. Actuarial profit / loss on pension plans with defined pensions	210						
7. Share of other comprehensive profit of associates	211						
8. Profit tax on other comprehensive profit	212						
XX. Total comprehensive profit (199+204)	213	22.140.173	45.739.407	67.879.580	14.094.859	45.407.745	59.502.603
1. Attributable to majority owners	214	21.813.270	45.471.644	67.284.914	13.869.799	44.473.362	58.343.161
2. Attributable to minority interests	215	326.903	267.763	594.666	225.060	934.383	1.159.443
XXI. Reclassification adjustments	216						

The income realized in the company which ceases with its operation (Razne usluge d.o.o – in liquidation) amounted to HRK 33.7 thousand while expenditures amounted to HRK 154.4 thousand. The loss of the company Razne usluge d.o.o. – in liquidation amounted to HRK 120.7 thousand.

**CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE)
AS AT 31.03.2014.**

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
		3	4	5(3+4)	6	7	8(6+7)
1	2	3	4	5(3+4)	6	7	8(6+7)
in HRK							
ASSETS							
A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)	001						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
B. INTANGIBLE ASSETS (005+006)	004	55.878	64.042.909	64.098.787	50.997	60.027.537	60.078.534
1. Goodwill	005		35.983.906	35.983.906		34.727.737	34.727.737
2. Other intangible assets	006	55.878	28.059.003	28.114.881	50.997	25.299.800	25.350.797
C. TANGIBLE ASSETS (008 to 010)	007	4.148.630	1.355.038.593	1.359.187.223	4.088.478	1.345.154.472	1.349.242.950
1. Land and buildings used for insurance activities	008	3.301.623	1.259.625.553	1.262.927.176	3.299.159	1.264.089.896	1.267.389.056
2. Equipment	009	789.480	49.498.712	50.288.192	731.636	45.198.579	45.930.215
3. Other tangible assets and reserves	010	57.526	45.914.329	45.971.855	57.683	35.865.996	35.923.679
D. INVESTMENTS (012+013+017+036)	011	2.338.761.783	3.987.956.612	6.326.718.395	2.399.082.953	3.967.562.873	6.366.645.627
I. Investments in land and buildings not intended for business activities of the company	012	428.962	608.630.431	609.059.393	430.128	611.467.176	611.897.304
II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)	013		16.770.762	16.770.762		75.296.855	75.296.855
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		15.182.528	15.182.528		73.699.019	73.699.019
3. Participating in joint investments	016		1.588.234	1.588.234		1.597.837	1.597.837
III. Other financial investments (018 + 021 + 026 + 032)	017	2.338.332.821	3.362.555.419	5.700.888.240	2.398.652.826	3.280.798.642	5.679.451.467
1. Investments kept till maturity date (019 + 020)	018	1.645.372.057	1.245.908.538	2.891.280.595	1.515.091.886	1.074.589.165	2.589.681.051
1.1. Debt securities and other securities with fixed income	019	1.645.372.057	1.217.021.140	2.862.393.197	1.515.091.886	1.045.992.929	2.560.784.815
1.2. Other investments kept till maturity date	020		28.887.398	28.887.398		28.896.236	28.896.236
2. Investments available for sale (022 to 025)	021	44.798.630	251.403.406	296.202.036	208.817.712	456.805.363	663.623.075
2.1. Stocks, shares and other securities with variable income	022	34.232.695	219.960.712	253.793.408	183.971.207	365.118.774	549.089.981
2.2. Debt securities and other securities with fixed income	023	8.353.442	7.083.624	15.437.066	20.689.576	59.876.807	80.566.384
2.3. Stakes in investment funds	024	2.212.494	24.759.069	26.971.563	2.156.929	31.809.782	33.966.710
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	98.613.451	613.659.684	712.273.135	143.021.330	640.583.883	783.605.013
3.1. Stocks, shares and other securities with variable income	027		22.361.012	22.361.012		23.169.244	23.169.244
3.2. Debt securities and other securities with fixed income	028	79.886.386	114.283.474	194.169.861	81.846.221	62.804.512	164.650.733
