

Croatia osiguranje d.d.

**Annual Report
and financial statements
for 2014**

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Croatia osiguranje d.d.

Annual Report for 2014



Independent Auditor's Report on the Annual Report

To the Shareholders and Management Board of Croatia osiguranje d.d.

We have audited the consolidated financial statements of Croatia osiguranje d.d. and its subsidiaries ("the Group") and the separate financial statements of Croatia osiguranje d.d. ("the Company") as of 31 December 2014 and for the year then ended as disclosed in the Annual Report, Appendix I on pages 6 to 139, and we issued an opinion dated 2 April 2015 as set out in Appendix I.

Management's Responsibility for the Annual Report

The Management of the Company is responsible for the preparation, content and accuracy of the Annual Report of the Company and the Group for the year ended 31 December 2014 as set out on pages 2 to 10.

The Management of the Company is responsible for the preparation, content and accuracy of the forms prepared in accordance with Ordinance on the structure and content of the financial statements of insurance and reinsurance companies (Official Gazette 132/10 and 39/12, the "Ordinance") included in Appendix II set out on pages 1 to 32, entitled the Statement of financial position of the Company as at 31 December 2014, and the Statement of comprehensive income, Statement of changes in equity and Cash flow statement of the Company for the year then ended together with the information on the reconciliation of the forms to the Company's separate financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the consistency of the Annual Report with the consolidated and separate financial statements referred to above, based on our verification procedures.

Furthermore, our responsibility is to express an opinion on the consistency of the forms prepared in accordance with the Ordinance on the structure and content of the financial statements of insurance and reinsurance companies (Official Gazette 132/10 and 39/12, the "Ordinance") with the Company's separate financial statements, based on our verification procedures.

We conducted our verification procedures in accordance with the International Standards on Auditing. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the information included in the Annual Report which describes matters that are also presented in the consolidated and separate financial statements ("other information") is, in all material respects, consistent with the consolidated and separate financial statements. We believe that the performed verification procedures provide an appropriate basis for our audit opinion.

PricewaterhouseCoopers d.o.o., Ulica kneza Ljudevita Posavskog 31, 10000 Zagreb, Croatia
T: +385 (1) 6328 888, F: +385 (1) 6111 556, www.pwc.hr

Commercial Court in Zagreb, no. Tt-99/7257-2, Reg. No.: 080238978; Company ID No.: 81744835353; Founding capital: HRK 1,810,000.00, paid in full; Management Board: Hrvoje Zgombic, President; J. M. Gasparac, Member; S. Dusic, Member; T. Macasovic, Member; Giro-Account: Raiffeisenbank Austria d.d., Petrinjska 59, Zagreb, IBAN: HR8124840081105514875.



Opinion

In our opinion, the other information included in the Annual Report of the Company and Group for the year ended 31 December 2014 is consistent, in all material respects, with the Company's separate financial statements and Group's consolidated financial statements.

In our opinion, the financial information in the forms is based on the Company's separate financial statements prepared in accordance with International Financial Reporting Standards as adopted in the European Union as set out in Appendix 1 on pages 6 to 139 and is reconciled with the provisions of the Ordinance.

PricewaterhouseCoopers d.o.o.

PricewaterhouseCoopers d.o.o.
Zagreb, 10 April 2015

The insurance market in the Republic of Croatia in 2014

In the past six years, the global financial crisis, poor economic conditions and lack of liquidity have left their mark on the insurance market, both in Croatia and in the region.

During 2014, 25 insurance companies charged the gross premium in the amount of HRK 8.56 billion, which was 5.7% lower than the premium in 2013 and entirely the consequence of reducing the premium in non-life insurance, mainly with respect to motor vehicle insurance.

In the non-life insurance group, the gross written premium at the end of 2014 amounted to HRK 5.92 billion which was 9.4% lower than at the end of 2013. This was due to declining premiums of compulsory motor vehicle liability insurance for damage caused to third parties by as much as 20.1%. Since in 2014 1,969,802 compulsory motor vehicle liability insurance policies were concluded, which is 1.6% more than in 2013, it is clear that the reduction of total premiums in this segment is a result of declining prices of policies as a result of the market liberalisation. This is confirmed by the information of the Croatian Insurance Bureau that at the end of December last year, the average compulsory motor vehicle liability insurance premium amounted to HRK 1,196, which was 21.3% lower compared to the same period last year.

In the life insurance group, the gross written premium amounted to HRK 2.63 billion and was 3.9% higher than the gross written premium in 2013.

Croatia osiguranje still holds the largest share of the Croatian insurance market, with a share in the total written premium of 26.63%.

Operating results and financial position of the Company and the Group

Company

In highly competitive market conditions, the Company is taking measures and actions to reduce the negative impact of unfavourable economic developments and market liberalization on business operations, with a view to remain the leading Croatian insurance company even in an environment of global competitors. The Company's aim is also to become the leading regional company over time, as well as a sustainable, high efficient entity. The restructuring process is in progress whereby one of the challenges is to change the current ratio of employees working on sales and support positions. At the end of this process 70% of employees will work in sales, which is the practice in other modern European insurance companies.

During the transformation process, the employee redundancy programme was continued in accordance with the Labour Act and the Collective Bargaining Agreement, and they were offered a position in the sales segment. For other employees, the implementation of all rights in accordance with the existing Collective Bargaining Agreement was secured.

In the next period, the focus will be placed on increasing the market share in Croatia and the region, the expansion and development of the sales network, product quality, sales terms and services and continuing the restructuring process started in September 2014.

In 2014, the Company incurred a loss after tax in the amount of HRK 412.8 mil.

The realised loss is the result of a decrease in premium income, the impairment of financial assets and properties, the increase in the provision for unexpired risks and provisions for termination benefits as a result of the restructuring process.

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Gross written premiums (before adjustments by the net increase in the provision for premium receivables and related write-offs) recorded in 2014 amounted to HRK 2,279.9 million (by 13.1% less than in 2013). The written premium in non-life insurance amounted to HRK 1,913.3 million and it is lower by 15.7% against the same period last year. The biggest drop was recorded in MTPL due to the impact of market liberalisation. The written premium in life insurance amounted to HRK 366.6 million and is 3.0% higher compared to the same period last year.

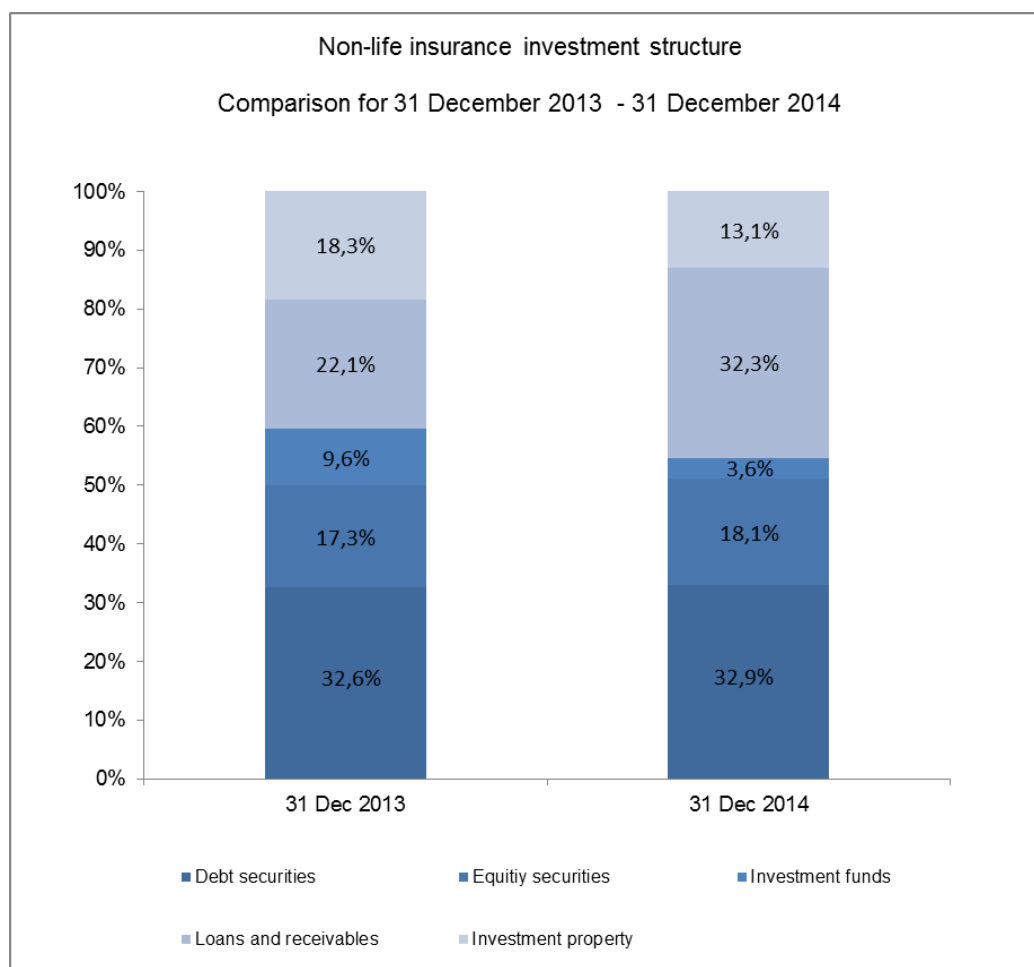
Gross paid claims amounted to HRK 1,403.4 million, which is a decrease of 13.8% compared to the same period in 2013.

Administrative expenses in the reporting period amounted to HRK 852.2 million and compared to the same period in 2013 they are higher by 19.0%, which is mainly the result of an increase in provisions for termination benefits.

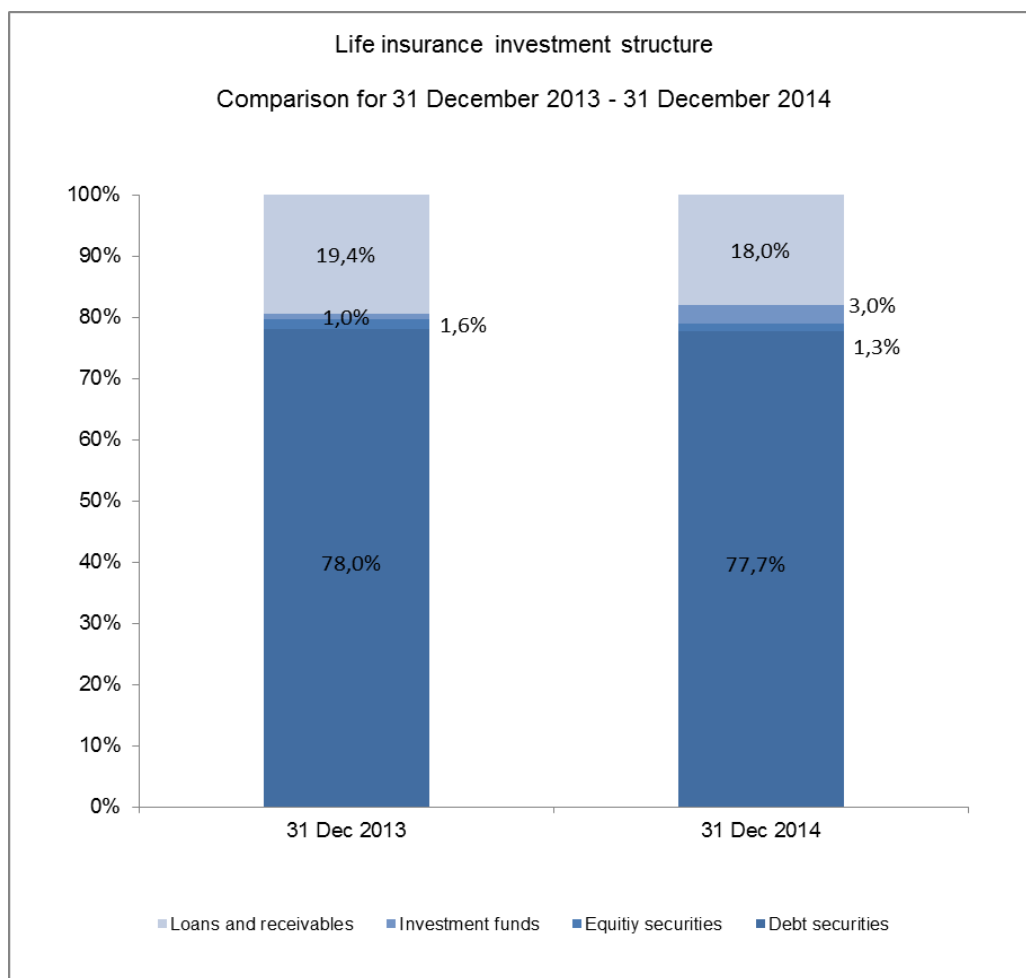
Compared to 2013, finance costs decreased by 33.8% and amounted to HRK 313.6 million.

As at 31 December 2014, the Company's total assets amounted to HRK 8,274 million.

Non-life insurance investments structure



Life insurance investments structure



Calculated technical provisions in the reporting period amounted to HRK 5,687.8 million and are 0.9% higher than the calculated technical provisions as at 31 December 2013.

As a result of the share capital increase in September 2014, the share of the majority shareholder, ADRIS grupa d.d., was increased from 53.56% to 65.81%.

The funds paid have strengthened the Company's capital and will enable a faster and more effective restructuring of the Company as well as its growth and development. In substantially changed market conditions, the Company aims to retain and strengthen its leading market position in Croatia and prepare for a stronger market breakthrough in the region.

This is supported by the Company's high capital adequacy realised at the end of 2014, a key indicator in the insurance industry, which demonstrates long-term stability and the Company's ability to meet liabilities to policyholders, which for non-life insurance is 346% and for life insurance 161%.

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During 2014, Croatia osiguranje d.d. increased the capital of the following Group members in the amount of HRK 70.1 million:

		HRK'000
Month	Company	Amount
February 2014	Milenijum osiguranje a.d., Belgrade	35,883
April 2014	Croatia osiguranje a.d., non-life insurance company, Skopje	15,287
November 2014	Milenijum osiguranje a.d., Belgrade	18,960
	Total	70,130

Group

In 2014, the Croatia osiguranje Group ("the Group"), which operates in Croatia, Bosnia and Herzegovina, Macedonia, Serbia and Kosovo generated revenues in the amount of HRK 3,221.7 million which represents a decrease of 2.7% compared to the revenues in the same period last year.

In 2014, the Group recorded a loss after tax in the amount of HRK 465.7 million.

The realised loss is the result of a decrease in premium income, the impairment of financial assets and properties, the increase in the provision for unexpired risks and provisions for termination benefits as a result of the restructuring process.

Gross written premiums (before adjustments by the net increase in the provision for premium receivables and related write-offs) recorded in 2014 on the Group level amounted to HRK 2,869.3 million and is lower by 8.4%.

Gross paid claims amounted to HRK 1,672.2 million, which is a decrease of 10.3% compared to the same period in 2013.

Administrative expenses in the reporting period amounted to HRK 995.7 million and compared to the same period in 2013 they are higher by 18.9%, which is mainly the result of an increase in provisions for termination benefits.

As at 31 December 2014, total Group assets amounted to HRK 9,614.2 million, which is an increase of 4.0% compared to the balance as at 31 December 2013.

Calculated technical provisions in the reporting period amounted to HRK 6,490.4 million and are 2.4% higher than the calculated technical provisions as at 31 December 2013.

Major business transactions in the reporting period

On 18 December 2013 the Government of the Republic of Croatia adopted the Decision on the selection of Adris grupa d.d. as the best investor for the purchase of a portion of the equity share of the Republic of Croatia and recapitalization of CROATIA osiguranje d.d. Zagreb. Consequently, on 6 March 2014, the Republic of Croatia and Adris grupa d.d., Rovinj concluded an Agreement on the purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb which foresees the sale of 38.6% of shares of CROATIA osiguranje d.d., and the Shareholder Agreement that regulates the relations between the Republic of Croatia and Adris grupa d.d. as the shareholder of CROATIA osiguranje d.d.

Both Agreements became effective as of 22 April 2014 when the 39th General Assembly meeting of CROATIA osiguranje d.d. was held, where the decision was made to increase the Share capital by cash contributions by issuing 113,349 new ordinary shares in the amount of HRK 7,412.25 per share, or a total of HRK 840.17 million, which will be fully paid by Adris. The increased share capital of the Company will amount to HRK 601.57 million and will be divided among 420,947 ordinary shares and 8,750 preference shares. New Supervisory Board members were appointed at this Assembly.

As of 22 April 2014, Adris grupa d.d. is the majority shareholder of CROATIA osiguranje d.d.

In mid May 2014, Adris grupa d.d. issued a bid to take over the remaining shares of Croatia osiguranje d.d. at HRK 7,412.25 per share. It participated in the bid jointly with the Republic of Croatia and companies in the majority ownership of Adris grupa d.d. – Istragrafika, Hrvatski duhani and Maistra. The takeover bid was accepted by 673 shareholders and 26,815 ordinary and 1,115 preference shares were taken over. As a result Adris Grupa holds a total of 169,440 shares of Croatia osiguranje, or a 53.56% share in the share capital.

Based on the decision of the 39th General Assembly meeting of Croatia osiguranje d.d. on the increase in the Company's share capital, and in accordance with the provisions of the Agreement on the purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb signed on 6 March 2014 between the Government of the Republic of Croatia and Adris grupa, on 15 September 2014 Adris grupa paid HRK 840,171,125.20 as a capital contribution to Croatia osiguranje. The share capital increase was recorded in the court register of the Commercial Court in Zagreb on 15 September 2014. After the capital contribution, the share of the majority shareholder, ADRIS grupa d.d., owned by the Company was increased from 53.56% to 65.81%.

Significant events after the reporting period

Significant events after the reporting period are set out in Note 34 – Events after the balance sheet date.

Expected future development

In the coming period, the market competition is expected to further intensify in an environment of negative economic trends that affect the potential development of the entire insurance market, partly limiting the development of industrial insurance and partly due to the decrease in average premiums of compulsory motor vehicle liability insurance.

For the Company to confirm its market position as the leading provider of insurance services whose operations are characterised by quality and reliability, in the last year a systematic transformation process was initiated. With a successful implementation, i.e. through implementation phases of strategic projects, the Company will focus on realising several important objectives:

- exceptional market orientation: this will be achieved by investing in the sales network, by developing sales channels, training all employees, improving customer relationships;
- recognizing customer needs: this will be achieved by developing new and redesigning existing products as well as quick and high quality claims handling;
- digitalisation of business operations and administrative and cost rationalisation and modernisation of all business processes;
- stabilising business performance in order to achieve sustainable profits for shareholders;
- optimising the investment portfolio, particularly in view of the current record-low interest rates and regulatory requirements of Solvency II - in order to maintain the existing high level of the Company's capital adequacy;
- growth and development of all companies operating within the Group in order to improve their market position.

These basic development objectives in the strategic period until 2017 will allow long-term profitable growth with a gradual increase in market share and maintaining maximum recognition of the Croatia osiguranje d.d. brand in the public, a positive impact on the Group's market position and an increase in customer satisfaction with the service provided.

By constructive and active participation in the financial market and through undisputed leadership in the insurance industry, the Company plans to strengthen its market position in the non-life insurance segment, where it has the leading position, and in the life insurance segment, where the Company has unquestionable potential for development both on the Croatian market and in the countries where the Group operates, while increasing profitability in the business.

Research and Development Activities

The starting point for development is continuously analysing market requirements, recognising room for growth and identifying clients' needs. With systematic research and monitoring insurance programs in developed EU countries, the Company defines new product concepts and launches them in the market. In order to meet client requests and overall maintenance services at a high level, special attention is paid to introducing new technologies that would be applicable in the insurance industry, both for product innovation and for insurance risk measurement.

Company subsidiaries

Subsidiary name	Registered office /address
Croatia osiguranje d.d. podružnica OSIJEK	Trg Lj.Gaja 1, Osijek
Croatia osiguranje d.d. podružnica PULA	Marulićeva ulica 1, Pula
Croatia osiguranje d.d. podružnica RIJEKA	Korzo 39, Rijeka
Croatia osiguranje d.d. podružnica SLAVONSKI BROAD	Ivana Mažuranića 14, Slavonski Brod
Croatia osiguranje d.d. podružnica SPLIT	Trg Hrvatske bratske zajednice 8, Split
Croatia osiguranje d.d. podružnica VARAŽDIN	Kapucinski Trg 14, Varaždin
Croatia osiguranje d.d. podružnica ZABOK	Matije Gupca 13, Zabok
Croatia osiguranje d.d. podružnica ZADAR	Obala Kneza Branimira 20, Zadar
Croatia osiguranje d.d. podružnica ZAGREB	Trg Bana Josipa Jelačića 13, Zagreb
Croatia osiguranje d.d. podružnica DUBROVNIK	Dr.Ante Starčevića 9, Dubrovnik
Croatia osiguranje d.d. podružnica ZAGREBAČKI PRSTEN	Trg Kralja Tomislava 16, Velika Gorica
Croatia osiguranje d.d. podružnica ZAGREB II	Trg Bana Josipa Jelačića 13, Zagreb
Croatia osiguranje d.d. podružnica VINKOVCI	Vladimira Nazora 4, Vinkovci
Croatia osiguranje d.d. podružnica ŠIBENIK	Stjepana Radića 9, Šibenik

Financial risk management

Financial risk management is set out in Note 2.37. to the Consolidated and separate financial statements for 2014.

Corporate Governance Statement

The Company voluntarily applies the Corporate Governance Code prescribed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange.

In FY 2014, the Company has made its operations and business results completely transparent and accessible to the public, in accordance with the principles of the Corporate Governance Code including in particular:

- all reports
- regularly updated list of shareholders
- information on securities
- nomination of all candidates for Supervisory Board membership
- members of the Management and Supervisory Board and their auxiliary bodies
- agenda of General Assembly meetings
- all relevant information published and available in English, as well as other information about the business activities of CROATIA osiguranje d.d. on the Company's website.

In 2014, in accordance with the rules of the Stock Exchange, the Company's Articles of Association and the Companies Act all corporate governance principles were met, which particularly applies to

organising the Company's General Assembly meetings and delivering documents related to General Assembly meetings to all shareholders.

Under the Insurance Act, Chapter VIII, which regulates the Internal Audit function of insurance companies, Internal Audit suggested a strategic work plan that was rated positively by the Management Board and was adopted by the Supervisory Board. The basis for adopting the strategic plan was the risk assessment.

Based on the risk assessment results, several auditing priorities have been determined in the internal audit work plan for a certain period. On the basis of determined business and auditing risks, the Annual internal audit work plan for 2014 was created as well as the plan for individual audits in 2014. The plans were rated positively by the Management Board and then adopted by the Supervisory Board.

In 2014, internal audits were conducted based on the adopted work plans and in accordance with the Internal Audit Regulations, International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of Internal Auditors.

Internal audit reports prepared in line with the Internal Audit Regulations are submitted to the Company's Management Board and are discussed at its regular meetings.

In addition, in accordance with Article 149 of the Insurance Act and Article 13 of the Internal Audit Regulations, at least twice a year Internal Audit submits to the Management Board and the Supervisory Board a report on the work of internal audit. The stated report contains a list of performed assignments, an assessment of the adequacy and efficiency of the internal control system and recommendations for improvement, illegalities and irregularities identified in the course of the audit and recommendations and proposed measures for their elimination and the actions taken as a result of those recommendations.

As described above, the Company believes that it has sufficient feedback on the course of business activities, and that it reduces the residual level of risk to an acceptable level, thus contributing to the credibility of the Company's financial statements.

Risk management is one of the key functions of financial institutions. Accordingly, CROATIA osiguranje d.d., as a financial institution and market leader, adequately manages all the risks it is exposed to in its operations to ensure the security and sustainability of the business and achieve a fair compensation of damages for its policyholders, adequate profitability for the owners and employees and to meet all legal and regulatory provisions.

The Company has established the function of risk management and control through the Risk Management Department as an independent organizational unit directly reporting to the Management Board. Furthermore, a risk management system has been established consisting of a series of internal documents, procedures and methodologies aiming at identifying, assessing, that is measuring, controlling and reporting of risks. The risk management system is regularly improved in accordance with best market practices and external regulation requirements.

It is especially important to mention the current regulatory trends based on the requirements of EU Directive no. 2009/138/EC known as Solvency II, as well as a range of activities and guidelines of EIOPA as the European supervisory body for the insurance industry. During the reporting period, the Company worked intensely on the implementation of the underlying regulatory requirements and will comply with the deadlines defined at the EU level and continue with these efforts to ultimately establish a risk management system based on not only minimum requirements but also best market practices.

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More detailed information on risk management are available in the Notes to the financial statements.

Adris grupa d.d. is the most significant shareholder of the Company and holds a number of shares as set out in Note 24.1. to the Consolidated and separate financial statements for 2014.

In accordance with the current Articles of Association of the Company, there is no limitation or partial limitation of voting rights of shareholders.

Under Article 24, paragraphs 1 and 2 of the Articles of Association, as long as it holds at least 25% plus one ordinary shares of the Company, in accordance with Article 256 paragraph 3 of the Companies Act, the Republic of Croatia (DUUDI – State Office for State Property Management) is entitled to appoint directly two (2) members of the Supervisory Board. As long as it holds at least 10% of the Company's ordinary shares, in accordance with Article 256 paragraph 3 of the Companies Act, the Republic of Croatia is entitled to appoint directly one (1) member of the Supervisory Board.

Members of the Management and Supervisory Board did not hold any shares of the Company.

The Company does not have own shares and it did not authorise the General Assembly to acquire own shares.

Data on the members and activities of the Management and Supervisory Board is given in Note 1.2. *Company bodies* to the Consolidated and separate financial statements for 2014.

Zagreb, 9 April 2015

Member of the Management Board

Andrej Koštomaj



President of the Management Board

Sanel Volarić

Croatia osiguranje d.d.

Annual Report and financial statements for 2014

Appendix 1. Consolidated and separate financial statements for 2014



CROATIA osiguranje d.d.

**Consolidated and separate financial statements
for 2014**

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Responsibility for the financial statements

The Management of CROATIA osiguranje d.d., Zagreb, (the 'Company') is responsible for ensuring that the annual financial statements for 2014 are prepared in accordance with the Accounting Act (Official Gazette 109/07, 54/13) and International Financial Reporting Standards as adopted in the European Union, to give a true and fair view of the financial position, consolidated results of operations, changes in equity and cash flows of the both Group and Company for that period.

After making enquiries, the Management Board has a reasonable expectation that the both Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Management Board has prepared the financial statements under the going concern assumption.

In preparing the financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- valid financial reporting standards are applied for disclosure and explanation in the financial statements of each material deviation; and
- financial statements are prepared on a going concern basis unless this assumption is inappropriate.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position and the financial results of the both the Group and Company and must also ensure that the financial statements comply with the International Financial Reporting Standards as adopted in the EU. The Management Board is also responsible for safeguarding the assets of the both Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements set out on pages 4 to 139 are authorised by the Management Board on 2 April 2015 for issue to the Supervisory Board and are signed below to signify this.

For and on behalf of Croatia osiguranje d.d.:

Signed on behalf of the Management Board:


Andrej Koštomaj,
Member of the Management Board


Sanel Volarić
President of the Management Board



CROATIA osiguranje d.d.
Miramarska 22
10 000 Zagreb
Republic of Croatia
2 April 2015



Independent Auditor's Report

To the Shareholders and Management of Croatia osiguranje d.d.

We have audited the accompanying consolidated financial statements of Croatia osiguranje d.d. and its subsidiaries (the "Group") and the financial statements of Croatia osiguranje d.d. (the 'Company') which comprise the statements of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion – the Group

The Group measures investment property using the fair value method in accordance with IAS 40. As at 31 December 2013, the Group reported investment property with a carrying amount of Croatian Kuna ("HRK") 892,082 thousand. During 2013, the Group performed a valuation of its investment property; however, the valuation methods and assumptions used were not in accordance with the requirements of IFRS 13, "Fair value measurement". The Group engaged other real estate valuation experts to perform additional valuations during November and December 2014. As a result, the carrying value of investment properties decreased by HRK 146,472 thousand and deferred tax assets increased by HRK 29,294 thousand as at 31 December 2014, whilst the loss after tax increased by HRK 117,178 thousand for the year then ended, due to a loss arising on the revaluation to fair value.

The Group measures own use properties, including real estate properties, using the revaluation model in accordance with IAS 16. As at 31 December 2013, the Group reported real estate property with a carrying amount of HRK 1,211,126 thousand. During 2013, the Group performed a valuation of the real estate property; however, the valuation methods and assumptions used were not in accordance with the requirements of IFRS 13, "Fair value measurement". The Group engaged other real estate valuation experts to perform additional valuations during November and December 2014. As a result, the carrying value of real estate properties decreased by HRK 193,654 thousand, the revaluation reserve decreased by HRK 70,827 thousand, deferred tax liabilities decreased by HRK 17,707 thousand and deferred tax assets increased by HRK 21,024 thousand as at 31 December 2014, whilst the loss after tax increased by HRK 84,096 thousand for the year then ended due to revaluation losses recognised.

*PricewaterhouseCoopers d.o.o., Ulica kneza Ljudevita Posavskog 31, 10000 Zagreb, Croatia
T: +385 (1) 6328 888, F: +385 (1) 6111 556, www.pwc.hr*



Independent Auditor's Report (Continued)

As a result, in the absence of adequate valuations performed as at 31 December 2013, we were unable to determine whether any adjustments were necessary to the carrying amounts of investment property and real estate property as of that date or to the loss for the year reported in the Group's statements of comprehensive income for the years ended 31 December 2014 and 31 December 2013.

Basis for Qualified Opinion – the Company

The Company measures investment property using the fair value method in accordance with IAS 40. As at 31 December 2013, the Company reported investment property with a carrying amount of Croatian Kuna ("HRK") 696,118 thousand. During 2013, the Company performed a valuation of its investment property; however, the valuation methods and assumptions used were not in accordance with the requirements of IFRS 13, "Fair value measurement". The Company engaged other real estate valuation experts to perform additional valuations during November and December 2014. As a result, the carrying value of investment properties decreased by HRK 144,422 thousand and deferred tax assets increased by HRK 28,884 thousand as at 31 December 2014, whilst the loss after tax increased by HRK 115,538 thousand for the year then ended, due to a loss arising on the revaluation to fair value.

The Company measures own use properties, including real estate properties, using the revaluation model in accordance with IAS 16. As at 31 December 2013, the Company reported real estate property with a carrying amount of HRK 923,997 thousand. During 2013, the Company performed a valuation of the real estate property; however, the valuation methods and assumptions used were not in accordance with the requirements of IFRS 13, "Fair value measurement". The Company engaged other real estate valuation experts to perform additional valuations during November and December 2014. As a result, the carrying value of real estate properties decreased by HRK 181,713 thousand, the revaluation reserve decreased by HRK 61,274 thousand, deferred tax liabilities decreased by HRK 15,319 thousand and deferred tax assets increased by HRK 21,024 thousand as at 31 December 2014, whilst the loss after tax increased by HRK 84,096 thousand for the year then ended due to revaluation losses recognised.

As a result, in the absence of adequate valuations performed as at 31 December 2013, we were unable to determine whether any adjustments were necessary to the carrying amounts of investment property and real estate property as of that date or to the loss for the year reported in the Company's statements of comprehensive income for the years ended 31 December 2014 and 31 December 2013.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion sections, the financial statements present fairly, in all material respects, the financial position of the both Group and the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 32/ii/ to these financial statements, which describes the uncertainty related to the outcome of the outstanding investigation proceeding against both the Group and the Company by the Croatian Competition Authority. Our opinion is not further qualified in respect of this matter.

PricewaterhouseCoopers d.o.o.

PricewaterhouseCoopers d.o.o.
Zagreb, 2 April 2015

Statement of comprehensive income

for 2014

	Note	Company	Company	Group	Group
		2014	Restated 2013	2014	Restated 2013
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Gross written premiums	4	2,229,302	2,577,642	2,811,392	3,069,563
Premiums ceded to reinsurance	4	(310,048)	(354,958)	(272,736)	(299,942)
Written premiums, net of reinsurance	4	1,919,254	2,222,684	2,538,656	2,769,621
Change in gross provisions for unearned premiums	4	122,654	(18,957)	76,977	(51,413)
Change in provisions for unearned premiums, reinsurance share	4	(7,785)	301	(12,065)	1,365
Earned premiums, net of reinsurance	4	2,034,123	2,204,028	2,603,568	2,719,573
Commission and fee income	5	22,450	22,849	35,896	40,863
Finance income	6	336,124	349,777	376,131	344,629
Other operating income	7	68,791	38,152	206,098	206,872
Net operating income		2,461,488	2,614,806	3,221,693	3,311,937
Claims incurred	8	(1,573,404)	(1,514,496)	(1,898,487)	(1,782,005)
Reinsurance share in claims incurred	8	168,276	185,883	114,506	127,226
Claims incurred, net of reinsurance		(1,405,128)	(1,328,613)	(1,783,981)	(1,654,779)
Acquisition costs	9	(233,825)	(226,915)	(330,811)	(331,640)
Administrative expenses	10	(852,163)	(716,233)	(995,707)	(837,558)
Other operating expenses	11	(170,161)	(98,886)	(295,804)	(280,075)
Finance costs	12	(313,633)	(473,982)	(371,970)	(422,611)
Loss before tax		(513,422)	(229,823)	(556,580)	(214,726)
Income tax	13	100,577	(1,374)	90,888	(14,543)
Loss for the year		(412,845)	(231,197)	(465,692)	(229,269)

The notes on pages 12 to 139 are an integral part of these financial statements.

Statement of comprehensive income (continued)

for 2014

Continued:

	Note	Company 2014 in HRK'000	Company Restated 2013 in HRK'000	Group 2014 in HRK'000	Group Restated 2013 in HRK'000
Total comprehensive income/(loss) for the year					
Items that will not be recognised in profit or loss					
Change in fair value of business property		(61,274)	(182,850)	(74,980)	(185,029)
Items that may be subsequently recognised in profit or loss					
Change in fair value of available-for-sale financial assets, net of realised amounts and net of deferred tax		98,476	43,343	111,048	48,397
Foreign currency translation differences		-	-	(6,968)	(7,178)
Total other comprehensive income/(loss) for the year		37,202	(139,507)	29,100	(143,810)
Total comprehensive loss for the year		(375,643)	(370,704)	(436,592)	(373,079)
(Loss)/profit attributable to:					
- the Company's shareholders		(412,845)	(231,197)	(466,073)	(227,554)
- the non-controlling interest		-	-	381	(1,715)
		(412,845)	(231,197)	(465,692)	(229,269)
Total comprehensive loss attributable to:					
- the Company's shareholders		(375,643)	(370,704)	(431,240)	(371,147)
- the non-controlling interest		-	-	(5,352)	(1,932)
		(375,643)	(370,704)	(436,592)	(373,079)
Loss per share attributable to the Company's shareholders					
Basic and diluted loss per share	14	(1,211,31)	(751,62)	(1,366,37)	(745,35)

The notes on pages 12 to 139 are an integral part of these financial statements.

Statement of financial position*as at 31 December 2014*

	Note	Company	Company	Company
		31 Dec 2014	Restated 31 Dec 2013	Restated 1 Jan 2013
		in HRK'000	in HRK'000	in HRK'000
Assets				
Intangible assets	15	10,828	14,771	11,486
Property and equipment	16	738,333	923,997	1,173,893
Investment property	17	514,715	656,118	853,381
Investments in subsidiaries, associates and participation in joint ventures	18	421,371	365,626	413,345
Held-to-maturity investments	19	2,243,583	2,638,864	2,167,298
Available-for-sale financial assets	19	1,039,835	284,937	186,827
Financial assets at fair value through profit or loss	19	285,463	529,230	779,269
Loans and receivables	19	1,675,682	1,085,976	1,011,977
Reinsurance share in technical provisions	20	339,416	326,986	349,294
Deferred tax assets	21	147,573	46,270	16,615
Insurance and other receivables	22	756,026	819,240	881,764
Cash and cash equivalents	23	101,175	221,120	290,255
Total assets		8,274,000	7,913,135	8,135,404
Equity				
Share capital	24	601,576	442,887	442,887
Share premium	24	681,483	-	-
Reserves	24	513,007	508,690	479,084
Fair value reserve	24	171,581	136,839	446,042
Retained earnings	24	(102,169)	312,898	362,562
Total equity		1,865,478	1,401,314	1,730,575
Liabilities				
Technical provisions	25	5,687,841	5,639,008	5,732,169
Provisions	26	248,491	113,238	105,787
Deferred tax liability	27	43,623	34,302	120,290
Financial liabilities	28	-	350,056	50,085
Liabilities arising from insurance contract, other liabilities and deferred income	29	428,567	375,217	396,498
Total liabilities		6,408,522	6,511,821	6,404,829
Total equity and liabilities		8,274,000	7,913,135	8,135,404

The notes on pages 12 to 139 are an integral part of these financial statements.

Statement of financial position (continued)

as at 31 December 2014

	Note	Group	Group	Group
		31 Dec 2014	Restated 31 Dec 2013	Restated 1 Jan 2013
		in HRK'000	in HRK'000	in HRK'000
Assets				
Intangible assets	15	44,968	64,072	61,248
Property and equipment	16	976,020	1,211,126	1,505,654
Investment property	17	751,402	892,082	1,090,335
Investments in subsidiaries, associates and participation in joint ventures	18	71,403	72,931	88,827
Held-to-maturity investments	19	2,486,919	2,844,188	2,388,669
Available-for-sale financial assets	19	1,262,672	304,591	195,139
Financial assets at fair value through profit or loss	19	434,955	756,816	984,725
Loans and receivables	19	2,141,404	1,559,295	1,494,204
Reinsurance share in technical provisions	20	144,852	129,829	163,152
Deferred tax assets	21	162,660	64,343	33,275
Insurance and other receivables	22	971,605	1,004,483	1,133,251
Cash and cash equivalents	23	165,378	336,575	352,838
Total assets		9,614,238	9,240,331	9,491,317
Equity				
Share capital	24	601,576	442,887	442,887
Share premium	24	681,483	-	-
Reserves	24	514,746	509,179	479,572
Fair value reserve	24	246,803	215,657	544,354
Retained earnings	24	151,563	627,794	673,692
Equity attributable to owners of the parent		2,196,171	1,795,517	2,140,505
Non-controlling interest		35,073	47,463	67,075
Total equity		2,231,244	1,842,980	2,207,580
Liabilities				
Technical provisions	25	6,490,448	6,340,632	6,358,938
Provisions	26	261,133	123,155	108,741
Deferred tax liability	27	76,088	66,766	152,422
Financial liabilities	28	31,527	390,713	143,142
Liabilities arising from insurance contract, other liabilities and deferred income	29	523,798	476,085	520,494
Total liabilities		7,382,994	7,397,351	7,283,737
Total equity and liabilities		9,614,238	9,240,331	9,491,317

The notes on pages 12 to 139 are an integral part of these financial statements.

Statement of changes in equity

for 2014

Company	Share capital	Share premium	Fair value reserve	Reserves	Retained earnings	Total equity
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January 2013	442,887	-	447,056	479,084	382,573	1,751,600
Restatement (Note 1.5)	-	-	(1,014)	-	(20,011)	(21,025)
Restated at 1 January 2013	442,887	-	446,042	479,084	362,562	1,730,575
Total comprehensive income for the year						-
Change in fair value of business property	-	-	(228,563)	-	-	(228,563)
Deferred tax on changes of business property	-	-	45,713	-	-	45,713
Change in fair value of available for sale financial assets, net of amounts realized	-	-	54,179	-	-	54,179
Deferred tax on change in fair value of available for sale financial assets, net of amounts realized	-	-	(10,836)	-	-	(10,836)
<i>Other comprehensive loss</i>	-	-	<i>(139,507)</i>	-	-	<i>(139,507)</i>
<i>Loss for the year</i>	-	-	-	-	<i>(231,197)</i>	<i>(231,197)</i>
Total comprehensive loss for the year	-	-	(139,507)	-	(231,197)	(370,704)
Transactions with owners recognized directly in equity						
Dividends paid	-	-	-	-	(980)	(980)
Allocation of profit of the previous year	-	-	-	29,606	(29,606)	-
Transfer due to revaluation of investment property previously part of PPE due to change in estimate	-	-	(205,404)	-	205,404	-
Transfer due to depreciation of revalued business property	-	-	(6,715)	-	6,715	-
Deferred tax on changes of business property	-	-	42,423	-	-	42,423
Restated 31 December 2013	442,887	-	136,839	508,690	312,898	1,401,314
Restated at 1 January 2014	442,887	-	136,839	508,690	312,898	1,401,314
Total comprehensive income for the year						-
Change in fair value of business property	-	-	(76,593)	-	-	(76,593)
Deferred tax on change in fair value of business property	-	-	15,319	-	-	15,319
Change in fair value of financial assets available for sale, net of amounts realized	-	-	125,719	-	-	125,719
Deferred tax on change in fair value of financial assets available for sale, net of amounts realized	-	-	(27,243)	-	-	(27,243)
<i>Other comprehensive income</i>	-	-	<i>37,202</i>	-	-	<i>37,202</i>
<i>Loss for the year</i>	-	-	-	-	<i>(412,845)</i>	<i>(412,845)</i>
Total comprehensive (loss)/income for the year	-	-	37,202	-	(412,845)	(375,643)
Transactions with owners recognized directly in equity						
Payment of share capital	158,689	681,483	-	-	-	840,172
Dividends paid	-	-	-	-	(980)	(980)
Allocation of profit for the previous year	-	-	-	4,317	(4,317)	-
Transfer due to depreciation of revalued business property	-	-	(3,075)	-	3,075	-
Deferred tax on change in fair value of business property	-	-	615	-	-	615
Restated at 31 December 2014	601,576	681,483	171,581	513,007	(102,169)	1,865,478

The notes on pages 12 to 139 are an integral part of these financial statements.

