



**Annual Report
for 2020**

This document is a translation of the original Croatian version and is intended to be used for informational purposes only. While every effort has been made to ensure the accuracy and completeness of the translation, please note that the Croatian original is binding.

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CROATIA osiguranje d.d.

Management Report for 2020

Insurance market of the Republic of Croatia in 2020

During 2020 the insurance market of the Republic of Croatia has recorded gross written premium decrease of 0.5 percent (HRK 51m). On the market of the Republic of Croatia (including EU-based companies operating in the Republic of Croatia directly or through its subsidiaries), the decrease in premiums amounted to 2.6 percent or HRK 265m and primarily relates to life insurance while non-life insurance premiums recorded growth. Premiums recorded in EU-based market, where operates eight insurance companies including CROATIA osiguranje d.d., recorded growth of 49.3 percent or HRK 214m.

The total life insurance premium on the market of the Republic of Croatia in 2020 amounted to HRK 2.7 bn, which is 13.6 percent or HRK 425m less than in the previous year. Classic life products premium decreased by HRK 291m compared to the previous year, while insurance premium where the policyholder bears the investment risk has decreased (UL products) by HRK 134m.

The total non-life insurance premium on the market of the Republic of Croatia in 2020 amounted to HRK 7.3 billion, which is an increase by 2.2 percent or HRK 160m compared to the previous year. Motor vehicles insurance (liability insurance, casco insurance and automobile assistance) increased by 4 percent compared to the previous year, property insurance increased by 6 percent, while health insurance increased by 5 percent. Transport insurance premium stopped a negative trend and recorded 6 percent growth in 2020. Accident insurance records decrease by 3 percent, while loan insurance recorded decrease of 27 percent compared to previous year.

CROATIA osiguranje d.d., Jagićeva 33, Zagreb (hereinafter: the Company), is still the leading company in the Republic of Croatia with a total market share of 26.7 percent, which is 0.5 percentage points higher than in the previous year.

Operating results and financial position of the Company and the Group

Company

In 2020, CROATIA osiguranje d.d. strengthened its leading market position. For the first time after several years of decline, the trend was reversed and growth in market share was achieved. CROATIA osiguranje d.d. is a convincing leader on the Croatian market with a share of 26.7 percent, which is 0.5 percentage points more than in the previous year.

CROATIA osiguranje d.d.'s operations in 2020 were burdened by a number of one-off items, the largest being the costs of the earthquake in March and December and the decision of the Supreme Court of the Republic of Croatia to increase orientation criteria and the amount of immaterial damages. In the conditions of the corona crisis, the inflows from dividends and collection of receivables were also reduced. The net effect of the mentioned events and activities had a negative impact on the pre-tax result by more than HRK 100m. This negative impact was significantly offset by the operational excellence and positive effects of the company's transformation programs, and in 2020 the CO Group generated a net profit of HRK 328m.

As a market and digital leader, CROATIA osiguranje d.d. is currently investing more than HRK 200 million in digitalization and development of new products. In 2020, a number of successful projects were launched, from the remote claims reporting process, the new Moja Croatia application and the company's new website, to the launch of a completely new product, Laqo osiguranje - the first Croatian 100 percent digital insurance. A specialist postgraduate study *Products, Digital Innovations and Technologies in Insurance (Insurtech)* was developed and launched with the Faculty of Electrical Engineering and Computing in Zagreb. The trend of strengthening the internal and expanding the external sales network continued, and a new call centre was opened in Vukovar.

CROATIA osiguranje d.d. has been going through a transformation process since the privatization in 2014. At the beginning, a financial restructuring was performed with a share capital increase amounting to HRK 840m, thus reaching a strong capital adequacy for the year 2020 of 268 percent for the Company. The organisational restructuring began in a situation where only about 23 percent of employees were in sales and by the end of 2020, this share increased to 62 percent in sales services. The process continues, so that in the coming years there will be at least 70 percent of those who work in sales services and are directly oriented to clients and the market.

The restructuring results are visible in the financial results. In 2020, CROATIA osiguranje d.d. reported profit before tax in the amount of HRK 274.1m (profit after tax of HRK 229.6m).

The total gross written premium (before adjustments for the net increase in the provision for premium receivables and related write-offs) increased by 0.1 percent and amounted to HRK 2,742m. Earned premiums amounted to HRK 2,499m and increased by 0.5 percent. The written premium in non-life insurance amounted to HRK 2,288m, which is an increase of 3.0 percent compared to the same period last year.

The largest relative increase of premium is recorded in insurance against fire and natural disasters and motor third party liability insurance, while the largest decrease of premium is recorded in life insurance.

From the non-life and life insurance investments, finance net result was realised in the amount of HRK 269m, which is a decrease by 22.7 percent compared to the previous year.

Gross paid claims amounted to HRK 1,725m representing an increase of 7 percent compared to the previous year.

Total administrative costs amounted to HRK 390m, recording a decrease of 3.9 percent compared to 2019. Acquisition costs amounted to HRK 478m, recording a decrease of 6.7 percent compared to the previous year, as a result of continued cost savings measures.

As of 1 January 2019, the Group started applying the new accounting standard IFRS 16 Leases.

The following is a summary of key business indicators which the Company monitors as alternative performance indicators which together with other measures defined by International Financial Reporting Standards provide useful information regarding the Company's operational performance. They are calculated based on HANFA reports, but according to the formulas shown below:

Key performance indicators	31 Dec. 2019	31 Dec. 2020	Change in percentage points (p.p.)
Claims ratio (non-life) *	54.0%	56.2%	+2.2
Cost ratio (non-life) **	42.3%	39.1%	-3.2
Combined ratio (non-life)	96.3%	95.3%	-1.0

* *Claims ratio = (Income from commissions and fees + Other insurance-technical income + Net claims incurred + Change in mathematical provisions and other technical provisions + Cost for premium returns + Other technical expenses) / Net Earned premiums*

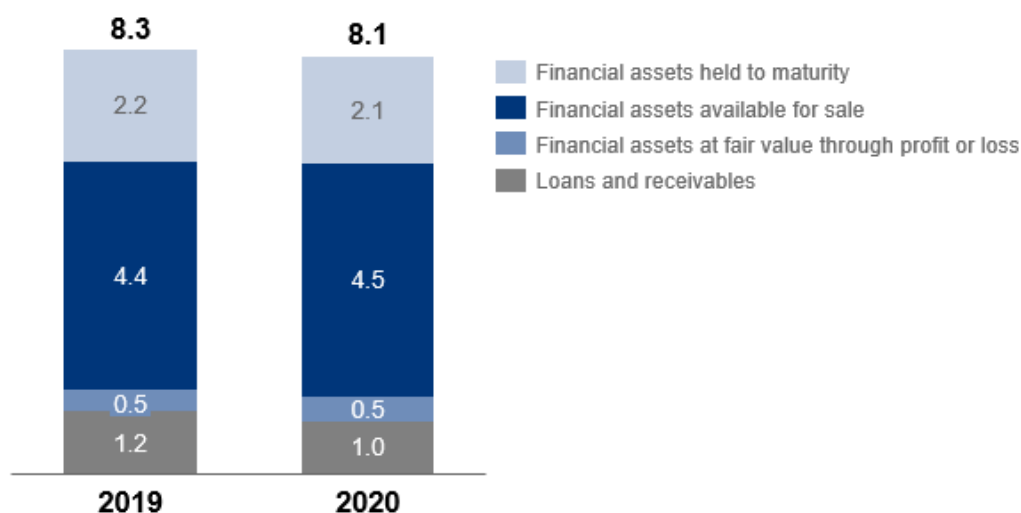
** *Cost ratio = Acquisition costs and administrative expenses / Net Earned premiums*

The combined ratio represents a sum of claims and cost ratio and is the most important financial operative performance indicator for non-life insurance. It is normally presented as percentage, and ratio below 100 percent indicates profitable insurance result, while result above 100 percent represents non-profitable result. Combined ratio amounted to 95.3 percent in 2020, which is a decrease of 1.0 percentage point compared to the same period of 2019. The claims ratio has increased by 2.2 percentage points and amounted to 56.2 percent. The cost ratio amounted to 39.1 percent which is 3.2 percentage points lower than in 2019.

Total assets of the Company as at 31 December 2020 amount to HRK 11.5 billion, which represents an increase of 4.2 percent compared to 31 December 2019.

Technical provisions amounted to HRK 7.0 billion and are 4.5 percent higher than the technical provisions as of 31 December 2019.

The structure of financial assets (HRK billion)



Group

In 2020, the CROATIA osiguranje d.d. group (hereinafter: the Group) generated consolidated profit after tax and non-controlling interest in the amount of HRK 328m.

In 2020, the total gross written premium (before adjustments for the net increase in the provision for premium receivables and related write-offs) at the Group level amounted to HRK 3,240m, which represents a decrease by 2.0 percent. The gross written premium of non-life insurance amounted to HRK 2,689m which represents an increase by 1.1 percent, while gross written premium of life insurance amounted to HRK 551m which represents a decrease by 14.7 percent.

Earned premiums in the reporting period amounted to HRK 2,980m which represents a decrease by 0.8 percent compared to the same period last year.

From the non-life and life insurance investments, the Group generated finance income in the amount of HRK 499m which represents an increase of 2.6 percent, with a finance cost of HRK 149m which represents an increase of 41.8 percent.

Gross claims in 2020 amounted to HRK 1,955m, which is an increase of 6.0 percent compared to the same period last year.

Acquisition costs and administrative expenses amounted to a total of HRK 1,161m and represent a decrease by 4.2 percent in which administrative expenses increased by 1.3 percent, and acquisition cost increased by 6.9 percent. The decrease in acquisition costs and administrative expenses is the result of, among other things, further business reorganization.

Key performance indicators	31 Dec. 2019	31 Dec. 2020	Change in percentage points (p.p.)
Claims ratio (non-life)***	54.2%	55.8%	+1.6
Cost ratio (non-life)***	41.7%	39.2%	-2.5
Combined ratio (non-life)***	95.9%	95.0%	-0.9

***Only members of the Group performing insurance and reinsurance activities were taken into consideration while calculating Group ratios.

Combined ratio for 2020 is 95.0 percent, which is a decrease of 0.9 percentage points compared to the same period in 2019. The claims ratio increased by 1.6 percentage points to 55.8 percent. The cost ratio is 39.2 percent or 2.5 percentage points lower than in 2019.

Total assets of the Group as at 31 December 2020 amount to HRK 13.3 billion, which represents an increase by 4.9 percent compared to 31 December 2019.

Technical provisions amounted to HRK 8.0 billion, which represents an increase by 4.4 percent compared to the technical provisions as at 31 December 2019.

Significant business events in the reporting period

Approvals from the Croatian Financial Services Supervisory Agency to perform the functions of members of the Management Board

The Croatian Financial Services Supervisory Agency (HANFA), at its meeting of the Governing Board held on 5 March 2020, issued a resolution authorising Vančo Balen to act as a member of the Management Board of CROATIA osiguranje d.d. for a term of office until 31 December 2022 beginning on the date of appointment to the function.

Also, at the meeting of the Governing Board held on 12 March 2020, HANFA issued a resolution authorising Robert Vučković to act as a member of the Management Board of CROATIA osiguranje d.d. for a term of office until 31 December 2022, beginning on the date of appointment to the function.

Furthermore, at the meeting of the Governing Board held on 9 April 2020, HANFA issued a resolution authorising Luka Babić to act as a member of the Management Board of CROATIA osiguranje d.d. for a term of office until 31 December 2022, beginning on the date of appointment to the function.

At its meeting held on April 17, 2020, the Supervisory Board appointed members of the Management Board to the mentioned functions.

Impact of the COVID-19 outbreak on the Company's operations

The existence of the coronavirus (COVID-19) was confirmed in early 2020 and spread to mainland China and beyond, and in late February 2020 to Croatia, causing disruption in business and economic activities.

From the information available at the time of preparation of these financial statements and based on numerous publicly available macroeconomic projections (CNB), despite the improvement in the epidemiological situation in the third quarter of 2020, the subsequent unfavourable development of the epidemiological situation has impact on a strong slowdown in recovery in the last quarter and this trend is expected to continue in early 2021. It is expected that the pandemic will be relatively successfully controlled during 2021, and with the application of an effective vaccine, the gradual recovery of economic activity could begin in the second quarter. The recovery in personal consumption affects the demand for insurance services since the volume of insurance premiums written is related to GDP trends.

In addition, Group has identified the following key areas that could be affected by adverse economic conditions:

- volatility of comprehensive income from investments, as a result of developments on the financial markets,
- increased credit risk and increased impairment provisions for insurance receivables,
- increased number of life insurance policy surrenders.

After the significant volatility of domestic and foreign markets at the beginning of 2020, at the end of the year there was a partial slowdown but with a further decline in the value of companies whose activities are closely related to the sectors most affected by the pandemic (transport, especially air transport, tourism and hotel business, service activities).

The credit risk of the companies cannot be assessed exactly at this time, and the correction is expected after the announcement of the financial results for 2020. In addition, the assessment of the effects on banks' operations is expected in the first quarter of 2021, when the results will be known after the moratorium due to the COVID-19 pandemic, among citizens and legal entities.

As part of the own risk and solvency assessment process (ORSA), a scenario of prolonged impact of the COVID-19 pandemic was created, which includes a graded analysis of the possible impact of the pandemic on business, results and solvency ratio of the Company and the Group, taking into consideration current knowledge about the impact of the pandemic, and also the measures which can be taken to minimize negative impacts as much as possible. The results of the scenario imply a certain decrease in the solvency ratio, but it should remain at levels significantly higher than the regulatory

ones, and the Company's and the Group's solvency should not be questioned in any way. Also, last solvency calculation which was performed as at 31.12.2020. showed that despite the negative effects of COVID-19, the Company and the Group is still operating with a very high solvency ratio of 268% for the Company (as at 31.12.2019.: 277%) and 229% for the Group (31.12.2019.: 239%). Regarding liquidity, the Company and the Group still have the satisfactory amounts of liquid resources that are sufficient for discharging all obligations that have become due and also has at its disposal instruments available for obtaining additional liquidity if necessary.

The Company and the Group will continue to actively monitor the development of the COVID-19 outbreak and if it should be considered to significantly affect the Company's business and financial position, it will fully comply with the Capital Market Act.

Earthquakes in the area of the Republic of Croatia

On 22 March 2020, in the area of the City of Zagreb and on 29 December 2020, in the area of the City of Petrinja, a series of earthquakes were recorded. In some insurance contracts, the Group also provides insurance for earthquake insurance risk. The amount of claims from Group's insurance contracts caused by this event (after reinsurance) amount to more than HRK 40m per individual event, i.e. a total to more than HRK 80m (after reinsurance).

Decision of the Supreme Court of the Republic of Croatia on increase of Orientation criteria for determining the amount of fair financial compensation for immaterial damages

As at 15.6.2020 the Supreme Court of the Republic of Croatia has adopted a decision on increase of Orientation criteria for determining the amount of fair financial compensation for immaterial damages, by 50%, and it will be applied to all future compensation proceedings, but also at those that are in progress. This decision led to an increase in technical provisions from insurance that is, it has an effect on profit before tax (after reinsurance) in the reporting period in the amount of over HRK 80m. In addition to the effect on the reporting period, the consequences of the decision are higher future expenses for insurance claims.

HANFA's Decision regarding prohibition of dividend payment

The Governing Board of HANFA, at its session held on 26 March 2020, adopted a decision prohibiting CROATIA osiguranje d.d., Zagreb, payment of dividends until 30 April 2021.

Such a decision was made for insurance companies in the Republic of Croatia due to exceptional market circumstances, with the aim of ensuring stable operations of insurance companies and maintaining the stability of the financial system. Also, the regulator's intention is to strength the liquidity of insurance companies in the context of the coronavirus pandemic, but also in light of the recent earthquake in the capital city of the Republic of Croatia.

Resignation of the member of the Supervisory Board of CROATIA osiguranje d.d.

Mr. Damir Vandelić, the member of the Supervisory Board of CROATIA osiguranje d.d., resigned from his membership in the Supervisory Board of CROATIA osiguranje d.d. as of 31 December 2020.

Significant events after the end of the reporting date

No events occurring after the reporting date were material to the financial statements for the reporting period. This is also described in Note 34 *Events after the balance sheet date* of the Consolidated and separate financial statements for 2020.

Expected development in the future

In 2020, real GDP decrease of 8.4 percentage is expected. The insurance market also fell in 2020, but at a much lower rate of 2.6%. Economic growth for 2021 will strongly depend on the speed of COVID-19 pandemic suppression in the country (speed of population vaccination) and abroad (speed of border opening and abolition of measures, especially in EU countries) as well as the moment of abolition of all measures. If the tourist season is at the level of expectations, then the insurance market will recover, otherwise a further decline in the market and intensification of competition is expected.

In accordance with the above, the company will in the coming period improve and refine digital communication channels:

- development of a new company website
- new functionalities of the mobile application Moja Croatia
- remote damage reporting
- additional emphasis on digital communication (delivery of IDD documentation by e-mail, digital signatures, delivery of invoices by e-mail, „pay-by-link“...)

Furthermore, the earthquakes in city of Zagreb and Banija county left long-term consequences on people's lives and property, but also opened the door to raising awareness of the need to insure property. In the coming period, the company will try to raise awareness of the need for insurance through various campaigns and will simplify the conditions for accepting certain insurance conditions.

In the forthcoming period, the goal is to continue the best practice of transferring operational excellence from the parent to subsidiaries in the region. New sources of growth in the future are combinations of organic and acquisition activities. New acquisitions are aimed at strengthening the insurance business and further development of healthcare offering in addition to using the synergies arising from the insurance offer.

Research and development activities

Customer focus and continuous innovations are the values of the Group that underlie research activities and new product development. The aim is to provide fast and quality service and increasing client satisfaction.

In accordance with the above, the company launched a completely new product, Laqo osiguranje - the first Croatian 100 percent digital insurance. With the launch of this innovative product whose quality is at the level of the best modern digital solutions, Croatia joins a small number of European countries with this type of insurance.

A specialist postgraduate study *Products, Digital Innovations and Technologies in Insurance (Insurtech)* was developed and launched with the Faculty of Electrical Engineering and Computing in Zagreb. The aim of the study is to further improve the insurance profession through the education of experts who will handle the development of industry in Croatia and the region.

Education of employees in the field of artificial intelligence has begun. More than 130 employees enrolled in the "*Elements of AI*" training. The goal is to use new knowledge and ideas to improve various business processes and services to ensure and increase the satisfaction of both customers and employees of the company.

Company branch

As at 31 December 2020, the Company has one registered branch (Branch Ljubljana). In its legal transactions, the branch operates under CROATIA osiguranje d.d. branch Ljubljana, in Croatian, and under CROATIA ZAVAROVANJE d.d. branch Ljubljana, in Slovenian.

Financial risk management

Financial risk management is described in Note 2.38. *Financial risk management* to the Consolidated and separate financial statements for 2020.

Other

In accordance with the statutory obligation and the permitted exemption pursuant to Art. 21.a of the Accounting Act, the Company has prepared a nonfinancial report to be published as part of the annual financial report of the parent company Adris Grupa d.d.

During 2019 and 2020, PricewaterhouseCoopers d.o.o. (PwC) provided education services.

Corporate Governance Statement

CROATIA osiguranje d.d., PIN 26187994862, Vatroslava Jagića 33, Zagreb (hereinafter: the Company), applies the Corporate Governance Code, which was jointly adopted by the Croatian Financial Services Supervisory Agency (HANFA) and Zagreb Stock Exchange and is available on their web sites.

By applying the provisions of the Corporate Governance Code, Rules of the Zagreb Stock Exchange (which are available Zagreb Stock Exchange's website), the Companies Act (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15; 40/19) and the Capital Market Act (Official Gazette 65/18, 17/20), the Company makes its operations and operating results transparent and accessible to the public. All explanations and possible deviations from the above rules are going to be published in the Compliance Questionnaire, in accordance with the Corporate Governance Code.

In order to take the necessary measures to achieve its business objectives, the Company has established a system of internal controls as a totality of elements: an adequate organisational structure, an implemented management system with the establishment of key and control functions, prescribed control activities for portfolio management, administrative and accounting procedures, security and adequate information system including a reporting system at all levels of the Company.

The system of internal controls in financial reporting ensures that the Company's financial statements present its financial results and financial position with reasonable accuracy and that they comply with International Financial Reporting Standards.

The Company's accounting policies represent the principles, rules and practices that the Company applies in preparing and presenting financial statements. The Company's accounting policies are defined by a special Rulebook. A summary of significant accounting policies is disclosed in the Company's financial statements.

The internal accounting control procedures include the control of formal, substantive and computational accuracy of an accounting document:

- Control of formal accuracy of an accounting document determines whether the document has been prepared in accordance with applicable regulations,
- Substantive control of an accounting document determines whether the business changes actually occurred and in the range as indicated,
- Control of computational accuracy of an accounting document means the control of mathematical operations (division, multiplication, addition and subtraction), based on which the results are obtained in the document.

The control of accounting documents is carried out in accordance with the Company's organizational structure and internal regulations by a person holding authorisation to do so as defined in the internal documents of the Company. The organisational chart is located on the internal network and is available to all employees. The control of formal, substantive and computational accuracy is confirmed by a physical and/or electronic signature of the person who has signed it.

In accordance with the provisions of the Insurance Act, the Company has formed an internal audit function at the highest organizational level which structurally reports directly to the Management Board and functionally to the Audit Committee and the Supervisory Board. Activities of the internal audit function are based on the work plans adopted by the Supervisory Board following a positive opinion of the Management Board. The internal audit function analyses and evaluates the activities of the Company and provides expert advice, recommendations and advice on controls. Internal audit assists the Company in meeting the set goals by introducing a systematic and disciplined approach to assessing and improving the effectiveness of risk management, control and corporate governance.

The Company has established a risk management function in the form of an independent organisational unit directly responsible to the Management Board. This function established a risk management system consisting of a set of internal acts, procedures and methodologies to identify, estimate or measure, control and report risks. The risk management system is regularly being improved in line with best market practices and the requirements of external regulations. More detailed information on risk management can be found in the Notes to the financial statements.

In accordance with the Insurance Act, the Company has formed an effective compliance function which includes advising and reporting to the Management Board and Supervisory Board on Company compliance with the Insurance Act and other regulations governing the operation of an insurance company, carrying out an assessment of the possible impact of changes in the legal environment on Company operations, and determining and assessing compliance risk.

The Company has established an effective actuarial function that according to the Insurance Act coordinates calculation of technical reserves, ensures the appropriateness of methodologies and models, evaluates the adequacy and quality of data needed to evaluate technical reserves, compares the assumptions and experience, and gives its opinion to the Management Board and Supervisory Board about calculating technical reserves, insurance risk takeovers, the appropriateness of the reinsurance program and participation of actuarial function in the implementation of the Company's risk management system.

In accordance with the Insurance Act, the Company has appointed a certified actuary who verifies data, methods and underlying documents for the calculation of technical provisions according to accounting regulations, and whether the technical provisions and premiums are designed to enable a permanent fulfilment of all Company obligations under the insurance or reinsurance contract regarding which the actuary provides an Opinion and Report to the Management Board and Supervisory Board.

Under the Insurance Act, the Company applies internal control systems to Group companies involved in the insurance part of business, while the companies concerned apply systems of internal controls in accordance with its legal framework.

As at 31 December 2020, significant direct holders of shares in the Company are:

- ADRIS GRUPA d.d. with a share of 66.39% and
- Restructuring and Sales Centre, for the Republic of Croatia, with a share of 30.62%.

The data on the 10 largest shareholders is available on the website of the Central Depository and Clearing Company.

According to the Company's applicable Articles of Association, the limitation of voting rights of shareholders or partial restriction of voting rights does not exist.

The members of the Management Board and the Supervisory Board are not shareholders of the Company.

The Company does not own treasury shares, and the General Assembly did not authorise the Company to acquire treasury shares

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

General Assembly

The General Assembly of the Company consists of all shareholders of the Company.

The General Assembly of the Company, in accordance with the provisions of the Articles of Association, makes decisions by public voting at sessions, convened usually by the Management Board and the Supervisory Board only when it deemed this necessary for the benefit of the Company. The powers of the General Assembly are regulated by the Company's Articles of Association and do not deviate from the powers which General Assembly of a public limited company has under the Companies Acts. A shareholder has the right to participate and vote at the General Assembly only if he / she has registered his / her participation in writing to the Management Board no later than six days before the General Assembly.

The Company's Articles of Association may be amended at the General Assembly in accordance with the provisions of the Companies Act, and the Supervisory Board is authorized to amend the provisions of the Articles of Association based on the decision of the General Assembly to the extent of editorial changes.

Supervisory Board

The right to appoint individual members of the Supervisory Board are set out in Article 24 of the Articles of Association in favour of the Republic of Croatia and employees of the Company. In accordance with the provisions of the Articles of Association, and in connection with the provision of Article 256, paragraph 3 of the Companies Act, the Republic of Croatia has the right to directly appoint two members of the Supervisory Board, as long as it holds at least 25% of the Company's ordinary shares plus one ordinary share; however, as long as it holds at least 10% of ordinary shares of the Company, pursuant to the same statutory provisions, and in connection with the provision of Article 256 paragraph 3 of the Companies Act, the Republic of Croatia has the right to directly appoint one member of the Supervisory Board. One member of the Supervisory Board is appointed by the work council of the Company, i.e. by employees, through direct and secret elections in the manner prescribed for the election by the work council, and they are entitled to this right as long as the conditions prescribed by the Labour Act are met.

The Supervisory Board has competencies prescribed by law and the Company's Articles of Association. In the period from 1 January 2020 to 31 December 2020, the Supervisory Board of the Company consisted of:

- | | |
|---------------------------|-------------------------------|
| • Roberto Škopac | President |
| • Željko Lovrinčević, PhD | Vice President |
| • Vitomir Palinec | Member |
| • Damir Vandelić | Member until 31 December 2020 |
| • Hrvoje Patajac | Member |
| • Vlasta Pavličević | Member |

During 2020, the Supervisory Board held a total of 10 meetings, and all members of the Supervisory Board attended all meetings of the Supervisory Board during 2020.

The Supervisory Board formed the Audit Committee and the Nomination and Remuneration Committee.

The Audit Committee consists of three members appointed by the Supervisory Board from among its members.

In the period from 1 January 2020 to 31 December 2020, the Audit Committee consisted of:

- | | |
|---------------------------|-----------|
| • Hrvoje Patajac | President |
| • Željko Lovrinčević, PhD | Member |
| • Vitomir Palinec | Member |

- *Report on the work of the Nomination and Remuneration Committee for the period from 1 January 2020 to 31 December 2020.*

The Nomination and Remuneration Committee is an expert body that provides support to the Supervisory Board in terms of improving the quality of supervision that the Supervisory Board is obliged to carry out in accordance with the prescribed competencies.

The Nomination and Remuneration Committee performs tasks determined by the Decision of the Supervisory Board on the establishment of the Nomination and Remuneration Committee and the appointment of the members of the Committee, and in accordance with the provisions of the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency applicable to the role of the Board. The task description of the Nomination and Remuneration Committee is publicly available, free of charge, on the website of CROATIA osiguranje d.d.

The Committee on Appointments and Remuneration shall apply the Rules of Procedure of the Supervisory Board to the manner of work, as well as to other issues that are important for the work of the Committee.

During 2020, the Nomination and Remuneration Committee held a total of 7 sessions, and all members of the Nomination and Remuneration Committee attended all sessions of the Nomination and Remuneration Committee in 2020.

At its sessions during 2020, the Nomination and Remuneration Committee performed the following tasks:

- consideration of candidates for members of the Management Board of CROATIA osiguranje d.d.
- assessment of the existence of conditions for performing the function of a member of the Management Board for candidates for members of the Management Board of CROATIA osiguranje d.d.
- assessment of the suitability of candidates for members of the Management Board of CROATIA osiguranje d.d.
- regular annual assessment of the existence of conditions for performing the function of a member of the Management Board
- consideration of the terms of the contract for performing the function of a member of the Management Board
- consideration of the terms of the agreement on the regulation of mutual relations with a member of the Management Board
- consideration of concluding an annex to the contract with the members of the Management Board
- Remuneration policies for members of the Management Board
- payment of bonuses for 2019 to members of the Management Board

The Nomination and Remuneration Committee regularly reported to the Supervisory Board on the recommendations made at its meetings, in form of the submitted minutes from the Committee meetings.

Management Board

According to the Company's Articles of Association, the Management Board consists of a minimum of three and a maximum of seven members, one of whom is the President of the Management Board. As of December 31, 2020, the Management Board consisted of four members.

The Management Board of the Company manages all the affairs of the Company jointly, and the Company is represented jointly by at least two members of the Management Board. Members of the Management Board, in conducting the Company's affairs, must adhere to the restrictions prescribed by positive legal regulations, the Company's Articles of Association, decisions of the Supervisory Board and the General Assembly of the Company.


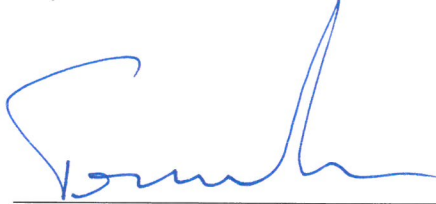
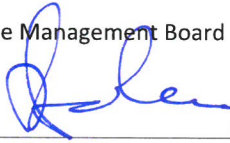
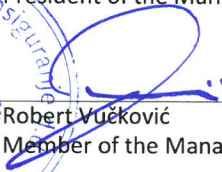
CROATIA osiguranje d.d.
Corporate Governance Statement


In the period from 1 January 2020 to 31 December 2020, the Management Board of the Company operated as follows:

- Davor Tomašković president
- Robert Vučković member
- Miroslav Klepač member until 17 April 2020.
- Luka Babić member from 18 April 2020.
- Vančo Balen member from 18 April 2020.

During 2020, the Company actively implemented measures to promote gender equality at the Company's overall level. The focus was placed on equal terms in terms of sex and age in the implementation of the recruitment process as well as internal redistribution of workers. Equal criteria applied to the recruitment of employees for management positions of the Company. There are also no differences in salaries for the same type of work or work of equal value. On all levels we are recording equal representation of experts regardless of sex and age parameters. With respect to the professional criteria, the Company applies the strategy of recruiting and developing the management functions of the appropriate profession and level of education in relation to the nature of the function and its requirements. The Company also continuously carries out education and training of employees for the purpose of further improvement and development of competencies.

Zagreb, 7 April 2021

 Luka Babić Member of the Management Board	 Davor Tomašković President of the Management Board
 Vančo Balen Member of the Management Board	 Robert Vučković Member of the Management Board





**Consolidated and separate financial statements
for 2020**

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Responsibility for the financial statements

The Management Board of the Company is required to prepare separate and consolidated financial statements for each financial year which give a true and fair view of the financial position of the Company and the Group and the results of their operations and cash flow, in accordance with applicable accounting standards, and is responsible for keeping proper accounting records so that it can, at any time, enable the preparation of financial statements. The Management Board has a general responsibility for taking such steps as are reasonably available to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies that are in accordance with the International Financial Reporting Standards as adopted in the European Union and then applying them consistently; adopting reasonable and prudent judgments and estimates; and preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

In accordance with Accounting Act, the Management Board is obliged to prepare an Annual report of the Company and the Group comprising the Annual financial statements, Management Report and Corporate Governance Statement. Management Report and Corporate Governance Statement have been prepared in line with the requirements of Article 21, 22 and 24 of the Accounting Act.

The Management Board is responsible for submitting the Annual report of the Company and the Group, which includes the Annual financial statements, to the Supervisory Board, following which the Supervisory Board should approve these for submitting to the General Assembly for acceptance.

The separate and consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted in the European Union and which are presented on the following pages, as well as the forms, prepared in accordance with the *Ordinance on the structure and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 37/16, 96/18, 50/19 and 98/20)* adopted by the Croatian Financial Services Supervision Agency were approved by the Management Board on 7 April 2021 and submitted for issue to the Supervisory Board. In acknowledgment, the financial statements have been signed by the Company's authorized persons, as follows.

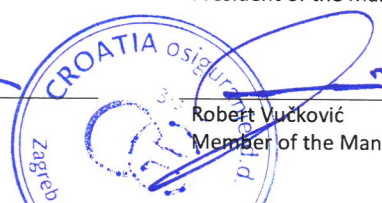
7 April 2021

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


Luka Babić
Member of the Management Board


Davor Tomašković
President of the Management Board


Vančo Balen
Member of the Management Board


Robert Vučković
Member of the Management Board

CROATIA osiguranje d.d.
Vatroslava Jagića 33
10 000 Zagreb
Republic of Croatia





Independent Auditor's Report

To the Shareholders of CROATIA osiguranje d.d.

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of CROATIA osiguranje d.d. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2020, and the Company's and the Group's separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 31 March 2021.

What we have audited

The Company's and the Group's separate and consolidated financial statements comprise:

- the separate and consolidated statements of comprehensive income for the year ended 31 December 2020;
- the separate and consolidated statements of financial position as at 31 December 2020;
- the separate and consolidated statements of changes in equity for the year then ended;
- the separate and consolidated cash flow statements for the year then ended; and
- the notes to the separate and consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

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

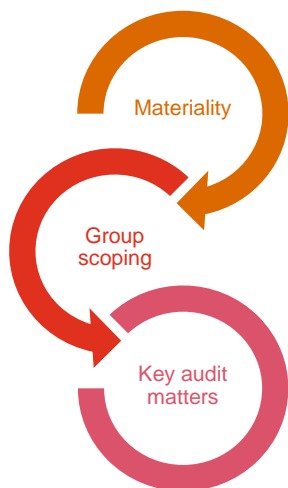
Independence

We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Company and the Group in the period from 1 January 2020 to 31 December 2020.

Our audit approach

Overview



- Overall Company materiality: HRK 27 million, which represents 1% of gross written premium.
 - Overall Group materiality: HRK 32 million, which represents 1% of gross written premium.
-
- We conducted audit work at 6 reporting units in 4 countries.
 - Our audit scope addressed 100% of the Group's gross written premiums and 99% of the Group's absolute value of underlying profit before tax.
-
- Estimates used in calculation of insurance contract liabilities and Liability Adequacy Test (LAT).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate and consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate and consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate and consolidated financial statements as a whole.

