



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

Zagreb, April 2014

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I UNAUDITED FINANCIAL STATEMENTS

| | | | |
|--|---|---------------|----------------------------|
| Reporting period: | 01.01. | to | 31.03.2014. |
| Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG | | | |
| Tax number(MB) | 03276147 | | |
| Company registration number (MBS): | 080051022 | | |
| Personal identification number (OIB): | 26187994862 | | |
| Issuing company: | CROATIA osiguranje d.d. | | |
| Postal code and place | 10000 | ZAGREB | |
| Street and house number: | MIRAMARSKA 22 | | |
| E-mail address: | | | |
| Internet address | www.crosig.hr | | |
| Municipality/city code and name | 133 | ZAGREB | |
| County code and name | 21 | GRAD ZAGREB | Number of employees: 2.655 |
| Consolidated report: | NO | (quarter end) | NKD code: 6512 |
| Companies of the consolidation subject (according to): | Seat: | MB: | |
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| | | | |
| Bookkeeping service: | | | |
| Contact person: | KUZMANOVIĆ KATICA | | |
| Telephone: | 01/6333-117 | Telefaks: | 01/6332-073 |
| E-mail address: | izdavatelj@crosig.hr | | |
| Family name and name: | KOŠTOMAJ ANDREJ, MIŠETIĆ NIKOLA (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

(signature of the person authorized to represent the company)

President of the Board

Nikola Mišetić

**COMPREHENSIVE PROFIT REPORT
(PROFIT & LOSS ACCOUNT)
For the period 01.01.2014.-31.03.2014.**

in HRK

| Position | AOP | Previous period | | | Current period | | |
|--|------------|-----------------|--------------|--------------|----------------|--------------|--------------|
| | | Life | Non-life | Total | Life | Non-life | Total |
| 1 | 2 | 3 | 4 | 5(3+4) | 6 | 7 | 8(6+7) |
| I. Earned premiums (AOP 125 to 132) | 124 | 91.251.991 | 420.522.457 | 511.774.448 | 94.446.440 | 397.788.981 | 492.235.421 |
| 1. Gross written premiums | 125 | 91.003.029 | 807.965.993 | 898.969.022 | 94.456.952 | 710.692.158 | 805.149.110 |
| 2. Coinsurance premium | 126 | | | | | | |
| 3. Value adjustment and collected insurance/coinsurance premium value adjustment | 127 | | -21.413.499 | -21.413.499 | | -30.915.476 | -30.915.476 |
| 4. Premiums ceded to reinsurance | 128 | -93.846 | -143.459.551 | -143.553.397 | -223.603 | -124.615.070 | -124.838.673 |
| 5. Premiums ceded to coinsurance | 129 | | | | | | |
| 6. Change in gross unearned premium provision | 130 | 276.780 | -273.779.523 | -273.502.743 | 145.958 | -207.956.304 | -207.810.346 |
| 7. Change in unearned premium provision, reinsurer's share | 131 | 66.028 | 51.209.037 | 51.275.065 | 67.133 | 50.583.672 | 50.650.805 |
| 8. Change in unearned premium provision, coinsurer's share | 132 | | | | | | |
| II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146) | 133 | 32.499.000 | 43.308.234 | 75.807.234 | 32.547.955 | 39.702.808 | 72.250.762 |
| 1. Income from branch-offices, associated companies and joint ventures | 134 | | | | | 46.764 | 46.764 |
| 2. Income from investments into land and buildings (136 to 138) | 135 | | 6.180.998 | 6.180.998 | | 6.676.826 | 6.676.826 |
| 2.1. Income from rental fees | 136 | | 6.180.998 | 6.180.998 | | 6.676.826 | 6.676.826 |
| 2.2. Income from increased value of land and buildings | 137 | | | | | | |
| 2.3. Income from real estate sale | 138 | | | | | | |
| 3. Interest income | 139 | 25.522.125 | 26.701.273 | 52.223.399 | 26.771.570 | 25.177.898 | 51.949.468 |
| 4. Unrealized profits from investment at fair value | 140 | 810.587 | 1.810.415 | 2.621.002 | 2.062.063 | 3.962.402 | 6.024.465 |
| 5. Gain on sale (realization) of financial investments (142 to 145) | 141 | 178.006 | 673.666 | 851.672 | 98.600 | 926.670 | 1.025.270 |
| 5.1. Investment at fair value through profit and loss account | 142 | 178.006 | 520.970 | 698.976 | 98.600 | 551.670 | 650.270 |
| 5.2. Investment available for sale | 143 | | 152.696 | 152.696 | | 375.000 | 375.000 |
| 5.3. Other gains on sale of financial investments | 144 | | | | | | |
| 6. Net positive exchange rate differences | 145 | 5.832.062 | 4.696.502 | 10.528.564 | 3.537.706 | 1.635.577 | 5.173.283 |
| 7. Other investment income | 146 | 156.220 | 3.245.378 | 3.401.598 | 78.016 | 1.276.670 | 1.354.686 |
| III. Income from commissions and fees | 147 | 5.107 | 8.314.834 | 8.319.941 | 2.886 | 9.177.607 | 9.180.494 |
| IV. Other insurance-technical income, net of reinsurance | 148 | 10.168 | 2.394.998 | 2.405.166 | 259.499 | 15.907.329 | 16.166.829 |
| V. Other income | 149 | 88.843 | 18.284.092 | 18.372.935 | 699.917 | 15.311.510 | 16.011.427 |
| VI. Expenses for insured events, net of reinsurance (AOP 151 + 155) | 150 | -87.460.125 | -229.831.115 | -317.291.240 | -62.709.599 | -247.063.759 | -309.773.358 |
| 1. Paid claims (AOP 152 to 154) | 151 | -97.677.219 | -263.868.237 | -361.545.456 | -66.499.959 | -267.834.015 | -334.333.974 |
| 1.1. Gross amount | 152 | -97.677.219 | -286.895.078 | -384.572.297 | -66.499.959 | -301.900.969 | -368.400.928 |
| 1.2. Coinsurer's share | 153 | | | | | | |
| 1.3. Reinsurer's share | 154 | | 23.026.841 | 23.026.841 | | 34.066.954 | 34.066.954 |
| 2. Change in claims provision (AOP 156 to 158) | 155 | 10.217.094 | 34.037.122 | 44.254.216 | 3.790.360 | 20.770.256 | 24.560.616 |
| 2.1. Gross amount | 156 | 10.217.094 | 16.473.485 | 26.690.579 | 3.790.360 | 30.981.340 | 34.771.700 |
| 2.2. Coinsurer's share | 157 | | | | | | |
| 2.3. Reinsurer's share | 158 | | 17.563.637 | 17.563.637 | | -10.211.084 | -10.211.084 |
| VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163) | 159 | -1.636.587 | | -1.636.587 | -37.144.714 | | -37.144.714 |
| 1. Change in mathematical insurance provision (AOP 161 + 162) | 160 | -1.636.587 | | -1.636.587 | -37.144.714 | | -37.144.714 |
| 1.1. Gross amount | 161 | -1.623.544 | | -1.623.544 | -37.122.924 | | -37.122.924 |
| 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 | | | | | | |
| 2.1. Gross amount | 164 | | | | | | |
| 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. Depending on results (bonuses) | 172 | | | | | | |
| 2. Irrespective of results (discounts) | 173 | | | | | | |