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	18.727.064	477.015.198	495.742.262	61.175.109	534.609.927	595.785.036
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	549.548.683	1.251.583.791	1.801.132.474	533.721.898	1.108.620.431	1.642.542.329
4.1. Bank deposits	033	432.221.177	959.792.229	1.392.013.406	463.303.324	825.539.754	1.288.843.077
4.2. Loans	034	62.902.843	286.479.219	349.382.062	66.092.118	279.307.718	345.399.836
4.3. Other loans and receivables	035	54.424.663	5.312.343	59.737.006	4.326.456	3.972.959	8.299.416
IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)	036						
E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER	037	8.388.857		8.388.857	7.331.238		7.331.238
F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)	038	303.567	129.525.446	129.829.013	501.730	162.100.460	162.602.190
1. Unearned premiums, reinsurance share	039	18.819	25.848.650	25.867.468	238.772	63.728.688	63.967.460
2. Mathematical insurance provision, reinsurance share	040	284.749		284.749	262.958		262.958
3. Claims provision, reinsurance share	041		103.372.161	103.372.161		98.235.485	98.235.485
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		304.635	304.635		136.287	136.287
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
G. DEFERRED AND CURRENT TAX ASSETS (047+048)	046	1.259.200	79.735.820	80.995.020	1.259.200	79.106.493	80.365.693
1. Deferred tax assets	047	1.259.200	71.032.695	72.291.894	1.259.200	70.423.460	71.682.660
2. Current tax assets	048		8.703.125	8.703.125		8.683.033	8.683.033
H. RECEIVABLES (050 + 053 + 054)	049	7.029.721	976.838.279	983.868.000	7.928.808	1.198.278.198	1.206.207.006
1. Receivables from direct insurance activities (051 + 052)	050	184.713	681.072.383	681.257.096	229.989	830.972.272	831.202.261
1.1. Receivables from policyholders	051	75.263	656.997.694	657.072.957	163.478	827.218.478	827.381.956
1.2. Receivables from insurance agents	052	109.449	4.074.689	4.184.139	68.511	3.753.794	3.820.305
2. Receivables from coinsurance and reinsurance activities	053		52.516.133	52.516.133		69.093.846	69.093.846
3. Other receivables (055 to 057)	054	6.845.008	283.249.783	270.094.772	7.698.819	298.212.081	305.910.899
3.1. Receivables for other insurance activities	055		138.159.042	138.159.042		159.046.215	159.046.215
3.2. Receivables for returns on investments	056	3.610.700	9.879.373	13.490.074	3.914.504	11.593.775	15.508.279
3.3. Other receivables	057	3.234.308	115.211.348	118.445.658	3.784.315	127.572.090	131.356.405
I. OTHER ASSETS (059 + 063 + 064)	058	15.325.203	140.588.755	155.893.959	7.327.643	124.573.583	131.901.226
1. Money in bank and in cash (060 to 062)	059	15.315.122	133.928.502	149.243.624	7.318.329	120.089.017	127.407.346
1.1. Money on business account	060	5.227.028	133.684.670	138.911.698	3.295.761	119.754.602	123.050.363
1.2. Money on mathematical provision account	061	10.085.356		10.085.356	4.019.433		4.019.433
1.3. Cash money	062	2.738	243.832	246.570	3.135	334.415	337.550
2. Long-term assets intended for sale and business termination	063		1.313.508	1.313.508		1.381.824	1.381.824
3. Other	064	10.082	5.326.745	5.336.827	9.314	3.102.742	3.112.056
J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUO COLLECTION OF INCOME (066 to 068)	065	32.554.111	52.905.852	85.459.963	25.599.489	47.325.188	72.924.677
1. Split interest and rental fees	066	32.410.583	23.561.813	55.972.396	25.325.420	16.370.791	41.696.211
2. Split sales costs	067		14.732.835	14.732.835		13.786.988	13.786.988
3. Other paid expenses of the future period and undue income collection	068	143.527	14.611.205	14.754.732	274.069	17.167.408	17.441.477
K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)	069	2.407.826.951	6.786.612.267	9.194.439.218	2.453.170.536	6.984.128.604	9.437.299.140
L. NON-BALANCE SHEET RECORDS	070	86.141.049	1.174.070.367	1.260.211.417	3.503.322	1.198.218.937	1.201.722.258