Overall materiality for the Company and the Group	The Company: HRK 27 million The Group: HRK 32 million
How we determined it	The Company: 1 % of gross written premiums The Group: 1 % of gross written premiums
Rationale for the materiality benchmark applied	We chose gross written premium as the appropriate benchmark because it is the benchmark against which the performance of the Company and the Group is measured, in terms of both its market share and customer base.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Estimates used in calculation of insurance contract liabilities and Liability Adequacy Test (LAT)

Refer to Note 2.22 “Summary of significant accounting policies – Technical provisions” and Note 25 “Technical provisions”.

As at 31 December 2020, the Group and the Company recorded technical provisions of HRK 8 billion and HRK 7 billion, respectively, representing 87% of the Group’s total liabilities (the Company: 88%). This is an area that involves significant judgement over uncertain future outcomes, including primarily the timing and ultimate full settlement of long term policyholder liabilities, and therefore we considered it a key audit matter.

Consistent with the insurance industry practice, the Group uses valuation models to support the calculations of technical provisions. The complexity of the models may give rise to errors due to inadequate/incomplete data or the design or application of the models.

Economic assumptions such as investment return and interest rates and actuarial assumptions such as mortality, longevity, customer behaviour, loss ratio and cost ratio are key inputs used to estimate these mainly long-term liabilities. Significant judgement is applied in determining these assumptions.

The Group’s and the Company’s IFRS liability adequacy test was performed in order to confirm that technical provisions were adequate in the context of expected future cash outflows.

We used our own actuarial specialists to assist us in performing our audit procedures.

In particular, our audit focused on the models considered more complex and/or requiring significant judgement in determining the assumptions used in calculating technical provisions or performing the liability adequacy test.

We obtained an understanding of the internal actuarial process and assessed how management determined and approved economic and actuarial assumptions.

Our assessments also included challenging, as necessary, the specified economic and actuarial assumptions considering management’s rationale for the actuarial judgments applied and comparing them with applicable industry practices.

We considered the appropriateness of actuarial judgements used in the models, which may vary depending on the product and/or the product features. We also assessed whether the models comply with the applicable accounting standards.

Furthermore, in our recalculations we determined whether the technical provisions calculations performed by the models and systems are accurate and complete.

We tested the validity of the management’s liability adequacy testing, which is a key test performed to verify whether the liabilities are adequate as compared to expected future contract liabilities. The inputs used were reconciled with the accounting records.

Our work on the liability adequacy tests included assessing the reasonableness of the projected cash flows and challenging the assumptions adopted both by the Group and the Company considering industry practices and specific product features.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Reporting on other information including the Management Report

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 21 and 24 of the Accounting Act, and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report and the Corporate Governance Statement for the financial year for which the separate and consolidated financial statements are prepared is consistent, in all material respects, with the separate and consolidated financial statements;
- the Management Report has been prepared in accordance with the requirements of Article 21 and 24 of the Accounting Act; and
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report, Corporate Governance Statement and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.



Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company and the Group on 17 July 2014. Our appointment has been renewed annually by shareholder resolution with the most recent reappointment on 3 July 2020, representing a total period of uninterrupted engagement appointment of 7 years.

Forms in accordance with Regulatory Requirements

Based on the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 37/16, 96/18, 50/19, 98/20), "Ordinance", the Management Board of the Company prepared forms for the Company and the Group presented in section Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency, entitled the Statement of financial position as at 31 December 2020, and the Statement of comprehensive income, Statement of Cash flows (indirect method) and Statement of changes in equity for the period from 1 January until 31 December 2020 together with information to reconcile the forms to the Company's and the Group's financial statements presented in the section Reconciliation of the financial statements and statements for the Croatian Financial Services Supervisory Agency. The Company's management is responsible for the preparation of these forms and information on reconciliation and they do not represent an integral part of these audited financial statements, but contain information required by the Ordinance. The financial information in the forms is derived from the Company's and the Group's audited financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union as presented on pages 30 to 171 adjusted for the purposes of the Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Siniša Dušić.

PricewaterhouseCoopers d.o.o.
Heinzlova 70, Zagreb
07 April 2021

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Statement of comprehensive income for 2020

	Note	Company		Group	
		2020	2019	2020	2019
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Gross written premiums	4	2,744,594	2,742,508	3,237,398	3,303,158
Premiums ceded to reinsurance and coinsurance	4	(248,776)	(247,808)	(277,861)	(273,725)
Written premiums, net of reinsurance and coinsurance	4	2,495,818	2,494,700	2,959,537	3,029,433
Change in gross provisions for unearned premiums	4	(13,442)	3,929	3,767	(11,068)
Change in provision for unearned premiums, reinsurance and coinsurance share	4	16,510	(13,110)	16,234	(15,710)
Earned premiums, net of reinsurance and coinsurance	4	2,498,886	2,485,519	2,979,538	3,002,655
Commission and fee income	5	41,578	36,083	43,168	37,545
Finance income	6	408,679	406,620	498,950	486,149
Other operating income	7	41,418	46,693	172,721	162,128
Net operating income		2,990,561	2,974,915	3,694,377	3,688,477
Claims incurred	8	(2,016,952)	(1,726,491)	(2,289,926)	(2,034,428)
Reinsurance and coinsurance share of claims incurred	8	348,100	125,425	353,285	129,989
Claims incurred, net of reinsurance and coinsurance		(1,668,852)	(1,601,066)	(1,936,641)	(1,904,439)
Acquisition costs	9	(477,748)	(512,063)	(577,716)	(620,748)
Administrative expenses	10	(389,786)	(405,605)	(583,136)	(590,966)
Other operating expenses	11	(40,722)	(44,543)	(66,954)	(67,797)
Finance costs	12	(139,313)	(58,252)	(148,679)	(104,841)
Share in profit of associates		-	-	10,339	11,947
Profit before tax		274,140	353,386	391,590	411,633
Income tax	13	(44,551)	(60,255)	(63,388)	(71,894)
Profit for the year		229,589	293,131	328,202	339,739

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income (continued)

for 2020

	Note	Company		Group	
		2020	2019	2020	2019
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Other comprehensive income for the year					
<i>Items that will not be recognised in profit or loss</i>					
Change in fair value of property for own use, net of deferred tax	24.3/i/	(216)	543	(5,511)	19,609
<i>Items that can 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	24.3/ii/	(44,127)	243,437	(36,512)	250,064
Foreign exchange differences	24.3/ii/	(107)	(30)	3,048	1,159
Other comprehensive income/(loss) for the year		(44,450)	243,950	(38,975)	270,832
Total comprehensive income for the year		185,139	537,081	289,227	610,571
Profit attributable to:					
- Company shareholders		229,589	293,131	327,902	339,392
- Non-controlling interest		-	-	300	347
		229,589	293,131	328,202	339,739
Total comprehensive income attributable to:					
- Company shareholders		185,139	537,081	288,931	610,122
- Non-controlling interest		-	-	296	449
		185,139	537,081	289,227	610,571
Earnings per share attributable to the Company's shareholders					
Basic and diluted earnings per share (HRK)	14	-	-	778,96	806.26

The accompanying notes form an integral part of these financial statements.

Statement of financial position

as at 31 December 2020

	Note	Company		Group	
		31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets					
Intangible assets	15	96,858	36,993	107,873	48,727
Deferred acquisition costs	15.1	208,350	226,110	247,354	268,986
Property and equipment	16	552,906	641,461	874,386	906,627
Investment property	17	456,653	367,521	1,013,247	873,653
Investments in subsidiaries, associates and participation in joint ventures	18	376,516	279,111	76,593	77,590
Held-to-maturity investments	19	2,082,335	2,172,387	2,169,783	2,315,261
Available-for-sale financial assets	19	4,536,162	4,446,779	5,123,648	4,912,345
Financial assets at fair value through profit or loss	19	421,553	493,577	459,435	518,625
Loans and receivables	19	1,018,935	1,205,330	1,171,522	1,352,160
Reinsurance share in technical provisions	20	474,869	213,533	488,265	226,379
Deferred tax assets	21	-	-	1,653	1,740
Insurance contract and other receivables	22	791,014	861,021	902,044	966,207
Cash and cash equivalents	23	512,936	125,320	669,425	217,367
Total assets		11,529,087	11,069,143	13,305,228	12,685,667
Capital and reserves					
Subscribed share capital	24.1	589,326	589,326	589,326	589,326
Premium on issued shares		681,483	681,483	681,483	681,483
Reserves	24.2	402,038	402,038	402,038	402,038
Revaluation reserve	24.3	471,124	516,656	568,449	609,338
Retained earnings		1,389,868	1,158,961	1,866,055	1,537,454
Equity attributable to shareholders of the Company		3,533,839	3,348,464	4,107,351	3,819,639
Non-controlling interests	1.3	-	-	12,654	12,553
Total capital and reserves		3,533,839	3,348,464	4,120,005	3,832,192
Liabilities					
Technical provisions	25	7,035,256	6,730,428	8,036,019	7,693,668
Provisions	26	86,539	102,717	97,959	114,287
Deferred tax liability	21	35,980	45,117	84,756	80,898
Financial liabilities	27	284,278	271,667	323,892	302,016
Liabilities arising from insurance contracts, other liabilities and deferred income	28	548,849	557,719	622,611	634,011
Current income tax liability		4,346	13,031	19,986	28,595
Total liabilities		7,995,248	7,720,679	9,185,223	8,853,475
Total capital, reserves and liabilities		11,529,087	11,069,143	13,305,228	12,685,667

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity for 2020

Company	Subscribed	Premium	Reserves	Revaluation	Retained	Total capital
	share capital	on issued shares		reserve	earnings	and reserves
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Balance at 1 January 2019	589,326	681,483	402,038	273,429	864,948	2,811,224
Total comprehensive income for the year						
Change in fair value of property for own use (Note 16)	-	-	-	662	-	662
Deferred tax on change in fair value of property for own use (Note 21)	-	-	-	(119)	-	(119)
Change in fair value of available-for-sale financial assets, net of amounts realised	-	-	-	296,874	-	296,874
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realised (Note 21)	-	-	-	(53,437)	-	(53,437)
Foreign exchange differences on translation of foreign operations	-	-	-	(30)	-	(30)
<i>Other comprehensive income</i>	-	-	-	243,950	-	243,950
<i>Profit for the year</i>	-	-	-	-	293,131	293,131
Total comprehensive income for the year	-	-	-	243,950	293,131	537,081
Transactions with owners, recognised directly in equity						
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(882)	882	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	159	-	159
Balance at 31 December 2019	589,326	681,483	402,038	516,656	1,158,961	3,348,464
Total comprehensive income for the year	589,326	681,483	402,038	516,656	1,158,961	3,348,464
Change in fair value of property for own use (Note 16)	-	-	-	(264)	-	(264)
Deferred tax on change in fair value of property for own use (Note 21)	-	-	-	48	-	48
Change in fair value of available-for-sale financial assets, net of amounts realized	-	-	-	(53,813)	-	(53,813)
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realised (Note 21)	-	-	-	9,686	-	9,686
Foreign exchange differences on translation of foreign operations	-	-	-	(107)	-	(107)
<i>Other comprehensive income</i>	-	-	-	(44,450)	-	(44,450)
<i>Profit for the year</i>	-	-	-	-	229,589	229,589
Total comprehensive income for the year	-	-	-	(44,450)	229,589	185,139
Transactions with owners, recognised directly in equity						
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(1,318)	1,318	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	236	-	236
Balance at 31 December 2020	589,326	681,483	402,038	471,124	1,389,868	3,533,839

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity (continued)

for 2020

Group	Subscribed	Premium on	Reserves	Revaluation	Retained	Total	Non-	Total capital
	share capital	issued shares		reserve	earnings		controlling	and reserves
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Balance at 1 January 2019	589,326	681,483	402,038	340,282	1,195,981	3,209,110	12,214	3,221,324
Total comprehensive income for the year								-
Change in fair value of property for own use (Note 16)	-	-	-	23,736	-	23,736	26	23,762
Deferred tax on change in value of property for own use (Note 21)	-	-	-	(4,153)	-	(4,153)	-	(4,153)
Change in fair value of available-for-sale financial assets, net of amounts realized	-	-	-	303,955	-	303,955	58	304,013
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realized (Note 21)	-	-	-	(53,949)	-	(53,949)	-	(53,949)
Foreign exchange differences on translation of foreign operations	-	-	-	1,141	-	1,141	18	1,159
<i>Other comprehensive income</i>	-	-	-	270,730	-	270,730	102	270,832
<i>Profit for the year</i>					339,392	339,392	347	339,739
Total comprehensive income for the year	-	-	-	270,730	339,392	610,122	449	610,571
Transactions with owners, recognised directly in equity								
Dividends paid	-	-	-	-	-	-	(113)	(113)
Other transactions	-	-	-	33	7	40	3	43
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(2,074)	2,074	-	-	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	367	-	367	-	367
Balance at 31 December 2019	589,326	681,483	402,038	609,338	1,537,454	3,819,639	12,553	3,832,192
Total comprehensive income for the year	589,326	681,483	402,038	609,338	1,537,454	3,819,639	12,553	3,832,192
Change in fair value of property for own use (Note 16)	-	-	-	(6,354)	-	(6,354)	(7)	(6,361)
Deferred tax on change in value of property for own use (Note 21)	-	-	-	850	-	850	-	850
Change in fair value of available-for-sale financial assets, net of amounts realised	-	-	-	(45,265)	-	(45,265)	(63)	(45,328)
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realized (Note 21)	-	-	-	8,816	-	8,816	-	8,816
Foreign exchange differences on translation of foreign operations	-	-	-	2,982	-	2,982	66	3,048
<i>Other comprehensive income</i>	-	-	-	(38,971)	-	(38,971)	(4)	(38,975)
<i>Profit for the year</i>	-	-	-	-	327,902	327,902	300	328,202
Total comprehensive income for the year	-	-	-	(38,971)	327,902	288,931	296	289,227
Transactions with owners, recognised directly in equity								
Dividends paid	-	-	-	-	-	-	(157)	(157)
Other transactions	-	-	-	-	(1,625)	(1,625)	(38)	(1,663)
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(2,324)	2,324	-	-	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	406	-	406	-	406
Balance at 31 December 2020	589,326	681,483	402,038	568,449	1,866,055	4,107,351	12,654	4,120,005

The accompanying notes form an integral part of these financial statements.

Cash flow statement for 2020

	Note	Company	Company	Group	Group
		2020	2019	2020	2019
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash flows from operating activities					
Profit before tax		274,140	353,386	391,590	411,633
<i>Adjustments for:</i>					
Depreciation and amortisation	15, 16	57,063	57,935	81,982	78,171
Change in deferred acquisition costs	15.1	17,760	25,293	21,632	19,717
Net impairment of loans	6, 12.1	(14,244)	(11,204)	(14,624)	(11,339)
Impairment of property and equipment	7, 11	325	(6,352)	2,430	(6,609)
Impairment of shares in subsidiaries and associates	12.1	(376)	(32,182)	-	-
Interest expense	12	10,651	10,253	12,145	11,706
Interest income	6.1.	(92,372)	(119,632)	(83,965)	(112,152)
Dividend income and share in profit of associates		(25,698)	(44,953)	(19,749)	(37,538)
Net foreign exchange differences on held-to-maturity investments and loans	6.4 12.3	(18,662)	(5,132)	(18,712)	(5,033)
(Gains)/losses on sale of investment property and tangible assets and changes in fair value of investment property		16,675	15,666	(1,044)	163
Net provisions for legal disputes, termination benefits, etc.		12,772	26,500	14,403	31,239
Gain on bargain purchase	18.3	-	-	(5,628)	-
Other adjustments		4,561	1,779	18,117	16,648
Cash flows before changes in operating assets and liabilities		242,595	271,357	398,577	396,606
Changes in available-for-sale financial assets		(143,196)	(452,747)	(256,568)	(581,717)
Changes in financial assets at fair value through profit or loss		72,024	111,466	59,190	122,414
Changes in loans and receivables		178,265	(240,447)	172,665	(284,299)
Changes in reinsurance share in technical provisions		(261,336)	2,026	(261,886)	8,001
Changes in insurance contract and other receivables		(7,805)	9,117	(12,099)	8,954
Changes in technical provisions		304,828	126,081	342,351	228,164
Payment of termination benefits, jubilee awards and other provisions		(28,950)	(22,647)	(30,978)	(24,967)
Changes in insurance contract and other liabilities and financial liabilities		(8,916)	(28,818)	(13,676)	(15,086)
Income tax paid		(51,376)	(51,025)	(68,716)	(59,403)
Changes in operating assets and liabilities		53,538	(546,994)	(69,717)	(597,939)
Net cash flows (used in)/from operating activities		296,133	(275,637)	328,860	(201,333)

The accompanying notes form an integral part of these financial statements.

Cash flow statement (continued)
for 2020

Continued:

	Note	Company	Company	Group	Group
		2020	2019	2020	2019
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash flows from investing activities					
Proceeds from sale of tangible assets		2,613	5,417	2,178	17,912
Purchase of tangible assets		(19,926)	(25,969)	(46,376)	(57,524)
Proceeds from sale of intangible assets		-	628	70	628
Purchase of intangible assets		(78,165)	(27,541)	(79,808)	(29,715)
Proceeds from sale of investment property		80,780	16,750	81,330	16,750
Purchase of investment property		(24,369)	(4,259)	(28,240)	(7,032)
Acquisition of subsidiaries (net of cash acquired)	18.3	(78,897)	-	(77,987)	-
Capital increase of subsidiaries	18.3	(18,132)	-	-	-
Proceeds from held- to-maturity investments		292,133	258,164	365,269	283,893
Purchase of held- to-maturity investments		(191,657)	(386,589)	(207,437)	(387,959)
Proceeds from dividends and share in profit		25,443	43,886	9,155	24,524
Proceeds received from short-term and long-term loans granted		72,118	66,604	73,857	47,126
Short-term and long-term loans granted		(48,756)	(21,590)	(29,143)	(35,328)
Interest income received		98,364	125,818	89,440	115,571
Net cash flows from investing activities		111,549	51,319	152,308	(11,154)
Cash flows from financing activities					
Cash outflows for repayment of principal element of lease liabilities		(20,066)	(19,096)	(28,953)	(25,770)
Cash outflows for payment of share in profit (dividend)		-	(980)	(157)	(1,093)
Net cash flows from financing activities		(20,066)	(20,076)	(29,110)	(26,863)
Cash and cash equivalents at beginning of period	23	125,320	369,714	217,367	456,717
Cash and cash equivalents at end of period	23	512,936	125,320	669,425	217,367
Net (decrease)/ increase in cash and cash equivalents		387,616	(244,394)	452,058	(239,350)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. GENERAL INFORMATION ON THE COMPANY

1.1. Legal framework, activities and employees

CROATIA osiguranje d.d., Zagreb, Vatroslava Jagića 33 (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 and reinsurance business in the non-life insurance group. Since 2004 the Company's shares have been listed at Official Market of the Zagreb Stock Exchange, Zagreb.

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

Company is majorly owned by ADRIS GRUPA d.d., Rovinj and is included in the consolidated financial statements of ADRIS GRUPA d.d. which are available on the ADRIS GRUPA d.d.'s website, Zagreb Stock Exchange and the Officially appointed mechanism for the central storage of regulated information.

Average number of employees of the Company is 2,222 (2019: 2,248), and of the Group 3,362 (2019: 3,404).

1.2. Company bodies

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

Members of the Supervisory Board:

- | | |
|---------------------------|-------------------------------|
| • Robert Škopac | President |
| • Željko Lovrinčević, PhD | Viceesident |
| • Vitomir Palinec | Member |
| • Damir Vanđelić | Member until 31 December 2020 |
| • Hrvoje Patajac | Member |
| • Vlasta Pavličević | Member |

Members of the Management Board:

- | | |
|--------------------|----------------------------|
| • Davor Tomašković | President |
| • Robert Vučković | Member |
| • Miroslav Klepač | Member until 17 April 2020 |
| • Luka Babić | Member from 18 April 2020 |
| • Vančo Balen | Member from 18 April 2020 |

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for 2020

1.3. Subsidiaries

The Group consolidated the following entities as at 31 December 2020:

Group	Principal activity	31 December 2020		
		Shares directly held by parent (%)	Shares held by the Group (%)	Shares held by non-controlling interests (%)
Subsidiaries registered in Croatia which are consolidated:				
Croatia premium d.o.o., Zagreb	<i>Real estate</i>	100	100	-
Histria Construct d.o.o., Zagreb	<i>Real estate</i>	100	100	-
Core 1 d.o.o., Zagreb	<i>Real estate</i>	100	100	-
Razne usluge d.o.o. (currently being wound up), Zagreb		100	100	-
Auto Maksimir Vozila d.o.o., Zagreb	<i>Insurance agency</i>	100	100	-
AK Polica d.o.o., Varaždin	<i>Insurance agency</i>	100	100	-
CO Zdravlje d.o.o., Zagreb	<i>Consulting and services</i>	100	100	-
- CROATIA Poliklinika Zagreb	<i>Healthcare</i>		100	-
Croatia-Tehnički pregledi d.o.o., Zagreb	<i>MOT*</i>	100	100	-
- Herz d.d., Požega	<i>MOT</i>	-	100	-
- Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	<i>MOT</i>	-	76	24
- STP Pitomača, Pitomača	<i>MOT</i>	-	100	-
- STP Blato	<i>MOT</i>	-	100	-
- Autoprijevoz d.d.	<i>MOT</i>	-	79.12	20.88
- Crotehna d.o.o., Ljubuški	<i>MOT</i>	-	100	-
- Ponte d.o.o., Mostar	<i>MOT</i>	-	100	-
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	<i>Fund management</i>	100	100	-
ASTORIA d.o.o.	<i>Real estate</i>	100	100	-
Subsidiaries registered abroad which are consolidated:				
Milenijum osiguranje a.d.o., Belgrade	<i>Insurance</i>	100	100	-
Croatia osiguranje d.d., Mostar	<i>Insurance</i>	95.02	95.02	4.98
- Croatia remont d.d., Čapljina***	<i>MOT</i>	-	69.79	30.21
- Croauto d.o.o., Mostar	<i>MOT</i>	-	66.79	33.21
- Hotel Hum d.o.o., Ljubuški**	<i>Hospitality</i>	-	80	20
Croatia osiguranje d.d., društvo za osiguranje neživota, Skopje	<i>Insurance</i>	100	100	-
Croatia osiguranje d.d., društvo za osiguranje života, Skopje	<i>Insurance</i>	95	100	-

* MOT - Motor vehicle examination stations

** Croatia osiguranje d.d. Mostar holds an 80% share, and CROTEHNA d.o.o. Ljubuški holds an 20% share

*** Crotehna d.o.o., Ljubuški additionally holds an 0.87% share of Croatia remont d.d.

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.

Hereinafter, the policies applied by the Group also mean the policies applied by the Company, unless otherwise stated.

2.1. Statement of compliance and basis of presentation

The financial statements for 2020 have been prepared in accordance with the Accounting Act (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20 and 47/20) 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 37/16, 96/18, 50/19 and 98/20).

These are consolidated financial statements of the Group that also include separate financial statements of the Company ("Parent" of the Group) as defined in International Accounting Standard 27 "Separate Financial Statements" and International Financial Reporting Standard 10 "Consolidated financial statements".

2.2. Basis of preparation

The consolidated and separate financial statements of the Company and the Group have been prepared in conformity 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 the Management Board 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 2.35.

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.

(a) New and amended standards adopted by the Group:

- *COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020.*

The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group had no material lease reliefs and did not applied this practical expedient.

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- *Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).*
- *Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).*
- *Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).*
- *Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).*

(b) Standards and interpretations not yet adopted:

Certain new standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

- *IFRS 17 Insurance contracts (effective for annual periods beginning on or after January 1, 2023).*

IFRS 17 was issued in May 2017 as a replacement for IFRS 4 *Insurance Contracts*. The Standard requires a measurement model based on current best estimates, whereby estimates are remeasured in each reporting period. The contracts are measured by using the following parameters:

- discounted probability-weighted cash flows
- explicit risk adjustment for unfulfillment of estimated cash flows
- contractual service margin - CSM which represents the unearned profit under the contract which is recognised as income over the coverage period of the insurance contract.

According to the Standard, the Group may choose where to present the change in the discount rates - either in profit or loss or in other comprehensive income. The final choice will reflect the manner in which insurers disclose their financial assets in accordance with IFRS 9.

An alternative, simplified approach to premium allocation is permitted for the liability for remaining coverage for insurance contracts with short-term coverage, frequently drawn up by non-life insurers.

A variation of the general measurement model, called the "variable fee approach", is also envisaged, which can be applied to certain life insurance contracts where the policyholders participate in the returns from the underlying contracts. When applying the variable fee approach, the insurer's share of the fair value changes is included in the contractual service margin. Consequently, the results of the insurers using this model are likely to be less volatile than under the general measurement model.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services:* Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-

return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The Group has started the IFRS 17 implementation project, monitors the process of updating IFRS 17 by the International Accounting Standards Board (IASB), and performs an impact assessment on its financial statements together with an assessment of the effects of IFRS 9. The Group expects the new standard to result in a material change in accounting policies for insurance contract liabilities, will have an impact on profit and equity, and will result in changes in presentation and disclosures in the financial statements. Given the significant impact of the standard, the Group has hired additional resources in terms of human resources (experts) and is in the process of developing IT systems to meet the requirements of the standard. At the balance sheet date, given the early stage of the implementation project, the potential combined effect of the two standards on the financial position and performance of the Company and the Group cannot be calculated at this time and more detailed assessments of the impact of the standard on the financial statements will be made during the following periods. The Company and the Group intend to adopt the standard with the effective date.

- *IFRS 9 Financial instruments and associated amendments to various other standards (effective for annual periods beginning on or after 1 January 2018 or later for insurance companies with the exception for insurance companies until 1 January 2023 when the adoption of the new insurance standard is expected) and Amendment of IFRS 4 – Applying of IFRS 9 Financial instruments with IFRS 4 Insurance contracts (in May 2020, the IASB decided to defer the effective date of IFRS 9 to periods beginning on or after 1 January 2023, in order to be implemented together with IFRS 17).*

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, IASB made further changes to the classification and measurement rules and also introduced a new impairment model.

In 2016, the IASB adopted an amendment to IFRS 4 that allows insurers to apply IAS 39 instead of IFRS 9 for annual periods beginning before IFRS 17 comes into force, provided that certain prerequisites are met. These prerequisites applying to entities whose activities are predominantly connected with insurance, are met by the Group, and the Management intends to use this option to defer the application of IFRS 9.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).*

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

- *Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).*

These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Company and the Group are currently assessing the impact of the amendments on its consolidated financial statements.

- *Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).*

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

- *Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).*

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The Company and the Group are currently assessing the impact of the amendments on its consolidated financial statements.

- *Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).*

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- *Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform:* For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS

16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

- *End date for Phase 1 relief for non-contractually specified risk components in hedging relationships:* The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- *Additional temporary exceptions from applying specific hedge accounting requirements:* The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- *Additional IFRS 7 disclosures related to IBOR reform:* The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the separate and consolidated financial statements of the Company and the Group.

2.4. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, certain 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 impairment losses on loans and receivables, calculation of technical provisions and determining fair value of investment property.

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 2.35.

Impact of the COVID-19 outbreak on the Company's operations

The existence of the coronavirus (COVID-19) was confirmed in early 2020 and spread to mainland China and beyond, and in late February 2020 to Croatia, causing disruption in business and economic activities.

From the information available at the time of preparation of these financial statements and based on numerous publicly available macroeconomic projections (CNB), despite the improvement in the epidemiological situation in the third quarter of 2020, the subsequent unfavourable development of the epidemiological situation has impact on a strong slowdown in recovery in the last quarter and this trend is expected to continue in early 2021. It is expected that the pandemic will be relatively successfully controlled during 2021, and with the application of an effective vaccine, the gradual recovery of economic activity could begin in the second quarter.

The recovery in personal consumption affects the demand for insurance services since the volume of insurance premiums written is related to GDP trends.

In addition, Group has identified the following key areas that could be affected by adverse economic conditions:

- volatility of comprehensive income from investments, as a result of developments on the financial markets,
- increased credit risk and increased impairment provisions for insurance receivables,
- increased number of life insurance policy surrenders.

Despite the unfavourable economic situation caused by COVID 19, there was no significant decline in premium income as well as the collection of claims under insurance contracts. The moratorium on foreclosures that was in force during 2020, reduced the forced collection of receivables, but did not have a significant adverse impact on the liquidity of the Company and the Group.

As part of the own risk and solvency assessment process (ORSA), a scenario of prolonged impact of the COVID-19 pandemic was created, which includes a graded analysis of the possible impact of the pandemic on business, results and solvency ratio of the Company and the Group, taking into consideration current knowledge about the impact of the pandemic, and also the measures which can be taken to minimize negative impacts as much as possible. The results of the scenario imply a certain decrease in the solvency ratio, but it should remain at levels significantly higher than the regulatory ones, and the Company's and the Group's solvency should not be questioned in any way. Also, last solvency calculation for the Company and the Group which was performed as at 31.12.2020. showed that despite the negative effects of COVID-19, the Company and the Group is still operating with a very high solvency ratio of 268% for the Company (as at 31.12.2019.: 277%) and 229% for the Group (31.12.2019.: 239%). Regarding liquidity, the Company and the Group still have the satisfactory amounts of liquid resources that are sufficient for discharging all obligations that have become due and also has at its disposal instruments available for obtaining additional liquidity if necessary.

The Company will continue to actively monitor the development of the COVID-19 outbreak and if it should be considered to significantly affect the Company's business and financial position, it will fully comply with the Capital Market Act.

Earthquakes in the area of the Republic of Croatia

On 22 March 2020, in the area of the City of Zagreb and on 29 December 2020, in the area of the City of Petrinja, a series of earthquakes were recorded. In some insurance contracts, the Group also provides insurance for earthquake insurance risk. The amount of claims from Group's insurance contracts caused by this event (after reinsurance) amount to more than HRK 40m per individual event, i.e. a total to more than HRK 80m (after reinsurance).

The earthquake also affected the valuation of investment property and property and equipment. An independent appraisal of investment property was performed by external appraisers to determine fair value at 31 December 2020 and the effects are shown in Note 17. Also, in 2020, the Group reviewed property and equipment whether there are indications of impairment (including possible impairment due to earthquakes) and the effects are presented in Note 16.

Decision of the Supreme Court of the Republic of Croatia on increase of Orientation criteria for determining the amount of fair financial compensation for immaterial damages

As at 15.6.2020 the Supreme Court of the Republic of Croatia has adopted a decision on increase of Orientation criteria for determining the amount of fair financial compensation for immaterial damages, by 50%, and it will be applied to all future compensation proceedings, but also at those that are in progress. This decision led to an increase in technical provisions from insurance that is, it has an effect on profit before tax (after reinsurance) in the reporting period in the amount of over HRK 80m. In addition to the effect on the reporting period, the consequences of the decision are higher future expenses for insurance claims.

2.5. Consolidation

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

Subsidiaries

Subsidiaries are all 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 and are de-consolidated 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 equity 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 minority 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 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 of 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.

Merger of entities under common control

A merger or a business combination involving business entities under common control is a business combination in which all of the combining business entities are controlled by the same party (or parties) both before and after the business combination, and that control is not transitory. The predecessor method of accounting is used to account for the mergers of entities under common control. According to the predecessor method of accounting, the carrying amount of the assets (including goodwill, if any) and liabilities of the acquired or merged company (or the company that has ceased to exist as a result of the merger) are transferred to the successor company from the consolidated financial statements of the highest entity that has common control and which prepares consolidated financial statements or a lower level entity if justified.

The merged entity's results and balance sheet are incorporated prospectively from the date on which the merger or business combination between entities under common control occurred.

On the date of the merger, inter-company transactions, balances and unrealised gains and losses on mutual transactions are eliminated.

The difference between the transferred fee and the carrying amount of the net assets of the acquired company is recognised in equity (in retained earnings).

2.6. Presentation currency

The Group's financial statements are presented in Croatian kuna (HRK) as the functional currency of the Company and subsidiaries in Croatia 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 2020, the official HRK exchange rate was HRK 7.536898 for EUR 1 (31 December 2019: HRK 7.442580).

2.8. Gross premium written

/i/ Gross written premiums represent basic operating revenue 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 of gross written premium.

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), gains on investments in land and buildings, interest income, unrealised gains on investments at fair value through profit or loss, gain on sale of investment, net foreign exchange gains and other gains on investment.

Gains on investments in land and buildings consist of income realized due to an increase in the value of land and buildings, gains on sale of land and buildings, land and buildings rental income and other gains on investments in land and buildings. Land and buildings rental income and income from 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. Interest on monetary assets at fair value through profit or loss is recognized using the effective interest rate method and is presented in 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 2.17 "Financial instruments".

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

2.10. Claims incurred

Claims incurred include settled amounts for claims, plus claims provisions, mathematical provisions, other technical provisions and special provisions for life insurance where the policyholder bears the investment risk in the accounting period.

Gross claims paid include the costs related to claims payment (appraisals, attorneys' fees, staff costs of the claims management sector etc.), surrenders and recourse claims expenditures.

2.11. Operating expenses

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

Non-life insurance commission expenses are recognised on a straight-line basis over the accounting period in accordance with the recognition of the premium income to which they relate. Commission expenses for non-life insurances are recognised on a pay-as-you-go basis. 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.

Non-current 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 from 3 to 10 years (2019: from 3 to 4 years).

Deferred acquisition costs

Deferred acquisition costs for non-life insurance comprise commissions calculated for the internal and external sales network incurred in concluding insurance policies during the financial year. In this regard, the commission charged to the sales network represents the total acquisition commission for each insurance policy, Indirect or general sales costs are not deferred.

For non-life insurance, at the reporting date deferred acquisition costs are calculated using the methodology comparable to the method of calculating the provision for unearned premiums at the reporting date.

By introducing the accounting policy of deferral of acquisition costs, the Group has also introduced recording liabilities for undue commission. Liabilities for undue commission is the difference between the total commission to be calculated for a particular insurance policy and the accrued commission. The basis for calculating the total commission is the value of the written (charged) premium, while the basis for calculating the accrued commission is the amount of the charged premium by each policy.

The recoverable amount of deferred acquisition costs is assessed at each reporting date as part of the liability adequacy test of non-life insurance.

2.13. Property and equipment

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

After 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 2019.

After initial recognition, equipment and other tangible assets 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 and included in the carrying value of the asset.