| | | | | | | | |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| X. Business expenditures(AOP 175+179) | 174 | -22,067,324 | -184,874,837 | -206,942,161 | -21,630,560 | -197,040,918 | -218,671,478 |
| 1. Sales expenses (AOP 176 to 178) | 175 | -4,833,742 | -45,108,702 | -49,942,445 | -4,648,772 | -45,971,250 | -50,620,022 |
| 1.1. Commission | 176 | -3,771,972 | -36,625,684 | -40,397,656 | -3,613,644 | -39,690,919 | -43,304,563 |
| 1.2. Other sales expenses | 177 | -1,061,770 | -8,483,019 | -9,544,789 | -1,035,128 | -6,280,331 | -7,315,459 |
| 1.3. Change in split sales expenses | 178 | | | | | | |
| 2. Management expenses (AOP 180 to 182) | 179 | -17,233,582 | -139,766,134 | -156,999,716 | -16,981,788 | -151,069,668 | -168,051,456 |
| 2.1. Depreciation of tangible assets | 180 | -422,480 | -11,155,945 | -11,578,425 | -501,524 | -10,509,899 | -11,011,423 |
| 2.2. Salaries, taxes and salary contributions (from and on salary) | 181 | -10,316,305 | -76,981,571 | -87,297,877 | -10,530,844 | -79,409,595 | -89,940,439 |
| 2.3. Other management expenses | 182 | -6,494,797 | -51,628,617 | -58,123,415 | -5,949,420 | -61,150,174 | -67,099,594 |
| XI. Investment expenses(AOP 184 to 189) | 183 | -2,497,922 | -40,867,932 | -43,365,854 | -221,193 | -9,003,507 | -9,224,700 |
| 1. Depreciation (buildings not intended for business activities of the company) | 184 | | | | | | |
| 2. Interest | 185 | | -36,961 | -36,961 | | -169,726 | -169,726 |
| 3. Investment impairments | 186 | | -21,977,685 | -21,977,685 | -55,565 | -4,560,721 | -4,616,286 |
| 4. Losses from sale (realizations) of investment | 187 | | -15,043 | -15,043 | | -41,105 | -41,105 |
| 5. Adjustment of financial assets at fair value through P&L | 188 | -2,349,924 | -1,589,268 | -3,939,192 | -39,295 | -136,514 | -175,809 |
| 6. Net foreign exchange losses | 189 | | | | | | |
| 7. Other investment costs | 190 | -147,999 | -17,248,975 | -17,396,974 | -126,333 | -4,095,442 | -4,221,775 |
| XII. Other technical expenses, net of reinsurance (AOP 192 + 193) | 191 | -62,531 | -12,939,236 | -13,001,766 | -66,840 | -22,870,766 | -22,937,606 |
| 1. Prevention activities expenses | 192 | | | | | | |
| 2. Other technical expenses | 193 | -62,531 | -12,939,236 | -13,001,766 | -66,840 | -22,870,766 | -22,937,606 |
| XIII. Other expenses, including value adjustment | 194 | | -91,022 | -91,022 | | -1,267,261 | -1,267,261 |
| XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194) | 195 | 11,332,061 | 24,220,474 | 35,552,535 | 7,804,311 | 642,024 | 8,446,335 |
| XV. Taxation (AOP 197+198) | 196 | -2,266,412 | -4,844,095 | -7,110,507 | -1,560,862 | -128,405 | -1,689,267 |
| 1. Current tax expenses | 197 | -2,266,412 | -4,844,095 | -7,110,507 | -1,560,862 | -128,405 | -1,689,267 |
| 2. Deferred tax expenses | 198 | | | | | | |
| XVI. Net profit or loss for the period(AOP 195-196) | 199 | 9,065,649 | 19,376,379 | 28,442,028 | 6,243,449 | 513,619 | 6,757,068 |
| 1. Attributable to majority owners | 200 | | | | | | |
| 2. Attributable to minority interests | 201 | | | | | | |
| XVII. TOTAL INCOME | 202 | 123,855,109 | 492,824,614 | 616,679,724 | 127,956,698 | 477,888,235 | 605,844,933 |
| XVIII. TOTAL EXPENSES | 203 | -114,789,460 | -473,448,235 | -588,237,695 | -121,713,249 | -477,374,616 | -599,087,865 |
| IX. Other comprehensive profit (205 to 211 - 212) | 204 | 11,549,145 | 14,826,640 | 26,375,785 | 5,807,850 | 28,989,775 | 34,797,625 |
| 1. Profit / loss from translation of financial statements | 205 | | | | | | |
| 2. Profit / loss from revaluation of financial assets available for sale | 206 | 11,549,145 | 14,887,290 | 26,436,436 | 5,807,850 | 28,857,991 | 34,665,841 |
| 3. Profit / loss from revaluation of operational land and buildings | 207 | | -60,651 | -60,651 | | 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 | 20,614,794 | 34,203,019 | 54,817,813 | 12,051,299 | 29,503,394 | 41,554,693 |
| 1. Attributable to majority owners | 214 | | | 0 | | | 0 |
| 2. Attributable to minority interests | 215 | | | 0 | | | 0 |
| XXI. Reclassification adjustments | 216 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