Statement of changes in equity (continued)

for 2014

Group in HRK'000	Issued share capital	Share premium	Fair value reserve	Reserves	Retained earnings	Total capital and reserves	Non- controlling interest	Total equity
At 1 January 2013	442,887	-	476,142	479,572	674,045	2,072,646	78,500	2,151,146
Restatement (Note 1.5)			68,212		(353)	67,859	(11,425)	56,434
At 1 January 2013	442,887	-	544,354	479,572	673,692	2,140,505	67,075	2,207,580
Total comprehensive income for the year						-		
Change in fair value of business property	-	-	(230,433)	-	-	(230,433)	(853)	(231,286)
Deferred tax on changes of business property			46,257	-	-	46,257	-	46,257
Change in fair value of financial assets available for sale, net of amounts realized	-	-	58,084	-	-	58,084	(6)	58,078
Deferred tax on change in fair value of financial assets available for sale, net of amounts realized	-	-	(9,681)	-	-	(9,681)	-	(9,681)
Foreign currency translation differences for foreign operations			(8,143)		325	(7,818)	641	(7,177)
<i>Other comprehensive income/(loss)</i>	-	-	(143,916)	-	325	(143,591)	(218)	(143,809)
<i>Loss for the year</i>					(227,555)	(227,555)	(1,715)	(229,270)
Total comprehensive income for the year	-	-	(143,916)	-	(227,230)	(371,146)	(1,933)	(373,079)
Transactions with owners recognized directly in equity								
Acquisition of non-controlling interest	-	-	-	-	-	-	(15,746)	(15,746)
Dividends paid	-	-	-	-	(1,376)	(1,376)	(1,189)	(2,565)
Allocation of profit of the previous year	-	-	-	29,607	(29,607)	-	(744)	(744)
Transfer due to depreciation of revalued business property	-	-	(6,911)	-	6,911	-	-	-
Transfer due to revaluation of investment property previously part of PPE due to change in estimate	-	-	(205,404)	-	205,404	-	-	-
Deferred tax on changes of business property			27,534	-	-	27,534	-	27,534
Restated 31 December 2013	442,887	-	215,657	509,179	627,794	1,795,517	47,463	1,842,980
Restated at 1 January 2014	442,887	-	215,657	509,179	627,794	1,795,517	47,463	1,842,980
Total comprehensive income for the year								
Change in fair value of business property	-	-	(86,232)	-	-	(86,232)	(6,454)	(92,686)
Deferred tax on changes of business property	-	-	17,706	-	-	17,706	-	17,706
Change in fair value of financial assets available for sale, net of amounts realized	-	-	132,770	-	-	132,770	407	133,177
Deferred tax on change in fair value of financial assets available for sale, net of amounts realized	-	-	(22,128)	-	-	(22,128)	-	(22,128)
Foreign currency translation differences for foreign operations	-	-	(7,282)	-	-	(7,282)	314	(6,968)
<i>Other comprehensive income/(loss)</i>	-	-	34,834	-	-	34,834	(5,733)	29,101
<i>(Loss)/profit for the year</i>					(466,073)	(466,073)	381	(465,692)
Total comprehensive income/(loss) for the year	-	-	34,834	-	(466,073)	(431,239)	(5,352)	(436,591)
Transactions with owners recognized directly in equity								
Payment of share capital	158,689	681,483	-	-	-	840,172	-	840,172
Dividends paid	-	-	-	-	(1,586)	(1,586)	-	(1,586)
Allocation of profit for the previous year	-	-	-	5,567	(5,567)	-	-	-
Other transfers	-	-	(1,311)	-	(5,976)	(7,287)	(7,038)	(14,325)
Transfer due to depreciation of revalued business property	-	-	(2,971)	-	2,971	-	-	-
Deferred tax on changes of business property	-	-	594	-	-	594	-	594
At 31 December 2014	601,576	681,483	246,803	514,746	151,563	2,196,171	35,073	2,231,244

The notes on pages 12 to 139 are an integral part of these financial statements.

Cash flow statement

for 2014

in HRK'000	Note	Company	Company	Group	Group
		2014	Restated 2013	2014	Restated 2013
Cash flows from operating activities					
Loss before tax		(513,422)	(229,823)	(556,580)	(214,726)
Depreciation and amortisation	10, 11	42,085	46,091	60,248	65,687
Impairment of investments	12.1	300,765	446,217	337,334	382,479
Impairment of property and equipment	11	105,120	16,278	105,120	17,536
Interest expense	12	576	229	-	-
Interest income	6	(214,785)	(207,790)	(250,077)	(245,700)
Share in profit of associates		(9,500)	(27,000)	(11,564)	(9,548)
Gains on sale of tangible assets		(34,658)	(8,098)	(34,755)	(5,125)
Other adjustments		103,764	102,192	114,101	104,623
Cash flows before changes in operating assets and liabilities		(220,055)	138,296	(236,173)	95,226
Changes in available for sale financial assets		(757,976)	(86,684)	(958,081)	(98,026)
Changes in financial assets at fair value through profit or loss		172,945	149,925	204,289	132,879
Changes in loans and receivables		(640,223)	15,355	(636,526)	56,413
Changes in reinsurance share in technical provisions		(12,430)	22,308	(15,023)	33,323
Changes in receivables from insurance contracts and other receivables		265,604	156,932	255,623	175,876
Changes in technical provisions		48,833	(93,161)	149,816	(26,680)
Changes in liabilities arising from insurance contracts and other liabilities		177,743	(91,933)	195,168	(95,022)
Income tax paid		(25,300)	(5,800)	(37,211)	(8,599)
Changes in operating assets and liabilities		(770,804)	66,942	(841,945)	170,164
Net cash flows (used in)/from operating activities		(990,859)	205,238	(1,078,118)	265,390
Cash flows from investing activities					
Proceeds from sale of tangible assets		8,703	7,836	9,654	34,265
Purchase of tangible assets		(37,770)	(41,219)	(38,926)	(43,217)
Proceeds from sale of intangible assets		3,942	-	4,042	-
Purchase of intangible assets		(4,314)	(8,157)	(8,294)	(10,374)
Purchase of investments in property		(2,990)	(3,329)	(7,434)	(2,496)
Capital increase in subsidiaries		(52,775)	(18,608)	-	-
Proceeds from held- to-maturity investments		395,282	-	521,244	85,519
Purchase of held- to-maturity investments		-	(471,566)	(112,149)	(595,792)
Proceeds from dividends and share in profit		17,124	44,435	4,212	26,851
Proceeds from short-term and long-term loans		118,423	231,288	111,161	231,313
Short-term and long-term loans granted		(62,922)	(313,796)	(62,922)	(313,796)
Net cash flows from/(used in) investing activities		382,703	(573,116)	420,588	(587,727)
Cash flows from financing activities					
Share capital increase	24.1	840,171	-	840,171	-
Receipts from received loans		750,576	470,234	750,576	477,909
Repayment of received loans		(1,101,208)	(170,491)	(1,101,208)	(170,492)
Payment of share in profit (dividend)		(1,328)	(1,000)	(3,206)	(1,343)
Net cash flows from financing activities		488,211	298,743	486,333	306,074

The notes on pages 12 to 139 are an integral part of these financial statements.

Cash flow statement (continued)*for 2014*

Continued:

Cash and cash equivalents at beginning of period	23	221,120	290,255	336,575	352,838
Cash and cash equivalents at end of period	23	101,175	221,120	165,378	336,575
Net decrease in cash and cash equivalents		(119,945)	(69,135)	(171,197)	(16,263)

The notes on pages 12 to 139 are an integral part of these financial statements.

Notes to the financial statements

1. GENERAL INFORMATION ON THE COMPANY

1.1. Legal framework and activities

CROATIA osiguranje d.d., Zagreb, Miramarska 22 (the "Company") is registered in the Court Register of the Commercial Court in Zagreb under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862.

The Company's principal activity is non-life and life insurance business. Since 2004 the Company's shares have been listed in the first listing of the Zagreb Stock Exchange, Zagreb.

The Company is the parent company of the Croatia osiguranje d.d. Group (the "Group").

1.2. Company bodies

The Company's bodies are the General Assembly, the Supervisory Board and the Management Board.

Members of the Supervisory Board:

a) up to 22 April 2014:

- | | |
|-------------------------|---|
| • Mladen Blažević | President of the Supervisory Board |
| • Vesna Trnokop – Tanta | Deputy President of the Supervisory Board |
| • Josip Tica, PhD | Member of the Supervisory Board |
| • Đurđa Hunjet | Member of the Supervisory Board |
| • Petar Miladin, PhD | Member of the Supervisory Board |
| • Miroslav Hrašćanec | Member of the Supervisory Board |

b) from 22 April 2014:

- | | |
|--|---|
| • Ante Vlahović | President of the Supervisory Board |
| • Mladen Blažević | Deputy President of the Supervisory Board |
| • Branko Zec | Member of the Supervisory Board |
| • Roberto Škopac | Member of the Supervisory Board |
| • Josip Tica, PhD | Member of the Supervisory Board |
| • Miroslav Hrašćanec | Member of the Supervisory Board |
| • Plinio Cuccurin (up to 31 December 2014) | Member of the Supervisory Board |

Members of the Management Board:

c) up to 22 April 2014:

- | | |
|----------------------|-----------------------------------|
| • Krešimir Starčević | President of the Management Board |
| • Ivan Fabijančić | Member of the Management Board |

d) from 23 April 2014:

- | | |
|-------------------|-----------------------------------|
| • Nikola Mišetić | President of the Management Board |
| • Andrej Koštomaj | Member of the Management Board |

e) from 10 May 2014:

- | | |
|-------------------|-----------------------------------|
| • Sanel Volarić, | President of the Management Board |
| • Nikola Mišetić | Member of the Management Board |
| • Andrej Koštomaj | Member of the Management Board |

The compensation to members of the Management and Supervisory Board is presented in Note 31 to the financial statements.

1.3. Subsidiaries

The Group consolidated the following entities at 31 December 2014:

Group	Nature of business	31 December 2014		
		Shares directly held by parent (%)	Shares held by the Group (%)	Shares held by non-controlling interests (%)
Consolidated subsidiaries in Croatia				
Croatia Lloyd d.d., Zagreb	Reinsurance	100.00	100.00	-
- Croatia mirovni dom d.o.o., Zagreb	<i>Real estate</i>	-	100.00	-
- Histria Construct d.o.o., Zagreb	<i>Real estate</i>	-	100.00	-
Razne usluge d.o.o.(currently being wound up)		100.00	100.00	-
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT*	100.00	100.00	-
- STP Pitomača, Pitomača	MOT	-	100.00	-
- STP Blato	MOT	-	100.00	-
Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	MOT	76.00	76.00	24.00
Herz d.d., Požega	MOT	100.00	100.00	-
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Funds management	100.00	100.00	-
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	66.19	100.00	-
- Poliklinika Ars Medica, Pula	<i>Health</i>	-	74.00	26.00
- Poliklinika Croatia zdravstveno osiguranje, Zagreb	<i>Health</i>	-	100.00	-
Consolidated subsidiaries abroad				
Milenijum osiguranje a.d.o., Beograd	Insurance	99.92	99.92	0.08
Croatia Sigurimi sh.a., Priština	Insurance	100.00	100.00	-
Croatia osiguranje d.d., Ljubuški	Insurance	52.05	52.05	47.95
- Crotehna d.o.o., Ljubuški	MOT	-	100.00	47.95
- Croatia remont d.d., Čapljina	MOT	-	69.79	63.67
- Croauto d.o.o., Mostar	MOT	-	66.80	65.23
- Croatia Vitez d.o.o., Vitez	MOT	-	100.00	47.95
- Hotel Hum d.o.o., Ljubuški	<i>Hospitality</i>	-	100.00	47.95
- Ponte d.o.o., Mostar	<i>Insurance agency</i>	-	100.00	47.95
Croatia osiguranje d.d., društvo za osiguranje neživota, Skopje (non-life insurance company)	Insurance	100.00	100.00	-
Croatia osiguranje d.d., društvo za osiguranje života, Skopje (life insurance company)	Insurance	100.00	100.00	-

*MOT – Motor vehicle examination station

1.4. Reclassification

In 2014, the Group and the Company reclassified certain items in the Statement of comprehensive income to achieve better presentation.

Reclassifications at 31 December 2013 (Company):

Item	Description of reclassification	31 December 2013		31 December 2013
		Before reclassification	Reclassification	After reclassification but before restatement
		HRK'000	HRK'000	HRK'000
COMPREHENSIVE INCOME				
Net investment income		110,738	(110,738)	-
Finance income		-	349,777	349,777
Finance costs	Net income presented in gross amounts as finance income and finance costs	-	(239,057)	(239,057)
		<i>Difference</i>	<i>(18)</i>	
Other insurance income, net of reinsurance	Other income aggregated to single line "Other operating income"	10,785	(10,785)	-
Other income		49,473	(49,473)	-
Other operating income	Release of vacation accrual and other provisions netted off with related expenses	-	38,152	38,152
		<i>Difference</i>	<i>(22,106)</i>	
Acquisition costs		(243,996)	17,081	(226,915)
Administrative expenses	Commission paid for credit and debit card transactions reclassified to Administrative expenses	(736,690)	21,322	(715,368)
		<i>Difference</i>	<i>38,403</i>	
Other insurance expenses, net of reinsurance		(78,028)	78,028	-
Other expenses		(4,579)	4,579	-
Other operating expenses	Other expenses presented as one item		(98,886)	(98,886)
		<i>Difference</i>	<i>(16,279)</i>	
		Control difference		-

Reclassifications at 31 December 2013 (Group):

Item	Description of reclassification	31 December 2013		31 December 2013
		Before reclassification	Reclassification	After reclassification but before restatement
		HRK'000	HRK'000	HRK'000
COMPREHENSIVE INCOME				
Net investment income		126,230	(126,230)	-
Finance income		-	335,081	335,081
Finance costs	Net income presented in gross amounts as finance income and finance costs	-	(208,851)	(208,851)
		<i>Difference</i>	-	
Other insurance income, net of reinsurance	Other income aggregated to single line "Other operating income"	23,448	(23,448)	-
Other operating income		232,789	(232,789)	-
Other operating income	Release of vacation accrual and other provisions shown net of related expenses	-	233,502	233,502
		<i>Difference</i>	(22,735)	
Claims incurred, net of reinsurance		(1,653,647)	(1,132)	(1,654,779)
Acquisition costs		(360,893)	17,078	(343,815)
Administrative expenses	Commission paid for credit and debit card transactions reclassified to Administrative expenses	(864,401)	21,936	(842,465)
		<i>Difference</i>	39,014	
Other insurance expenses, net of reinsurance		(101,281)	101,281	-
Other expenses		(177,688)	177,688	-
Other operating expenses	Other expenses presented as one item		(294,116)	(294,116)
		<i>Difference</i>	(15,147)	
		Control difference	-	

1.5. Restatement due to prior period errors and a change in an applicable accounting standard

In 2014 the Group and the Company restated certain items in the financial statements pertaining to previous periods. The restatements were performed retroactively by restating consolidated financial statements for previous comparable periods and the effects of such restatements are given below.

Financial statements for 2013 were restated due to:

a) Restatement due to a change of an applicable accounting standard

Group

1. The opening statement of financial position is presented in these financial statements as a result of changes in presentation made following the adoption of the IFRS 11 "Joint arrangements" from 1 January 2014, whereby the joint venture entity PBZ CO d.d. is accounted for using the equity method rather than the proportionate consolidation method.

b) Restatement due to accounting errors

Company and Group

2. Certain written premium had not been invoiced and initial recognition of the premium receivable was not appropriate.
3. The Group did not follow its receivables impairment policy for a part of its receivables from policyholders relating to tax on premiums for MTPL and motor hull policies. After preparing an aging analysis, the Group identified the amount of HRK 7.6 million of receivables due more than 180 days, which should be impaired in line with the Group's impairment policies.
4. The Group has not made a provision for penalty interest on non-insurance legal disputes.
5. Certain expenses incurred in 2013 were identified as non-deductible for corporate income tax purposes, so an appropriate adjustment to the 2013 tax return was performed.

Group

6. During 2013, a specific building was not revalued in accordance with the latest estimate performed by a real estate expert.
7. According to the Group accounting policies, motor vehicle examination stations managed by entities outside the Group should be reported as investment property. However, as at 1 January 2013 and as at 31 December 2013 certain properties managed by entities outside the Group were reported as property and equipment, so a reclassification into investment property was required.
8. According to the Group accounting policies, investment property has to be subsequently measured at fair value. However, as at 31 December 2013 a part of the Group did not provide a fair value estimate of investment property in their ownership and as a result consolidation of the part of the Group's investment property was disclosed at cost. During 2014, fair value estimation is prepared and according to expectation that fair value is not significantly different from the opening balance sheet date. In addition, valuation of motor examination stations managed by the Group and classified as business property was also performed and increase in value is also recognised.
9. According to the Group accounting policy insurance policies acquisition cost is recognized in the period when invoiced with no any deferral which is in line with the IFRS 4. However, certain part of the Group recognised deferred acquisition cost ("DAC") which is not adjusted to the Group accounting policies. This adjustment is disclosed as prior period error.
10. In one part of the Group, the IBNR calculation was incorrect due to the:
 - incorrect formula in the calculation of IBNR provision by the amount of HRK 11.8m and
 - the calculation did not include for indirect claims handling cost in total amount of HRK 4.4m.
11. Reported fair value reserve for own-use property was not reconciled with amounts in the fixed asset register.
12. The calculated deferred tax assets on consolidated level were not correct as they included amounts arising from impairments of investments in subsidiaries.

13. Error in reported classification of financial assets made in the preparation of the consolidation in the prior year.
14. Error in reported classification of financial assets made in the preparation of the consolidation in the prior year. This financial asset was not measured at amortised cost but at fair value through profit or loss.
15. Error in classification of deposits with original maturity less than 3 months.
16. Technical reserves were wrongly classified under Liabilities from insurance contracts.

Company

17. The impairment test model used by the Company for investments in subsidiaries did not include anticipate capital requirements of Milenijum osiguranje a.d., Beograd and Croatia osiguranje - neživot a.d., Skopje, underestimating thereby the required impairment of investments in subsidiaries.
18. Intersegment assets and liabilities of the Company were not netted off.
19. In 2013 the Company reported a fair value adjustment of investment property in Kneza Borne street, by which its fair value reserve was directly decreased; rather than as a loss in the statement of comprehensive income and a release of the fair value reserve through retained earnings.
20. In 2013, the Company made an error in recording of effects of change in other liabilities.

The adjustments made to the prior year financial statements are summarized as follows:

Effects at 1 January 2013 (Group):

Item	Description of error or change in accounting policy	1 January 2013 Before restatement HRK'000	Restatement HRK'000	1 January 2013 After restatement HRK'000
ASSETS				
<i>Property and equipment</i>				
	(1) Joint venture - PBZ CO d.d.		(133)	
	(7) Reclassification into investment property		(223,096)	
	(8) Fair valuation of vehicle examination stations		89,909	
Property and equipment - total		1,638,974	(133,320)	1,505,654
<i>Intangible assets</i>				
	(1) Joint venture - PBZ CO d.d.	62,044	(796)	61,248
<i>Investment property</i>				
	(7) Reclassification from property and equipment		223,096	
	(8) Fair valuation of vehicle examination stations		68,283	
Investment property - total		798,956	291,379	1,090,335
<i>Investments in subsidiaries, associates and participation in joint ventures</i>				
	(1) Joint venture - PBZ CO d.d.	15,215	73,612	88,827
<i>Financial assets at fair value through profit or loss</i>				
	(1) Joint venture - PBZ CO d.d.	989,808	(5,083)	984,725
<i>Loans and receivables</i>				
	(1) Joint venture - PBZ CO d.d.	1,560,211	(66,007)	1,494,204
<i>Deferred tax assets</i>				
	(1) Joint venture - PBZ CO d.d.	34,287	(1,012)	33,275
<i>Premium and other receivables</i>				
	(1) Joint venture - PBZ CO d.d.		(3,791)	
	(2) Premium which should not be recognised		(9,658)	
	(3) Inconsistent application of receivables impairment policy		(7,566)	
	(9) Deferred acquisition costs		(31,739)	
	(18) Netting intersegment assets and liabilities		(32,665)	
Premium and other receivables - total		1,218,670	(85,419)	1,133,251
<i>Cash and cash equivalents</i>				
	(1) Joint venture - PBZ CO d.d.	356,022	(3,184)	352,838

Effects at 1 January 2013 (Group) - continued:

LIABILITIES				
Technical provisions	(10) IBNR adjustment	6,342,838	16,100	6,358,938
<i>Provisions</i>				
	(1) Joint venture - PBZ CO d.d.		(1,554)	
	(4) Provision for penalty interest on non-insurance legal disputes		5,138	
Provisions - total		105,157	3,584	108,741
Deferred tax liability	(8) Tax effect of adjustments	120,965	31,457	152,422
<i>Liabilities arising from insurance contract, other liabilities and deferred income</i>				
	(1) Joint venture - PBZ CO d.d.		(4,839)	
	(18) Netting intersegment assets and liabilities		(32,545)	
Liabilities arising from insurance contract, other liabilities and deferred income - total		557,879	(37,384)	520,495
EQUITY				
Retained earnings				
Retained earnings	Cumulative adjustments to net assets as at 1 January 2013	546,329	12,050	558,379
Profit for the year	(7) Reclassification into investment property	127,716	(12,403)	115,313
Retained earnings		674,045	(353)	673,692
<i>Fair value reserve</i>				
	(7) Reclassification into investment property		(2,621)	
	(8) Fair valuation of vehicle examination stations		71,847	
	(11) Reconciliation of fair value reserve with fixed asset register		(1,014)	
Fair value reserve		476,142	68,212	544,354
Non-controlling interest	Non-controlling interest for (9) and (10)	78,500	(11,425)	67,075

Effects at 1 January 2013 (Company):

Item	Description of error or change in accounting policy	1 January 2013 Before restatement HRK'000	Restatement HRK'000	1 January 2013 After restatement HRK'000
ASSETS				
<i>Premium and other receivables</i>				
	(2) Premium which should not be recognised		(9,658)	
	(3) Inconsistent application of receivables impairment policy		(7,566)	
	(18) Netting intersegment assets and liabilities		(2,342)	
Premium and other receivables – total		901,330	(19,566)	881,764
LIABILITIES				
Provisions	(4) Provision for penalty interest on non-insurance legal disputes	100,649	5,138	105,787
Deferred tax liability	(11) Tax effect of adjustments	120,452	(162)	120,290
Liabilities arising from insurance contract, other liabilities and deferred income - total				
	(20) Correction of other liabilities		(1,175)	
	(18) Netting intersegment assets and liabilities		(2,342)	
Liabilities arising from insurance contract, other liabilities and deferred income - total		400,015	(3,517)	396,498
EQUITY				
<i>Retained earnings</i>				
	Cumulative adjustments to net assets as at 1 January 2013	264,148	(20,011)	244,137
	Loss for the year	118,425	-	118,425
Retained earnings	Total of adjustments	382,573	(20,011)	362,562
Fair value reserve	(11) Reconciliation of fair value reserve with fixed asset register	447,056	(1,014)	446,042

Effects at 31 December 2013 (Group):

Item	Description of error or change in accounting policy	31 December 2013 Before restatement HRK'000	Restatement HRK'000	31 December 2013 After restatement HRK'000
ASSETS				
<i>Property and equipment</i>				
	(1) Joint venture - PBZ CO d.d.		(149)	
	(7) Reclassification into investment property		(214,739)	
	(8) Fair valuation of vehicle examination stations		89,909	
	(6) Fair valuation of property and equipment		(19,820)	
Property and equipment - total		1,355,924	(144,799)	1,211,126
<i>Intangible assets</i>				
	(1) Joint venture - PBZ CO d.d.	64,099	(27)	64,072
<i>Investment property</i>				
	(7) Reclassification from property and equipment		214,739	
	(8) Fair valuation of vehicle examination stations		68,284	
Investment property - total		609,059	283,023	892,082
<i>Investments in subsidiaries, associates and participation in joint ventures</i>				
	(1) Joint venture - PBZ CO d.d.	16,771	56,160	72,931
<i>Held-to-maturity investments</i>				
	(14) Error in reported classification of financial assets	2,891,281	(47,093)	2,844,188
<i>Available-for-sale financial assets</i>				
	(13) Reclassification of unit-linked assets	296,202	8,389	304,591
<i>Financial assets at fair value through profit or loss</i>				
	(1) Joint venture - PBZ CO d.d.		(2,551)	
	(13) Error in reported classification of financial assets		(8,389)	
	(14) Error in reported classification of financial assets		47,093	
Financial assets at fair value through profit or loss- total		720,662	36,153	756,816
<i>Loans and receivables</i>				
	(1) Joint venture - PBZ CO d.d.		(54,099)	
	(15) Reclassification of deposits with maturity up to three months		(51,362)	
Loans and receivables - total		1,664,757	(105,461)	1,559,295
<i>Deferred tax assets</i>				
	(12) Elimination of DTA based upon impairment of Investments in associates and joint ventures		(7,361)	
	(1) Joint venture - PBZ CO d.d.		(588)	
Deferred tax assets		72,292	(7,949)	64,343

Effects at 31 December 2013 (Group) - continued:

Item	Description of error or change in accounting policy	31 December 2013 Before restatement HRK'000	Restatement HRK'000	31 December 2013 After restatement HRK'000
<i>Premium and other receivables</i>				
	(1) Joint venture - PBZ CO d.d.		(2,402)	
	(2) Premium which should not be recognised		(16,306)	
	(3) Inconsistent application of receivables impairment policy		(7,566)	
	(9) Deferred acquisition costs		(15,869)	
	(18) Netting intersegment assets and liabilities		(41,318)	
Premium and other receivables - total		1,087,944	(83,461)	1,004,484
<i>Cash and cash equivalents</i>				
	(1) Joint venture - PBZ CO d.d.		(406)	
	(15) Reclassification of deposits with maturity up to three months		51,362	
Cash and cash equivalents - total		285,619	50,956	336,575
LIABILITIES				
<i>Technical provisions</i>				
	(10) IBNR adjustment		16,100	
	(16) Reclassification of technical provisions		9,467	
Technical provisions		6,315,065	25,567	6,340,632
<i>Provisions</i>				
	(1) Joint venture - PBZ CO d.d.		(1,309)	
	(4) Provision for penalty interest on non-insurance legal disputes		6,003	
Provisions - total		118,462	4,693	123,155
<i>Liabilities arising from insurance contract, other liabilities and deferred income</i>				
	(1) Joint venture - PBZ CO d.d.		(2,752)	
	(5) Increased corporate income tax liability		6,027	
	(18) Netting of intersegment relationships		(41,318)	
	(16) Reclassification of technical provisions		(9,467)	
Liabilities arising from insurance contract, other liabilities and deferred income - total		523,594	(47,510)	476,084
Deferred tax liability	(8) Tax effect of adjustments	34,962	31,804	66,766

Effects at 31 December 2013 (Group) - continued:

Item	Description of error or change in accounting policy	31	Restatement	31
		December 2013		December 2013
		Before restatement	HRK'000	After restatement
		HRK'000	HRK'000	HRK'000
EQUITY				
<i>Retained earnings</i>	(1) Joint venture - PBZ CO d.d.		141	
	(19) Losses from changes in fair value of property		205,403	
Retained earnings	Adjustments brought forward from 1 January 2013	649,902	205,447	855,349
Loss for the year	Adjustments of 2013 result	(11,942)	(217,327)	(229,269)
Loss for the year	<i>Attributable to the Company's shareholders</i>	(10,214)	(217,340)	(227,554)
<i>Fair value reserve</i>				
	(6) Fair valuation of property and equipment		(19,452)	
	(8) Fair valuation of vehicle examination stations		74,468	
	(11) Reconciliation of fair value reserve with fixed asset register		(1,014)	
Fair value reserve - total		161,655	54,002	215,657
Non-controlling interest	Non-controlling interest for (9) and (10)	58,233	(10,770)	47,463

Effects at 31 December 2013 (Group) - continued:

**COMPREHENSIVE
INCOME**

Written premium	(2) Premium which should not be recognised	3,076,211	(6,648)	3,069,563
Earned premium, net of reinsurance	(2) Premium which should not be recognised	2,776,269	(6,648)	2,769,621
Finance income	(1) Joint venture - PBZ CO d.d.	335,081	9,548	344,629
Other operating income	(1) Joint venture - PBZ CO d.d.	233,502	(26,629)	206,872
Acquisition costs	(9) Deferred acquisition costs change correction	(343,815)	12,175	(331,640)
<i>Administrative expenses</i>				
	(7) Reclassification into investment property - depreciation		4,478	
	(7) Reclassification into investment property - impairment		1,257	
	(4) Provision for penalty interest on non-insurance legal disputes		(828)	
Administrative expenses		(842,465)	4,907	(837,558)
<i>Other operating expenses</i>				
	(1) Joint venture - PBZ CO d.d.		14,654	
	(6) Fair valuation of property and equipment		(613)	
Other operating expenses - total		(294,116)	14,041	(280,075)
<i>Finance costs</i>				
	(19) Losses from changes in fair value of property		(205,403)	
	(8) Correction related to investment property - impairment		(8,357)	
		(208,851)	(213,760)	(422,611)
Loss before tax		(8,359)	(206,366)	(214,725)
<i>Corporate tax</i>				
	(12) Elimination of DTA based upon impairment of Investments in associates and joint ventures		(7,361)	
	(5) Increased corporate income tax liability		(6,027)	
	(1) Joint venture - PBZ CO d.d.		2,426	
Corporate tax - total		(3,582)	(10,962)	(14,543)
Loss after tax		(11,941)	(217,328)	(229,269)
Attributable to:				
- the Company's shareholders		(10,214)	(217,340)	(227,554)
- the non-controlling interest		(1,727)	12	(1,715)

Effects at 31 December 2013 (Company):

Item	Description of error or change in accounting policy	31 December 2013 Before restatement HRK'000	Restatement HRK'000	31 December 2013 After restatement HRK'000
ASSETS				
Investments in subsidiaries and joint ventures	(17) Impairment of investments in subsidiaries	395,148	(29,522)	365,626
<i>Premium and other receivables</i>				
	(3) Inconsistent application of receivables impairment policy		(7,566)	
	(2) Premium which should not be recognised		(16,306)	
	(18) Netting of intersegment relationships		(11,866)	
Premium and other receivables - total		854,978	(35,738)	819,240
LIABILITIES				
<i>Liabilities arising from insurance contract, other liabilities and deferred income</i>				
	(5) Increased corporate income tax liability		6,027	
	(18) Netting of intersegment relationships		(11,866)	
Liabilities arising from insurance contract, other liabilities and deferred income - total		381,055	(5,838)	375,217
Provisions	(4) Provisions for non-insurance court claims	107,236	6,002	113,238
Deferred tax liability	(11) Tax effect of adjustments	34,463	(162)	34,302
EQUITY				
Fair value reserve	(11) Reconciliation of fair value reserve with fixed asset register	137,854	(1,015)	136,839
<i>Retained earnings</i>				
	Adjustments brought forward from 1 January 2013		(20,011)	
	(20) Correction of other liabilities		(1,176)	
	(19) Losses from changes in fair value of property		205,404	
Retained earnings	Cumulative adjustments	359,877	184,218	544,095
(Loss)/profit for the year	Adjustments of 2013 result	17,268	(248,465)	(231,197)
Retained earnings	Total of adjustments	377,145	(64,247)	312,898

Effects at 31 December 2013 (Company) - continued:

COMPREHENSIVE INCOME				
Written premium	(2) Premium which should not be recognised	2,584,290	(6,648)	2,577,642
Earned premium, net of reinsurance		2,210,677	(6,648)	2,204,028
Administrative expenses	(4) Provision for default interest on non-insurance legal disputes	(715,369)	(865)	(716,233)
<i>Finance costs</i>				
	(17) Impairment of investments in subsidiaries		(29,522)	
	(19) Losses from changes in fair value of property		(205,403)	
Finance costs		(239,057)	(234,925)	(473,982)
Income tax	(5) Increased corporate income tax liability	4,654	(6,027)	(1,373)
(Loss)/profit for the year		17.268	(248,465)	(231,197)
Earnings/(loss) per share attributable to the Company's shareholders				
		52.95	(804.57)	(751.62)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies adopted in the preparation of financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In 2014, the Group reclassified certain items in the Statement of comprehensive income to achieve better presentation. In addition, unless otherwise stated, the Group also indicates the application of the same policies and disclosures in the Company's financial statements.

2.1. Statement of compliance and basis of presentation

The financial statements for 2014 have been prepared in accordance with the Accounting Act (Official Gazette 109/07, 54/13) and International Financial Reporting Standards ('IFRS') as adopted in the European Union and in accordance with the Ordinance on the structure and content of the financial statements for insurance or reinsurance companies (Official Gazette 132/10, 39/12).

These are consolidated financial statements of the Croatia osiguranje Group that also include separate financial statements of the Company ('Parent' of the Group) as defined in International Accounting Standard 27 "Consolidated and Separate Financial Statements".

2.2. Basis of preparation

The consolidated and separate financial statements of Croatia osiguranje d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets, and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS as adopted in the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 2.34.

2.3. Adoption of new and amended International Financial Reporting Standards ("IFRSs")

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated and disclosed.

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year which were endorsed by the EU. When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below.

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective for annual periods beginning on or after 1 January 2014)

These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment did not have a significant impact on the Group's financial statements.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective for annual periods beginning on or after 1 January 2014)

This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have significant impact on the Group's financial statements.

IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities, to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. This standard did not have a significant impact on the Group's financial position or performance.

IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)

IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This standard had an impact on the Group's financial position and performance which is disclosed in more detail in Note 1.5.

IFRS 12 Disclosures of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. In Notes 1.5 and 18, the Group and Company included additional disclosures arising from this standard.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not relevant to the Group's financial statements.

Standards and interpretations issued but not yet effective:

A number of new standards and amendments to IFRS standards and IFRIC interpretations are effective for annual periods after 1 January 2014, and have not been applied in preparing these financial statements.

IFRIC 21, 'Levies' (effective for annual periods beginning on or after 1 January 2015)

This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. The amendment will not have a significant impact on the Group's financial statements.

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017)

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is currently assessing the impact of this standard, but it is not expected to have a significant impact on the Group's financial statements. The Group is planning to adopt this amendment as at the effective date.

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, and for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. IFRS 9 requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Group plans to adopt this new standard on the effective date as of and when endorsed by the EU. The Group is still assessing the impact on this standard, but it is not expected to have a significant impact on the Group's financial statements.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

2.4. Key estimates and uncertainty of estimates

In preparing the financial statements estimates were used which influence the presentation of assets and liabilities of the Group, the income and expenses of the Group and the disclosure of contingent liabilities of the Group.

Future events and their effects cannot be reliably anticipated, and therefore actual results may differ from these estimates. The accounting estimates used in the preparation of the financial statements are subject to change as new events occur, as more experience is gained, additional information is obtained and due to the changing environment in which the Group operates.

The key estimates used in applying accounting policies in the preparation of the financial statements relate to amortisation and depreciation of intangible and tangible assets, calculation of premiums and technical provisions, determining fair value of investments in real estate, and presentation of contingent liabilities.

Information about the assessments of the Management regarding the application of IFRS, which have a significant impact on the financial statements, and the information about the estimates with a high risk of likely significant adjustment in the next year, is presented in Note 2.34.

2.5. Consolidation

The consolidated financial statements comprise the Company and its subsidiaries (together "the Group").

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Transactions eliminated at consolidation

Balances and transactions between Group members and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only if there are no indicators of impairment.

Non-controlling interests

Non-controlling interests in subsidiaries are included in the total capital of the Group.

Losses applicable to non-controlling interests in subsidiaries are added to non-controlling interests in situations where this causes non-controlling interests to be disclosed with negative value. The reconciliation of non-controlling interest is based on the proportionate amount of the net assets of the subsidiary, with no adjustment to goodwill and recognition of profit or loss in the income statement.

Loss of control

At the moment of loss of control, the Group derecognises assets and liabilities of subsidiaries, interests of Non-controlling shareholders and other elements of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any share in the previous subsidiary, such share is measured at fair value at the date that control ceases. After that, this is reported as an investment valued using the equity method or as available-for-sale financial assets, depending on the level of influence retained.

Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

2.6. Presentation currency

The financial statements of the Group are presented in Croatian kuna (HRK) as the functional and presentation currency of the Group.

2.7. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rate effective at the reporting day. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate effective on the date their fair value is determined.

Changes in the fair value of monetary securities denominated in or linked to a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Foreign exchange rate differences resulting from the conversion of monetary assets and liabilities are recognised through profit or loss, and are presented within finance income or finance cost. As at 31 December 2014, the official HRK exchange rate was HRK 7.661471 for EUR 1 (31 December 2013: HRK 7.637643) and HRK 6,302107 for USD 1 (31 December 2013: HRK 5.549000).

2.8. Gross written premiums

/i/ Gross written premiums represent basic operating income and they comprise the non-life and life insurance written premiums.

/ii/ Non-life insurance gross written premiums include all amounts of premiums written in the current accounting period, irrespective of the fact whether these amounts partially or completely pertain to a later accounting period.

Non-life insurance gross written premiums include all gross premiums written in the accounting period, whose beginning of the insurance year falls within the accounting period, irrespective of the fact whether they pertain in whole or in part to later accounting periods. The premiums are presented in gross amounts, that is, they include brokers' commissions, but exclude taxes and charges levied with premiums. Written premiums include the adjustment of the premium written in the prior accounting periods as well as estimates of premiums written at the end of the period. Written premiums, that is, gross written premiums and unearned premiums include adjustments for the write-off of receivables from policyholder as a result of insurance termination. Net impairment losses on receivables for premium of the insured party are recognised as a deduction.

The earned portion of received premiums is recognised as income. Premiums are earned from the date of the risk occurrence during the insurance period, based on the assumption of risk patterns.

/iii/ Life insurance gross written premiums include all amounts of premiums collected until the end of the accounting period.

In accordance with the exception permitted by IFRS 4, life insurance premiums are recorded in books on a cash basis. Supplemental insurance premiums are also recorded on a cash basis.

2.9. Investment income and expenses

/i/ Investment income comprises the income realised through participating interests (dividends, profit share, entries – increase in value), income from investments related to land and buildings, interest income, unrealised profit from fair value investment through profit or loss, income from sales of investment, net foreign exchange gains and other investment income.

The land and buildings investment income consists of income realized due to an increase in land and buildings value, land and buildings sales income, land and buildings rental income and other investment income from land and buildings. Land and buildings rental income and other operating leases are recognised in profit or loss on a straight-line basis over the entire term of the lease.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets. The interest on monetary assets at fair value through profit or loss is recognised using effective interest rate method and is presented within interest income. Dividend income is recognised in the income statement on the date that the dividend is declared. The accounting policy in relation to the finance income recognition is disclosed in Note 3.7. "Financial assets".

/ii/ Investment expenses include interest expense, impairment, losses realised on the sale of investments, net foreign exchange losses and other investment expenses.

2.10. Claims incurred

Claims incurred include all settled amounts for claims in the accounting period, irrespective of the accounting period in which they were incurred, net of the reinsurance portion in claims, collected recourses, sold and recovered amounts and gross of claims provisions at the end of the accounting period but net of claims provisions at the beginning of the accounting period.

In addition to net settled claims, gross settled claims amounts include the costs related to claims settlement (appraisals, attorneys' fees and similar), surrenders and recourse claims expenditures.

2.11. Operating expenses

Operating expenses includes the costs of insurance sale and administration costs. The sales costs include all direct costs incurred in concluding insurance contracts, such as agents' costs, commissions and marketing costs.

Commission costs are recognised as they arise in accordance with the accruals principle. Administration costs include the costs incurred in connection with portfolio management, expenses for employees as well as other material and non-material costs.

2.12. Intangible assets

Intangible assets are initially carried at cost, which includes the purchase price, including import duties and non-refundable tax after deducting trade discounts and rebates, as well as all other costs directly attributable to bringing the asset to their working condition for their intended use.

Intangible assets are recognised if it is probable that future economic benefits associated with the item will flow to the Group, if the cost of the asset can be reliably measured, and if the cost exceeds HRK 3,500.

After initial recognition, assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The amortisation of assets commences when the assets are ready for use, i.e. when the assets are at the required location and the conditions necessary for use have been met. The amortisation of assets ceases when the assets are fully amortised or classified as assets held for sale. The amortisation is calculated by writing off the purchase cost of each particular asset during the estimated useful life of the asset, by applying the straight-line method. The estimated useful life of intangible assets is 4 years.

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's interest in the fair value of acquired net assets, which can be specifically identified on the date of purchase, including intangible assets. Goodwill on acquisition of subsidiaries is included in intangible assets. At least once a year goodwill is tested for impairment. Impairment losses on goodwill are not reversed through profit or loss. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.13. Property and equipment

Property and equipment are initially carried at cost, which includes the purchase price, including import duties and non-refundable tax after deducting trade discounts and rebates, as well as all other costs directly attributable to bringing the asset to their working condition for their intended use.

Property, and equipment are recognised if it is probable that future economic benefits associated with the item will flow to the Group, if the cost of the asset can be reliably measured, and if the cost exceeds HRK 3,500.

Upon initial recognition, land and buildings are carried at revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The increase in value of assets due to the revaluation is recognised in other comprehensive income. A revaluation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The Group assessed the fair value of these assets during 2014. Previously such an assessment was carried out in 2013.

After initial recognition, property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Maintenance and repairs, replacements and improvements of minor scale are expensed when incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an asset beyond its originally assessed standard performance, the expenditures are capitalised i.e. included in the carrying value of the asset.

Gains or losses on the retirement or disposal of fixed assets are included in the income statement in the period when incurred.