Gains or losses on the retirement or disposal of 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:

	2020	2019
	Estimated useful life	Estimated useful life
Buildings	40 years	40 years
Furniture and equipment	4-10 years	4-10 years
Computer equipment	3-4 years	3-4 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. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- initial direct costs incurred,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the commencement date, the Group measures the right-of-use asset applying a cost model. To apply a cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Lease agreements are made for fixed and indefinite periods. For a lease that is made for an indefinite period, the Group estimates the lease term with respect to the possibility of extension or termination, the historical lease term or the significant cost of replacing the leased asset. The same was applied to lease agreements with a fixed period, and the lease term was reviewed on a case-by-case basis.

The Group mainly leases offices, vehicles and IT equipment.

At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined (mostly in case of office premises lease), the Group use the incremental borrowing rate. As of 31.12.2020 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 ranged from 2.57% to 7.29% (31.12.2019: from 3.17% to 5.28%). The Group determines its incremental borrowing rate based on publicly available information, considering various factors such as the lease term, the value of the leased asset, the economic environment, and the specifics related to the creditworthiness of the lessee.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, a Group measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made,
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate, or if applicable the revised discount rate.

The Group as lessee, in accordance with IFRS 16, elected not to apply the requirements of standard to:

- short-term leases (lease term of 12 months or less),
- leases for which the underlying asset is of low value.

In that case, the Group recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

In statement of financial position, right-of-use assets are presented within Property and equipment, while lease liabilities are presented within Financial liabilities.

Lease income in which the Group is lessor, are recognised in the statement of comprehensive income on a straight-line basis over the lease term in note 6.2 *Income from Investment property*. The Group leases business premises for a period of 1 to 8 years. Lease receivables are disclosed as Trade receivables in note 22.5.

2.15. Investment property

Investment property (land, buildings) that are not used for operations and that are owned by the Group or held under a finance lease and that are held to enable the Group to earn rental income and/or for capital appreciation 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.

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.

2.16. 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 in separate financial statements using the cost method.

2.17. 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.

The Management Board 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 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 is included in debt and equity securities, investments funds and other financial assets held for trading. Derivatives are classified as assets held for trading. 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, loans secured mostly by mortgages and loans given to the insured parties from mathematical provisions for life insurance, secured by life insurance policies.

Accounting of receivables arising from insurance contracts is disclosed in Note 2.18 - "Receivables".

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 designated as available for sale are intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or equity prices.

Other financial liabilities

Other financial liabilities include all financial liabilities that are not classified in the category at fair value through profit or loss (preference shares) and derivative financial instruments at fair value through profit or loss (Note 2.17 /iv/).

/ii/ Recognition and derecognition

Regular way purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognised on the trading 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 equity risks and benefits to another business entity, or when the rights are exercised, surrendered or expired.

The Group derecognises financial liabilities only when they are extinguished, that is, when they are discharged, cancelled or expire, or when they are transferred. Should the terms of financial liabilities substantially change, the Group shall derecognise 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 and/or the method of comparable companies and transactions.

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 amortised 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 recognised 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 recognised in profit or loss. Foreign exchange differences resulting from revaluation of non-monetary financial assets denominated in or linked to foreign currency that are classified as available for sale are recognised within other comprehensive income, along with all other changes in their fair value, whereas income earned from dividends is recognised 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 recognised 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 recognised 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 financial assets available for sale 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 observable 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 knowledgeable and willing parties, reference to other essentially similar instruments, discounted cash flow analysis and option pricing models, maximising the use of observable market data and relying as little as possible on entity-specific estimates.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Management Board'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 classified as financial assets 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 considers the evidence of impairment for both a specific asset and at group level. All individually significant financial assets are tested for impairment. All individually significant financial assets where impairment has not been identified are included in the base for testing for impairment on a collective basis for impairment that has occurred but has yet to be identified. Assets that are not individually significant are tested for impairment by grouping together financial assets (presented at amortised cost) on the basis of shared risk characteristics.

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, 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 Board'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.

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 indicator 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 on impairment of that financial asset that was previously recognised 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 cannot be subsequently reversed through profit or loss, but all value increases are recognised in other comprehensive income until the final sale.

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 recognised 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, or as financial assets available for sale, depending on the purpose for which the debt security has been acquired.

Loans and advances to 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 investment funds are classified as financial assets at fair value through profit or loss or as financial assets available for sale 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 financial assets at fair value through profit or loss.

Receivables from insurance and other receivables

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

Trade and other payables

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

Derivative financial instruments

As part of its regular operations, the Group concludes contracts on derivative financial instruments for the purpose of managing currency risk and therefore these financial instruments are classified as Financial assets or liabilities held for trading - derivatives. Derivatives of the Group include foreign exchange forward contracts.

Derivatives are recorded in the off-balance sheet records at the nominal value of financial instruments and are measured at fair value. Increase / decrease in fair value is recognized as an asset if their fair value is positive and liabilities if their fair value is negative and changes in fair value of derivatives are included in profit or loss i.e. in financial income and expenses.

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 recognised amounts and an intention to settle on a net basis, or the acquisition of assets and settlement of liabilities take place simultaneously.

2.18. 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 2.8., – "Gross written premiums".

/ii/ Receivables for invoiced but unpaid premiums are presented at nominal value, and doubtful and uncollectible receivables are impaired. Impairment is recognised for all outstanding receivables which were due and payable 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 recognised 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. Recourse receivables are impaired for all receivables 180 past due. 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 the 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, trade receivables etc.

Group recognise other operating income not directly related to insurance operations and sales income from subsidiaries which main activities are not insurance operations. Other operating income is recognised when an invoice is issued.

The Group provides vehicle inspection services and similar services under fixed price contracts, where price lists are an integral part of each contract. The services are delivered in a short time (all throughout one day), and revenue is recognized on the basis of the actual service after the Group fulfils the obligation to perform. Purchase contracts are simple and usually involve a single performance obligation. Customers are invoiced immediately after the delivery of the service, and payment follows the delivery of the service at the point of sale.

2.19. 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.

2.20. Income tax

The tax expense represents the sum of the current tax liability 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 financial assets available for sale.

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 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 for the period

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

2.21. Capital

In its financial records the Group records capital categorized as follows: subscribed capital, share premium, 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/ Revaluation reserve

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

The revaluation 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 reporting date 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.

2.22. Technical provisions

Technical provisions of the Group presented in the financial statements pertain to provisions for unearned premiums, mathematical reserve, provisions for claims, fluctuation provisions, provisions for bonuses and discounts 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 based on the accounting regulations as well as in accordance with the Company's and the Group's internal regulations. All technical provisions have been granted a positive opinion of the appointed certified actuary for life insurance and the appointed certified actuary for the Company's non-life insurance.

/i/ Provisions for unearned premiums

Provisions for unearned premiums is calculated 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 and reinsurance 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.

Provisions for 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. The reinsurance share of the gross written premium is determined depending on the reinsurance contract and the method used for the calculation of the corresponding gross written premium,

/ii/ Mathematical provision

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

/iii/ Claims provisions

Claims provisions contain provisions for reported claims, provisions for incurred but not reported claims, 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 for claims incurred is determined in accordance with reinsurance contracts.

/iv/ Provisions for unexpired risks

Provisions for unexpired risks are created 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. homogeneous risk groups.

/v/ Provision for bonuses and discounts

The provision for bonuses and discounts is established according to the provisions of insurance contracts and the Ordinance on minimum standards, methods of calculating and guidelines for calculating technical provisions in insurance in line with accounting regulations and internal regulations.

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

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

2.24. 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 2020 and 2019, 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 tested for impairment at each reporting date.

2.25. 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 its 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 experience of the occurrence of claims, latest demographic tables, aspects of mortality, morbidity, return on investment, costs and inflation.

2.26. Other liabilities

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

/ii/ Liabilities arising from direct reinsurance pertain to liabilities under reinsurance premium,

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

/vi/ The Company makes monthly payments to the guarantee fund of the Croatian Insurance Bureau for the settlement of claims for damages caused by uninsured and unknown vehicles. The monthly fee is determined according to the premium market share of each insurer, expressed in percentage. The guarantee funds of the Croatian Insurance Bureau are utilised to settle claims for damages caused by uninsured and unknown vehicles.

2.27. 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 recognised as an expense in profit or loss as they accrue.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the short-term cash bonus or profit-sharing plans if the Group has a present legal 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 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.

2.28. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. 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 long-term employment and retirement (regular jubilee awards and termination benefits) are determined in such a manner that in each year of work, the present value of the proportional part of the expected amount of regular jubilee rewards and termination benefit depends on the total time remaining until the jubilee award is paid, less expected employee turnover. The discount rate applied is the yield on the respective bonds.

2.29. Impairment of non-financial assets

The net book value of the Group's assets, other than financial assets (see Note 2.17 - "Financial instruments") and income tax (see Note 2.20 - "Income tax"), are reviewed at each reporting date to determine whether there is any indication of value 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 reserves, 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 value 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 accumulated depreciation or amortisation, if no impairment loss had been recognised.

2.30. Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised as a provision in the financial statements when it is more likely than not that there will be a cash outflow. Other contingent liabilities are only disclosed in the notes to the financial statements.

Contingent assets are not recognised in the financial statements, rather they are recognized when an inflow of economic benefits is nearly certain.

2.31. Events after the balance sheet date

Events after the balance sheet date, which provide additional information on the Group's position at the balance sheet 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.

2.32. Earnings per share

Earnings per share are calculated as profit of the period attributable to Company shareholders decreased by dividends of preference shares (in the case of shares classified as equity, not financial liabilities) divided by the weighted average of ordinary shares (without treasury shares).

2.33. 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 mathematical provision. The provision for discretionary bonus within the mathematical 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 out of this fund.

At the reporting date, the Company has no provisions for discretionary allocation of profit (2019: HRK 0 thousand), and the provisions for the Group amounts to HRK 867 thousand (2019: HRK 856 thousand).

2.34. Segment reporting

A 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. Profit before tax is mostly used as performance measure for segment reporting. 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. Segments of the Group and the Company include the life insurance and non-life insurance segments.

Distribution of costs between life and non-life insurance segments

Investment income, realised and unrealised profits and losses, expenses and compensations arising from non-life insurance, are distributed 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 distributed to life and non-life segments depending on the allocation of the related assets or shares in the Group's provisions.

A significant amount of direct administrative costs are directly debited to life and non-life insurance segments. The Group allocates administrative costs that cannot be allocated directly to life or non-life insurance on the basis of an analysis of the time spent by the administration employee on life-insurance and non-life insurance matters. The allocation of stated costs within a particular segment to the corresponding type of insurance is made on the basis of the share in the gross premium policy of the appropriate type of insurance. Commissions are recorded separately to the life and non-life insurance segments.

Allocation of capital, reserves and assets

Property and equipment, intangible assets and investment property are allocated to the non-life segment, unless directly related to life insurance segment. Financial investments are allocated in accordance with sources of funding. 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.

2.35. Key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies

/i/ Impairment losses on loans and receivables

The need for impairment of assets carried at amortised cost is estimated as described in Note 2.17/iii/ impairment of financial assets. The provision for impairment of a certain receivable is based on the Management's best estimate of the present value of expected future cash flows.

In estimating such cash flows, the Management assesses the debtor's financial position and the estimated fair value of insurance instruments. Any asset which has undergone impairment is evaluated individually and the function of credit risk helps to independently approve a recovery strategy and assessment of realizable cash flows.

The gross amount of loans and receivables, and the rate of recognised impairment loss at the end of the year are as follows:

	Company	Company	Group	Group
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Gross exposure (HRK'000)	648,392	672,798	400,962	425,203
Impairment rate (%)	21%	23%	34%	36%

The change in the impairment rate by 1 pp (as a result of a change in the expected cash flows and/or fair value of the collaterals) on the gross amount of the above loans and receivables would lead to an increase/reversal of impairment in the amount of HRK 6,484 thousand (31 December 2019: HRK 6,728 thousand) for the Company and HRK 4,010 thousand (2019: HRK 4,252 thousand) for the Group.

/ii/ Estimation uncertainty relating to the forming of provisions

The most significant estimates in terms of the Group's financial statements pertain to the forming of technical reserves. In the forming of technical reserves, the Group applies legal regulations. Actuaries included in valuation of technical provisions have adequate knowledge and experience. The Group's staff includes certified actuaries. The Management believes that the current level of technical provisions is sufficient.

The Group 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. The Management believes that the current amount of provisions is sufficient.

Insurance risk management is described in detail in Note 2.36, while the reserves for insurance contracts are analysed in Note 2.22. The sensitivity analysis of technical provisions is presented in Note 2.36.

/iii/ Fair valuation of investment property

Fair valuation of investment property of the Company and the Group is subjective in nature due to individual nature of each property, location and the expected future rental income. The management engages external appraisers to determine the fair value of the property. Fair value techniques, key inputs and sensitivity analysis are presented in Note 2.38 Fair value.

/iv/ Estimation of the useful life of right-of-use assets

We distinguish between lease agreements made for a fixed period, for an indefinite period or for a fixed period with an extension option.

In the case of real property and office leases, the Company and the Group consider each lease contract and evaluate whether it is possible to extend it after its planned completion if it is defined as a fixed term contract or estimate the duration of the lease in case of contract made for indefinite period. The estimated life expectancy is based on historical experience and business plans for the future operations of the Company and the Group.

In case of lease agreements made for fixed period, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of HRK 1.2 million for the Company and the Group (2019: HRK 1.3 million).

2.36. Insurance risk management

Underwriting risk pertains to the risk that may arise if actual payments 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 underwriting 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 underwriting risk includes biometrical risk (which involves mortality, longevity, risk of becoming ill or disability risk) and the lapse risk. Lapse risk represents a higher or lower rate of withdrawal 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. The underwriting 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 Group 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 Group level.

A report on the adequacy of provisions and insurance premium is submitted by the appointed certified actuary, while a report on the adequacy of reinsurance program based on which is confirmed adequacy of its own part is submitted by the actuarial function.

Concentration of insurance risk

A key aspect of underwriting risk is 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 concentrations may arise from a single insurance contract or through a number of related contracts which may result in a similar liability. An important aspect of the insurance risk concentration is that it may arise from the accumulation of risk through different types of insurance.

Concentration risk may arise from events that are not frequent but with considerable consequences such as natural disasters, 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 contracts.

The concentration of insurance risk before and after reinsurance, or retrocession 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 insurance contract:

Company	31 Dec. 2020			31 Dec. 2019		
	Gross claims incurred	Reinsurance share of claims incurred	Net claims incurred	Gross claims incurred	Reinsurance share of 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	31,174	(8)	31,166	30,456	(409)	30,047
Health insurance	160,902	11	160,913	189,647	-	189,647
Road motor vehicle insurance	217,794	(1,059)	216,735	253,627	(3,133)	250,494
Railroad insurance	2,346	-	2,346	1,089	-	1,089
Aircraft insurance	1,116	(427)	689	(2,944)	3,642	698
Vessel insurance	4,662	(3,609)	1,053	20,410	(16,409)	4,001
Insurance for goods in transit	1,330	(607)	723	3,635	(822)	2,813
Insurance against fire and natural disasters	387,688	(258,380)	129,308	102,068	(48,057)	54,011
Other property insurance	247,734	(13,703)	234,031	311,480	(45,072)	266,408
Motor liability insurance	321,338	(12,001)	309,337	277,743	(12,946)	264,797
Aircraft liability insurance	177	(6)	171	97	(1)	96
Vessel liability insurance	(12,218)	354	(11,864)	(5,084)	845	(4,239)
Other types of liability insurance	127,674	(6,153)	121,521	90,699	(1,547)	89,152
Loan insurance/credit insurance	(30,999)	(1,916)	(32,915)	(69,572)	(1,575)	(71,147)
Guarantee insurance	767	(65)	702	317	-	317
Miscellaneous financial loss insurance	63,271	(50,550)	12,721	5,839	64	5,903
Legal expenses insurance	421	9	430	330	5	335
Assistance	5,334	-	5,334	3,695	-	3,695
Total non-life insurance	1,530,511	(348,110)	1,182,401	1,213,532	(125,415)	1,088,117
Life insurance	477,237	10	477,247	496,070	(10)	496,060
Annuity insurance	2,887	-	2,887	14,756	-	14,756
Additional insurance with life insurance	1,514	-	1,514	2,299	-	2,299
Life or annuity insurance where the policyholder bears the investment risk	4,803	-	4,803	(166)	-	(166)
Total life insurance	486,441	10	486,451	512,959	(10)	512,949
Total	2,016,952	(348,100)	1,668,852	1,726,491	(125,425)	1,601,066

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Group:

	31 Dec. 2020			31 Dec. 2019		
	Gross claims incurred	Reinsurance share of claims incurred	Net claims incurred	Gross claims incurred	Reinsurance share of 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	44,726	(46)	44,680	38,526	(319)	38,207
Health insurance	150,260	105	150,365	179,773	64	179,837
Road motor vehicle insurance	256,861	(1,433)	255,428	294,775	(2,932)	291,843
Railroad insurance	2,346	-	2,346	1,089	-	1,089
Aircraft insurance	1,116	(427)	689	(2,944)	3,642	698
Vessel insurance	4,661	(3,609)	1,052	20,410	(16,409)	4,001
Insurance for goods in transit	994	(569)	425	3,570	(778)	2,792
Insurance against fire and natural disasters	391,852	(259,343)	132,509	107,566	(47,635)	59,931
Other property insurance	253,020	(14,403)	238,617	322,057	(47,812)	274,245
Motor liability insurance	445,159	(12,897)	432,262	403,105	(13,315)	389,790
Aircraft liability insurance	177	(6)	171	97	(1)	96
Vessel liability insurance	(12,218)	354	(11,864)	(5,084)	845	(4,239)
Other types of liability insurance	127,646	(6,327)	121,319	90,871	(1,694)	89,177
Loan insurance/credit insurance	(18,137)	(3,961)	(22,098)	(62,402)	(3,702)	(66,104)
Guarantee insurance	769	(65)	704	430	-	430
Miscellaneous financial loss insurance	64,176	(50,550)	13,626	6,628	63	6,691
Legal expenses insurance	423	11	434	329	4	333
Assistance	7,720	-	7,720	10,366	-	10,366
Total non-life insurance	1,721,551	(353,166)	1,368,385	1,409,162	(129,979)	1,279,183
Life insurance	549,535	(119)	549,416	602,751	(10)	602,741
Annuity insurance	2,888	-	2,888	14,757	-	14,757
Additional insurance with life insurance	2,690	-	2,690	3,690	-	3,690
Life or annuity insurance where the policyholder bears the investment risk	13,262	-	13,262	4,068	-	4,068
Total life insurance	568,375	(119)	568,256	625,266	(10)	625,256
Total	2,289,926	(353,285)	1,936,641	2,034,428	(129,989)	1,904,439

The Management believes that the non-life insurance has no significant exposure to any client group insured by social, professional, generation 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,

The table below presents reinsurance coverage and retention of the Company by type of insured event:

	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	Reinsurance coverage	Retention	Reinsurance coverage	Retention
Motor – third party liability	Unlimited	7,500	Unlimited	3,750
Fire	551,250	11,250	551,250	11,250
Motor hull insurance	-	11,250	14,438	563
Machinery breakage	551,250	11,250	551,250	11,250
Construction /assembly	551,250	11,250	551,250	11,250
Theft	551,250	11,250	551,250	11,250
Vessels	157,625	4,875	84,375	5,625
Other liability	71,250	3,750	73,125	1,875
Earthquake	1,155,000	45,000	551,250	11,250
Flood	551,250	11,250	551,250	11,250

The table below presents reinsurance coverage and retention of the Group by type of insured event:

	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	Reinsurance coverage	Retention	Reinsurance coverage	Retention
Motor – third party liability	Unlimited	11,301	Unlimited	7,503
Fire	856,493	12,755	855,579	12,748
Motor hull insurance	6,182	11,777	20,439	1,013
Machinery breakage	806,752	12,755	806,459	12,748
Construction /assembly	806,752	12,755	806,459	12,748
Theft	767,665	12,755	764,981	12,761
Vessels	157,914	4,894	84,664	5,648
Other liability	77,657	4,992	79,512	3,108
Earthquake	1,500,189	47,260	896,477	13,494
Flood	826,346	12,755	825,808	12,748

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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 and costs ratio for 2020 and 2019:

	Company	Company	Group	Group
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Non-life insurance				
Claims ratio	66.98%	54.10%	64.11%	53.21%
Cost ratio	35.40%	37.72%	36.00%	38.00%
Combined ratio	102.38%	91.82%	100.11%	91.22%
Claims ratio, net	55.77%	55.77%	57.35%	54.96%

Note: The ratio calculation method is set out in Note 25.8. Analysis of claim (loss) ratios, cost ratios and combined ratios. In the ratio calculation for the Group, only Group companies involved in the insurance and reinsurance activities were considered.

Life insurance

The primary risks in life insurance and non-life insurance for which mathematical provision is formed 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.

Analysis of mathematical provisions according to guaranteed interest rate for the Company is as follows:

Interest included in the tariff is in the range of	Mathematical provisions*	Share	Mathematical provisions*	Share
	as at 31 Dec. 2020		as at 31 Dec. 2019	
	in HRK'000	%	in HRK'000	%
[0, 1]	331,998	13%	90,030	4%
[1, 3]	1,246,441	49%	1,402,910	56%
[3, 4]	719,251	28%	735,011	29%
[4, 5]	265,683	10%	293,188	12%
[5, 6]	2,112	0%	2,450	0%
	2,565,485	100%	2,523,589	100%

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

The analysis of mathematical provisions for the Group according to guaranteed interest rate is as follows:

Interest included in the tariff is in the range of	Mathematical provisions*	Share	Mathematical provisions*	Share
	as at 31 Dec. 2020		as at 31 Dec. 2019	
	in HRK'000	%	in HRK'000	%
[0, 1]	331,998	11%	90,030	3%
[1, 3]	1,481,787	49%	1,595,359	54%
[3, 4]	940,268	31%	973,742	33%
[4, 5]	266,083	9%	293,540	10%
[5, 6]	2,112	0%	2,450	0%
	3,022,248	100%	2,955,121	100%

* 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.

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Yield on mathematical provision

Company	2020	2019
	in HRK'000	in HRK'000
Average balance of mathematical provision	2,513,947	2,417,608
Yield on investment in mathematical provision	83,195	116,564
Annual yield on mathematical provision	3.31%	4.82%
Average annual yield on mathematical provision for the past 2 years	4.05%	4.88%

Group	2020	2019
	in HRK'000	in HRK'000
Average balance of mathematical provision	2,959,791	2,818,211
Yield on investment in mathematical provision	98,884	131,107
Annual yield on mathematical provision	3.34%	4.65%
Average annual yield on mathematical provision for the past 2 years	3.98%	5.22%

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 the calculated profit (vector profit), and PVFP is calculated as the present value of profits with a discount rate risk.

The table below shows the sensitivity analysis for life insurance.

	Company	Company	Group	Group
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	Change in liabilities	Change in liabilities	Change in liabilities	Change in liabilities
Interest rate -0,5%	9,484	101,755	21,755	114,987
Mortality +10%	1,333	1,717	4,443	6,283
Expenses +10%	25,968	28,240	29,862	34,784

For life assurance contracts that cover policyholder's death, there is no significant geographical concentration of risk, although the concentration of the amount at risk may impact the ratio of insurance payment on the portfolio level. Amounts at risk for life assurance are as follows:

Company	2020		2019	
	in HRK'000	%	in HRK'000	%
Insurance type				
Life assurance – traditional products	2,186,744	91%	2,480,309	90.6%
Unit-linked life assurance products	220,116	9%	256,351	9.4%
As at 31 December	2,406,860	100%	2,736,660	100%

Group	2020		2019	
	in HRK'000	%	in HRK'000	%
Insurance type				
Life assurance – traditional products	5,039,369	93.4%	6,432,541	94.6%
Unit-linked life assurance products	355,839	6.6%	369,478	5.4%
As at 31 December	5,395,208	100%	6,802,019	100%

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Tables for long-term insurance contracts are presented below and provide an overview of the concentration of risk through nine groups of contracts grouped by sum insured per policy.

Sum insured per policy	Company		Group	
	Total sum insured before reinsurance	Total sum insured before reinsurance	Total sum insured before reinsurance	Total sum insured before reinsurance
in HRK	in HRK'000	%	in HRK'000	%
< 40,000	1,687,947	32.1%	3,215,282	35.8%
40,001 - 60,000	548,029	10.4%	932,803	10.4%
60,001 - 80,000	813,842	15.5%	1,229,617	13.7%
80,001 - 100,000	369,302	7.0%	676,381	7.5%
100,001 - 125,000	466,487	8.9%	798,284	8.9%
125,001 - 150,000	203,126	3.9%	352,065	3.9%
150,001 - 250,000	714,917	13.6%	1,056,526	11.8%
250,001 - 500,000	260,106	5.0%	461,649	5.1%
> 500,001	187,860	3.6%	255,621	2.8%
As at 31 December 2020	5,251,616	100%	8,978,228	100%
< 40,000	1,784,501	32.1%	3,574,492	36.7%
40,001 - 60,000	574,453	10.3%	915,741	9.4%
60,001 - 80,000	857,550	15.4%	1,376,917	14.2%
80,001 - 100,000	418,199	7.5%	677,933	7.0%
100,001 - 125,000	516,091	9.3%	909,958	9.4%
125,001 - 150,000	287,293	5.2%	564,471	5.8%
150,001 - 250,000	662,568	11.9%	981,236	10.1%
250,001 - 500,000	266,491	4.8%	463,752	4.8%
> 500,001	184,945	3.3%	264,643	2.7%
As at 31 December 2019	5,552,091	100%	9,729,143	100%

The Group applies the calculation of the present value of future profits or PVFP for the purposes of managing insurance risk sensitivity. The base run refers to the calculation of liabilities using assumptions for the best estimate calculation. The base run represents the calculation by applying the assumptions set out in Note 2.37 during the liability adequacy test. For each policy income from premiums and investments is calculated, and costs are calculated on the basis of administrative costs and claims expenses.

Changes in variables represent reasonable possible changes which, had they occurred, 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. Changes in each variable were analysed, whereby all other assumptions remained unchanged, and changes in value of the underlying assets were ignored.

The sensitivity to changes in mortality was calculated by reduction in mortality for pension products by 10% and an increase in mortality for other products by 10%, while the sensitivity to changes in costs was calculated by increasing the costs of portfolio maintenance by 10%.

The PVFP results show that changes in interest rates have the most significant effect on profit or loss and the amount of technical provisions.

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. The Management Board believes that it is not practicable to quantify the sensitivity of non-life insurance to changes in these variables.

2.37. 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 estimated by the Company's actuaries.

Depending on the feature of each insurance type, the Group's portfolio and the form and quality of available data, IBNR provisions are formed using the most appropriate model which is based on deterministic or stochastic methods whose basis is the claims triangle. In order to describe as best as possible future claims development, the selected model may contain one or a combination of several methods.

IBNR provisions are formed according to the lines of business, i.e. homogeneous risk groups.

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

The actual method which is used depends on the year of claim occurrence and the observed historical development of claims. To the extent that these methods use historical claim rates, the past pattern of claim rates is assumed to recur in the future. There are reasons for partial fulfilment of the above, so the methods should be modified. Possible reasons may be:

- 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,

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

Discounting

Except for reported rental claims, non-life insurance provisions are not discounted. The provisions for liability insurance which are payable in annuities are determined as the current value of future liabilities based on an interest rate curve of own portfolio, the annual rate of adjustment of the rent and the Mortality Tables for the Republic of Croatia for the period from 2010 – 2012.

/ii/ Life insurance

Mathematical provisions are calculated by the net prospective method using rational actuarial assumptions, in accordance with the guidelines issued by HANFA or Group companies regulator. The guaranteed technical interest rate in insurance policies ranges from 0 % 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. For policies concluded after 31 December 2017, cost and mortality are the only possible sources of profit. 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 the profit is determined by the Management Board.

The Company uses mortality tables for Croatia for the period 2010 to 2012 for the calculation of mathematical reserves.

/ii/ Life insurance (continued)

For the purpose of the calculation of mathematical reserves the Company:

- for insurance contracts concluded before 2010, an interest rate of 3% was used (the maximum rate prescribed by HANFA is 3.3%),
- for insurance contracts concluded in 2010 the interest rate used was 3% and 2.75% (the maximum rate prescribed by HANFA is 3%),
- for insurance contracts concluded after 2010 until 30 June 2016, the interest rate used was in range 2.75%-1% (the maximum rate prescribed by HANFA is 2.75%).
- for insurance contracts concluded after 1 July 2016, the interest rate used was in range 1.75%-0%, (the maximum rate prescribed by HANFA is 1.75% for contracts with a currency clause and 2% for contracts in HRK),
- for insurance contracts concluded after 1 January 2018, the interest rate used was 1%-0%, and interest rate of 1.20% was used for insurance contracts with a contractual duration of 5 years (the maximum rate prescribed by HANFA is 1%, and 1,75% for insurance contracts with a contractual duration of 5 years).

Additionally, in the Group, for purpose of the calculation of mathematical reserves in Bosnia and Herzegovina for insurance contracts concluded before 1.11.2017, an interest rate of 2% was used, and for insurance contracts concluded after 1.11.2017, an interest rate of 1.7% and 1.5%. For contracts concluded until 30.6.2015. the Insurance Supervision Agency of the Federation of BiH prescribed a maximum rate of 5%, and 2.75% for contracts concluded after that period. For the purpose of the calculation of mathematical reserves in Northern Macedonia for insurance contracts concluded before 2014, an interest rate of 3.5% and 4% for collective insurance contracts was used, for insurance contracts concluded before 2014, and an interest rate 3% is used for insurance contracts contracted during the first two months of 2014 (this was the maximum rate prescribed by the Insurance Supervision Regulatory Agency in that period). For insurance contracts contracted after March 2014 and during 2015, the interest rate is 2.75% (which is also the maximum rate prescribed by the Insurance Supervision Regulatory Agency). For insurance contracts contracted after 2016, the interest rate is 2.5% (the maximum rate prescribed by the Insurance Supervision Regulatory Agency is 2.5%). For the purposes of calculating the mathematical reserve for insurance contracts contracted during 2018, the interest rate for CroInvest Flexi and malignant diseases tariffs is 1%, and for insurance contracts contracted with the start of insurance after June 1, 2020, the interest rate is 2%.

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.

2.38. 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 recognizes the importance of having an efficient and effective risk management system.

Competent regulatory bodies control the Company's and Group 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 includes currency risk, interest rate risk and price risk. Market risk is the fluctuation risk of future cash flows fair value of financial instruments resulting from changes in market prices. The comprehensive system of market risk management is prescribed by a series of internal acts of the Group.

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, mostly in euros. 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 foreign exchange risk by attempting to reduce the difference between assets and liabilities denominated in foreign currency or with a currency clause. Investments for covering mathematical provisions are mostly denominated in Euro, since most of the mathematical provisions are also denominated in Euro. The Group actively uses derivatives in order to hedge against currency risk exposure. An analysis of the sensitivity of financial assets to the exchange rate fluctuations is given below, noting that the stated effects of financial assets and liabilities on profit/loss would be partially compensated by the effects on non-financial liabilities (technical or mathematical provisions):

	2020		2019	
	Impact on profit before tax	Impact on comprehensive income	Impact on profit before tax	Impact on comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Company				
Change of exchange rate by 1%	14,367	5,805	16,444	4,379
Group				
Change of exchange rate by 1%	18,419	5,805	17,839	4,651

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At the reporting date, the currency structure of the Company's assets and liabilities is as follows:

Company in HRK'000	31 December 2020				31 December 2019			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	376,516	-	-	376,516	279,111	-	-	279,111
Held-to-maturity investments	1,279,168	803,167	-	2,082,335	1,208,906	963,481	-	2,172,387
Available-for-sale financial assets	1,717,419	2,649,645	169,098	4,536,162	2,190,151	2,099,086	157,542	4,446,779
Financial assets at fair value through profit or loss	4,168	315,912	101,473	421,553	24,464	361,905	107,208	493,577
Loans and receivables	680,007	338,928	-	1,018,935	745,184	460,146	-	1,205,330
Reinsurance share in technical provisions	271,654	60,388	142,827	474,869	174,602	24,376	14,555	213,533
Insurance contract and other receivables	706,625	79,594	4,795	791,014	717,217	136,209	7,595	861,021
Cash and cash equivalents	383,521	111,815	17,600	512,936	100,619	23,772	929	125,320
Total assets	5,419,078	4,359,449	435,793	10,214,320	5,440,254	4,068,975	287,829	9,797,058
Liabilities								
Technical provisions	3,602,085	3,151,795	281,376	7,035,256	3,466,287	3,087,521	176,620	6,730,428
Provisions	86,539	-	-	86,539	102,717	-	-	102,717
Financial liabilities	49,790	234,488	-	284,278	40,528	231,139	-	271,667
Liabilities arising from insurance contracts, other liabilities and deferred income	446,904	94,617	7,328	548,849	510,248	38,123	9,348	557,719
Total liabilities	4,185,318	3,480,900	288,704	7,954,922	4,119,780	3,356,783	185,968	7,662,531
Foreign currency gap	1,233,760	878,549	147,089	2,259,398	1,320,474	712,192	101,861	2,134,527

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

Group in HRK'000	31 December 2020				31 December 2019			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	75,211	-	1,382	76,593	76,281	-	1,309	77,590
Held-to-maturity investments	1,279,168	852,056	38,559	2,169,783	1,208,906	1,035,301	71,054	2,315,261
Available-for-sale financial assets	1,738,033	2,957,182	428,433	5,123,648	2,207,639	2,423,456	281,250	4,912,345
Financial assets at fair value through profit or loss	4,168	315,912	139,355	459,435	24,464	367,033	127,128	518,625
Loans and receivables	429,737	345,619	396,166	1,171,522	495,940	466,423	389,797	1,352,160
Reinsurance share in technical provisions	271,654	52,359	164,252	488,265	174,602	24,533	27,244	226,379
Insurance contract and other receivables	743,751	81,954	76,339	902,044	748,583	139,847	77,777	966,207
Cash and cash equivalents	465,827	149,277	54,321	669,425	142,745	25,381	49,241	217,367
Total assets	5,007,549	4,754,359	1,298,807	11,060,715	5,079,160	4,481,974	1,024,800	10,585,934
Liabilities								
Technical provisions	3,602,085	3,483,994	949,940	8,036,019	3,466,287	3,393,367	834,014	7,693,668
Provisions	94,063	-	3,896	97,959	109,578	-	4,709	114,287
Financial liabilities	63,972	223,857	36,063	323,892	40,872	218,344	42,800	302,016
Liabilities arising from insurance contracts, other liabilities and deferred income	470,059	97,463	55,089	622,611	541,412	41,421	51,178	634,011
Total liabilities	4,230,179	3,805,314	1,044,988	9,080,481	4,158,149	3,653,132	932,701	8,743,982
Foreign currency gap	777,370	949,045	253,819	1,980,234	921,011	828,842	92,099	1,841,952

b) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or cash flows under financial instruments resulting from changes in market interest rates. The Group is exposed to interest rate risk on the basis of financial instruments whose value is sensitive to interest rate changes.