in HRK

| Position | AOP | Previous period | | | Current period | | |
|--|------------|-----------------|---------------|---------------|----------------|---------------|---------------|
| | | Life | Non-life | Total | Life | Non-life | Total |
| 1 | 2 | 3 | 4 | 5(3+4) | 6 | 7 | 8(6+7) |
| ASSETS | | | | | | | |
| A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003) | 001 | | | | | | |
| 1. Capital invited to be paid | 002 | | | | | | |
| 2. Capital that is not invited to be paid | 003 | | | | | | |
| B. INTANGIBLE ASSETS (005+006) | 004 | | 14.770.503 | 14.770.503 | | 13.455.072 | 13.455.072 |
| 1. Goodwill | 005 | | | | | | |
| 2. Other intangible assets | 006 | | 14.770.503 | 14.770.503 | | 13.455.072 | 13.455.072 |
| C. TANGIBLE ASSETS (008 to 010) | 007 | | 925.569.387 | 925.569.387 | | 934.953.492 | 934.953.492 |
| 1. Land and buildings used for insurance activities | 008 | | 894.713.567 | 894.713.567 | | 906.672.085 | 906.672.085 |
| 2. Equipment | 009 | | 25.380.438 | 25.380.438 | | 22.854.770 | 22.854.770 |
| 3. Other tangible assets and reserves | 010 | | 5.475.381 | 5.475.381 | | 5.426.638 | 5.426.638 |
| D. INVESTMENTS (012+013+017+036) | 011 | 2.121.439.942 | 3.577.858.430 | 5.699.298.372 | 2.171.244.506 | 3.573.235.541 | 5.744.480.047 |
| I. Investments in land and buildings not intended for business activities of the company | 012 | | 656.118.194 | 656.118.194 | | 663.138.064 | 663.138.064 |
| II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016) | 013 | | 395.148.028 | 395.148.028 | | 431.030.828 | 431.030.828 |
| 1. Shares and stakes in branch-offices | 014 | | 390.888.328 | 390.888.328 | | 426.771.128 | 426.771.128 |
| 2. Shares and stakes in associate companies | 015 | | 4.259.700 | 4.259.700 | | 4.259.700 | 4.259.700 |
| 3. Participating in joint investments | 016 | | | | | | |
| III. Other financial investments (018 + 021 + 026 + 032) | 017 | 2.121.439.942 | 2.526.592.208 | 4.648.032.150 | 2.171.244.506 | 2.479.066.649 | 4.650.311.155 |
| 1. Investments kept till maturity date (019 + 020) | 018 | 1.574.485.381 | 1.064.379.005 | 2.638.864.386 | 1.446.542.746 | 906.606.731 | 2.353.149.477 |
| 1.1. Debt securities and other securities with fixed income | 019 | 1.574.485.381 | 1.064.379.005 | 2.638.864.386 | 1.446.542.746 | 906.606.731 | 2.353.149.477 |
| 1.2. Other investments kept till maturity date | 020 | | | | | | |
| 2. Investments available for sale (022 to 025) | 021 | 36.445.189 | 240.102.551 | 276.547.739 | 186.128.136 | 392.697.105 | 578.825.241 |
| 2.1. Stocks, shares and other securities with variable income | 022 | 34.232.695 | 215.343.482 | 249.576.177 | 183.971.207 | 360.887.323 | 544.858.531 |
| 2.2. Debt securities and other securities with fixed income | 023 | | | | | | |
| 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 | 430.616.858 | 529.230.308 | 143.021.330 | 477.550.228 | 620.571.557 |
| 3.1. Stocks, shares and other securities with variable income | 027 | | 9.685.686 | 9.685.686 | | 10.468.594 | 10.468.594 |
| 3.2. Debt securities and other securities with fixed income | 028 | 79.886.386 | 101.767.694 | 181.654.081 | 81.846.221 | 82.804.512 | 164.650.733 |
| 3.3. Derivative financial instruments | 029 | | | | | | |
| 3.4. Stakes in investment funds | 030 | 18.727.064 | 319.163.477 | 337.890.541 | 61.175.109 | 384.277.122 | 445.452.231 |
| 3.5. Other investments | 031 | | | | | | |
| 4. Deposits, loans and receivables (033 to 035) | 032 | 411.895.922 | 791.493.794 | 1.203.389.716 | 395.552.294 | 702.212.585 | 1.097.764.879 |
| 4.1. Bank deposits | 033 | 310.275.280 | 559.608.805 | 869.884.085 | 340.316.780 | 475.964.085 | 816.280.865 |
| 4.2. Loans | 034 | 51.620.642 | 231.884.989 | 283.505.631 | 55.235.514 | 226.248.500 | 281.484.014 |
