



CROATIA OSIGURANJE

osiguranje 1884



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

Zagreb, October 2014

## CONTENTS

	Page
<b>Unaudited consolidated financial reports</b>	3
– Consolidated total gains report (profit & loss account)	4
– Consolidated report on financial position (Balance sheet)	6
– Consolidated report on Changes in Equity	8
– Consolidated report on cash flows	9
<b>Interim Management Report</b>	10
<b>Notes to the unaudited consolidated financial statements</b>	15
<b>Statement of the persons responsible for the preparation of finan. statements</b>	19

**I UNAUDITED CONSOLIDATED FINANCIAL REPORTS**
**Reporting period:**  to 
**Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG**

Tax number(MB)	<input type="text" value="03276147"/>		
Company registration number (MBS)	<input type="text" value="080051022"/>		
Personal identification number (OIB)	<input type="text" value="26187994862"/>		
Issuing company:	<input type="text" value="CROATIA osiguranje d.d."/>		
Postal code and place	<input type="text" value="10000"/>	<input type="text" value="ZAGREB"/>	
Street and house number:	<input type="text" value="MIRAMARSKA 22"/>		
E-mail address:	<input type="text"/>		
Internet address	<input type="text" value="www.crosig.hr"/>		
Municipality/city code and name	<input type="text" value="133"/>	<input type="text" value="ZAGREB"/>	
County code and name	<input type="text" value="21"/>	<input type="text" value="GRAD ZAGREB"/>	Number of employees: <input type="text" value="3.866"/>
Consolidated report:	<input type="text" value="YES"/>		(quarter end) NKD code: <input type="text" value="65.12"/>

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

Bookkeeping service:	<input type="text"/>	<input type="text"/>
Contact person:	<input type="text" value="Gordana Golub Levančić"/>	
Telephone:	<input type="text" value="01/6333 108"/>	Telefaks: <input type="text" value="01/6332 073"/>
E-mail address:	<input type="text" value="izdavatelj@crosig.hr"/>	
Family name and name:	<input type="text" value="VOLARIĆ SANEL, KOŠTOMAJ ANDREJ, MIŠEVIĆ NIKOLA"/>	
	<small>(person authorized to represent the company)</small>	

**Documents to be published:**

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

L.S.

Member of the Board

Andrej Koštomaj

President of the Board

Sanel Volarić

**UNAUDITED CONSOLIDATED ON COMPREHENSIVE PROFIT (PROFIT AND LOSS ACCOUNT)  
FOR THE PERIOD 01.01.2014-30.09.2014**

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>I. Earned premiums (AOP 125 to 132)</b>	<b>124</b>	288.755.397	1.715.159.908	2.003.915.305	313.866.804	1.624.685.527	1.938.552.331
1. Gross written premiums	125	288.186.790	2.213.036.826	2.501.223.616	313.591.251	1.985.471.016	2.299.062.267
2. Coinsurance premium	126		601.153	601.153		1.217.217	1.217.217
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-61.361.558	-61.361.558		-66.648.605	-66.648.605
4. Premiums ceded to reinsurance	128	-201.283	-255.880.375	-256.081.659	-468.358	-226.994.633	-227.462.992
5. Premiums ceded to coinsurance	129		-199.726	-199.726		-57.555	-57.555
6. Change in gross unearned premium provision	130	747.003	-217.158.499	-216.411.497	679.768	-76.148.128	-75.468.360
7. Change in unearned premium provision, reinsurer's share	131	22.887	22.330.409	22.353.296	64.144	7.820.241	7.884.386
8. Change in unearned premium provision, coinsurer's share	132		13.791.678	13.791.678		25.973	25.973
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	99.057.270	136.075.644	235.132.914	96.543.194	155.753.689	252.296.884
1. Income from branch-offices, associated companies and joint ventures	134	73.750	1.012.582	1.086.332	185.700	21.432.499	21.618.199
2. Income from investments into land and buildings (136 to 138)	135	3.478	6.429.169	6.432.646	20.075	6.940.807	6.960.882
2.1. Income from rental fees	136	3.478	6.423.380	6.426.857	20.075	6.572.072	6.592.147
2.2. Income from increased value of land and buildings	137					356.587	356.587
2.3. Income from real estate sale	138		5.789	5.789		12.148	12.148
3. Interest income	139	84.630.863	99.486.000	184.116.863	88.616.973	92.585.718	181.202.691
4. Unrealized profits from investment at fair value	140	1.441.815	3.320.484	4.762.299	3.515.026	9.908.886	13.423.912
5. Gain on sale (realization) of financial investments (142 to 145)	141	1.465.778	4.762.515	6.228.293	2.246.081	6.083.381	8.329.462
5.1. Investment at fair value through profit and loss account	142	1.126.015	4.258.277	5.384.292	1.452.034	5.634.264	7.086.299
5.2. Investment available for sale	143	339.762	504.238	844.001	794.047	449.116	1.243.163
5.3. Other gains on sale of financial investments	144						
6. Net positive exchange rate differences	145	10.970.383	4.641.704	15.612.087		9.834.760	9.834.760
7. Other investment income	146	471.203	16.423.190	16.894.393	1.959.339	8.967.639	10.926.978
<b>III. Income from commissions and fees</b>	<b>147</b>	13.905	34.321.756	34.335.661	5.335	29.796.675	29.802.011
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	36.124	23.390.297	23.426.421	313.814	30.702.421	31.016.235
<b>V. Other income</b>	<b>149</b>	2.266.600	162.698.468	164.965.068	5.612.186	156.720.789	162.332.975
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-252.159.248	-940.569.395	-1.192.728.643	-208.806.887	-1.022.742.775	-1.231.549.662
1. Paid claims (AOP 152 to 154)	151	-262.104.832	-953.779.105	-1.215.883.937	-214.475.138	-930.112.817	-1.144.587.955
1.1. Gross amount	152	-262.255.144	-1.084.104.675	-1.346.359.818	-214.475.138	-1.006.427.884	-1.220.903.023
1.2. Coinsurer's share	153		794.785	794.785		723.332	723.332
1.3. Reinsurer's share	154	150.312	129.530.784	129.681.096		75.591.735	75.591.735
2. Change in claims provision (AOP 156 to 158)	155	9.945.584	13.209.710	23.155.294	5.668.251	-92.629.958	-86.961.707
2.1. Gross amount	156	9.945.584	35.212.563	45.158.148	5.668.251	-105.154.796	-99.486.545
2.2. Coinsurer's share	157		220.740	220.740			
2.3. Reinsurer's share	158		-22.223.593	-22.223.593		12.524.837	12.524.837
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-44.610.108	3.000.000	-41.610.108	-102.020.678	-43.925.825	-145.946.503
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-44.610.108		-44.610.108	-102.020.678		-102.020.678
1.1. Gross amount	161	-44.610.108		-44.610.108	-101.954.091		-101.954.091
1.2. Reinsurer's share	162				-66.587		-66.587
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		3.000.000	3.000.000		-43.925.825	-43.925.825
2.1. Gross amount	164		3.000.000	3.000.000		-43.925.825	-43.925.825
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
<b>VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)</b>	<b>167</b>	2.879.461		2.879.461	3.599.607		3.599.607
1. Gross amount	168	2.879.461		2.879.461	3.599.607		3.599.607
2. Coinsurer's share	169						
3. Reinsurer's share	170						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>		-1.082.938	-1.082.938		-228.670	-228.670
1. Depending on results (bonuses)	172		1.562.997	1.562.997		600.000	600.000
2. Irrespective of results (discounts)	173		-2.645.935	-2.645.935		-828.670	-828.670