LIABILITIES							
A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)	071	161.161.643	1.592.248.725	1.753.410.369	175.245.080	1.630.935.295	1.806.180.375
1. Subscribed capital (073 to 075)	072	44.288.720	398.598.480	442.887.200	44.288.720	398.598.480	442.887.200
1.1. Subscribed capital - common shares	073	44.288.720	386.348.480	430.637.200	44.288.720	386.348.480	430.637.200
1.2. Subscribed capital - preferred shares	074		12.250.000	12.250.000		12.250.000	12.250.000
1.3. Capital invited to be paid	075						
2. Capital reserves	076						
3. Revaluation reserves (078 to 080)	077	2.987.470	158.667.847	161.655.317	8.854.507	185.885.381	194.739.888
3.1. Revaluation of land and buildings	078	-237.735	159.569.875	159.332.140	-238.381	158.992.048	158.753.668
3.2. Revaluation of investments in financial assets	079	3.225.205	-3.122.501	102.704	9.092.888	25.800.089	34.892.977
3.3. Other revaluation reserves	080		2.220.473	2.220.473		1.093.244	1.093.244
4. Reserves (082 to 084)	081	81.746.348	427.432.653	509.179.001	81.746.348	427.432.654	509.179.002
4.1. Legal provision	082	721.929	23.066.526	23.788.455	721.929	23.066.526	23.788.455
4.2. Statutory provision	083	5.524.419	137.378.978	142.903.397	5.524.419	137.378.978	142.903.398
4.3. Other reserves	084	75.500.000	266.987.149	342.487.149	75.500.000	266.987.149	342.487.149
5. Retained profit or loss (086 + 087)	085	20.485.979	629.416.405	649.902.384	32.293.556	604.280.599	636.574.155
5.1. Retained profit	086	20.485.979	629.416.405	649.902.384	32.293.556	604.280.599	636.574.155
5.2. Retained loss (-)	087						
6. Profit or loss for the period (089 + 090)	088	11.653.126	-21.866.659	-10.213.533	8.061.949	14.738.181	22.800.130
6.1. Profit for the period	089	11.653.126		11.653.125	8.061.949	14.738.181	22.800.130
6.2. Loss for the period (-)	090		-21.866.659	-21.866.659			
B. MINORITY INTEREST	091	8.207.837	50.025.473	58.233.310	8.455.330	44.133.296	52.588.626
C. TECHNICAL PROVISION (093 to 098)	092	2.162.753.821	4.153.389.783	6.316.143.604	2.201.871.605	4.306.324.366	6.508.195.971
1. Unearned premiums, gross amount	093	3.587.070	1.142.164.255	1.145.751.325	3.377.164	1.331.811.890	1.335.189.054
2. Mathematical insurance provision, gross amount	094	2.131.297.358		2.131.297.358	2.174.403.065		2.174.403.065
3. Claims provision, gross amount	095	27.869.393	2.916.888.415	2.944.757.808	24.091.376	2.879.250.229	2.903.341.605
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		4.938.478	4.938.478		4.863.612	4.863.612
5. Provision for claims fluctuation, gross amount	097		4.571.635	4.571.635		4.571.635	4.571.635
6. Other technical insurance provision, gross amount	098		84.827.000	84.827.000		85.827.000	85.827.000
D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	099	8.388.857		8.388.857	7.331.238		7.331.238
E. OTHER PROVISION (101 + 102)	100	10.177.651	114.519.376	124.697.028	10.034.108	114.820.659	124.854.767
1. Provision for pensions	101	10.177.651	108.283.902	118.461.553	10.034.108	107.235.721	117.269.829
2. Other provision	102		6.235.474	6.235.474		7.584.938	7.584.938
F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)	103	520.145	34.993.128	35.513.273	1.585.394	36.321.488	37.906.882
1. Deferred tax liability	104	499.478	34.462.673	34.962.152		34.923.051	34.923.051
2. Current tax liability	105	20.667	530.454	551.121	1.585.394	1.398.436	2.983.831
G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	106						
H. FINANCIAL LIABILITIES (108 to 110)	107	271.431	390.441.906	390.713.337	258.208	389.125.327	389.383.535
1. Loan liabilities	108		384.540.550	384.540.550		383.807.010	383.807.010
2. Outstanding securities	109						
3. Other financial liabilities	110	271.431	5.901.356	6.172.787	258.208	5.318.317	5.576.524
I. OTHER LIABILITIES (112 to 115)	111	47.251.159	276.602.123	323.853.282	45.740.265	298.797.808	344.538.073
1. Liabilities derived from direct insurance activities	112	5.128.836	101.496.091	106.624.927	4.195.276	104.857.810	109.053.086
2. Liabilities derived from coinsurance and reinsurance activities	113	1.725	50.097.405	50.099.130	367	89.384.040	89.384.407
3. Liabilities for misappropriation and discontinued operations	114		132.016	132.016		339.652	339.652
4. Other liabilities	115	42.120.598	124.876.611	166.997.209	41.544.621	104.216.307	145.760.928
J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)	116	9.094.406	174.391.753	183.486.159	2.649.308	163.670.365	166.319.673
1. Reinsurance commission split	117						
2. Other deferred costs payment and future income	118	9.094.406	174.391.753	183.486.159	2.649.308	163.670.365	166.319.673
K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)	119	2.407.826.951	6.786.612.268	9.194.439.219	2.453.170.536	6.984.128.604	9.437.299.140
L. NON-BALANCE SHEET RECORDS	120	86.141.049	1.174.070.367	1.260.211.417	3.503.322	1.198.218.937	1.201.722.258
ADDITION TO BALANCE SHEET (only for consolidated financial statements)							
M. CAPITAL AND RESERVES (122+123)	121	169.369.480	1.642.274.199	1.811.643.679	183.700.410	1.675.068.591	1.858.769.001
1. Attributable to majority owners	122	161.161.643	1.592.248.725	1.753.410.369	175.245.080	1.630.935.295	1.806.180.375
2. Attributable to minority interests	123	8.207.837	50.025.473	58.233.310	8.455.330	44.133.296	52.588.626