| 4.3. Other loans and receivables | 035 | 50.000.000 | | 50.000.000 | | | |
| 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 | 287.895 | 326.697.870 | 326.985.765 | 333.238 | 367.070.457 | 367.403.695 |
| 1. Unearned premiums, reinsurance share | 039 | 3.146 | 48.009.776 | 48.012.922 | 70.280 | 98.593.448 | 98.663.728 |
| 2. Mathematical insurance provision, reinsurance share | 040 | 284.749 | | 284.749 | 262.958 | | 262.958 |
| 3. Claims provision, reinsurance share | 041 | | 278.688.093 | 278.688.093 | | 268.477.009 | 268.477.009 |
| 4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share | 042 | | | | | | |
| 5. Provision for claims fluctuation, reinsurance share | 043 | | | | | | |
| 6. Other technical insurance provision, reinsurance share | 044 | | | | | | |
| 7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share | 045 | | | | | | |
| G. DEFERRED AND CURRENT TAX ASSETS (047+048) | 046 | 1.259.200 | 53.693.672 | 54.952.871 | 1.259.200 | 53.693.672 | 54.952.871 |
| 1. Deferred tax assets | 047 | 1.259.200 | 45.010.638 | 46.269.838 | 1.259.200 | 45.010.638 | 46.269.838 |
| 2. Current tax assets | 048 | | 8.683.033 | 8.683.033 | | 8.683.033 | 8.683.033 |
| H. RECEIVABLES (050 + 053 + 054) | 049 | 4.066.023 | 769.115.969 | 773.181.992 | 4.811.082 | 952.549.044 | 957.360.126 |
| 1. Receivables from direct insurance activities (051 + 052) | 050 | 109.449 | 550.709.152 | 550.818.601 | 66.511 | 709.190.728 | 709.257.239 |
| 1.1. Receivables from policyholders | 051 | | 549.085.557 | 549.085.557 | | 707.428.495 | 707.428.495 |
| 1.2. Receivables from insurance agents | 052 | 109.449 | 1.623.595 | 1.733.044 | 66.511 | 1.762.232 | 1.828.744 |
| 2. Receivables from coinsurance and reinsurance activities | 053 | | 12.349.999 | 12.349.999 | | 623.422 | 623.422 |
| 3. Other receivables (055 to 057) | 054 | 3.956.573 | 206.056.819 | 210.013.392 | 4.744.570 | 242.734.895 | 247.479.465 |
| 3.1. Receivables for other insurance activities | 055 | | 133.393.382 | 133.393.382 | | 156.557.385 | 156.557.385 |
| 3.2. Receivables for returns on investments | 056 | 1.129.042 | 4.249.892 | 5.378.934 | 1.012.347 | 5.737.529 | 6.749.876 |
| 3.3. Other receivables | 057 | 2.827.531 | 68.413.545 | 71.241.076 | 3.732.223 | 80.439.980 | 84.172.204 |
| I. OTHER ASSETS (059 + 063 + 064) | 058 | 9.877.007 | 99.106.452 | 108.983.459 | 4.024.682 | 73.947.765 | 77.972.446 |
| 1. Money in bank and in cash (060 to 062) | 059 | 9.866.925 | 93.839.479 | 103.706.404 | 4.015.367 | 70.845.023 | 74.860.390 |
| 1.1. Money on business account | 060 | | 93.748.511 | 93.748.511 | | 70.741.422 | 70.741.422 |
| 1.2. Money on mathematical provision account | 061 | 9.866.271 | | 9.866.271 | 4.014.542 | | 4.014.542 |
| 1.3. Cash money | 062 | 654 | 90.968 | 91.622 | 825 | 103.601 | 104.426 |
| 2. Long-term assets intended for sale and business termination | 063 | | | | | | |
| 3. Other | 064 | 10.082 | 5.266.973 | 5.277.055 | 9.314 | 3.102.742 | 3.112.056 |
| J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068) | 065 | 32.454.170 | 33.809.231 | 66.263.401 | 25.335.752 | 30.295.848 | 55.631.601 |
| 1. Split interest and rental fees | 066 | 32.410.583 | 21.935.288 | 54.345.871 | 25.325.420 | 14.935.397 | 40.260.817 |
| 2. Split sales costs | 067 | | | | | | |
| 3. Other paid expenses of the future period and undue income collection | 068 | 43.586 | 11.873.944 | 11.917.530 | 10.332 | 15.360.452 | 15.370.784 |
| K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065) | 069 | 2.177.773.093 | 5.800.621.514 | 7.978.394.606 | 2.214.339.697 | 5.999.200.891 | 8.213.540.588 |
| L. NON-BALANCE SHEET RECORDS | 070 | 82.647.220 | 1.112.471.075 | 1.195.118.295 | | 1.137.846.270 | 1.137.846.270 |