Interest rate changes do not affect the level of technical non-life provisions, while the mathematical life reserve is discounted using the technical rate of interest of a particular product or the maximum interest rate stipulated by HANFA, which cannot be higher than the weighted average yield on mathematical reserve assets in the last three years.

The Group monitors this exposure through periodic reviews of its asset and liability positions. The Group intends to harmonize future earnings from such assets with liabilities under insurance by purchasing state bonds and other financial instruments with defined cash flows or for which cash flows can be estimated. However, considering the relatively short duration of such assets and longer period of duration of liabilities under life insurance, the Group is exposed to interest rate risk.

An analysis of the sensitivity of financial assets to a change in market interest rates is given below:

	2020		2019	
	Impact on profit/loss before tax in HRK'000	Impact on comprehensive income in HRK'000	Impact on profit/loss before tax in HRK'000	Impact on comprehensive income in HRK'000
Company				
Change in interest rate by +/- 100 bps	-	(199,268)/199,268	-	(233,486)/233,486
Group				
Change in interest rate by +/- 100 bps	-	(239,851)/239,851	-	(267,239)/267,239

c) Other price risks

The equity securities risk is caused by the 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 foreign exchange risk), whether this involves changes caused by factors relating to an individual financial instrument or its issuer or if there are other factors which affect 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.

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.

Price risk analysis

	2020		2019	
	Impact on profit/loss after tax	Impact on comprehensive income	Impact on profit/loss after tax	Impact on comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Company				
Change in price by +/- 5%	859/(859)	36,410/(36,410)	2,229/(2,229)	30,469/(30,469)
Group				
Change in price by +/- 5%	2,161/(2,161)	37,237/(37,237)	3,199/(3,199)	30,498/(30,498)

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

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 Group manages credit risk 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.

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Credit risk exposure	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in debt securities	5,890,289	6,009,794	6,564,658	6,617,634
Investments in bank deposits	508,031	686,296	908,343	1,081,008
Loans	510,904	519,034	263,179	271,152
Reinsurance share in technical provisions	474,869	213,533	488,265	226,379
Insurance contract and other receivables	738,282	847,495	827,503	939,550
Cash and cash equivalents	512,936	125,320	669,425	217,367
	8,635,311	8,401,472	9,721,373	9,353,090

Concentration of receivables from the Republic of Croatia as at 31 December

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Government bonds	5,493,510	5,629,545	5,528,786	5,643,952
Bonds of other state institutions	-	101,048	-	118,416
Undue interest on bonds	81,756	86,796	81,911	87,238
Other receivables	1,709	1,731	14,300	12,002
	5,576,975	5,819,120	5,624,997	5,861,608

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The table below shows the company's asset analysis by category according to the ratings by the agencies Standard&Poor's (S&P).

	2020	2019	Company	Company
	S&P	S&P	31 Dec. 2020	31 Dec. 2019
			u 000 HRK	u 000 HRK
Held-to-maturity investments			2,082,335	2,172,387
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	2,038,398	2,089,838
Croatian Bank for Reconstruction and Development (CBRD)	-	BBB-	-	38,654
No rating	-	-	43,937	43,895
Available-for-sale financial assets			3,807,954	3,837,407
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	3,536,868	3,622,603
Croatian Bank for Reconstruction and Development (CBRD)	-	BBB-	-	66,294
Ministry of Finance of Romania	BBB-	-	54,962	-
Ministry of Finance of Hungary	BBB	BBB	46,619	22,008
Ministry of Finance of United States	-	AA+	-	40,765
Rated corporations	B-	-	10,127	-
	-	B+	-	13,867
	BB+	BB+	63,463	24,968
	BBB-	-	38,379	-
	A-	-	25,062	-
No rating	-	-	32,474	46,902
Loans and receivables			1,018,935	1,205,330
Rated banks	-	BBB-	-	342,485
	A	-	6,482	-
Other banks and financial institutions*	-	-	501,549	343,811
No rating**	-	-	510,904	519,034
Reinsurance share in technical provisions			474,869	213,533
Rated reinsurers	A-	A-	28,038	6,791
	A	A	36,487	22,722
	A+	A+	204,849	75,090
	AA-	AA-	164,632	85,121
	AA	AA	4,239	1,291
	AA+	AA+	8,911	4,848
Reinsurers rated by another agency	-	-	24,337	15,020
No rating	-	-	3,376	2,650
Insurance contract and other receivables			738,282	847,495
No rating	-	-	738,282	847,495
Cash and cash equivalents			512,936	125,320
Rated banks	-	BBB-	-	10,338
Other banks and financial institutions*	-	-	512,936	114,982
			8,635,311	8,401,472

* Other banks and financial institutions mostly include banks and financial institutions that have no rating and banks and financial institutions that have no rating, but their parent banks have a rating.

** Loans and receivables with no rating relate to loans to related parties, domestic companies with no rating and retail loans that are insured.

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	2020	2019	Group	Group
	S&P	S&P	31 Dec. 2020	31 Dec. 2019
			u 000 HRK	u 000 HRK
<i>Held-to-maturity investments</i>			2,169,783	2,315,261
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	2,044,591	2,095,954
Croatian Bank for Reconstruction and Development (CBRD)	BBB-	BBB-	-	38,654
Ministry of Finance of Macedonia	BB-	BB-	48,666	50,669
Ministry of Finance of Serbia	BB+	BB+	17,044	78,428
No rating	-	-	59,482	51,556
<i>Available-for-sale financial assets</i>			4,394,875	4,302,373
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	3,566,106	3,648,704
Croatian Bank for Reconstruction and Development (CBRD)	BBB-	BBB-	-	66,294
Ministry of Finance of Hungary	BBB	BBB	46,619	22,008
Ministry of Finance of Macedonia	BB-	BB-	332,157	293,634
Ministry of Finance of Serbia	BB+	BB+	225,526	145,231
Ministry of Finance of Romania	BBB-	-	54,962	-
Ministry of Finance of United States	-	AA+	-	40,765
Rated corporations	B-	-	10,127	-
	-	B+	-	13,867
	BB+	BB+	63,463	24,968
	BBB-	-	38,379	-
	A-	-	25,062	-
No rating	-	-	32,474	46,902
<i>Loans and receivables</i>			1,171,522	1,352,160
Rated banks	-	BBB-	-	342,485
	A	-	6,482	-
Other banks and financial institutions*	-	-	901,861	738,523
No rating**	-	-	263,179	271,152
<i>Reinsurance share in technical provisions</i>			488,265	226,379
Rated reinsurers	A-	A-	28,038	6,791
	A	A	36,487	22,722
	A+	A+	204,849	75,090
	AA-	AA-	164,632	85,121
	AA	AA	4,239	1,291
	AA+	AA+	8,911	4,848
Reinsurers rated by another agency	-	-	24,337	15,020
No rating	-	-	16,772	15,496
<i>Insurance contract and other receivables</i>			827,503	939,550
No rating	-	-	827,503	939,550
<i>Cash and cash equivalents</i>			669,425	217,367
Rated banks	-	BBB-	-	29,095
Other banks and financial institutions*	-	-	669,425	188,272
			9,721,373	9,353,090

* Other banks and financial institutions mostly include banks and financial institutions that have no rating and banks and financial institutions that have no rating, but their parent banks have a rating.

** Loans and receivables with no rating relate to loans to related parties, domestic companies with no rating and retail loans that are insured.

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. 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 timeframe. 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 claims for damages have been met in a timely manner. The Organizational units for finance monitor the inflows and outflows on a daily basis and develop monthly plans as well as scenarios of deteriorated liquidity. Liquidity risk is taken into account in the assessment of matching assets and liabilities.

The following table shows the amounts of contracted discounted cash flows for financial assets and, for insurance liabilities, the estimated maturity of the amounts recognized in the statement of financial position.

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The maturity analysis on the reporting date is as follows:

Company in HRK'000	31 December 2020						31 December 2019					
	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	376,516	376,516	-	-	-	-	279,111	279,111
Held-to-maturity investments	93,011	351,973	468,063	541,334	627,954	2,082,335	328,838	364,050	451,618	510,163	517,718	2,172,387
Available-for-sale financial assets	117,317	660,825	1,382,448	1,878,909	496,663	4,536,162	195,850	360,976	1,552,812	1,571,555	765,586	4,446,779
Financial assets at fair value through profit or loss	2,390	1,725	4,168	413,270	-	421,553	27,524	1,573	6,506	457,974	0	493,577
Loans and receivables	494,006	245,037	106,781	123,731	49,380	1,018,935	346,501	486,534	144,413	173,786	54,096	1,205,330
Reinsurance share in technical provisions	349,027	62,783	20,476	20,604	21,979	474,869	121,788	36,964	14,469	17,367	22,945	213,533
Insurance contract and other receivables	791,014	-	-	-	-	791,014	861,021	-	-	-	-	861,021
Cash and cash equivalents	512,936	-	-	-	-	512,936	125,320	-	-	-	-	125,320
Total	2,359,701	1,322,343	1,981,936	2,977,848	1,572,492	10,214,320	2,006,842	1,250,097	2,169,818	2,730,845	1,639,456	9,797,058
Liabilities												
Technical provisions	2,637,566	1,321,695	1,134,644	884,907	1,056,444	7,035,256	2,373,893	1,155,077	1,174,891	921,196	1,105,371	6,730,428
Provisions	8,993	29,773	29,899	8,730	9,144	86,539	17,169	33,709	31,845	9,555	10,439	102,717
Financial liabilities	16,399	29,495	23,408	57,511	157,465	284,278	17,677	21,028	19,804	51,669	161,489	271,667
Liabilities arising from insurance contracts, other liabilities and deferred income	503,971	26,805	2,714	6,086	9,273	548,849	523,084	16,487	2,460	5,517	10,171	557,719
Total	3,166,929	1,407,768	1,190,665	957,234	1,232,326	7,954,922	2,931,823	1,226,301	1,229,000	987,937	1,287,470	7,662,531
Maturity mismatch	(807,228)	(85,425)	791,271	2,020,614	340,166	2,259,398	(924,981)	23,796	940,818	1,742,908	351,986	2,134,527

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The maturity analysis at the Group's reporting date is as follows:

Group in HRK'000	31 December 2020						31 December 2019					
	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	76,593	76,593	-	-	-	-	77,590	77,590
Held-to-maturity investments	114,766	356,015	512,245	558,803	627,954	2,169,783	403,376	387,137	472,399	517,960	534,389	2,315,261
Available-for-sale financial assets	157,921	752,892	1,484,303	1,997,808	730,724	5,123,648	225,363	470,699	1,590,810	1,595,765	1,029,708	4,912,345
Financial assets at fair value through profit or loss	18,887	3,605	10,653	423,878	2,412	459,435	37,305	2,953	9,697	467,778	892	518,625
Loans and receivables	627,518	347,668	134,415	60,408	1,513	1,171,522	411,669	679,126	170,839	89,014	1,512	1,352,160
Reinsurance share in technical provisions	358,627	63,997	21,661	21,123	22,857	488,265	132,259	38,627	15,182	17,367	22,944	226,379
Insurance contract and other receivables	897,517	3,192	1,333	-	2	902,044	964,910	1,069	65	163	-	966,207
Cash and cash equivalents	669,425	-	-	-	-	669,425	217,367	-	-	-	-	217,367
Total	2,844,661	1,527,369	2,164,610	3,062,020	1,462,055	11,060,715	2,392,249	1,579,611	2,258,992	2,688,047	1,667,035	10,585,934
Liabilities												
Technical provisions	3,006,864	1,469,926	1,244,734	1,072,938	1,241,557	8,036,019	2,704,646	1,321,293	1,276,741	1,113,617	1,277,371	7,693,668
Provisions	10,283	34,763	30,997	10,399	11,517	97,959	19,078	39,104	32,936	11,109	12,060	114,287
Financial liabilities	24,534	45,843	30,660	62,297	160,558	323,892	22,260	27,452	24,595	58,670	169,039	302,016
Liabilities arising from insurance contracts, other liabilities and deferred income	572,109	29,073	3,791	8,018	9,620	622,611	594,416	17,757	3,644	7,702	10,492	634,011
Total	3,613,790	1,579,605	1,310,182	1,153,652	1,423,252	9,080,481	3,340,400	1,405,606	1,337,916	1,191,098	1,468,962	8,743,982
Maturity mismatch	(769,129)	(52,236)	854,428	1,908,368	38,803	1,980,234	(948,151)	174,005	921,076	1,496,949	198,073	1,841,952

The table below shows the future undiscounted cash flows of lease liabilities:

Lease liabilities	Company in HRK'000						Group in HRK'000					
	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total
31 December 2020	21,816	40,200	37,620	84,933	232,253	416,822	30,670	56,380	48,211	89,029	249,962	474,252
31 December 2019	21,883	37,484	34,965	82,663	237,632	414,627	27,882	48,232	42,479	85,490	245,227	449,310

The table below shows the contractual obligations for future investments (note 32):

Contractual obligations for future investments	Company in HRK'000						Group in HRK'000					
	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total	No later than 1 year	1-3 years	3-5 years	5-10 years	More than 10 years	Total
31 December 2020	-	9,921	-	-	148,972	158,893	-	9,921	-	-	148,972	158,893
31 December 2019	-	3,801	-	-	110,968	114,769	-	3,801	-	-	110,968	114,769

Fair value

Fair value is the amount that should be received for an asset sold or paid to settle a liability in an arm's length transaction between market participants at the value 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. The fair value of investments at amortised cost is presented below:

	31 Dec. 2020			31 Dec. 2019		
	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
Company						
Debt securities	2,082,335	2,339,165	256,830	2,172,387	2,476,605	304,218
Loans	510,904	525,899	14,995	519,034	530,852	11,818
Deposits	508,031	509,435	1,404	686,296	692,933	6,637
	3,101,270	3,374,499	273,229	3,377,717	3,700,390	322,673
Group						
Debt securities	2,169,783	2,434,028	264,245	2,315,261	2,620,028	304,767
Loans	263,179	264,052	873	271,152	271,374	222
Deposits	908,343	909,746	1,403	1,081,008	1,087,645	6,637
	3,341,305	3,607,826	266,521	3,667,421	3,979,047	311,626

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.

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 interest rate data) or indirectly (that is, derived from prices or using interest rates) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The overview of fair value by individual levels for investments at amortized cost is presented below:

	31 Dec. 2020				31 Dec. 2019			
	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Company								
Debt securities	1,074,835	1,264,330	-	2,339,165	2,432,742	43,863	-	2,476,605
Loans	-	525,899	-	525,899	-	530,852	-	530,852
Deposits	-	-	509,435	509,435	-	-	692,933	692,933
	1,074,835	1,790,229	509,435	3,374,499	2,432,742	574,715	692,933	3,700,390

	31 Dec. 2020				31 Dec. 2019			
	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Group								
Debt securities	1,114,435	1,319,593	-	2,434,028	2,524,947	95,081	-	2,620,028
Loans	-	261,272	2,780	264,052	-	268,458	2,916	271,374
Deposits	-	-	909,746	909,746	-	-	1,087,645	1,087,645
	1,114,435	1,580,865	912,526	3,607,826	2,524,947	363,539	1,090,561	3,979,047

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The table below analyses financial instruments carried at fair value using the valuation method.

The Company's assets measured at fair value as at 31 December 2020 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Property for own use	-	-	264,386	264,386
Investment property	-	-	456,653	456,653
Equity securities	505,893	-	30,241	536,134
Debt securities	3,028,770	777,054	2,130	3,807,954
Investment funds	60,338	128,707	3,029	192,074
Available-for-sale financial assets	3,595,001	905,761	35,400	4,536,162
Equity securities	17,188	-	-	17,188
Debt securities	-	-	-	-
Investment funds	400,250	-	-	400,250
Foreign currency forward contracts	-	4,115	-	4,115
Financial assets at fair value through profit or loss	417,438	4,115	-	421,553
Total assets at fair value	4,012,439	909,876	756,439	5,678,754

The Company's assets measured at fair value as at 31 December 2019 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Property for own use	-	-	355,252	355,252
Investment property	-	-	367,521	367,521
Equity securities	497,175	-	25,405	522,580
Debt securities	2,048,645	1,772,023	16,739	3,837,407
Investment funds	59,172	20,879	6,741	86,792
Available-for-sale financial assets	2,604,992	1,792,902	48,885	4,446,779
Equity securities	17,071	-	-	17,071
Debt securities	-	-	-	-
Investment funds	472,836	-	-	472,836
Foreign currency forward contracts	-	3,670	-	3,670
Financial assets at fair value through profit or loss	489,907	3,670	-	493,577
Total assets at fair value	3,094,899	1,796,572	771,658	5,663,129

The Group's assets measured at fair value as at 31 December 2020 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Property for own use	-	-	496,661	496,661
Investment property	-	-	1,013,247	1,013,247
Equity securities	506,401	-	30,298	536,699
Debt securities	3,270,975	1,121,770	2,130	4,394,875
Investment funds	60,338	128,707	3,029	192,074
Available-for-sale financial assets	3,837,714	1,250,477	35,457	5,123,648
Equity securities	17,187	-	-	17,187
Debt securities	-	-	-	-
Investment funds	438,133	-	-	438,133
Foreign currency forward contracts	-	4,115	-	4,115
Financial assets at fair value through profit or loss	455,320	4,115	-	459,435
Total assets at fair value	4,293,034	1,254,592	1,545,365	7,092,991

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The Group's assets measured at fair value as at 31 December 2019 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Property for own use	-	-	552,633	552,633
Investment property	-	-	873,653	873,653
Equity securities	497,718	-	25,462	523,180
Debt securities	2,219,978	2,065,657	16,738	4,302,373
Investment funds	59,172	20,879	6,741	86,792
Available-for-sale financial assets	2,776,868	2,086,536	48,941	4,912,345
Equity securities	17,071	-	-	17,071
Debt securities	-	-	-	-
Investment funds	497,884	-	-	497,884
Foreign currency forward contracts	-	3,670	-	3,670
Financial assets at fair value through profit or loss	514,955	3,670	-	518,625
Total assets at fair value	3,291,823	2,090,206	1,475,227	6,857,256

The following table presents the changes in level 3 items for the Company:

Company	Equity securities in HRK'000	Debt securities in HRK'000	Investment funds in HRK'000	Total in HRK'000
31 December 2018	2,025	8,686	7,552	18,263
Acquisitions	23,023	6,765	-	29,788
Disposals	-	-	-	-
(Losses) recognised in other comprehensive income	-	-	(811)	(811)
Gains recognised in other comprehensive income	357	1,288	-	1,645
31 December 2019	25,405	16,739	6,741	48,885
Acquisitions	4,987	-	-	4,987
Disposals	-	(14,636)	-	(14,636)
(Losses) recognised in other comprehensive income	(151)	-	(3,712)	(3,863)
Gains recognised in other comprehensive income	-	27	-	27
31 December 2020	30,241	2,130	3,029	35,400

The following table presents the changes in level 3 items for the Group:

Group	Equity securities in HRK'000	Debt securities in HRK'000	Investment funds in HRK'000	Total in HRK'000
31 December 2018	2,082	8,686	7,552	18,320
Acquisitions	23,023	6,765	-	29,788
Disposals	-	-	-	-
(Losses) recognised in other comprehensive income	-	-	(811)	(811)
Gains recognised in other comprehensive income	357	1,287	-	1,644
31 December 2019	25,462	16,738	6,741	48,941
Acquisitions	4,987	-	-	4,987
Disposals	-	(14,636)	-	(14,636)
(Losses) recognised in other comprehensive income	(151)	-	(3,712)	(3,863)
Gains recognised in other comprehensive income	-	28	-	28
31 December 2020	30,298	2,130	3,029	35,457

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Information on fair value measurements of equity securities, debt securities and investment funds which included significant parameters that are not available on the market (level 3)

	Fair value at 31 Dec. 2020	Unob- servable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
	in HRK'000			
Equity securities	30,241	Discount rate	6.96%-8.96% (7.96%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 208 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 266 thousand.
Debt securities	2,130	Discount rate	12.5% - 14.5% (13.5%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 70 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 75 thousand.
Investment funds	3,029	Discount rate	38.6% - 46.2% (42.41%)	An increase in the discount rate by 379 bps would decrease the fair value by HRK 187 thousand. A decrease in the discount rate by 379 bps would increase the fair value by HRK 187 thousand.

	Fair value at 31 Dec. 2019	Unob- servable inputs	Range of inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
	in HRK'000			
Equity securities	25,405	Discount rate	7.72%-9.72% (8.72%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 179 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 222 thousand.
Debt securities	16,739	Discount rate	22.89% - 24.89% (23.89%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 475 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 496 thousand.
Investment funds	6,741	Discount rate	-10% - +10% (0%)	An increase in the discount rate by 10 b.p. would decrease the fair value by HRK 225 thousand. A decrease in the discount rate by 10 b.p. would increase the fair value by HRK 224 thousand.

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.

Financial liabilities are recorded at amortised cost. Since the interest rate they bear is aligned with market rates, the Management Board believes that the carrying value of these instruments is not significantly different from their fair value.

The fair value of deposits, 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, or by using publicly available rates published by the Croatian national bank (for the Company's loans) and would therefore be classified as level 2 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 fair values of cash and cash equivalents and insurance contract and other receivables do not differ significantly from their carrying amounts due to the short-term nature of these financial instruments. Fair value is determined based on level 2 inputs for cash and cash equivalents and based on level 3 inputs for insurance contract and other receivable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of financial instruments that are classified as level 3 is determined by using discontinued cash flow techniques or other valuation techniques by using relevant observable market data, information about current business and estimation of issuer's future business.

There have been no significant reclassifications from level 1 and level 2 to level 3 and vice versa of financial assets at fair value through profit or loss in statement of financial position.

The fair value of held-to-maturity investments is based on the available market prices and is classified as level 1 in accordance with IFRS 13.

Fair value of properties

An independent valuation of the Company's investment property was conducted by external valuers in order to determine the fair value as at 31 December 2020 and 31 December 2019.

To determine fair value of the property for own use, the Group use real estate appraisals conducted by independent certified authorized external valuers in 2019, whereas in 2020 it reviewed whether there were any indications of impairment and recognized impairment of the property for own use where there was a significant difference in its net book value in comparison to the previously determined value. The effects are listed in Note 16.

Valuation techniques used for determining fair value on Level 3

The fair value of investment property is derived primarily by applying a sales comparison and income approach, and sometimes lacking information on market parameters by applying the cost method, depending on a particular property.

The fair value of the property for own use for was carried out primarily by applying the income method.

The most significant inputs in the valuations were prices or rental income per square meter, generated based on comparable properties in the immediate vicinity and then adjusted by differences in key characteristics.

Information on fair value measurement of investment property which included significant parameters that are not available on the market (level 3)

Description	Fair value as at 31 December 2020	Fair value as at 31 December 2019	Valuation technique(s)	Unavailable parameters	Range of unavailable parameters	
					2020	2019
Company	456,653	367,521	Income approach	Capitalization rate	5.5-10%	6.5-9%
			Cost approach	Building unit price per m2 (HRK)	100-6,053	375-5.250
			Sales comparison approach	Average price per m2 (HRK)	1-23,794	1-26.318
Group	1,013,247	873,653	Income approach	Capitalization rate	5.5%-10.5%	6.5%-10.5%
				Discount rate	10%	10%
			Cost approach	Building unit price (HRK)	100-6,053	375-5.589
			Sales comparison approach	Building unit price per m2 (HRK)	1-34,036	1-26.318

A significant increase (decrease) in the estimated capitalization rate, average building price and the average price per m2, with other variables held constant, would have an impact on a significant increase (decrease) in the fair value of investment property. A significant increase (decrease) in the discount rate, with other variables held constant, would have an impact on a significant decrease (increase) in the fair value of investment property.

There is no significant interaction between invisible inputs used in estimates that would have a significant effect on fair value.

2.39. Capital management

The Company's objectives when managing capital are:

- Ensuring the Company's going concern;
- Compliance with Croatian and EU laws and subordinate legislation, regulations and instructions of the regulatory body governing capital management;
- Maintaining a high level of capitalization and consequently financial stability, thus providing an adequate level of security to the insurers and the insured party;
- Achieving efficient and optimal capital allocation as well as maximizing return on capital;
- Ensuring continuous compliance of the Company's and the Group's business strategy with risk appetite and targeted levels of capital adequacy;
- Providing a high level of capitalization or sufficient surplus capital for further investment in the development and growth of the Company and the Group.

The Company and the Group are subject to the statutory and subordinate regulations of the Republic of Croatia and the EU governing capital management, which also define the minimum levels of capital that the Company and the Group must maintain (regulatory framework Sovereignty 2 applied since 2016). The above-mentioned regulatory framework defines the rules governing the method of calculation and reporting on capital adequacy. In particular, it stipulates that the Company and the Group must at all times maintain acceptable own funds (available capital) in such a manner as to cover the Minimum Capital Requirement (the so-called MCR), as well as the Solvency Capital Requirement SCR).

The SCR ratio is defined as the ratio of the amount of total eligible own funds to cover the required solvency capital (SCR) and the amount of solvent capital required. The MCR ratio is defined as the ratio of the amount of total eligible own funds to cover the Minimum Capital Requirement (MCR) and the amount of minimum required capital.

Based on information provided internally to key management personnel, the Company and the Group comply with the legal and subordinate regulations governing the capital adequacy, as follows:

	Regulatory requirement	Company	Company
		31 Dec. 2020	31 Dec. 2019
SCR ratio	>100%	268%	277%
MCR ratio	>100%	930%	898%

	Regulatory requirement	Group	Group
		31 Dec. 2020*	31 Dec. 2019**
SCR ratio	>100%	229%	239%
MCR ratio	>100%	728%	698%

* Temporary data for the last reference date for which the data is available at the time of this Report are presented. The Group will disclose the final data for 31 December 2020 as part of the Solvency and Financial Condition Report of CROATIA osiguranje Group for 2020, which will be published on the Company's website within the stipulated deadlines.

** Data presented for 31 December 2019 are the data that are published in the Solvency and Financial Condition Report of CROATIA osiguranje Group for 2019.

The Company and the Group regularly monitor capital adequacy and conduct stress tests of capital and its adequacy in order to prevent the possibility of capital shortages in time.

3. Segment reporting

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

	2020	2020	2020	2019	2019	2019
	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	2,290,996	453,598	2,744,594	2,225,101	517,407	2,742,508
Premiums ceded to reinsurance and coinsurance	(248,704)	(72)	(248,776)	(247,719)	(89)	(247,808)
Written premiums, net of reinsurance and coinsurance	2,042,292	453,526	2,495,818	1,977,382	517,318	2,494,700
Change in gross provisions for unearned premiums	(13,289)	(153)	(13,442)	4,452	(523)	3,929
Change in provision for unearned premiums, reinsurance and coinsurance share	16,514	(4)	16,510	(13,113)	3	(13,110)
Earned premiums, net of reinsurance and coinsurance	2,045,517	453,369	2,498,886	1,968,721	516,798	2,485,519
Commission and fee income	39,478	2,100	41,578	33,928	2,155	36,083
Finance income	260,307	148,372	408,679	272,303	134,317	406,620
Other operating income	40,976	442	41,418	46,362	331	46,693
Net operating income	2,386,278	604,283	2,990,561	2,321,314	653,601	2,974,915
Claims incurred	(1,530,511)	(486,441)	(2,016,952)	(1,213,531)	(512,960)	(1,726,491)
Reinsurance share of claims incurred	348,110	(10)	348,100	125,415	10	125,425
Claims incurred, net of reinsurance and coinsurance	(1,182,401)	(486,451)	(1,668,852)	(1,088,116)	(512,950)	(1,601,066)
Acquisition costs	(448,796)	(28,952)	(477,748)	(474,736)	(37,327)	(512,063)
Administrative expenses	(353,292)	(36,494)	(389,786)	(358,459)	(47,146)	(405,605)
Other operating expenses	(40,005)	(717)	(40,722)	(44,135)	(408)	(44,543)
Finance costs	(115,315)	(23,998)	(139,313)	(50,973)	(7,279)	(58,252)
Profit before tax	246,469	27,671	274,140	304,895	48,491	353,386
Taxation	(39,647)	(4,904)	(44,551)	(51,440)	(8,815)	(60,255)
Profit for the year	206,822	22,767	229,589	253,455	39,676	293,131

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

	31 Dec. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019
	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	96,858	-	96,858	36,993	-	36,993
Deferred acquisition costs	208,350	-	208,350	226,110	-	226,110
Property and equipment	552,892	14	552,906	641,451	10	641,461
Investment property	456,653	-	456,653	367,521	-	367,521
Investments in subsidiaries, associates and participation in joint ventures	376,516	-	376,516	279,111	-	279,111
Held-to-maturity investments	998,547	1,083,788	2,082,335	944,029	1,228,358	2,172,387
Available-for-sale financial assets	2,731,918	1,804,244	4,536,162	2,817,919	1,628,860	4,446,779
Financial assets at fair value through profit or loss	20,985	400,568	421,553	47,661	445,916	493,577
Loans and receivables	792,317	226,618	1,018,935	1,009,106	196,224	1,205,330
Reinsurance share in technical provisions	474,856	13	474,869	213,507	26	213,533
Deferred tax assets	-	-	-	-	-	-
Insurance contract and other receivables	794,075	621	794,696	868,256	503	868,759
Cash and cash equivalents	450,515	62,421	512,936	100,317	25,003	125,320
Total assets	7,954,482	3,578,287	11,532,769	7,551,981	3,524,900	11,076,881
Capital and reserves						
Subscribed share capital	545,037	44,289	589,326	545,037	44,289	589,326
Premium on issued shares	681,483	-	681,483	681,483	-	681,483
Reserves	316,742	85,296	402,038	316,742	85,296	402,038
Revaluation reserve	326,932	144,192	471,124	368,661	147,995	516,656
Retained earnings	1,209,882	179,986	1,389,868	1,001,742	157,219	1,158,961
Total capital and reserves	3,080,076	453,763	3,533,839	2,913,665	434,799	3,348,464
Liabilities						
Technical provisions	3,980,977	3,054,279	7,035,256	3,712,920	3,017,508	6,730,428
Provisions	83,968	2,571	86,539	99,786	2,931	102,717
Deferred tax liability	6,105	29,875	35,980	14,659	30,458	45,117
Financial liabilities	282,749	1,529	284,278	271,367	300	271,667
Liabilities arising from insurance contracts, other liabilities and deferred income	516,261	36,270	552,531	526,553	38,904	565,457
Current income tax liabilities	4,346	-	4,346	13,031	-	13,031
Total liabilities	4,874,406	3,124,524	7,998,930	4,638,316	3,090,101	7,728,417
Total capital, reserves and liabilities	7,954,482	3,578,287	11,532,769	7,551,981	3,524,900	11,076,881

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

	2020	2020	2020	2019	2019	2019
	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	2,686,345	551,053	3,237,398	2,657,337	645,821	3,303,158
Premiums ceded to reinsurance and coinsurance	(277,526)	(335)	(277,861)	(273,529)	(196)	(273,725)
Written premiums, net of reinsurance and coinsurance	2,408,819	550,718	2,959,537	2,383,808	645,625	3,029,433
Change in gross provisions for unearned premiums	3,943	-176	3,767	(10,532)	(536)	(11,068)
Change in provision for unearned premiums, reinsurance and coinsurance share	16,181	53	16,234	(15,734)	24	(15,710)
Earned premiums, net of reinsurance and coinsurance	2,428,943	550,595	2,428,943	2,357,542	645,113	3,002,655
Commission and fee income	41,068	2,100	43,168	35,390	2,155	37,545
Finance income	330,071	168,879	498,950	334,100	152,049	486,149
Other operating income	171,658	1,063	172,721	161,678	450	162,128
Net operating income	2,971,740	722,637	3,694,377	2,888,710	799,767	3,688,477
Claims incurred	(1,721,551)	(568,375)	(2,289,926)	(1,409,162)	(625,266)	(2,034,428)
Reinsurance share of claims incurred	353,166	119	353,285	129,979	10	129,989
Claims incurred, net of reinsurance and coinsurance	(1,368,385)	(568,256)	(1,936,641)	(1,279,183)	(625,256)	(1,904,439)
Acquisition costs	(536,132)	(41,584)	(577,716)	(558,419)	(62,329)	(620,748)
Administrative expenses	(539,660)	(43,476)	(583,136)	(535,558)	(55,408)	(590,966)
Other operating expenses	(65,456)	(1,498)	(66,954)	(66,790)	(1,007)	(67,797)
Finance costs	(122,793)	(25,886)	(148,679)	(96,002)	(8,839)	(104,841)
Share in profit of associates	10,339	-	10,339	11,947	-	11,947
Profit before tax	349,653	41,937	391,590	364,705	46,928	411,633
Income tax	(56,957)	(6,431)	(63,388)	(62,364)	(9,530)	(71,894)
Profit for the year	292,696	35,506	328,202	302,341	37,398	339,739

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

	31 Dec. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019	31 Dec. 2019	31 Dec. 2019
	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	107,472	401	107,873	48,319	408	48,727
Deferred acquisition costs	247,354	-	247,354	268,986	-	268,986
Property and equipment	854,413	19,973	874,386	885,503	21,124	906,627
Investment property	1,011,390	1,857	1,013,247	872,024	1,629	873,653
Investments in subsidiaries, associates and participation in joint ventures	76,593	-	76,593	77,590	-	77,590
Held-to-maturity investments	1,037,924	1,131,859	2,169,783	1,037,567	1,277,694	2,315,261
Available-for-sale financial assets	2,994,697	2,128,951	5,123,648	2,990,715	1,921,630	4,912,345
Financial assets at fair value through profit or loss	39,729	419,706	459,435	62,445	456,180	518,625
Loans and receivables	774,800	396,722	1,171,522	991,674	360,486	1,352,160
Reinsurance share in technical provisions	488,141	124	488,265	226,299	80	226,379
Deferred tax assets	1,653	-	1,653	1,740	-	1,740
Insurance contract and other receivables	940,660	18,454	959,114	1,012,116	23,439	1,035,555
Cash and cash equivalents	581,552	87,873	669,425	177,986	39,381	217,367
Total assets	9,156,378	4,205,920	13,362,298	8,652,964	4,102,051	12,755,015
Capital and reserves						
Subscribed share capital	545,037	44,289	589,326	545,037	44,289	589,326
Premium on issued shares	681,483	-	681,483	681,483	-	681,483
Reserves	316,742	85,296	402,038	316,742	85,296	402,038
Fair value reserve	386,496	181,953	568,449	432,714	176,624	609,338
Retained earnings	1,628,770	237,285	1,866,055	1,335,581	201,873	1,537,454
Equity attributable to owners of the parent	3,558,528	548,823	4,107,351	3,311,557	508,082	3,819,639
Non-controlling interest	11,908	746	12,654	11,923	630	12,553
Total capital and reserves	3,570,436	549,569	4,120,005	3,323,480	508,712	3,832,192
Liabilities						
Technical provisions	4,505,579	3,530,440	8,036,019	4,233,605	3,460,063	7,693,668
Provisions	95,351	2,608	97,959	111,329	2,958	114,287
Deferred tax liability	50,751	34,005	84,756	47,246	33,652	80,898
Financial liabilities	318,779	5,113	323,892	297,695	4,321	302,016
Liabilities arising from insurance contracts, other liabilities and deferred income	597,026	82,655	679,681	611,737	91,622	703,359
Current income tax payable	18,456	1,530	19,986	27,872	723	28,595
Total liabilities	5,585,942	3,656,351	9,242,293	5,329,484	3,593,339	8,922,823
Total capital, reserves and liabilities	9,156,378	4,205,920	13,362,298	8,652,964	4,102,051	12,755,015

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. Based on the internal management reports, the key performance measure for measurement of profitability of each segment and insurance type identified by the Group is gross written premium and profit before tax.