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD 01.01.2014 - 31.03.2014

in HRK

Position	AOP	Attributable to the owners of the parent company							Attributable to non-controlling interests	Total capital and reserves (9+10)
		Subscribed capital	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or transferred loss	Current year profit/loss	Total capital and reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
I. Balance at 1 January - previous year	001	442.887.200		480.702.748	479.572.738	540.728.251	127.716.313	2.071.607.250	78.500.728	2.150.107.978
1. Change in accounting policy	002									
2. Correction of previous period errors	003			-4.560.943		5.511.590		950.647	-125.795	824.852
II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)	004	442.887.200		476.141.805	479.572.738	546.239.841	127.716.313	2.072.557.897	78.374.933	2.150.932.830
III. Comprehensive profit or loss - previous year (AOP 006+007)	005			-314.486.489		6.929.801	-10.213.534	-317.770.222	-1.945.759	-319.715.981
1. Profit/loss of the previous period	006						-10.213.534	-10.213.534	-1.727.989	-11.941.523
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-314.486.489		6.929.801		-307.556.688	-217.771	-307.774.458
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-354.746.472		6.912.370		-347.834.102	-852.877	-348.686.979
2.2. Unrealized profit/loss from financial assets available for sale	009			47.984.035				47.984.035	-5.521	47.978.514
2.3. Realized profit/loss from financial assets available for sale	010			418.923				418.923		418.923
2.4. Other non-ownership changes in capital	011			-8.142.975		17.431		-8.125.544	640.628	-7.484.916
IV. Transactions with owners (previous period) (AOP 013 to 016)	012				29.606.264	96.732.742	-127.716.312	-1.377.306	-18.195.864	-19.573.170
1. Increase/decrease of share capital	013								-16.263.833	-16.263.833
2. Other payments by the owners	014					510.519	-337.402	173.117	-744.288	-571.171
3. Payment of shares in profit/dividends	015						-1.550.423	-1.550.423	-1.187.743	-2.738.166
4. Other distribution to the owners	016				29.606.264	96.222.223	-125.828.487			
V. Balance at 31 December - previous period (AOP 004+005+012)	017	442.887.200		161.655.316	509.179.002	649.902.384	-10.213.533	1.753.410.369	58.233.310	1.811.643.679
VI. Balance at 1 January - current year	018	442.887.200		161.655.316	509.179.002	649.902.384	-10.213.533	1.753.410.369	58.233.310	1.811.643.679
1. Change in accounting policy	019									
2. Correction of previous period errors	020					-82.194		-82.194		-82.194
VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)	021	442.887.200		161.655.316	509.179.002	649.820.190	-10.213.533	1.753.328.175	58.233.310	1.811.561.485
VIII. Comprehensive profit or loss - current period (AOP 023+024)	022			34.395.584		1.147.447	22.800.129	58.343.160	1.159.443	59.502.603
1. Profit/loss of the previous period	023						22.800.129	22.800.129	595.682	23.395.811
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			34.395.584		1.147.447		35.543.031	563.761	36.106.792
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-568.940		700.724		131.784		131.784
2.2. Unrealized profit/loss from financial assets available for sale	026			39.935.024				39.935.024	424.775	40.359.799
2.3. Realized profit/loss from financial assets available for sale	027			347.109				347.109		347.109
2.4. Other non-ownership changes in capital	028			-5.317.609		446.723		-4.870.886	138.986	-4.731.900
IX. Transactions with owners (current period) (AOP 030 to 033)	029			-1.311.012		-14.393.482	10.213.534	-5.490.960	-6.804.127	-12.295.087
1. Increase/decrease of share capital	030								-723.558	-723.558
2. Other payments by the owners	031			-1.311.012				-1.311.012		-1.311.012
3. Payment of shares in profit/dividends	032									
4. Other distribution to the owners	033					-14.393.482	10.213.534	-4.179.948	-6.080.569	-10.260.517
X. Balance at 31 December - current period (AOP 021+022+029)	034	442.887.200		194.739.888	509.179.002	636.574.155	22.800.130	1.806.180.375	52.588.626	1.858.769.001