| LIABILITIES | | | | | | | |
|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088) | 071 | 149.849.087 | 1.316.727.209 | 1.466.576.296 | 161.900.386 | 1.346.230.603 | 1.508.130.989 |
| 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 | 1.997.913 | 135.855.618 | 137.853.531 | 7.805.763 | 164.144.669 | 171.950.432 |
| 3.1. Revaluation of land and buildings | 078 | | 128.580.481 | 128.580.481 | | 128.011.542 | 128.011.542 |
| 3.2. Revaluation of investments in financial assets | 079 | 1.997.913 | 7.275.137 | 9.273.049 | 7.805.763 | 36.133.128 | 43.938.890 |
| 3.3. Other revaluation reserves | 080 | | | | | | |
| 4. Reserves (082 to 084) | 081 | 81.746.348 | 426.943.385 | 508.689.733 | 81.746.348 | 426.943.385 | 508.689.733 |
| 4.1. Legal provision | 082 | 721.929 | 22.853.579 | 23.575.508 | 721.929 | 22.853.579 | 23.575.508 |
| 4.2. Statutory provision | 083 | 5.524.419 | 137.378.978 | 142.903.398 | 5.524.419 | 137.378.978 | 142.903.398 |
| 4.3. Other reserves | 084 | 75.500.000 | 266.710.827 | 342.210.827 | 75.500.000 | 266.710.827 | 342.210.827 |
| 5. Retained profit or loss (086 + 087) | 085 | 13.587.779 | 346.289.659 | 359.877.437 | 21.816.106 | 356.030.450 | 377.846.556 |
| 5.1. Retained profit | 086 | 13.587.779 | 346.289.659 | 359.877.437 | 21.816.106 | 356.030.450 | 377.846.556 |
| 5.2. Retained loss (-) | 087 | | | | | | |
| 6. Profit or loss for the period (089 + 090) | 088 | 8.228.327 | 9.040.068 | 17.268.395 | 6.243.449 | 513.619 | 6.757.068 |
| 6.1. Profit for the period | 089 | 8.228.327 | 9.040.068 | 17.268.395 | 6.243.449 | 513.619 | 6.757.068 |
| 6.2. Loss for the period (-) | 090 | | | | | | |
| B. MINORITY INTEREST | 091 | | | | | | |
| C. TECHNICAL PROVISION (093 to 098) | 092 | 1.985.322.093 | 3.645.296.555 | 5.630.618.648 | 2.018.508.699 | 3.822.271.518 | 5.840.780.217 |
| 1. Unearned premiums, gross amount | 093 | 2.752.715 | 932.736.360 | 935.489.075 | 2.606.758 | 1.140.692.664 | 1.143.299.421 |
| 2. Mathematical insurance provision, gross amount | 094 | 1.955.270.395 | | 1.955.270.395 | 1.992.393.319 | | 1.992.393.319 |
| 3. Claims provision, gross amount | 095 | 27.298.983 | 2.665.161.560 | 2.692.460.542 | 23.508.622 | 2.634.180.220 | 2.657.688.842 |
| 4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount | 096 | | | | | | |
| 5. Provision for claims fluctuation, gross amount | 097 | | 3.571.635 | 3.571.635 | | 3.571.635 | 3.571.635 |
| 6. Other technical insurance provision, gross amount | 098 | | 43.827.000 | 43.827.000 | | 43.827.000 | 43.827.000 |
| 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 | 10.165.273 | 98.950.633 | 109.115.907 | 10.021.648 | 101.517.081 | 111.538.729 |
| 1. Provision for pensions | 101 | 10.165.273 | 97.070.252 | 107.235.526 | 10.021.648 | 99.636.700 | 109.658.348 |
| 2. Other provision | 102 | | 1.880.381 | 1.880.381 | | 1.880.381 | 1.880.381 |
| F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105) | 103 | 499.478 | 33.963.904 | 34.463.383 | 1.560.862 | 33.952.164 | 35.513.027 |
| 1. Deferred tax liability | 104 | 499.478 | 33.963.904 | 34.463.383 | | 33.823.760 | 33.823.760 |
| 2. Current tax liability | 105 | | | | 1.560.862 | 128.405 | 1.689.267 |
| G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE | 106 | | | | | | |
| H. FINANCIAL LIABILITIES (108 to 110) | 107 | | 350.056.575 | 350.056.575 | | 350.000.000 | 350.000.000 |
| 1. Loan liabilities | 108 | | 350.056.575 | 350.056.575 | | 350.000.000 | 350.000.000 |
| 2. Outstanding securities | 109 | | | | | | |
| 3. Other financial liabilities | 110 | | | | | | |
| I. OTHER LIABILITIES (112 to 115) | 111 | 14.529.162 | 188.191.900 | 202.721.062 | 12.531.899 | 190.308.809 | 202.840.708 |
| 1. Liabilities derived from direct insurance activities | 112 | 2.547.239 | 84.698.307 | 87.245.546 | 2.001.021 | 88.647.245 | 90.648.266 |
| 2. Liabilities derived from coinsurance and reinsurance activities | 113 | 1.725 | 17.205.005 | 17.206.730 | 367 | 25.444.616 | 25.444.984 |
| 3. Liabilities for misappropriation and discontinued operations | 114 | | | | | | |
| 4. Other liabilities | 115 | 11.980.197 | 86.288.588 | 98.268.785 | 10.530.511 | 76.216.947 | 86.747.458 |
| J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118) | 116 | 9.019.143 | 167.434.737 | 176.453.880 | 2.484.966 | 154.920.715 | 157.405.680 |
| 1. Reinsurance commission split | 117 | | | | | | |
| 2. Other deferred costs payment and future income | 118 | 9.019.143 | 167.434.737 | 176.453.880 | 2.484.966 | 154.920.715 | 157.405.680 |
| K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116) | 119 | 2.177.773.093 | 5.800.621.514 | 7.978.394.606 | 2.214.339.697 | 5.999.200.891 | 8.213.540.588 |
| L. NON-BALANCE SHEET RECORDS | 120 | 82.647.220 | 1.112.471.075 | 1.195.118.295 | | 1.137.846.270 | 1.137.846.270 |
| ADDITION TO BALANCE SHEET (only for consolidated financial statements) | | | | | | | |
| M. CAPITAL AND RESERVES (122+123) | 121 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1. Attributable to majority owners | 122 | | | 0 | | | 0 |
| 2. Attributable to minority interests | 123 | | | 0 | | | 0 |