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-75.937.498	-788.699.502	-864.636.999	-93.723.739	-858.390.367	-952.114.105
1. Sales expenses (AOP 176 to 178)	175	-22.536.705	-234.664.498	-257.201.203	-20.337.376	-226.199.324	-246.536.700
1.1. Commission	176	-16.763.177	-144.942.368	-161.705.545	-16.033.677	-149.372.428	-165.406.103
1.2. Other sales expenses	177	-5.773.529	-94.721.360	-100.494.889	-4.303.699	-78.845.057	-83.148.757
1.3. Change in split sales expenses	178		4.999.230	4.999.230		2.018.159	2.018.159
2. Management expenses (AOP 180 to 182)	179	-53.400.792	-554.035.003	-607.435.796	-73.386.362	-632.191.043	-705.577.405
2.1. Depreciation of tangible assets	180	-1.540.103	-42.803.656	-44.343.759	-1.694.933	-39.516.187	-41.211.120
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-36.660.815	-297.325.954	-333.986.768	-35.936.973	-288.599.927	-324.536.900
2.3. Other management expenses	182	-15.199.875	-213.905.393	-229.105.269	-35.754.456	-304.074.929	-339.829.385
<b>XI. Investment expenses(AOP 184 to 189)</b>	<b>183</b>	-6.978.573	-82.330.430	-89.309.003	-3.845.810	-136.710.208	-140.556.019
1. Depreciation (buildings not intended for business activities of the company)	184						
2. Interest	185	-30.133	-175.849	-205.982	-19.565	-575.699	-595.263
3. Investment impairments	186		-36.853.482	-36.853.482	-1.180.566	-72.566.541	-73.747.107
4. Losses from sale (realizations) of investment	187	-2.136.674	-450.776	-2.587.450	-146.697	-230.805	-377.502
5. Adjustment of financial assets at fair value through P&L	188	-4.407.479	-8.882.354	-13.289.833	-771.754	-14.276.749	-15.048.503
6. Net foreign exchange losses	189				-1.357.580		-1.357.580
7. Other investment costs	190	-404.287	-35.967.970	-36.372.256	-369.649	-49.060.415	-49.430.064
<b>XII. Other technical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-184.965	-61.407.127	-61.592.093	-171.902	-60.176.518	-60.348.420
1. Prevention activities expenses	192		-4.966.332	-4.966.332		-5.868.619	-5.868.619
2. Other technical expenses	193	-184.965	-56.440.795	-56.625.760	-171.902	-54.307.899	-54.478.801
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>	-193	-111.984.280	-111.984.473		-65.709.596	-65.709.596
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	13.138.172	88.572.400	101.710.572	11.371.924	-190.224.856	-178.852.932
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-1.997.464	-31.630.268	-33.627.732	-368.168	-3.237.757	-3.605.925
1. Current tax expenses	197	-1.997.464	-31.630.268	-33.627.732	-368.168	-3.237.757	-3.605.925
2. Deferred tax expenses	198						
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	11.140.708	56.942.132	68.082.840	11.003.756	-193.462.614	-182.458.858
1. Attributable to majority owners	200	10.598.523	55.793.331	66.391.854	10.114.964	-194.352.466	-184.237.502
2. Attributable to minority interests	201	542.185	1.148.801	1.690.986	888.792	889.852	1.778.644
<b>XVII. TOTAL INCOME</b>	<b>202</b>	390.129.296	2.071.646.072	2.461.775.368	416.341.334	1.997.659.102	2.414.000.436
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>	-378.988.587	-2.014.703.940	-2.393.692.528	-405.337.578	-2.191.121.716	-2.596.459.294
<b>XIX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	12.519.961	-1.887.691	10.632.270	12.296.847	79.553.326	91.850.173
1. Profit / loss from translation of financial statements	205		2.951.425	2.951.425		-5.876.345	-5.876.345
2. Profit / loss from revaluation of financial assets available for sale	206	12.519.961	-2.829.070	9.690.891	12.296.847	104.124.271	116.421.119
3. Profit / loss from revaluation of operational land and buildings	207		-2.010.045	-2.010.045		-18.694.601	-18.694.601
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	208						
5. Effects of cash flow hedging instruments	209						
6. Actuarial profit / loss on pension plans with defined pensions	210						
7. Share of other comprehensive profit of associates	211						
8. Profit tax on other comprehensive profit	212						
<b>XX. Total comprehensive profit (199+204)</b>	<b>213</b>	23.660.669	55.054.442	78.715.111	23.300.604	-113.909.288	-90.608.684
1. Attributable to majority owners	214	23.118.484	53.340.674	76.459.158	22.411.811	-115.434.879	-93.023.067
2. Attributable to minority interests	215	542.185	1.713.767	2.255.952	888.792	1.525.591	2.414.383
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

Income realized from the company which ceases with its operations (Razne usluge d.o.o – in liquidation) were realized in the amount of HRK 243.9 thousand while expenditures of the mentioned company amounted to HRK 453.1 thousand. Profit of the company Razne usluge d.o.o. – in liquidation amounted to HRK 209.2 thousand.