**CONSOLIDATED REPORT ON MONEY FLOWS-INDIRECT METHOD FOR THE PERIOD
01.01.2014 - 31.03.2014**

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)	001	330.798.890	-354.611.296
1. Cash flow before change in business property and liabilities (AOP 003+004)	002	48.665.453	-85.002.148
1.1. Profit before tax	003	55.955.282	28.118.752
1.2. Adjustment: (AOP 005 to 012)	004	-7.289.829	-113.120.900
1.2.1. Depreciation and amortization of immovables and equipment	005	15.928.530	15.165.051
1.2.2. Depreciation and amortization of intangible property	006	2.429.889	1.951.528
1.2.3. Impairment and profits/losses from adjustment to fair value	007	23.021.630	-838.298
1.2.4. Interest expenses	008	52.339	-359.959
1.2.5. Interest income	009	-52.390.361	-52.772.108
1.2.6. Share in profit of associated companies	010		-58.572.857
1.2.7. Profits/losses from sale of tangible property (including real estate)	011	-937.159	-986.907
1.2.8. Other adjustments	012	4.607.303	-16.707.350
2. Increase/decrease in business property and liabilities (AOP 014 to 030)	013	292.848.547	-270.324.475
2.1. Increase /decrease in investments available for sale	014	-8.136.256	-367.421.039
2.2. Increase /decrease in investment estimated at fair value	015	177.155.262	-63.942.059
2.3. Increase / decrease in deposits, loans and receivables	016	129.910.981	156.568.529
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	795.732	1.057.619
2.6. Increase /decrease of reinsurance stakes in tehcnical provision	019	-68.894.280	-32.773.177
2.7. Increase/decrease of taxable property	020	12.034	629.327
2.8. Increase/decrease in receivables	021	-206.485.048	-170.394.085
2.9. Increase/decrease in other assets	022		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	11.562.998	12.535.286
2.11. Increase/decrease in tehcnical provision	024	266.916.915	192.052.367
2.12. Increase/decrease in life insurance tehcnical provision when the policyholder bears investment risk	025	-795.732	-1.057.619
2.13. Increase/decrease in tax liabilities	026	-4.226.650	2.393.609
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		
2.15. Increase/decrease in financial liabilities	028	-8.752.519	-1.273.227
2.16. Increase/decrease in other liabilities	029	16.665.901	18.466.479
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	-12.880.791	-17.166.485
3. Income tax paid	031	-10.715.110	715.327
II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)	032	-270.655.579	335.879.345
1. Receipts from sale of tangible assets	033	17.402.754	322.848
2. Expenditures for the purchase of tangible assets	034	-12.152.354	-19.944.591
3. Receipts from sale of intangible assets	035		1.315.432
4. Expenditures for the purchase of intangible assets	036	-2.393.377	-1.799.922
5. Receipts from sale of land and buildings not intended for business activities of the company	037		
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-1.188.002	-7.019.870
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	-15.587.830	57.758.860
8. Receipts from investments kept till maturity	040	20.150.001	326.848.884
9. Expenditures for investments kept till maturity	041	-193.264.554	-23.628.460
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043		
12. Receipts from dividends and profit share	044	241.035	4.547
13. Receipts from long term and short term loans	045	104.874.611	20.035.638
14. Expenses for long term and short term loans	046	-188.737.863	-18.014.021
III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)	047	-50.387.647	-229.101
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049	41.837	350.169.726
3. Expenditures for short-term and long-term loans	050	-50.426.348	-350.396.027
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052	-3.136	-2.800
NET CASH FLOW (AOP 001 + 032 + 049)	053	9.755.664	-18.961.052
IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES	054	-9.274.388	-5.031.681
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)	055	481.276	-23.992.733
Cash and cash equivalents at the beginning of the period	056	119.731.734	155.893.959
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	120.213.010	131.901.226

II INTERIM MANAGEMENT REPORT

During the first quarter of the year 2014 the trend of the decrease in premium continues in the insurance industry. In accordance with economic situation the significant growth of premium is not expected in insurance industry even in the year 2014.

During the period I-III 2014, CROATIA osiguranje group realized income amounting to HRK 785.3 mil. that is a decrease of 0.7% compared to the realized income in the same period of the previous year. The total expenditures (without profit tax) of the Group amounted to HRK 757.2 mil. and recorded an increase of 3.0%. Net profit after taxation and minority shares amounted to HRK 22.8 mil.

During the period I-III 2014 the gross written premium of the Group amounted to HRK 930.7 mil. that is a decrease of 8.6%. The non-life insurance gross written premium amounted to HRK 819.2 mil. that is a decrease of 10.3%, while gross written life insurance premium amounted to HRK 111.5 mil. that is an increase of 6.1%.

During the period I-III 2014 the earned premium amounted to HRK 627.0 mil. that makes 79.8% of the total income and recorded a decrease of 1.7% compared to the same period of the previous year.

The non-life and life insurance investment business of the Group recorded income amounting to HRK 82.1 mil. that makes 10.5% of the total income.

During the period I-III 2014, other income consisting of commission and compensation income, other insurance-technical income and other income amounted to HRK 76.3 mil. that makes 9.7% of the total income that is an increase of 8.8% compared to the same period of the previous year.

During the period I-III 2014 the gross paid claims amounted to HRK 434.3 mil. that is a decrease of 0.9% compared to the same period of the previous year. The non-life insurance recorded an increase in gross paid claims amounting to 7.3%, while life insurance recorded a decrease in paid claims amounting to 27.5% compared to the same period of the previous year.

During the period I-III 2014 the employees expenses amounted to HRK 106.3 mil. that makes 14.0% of the total expenditures and increased by 2.8% compared to the same period of the previous year.

During the period I-III 2014 the investment expenses amounted to HRK 13.4 mil. that makes 1.8% of the total expenditures.

On 31/3/2014 the total assets of the Group amounted to HRK 9,437.3 mil. that makes an increase of 2.6% compared to the position on 31.12.2013.