The Group's main reportable segments are non-life and life. The Group performs insurance business in segments of non-life and life insurance. Among other important activities, the Group also carries out activities of pension fund management, technical examinations and providing medical services of clinics within the segment of non-life.

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 reportable 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 third party liability insurance
- Aircraft liability insurance
- Vessel liability insurance
- Other types of liability insurance
- Loan insurance/credit insurance
- Surety insurance
- Miscellaneous financial loss insurance
- Legal expenses insurance
- Assistance

Life:

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

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An overview of gross written premium (after value adjustment) by type of insurance is shown below:

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accident insurance	113,650	114,899	135,181	135,112
Health insurance	356,071	349,640	362,095	351,213
Road motor vehicle insurance	372,238	369,021	423,623	418,432
Railroad rolling stock insurance	2,193	1,539	2,193	1,539
Aircraft insurance	4,706	4,416	4,706	4,416
Vessel insurance	34,341	32,002	34,341	32,002
Insurance for goods in transit	17,060	16,907	18,224	17,786
Insurance against fire and natural disasters	237,345	221,889	257,648	241,648
Other types of property insurance	403,058	390,946	418,536	403,164
Motor third party liability insurance	538,823	512,043	793,958	772,901
Aircraft liability insurance	2,646	2,713	2,646	2,713
Vessel liability insurance	7,213	6,479	7,215	6,481
Other types of liability insurance	138,207	132,273	143,490	135,696
Loan insurance/credit insurance	14,984	18,976	23,521	57,789
Surety insurance	1,833	2,258	4,596	7,459
Miscellaneous financial loss insurance	38,154	36,198	39,838	37,834
Legal expenses insurance	138	1,897	138	1,898
Assistance	8,336	11,005	14,396	29,254
Total non-life insurance	2,290,996	2,225,101	2,686,345	2,657,337
Life insurance	433,025	500,005	518,007	619,672
Annuity insurance	4,177	4,039	4,177	4,039
Additional insurance with life insurance	12,225	13,358	16,218	17,679
Life or annuity insurance where the policyholder bears the investment risk	4,171	5	12,651	4,431
Total life insurance	453,598	517,407	551,053	645,821
Total	2,744,594	2,742,508	3,237,398	3,303,158

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An overview of the Company's and the Group's revenues by geographical area is shown below:

Company in HRK'000	2020			
	Republic of Croatia	Slovenia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,458,055	23,528	17,303	2,498,886
Commission and fee income, Finance income and Other operating income	491,432	243	-	491,675
Net operating income	2,949,487	23,771	17,303	2,990,561

Company in HRK'000	2019			
	Republic of Croatia	Slovenia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,479,042	5,459	1,018	2,485,519
Commission and fee income, Finance income and Other operating income	489,357	39	-	489,396
Net operating income	2,968,399	5,498	1,018	2,974,915

Group in HRK'000	2020					
	Republic of Croatia	Republic of Serbia	Bosnia and Herzegovina	North Macedonia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,449,293	208,673	146,002	134,739	40,831	2,979,538
Commission and fee income, Finance income and Other operating income	658,122	22,967	12,788	20,719	243	714,839
Net operating income	3,107,415	231,640	158,790	155,458	41,074	3,694,377

Group in HRK'000	2019					
	Republic of Croatia	Republic of Serbia	Bosnia and Herzegovina	North Macedonia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,468,549	211,723	164,627	151,279	6,477	3,002,655
Commission and fee income, Finance income and Other operating income	633,064	16,644	18,134	17,941	39	685,822
Net operating income	3,101,613	228,367	182,761	169,220	6,516	3,688,477

4. Premiums

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Gross written premiums	2,741,819	2,738,698	3,240,231	3,304,975
Impairment and collected premium impairment	2,775	3,810	(2,833)	(1,817)
Gross premiums written	2,744,594	2,742,508	3,237,398	3,303,158
Reinsurance premium in the country	(19)	(98)	(9,256)	(7,961)
Reinsurance premium abroad	(242,804)	(243,547)	(259,265)	(259,087)
Co-insurance premium in the country	(5,953)	(4,163)	(9,340)	(6,677)
Gross premiums ceded to reinsurance and co-insurance	(248,776)	(247,808)	(277,861)	(273,725)
Written premiums, net of reinsurance and coinsurance	2,495,818	2,494,700	2,959,537	3,029,433
Gross provisions for unearned premiums	(13,442)	3,929	3,768	(11,068)
Provisions for unearned premiums, reinsurance share	15,749	(13,098)	15,272	(15,711)
Provisions for unearned premiums, coinsurance share	761	(12)	961	1
Change in provisions for unearned premiums	3,068	(9,181)	20,001	(26,778)
Earned premiums, net of reinsurance and coinsurance	2,498,886	2,485,519	2,979,538	3,002,655
	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Gross written premiums	453,598	517,407	551,053	645,821
Reinsurance premium abroad	(72)	(89)	(335)	(196)
Premium ceded to reinsurance	(72)	(89)	(335)	(196)
Written premiums, net of reinsurance	453,526	517,318	550,718	645,625
Gross provisions for unearned premiums	(153)	(523)	(176)	(536)
Provisions for unearned premiums, reinsurance share	(4)	3	53	24
Change in provisions for unearned premiums	(157)	(520)	(123)	(512)
Earned premiums, net of reinsurance	453,369	516,798	550,595	645,113

4. Premiums (continued)

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Gross written premiums	2,288,221	2,221,291	2,689,178	2,659,154
Impairment and collected premium impairment	2,775	3,810	(2,833)	(1,817)
Gross premiums written	2,290,996	2,225,101	2,686,345	2,657,337
Reinsurance premium in the country	(19)	(98)	(9,256)	(7,961)
Reinsurance premium abroad	(242,732)	(243,458)	(258,930)	(258,891)
Co-insurance premium in the country	(5,953)	(4,163)	(9,340)	(6,677)
Premium ceded to reinsurance	(248,704)	(247,719)	(277,526)	(273,529)
Written premiums, net of reinsurance	2,042,292	1,977,382	2,408,819	2,383,808
Gross provisions for unearned premiums	(13,289)	4,452	3,944	(10,532)
Provisions for unearned premiums, reinsurance share	15,753	(13,101)	15,219	(15,735)
Provisions for unearned premiums, coinsurance share	761	(12)	961	1
Change in provisions for unearned premiums	3,225	(8,661)	20,124	(26,266)
Earned premiums, net of reinsurance	2,045,517	1,968,721	2,428,943	2,357,542

5. Commission and fee income

Commission and fee income in the amount of HRK 41,578 thousand (2019: HRK 36,083 thousand) for the Company and HRK 43,168 thousand (2019: HRK 37,545 thousand) for the Group relate to commissions from reinsurance companies under reinsurance contracts.

6. Finance income

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest income	179,496	215,930	195,584	229,541
Dividend income	25,698	44,953	9,410	25,591
Gains on investment property	25,350	25,299	105,946	106,967
Gain on bargain purchase	-	-	5,628	-
Foreign exchange gains	63,301	23,846	64,480	25,385
Realised gains from financial assets	89,829	60,572	89,878	60,922
Unrealised gains from financial assets at fair value through profit or loss	212	3,825	2,105	4,891
Unrealised gains on change in fair value of derivative financial instruments	3,825	3,976	3,825	3,976
Reversal of impairment and collection of amounts previously written off - loans	14,313	10,662	14,709	10,662
Collection of amounts previously written off - other	798	1,496	799	1,496
Other income	5,857	16,061	6,586	16,718
	408,679	406,620	498,950	486,149

6.1. Interest income

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest on held-to-maturity investments	74,834	96,813	78,751	102,231
Interest on available-for-sale financial assets	80,540	89,098	96,609	102,031
Given deposits	6,584	7,200	15,010	15,358
Given loans and other placements	17,538	22,819	5,214	9,921
	179,496	215,930	195,584	229,541

6.2. Income from investment property

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Rental income	22,945	21,254	89,635	84,349
Income from increase in the value of land and buildings (Note 17)	3,778	3,028	19,431	21,601
Net (loss)/income from the sale of land and buildings	(1,373)	1,017	(3,120)	1,017
	25,350	25,299	105,946	106,967

The table below presents future minimum lease payments from uncancellable operating lease contracts:

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Up to 1 year	14,931	13,425	26,860	20,762
From 1-5 years	15,546	18,187	56,562	47,960
Over 5 years	1,989	2,980	85,420	94,373
	32,466	34,592	168,842	163,095

6.3. Realised gains from financial assets

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Financial assets at fair value through profit or loss	104	1,050	153	1,155
Available-for-sale financial assets	84,682	47,471	84,682	47,716
Derivative financial instruments	5,043	12,051	5,043	12,051
	89,829	60,572	89,878	60,922

6.4. Foreign exchange gains

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	17,990	4,899	18,191	5,305
Available-for-sale financial assets	22,138	8,430	23,086	9,535
Financial assets at fair value through profit or loss	189	58	189	58
Deposits	6,047	3,423	6,047	3,423
Borrowings	2,960	1,512	2,982	1,538
Foreign currency accounts	12,745	5,476	12,750	5,477
Derivative financial instruments	1,226	47	1,226	47
Other	6	1	9	2
	63,301	23,846	64,480	25,385

7. Other operating income

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Income from liabilities and collected receivables written off	2,348	3,594	4,271	3,969
Income from guarantee fund	174	351	174	351
Income from penalty interest	8,392	5,419	8,547	5,502
Net recourse income	547	564	5,767	1,623
Income from claims incurred abroad	3,670	4,929	4,318	5,457
Income from assessment services	3,515	4,802	3,368	4,604
Income from reversal of long-term provisions	3,042	1,300	5,149	2,958
Gain on sale of tangible assets	924	119	3,104	17
Income from estimation of property for own use	-	11,678	150	11,901
Income from collection of the premium claimed	4,877	4,415	4,896	4,415
Other income - insurance	13,929	9,522	25,256	18,287
Income from motor vehicle examination	-	-	73,284	75,223
Revenue from the provision of polyclinic medical services	-	-	22,395	17,001
Income from entry and management fees	-	-	12,042	10,629
Other income – non-insurance	-	-	-	191
	41,418	46,693	172,721	162,128

Income from motor vehicle examination, polyclinic medical services and income from entry and management fees by geographical area mostly relate to the Republic of Croatia and to non-life reportable segment.

8. Claims incurred, net of reinsurance

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Claims incurred	2,016,952	1,726,491	2,289,926	2,034,428
Reinsurance and coinsurance share in claims incurred	(348,100)	(125,425)	(353,285)	(129,989)
	1,668,852	1,601,066	1,936,641	1,904,439

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Expenditure for insured events, net	1,687,741	1,461,133	1,928,681	1,703,812
Claims paid	1,621,634	1,503,989	1,847,088	1,721,973
<i>Gross amount</i>	1,724,909	1,618,331	1,954,896	1,844,291
<i>Coinsurance share</i>	(2,972)	(4,618)	(2,907)	(2,777)
<i>Reinsurance share</i>	(100,303)	(109,724)	(104,900)	(119,541)
Change in claims provisions, net	66,107	(42,856)	81,593	(18,161)
<i>Gross amount</i>	310,942	(31,783)	327,081	(10,500)
<i>Coinsurance share</i>	1,988	(1,834)	1,961	(1,842)
<i>Reinsurance share</i>	(246,823)	(9,239)	(247,449)	(5,819)
Change in mathematical provision and other technical provisions, net	25,528	151,248	46,085	209,487
Change in insurance mathematical provisions	41,905	156,374	62,786	217,843
<i>Gross amount</i>	41,895	156,384	62,776	217,853
<i>Reinsurance share</i>	10	(10)	10	(10)
Change in other technical provisions, net of reinsurance	(16,377)	(5,126)	(16,701)	(8,356)
Change in special provision for life insurance group where the policyholder bears the investment risk, net	(44,417)	(11,315)	(38,125)	(8,860)
Gross amount	2,016,952	1,726,491	2,289,926	2,034,428
Reinsurance and coinsurance share	(348,100)	(125,425)	(353,285)	(129,989)

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	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Expenditure for insured events, net	1,205,378	1,104,584	1,391,686	1,298,881
Claims paid	1,172,469	1,140,206	1,345,357	1,311,674
Gross amount	1,275,744	1,254,548	1,453,035	1,433,992
Coinsurance share	(2,972)	(4,618)	(2,907)	(2,777)
Reinsurance share	(100,303)	(109,724)	(104,771)	(119,541)
Change in claims provisions, net	32,909	(35,622)	46,329	(12,793)
Gross amount	277,744	(24,549)	291,817	(5,132)
Coinsurance share	1,988	(1,834)	1,961	(1,842)
Reinsurance share	(246,823)	(9,239)	(247,449)	(5,819)
Change in mathematical provision and other technical provisions, net	(22,977)	(16,468)	(23,301)	(19,698)
Change in insurance mathematical provisions	(6,600)	(11,342)	(6,600)	(11,342)
Gross amount	(6,600)	(11,342)	(6,600)	(11,342)
Reinsurance share	-	-	-	-
Change in other technical provisions, net of reinsurance	(16,377)	(5,126)	(16,701)	(8,356)
Gross amount	(16,377)	(5,126)	(16,701)	(8,356)
Gross amount	1,530,511	1,213,531	1,721,551	1,409,162
Reinsurance and co-insurance share	(348,110)	(125,415)	(353,166)	(129,979)
	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Expenditure for insured events, net	482,363	356,549	536,995	404,931
Claims paid, gross	449,165	363,783	501,860	410,299
Change in claims provisions, gross	33,198	(7,234)	35,264	(5,368)
Reinsurance share	-	-	(129)	-
Change in mathematical provision and other technical provisions, net of reinsurance	48,505	167,716	69,386	229,185
Change in insurance mathematical provisions	48,505	167,716	69,386	229,185
Gross amount	48,495	167,726	69,376	229,195
Reinsurance share	10	(10)	10	(10)
Change in other technical provisions, net of reinsurance	-	-	-	-
Gross amount	-	-	-	-
Change in special provision for life insurance group where the policyholder bears the investment risk, net of reinsurance	(44,417)	(11,315)	(38,125)	(8,860)
Gross amount	486,441	512,960	568,375	625,266
Reinsurance share	10	(10)	(119)	(10)

	Company		Group	
	2020	2019	2020	2019
Claims paid - gross amount	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Expenses for claims	1,676,072	1,603,955	1,898,163	1,821,041
Staff costs	57,661	60,786	65,313	68,473
Interest expense on claims	11,457	15,553	11,828	15,805
Claims paid	38,544	41,887	42,557	46,299
Collected recourses	(65,122)	(113,781)	(69,262)	(117,256)
Recourse costs	6,297	9,931	6,296	9,929
	1,724,909	1,618,331	1,954,895	1,844,291

	Company		Group	
	2020	2019	2020	2019
Staff costs	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	28,959	31,547	34,610	37,290
Contributions from salaries	8,185	8,809	9,543	10,216
Taxes and surtaxes	4,222	4,646	4,365	4,803
Contributions on salaries	6,580	7,253	6,900	7,599
Other employee costs	9,715	8,531	9,895	8,565
	57,661	60,786	65,313	68,473

9. Acquisition costs

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission	248,858	263,989	266,672	296,122
Other acquisition costs	182,176	185,454	247,303	242,427
Change in deferred acquisition costs	17,760	25,293	22,158	19,869
NON-LIFE	448,794	474,736	536,133	558,418
Commission	7,465	11,400	14,966	31,101
Other acquisition costs	21,489	25,927	26,617	31,229
LIFE	28,954	37,327	41,583	62,330
Commission	256,323	275,389	281,638	327,223
Other acquisition costs	203,665	211,381	273,920	273,656
Change in deferred acquisition costs (Note 15.1)	17,760	25,293	22,158	19,869
TOTAL LIFE AND NON-LIFE	477,748	512,063	577,716	620,748

9.1. Commission

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission expenses - agents	6,643	7,261	8,945	8,670
Commission expenses - employees	75,370	75,788	75,370	79,438
Commission for banks, agencies and brokers	174,310	192,340	197,323	239,115
	256,323	275,389	281,638	327,223

9.2. Other acquisition costs

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Marketing costs	37,338	31,075	43,432	35,111
Sales staff costs	152,339	170,799	212,729	224,020
Other direct sales costs	13,988	9,507	17,759	14,525
	203,665	211,381	273,920	273,656

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Sales staff costs				
Net salaries and fees	78,311	80,343	133,351	126,645
Contributions from salaries	20,978	21,950	20,979	21,950
Taxes and surtaxes	11,039	12,309	11,100	12,863
Contributions on salaries	16,497	17,480	21,237	22,324
Other employee costs	25,514	38,717	26,062	40,238
	152,339	170,799	212,729	224,020

10. Administrative expenses

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation and depreciation of assets	57,063	57,935	81,982	78,171
Salaries, taxes and contributions from and on salaries	131,335	143,740	209,664	214,529
Other administrative expenses	201,388	203,930	291,490	298,266
	389,786	405,605	583,136	590,966

10.1 Amortisation and depreciation

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation (Note 15)	18,299	17,294	20,703	19,494
Depreciation (Note 16)	24,162	27,162	40,229	38,742
Depreciation – right-of-use assets (Note 16)	14,602	13,479	21,050	19,935
	57,063	57,935	81,982	78,171

10.2 Salaries, taxes and contributions from and on salaries

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	75,149	81,632	128,123	127,873
Contributions from salaries	21,753	23,567	33,046	34,379
Taxes and surtaxes	16,948	19,100	22,746	24,902
Contributions on salaries	17,485	19,441	25,749	27,375
	131,335	143,740	209,664	214,529

10.3 Other administrative expenses

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Services	137,539	116,514	169,810	148,837
Vacation allowance to employees	579	595	1,400	1,549
Net provision for jubilee awards and termination benefits	6,405	5,030	7,248	7,846
Other employee benefits in line with collective agreement	4,398	5,041	5,290	6,797
Net provisions for unused vacation days	(1,711)	926	(989)	1,196
Other provisions, net	(1,325)	(2,507)	(782)	1,507
Provisions for legal disputes, net (Note 26)	(3,756)	2,966	(1,606)	5,106
Materials used	3,369	2,549	10,632	7,851
Energy consumed	7,414	10,184	12,051	14,444
Transportation to and from work	1,738	3,934	4,007	6,082
Insurance premiums	11,974	12,464	13,897	13,720
Entertainment	2,747	5,199	3,874	7,266
Commission expenses of credit card companies	8,927	9,349	9,275	9,712
Other contributions and fees	10,930	12,772	21,639	23,307
Daily allowances and transportation expenses	788	2,660	1,019	3,426
Bank services	113	509	3,227	4,695
Other various costs and expenditures	11,259	15,745	31,498	34,925
	201,388	203,930	291,490	298,266

11. Other operating expenses

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Guarantee fund fee	7,468	4,129	10,670	7,257
Fee to Croatian Insurance Bureau	1,541	1,625	1,541	1,625
Fire Department fee	5,845	5,368	6,871	6,974
Fee to Croatian Financial Services Supervisory Agency	2,261	2,044	3,668	3,288
Contributions for health insurance from motor liability premium	11,147	10,900	19,895	19,530
Other insurance-technical expenses	7,447	8,481	15,148	15,332
Impairment of property and equipment (Note 16)	325	5,326	2,580	5,292
Other impairment	1,830	2,502	2,401	2,835
Other expenses	2,858	4,168	4,180	5,664
	40,722	44,543	66,954	67,797

12. Finance costs

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Reversal of impairment of investments	(4,588)	(60,464)	-	-
Impairment of investments	31,566	56,238	25,880	30,927
Impairment of investments, net	26,978	(4,226)	25,880	30,927
Realised losses on investments	34,570	17,046	34,570	17,046
Foreign exchange losses	26,108	9,819	26,474	11,991
Unrealised losses on investments in financial assets at fair value through profit or loss	255	-	1,620	95
Unrealised losses on changes in fair value of derivative financial instruments	10,516	5,625	10,516	5,625
Payment transaction fees	5,974	6,189	6,456	6,552
Interest expense	1,154	993	1,154	993
Interest on lease liabilities	9,497	9,260	10,991	10,713
Utilities - investments	12,806	5,352	19,547	12,573
Staff costs - investments	7,216	6,470	7,323	6,567
Other investment costs	4,239	1,724	4,148	1,759
	139,313	58,252	148,679	104,841

12.1. Impairment of investments

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries and associates (Note 18.3)	(376)	(32,182)	-	-
Available-for-sale financial assets	7,282	6,204	7,283	6,204
Cash and cash equivalents	-	-	141	-
Impairment of loans given	69	1,922	85	1,925
Losses from changes in fair value of property (Note 17)	20,003	19,830	18,371	22,798
	26,978	(4,226)	25,880	30,927

12.2. Realised losses on investments

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Realised losses on available-for-sale financial assets	21,875	14,537	21,875	14,537
Realised losses on derivative financial instruments	12,695	2,508	12,695	2,508
Realised losses on investments at fair value through profit or loss	-	1	-	1
	34,570	17,046	34,570	17,046

12.3. Foreign exchange losses

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	309	1	481	503
Available-for-sale financial assets	10,220	-	10,316	1,474
Financial assets at fair value through profit or loss	24	21	24	21
Deposits	357	1,020	357	1,023
Loans	1,979	1,278	1,980	1,307
Foreign currency accounts	12,644	7,239	12,670	7,273
Derivative financial instruments	564	258	564	258
Other	11	2	82	132
	26,108	9,819	26,474	11,991

12.4. Staff costs - investments

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	3,640	3,043	3,640	3,043
Contributions from salaries	1,039	899	1,039	899
Taxes and surtaxes	850	713	850	713
Contributions on salaries	847	733	847	733
Other employee costs	840	1,082	947	1,179
	7,216	6,470	7,323	6,567

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
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net deferred tax expense (Note 21)	1,863	16,279	818	12,002
Current tax expense	42,688	43,976	62,570	59,892
Net income tax expense for the year	44,551	60,255	63,388	71,894

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

	Company	Company	Group	Group
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Profit before tax	274,141	353,386	391,589	411,633
Income tax at 18%	49,345	63,609	70,486	74,094
Non-deductible expenses	12,093	21,688	18,030	29,948
Income not subject to tax	(16,887)	(25,042)	(25,128)	(32,148)
Income tax	44,551	60,255	63,388	71,894
Effective tax rate	16.25%	17.05%	16.19%	17.47%

As at 31 December 2020, the Company has no tax losses that can be carried forward for covering the Company's future profits. The remaining Group companies have no significant tax losses that can be carried forward to cover future profits.

In accordance with local regulations, the Tax Administration 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 liabilities and penalties. The Company's Management Board is not aware of any circumstances, which may give rise to a potential material liability in this respect.

14. Earnings per share

	Group	Group
	2020	2019
	in HRK'000	in HRK'000
Profit for the year attributable to the Company's shareholders	327,902	339,392
Weighted average of ordinary shares	420,947	420,947
Earnings per share attributable to the Company's shareholders		
Basic and diluted earnings per share in HRK	778.96	806.26

For the purpose of calculating earnings per share, earnings are calculated as the profit for the period attributable to the Company's shareholders. 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 420,947 (2019: 420,947). 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
	Other intangible assets	Software	Intangible assets in progress	Total
Cost				
At 31 December 2018	6,521	127,566	1,644	135,731
Additions	-	24,598	2,943	27,541
Transfer to use	-	2,178	(2,178)	-
Disposals or retirements	-	(807)	-	(807)
At 31 December 2019	6,521	153,535	2,409	162,465
Additions	-	56,596	21,568	78,164
Transfer to use	-	-	-	-
Disposals or retirements	-	-	-	-
At 31 December 2020	6,521	210,131	23,977	240,629
Accumulated amortisation				
At 31 December 2018	6,521	101,835	-	108,356
Amortisation charge for 2019	-	17,294	-	17,294
Disposals or retirements	-	(178)	-	(178)
At 31 December 2019	6,521	118,951	-	125,472
Amortisation charge for 2020	-	18,299	-	18,299
Disposals or retirements	-	-	-	-
At 31 December 2020	6,521	137,250	-	143,771
Net book amount				
At 31 December 2020	-	72,881	23,977	96,858
At 31 December 2019	-	34,584	2,409	36,993

The Company capitalized costs of net salaries in the amount of HRK 5,734 thousand, costs of contributions from salaries in the amount of HRK 1,701 thousand, costs of taxes and surcharges from salaries in the amount of HRK 1,347 thousand, costs of contributions to salaries in the amount of HRK 1,365 thousand and other costs of employees in the amount of HRK 1,233 thousand.

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Group	in HRK'000			
	Other intangible assets	Software	Intangible assets in progress	Total
Cost				
At 31 December 2018	26,093	145,746	3,470	175,309
Additions	724	25,671	3,349	29,744
Transfer to use	-	4,409	(4,409)	-
Disposals or retirements	-	(1,007)	-	(1,007)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	88	(1)	87
At 31 December 2019	26,817	174,907	2,409	204,133
Additions	895	57,105	21,809	79,809
Transfer to use	-	143	(143)	-
Disposals or retirements	-	(110)	-	(110)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	196	-	196
At 31 December 2020	27,712	232,241	24,075	284,028
Accumulated amortisation				
At 31 December 2018	19,059	117,115	-	136,174
Amortisation charge for 2019	825	18,669	-	19,494
Disposals or retirements	-	(312)	-	(312)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	50	-	50
At 31 December 2019	19,884	135,522	-	155,406
Amortisation charge for 2020	819	19,884	-	20,703
Disposals or retirements	-	(88)	-	(88)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	134	-	134
At 31 December 2020	20,703	155,452	-	176,155
Net book amount				
At 31 December 2020	7,009	76,789	24,075	107,873
At 31 December 2019	6,933	39,385	2,409	48,727

Group capitalized costs of net salaries in the amount of HRK 5,734 thousand, costs of contributions from salaries in the amount of HRK 1,701 thousand, costs of taxes and surcharges from salaries in the amount of HRK 1,347 thousand, costs of contributions to salaries in the amount of HRK 1,365 thousand and other costs of employees. in the amount of HRK 1,233 thousand.

15.1. Deferred acquisition costs

	Company		Group	
	2020	2019	2020	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 31 December	226,110	251,403	268,986	288,703
Increase	96,744	90,417	97,441	95,947
Decrease	(114,504)	(115,710)	(119,599)	(115,816)
Foreign exchange differences	-	-	526	152
At 31 December	208,350	226,110	247,354	268,986

16. Property and equipment

Company	in HRK'000							
	Land	Buildings	Equipment and furniture	Other tangible assets	Assets under construction	Right- of-use assets - Buildings	Right- of-use assets - Other tangible assets	Total
Cost								
At 31 December 2018	67,675	608,494	186,879	18,559	2,349	-	-	883,956
Initial recognition IFRS 16 - 1 January 2019	-	-	-	-	-	247,771	4,240	252,011
Change in fair value (through OCI)	(832)	1,494	-	-	-	-	-	662
Change in fair value (P&L) (Note 7 and Note 11)	493	5,859	-	-	-	-	-	6,352
Additions	-	8,222	5,546	2,603	9,600	10,412	802	37,185
Transfer from assets under construction to use	-	831	100	55	(986)	-	-	-
Transfer to investment property (Note 17)	(8,032)	(82,678)	-	-	-	-	-	(90,710)
Disposals or retirements	(201)	(3,758)	(3,004)	(294)	-	(628)	-	(7,885)
At 31 December 2019	59,103	538,464	189,521	20,923	10,963	257,555	5,042	1,081,571
Change in fair value (through OCI)	(12)	(252)	-	-	-	-	-	(264)
Change in fair value (P&L) (Note 7 and Note 11)	(2)	(323)	-	-	-	-	-	(325)
Additions	-	482	13,264	1	6,181	12,208	10,549	42,685
Transfer from assets under construction to use	46	8,837	4,927	544	(14,354)	-	-	-
Transfer to property and equipment (Note 16)	-	(3,157)	3,157	-	-	-	-	-
Transfer to investment property (Note 17)	(28,529)	(131,896)	-	-	-	-	-	(160,425)
Disposals or retirements	(56)	(1,094)	(1,231)	(3,903)	-	(5,111)	(960)	(12,355)
At 31 December 2020	30,550	411,061	209,638	17,565	2,790	264,652	14,631	950,887
Accumulated depreciation and impairment								
At 31 December 2018	-	257,415	163,864	10,350	-	-	-	431,629
Depreciation charge for 2019	-	13,239	11,842	1,316	-	11,461	2,018	39,876
Depreciation on revaluation effect	-	765	-	-	-	-	-	765
Transfer to investment property (Note 17)	-	(28,845)	-	-	-	-	-	(28,845)
Disposals or retirements	-	(259)	(2,930)	(127)	-	1	-	(3,315)
At 31 December 2019	-	242,315	172,776	11,539	-	11,462	2,018	440,110
Depreciation charge for 2020	-	11,183	11,043	1,242	-	11,840	2,762	38,070
Depreciation on revaluation effect	-	694	-	-	-	-	-	694
Transfer to property and equipment (Note 16)	-	(484)	484	-	-	-	-	-
Transfer to investment property (Note 17)	-	(76,294)	-	-	-	-	-	(76,294)
Disposals or retirements	-	(189)	(1,216)	(3,194)	-	-	-	(4,599)
At 31 December 2020	-	177,225	183,087	9,587	-	23,302	4,780	397,981
Net book amount								
At 31 December 2020	30,550	233,836	26,551	7,978	2,790	241,350	9,851	552,906
At 31 December 2019	59,103	296,149	16,745	9,384	10,963	246,093	3,024	641,461

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Group								in HRK'000
	Land	Buildings	Equipment and furniture	Other tangible assets	Assets under construction	Right- of-use assets - Buildings	Right- of-use assets - Other tangible assets	Total
Cost								
At 31 December 2018	93,673	799,290	274,728	54,765	2,748	-	-	1,225,204
Initial recognition IFRS 16 - 1 January 2019	-	-	-	-	-	277,369	5,460	282,829
Change in fair value (through OCI)	5,174	18,588	-	-	-	-	-	23,762
Change in fair value (P&L) (Note 7 and Note 11)	493	6,116	-	-	-	-	-	6,609
Additions	-	8,226	23,356	3,246	9,775	11,336	2,423	58,362
Transfer from assets under construction to use	-	838	613	55	(1,506)	-	-	-
Transfer to investment property (Note 17)	(8,032)	(82,678)	-	-	-	-	-	(90,710)
Foreign exchange differences arising on translation of financial statements of foreign operations	14	274	102	118	-	230	9	747
Disposals or retirements	(197)	(3,710)	(5,540)	(2,558)	-	(614)	-	(12,619)
At 31 December 2019	91,125	746,944	293,259	55,626	11,017	288,321	7,892	1,494,184
Change in fair value (through OCI)	(66)	(6,295)	-	-	-	-	-	(6,361)
Change in fair value (P&L) (Note 7 and Note 11)	104	(1,029)	-	-	-	-	-	(925)
Additions	-	474	34,946	4,149	7,048	27,121	9,375	83,113
Transfer from assets under construction to use	46	9,129	5,422	544	(15,141)	-	-	-
Transfer to property and equipment (Note 16)	-	(3,157)	3,157	-	-	-	-	-
Transfer to investment property (Note 17)	(24,301)	(90,800)	-	-	-	-	-	(115,101)
FX diff. arising on translation of FS of foreign operation	67	1,018	328	356	-	574	26	2,369
Disposals or retirements	-	(190)	(5,699)	(5,425)	-	(4,713)	(961)	(16,988)
At 31 December 2020	66,975	656,094	331,413	55,250	2,924	311,303	16,332	1,440,291
Accumulated depreciation and impairment								
At 31 December 2018	-	296,776	230,132	38,391	-	-	-	565,299
Depreciation charge for 2019	-	15,218	18,571	2,455	-	17,174	2,761	56,179
Depreciation on revaluation effect	-	2,498	-	-	-	-	-	2,498
Transfer to investment property (Note 17)	-	(28,845)	-	-	-	-	-	(28,845)
FX diff. arising on translation of FS of foreign operation	-	48	74	89	-	33	2	246
Disposals or retirements	-	(259)	(5,638)	(1,388)	-	(535)	-	(7,820)
At 31 December 2019	-	285,436	243,139	39,547	-	16,672	2,763	587,557
Depreciation charge for 2020	-	13,418	21,750	2,251	-	17,951	3,099	58,469
Depreciation on revaluation effect	-	2,810	-	-	-	-	-	2,810
Change in fair value (P&L) (Note 7 and Note 11)	-	1,505	-	-	-	-	-	1,505
Transfer to property and equipment (Note 16)	-	(484)	484	-	-	-	-	-
Transfer to investment property (Note 17)	-	(76,294)	-	-	-	-	-	(76,294)
FX diff. arising on translation of FS of foreign operation	-	207	248	289	-	75	5	824
Disposals or retirements	-	(190)	(4,553)	(4,223)	-	-	-	(8,966)
At 31 December 2020	-	226,408	261,068	37,864	-	34,698	5,867	565,905
Net book amount								
At 31 December 2020	66,975	429,686	70,345	17,386	2,924	276,605	10,465	874,386
At 31 December 2019	91,125	461,508	50,120	16,079	11,017	271,649	5,129	906,627

The carrying amount of land and buildings that would have been recognised had the assets been carried under the cost method would have amounted to HRK 223,117 thousand (31 December 2019: HRK 312,291 thousand) for the Company and HRK 376,064 thousand (31 December 2019: HRK 404,330 thousand) for the Group.