## UNAUDITED CONSOLIDATED REPORT ON COMPANY POSITION (BALANCE SHEET) AS AT 30.09.2014

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>ASSETS</b>							
<b>A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)</b>	<b>001</b>						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
<b>B. INTANGIBLE ASSETS (005+006)</b>	<b>004</b>	55.878	64.042.909	64.098.787	251.869	54.735.479	54.987.349
1. Goodwill	005		35.983.906	35.983.906		30.408.241	30.408.241
2. Other intangible assets	006	55.878	28.059.003	28.114.881	251.869	24.327.238	24.579.108
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>	4.148.630	1.355.038.593	1.359.187.223	19.269.326	1.289.511.123	1.308.780.451
1. Land and buildings used for insurance activities	008	3.301.623	1.259.625.553	1.262.927.176	18.620.249	1.220.937.714	1.239.557.962
2. Equipment	009	789.480	49.498.712	50.288.192	603.266	40.843.281	41.446.548
3. Other tangible assets and reserves	010	57.526	45.914.329	45.971.855	45.813	27.730.128	27.775.941
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	2.338.761.783	3.987.956.612	6.326.718.395	2.457.785.352	4.600.791.486	7.058.576.839
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>	428.962	608.630.431	609.059.393	1.131.174	619.804.689	620.935.863
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		16.770.762	16.770.762		71.363.562	71.363.562
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		15.182.528	15.182.528		15.686.674	15.686.674
3. Participating in joint investments	016		1.588.234	1.588.234		55.676.888	55.676.888
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	2.338.332.821	3.362.555.419	5.700.888.240	2.456.654.179	3.909.623.235	6.366.277.414
1. Investments kept till maturity date (019 + 020)	018	1.645.372.057	1.245.908.538	2.891.280.595	1.489.807.126	981.307.050	2.471.114.176
1.1. Debt securities and other securities with fixed income	019	1.645.372.057	1.217.021.140	2.862.393.197	1.489.807.126	957.506.575	2.447.313.701
1.2. Other investments kept till maturity date	020		28.887.398	28.887.398		23.800.475	23.800.475
2. Investments available for sale (022 to 025)	021	44.798.630	251.403.406	296.202.036	291.462.038	695.663.462	987.125.499
2.1. Stocks, shares and other securities with variable income	022	34.232.695	219.560.712	253.793.408	33.859.493	284.788.065	318.647.558
2.2. Debt securities and other securities with fixed income	023	8.353.442	7.083.624	15.437.066	257.602.544	381.107.633	638.710.177
2.3. Stakes in investment funds	024	2.212.494	24.759.069	26.971.563		29.767.764	29.767.764
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	98.613.451	613.659.684	712.273.135	128.247.508	583.020.904	711.268.412
3.1. Stocks, shares and other securities with variable income	027		22.361.012	22.361.012		20.050.380	20.050.380
3.2. Debt securities and other securities with fixed income	028	79.886.388	114.283.474	194.169.861	42.169.624	50.378.454	92.548.078
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	18.727.064	477.015.198	495.742.262	86.077.884	512.592.070	598.669.955
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	549.548.683	1.251.583.791	1.801.132.474	547.137.508	1.649.631.820	2.196.769.328
4.1. Bank deposits	033	432.221.177	959.792.229	1.392.013.406	486.430.377	1.394.156.359	1.880.586.737
4.2. Loans	034	62.902.843	286.479.219	349.382.062	56.510.055	232.888.928	289.398.983
4.3. Other loans and receivables	035	54.424.663	5.312.343	59.737.006	4.197.075	22.586.533	26.783.608
<b>IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)</b>	<b>036</b>						
<b>E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER</b>	<b>037</b>	8.388.857		8.388.857	6.086.963		6.086.963
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	303.567	129.525.446	129.829.013	301.254	151.768.929	152.070.183
1. Unearned premiums, reinsurance share	039	18.819	25.848.650	25.867.468	83.092	33.668.891	33.751.983
2. Mathematical insurance provision, reinsurance share	040	284.749		284.749	218.161		218.161
3. Claims provision, reinsurance share	041		103.372.161	103.372.161		117.858.432	117.858.432
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		304.635	304.635		241.606	241.606
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
<b>G. DEFERRED AND CURRENT TAX ASSETS (047+048)</b>	<b>046</b>	1.259.200	79.735.820	80.995.020	1.259.200	78.134.019	79.393.218
1. Deferred tax assets	047	1.259.200	71.032.695	72.291.894	1.259.200	70.392.324	71.651.524
2. Current tax assets	048		8.703.125	8.703.125		7.741.695	7.741.695
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	7.029.721	976.838.279	983.868.000	7.238.620	1.099.933.995	1.107.172.616
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	184.713	661.072.383	661.257.096	94.974	726.954.959	727.049.933
1.1. Receivables from policyholders	051	75.263	656.997.694	657.072.957	45.774	723.849.274	723.895.048
1.2. Receivables from insurance agents	052	109.449	4.074.689	4.184.139	49.200	3.105.685	3.154.885
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>		52.516.133	52.516.133		65.615.760	65.615.760
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	6.845.008	263.249.763	270.094.772	7.143.646	307.363.276	314.506.922
3.1. Receivables for other insurance activities	055		138.159.042	138.159.042		170.738.948	170.738.948
3.2. Receivables for returns on investments	056	3.610.700	9.879.373	13.490.074	5.059.998	10.604.885	15.664.883
3.3. Other receivables	057	3.234.308	115.211.348	118.445.656	2.083.648	126.019.443	128.103.091
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	15.325.203	140.568.755	155.893.959	16.906.005	136.746.502	153.652.507
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	15.315.122	133.928.502	149.243.624	16.902.650	133.672.458	150.575.108
1.1. Money on business account	060	5.227.028	133.684.670	138.911.698	4.033.013	132.634.822	136.667.835
1.2. Money on mathematical provision account	061	10.085.356		10.085.356	12.866.814		12.866.814
1.3. Cash money	062	2.738	243.832	246.570	2.824	1.037.836	1.040.459
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>		1.313.508	1.313.508		1.007.279	1.007.279
<b>3. Other</b>	<b>064</b>	10.082	5.326.745	5.336.827	3.355	2.066.765	2.070.120
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUPLICATE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	32.554.111	52.905.852	85.459.963	22.607.137	46.870.772	69.477.909
1. Split interest and rental fees	066	32.410.583	23.561.813	55.972.396	22.317.378	18.465.951	40.783.329
2. Split sales costs	067		14.732.835	14.732.835		16.135.302	16.135.302
3. Other paid expenses of the future period and unduplicate income collection	068	143.527	14.611.205	14.754.732	289.759	12.269.519	12.559.278
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.407.826.951	6.786.612.267	9.194.439.218	2.531.705.729	7.458.492.306	9.990.198.036
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>	86.141.049	1.174.070.367	1.260.211.417	3.488.625	1.231.898.656	1.235.387.280