During the reporting period the counted technical provisions amounted to HRK 6,508.2 mil. that is an increase of 3.0% compared to the counted technical provisions on 31.12.2013.

Starting from 1 January 2014 the new MSFI 11 (IFRS) took effect (Joint business) which no more permits the application of the proportional consolidation. Accordingly, from 01/01/2014 the company PBZ Croatia osiguranje d.d. by applying IFS 28 (Associated companies and joint business) in the consolidated financial statements is valued by share method.

Key business indicators for the Group:

in 000 HRK

DESCRIPTION	GROUP			
	1	2	3	4
PROFIT&LOSS ACCOUNT	I-III 2013	I-III 2014	INDEX 3/2	
Total income	791,207	785,315	99.3	
Total expenditure	735,252	757,197	103.0	
Written gross premium	1,018,456	930,687	91.4	
- non-life	913,440	819,230	89.7	
- life	105,015	111,457	106.1	
Paid claims (gross)	438,383	434,317	99.1	
- non-life	335,093	359,480	107.3	
- life	103,290	74,837	72.5	
Profit before taxation	55,955	28,119	50.3	
Profit after taxation	44,347	23,396	52.8	
Profit after minority interest	43,626	22,800	52.3	
BALANCE	31.12.2013	31.3.2014	INDEX 3/2	
Total assets	9,194,439	9,437,299	102.6	
Equity and provision	1,753,411	1,806,180	103.0	
- subscribed capital	442,887	442,887	100.0	
- revaluation provision	161,655	194,740	120.5	
- legal provision	23,788	23,788	100.0	
- statutory provision	142,903	142,903	100.0	
- other provision	342,487	342,487	100.0	
- retained profit	649,903	636,574	97.9	
- current period profit	-10,214	22,800		
Technical provision	6,316,144	6,508,196	103.0	
- unearned premium, gross	1,145,751	1,335,189	116.5	
- LIMP	2,131,297	2,174,403	102.0	
- claim provision	2,944,758	2,903,342	98.6	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	4,938	4,864	98.5	
- provision for claims fluctuation, gross amount	4,572	4,572	100.0	
- other technical insurance provision, gross	84,827	85,827	101.2	
Life insurance special provision-policyholder's investment risk, gross	8,389	7,331	87.4	
Investment	6,326,718	6,366,646	100.6	
KEY BUSINESS INDICATORS	I-XII 2012	I-XII 2013	INDEX 3/2	
ROA (%) (net profit / assets)	0,5	0,2	40.0	
ROE (%) (net profit / equity and provision)	2,0	1,3	65.0	
Gross profit margin (%) (gross profit / total income)	7,1	3,6	50.7	

NOTE: From 01.01.2014 the company PBZ Croatia osiguranje d.d. is positioned as associated company and in consolidated financial statements is valued according to share method.

The unaudited consolidated financial statements for the period I-III of the year 2014 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 during and after the reporting period

On 6 February 2014, CROATIA osiguranje d.d. brought a decision on increase in capital stock and acquiring shares of Milenijum osiguranje a.d. After the recapitalization of the company Milenijum osiguranje a.d., CROATIA osiguranje d.d. acquired new 54,500 shares that resulted with total number of 113,712 shares thus making 99.89% of the capital stock of the company.

On 4 February, the Supervisory board of the company CROATIA osiguranje a.d., društvo za neživotno osiguranje, Skopje brought a decision on increase in capital stock amounting to EUR 2.0 mil by issuing 20,000 ordinary shares of the second issue aimed at private institutional investors in order to adjust the capital adequacy with legal provisions. CROATIA osiguranje d.d. brought a decision on increase in capital stock and acquisition of the shares of the mentioned company. After performing the recapitalization CROATIA osiguranje d.d. will acquire new 20,000 shares that resulted with total 52,500 shares that makes 100% of the capital stock of the company.

The above mentioned capital stock has been realized on 7 April 2014.

On 16 April 2014 the meeting of the Supervisory Board of CROATIA osiguranje d.d. was held giving consent to the Annual report on the position of the Company 2013 as well as to the Annual financial statements 2013 as well as to the Consolidated annual report of the Company 2013 as well as to the Annual consolidated financial statements 2013.

The Government of the Republic of Croatia has brought a Decision on choosing the best investor to buy the share as well as to recapitalize the company CROATIA osiguranje d.d. On 18 December 2013 the binding offer of the company Adris grupa d.d. Rovinj has been accepted. On 6 March 2014 CROATIA osiguranje d.d. Zagreb, Republic of Croatia and Adris grupa d.d. Rovinj made an agreement of purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb which included the sale of 38.6% of the shares of Croatia osiguranje d.d. The agreement prescribes the relations between the Republic of Croatia and Adris grupa d.d. as the owner of the shares of CROATIA osiguranje

Both above mentioned agreements took effect on 22 April 2014 when the 39th General Assembly of CROATIA osiguranje d.d. was held which brought a decision on recapitalization of the capital stock by deposit i.e. by issuing new 113.349 ordinary shares of the value HRK 7,412.25, in total HRK 840.17 mil paid in total by Adris. The increased capital stock of the Company will amount to HRK 601.57 mil. and will be divided into 420,947 ordinary shares and 8,750 preferred shares. During the same General Assembly the new members of the Supervisory Board were elected. Mr. Ante Vlahović was elected as the Chairman of the Supervisory board and Mr. Mladen

Blažević was elected as the Deputy Chairman. The members of the Supervisory board are: Prof. D. Josip Tica, Plinio Cuccurin, Branko Zec, Roberto Škopac and Miroslav Hrašćanec.