17. Investment property

	Company	Group
	in HRK'000	in HRK'000
At 31 December 2018	333,932	821,794
Foreign exchange differences arising on translation of financial statements of foreign operations	-	127
Transfer from property and equipment (Note 16)	61,865	61,865
Increase in fair value recognised in the income statement (Note 6.2)	3,031	21,601
Decrease in fair value recognised in the income statement (Note 12.1)	(19,830)	(22,798)
Additions	4,259	6,782
Disposals	(15,736)	(15,718)
At 31 December 2019	367,521	873,653
Foreign exchange differences arising on translation of financial statements of foreign operations	-	307
Transfer from property and equipment (Note 16)	84,131	38,807
Increase in fair value recognized in the income statement (Note 6.2)	3,778	19,431
Decrease in fair value recognized in the income statement (Note 12.1)	(20,003)	(18,371)
Assets under construction	-	238
Additions	24,369	28,032
Effect of acquisition (Note 18.3. /i/)	-	76,579
Disposals	(3,143)	(5,429)
At 31 December 2020	456,653	1,013,247

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 valuation provided by independent appraisers.

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

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries	561,298	464,269	-	-
Impairment of investments in subsidiaries	(218,470)	(218,846)	-	-
	342,828	245,423	-	-
Investments in joint ventures	28,000	28,000	66,502	67,961
Investments in associates	8,601	8,601	13,004	12,542
Impairment of investments in associates	(2,913)	(2,913)	(2,913)	(2,913)
	5,688	5,688	10,091	9,629
	376,516	279,111	76,593	77,590

18.1. The Company's investments in subsidiaries and associates and participation in joint ventures

Activity	Country	31 Dec. 2020		31 Dec. 2019		
		Ownership percentage	Amount of investment	Ownership percentage	Amount of investment	
		%	in HRK'000	%	in HRK'000	
Subsidiaries						
Croatia Premium d.o.o., Zagreb	Services	Croatia	100	12,162	100	8,423
Histria construct d.o.o., Zagreb	Real estate	Croatia	100	4,976	100	5,067
Core 1 d.o.o., Zagreb	Real estate	Croatia	100	20	100	20
Auto Maksimir Vozila d.o.o., Zagreb	Insurance representation	Croatia	100	100	100	100
AK polica d.o.o., Varaždin	Insurance representation	Croatia	100	-	100	-
CO Zdravlje d.o.o., Zagreb	Consulting and services	Croatia	100	33,164	100	24,164
Astoria d.o.o.	Real estate	Croatia	100	78,897	-	-
Milenijum osiguranje a.d., Belgrade	Insurance	Serbia	100	61,514	100	60,665
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia and Herzegovina	95	18,560	95	18,679
Croatia osiguranje - život a.d., Skopje	Insurance	Macedonia	95	22,272	95	22,272
Croatia osiguranje - neživot a.d., Skopje	Insurance	Macedonia	100	9,396	100	4,266
Croatia-Tehnički pregledi d.o.o., Zagreb	Motor vehicle services	Croatia	100	71,767	100	71,767
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia	100	30,000	100	30,000
Razne usluge d.o.o. – currently being wound up, Zagreb	Services	Croatia	100	-	100	-
				342,828		245,423
Joint ventures						
PBZ Croatia osiguranje d.d., Zagreb	Pension fund management	Croatia	50	28,000	50	28,000
Associates						
Strmec projekt d.o.o., Samobor	Real estate	Croatia	49.76	5,688	49.76	5,688
				5,688		5,688
				376,516		279,111

18.2. The Group's investments in subsidiaries and associates and participation in joint ventures

Group

Activity	Country	31 Dec. 2020		31 Dec. 2019		
		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 management	Croatia	50	65,120	50	66,652
Nacionalni biro za osiguranje Skopje	Insurance	Macedonia	-	1,382	-	1,309
				66,502	67,961	
Associates						
Strmec projekt d.o.o., Samobor	Real estate	Croatia	49.76	5,688	49.76	5,688
STP Agroservis d.o.o., Virovitica	Technical testing and analysis	Croatia	37	4,403	37	3,941
				10,091	9,629	
				76,593	77,590	

Summary financial information for joint ventures

The summary financial information for PBZ Croatia osiguranje d.d. is presented below. For the Group, the information was presented using the equity method.

Summary statement of financial position	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000
Financial assets	102,892	116,178
Other assets	34,225	24,773
Total assets	137,117	140,951
Liabilities	6,877	7,647
Capital and reserves	130,240	133,304
Total equity and liabilities	137,117	140,951
Summary statement of comprehensive income		
Income	67,007	70,518
Expenses	(42,813)	(42,500)
Profit before tax	24,194	28,018
Income tax	(4,358)	(5,052)
Profit for the year	19,836	22,966
Share in profit of joint venture @ 50%	9,918	11,483

Reconciliation of the presented summary financial information with the carrying amount of shares in the joint venture.

Summary financial information	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000
Opening balance of net assets at 1 January	133,304	137,338
Profit for the period	19,836	22,966
Dividends	(22,900)	(27,000)
Closing balance of net assets	130,240	133,304
Share in profit of joint venture @ 50%	65,120	66,652
Carrying amount	65,120	66,652

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

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 201
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	279,111	246,929	77,590	79,249
Increase in investments (purchase) (i)	78,897	-	-	-
Increase in investments through capital increase of companies (ii)	18,132	-	-	-
Increase by using the equity method	-	-	(1,111)	(1,553)
Impairment of investments (iii)	(4,212)	(28,281)	-	-
Reversal of impairment of investments (iii)	4,588	60,463	-	-
Foreign exchange differences	-	-	114	(106)
At 31 December	376,516	279,111	76,593	77,590

/i/ At 31 March 2020, the Company acquired 100% of shares with voting rights of the company ASTORIA d.o.o. The principal activity of the acquired company is real estate.

Details on the fair value of identifiable assets and liabilities of Astoria d.o.o. at the acquisition date, gain on bargain purchase and the purchase consideration are shown below:

	in HRK'000
Asset	
Investment property	76,579
Loans	20,700
Receivables	553
Cash at bank and cash in hand	910
Liabilities	
Deferred and current tax liability	(12,634)
Provisions	(247)
Other liabilities	(1,283)
Other accrued expenses and deferred income	(53)
Total net assets at fair value	84,525
Gain on bargain purchase	(5,628)
Purchase consideration	78,897
<i>Cash flow on acquisition:</i>	
Cash and cash equivalents acquired	910
Purchase consideration paid in cash	(78,897)
Cash flow on acquisition	(77,987)

As part of strengthening the investment strategy, the Company has acquired the 100% stake in Astoria d.o.o. The purchase of the acquired company resulted in a gain on bargain purchase, since the fair value of the acquired assets and liabilities exceeds the purchase consideration. The gain on bargain purchase in the amount of HRK 5,628 thousand is recognised in the consolidated statement of comprehensive income within *Finance income*.

In the consolidated income statement of the Group, in the period from 1 April to 31 December 2020, Astoria d.o.o. contributed HRK 6,654 thousand in revenue and HRK 3,926 thousand in profit before tax.

If Astoria d.o.o. has been consolidated on January 1, 2020, the consolidated profit and loss statement would show higher revenues by HRK 1,940 thousand and profit before tax by HRK 1,463 thousand.

/ii/ Increase in investments relates to Croatia osiguranje - neživot a.d., Skopje in the amount of HRK 9,132 thousand, and CO Zdravlje d.o.o. in the amount of HRK 9,000 thousand for the purpose of capital increase.

/iii/ In 2020, a lower value was determined as a result of the fair value estimation, and therefore the investments in the following subsidiaries were impaired: Croatia osiguranje d.d., Mostar by an amount of HRK 119 thousand (2019: HRK 15,975 thousand), Croatia osiguranje - neživot a.d., Skopje, by an amount of HRK 4,002 thousand (2019: HRK 12,086 thousand), Histria Construct by an amount of HRK 91 thousand (2019: HRK 74 thousand) and AK polica d.o.o. by an amount of HRK 147 thousand in 2019, while as a result of the fair value estimation, the investments in the following subsidiaries were increased, i.e. the impairment of the share in these companies was reversed: Croatia Premium d.o.o. in the amount of HRK 3,739 thousand, Milenijum osiguranje a.d. in the amount of HRK 849 thousand (2019: 41,261) and Croatia osiguranje, mirovinsko društvo d.o.o. in the amount of HRK 19,203 thousand in 2019 (Note 12.1). An impairment or impairment reversal is determined by calculating the recoverable amount of cash flows of an individual subsidiary. The subsidiaries were valued according to the discounted cash flow valuation (mostly dividend discount model and free cash flow to equity model) using the planned net income for the next 5 years (forecasted balance sheets and income statements), discount rates etc. The differences in the estimated fair value valuations for an individual subsidiary are due to the differences in future net income, assumptions of dividend distribution and/or other constituents of the discount rates (risk free rate, equity risk premium and beta) according to the Capital Asset Pricing model. The discount rates for the subsidiaries that were impaired or had a reversal of impairment (listed above) vary from 10.39% to 15.61%.

19. Financial assets

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	2,082,335	2,172,387	2,169,783	2,315,261
Available-for-sale financial assets	4,536,162	4,446,779	5,123,648	4,912,345
Financial assets at fair value through profit or loss - for trading	421,553	493,577	459,435	518,625
Loans and receivables	1,018,935	1,205,330	1,171,522	1,352,160
	8,058,985	8,318,073	8,924,388	9,098,391

19.1. Overview of investments

The Company's investment structure as at 31 December 2020 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	-	534,218	17,188	-	551,406
Shares, not listed	-	1,916	-	-	1,916
	-	536,134	17,188	-	553,322
Debt securities					
Government bonds	2,038,398	3,638,449	-	-	5,676,847
Corporate bonds	43,937	169,505	-	-	213,442
	2,082,335	3,807,954	-	-	5,890,289
Derivative financial instruments					
Foreign currency forward contracts	-	-	4,115	-	4,115
	-	-	4,115	-	4,115
Investment funds					
Open-ended investment funds	-	192,074	-	-	192,074
Open-ended investment funds - assets for coverage of unit-linked products	-	-	400,250	-	400,250
	-	192,074	400,250	-	592,324
Loans and receivables					
Deposits with credit institutions	-	-	-	508,031	508,031
Loans	-	-	-	510,904	510,904
	-	-	-	1,018,935	1,018,935
	2,082,335	4,536,162	421,553	1,018,935	8,058,985

19.1. Overview of investments (continued)

The Company's investment structure as at 31 December 2019 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	-	520,596	17,071	-	537,667
Shares, not listed	-	1,984	-	-	1,984
	-	522,580	17,071	-	539,651
Debt securities					
Government bonds	2,128,493	3,751,669	-	-	5,880,162
Corporate bonds	43,894	85,738	-	-	129,632
	2,172,387	3,837,407	-	-	6,009,794
Derivative financial instruments					
Foreign currency forward contracts	-	-	3,670	-	3,670
	-	-	3,670	-	3,670
Investment funds					
Open-ended investment funds	-	86,792	27,510	-	114,302
Open-ended investment funds - assets for coverage of unit-linked products	-	-	445,326	-	445,326
	-	86,792	472,836	-	559,628
Loans and receivables					
Deposits with credit institutions	-	-	-	686,296	686,296
Loans	-	-	-	519,034	519,034
	-	-	-	1,205,330	1,205,330
	2,172,387	4,446,779	493,577	1,205,330	8,318,073

19.1. Overview of investments (continued)

The Group's investment structure as at 31 December 2020 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	-	534,724	17,187	-	551,911
Shares, not listed	-	1,975	-	-	1,975
	-	536,699	17,187	-	553,886
Debt securities					
Government bonds	2,125,846	4,225,370	-	-	6,351,216
Corporate bonds	43,937	169,505	-	-	213,442
	2,169,783	4,394,875	-	-	6,564,658
Derivative financial instruments					
Foreign currency forward contracts	-	-	4,115	-	4,115
	-	-	4,115	-	4,115
Investment funds					
Open-ended investment funds	-	192,074	26,048	-	218,122
Open-ended investment funds - assets for coverage of unit-linked products	-	-	412,085	-	412,085
	-	192,074	438,133	-	630,207
Loans and receivables					
Deposits with credit institutions	-	-	-	908,343	908,343
Loans	-	-	-	263,179	263,179
	-	-	-	1,171,522	1,171,522
	2,169,783	5,123,648	459,435	1,171,522	8,924,388

19.1. Overview of investments (continued)

The Group's investment structure as at 31 December 2019 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	-	521,139	17,071	-	538,210
Shares, not listed	-	2,041	-	-	2,041
	-	523,180	17,071	-	540,251
Debt securities					
Government bonds	2,263,706	4,216,636	-	-	6,480,342
Corporate bonds	51,555	85,737	-	-	137,292
	2,315,261	4,302,373	-	-	6,617,634
Derivative financial instruments					
Foreign currency forward contracts	-	-	3,670	-	3,670
	-	-	3,670	-	3,670
Investment funds					
Open-ended investment funds	-	86,792	46,947	-	133,739
Open-ended investment funds - assets for coverage of unit-linked products	-	-	450,937	-	450,937
	-	86,792	497,884	-	584,676
Loans and receivables					
Deposits with credit institutions	-	-	-	1,081,008	1,081,008
Loans	-	-	-	271,152	271,152
	-	-	-	1,352,160	1,352,160
	2,315,261	4,912,345	518,625	1,352,160	9,098,391

19.2. Financial investments exposed to credit risk

Company	31 Dec. 2020					31 Dec. 2019				
	in HRK'000					in HRK'000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total
Held-to-maturity investments	2,082,335	-	7,500	(7,500)	2,082,335	2,172,387	-	7,500	(7,500)	2,172,387
Available-for-sale debt securities	3,807,954	-	-	-	3,807,954	3,837,407	-	4,771	(4,771)	3,837,407
Deposits	508,031	-	-	-	508,031	686,296	-	-	-	686,296
Loans	487,674	23,230	137,488	(137,488)	510,904	487,700	31,334	153,764	(153,764)	519,034
	6,885,994	23,230	144,988	(144,988)	6,909,224	7,183,790	31,334	166,035	(166,035)	7,215,124

Group	31 Dec. 2020					31 Dec. 2019				
	in HRK'000					in HRK'000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total
Held-to-maturity investments	2,169,783	-	7,500	(7,500)	2,169,783	2,315,261	-	7,500	(7,500)	2,315,261
Available-for-sale debt securities	4,394,875	-	-	-	4,394,875	4,302,373	-	4,771	(4,771)	4,302,373
Deposits	908,343	-	-	-	908,343	1,081,008	-	-	-	1,081,008
Loans	238,709	24,470	137,783	(137,783)	263,179	238,902	32,250	154,051	(154,051)	271,152
	7,711,710	24,470	145,283	(145,283)	7,736,180	7,937,544	32,250	166,322	(166,322)	7,969,794

19.3. Held-to-maturity investments

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Movement in impairment losses				
At 1 January	7,500	18,125	7,500	18,125
Decrease	-	(10,625)	-	(10,625)
At 31 December	7,500	7,500	7,500	7,500

19.4. Loans

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
The maturity dates of granted loans are presented as follows:				
Up to 1 year	102,098	84,302	79,936	59,985
From 1 to 5 years	235,696	206,850	131,448	128,205
More than 5 years	173,110	227,882	51,795	82,962
	510,904	519,034	263,179	271,152

Analysis of due not impaired loan receivables is as follows:

	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
31 December 2019	1,217	333	29,784	31,334	1,281	1,185	29,784	32,250
31 December 2020	20	-	23,210	23,230	375	885	23,210	24,470

Movement in impairment of loans:

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	153,764	170,169	154,051	170,456
Increase	-	6,487	6	6,487
Write-off	-	-	-	-
Transfer to off-balance	(1,963)	(12,230)	(1,963)	(12,231)
Decrease	(14,313)	(10,662)	(14,315)	(10,662)
Foreign exchange differences	-	-	4	1
At 31 December	137,488	153,764	137,783	154,051

The structure of loans by type of collateral:

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Collateralised loans:				
- vinculated life insurance policies	22,292	21,211	29,811	28,799
- mortgages and real estate fiduciaries	587,337	629,953	362,642	380,528
- other collaterals	38,763	21,634	8,509	15,876
	648,392	672,798	400,962	425,203
Value adjustment	(137,488)	(153,764)	(137,783)	(154,051)
Total	510,904	519,034	263,179	271,152

The quality of loans mainly depends on the quality of the collateral. The best security instrument is considered the vinculated life insurance policy issued by the Group. Vinculated life insurance policies almost fully cover the loan exposure.

For loans neither past due nor impaired, which are secured by mortgages, mortgages are considered a secondary source of repayment only and do not impact the carrying amount of the loan. However, loans and receivables past due but not impaired would be fully impaired if there were no collaterals.

Company:

	Excessively secured assets		Insufficiently secured assets		Total	
	Net book value of loans	Fair value of collaterals	Net book value of loans	Fair value of collaterals	Net book value of loans	Fair value of collaterals
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
31 December 2020						
Loans given based on life insurance policies	22,292	22,292	-	-	22,292	22,292
Loans given to legal entities	180,841	365,577	5,630	-	186,471	365,577
Loans given to related parties	269,008	690,451	33,133	-	302,141	690,451
	472,141	1,078,320	38,763	-	510,904	1,078,320
31 December 2019						
Loans given based on life insurance policies	21,211	21,211	-	-	21,211	21,211
Loans given to legal entities	179,080	763,206	6,487	-	185,567	763,206
Loans given to related parties	306,302	828,626	5,954	-	312,256	828,626
	506,593	1,613,043	12,441	-	519,034	1,613,043

Group:

	Excessively secured assets		Insufficiently secured assets		Total	
	Net book value of loans	Fair value of collaterals	Net book value of loans	Fair value of collaterals	Net book value of loans	Fair value of collaterals
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
31 December 2020						
Loans given based on life insurance policies	29,741	34,923	-	-	29,741	34,923
Loans given to legal entities	182,058	370,571	5,676	-	187,734	370,571
Loans given to related parties	43,714	192,420	1,990	-	45,704	192,420
	255,513	597,914	7,666	-	263,179	597,914
31 December 2019						
Loans given based on life insurance policies	28,515	32,011	-	-	28,515	32,011
Loans given to legal entities	180,201	767,808	6,487	-	186,688	767,808
Loans given to related parties	55,949	192,420	-	-	55,949	192,420
	264,665	992,239	6,487	-	271,152	992,239

19.5. Derivative financial instruments

The following table presents the fair value of derivative financial instruments at the balance sheet date:

	31 Dec. 2020			31 Dec. 2019		
	Nominal amount off-balance sheet	Fair value balance sheet		Nominal amount off-balance sheet	Fair value balance sheet	
		Assets	Liabilities		Assets	Liabilities
	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000	HRK'000
Company						
Foreign currency forward contracts	1,943,791	4,115	(7,426)	1,690,544	3,670	(5,625)
Group						
Foreign currency forward contracts	1,943,791	4,115	(7,426)	1,690,544	3,670	(5,625)

20. Reinsurance share in technical provisions

	Company		Company		Group		Group	
	31 Dec. 2020		31 Dec. 2019		31 Dec. 2020		31 Dec. 2019	
	in HRK'000		in HRK'000		in HRK'000		in HRK'000	
Reinsurance share in unearned premium reserve	58,699	42,189			64,700	48,384		
Reinsurance share in reported but not settled claims reserve	254,320	160,664			261,715	167,179		
Reinsurance share in mathematical provisions	12	22			12	22		
Reinsurance share in provisions for incurred, but not reported claims (IBNR)	161,838	10,658			161,838	10,794		
	474,869	213,533			488,265	226,379		

21. Deferred tax assets

(i) Movements in deferred tax assets:

Company	in HRK'000							
	Impairment of investments 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 investments	Impairment of loans and deposits	Fair valuation losses on investment property	Other	TOTAL
At 31 December 2018	7,448	2,754	18,065	2,019	20,526	34,082	-	84,894
Utilised deferred tax assets through profit or loss	(6,774)	(1,646)	(748)	(2,019)	(6,114)	(6,308)	-	(23,609)
Deferred tax assets recognised in profit or loss	-	4,994	1,118	-	281	-	844	7,237
At 31 December 2019	674	6,102	18,435	-	14,693	27,774	844	68,522
Reclassifications	-	-	-	-	-	-	1,030	1,030
Utilised deferred tax assets through profit or loss	-	(3,227)	(4,886)	-	(53)	(2,805)	(1,030)	(12,001)
Deferred tax assets recognised in profit or loss	-	1,939	1,310	-	2,088	3,447	1,133	9,917
At 31 December 2020	674	4,814	14,859	-	16,728	28,416	1,977	67,468

in HRK'000

<i>(ii) Movements in deferred tax liabilities:</i>	Property for own use	Financial assets available for sale	Total
At 31 December 2018	11,119	49,215	60,334
Utilisation through profit of loss	-	(92)	(92)
Utilisation through equity	(159)	-	(159)
Change in fair value of available-for-sale financial assets through other comprehensive income	-	53,437	53,437
Change in fair value (impairment) of property through other comprehensive income	119	-	119
At 31 December 2019	11,079	102,560	113,639
Utilisation through profit of loss	-	(221)	(221)
Utilisation through equity	(236)	-	(236)
Change in fair value of available-for-sale financial assets through other comprehensive income	-	(9,686)	(9,686)
Change in fair value (impairment) of property through other comprehensive income	(48)	-	(48)
At 31 December 2020	10,795	92,653	103,448

<i>(iii) Netting deferred taxes:</i>	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000
Balance of deferred tax assets	67,468	68,522
Balance of deferred tax liabilities	(103,448)	(113,639)
Net deferred tax (liability)/assets at 31 December	(35,980)	(45,117)

21. Deferred tax assets (continued)

(i) Movements in deferred tax assets:

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 investments	Impairment of loans and deposits	Fair valuation losses on investment property	Other	
At 31 December 2018	3,050	18,610	2,144	20,598	34,238	977	79,617
Reclassifications	-	-	-	-	-	(132)	(132)
Foreign exchange differences arising on translation of financial statements of foreign operations	1	(2)	(1)	1	-	4	3
Utilised deferred tax assets through profit or loss	(1,646)	(748)	(2,019)	(6,114)	(6,308)	(42)	(16,877)
Deferred tax assets recognised in profit or loss	4,994	1,117	-	281	(115)	1,188	7,465
At 31 December 2019	6,399	18,977	124	14,766	27,815	1,995	70,076
Reclassifications	-	-	-	-	-	1,028	1,028
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(1)	4	3
Utilised deferred tax assets through profit or loss	(3,227)	(4,886)	-	(53)	(2,971)	(1,013)	(12,150)
Deferred tax assets recognised in profit or loss	1,939	1,311	-	2,088	3,448	1,575	10,361
At 31 December 2020	5,111	15,402	124	16,801	28,291	3,589	69,318

21. Deferred tax assets (continued)

(ii) Movements in deferred tax liabilities:

in HRK'000

	Property for own use	Investment property	Financial assets available for sale	Other	Total
At 31 December 2018	20,994	11,784	51,252	3,172	87,202
Utilisation through profit or loss	-	1,545	(94)	-	1,451
Utilisation through other comprehensive income	(367)	-	-	-	(367)
Change in fair value of available-for-sale investments through other comprehensive income	-	-	53,949	-	53,949
Impairment of property for own use recognised in profit or loss	-	2,832	-	-	2,832
Impairment of property for own use recognised through other comprehensive income	4,153	-	-	-	4,153
Foreign exchange differences	-	-	14	-	14
At 31 December 2019	24,780	16,161	105,121	3,172	149,234
Effect of acquisition (Note 18.3. /i/)	-	12,634	-	-	12,634
Utilisation through profit or loss	-	1,267	(219)	(2,687)	(1,639)
Utilisation through other comprehensive income	(406)	-	-	-	(406)
Change in fair value of available-for-sale investments through other comprehensive income	-	-	(8,816)	-	(8,816)
Impairment of property for own use recognised in profit or loss	-	2,234	-	-	2,234
Impairment of property for own use recognised through other comprehensive income	(850)	-	-	-	(850)
Foreign exchange differences	-	-	30	-	30
At 31 December 2020	23,524	32,296	96,116	485	152,421

(iii) Netting deferred taxes:

	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000
Total deferred tax assets	69,318	70,076
Netting deferred taxes (i)	(67,665)	(68,336)
Net movement in deferred tax assets	1,653	1,740
Total deferred tax liabilities	152,421	149,234
Netting deferred taxes (i)	(67,665)	(68,336)
Net movement in deferred tax liabilities	84,756	80,898

(i) Netting deferred taxes is recognised where it is possible to net the future tax liability with tax receivables at the level of each Group company.

22. Insurance contract and other receivables

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from policyholders, net	485,690	464,919	525,674	502,591
Receivables from reinsurance and coinsurance	59,038	46,717	60,077	47,250
Receivables from other insurance business, net	164,158	199,852	166,273	202,998
Receivables for return on investments, net	1,034	1,260	516	847
Other receivables, net	28,362	134,747	74,963	185,864
	738,282	847,495	827,503	939,550
Prepaid expenses and accrued income	52,401	13,197	63,409	18,424
Other assets	331	329	11,132	8,233
	791,014	861,021	902,044	966,207

22.1. Receivables from policyholders

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Written but not invoiced premium	205,127	178,147	254,790	222,260
Invoiced uncollected premium	452,105	467,987	474,576	489,474
Receivables from policyholders, gross	657,232	646,134	729,366	711,734
Impairment	(171,542)	(181,215)	(203,692)	(209,143)
Receivables from policyholders, net	485,690	464,919	525,674	502,591

22.2. Receivables from reinsurance and coinsurance

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from reinsurance provision	1,761	106	1,761	106
Receivables from reinsurance claims	39,638	41,354	40,677	41,887
Receivables from coinsurance claims	17,639	5,257	17,639	5,257
	59,038	46,717	60,077	47,250

22.3. Receivables from other insurance business

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Recourse receivables	214,949	256,049	229,032	270,241
Impairment	(60,330)	(64,291)	(74,348)	(77,776)
Net receivables	154,619	191,758	154,684	192,465
Receivables for foreign claims	10,069	7,422	11,372	9,194
Impairment	(2,344)	(2,268)	(2,344)	(2,268)
Net receivables	7,725	5,154	9,028	6,926
Other receivables	1,814	2,940	2,561	3,607
Receivables from other insurance business, gross	226,832	266,411	242,965	283,042
Impairment	(62,674)	(66,559)	(76,692)	(80,044)
Receivables from other insurance business, net	164,158	199,852	166,273	202,998

22.4. Receivables for returns on investments

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for regular interest on given loans	15,661	16,400	15,093	15,919
Receivables for regular interest on deposits	4,559	4,888	4,612	4,961
Receivables for returns on investments, gross	20,220	21,288	19,705	20,880
Impairment	(19,186)	(20,028)	(19,189)	(20,033)
Receivables for returns on investments, net	1,034	1,260	516	847

22.5. Other receivables

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for sold tangible assets	6,228	90,766	6,231	90,770
Receivables for advances given	4,287	5,098	5,013	6,936
Trade receivables	5,369	6,381	26,477	27,602
Receivables from the state and state institutions	1,709	1,731	18,067	16,339
Receivables from credit card companies	5,188	5,827	6,121	6,765
Receivables obtained through cession	4,464	4,460	4,464	4,466
Receivables under court decisions	301	289	301	289
Receivables from employees	1,345	1,343	2,164	2,333
Receivables from agents	1,349	1,831	1,349	1,831
Receivables for funds on blocked accounts	25,373	25,373	25,373	25,373
Receivables for default interest	6,663	5,218	6,663	5,218
Other receivables	16,128	36,605	30,577	55,732
Other receivables, gross	78,404	184,922	132,800	243,654
Impairment	(50,042)	(50,175)	(57,837)	(57,790)
Other receivables, net	28,362	134,747	74,963	185,864

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

Company	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables for returns on investments	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables for foreign claims	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	328,973	42,773	510	191,743	4,217	2,935	120,975	692,126
Past due but not impaired	135,946	3,944	750	15	937	5	13,772	155,369
Impaired	181,215	827	20,028	64,292	2,267	-	50,177	318,806
Impairment	(181,215)	(827)	(20,028)	(64,292)	(2,267)	-	(50,177)	(318,806)
31 December 2019	464,919	46,717	1,260	191,758	5,154	2,940	134,747	847,495
Neither past due nor impaired	363,868	24,191	18	154,546	5,388	1,813	8,759	558,583
Past due but not impaired	121,822	34,847	1,016	74	2,337	-	19,603	179,699
Impaired	171,542	313	19,186	60,330	2,344	-	50,042	303,757
Impairment	(171,542)	(313)	(19,186)	(60,330)	(2,344)	-	(50,042)	(303,757)
31 December 2020	485,690	59,038	1,034	154,620	7,725	1,813	28,362	738,282

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

Group	Receivables from policyholders in HRK'000	Receivables from coinsurance and reinsurance business in HRK'000	Receivables for returns on investments in HRK'000	Receivables from other insurance business			Other receivables in HRK'000	TOTAL in HRK'000
				Recourse receivables in HRK'000	Receivables for foreign claims in HRK'000	Other receivables in HRK'000		
Neither past due nor impaired	351,832	42,796	510	191,958	4,305	2,935	150,309	744,645
Past due but not impaired	150,759	4,454	337	507	2,621	672	35,555	194,905
Impaired	209,142	827	20,032	77,775	2,268	-	57,792	367,836
Impairment	(209,142)	(827)	(20,032)	(77,775)	(2,268)	-	(57,792)	(367,836)
31 December 2019	502,591	47,250	847	192,465	6,926	3,607	185,864	939,550
Neither past due nor impaired	392,037	25,172	71	154,609	6,676	1,813	33,432	613,810
Past due but not impaired	133,637	34,905	445	75	2,352	748	41,531	213,693
Impaired	203,692	326	19,189	74,348	2,344	-	57,837	357,736
Impairment	(203,692)	(326)	(19,189)	(74,348)	(2,344)	-	(57,837)	(357,736)
31 December 2020	525,674	60,077	516	154,684	9,028	2,561	74,963	827,503

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

Company	Insurance receivables	Receivables from coinsurance and reinsurance business	Receivables for returns on investments	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables for foreign claims	Other receivables		
				in HRK'000	in HRK'000	in HRK'000		
High quality	-	-	-	-	-	-	-	-
Standard quality	328,973	42,773	510	191,743	4,217	2,935	120,975	692,126
31 December 2019	328,973	42,773	510	191,743	4,217	2,935	120,975	692,126
High quality	-	-	-	-	-	-	-	-
Standard quality	363,868	24,192	18	154,545	5,388	1,813	8,759	558,583
31 December 2020	363,868	24,192	18	154,545	5,388	1,813	8,759	558,583

Group	Insurance receivables	Receivables from coinsurance and reinsurance business	Receivables for returns on investments	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables for foreign claims	Other receivables		
				in HRK'000	in HRK'000	in HRK'000		
High quality	-	-	-	-	-	-	425	425
Standard quality	351,832	42,796	510	191,958	4,305	2,935	149,884	744,220
31 December 2019	351,832	42,796	510	191,958	4,305	2,935	150,309	744,645
High quality	-	-	-	-	-	-	710	710
Standard quality	392,037	25,172	71	154,609	6,676	1,813	32,722	613,100
31 December 2020	392,037	25,172	71	154,609	6,676	1,813	33,432	613,810

High quality means receivables from companies that have a high credit rating and the possibility that receivables become uncollectable is extremely low. The Group monitors the collection of receivables and has established a process for issuing reminders, forced collection and possible court claims.