<b>LIABILITIES</b>								
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	161.161.643	1.592.248.725	1.753.410.369	183.243.004	2.295.587.906	2.478.830.911	
1. Subscribed capital (073 to 075)	072	44.288.720	398.598.480	442.887.200	44.288.720	557.287.080	601.575.800	
1.1. Subscribed capital - common shares	073	44.288.720	386.348.480	430.637.200	44.288.720	545.037.080	589.325.800	
1.2. Subscribed capital - preferred shares	074		12.250.000	12.250.000		12.250.000	12.250.000	
1.3. Capital invited to be paid	075							
2. Capital reserves	076					681.482.525	681.482.525	
3. Revaluation reserves (078 to 080)	077	2.987.470	158.667.847	161.655.317	15.463.543	233.185.027	248.648.570	
3.1. Revaluation of land and buildings	078	-237.735	159.569.875	159.332.140		138.322.449	138.322.449	
3.2. Revaluation of investments in financial assets	079	3.225.205	-3.122.501	102.704	15.463.543	93.737.865	109.201.408	
3.3. Other revaluation reserves	080		2.220.473	2.220.473		1.124.712	1.124.712	
4. Reserves (082 to 084)	081	81.746.348	427.432.653	509.179.001	83.803.431	430.942.141	514.745.572	
4.1. Legal provision	082	721.929	23.066.526	23.788.455	721.929	23.066.526	23.788.455	
4.2. Statutory provision	083	5.524.419	137.378.978	142.903.397	7.581.501	139.638.996	147.220.497	
4.3. Other reserves	084	75.500.000	266.987.149	342.487.149	75.500.000	268.236.620	343.736.620	
5. Retained profit or loss (086 + 087)	085	20.485.979	629.416.405	649.902.384	29.572.346	587.043.599	616.615.945	
5.1. Retained profit	086	20.485.979	629.416.405	649.902.384	29.572.346	587.043.599	616.615.945	
5.2. Retained loss (-)	087							
6. Profit or loss for the period (089 + 090)	088	11.653.126	-21.866.659	-10.213.533	10.114.964	-194.352.466	-184.237.502	
6.1. Profit for the period	089	11.653.126		11.653.125	10.114.964		10.114.964	
6.2. Loss for the period (-)	090		-21.866.659	-21.866.659		-194.352.467	-194.352.467	
<b>B. MINORITY INTEREST</b>	<b>091</b>	8.207.837	50.025.473	58.233.310	8.632.750	43.675.587	52.308.337	
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	2.162.753.821	4.153.389.783	6.316.143.604	2.259.806.379	4.376.703.532	6.636.509.911	
1. Unearned premiums, gross amount	093	3.587.070	1.142.164.255	1.145.751.325	2.911.675	1.216.523.974	1.219.435.650	
2. Mathematical insurance provision, gross amount	094	2.131.297.358		2.131.297.358	2.234.692.379		2.234.692.379	
3. Claims provision, gross amount	095	27.869.393	2.916.888.415	2.944.757.808	22.202.324	3.022.043.211	3.044.245.535	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		4.938.478	4.938.478		4.937.712	4.937.712	
5. Provision for claims fluctuation, gross amount	097		4.571.635	4.571.635		4.571.635	4.571.635	
6. Other technical insurance provision, gross amount	098		84.827.000	84.827.000		128.627.000	128.627.000	
<b>D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount</b>	<b>099</b>	8.388.857		8.388.857	6.086.963		6.086.963	
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	10.177.651	114.519.378	124.697.028	19.874.181	191.377.312	211.251.493	
1. Provision for pensions	101	10.177.651	108.283.902	118.461.553	19.874.181	185.975.221	205.849.402	
2. Other provision	102		6.235.474	6.235.474		5.402.091	5.402.091	
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>	520.145	34.993.128	35.513.273	3.954.517	61.114.136	65.068.654	
1. Deferred tax liability	104	499.478	34.462.673	34.962.152	3.573.690	57.853.115	61.426.805	
2. Current tax liability	105	20.667	530.454	551.121	380.827	3.261.022	3.641.849	
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>							
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>	271.431	390.441.906	390.713.337	321.602	32.633.162	32.954.763	
1. Loan liabilities	108		384.540.550	384.540.550		32.234.029	32.234.029	
2. Outstanding securities	109							
3. Other financial liabilities	110	271.431	5.901.356	6.172.787	321.602	399.133	720.734	
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	47.251.159	276.602.123	323.853.282	48.891.332	283.347.094	332.238.426	
1. Liabilities derived from direct insurance activities	112	5.128.836	101.496.091	106.624.927	5.315.310	95.931.143	101.246.453	
2. Liabilities derived from coinsurance and reinsurance activities	113	1.725	50.097.405	50.099.130	310	95.213.294	95.213.603	
3. Liabilities for misappropriation and discontinued operations	114		132.016	132.016		33.569	33.569	
4. Other liabilities	115	42.120.598	124.876.611	166.997.209	43.575.713	92.169.088	135.744.801	
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	9.094.406	174.391.753	183.486.159	895.001	174.053.576	174.948.577	
1. Reinsurance commission split	117							
2. Other deferred costs payment and future income	118	9.094.406	174.391.753	183.486.159	895.001	174.053.576	174.948.577	
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.407.826.951	6.786.612.268	9.194.439.219	2.531.705.729	7.458.492.306	9.990.198.036	
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>	86.141.049	1.174.070.367	1.260.211.417	3.468.625	1.231.898.655	1.235.387.280	
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>								
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	169.369.480	1.642.274.199	1.811.643.679	191.875.754	2.339.263.494	2.531.139.248	
1. Attributable to majority owners	122	161.161.643	1.592.248.725	1.753.410.369	183.243.004	2.295.587.906	2.478.830.911	
2. Attributable to minority interests	123	8.207.837	50.025.473	58.233.310	8.632.750	43.675.587	52.308.337	