The depreciation of assets commences when the assets are ready for use, i.e. when the assets are at the required location and the conditions necessary for use have been met. The depreciation of assets ceases when the assets are fully depreciated or classified as assets held for sale. Depreciation is charged so as to write off the cost of each asset, other than land and tangible assets under construction, over their estimated useful lives, using the straight line method, as follows:

	2014 Estimated useful life	2013 Estimated useful life
Buildings	40 years	40 years
Furniture and equipment	4-10 years	4-10 years
Computer equipment	3 years	3 years
Vehicles	5 years	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.14. Investment property

Investment property (land, buildings) that are not used for operations and that are owned by the Group or held under finance lease and that are held to enable the Group to realise rental income and/or capital appreciation of assets and are measured at fair value through profit or loss.

The Group measures the fair value of its investment property at the end of each accounting period, and such measurement is based on the appraisal by a hired appraiser.

Due to a significant impairment based on the appraisal of the real estate at the location in Kneza Borne street, for which fair value reserve existed at the time of its classification as investment property, the Group recognised the established impairment within comprehensive income.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with it will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

2.15. Investments in subsidiaries and associates

Subsidiaries are companies in which the Company controls the adoption and implementation of financial and operating policies.

Associates are companies in which the Company has significant influence but not control over the adoption and implementation of financial and operating policies.

Investments in subsidiaries and associates are presented using the cost method.

2.16. Financial instruments

/i/ Classification and recognition

The Group classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity investments and other financial liabilities. The classification depends on the purpose for which the financial assets and liabilities were acquired.

Management determines the classification of financial assets and financial liabilities at initial recognition and, where appropriate, re-evaluates this designation at each reporting date.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are those that are classified as assets and liabilities held for trading or those that the Group initially classified as at fair value through profit or loss

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as a part of a portfolio that is managed together for short-term profit or position taking.

The Group designates financial assets and liabilities at fair value through profit or loss on inception when either:

- the assets and liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets at fair value through profit or loss include state bonds, investments in funds, shares and commercial bills.

Derivatives are classified as assets held for trading. At the reporting date, the Group does not held derivative financial instruments. The Group does not use hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the entity intends to sell immediately or in a short period of time and that will be classified as financial assets held for trading, and that which the Management classifies at initial recognition as assets at fair value through profit or loss;
- that the entity, upon initial recognition, classifies as available for sale; or
- for which it is unlikely that the entity will recover the larger portion of the initial investment value, except in the case of credit rating deterioration, and which will be classified as available for sale.

Loans and receivables are created when the Group approves financial resources to clients without the intention to trade in such receivables, and they include deposits with credit institutions, mortgage loans and advances given to the insured parties from mathematical provisions for life insurance.

Accounting of receivables arising from insurance contracts is disclosed in Note 2.17.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Held-to-maturity investments include state and corporate bonds with fixed income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets classified as available for sale are intended to be held for an indefinite period. However, they may be sold so as to maintain liquidity or in the event of changes in interest rates, exchange rates or prices of equity instruments.

Other financial liabilities

Other financial liabilities include all financial liabilities that are not classified in the category at fair value through profit or loss. On the reporting date the Group had no financial liabilities at fair value through profit or loss, except for liabilities for unit-linked products. Accounting of liabilities arising from insurance contracts is disclosed in Note 2.25.

/ii/ Recognition and derecognition

Regular purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognized on the trade date, that is, the date on which the Group commits to purchasing or selling the instrument. Loans and receivables as well as financial liabilities are initially recognized on the date of occurrence, that is, on the day they are advanced to borrowers or received from lenders.

The Group derecognises financial assets (in full or in part) when the contractual rights to receive cash flows from the financial asset have expired or when it loses control over the contractual rights to such financial assets. This occurs when the Group essentially transfers all risks associated with ownership and benefits to another business entity, or when the rights are exercised, surrendered or expired.

The Group ceases to recognize financial liabilities only when they cease to exist, that is, when they are met, cancelled or expired, or when they are transferred. Should the terms of financial liabilities substantially change, the Group shall cease to recognise that particular liability and at the same time recognise a new financial liability, with new terms.

Initial and subsequent measurement

Financial assets and liabilities are recognised initially at their fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group measures financial instruments at fair value through profit or loss, and available-for-sale financial assets at their fair value, without any deduction for selling costs.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on official stock exchanges.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable financial information based on which value is determined using the discounted cash flow method.

In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost.

Loans and receivables and held-to-maturity investments are measured at amortized cost net of impairment.

Financial liabilities not classified at fair value through profit or loss are measured at amortised cost.

Premiums and discounts, including initial transaction costs, are included in the carrying amount of the associated instrument and amortized using the effective interest rate of that instrument.

Gains and losses

Gains and losses arising from a change in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss.

Gains and losses arising from changes in the fair value of available-for-sale monetary assets are recognised directly in other comprehensive income. Impairment losses, foreign exchange gains and losses, interest income and amortisation of premium or discount using the effective interest method on available-for-sale monetary assets are recognized in profit or loss. Exchange rate differences resulting from revaluation of non-monetary financial assets denominated in or linked to foreign currency that are classified as available for sale are recognized within other comprehensive income, along with all other changes in their fair value, whereas income earned from dividends is recognized through profit or loss. Upon sale or other derecognition of available-for-sale financial assets, all cumulative gains or losses are transferred from other comprehensive income to profit or loss.

Gains and losses on financial instruments carried at amortised cost may also arise, and are recognized in profit or loss, when a financial instrument is derecognized or when its value is impaired.

Apart from gains and losses arising from the change in fair value of available-for-sale financial assets which are recognized in other comprehensive income, as described above, all other gains and losses and interest are recognized in profit or loss in line items "Finance income" and "Finance costs".

Fair value measurement principles

The fair value of financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets is their quoted market price at the reporting date without any deduction for estimated future costs to sell. If the financial assets market (including the unlisted securities market) is not active, or if, for any other reason the fair value cannot be reliably measured on the basis of the market price, the Group determines the fair value based on observed prices (prices of similar or identical items), and when this is not available, it applies various estimation techniques that use all relevant information and inputs that can help in estimating the fair value. This includes the use of prices attained in recent transactions between informed and willing parties, reference to other essentially similar instruments, discounted cash flow analysis and option pricing models, making maximum use of market information and relying on the specific characteristics of the entity as little as possible.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is the market rate effective at the reporting date and used for financial instruments with similar conditions. Where a pricing model is used, the market related rates effective at the reporting date are used.

/iii/ Impairment of financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

The Group takes into account the evidence of impairment for both a specific asset and at group level. All individually significant financial assets are assessed for impairment. All individually significant financial assets where impairment has not been identified are included in the basis for assessing impairment at group level for impairment that has occurred but has yet to be identified. Assets that are not individually significant are assessed for impairment by grouping together financial assets (presented at amortised cost) on the basis of similar risks.

Objective evidence of impairment of financial assets (including equity securities) includes default or delinquency by a borrower, restructuring of loans or advances by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for the security, or other available data relating to a group of assets, such as adverse changes in the payment status of borrowers or issuers within the group, or economic conditions that are connected with defaults within the group.

For the purposes of assessing impairment at group level, the Group relies on historical experience in terms of loss rates, periods of loss recognition, adjusted for the purposes of the Management's assessment as to whether current economic and credit conditions are such that the actual losses may be higher or lower than before. Loss rates and the expected recognition period are reviewed regularly.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised through profit or loss and reflected in impairment provisions. Interest on impaired assets is recognized as discount amortisation and at collection of payment. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered as an evidence of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the cost and current fair value, less any loss from impairment of that financial asset that was previously recognized in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity securities can not be subsequently reversed through profit or loss, but all value increases until the final sale are recognised in other comprehensive income.

If a subsequent event results in the decrease in the amount of impairment loss for financial assets that are presented at amortised cost and for debt securities available for sale, the previously recognised impairment loss is reversed and recognized through profit or loss. Changes in the amount of impairment related to the time value of money are recognised as a component of interest income.

/iv/ Specific instruments

Debt securities

Debt securities are classified as held-to-maturity investments or financial assets at fair value through profit or loss, depending on the purpose for which the debt security has been acquired.

Loans and receivables from banks

Deposits with banks are classified as loans and receivables and valued at amortised cost less impairment losses.

Equity securities

Equity securities are classified as assets at fair value through profit or loss or as available-for-sale financial assets and measured at fair value, unless it is impossible to reliably establish the fair value (as described above) when they are measured at cost.

Loans and receivables from policyholders

Loans and receivables from policyholders are presented at amortised cost less impairment to reflect the estimated recoverable amounts.

Investments in funds

Investments in open-end funds are classified as financial assets at fair value through profit or loss or as available-for-sale financial assets and they are measured at current fair value.

Investments for the account and risk of life insurance policyholders

Investments for the account and risk of life insurance policyholders include investments in unit-linked products and are classified as available-for-sale financial assets.

Receivables from insurance and other receivables

Receivables from direct insurance and other receivables are recognized initially at fair value and subsequently at amortized cost less impairment.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Embedded derivatives within insurance contracts and investment contracts

Sometimes, a derivative may be a component of a hybrid (combined) financial instrument or insurance contract that includes both the derivative and host contract with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative. Such derivatives are known as embedded derivatives.

Embedded derivatives are separated from their host contract, measured at fair value and changes in their fair value included in profit or loss if they meet the following conditions:

- the economic characteristics and risks of embedded derivatives are not closely connected with the economic characteristics and risks of the host contract,
- a separate instrument with the same characteristics as those of the embedded derivative would satisfy the definition of a derivative,
- the hybrid instrument is not measured at fair value and changes in its fair value are not recognised in profit or loss.

Embedded derivatives that meet the definition of an insurance contract need not be separated from the host contract. Furthermore, the Group has used the exemption provided in IFRS 4, "Insurance Contracts":

- it does not separate or measure at fair value the option of the policyholder to repurchase the insurance contract at a fixed price (or the amount based on the fixed amount and interest rate), even if the price is different from the book value of the insurance liability in the host contract,
- it does not separate or measure at fair value the option of the policyholder to repurchase the contract with discretionary participation features.

Offsetting of financial instruments

Financial assets and liabilities are offset and presented in the financial statement on a net basis when there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or the acquisition of assets and settlement of liabilities take place simultaneously.

2.17. Receivables

/i/ Insurance receivables include receivables from insured parties based on non-life insurance premiums. Receivables based on non-life insurance premiums comprise receivables for written, but not yet invoiced premium and receivables for invoiced, but not paid premium.

Recognition of insurance premium is described in Note 2.7. – "Gross written premiums".

/ii/ Receivables for invoiced but unpaid premium are presented at nominal value, and an adjustment is made for the value of questionable and uncollectible receivables. Impairment is recognised for all unpaid receivables the due date of which was 180 days prior to the balance sheet date. Impairment can be decreased for receivables which are used as basis for payment of claim to the debtor (provision for claims).

/iii/ Receivables under the right to recourse are recognized for all recourse cases from an out-of-court procedure arising from receivables from another insurance company and recourses for which a financial settlement was concluded with the counterparty. Impairment of recourse receivables is done for all receivables where 180 days passed from the due date. The determined impairment can be decreased by recourse receivables that are likely to be collected. Recognition of income from recourses is deferred due to uncertainty of collection. Income from recourses is deferred for recourses which are not settled in cash with exception of recourses from other insurance companies which are recognised in profit or loss immediately.

/iv/ Other receivables pertain to receivables arising from interest on loans and deposits, receivables arising from advance payments, receivables arising from received payment instruments etc.

2.18. Cash and cash equivalents and short-term deposits

Cash consists of balances with banks. Cash equivalents are short-term, high-liquidity investments that can be converted at any time into known amounts of cash and are not exposed to significant changes in value. The carrying amounts of cash and cash equivalents generally approximate their fair value.

For the purposes of reporting on cash flows, cash and cash equivalents refer to cash with banks and in hand, as well as deposits with original maturity up to three months.

2.19. Income tax

The tax expense represents the sum of the current tax and deferred tax.

Current tax

The current tax liability is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized on the basis of revaluation of land and buildings and of available-for-sale financial assets.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The calculation of deferred tax liabilities and assets reflects the amount at which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are not discounted and are classified as non-current assets and/or liabilities.

Current and deferred income tax

Current and deferred tax is recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income.

2.20. Equity

In its financial records the Group records capital categorized as follows: subscribed capital, fair value reserve, statutory reserves, legal reserves, other reserves, retained profit and current year profit/(loss).

/i/ Subscribed capital represents the indivisible share capital of the Company, paid in full.

/ii/ Fair value reserve

The fair value reserve includes profits from the revaluation of properties, net of taxes. The fair value reserve is transferred directly to retained profit in proportion to the depreciation of the asset.

The fair value reserve of available-for-sale financial assets includes unrealised gains and losses from changes in fair value of available-for-sale financial assets, net of impairment and deferred tax.

/iii/ Allocations to statutory reserves, legal reserves, other reserves and retained profit are regulated by the Decisions of the Company's General Assembly.

/iv/ The current year income is presented according to the balance as at 31 December and it is transferred to the upcoming fiscal year. The utilization or allocation of profit is determined by the Decision of the Company's General Assembly.

2.21. Technical provisions

Technical provisions presented in the financial statements pertain to unearned premiums, mathematical reserve for life insurance, provisions for claims, fluctuation provisions and other insurance-technical provisions. They are formed in accordance with the Ordinance on minimum standards, methods of calculating and guidelines for calculating technical provisions in insurance. All technical provisions have been granted a positive opinion of the appointed certified actuary of the Company.

/i/ Unearned premiums

The Group calculates unearned premiums for those types of insurance where the insurance coverage lasts even after the end of the reporting period, since the insurance year and the reporting period do not overlap. The basis for calculation of gross unearned premium of non-life insurance is the accrued (written) premium, while the basis for the calculation of gross unearned premium of supplemental insurance with life insurance is the collected premium.

Unearned premiums are calculated according to the pro rata temporis method, except for the types of loan insurance where a decrease of insurance cover throughout the contract term is taken into consideration.

/ii/ Mathematical life insurance provisions

Mathematical life insurance provisions are calculated individually for every insurance contract by using the prospective net method in accordance with legal regulations and Ordinances of HANFA.

/iii/ Claims provisions

Claims provisions contain provisions for reported claims, provisions for incurred but not reported claims, and provisions for costs of processing claims.

Provisions for reported claims are determined by individual assessment. Actuarial methods are applied upon determining provisions for the costs of processing claims and for incurred but unreported claims.

The reinsurance share in provisions is determined in accordance with reinsurance contracts.

/iv/ Other insurance-technical provisions

Other insurance-technical provisions are created for risks which have not expired. Provisions for unexpired risks are created for non-life insurance products where the expected value of claims and costs pertaining to unexpired periods of policies which are valid on the reporting date, exceeds the provisions for unearned premiums pertaining to such policies. Provisions for unexpired risks are calculated separately for individual types of insurance, i.e. lines of products.

2.22. Technical life insurance provisions where the policy holder bears the investment risk

Since the Group issues life insurance policies where the policy holder bears the investment risk, adequate separate provisions are created for every such insurance contract.

2.23. Reinsurance

The Group cedes premiums to reinsurance in the regular course of business for the purpose of limiting its net loss potential through risk diversification. Reinsurance contracts do not relieve the Group from its direct obligations to policyholders.

Premiums ceded and recoverable amounts are presented through profit or loss on a gross basis. Only the contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Amounts recoverable under such contracts are recognised in the same year as the corresponding claim. Contracts, through which significant insurance risk (financial reinsurance) is not transferred, are recorded as deposits. During 2014 and 2013, the Group did not conclude any such contracts.

Reinsurance assets include amounts receivable from reinsurance companies for ceded insurance liabilities. Receivables from reinsurers are estimated in a manner consistent with the provisions for unpaid claims and claims paid by reinsured policies. Reinsurance assets include the actual or estimated receivables from reinsurers in respect of technical provisions. Reinsurance assets relating to technical provisions are created on the basis of the terms of reinsurance contracts and measured on the same basis as the corresponding reinsured liabilities.

Reinsurance receivables are assessed for impairment at each reporting date.

2.24. Liabilities and related assets under liability adequacy test

IFRS 4 provides for the implementation of mandatory liability adequacy test under the insurance contract. At each reporting date the Group estimates whether it's reported insurance liabilities are adequate, using current estimates of future cash flows for all its insurance contracts. Should the above assessment show that the book value of insurance liabilities is insufficient in relation to the estimated future cash flows, the shortage is charged to profit or loss. Estimates of future cash flows are based on realistic actuarial assumptions, taking into account the current experience of the occurrence of claims.

2.25. Other liabilities

/i/ Liabilities arising from direct insurance pertain to liabilities under claims.

/ii/ Liabilities resulting from reinsurance pertain to liabilities under contractually agreed sums for claims covered by reinsurance, and liabilities under the reinsurance premium.

/iii/ Other liabilities pertain to liabilities toward domestic suppliers, liabilities for advances received, liabilities to employees, commission liabilities etc.

2.26. Employee benefits and pension plans

Pension obligations

For defined contribution plans, the Group pays contributions to state-owned pension and health insurance funds, in accordance with legal requirements or individual choice. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an expense in profit or loss as they accrue.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other employee benefits

Liabilities based on other long-term employee benefits, such as jubilee awards and employment termination benefits (at retirement), are recorded as the net present value of the liability for defined benefits at the balance sheet date. The discounted future cash flow method is used for the calculation of the present value of the liability.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.27. Provisions

Provisions are recognised only when the Group has a present obligation as a result of a past event, and it is likely that the settlement of the obligation will require an outflow of economic benefits and when it is certain that the amount of the obligation can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

Provisions are determined for costs of legal disputes and costs of employee benefits for the number of years of service and retirement (regular jubilee awards and termination benefits) and stimulation termination benefits as part of the redundancy plan.

Provisions for employee benefits for the number of years of service and retirement (regular jubilee awards and termination benefits) are determined as the present value of future cash outflows using a discount rate equal to the interest rate on government bonds.

2.28. Impairment

The net book value of the Group's assets, other than financial assets (see accounting policy 2.16) and income tax (see accounting policy 2.19), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount of the asset is estimated. For intangible assets with no finite useful life (the Group had no such assets on the date of reporting) and intangible assets not yet in use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Exceptionally, the impairment of property measured by using the revaluation model is debited to fair value reserve, if any, and the remaining amount of the impairment after these reserves have been exhausted is recognised in profit or loss for the period.

The recoverable amount of an asset and cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment loss recognised in prior periods is assessed on each reporting date in order to establish whether the loss has decreased or no longer exists. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.29. Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements, but only disclosed in the notes to the financial statements.

Contingent assets are not recognised in the financial statements, but recognised when an inflow of economic benefits is virtually certain.

2.30. Events after the balance sheet date

Events after the balance sheet date, which provide additional information on the Group's position at the reporting date (adjusting events), are reflected in the financial statements. Events that are not adjusting events are disclosed in the notes to the financial statements, if material.

2.31. Earnings per share

Earnings per share are calculated as profit of the period decreased by dividends of preference shares divided by the weighted average of ordinary shares (without treasury shares).

2.32. Classification of contracts

Contracts through which the Group undertakes significant underwriting risk on behalf of the other party (policyholder) by accepting to indemnify the policyholder or another insurance beneficiary, if a particular future event occurs (insured event) which has a negative effect on the policyholder or other insurance beneficiary, are classified as insurance contracts. The underwriting risk differs from financial risk.

Financial risk is the risk of possible future change in one or more of the defined interest rates, prices of securities, prices of assets, foreign exchange rates, price or rate indexes, credit rating or credit indexes or other variables, provided that when it comes to a non-financial variable, this variable is not specific to one of the contractual parties. Insurance contracts can also transfer financial risk to some extent.

Contracts where the transfer of risk from the policyholder to the Group is not significant are classified as investment contracts.

Both insurance and investment contracts may contain discretionary participation features. A contract with a discretionary participation feature is a contractual right held by a policyholder to receive as a supplement to guaranteed minimum payments, additional payments that are likely to be a significant portion of the total contractual payments, and whose amount or timing is contractually at the discretion of the issuer and that are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract,
- realised and/or unrealised investment returns on a specified pool of assets held by the issuer or
- the profit or loss of the company that issues the contracts.

The discretionary element of those contracts is accounted for as a liability within the life assurance provision. The provision for discretionary bonus within the life assurance provision may comprise amounts arising in relation to participating policies, for which the allocation of funds has not been determined at the reporting date. When the allocation of funds is determined, appropriate transfers are made from the provision for discretionary bonuses to individual policies.

At the reporting date the Company and the Group accounted for HRK 48,317 thousand (in 2013: HRK 55,077 thousand) and HRK 48,821 thousand (in 2013: HRK 55,879 thousand) of provision for discretionary allocation of profit, respectively.

2.33. Segment reporting

A business segment is an integral part of the Company that carries out business activities from which it can earn income or have expenses incurred, including income and expenses relating to transactions with other constituents of the Company, whose business results are regularly reviewed by the chief operating decision maker. The review is carried out in order to make decisions about resources to be allocated to a particular segment and to assess its performance, and for which there is separate financial information. The primary format of the Group for segment reporting is business segments that include the life insurance and non-life insurance segments.

Allocation of costs between life and non-life insurance segments

Investment income, realized and unrealized profits and losses, expenses and compensations arising from non-life insurance, are allocated to the non-life segment.

Investment income, realised and unrealised profits and losses, expenses and compensations related to life insurance are included directly in the life insurance segment.

Income and expenses from investments, realized and unrealized profits and losses, expenses and compensations arising from the investment of capital and reserves are allocated to life and non-life segments depending on the allocation of the related assets.

Throughout the year, direct administrative costs are directly debited to life and non-life insurance segments. For administrative expenses that cannot be directly distributed, the cost by apportionment formula (based on gross written premiums) is allocated between the life and non-life insurance segments.

Advertising and marketing costs are directly distributed to either the life or non-life insurance segment, depending on the insurance product that they refer to.

Commissions are recorded separately to the life and non-life insurance segments. A significant portion of staff costs is allocated directly to life and non-life insurance segments. If staff costs cannot be directly allocated to a particular segment, the apportionment formula is used.

Allocation of capital, reserves and assets

Property and equipment, intangible assets and investment property are allocated to the non-life segment. Financial investments are allocated in accordance with sources of funding. Equity are allocated in the manner that the subscribed share capital is allocated in accordance with the statutory requirements pertaining to minimum capital, whereas the surplus is allocated to the non-life segment. Provisions are allocated according to the source of related financial assets while legal and other provisions are allocated to each segment based on the results of the related segment. Other receivables and liabilities are allocated to those segments from which they arise.

2.34. Main sources of uncertainty related to assessments and key accounting estimates in the application of the Group's accounting policies

/i/ Impairment losses on loans and receivables

The need for impairment of assets measured at amortised cost is evaluated as described in Note 2.16./iii/ impairment of financial assets. Impairment provision of the particular loan is based on the management's best estimate of the current value of expected future cash flows.

In evaluation of such cash flows the management assesses the debtor's financial position and estimated fair value of the loan collateral. Any asset which has undergone impairment is evaluated separately and the function of credit risk helps to independently approve a recovery strategy and assessment of realizable cash flows.

/ii/ Determining fair value of financial instruments

For certain debt and equity securities the Group applies weighted average last day market price as prescribed by the supervisory body. For financial instruments which are rarely traded and which have a non-transparent price, fair value is less objective and it requires a different level of assessment depending on liquidity, concentration, uncertainty of market-related factors, assumptions regarding prices and other risks which affect a certain instrument. The Group has used discounted cash flow analysis for various financial instruments that are not traded in active markets.

The carrying amount of financial instruments would be an estimated HRK 3,922 thousand lower or HRK 4,063 thousand higher were the discount rate used in the discount cash flow analysis differ by 1 percentage point from management's estimates.

/iii/ Uncertainty of estimates pertaining to the forming of reserves

The most significant assessments in terms of the Group's financial statements pertain to the forming of reserves. In the forming of reserves the Group applies regulations issued by HANFA (Croatian Financial Services Supervisory Agency). The Group's staff includes certified actuaries. The Management Board believes that the current level of technical provisions is sufficient.

The Company forms reserves for unexpired risks arising from non-life insurance where it is expected that the claims and administrative expenses likely to arise upon the expiry of the financial year for contracts concluded before that date will exceed the unearned premium from such contracts.

Expected cash flows relating to claims and expenses are estimated on the basis of experience of the previous contract term and adjusted for significant individual losses which are not expected to recur. The liability adequacy test was performed on all types of insurance. Management believes that the current amount of provisions is sufficient.

Insurance risk management is described in detail in Note 2.35, while the reserves for insurance contracts are analysed in Note 2.21. Sensitivity of technical reserves is disclosed in Note 2.37.

/v/ Product classification

The Group's accounting policy on the classification of contracts as insurance or investment contracts is provided under Note 2.32 on classification. As at the reporting day, the Group had no insurance products that should have been classified as investment contracts.

/vi/ Valuation of real estate and investment property

Real estate and investment property taken in exchange for uncollectible receivables are initially measured at fair value based on the assessment of the court appointed expert. Management believes that the net book value of property and investment property as at 31 December 2014 is recoverable.

The carrying amount of real estate and investment property would be an estimated HRK 75,140 thousand lower or HRK 75,140 thousand higher were the fair value differ by 10% from experts estimates.

/vii/ Impairment of investments in subsidiaries

The impairment of investments in subsidiaries is based on management's best estimate on the collection of investments. The recoverable amount is the higher of the investment's fair value less costs to sell and value in use.

The carrying amount of investments in subsidiaries would be an estimated HRK 5,089 thousand lower or HRK 5,812 thousand higher were the discount rate used in the discount cash flow analysis differ by 1 percentage point from management's estimates.

2.35. Underwriting risk management

Underwriting risk pertains to the risk that may arise if actual payment of claims and compensations exceed the net book amount of insurance liabilities due to coincidence, error and/or change in circumstances. Underwriting risk includes the risk of the occurrence of a loss-event, risk of determining the amount of premium (setting the tariff), the risk of forming provisions and the risk of reinsurance.

Premium risk is present at the moment of issuing the policy, before the insured event occurs. There is a risk that the costs and losses which may occur might be greater than the premiums received. The provision risk represents the risk of having the absolute amount of technical provisions wrongly assessed or of having the actual losses vary around the statistical mean value. Non-life insurance sales risk also includes the risk of disaster which arises from highly extraordinary events which are not sufficiently covered by the premium risk or provision risk. Life insurance sales risk includes biometrical risk (which involves mortality, longevity, risk of becoming ill or disabled) and the risk of cancelation. The risk of cancelation represents a higher or lower rate of cancelation from policies, interruptions, changes in capitalization (cessation of payments of premium) and surrender.

The Group manages its underwriting risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, through tariff determination, product design and management of reinsurance. Sales strategy aims at diversity which will ensure a balanced portfolio and which is based on a large portfolio of similar risks for several years, which reduces the variability of results. As a rule, all non-life insurance contracts are concluded on a yearly basis and the policyholders have the right to decline renewal of contract or to change the contract terms upon renewal.

The Group transfers a portion of the risk to reinsurance in order to control its exposure to losses and protect capital resources. The Group purchases a combination of proportional and non-proportional reinsurance contracts to reduce the net exposure to a particular risk depending on the type of insurance.

Underwriting risk in the Company is monitored by the actuaries within the scope of their tasks and the Risk Management Department, in agreement with them, takes the indicators in order to include the risks in the risk management process at the overall Company level.

A report on the adequacy of provisions, insurance premium and retention is submitted by the appointed certified actuary.

A key aspect of underwriting risk that the Group is exposed to is the degree of underwriting risk concentration which determines the extent to which a particular event or a series of events may affect the Group's liabilities. Such concentration may arise from a single insurance contract or from a number of contracts. An important aspect of the insurance risk concentration is that it may arise from the accumulation of risk through different types of insurance.

The concentration of insurance risk

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk, which determines the degree to which a particular event or series of events could significantly impact the Group's liabilities. Such concentrations may arise from a single insurance contract or through a number of related contracts from which resulting significant commitments. An important aspect of the concentration of insurance risk is that it could arise from accumulation of risks through various types of insurance.

Concentration risk may arise from events that are not frequent but with considerable consequences such as natural disaster, in situations where the Group is exposed to unexpected changes in trends, for example unexpected changes in human mortality or in policyholder behaviour; or where significant litigation or regulatory risks could cause a large single loss, or have a pervasive effect on a large number of contract. The risks underwritten by the Group are primarily located in the Republic of Croatia.

The concentration of insurance risk before and after reinsurance in relation to the type of accepted insurance risk is shown below with reference to the carrying value of claims and benefits (gross and net of reinsurance) arising under the contract of insurance:

	31 Dec 2014			Restated 31 Dec 2013		
	Gross claims incurred	Reinsurance share in claims incurred	Net claims incurred	Gross claims incurred	Reinsurance share in claims incurred	Net claims incurred
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accident insurance	47,358	2,981	44,377	57,092	4,041	53,051
Health insurance	18,736	1	18,735	11,069	(77)	11,146
Road motor vehicle insurance	257,864	153	257,711	225,237	5	225,232
Railroad rolling stock insurance	517	-	517	2,472	-	2,472
Aircraft insurance	6,887	6,370	517	10,569	9,888	681
Vessel insurance	37,532	16,067	21,465	52,548	25,530	27,018
Insurance for goods in transit	8,188	75	8,114	3,965	476	3,489
Insurance against fire and natural disasters	98,773	36,101	62,672	124,674	71,499	53,175
Other types of property insurance	249,332	29,807	219,524	325,925	33,168	292,757
Motor liability insurance	270,954	17,742	253,212	202,739	(2,226)	204,965
Aircraft liability insurance	244	35	209	1,011	(129)	1,140
Vessel liability insurance	18,675	5,667	13,008	5,296	2,808	2,488
Other types of liability insurance	108,840	33,816	75,023	66,193	17,662	48,531
Loan insurance/credit insurance	61,558	16,631	44,927	26,452	11,968	14,484
Surety insurance	509	-	509	472	-	472
Miscellaneous financial loss insurance	10,252	2,796	7,456	20,867	11,216	9,651
Travel insurance	2,009	-	2,009	3,472	-	3,472
Total non-life insurance	1,198,228	168,242	1,029,986	1,140,052	185,829	954,223
Life insurance	366,557	34	366,524	365,594	55	365,540
Annuity insurance	4,984	-	4,984	4,249	-	4,249
Additional insurance with life insurance	3,164	-	3,164	4,698	-	4,698
Life or annuity insurance where the policyholder bears the investment risk	470	-	470	(97,625)	-	(97,625)
Total life insurance	375,176	34	375,142	374,444	55	374,390
Total	1,573,404	168,276	1,405,128	1,514,496	185,883	1,328,613

Management believes that the non-life insurance has no significant exposure to any client group insured by social, professional, or similar criteria. The greatest likelihood of significant losses could arise from catastrophic events, such as floods, hail, storms or earthquake damage. The techniques and assumptions that the Group uses to calculate these risks include:

- Measurement of geographical accumulations,
- Assessment of probable maximum losses,
- Excess of loss reinsurance.

Non-life insurance

The basic indicator of underwriting risk is the claims (loss) ratio. The following tables present claims ratios, cost ratios and combined ratios as well as the claims ratio net of reinsurance.

Comparison of claims ratio and costs for 2014 and 2013

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
Non-life insurance				
Claims ratio	56.4%	50.3%	57.4%	50.8%
Cost ratio	49.6%	38.3%	47.5%	37.6%
Combined ratio	106.0%	88.6%	104.8%	88.4%
Claims ratio, net	57.1%	49.9%	52.8%	46.1%

Life insurance

The primary risks in life insurance are interest rate risk and biometrical risks. Interest rate risk is processed through market risks, and biometrical risks are monitored on the basis of actuarial analyses.

Company's analysis of mathematical provisions according to guaranteed interest rate

Interest included in the tariff is in the range of	Mathematical provisions*	Share	Mathematical provisions*	Share
	as at 31 Dec 2014		as at 31 Dec 2013	
	in HRK'000	%	in HRK'000	%
[1, 3]	417,316	20.14%	271,546	13.89%
[3, 4]	1,037,803	50.09%	1,023,385	52.34%
[4, 5]	613,758	29.62%	656,993	33.60%
[5, 6]	2,977	0.14%	3,346	0.17%
	2,071,854	100.00%	1,955,270	100.00%

*The mathematical provision is the mathematical provision for agreed sums and mathematical provision for additional sums.

Group's analysis of mathematical provisions according to guaranteed interest rate

Interest included in the tariff is in the range of	Mathematical provisions*	Share	Mathematical provisions* as at 31	Share
	as at 31 Dec 2014		Dec 2013	
	in HRK'000	%	in HRK'000	%
[1, 3]	430,417	18.90%	274,626	12.89%
[3, 4]	1,228,100	53.92%	1,176,460	55.20%
[4, 5]	616,175	27.05%	676,865	31.76%
[5, 6]	2,977	0.13%	3,346	0.16%
	2,277,669	100.00%	2,131,297	100.00%

*The mathematical provision is the mathematical provision for agreed sums and mathematical provision for additional sums.

The table above shows the mathematical provision according to guaranteed interest rates. The yield on life insurance investment is presented in the following table and it is sufficient to cover the required interest for the life insurance portfolio.

Yield on mathematical provision

Company	Restated 2012	Restated 2013	2014
	in HRK'000	in HRK'000	in HRK'000
Average balance of mathematical provision	1,868,421	1,937,766	2,013,562
Yield on investment in mathematical provision	112,793	115,297	117,140
Yield	6.0%	6.0%	5.8%
Average yield		5.9%	

Group	Restated 2012	Restated 2013	2014
	in HRK'000	in HRK'000	in HRK'000
Average balance of mathematical provision	2,009,188	2,102,853	2,207,225
Yield on investment in mathematical provision	119,388	123,010	125,405
Yield	5.9%	5.8%	5.7%
Average yield		5.8%	

The sensitivity of the present value of future profits to changes in significant variables

Profit or loss and insurance liabilities are mainly sensitive to changes in mortality, rates costs and the discount rate used for the purposes of the liability adequacy test.

The Group assessed the impact of changes in key variables that may have a material effect on the present value of future profits ("PVFP") at the end of the year. For each period, the projection is calculated profit (vector profit), and "PVFP" is calculated as the present value of profits with a discount rate risk.

Table below shows sensitivity analysis for life insurance.

Life insurance risk - sensitivity analysis	2014	Restated 2013
	in HRK'000	in HRK'000
	Change in liabilities	Change in liabilities
Interest rate -0,5%	58,093	58,726
Mortality +10%	4,426	4,995
Expenses +10%	25,455	27,764

The Group uses the calculation of "PVFP" for the purposes of managing the sensitivity of insurance risk. The base run refers to the calculation of liabilities with using assumptions for the best estimate. The base run represents a calculation by applying the assumptions described in Note 2.36 during the liability adequacy test. For each policy the income from premiums and investments are calculated, and costs are calculated on the basis of administrative costs and damages.

Changes in variables represent reasonable possible changes which, had they occurred, would have led to significant changes in insurance liabilities at the reporting date. The reasonably possible changes represent neither expected changes in variables nor worst-case scenarios. The change in each variable was analysed, wherein the other assumptions remained unchanged, and changes in values of the related assets are ignored.

The sensitivity to changes in mortality was calculated for impact reduction in mortality for pension products by 10% and an increase in mortality for other products by 10%, while the sensitivity to changes in the expense rate was calculated by the promotion of impact assessment increase in policy maintenance expense by 10% to "PVFP".

As evidenced by "PVFP", profit or loss as well as the insurance liabilities are the most affected by changes in interest rates.

Non-life insurance

In non-life insurance variables which would have the greatest impact on insurance liabilities relate to legal claims from auto insurance liability. Obligations relating to judicial damages are sensitive to legal, judicial, political, economic and social trends. Management believes that it is not practicable to quantify the sensitivity of non-life insurance to changes in these variables.

Capital adequacy

The current regulatory frame prescribes the manner of calculating the margin of insurance companies' solvency based on the higher of two criteria: premium or claim criterion.

The Company's solvency indicators are as follows:

	31 Dec 2014	31 Dec 2013
Solvency indicator for life insurance	161.0%	164.7%
Solvency indicator for non-life insurance	345.7%	225.6%

The Company maintains the solvency margin in accordance with legal provisions, as presented in the table above.

2.36. Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses

/i/ Non-life insurance

On the balance sheet date provisions are created for the estimated final cost of settling all claims resulting from events occurred by that date, whether reported or not, together with relevant costs of processing such claims, decreased by amounts already paid. The liability for reported but unsettled claims is estimated separately for every individual claim, taking into consideration the circumstances, available information from the claims adjuster and historical evidence of amounts of similar claims. Individual claims are regularly examined and provisions are regularly updated when new information is available. The assessment of provision for incurred, but unreported losses (IBNR) are generally subject to a greater degree of uncertainty than the provision for reported losses. IBNR provisions are assessed by the Company's actuaries by using statistical and actuarial methods such as the chain-ladder method and the Bornhuetter-Ferguson method.

Key methods which are used for liability and accident insurance are:

- The chain-ladder method, which uses historical data in order to assess the final costs of claims
- The Bornhuetter-Ferguson method, which combines the estimated loss ratio and the projections method. This method improves on the use of naïve loss ratio by taking into account the information available from the latest pattern in loss development.

The actual method which is used depends on the year of the accident being analysed, the type of insurance and the observed historical development of claims. To the extent in which these methods use historical loss development, it is assumed that the historical pattern of loss development will be repeated in the future. There are reasons why this may not be the case, and such reasons are taken into consideration (to the extent that they are determinable) by modifying the assessment methods. Such reasons include:

- economic, political and social trends (which cause a different level of inflation than expected);
- changes in the combination of the types of insurance contracts which are acquired;
- random variations, including the effect of major losses.

For other types of insurance, IBNR is determined by flat rate methods.

IBNR provisions are initially estimated in the gross amount and a special calculation is performed in order to assess the reinsurance portion.

Assumptions which most affect the measuring of amount of provision for non-life insurance are the following:

a) Residual factor of loss development

For “long-tail” claims, the level of provision greatly depends on the assessment of loss development for which there is historical data until the final development. The residual factor of loss development is prudently assessed by using mathematical methods of curves which serve as projections of observed factors or which are based on actuarial assessment.

b) Discounting

In addition to annuity claims, the non-life provisions are not discounted. The provisions for liability insurance which are payable in annuities are determined as the current value of future liabilities at the discount rate of 2% per year and based on Mortality Tables for the Republic of Croatia for the period from 2000 - 2002.

/ii/ Life insurance

Mathematical provisions are calculated by the net prospective method using rational actuarial assumptions, in accordance with the guidelines issued by HANFA. The guaranteed technical interest rate in insurance policies ranges from 2.25 % to 6 %, depending on the original (historic) tariff.

In the case of death and survival, policyholders are entitled to a share in the Company’s profit realised by life insurance funds management. Shares in profit are calculated once a year, at the earliest at the end of the first or second year of the insurance term, depending on the tariff. The amount of the share in profit is determined by the Management Board.

The Company uses tables on mortality rates for Croatia for the period 2000 to 2002 for the calculation of mathematical reserves. For the purpose of the calculation of mathematical reserves for insurance contracts concluded before 2010 an interest rate of 3.25%, or 3% was used (maximum rate prescribed by HANFA is 3.3%) for insurance contracts concluded in 2010 the interest rate used was 3% or 2.75%, and the rate of 2.5% and 2.25% was used for those concluded after 2010.

Profit or loss and equity sensitivity to changes in significant variables

Profit or loss and insurance liabilities are mainly sensitive to changes in the rate of investment and the rate of costs estimated for the calculation of the liability adequacy.

Terms and conditions of insurance contracts that have a significant effect on the amount, duration, and uncertainty of future cash flows

The Group offers different types of non-life insurance, mainly motor vehicles, property, liability insurance, marine insurance, transport insurance, and accident insurance. The main source of uncertainty affecting the amount and timing of future cash flows arises from the uncertainty of the occurrence of future insured events as well as the uncertainty associated with their amounts. The amount payable under individual claims is limited by the insured amount as established in the insurance policy.

Other significant sources of uncertainty related to non-life insurance result from legislation that entitles policyholders to report a claim before the statute of limitation, which occurs three years from the first notification of the claim, but not later than five years from the beginning of the year after the year of occurrence. This stipulation is particularly important in cases of permanent disability under accident insurance, due to difficulties in estimating the period between the occurrence of the accident and the confirmation of permanent consequences thereof.

The portfolio of non-life insurance does not include products that warrant unlimited coverage, while the maximum amount for which the insurer may be held liable per each policy due to the occurrence of one loss event is always limited by the contractually agreed insured sum. The exception to this rule is motor vehicles liability insurance in the Green Card Insurance System member states that have unlimited coverage. Since legal provisions in motor vehicles liability insurance prescribe the application of insured sums in the state where the damage occurred, this risk cannot be completely avoided, but it can be transferred through appropriate reinsurance contracts. Features of certain types of insurance, if they are significantly different from those mentioned above, are described below.

Motor vehicle insurance

The Group's portfolio of motor vehicle insurance includes the compulsory motor vehicles insurance and motor hull insurance. Compulsory insurance covers bodily injury and property damage in Croatia, as well as damage caused abroad by insured drivers who are part of the Green Card Insurance System.

Property damage claims and motor hull insurance claims are generally reported and settled within a short period of occurrence of an accident. Reporting and payments relating to bodily injury take longer to complete and are more difficult to assess. Such claims may be paid in full at once or in instalments.

The amount of claims relating to bodily injury and related losses of earning are subject to decisions and directives of the Supreme Court that impact judicial practice.

Compulsory motor liability insurance is regulated by the Compulsory Traffic Insurance Act. The tariff and minimum insured sums are regulated by the Act. Policyholders are entitled to a bonus in case of non-occurrence of damages arising from their policies when the requirements are met. Motor hull insurance is a standard insurance against damage; compensation of damages is restricted by the insured amount.

Property insurance

Property insurance is roughly divided into industrial, commercial and personal risks. For industrial risks the Company applies risk management techniques to identify risks and analyse losses and to this end it cooperates with reinsurers. Personal property risks include standard insurance of buildings and their content.

Incurring damage is usually reported quickly and can be settled without delay.