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

REPORT ON CHANGES IN EQUITY FOR THE PERIOD 01.01.2014. - 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 nad 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 | | 447.056.364 | 479.083.468 | 264.148.429 | 118.425.061 | 1.751.600.522 | | 1.751.600.522 |
| 1. Change in accounting policy | 002 | | | | | | | | | |
| 2. Correction of previous period errors | 003 | | | | | 1.174.720 | | 1.174.720 | | 1.174.720 |
| II. Balance at 1 January - previous year (corrected) (AOP 001 to 003) | 004 | 442.887.200 | | 447.056.364 | 479.083.468 | 265.323.149 | 118.425.061 | 1.752.775.242 | | 1.752.775.242 |
| III. Comprehensive profit or loss - previous year (AOP 006+007) | 005 | | | -309.202.833 | | 6.715.492 | 17.268.395 | -285.218.946 | | -285.218.946 |
| 1. Profit/loss of the previous period | 006 | | | | | | 17.268.395 | 17.268.395 | | 17.268.395 |
| 2. Other comprehensive profit/loss of the previous year (AOP 008 do 011) | 007 | | | -309.202.833 | | 6.715.492 | | -302.487.342 | | -302.487.342 |
| 2.1. Unrealized profit/loss from tangible assets (land and buildings) | 008 | | | -352.545.956 | | 6.715.492 | | -345.830.464 | | -345.830.464 |
| 2.2. Unrealized profit/loss from financial assets available for sale | 009 | | | 42.924.196 | | | | 42.924.196 | | 42.924.196 |
| 2.3. Realized profit/loss from financial assets available for sale | 010 | | | 418.926 | | | | 418.926 | | 418.926 |
| 2.4. Other non-ownership changes in capital | 011 | | | | | | | | | |
| IV. Transactions with owners (previous period) (AOP 013 to 016) | 012 | | | | 29.606.265 | 87.838.796 | -118.425.061 | -980.000 | | -980.000 |
| 1. Increase/decrease of share capital | 013 | | | | | | | | | |
| 2. Other payments by the owners | 014 | | | | | | | | | |
| 3. Payment of shares in profit/dividends | 015 | | | | | | -980.000 | -980.000 | | -980.000 |
| 4. Other distribution to the owners | 016 | | | | 29.606.265 | 87.838.796 | -117.445.061 | | | |
| V. Balance at 31 December - previous period (AOP 004+005+012) | 017 | 442.887.200 | | 137.853.531 | 508.689.733 | 359.877.437 | 17.268.395 | 1.466.576.296 | | 1.466.576.296 |
| VI. Balance at 1 January - current year | 018 | 442.887.200 | | 137.853.531 | 508.689.733 | 359.877.437 | 17.268.395 | 1.466.576.296 | | 1.466.576.296 |
| 1. Change in accounting policy | 019 | | | | | | | | | |
| 2. Correction of previous period errors | 020 | | | | | | | | | |
| VII. Balance at 1 January - current period (corrected) (AOP 018 to 020) | 021 | 442.887.200 | | 137.853.531 | 508.689.733 | 359.877.437 | 17.268.395 | 1.466.576.296 | | 1.466.576.296 |
| VIII. Comprehensive profit or loss - current period (AOP 023+024) | 022 | | | 34.096.902 | | 700.724 | 6.757.068 | 41.554.693 | | 41.554.693 |
| 1. Profit/loss of the previous period | 023 | | | | | | 6.757.068 | 6.757.068 | | 6.757.068 |
| 2. Other comprehensive profit/loss of the current year (AOP 025 to 028) | 024 | | | 34.096.902 | | 700.724 | | 34.797.625 | | 34.797.625 |
| 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 | | | 34.318.732 | | | | 34.318.732 | | 34.318.732 |
| 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 | | | | | | | | | |
| IX. Transactions with owners (current period) (AOP 030 to 033) | 029 | | | | | | 17.268.395 | -17.268.395 | | |
| 1. Increase/decrease of share capital | 030 | | | | | | | | | |
| 2. Other payments by the owners | 031 | | | | | | | | | |
| 3. Payment of shares in profit/dividends | 032 | | | | | | | | | |
| 4. Other distribution to the owners | 033 | | | | | | 17.268.395 | -17.268.395 | | |
| X. Balance at 31 December - current period (AOP 021+022+029) | 034 | 442.887.200 | | 171.950.432 | 508.689.733 | 377.846.556 | 6.757.068 | 1.508.130.989 | | 1.508.130.989 |