**UNAUDITED CONSOLIDATED REPORT ON CHANGES IN EQUITY  
FOR THE PERIOD 01.01.2014 - 30.09.2014**

in HRK

Position	AOP	Attributable to the owners of the parent company							Attributable to non-controlling interests	Total capital and reserves (9+10)
		Subscribed capital	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or transferred loss	Current year profit/loss	Total capital nad reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
<b>I. Balance at 1 January - previous year</b>	<b>001</b>	442.887.200		480.702.748	479.572.738	540.728.251	127.716.313	2.071.607.250	<b>78.500.728</b>	2.150.107.977
1. Change in accounting policy	002									
2. Correction of previous period errors	003			-4.560.943		5.511.590		950.647	-125.795	824.852
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		476.141.805	479.572.738	546.239.841	127.716.313	2.072.557.897	<b>78.374.933</b>	2.150.932.830
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			-314.486.489		6.929.801	-10.213.534	-317.770.222	<b>-1.945.758</b>	-319.715.981
1. Profit/loss of the previous period	006						-10.213.534	-10.213.534	-1.727.989	-11.941.523
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-314.486.489		6.929.801		-307.556.688	-217.770	-307.774.458
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-354.746.472		6.912.370		-347.834.102	-852.877	-348.686.979
2.2. Unrealized profit/loss from financial assets available for sale	009			47.984.035				47.984.035	-5.521	47.978.514
2.3. Realized profit/loss from financial assets available for sale	010			418.923				418.923		418.923
2.4. Other non-ownership changes in capital	011			-8.142.975		17.431		-8.125.544	640.629	-7.484.915
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				29.606.264	96.732.742	-127.716.312	-1.377.306	<b>-18.195.864</b>	-19.573.170
1. Increase/decrease of share capital	013								-16.263.833	-16.263.833
2. Other payments by the owners	014					510.519	-337.402	173.117	-744.288	-571.171
3. Payment of shares in profit/dividends	015						-1.550.423	-1.550.423	-1.187.743	-2.738.166
4. Other distribution to the owners	016				29.606.264	96.222.223	-125.828.487			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		161.655.316	509.179.002	649.902.384	-10.213.533	1.753.410.369	<b>58.233.310</b>	1.811.643.679
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		161.655.316	509.179.002	649.902.384	-10.213.533	1.753.410.369	<b>58.233.310</b>	1.811.643.679
1. Change in accounting policy	019									
2. Correction of previous period errors	020					-4.184.557		-4.184.557		-4.184.557
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		161.655.316	509.179.002	645.717.827	-10.213.533	1.749.225.812	<b>58.233.310</b>	1.807.459.122
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			88.304.266		2.910.169	-184.237.502	-93.023.067	<b>2.414.383</b>	-90.608.684
1. Profit/loss of the previous period	023						-184.237.502	-184.237.502	1.778.644	-182.458.858
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			88.304.266		2.910.169		91.214.435	635.738	91.850.173
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-21.009.691		2.096.407		-18.913.283	218.682	-18.694.601
2.2. Unrealized profit/loss from financial assets available for sale	026			115.912.850				115.912.850	167.818	116.080.668
2.3. Realized profit/loss from financial assets available for sale	027			340.451				340.451		340.451
2.4. Other non-ownership changes in capital	028			-6.939.345		813.762		-6.125.583	249.238	-5.876.345
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>	158.688.600	681.482.525	-1.311.012	5.566.570	-32.012.050	10.213.533	822.628.166	<b>-8.339.356</b>	814.288.810
1. Increase/decrease of share capital	030	158.688.600	681.482.525					840.171.125	-753.268	839.417.857
2. Other payments by the owners	031			-1.311.012			-271.312	-1.582.324	-249.940	-1.832.264
3. Payment of shares in profit/dividends	032					-9.500.000	-1.561.082	-11.061.082	-1.255.578	-12.316.660
4. Other distribution to the owners	033				5.566.570	-22.512.050	12.045.926	-4.899.554	-6.080.569	-10.980.123
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	601.575.800	681.482.525	248.648.570	514.745.572	616.615.946	-184.237.503	2.478.830.911	<b>52.308.337</b>	2.531.139.248



**UNAUDITED CONSOLIDATED REPORT ON MONEY FLOW – INDIRECT METHOD  
FOR THE PERIOD 01.01.2014 - 30.09.2014**

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)</b>	<b>001</b>	620.210.714	-122.185.323
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	71.151.873	611.858.024
1.1. Profit before tax	003	101.710.572	-178.852.932
1.2. Adjustment: (AOP 005 to 012)	004	-30.558.699	790.710.956
1.2.1. Depreciation and amortization of immovables and equipment	005	47.202.041	42.374.901
1.2.2. Depreciation and amortization of intangible property	006	5.915.029	5.777.086
1.2.3. Impairment and profits/losses from adjustment to fair value	007	43.296.720	61.016.110
1.2.4. Interest expenses	008	203.388	1.616.713
1.2.5. Interest income	009	-156.242.348	-156.258.846
1.2.6. Share in profit of associated companies	010	-936.211	-54.592.800
1.2.7. Profits/losses from sale of tangible property (including real estate)	011	3.316.903	-4.548.966
1.2.8. Other adjustments	012	26.685.779	895.326.758
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	581.373.394	-725.964.234
2.1. Increase /decrease in investments available for sale	014	-83.388.870	-690.923.463
2.2. Increase /decrease in investment estimated at fair value	015	367.158.493	-55.374.522
2.3. Increase / decrease in deposits, loans and receivables	016	193.006.737	-425.819.046
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		0
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	2.304.953	2.301.894
2.6. Increase /decrease of reinsurance stakes in tehcnical provision	019	-12.666.867	-22.241.170
2.7. Increase/decrease of taxable property	020	2.376.309	1.601.802
2.8. Increase/decrease in receivables	021	-31.943.940	20.938.250
2.9. Increase/decrease in other assets	022		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	16.784.517	15.982.054
2.11. Increase/decrease in tehcnical provision	024	216.571.613	320.366.307
2.12. Increase/decrease in life insurance tehcnical provision when the policyholder bears investment risk	025	-2.304.953	-2.301.894
2.13. Increase/decrease in tax liabilities	026	7.896.281	29.555.381
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		0
2.15. Increase/decrease in financial liabilities	028	-51.805.544	-7.701.998
2.16. Increase/decrease in other liabilities	029	15.488.686	96.189.753
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	-58.104.021	-8.537.582
<b>3. Income tax paid</b>	<b>031</b>	-32.314.553	-8.079.112
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	-527.777.480	470.748.133
1. Receipts from sale of tangible assets	033	32.739.825	441.397
2. Expenditures for the purchase of tangible assets	034	-32.757.780	-30.634.719
3. Receipts from sale of intangible assets	035		1.766.074
4. Expenditures for the purchase of intangible assets	036	-9.240.921	-5.059.719
5. Receipts from sale of land and buildings not intended for business activities of the company	037		0
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-70.762.809	-10.707.144
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	29.703.876	54.713.469
8. Receipts from investments kept till maturity	040	98.652.643	447.370.356
9. Expenditures for investments kept till maturity	041	-515.256.330	-23.608.767
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043		
12. Receipts from dividends and profit share	044	25.842.988	13.705.118
13. Receipts from long term and short term loans	045	204.619.666	70.841.754
14. Expenses for long term and short term loans	046	-291.318.838	-48.079.688
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	-50.590.089	-353.748.994
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049	120.177.618	750.575.699
3. Expenditures for short-term and long-term loans	050	-170.435.838	-1.101.207.972
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052	-331.869	-3.116.721
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	41.843.145	-5.186.185
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	-15.432.708	2.944.733
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	26.410.437	-2.241.451
Cash and cash equivalents at the beginning of the period	056	119.731.734	155.893.959
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	146.142.171	153.652.508