Liability insurance

Liability insurance covers all types of liability and includes public liability, liability towards employees, professional responsibility, which is required by law, and personal liability. Damages incurred within all types of liability insurance are paid on a "loss occurrence principle".

Accident insurance

Accident insurance is usually sold as a collective insurance and as an additional product of motor liability or motor hull insurance.

2.37. Financial risk management

The Group's primary objective in financial and underwriting risk management is to maintain a level of capital which is adequate for the scope and types of insurance it transacts, and with due consideration of the risks it is exposed to. The Management Board recognizes the importance of having of an efficient and effective risk management system.

Competent regulatory bodies control the Company's solvency in order to ensure that there is coverage for liabilities arising from possible economic changes or natural disasters.

The Group actively manages its assets by using an approach which balances quality, diversification, harmonization of assets and liabilities, liquidity and return on investments. Management examines and approves portfolios, determines the limits and supervises the process of managing assets and liabilities. Due attention is also given to the compliance with the rules established by the Insurance Act.

Transactions with financial instruments result in the Group assuming financial risks. These risks include market risk, credit risk and liquidity risk. Each of these risks is described below, together with a summary of the methods used by the Group to manage such risks.

Market risk

Market risk is the risk resulting directly or indirectly from fluctuations and/or volatility of market prices of property, and it includes currency risk, interest rate risk, price risk of investment in equity securities and the price risk of investment in real estate. Market risk is the fluctuation risk of future cash flows fair value of financial instruments resulting from changes in market prices. The Group is exposed to market risk arising from investments or exposure to financial instruments: shares and interests in companies, units in investment funds, real estate investments, and investments in debt securities that are exposed to interest rate risk. The Group is also exposed to foreign exchange risk arising from open currency positions. The Group is exposed to market risk arising from the following:

- a) Currency risk - the risk of fluctuation of fair value or cash flows under financial instruments resulting from changes in foreign currency exchange rates.

The Group is exposed to the risk of exchange rate fluctuations through its transactions in foreign currencies. The risk is that the value of a financial instrument might change due to changes in the foreign exchange rates. The Group is exposed to currency risk through its investments in debt securities, deposits, loans and other investments, and through premiums, claims and technical provisions under insurance policies with a currency clause. The Group manages currency risk by attempting to reduce the difference between assets and liabilities denominated in foreign currency or with a currency clause. Allowable assets in reserves coverage analysis are mostly denominated in Euro, since most of the mathematical provisions are also denominated in Euro. The sensitivity analysis of assets to changes in exchange rates is presented in the tables below:

	2014		Restated 2013	
	Impact on profit/loss after tax in HRK'000	Impact on other comprehensive income in HRK'000	Impact on profit/loss after tax in HRK'000	Impact on other comprehensive income in HRK'000
Company				
Change of exchange rate by 0,5%	13,588	941	9,366	513
Change of exchange rate by 1%	27,176	1,883	18,732	1,027
	2014		Restated 2013	
	Impact on profit/loss after tax in HRK'000	Impact on other comprehensive income in HRK'000	Impact on profit/loss after tax in HRK'000	Impact on other comprehensive income in HRK'000
Group				
Change of exchange rate by 0,5%	15,080	1,644	10,337	913
Change of exchange rate by 1%	30,160	3,289	20,674	1,828

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The currency analysis of the Company's assets and liabilities at the reporting date is presented as follows:

Company in HRK'000	31 Dec 2014				Restated 31 Dec 2013			
	HRK	EUR	Other	Total	HRK	EUR	Other	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	421,371	-	-	421,371	365,626	-	-	365,626
Held-to-maturity investments	730,694	1,512,889	-	2,243,583	1,029,049	1,609,815	-	2,638,864
Available-for-sale financial assets	348,229	641,039	50,567	1,039,835	179,592	105,261	84	284,937
Financial assets at fair value through profit or loss	235,497	46,690	3,276	285,463	420,148	98,599	10,483	529,230
Loans and receivables	965,075	710,607	-	1,675,682	925,940	153,017	7,019	1,085,976
Reinsurance share in technical provisions	270,780	20,674	47,962	339,416	259,840	17,039	50,107	326,986
Insurance and other receivables	756,026	-	-	756,026	819,240	-	-	819,240
Cash and cash equivalents	101,175	-	-	101,175	221,120	-	-	221,120
Total assets	3,828,847	2,931,899	101,805	6,862,551	4,220,555	1,983,731	67,693	6,271,979
Liabilities								
Technical provisions	3,354,222	2,210,516	123,103	5,687,841	3,458,165	2,065,514	115,329	5,639,008
Provisions	248,491	-	-	248,491	113,238	-	-	113,238
Financial liabilities	-	-	-	-	350,057	-	-	350,057
Liabilities arising from insurance contract, other liabilities and deferred income	428,567	-	-	428,567	375,217	-	-	375,217
Total liabilities	4,031,280	2,210,516	123,103	6,364,899	4,296,677	2,065,514	115,329	6,477,520
Currency gap	(202,433)	721,383	(21,298)	497,652	(76,122)	(81,783)	(47,636)	(205,541)

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The currency analysis of the Group's assets and liabilities at the reporting date is presented as follows:

Group in HRK'000	31 Dec 2014				Restated 31 Dec 2013			
	HRK	EUR	Other	Total	HRK	EUR	Other	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	69,995	-	1,408	71,403	71,482	-	1,449	72,931
Held-to-maturity investments	831,843	1,649,246	5,830	2,486,919	1,133,557	1,706,746	3,885	2,844,188
Available-for-sale financial assets	438,202	689,054	135,416	1,262,672	193,154	109,802	1,635	304,591
Financial assets at fair value through profit or loss	314,665	112,119	8,171	434,955	573,598	153,254	29,964	756,816
Loans and receivables	1,094,397	873,523	173,484	2,141,404	1,045,697	324,134	189,464	1,559,295
Reinsurance share in technical provisions	23,716	6,224	114,912	144,852	7,987	19,521	102,321	129,829
Insurance and other receivables	893,868	21,529	56,208	971,605	918,681	19,955	65,847	1,004,483
Cash and cash equivalents	130,211	13,004	22,163	165,378	315,794	4,480	16,301	336,575
Total assets	3,796,897	3,364,699	517,592	7,679,188	4,259,950	2,337,892	410,866	7,008,708
Liabilities								
Technical provisions	3,431,782	2,431,817	626,849	6,490,448	3,533,986	2,225,290	581,356	6,340,632
Provisions	260,686	-	447	261,133	120,894	-	2,261	123,155
Financial liabilities	31,208	298	21	31,527	378,151	12,079	483	390,713
Liabilities arising from insurance contract, other liabilities and deferred income	472,401	11,610	39,787	523,798	419,705	20,291	36,089	476,085
Total liabilities	4,196,077	2,443,725	667,104	7,306,906	4,452,736	2,257,660	620,189	7,330,585
Currency gap	(399,180)	920,974	(149,512)	372,282	(192,786)	80,232	(209,323)	(321,877)

b) Interest rate risk:

Risk of fluctuation in fair value or cash flows under financial instruments results from changes in market interest rates. The group's interest rate risk arises from financial instruments on the asset side. Financial instruments issued at fixed rates expose the group to fair value interest rate risk which is partially offset by mathematical provisions (with fixed guaranteed interest rate).

The Group monitors this exposure by examining the balance of its assets and liabilities. The Group intends to harmonize future earnings from such assets with liabilities under insurance by purchasing state bonds. However, considering the relatively short duration of such bonds and longer period of duration of liabilities under life insurance, the Group is exposed to interest rate risk.

Company	2014		Restated 2013	
	Impact on profit/loss after tax	Impact on other comprehensive income	Impact on profit/loss after tax	Impact on other comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Change in interest rate by +/- 100 bps	4,181	34,955	7,608	-

Group	2014		Restated 2013	
	Impact on profit/loss after tax	Impact on other comprehensive income	Impact on profit/loss after tax	Impact on other comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Change in interest rate by +/- 100 bps	6,366	10,056	8,564	390

c) Other price-related risks – equity securities risk is caused by fluctuation of fair value or cash flows in connection with financial instruments resulting from changes in market prices (which are not the result of interest rate risk or currency risk), whether this involves changes caused by factors which relate to an individual financial instrument or its issuer or if there are other factors which effect all similar financial instruments being traded in the market.

The marketable equity securities portfolio, which is presented in the balance sheet at fair value, exposes the Group to this risk. The Group's portfolio comprises securities of various issuers, and the concentration risk in any individual company is monitored and limited by legal requirements and the adopted limits.

There is a system of quantitative measures based on statistical methods used for the assessment of market risk, which reflect expected losses that may occur under normal circumstances as well as unexpected losses which are estimated as the maximum acceptable loss to which the Group is exposed. Specifically, for certain types of investments the Group has developed and implemented the VaR value, which it regularly monitors. The Group assesses, or measures, and controls the exposure to market risk by monitoring exposure to investment, establishing the limits and powers of investment, and through a series of statistical and other quantitative risk measures.

The comprehensive system of market risk management is prescribed by a series of internal acts of the Group, primarily the Market Risk Management Policy as an umbrella document.

Company	2014		Restated 2013	
	Impact on profit/loss after tax	Impact on other comprehensive income	Impact on profit/loss after tax	Impact on other comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Change in price by +/- 3 %	8,574	31,210	15,800	8,200
Change in price by +/- 5 %	14,290	52,017	26,400	13,800

Group	2014		Restated 2013	
	Impact on profit/loss after tax	Impact on other comprehensive income	Impact on profit/loss after tax	Impact on other comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Change in price by +/- 3 %	11,497	36,243	20,979	8,404
Change in price by +/- 5 %	19,162	60,405	35,032	14,140

Credit risk

Credit risk is the risk that one contractual party to a financial instrument might cause the other party to suffer financial losses as a result of failure to fulfil its obligations.

The Group is exposed to credit risk through the following financial assets:

- reinsurance share in claims provisions
- receivables from reinsurance under settled claims
- receivables from policyholders
- deposits and given loans
- debt securities (bonds and commercial bills)
- receivables from insurance brokers and other receivables
- cash at bank

This risk is defined as the potential decrease in market value resulting from adverse changes in the debtor's ability to repay the debt.

The Group manages this risk by a rigorous up-front analysis of credit risk and exposure monitoring, regular reviews carried out by the Management and regular meetings held to monitor the credit risk development. The Management has adopted a credit policy and continuously monitors exposure to credit risk. Assessments of creditworthiness of all policyholders are made, and collaterals are collected prior to payment of granted loans or renewal of such loans. Collaterals are in accordance with the Insurance Act.

Credit risk exposure

	Company		Group	
	31 Dec 2014	Company Restated 31 Dec 2013	31 Dec 2014	Group Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in debt securities	3,039,763	2,820,518	3,551,509	3,099,888
Investments in bank deposits	1,447,677	752,471	1,869,905	1,150,176
Loans	228,005	333,505	271,499	409,119
Reinsurance share in technical provisions	339,416	326,986	144,852	129,829
Receivables from insurance contracts and other receivables	756,026	819,240	971,606	1,004,484
Cash and cash equivalents	101,175	221,120	165,378	336,575
	5,912,061	5,273,840	6,974,748	6,130,071

Concentration of exposure to the Republic of Croatia as at 31 Dec 2014

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Republic of Croatia bonds	2,816,293	2,195,699	3,396,036	2,660,907
Bonds of other state institutions	114,286	114,178	82,019	114,846
Treasury bills	9,920	392,069	69,834	421,244
Undue interest on bonds	62,883	31,765	73,839	33,035
	3,003,382	2,733,711	3,621,728	3,230,032

The table below presents an analysis of Company's financial assets by category according to the rating agencies Standard & Poor's (S & P), Moody's and Fitch.

	Company	Company	Rating 2014			Rating 2013		
	31 Dec 2014	Restated 31 Dec 2013	S&P	Moody's	Fitch	S&P	Moody's	Fitch
	in HRK'000	in HRK'000						
Investments held to maturity	2,243,583	2,638,864						
Ministry of Finance RH	2,051,749	2,408,716	BB	Ba1	BB	BB	Ba1	BB+
Croatian Bank for Reconstruction and Development (HBOR)	109,932	107,688	BB	Ba1	-	BB	Ba1	-
Unrated	81,901	122,461		Unrated			Unrated	
Financial assets available for sale	710,700	-						
Ministry of Finance RH	688,984	-	BB	Ba1	BB	BB	Ba1	BB+
Unrated	21,716	-		Unrated			Unrated	
Financial assets at fair value through profit or loss	85,480	181,654						
Ministry of Finance RH	85,480	179,052	BB	Ba1	BB	BB	Ba1	BB+
Unrated	-	2,602		Unrated			Unrated	
Loans and receivables	1,675,682	1,085,976						
Rated banks	619,047	15,000	BB	-	BBB-	BB+	-	BBB
Rated companies	60,000	60,000	BB	B2	BBB-	BB	B2	BBB-
Unrated	996,635	1,010,976		Unrated			Unrated	
Reinsurance share in technical provisions	339,416	326,986		Unrated			Unrated	
Insurance and other receivables	756,026	819,240		Unrated			Unrated	
Cash and cash equivalents	101,175	221,120		Unrated			Unrated	
Zagrebačka banka d.d. (UCI)	77	5	BB	-	BBB-	BB+	-	BBB
Other banks part of respectable EU banking Groups	101,102	221,115		Unrated			Unrated	
	5,912,061	5,273,840						

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The table below presents an analysis of Group's financial assets by category according to the rating agencies Standard & Poor's (S&P), Moody's and Fitch.

	Group		Rating 2014			Rating 2013		
	31 Dec 2014	Restated 31 Dec 2013	S&P	Moody's	Fitch	S&P	Moody's	Fitch
	in HRK'000	in HRK'000						
Investments held to maturity	2,486,919	2,844,188						
Ministry of Finance Croatia	2,153,944	2,514,265	BB	Ba1	BB	BB	Ba1	BB+
Croatian Bank for Reconstruction and Development	109,932	107,688	BB	Ba1	-	BB	Ba1	-
Ministry of Finance Macedonia	94,657	99,618						
Republic of Bosna and Herzegovina	118	156	B-	B3	B-	B-	B3	B-
Ministry of Finance Serbia	46,367	-	BB-	B1	B+	BB-	B1	BB-
Unrated	81,901	122,461	-	-	-	-	-	-
Financial assets available for sale	929,024	15,437						
Ministry of Finance Croatia	875,800	7,084	BB	Ba1	BB	BB	Ba1	BB+
Ministry of Finance Macedonia	30,556	-	BB-		BB+	BB-		BB+
Ministry of Finance Slovenia	-	8,353				A-	Baa3	Ba-
Unrated	22,668	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	135,566	240,263						
Ministry of Finance Croatia	85,565	179,067	BB	Ba1	BB	BB	Ba1	BB+
Ministry of Finance Serbia	50,001	47,093	BB-	B1	B+	BB-	B1	BB-
Unrated	-	14,103	-	-	-	-	-	-
Loans and receivables	2,141,404	1,559,295						
Rated banks	635,902	15,300	BB	-	BBB-	BB+	-	BBB
Rated companies	60,000	60,000	BB	B2	BBB-	BB	B2	BBB-
Other banks and financial institutions	142,133	134,469	B-	B3	B-	B-	B3	B-
Unrated	1,303,369	1,349,527	-	-	-	-	-	-
Reinsurance share in technical provisions	144,852	129,829						
	50,552	45,309	A					
	14,129	12,664	A-					
	42,791	38,353	A+					
	900	807	A++					
	22,982	20,598	AA-					
	438	393	B++					
	13,060	11,706		Unrated			Unrated	
Receivables arising from insurance premiums	971,606	1,004,483						
	2,693	2,784	A			A		
	2,014	2,082	A-			A-		
	12,994	13,434	A+			A+		
	1,271	1,314	AA			AA		
	3,983	4,118	AA-			AA-		
	5,712	5,905	AA+			AA+		
	48	49	B++			B++		
	6,231	6,442	BBB					
			+			BBB+		
	936,659	968,355		Unrated			Unrated	
Cash and cash equivalents	165,378	336,575						
Rated banks	77	5	BB	-	BBB-	BB+	-	BBB
Other banks part of respectable EU banking Groups	165,301	336,570		Unrated			Unrated	
	6,974,748	6,130,071						

Liquidity risk

Liquidity risk is the risk that a sudden and unexpected withdrawal of liabilities might require the Group to liquidate assets in a short time and at a low price. Liquidity risk arises as a result of the financial activities of the Group and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has a portfolio of liquid assets as a part of liquidity risk management strategy, which ensures continuation of business and satisfies legal requirements.

Legal requirements regarding claim settlement throughout the year have been met. The Finance Department monitors the inflows and outflows on a daily basis, and develops daily, weekly and monthly plans as well as scenarios of deteriorated liquidity. Liquidity risk is taken into account in the assessment of matching assets and liabilities.

Notes 19.4 and 19.5 disclose the maturity analysis of assets covering provisions at the reporting date. Note 25.7. discloses the analysis of maturity of provisions for insurance contracts.

The following table discloses for financial assets the amounts of contractual discounted cash flows, and for insurance liabilities the estimated timing of the amounts recognised in the statement of financial position is disclosed.

The maturity analysis at the reporting date is presented as follows:

Company in HRK'000	31 Dec 2014						Restated 31 Dec 2013					
	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	421,371	421,371	-	-	-	-	365,626	365,626
Held-to-maturity investments	240,262	421,700	596,775	984,846	-	2,243,583	786,157	386,068	496,723	742,686	227,230	2,638,864
Available-for-sale financial assets	7,389	213,011	487,167	332,092	176	1,039,835	5,458	157,203	97,366	24,843	67	284,937
Financial assets at fair value through profit or loss	188,865	31,552	11,118	53,928	-	285,463	356,702	13,631	76,979	81,918	-	529,230
Loans and receivables	965,342	367,905	342,435	-	-	1,675,682	851,794	205,947	26,987	1,248	-	1,085,976
Reinsurance share in technical provisions	136,097	69,321	33,580	65,237	35,181	339,416	138,328	68,498	30,897	60,581	28,682	326,986
Insurance and other receivables	756,026	-	-	-	-	756,026	819,240	-	-	-	-	819,240
Cash and cash equivalents	101,175	-	-	-	-	101,175	221,120	-	-	-	-	221,120
Total	2,395,156	1,103,489	1,471,075	1,436,103	456,728	6,862,551	3,178,799	831,347	728,952	911,276	621,605	6,271,979
Liabilities												
Technical provisions	1,760,370	1,053,893	810,230	1,075,160	988,188	5,687,841	1,823,461	940,939	780,229	1,067,586	1,026,793	5,639,008
Provisions	104,398	33,287	32,198	58,079	20,529	248,491	47,574	15,169	14,673	26,467	9,355	113,238
Financial liabilities	-	-	-	-	-	-	350,056	-	-	-	-	350,056
Liabilities arising from insurance contract, other liabilities and deferred income	388,748	13,843	8,686	11,314	5,976	428,567	340,356	12,120	7,604	9,905	5,232	375,217
Total	2,253,516	1,101,023	851,114	1,144,553	1,014,693	6,364,899	2,561,447	968,228	802,506	1,103,958	1,041,380	6,477,519
Maturity gap	141,640	2,466	619,961	291,550	(557,965)	497,652	617,352	(136,881)	(73,554)	(192,682)	(419,775)	(205,540)

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Notes to financial statements for the year ended 31 December 2014

The maturity analysis for the Group at the reporting date is presented as follows:

Group in HRK'000	31 Dec 2014						Restated 31 Dec 2013					
	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	71,403	71,403	-	-	-	-	72,931	72,931
Held-to-maturity investments	305,211	481,566	688,240	1,011,902	-	2,486,919	822,772	432,992	575,906	782,726	229,792	2,844,188
Available-for-sale financial assets	15,776	349,681	532,499	364,469	247	1,262,672	6,892	159,556	104,762	24,843	8,538	304,591
Financial assets at fair value through profit or loss	294,180	64,296	22,551	53,928	-	434,955	457,892	140,025	76,981	81,918	-	756,816
Loans and receivables	1,209,975	448,833	470,964	3,628	8,004	2,141,404	1,163,872	274,086	108,096	9,893	3,348	1,559,295
Reinsurance share in technical provisions	54,746	42,188	13,020	25,755	9,143	144,852	55,039	36,037	11,131	19,860	7,762	129,829
Insurance and other receivables	967,562	2,611	771	661	-	971,605	999,077	5,406	-	-	-	1,004,483
Cash and cash equivalents	165,378	-	-	-	-	165,378	335,949	626	-	-	-	336,575
Total	3,012,828	1,389,175	1,728,045	1,460,343	88,797	7,679,188	3,841,493	1,048,728	876,876	919,240	322,371	7,008,708
Liabilities												
Technical provisions	2,348,187	1,023,696	876,437	1,189,194	1,052,934	6,490,448	2,036,655	1,214,266	861,390	1,137,059	1,091,262	6,340,632
Provisions	189,534	35,876	10,289	18,036	7,398	261,133	49,931	18,938	15,967	27,844	10,475	123,155
Financial liabilities	4,306	6,385	20,836	-	-	31,527	346,131	12,302	32,280	-	-	390,713
Liabilities arising from insurance contract, other liabilities and deferred income	483,979	13,843	8,686	11,314	5,976	523,798	441,222	12,120	7,605	9,905	5,233	476,085
Total	3,026,006	1,079,800	916,248	1,218,544	1,066,308	7,306,906	2,873,939	1,257,626	917,242	1,174,808	1,106,970	7,330,585
Maturity gap	(13,178)	309,375	811,797	241,799	(977,511)	372,282	967,554	(208,898)	(40,366)	(255,568)	(784,599)	(321,877)

Fair value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on quoted market prices, where available. If market prices are not available, fair value is estimated by using discounted cash flow models or other appropriate pricing techniques. Changes in assumptions on which the estimates are based, including discount rates and estimated future cash flows, significantly affect the estimates. Therefore, at this point the estimated fair value cannot be achieved from the sale of a financial instrument. Fair value of investments at amortized cost is presented below:

Company	31 Dec 2014			Restated 31 Dec 2013		
	Net book value	Fair value	Difference	Net book value	Fair value	Difference
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Debt securities	2,243,583	2,443,623	200,040	2,638,864	2,690,250	51,385
Loans	228,005	228,005	-	333,505	333,505	-
Deposits	1,447,677	1,447,677	-	752,471	752,471	-
	3,919,265	4,119,305	200,040	3,724,840	3,776,226	51,385

Group	31 Dec 2014			Restated 31 Dec 2013		
	Net book value	Fair value	Difference	Net book value	Fair value	Difference
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Debt securities	2,486,919	2,693,433	206,515	2,844,188	2,896,433	52,246
Loans	271,499	271,499	-	409,119	409,119	-
Deposits	1,869,905	1,869,905	-	1,150,176	1,150,176	-
	4,628,322	4,834,837	206,515	4,403,483	4,455,728	52,246

Methods of assessment or assumptions in determining fair value

For measuring the fair value the Group takes into account the IFRS fair value hierarchy rules that reflect the significance of inputs used in the assessment process. Each instrument is assessed individually and in detail. The levels of the fair value hierarchy are determined on the basis of the lowest level and the input data that are important for determining the fair value of the instrument.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2014.

The Company's assets measured at fair value as at 31 December 2014 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Business property	-	-	716,239	716,239
Investment property	-	-	514,715	514,715
Equity securities	295,162	-	4,759	299,921
Debt securities	710,700	-	-	710,700
Investment funds	5,312	-	23,902	29,214
Available-for-sale financial assets	1,011,174	-	28,661	1,039,835
Equity securities	14,722	-	-	14,722
Debt securities	85,480	-	-	85,480
Investment funds	185,261	-	-	185,261
Financial assets at fair value through profit or loss	285,463	-	-	285,463
Total assets at fair value	1,296,636	-	1,259,615	2,556,251

The Company's assets measured at fair value as at 31 December 2013 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Business property	-	-	880,159	880,159
Investment property	-	-	656,118	656,118
Equity securities	204,863	-	44,713	249,576
Debt securities	-	-	-	-
Investment funds	10,602	-	24,759	35,361
Available-for-sale financial assets	215,465	-	69,472	284,937
Equity securities	181,654	-	-	181,654
Debt securities	9,686	-	-	9,686
Investment funds	337,890	-	-	337,890
Financial assets at fair value through profit or loss	529,230	-	-	529,230
Total assets at fair value	744,695	-	1,605,749	2,350,444

The Company has adopted IFRS 13, pursuant to which it is required to disclose the fair value hierarchy of financial assets that are not measured at fair value as well as a description of valuation techniques and inputs used.

Loans and receivables (including bank deposits) have been reported at amortised cost, less impairment. Although they have been obtained on the basis of a fixed interest rate, Management believes that, due to their specific features, the book value of these instruments is not significantly different from their fair value, under the assumption that all payments arising from exposures without impaired value will be collected as agreed and without taking into account any future losses.

Financial liabilities have been reported at amortised cost. Although they have been agreed on the basis of a fixed interest rate, Management believes that, due to the repayment of majority of liabilities within few days after the balance sheet date, the carrying value of these instruments is not significantly different from their fair value.

The fair value of loans and financial liabilities are estimated on the basis of inputs that are not commercially available rates and would therefore be classified as level 3 in the fair value hierarchy. Investments with available market prices that are classified in the portfolio of held-to-maturity investments would be classified as level 1.

The Group's assets measured at fair value as at 31 December 2014 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Business property	-	-	912,676	912,676
Investment property	-	-	751,402	751,402
Equity securities	302,187	-	2,246	304,433
Debt securities	929,024	-	-	929,024
Investment funds	5,314	-	23,902	29,216
Available-for-sale financial assets	1,236,525	-	26,148	1,262,673
Equity securities	19,574	-	-	19,574
Debt securities	135,566	-	-	135,566
Investment funds	279,815	-	-	279,815
Financial assets at fair value through profit or loss	434,955	-	-	434,955
Total assets at fair value	1,671,480	-	1,690,226	3,361,706

The Group's assets measured at fair value as at 31 December 2013 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Business property	-	-	1,125,621	1,125,621
Investment property	-	-	892,082	892,082
Equity securities	248,811	117	4,865	253,793
Debt securities	15,437	-	-	15,437
Investment funds	2,212	-	33,149	35,361
Available-for-sale financial assets	266,460	117	38,014	304,591
Equity securities	23,361	-	-	23,361
Debt securities	240,263	-	-	240,263
Investment funds	493,192	-	-	493,192
Financial assets at fair value through profit or loss	756,816	-	-	756,816
Total assets at fair value	1,023,276	117	2,055,717	3,079,110

Fair value of property

An independent valuation of the Group's real estate was performed by external valuers to determine its fair value as at 31 December 2014 and 2013.

Valuation techniques used to derive level 3 fair values

Fair values of investment property have been derived using the sales comparison and income approaches, as appropriate depending on the particular asset.

Fair values of property for own use have been derived primarily by the income approach.

The most significant inputs into this valuation approach were price or rental income per square meter generated by comparable property in close proximity, which were then adjusted for differences in key attributes.

The external valuations of the level 3 investment property relating to motor vehicle examination stations (MOT) have been performed using an income approach.

The fair value of the MOTs has been derived from observable prices per examination, fee expense for the car examination regulating company (Centar za vozila Hrvatske) and salaries payable to workers on MOTs. Other operating expenses, as defined by the Ordinance regulating work of MOTs, were deducted to reach a profit that a market participant owning the MOT would achieve. This was then discounted to give an estimate of the current fair value of MOTs.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2014	Valuation technique(s)	Unobservable Inputs	Range of unobservable inputs as a percentage of total examination price	Relationship of unobservable inputs to fair value
MOT owned by the Parent	212,588	Income approach	Operating expenses, other than regulator fees and salaries	5.2% - 10.3%	The higher the expenses, the lower the fair value
MOT owned by the rest of the Group	289,392	Income approach	Operating expenses, other than regulator fees and salaries	5.2% - 6.2%	The higher the expenses, the lower the fair value
Total MOT on the level of the Group	501,980				

2.38. Capital risk management

The Company's main objectives in managing capital are as follows:

- Compliance with laws and subordinate legislation, regulations and instructions of the regulatory body governing the capital management
- Ensuring the Company's going concern
- Facilitating the generation of profit for further investment in the development of the Company

The Company complies with laws and subordinate legislation that regulate capital, regulatory capital, capital adequacy and solvency margin.

As at 31 December 2014 and 31 December 2013, regulatory capital (insurance assets) of the Company were higher than the minimum equity capital as prescribed in Article 19 of the Insurance Act, as well as the solvency margin calculated in accordance with Article 98 of the Insurance Act, as shown in the following table:

	31 Dec 2014		31 Dec 2013	
	Life in HRK'000	Non-life in HRK'000	Life in HRK'000	Non-life in HRK'000
Core capital				
Share capital	44,289	545,037	44,289	386,348
Reserve	83,803	1,110,686	79,651	399,432
Retained earnings	19,759	290,918	7,302	256,846
Intangible assets	-	(10,828)	-	(11,486)
Loss carried forward and loss for the year	(4,456)	(408,389)	-	-
	143,395	1,527,423	131,242	1,031,140
Supplementary capital				
Preference shares	-	12,250	-	12,250
Mathematical provision differences	8,098	-	10,621	-
Fair value reserves	-	-	(12,270)	(21,799)
	8,098	12,250	(1,649)	(9,549)
Regulatory capital (RC)	151,493	1,539,673	129,593	1,021,591
Deductible items				
Shares in associates	-	(323,229)	-	(307,302)
Investments in subordinate instruments	-	-	-	(50,000)
Non-liquid assets	-	(28,257)	(5,000)	(70,329)
	-	(351,486)	(5,000)	(427,631)
Capital	151,493	1,188,187	124,593	593,960
Solvency margin	94,106	343,743	90,183	363,430
Minimum equity	28,860	28,860	22,500	22,500
RC >= min. equity	Yes	Yes	Yes	Yes
Capital >= Solvency margin	Yes	Yes	Yes	Yes

Pursuant to the Decision of the Croatian Financial Services Supervisory Agency, Class: UP/I-453-02/09-31/04, Reg. no.: 326-402-09-7 dated 7 May 2009, CROATIA osiguranje d.d. was given consent to include into the calculation of supplementary capital for life insurance group the value of the mathematical reserve that does not take into account the actual acquisition cost in the calculation, or part of the actual acquisition cost less the value of the mathematical provision that takes into account the actual acquisition cost in calculation, whereby the actual costs of insurance sales in calculating mathematical provision may not exceed 3.5% of the insured sum for Special Tariff for life insurance in case of life or death.

3. Segment reporting

The Company's statement of comprehensive income by business segments for the year is as follows:

	2014	2014	2014	Restated 2013	Restated 2013	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Gross written premiums	1,862,713	366,589	2,229,302	2,221,591	356,051	2,577,642
Premiums ceded to reinsurance	(309,801)	(247)	(310,048)	(354,834)	(124)	(354,958)
Written premiums, net of reinsurance	1,552,912	366,342	1,919,254	1,866,757	355,927	2,222,684
Change in gross provisions for unearned premiums	122,509	145	122,654	(19,234)	277	(18,957)
Change in provisions for unearned premiums, reinsurance share	(7,784)	(1)	(7,785)	301	0	301
Earned premiums, net of reinsurance	1,667,637	366,486	2,034,123	1,847,824	356,204	2,204,028
Commission and fee income	22,442	8	22,450	22,833	16	22,849
Finance income	215,238	120,886	336,124	226,700	123,077	349,777
Other operating income	68,237	554	68,791	37,760	392	38,152
Net operating income	1,973,554	487,934	2,461,488	2,135,117	479,689	2,614,806
Claims incurred	(1,198,228)	(375,176)	(1,573,404)	(1,140,052)	(374,444)	(1,514,496)
Reinsurance share in claims incurred	168,242	34	168,276	185,829	54	185,883
Claims incurred, net of reinsurance	(1,029,986)	(375,142)	(1,405,128)	(954,223)	(374,390)	(1,328,613)
Acquisition costs	(212,783)	(21,042)	(233,825)	(206,838)	(20,077)	(226,915)
Administrative expenses	(758,304)	(93,859)	(852,163)	(648,400)	(67,833)	(716,233)
Other operating expenses	(169,444)	(717)	(170,161)	(98,600)	(286)	(98,886)
Finance costs	(310,961)	(2,672)	(313,633)	(467,263)	(6,719)	(473,982)
Profit/(loss) before tax	(507,924)	(5,498)	(513,422)	(240,207)	10,384	(229,823)
Income tax	99,535	1,042	100,577	782	(2,156)	(1,374)
Profit/(loss) for the year	(408,389)	(4,456)	(412,845)	(239,425)	8,228	(231,197)

	2014	2014	2014	Restated 2013	Restated 2013	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Total comprehensive income/(loss) for the year						
<i>Items that will not be recognised in profit or loss</i>						
Change in fair value of business property, net of realised amounts and net of deferred tax	(61,274)	-	(61,274)	(182,850)	-	(182,850)
<i>Items that may be subsequently recognised in profit or loss</i>						
Change in fair value of available-for-sale financial assets, net of realised amounts and net of deferred tax	90,076	8,400	98,476	29,075	14,268	43,343
Total other comprehensive income/(loss) for the year	28,802	8,400	37,202	(153,775)	14,268	(139,507)
Total comprehensive income/(loss) for the year	(379,587)	3,944	(375,643)	(393,200)	22,496	(370,704)

The Company's statement of financial position by business segments at the reporting date is as follows:

	31 Dec 2014			Restated		Restated
	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 013	31 Dec 013	31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Intangible assets	10,828	-	10,828	14,771	-	14,771
Property and equipment	738,333	-	738,333	923,997	-	923,997
Investment property	514,715	-	514,715	656,118	-	656,118
Investments in subsidiaries, associates and participation in joint ventures	421,371	-	421,371	365,626	-	365,626
Held-to-maturity investments	848,512	1,395,071	2,243,583	1,064,379	1,574,485	2,638,864
Available-for-sale financial assets	701,409	338,426	1,039,835	240,103	44,834	284,937
Financial assets at fair value through profit or loss	176,374	109,089	285,463	430,617	98,613	529,230
Loans and receivables	1,272,190	403,492	1,675,682	791,494	411,896	1,203,390
Reinsurance share in technical provisions	339,095	321	339,416	326,698	288	326,986
Deferred tax assets	144,546	3,028	147,574	45,011	1,259	46,270
Insurance and other receivables	735,621	40,212	775,833	794,575	36,531	831,106
Cash and cash equivalents	70,799	30,376	101,175	93,839	9,867	103,706
Total assets	5,973,793	2,320,015	8,293,808	5,747,228	2,177,773	7,925,001
Equity						
Share capital	557,287	44,289	601,576	398,598	44,289	442,887
Share premium	681,483	-	681,483	-	-	-
Reserves	429,204	83,803	513,007	426,944	81,746	508,690
Fair value reserve	161,183	10,398	171,581	134,841	1,998	136,839
Retained earnings	(117,472)	15,303	(102,169)	291,082	21,816	312,898
Total equity	1,711,685	153,793	1,865,478	1,251,465	149,849	1,401,314
Liabilities						
Technical provisions	3,580,384	2,107,457	5,687,841	3,645,297	1,993,711	5,639,008
Provisions	221,280	27,211	248,491	103,073	10,165	113,238
Deferred tax liability	40,297	3,326	43,623	33,802	499	34,301
Financial liabilities	-	-	-	350,057	-	350,057
Liabilities arising from insurance contract, other liabilities and deferred income	420,147	28,228	448,375	363,534	23,549	387,083
Total liabilities	4,262,108	2,166,222	6,428,330	4,495,763	2,027,924	6,523,687
Total capital, reserves and liabilities	5,973,793	2,320,015	8,293,808	5,747,228	2,177,773	7,925,001

The Group's statement of comprehensive income by business segments for the year is as follows:

	2014	2014	2014	Restated 2013	Restated 2013	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Gross written premiums	2,371,413	439,979	2,811,392	2,651,917	417,646	3,069,563
Premiums ceded to reinsurance	(272,259)	(477)	(272,736)	(299,682)	(260)	(299,942)
Written premiums, net of reinsurance	2,099,154	439,502	2,538,656	2,352,235	417,386	2,769,621
Change in gross provisions for unearned premiums	76,888	89	76,977	(51,525)	112	(51,413)
Change in provisions for unearned premiums, reinsurance share	(12,054)	(11)	(12,065)	1,365	-	1,365
Earned premiums, net of reinsurance	2,163,988	439,580	2,603,568	2,302,075	417,498	2,719,573
Commission and fee income	35,888	8	35,896	40,847	16	40,863
Finance income	241,538	134,593	376,131	206,753	137,876	344,629
Other operating income	205,382	716	206,098	204,488	2,384	206,872
Net operating income	2,646,796	574,897	3,221,693	2,754,163	557,774	3,311,937
Claims incurred	(1,466,224)	(432,263)	(1,898,487)	(1,361,000)	(421,005)	(1,782,005)
Reinsurance share in claims incurred	114,472	34	114,506	127,171	55	127,226
Claims incurred, net of reinsurance	(1,351,752)	(432,229)	(1,783,981)	(1,233,829)	(420,950)	(1,654,779)
Acquisition costs	(296,809)	(34,002)	(330,811)	(299,614)	(32,026)	(331,640)
Administrative expenses	(891,577)	(104,130)	(995,707)	(760,239)	(77,319)	(837,558)
Other operating expenses	(294,632)	(1,172)	(295,804)	(279,047)	(1,028)	(280,075)
Finance costs	(367,081)	(4,889)	(371,970)	(410,766)	(11,845)	(422,611)
(Loss)/profit before tax	(555,055)	(1,525)	(556,580)	(229,332)	14,606	(214,726)
Income tax	90,455	433	90,888	(12,301)	(2,242)	(14,543)
(Loss)/profit for the year	(464,600)	(1,092)	(465,692)	(241,633)	12,364	(229,269)

	2014	2014	2014	Restated 2013	Restated 2013	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Other comprehensive income/(loss) for the year						
Items that will not be recognised in profit or loss						
Change in fair value of business property, net of realised amounts and net of deferred tax	(74,980)	-	(74,980)	(185,029)	-	(185,029)
Items that may be subsequently recognised in profit or loss						
Change in fair value of available-for-sale financial assets, net of realised amounts and net of deferred tax	102,560	8,488	111,048	34,129	14,268	48,397
Foreign currency translation differences for foreign operations	(6,968)	-	(6,968)	(7,178)	-	(7,178)
Total other comprehensive income/(loss) for the year	20,612	8,488	29,100	(158,078)	14,268	(143,810)
Total comprehensive income/(loss) for the year	(443,988)	7,396	(436,592)	(399,711)	26,632	(373,079)
(Loss)/profit attributable to:						
- the Company's shareholders	(464,665)	(1,408)	(466,073)	(239,207)	11,653	(227,554)
- the non-controlling interest	65	316	381	(2,428)	713	(1,715)
	(464,600)	(1,092)	(465,692)	(241,635)	12,366	(229,269)
Total comprehensive loss/(profit) attributable to:						
- the Company's shareholders	(444,305)	13,065	(431,240)	(400,427)	29,280	(371,147)
- the non-controlling interest	317	(5,669)	(5,352)	713	(2,645)	(1,932)
	(443,988)	7,396	(436,592)	(399,714)	26,635	(373,079)
(Loss)/earnings per share attributable to the Company's shareholders						
Basic and diluted earnings per share	(1,363,16)	(3,20)	(1,366,37)	(785,55)	40,20	(745,35)

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Notes to the financial statements for the year ended 31 December 2014

The Group's statement of financial position by business segments at the reporting date is as follows:

	31 Dec 2014			Restated		Restated
	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 013	31 Dec 2013	31 Dec 2013
	in HRK'000			in HRK'000		in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Assets						
Intangible assets	44,729	239	44,968	64,016	56	64,072
Property and equipment	957,869	18,151	976,020	1,206,977	4,149	1,211,126
Investment property	750,352	1,050	751,402	891,653	429	892,082
Investments in subsidiaries, associates and participation in joint ventures	71,403	-	71,403	72,931	-	72,931
Held-to-maturity investments	1,021,039	1,465,880	2,486,919	1,198,816	1,645,372	2,844,188
Available-for-sale financial assets	893,690	368,982	1,262,672	251,404	53,187	304,591
Financial assets at fair value through profit or loss	325,444	109,511	434,955	658,203	98,613	756,816
Loans and receivables	1,604,049	537,355	2,141,404	1,009,746	549,549	1,559,295
Reinsurance share in technical provisions	144,526	326	144,852	129,525	304	129,829
Deferred tax assets	159,632	3,028	162,660	63,084	1,259	64,343
Insurance and other receivables	925,959	45,646	971,605	964,890	39,593	1,004,483
Cash and cash equivalents	131,366	34,012	165,378	321,260	15,315	336,575
Total assets	7,030,058	2,584,180	9,614,238	6,832,505	2,407,826	9,240,331
Equity						
Share capital	557,287	44,289	601,576	398,598	44,289	442,887
Share premium	681,483	-	681,483	-	-	-
Reserves	430,942	83,804	514,746	427,433	81,746	509,179
Fair value reserve	235,090	11,713	246,803	212,670	2,987	215,657
Retained earnings	123,349	28,214	151,563	595,655	32,139	627,794
Equity attributable to owners of the parent	2,028,151	168,020	2,196,171	1,634,356	161,161	1,795,517
Non-controlling interest	26,971	8,102	35,073	39,255	8,208	47,463
Total equity	2,055,122	176,122	2,231,244	1,673,611	169,369	1,842,980
Liabilities						
Technical provisions	4,175,082	2,315,366	6,490,448	4,169,490	2,171,142	6,340,632
Provisions	233,910	27,223	261,133	112,977	10,178	123,155
Deferred tax liability	72,761	3,327	76,088	66,267	499	66,766
Financial liabilities	31,229	298	31,527	390,442	271	390,713
Liabilities arising from insurance contract, other liabilities and deferred income	461,954	61,844	523,798	419,718	56,367	476,085
Total liabilities	4,974,936	2,408,058	7,382,994	5,158,894	2,238,457	7,397,351
Total equity and liabilities	7,030,058	2,584,180	9,614,238	6,832,505	2,407,826	9,240,331

The measurement of the assets and liabilities segment and the revenues and result segment is based on the accounting policies set out in the notes on accounting policies.