The Supervisory board has appointed the members of the new Management Board, consisting of the President of the Management Board Mr. Sanel Volarić (from 10.05.2014) and members Nikola Mišetić and Andrej Koštomaj. Until 10.05.2014 the President of the Management Board is Mr. Nikola Mišetić.

From 22 April 2014 Adris grupa d.d. is the biggest shareholder of Croatia osiguranje d.d.

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 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. 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 internal supervision of the associated companies has been permanently improved by applying new and already existing legal provisions as well as practice. The internal supervision is highly monitored and compared to the previous year additional effort has been made in all associated companies to strengthen this important business function. In all insurance companies internal supervision divisions have been incorporated i.e. audit departments (department, unit, external licensed auditor or authorized auditor). The scope of work of the mentioned organizational parts have been described in the Insurance Act in detail, Audit Act and other acts and legal provisions of the particular country but there scope of work, responsibility and way of work mainly do not differentiate. Through the supervisory bodies' activities, in the insurance companies in the region in particular, the position of the internal audit

and authorized actuary has been strengthened. In accordance with the Insurance Act of the Republic of Croatia, Croatia osiguranje d.d. is obliged to present all relevant business reports for the Group's companies to HANFA (CFSSA) with the aim to calculate the capital stock, guarantee capital and capital adequacy of the insurance companies as well as the data about investments and joint business between particular joint companies, four times a year at least. On that occasion all business reports of the daughter companies have been additionally checked up from the side of the parent company's departments in connection with risks. As the provisions of the countries where our daughter companies operate business prescribe for them as well to be subject to continual supervision from the side of their supervisory bodies, all business reports and business events relevant for stability, solvency, liquidity and possible business risks, the companies have been repeatedly supervised.

As for the companies whose main activity is not insurance business i.e., pension funds, MOT-tests companies, internal supervision and risk management are based on relevant legal provisions which prescribe the way of establishing, operating business, supervision and estimation of internal risks as well as the supervision managed by the supervisory agency. The companies operating the above mentioned business in the Republic of Croatia the business has been managed by Obligatory and voluntary pension funds act and the supervisory agency is HANFA(CFSSA). The way of operating business of the MOT-tests companies, STP, has been managed by the Road traffic act as well as the MOT-tests regulation.

Zagreb, 30.04.2014

Member of the Board,

Andrej Koštomaj



President of the Board

Nikola Mišetić



III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD I-III 2014

1. GENERAL DATA

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

Daughter companies	Activity	Država	Share
CROATIA Lloyd d.d., Zagreb	Reinsurance	Croatia	100,00%
- CROATIA mirovni dom d.o.o., Zagreb	Building engineering	Croatia	100,00%
- Plančić d.o.o., Vrbanj	Viticulture	Croatia	51,00%
- Histria Construct d.o.o.	Building engineering and services	Croatia	100,00%
Razne Usluge d.o.o. – u likvidaciji, Zagreb	Consulting and services	Croatia	100,00%
CROATIA-Tehnički pregledi d.o.o., Zagreb	MOT-tests	Croatia	100,00%
- STP Pitomača, Pitomača	MOT-tests	Croatia	100,00%
- STP Blato, Blato	MOT-tests	Croatia	100,00%
Herz d.d., Požega	MOT-tests	Croatia	100,00%
CROATIA osiguranje mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia	100,00%
CROATIA zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia	100,00%
- Poliklinika Ars Medica, Pula	Health services	Croatia	74,00%
- Poliklinika CROATIA zdravstveno osiguranje, Zagreb	Health services	Croatia	100,00%
Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	MOT-tests	Croatia	76,00%
CROATIA Sigurimi sh.a., Priština	Insurance	Kosovo	100,00%
Milenijum osiguranje a.d., Beograd	Insurance	Serbia	99,89%
CROATIA osiguranje d.d., Ljubuški	Insurance	Bosnia&Herzegovina	52,05%
- Crotehna d.o.o., Ljubuški	MOT-tests	Bosnia&Herzegovina	100,00%
- CROATIA remont d.d., Čapljina	MOT-tests	Bosnia&Herzegovina	69,79%
- Croauto d.o.o., Mostar	MOT-tests	Bosnia&Herzegovina	66,80%
- CROATIA Vitez d.o.o., Vitez	MOT-tests	Bosnia&Herzegovina	90,04%
- Hotel Hum d.o.o. , Ljubuški	Hotel-and catering services	Bosnia&Herzegovina	80,00%
- Ponte d.o.o., Mostar	Representation in insurance	Bosnia&Herzegovina	100,00%
CROATIA osiguranje a.d., društvo za osiguranje života, Skopje	Insurance	Macedonia	95,00%
CROATIA osiguranje a.d. društvo za osiguranje neživota, Skopje	Insurance	Macedonia	100,00%
Associated companies	Activity	Country	
PBZ CROATIA osiguranje d.d., Zagreb	Pension fund management	Croatia	50,00%
Brioni d.d.	Public road transport of passengers and goods	Croatia	25,57%
Autoprijevoz d.d., Otočac	Transport of passengers and goods	Croatia	28,34%