## II INTERIM MANAGEMENT REPORT

CROATIA OSIGURANJE GROUP operating in the Republic of Croatia, Bosnia and Hercegovina, Macedonia, Serbia and Kosovo, during the third quarter of the year 2014 realized income amounting to HRK 2.414,0 mil. that is a decrease of 1.9% compared to the same period of the previous year. The total expenditures of the Group (before tax on profit) amounted to HRK 2,592.9 mil. that is an increase of 9.9%. The consolidated loss after tax and minority shares amounted to HRK 184.2 mil. that resulted from decrease in premium income, realized loss from adjusted value of financial assets, increase in provision for unexpired risks as well as provision for severance pays according to the Surplus employees programme in accordance with the process of restructuring.

The gross written premium for the Group during the period I-IX 2014 amounted to HRK 2,299.1 mil. that is a decrease of 8.1%. The gross written premium of non-life insurance amounted to HRK 1,985.5 mil. that is a decrease of 10.3%, while the written gross premium of life insurance amounted to HRK 313.6 mil. that is an increase of 8.8%.

The earned premium for the period I-IX 2014 amounted to HRK 1,938.6 mil. that makes 80.3% of the total income and is a decrease of 3.3% compared to the same period of the previous year.

In non-life and life insurance investment business, the Group recorded investment income amounting to HRK 252.3 mil. that makes 10.5% of the total income.

Other income consisting of commission and compensation income, other insurance-technical income and other income during the period I-IX 2014 amounted to HRK 223.2 mil. that makes 9.2% of the total income and is an increase of 0.2% compared to the same period of the previous year.

The gross paid claims during the period I-IX 2014 amounted to HRK 1,220.9 mil. that is a decrease of 9.3% compared to the same period of the previous year. The non-life insurance recorded a decrease in gross paid claims of 7.2%, while life insurance recorded the decrease in gross paid claims of 18.2% compared to the same period of the previous year.

During the period I-IX 2014 the employees expenses amounted to HRK 324.5 mil. that makes 12.5% of the total expenditures and is a decrease of 2.8% compared to the same period of the previous year.

During the period I-IX 2014 the investment expenses amounted to HRK 140.6 mil. that makes 5.4% of the total expenditures.

The total assets of the Group as at 30.09.2014 amounted to HRK 9,990.2 mil. that is an increase of 8.7% compared to the status on 31.12.2013.

In the reporting period, the calculated technical provision amounted to HRK 6,636.5 mil. that is an increase of 5.1% compared to the status on 31.12.2013.

Since 1st January 2014 a new ISFR 11 (Joint operations) is being applied according to which the use of proportionate consolidation is not allowed anymore. Accordingly, as of 01.01.2014 the company PBZ Croatia osiguranje d.d. is for the purpose of consolidated financial reports evaluated according to the stake method that is in line with IAS 28 (Associated companies and joint ventures).

**Key performance indicators for the Group:**

in 000 HRK

DESCRIPTION	GROUP			
	1	2	3	4
<b>PROFIT&amp;LOSS ACCOUNT</b>	<b>I-IX 2013</b>	<b>I-IX 2014</b>	<b>INDEX 3/2</b>	
<b>Total income</b>	<b>2,461,775</b>	<b>2,414,000</b>	<b>98.1</b>	
<b>Total expenditure</b>	<b>2,360,065</b>	<b>2,592,853</b>	<b>109.9</b>	
<b>Written gross premium</b>	<b>2,501,224</b>	<b>2,299,062</b>	<b>91.9</b>	
- non-life	2,213,037	1,985,471	89.7	
- life	288,187	313,591	108.8	
<b>Paid claims (gross)</b>	<b>1,346,360</b>	<b>1,220,903</b>	<b>90.7</b>	
- non-life	1,084,105	1,006,428	92.8	
- life	262,255	214,475	81.8	
<b>Profit before taxation</b>	<b>101,711</b>	<b>-178,853</b>	<b>-</b>	
<b>Profit after taxation</b>	<b>68,083</b>	<b>-182,459</b>	<b>-</b>	
<b>Profit after minority interest</b>	<b>66,392</b>	<b>-184,238</b>	<b>-</b>	
<b>BALANCE</b>	<b>31.12.2013</b>	<b>30.09.2014.</b>	<b>INDEX 3/2</b>	
<b>Total assets</b>	<b>9,194,439</b>	<b>9,990,198</b>	<b>108.7</b>	
<b>Equity and provision</b>	<b>1,753,411</b>	<b>2,478,831</b>	<b>141.4</b>	
- subscribed capital	442,887	601,576	135.8	
- premium on shares	-	681,483	-	
- revaluation provision	161,655	248,649	153.8	
- legal provision	23,788	23,788	100.0	
- statutory provision	142,903	147,220	103.0	
- other provision	342,487	343,737	100.4	
- retained profit	649,903	616,616	94.9	
- current period profit	-10,214	-184,238	-	
<b>Technical provision</b>	<b>6,316,144</b>	<b>6,636,510</b>	<b>105.1</b>	
- unearned premium, gross	1,145,751	1,219,436	106.4	
- LIMP	2,131,297	2,234,692	104.9	
- claim provision	2,944,758	3,044,246	103.4	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	4,938	4,938	100.0	
- provision for claims fluctuation, gross amount	4,572	4,572	100.0	
- other technical insurance provision, gross	84,827	128,627	151.6	
<b>Life insurance special provision-policyholder's investment risk, gross</b>	<b>8,389</b>	<b>6,087</b>	<b>72.6</b>	
<b>Investment</b>	<b>6,326,718</b>	<b>7,058,577</b>	<b>111.6</b>	

Note: From 1 January 2014 the company PBZ Croatia osiguranje d.d. is evaluated as joint venture investment and is in accordance with that evaluated in consolidation according to the stake method.