The Group's main business segments are non-life and life insurance.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that are allocated on a reasonable basis.

The main products offered by the reportable business segments include:

Non-life:

- Accident insurance
- Health insurance
- Road motor vehicle insurance
- Railroad rolling stock insurance
- Aircraft insurance
- Vessel insurance
- Insurance for goods in transit
- Insurance against fire and natural disasters
- Other types of property insurance
- Motor liability insurance
- Aircraft liability insurance
- Vessel liability insurance
- Other types of liability insurance
- Loan insurance/credit insurance
- Surety insurance
- Miscellaneous financial loss insurance
- Travel insurance

Life:

- Life insurance
- Annuity insurance
- Additional insurance with life insurance
- Life or annuity insurance where the policyholder bears the investment risk

Geographical segments

The Group mainly operates in Croatia. The majority of income from insurance contracts is generated from clients in the Republic of Croatia.

4. Premiums

	Company 2014	Company Restated 2013	Group 2014	Group Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Gross written premiums	2,279,905	2,625,085	2,869,266	3,131,942
Impairment and charged premium adjustment	(50,603)	(47,443)	(57,874)	(62,379)
Gross written premium	2,229,302	2,577,642	2,811,392	3,069,563
Reinsurance premium in the country	(283,239)	(343,354)	-	-
Reinsurance premium abroad	(26,808)	(11,604)	(272,735)	(299,942)
Premiums ceded to reinsurance	(310,048)	(354,958)	(272,735)	(299,942)
Written premiums, net of reinsurance	1,919,254	2,222,684	2,538,656	2,769,621
Gross provisions for unearned premiums	122,654	(18,957)	76,977	(51,413)
Provisions for unearned premiums, reinsurance share	(7,785)	301	(12,065)	1,365
Change in provisions for unearned premiums	114,869	(18,655)	64,912	(50,048)
Earned premiums, net of reinsurance	2,034,123	2,204,028	2,603,568	2,719,572

	Company 2014	Company Restated 2013	Group 2014	Group Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Gross written premiums	366,589	356,051	439,979	417,646
Reinsurance premium in the country	(247)	(125)	-	-
Reinsurance premium abroad	-	-	(477)	(260)
Premiums ceded to reinsurance	(247)	(125)	(477)	(260)
Written premiums, net of reinsurance	366,342	355,927	439,501	417,386
Gross provisions for unearned premiums	145	277	89	112
Provisions for unearned premiums, reinsurance share	(1)	-	(11)	-
Change in provisions for unearned premiums	145	278	78	113
Earned premiums, net of reinsurance	366,486	356,204	439,579	417,499

	Company 2014	Company Restated 2013	Group 2014	Group Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Gross written premiums	1,913,317	2,269,034	2,429,287	2,714,296
Impairment and charged premium adjustment	(50,603)	(47,443)	(57,874)	(62,379)
Gross written premium	1,862,713	2,221,591	2,371,413	2,651,917
Reinsurance premium in the country	(282,992)	(343,230)	-	-
Reinsurance premium abroad	(26,808)	(11,604)	(272,258)	(299,681)
Premiums ceded to reinsurance	(309,801)	(354,834)	(272,258)	(299,681)
Written premiums, net of reinsurance	1,552,912	1,866,757	2,099,155	2,352,235
Gross provisions for unearned premiums	122,508	(19,234)	76,887	(51,526)
Provisions for unearned premiums, reinsurance share	(7,784)	301	(12,053)	1,365
Change in provisions for unearned premiums	114,724	(18,933)	64,834	(50,161)
Earned premiums, net of reinsurance	1,667,636	1,847,824	2,163,989	2,302,074

5. Commission and fee income

Commission and fee income in the amount of HRK 22,450 thousand (2013: HRK 22,849 thousand) relates to commissions from reinsurance companies under reinsurance contracts.

6. Finance income

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest income	214,785	207,790	250,077	245,701
Dividend income	26,624	46,159	16,620	10,639
Income from investment property	55,116	36,266	40,561	20,233
Foreign exchange gains	16,750	28,612	32,100	29,292
Realised gains from financial assets	5,574	4,556	10,444	8,334
Unrealised gains from financial assets at fair value through profit or loss	10,925	1,743	11,119	5,173
Collection of amounts previously written off	3,400	21,711	6,416	21,090
Other income	2,951	2,939	8,794	4,167
	336,124	349,777	376,131	344,629

6.1. Interest income

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest income				
Held-to-maturity investments	128,414	130,682	136,917	138,103
Available-for-sale financial assets	16,842	-	20,909	52
Investments at fair value through P&L	6,655	12,924	6,655	12,924
Bank deposits	36,907	37,628	57,158	63,839
Loans and other placements	25,967	26,557	28,437	30,783
	214,785	207,790	250,077	245,701

6.2. Income from investment property

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Income from investments in property				
Rental income	25,657	24,757	8,395	8,701
Income from increase in the value of land and buildings	29,406	11,470	32,113	11,494
Income from sale of land and buildings	53	38	53	38
	55,116	36,266	40,561	20,233

6.3. Realised gains from financial assets

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Realised gains from financial assets				
Investments at fair value through profit or loss	5,163	4,052	9,188	7,326
Available-for-sale financial assets	411	504	1,256	1,008
	5,574	4,556	10,444	8,334

6.4. Foreign exchange gains

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Foreign exchange gains				
Held-to-maturity investments	4,787	18,948	6,761	19,568
Available-for-sale financial assets	2,908	-	12,717	3
Investments at fair value through profit or loss	485	1,236	619	1,236
Deposits	5,194	3,320	7,116	3,335
Loans	1,299	2,968	1,097	2,968
Foreign currency accounts	2,075	1,224	3,354	1,226
Other	2	916	438	956
	16,750	28,612	32,100	29,292

7. Other operating income

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Income from recourse receivables	1,736	226	2,068	623
Income from written off liabilities and collected receivables written off	4,805	4,891	12,806	13,395
Income from guarantee fund	12,555	2,388	12,555	2,724
Income from penalty interest	7,068	3,080	7,068	3,080
Income from claims incurred abroad	4,176	3,373	4,804	4,260
Income from assessment services	3,925	5,659	4,193	6,024
Income from fees for frontier insurance	310	480	3,684	3,989
Gain on sale of tangible assets	49	7,836	398	8,302
Other income - insurance	34,167	10,219	36,902	13,126
<i>Other income - non-insurance</i>				
-Income from financial and operative leasing	-	-	458	16,793
-Income from pension fund managing	-	-	6,932	6,663
-Income from motor vehicle examination	-	-	91,742	87,607
-Income from other non-insurance activities	-	-	22,488	40,286
	68,791	38,152	206,098	206,872

8. Claims incurred, net of reinsurance

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Claims incurred	1,573,404	1,514,496	1,898,487	1,782,005
Reinsurance share in claims incurred	(168,276)	(185,883)	(114,506)	(127,226)
	1,405,128	1,328,613	1,783,981	1,654,779
	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Expenditure for insured events, net	1,243,793	1,289,509	1,615,228	1,590,863
Settled claims	1,255,321	1,418,781	1,581,742	1,701,957
<i>Gross amount</i>	1,403,381	1,627,274	1,672,166	1,864,202
<i>Reinsurance share</i>	(148,061)	(208,492)	(90,383)	(160,811)
Change in claims provisions	(11,527)	(129,273)	32,112	(111,094)
<i>Gross amount</i>	8,654	(151,937)	56,160	(145,035)
<i>Coinsurance share</i>	-	-	-	62
<i>Reinsurance share</i>	(20,181)	22,664	(24,048)	33,880
Change in mathematical provision and other technical provisions, net of reinsurance	165,877	42,801	174,669	66,480
Change in insurance mathematical provisions	116,549	34,955	143,919	59,618
<i>Reinsurance share</i>	(34)	(55)	(34)	(55)
Change in other technical provisions, net of reinsurance	49,328	7,846	30,750	6,862
<i>Gross amount</i>	49,328	7,846	30,750	6,862
Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance	(4,542)	(3,696)	(4,542)	(3,696)
Gross amount	1,573,404	1,514,496	1,898,487	1,782,005
Reinsurance share	(168,276)	(185,883)	(114,506)	(127,226)

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Expenditure for insured events, net	980,659	946,377	1,321,002	1,225,835
Settled claims	992,572	1,070,457	1,289,894	1,331,500
<i>Gross amount</i>	1,140,633	1,278,949	1,380,318	1,493,745
<i>Coinsurance share</i>	-	-	(41)	(302)
<i>Reinsurance share</i>	(148,061)	(208,492)	(90,383)	(160,811)
Change in claims provisions	(11,913)	(124,080)	31,109	(105,665)
<i>Gross amount</i>	8,268	(146,744)	55,157	(139,607)
<i>Coinsurance share</i>	-	-	-	62
<i>Reinsurance share</i>	(20,181)	22,664	(24,048)	33,880
Change in mathematical provision and other technical provisions, net of reinsurance	49,328	7,846	30,750	6,862
<i>Gross amount</i>	49,328	7,846	30,750	6,862
Gross amount	1,198,228	1,140,052	1,466,225	1,361,000
Reinsurance share	(168,242)	(185,829)	(114,472)	(127,171)
	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Expenditure for insured events, net	263,135	343,131	292,851	365,028
Settled claims, gross	262,749	348,324	291,848	370,457
Change in claims provisions, gross	386	(5,193)	1,003	(5,429)
Change in mathematical provision and other technical provisions, net of reinsurance	116,549	34,955	143,919	59,618
Change in insurance mathematical provisions	116,549	34,955	143,919	59,618
<i>Gross amount</i>	116,583	35,009	143,953	59,673
<i>Reinsurance share</i>	(34)	(55)	(34)	(55)
Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance	(4,542)	(3,696)	(4,542)	(3,696)
Gross amount	375,176	374,444	432,263	421,005
Reinsurance share	(34)	(55)	(34)	(55)
	Company	Company	Company	Company
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Settled claims - gross amount				
Expenses for claims	1,425,409	1,669,664	1,694,307	1,849,524
Interest expense on claims	27,172	26,764	28,000	29,291
Claims paid	51,784	54,022	57,819	79,968
Collected recourses	(113,812)	(137,054)	(120,789)	(142,274)
Recourse costs	12,828	13,878	12,828	47,693
Gross amount	1,403,381	1,627,274	1,672,166	1,864,202

9. Acquisition costs

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission	173,604	156,505	199,951	178,958
Other sales costs	39,179	50,333	96,858	120,656
NON-LIFE	212,783	206,838	296,809	299,614
Commission	13,580	13,401	24,414	23,584
Other sales costs	7,462	6,676	9,588	8,442
LIFE	21,042	20,077	34,002	32,026
Commission	187,184	169,906	224,365	202,543
Other sales costs	46,642	57,009	106,446	129,098
TOTAL LIFE AND NON-LIFE	233,825	226,915	330,811	331,640

9.1. Commission

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission expenses - agents	9,190	9,845	11,114	14,138
Commission expenses - employees	57,124	51,676	58,340	52,922
Commission for banks, agencies and brokers	88,666	81,759	110,970	96,493
Commission of MOT stations	5,491	6,576	6,144	6,937
Commission expenses - other	26,713	20,050	37,797	32,052
	187,184	169,906	224,365	202,543

9.2. Other sales costs

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Costs of promotion	34,018	49,898	49,417	59,835
Costs of policy issuance	2,840	1,937	22,068	2,172
Other direct sales costs	9,783	5,174	34,962	67,091
	46,642	57,009	106,446	129,098

10. Administrative costs

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation and depreciation of assets	42,085	46,091	51,061	54,758
Salaries, taxes and contributions from and on salaries	378,025	376,197	462,203	439,007
Other administration costs	432,054	293,945	482,443	343,793
	852,163	716,233	995,707	837,558

10.1. Amortisation and depreciation

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation	5,077	4,873	7,732	8,130
Depreciation	37,008	41,219	43,329	46,628
	42,085	46,091	51,061	54,758

10.2. Salaries, taxes and contributions from and on salaries

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	214,737	216,956	263,682	253,096
Pension contributions	63,854	65,057	79,518	77,598
Taxes and surtaxes	45,570	44,434	55,200	53,077
Contributions on salaries	53,863	49,750	63,803	55,236
	378,025	376,197	462,203	439,007

10.3. Other administrative costs

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Services	113,646	91,662	133,436	107,694
Vacation allowance to employees	5,986	-	6,612	191
Termination benefits paid	22,564	43,068	23,498	43,072
Jubilee awards	6,843	6,743	7,356	7,129
Other employee benefits in line with collective bargaining agreement	36,864	22,630	38,463	28,599
Provision for termination benefits and jubilee awards	122,966	13,279	124,023	13,963
Other provisions	12,567	(178)	13,903	133
Materials used	9,209	14,472	12,344	18,753
Energy consumed	12,495	14,379	15,263	17,323
Transportation to and from work	15,940	15,177	17,050	15,061
Insurance premiums	16,051	16,244	13,692	13,704
Entertainment	4,321	6,246	7,029	7,517
Other contributions and fees	12,941	10,384	15,988	13,915
Daily allowances and transportation expenses	1,981	2,273	3,291	3,815
Other various costs and expenditures	37,680	37,566	50,495	52,924
	432,054	293,945	482,443	343,793

11. Other operating expenses

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Guarantee fund fee	4,782	7,315	12,958	11,850
Fee to Croatian Insurance Bureau	1,793	1,796	2,131	1,893
Fire Department fee	6,382	6,680	7,662	2,667
Fee to Croatian Financial Services Supervisory Agency	1,368	1,575	2,357	8,056
Contributions for health insurance from motor liability premium	13,891	27,785	19,579	32,274
Other insurance-technical expenses	30,330	31,341	38,071	41,763
Other expenses	120	1,537	2,789	2,119
Impairment of property and equipment	105,120	16,278	105,120	17,536
Impairment of other receivables	6,375	4,480	16,805	25,208
<i>Other operating expenses – non-insurance activity</i>	-	-		
Raw materials and energy	-	-	4,754	7,063
Services	-	-	14,271	16,564
Depreciation and amortization	-	-	9,187	10,929
Staff costs	-	-	27,645	27,967
Cost of sold assets	-	-	2,716	21,909
Impairment	-	-	5,278	23,874
Provisions	-	-	3,978	2,502
Interest expense	-	-	1,747	6,696
Other costs	-	-	18,754	19,205
	170,161	98,886	295,804	280,075

12. Finance costs

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Impairment of investments	300,765	446,217	337,334	382,479
Realised losses on investments	375	7,966	375	3,468
Foreign exchange losses	3,197	6,726	4,514	7,353
Unrealised losses on investments in financial assets at fair value through profit or loss	2,605	7,420	12,944	16,504
Payment transactions	4,649	4,200	3,994	4,077
Interest expense - leasing	576	230	-	-
Cost of sold and assets	648	721	648	-
Other investment costs	817	503	12,161	8,730
	313,633	473,982	371,970	422,611

12.1. Impairment of investments

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries and associates	14,385	66,327	6,473	
Available-for-sale financial assets	55,099	49,089	59,657	49,089
Held-to-maturity investments	28,463	15,631	28,463	21,291
Impairment of loans given	28,990	30,708	64,155	26,915
Losses from changes in fair value of property (Note 17)	173,828	284,461	178,585	285,183
	300,765	446,217	337,334	382,479

12.2. Realised losses on investments

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Realised losses on investments</i>				
Realised losses on available-for-sale financial assets	63	85	63	85
Realised losses on investments at fair value through profit or loss	312	2,899	312	3,383
Realised losses on other investments	-	4,982	-	-
	375	7,966	375	3,468

12.3. Foreign exchange losses

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Foreign exchange losses</i>				
Held-to-maturity investments	36	35	717	416
Available-for-sale financial assets	-	-	200	3
Investments at fair value through profit or loss	11	745	11	745
Deposits	1,867	1,347	1,927	1,420
Loans	566	776	566	412
Foreign currency accounts	716	1,349	766	1,777
Other	-	2,474	327	2,579
	3,197	6,726	4,514	7,353

13. Income tax

Income tax is calculated in accordance with legal regulations on the tax base, which represents the difference between the realised income and expenditures in the accounting period for which the tax base is determined. The initial tax base was increased by tax non-deductible expenditure and decreased by income in accordance with the tax regulations in effect in the countries of Group members.

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Deferred tax income	(100,577)	(29,655)	(98,304)	(31,070)
Current tax expense	-	31,028	7,317	45,613
Current year tax (income)/expense	(100,577)	1,373	(90,888)	14,543

Deferred tax income presented in 2014 was formed as a temporary difference based on the impairment of financial assets which are recognized (for tax related purposes) at the moment of their realisation.

The reconciliation between income tax and the loss before tax reported in the income statement is set out below:

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Loss before tax	(513,422)	(229,823)	(556,580)	(214,726)
Income tax at 20%	(102,684)	(45,964)	(111,317)	(42,945)
Expenses not deductible for tax purposes	85,747	98,578	139,634	110,143
Tax incentives and income not subject to tax	(83,640)	(51,240)	(119,305)	(52,655)
Current year tax (income)/expense	(100,577)	1,374	(90,988)	14,543
Effective tax rate	(19.59%)	0.60%	(16.35%)	6.77%

The Company has tax losses that can be carried forward for covering the Company's future profits. The amounts of the Company's tax losses available for carry forward to the next five years, i.e. the tax loss for the current year expiring in 2019 amounts to HRK 141,610 thousand. Other than the current-year tax loss, in previous years the Company has not generated tax losses available for carry forward to future periods.

The Tax Authority may at any time inspect the Company's books and records within 3 years following the year in which the tax liability is reported and may impose additional tax assessments and penalties. The Company's Management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

14. Earnings per share

	Company		Group	
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Loss for the year	(412,845)	(231,197)	(465,693)	(229,269)
Weighted average of ordinary shares	340,826	307,598	340,826	307,598
Earnings/(loss) per share attributable to the Company's shareholders				
Basic and diluted loss per share in HRK	(1,211.31)	(751.62)	(1,366.37)	(745.35)

For the purpose of calculating earnings per share, earnings are calculated as the profit for the period attributable to shareholders of the Company. The number of ordinary shares is the weighted average number of ordinary shares in circulation during the year. The weighted average number of ordinary shares used for the calculation of basic earnings per share was 340,826 (2013: 307,598). In addition, since there is no effect of options, convertible bonds or similar effects, the weighted average number of ordinary shares used to calculate diluted earnings per share was the same as the one used to calculate basic earnings per share.

15. Intangible assets

Company	in HRK'000			
	Leasehold improvements	Software	Intangible assets under construction	Total
Cost				
At 31 December 2012	19,438	60,447	-	79,885
Additions	269	7,888	-	8,157
Disposals	-	(2,289)	-	(2,289)
At 31 December 2013	19,707	66,047	-	85,754
Additions	498	1,388	4,149	6,035
Transfer to utilisation	-	4,044	(4,044)	-
Disposals	(4,318)	(3,591)	-	(7,909)
At 31 December 2014	15,887	67,888	106	83,881
Accumulated amortisation and impairment				
At 31 December 2012	14,396	54,004	-	68,399
Amortisation for 2013	1,522	3,350	-	4,873
Disposals	-	(2,289)	-	(2,289)
At 31 December 2013	15,918	55,065	-	70,983
Amortisation for 2014	780	4,297	-	5,077
Disposals	(1,613)	(1,395)	-	(3,008)
At 31 December 2014	15,085	57,967	-	73,052
Net book value				
At 31 December 2014	802	9,921	106	10,828
At 31 December 2013	3,789	10,981	-	14,771

Group	in HRK'000				
	Goodwill	Leasehold improvements	Software	Intangible assets under construction	Total
Cost					
At 31 December 2012	37,776	19,749	83,125	460	141,110
Additions	-	269	13,129	426	13,825
Disposals	-	(317)	(4,758)	(26)	(5,101)
Impairment	(1,792)	-	-	-	(1,792)
At 31 December 2013	35,984	19,701	91,497	860	148,042
Additions	-	498	4,172	4,315	8,984
Transfer to software	-	-	4,057	(4,524)	(467)
Transfer from tangible assets	-	-	(25)	-	(25)
Impairment	(13,495)	-	-	-	(13,495)
Disposals	-	(4,322)	(4,387)	-	(8,709)
At 31 December 2014	22,489	15,877	95,339	651	134,356
Accumulated amortisation and impairment					
At 31 December 2012	-	14,668	65,195	-	79,862
Amortisation for the year	-	1,522	6,608	-	8,130
Disposals	-	(275)	(3,747)	-	(4,023)
At 31 December 2013	-	15,915	68,055	-	83,970
Amortisation for the year	-	780	6,952	-	7,732
Disposals	-	(1,613)	(702)	-	(2,314)
At 31 December 2014	-	15,082	74,306	-	89,388
Net book value					
At 31 December 2014	22,489	795	21,033	651	44,968
At 31 December 2013	35,984	3,786	23,441	860	64,072

The carrying amount of CGU relating to MOT station Herz Požega has been reduced to its recoverable amount through recognition of an impairment charge on goodwill.

The recoverable amount has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rates, which does not exceed the long-term expected inflation rate.

The long-term growth rate and discount rate used in the value-in-use calculations are 3.2% and 13.5% respectively.

16. Property and equipment**Company**

in HRK'000

Cost	Land	Buildings	Equipment and furniture	Vehicles	Other tangible assets	Assets under construction	Advances given	Total
At 31 December 2012	226,375	1,221,305	163,159	19,128	3,306	1,355	-	1,634,628
Change in fair value	(102,244)	(126,319)	-	-	-	-	-	(228,563)
Impairment (Note 11)	(563)	(56,707)	-	-	-	-	-	(57,270)
Additions	-	2,691	8,834	173	912	20,590	-	33,200
Transfer from assets under construction	-	2,931	956	3	-	(3,890)	-	-
Transfer from investment property (Note 17)	-	7,683	-	-	-	-	-	7,683
Transfer to investment property (Note 17)	-	-	-	-	-	(3,381)	-	(3,381)
Disposals	(67)	(98)	(7,445)	(18,848)	(4)	-	-	(26,462)
At 31 December 2013	123,501	1,051,486	165,504	456	4,214	14,674	-	1,359,835
Change in fair value	(24,858)	(51,735)	-	-	-	-	-	(76,593)
Impairment (Note 11)	(20,360)	(120,670)	(2,100)	(200)	-	(716)	-	(144,046)
Additions	632	9,011	2,279	196	58	22,052	532	34,760
Transfer from assets under construction	-	35,505	-	-	-	(35,505)	-	-
Transfer from buildings to land	3,494	(3,494)	-	-	-	-	-	-
Transfer to investment property (Note 17)	-	(2,017)	-	-	-	-	-	(2,017)
Disposals	-	(117)	(13,976)	(86)	-	-	-	(14,179)
At 31 December 2014	82,409	917,969	151,707	366	4,272	505	532	1,157,760
Accumulated depreciation and impairment								
At 31 December 2012	-	304,927	139,889	15,590	329	-	-	460,735
Depreciation on revaluation effect	-	6,715	-	-	-	-	-	6,715
Depreciation for the year	-	24,810	8,589	1,051	54	-	-	34,504
Impairment (Note 11)	-	(40,992)	-	-	-	-	-	(40,992)
Disposals	-	(632)	(8,108)	(16,380)	(4)	-	-	(25,124)
At 31 December 2013	-	294,828	140,370	261	379	-	-	435,838
Depreciation on revaluation effect	-	3,075	-	-	-	-	-	3,075
Depreciation for the year	-	25,695	8,145	37	56	-	-	33,933
Impairment (Note 11)	-	(38,926)	-	-	-	-	-	(38,926)
Transfer to investment property (Note 17)	-	(512)	-	-	-	-	-	(512)
Disposals	-	(23)	(13,951)	(8)	-	-	-	(13,982)
At 31 December 2014	-	284,137	134,564	290	435	-	-	419,426
Net book value								
At 31 December 2014	82,409	633,832	17,143	76	3,836	505	532	738,333
At 31 December 2013	123,500	756,659	25,135	195	3,835	14,674	-	923,997

Group	in HRK'000							
	Land	Buildings	Equipment and furniture	Vehicles	Other tangible assets	Assets under construction	Advances given	Total
Cost								
At 31 December 2012	272,866	1,437,444	275,322	66,417	53,565	17,494	1,190	2,124,298
Change in fair value	(108,294)	(122,992)	-	-	-	-	-	(231,286)
Impairment (Note 11)	(563)	(57,864)	-	-	-	-	-	(58,427)
Additions	-	2,751	17,005	1,597	7,031	25,695	1,616	55,695
Transfer from assets under construction	-	7,844	-	-	-	(7,844)	-	-
Transfer from investment property	-	12,434	-	-	-	-	-	12,434
Transfer to investment property	(5,663)	(5,137)	-	-	-	-	-	(10,800)
Disposals	(2,564)	(1,365)	(20,266)	(57,893)	626	(10,029)	(259)	(91,750)
At 31 December 2013	155,782	1,273,115	272,061	10,121	61,222	25,316	2,547	1,800,164
Change in fair value	(27,808)	(64,878)	-	-	-	-	-	(92,686)
Impairment (Note 11)	(21,339)	(118,552)	(2,098)	-	-	(3,044)	-	(145,033)
Additions	2,431	7,470	9,498	245	-	22,659	1,312	43,615
Transfer from assets under construction	-	35,858	-	-	-	(35,858)	-	-
Transfer from buildings to land	2,552	(2,552)	-	-	-	-	-	-
Transfer to investment property	-	(7,230)	-	-	-	(356)	-	(7,586)
Exchange differences	7	(228)	109	38	1,140	19	(37)	1,048
Disposals	-	(2,328)	(16,015)	(763)	(20,620)	-	-	(39,726)
At 31 December 2014	111,625	1,120,675	263,555	9,641	41,742	8,736	3,822	1,559,796
Accumulated depreciation and impairment								
At 31 December 2012	-	344,546	226,630	51,016	12,789	-	-	634,981
Depreciation on revaluation effect	-	6,929	-	-	-	-	-	6,929
Depreciation for the year	-	25,428	15,572	2,758	6,870	-	-	50,628
Impairment (Note 11)	-	(40,891)	-	-	-	-	-	(40,891)
Disposals	-	(145)	(17,356)	(46,578)	1,469	-	-	(62,610)
At 31 December 2013	-	335,867	224,846	7,196	21,128	-	-	589,037
Depreciation on revaluation effect	-	2,971	-	-	-	-	-	2,971
Depreciation for the year	-	30,793	16,720	1,156	2,890	-	-	51,559
Impairment (Note 11)	-	(39,913)	-	-	-	-	-	(39,913)
Transfer to investment property	-	(512)	-	-	-	-	-	(512)
Exchange differences	-	17	249	9	-	-	-	275
Disposals	-	(2,018)	(16,015)	(970)	(638)	-	-	(19,641)
At 31 December 2014	-	327,205	225,800	7,391	23,380	-	-	583,776
Net book value								
At 31 December 2014	111,625	793,470	37,755	2,250	18,362	8,736	3,822	976,020
At 31 December 2013	155,782	937,248	47,215	2,925	40,094	25,316	2,547	1,211,126

The Group engaged an independent appraisers who performed the appraisal of the value of land and buildings. The result of value appraisal or loss from impairment was recorded as a reduction of the fair value reserve up to the amount of revaluation excess for the asset in question. The impairment loss above the amount of fair value reserve was charged to the statement of comprehensive income.

The carrying amount of land and buildings that would have been recognised had the assets been carried under the cost model is HRK 652,409 thousand and HRK 765,770 thousand for the Company and Group, respectively.

17. Investment property

/i/ Investments carried at fair value

	<u>Company</u>	<u>Group</u>
	in HRK'000	in HRK'000
At 31 December 2012	853,381	1,090,335
Transfer to property and equipment	(7,683)	(12,434)
Transfer from property and equipment	3,381	10,800
Fair value increase credited to the income statement (Note 6.2)	11,470	11,494
Fair value decrease charged to the income statement (Note 12.1)	(284,462)	(285,183)
Assets under construction	7,647	7,647
Additions	76,157	74,012
Disposals	(3,773)	(4,589)
At 31 December 2013	656,118	892,082
Exchange differences	-	(289)
Transfer from property and equipment	1,505	7,074
Fair value increase credited to the income statement	29,406	32,113
Fair value decrease charged to the income statement (Note 12.1)	(173,828)	(178,585)
Assets under construction	53	53
Additions	11,592	11,808
Disposals	(10,131)	(12,854)
At 31 December 2014	514,715	751,402

The Group measures investment property in accordance with IAS 40 - Investment Property, by applying the fair value model. Accordingly, the Group recognises profit or loss arising from changes in the fair value of investment property as profit or loss for the period in which it occurred, based on the appraisal by independent appraisers.

18. Investments in subsidiaries, associates and participation in joint ventures

	Company		Group	
	31 Dec 2014	Company Restated 31 Dec 2013	31 Dec 2014	Group Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries	579,026	508,897	-	-
<i>Impairment of investments in subsidiaries</i>	(189,915)	(175,530)	-	-
	389,111	333,367	-	-
Investments in joint ventures	28,000	28,000	59,771	57,748
Investments in associates	8,709	8,709	20,508	19,633
<i>Impairment of investments in associates</i>	(4,450)	(4,450)	(8,877)	(4,450)
	4,260	4,260	11,632	15,183
	421,371	365,626	71,403	72,931

18.1. Investments in subsidiaries and associates and participation in joint ventures for the Company were as follows:

Activity	Country	31 Dec 2014		Restated 31 December 2013		
		Ownership percentage %	Amount of investment in HRK'000	Ownership percentage %	Amount of investment in HRK'000	
Subsidiaries						
Croatia Lloyd d.d., Zagreb	Reinsurance	Croatia	100.0	125,689	100.0	125,689
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia	66.2	29,363	66.2	29,363
Milenijum osiguranje a.d., Beograd	Insurance	Serbia	99.9	46,379	99.8	-
Croatia Sigurimi sh.a., Priština	Insurance	Kosovo	100.0	20,375	100.0	22,286
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia and Herzegovina	52.1	8,150	52.1	15,973
Croatia osiguranje - život a.d, Skopje	Insurance	Macedonia	95.0	22,271	95.0	22,271
Croatia osiguranje - neživot a.d, Skopje	Insurance	Macedonia	100.0	32,205	100.0	5,205
Croatia-Tehnički pregledi d.o.o., Zagreb	Motor vehicle service	Croatia	100.0	71,767	100.0	71,767
Herz d.d., Požega	Motor vehicle service	Croatia	100.0	22,100	100.0	30,000
Slavonijatrans-tehnički pregledi d.o.o., Slavonski Brod	Motor vehicle service	Croatia	76.0	15	76.0	15
Croatia osiguranje, mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia	100.0	10,797	100.0	10,797
Razne usluge d.o.o., - currently being wound up Zagreb	Services	Croatia	100.0	-	100.0	-
				389,111		333,366
Joint ventures						
PBZ Croatia osiguranje d.d., Zagreb	Pension fund	Croatia	50.0	28,000	50.0	28,000
Associates						
Brioni d.d., Pula	Transport	Croatia	25.6	4,260	25.6	4,260
Autoprijevoz d.d., Otočac	Transport	Croatia	28.3	-	28.3	-
				32,260		32,260
				421,371		365,626

18.2. Investments in subsidiaries and associates and participation in joint ventures for the Group

Group	Activity		31 Dec 2014		Restated 31 December 2013	
			Ownership percentage	Amount of investment	Ownership percentage	Amount of investment
			%	in HRK'000	%	in HRK'000
Joint ventures						
PBZ Croatia osiguranje d.d., Zagreb	Pension fund	Croatia	50.0	58,223	50.0	56,160
Receivables from joint funds - HUO	Insurance	Croatia	-	139	-	139
Nacionalni biro za osiguranje Skopje	Insurance	Macedonia	-	1,409	-	1,449
				59,771	57,748	
Associates						
Brioni d.d., Pula	Transport	Croatia	25.6	6,902	25.6	6,026
Autoprijevoz d.d., Otočac	Transport	Croatia	28.3	-	28.3	-
Strmec projekt d.o.o., Samobor	Real estate	Croatia	50.0	4,175		8,602
STP Agroservis d.o.o., Virovitica	Technical testing and analysis	Croatia	37.0	555	37.0	555
				11,632	15,183	
				71,403	72,931	

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiary Croatia osiguranje d.d., Ljubuški that has non-controlling interests that are material to the Group.

The information presented below are before inter-company eliminations.

	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000
Summarised statement of financial position		
Property and equipment	37,352	55,002
Investment property	59,381	56,090
Financial assets	153,553	147,044
Other assets	93,481	65,160
Total assets	343,767	323,295
Technical provisions	268,477	215,577
Other liabilities	22,781	11,107
Equity and reserves	52,509	96,611
Total equity and liabilities	343,767	323,295
Summarised statement of comprehensive income		
Earned premiums, net of reinsurance	114,581	115,487
Claims incurred, net of reinsurance	(69,150)	(59,407)
Net investment result	6,530	3,753
Net other income	(51,327)	(55,849)
Profit before tax	635	3,984
Income tax	(324)	-
Profit for the year	312	3,984

Summarised financial information for joint venture

Set out below are the summarised financial information for PBZ Croatia osiguranje d.d., which is accounted for using the equity method.

Summarised statement of financial position	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000
Financial assets	99,807	113,300
Other assets	24,946	7,143
Total assets	124,753	120,443
Liabilities	8,306	8,122
Equity and reserves	116,447	112,320
Total equity and liabilities	124,753	120,443
Summarised statement of comprehensive income		
Revenue	56,248	53,259
Expenses	(27,328)	(29,309)
Profit before tax	28,920	23,950
Income tax	(5,794)	(4,855)
Profit for the year	23,127	19,095

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

Summarised financial information	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000
Opening net assets 1 January	112,320	147,225
Profit for the period	23,127	19,095
Other comprehensive income		
Dividends	(19,000)	(54,000)
Closing net assets	116,447	112,320
Interest in Joint venture @ 50%	58,223	56,160
Carrying value	58,223	56,160

18.3. Movements in investments in subsidiaries, associates and participation in joint ventures

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	365,626	413,345	72,931	88,827
Increase	70,130	18,608	2,900	1,556
Decrease	(14,385)	(66,329)	(4,428)	(17,452)
At 31 December	421,371	365,626	71,403	72,931

19. Financial assets

	Company		Group	
	31 Dec 2014	Company Restated 31 Dec 2013	31 Dec 2014	Group Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	2,243,583	2,638,864	2,486,919	2,844,188
Available-for-sale financial assets	1,039,835	284,937	1,262,672	304,591
Financial assets at fair value through profit or loss – for trading	285,463	529,230	434,955	756,816
Loans and receivables	1,675,682	1,085,976	2,141,404	1,559,295
	5,244,562	4,539,007	6,325,950	5,464,889

19.1. Overview of investments

As at 31 December 2014, the investment structure was as follows:

	Company				
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss - for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed on stock exchange	-	298,038	14,722	-	312,760
Shares, not listed on stock exchange	-	1,882	-	-	1,882
	-	299,921	14,722	-	314,643
Debt securities					
State and state related bonds	2,156,114	707,080	85,480	-	2,948,674
Domestic corporate bonds	77,548	-	-	-	77,548
Treasury bills	9,920	-	-	-	9,920
Commercial papers	-	3,620	-	-	3,620
	2,243,583	710,700	85,480	-	3,039,763
Investment funds					
Open-ended investment funds	-	23,902	185,261	-	209,163
Open-ended investment funds - assets for coverage of unit-linked products	-	5,312	-	-	5,312
	-	29,214	185,261	-	214,475
Loans and receivables					
Deposits with credit institutions	-	-	-	1,447,677	1,447,677
Loans	-	-	-	228,005	228,005
	-	-	-	1,675,682	1,675,682
	2,243,583	1,039,835	285,463	1,675,682	5,244,562

19.1. Overview of investments (continued)

As at 31 December 2013, the investment structure was as follows:

					Company
	Held-to- maturity investments	Available- for-sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed on stock exchange	-	204,863	9,686	-	214,549
Shares, not listed on stock exchange	-	44,713	-	-	44,713
	-	249,576	9,686	-	259,262
Debt securities					
State and state related bonds	2,145,671	-	164,206	-	2,309,847
Domestic corporate bonds	114,845	-	2,602	-	117,447
Treasury bills	377,223	-	14,846	-	392,069
Commercial papers	1,125	-	-	-	1,125
	2,638,864	-	181,654	-	2,820,518
Investment funds					
Open-ended investment funds	-	2,213	337,890	-	340,103
Open-ended investment funds - assets for coverage of unit-linked products	-	8,389	-	-	8,389
Open-ended investment funds, private bid	-	24,759	-	-	24,759
	-	35,361	337,890	-	373,251
Loans and receivables					
Deposits with credit institutions	-	-	-	752,471	752,471
Loans	-	-	-	333,505	333,505
	-	-	-	1,085,976	1,085,976
	2,638,864	284,937	529,230	1,085,976	4,539,007

19.1. Overview of investments (continued)

As at 31 December 2014, the investment structure was as follows:

					Group
	Held-to- maturity investments	Available-for- sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed on stock exchange	-	302,187	19,574	-	321,761
Shares, not listed on stock exchange	-	2,246	-	-	2,246
	-	304,433	19,574	-	324,007
Debt securities					
State and state related bonds	2,361,514	925,404	109,118	-	3,396,036
Domestic corporate bonds	82,019	-	-	-	82,019
Treasury bills	43,386	-	26,448	-	69,834
Commercial papers	-	3,620	-	-	3,620
	2,486,919	929,024	135,566	-	3,551,509
Investment funds					
Open-ended investment funds	-	23,902	279,815	-	303,717
Open-ended investment funds - assets for coverage of unit-linked products	-	5,314	-	-	5,314
	-	29,216	279,815	-	309,031
Loans and receivables					
Deposits with credit institutions	-	-	-	1,869,905	1,869,905
Loans	-	-	-	271,499	271,499
	-	-	-	2,141,404	2,141,404
	2,486,919	1,262,672	434,955	2,141,404	6,325,950

19.1. Overview of investments (continued)

As at 31 December 2013, the investment structure was as follows:

					Group
	Held-to- maturity investments	Available for sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed on stock exchange	-	248,928	23,361	-	272,289
Shares, not listed on stock exchange	-	4,865	-	-	4,865
	-	253,793	23,361	-	277,154
Debt securities					
State and state related bonds	2,430,018	15,437	215,452	-	2,660,907
Domestic corporate bonds	6,646	-	-	-	6,646
Treasury bills	406,398	-	14,846	-	421,244
Commercial papers	1,125	-	9,965	-	11,090
	2,844,188	15,437	240,263	-	3,099,888
Investment funds					
Open-ended investment funds	-	26,972	493,192	-	520,163
Open-ended investment funds - assets for coverage of unit-linked products	-	8,389	-	-	8,389
	-	35,361	493,192	-	528,552
Loans and receivables					
Deposits with credit institutions	-	-	-	1,150,176	1,150,176
Loans	-	-	-	409,119	409,119
	-	-	-	1,559,295	1,559,295
	2,844,188	304,591	756,816	1,559,295	5,464,889

19.2. Financial investments exposed to credit risk

Company	31 Dec 2014					Restated 31 Dec 2013				
	in HRK'000					in HRK'000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impair- ment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impair- ment	Total
Held-to-maturity investments	2,243,583	-	28,463	(28,463)	2,243,583	2,638,864	-	15,631	(15,631)	2,638,864
Available-for-sale debt securities	710,700	-	-	-	710,700	-	-	-	-	-
Debt securities at fair value through profit or loss	85,480	-	2,590	(2,590)	85,480	181,654	-	442	(442)	181,654
Deposits	1,447,677	-	-	-	1,447,677	752,471	-	-	-	752,471
Loans and receivables	225,679	2,326	142,894	(142,894)	228,005	328,040	5,465	121,621	(121,621)	333,505
	4,713,119	2,326	173,947	(173,947)	4,715,445	3,901,029	5,465	137,694	(137,694)	3,906,495

Group	31 Dec 2014					Restated 31 Dec 2013				
	in HRK'000					in HRK'000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impair- ment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impair- ment	Total
Held-to-maturity investments	2,486,919	-	28,463	(28,463)	2,486,919	2,844,188	-	14,325	(14,325)	2,844,188
Available-for-sale debt securities	929,024	-	-	-	929,024	15,437	-	-	-	15,437
Debt securities at fair value through profit or loss	135,566	-	2,590	(2,590)	135,566	240,263	-	442	(442)	240,263
Deposits	1,869,905	-	-	-	1,869,905	1,150,176	-	-	-	1,150,176
Loans and receivables	239,626	31,873	251,896	(251,896)	271,499	372,737	36,382	201,495	(201,495)	409,119
	5,661,040	31,873	282,949	(282,949)	5,692,913	4,622,801	36,382	216,262	(216,262)	4,659,183

19.3. Loans

The maturity dates of granted loans are presented as follows:	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Up to 1 year	182,832	259,324	228,112	332,208
From 1 to 5 years	45,173	72,934	42,394	75,337
More than 5 years	-	1,248	993	1,574
	228,005	333,505	271,499	409,119

Movement of impairment of loans	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	121,621	119,777	201,495	187,233
Increase	24,258	23,614	56,357	36,580
Decrease	(2,985)	(21,770)	(5,956)	(22,318)
At 31 December	142,894	121,621	251,896	201,495

The structure of loans according to collaterals for the Company is presented as follows:

	31 Dec 2014			Restated 31 Dec 2013		
	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Neither past due nor impaired	Past due but not impaired	Past due and impaired
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Vinculated life insurance policies	40,979	1,822	-	49,955	1,665	-
Mortgages and real estate fiduciaries	184,629	504	142,894	276,509	3,800	121,621
Other collaterals	70	-	-	1,576	-	-
	225,679	2,326	142,894	328,040	5,465	121,621

The structure of loans according to collaterals for the Group is presented as follows:

	31 Dec 2014			Restated 31 Dec 2013		
	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Neither past due nor impaired	Past due but not impaired	Past due and impaired
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Vinculated life insurance policies	44,782	1,945	35	50,296	1,699	-
Mortgages and real estate fiduciaries	190,834	28,710	250,933	312,820	33,258	197,820
Other collaterals	4,010	1,218	928	9,621	1,425	3,675
	239,626	31,873	251,896	372,737	36,382	201,495

Quality of loans mainly depends on the quality of the collateral. The collateral which is seen as the best repayment guarantee is vinculated life insurance policy issued by the Company. The vinculated life insurance policies almost fully cover the loan exposure.