22.8. Analysis of receivables 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	97,643	38,303	-	135,946	109,620	39,903	1,236	150,759
Receivables from coinsurance and reinsurance business	2,081	1,632	231	3,944	2,538	1,632	284	4,454
Receivables for returns on investments	727	23	-	750	314	23	-	337
Receivables from other insurance business:	572	372	13	957	2,610	1,176	14	3,800
recourse receivables	-	2	13	15	354	139	14	507
receivables for foreign claims	569	368	-	937	2,253	368	-	2,621
other receivables	3	2	-	5	3	669	-	672
Other receivables	9,213	2,645	1,914	13,772	28,967	3,873	2,715	35,555
31 December 2019	110,236	42,975	2,158	155,369	144,049	46,607	4,249	194,905
Receivables from insurance business	85,594	36,228	-	121,822	94,229	38,200	1,208	133,637
Receivables from coinsurance and reinsurance business	28,394	6,453	-	34,847	28,453	6,452	-	34,905
Receivables for returns on investments	388	628	-	1,016	-	445	-	445
Receivables from other insurance business:	1,884	453	74	2,411	2,647	453	75	3,175
recourse receivables	-	-	74	74	-	-	75	75
receivables for foreign claims	1,884	453	-	2,337	1,899	453	-	2,352
other receivables	-	-	-	-	748	-	-	748
Other receivables	13,139	3,570	2,894	19,603	33,006	4,497	4,028	41,531
31 December 2020	129,399	47,332	2,968	179,699	158,335	50,047	5,311	213,693

22.9. Movements in impairment of receivables

Company	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables for returns on investments	Receivables from other insurance business		Other receivables	TOTAL
				Recourse receivables	Receivables for foreign claims		
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January 2019	210,086	1,569	21,909	70,905	2,743	55,325	362,537
Other transfers	-	-	-	-	-	(4,678)	(4,678)
Increase of impairment	114,393	1,036	1,090	2,044	1,245	878	120,686
Collection of previously impaired amounts	(115,771)	(1,701)	(2,388)	(7,527)	(1,721)	(504)	(129,612)
Write-offs	(27,493)	(77)	(583)	(1,130)	-	(844)	(30,127)
At 31 December 2019	181,215	827	20,028	64,292	2,267	50,177	318,806
Other transfers	-	-	-	-	-	-	-
Increase of impairment	74,110	980	69	855	725	510	77,249
Collection of previously impaired amounts	(76,604)	(1,494)	(230)	(3,489)	(626)	(585)	(83,028)
Write-offs	(7,179)	-	(681)	(1,328)	(22)	(60)	(9,270)
At 31 December 2020	171,542	313	19,186	60,330	2,344	50,042	303,757

22.9. Movements in impairment of receivables (continued)

Group	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables for returns on investments	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables for foreign claims	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
At 1 January 2019	233,179	1,567	21,914	77,387	2,742	-	62,206	398,995
Other transfers	-	-	-	-	-	-	(4,678)	(4,678)
Increase of impairment	122,216	1,036	1,091	9,007	1,245	-	2,163	136,758
Collection of previously impaired amounts	(117,951)	(1,699)	(2,389)	(7,544)	(1,719)	-	(826)	(132,128)
Write-offs	(28,429)	(77)	(584)	(1,156)	-	-	(1,087)	(31,333)
Foreign exchange differences	127	-	-	81	-	-	14	222
At 31 December 2019	209,142	827	20,032	77,775	2,268	-	57,792	367,836
Other transfers	-	-	-	-	-	-	-	-
Increase of impairment	83,244	993	69	1,260	726	-	2,055	88,347
Collection of previously impaired amounts	(80,837)	(1,494)	(231)	(3,511)	(628)	-	(1,060)	(87,761)
Write-offs	(8,187)	-	(681)	(1,329)	(28)	-	(989)	(11,214)
Foreign exchange differences	330	-	-	153	6	-	39	528
At 31 December 2020	203,692	326	19,189	74,348	2,344	-	57,837	357,736

23. Cash and cash equivalents

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash on bank accounts	383,520	100,620	476,062	143,521
Cash on foreign currency accounts	129,416	24,700	177,865	70,917
Cash on hand	-	-	437	581
Deposits with maturity up to three months	-	-	15,061	2,348
Total cash and cash equivalents	512,936	125,320	669,425	217,367

24. Capital and reserves

24.1. Subscribed share capital

The Company's share capital with a nominal value of HRK 601,576 thousand (31 December 2019: HRK 601,576 thousand) is divided among 429,697 shares with a nominal value of HRK 1,400, which have been paid entirely in cash, entered into the register of the Commercial Court in Zagreb.

The shares are marked as follows:

Number of shares	Nominal amount (in HRK):
307,598 ordinary shares I, emission with ticker CROS-R-A/CROS	430,637,200
113,349 ordinary shares II, emission with ticker CROS-R-A/CROS	158,688,600
TOTAL ORDINARY SHARES	589,325,800
8,750 preference shares I, emission with ticker CROS-P-A/CROS2	12,250,000
TOTAL PREFERENCE SHARES	12,250,000
TOTAL ORDINARY AND PREFERENCE SHARES	601,575,800

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 revalued value of shares, for the year in which an appropriate profit was realised;
- cumulative dividend payment is guaranteed provided 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.

Due to the guaranteed dividend payment, preference shares are classified as financial liabilities (Note 27).

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for 2020

The ownership structure as at 31 December 2020 and 31 December 2019 was as follows:

Shareholder	31 Dec. 2020			31 Dec. 2019		
	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	263,419	368,787	61.3
CERP/ Republic of Croatia	128,787	180,302	30.0	128,787	180,302	30.0
Raiffeisenbank Austria d.d. - custodian account	19,449	27,229	4.5	19,456	27,238	4.5
Interkapital vrijednosni papiri d.o.o./summary ac.	3,130	4,382	0.7	3,113	4,358	0.7
HPB d.d./Republika Hrvatska- basic and summary ac.	3,032	4,245	0.7	2,941	4,117	0.7
Other shareholders	11,880	16,631	2.8	11,981	16,774	2.8
	429,697	601,576	100.0	429,697	601,576	100.0

As at 31 December 2020, percentage of ownership of ADRIS GRUPA d.d. consists of the own share of 61.3% increased by the shares on its custodian accounts of 5.1%, while percentage of ownership of CERP consists of the own share of 30% increased by the shares on its custodian accounts of 0.6%.

24.2. Reserves

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000		in HRK'000	
Legal reserves	30,079	30,079	30,079	30,079
Statutory reserves	147,220	147,220	147,220	147,220
Other reserves	224,739	224,739	224,739	224,739
	402,038	402,038	402,038	402,038

Pursuant to the Companies Act, 5% of profit for the year is allocated to the legal reserve until total legal reserve reaches 5% of the share capital.

Statutory reserves and other reserves were established based on the decision on profit distribution from previous years.

24.3. Revaluation reserve

The revaluation reserve is presented as follows:

	Company		Group	
	31 Dec. 2020 in HRK'000	31 Dec. 2019 in HRK'000	31 Dec. 2020 in HRK'000	31 Dec. 2019 in HRK'000
Property for own use	59,967	61,549	135,946	144,567
Deferred tax from change in revaluation reserve of property for own use	(10,795)	(11,079)	(23,524)	(24,779)
Available-for-sale financial assets	514,744	568,557	559,201	604,522
Deferred tax from change in revaluation reserve of available-for-sale financial assets	(92,654)	(102,340)	(96,893)	(105,709)
Foreign exchange differences arising on translation of financial statements of foreign operations	(138)	(31)	(6,281)	(9,263)
	471,124	516,656	568,449	609,338

/i/ Revaluation reserve of property for own use, net of deferred tax

	Company	Group
	in HRK'000	in HRK'000
31 December 2018	50,650	101,886
Reclassification	-	-
Increase in revaluation reserve	543	19,609
Decrease in revaluation reserve	-	-
Release of revaluation reserve, realised portion (depreciation and sale)	(723)	(1,707)
31 December 2019	50,470	119,788
Reclassification	-	56
Increase in revaluation reserve	-	-
Decrease in revaluation reserve	(216)	(5,504)
Release of revaluation reserve, realised portion (depreciation and sale)	(1,082)	(1,918)
31 December 2020	49,172	112,422

/ii/ Revaluation reserve of available-for-sale financial assets, net of deferred tax

	Company	Group
	in HRK'000	in HRK'000
31 December 2018	222,779	238,396
Changes in fair value of available-for-sale financial assets	264,867	271,444
Impairment of financial assets, net of tax	5,576	5,820
Realised gains on available-for-sale financial assets, net of tax (through profit)	(27,006)	(27,250)
Foreign exchange differences	(30)	1,141
31 December 2019	466,186	489,551
Reclassification	-	(57)
Changes in fair value of available-for-sale financial assets	1,404	9,082
Impairment of financial assets, net of tax	5,971	5,972
Realised gains of available-for-sale financial assets, net of tax (through profit)	(51,502)	(51,503)
Foreign exchange differences	(107)	2,982
31 December 2020	421,952	456,027

25. Technical provisions

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Claims provisions, gross</i>				
Provisions for reported but not settled claims	1,694,098	1,577,212	1,788,641	1,665,698
Provisions for incurred, but not reported claims (IBNR)	1,074,698	883,516	1,201,901	997,701
Provisions for costs of claims handling	136,646	133,772	149,989	146,437
	2,905,442	2,594,500	3,140,531	2,809,836
Unearned premiums, gross	1,148,879	1,135,436	1,435,263	1,435,319
Mathematical insurance provisions, gross	2,565,485	2,523,589	3,022,248	2,955,121
Other insurance-technical provisions, gross	15,200	31,577	25,892	42,455
Technical provisions for life insurance where the policyholder bears the investment risk	400,250	445,326	412,085	450,937
Total technical provisions	7,035,256	6,730,428	8,036,019	7,693,668

Other insurance-technical provisions include unexpired risk reserves.

25.1. Movements in provision for reported but not settled claims, gross

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	57,655	64,287	61,470	66,271
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	46	14
Claims incurred in the current year	60,968	33,170	68,661	39,222
Transfer from provisions for incurred, but not reported claims	244	114	244	114
Change in claims from the previous year	(19,659)	(26,886)	(20,538)	(27,185)
Settled claims	(9,231)	(13,030)	(13,934)	(16,966)
At 31 December	89,977	57,655	95,949	61,470
NON-LIFE				
At 1 January	1,519,557	1,480,406	1,604,228	1,554,628
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	1,024	483
Claims incurred in the current year	304,313	274,782	329,746	301,576
Transfer from provisions for incurred, but not reported claims	108,957	111,378	128,433	122,749
Change in claims from the previous year	(24,445)	(27,586)	(16,006)	(7,607)
Settled claims	(304,261)	(319,423)	(354,733)	(367,601)
At 31 December	1,604,121	1,519,557	1,692,692	1,604,228
TOTAL LIFE AND NON-LIFE				
At 31 December	1,694,098	1,577,212	1,788,641	1,665,698

25.2. Movements in provision for incurred but not reported claims

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	1,547	1,859	1,904	2,176
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	4	1
Increases recognised during the year	635	982	539	1,021
Transfer to provisions for reported claims	(244)	(114)	(244)	(114)
Settled claims	(776)	(1,180)	(776)	(1,180)
At 31 December	1,162	1,547	1,427	1,904
NON-LIFE				
At 1 January	881,969	943,482	995,797	1,046,595
Foreign exchange differences		-	1,406	772
Increases recognised during the year	437,041	177,420	499,784	230,540
Transfer to provisions for reported claims	(108,957)	(111,378)	(128,433)	(122,749)
Settled claims	(136,517)	(127,555)	(168,080)	(159,361)
At 31 December	1,073,536	881,969	1,200,474	995,797
TOTAL LIFE AND NON-LIFE				
At 31 December	1,074,698	883,516	1,201,901	997,701

25.3. Movements in provisions for unearned premiums

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	4,870	4,346	5,909	5,369
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	12	4
Written premiums during the year	453,598	517,408	551,053	645,821
Earned premiums during the year	(453,445)	(516,884)	(550,877)	(645,285)
At 31 December	5,023	4,870	6,097	5,909
NON-LIFE				
At 1 January	1,130,566	1,135,019	1,429,410	1,417,281
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	3,700	1,597
Written premiums during the year	2,288,221	2,221,291	2,689,178	2,659,154
Earned premiums during the year	(2,274,931)	(2,225,744)	(2,693,122)	(2,648,622)
At 31 December	1,143,856	1,130,566	1,429,166	1,429,410
TOTAL LIFE AND NON-LIFE				
At 31 December	1,148,879	1,135,436	1,435,263	1,435,319

25.4. Movements in mathematical insurance provisions, gross

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	2,523,589	2,367,205	2,955,121	2,731,290
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	4,351	1,674
Allocated premium	403,894	454,645	451,335	537,217
Reversal of liabilities due to benefits paid, surrenders and other terminations	(426,303)	(360,979)	(453,186)	(377,338)
Capitalised technical interest	62,734	62,144	63,430	62,144
Change in discretionary bonus	-	(20,539)	(374)	(20,979)
Change of liabilities based on the Liability Adequacy Test (LAT)	1,571	21,113	1,571	21,113
At 31 December	2,565,485	2,523,589	3,022,248	2,955,121

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

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	445,326	434,791	450,937	437,973
Foreign exchange differences	-	-	48	28
Allocated premium	4,170	6	10,346	2,407
Reversal of liabilities due to benefits paid, surrenders and other terminations	(49,218)	(11,320)	(49,218)	(11,320)
Unrealised gains on assets in which the policyholders' funds are invested	(28)	21,849	(28)	21,849
At 31 December	400,250	445,326	412,085	450,937

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

Company

	in HRK'000								Total
	Before 2014	2014	2015	2016	2017	2018	2019	2020	
Assessment of cumulative claims at the end of the year of the accident	-	1,244,991	1,192,854	1,148,645	1,229,855	1,288,855	1,369,563	1,563,797	-
One year later	-	1,216,132	1,134,791	1,101,945	1,183,797	1,236,615	1,373,304	-	-
Two years later	-	1,191,619	1,123,941	1,083,401	1,159,530	1,226,430	-	-	-
Three years later	-	1,192,149	1,119,131	1,077,326	1,154,557	-	-	-	-
Four years later	-	1,182,435	1,114,181	1,070,166	-	-	-	-	-
Five years later	-	1,174,729	1,095,820	-	-	-	-	-	-
Six years later	-	1,158,343	-	-	-	-	-	-	-
Assessment of cumulative claims at the end of the accident	-	1,158,343	1,095,820	1,070,166	1,154,557	1,226,430	1,373,304	1,563,797	8,642,417
Cumulative payments	-	1,096,612	993,132	964,573	1,033,307	1,071,930	1,107,201	825,384	7,092,139
Provision for previous years	1,127,379	-	-	-	-	-	-	-	1,127,379
Claims handling costs	57,304	2,810	5,073	5,402	6,794	8,910	15,079	31,582	132,954
Amount recognised in the statement of financial position	1,184,683	64,541	107,761	110,995	128,044	163,410	281,182	769,995	2,810,611

Group

	in HRK'000								
	Before 2014	2014	2015	2016	2017	2018	2019	2020	Total
Assessment of cumulative claims at the end of the year of the accident	-	1,347,965	1,309,826	1,257,320	1,341,302	1,411,597	1,516,538	1,752,318	-
One year later	-	1,288,162	1,219,273	1,190,266	1,279,261	1,344,975	1,506,580	-	-
Two years later	-	1,250,562	1,192,796	1,153,317	1,231,173	1,332,198	-	-	-
Three years later	-	1,247,936	1,186,804	1,146,146	1,236,807	-	-	-	-
Four years later	-	1,238,607	1,181,070	1,145,313	-	-	-	-	-
Five years later	-	1,228,863	1,167,732	-	-	-	-	-	-
Six years later	-	1,214,080	-	-	-	-	-	-	-
Assessment of cumulative claims at the end of the accident	-	1,214,080	1,167,732	1,145,313	1,236,807	1,332,198	1,506,580	1,752,318	9,355,028
Cumulative payments	-	1,146,512	1,055,883	1,028,087	1,100,842	1,152,909	1,208,711	929,975	7,622,919
Provision for previous years	1,160,971	-	-	-	-	-	-	-	1,160,971
Claims handling costs	61,647	3,536	6,025	6,375	7,804	10,150	16,461	34,133	146,131
Amount recognised in the statement of financial position	1,222,618	71,104	117,874	123,601	143,769	189,439	314,330	856,476	3,039,211

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

Company:

Types of non-life insurance	Claims ratio	Cost ratio	Combined ratio	Claims ratio	Cost ratio	Combined ratio
	2020	2020	2020	2019	2019	2019
Accident insurance	27.43%	35.76%	63.19%	26.23%	42.59%	68.82%
Health insurance	46.56%	33.97%	80.53%	55.77%	35.88%	91.66%
Road vehicle insurance	59.58%	32.88%	92.46%	73.54%	29.53%	103.06%
Railroad rolling stock insurance	106.48%	32.80%	139.28%	39.06%	78.72%	117.78%
Aircraft insurance	26.90%	25.18%	52.08%	-64.98%	37.74%	-27.25%
Vessel insurance	13.09%	33.54%	46.63%	52.15%	41.44%	93.59%
Insurance for goods in transit	7.66%	33.99%	41.65%	20.17%	36.73%	56.91%
Insurance against fire and natural disasters	170.22%	36.09%	206.31%	45.92%	42.66%	88.58%
Other types of property insurance	63.62%	31.51%	95.12%	80.38%	36.47%	116.85%
Motor liability insurance	61.57%	37.51%	99.08%	55.52%	35.34%	90.86%
Aircraft liability insurance	6.70%	38.93%	45.63%	3.10%	31.22%	34.32%
Vessel liability insurance	-176.74%	34.67%	-142.07%	-72.01%	48.63%	-23.38%
Other types of liability insurance	94.28%	30.75%	125.04%	68.11%	37.69%	105.80%
Loan insurance/credit insurance	-44.88%	72.91%	28.03%	-91.10%	82.86%	-8.24%
Surety insurance	39.03%	28.28%	67.30%	15.50%	23.37%	38.87%
Miscellaneous financial loss insurance	166.70%	29.58%	196.28%	16.20%	30.52%	46.72%
Legal expenses insurance	308.37%	268.48%	576.84%	17.32%	19.66%	36.97%
Assistance	61.88%	38.72%	100.60%	34.72%	43.90%	78.62%
Total non-life insurance	66.98%	35.40%	102.38%	54.10%	37.72%	91.82%

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Group:

Types of non-life insurance	Claims ratio	Cost ratio	Combined ratio	Claims ratio	Cost ratio	Combined ratio
	2020	2020	2020	2019	2019	2019
Accident insurance	32.86%	36.09%	68.96%	28.76%	42.55%	71.31%
Health insurance	46.53%	34.12%	80.65%	55.82%	35.80%	91.62%
Road vehicle insurance	61.48%	34.58%	96.06%	75.29%	30.51%	105.80%
Railroad rolling stock insurance	106.48%	32.80%	139.28%	39.06%	78.72%	117.78%
Aircraft insurance	26.90%	25.17%	52.07%	-64.98%	37.74%	-27.25%
Vessel insurance	13.09%	33.54%	46.62%	52.15%	41.44%	93.59%
Insurance for goods in transit	5.26%	33.66%	38.92%	18.96%	35.42%	54.38%
Insurance against fire and natural disasters	157.47%	36.43%	193.90%	43.41%	42.44%	85.85%
Other types of property insurance	62.35%	31.74%	94.09%	79.67%	35.93%	115.60%
Motor liability insurance	56.87%	37.87%	94.74%	53.16%	36.11%	89.26%
Aircraft liability insurance	6.70%	38.93%	45.63%	3.10%	31.22%	34.32%
Vessel liability insurance	-176.68%	34.66%	-142.02%	-71.97%	48.62%	-23.36%
Other types of liability insurance	91.05%	30.92%	121.98%	66.45%	37.41%	103.87%
Loan insurance/credit insurance	-19.74%	62.45%	42.71%	-60.10%	82.04%	21.94%
Surety insurance	16.40%	28.71%	45.12%	5.77%	21.07%	26.84%
Miscellaneous financial loss insurance	162.26%	30.38%	192.64%	17.69%	30.74%	48.43%
Legal expenses insurance	305.40%	265.95%	571.35%	17.31%	19.66%	36.96%
Assistance	47.91%	40.40%	88.31%	36.37%	35.95%	72.32%
Total non-life insurance	64.11%	36.00%	100.11%	53.21%	38.00%	91.22%

The above ratios are calculated in accordance with the Ordinance on the structure and contents of financial and additional statements of insurance and reinsurance companies (Official Gazette No. 37/16, 96/18, 50/19 and 98/20) and Instructions for completing the financial and supplementary reports of insurance or reinsurance companies by the Croatian Financial Services Supervisory Agency.

The claims ratio, cost ratio and combined ratio by types of non-life insurance are calculated as follows:

- Claims ratio = (Settled claims, gross amount + Change in provisions for claims, gross amount + Change in other technical provisions, gross amount) / (Gross premium written + Impairment of value and charged value of premium + Change in gross provisions of unearned premiums) * (- 100)
- Cost ratio = (Operating expenses (business-related expenses), net + Other insurance-technical income, net of reinsurance + Other technical costs, net of reinsurance) / (Gross premium written + Impairment of value and charged value of premium + Change in gross provisions of unearned premiums) * (-100)
- Combined ratio = claims ratio + cost ratio.

The claims ratio by types of non-life insurance for which mathematical provision is recognized is calculated as follows:

- Claims ratio = (Settled claims, gross amount + Change in provisions for claims, gross amount + Change in mathematical provisions, gross amount+ Change in other technical provisions, gross amount) + (Investment income from investment of mathematical provision + Investment expense from investment of mathematical provision)/ (Gross premium written + Impairment of value and charged value of premium + Change in gross provisions of unearned premiums) * (- 100)

Movements in annual return on mathematical provision

In the case of death and survival, policyholders are entitled to a share in the Company's profit realised by life insurance funds management. For policies concluded after 31 December 2017, cost and mortality are the only possible sources of profit. 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 the profit is determined by the Management Board.

The Company uses mortality tables for Croatia for the period 2010 to 2012 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 (the maximum rate prescribed by HANFA is 3.3%),
- for insurance contracts concluded in 2010 the interest rate used was 3% and 2.75% (the maximum rate prescribed by HANFA is 3%),
- for insurance contracts concluded after 2010 until 30 June 2016, the interest rate used was 2.75%-1% (the maximum rate prescribed by HANFA is 2.75%).
- for insurance contracts concluded after 1 July 2016, the interest rate used was 1.75%-0%, (the maximum rate prescribed by HANFA is 1.75% for contracts with a currency clause and 2% for contracts in HRK),
- for insurance contracts concluded after 1 January 2018, the interest rate used was 1%-0%, and interest rate of 1.20% was used for insurance contracts with a contractual duration of 5 years (the maximum rate prescribed by HANFA is 1%, and 1,75% for insurance contracts with a contractual duration of 5 years).

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

The following table shows the movements in the annual return realised from investment of assets covering mathematical provisions for 2020 and 2019:

	2020	2019
	in HRK'000	in HRK'000
Average balance of mathematical provisions	2,513,947	2,417,608
Return on investments from mathematical provisions	83,195	116,564
Rate of annual return on mathematical provisions	3.31%	4.82%
Average return on mathematical provisions for the past 2 years	4.05%	4.88%

26. Provisions

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Provisions for jubilee awards</i>	27,370	30,070	30,764	33,177
<i>Provisions for retirement benefits</i>	2,659	2,946	6,715	7,162
Provisions for jubilee awards and retirement benefits /i/	30,029	33,016	37,479	40,339
Provisions for termination benefits	7,305	16,740	7,515	16,740
Provisions for legal disputes	49,205	52,961	52,965	55,325
Other long-term provisions	-	-	-	1,883
	86,539	102,717	97,959	114,287

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

Company	Provisions for legal disputes	Provisions for jubilee awards and retirement benefits	Provisions for termination benefits	Other long-term provisions	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January 2019	49,994	31,302	17,568	-	98,864
Additional provisions	11,768	1,714	13,018	-	26,500
Decrease in provisions (utilisation)	(8,801)	-	(13,846)	-	(22,647)
At 31 December 2019	52,961	33,016	16,740	-	102,717
Additional provisions	8,454	-	7,305	-	15,759
Decrease in provisions (utilisation)	(12,210)	-	(16,740)	-	(28,950)
Decrease in provisions (reversal)	-	(2,987)	-	-	(2,987)
At 31 December 2020	49,205	30,029	7,305	-	86,539

Group	Provisions for legal disputes	Provisions for jubilee awards and retirement benefits	Provisions for termination benefits	Other long-term provisions	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January 2019	51,928	38,519	17,568	-	108,015
Foreign exchange differences	7	9	-	7	23
Additional provisions	13,907	3,893	13,018	1,876	32,694
Decrease in provisions (utilisation)	(10,517)	(604)	(13,846)	-	(24,967)
Decrease in provisions (reversal)	-	(1,478)	-	-	(1,478)
At 31 December 2019	55,325	40,339	16,740	1,883	114,287
Effect of acquisition (Note 18.3. /i/)	247	-	-	-	247
Foreign exchange differences	14	26	-	23	63
Additional provisions	10,755	980	7,515	-	19,250
Decrease in provisions (utilisation)	(13,376)	(862)	(16,740)	-	(30,978)
Decrease in provisions (reversal)	-	(3,004)	-	(1,906)	(4,910)
At 31 December 2020	52,965	37,479	7,515	-	97,959

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/i/ The following assumptions were used for the calculation:

- The employment termination rate for the Company is 5.72% (2019: 5.32%), while for the Group the average is 6.76% (2019: 5.97%)
- The expected annual salary increase for the Company is 1%, while for the Group is 0.65%;
- The present value of the liability is calculated using the discount rate of 0.45% (2019: 0.45%) for the Company and 0.45%-2.94% for the Group (2019: 0.45%-2.53%).

The table below shows the sensitivity analysis for significant assumptions:

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	Change in liabilities	Change in liabilities	Change in liabilities	Change in liabilities
Discount rate -10%	105	119	151	165
Discount rate +10%	(105)	(118)	(149)	(163)
Employment termination rate -10%	1,665	1,712	2,028	2,074
Employment termination rate +10%	(1,544)	(1,594)	(1,880)	(1,928)

27. Financial liabilities

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Lease liabilities	261,999	253,792	301,613	284,141
Preference shares	12,250	12,250	12,250	12,250
Other financial liabilities	2,603	-	2,603	-
Derivative financial instruments (Note 19.5)	7,426	5,625	7,426	5,625
	284,278	271,667	323,892	302,016

Net debt:

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash and cash equivalents	512,936	125,320	669,425	217,367
Lease liabilities	(261,999)	(253,792)	(301,613)	(284,141)
Net debt	250,937	(128,472)	367,812	(66,774)

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Net debt reconciliation:

	Company	Company	Company	Group	Group	Group
	Cash and cash equivalents	Lease liabilities	Total	Cash and cash equivalents	Lease liabilities	Total
	2020	2020	2020	2020	2020	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	125,320	(253,792)	(128,472)	217,367	(284,141)	(66,774)
Cash flow	387,616	-	387,616	452,058	-	452,058
Lease payments	-	20,066	20,066	-	28,953	28,953
Increases based on new contracts	-	(22,343)	(22,343)	-	(39,934)	(39,934)
Canceled contracts	-	6,316	6,316	-	7,686	7,686
Interest expense	-	(9,497)	(9,497)	-	(10,991)	(10,991)
Foreign exchange differences	-	(2,748)	(2,748)	-	(2,991)	(2,991)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(1)	(1)	-	(195)	(195)
At 31 December	512,936	(261,999)	250,937	669,425	(301,613)	367,812

	Company	Company	Company	Group	Group	Group
	Cash and cash equivalents	Lease liabilities	Total	Cash and cash equivalents	Lease liabilities	Total
	2019	2019	2019	2019	2019	2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	369,714	-	369,714	456,717	(2,458)	454,259
Cash flow	(244,394)	-	(244,394)	(239,350)	-	(239,350)
Initial recognition IFRS 16 - 1 January 2019	-	(252,011)	(252,011)	-	(282,829)	(282,829)
Lease payments	-	19,096	19,096	-	25,770	25,770
Increases based on new contracts	-	(10,585)	(10,585)	-	(13,680)	(13,680)
Interest expense	-	(9,260)	(9,260)	-	(10,713)	(10,713)
Foreign exchange differences	-	(1,032)	(1,032)	-	(898)	(898)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	667	667
At 31 December	125,320	(253,792)	(128,472)	217,367	(284,141)	(66,774)

27.1. Lease liabilities

The maturity of lease liabilities is presented below:

	Company		Group	
	31 Dec. 2020		31 Dec. 2020	
	in HRK'000		in HRK'000	
2021	12,060		20,196	
2022	12,033		21,886	
2023	11,773		18,259	
2024	11,520		15,267	
2025	11,888		15,393	
2026 and later	202,725		210,612	
	261,999		301,613	

	Company		Group	
	31 Dec. 2019		31 Dec. 2019	
	in HRK'000		in HRK'000	
2020	12,328		16,918	
2021	10,888		14,309	
2022	9,888		12,958	
2023	9,812		12,951	
2024	9,968		11,694	
2025 and later	200,908		215,311	
	253,792		284,141	

The amounts recognised in the statement of financial position and movements of right-of-use assets during the year are presented in Note 16 Property and equipment.

The following is presented in Statement of comprehensive income:

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Depreciation expense of right-of-use assets				
Buildings	11,840	11,461	18,108	17,199
Vehicles	2,762	2,018	2,724	2,736
Other	-	-	218	-
	14,602	13,479	21,050	19,935
Interest on lease liabilities	9,497	9,260	10,857	10,585
Expenses relating to short-term leases	3,443	4,639	3,443	5,508
Expenses relating to leases of low-value assets	8,528	7,939	9,390	7,939

28. Insurance contract and other liabilities and deferred income

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Insurance contract liabilities	79,842	83,028	92,699	98,302
Reinsurance liabilities	90,290	43,715	96,612	46,631
Other liabilities	92,211	96,074	133,831	143,307
Accrued expenses	117,890	132,093	125,596	137,036
Deferred income	168,616	202,809	173,873	208,735
	548,849	557,719	622,611	634,011

/i/ Insurance contract liabilities

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Liabilities for claims and contracted insurance amounts	16,773	21,422	22,259	26,212
Liabilities for contribution to the Fire Department	589	565	1,063	1,243
Liabilities for the guarantee fund	37,081	33,539	37,404	33,929
Liabilities for advances received for the insurance premium	9,004	10,899	10,373	12,543
Liabilities to the Croatian Insurance Bureau	60	77	60	77
Fee payable to the Croatian Financial Services Supervisory Agency	186	173	428	173
Liabilities for health insurance under motor liability premium	845	813	1,469	1,525
Other liabilities	15,304	15,540	19,643	22,600
	79,842	83,028	92,699	98,302

/ii/ Liabilities from coinsurance and reinsurance

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Reinsurance premiums payable	88,001	40,822	91,377	42,735
Coinsurance premiums payable - domestic	2,289	2,893	4,620	3,505
Coinsurance premiums payable - foreign	-	-	615	391
	90,290	43,715	96,612	46,631

/iii/ Other liabilities

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Trade payables	42,806	47,724	53,321	68,138
Advances received	328	639	3,595	2,678
Liabilities for net salaries	20,943	20,383	28,010	25,871
Liabilities for contributions from salaries	5,380	5,134	6,797	6,022
Liabilities for tax and surtax from salaries	2,733	3,168	2,992	3,423
Liabilities for contributions on salaries	4,334	4,214	5,599	5,098
Dividends payable	2,443	1,432	2,469	1,458
Liability to the state for sold flats	204	660	204	660
Due to employees	105	272	2,055	1,585
Liabilities for tax on motor liability and motor hull insurance	8,184	7,828	8,914	8,653
Other liabilities	4,751	4,620	19,875	19,721
	92,211	96,074	133,831	143,307

/iv/ Accrued expenses and deferred income

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accrued expenses for unused vacation days	13,533	15,160	14,742	16,004
Other accrued expenses	104,357	116,933	110,854	121,032
Total accrued expenses	117,890	132,093	125,596	137,036
Deferred income from recourses /i/	154,960	192,744	154,960	192,744
Other deferred income	13,656	10,065	18,913	15,991
Total deferred income	168,616	202,809	173,873	208,735
	286,506	334,902	299,469	345,771

/i/ Deferred income from recourses, due to uncertainty of collection, in the amount of HRK 154,960 thousand (31 December 2019: HRK 192,744 thousand) relates to deferred income from recourses which are either open or subject to a final settlement for payment (see Note 22.3). When the refusal of payment leads to these recourse receivables being sued, then the recourse receivable and deferred income are transferred to off-balance-sheet records.

29. Off-balance-sheet items

	Company		Group	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Forward contracts	1,943,791	1,690,544	1,943,791	1,690,544
Premium receivables from companies in bankruptcy	205,153	200,190	224,257	219,144
Shares and stakes of companies in bankruptcy	22,878	22,878	36,189	34,588
Placements and interest from companies in bankruptcy	66,480	63,937	76,028	73,416
Default interest on placements	34,882	34,880	34,882	34,880
Other off-balance-sheet items	1,539	1,539	1,539	1,539
	2,274,723	2,013,968	2,316,686	2,054,111
Recourse receivables	775,315	770,013	792,908	788,155
	3,050,038	2,783,981	3,109,594	2,842,266

30. Related party transactions

The Company considers that it has an immediate related party relationship with its ultimate controlling party, the company ADRIS grupa d.d. and the Republic of Croatia (CERP) and companies with majority state ownership or in which the state has significant influence, companies under control, under common control or under influence of key management personnel 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 Board and Supervisory Board, and directors of departments as key management.

Key related party transactions

The Company pays income tax in the Republic of Croatia, as described in Note 13. The Company also pays personal income tax as described in Notes 9 and 10.2. With regard to taxes, the Company has no outstanding liabilities towards the Republic of Croatia. The Company invests in securities of the Republic of Croatia and other state-owned companies as listed in the table below with interest rates ranging from 0.25% to 6.50% and with maturities of 2021-2034.

The Company has given loans to the related company Croatia-tehnički pregled d.o.o. in the total value of HRK 181.4 million at an interest rate of 5%, to the company Core 1 d.o.o. in the total amount of HRK 95 million at an interest rate of 4% and 5.14% respectively, to the company Croatia osiguranje d.d., non-life insurance company, Skopje in the amount of HRK 6 million at an interest rate of 2.3%, to the company CO Zdravlje d.o.o. in the amount of HRK 19 million at an interest rate of 6.10%, and to the company CROATIA Premium d.o.o. in the total amount of HRK 7 million at an interest rate of 3.46%, for the purpose of additional investments.