Unaudited consolidated financial reports for the period I-IX 2014 shall be available at the websites of Croatia osiguranje d.d., and the Zagreb Stock Exchange (Zagrebačka burza), as well as published in the Official Register of Prescribed Information and publicly disclosed by the Croatian News Agency (HINA).

### **Key business events**

On 6th February 2014 CROATIA osiguranje d.d. passed the Decision on the increase in equity capital and acquisition of the shares of Milenijum osiguranje a.d. CROATIA osiguranje d.d. thus acquired the new 54,500 shares of Milenijum osiguranje a.d. and consequently holds the total of 113,712 shares which makes up 99.89% of equity capital of this company.

On 4th February 2014 the Supervisory Board of CROATIA osiguranje a.d., non-life insurance company from Skopje passed the Decision on the increase in equity capital by EUR 2.0 million through issuing 20,000 common shares of secondary emission by means of a private offer to the institutional investors in order to adjusting capital adequacy to the prescribed legal regulations. CROATIA osiguranje d.d. consequently passed the Decision on the increase in equity capital and acquisition of the shares and thus acquired 20,000 new shares and now holds the total of 52,500 shares or 100% of the equity capital of the named company. The transaction was performed on 7th April 2014.

On 11 September 2014 CROATIA osiguranje d.d. brought a decision on the increase in capital stock and acquiring the shares of the company Milenijum osiguranje a.d.o. CROATIA osiguranje d.d. will prescribe and pay new 53,787 shares of the company Milenijum osiguranje a.d.o. amounting to RSD 297,173.175 that according to the exchange rate of the Croatian National Bank as at 1 September 2014 amounted to EUR 2,521,857.58. After the recapitalization, CROATIA osiguranje d.d. will own from the actual number of 113,712 new shares of the mentioned company amounting to 167,499 in total.

On 16th April 2014 the meeting of the Supervisory Board of CROATIA osiguranje d.d. was held at which the approval of the following reports was granted: Annual Report on the position of the Company in 2013, Annual financial statements for 2013, as well Consolidated Annual Report of the Company for 2013 and Consolidated Annual Financial Statements for 2013.

Following the Decision of the Government of the Republic of Croatia from 18th December 2013 on the selection of Adris grupa d.d., Rovinj as the most suitable investor for the purchase of shareholder's stake of the Republic of Croatia and increase in equity capital, on 6th March 2014 the Republic of Croatia and Adris grupa d.d., Rovinj signed the Agreement on the Purchase of Shares in CROATIA osiguranje d.d., Zagreb (concerning the sale of 38.6% shares of Croatia osiguranje d.d.), as well as the Shareholders' Agreement arranging the relations between the Republic of Croatia and Adris grupa d.d. as major shareholders of Croatia osiguranje d.d.

Both of the above mentioned agreements came into effect on 22nd April 2014 when also 39th General Assembly of CROATIA osiguranje d.d. was held. The General Assembly passed the Decision on the increase in equity capital by issuing 113,349 new regular shares at HRK 7,412.25 per share, i.e. the total of HRK 840.17 million to be paid up by Adris in full. The increased equity capital shall amount to HRK 601.57 million and be divided in 420,947 regular and 8,750 preferred shares. At the same General Assembly meeting the new members of the Supervisory Board were elected as follows: Ante Vlahović, Chairman of the Supervisory Board, Mladen Blažević. Deputy Chairman, Prof. Dr. Josip Tica, Plinio Cuccurin, Branko Zec, Roberto Škopac and Miroslav Hraščanec, members of the Supervisory Board.

The Supervisory Board proceeded to appoint the new Management Board consisting of the Chairman of the Management Board Sanel Volarić (since 10th May 2014) and members of the Management Board Nikola Mišetić and Andrej Koštomaj. Until 10th May 2014 the duty of the Chairman of the Management Board was performed by Nikola Mišetić.

Since 22nd April 2014 Adris grupa d.d. is the majority shareholder of Croatia osiguranje d.d.

In the second half of May 2014 Adris grupa d.d. went public with the offer aimed at the acquisition of the rest of Croatia osiguranje d.d. shares at the price of HRK 7,412.25 per share. It was a joint offer alongside with the Republic of Croatia and the companies predominately owned by Adris grupa d.d. – Istragrafika, Hrvatski duhani and Maistra. The total of 673 shareholders accepted the offer and 26,815 regular and 1,115 preferred shares were acquired. So consequently Adris Grupa now holds the total of 169,440 shares of Croatia osiguranje, which makes up 53.56% of the equity capital.

In accordance with the announced optimization of business operations of the Group Croatia osiguranje and especially with the aim of cost and business processes rationalization, as well as the optimization of capital allocation within the Group, the Management Board of CROATIA osiguranje d.d., passed on 29th May 2014 the Decision on starting the preparatory actions for gradual cessation of business operations of Croatia Lloyd d.d., all in line with the expected and announced organizational changes within the Group Croatia osiguranje.

The 39th General Assembly of CROATIA osiguranje d.d. brought a decision on increase in equity capital of the Company in accordance with the Agreement on Purchase of Shares in CROATIA osiguranje d.d., Zagreb signed on 6th March 2014 between the Government of the Republic of Croatia and Adris grupa d.d., Adris grupa on 15th September 2014 paid HRK 840,171,125.20 with the aim of recapitalization of CROATIA osiguranje. The new sum of equity capital was recorded in the court register of the Commercial court in Zagreb on 15 September 2014. After the recapitalization, the share of the major owner of the Company, ADRIS grupa d.d., increased from 53.56% to 65.81%.

The paid sum will strengthen CROATIA osiguranje d.d. and enable it to make faster and more efficient restructuring of the company as well as growth and development in crucially changed market conditions as well as to hold and strengthen its leading position on the market in the Republic of Croatia as well as to prepare its stronger market presence in the region.

On 22nd September 2014 the Management Board of the Company brought a decision on starting a procedure of managing collective staff surplus. The mentioned procedure declared up to 500 employees, part of them repositioned in the sales department while the others will leave the company with adequate severance pays according to the collective agreement.