For neither past due nor impaired loans secured by the mortgages, the mortgage is considered as secondary source of repayment only and do not influence the carrying value of the loan.

However, past due but not impaired loans and receivables would be fully impaired if there were no collateral enhancement.

19.4. Maturity analysis of assets covering mathematical provisions with liabilities from mathematical provision

For all financial assets except shares and units in funds the amounts included are contractual discounted cash flows and for insurance liabilities we disclosed estimated timing, of the amounts recognised in the statement of financial position. Maturities of shares and units in funds are disclosed as the best Management expectation when those financial instruments will be realised.

Company - 31 December 2014	Up to 1 year	1-3 years	3-5 years	5-10 years	More than 10	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	years in HRK'000	in HRK'000
Total assets for mathematical provisions coverage	386,060	305,348	469,817	976,578	-	2,137,803
Held-to-maturity investments	170,233	160,934	271,538	782,444	-	1,385,150
Bonds	170,233	160,934	271,538	782,444	-	1,385,150
Available-for-sale financial assets	-	31,958	120,845	163,069	-	315,872
Bonds	-	21,100	120,845	163,069	-	305,014
Shares	-	10,858	-	-	-	10,858
Financial assets at fair value through P&L – for trading	36,090	10,880	-	31,065	-	78,036
Bonds	-	10,880	-	31,065	-	41,945
Units in funds	36,090	-	-	-	-	36,090
Loans and deposits	149,361	101,575	77,433	-	-	328,369
Deposits in banks	115,000	93,953	76,615	-	-	285,568
Loans	34,361	7,622	819	-	-	42,801
Cash and cash equivalents	30,376	-	-	-	-	30,376
Required mathematical provisions coverage, net of reinsurance	199,382	447,452	471,660	522,996	450,920	2,092,411
Mathematical provisions	178,507	447,452	471,660	522,996	450,920	2,071,535
Provisions for claims based on risk types which require the forming of mathematical provisions	20,875	-	-	-	-	20,875
Maturity gap	(186,678)	142,104	1,844	(453,582)	450,920	(45,392)

19.4. Maturity analysis of assets covering mathematical provisions with insurance liabilities (continued)

Company - Restated 31 December 2013

	Up to 1 year in HRK'000	1-3 years in HRK'000	3-5 years in HRK'000	5-10 years in HRK'000	More than 10 years in HRK'000	Total in HRK'000
Total assets for mathematical provisions coverage	691,148	287,297	252,989	807,112	-	2,038,546
Held-to-maturity investments	392.406	182.001	215.567	778.402	-	1.568.376
Bonds	228,445	182,001	215,567	778,402	-	1,404,415
Treasury bills	163,961	-	-	-	-	163,961
Available-for-sale financial assets	2.212	12.429	-	-	-	14.641
Shares	-	12,429	-	-	-	12,429
Units in funds	2,212	-	-	-	-	2,212
Financial assets at fair value through P&L – for trading	18.727	-	36.330	28.710	-	83.767
Bonds	-	-	36,330	28,710	-	65,040
Units in funds	18,727	-	-	-	-	18,727
Loans and deposits	267.937	92.867	1.092	-	-	361.896
Deposits in banks	225,275	85,000	-	-	-	310,275
Loans to policyholders	42,662	7,867	1,092	-	-	51,621
Cash and cash equivalents	9.866	-	-	-	-	9.866
Required mathematical provisions coverage, net of reinsurance	180,063	353,442	454,656	529,048	457,688	1,974,897
Mathematical provisions	160,152	353,442	454,656	529,048	457,688	1,954,986
Provisions for claims based on risk types which require the forming of mathematical provisions	19,911	-	-	-	-	19,911
Maturity gap	511,085	(66,145)	(201,667)	278,064	(457,688)	63,649

19.5. Maturity analysis of assets covering technical provisions except mathematical provisions with the insurance liabilities

For all financial assets except shares and units in funds the amounts included are contractual discounted cash flows and for insurance liabilities we disclosed estimated timing, of the amounts recognised in the statement of financial position. Maturities of shares and units in funds are disclosed as the best management expectation when those financial instruments will be realised. Maturity analysis of assets covering technical provisions except mathematical provisions with the insurance liabilities as at 31 December 2014 is as follows:

Company	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	20 and more years	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets for covering technical provisions	1,027,915	682,063	959,439	394,208	-	-	419,614	3,483,240
Held-to-maturity investments	60,109	260,765	325,237	202,401	-	-	-	848,512
Bonds	60,109	260,765	325,237	202,401	-	-	-	848,512
Available-for-sale financial assets	-	146,032	248,188	168,944	-	-	-	663,164
Bonds	-	79,015	159,913	145,042	-	-	-	383,970
Shares	-	67,017	188,274	-	-	-	-	255,291
Units in funds	-	-	-	23,902	-	-	-	23,902
Financial assets at fair value through P&L – for trading	81,649	20,672	29,214	22,862	-	-	-	154,398
Bonds	-	20,672	18,096	22,862	-	-	-	61,630
Shares	3,604	-	11,118	-	-	-	-	14,722
Units in funds	78,046	-	-	-	-	-	-	78,046
Loans and deposits	446,502	254,594	256,800	-	-	-	-	957,896
Deposits in banks	301,292	234,599	250,000	-	-	-	-	785,891
Other loans	145,210	19,995	6,800	-	-	-	-	172,005
Real estate	-	-	-	-	-	-	419,614	419,614
Cash and cash equivalents	63,874	-	-	-	-	-	-	63,874
Investments with consent of supervisory body	375,782	-	-	-	-	-	-	375,782
Required coverage for technical provisions except mathematical provisions, net of reinsurance	1,421,097	535,856	304,951	486,844	208,760	160,308	132,842	3,250,659
Provisions for unearned premiums	639,496	57,182	34,339	32,151	5,854	2,084	1,502	772,608
Claims provisions	701,741	469,486	267,069	452,567	201,987	157,589	130,885	2,381,325
Fluctuation provisions	4,196	130	-	-	-	-	-	4,326
Other technical insurance provisions	75,663	9,059	3,542	2,126	919	636	455	92,400
Maturity gap	393,181	(146,207)	(654,488)	92,637	208,760	160,308	(286,772)	(232,581)

19.5. Maturity analysis of assets covering technical provisions except mathematical provisions with the insurance liabilities (continued)

Maturity analysis of assets covering technical provisions except mathematical provisions with the insurance liabilities as on 31 December 2013 is as follows:

Company	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	20 and more years	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets for covering technical provisions	1,862,814	393,978	345,382	173,660	97,070	102,593	481,167	3,456,664
Held-to-maturity investments	365,053	204,067	281,156	119,204	72,311	-	-	1,041,791
Bonds	156,776	204,067	281,156	119,204	72,311	-	-	833,514
Other securities	208,277	-	-	-	-	-	-	208,277
Available-for-sale financial assets	17,319	63,200	3,402	-	24,759	96,872	-	205,552
Shares	17,319	63,200	3,402	-	-	96,872	-	180,793
Units in funds	-	-	-	-	24,759	-	-	24,759
Financial assets at fair value through P&L – for trading	323,128	13,631	34,929	53,208	-	5,721	-	430,617
Bonds	-	13,631	34,929	53,208	-	-	-	101,768
Shares	3,965	-	-	-	-	5,721	-	9,686
Units in funds	319,163	-	-	-	-	-	-	319,163
Loans and deposits	596,695	113,080	25,895	1,248	-	-	-	736,918
Loans	162,086	38,080	25,895	1,248	-	-	-	227,309
Deposits in banks	434,609	75,000	-	-	-	-	-	509,609
Real estate	-	-	-	-	-	-	481,167	481,167
Cash and cash equivalents	86,004	-	-	-	-	-	-	86,004
Investments with consent of supervisory body	474,615	-	-	-	-	-	-	474,615
Required coverage for technical provisions except mathematical provisions, net of reinsurance	1,501,826	514,500	294,183	477,872	208,966	162,597	168,793	3,328,737
Provisions for unearned premiums	805,681	36,773	19,833	19,199	2,755	1,825	1,411	887,477
Claims provisions	689,121	474,753	272,732	457,107	205,986	160,622	133,540	2,393,861
Fluctuation provisions	3,465	107	-	-	-	-	-	3,572
Other technical insurance provisions	3,559	2,867	1,618	1,566	225	150	33,842	43,827
Maturity gap	360,988	(120,522)	51,199	(304,212)	(111,896)	(60,004)	312,374	127,927

19.6. Currency analysis of assets covering mathematical provisions with insurance contract liabilities

The currency analysis of assets covering mathematical provisions with insurance contract liabilities as at 31 December 2014 is shown below:

Company	HRK in HRK'000	EUR and other in HRK'000	Total in HRK'000
Total assets for covering mathematical provisions	452,005	1,685,798	2,137,803
Held-to-maturity investments	197,829	1,187,322	1,385,150
Bonds	197,829	1,187,322	1,385,150
Available-for-sale financial assets	31,958	283,914	315,872
Bonds	21,100	283,914	305,014
Shares	10,858	-	10,858
Financial assets at fair value through P&L – for trading	46,970	31,065	78,036
Bonds	10,880	31,065	41,945
Units in funds	36,090	-	36,090
Loans and deposits	144,872	183,498	328,369
Deposits in banks	140,000	145,568	285,568
Loans to policyholders	4,872	37,930	42,801
Cash and cash equivalents	30,376	-	30,376
Required mathematical provisions coverage, net of reinsurance	9,096	2,083,314	2,092,411
Mathematical provisions	6,366	2,065,169	2,071,535
Provisions for claims based on risk types which require the forming of mathematical provisions	2,731	18,145	20,876
Difference	442,908	(397,516)	45,392

From the total presented mathematical provisions in life insurance 28.5% (31 December 2013: 32.4%) are liabilities from life insurance policies with exchange rate protection clause. As these are future liabilities under exchange rate protection, on the basis of which the minimum amount due in Croatian Kuna per above policies is fixed, the assets were invested in HRK financial instruments.

19.6. Currency analysis of assets covering mathematical provisions with insurance contract liabilities (continued)

The currency analysis of assets covering mathematical provisions with insurance contract liabilities as at 31 December 2013 is shown below:

Company	HRK in HRK'000	EUR and other in HRK'000	Total in HRK'000
Total assets for covering mathematical provisions	738,480	1,300,066	2,038,546
Held-to-maturity investments	371,501	1,196,875	1,568,376
Bonds	207,540	1,196,875	1,404,415
Treasury bills	163,961	-	163,961
Available-for-sale financial assets	14,641	-	14,641
Shares	12,429	-	12,429
Units in funds	2,212	-	2,212
Financial assets at fair value through P&L – for trading	34,522	49,245	83,767
Bonds	15,795	49,245	65,040
Units in funds	18,727	-	18,727
Deposits, loans and receivables	308,175	53,721	361,896
Deposits in banks	295,000	15,275	310,275
Loans to policyholders	13,175	38,446	51,621
Cash and cash equivalents	9,641	225	9,866
Required mathematical provisions coverage, net of reinsurance	-	(1,974,897)	(1,974,897)
Mathematical provisions	-	(1,954,986)	(1,954,986)
Provisions for claims based on risk types which require the forming of mathematical provisions	-	(19,911)	(19,911)
Difference	738,480	(674,831)	63,649

19.7. Currency analysis of assets covering technical provisions, except mathematical provisions with insurance contract liabilities

The currency analysis of assets covering technical provisions, except mathematical provisions with insurance contract liabilities as at 31 December 2014 is shown below:

Company	HRK in HRK'000	EUR and other in HRK'000	Total in HRK'000
Total assets for covering technical provisions	2,579,203	904,037	3,483,240
Held-to-maturity investments	522,945	325,567	848,512
Bonds	522,945	325,567	848,512
Other securities		-	-
Available-for-sale financial assets	282,582	398,678	861,260
Bonds	191,663	210,403	402,066
Shares	67,017	188,274	255,291
Units in funds	23,902	-	23,902
Financial assets at fair value through P&L – for trading	117,401	18,901	136,302
Bonds	35,752	7,782	43,534
Shares	3,604	11,118	14,722
Units in funds	78,046	-	78,046
Loans and deposits	797,005	160,891	957,896
Deposits in banks	625,000	160,891	785,891
Other loans	172,005	-	172,005
Real estate	419,614	-	419,614
Cash and cash equivalents	63,874	-	63,874
Investments with the consent of the supervisory body	375,782	-	375,782
Required coverage for technical provisions except mathematical provisions, net of reinsurance	3,073,791	176,867	3,250,659
Provisions for unearned premiums	695,937	76,671	772,608
Claims provisions	2,281,129	100,196	2,381,325
Fluctuation provisions	4,326	-	4,326
Other technical insurance provisions	92,400	-	92,400
Difference	(494,589)	727,170	232,581

19.7. Currency analysis of assets covering technical provisions, except mathematical provisions with insurance contract liabilities (continued)

The currency analysis of assets covering technical provisions, except mathematical provisions with insurance contract liabilities as at 31 December 2013 is shown below:

Company	HRK in HRK'000	EUR and other in HRK'000	Total in HRK'000
Held-to-maturity investments	631,585	410,206	1,041,791
Bonds	423,308	410,206	833,514
Treasury bills	208,277	-	208,277
Available-for-sale financial assets	108,861	96,691	205,552
Shares	84,102	96,691	180,793
Units in funds	24,759	-	24,759
Financial assets at fair value through P&L – for trading	370,780	59,837	430,617
Bonds	47,652	54,116	101,768
Shares	3,965	5,721	9,686
Units in funds	319,163	-	319,163
Loans and receivables	630,609	106,309	736,918
Deposits in banks	403,300	106,309	509,609
Loans to policyholders	227,309	-	227,309
Investment property	481,167	-	481,167
Cash and cash equivalents	82,919	3,085	86,004
Investments with the consent of the supervisory body	474,615	-	474,615
Total assets for covering technical provisions	2,780,536	676,128	3,456,664
Provisions for unearned premiums	(833,162)	(54,315)	(887,477)
Claims provisions	(2,313,163)	(80,698)	(2,393,861)
Other technical insurance provisions	(47,399)	-	(47,399)
Required coverage for technical provisions except mathematical provisions, net of reinsurance	(3,193,724)	(135,013)	(3,328,737)
Difference	(413,188)	541,115	127,927

19.8. Analysis of interest rates repricing dates

Company

	Effective interest rate	Up to 1 year	1-3 years	3-5 years	5-10 years	Non-interest bearing	Total	Fixed interest rate
	%	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	%
Investments in subsidiaries and associates		-	-	-	-	421,371	421,371	-
Investment property		-	-	-	-	514,715	514,715	-
Bonds	5.95	230,342	421,700	596,775	984,846	-	2,233,663	6.03
Treasury bills	2.00	9,920	-	-	-	-	9,920	2.00
Held-to-maturity investments		240,262	421,700	596,775	984,846	-	2,243,583	
Bonds	4.27	-	100,115	298,855	308,111	-	707,080	5.30
Commercial bills	5.75	3,620	-	-	-	-	3,620	5.75
Shares	-	-	-	-	-	305,751	305,751	-
Units in funds	-	-	-	-	-	23,902	23,902	-
Available-for-sale financial assets		3,620	100,115	298,855	308,111	329,653	1,040,354	
Bonds	6.21	-	31,552	-	53,928	-	85,480	6.33
Shares	-	-	-	-	-	15,066	15,066	-
Units in funds	-	-	-	-	-	185,261	185,261	-
Financial assets at fair value through P&L – for trading		-	31,552	-	53,928	200,327	285,807	
Deposits in banks	3.89	782,510	338,552	326,615	-	-	1,447,677	3.89
Loans	7.95	182,832	29,353	15,820	-	-	228,005	7.95
Deposits, loans and receivables		965,342	367,905	342,434	-	-	1,675,682	-
Total financial assets		1,209,224	921,272	1,238,064	1,346,884	1,466,067	6,181,511	-
Liabilities arising from direct insurance	-	83,288	-	-	-	-	83,288	-
Other liabilities	-	127,868	-	-	-	-	127,868	-
Total financial and other liabilities (other than liabilities to non-controlling unitholders in investment funds)		211,155	-	-	-	-	211,155	
Interest rate risk gap		998,069	921,272	1,238,064	1,346,884	1,466,067	5,970,356	

19.8. Analysis of interest rates repricing dates

Company	Effective interest rate	Up to 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Non-interest bearing	Total	Fixed interest rate
<i>Restated 31 December 2013</i>	%	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	%
Investments in subsidiaries and associates		-	-	-	-	395,148	-	395,148	-
Investment property		-	-	-	-	656,118	-	656,118	-
Bonds	6.16	407,809	386,068	496,723	742,686	227,230	-	2,260,517	5.74
Treasury bills	3.07	377,223	-	-	-	-	-	377,223	3.07
Commercial bills	8.76	1,125	-	-	-	-	-	1,125	8.76
Held-to-maturity investments		398,516	182,001	215,567	623,482	154,920	-	1,574,485	
Shares	-	-	-	-	-	-	249,576	249,576	-
Units in funds	-	-	-	-	-	-	26,972	26,972	-
Available-for-sale financial assets		-	-	-	-	-	276,548	276,548	
Bonds	6.35	-	13,631	71,260	81,918	-	-	166,808	6.40
Shares	-	-	-	-	-	-	9,686	9,686	-
Treasury bills	2.56	14,846	-	-	-	-	-	14,846	2.56
Units in funds	-	-	-	-	-	-	337,891	337,891	-
Financial assets at fair value through P&L – for trading		14,846	13,631	71,260	81,918	-	347,576	529,230	
Deposits in banks	3.13	709,884	160,000	-	-	-	-	869,884	3.13
Loans	7.94	209,324	45,947	26,987	1,248	-	-	283,506	7.94
Other loans and receivables	2.00	50,000	-	-	-	-	-	50,000	2.00
Deposits, loans and receivables		969,208	205,947	26,987	1,248	-	-	1,203,390	
Total financial assets		1,382,570	401,578	313,813	706,648	1,206,186	624,124	4,634,919	
Borrowings	5,9	350,057	-	-	-	-	-	350,057	5.90
Liabilities arising from direct insurance	-	87,246	-	-	-	-	-	87,246	-
Other liabilities	-	115,476	-	-	-	-	-	115,476	-
Total financial and other liabilities (other than liabilities to non-controlling unitholders in investment funds)		552,778	-	-	-	-	-	552,778	
Interest rate risk gap		829,792	401,578	313,813	706,648	1,206,186	624,124	4,082,142	

20. Reinsurance share in technical provisions

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Unearned premiums	40,228	48,013	14,153	25,867
Provisions for reported but not settled claims	228,866	209,455	42,547	16,430
Mathematical provisions	319	285	319	285
Provisions for incurred, but not reported claims (IBNR)	70,003	69,233	87,834	87,247
	339,416	326,986	144,852	129,829

21. Deferred tax assets

Company

	in HRK'000							
	Impairment of investment in subsidiaries and associates	Financial assets at fair value through profit or loss	Impairment of available-for- sale financial assets	Impairment of held-to- maturity investment	Impairment of loans and deposits	Losses from reducing to fair value of investment properties	Tax losses carry- forward	TOTAL
As at 1 January 2013	-	136	7,960	8,153	365	-	-	16,615
Utilised deferred tax assets	-	-	(4,603)	-	(4,323)	-	-	(8,927)
Recognized deferred tax assets	7,361	1,484	9,818	3,126	2,610	14,183	-	38,583
As at 31 December 2013	7,361	1,620	13,175	11,280	(1,348)	14,183	-	46,270
Utilised deferred tax assets	-	(124)	(58)	-	(680)	-	-	(862)
Recognized deferred tax assets in profit or loss	2,877	521	11,020	5,693	3,702	49,305	28,322	101,439
Recognized deferred tax assets in other comprehensive income	-	-	727	-	-	-	-	727
As at 31 December 2014	10,238	2,016	24,864	16,972	1,674	63,488	28,322	147,573

21. Deferred tax assets (continued)

Group	in HRK'000						TOTAL
	Financial assets at fair value through profit or loss	Impairment of available-for-sale financial assets	Impairment of held-to-maturity investment	Impairment of loans and deposits	Losses from reducing to fair value of investment in properties	Tax losses for carry-forward	
As at 1 January 2013	8,968	7,960	8,153	8,007	-	187	33,275
Exchange differences	-	-	-	-	-	774	774
Utilised deferred tax assets	(42)	(4,603)	-	(4,323)	-	(796)	(9,765)
Recognized deferred tax assets	2,062	12,114	3,126	5,546	14,888	3,096	40,833
As at 31 December 2013	10,987	15,471	11,280	9,231	14,888	2,487	64,343
Exchange differences	-	-	-	-	-	(86)	(86)
Utilised deferred tax assets	(8,496)	(58)	-	(1,299)	(382)	(2,268)	(12,504)
Recognized deferred tax assets	2,254	12,778	5,693	10,147	49,428	29,808	110,179
Recognized deferred tax assets in other comprehensive income	-	727	-	-	-	-	727
As at 31 December 2014	4,744	28,918	16,972	18,078	63,933	30,013	162,660

22. Receivables from insurance contracts and other assets

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from policyholders, net	406,188	525,214	546,879	633,201
Receivables from reinsurance and co-insurance	6,206	12,350	29,955	52,516
Receivables from other insurance, net	180,197	133,393	184,996	138,159
Receivables for return on investment, net	7,966	5,379	14,108	13,490
Other receivables, net	78,054	69,792	108,206	89,616
	678,611	746,128	884,144	926,982
Interest receivable not due	64,195	54,023	70,634	55,972
Prepayments	11,162	12,240	14,045	14,879
Other assets	2,059	6,849	2,782	6,650
	756,026	819,240	971,605	1,004,483

22.1. Receivables from policyholders

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Written but not invoiced premium	153,680	240,158	233,045	279,747
Invoiced uncollected premium	567,905	605,781	675,491	711,415
Receivables from policyholders, gross	721,585	845,939	908,536	991,163
Impairment	(315,397)	(320,725)	(361,658)	(357,961)
Receivables from policyholders, net	406,188	525,214	546,879	633,201

22.2. Receivables from co-insurance and reinsurance

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from reinsurance premium	1,444	-	1,444	-
Receivables from reinsurance for claims	4,594	12,328	7,071	10,770
Receivables from co-insurance for claims	168	22	21,436	41,747
	6,206	12,350	29,955	52,516

22.3. Receivables from other insurance

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables with recourse	211,389	158,221	214,961	160,624
Impairment	(43,967)	(35,043)	(45,760)	(36,844)
	167,422	123,178	169,202	123,781
Receivables under claims abroad	13,313	10,731	14,919	11,898
Impairment	(538)	(516)	(552)	(555)
	12,776	10,216	14,367	11,343
Other receivables	-	-	1,754	3,279
Impairment	-	-	(328)	(243)
	-	-	1,426	3,035
Receivables from other insurance, gross	224,702	168,952	231,635	175,801
Impairment	(44,505)	(35,559)	(46,639)	(37,642)
Receivables from other insurance, net	180,197	133,393	184,996	138,159

22.4. Receivables for returns on investment

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for regular interest on given loans	12,530	10,660	12,761	26,212
Receivables for regular interest on deposits	8,015	6,149	10,405	5,205
Receivables for default interest	1,807	22,096	1,807	22,029
Other receivables for interest	-	-	3,636	7,551
Receivables for returns on investment, gross	22,353	38,905	28,610	60,997
Impairment	(14,387)	(33,526)	(14,502)	(47,507)
Receivables for returns on investment, net	7,966	5,379	14,108	13,490

22.5. Other receivables

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for sold flats	13,147	10,358	13,147	10,358
Receivables for given advances	2,632	2,507	3,414	5,130
Receivables from buyers	7,280	10,253	18,105	13,244
Receivables from the state and state institutions	30,925	11,798	33,946	13,713
Receivables from credit card companies	20,353	27,461	21,255	28,136
Receivables obtained through cession	7,254	8,128	7,254	8,128
Receivables under court decision	452	325	452	325
Due from employees	3,139	1,653	4,092	1,876
Due from agents	1,078	1,733	2,346	4,184
Other receivables	28,331	26,874	42,788	36,770
Other receivables, gross	114,589	101,089	146,798	121,866
Impairment	(36,536)	(31,298)	(38,592)	(32,250)
Other receivables, net	78,055	69,792	108,206	89,616

22.6. Analysis of receivables from insurance business and other receivables by maturity:

Company	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables from return on investment	Receivables from other insurance			Other receivables	TOTAL
				Recourse receivables	Receivables from claims abroad	Other receivables		
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Neither past due nor impaired	214,554	-	310	119,325	-	-	30,506	364,695
Past due but not impaired	310,660	12,350	5,069	3,853	10,215	-	39,286	381,433
Past due and impaired	320,725	-	33,526	35,043	516	-	31,298	421,108
Impairment allowance	(320,725)	-	(33,526)	(35,043)	(516)	-	(31,298)	(421,108)
Restated 31 December 2013	525,214	12,350	5,379	123,178	10,215	-	69,792	746,128
Neither past due nor impaired	152,603	-	317	161,807	-	-	10,561	325,288
Past due but not impaired	253,586	6,206	7,649	5,615	12,776	-	67,493	353,325
Past due and impaired	315,396	-	14,387	43,967	538	-	36,536	410,824
Impairment allowance	(315,397)	-	(14,387)	(43,967)	(538)	-	(36,536)	(410,825)
31 December 2014	406,188	6,206	7,966	167,422	12,776	-	78,054	678,612

22.6 Analysis of receivables from insurance business and other receivables by maturity (continued)

Group	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables from return on investment	Receivables from other insurance			Other receivables	TOTAL
				Recourse receivables	Receivables from claims abroad	Other receivables		
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Neither past due nor impaired	300,796	33	4,035	119,463	-	-	25,205	449,532
Past due but not impaired	332,405	52,483	9,455	4,316	11,343	3,036	64,411	477,450
Past due and impaired	320,725	-	47,507	36,844	555	243	32,250	438,124
Impairment allowance	(320,725)	-	(47,507)	(36,844)	(555)	(243)	(32,250)	(438,124)
Restated 31 December 2013	633,201	52,516	13,490	123,780	11,343	3,036	89,616	926,982
Neither past due nor impaired	266,313	-	6,288	162,824	-	-	31,275	466,700
Past due but not impaired	280,565	29,955	7,820	6,377	14,367	1,426	76,932	417,442
Past due and impaired	315,397	-	14,502	45,760	552	328	38,592	415,131
Impairment allowance	(315,397)	-	(14,502)	(45,760)	(552)	(328)	(38,592)	(415,131)
31 December 2014	546,879	29,955	14,108	169,201	14,367	1,426	108,207	884,142

22.7. Credit quality of receivables neither past due nor impaired:

	Company							TOTAL in HRK'000
	Receivables from policyholders in HRK'000	Receivables from coinsurance and reinsurance business in HRK'000	Receivables from return on investment in HRK'000	Receivables from other insurance				
				Recourse receivables in HRK'000	Receivables from claims abroad in HRK'000	Other receivables in HRK'000	Other receivables in HRK'000	
Restated 31 December 2013								
High quality	-	-	310	-	-	-	-	310
Standard quality	214,554	-	-	119,325	-	-	30,506	364,385
Restated 31 December 2013	214,554	-	310	119,829	-	-	30,506	364,695
31 December 2014								
High quality	-	-	317	-	-	-	-	316
Standard quality	152,603	-	-	161,807	-	-	10,561	324,971
31 December 2014	152,603	-	317	161,807	-	-	10,561	325,288

22.7. Credit quality of receivables neither past due nor impaired (continued)

	Group							TOTAL
	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables from return on investment	Receivables from other insurance			Other receivables	
				Recourse receivables	Receivables from claims abroad	Other receivables		
in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	
Restated 31 December 2013								
High quality	-	33	4,035	-	-	-	-	4,068
Standard quality	300,796	-	-	119,463	-	-	25,205	445,464
Restated 31 December 2013	300,796	33	4,035	119,463	-	-	25,205	449,532
31 December 2014								
High quality	-	-	6,288	-	-	-	-	6,288
Standard quality	266,313	-	-	162,824	-	-	31,275	460,412
31 December 2014	266,313	-	6,288	162,824	-	-	31,275	466,700

22.8. Analysis of receivables that are past due but not impaired by the number of days up to maturity

	Company				Group			
	<90 days	90-180 days	> 180 days	Total	<90 days	90-180 days	> 180 days	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from insurance business	192,178	89,838	28,644	310,660	210,179	91,251	30,975	332,405
Receivables from coinsurance and reinsurance business	12,350	-	-	12,350	34,936	17,546	-	52,483
Receivables from return on investment	3,721	1,349	-	5,069	8,106	1,349	-	9,455
Receivables from other insurance:	11,032	776	2,261	14,069	15,345	926	2,425	18,696
recourse receivables	817	776	2,261	3,853	980	926	2,411	4,316
receivables from claims abroad	10,215	-	-	10,215	11,343	-	-	11,343
other receivables	-	-	-	-	3,023	-	14	3,036
Other receivables	36,922	2,364	-	39,286	60,458	3,045	908	64,411
Restated 31 December 2013	256,203	94,326	30,905	381,434	329,024	114,117	34,308	477,450
Receivables from insurance business	176,914	69,930	6,742	253,586	197,340	75,774	7,451	280,565
Receivables from coinsurance and reinsurance business	6,206	-	-	6,206	23,229	6,726	-	29,955
Receivables from return on investment	7,376	274	-	7,649	7,546	274	-	7,820
Receivables from other insurance:	15,850	2,541	-	18,391	19,069	2,902	200	22,171
recourse receivables	3,075	2,541	-	5,615	3,276	2,902	200	6,378
receivables from claims abroad	12,776	-	-	12,776	14,367	-	-	14,367
other receivables	-	-	-	-	1,426	(0)	-	1,426
Other receivables	65,231	1,910	352	67,493	73,955	2,358	619	76,932
31 December 2014	271,578	74,654	7,094	353,325	321,139	88,034	8,270	417,443

22.9. Movement in impairment of receivables

Company	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables from return on investment	Receivables from other insurance			Other receivables	TOTAL
				Recourse receivables	Receivables from claims abroad	Other receivables		
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Restated as at 31 December 2012	309,698	-	29,791	36,806	443	-	30,654	407,392
Increase in impairment	249,884	-	26,926	4,701	966	-	644	283,121
Collection of previously impaired amounts	(184,691)	-	(21,711)	(5,860)	(888)	-	-	(213,150)
Write-offs	(54,166)	-	(1,480)	(604)	(5)	-	-	(56,255)
Restated as at 31 December 2013	320,725	-	33,526	35,043	516	-	31,298	421,108
Increase in impairment	202,193	-	4,080	13,965	970	-	5,238	226,446
Collection of previously impaired amounts	(167,264)	-	(339)	(4,302)	(948)	-	-	(172,853)
Write-offs	(40,258)	-	(22,880)	(739)	-	-	-	(63,877)
As at 31 December 2014	315,396	-	14,387	43,967	538	-	36,536	410,824

Group	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables from return on investment	Receivables from other insurance			Other receivables	TOTAL
				Recourse receivables	Receivables from claims abroad	Other receivables		
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Restated as at 31 December 2012	312,929	-	41,966	38,308	443	224	37,173	431,043
Increase in impairment	251,739	-	29,816	5,133	1,005	194	10,761	298,647
Collection of previously impaired amounts	(189,719)	-	(22,795)	(5,993)	(888)	(175)	(12,855)	(232,425)
Write-offs	(54,224)	-	(1,480)	(604)	(5)	-	(2,829)	(59,142)
Restated as at 31 December 2013	320,725	-	47,507	36,844	555	243	32,250	438,124
Increase in impairment	233,811	-	4,189	14,245	992	122	7,425	260,784
Collection of previously impaired amounts	(189,120)	-	(8,096)	(4,591)	(995)	(37)	(1,045)	(203,883)
Write-offs	(50,019)	-	(29,098)	(739)	-	-	(38)	(79,893)
As at 31 December 2014	315,397	-	14,502	45,760	552	328	38,592	415,131

23. Cash and cash equivalents

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash in HRK accounts	25,261	82,919	57,359	122,909
Cash in foreign currency accounts	45,494	10,830	66,920	15,596
Cash in HRK account – life segment only	30,376	9,866	30,648	10,085
Cash in hand	45	91	752	247
Deposits with maturity up to three months	-	117,414	9,699	187,738
Total cash and cash equivalents	101,175	221,120	165,378	336,575

24. Equity

24.1. Share capital

Equity of the Company is determined in the nominal amount of HRK 601,575 thousand (31 December 2013 in the amount of HRK 442,887 thousand) and it comprises 429,697 shares with the par value of HRK 1,400, which have been paid entirely in cash, registered at the register of the Commercial Court in Zagreb.

The shares are marked as follows

- 307,598 are ordinary shares with the code CROS-R-A;
- 113,349 are ordinary shares of the 2nd issue with the code CROS-R-A;
- 8,750 are preference shares with the code CROS-P-A.

Preference shares provide their holders with the following rights:

- voting rights equal to the holders of ordinary shares;
- dividend payment in the amount of 8% annually on the nominal value of shares, for the year in which an appropriate profit was realised;
- cumulative dividend payment is guaranteed under condition that the Company's result enables the payment;
- cumulative dividend payment if the Company's result enables the payment of a higher dividend to all shareholders than the dividend from the previous point, as well as for the years when the liability cannot be settled due to insufficient profit.

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for the year ended 31 December 2014

The ownership structure as at 31 December 2014 and 31 December 2013 was as follows:

Shareholder	31 December 2014			31 December 2013		
	Number of shares	Nominal amount in HRK'000	Equity share %	Number of shares	Nominal amount in HRK'000	Equity share %
ADRIS grupa d.d.	263,419	368,787	61.3	30	42	0.0
DUUDI/Republic of Croatia	120,442	168,619	28.0	242,552	339,573	76.7
DUUDI/State Agency for Deposit Insurance	11,145	15,603	2.6	11,145	15,603	3.5
Raiffeisenbank Austria d.d.- custody account	19,503	27,304	4.5	19,745	27,643	6.2
Hypo Alpe-Adria-Bank d.d.- custody account	2,838	3,973	0.7	633	886	0.2
Kraš d.d.	1,400	1,960	0.3	1,400	1,960	0.4
Interkapital vrijednosni papiri d.o.o./collective account	821	1,149	0.2	204	286	0.1
Erste & Steiermarkische Bank d.d.- basic and custody account	690	966	0.2	3,904	5,466	1.2
Bahovec Srečko	583	816	0.1	576	806	0.2
ACK DD - in bankruptcy	500	700	0.1	500	700	0.2
Fran Mihaljević – University Hospital for Infectious Diseases	330	462	0.1	330	462	0.1
Hrvatski duhani d.d.	200	280	0.0	200	280	0.1
Kotoraš Marino	193	270	0.0	230	322	0.1
Škopljanac Ana	192	269	0.0	192	269	0.1
Auctor invest d.o.o./collective account	157	220	0.0	-	-	0.0
Centar za autizam	150	210	0.0	150	210	0.0
Jadrolinija	150	210	0.0	150	210	0.0
Monte-mont d.o.o.	145	203	0.0	-	-	0.0
Horvat Juraj	126	176	0.0	126	176	0.0
Grbavac Viktor	106	148	0.0	94	132	0.0
Hrenović Milan	101	141	0.0	101	141	0.0
Other shareholders	6,506	9,108	1.5	34,086	47,720	10.8
	429,697	601,576	100.0	316,348	442,887	100.0

On 18 December 2013 the Government of the Republic of Croatia adopted the Decision on the selection of Adris grupa d.d. as the best investor for the purchase of a portion of the equity share of the Republic of Croatia and recapitalization of CROATIA osiguranje d.d. Zagreb. Consequently, on 6 March 2014, the Republic of Croatia and Adris grupa d.d., Rovinj concluded an Agreement on the purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb which foresees the sale of 38.6% of shares of Croatia osiguranje d.d., and the Shareholder Agreement that regulates the relations between the Republic of Croatia and Adris grupa d.d. as the shareholder of Croatia osiguranje d.d.

Both Agreements became effective as of 22 April 2014 when the 39th General Assembly meeting of CROATIA osiguranje d.d. was held, where the decision was made to increase the Share capital by cash contributions by issuing 113,349 new ordinary shares in the amount of HRK 7,412.25 per share, or a total of HRK 840.17 million, which was fully paid by Adris. As per the General Assembly decision, the increased share capital of the Company amounts to HRK 601.57 million and is divided among 420,947 ordinary shares and 8,750 preference shares.

As of 22 April 2014, Adris grupa d.d. is the majority shareholder of Croatia osiguranje d.d.

In mid May 2014, Adris grupa d.d. issued a bid to take over the remaining shares of Croatia osiguranje d.d. at HRK 7,412.25 per share. It participated in the bid jointly with the Republic of Croatia and companies in the majority ownership of Adris grupa d.d. – Istragrafika, Hrvatski duhani and Maistra. The takeover bid was accepted by 673 shareholders and 26,815 ordinary and 1,115 preference shares were taken over. As a result, as of 1 July 2014 Adris Grupa holds a total of 169,440 shares of Croatia osiguranje, or a 53.56% share in the share capital. The Republic of Croatia holds a total of 120,442 shares or 38.07% share in the share capital.

Based on the decision of the 39th General Assembly meeting of Croatia osiguranje d.d. on the increase in the Company's share capital, and in accordance with the provisions of the Agreement on the purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb signed on 6 March 2014 between the Government of the Republic of Croatia and Adris grupa, on 15 September 2014 Adris grupa paid HRK 840,171,125.20 as a capital contribution to Croatia osiguranje. The share capital increase was recorded in the court register of the Commercial Court in Zagreb on 15 September 2014. After the capital contribution, the share of the majority shareholder, ADRIS grupa d.d., owned by the Company was increased from 53.56% to 65.81%. The total majority shareholder percentage consists of the own share of 61.3% increased by another custodian account owned by the majority shareholder of 4.5%.

24.2. Reserves

	Company	Company	Group	Group
	31 Dec	Restated	31 Dec	Restated
	2014	31 Dec 2013	2014	31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Legal reserves	23,576	23,576	23,788	23,788
Statutory reserves	147,220	142,903	147,220	142,903
Other reserves	342,211	342,211	343,738	342,487
	513,007	508,690	514,746	509,179

Pursuant to the Companies Act, 5% of profit for the year is allocated to the legal reserve until it reaches 5% of the equity.

Statutory reserves and other reserves were established by the distribution of profits from previous years.

24.3. Fair value reserve

Fair value reserve is presented as follows:

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Business property	79,790	159,458	174,156	268,400
Deferred tax from change in fair value reserve of business property	(15,958)	(31,892)	(34,831)	(53,334)
Financial assets available for sale	134,688	11,591	134,348	1,171
Deferred tax from change in fair value reserve of available-for-sale financial assets	(26,938)	(2,318)	(26,870)	(580)
	171,582	136,839	246,803	215,657

/i/ Fair value reserve of business property

	Company	Group
	in HRK'000	in HRK'000
1 January 2013	479,992	590,020
Decrease in fair value reserve	(182,850)	(185,029)
Release of fair value reserve, realised portion	(169,576)	(189,925)
31 December 2013	127,566	215,066
Decrease in fair value reserve	(61,274)	(70,828)
Release of fair value reserve, realised portion	(2,460)	(4,914)
31 December 2014	63,832	139,324

/ii/ Fair value reserve of available-for-sale financial assets

	Company	Group
	in HRK'000	in HRK'000
1 January 2013	(34,070)	(45,665)
Change in fair value of available-for-sale financial assets	92,517	97,159
Impairment of financial assets	(49,089)	(50,818)
Realized losses from available-for-sale financial assets	(85)	(85)
31 December 2013	9,273	591
Change in fair value of available-for-sale financial assets	153,639	164,879
Impairment of financial assets	(55,099)	(57,929)
Realized losses from available-for-sale financial assets	(63)	(63)
31 December 2014	107,750	107,478

25. Technical provisions

	Company		Group	
	31 Dec 2014	Company Restated 31 Dec 2013	31 Dec 2014	Group Restated 31 Dec 2013
	in HRK'000	U HRK	in HRK'000	U HRK
<i>Claims provisions, gross</i>				
Provisions for reported but not settled claims	1,597,603	1,574,104	1,777,164	1,724,377
Provisions for incurred, but not reported claims (IBNR)	974,887	1,014,801	1,088,298	1,131,949
Provisions for costs of claims handlings	128,624	103,556	152,180	104,532
Claims provisions, gross	2,701,114	2,692,461	3,017,642	2,960,858
Unearned premiums, gross	812,835	935,489	1,066,292	1,145,751
Mathematical provisions, gross	2,071,854	1,955,270	2,277,669	2,131,297
Other insurance-technical provisions, gross	96,726	47,399	123,534	94,337
Technical provisions for life insurance where the policyholder bears the risk	5,312	8,389	5,312	8,389
Total technical provisions	5,687,841	5,639,008	6,490,448	6,340,632

Other insurance-technical provisions include unexpired risk reserves.