**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 | 316.084.506 | -251.413.699 |
| 1. Cash flow before change in business property and liabilities (AOP 003+004) | 002 | 51.250.762 | 1.901.608 |
| 1.1. Profit before tax | 003 | 35.552.535 | 8.446.335 |
| 1.2. Adjustment: (AOP 005 to 012) | 004 | 15.698.227 | -6.544.726 |
| 1.2.1. Depreciation and amortization of immovables and equipment | 005 | 10.544.749 | 9.624.967 |
| 1.2.2. Depreciation and amortization of intangible property | 006 | 1.033.676 | 1.386.456 |
| 1.2.3. Impairment and profits/losses from adjustment to fair value | 007 | 23.295.874 | -1.232.370 |
| 1.2.4. Interest expenses | 008 | 36.961 | 169.726 |
| 1.2.5. Interest income | 009 | -52.223.399 | -51.949.468 |
| 1.2.6. Share in profit of associated companies | 010 | 0 | -46.764 |
| 1.2.7. Profits/losses from sale of tangible property (including real estate) | 011 | -836.629 | -984.166 |
| 1.2.8. Other adjustments | 012 | 33.846.995 | 36.486.892 |
| 2. Increase/decrease in business property and liabilities (AOP 014 to 030) | 013 | 271.944.252 | -251.626.040 |
| 2.1. Increase /decrease in investments available for sale | 014 | -7.877.338 | -302.277.502 |
| 2.2. Increase /decrease in investment estimated at fair value | 015 | 143.786.267 | -83.951.431 |
| 2.3. Increase / decrease in deposits, loans and receivables | 016 | 144.957.068 | 103.603.220 |
| 2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance | 017 | 0 | 0 |
| 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 technical provision | 019 | -68.825.658 | -40.417.931 |
| 2.7. Increase/decrease of taxable property | 020 | 0 | 0 |
| 2.8. Increase/decrease in receivables | 021 | -225.659.790 | -132.233.213 |
| 2.9. Increase/decrease in other assets | 022 | 0 | 0 |
| 2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income | 023 | 11.285.920 | 10.631.800 |
| 2.11. Increase/decrease in technical provision | 024 | 248.435.707 | 210.161.569 |
| 2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk | 025 | -795.732 | -1.057.619 |
| 2.13. Increase/decrease in tax liabilities | 026 | -4.204.867 | 1.049.644 |
| 2.14. Increase/decrease in deposits held from activities ceded to reinsurance | 027 | 0 | 0 |
| 2.15. Increase/decrease in financial liabilities | 028 | 0 | 0 |
| 2.16. Increase/decrease in other liabilities | 029 | 41.215.211 | 856.002 |
| 2.17. Increase/decrease in deferred payment of expenses and income of the future period | 030 | -11.168.269 | -19.048.199 |
| 3. Income tax paid | 031 | -7.110.507 | -1.689.267 |
| II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046) | 032 | -262.563.052 | 225.805.070 |
| 1. Receipts from sale of tangible assets | 033 | 8.651.185 | 0 |
| 2. Expenditures for the purchase of tangible assets | 034 | -10.544.749 | -19.009.072 |
| 3. Receipts from sale of intangible assets | 035 | 0 | 1.315.432 |
| 4. Expenditures for the purchase of intangible assets | 036 | -1.896.962 | -1.386.456 |
| 5. Receipts from sale of land and buildings not intended for business activities of the company | 037 | 0 | 0 |
| 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 | -35.836.036 |
| 8. Receipts from investments kept till maturity | 040 | 0 | 285.714.909 |
| 9. Expenditures for investments kept till maturity | 041 | -158.015.538 | 0 |
| 10. Receipts from sale of securities and stakes | 042 | 0 | 0 |
| 11. Expenditures for investments in securities and stakes | 043 | 0 | 0 |
| 12. Receipts from dividends and profit share | 044 | 241.035 | 4.547 |
| 13. Receipts from long term and short term loans | 045 | 103.250.397 | 20.035.638 |
| 14. Expenses for long term and short term loans | 046 | -187.472.589 | -18.014.021 |
| III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054) | 047 | -50.125.575 | -229.101 |
| 1. Receipts from capital stock increase | 048 | 0 | 0 |
| 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 | -50.164.276 | -350.396.027 |
| 4. Expenditures for purchase of treasury shares | 051 | 0 | 0 |
| 5. Expenditures for payment of profit share (dividends) | 052 | -3.136 | -2.800 |
| NET CASH FLOW (AOP 001 + 032 + 049) | 053 | 3.395.879 | -25.837.729 |
| IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES | 054 | -10.528.564 | -5.173.283 |
| V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056) | 055 | -7.132.685 | -31.011.012 |
| Cash and cash equivalents at the beginning of the period | 056 | 77.789.725 | 108.983.459 |
| Cash and cash equivalents at the end of the period (AOP 057 + 058) | 057 | 70.657.040 | 77.972.446 |

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

II INTERIM MANAGEMENT REPORT

During the first quarter of the year 2014 the trend of decrease in premium in Croatia insurance industry continues as a result of hard economic situation in the country. Taking into account strong competition and liberalization of the market, CROATIA osiguranje d.d. continues to be a leader on the insurance market with the market share of 32.9% (without Croatia zdravstveno osiguranje d.d. that recorded the share of 1.5%).

During the period I-III 2014 the total income of CROATIA osiguranje d.d. amounted to HRK 605.8 mil. that is a decrease of 1.8% or nominally HRK 10.9 mil. compared to the same period of the previous year. The total expenditures (without profit tax) amounted to HRK 597.4 mil. that is an increase of 2.8% or nominally HRK 16.3 mil. compared to the same period of the previous year. The realized gross profit of the Company amounted to HRK 8.4 mil. that recorded a decrease of 76.2% or nominally HRK 27.1 mil.

During the first three months of the year 2014, CROATIA osiguranje d.d. realized the gross written premium amounting to HRK 805.1 mil. that is a decrease of 10.4% compared to the same period of the previous year. The written premium of non-life insurance recorded a decrease of 12.0%, while in life insurance the Company recorded an increase of 3.8% compared to the same period of the previous year.

During the period I-III 2014 the earned premium amounted to HRK 492.2 mil. that is a decrease of 3.8% compared to the same period of the previous year. In total income the share of the earned premium amounted to 81.2%.

In non-life and life insurance investment business amounted to HRK 72.3 mil.

The other income of the Company consisting of the commission and compensation income, other insurance-technical income, net of reinsurance and other income amounted to HRK 41.4 mil. that is an increase of 42.1% compared to the same period of the previous year. The share of other income in total income amounted to 6.8%.