### **Expected future development of consolidated companies as a whole**

Croatia osiguranje d.d., as a parent company, expects the continuation of organic growth and positive business result from its subsidiaries. This especially pertains to the companies operating abroad that have so far held a rather small share at their domestic markets. For that purpose it is necessary to further invest in training and education of the staff, especially of the younger ones, as well as to expand the sales network and introduce new, modern methods of selling insurance. Also, health insurance shall be added to the range of products already offered through the existing subsidiaries in the region.

### Activities of the Group members as a whole in the field of R&D

Research and development (R&D), a particularly important segment of marketing, is mostly performed as a centralized business function and coordinated from one location. Subsidiaries are gradually beginning to learn how to implement this business function and their independence in doing so will be further encouraged through development of new insurance products and new sales models harmonized with the demands of their respective markets. The aim is maximum harmonization of supply and demand of insurance product in a given market. This way Croatia osiguranje d.d. and other Group members will be fully responsive to the needs of the insured parties.

### Description of main risks and uncertainties


The subsidiaries' internal control is becoming more and more organized and there is systematic improvement by implementing new and existing legal regulations and practices. Special attention is paid to this business function, and in comparison to the previous year, additional effort has been made in all subsidiaries to further strengthen this business function. In all insurance companies organizational units were formed that have been involved in internal control or audit respectively (department, unit, licensed external consultant or certified auditor). The work scope of these organizational units has been defined in more detail by the Insurance Act, Auditing Act and other acts and regulations of each individual country. Their scope, authority range and work methods do not, however, differ significantly. The positions of internal audit as well as that of the certified actuaries in the region has been strengthened through activities of the above mentioned supervisory bodies operating within insurance companies.

Pursuant to the Insurance Act CROATIA osiguranje d.d. is obliged to submit all relevant business reports of the Group members to the Croatian Financial Services Supervisory Agency (HAFA) at least four times a year for the purpose of capital, risk capital and capital adequacy calculation, as well as to provide information on investments and related business operations between affiliated business entities. On that occasion all business reports of the subsidiaries undergo additional verification pertaining to risks, and this is performed by the competent departments of CROATIA osiguranje d.d. Since regulations of the countries in which our daughter companies are based prescribe that they must undergo systematic supervision by their respective state supervision bodies, it can be said that practically all business events and reports relevant to the stability, solvency, liquidity and potential business risks are being supervised at multiple levels.

For companies whose main line of business is not insurance, such as the pension fund and MOTs, the internal supervision and risk management are based on the relevant legal regulations defining the manner of founding, conducting business and evaluating internal risks, as well as supervision activity performed by the supervisory agency.

Zagreb, 31 October 2014

Member of the Board

  
Andrej Koštomaj

President of the Board

  
Sanjel Volaric

### III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS I-IX 2014

#### 1. GENERAL

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

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

The stake method is applied in joint investment in the company PBZ CROATIA osiguranje d.d. (50,0%) and investment in the associated company Brioni d.d. (25,57%).

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

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

Pursuant to the Companies' Act, Insurance Act and the Articles of Association the bodies of the Company are as follows: the Management Board, The Supervisory Board and the General Assembly. The liability and responsibility of the members of these bodies are regulated by the above mentioned acts.

#### **Members of the Supervisory Board of the Company:**

- until 22nd April 2014

Mladen Blažević	Chairman
Vesna Trnokop - Tanta	Deputy Chairman
Ph.D. Josip Tica	Member
Đurđa Hunjet	Member
Ph.D. Petar Miladin	Member
Miroslav Hrašćanec	Member

- from 22nd April 2014

Ante Vlahović	Chairman
Mladen Blažević	Deputy Chairman
PlinioCuccurin	Member
Branko Zec	Member
Roberto Škopac	Member
Ph.D. Josip Tica	Member
Miroslav Hrašćanec	Member

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

- until 22nd April 2014

Krešimir Starčević	Chairman
Ivan Fabijančić	Member

- from 23rd April 2014

Nikola Mišetić	Chairman
Andrej Koštomaj	Member

- from 10th May 2014

Sanel Volarić	Chairman
Nikola Mišetić	Member
Andrej Koštomaj	Member



### Capital stock and shares

On 30 September 2014 the capital stock of the company amounted to HRK 601,575,800.00 and is divided in 429,697 shares with the nominal value of HRK 1,400.00 and are marked as follows:

- 307,598 shares are ordinary shares of the 1st issue marked as CROS-R-A,
- 113,349 shares are ordinary shares of the II<sup>nd</sup> issue temporarily marked as CROS-R-B
- 8,750 shares are preferred shares marked as CROS-P-A.

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

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### **Basis for preparation and consolidation**

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette:88/08, 146/08, 74/09 and 54/13), Regulations of the Zagreb Stock Exchange as well as pursuant to the Ordinance on the structure and contents of financial statements of insurance and reinsurance companies (Official Gazette 132/10, 39/2012).

Financial statements are prepared by considering the fundamental accounting assumption of recognizing the business transaction effects as they occur and recording them in the respective periodic financial statements. Another fundamental accounting assumption considered when preparing financial statements is that of the going concern.

The consolidated financial statements include the parent company Croatia osiguranje d.d. and its daughter companies. The control is apparent when the Company owns, either directly or indirectly, over 50% of votes in the company, consequently it is able to manage financial and business policy of the company with the aim to realize benefit from its activities. All significant transactions and amounts in the Group are eliminated.

### **Reporting currency**

The financial statements are presented in Croatian kuna (HRK). On 30th September, 2014 the official exchange rate of the Croatian kuna was HRK 7.63 to 1 Euro and HRK 6.02 to 1 USD.

### **Use of estimate**

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

### **Accounting Policies**

The accounting policies used in the preparation of the financial statements for the third quarter 2014 are consistent to the accounting policies used in the preparation of the audited financial statements for the year 2013.



## STATEMENT OF THE MANAGEMENT BOARD

Based on article 20 of the Articles of Association of CROATIA osiguranje d.d. of 22<sup>nd</sup> April 2014 and article 410 of the Capital Market Act (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13) the Management Board of the Company issues the following

### STATEMENT

that to the best of its knowledge:

- the unaudited consolidated financial statements for the third quarter 2014, prepared by application of the relevant FRSs, offer a wholesome and true presentation of assets and liabilities, losses and gains, financial position and business operations of the Issuer,
- the Management Interim Report contains a true presentation of the development, business operation results and the financial position of the Issuer, as well as the description of major risks and uncertainties that the Issuer is exposed to.

Zagreb, 31 October 2014

Member of the Management Board

Andrej Koštomaj

Chairman of the Management Board

Sanel Volarić