25.1. Movements in reported but not settled claims, gross

	Company		Group	
	31 Dec 2014	Company Restated 31 Dec 2013	31 Dec 2014	Group Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Balance as at 1 January	21,839	27,641	22,061	28,127
Exchange differences	-	-	-	(3)
Claims incurred in the current year	11,762	10,323	12,008	10,336
Transfer from provisions for incurred, but not reported claims	522	506	567	506
Change in claims from the previous year	(3,049)	(9,453)	(2,976)	(9,527)
Settled claims	(9,117)	(7,178)	(9,136)	(7,378)
Balance as at 31 December	21,956	21,839	22,523	22,061
NON-LIFE				
Balance as at 1 January	1,552,265	1,662,539	1,702,316	1,736,128
Exchange differences	-	-	(198)	288
Claims incurred in the current year	319,169	288,772	220,827	85,158
Transfer from provisions for incurred, but not reported claims	117,838	85,516	104,707	25,706
Change in claims from the previous year	1,617	(34,888)	1,801	(13,473)
Settled claims	(415,241)	(449,674)	(274,813)	(131,491)
Balance as at 31 December	1,575,647	1,552,265	1,754,641	1,702,316
TOTAL LIFE AND NON LIFE				
Balance as at 31 December	1,597,603	1,574,104	1,777,164	1,724,377

25.2. Movements in incurred but not reported claims

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Balance as at 1 January	4,410	4,410	4,745	4,718
Exchange differences	-	-	2	(54)
Increases recognized during the year	1,797	2,254	2,376	2,516
Transfer to provisions for reported claims	(522)	(506)	(567)	(506)
Settled claims	(1,275)	(1,748)	(1,555)	(1,929)
Balance as at 31 December	4,410	4,410	5,001	4,745
NON-LIFE				
Balance as at 1 January	1,010,391	1,042,947	1,127,204	1,228,397
Exchange differences	-	-	(1,708)	(401)
Increases recognized during the year	227,736	218,021	259,260	182,890
Transfer to provisions for reported claims	(117,838)	(85,516)	(125,048)	(90,764)
Settled claims	(149,813)	(165,062)	(176,411)	(192,916)
Balance as at 31 December	970,476	1,010,390	1,083,297	1,127,204
TOTAL LIFE AND NON LIFE				
Balance as at 31 December	974,887	1,014,801	1,088,298	1,131,949

25.3. Movements in provisions for unearned premiums

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Balance as at 1 January	2,753	3,030	3,587	3,679
Exchange differences	-	-	9	
Written premiums during the year	366,589	356,051	439,979	417,646
Earned premiums during the year	366,734	(356,328)	440,068	417,738
Balance as at 31 December	2,607	2,753	3,507	3,587
NON-LIFE				
Balance as at 1 January	932,736	913,502	1,142,164	1,090,638
Exchange differences	-	-	(2,492)	
Written premiums during the year	1,913,317	2,269,034	2,429,287	2,714,296
Earned premiums during the year	2,035,825	(2,249,800)	2,506,175	2,662,770
Balance as at 31 December	810,228	932,736	1,062,785	1,142,164
TOTAL LIFE AND NON LIFE				
Balance as at 31 December	812,835	935,489	1,066,292	1,145,751

25.4. Movement in insurance mathematical provisions, gross

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
As at 1 January	1,955,270	1,920,261	2,131,297	2,068,934
Exchange differences	-	-	1,126	1,237
Allocated premium	303,541	286,621	332,112	312,204
Reversal of liabilities due to benefits paid, surrenders and other terminations	(257,669)	(323,123)	(257,669)	(323,123)
Capitalised technical interest	72,506	69,787	72,506	69,787
Change of discretionary bonus	(1,795)	1,724	(1,703)	2,258
As at 31 December	2,071,854	1,955,270	2,277,669	2,131,297

25.5. Movements in technical provisions for life insurance where policyholder bears the investment risk, gross

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Balance as at 1 January	8,389	11,425	8,389	11,425
Allocated premium	62	50	62	50
Reversal of liabilities due to benefits paid, surrenders and other terminations	(5,072)	(3,704)	(5,072)	(3,704)
Unrealised gains/losses on assets in which the policyholders' funds are invested	1,933	618	1,933	618
Balance as at 31 December	5,312	8,389	5,312	8,389

25.6. Analysis of movements in claims provisions (RBNS and IBNR) of non-life insurance

Company

	in HRK'000								Total
	Before 2008	2008	2009	2010	2011	2012	2013	2014	
Assessment of cumulative claims at the end of the year of the accident	-	1,971,449	1,884,850	1,640,995	1,664,547	1,508,800	1,406,818	1,244,991	-
One year later	-	1,940,497	1,778,879	1,558,308	1,552,097	1,421,351	1,351,615	-	-
Two years later	-	1,915,488	1,749,788	1,528,681	1,525,994	1,406,404	-	-	-
Three years later	-	1,900,147	1,738,681	1,499,108	1,516,011	-	-	-	-
Four years later	-	1,896,413	1,755,962	1,506,298	-	-	-	-	-
Five years later	-	1,913,218	1,745,577	-	-	-	-	-	-
Six years later	-	1,920,703	-	-	-	-	-	-	-
Assessment of cumulative claims	-	1,920,703	1,745,577	1,506,298	1,516,011	1,406,404	1,351,615	1,244,991	10,691,598
Cumulative payments	-	1,774,654	1,628,030	1,382,588	1,397,715	1,235,140	1,141,906	700,699	9,260,732
Provision for previous years	1,115,258	-	-	-	-	-	-	-	1,115,258
Costs of claims handling	55,763	7,302	5,877	6,186	5,915	8,563	10,485	27,215	127,306
Value recognized in the statement of financial position	1,171,020	153,351	123,424	129,896	124,210	179,827	220,194	571,506	2,673,429

25.7. Maturity of gross technical provisions

Company	in HRK'000				
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
2014					
Unearned premiums, gross	656,081	107,730	37,897	11,127	812,835
Mathematical provisions for insurance, gross	178,507	919,118	523,296	450,934	2,071,854
Claims provisions, gross	842,154	823,257	511,762	523,942	2,701,114
Other insurance-technical provisions, gross	79,860	12,731	2,126	2,010	96,726
Technical provisions for life insurance where the policyholder bears the investment risk	3,769	1,288	79	176	5,312
	1,760,370	1,864,124	1,075,160	988,188	5,687,841
Restated 2013					
Unearned premiums, gross	829,002	73,539	25,109	7,839	935,489
Mathematical provisions for insurance, gross	160,152	808,105	529,316	457,697	1,955,270
Claims provisions, gross	824,038	829,939	511,510	526,974	2,692,461
Other insurance-technical provisions, gross	7,024	4,593	1,566	34,216	47,399
Technical provisions for life insurance where the policyholder bears the investment risk	3,154	4,992	84	159	8,389
	1,823,370	1,721,168	1,067,585	1,026,885	5,639,008
Group					
	in HRK'000				
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
2014					
Unearned premiums, gross	848,224	144,386	62,707	10,975	1,066,292
Mathematical provisions for insurance, gross	212,044	913,217	596,154	556,253	2,277,669
Claims provisions, gross	1,186,895	830,680	527,519	472,548	3,017,642
Other insurance-technical provisions, gross	97,255	10,601	2,695	12,983	123,534
Technical provisions for life insurance where the policyholder bears the investment risk	3,769	1,288	79	176	5,312
	2,348,187	1,900,172	1,189,154	1,052,935	6,490,448
Restated 2013					
Unearned premiums, gross	930,645	166,875	39,941	8,290	1,145,751
Mathematical provisions for insurance, gross	167,859	844,552	579,310	539,576	2,131,297
Claims provisions, gross	910,564	1,047,452	515,502	487,339	2,960,858
Other insurance-technical provisions, gross	24,433	11,784	2,221	55,899	94,337
Technical provisions for life insurance where the policyholder bears the investment risk	3,154	4,992	84	159	8,389
	2,036,655	2,075,655	1,137,059	1,091,262	6,340,632

25.8. Analysis of claim (loss) ratios, cost ratios and combined ratios for the Company:

Types of non-life insurance	Claims ratio	Cost ratio	Combined ratio	Claims ratio	Cost ratio	Combined ratio
				Restated	Restated	Restated
	2014	2014	2014	2013	2013	2013
Accident insurance	30.91%	50.14%	81.05%	34.75%	43.02%	77.77%
Health insurance	165.28%	69.16%	234.44%	67.70%	27.74%	95.44%
Road vehicle insurance	100.13%	48.94%	149.07%	84.43%	46.11%	130.54%
Railroad rolling stock insurance	7.83%	51.07%	58.90%	62.23%	30.39%	92.62%
Aircraft insurance	95.65%	25.39%	121.05%	142.95%	21.06%	164.01%
Vessel insurance	37.20%	38.81%	76.01%	52.31%	34.51%	86.82%
Insurance for goods in transit	27.07%	35.16%	62.24%	11.31%	29.42%	40.73%
Insurance against fire and natural disaster	45.00%	46.10%	91.10%	51.19%	33.62%	84.81%
Other types of property insurance	74.63%	53.12%	127.75%	83.95%	40.18%	124.13%
Motor liability insurance	38.81%	58.37%	97.18%	25.53%	38.70%	64.23%
Aircraft liability insurance	6.72%	26.65%	33.37%	20.18%	31.19%	51.37%
Boat liability insurance	79.88%	31.25%	111.13%	24.93%	30.72%	55.65%
Other liability insurance	94.89%	40.33%	135.22%	56.98%	29.53%	86.51%
Loan insurance/credit insurance	83.51%	32.39%	115.91%	51.44%	35.08%	86.52%
Surety insurance	72.15%	23.58%	95.72%	83.15%	48.67%	131.82%
Miscellaneous financial loss insurance	26.43%	33.40%	59.82%	55.85%	31.50%	87.35%
Travel insurance	24.54%	65.06%	89.60%	36.80%	53.16%	89.96%
Total non-life insurance	56.65%	49.56%	106.21%	50.32%	38.26%	88.58%

The above ratios are calculated in accordance with the Ordinance on the structure and contents of financial statements of insurance and reinsurance companies (Official Gazette No. 132/10, 39/2012) adopted by the Croatian Financial Services Supervisory Agency.

Claims ratio, cost ratio and combined ratio by types of non-life insurance are calculated in the following way:

- Claims ratio = (settled claims, gross + change in claims provisions, gross) / (gross written premium + change in gross provisions for unearned premiums).
- Cost ratio = (administrative costs - income from commissions and fees + sales costs - change in deferred sales costs) / gross written premium.
- Combined ratio = claims ratio + cost ratio.

25.9. Analysis of assets covering mathematical provisions with liabilities under insurance contracts for the Company:

Type of financial instrument	Restated	
	31 Dec 2014	31 Dec 2013
	in HRK'000	in HRK'000
Assets covering mathematical provisions		
Securities issued by the Republic of Croatia and Croatian Bank for Reconstruction and Development	1,695,182	1,584,401
Bonds and other debt securities issued by a local and regional self-government unit in the Republic of Croatia	4,353	6,490
Bonds and other debt securities traded in the regulated securities market in the Republic of Croatia	32,574	42,524
Shares traded in the regulated securities market in the Republic of Croatia	10,858	12,429
Units and shares in investment funds registered in the Republic of Croatia	36,090	20,940
Advances and loans in the amount of total surrender value under life insurance	42,801	51,621
Deposits in banks with registered office in Republic of Croatia	285,568	310,275
Assets in the insurance company's business account	30,376	9,866
Total assets for covering mathematical provisions	2,137,803	2,038,546
Mathematical provisions, net of reinsurance	2,071,535	1,954,986
Provisions for claims based on risk types which require the forming of mathematical	20,876	19,911
Required mathematical provision coverage	2,092,411	1,974,897
Coverage excess	45,392	63,649

Movements in annual return on mathematical provision

Pursuant to the Ordinance on minimum standards, methods of calculating and guidelines for calculating technical provisions in insurance (Official Gazette Nos. 97/09, 135/09, 150/09) the maximum interest rate for the calculation of mathematical provision is 3.3% for insurance contracts concluded before 2010, 3% for insurance contracts concluded during 2010, and 2.50% or 2.25% for insurance contracts concluded after 2010, where the interest rate shall not be higher than the average return that the Company realized through investment of mathematical provision in the last three years.

The average return is calculated as a weighted average return on the mathematical provision in the last three years, where the weights represent the average value of mathematical provision during the year.

The average return is calculated as the sum of returns multiplied by the average value of mathematical provision for the last three full financial years (whereby the year for which mathematical provision is calculated is included in the annual financial statements) divided by the sum of the average values of mathematical provision.

The following table shows movements in the annual return realized from investment of assets covering mathematical provisions for 2014, 2013 and 2012;

	2012	2013	2014
	in HRK'000	in HRK'000	in HRK'000
Average balance of the mathematical provisions	1,868,421	1,937,766	2,013,562
Return on investment from mathematical provisions	112,793	115,298	117,400
Rate of annual return on mathematical provisions	6.04%	5.95%	5.82%
Average return on mathematical provisions for the past 3 years	5.70%	5.91%	5.94%

25.10. Analysis of assets covering technical provisions other than mathematical provisions with insurance contract liabilities for the Company:

Type of financial instrument	31 Dec 2014	31 Dec 2013
	in HRK'000	in HRK'000
Securities issued by the Republic of Croatia	1,219,599	1,079,824
Securities issued by the Croatian Bank for Reconstruction and Development	11,444	11,399
Bonds and other debt securities traded in the regulated securities market in the Republic of Croatia	63,070	52,335
Shares traded in the regulated securities market in the Republic of Croatia	70,620	87,887
Shares issued by a foreign joint stock company which are traded in regulated capital markets of member states or countries members of OECD	199,393	102,592
Units and shares in investment funds which are registered in the Republic of Croatia	101,948	343,923
Loans collateralized with lien on real estate or transfer of right of ownership	172,005	227,309
Deposits in banks with registered office in the Republic of Croatia	785,891	509,609
Loans collateralized with bank guarantee issued by a bank with registered office in the Republic of Croatia	-	-
Ownership of real estate and other property rights over real estate	419,614	481,167
Assets in insurance company's business account	63,874	86,004
Investments with the consent of the supervisory body	375,782	474,615
Total assets for covering technical provisions	3,483,240	3,456,664
Provisions for unearned premiums, net of reinsurance	772,608	887,477
Claims provisions, net of reinsurance	2,381,369	2,393,861
Other insurance technical provisions	96,726	47,399
Required coverage of technical provisions except mathematical provisions	3,250,703	3,328,737
Excess/shortage of coverage	232,537	127,927

On 31 December 2014 the assets covering technical provisions amounted to 107.15% of the required coverage of technical provisions (on 31 December 2013 the assets covering technical provisions amounted to 103.84 % of the required coverage for technical provisions) so the Company met the requirements of the supervisory body regarding the level of technical provisions.

26. Provisions

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	u 000 HRK	u 000 HRK	u 000 HRK	u 000 HRK
Provisions for termination benefits	146,459	10,214	150,453	11,921
Provisions for jubilee awards and termination benefits (retirement) /i/	68,330	82,186	74,126	88,109
Provisions for court cases	29,908	20,838	32,049	22,649
Other long-term provisions	3,794	-	4,505	476
	248,491	113,238	261,133	123,155

Movements in provisions for jubilee awards, pensions, court cases and other long-term provisions are shown in the table below:

Company	Other long-term provisions in HRK'000	Provisions for court cases in HRK'000	Provisions for jubilee awards and termination benefits (retirement) in HRK'000	Provisions for termination benefits in HRK'000	Total
					in HRK'000
Balance as at 1 January 2013	-	21,527	79,121	-	100,648
Additional provisions	-	11,878	3,065	10,214	25,157
Decrease in provisions	-	(12,567)	-	-	(12,567)
Balance as at 31 December 2013	-	20,838	82,186	10,214	113,238
Additional provisions	3,794	16,286	12,702	138,966	171,748
Decrease in provisions	-	(7,215)	(26,558)	(2,721)	(36,496)
Balance as at 31 December 2014	3,794	29,908	68,330	146,459	248,491

Group	Other long-term provisions in HRK'000	Provisions for court cases in HRK'000	Provisions for jubilee awards and termination benefits (retirement) in HRK'000	Provisions for termination benefits in HRK'000	Total
					in HRK'000
Balance as at 1 January 2013	-	21,527	83,393	1,669	106,589
Additional provisions	476	13,689	5,496	10,252	29,913
Decrease in provisions	-	(12,567)	(780)	-	(13,347)
Balance as at 31 December 2013	476	22,649	88,109	11,921	123,155
Additional provisions	4,505	17,317	14,160	141,253	177,235
Decrease in provisions	(476)	(7,917)	(28,143)	(2,721)	(39,257)
Balance as at 31 December 2014	4,505	32,049	74,126	150,453	261,133

The following assumptions were used for calculation:

- Employment termination rate is 5.34% (2013: 4.91%);
- Increase in salaries is not expected;
- Average tax rate of 25% (2013: 25%) was applied to the calculation of termination benefits.

The current liability was established by applying a discount rate of 3.45% (2013: 5%).

27. Deferred tax liability

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Balance as at 1 January	34,301	120,452	66,766	152,584
Utilization	351	(1,343)	351	(1,343)
Change in fair value of available-for-sale financial assets	25,432	2,319	24,731	2,666
Impairment of investments in real estate	(15,760)	(87,126)	(15,760)	(87,141)
Balance as at 31 December	43,623	34,302	76,088	66,766

Deferred tax liability was recognized by reduction to fair value of available-for-sale financial assets, land and buildings which are used for business operations, and part of land and buildings which are not used for business operations. In each accounting period it is reduced by 20% of the amount of depreciation resulting from change of fair value of land and buildings used for business operations.

28. Financial liabilities

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Financial liabilities with financial institutions	-	350,000	30,002	384,541
Other financial liabilities	-	56	1,526	6,173
	-	350,056	31,527	390,713

28.1. Liabilities to banks and other financial institutions

	Currency	Nominal rate %	Year of maturity	31 Dec 2014	31 Dec 2013
				in HRK'000	in HRK'000
Hypo Alpe Adria Bank	EUR	4.30%	2016	1,861	-
Hrvatska poštanska banka d.d., Zagreb	HRK	5.90%	2014	-	350,000
Erste & Steiermärkische Bank d.d., Rijeka	EUR	Fixed 3M ZIBOR +	2016	-	4,132
Croatia banka d,d, Zagreb	HRK	3.38%	2024	28,140	30,314
Unicredit leasing d,o,o,, Zagreb	EUR	10%	2014	-	95
				30,002	384,541

On 30 December 2013 Hrvatska poštanska banka d.d. Zagreb and the Company entered into a short-term loan contract in the amount of HRK 350,000 thousand for current assets with maturity on 3 January 2014. The interest rate was 5.90% per annum. As a means of securing payment the Company gave one promissory note in the amount of HRK 350,000 thousand. In January 2014, the loan was repaid.

28.2. Maturity of long-term liabilities

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
2014	-	350,056	-	354,108
2015	-	-	3,671	4,108
2016	-	-	3,201	2,828
2017	-	-	2,673	2,461
2018	-	-	2,792	2,589
2019 and thereafter	-	-	17,663	18,447
	-	350,056	30,001	384,541

29. Liabilities under insurance contracts, other liabilities and deferred income

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Liabilities arising from insurance contracts	83,288	87,246	103,476	106,625
Liabilities from reinsurance	8,958	17,207	40,496	50,099
Other liabilities	109,112	94,310	146,878	137,784
Accrued expenses	57,378	43,225	62,832	47,817
Deferred income	169,830	133,230	170,116	133,759
	428,567	375,217	523,798	476,084

/i/ Liabilities arising from insurance contracts

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Liabilities for claims and contracted insurance amounts	37,257	28,438	51,650	46,451
Liabilities for contribution to the Fire Department	1,017	1,500	1,019	1,500
Liabilities for guarantee fund	34,974	47,566	34,986	47,566
Liabilities to Croatian Insurance Bureau	30	118	30	117
Fee payable to Croatian financial Services Supervisory Agency	201	116	206	121
Liabilities for health insurance under motor liability premium	910	2,268	910	2,268
Other liabilities	8,898	7,240	14,675	8,602
	83,288	87,246	103,476	106,625

/ii/ Liabilities arising from coinsurance and reinsurance

	Company	Company	Group	Group
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Liabilities under reinsurance premium – domestic	8,894	17,207	8,550	1,044
Liabilities under reinsurance premium – abroad	64	-	31,390	49,055
Liabilities under coinsurance premium – domestic	-	-	64	-
Liabilities under coinsurance premium – abroad	-	-	493	-
	8,958	17,207	40,496	50,099

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/iii/ Other liabilities

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Trade payables	44,638	34,062	52,872	44,093
Advances received	617	305	1,259	539
Liabilities for net salaries	22,898	18,209	28,196	22,921
Liabilities for contributions from salaries	6,561	5,708	8,263	7,334
Liabilities for tax and surtax from salaries	4,524	3,693	5,351	4,618
Liabilities for contributions on salaries	5,828	4,472	6,956	5,513
Deductions from salaries and wages	1,640	2,069	1,679	646
Dividend payable	273	622	273	520
Liabilities to the state for sold flats	3,742	4,655	3,745	4,655
Due to employees	168	165	707	461
Liabilities for tax on motor liability and motor hull insurance	6,842	10,275	6,842	11,037
Other liabilities	11,381	10,075	30,735	35,447
	109,112	94,310	146,878	137,784

/iv/ Accruals and deferred income

	Company		Group	
	31 Dec 2014	Restated 31 Dec 2013	31 Dec 2014	Restated 31 Dec 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accrued costs for unused vacations	24,465	21,452	25,250	21,542
Payables for acquisition of financial assets	-	18,760	-	18,760
Other accrued costs	32,913	3,013	37,583	7,516
Total accruals	57,378	43,225	62,832	47,817
Accrued premium	-	6,461	-	6,536
Deferred income from recourses /i/	165,894	122,564	165,894	122,564
Other deferred income	3,936	4,205	4,222	4,660
Total deferred income	169,830	133,230	170,116	133,760
	227,209	176,455	232,948	181,577

/i/ Recognition of income from recourses is deferred due to uncertainty of collection presented in the amount of HRK 165,894 thousand (on 31 December 2013 in the amount of HRK 122,564 thousand). Income from recourses is deferred for recourses which are not settled with exception of recourses from other insurance companies which are recognised immediately (see Note 22).

30. Off-balance sheet items

Company

	Company	Company	Group	Group
	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Premium receivables written off from companies in bankruptcy	168,044	162,905	168,044	162,905
Shares and stakes written off of companies in bankruptcy	105,205	22,557	105,205	26,913
Placements and interest written off from companies in bankruptcy	49,551	49,551	84,399	83,873
Default interest on placements not recognised	9,084	31,905	9,084	32,863
	331,883	266,918	366,732	306,554
Recourse receivables not recognised	863,235	910,857	893,480	938,588
	1,195,118	1,177,774	1,260,211	1,245,142

31. Transactions with related parties

The Company believes that it has a direct related party relationship with the majority owner ADRIS grupa d.d. and the Republic of Croatia - and with largely state-owned companies, companies under control, under joint control or under significant influence of the key management and their close family members in accordance with the definitions contained in International Accounting Standard 24 "Related Party Disclosures" (IAS 24). The Group considers the members of the Management and Supervisory Board as key management.

Key transactions with subsidiaries

The Company ceded premium to reinsurance Croatia Lloyd d.d. of HRK 283,083 thousand (2013: HRK 354,958 thousand) and recovered HRK 148,061 of claims (2013: HRK 185,829 thousand).

The Company is paying income tax to the Republic of Croatia which is disclosed in Note 13. The Company is also paying salary taxes, which is disclosed in Note 10.2. There are no due unpaid liabilities to the Republic of Croatia in terms of taxes.

Other relations with subsidiaries, joint ventures and associated companies within the Group and other companies that have a significant impact on the Company's financial statements, and companies with majority state ownership are shown in the following tables for the years 2014 and 2013:

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Transactions and balances with the parent company and other related entities of the Company and the Group for 2014:

2014 in HRK'000	Loans and receivables	Reinsurance share in technical provisions	Receivables from insurance transactions	Other receivables	Liabilities from insurance transactions	Other liabilities	Written premiums	Premiums ceded to reinsurance	Investment income	Other income	Incurred claims	Reinsurance share in claims	Operating expenses
Company													
Subsidiaries	10,504	339,097	5,126	5,249	56,672	699	42,254	283,083	41,453	20,102	2,192	148,061	6,033
Group													
Adris grupa d.d. – parent company	-	-	-	-	-	295	358	-	-	-	608	-	691
Other Adris Group companies	-	-	1,591	-	129	8	26,208	-	-	-	9,447	-	186

Transactions and balances with parties related to the shareholder with significant influence on the Group (Republic of Croatia) for 2014:

2014 in HRK'000	Debt securities	Loans and receivables in HRK'000	Receivables from insurance transactions in HRK'000	Other receivables in HRK'000	Liabilities from insurance transactions in HRK'000	Income from insurance in HRK'000	Interest income in HRK'000	Other income in HRK'000	Expenses from insurance in HRK'000	Other expenses in HRK'000
State and all companies in which the state has majority ownership										
	2,975,811	33,932	11,680	120	70	100,886	144,805	347	61,098	22,947

Transactions and balances with subsidiaries of the Company for 2013:

2013 in HRK'000	Loans and receivables	Reinsurance share in technical provisions	Receivables from insurance transactions	Other receivables	Liabilities from insurance transactions	Other liabilities	Written premiums	Premiums ceded to reinsurance	Net finance income	Other income	Incurred claims	Reinsurance share in claims	Operating expenses
Company													
Subsidiaries	14,370	326,986	12,462	7,621	17,207	3,875	29,971	354,958	58,313	23,339	1,273	185,829	5,980

Transactions and balances with parties related to the shareholder with significant influence on the Group (Republic of Croatia) for 2013:

2013 in HRK'000	Debt securities	Loans and receivables	Receivables from insurance transactions	Other receivables	Liabilities from insurance transactions	Other liabilities	Income from insurance	Interest income	Other income	Expenses from insurance	Other expenses
State and all companies in which the state has majority ownership	2,814,566	277,521	15,738	383	560	1,059	138,396	144,169	3,236	66,505	24,292

/i/ Key management compensation

	Company	Company	Group	Group
	2014	Restated 2013	2014	Restated 2013
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Key management compensation	6,726	1,690	18,505	14,439

The Company's key management are the members of the Management Board and the Supervisory Board.

Key management compensation relates to gross salaries, premiums for life insurance, benefits in kind, bonuses, termination benefits and the Supervisory Board compensations.

32. Contingent liabilities

/i/ The Group has contingent liabilities in terms of payment instruments issued as part of its operating activities. It is unlikely that any significant liabilities could arise from such activities.

On account of its main business, the Group is subject to court procedures initiated by the injured parties. It is unlikely that such activities would affect the Company's liabilities. Provisions for court proceedings arising from claims incurred were provided for in the framework of claims provisions. The Management Board believes that these provisions are sufficient.

Other types of disputes have been initiated against the Group and the Company. The total value of legal claims against the Group is HRK 179,956 thousand (31 December 2013: HRK 177,751 thousand). At the reporting date, the Group recognised provisions in the amount of HRK 32,049 thousand (as at 31 December 2013 in the amount of HRK 22,649 thousand) (see Note 26).

/ii/ On 19 December 2013 the Croatian Competition Agency initiated court proceedings against the Croatian Insurance Bureau and 12 insurance companies in the Republic of Croatia in order to determine whether there was distortion of market competition by entering into a prohibited agreement. Should such intention to conclude a prohibited agreement be proven, the maximum fine may amount to 10% of total revenue.

33. Contractual liabilities undertaken

As at 31 December 2014 the Company's contractual liabilities for future investments amount to HRK 12,870 thousand based on binding bids for investments in venture capital funds (as at 31 December 2013: HRK 39,056 thousand).

34. Events after the balance sheet date

Group companies Croatia osiguranje d.d., Ljubuški and Croatia Sigurimi sh.a., Prishtina reported a solvency capital deficiency as at 31 December 2014.

Capital injections are planned by the Company in order to maintain the capital adequacy of these companies, which are currently estimated at EUR 4 million and EUR 1 million respectively.

35. Financial statements audit

The audit of both the Group's and Company's financial statements for 2014 was performed by the audit company PricewaterhouseCoopers d.o.o., Zagreb for an agreed fee of HRK 777 thousand plus VAT.

Appendix 2. Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

Pursuant to the Ordinance on the structure and content of the financial statements of insurance and reinsurance companies (OG 132/10, 39/12) which was issued by the Croatian Financial Services Supervisory Agency on the basis of the Insurance Act and the Accounting Act, below we present the financial statements of the company CROATIA osiguranje d.d., Zagreb in the form required by the stated Ordinance.

The reconciliation between the financial statements presented below on pages 3 to 19 as prescribed by the Ordinance on the structure and content of the financial statements of insurance and reinsurance companies and the annual financial statements prepared in accordance with the IFRS reporting framework, is presented on pages 21 to 28 entitled "Reconciliation of financial statements".

Statement of financial position (Balance sheet) as at 31 December 2014

ASSETS				<i>in HRK</i>					
Position number	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	A	RECEIVABLES FOR SUBSCRIBED UNPAID CAPITAL						
002		1	Called up capital						
003		2	Uncalled capital						
004	005+006	B	INTANGIBLE ASSETS		14,770,503	14,770,503		10,828,283	10,828,283
005		1	Goodwill						
006		2	Other intangible assets		14,770,503	14,770,503		10,828,283	10,828,283
007	008 +009 +010	C	TANGIBLE ASSETS		925,569,387	925,569,387		738,628,384	738,628,384
008		1	Land and buildings intended for company business operations		894,713,567	894,713,567		716,354,951	716,354,951
009		2	Equipment		25,380,438	25,380,438		17,828,699	17,828,699
010		3	Other tangible assets and stock		5,475,381	5,475,381		4,444,734	4,444,734
011	012+013+017+036	D	INVESTMENTS	2,121,439,942	3,548,336,615	5,669,776,557	2,240,764,820	3,934,571,726	6,175,336,547
012		I	Investments in land and buildings not intended for company business operations		656,118,194	656,118,194		514,715,135	514,715,135
013	014 +015 +016	II	Investments in subsidiaries, associates and joint ventures		365,626,213	365,626,213		421,370,992	421,370,992
014		1	Shares and stakes in subsidiaries		361,366,513	361,366,513		389,111,292	389,111,292
015		2	Shares and stakes in associates		4,259,700	4,259,700		4,259,700	4,259,700
016		3	Joint venture participation					28,000,000	28,000,000
017	018+021+026+032	III	Other financial investments	2,121,439,942	2,526,592,208	4,648,032,150	2,240,764,820	2,998,485,600	5,239,250,420
018	019+020	1	Held-to-maturity investments	1,574,485,381	1,064,379,005	2,638,864,386	1,395,070,434	848,512,148	2,243,582,581
019		1.1	<i>Debt securities and other securities with fixed revenue</i>	1,574,485,380.85	1,064,379,005	2,638,864,386	1,395,070,434	848,512,148	2,243,582,581
020		1.2	<i>Other held-to-maturity investments</i>						

Statement of financial position (Balance sheet) as at 31 December 2014

ASSETS									
Position number	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
				in HRK					
021	022+023+024+025	2	Available-for-sale investments	36,445,189	240,102,551	276,547,739	333,114,110	701,409,187	1,034,523,298
022		2.1	<i>Shares, stakes and other securities with variable revenue</i>	34,232,695.06	215,343,482	249,576,177	28,100,427	271,820,309	299,920,736
023		2.2	<i>Debt securities and other securities with fixed revenue</i>				305,013,683	405,686,626	710,700,309
024		2.3	<i>Units in investment funds</i>	2,212,493.50	24,759,069	26,971,563		23,902,253	23,902,253
025		2.4	Other available-for-sale investments						
026	027+028+029+030+031	3	Investments at fair value through profit or loss	98,613,451	430,616,858	529,230,308	109,088,399	176,374,180	285,462,579
027		3.1	<i>Shares, stakes and other securities with variable revenue</i>		9,685,686	9,685,686		14,721,774	14,721,774
028		3.2	<i>Debt securities and other securities with fixed revenue</i>	79,886,386.43	101,767,694	181,654,081	41,945,345	43,534,413	85,479,758
029		3.3	<i>Derivative financial instruments</i>						
030		3.4	<i>Units in investment funds</i>	18,727,064.24	319,163,477	337,890,541	67,143,054	118,117,993	185,261,047
031		3.5	<i>Other investments</i>						
032	033 +034 +035	4	Deposits, loans and receivables	411,895,922	791,493,794	1,203,389,716	403,491,877	1,272,190,085	1,675,681,962
033		4.1	<i>Deposits with credit institutions (banks)</i>	310,275,280.00	559,608,805	869,884,085	360,690,425	1,086,986,641	1,447,677,066
034		4.2	<i>Loans</i>	51,620,641.66	231,884,989	283,505,631	42,801,452	185,203,444	228,004,896
035		4.3	<i>Other loans and receivables</i>	50,000,000.00		50,000,000			
036		IV	Deposits on the basis of insurance business transferred to reinsurance (deposits with the cedent)						
037		E	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	8,388,857.08		8,388,857	5,311,503		5,311,503

Statement of financial position (Balance sheet) as at 31 December 2014

ASSETS				<i>in HRK</i>					
Position number	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
038	039+040+041+042 +043+044+045	F	REINSURANCE SHARE IN TECHNICAL PROVISIONS	287,895	326,697,870	326,985,765	321,003	339,094,600	339,415,603
039		1	Unearned premiums, reinsurance share	3,146.06	48,009,776	48,012,922	2,361	40,225,279	40,227,640
040		2	Mathematical provision, reinsurance share	284,748.75		284,749	318,643		318,643
041		3	Provision for claims outstanding, reinsurance share		278,688,093	278,688,093		298,869,321	298,869,321
042		4	Provisions for return of premiums depending and not depending on the result (bonuses and rebates), reinsurance share						
043		5	Equalisation provisions, reinsurance share						
044		6	Other insurance technical provisions, reinsurance share						
045		7	Special provision for life insurance group where the policyholder assumes the investment risk, reinsurance share						
046	047+048	G	DEFERRED AND CURRENT TAX ASSETS	1,259,200	53,693,672	54,952,871	3,027,828	172,645,306	175,673,134
047		1	Deferred tax assets	1,259,199.50	45,010,638	46,269,838	3,027,828	144,545,547	147,573,375
048		2	Current tax assets		8,683,033	8,683,033		28,099,759	28,099,759
049	050 +053 +054	H	RECEIVABLES	4,066,023	745,244,170	749,310,193	3,551,201	666,768,265	670,319,466
050	051+052	1	Receivables from direct insurance business	109,449	526,837,353	526,946,802	51,975	407,213,297	407,265,272
051		1.1	<i>From policyholders</i>	.00	525,213,758	525,213,758		406,187,749	406,187,749
052		1.2	<i>From insurance agents, or insurance brokers</i>	109,449.47	1,623,595	1,733,044	51,975	1,025,548	1,077,523
053		2	Receivables from co-insurance and reinsurance business		12,349,999	12,349,999		6,206,267	6,206,267

Statement of financial position (Balance sheet) as at 31 December 2014

ASSETS				<i>in HRK</i>					
Position number	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
054	055 +056 +057	3	Other receivables	3,956,573	206,056,819	210,013,392	3,499,226	253,348,702	256,847,927
055		3.1	<i>Receivables from other insurance business</i>		133,393,382	133,393,382		180,197,358	180,197,358
056		3.2	<i>Receivables for return on investments</i>	1,129,041.92	4,249,892	5,378,934	1,386,297	6,579,406	7,965,703
057		3.3	<i>Other receivables</i>	2,827,531.42	68,413,545	71,241,076	2,112,928	66,571,938	68,684,866
058	059 +063 +064	I	OTHER ASSETS	9,877,007	99,106,452	108,983,459	30,379,349	72,559,386	102,938,735
059	060 +061 +062	1	Cash at bank and cash in hand	9,866,925	93,839,479	103,706,404	30,375,939	70,799,380	101,175,319
060		1.1	<i>Funds on the business account</i>		93,748,511	93,748,511		70,754,171	70,754,171
061		1.2	<i>Funds on the account of assets covering mathematical provision</i>	9,866,271.29		9,866,271	30,375,931		30,375,931
062		1.3	<i>Cash in hand</i>	654.08	90,968	91,622	8	45,210	45,217
063		2	Non-current assets held for sale and business cessation						
064		3	Other	10,081.74	5,266,973	5,277,055	3,410	1,760,005	1,763,416
065	066 +067 +068	J	PREPAID EXPENSES AND ACCRUED INCOME	32,454,170	33,809,231	66,263,401	36,659,792	38,696,785	75,356,577
066		1	Deferred interest and rent	32,410,583.40	21,935,288	54,345,871	36,628,472	27,714,433	64,342,905
067		2	Deferred acquisition costs						
068		3	Other prepaid expenses and accrued income	43,586.41	11,873,944	11,917,530	31,320	10,982,352	11,013,672
069	001+004+007+011 +037+038+046 +049+058+065	K	TOTAL ASSETS (A+B+C+D+E+F+G+H+I+J)	2,177,773,093	5,747,227,900	7,925,000,993	2,320,015,497	5,973,792,735	8,293,808,232
070		L	OFF-BALANCE SHEET ITEMS	82,647,220.00	1,112,471,075	1,195,118,295		1,177,771,285	1,177,771,285

Statement of financial position (Balance sheet) as at 31 December 2014

in HRK

EQUITY AND LIABILITIES				Previous year			Current year		
Position number	Sum elements	Position code	Position description	Life	Non-life	Total	Life	Non-life	Total
071	072+076+077+081+085+088	A	CAPITAL AND RESERVES	149,849,087	1,251,465,053	1,401,314,140	153,793,344	1,711,684,604	1,865,477,949
072	073 +074 +075	1	Share capital	44,288,720	398,598,480	442,887,200	44,288,720	557,287,080	601,575,800
073		1.1	<i>Paid-up capital - ordinary shares</i>	44,288,720.00	386,348,480	430,637,200	44,288,720	545,037,080	589,325,800
074		1.2	<i>Paid-up capital - preference shares</i>		12,250,000	12,250,000		12,250,000	12,250,000
075		1.3	<i>Called up capital</i>						
076		2	Issued shares premiums (capital reserves)					681,482,525	681,482,525
077	078 +079 +080	3	Revaluation reserves	1,997,913	134,841,367	136,839,280	10,398,213	161,183,135	171,581,348
078		3.1	<i>Land and buildings</i>	0.00	127,566,231	127,566,231		63,831,734	63,831,734
079		3.2	<i>Financial investments</i>	1,997,912.85	7,275,137	9,273,049	10,398,213	97,351,401	107,749,614
080		3.3	<i>Other revaluation reserves</i>	0.00					
081	082 +083 +084	4	Reserves	81,746,348	426,943,385	508,689,733	83,803,430	429,203,402	513,006,832
082		4.1	<i>Legal reserves</i>	721,928.73	22,853,579	23,575,508	721,929	22,853,579	23,575,508
083		4.2	<i>Statutory reserves</i>	5,524,419.39	137,378,978	142,903,398	7,581,501	139,638,995	147,220,496
084		4.3	<i>Other reserves</i>	75,500,000.00	266,710,827	342,210,827	75,500,000	266,710,827	342,210,827
085	086+087	5	Transferred (retained) profit or loss	13,587,779	530,506,527	544,094,306	19,759,024	290,917,509	310,676,533
086		5.1	<i>Retained earnings</i>	13,587,778.63	530,506,527	544,094,306	19,759,024	290,917,509	310,676,533
087		5.2	<i>Transferred loss (-)</i>	0.00					
088	089+090	6	Profit or loss for the current accounting period	8,228,327	-239,424,706	-231,196,379	-4,456,043	-408,389,047	-412,845,090
089		6.1	<i>Profit for the current accounting period</i>	8,228,327.18		8,228,327			
090		6.2	<i>Loss for the current accounting period (-)</i>	0.00	-239,424,706	-239,424,706	-4,456,043	-408,389,047	-412,845,090
091		B	SUBORDINATED LIABILITIES						

Statement of financial position (Balance sheet) as at 31 December 2014

in HRK

EQUITY AND LIABILITIES				Previous year						Current year		
Position number	Sum elements	Position code	Position description	Life	Non-life	Total	Life	Non-life	Total			
092	093+094+095+096+097+098	C	TECHNICAL PROVISIONS	1,985,322,093	3,645,296,555	5,630,618,648	2,102,145,887	3,580,383,579	5,682,529,465			
093		1	Unearned premiums, gross amount	2,752,715.21	932,736,360	935,489,075	2,607,291	810,227,910	812,835,201			
094		2	Mathematical insurance provisions, gross amount	1,955,270,395.07		1,955,270,395	2,071,853,669		2,071,853,669			
095		3	Claims provisions, gross amount	27,298,982.74	2,665,161,560	2,692,460,542	27,684,927	2,673,429,429	2,701,114,356			
096		4	Provisions for return of premiums depending and not depending on the result (bonuses and rebates), gross amount									
097		5	Equalisation provision, gross amount		3,571,635	3,571,635		4,326,239	4,326,239			
098		6	Other insurance technical provisions, gross amount		43,827,000	43,827,000		92,400,000	92,400,000			
099		D	SPECIAL PROVISION FOR LIFE INSURANCE GROUP WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	8,388,857.08		8,388,857	5,311,503		5,311,503			
100	101+102	E	OTHER RESERVES	10,165,273	104,953,320	115,118,594	27,210,743	223,160,325	250,371,068			
101		1	Provisions for pensions and similar liabilities	10,165,273.44	103,072,939	113,238,213	27,210,743	221,279,945	248,490,687			
102		2	Other reserves		1,880,381	1,880,381		1,880,381	1,880,381			
103	104+105	F	DEFERRED AND CURRENT TAX LIABILITY	499,478	39,829,760	40,329,238	3,326,529	48,427,801	51,754,329			
104		1	Deferred tax liability	499,478.21	33,802,302	34,301,781	3,326,529	40,296,906	43,623,435			
105		2	Current tax liability	0.00	6,027,457	6,027,457		8,130,894	8,130,894			
106		G	DEPOSIT RETAINED FROM BUSINESS CEDED TO REINSURANCE									