The gross paid claims amounted to HRK 368.4 mil. that is a decrease of 4.2% i.e. HRK 16.2 mil. compared to the same period of the previous year. The non-life insurance recorded the increase in gross paid claims by 5.2%, while in life insurance the gross paid claims decreased by 31.9% compared to the same period of the previous year.

During the period I-III 2014 the business expenditures amounted to HRK 218.7 mil. that is an increase of 5.7% compared to the previous year. The increase was a result of severance pays and provision for severance pays and court costs.

The employees expenses make 41.1% of the business expenditures that is an increase of 3.0% compared to the same period of the previous year.

During this reporting period the investment expenses amounted to 9.2 mil. that is a decrease of 78.7% i.e., HRK 34.1 mil. compared to the same period of the previous year. In total expenditures the share of investment expenses amounted to 1.5%.

At the end of the first quarter of the year 2014 the value of total investments amounted to HRK 5,744.5 mil. that is an increase of HRK 153.0 mil. i.e., 2.7% compared to the same period of the previous year.

For 130 years now CROATIA osiguranje takes care of security of our citizens in all segments of life and activities. Acting to that principle, in the scope of „Good people to children in Croatia" project CROATIA osiguranje has donated 20 new life insurance policies, which will help children without parents' care to pass the period from the going out of the institution when the time comes. As well, the representatives of CROATIA osiguranje visited flood imperiled territory of Čička Poljana and donated in the name of the company the much-needed equipment showing even in that way that CROATIA osiguranje is really a "Friend who cares".

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 d.d.

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.

KEY BUSINESS INDICATORS:

In HRK

| DESCRIPTION | I-III 2013. | I-III 2014. | Index 3 : 2 |
|---|---------------|---------------|----------------|
| 1 | 2 | 3 | 4 |
| PROFIT AND LOSS ACCOUNT | | | |
| Total income | 616.679.724 | 605.844.933 | 98,2 |
| Written gross premium | 898.969.022 | 805.149.110 | 89,6 |
| Total expenditure | 581.127.188 | 597.398.598 | 102,8 |
| Paid claims (gross) | 384.572.297 | 368.400.928 | 95,8 |
| Profit before taxation (gross profit) | 35.552.535 | 8.446.335 | 23,8 |
| Profit after taxation (net profit) | 28.442.028 | 6.757.068 | 23,8 |
| BALANCE | | | |
| Total assets | 8.440.652.454 | 8.213.540.588 | 97,3 |
| Equity and provision | 1.806.779.038 | 1.508.130.989 | 83,5 |
| Technical provision | 5.969.179.171 | 5.840.780.217 | 97,8 |
| Life insurance special provision-policyholder's investment risk | 10.629.483 | 7.331.238 | 69,0 |
| Investments | 5.591.476.797 | 5.744.480.047 | 102,7 |
| INDICATORS OF PROFITABILITY | | | |
| ROA (%) (net profit / assets) | 0,34 | 0,08 | 24,4 |
| ROE (%) (net profit / equity and provision) | 1,57 | 0,45 | 28,5 |
| Gross profit margin (%) (gross profit / total income) | 5,77 | 1,39 | 24,2 |
| NON-LIFE INSURANCE INDICATORS | | | |
| Loss ratio | 50,6 | 53,9 | 106,5 |
| Expense ratio | 21,9 | 26,4 | 121,0 |
| Combined ratio | 72,5 | 80,3 | 110,8 |
| ECONOMY INDICATOR | | | |
| Total cost of operations (tot.income /tot.expenditure %) | 106,1 | 101,4 | 95,6 |

The unaudited unconsolidated 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).

Description of main risks and uncertainties

The basic goal of the Company 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 Company introduces the centralized risk management system as well. The legal entities supervise the Company's solvency to ensure obligations which could arise in case of unforeseeable economic changes or natural disasters.

The Company actively manages the assets using the approach that creates a balance between the quality, diversification, coordination of assets and liabilities, solvency and return on investments. The 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 Company actively manages its financial instrument transactions by taking over the financial risks prescribed by the branch principles as well as the Insurance Act. The most important risks and uncertainties are described in the audited unconsolidated annual report for the year 2013.

Zagreb, 30.04.2014

Member of the Board

Andrej Koštomaj



President of the Board

Nikola Mišetić



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

1. General Data

CROATIA osiguranje d.d. has been established in 1884. From that time until today CROATIA osiguranje d.d. takes the leading position on the insurance market in the Republic of Croatia that makes it the most successful insurance company as in the country as in the region.

CROATIA osiguranje d.d. 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.

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

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

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 Cucurin | 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 |

Members of the 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

During the period 1 January until 31 March 2014, the Management Board held 14 meetings at which it discussed and made decisions in accordance with Acts and Company's Articles of Association. The Supervisory board held five meetings until 31 March 2014.

On 11 March 2014, at its 29th meeting the Supervisory board gave its consent to the decision of the Management board to announce the 39th General Assembly of CROATIA osiguranje d.d. which was held on 22 April 2014.

Capital stock and shares

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

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

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

Ownership structure of CROATIA osiguranje d.d. as at 31 March 2014

| 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 plovdba 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. Kotoras 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

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

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

Reporting currency

The financial statements are presented in Croatian kuna (HRK). On 31 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 and various other factors considered reasonable under the given circumstances and the information available by the day of the preparation of financial statements the result of which makes up the basis for judging the book value of assets and liabilities that is otherwise not easy to determine from other sources. The actual results may differ from these estimates. The estimates and the underlying assumptions are continuously examined. Changes in the accounting estimates are recognized in the period in which they were made as well as in the future periods if the changes affect them too.

Accounting Policies

The accounting policies used in the preparation of the unaudited unconsolidated financial statements for the 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.



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 unconsolidated 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