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:

-until 22 April 2014

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

- from 22 April 2014

Ante Vlahović	Chairman of the Supervisory Board
Mladen Blažević	Deputy Chairman of the Supervisory Board
Plinio Cuccurin	Member of the Supervisory Board
Branko Zec	Member of the Supervisory Board
Roberto Škopac	Member of the Supervisory Board
Prof.D.Sc. Josip Tica	Member of the Supervisory Board
Miroslav Hrašćanec	Member of the Supervisory Board

Management Board:

- until 22 April 2014

Krešimir Starčević, President
Ivan Fabijančić, Member

- from 23 April 2014

Nikola Mišetić fills a post of the president of the Management Board until 10 May 2014.

Andrej Koštomaj, Member

Capital stock and shares

As at 31 March 2014 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 on 31 March 2014 is set below:

Shareholder	Number of Shares	31/03/2014	
		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	19.689	27.564.600,00	6,22
3. Societe Generale- Splitska banka d.d.- custody account	7.116	9.962.400,00	2,25
4. Erste&Steiermärkische Bank d.d. - basic and custody account	4.285	5.999.000,00	1,35
5. Hrvatska poštanska banka d.d.- basic and custody account	3.664	5.129.600,00	1,16
6. HPB nekretnine d.o.o.	2.957	4.139.800,00	0,93
7. Kraš d.d.	1.400	1.960.000,00	0,44
8. PBZ d.d.- custody account	1.151	1.611.400,00	0,36
9. Auto Hrvatska d.d.	1.004	1.405.600,00	0,32
10. Radić Antun	731	1.023.400,00	0,23
11. Zagrebačka banka d.d.- custody account	720	1.008.000,00	0,23
12. Komercijalna banka Zagreb d.d. in liquidation	700	980.000,00	0,22
13. Bahovec Srećko	587	821.800,00	0,19
14. Škaro Miroslav	520	728.000,00	0,16
15. ACK D.D.- in liquidation	500	700.000,00	0,16
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. Interkapital vrijednosni papiri d.o.o./IP	254	355.600,00	0,08
19. Cemex Hrvatska d.d.	249	348.600,00	0,08
20. Kotoraš Marino	231	323.400,00	0,07
21. Other shareholders	16.163	22.628.200,00	5,12
TOTAL:	316.348	442.887.200,00	100,00

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation and consolidation

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette 88/08, 146/08, 74/09 and 54/13) and the Zagreb Stock Exchange Regulations as well as pursuant to the Ordinance on the structure and contents of the financial statements of the issuer for the periods during the year (Official Gazette 132/10, 39/2012) brought by the CFSSA.

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

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

Reporting currency

The financial statements are presented in Croatian kuna (HRK). On 31 March 2014 the official exchange rate of the Croatian kuna was HRK 7.66 to 1 Euro and HRK 5.58 to 1 USD.

Use of estimate

The preparation of financial statements in conformity with the IFRS requires the management to pass judgements, make use of estimates and assumptions that affect the application of accounting policies and the presented amounts of assets, liabilities, revenues and expenditures. The estimates and the underlying assumptions are based on historical experience, various other factors considered reasonable under the given circumstances and the information available by the day of the preparation of financial statements the result of which makes up the basis for judging the book value of assets and liabilities that is otherwise not easy to determine from other sources. The actual results may differ from these estimates. The estimates and the underlying assumptions are continuously examined. Changes in accounting estimates are recognized in the period in which they were made as well as in the future periods if the changes affect them too.

Accounting Policies

The accounting policies used in the preparation of the unaudited consolidated financial statements for the first quarter of the year 2014 are consistent with the accounting policies used in the preparation of the audited financial statements for the year 2013.

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Based on Article 20 of the Articles of Association of CROATIA osiguranje d.d. of 27 September 2012 and Article 410 of the Capital Market Act (Official Gazette 88/08, 146/08, 74/09, 54/13 and 159/13) the Management Board of the Company issues the following

STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for the first quarter of the year 2014, 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, 30.04.2014

Member of the Board

Andrej Koštomaj

President of the Board

Nikola Mišetić