Statement of financial position (Balance sheet) as at 31 December 2014

in HRK

EQUITY AND LIABILITIES				Previous year			Current year		
Position number	Sum elements	Position code	Position description	Life	Non-life	Total	Life	Non-life	Total
107	108 +109 +110	H	FINANCIAL LIABILITIES		350,056,575	350,056,575			
108		1	Borrowings		350,056,575	350,056,575			
109		2	Issued securities payable						
110		3	Other financial liabilities						
111	112+113+114+115	I	OTHER LIABILITIES	14,529,162	188,191,900	202,721,062	23,424,685	187,730,444	211,155,129
112		1	Liabilities from direct insurance business	2,547,239.03	84,698,307	87,245,546	3,731,279	79,556,222	83,287,501
113		2	Liabilities from co-insurance and reinsurance business	1,725.13	17,205,005	17,206,730	1,353	8,956,789	8,958,142
114		3	Liabilities for sale and ceased business						
115		4	Other liabilities	11,980,197.43	86,288,588	98,268,785	19,692,052	99,217,433	118,909,486
116	117+118	J	ACCRUED EXPENSES AND DEFERRED INCOME	9,019,143	167,434,737	176,453,880	4,802,807	222,405,983	227,208,789
117		1	Deferred reinsurance commission						
118		2	Other accrued expenses and deferred income	9,019,142.74	167,434,737	176,453,880	4,802,807	222,405,983	227,208,789
119	071+091+092+099+100+103 +106+107+111 +116	K	TOTAL EQUITY AND LIABILITIES (A+B+C+D+E+F+G+H+I+J)	2,177,773,093	5,747,227,900	7,925,000,993	2,320,015,497	5,973,792,735	8,293,808,232
120		L	OFF-BALANCE SHEET ITEMS	82,647,220.00	1,112,471,075	1,195,118,295		1,177,771,285	1,177,771,285

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003+004+005+006+007+008+009	I	Earned premiums (recognized in revenue)	356,204,388	1,847,824,047	2,204,028,436	366,486,262	1,667,636,447	2,034,122,709
002		1	Gross written premiums	356,051,053.05	2,269,034,358	2,625,085,411	366,588,588	1,913,316,598	2,279,905,186
003		2	Co-insurance premiums	0.00					
004		3	Value adjustment and charged adjustment of insurance/co-insurance premium value	0.00	-47,443,390	-47,443,390		-50,603,385	-50,603,385
005		4	Premiums ceded to reinsurance (-)	-124,519.91	-354,833,709	-354,958,229	-246,965	-309,800,719	-310,047,684
006		5	Premiums ceded to co-insurance (-)	0.00					
007		6	Change in gross provisions for unearned premiums (+/-)	277,363.73	-19,233,950	-18,956,586	145,425	122,508,450	122,653,875
008		7	Change in provisions for unearned premiums, reinsurance share (+/-)	491.58	300,738	301,229	-786	-7,784,497	-7,785,283
009		8	Change in provisions for unearned premiums, co-insurance share (+/-)	0.00					
010	011+012+016+017+018+022+023	II	Investment income	122,150,589	220,900,051	343,050,640	120,638,458	212,854,801	333,493,259
011		1	Income from subsidiaries, associates and joint ventures	73,750.00	46,084,983	46,158,733	185,700	26,437,836	26,623,536
012	013 +014 +015	2	Income from investments in land and buildings		36,265,570	36,265,570		55,116,258	55,116,258
013		2.1	Rental income	0.00	24,757,122	24,757,122		25,657,099	25,657,099
014		2.2	Income from increase in the value of land and buildings	0.00	11,470,042	11,470,042		29,405,968	29,405,968
015		2.3	Income from sale of land and buildings	0.00	38,405	38,405		53,191	53,191
016		3	Interest income	103,986,785.51	103,803,707	207,790,493	109,439,084	105,345,882	214,784,965
017		4	Unrealised gains from investments at fair value through profit or loss	298,939.23	1,444,078	1,743,017	2,700,896	8,224,022	10,924,918

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
018	019 +020 +021	5	Gains on sale (realization) of financial investments	1,657,526	2,898,353	4,555,879	1,595,476	3,978,357	5,573,833
019		5.1	<i>Investments at fair value through profit or loss</i>	1,657,526.15	2,394,115	4,051,641	1,595,476	3,567,823	5,163,299
020		5.2	<i>Available-for-sale investments</i>	0.00	504,238	504,238		410,534	410,534
021		5.3	<i>Other gains on sale of financial investments</i>	0.00					
022		6	Net foreign exchange gains	15,616,990.45	6,269,134	21,886,125	6,296,300	7,822,550	14,118,850
023		7	Other investment income	516,597.45	24,134,227	24,650,824	421,002	5,929,898	6,350,899
024		III	Commission and fee income	16,343.75	22,832,715	22,849,059	8,473	22,441,204	22,449,677
025		IV	Other insurance-technical income, net of reinsurance	54,332.14	10,730,926	10,785,258	319,798	50,218,365	50,538,163
026		V	Other income	254,584.56	27,111,691	27,366,276	234,493	18,018,308	18,252,801
027	028+032	VI	Expenditure for insured events, net	-343,131,167	-946,377,351	-1,289,508,518	-263,134,642	-980,658,619	-1,243,793,261
028	029 +030 +031	1	Settled claims	-348,324,323	-1,070,457,023	-1,418,781,346	-262,748,698	-992,571,976	-1,255,320,674
029		1.1	<i>Gross amount (-)</i>	-348,324,322.77	-1,278,949,481	-1,627,273,804	-262,748,698	-1,140,632,604	-1,403,381,301
030		1.2	<i>Coinsurance share (+)</i>						
031		1.3	<i>Reinsurance share (+)</i>		208,492,458	208,492,458		148,060,627	148,060,627
032	033 +034 +035	2	Change in provisions for claims outstanding (+/-)	5,193,156	124,079,672	129,272,828	-385,944	11,913,358	11,527,413
033		2.1	<i>Gross amount (-)</i>	5,193,156.20	146,743,605	151,936,762	-385,944	-8,267,870	-8,653,814
034		2.2	<i>Coinsurance share (+)</i>						
035		2.3	<i>Reinsurance share (+)</i>		-22,663,934	-22,663,934		20,181,227	20,181,227

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
036	037+040	VII	Change in mathematical provision and other technical provisions, net of reinsurance	-34,954,626	-7,846,035	-42,800,661	-116,549,380	-49,327,604	-165,876,984
037	038+039	1	Change in insurance mathematical provisions (+/-)	-34,954,626		-34,954,626	-116,549,380		-116,549,380
038		1.1	Gross amount (-)	-35,009,325.19		-35,009,325	-116,583,274		-116,583,274
039		1.2	Reinsurance share (+)	54,699.43		54,699	33,894		33,894
040	041 +042 +043	2	Change in other technical provisions, net of reinsurance (+/-)		-7,846,035	-7,846,035		-49,327,604	-49,327,604
041		1.1	Gross amount (-)		-7,846,035	-7,846,035		-49,327,604	-49,327,604
042		1.2	Coinsurance share (+)						
043		1.3	Reinsurance share (+)						
044	045 +046 +047	VIII	Change in special provision for life insurance group where the policyholder assumes the investment risk, net of reinsurance (+/-)	3,696,021		3,696,021	4,541,840		4,541,840
045		1	Gross amount (-)	3,696,020.91		3,696,021	4,541,840		4,541,840
046		2	Coinsurance share (+)						
047		3	Reinsurance share (+)						
048	049+050	IX	Expenditures for return of premium (bonuses and rebates), net of reinsurance						
049		1	Depending on the result (bonuses)						
050		2	Not depending on the result (rebates)						

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
051	052+056	X	Business expenditures (for business operations), net	-87,827,582	-855,320,827	-943,148,409	-114,901,915	-970,686,822	-1,085,588,737
052	053 +054 +055	1	Acquisition costs	-20,077,104	-206,838,207	-226,915,311	-21,042,368	-212,783,126	-233,825,495
053		1.1	Commission	-13,401,269.69	-156,504,788	-169,906,058	-13,580,346	-173,603,627	-187,183,972
054		1.2	Other sales costs	-6,675,834.33	-50,333,419	-57,009,253	-7,462,023	-39,179,500	-46,641,522
055		1.3	Change in deferred acquisition costs (+/-)	0.00					
056	057 +058 +059	2	Administration costs	-67,750,478	-648,482,619	-716,233,098	-93,859,547	-757,903,695	-851,763,242
057		2.1	Depreciation	-1,681,952.31	-44,409,359	-46,091,312	-1,705,830	-40,378,713	-42,084,543
058		2.3	Salaries, taxes and contributions from and on salaries	-43,632,048.81	-332,564,746	-376,196,795	-44,280,904	-333,743,728	-378,024,632
059		2.4	Other administrative costs	-22,436,477.03	-271,508,514	-293,944,991	-47,872,813	-383,781,255	-431,654,068
060	061+062+063+064+065+066+067	XI	Investment costs	-5,792,843	-461,462,685	-467,255,529	-2,425,166	-308,576,358	-311,001,524
061		1	Depreciation of land and buildings not intended for business operations of the company	0.00					
062		2	Interest	0.00	-229,317	-229,317		-575,699	-575,699
063		3	Impairment of investments	-287,506.50	-130,760,116	-131,047,623	-1,180,566	-96,766,571	-97,947,137
064		4	Losses from sale (realization) of financial assets	-2,325,542.05	-5,640,415	-7,965,957	-146,697	-228,489	-375,186
065		5	Adjustment of financial assets at fair value through profit or loss	-2,667,237.38	-4,752,535	-7,419,772	-566,159	-2,604,672	-3,170,831
066		6	Net foreign exchange losses	0.00					
067		7	Other investment costs	-512,557.45	-320,080,303	-320,592,860	-531,744	-208,400,928	-208,932,673
068	069+070	XII	Other technical expenses, net of reinsurance	-285,921	-77,738,989	-78,024,910	-247,031	-58,417,737	-58,664,768
069		1	Expenses for preventive operations	0.00					
070		2	Other technical insurance expenses	-285,920.65	-77,738,989	-78,024,910	-247,031	-58,417,737	-58,664,768

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
071		XIII	Other expenses including value adjustments	0.00	-20,860,951	-20,860,951	-468,885	-111,425,942	-111,894,827
072	001+010+024+025+026+027+036+044+048+051+060+068+071	XIV	Profit or loss for the accounting period before taxation (+/-)	10,384,120	-240,207,409	-229,823,289	-5,497,696	-507,923,956	-513,421,652
073	074+075	XV	Profit or loss tax	-2,155,793	782,703	-1,373,090	1,041,653	99,534,909	100,576,562
074		1	Current tax expense	-776,933.25	-30,251,449	-31,028,383			
075		2	Deferred tax expense (income)	1,378,859.97	31,034,152	29,655,292	1,041,653	99,534,909	100,576,562
076	072+073	XVI	Profit or loss for the accounting period after taxation (+/-)	8,228,327	-239,424,706	-231,196,379	-4,456,043	-408,389,047	-412,845,090
077		1	Attributable to equity holders of the parent Company						
078		2	Attributable to non-controlling interest						
079	001+010+024+025+026+075	XVII	TOTAL INCOME	477,301,378	2,160,433,582	2,637,734,960	488,729,137	2,070,704,034	2,559,433,171
080	027+036+044+048+051+060+068+071+074	XVIII	TOTAL EXPENSES	-469,073,051	2,399,858,288	2,868,931,339	493,185,180	2,479,093,081	2,972,278,261

in HRK

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
081	082+083+084+085+086 +087+088+089	XIX	Other comprehensive income	14,268,036	-153,776,308	-139,508,272	8,400,300	28,802,332	37,202,632
082		1	Profits/losses on translation of financial statements on foreign operating activities	0.00					
083		2	Profits/losses on revaluation of financial assets available for sale	14,268,036.21	29,075,087	43,343,123	8,400,300	90,076,265	98,476,565
084		3	Profits/losses on revaluation of land and buildings intended for business activities of the company	0.00	-182,851,395	-182,851,395		-61,273,933	-61,273,933
085		4	Profits/losses on revaluation of other tangible and (except for land and property) intangible assets	0.00					
086		5	Effects from cash flow hedging instruments	0.00					
087		6	Actuarial profits/losses on defined benefit pension plans	0.00					
088		7	Share in other comprehensive income of associated companies	0.00					
089		8	Profit tax on other comprehensive income	0.00					
090	076+081	XX	Total comprehensive income	22,496,363	-393,201,014	-370,704,651	3,944,257	-379,586,715	-375,642,458
091		1	Attributable to equity holders of the parent Company						
092		2	Attributable to non-controlling interest						
093		XXI	Reclassification adjustments						

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Current business period	Same period of the previous year
001	002 +013 +031	I	CASH FLOW FROM OPERATING ACTIVITIES	-869,368,214	293,795,135
002	003+004	1	Cash flow before changes in operating assets and liabilities	-215,208,450	159,437,143
003		1.1	Profit/loss before tax	-513,421,652	-229,823,289
004	005+006+007 +008+009+010 +011+012	1.2	Adjustments for:	298,213,202	389,260,432
005		1.2.1	Depreciation of property and equipment	37,770,397	41,218,625
006		1.2.2	Amortisation	4,314,145	4,872,686
007		1.2.3	Impairment and profit/loss from reduction to fair value	405,885,258	462,495,348
008		1.2.4	Interest expense	575,699	229,317
009		1.2.5	Interest income	-214,784,965	-207,790,493
010		1.2.6	Share in profit of associates		
011		1.2.7	Profits/losses on sale of tangible assets (including land and buildings)	-34,657,807	-8,098,370
012		1.2.8	Other adjustments	99,110,475	96,333,318
013	014+015+...+030	2	Increase/decrease in assets and liabilities	-628,231,938	140,158,081
014		2.1	Increase/decrease in investments available-for-sale	-757,975,558	-89,721,069
015		2.2	Increase/decrease in investments valued at fair value through profit and loss	172,945,368	120,403,487
016		2.3	Increase/decrease in deposits, loans and receivables	-527,792,981	115,683,923
017		2.4	Increase/decrease in deposits in insurance business ceded to reinsurance		
018		2.5	Increase/decrease in investments for the account and risk of life insurance policyholders	3,077,354	3,036,357
019		2.6	Increase/decrease in reinsurance share in technical provisions	-12,429,839	22,308,005
020		2.7	Increase/decrease in tax assets	-120,720,263	-38,338,326
021		2.8	Increase/decrease in receivables	367,728,719	196,034,136
022		2.9	Increase/decrease in other assets		
023		2.10	Increase/decrease in prepaid expenses and accrued income	-9,093,176	-5,419,532
024		2.11	Increase/decrease in technical provisions	51,910,817	-90,124,816
025		2.12	Increase decrease in life insurance technical provisions where the policyholder bears the investment risk	-3,077,354	-3,036,357
026		2.13	Increase/decrease in tax liabilities	11,425,091	-90,941,897
027		2.14	Increase/decrease in deposits retained from business ceded to reinsurance		
028		2.15	Increase/decrease in financial liabilities		
029		2.16	Increase/decrease in other liabilities	145,014,974	22,841,548
030		2.17	Increase/decrease in accrued expenses and deferred income	50,754,910	-22,567,379
031		3	Income tax paid	-25,927,826	-5,800,090

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period from 1 January 2014 to 31 December 2014

in HRK

Position number	Sum elements	Position code	Position description	Current business period	Same period of the previous year
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	389,231,920	-539,457,301
033		1	Proceeds on sale of tangible assets	8,703,337	7,836,000
034		2	Expenses for purchase of tangible assets	-37,770,397	-41,218,625
035		3	Proceeds from sale of intangible assets	3,942,220	
036		4	Expenses for purchase of intangible assets	-4,314,145	-8,156,977
037		5	Proceeds from sale of land and buildings not intended for business operations of the company	-2,990,390	3,330,065
038		6	Expenses for purchase of land and buildings not intended for business operations of the company		
039		7	Increase/decrease in investments in subsidiaries, associates and joint ventures	-55,744,779	-18,608,446
040		8	Proceeds from held- to-maturity investments	395,281,805	
041		9	Expenses for held- to-maturity investments		-471,566,072
042		10	Proceeds from sale of securities and stakes		
043		11	Expenses for investments in securities and stakes		
044		12	Proceeds from dividends and share in profit	26,623,536	71,434,922
045		13	Proceeds from payment of given short-term and long-term loans	118,422,760	231,287,852
046		14	Expenses for short-term and long-term loans granted	-62,922,026	-313,796,019
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	488,210,420	298,742,024
048		1	Cash inflows on the basis of initial capital increase	840,171,125	
049		2	Cash inflows from received short-term and long-term loans	750,575,699	470,234,193
050		3	Cash outflows for repayment of received short-term and long-term loans	-1,101,207,973	-170,492,413
051		4	Cash outflows for repurchase of own shares		
052		5	Cash outflows for payment of dividends	-1,328,432	-999,756
053	001 +032 +047		NET CASH FLOW	8,074,126	53,079,858
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	-14,118,850	-21,886,125
055	053+054	H	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-6,044,724	31,193,734
056		1	Cash and cash equivalents at beginning of period	108,983,459	77,789,725
057	055+056	2	Cash and cash equivalents at end of period	102,938,735	108,983,459

STATEMENT OF CHANGES IN EQUITY for the period from 1 January 2014 to 31 December 2014

in HRK

No.	Position description	Attributable to owners of the parent						Attributable to non-controlling interest	Total capital and reserves
		Paid-up capital (ordinary and preference shares)	Premium on issued shares	Revaluation reserves	Reserves (legal, statutory, other)	Retained earnings or accumulated loss	Profit/loss for the year		
I.	Balance as at 1 January of previous year	442,887,200		447,056,364	479,083,468	264,148,429	118,425,061	1,751,600,522	1,751,600,522
1.	Changes in accounting policies								
2.	Correction of errors from previous periods			-1,014,250		-20,011,122		-21,025,372	-21,025,372
II.	Balance as at 1 January of previous year (restated)	442,887,200		446,042,113	479,083,468	244,137,308	118,425,061	1,730,575,150	1,730,575,150
III.	Comprehensive income or loss for the previous year			-139,508,272		-248,464,774	17,268,395	-370,704,651	-370,704,651
1.	Profit or loss of the period					-248,464,774	17,268,395	-231,196,379	-231,196,379
2.	Other comprehensive income or loss for the previous year			-139,508,272				-139,508,272	-139,508,272
2.1.	Unrealised gains or losses from tangible assets (land and buildings)			-182,851,395				-182,851,395	-182,851,395
2.2.	Unrealised gains or losses from financial assets available for sale			42,924,196				42,924,196	42,924,196
2.3.	Realised gains or losses from financial assets available for sale			418,926				418,926	418,926
2.4.	Other non-owner changes in equity								
IV.	Transactions with owners (previous period)			-169,694,561	29,606,265	299,956,998	-118,425,061	41,443,640	41,443,640
1.	Increase/decrease in subscribed capital								
2.	Other payments by owners								
3.	Payment of shares in profit /dividends						-980,000	-980,000	-980,000
4.	Other distributions to owners			-169,694,561	29,606,265	299,956,998	-117,445,061	42,423,640	42,423,640
V.	Balance as at the last day of the reporting period in the previous year	442,887,200		136,839,280	508,689,733	295,629,531	17,268,395	1,401,314,140	1,401,314,140

STATEMENT OF CHANGES IN EQUITY for the period from 1 January 2014 to 31 December 2014

in HRK

No.	Position description	Attributable to owners of the parent						Total capital and reserves	Attributable to non-controlling interest	Total capital and reserves
		Paid-up capital (ordinary and preference shares)	Premium on issued shares	Revaluation reserves	Reserves (legal, statutory, other)	Retained earnings or accumulated loss	Profit/loss for the year			
VI.	Balance as at 1 January of the current year	442,887,200		136,839,280	508,689,733	295,629,531	17,268,395	1,401,314,140		1,401,314,140
1.	Changes in accounting policies									
2.	Correction of errors from previous periods									
VII.	Balance as at 1 January of the current year (restated)	442,887,200		136,839,280	508,689,733	295,629,531	17,268,395	1,401,314,140		1,401,314,140
VIII.	Comprehensive income/loss for the current year			37,202,632			-412,845,090	-375,642,458		-375,642,458
1.	Profit or loss of the period						-412,845,090	-412,845,090		-412,845,090
2.	Other comprehensive income or loss for the current year			37,202,632				37,202,632		37,202,632
2.1.	Unrealised gains or losses from tangible assets (land and buildings)			-61,273,933				-61,273,933		-61,273,933
2.2.	Unrealised gains or losses from financial assets available for sale			98,128,983				98,128,983		98,128,983
2.3.	Realised gains or losses from financial assets available for sale			347,582				347,582		347,582
2.4.	Other non-owner changes in equity									
IX.	Transactions with owners (current period)	158,688,600	681,482,525	-2,460,564	4,317,099	15,047,002	-17,268,395	839,806,266		839,806,266
1.	Increase/decrease in subscribed capital	158,688,600	681,482,525					840,171,125		840,171,125
2.	Other payments by owners									
3.	Payment of shares in profit /dividends						-980,000	-980,000		-980,000
4.	Other transactions with owners			-2,460,564	4,317,099	15,047,002	-16,288,395	615,141		615,141
X.	Balance as at the last day of the reporting period in the current year	601,575,800	681,482,525	171,581,348	513,006,832	310,676,533	-412,845,090	1,865,477,949		1,865,477,949

Reconciliation of the financial statements and the Croatian Financial Services Supervisory Agency Schedules

The reconciliation between the financial statements presented on pages 3 to 19 as prescribed by the Ordinance on the structure and content of the financial statements of insurance and reinsurance companies and the annual financial statements prepared in accordance with the IFRS reporting framework, is presented on pages 21 to 27.

Statement of financial position (Balance sheet) as at 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Other tangible assets and reserves transferred to other receivables	Transfer of investments for the account and risk of life insurance policyholders to available-for- sale financial assets	Transfer of current tax assets to other receivables	Transfer of deferred income and prepaid expenses to other receivables	Transfer of received cheques and bills of exchange from cash to other receivables	Netting of intersegment assets and liabilities	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
INTANGIBLE ASSETS	10,828							10,828	Intangible assets
TANGIBLE ASSETS	738,628	(295)						738,333	Property and equipment
Land and buildings intended for business operations	716,355								
Equipment	17,829								
Other tangible assets	4,445	(295)							
INVESTMENTS	6,175,337		5,312					6,180,649	
Investments in land and buildings not intended for business operations	514,715							514,715	Investment property
Investments in subsidiaries, associates and joint ventures	421,371							421,371	Investments in subsidiaries, associates and participation in joint ventures
Held-to-maturity investments	2,243,583							2,243,583	Held-to-maturity investments
Available-for-sale financial assets	1,034,523		5,312					1,039,835	Available-for-sale financial assets
Financial assets at fair value through profit or loss	285,463							285,463	Financial assets at fair value through profit or loss
Loans and receivables	1,675,682							1,675,682	Loans and receivables
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	5,312		(5,312)					-	
Investments for the account and risk of life insurance policyholders	5,312		(5,312)					-	

Statement of financial position (Balance sheet) as at 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Other tangible assets and reserves transferred to other receivables	Transfer of investments for the account and risk of life insurance policyholders to available-for-sale financial assets	Transfer of current tax assets to other receivables	Transfer of deferred income and prepaid expenses to other receivables	Transfer of received cheques and bills of exchange from cash to other receivables and non-current assets held for sale	Netting of intersegme nt assets and liabilities	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
REINSURANCE SHARE IN TECHNICAL PROVISIONS	339,416							339,416	Reinsurance share in technical provisions
Unearned premiums, reinsurance share	40,228								
Mathematical provision, reinsurance share	319								
Provision for claims outstanding, reinsurance share	298,869								
DEFERRED AND CURRENT TAX ASSETS	175,673			(28,100)				147,573	Deferred tax assets
Deferred tax assets	147,573								
Current tax assets	28,100			(28,100)					
RECEIVABLES	670,319	295		28,100	75,357	1,763	(19,808)	756,026	Insurance and other receivables
Receivables from direct insurance business	407,265								
Receivables from co-insurance and reinsurance business	6,206								
Other receivables	256,848	295		28,100	75,357	1,763	(19,808)		
CASH AND CASH EQUIVALENTS	102,939						(1,763)	101,175	Cash and cash equivalents
Cash at bank and in hand	101,175								
Other	1,763						(1,763)		
ACCRUED EXPENSES AND DEFERRED INCOME	75,357				(75,357)			0	
TOTAL ASSETS	8,293,808							8,274,000	

Statement of financial position (Balance sheet) as at 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of profit for the year to retained earnings	Transfer of special provision for life insurance group where the policyholder assumes the risk to technical provisions	Transfer of liabilities for housing fund from other reserves to other liabilities	Transfer of accrued expenses and deferred income to other liabilities	Transfer of current tax liability to other liabilities	Netting of intersegment assets and liabilities	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
<u>CAPITAL AND RESERVES</u>	1,865,478							1,865,478	
Share capital	601,576							601,576	Subscribed capital
Issued shares premiums (capital reserves)	681,483							681,483	Premium on issued shares
Revaluation reserves	171,581							171,581	Fair value reserve
Reserves	513,007							513,007	Reserves
Transferred (retained) profit or loss	310,677	(412,845)						(102,169)	Retained earnings
Loss for the year	(412,845)	412,845						-	
<u>TECHNICAL PROVISIONS</u>	5,682,529		5,312					5,687,841	Technical provisions
Unearned premiums, gross amount	812,835								
Mathematical insurance provisions, gross amount	2,071,854								
Claims provisions, gross amount	2,701,114		5,312						
Provisions for return of premiums depending and not depending on the result (bonuses and rebates), gross amount									
Equalisation provision	4,326								
Other insurance-technical provisions, gross amount	92,400								
<u>TECHNICAL LIFE INSURANCE PROVISIONS WHERE THE POLICY HOLDER BEARS THE RISK</u>	5,312		(5,312)					-	
Technical life insurance provisions where the policy holder bears the risk	5,312		(5,312)					-	

Statement of financial position (Balance sheet) as at 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of profit for the year to retained earnings	Transfer of special provision for life insurance group where the policyholder assumes the risk to technical provisions	Transfer of liabilities for housing fund from other reserves to other liabilities	Transfer of accrued expenses and deferred income to other liabilities	Transfer of current tax liability to other liabilities	Netting of intersegm ent assets and liabilities	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
OTHER RESERVES	250,371			(1,880)				248,491	Provisions
Provisions for pensions and similar liabilities	248,491								
Other reserves	1,880			(1,880)					
DEFERRED AND CURRENT TAX LIABILITY	51,754					(8,131)		43,623	Deferred tax liability
Deferred tax liability	43,623								
Current tax liability	8,131					(8,131)			
FINANCIAL LIABILITIES	-							-	Financial liabilities
									Liabilities arising from insurance contract, other liabilities and deferred income
OTHER LIABILITIES	211,155			1,880	227,209	8,131	(19,808)	428,567	
Liabilities from direct insurance business	83,288								
Liabilities from co-insurance and reinsurance business	8,958								
Other liabilities	118,909			1,880	227,209	8,131	(19,808)		
ACCRUED EXPENSES AND DEFERRED INCOME	227,209				(227,209)			-	
Accrued expenses and deferred income	227,209				(227,209)				
TOTAL EQUITY AND LIABILITIES	8,293,808							8,274,000	

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of impairment of premium receivables on gross written premium	Transfer of other income to other operating income	Offsetting foreign exchange differences	Summary presentation of claims incurred	Summary presentation of reinsurance in claims incurred	Transfer from other technical expenses to administrative expenses	Transfer of other expenses, including value adjustments to other operating expenses	Statutory financial statements
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000
Gross written premiums	2,279,905	(50,603)						2,229,302	Gross written premiums
Value adjustment and charged adjustment of insurance/co-insurance premium value	(50,603)	50,603						-	
Premiums ceded to reinsurance (-)	(310,048)							(310,048)	Premiums ceded to reinsurance
Change in gross provisions for unearned premiums	122,654							122,654	Change in gross provisions for unearned premiums
Change in provisions for unearned premiums, reinsurance share	(7,785)							(7,785)	Change in provisions for unearned premiums, reinsurance share
Earned premiums (recognized in revenue)	2,034,123							2,034,123	
Income from subsidiaries, associates and joint ventures	26,624							26,624	
Income from investments in land and buildings	55,116							55,116	
Interest income	214,785							214,785	
Unrealised gains from investments at fair value through profit or loss	10,925							10,925	
Gains on sale (realization) of financial investments	5,574							5,574	
Net foreign exchange gains	14,119			2,631				16,750	
Other investment income	6,351							6,351	
Investment income	333,493			2,631				336,124	Finance income

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of impairment of premium receivables on gross written premium	Transfer of other income to other operating income	Offsetting foreign exchange differences	Summary presentation of claims incurred	Summary presentation of reinsurance in claims incurred	Transfer from other technical expenses to administrative expenses	Netting of finance income and costs	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
Commission and fee income	22,450								22,450	Commission and fee income
Other insurance-technical income, net of reinsurance	50,538		18,253						68,791	Other operating income
Other income	18,253		(18,253)						-	
Settled claims - gross amount	(1,403,381)				1,403,381				-	
Settled claims - reinsurance share	148,061					(148,061)			-	
Change in provisions for claims outstanding - gross amount	(8,654)				8,654				-	
Reinsurance share - reinsurance share	20,181					(20,181)			-	
Change in mathematical provision - gross amount	(116,583)				116,583				-	
Change in mathematical provision - reinsurance share	34					(34)			-	
Change in other technical provisions, net of reinsurance	(49,328)				49,328				-	
Change in special provision for life insurance group where the policyholder assumes the investment risk, net of reinsurance	4,542				(4,542)				-	
	-				(1,573,404)				(1,573,404)	Claims incurred
	-						168,276		168,276	Reinsurance share in claims incurred
Acquisition costs	(233,825)								(233,825)	Acquisition costs
Administration costs	(851,763)						(400)		(852,163)	Administrative expenses

Statement of comprehensive income (Income statement) for the period from 1 January 2014 to 31 December 2014

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of impairment of premium receivables on gross written premium	Transfer of other income to other operating income	Offsetting foreign exchange differences	Summary presentation of claims incurred	Summary presentation of reinsurance in claims incurred	Transfer from other technical expenses to administrative expenses	Netting of finance income and costs	Statutory financial statements	
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	
Interest	(576)								(576)	
Impairment of investments	(97,947)								(97,947)	
Losses from sale (realization) of investments	(375)								(375)	
Adjustment of financial assets at fair value through profit or loss	(3,171)								(3,171)	
Net foreign exchange losses				(2,631)					(2,631)	
Other investment costs	(208,933)								(208,933)	
Investment costs	(311,002)			(2,631)					(313,633)	Finance costs
Other technical expenses, net of reinsurance	(58,665)						400	(111,895)	(170,160)	Other operating expenses
Other expenses, including value adjustments	(111,895)							111,895	-	
Profit or loss for the accounting period before taxation	(513,422)								(513,422)	Loss before tax
Tax on profit or loss from ordinary activities	100,577								100,577	Income tax
Profit or loss for the accounting period after taxation	(412,845)								(412,845)	Loss for the year

Statement of cash flows

The Statement of cash flows prepared in accordance with the Ordinance on the structure and content of financial statements of insurance and reinsurance companies ("the Ordinance"), whose preparation is set out in detail in the Instructions for completing the financial statements of insurance and reinsurance companies, differ in presentation from the Statement of cash flows in the statutory financial statements.

The main differences in presentation are as follows:

1. The differences in the positions of increase or decrease in assets and liabilities in the Statement of cash flows in the statutory financial statements and the Statement of cash flows under the Ordinance arise due to differences in the relevant positions of assets and liabilities due to the different presentation in the financial statements compared to the Ordinance. These differences are presented in the adjustments of the Statement of financial position (the Balance sheet).

2. Cash and cash equivalents at the beginning and end of the period presented in the financial statements include deposits with contractual maturity up to 3 months as opposed to cash and cash equivalents at the beginning and end of the period presented in the Statement of cash flows under the Ordinance.

Statement of changes in equity

In the statements under the Ordinance, Profit/loss for the current year is presented in the eponymous column and in the subsequent period, upon adoption of the Decision of the General Assembly and the Supervisory Board, profit/loss is transferred through Other non-owner changes in equity to Retained earnings, while in the statutory financial statements it is presented under Retained earnings.

Additional notes at the request of the Regulator

In accordance with the Ordinance on the structure and content of financial statements of insurance and reinsurance companies, additional notes are presented below on pages 28 to 32.

Analysis by insurance type

The analysis of written premium and claims incurred by type of insurance is presented in the following tables. Gross written premiums have been adjusted by the net increase of value adjustment for the premium receivable and corresponding write-offs.

Company 2014	Gross written premium	Premium ceded to reinsurance	Gross claims incurred	Reinsurance share in claims incurred
	HRK'000	HRK'000	HRK'000	HRK'000
Accident insurance	139,195	(8,091)	(47,358)	2,981
Health insurance	9,132	-	(18,736)	1
Road motor vehicle insurance	230,156	(233)	(257,864)	153
Railroad rolling stock insurance	6,961	-	(517)	-
Aircraft insurance	7,617	(5,750)	(6,887)	6,370
Vessel insurance	90,072	(59,634)	(37,532)	16,067
Insurance for goods in transit	30,073	(2,689)	(8,188)	75
Insurance against fire and natural disasters	199,495	(93,454)	(98,773)	36,101
Other types of property insurance	292,313	(41,496)	(249,332)	29,807
Motor liability insurance	566,070	(11,694)	(270,954)	17,742
Aircraft liability insurance	5,051	(3,082)	(244)	35
Vessel liability insurance	23,732	(12,382)	(18,675)	5,667
Other types of liability insurance	100,115	(47,625)	(108,840)	33,816
Loan insurance/credit insurance	116,816	(6,001)	(61,558)	16,631
Surety insurance	713	-	(509)	-
Miscellaneous financial loss insurance	37,002	(17,669)	(10,252)	2,796
Travel insurance	8,200	-	(2,009)	-
Total non-life insurance	1,862,713	(309,800)	(1,198,228)	168,242
Life insurance	346,072	(155)	(366,557)	34
Annuity insurance	3,648	-	(4,984)	-
Additional insurance with life insurance	16,806	(92)	(3,164)	-
Life or annuity insurance where the policyholder bears the investment risk	62	-	(470)	-
Total life insurance	366,589	(247)	(375,176)	34
	2,229,302	(310,047)	(1,573,404)	168,276

Analysis by insurance type (continued)

Company Restated 2013	Gross written premium	Premium ceded to reinsurance	Gross claims incurred	Reinsurance share in claims incurred
	HRK'000	HRK'000	HRK'000	HRK'000
Accident insurance	159,347	(7,967)	(57,092)	4,041
Health insurance	17,819	-	(11,068)	(77)
Road motor vehicle insurance	246,065	(276)	(225,237)	5
Railroad rolling stock insurance	6,851	(107)	(2,472)	-
Aircraft insurance	8,361	(5,890)	(10,570)	9,888
Vessel insurance	102,342	(70,696)	(52,548)	25,530
Insurance for goods in transit	34,951	(6,848)	(3,966)	476
Insurance against fire and natural disasters	230,615	(99,986)	(124,675)	71,499
Other types of property insurance	363,780	(51,009)	(325,925)	33,168
Motor liability insurance	786,193	(11,873)	(202,739)	(2,227)
Aircraft liability insurance	5,140	(4,908)	(1,011)	(129)
Vessel liability insurance	21,764	(11,775)	(5,296)	2,808
Other types of liability insurance	113,735	(49,021)	(66,193)	17,662
Loan insurance/credit insurance	77,885	(15,600)	(26,452)	11,967
Surety insurance	517	-	(472)	-
Miscellaneous financial loss insurance	37,077	(18,879)	(20,867)	11,216
Travel insurance	9,149	-	(3,472)	-
Total non-life insurance	2,221,591	(354,834)	(1,140,052)	185,829
Life insurance	335,065	(35)	(365,594)	55
Annuity insurance	3,022	-	(4,249)	-
Additional insurance with life insurance	17,914	(90)	(4,698)	-
Life or annuity insurance where the policyholder bears the investment risk	50	-	98	-
Total life insurance	356,051	(125)	(374,444)	55
Total	2,577,642	(354,958)	(1,514,496)	185,883

Breakdown of acquisition costs by operating segment

	2014			Restated 2013		
	Commission	Other sales costs	Acquisition costs	Commission	Other sales costs	Acquisition costs
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000
Non-life insurance						
Accident insurance	14,069	2,427	16,495	13,898	3,577	17,475
Health insurance	852	250	1,103	956	305	1,261
Road motor vehicle insurance	25,009	4,206	29,215	23,623	7,644	31,267
Railroad rolling stock insurance	1,162	104	1,266	740	77	817
Aircraft insurance	141	92	233	28	110	138
Vessel insurance	2,746	1,372	4,118	2,657	2,272	4,929
Insurance for goods in transit	1,205	397	1,601	530	594	1,124
Insurance against fire and natural disasters	21,851	3,330	25,182	18,861	4,794	23,655
Other types of property insurance	27,949	5,563	33,513	25,450	8,816	34,265
Motor liability insurance	47,336	17,766	65,102	47,163	17,408	64,571
Aircraft liability insurance	29	58	87	32	97	129
Vessel liability insurance	281	292	573	313	417	730
Other types of liability insurance	7,401	1,661	9,062	6,013	2,343	8,356
Loan insurance/credit insurance	19,727	820	20,547	13,605	871	14,476
Surety insurance	22	6	28	82	12	94
Miscellaneous financial loss insurance	1,992	462	2,455	614	781	1,395
Travel insurance	1,833	373	2,206	1,945	214	2,158
Total non-life insurance	173,604	39,179	212,783	156,508	50,333	206,842
Life insurance						
Life insurance	13,058	7,065	20,123	12,438	6,282	18,721
Annuity insurance	130	55	185	97	45	141
Additional insurance with life insurance	388	341	730	430	348	778
Life or annuity insurance where the policyholder bears the investment risk	4	1	5	436	1	437
Total life insurance	13,580	7,462	21,042	13,401	6,676	20,077
Total	187,184	46,642	233,825	169,909	57,009	226,918

Breakdown of administration costs (administrative expenses) by operating segments

	2014				Restated 2013			
	Depreciation	Salaries, taxes and contributions from and on salaries	Other administration costs	Administration costs	Depreciation	Salaries, taxes and contributions from and on salaries	Other administration costs	Administration costs
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000
Non-life insurance								
Accident insurance	2,997	24,324	27,307	54,628	3,461	25,784	20,239	49,484
Health insurance	314	2,690	3,064	6,068	255	1,968	1,522	3,745
Road motor vehicle insurance	4,601	37,445	44,554	86,600	5,326	40,083	34,476	79,885
Railroad rolling stock insurance	131	1,011	1,148	2,290	87	621	447	1,155
Aircraft insurance	86	911	1,086	2,083	92	832	508	1,432
Vessel insurance	1,835	15,131	16,541	33,507	2,204	15,734	11,800	29,738
Insurance for goods in transit	413	3,975	4,802	9,189	559	4,312	3,020	7,891
Insurance against fire and natural disasters	4,358	35,827	40,652	80,836	4,561	33,997	27,432	65,990
Other types of property insurance	7,079	58,344	65,109	130,532	7,948	59,371	48,312	115,631
Motor liability insurance	14,595	119,015	139,215	272,826	15,507	116,168	99,833	231,508
Aircraft liability insurance	59	596	730	1,385	79	741	523	1,343
Vessel liability insurance	377	3,178	3,456	7,011	394	2,834	2,189	5,417
Other types of liability insurance	2,153	17,528	19,590	39,271	2,282	16,891	12,842	32,015
Loan insurance/credit insurance	652	7,428	9,225	17,305	708	6,184	3,343	10,235
Surety insurance	7	64	68	139	10	77	56	143
Miscellaneous financial loss insurance	550	4,874	5,611	11,034	757	5,616	3,879	10,252
Travel insurance	174	1,403	1,625	3,202	180	1,352	1,088	2,620
Total non-life insurance	40,379	333,744	383,781	757,904	44,410	332,565	271,509	648,484
Life insurance								
Life insurance	1,605	41,697	45,050	88,352	1,581	40,973	21,074	63,628
Annuity insurance	14	366	404	785	11	327	162	500
Additional insurance with life insurance	86	2,212	2,413	4,711	90	2,323	1,196	3,609
Life or annuity insurance where the policyholder bears the investment risk	-	6	6	11	-	9	5	14
TOTAL life insurance	1,706	44,281	47,873	93,860	1,682	43,632	22,436	67,750
Total	42,085	378,025	431,654	851,763	46,092	376,197	293,945	716,234

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 Additional notes at the request of the regulator

Investment income and expenses by source of funding

	2014			Restated 2013		
	Life	Non-life	Total	Life	Non-life	Total
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000
Total investment income	120,638	212,855	333,493	122,151	220,900	343,051
Income from assets covering capital	2,208	37,371	39,579	1,066	46,642	47,708
Income from assets covering mathematical provisions	118,431	-	118,431	121,084	-	121,084
Income from assets covering other technical provisions	-	175,484	175,484	-	174,259	174,259
Total investment expenses	(2,425)	(308,576)	(311,002)	(5,793)	(461,463)	(467,256)
Expenses from assets covering capital	(1,134)	(157,927)	(159,061)	(6)	(40,204)	(40,210)
Expenses from assets covering mathematical provisions	(1,291)	-	(1,291)	(5,787)	-	(5,787)
Expenses from assets covering other technical provisions	-	(150,649)	(150,649)	-	(421,258)	(421,258)