Other relationships with subsidiaries, joint ventures and associates within the Group and other companies that have a significant impact on the Company's financial statements as well as companies in which the state has majority ownership or significant influence are presented in the following tables for 2020 and 2019:

Transactions and balances with the parent company and other related entities of the Company for 2020:

	Subsidiaries	Associates	ADRIS GRUPA d.d. (parent company)	Other ADRIS GRUPA companies
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Loans and receivables	256,438	1,990	-	43,714
Receivables from insurance	1,184	1	73	2,298
Other receivables	993	54	164	328
Insurance liabilities	721	-	-	-
Technical provisions	19,075	-	-	-
Other liabilities	1,011	-	1,660	965
Written premiums	5,210	222	632	19,414
Change in gross provisions for unearned premiums	3,551	-	-	-
Investment income	20,022	11,542	-	2,416
Other income	1,185	-	148	-
Claims incurred	14,690	-	2	8,784
Operating expenses	4,545	-	14,415	2,678

Transactions and balances with the parent company and other related entities of the Group for 2020:

	Associates	ADRIS GRUPA d.d. (Parent company)	Other ADRIS GRUPA companies
	in HRK'000	in HRK'000	in HRK'000
Loans and receivables	1,990	-	43,714
Receivables from insurance	1	73	2,298
Other receivables	54	171	415
Insurance liabilities	-	-	-
Technical provisions	-	-	-
Other liabilities	-	1,694	1,016
Written premiums	222	632	19,414
Change in gross provisions for unearned premiums	-	-	-
Investment income	11,542	-	2,416
Other income	-	157	96
Claims incurred	-	2	8,784
Operating expenses	-	14,839	2,708

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for 2020

Transactions and balances with parties related to the shareholder with significant influence on the Company and the Group (Republic of Croatia and all companies with majority state ownership) for 2020:

	Company	Group
	in HRK'000	in HRK'000
Debt securities	5,578,021	5,598,634
Loans and receivables	-	-
Receivables from insurance business	13,359	13,359
Other receivables	1,691	1,692
Insurance liabilities	-	-
Other liabilities	1,332	1,506
Insurance income	108,718	108,718
Interest income	150,235	150,551
Other income	11,779	11,779
Insurance expenses	16,923	16,923
Other expenses	26,471	27,932

Transactions and balances with the parent company and other related entities of the Company for 2019:

	Subsidiaries	Associates	ADRIS GRUPA d.d. (Parent company)	Other ADRIS GRUPA companies
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Loans and receivables	256,307	1,990	-	53,959
Receivables from insurance	361	1	3	964
Other receivables	914	-	95	207
Insurance liabilities	596	-	-	23
Technical provisions	18,564	-	-	-
Other liabilities	189	-	1,613	403
Written premiums	4,716	227	482	17,216
Change in gross provisions for unearned premiums	5,776	-	-	-
Investment income	20,581	13,592	-	2,823
Other income	1,020	-	125	-
Claims incurred	15,046	-	67	38,745
Operating expenses	2,486	-	14,312	1,906

Transactions and balances with the parent company and other related entities of the Group for 2019:

	Associates	ADRIS GRUPA d.d. (Parent company)	Other ADRIS GRUPA companies
	in HRK'000	in HRK'000	in HRK'000
Loans and receivables	1,990	-	53,959
Receivables from insurance	1	3	964
Other receivables	-	96	227
Insurance liabilities	-	-	23
Technical provisions	-	-	-
Other liabilities	-	1,646	403
Written premiums	227	482	17,216
Change in gross provisions for unearned premiums	-	-	-
Investment income	13,592	-	2,823
Other income	-	125	37
Claims incurred	-	67	38,745
Operating expenses	-	14,728	1,934

Transactions and balances with parties related to the shareholder with significant influence on the Company and the Group (Republic of Croatia and all companies with majority state ownership) for 2019:

	Company	Group
	in HRK'000	in HRK'000
Debt securities	5,781,723	5,799,211
Loans and receivables	32,108	32,108
Receivables from insurance business	13,235	13,235
Other receivables	1,972	1,979
Insurance liabilities	77	77
Other liabilities	3,211	3,463
Insurance income	97,527	97,527
Interest income	164,557	164,851
Other income	11,656	11,656
Insurance expenses	18,868	18,868
Other expenses	34,440	35,017

/i/ Key management compensation

Company:

	31 Dec.2020				31 Dec.2019			
	in HRK '000				in HRK '000			
	Management	Department directors	Supervisory Board	Total	Management	Department directors	Supervisory Board	Total
Key management compensation	13,272	20,201	90	33,563	15,268	20,627	84	35,979
Termination benefits	-	1,448	-	1,448	1,486	641	-	2,127
	13,272	21,649	90	35,011	16,754	21,268	84	38,106

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for 2020

Group:

	31 Dec.2020				31 Dec.2019			
	in HRK '000				in HRK '000			
	Management	Department directors	Supervisory Board	Total	Management	Department directors	Supervisory Board	Total
Key management compensation	23,751	25,411	219	49,381	25,183	29,270	208	54,661
Termination benefits	754	1,448	-	2,202	1,837	1,111	-	2,948
	24,505	26,859	219	51,583	27,020	30,381	208	57,609

The key management personnel of the Group are members of the Management Board and Supervisory Board and directors of departments.

Key management compensation includes gross salary, life insurance premiums, benefits in kind, bonuses, termination benefits and compensation of the Supervisory Board.

31. Contingent liabilities

The Group has contingent liabilities in terms of issued collection instruments in the course of its business operations. It is unlikely that significant obligations could result from the above.

On account of its principal activity, the Group is subject to legal disputes initiated by injured parties. Based on the opinions of legal advisors, the Management Board has assessed which legal disputes require provisions, since it is probable that the court will not rule in the Group's favour. Legal disputes for which no provision have been made and were designated as contingent liabilities, it has been estimated that the final outcome will be in favour of the Group and that no outflow of resources will occur.

Provisions for legal disputes arising from claims incurred were provided for within claims provisions. The Management Board believes that these provisions are sufficient.

32. Commitments

As at 31 December 2020, the Company's contractual obligations for future investments amount to HRK 158,893 thousand based on binding bids for investments in venture capital funds (31 December 2019: HRK 114,769 thousand).

33. Audit of financial statements

The auditors of the Group's financial statements have provided services in 2020 in the amount of HRK 2,390 thousand plus value added tax (2019: HRK 2,208 thousand plus value added tax). The Company was provided services in the amount of HRK 1,522 thousand plus value added tax (2019: HRK 1,315 thousand plus value added tax). Services in 2020 and 2019 relate to the costs of the statutory audit of annual financial statements and related audit services.

During 2019 and 2020, PricewaterhouseCoopers d.o.o. ("PwC") provided educational services.

34. Events after the balance sheet date

There were no significant events after the end of the reporting period.

Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

Pursuant to the Ordinance on the structure and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 37/16, 96/18, 50/19 and 98/20) 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 separate and consolidated financial statements of the company CROATIA osiguranje d.d., Zagreb in the form required by the stated Ordinance.

The reconciliation between the financial statements, 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 in section entitled "Reconciliation of the financial statements and supplementary statements for the Croatian Financial Services Supervisory Agency".

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

Position no.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	I	INTANGIBLE ASSETS	0	36,992,651	36,992,651	0	96,858,015	96,858,015
002		1	Goodwill	0	0	0	0	0	0
003		2	Other intangible assets	0	36,992,651	36,992,651	0	96,858,015	96,858,015
004	005+006+007	II	TANGIBLE ASSETS	9,973	641,779,864	641,789,837	14,133	553,220,673	553,234,805
005		1	Land and buildings used for business activities	0	355,254,200	355,254,200	0	264,388,018	264,388,018
006		2	Equipment	9,973	18,585,898	18,595,871	14,051	26,833,703	26,847,754
007		3	Other tangible assets and inventories	0	267,939,766	267,939,766	82	261,998,952	261,999,034
008	009+010+014+033	III	INVESTMENTS	3,054,031,686	5,465,347,333	8,519,379,019	3,114,967,355	5,376,935,615	8,491,902,970
009		A	Investments in land and buildings not used for business activities	0	367,521,081	367,521,081	0	456,652,567	456,652,567
010	011+012+013	B	Investments in subsidiaries, associates and participation in joint ventures	0	279,110,925	279,110,925	0	376,515,932	376,515,932
011		1	Shares and stakes in subsidiaries	0	245,422,632	245,422,632	0	342,827,639	342,827,639
012		2	Shares and stakes in associates	0	5,688,293	5,688,293	0	5,688,293	5,688,293
013		3	Shares and stakes in joint ventures	0	28,000,000	28,000,000	0	28,000,000	28,000,000
014	015+018+023+029	C	Financial assets	3,054,031,686	4,818,715,327	7,872,747,013	3,114,967,355	4,543,767,116	7,658,734,471
015	016+017	1	Held-to-maturity financial assets	1,228,357,915	944,029,371	2,172,387,286	1,083,787,700	998,546,873	2,082,334,573
016		1.1	Debt financial instruments	1,228,357,915	944,029,371	2,172,387,286	1,083,787,700	998,546,873	2,082,334,573
017		1.2	Other	0	0	0	0	0	0
018	019+020+021+022	2	Financial assets available for sale	1,628,859,849	2,817,918,673	4,446,778,522	1,804,243,755	2,731,918,505	4,536,162,260
019		2.1	Equity financial instruments	24,551,993	498,028,031	522,580,024	29,250,178	506,883,860	536,134,038
020		2.2	Debt financial instruments	1,582,180,361	2,255,225,971	3,837,406,331	1,718,133,233	2,089,821,103	3,807,954,336
021		2.3	Shares in investment funds	22,127,495	64,664,672	86,792,167	56,860,343	135,213,542	192,073,886
022		2.4	Other	0	0	0	0	0	0
023	024+025+026+027+028	3	Financial assets at fair value through profit or loss	589,945	47,661,095	48,251,040	318,108	20,984,620	21,302,728
024		3.1	Equity financial instruments	0	17,070,930	17,070,930	0	17,187,511	17,187,511
025		3.2	Debt financial instruments	0	0	0	0	0	0
026		3.3	Derivative financial instruments	589,945	3,080,534	3,670,479	318,108	3,797,109	4,115,217
027		3.4	Shares in investment funds	0	27,509,631	27,509,631	0	0	0
028		3.5	Other	0	0	0	0	0	0
029	030+031+032	4	Loans and receivables	196,223,977	1,009,106,188	1,205,330,165	226,617,793	792,317,117	1,018,934,910
030		4.1	Deposits with credit institutions	144,001,733	540,294,540	684,296,274	175,737,297	317,322,719	493,060,016
031		4.2	Loans	52,222,244	312,837,084	365,059,328	47,414,600	301,235,373	348,649,973
032		4.3	Other	0	155,974,564	155,974,564	3,465,895	173,759,025	177,224,921
033		D	Deposits with cedent	0	0	0	0	0	0
034		IV	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	445,325,559	0	445,325,559	400,250,132	0	400,250,132
035	036+037+038+039+040+041+042	V	REINSURANCE SHARE IN TECHNICAL PROVISIONS	25,753	213,507,427	213,533,180	12,263	474,856,240	474,868,503
036		1	Unearned premiums, reinsurance share	3,724	42,185,167	42,188,891	0	58,699,359	58,699,359
037		2	Mathematical provisions for insurance, reinsurance share	22,030	0	22,030	12,263	0	12,263
038		3	Claims provisions, reinsurance share	0	171,322,260	171,322,260	0	416,156,881	416,156,881
039		4	Provisions for bonuses and discounts, reinsurance share	0	0	0	0	0	0
040		5	Provisions for claims fluctuation, reinsurance share	0	0	0	0	0	0
041		6	Other technical provisions for insurance, reinsurance share	0	0	0	0	0	0
042		7	Special provisions for life insurance where the policyholder bears the investment risk, reinsurance share	0	0	0	0	0	0
043	044+045	VI	DEFERRED AND CURRENT TAX ASSETS	2,028,656	66,492,988	68,521,644	1,777,335	65,691,032	67,468,366
044		1	Deferred tax assets	2,028,656	66,492,988	68,521,644	1,777,335	65,691,032	67,468,366
045		2	Current tax assets	0	0	0	0	0	0
046	047+050+051	VII	RECEIVABLES	503,661	854,729,992	855,233,653	622,574	741,344,471	741,967,045
047	048+049	1	Receivables from insurance business	235,763	465,705,701	465,941,464	234,219	486,139,966	486,374,186
048		1.1	From policyholders	0	464,918,705	464,918,705	0	485,689,766	485,689,766
049		1.2	From agents or insurance brokers	235,763	786,996	1,022,759	234,219	450,201	684,420
050		2	Receivables from reinsurance business	879	46,715,736	46,716,615	413	59,037,983	59,038,396
051	052+053+054	3	Other receivables	267,020	342,308,555	342,575,575	387,941	196,166,521	196,554,462
052		3.1	Receivables from other insurance business	0	199,851,589	199,851,589	0	164,158,334	164,158,334
053		3.2	Receivables for returns on investments	262,624	997,458	1,260,083	277,389	756,947	1,034,336
054		3.3	Other receivables	4,396	141,459,508	141,463,904	110,552	31,251,240	31,361,792
055	056+060+061	VIII	OTHER ASSETS	25,003,071	100,317,264	125,320,335	62,420,478	450,515,970	512,936,448
056	057+058+059	1	Cash at bank and on hand	25,003,071	100,316,752	125,319,823	62,420,478	450,515,458	512,935,936
057		1.1	Funds in the business account	0	100,316,752	100,316,752	0	450,515,458	450,515,458
058		1.2	Funds in the account of assets covering mathematical provisions	25,003,071	0	25,003,071	62,420,478	0	62,420,478
059		1.3	Cash on hand	0	0	0	0	0	0
060		2	Non-current assets held for sale and discontinued operations	0	0	0	0	0	0
061		3	Other	0	512	512	0	512	512
062	063+064+065	IX	PREPAID EXPENSES AND ACCRUED INCOME	0	239,306,560	239,306,560	0	260,751,069	260,751,069
063		1	Accrued interest and rent	0	0	0	0	10,000	10,000
064		2	Deferred acquisition costs	0	226,109,778	226,109,778	0	208,349,670	208,349,670
065		3	Other prepaid expenses and accrued income	0	13,196,782	13,196,782	0	52,391,399	52,391,399
066	001+004+008+034+035+043+046+055+062	X	TOTAL ASSETS	3,526,928,359	7,618,474,078	11,145,402,437	3,580,064,270	8,020,173,083	11,600,237,353
067		XI	OFF BALANCE-SHEET ITEMS	265,956,261	2,518,024,767	2,783,981,028	368,537,309	2,681,501,745	3,050,039,054

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

in HRK

Position no.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
068	069+072+073+077+081+084	XII	EQUITY	434,798,823	2,913,664,885	3,348,463,708	453,763,908	3,080,075,800	3,533,839,709
069	070+071	1	Share capital	44,288,720	545,037,080	589,325,800	44,288,720	545,037,080	589,325,800
070		1.1	Paid-up capital - ordinary shares	44,288,720	545,037,080	589,325,800	44,288,720	545,037,080	589,325,800
071		1.2	Paid-up capital - preference shares	0	0	0	0	0	0
072		2	Share premium (capital reserves)	0	681,482,525	681,482,525	0	681,482,525	681,482,525
073	074+075+076	3	Revaluation reserves	147,994,829	368,660,865	516,655,694	144,192,801	326,931,603	471,124,404
074		3.1	Land and buildings	0	50,470,925	50,470,925	0	49,173,638	49,173,638
075		3.2	Financial assets available for sale	147,994,829	318,189,940	466,184,769	144,192,801	277,757,965	421,950,766
076		3.3	Other revaluation reserves	0	0	0	0	0	0
077	078+079+080	4	Reserves	85,295,937	316,742,639	402,038,576	85,295,937	316,742,639	402,038,576
078		4.1	Legal reserves	2,214,436	27,864,354	30,078,790	2,214,436	27,864,354	30,078,790
079		4.2	Statutory reserves	7,581,501	139,638,995	147,220,496	7,581,501	139,638,995	147,220,496
080		4.3	Other reserves	75,500,000	149,239,289	224,739,289	75,500,000	149,239,289	224,739,289
081	082+083	5	Retained earnings or accumulated loss	117,543,395	748,287,005	865,830,400	157,219,337	1,003,059,796	1,160,279,132
082		5.1	Retained earnings	117,543,395	748,287,005	865,830,400	157,219,337	1,003,059,796	1,160,279,132
083		5.2	Accumulated loss (-)	0	0	0	0	0	0
084	085+086	6	Profit or loss for the period	39,675,942	253,454,771	293,130,713	22,767,114	206,822,158	229,589,272
085		6.1	Profit for the period	39,675,942	253,454,771	293,130,713	22,767,114	206,822,158	229,589,272
086		6.2	Loss for the period (-)	0	0	0	0	0	0
087		XIII	MINORITY LIABILITIES (SUBORDINATED LIABILITIES)	0	0	0	0	0	0
088		XIV	MINORITY INTEREST	0	0	0	0	0	0
089	090+091+092+093+094+095	XV	TECHNICAL PROVISIONS	2,572,182,413	3,712,920,109	6,285,102,522	2,654,028,927	3,980,977,359	6,635,006,286
090		1	Unearned premiums, gross amount	4,869,308	1,130,567,020	1,135,436,328	5,022,484	1,143,856,246	1,148,878,729
091		2	Mathematical provisions, gross amount	2,505,680,869	17,908,413	2,523,589,282	2,554,176,172	11,308,894	2,565,485,066
092		3	Claims provisions, gross amount	61,632,236	2,532,867,656	2,594,499,892	94,830,271	2,810,611,741	2,905,442,012
093		4	Provisions for bonuses and discounts, gross amount	0	7,653,600	7,653,600	0	7,213,900	7,213,900
094		5	Provisions for claims fluctuation, gross amount	0	7,055,533	7,055,533	0	7,055,533	7,055,533
095		6	Other technical provisions, gross amount	0	16,867,887	16,867,887	0	931,045	931,045
096		XVI	SPECIAL PROVISIONS FOR LIFE INSURANCE WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK, gross amount	445,325,559	0	445,325,559	400,250,132	0	400,250,132
097	098+099	XVII	OTHER PROVISIONS	2,930,875	104,301,522	107,232,397	2,570,940	87,002,391	89,573,331
098		1	Provisions for pensions and similar obligations	2,930,875	99,785,773	102,716,648	2,570,940	83,967,933	86,538,873
099		2	Other provisions	0	4,515,749	4,515,749	0	3,034,458	3,034,458
100	101+102	XVIII	DEFERRED AND CURRENT TAX LIABILITY	32,486,670	94,182,105	126,668,775	31,652,078	76,140,059	107,792,137
101		1	Deferred tax liabilities	32,486,670	81,151,686	113,638,356	31,652,078	71,795,993	103,448,072
102		2	Current tax liability	0	13,030,419	13,030,419	0	4,344,066	4,344,066
103		XIX	DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	0	0	0	0	0	0
104	105+106+107	XX	FINANCIAL LIABILITIES	300,004	271,366,763	271,666,767	1,528,948	282,748,677	284,277,625
105		1	Loan liabilities	0	0	0	0	0	0
106		2	Liabilities for issued financial instruments	0	0	0	0	0	0
107		3	Other financial liabilities	300,004	271,366,763	271,666,767	1,528,948	282,748,677	284,277,625
108	109+110+111+112	XXI	OTHER LIABILITIES	16,312,650	209,728,028	226,040,678	9,389,826	253,603,409	262,993,236
109		1	Liabilities from direct insurance business	4,067,620	78,960,077	83,027,697	3,266,164	76,576,333	79,842,497
110		2	Liabilities from coinsurance and reinsurance	21,961	43,692,666	43,714,627	10,330	90,279,328	90,289,658
111		3	Liabilities for disposal and discontinued operations	0	0	0	0	0	0
112		4	Other liabilities	12,223,070	87,075,284	99,298,354	6,113,332	86,747,749	92,861,081
113	114+115	XXII	ACCRUED EXPENSES AND DEFERRED INCOME	22,591,365	312,310,666	334,902,031	26,879,509	259,625,388	286,504,897
114		1	Deferred reinsurance commission	0	0	0	0	0	0
115		2	Other accrued expenses and deferred income	22,591,365	312,310,666	334,902,031	26,879,509	259,625,388	286,504,897
116	068+087+088+089+096+097+100+103+104+108+113	XXIII	TOTAL EQUITY AND LIABILITIES	3,526,928,359	7,618,474,078	11,145,402,437	3,580,064,270	8,020,173,083	11,600,237,353
117		XXIV	OFF-BALANCE-SHEET ITEMS	265,956,261	2,518,024,767	2,783,981,028	368,537,309	2,681,501,745	3,050,039,054

Note: position 088 is completed by companies preparing consolidated financial statements.

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

STATEMENT OF COMPREHENSIVE INCOME for the period 1 January 2020 – 31 December 2020

in HRK

Posit ion no.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003+004+005+006	I	Earned premiums (income)	516,797,292	1,968,720,774	2,485,518,066	453,368,816	2,045,516,759	2,498,885,575
002		1	Gross written premiums	517,407,481	2,221,290,222	2,738,697,702	453,598,194	2,288,220,230	2,741,818,424
003		2	Value adjustment and charged premium value adjustment	0	3,810,289	3,810,289	0	2,775,347	2,775,347
004		3	Premiums ceded to reinsurance (-)	-89,149	-247,719,321	-247,808,470	-72,479	-248,703,784	-248,776,263
005		4	Change in gross provisions for unearned premiums (+/-)	-523,834	4,452,474	3,928,640	-153,175	-13,289,226	-13,442,401
006		5	Change in provisions for unearned premiums, reinsurance share (+/-)	2,794	-13,112,899	-13,110,105	-3,724	16,514,192	16,510,468
007	008+009+010+011+012+013+014	II	Investment income	131,978,406	363,146,323	495,124,729	141,183,338	245,380,706	386,564,044
008		1	Income from subsidiaries, associates and participation in joint ventures	1,229,923	43,723,450	44,953,373	2,103,298	23,594,252	25,697,549
009		2	Income from investments in land and buildings	0	41,040,287	41,040,287	0	28,494,465	28,494,465
010		3	Interest income	106,303,691	109,626,509	215,930,200	88,370,335	91,126,147	179,496,482
011		4	Unrealized gains on investments	475,060	7,325,949	7,801,009	280,468	3,756,462	4,036,930
012		5	Realised gains on investments	15,191,219	45,380,715	60,571,933	20,090,027	69,738,695	89,828,722
013		6	Net foreign exchange gains	8,768,666	5,258,179	14,026,845	30,327,779	6,864,874	37,192,653
014		7	Other investment income	9,848	110,791,234	120,640,082	11,431	21,805,810	21,817,241
015		III	Income from fees and commissions	2,154,864	33,928,007	36,082,871	2,100,281	39,477,927	41,578,188
016		IV	Other insurance - technical income, net of reinsurance	203,030	27,839,650	28,042,680	441,516	30,605,116	31,046,632
017		V	Other income	3,949	21,285,273	21,289,222	846	9,017,435	9,018,281
018	019+022	VI	Claims incurred, net	-356,548,481	-1,095,772,610	-1,452,321,091	-482,361,296	-1,200,100,950	-1,682,462,246
019	020+021	1	Settled claims	-363,782,364	-1,132,861,442	-1,496,643,806	-449,163,260	-1,167,191,487	-1,616,354,746
020		1.1	Gross amount (-)	-363,782,364	-1,246,902,469	-1,610,684,833	-449,163,260	-1,270,466,176	-1,719,629,456
021		1.2	Reinsurance share (+)	0	114,341,027	114,341,027	0	103,274,690	103,274,690
022	023+024	2	Change in claims provisions (+/-)	7,233,883	36,788,832	44,022,715	-33,198,036	-32,909,464	-66,107,500
023		2.1	Gross amount (-)	7,233,883	25,714,963	32,948,846	-33,198,036	-277,744,085	-301,942,121
024		2.2	Reinsurance share (+)	0	11,073,869	11,073,869	0	244,834,621	244,834,621
025	026+029	VII	Change in mathematical and other technical provisions, net of reinsurance	-167,716,110	15,302,095	-152,414,015	-48,505,070	22,976,061	-25,529,009
026	027+028	1	Change in mathematical provisions (+/-)	-167,716,110	11,342,252	-156,373,858	-48,505,070	6,599,519	-150,774,339
027		1.1	Gross amount (-)	-167,726,381	11,342,252	-156,384,128	-48,495,303	6,599,519	-150,789,787
028		1.2	Reinsurance share (+)	0	10,271	10,271	-9,767	0	-9,767
029	030+031	2	Change in other technical provisions, net of reinsurance (+/-)	0	3,959,843	3,959,843	0	16,376,542	16,376,542
030		2.1	Gross amount (-)	0	3,959,843	3,959,843	0	16,376,542	16,376,542
031		2.2	Reinsurance share (+)	0	0	0	0	0	0
032	033+034	VIII	Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance (+/-)	11,314,972	0	11,314,972	44,416,501	0	44,416,501
033		1	Gross amount (-)	11,314,972	0	11,314,972	44,416,501	0	44,416,501
034		2	Reinsurance share (+)	0	0	0	0	0	0
035	036+037	IX	Expenses for premium returns (bonuses and discounts), net of reinsurance	0	-7,645,260	-7,645,260	0	-5,277,788	-5,277,788
036		1	Depending on the result (bonuses)	0	-7,645,260	-7,645,260	0	-5,277,788	-5,277,788
037		2	Irrespective of result (discounts)	0	0	0	0	0	0
038	039+043	X	Operating expenses (business expenditures), net	-84,348,495	-832,018,936	-916,367,431	-65,446,336	-799,044,691	-864,491,027
039	040+041+042	1	Acquisition costs	-37,326,726	-474,736,492	-512,063,218	-28,951,976	-448,794,543	-477,746,519
040		1.1	Commission	-11,400,130	-263,988,593	-275,388,723	-7,464,637	-248,858,271	-256,322,908
041		1.2	Other acquisition costs	-25,926,596	-185,454,230	-211,380,826	-21,487,339	-182,176,164	-203,663,503
042		1.3	Change in deferred acquisition costs (+/-)	0	-25,292,670	-25,292,670	0	-17,760,108	-17,760,108
043	044+045+046	2	Administration costs (administrative expenses)	-47,021,768	-357,283,444	-404,305,213	-36,494,360	-350,250,148	-386,744,508
044		2.1	Depreciation	-3,686,062	-54,248,874	-57,934,937	-3,241,179	-53,822,008	-57,063,187
045		2.2	Salaries, taxes and contributions from and on salaries	-19,365,586	-124,374,460	-143,740,046	-15,326,618	-116,008,796	-131,335,414
046		2.3	Other administrative expenses	-20,970,120	-178,660,109	-199,630,230	-17,926,563	-180,419,344	-198,345,907
047	048+049+050+051+052+053+054	XI	Investment expenses	-4,940,320	-141,817,186	-146,757,505	-16,810,587	-100,387,576	-117,198,163
048		1	Depreciation of land and buildings not intended for business activities	0	0	0	0	0	0
049		2	Interest	-1,321,372	-8,932,083	-10,253,455	-1,280,485	-9,369,907	-10,650,392
050		3	Impairment of investments	0	-34,485,331	-34,485,331	-1,013,854	-6,741,194	-7,755,048
051		4	Realised losses on investments	-864,282	-16,181,820	-17,046,101	-9,667,064	-24,903,404	-34,570,468
052		5	Unrealised losses on investments	-300,004	-5,324,927	-5,624,931	-2,079,253	-8,691,697	-10,770,951
053		6	Net foreign exchange losses	0	0	0	0	0	0
054		7	Other investment expenses	-2,454,662	-76,893,026	-79,347,688	-2,769,930	-50,681,374	-53,451,304
055	056+057	XII	Other technical expenses, net of reinsurance	-407,137	-36,775,208	-37,182,345	-707,601	-37,967,306	-38,674,907
056		1	Prevention activities expenses	0	0	0	0	0	0
057		2	Other technical expenses of insurance	-407,137	-36,775,208	-37,182,345	-707,601	-37,967,306	-38,674,907
058		XIII	Other expenses, including value adjustments	-989	-11,298,523	-11,299,512	-9,233	-3,726,536	-3,735,769
059	001+007+015+016+017+018+025+032+035+038+047+055+058	XIV	Profit or loss for the period before tax (+/-)	48,490,981	304,894,400	353,385,381	27,671,156	246,469,155	274,140,311
060	061+062	XV	Income or loss tax	-8,815,039	-51,439,629	-60,254,668	-4,904,042	-39,646,997	-44,551,039
061		1	Current tax expense	-8,731,189	-35,245,008	-43,976,197	-4,652,720,89	-38,036,452,19	-42,689,173
062		2	Deferred tax expense (income)	-83,850	-16,194,621	-16,278,471	-251,321,21	-1,610,545,02	-1,661,866
063	059+060	XVI	Profit or loss for the period after tax (+/-)	39,675,942	253,454,771	293,130,713	22,767,114	206,822,158	229,589,272
064		1	Attributable to equity holders of the parent company	0	0	0	0	0	0
065		2	Attributable to non-controlling interest	0	0	0	0	0	0
066	001+007+015+016+017+062	XVII	TOTAL INCOME	651,053,691	2,398,725,407	3,049,779,098	596,843,457	2,368,387,397	2,965,230,854
067	018+025+032+035+038+047+055+058+061	XVIII	TOTAL EXPENSE	-611,377,749	-2,145,270,636	-2,756,648,385	-574,076,343	-2,161,565,239	-2,735,641,582
068	069+070+071+072+073+074+075+076	XIX	Other comprehensive income	81,013,025	162,936,979	243,950,005	-3,802,028	-40,648,486	-44,450,514
069		1	Gains / losses on translation of financial statements of foreign operations	0	-30,198	-30,198	0	-107,321	-107,321
070		2	Gains / losses on revaluation of financial assets available for sale	98,796,373	198,076,792	296,873,164	-4,636,620	-49,176,408	-53,813,027
071		3	Gains / losses on revaluation of land and buildings intended for business activities	0	663,668	663,668	0	-264,037	-264,037
072		4	Gains / losses on revaluation of other tangible (except for land and buildings) and intangible assets	0	0	0	0	0	0
073		5	Effects of cash flow hedging instruments	0	0	0	0	0	0
074		6	Actuarial gains / losses on defined benefit pension plans	0	0	0	0	0	0
075		7	Share in other comprehensive income of associates	0	0	0	0	0	0
076		8	Income tax on other comprehensive income	-17,783,347	-35,773,283	-53,556,630	834,592	8,899,280	9,733,872
077	078+079	XX	Total comprehensive income	120,688,967	416,391,751	537,080,718	18,965,086	166,173,672	185,138,757
078		1	Attributable to equity holders of the parent company	0	0	0	0	0	0
079		2	Attributable to non-controlling interest	0	0	0	0	0	0
080		XXI	Reclassification adjustments	0	0	0	0	0	0

Note: position 088 is completed by companies preparing consolidated financial statements.

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period 1 January 2020 – 31 December 2020

Position no.	Sum elements	Position code	Position description	Current period	Previous period
001	002+013+031	I	CASH FLOW FROM OPERATING ACTIVITIES	333,325,166	-247,534,975
002	003+004	1	Cash flow before changes in operating assets and liabilities	152,931,889	129,937,345
003		1.1	Profit/loss before tax	274,140,311	353,385,381
004	005+006+007+008+009+010+011+012	1.2	Adjustments:	-121,208,422	-223,448,036
005		1.2.1	Depreciation of property and equipment	38,763,846	40,640,873
006		1.2.2	Amortization	18,299,342	17,294,064
007		1.2.3	Impairment and gains/losses on fair valuation	15,531,917	-28,969,476
008		1.2.4	Interest expense	10,650,392	10,253,455
009		1.2.5	Interest income	-179,496,482	-215,930,200
010		1.2.6	Share in profit of associates	0	0
011		1.2.7	Gains/losses on sale of tangible assets (including land and buildings)	449,307	-1,135,517
012		1.2.8	Other adjustments	-25,406,744	-45,601,234
013	014+015+...+030	2	Increase/decrease in operating assets and liabilities	231,768,803	-326,447,670
014		2.1	Increase/decrease in investments available for sale	-58,020,322	-361,421,935
015		2.2	Increase/decrease in investments valued at fair value through profit or loss	21,040,620	124,003,667
016		2.3	Increase/decrease in loans and receivables	183,955,033	-223,962,355
017		2.4	Increase/decrease in deposits at insurance business ceded to reinsurance	0	0
018		2.5	Increase/decrease in investments for the account and risk of life insurance policyholder	45,075,427	-10,534,151
019		2.6	Increase/decrease in reinsurance share in technical provisions	-261,335,323	2,025,965
020		2.7	Increase/decrease in tax assets	-808,588	94,308
021		2.8	Increase/decrease in receivables	42,453,567	21,377,957
022		2.9	Increase/decrease in other assets	0	0
023		2.10	Increase/decrease in prepaid expenses and accrued income	-21,444,509	21,757,998
024		2.11	Increase/decrease in technical provisions	349,903,764	115,546,800
025		2.12	Increase/decrease in technical provisions for life insurance when the policyholder bears the investment risk	-45,075,427	10,534,151
026		2.13	Increase/decrease in tax liabilities	-219,169	-115,427
027		2.14	Increase/decrease in deposits retained from business ceded to reinsurance	0	0
028		2.15	Increase/decrease in financial liabilities	5,347,410	625,430
029		2.16	Increase/decrease in other liabilities	19,293,455	-8,356,374
030		2.17	Increase/decrease in accrued expenses and deferred income	-48,397,134	-18,023,705
031		3	Income tax paid	-51,375,526	-51,024,651
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	111,550,055	51,319,006
033		1	Proceeds from sale of tangible assets	2,612,835	5,417,096
034		2	Purchases of tangible assets	-19,926,098	-25,969,189
035		3	Proceeds from sale of intangible assets	0	628,124
036		4	Purchases of intangible assets	-78,164,706	-27,541,961
037		5	Proceeds from the sale of land and buildings not used for business activities	80,780,300	16,750,126
038		6	Purchase of land and buildings not used for business activities	-24,368,531	-4,259,498
039		7	Increase/decrease in investments in subsidiaries, associates and participation in joint ventures	-97,029,427	0
040		8	Proceeds from held-to-maturity investments	374,224,065	357,560,988
041		9	Payments for held-to-maturity investments	-191,656,958	-386,588,725
042		10	Proceeds from sale of financial instruments	0	0
043		11	Payments for investments in financial instruments	0	0
044		12	Proceeds from dividends and share in profit	25,443,331	43,886,354
045		13	Proceeds from repayment of given short-term and long-term loans	88,391,016	93,026,128
046		14	Payments for given long-term and short-term loans	-48,755,770	-21,590,437
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	-20,066,455	-20,077,306
048		1	Proceeds from share capital increase	0	0
049		2	Proceeds from received short-term and long-term loans	0	0
050		3	Repayment of short-term and long-term loans	-20,066,455	-19,097,306
051		4	Purchase of treasury shares	0	0
052		5	Payment of shares in profit (dividends)	0	-980,000
053	001+032+047		NET CASH FLOW	424,808,766	-216,293,275
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	-37,192,653	-14,026,845
055	053+054	V	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	387,616,112	-230,320,120
056		1	Cash and cash equivalents at beginning of period	125,320,335	355,640,455
057	055+056	2	Cash and cash equivalents at end of period	512,936,448	125,320,335

Note: position 088 is completed by companies preparing consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY for the period 1 January 2020 – 31 December 2020

Position no.	Position description	Attributable to owners of the parent company							Attributable to non-controlling interests	Attributable to non-controlling interests
		Paid-up capital (ordinary and preference shares)	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained earnings or accumulated loss	Profit/loss for the year	Total equity		
I.	Balance at 1 January of previous year	589,325,800	681,482,525	273,428,913	402,038,576	594,530,662	270,417,757	2,811,224,234	0	2,811,224,234
1.	Changes in accounting policies	0	0	0	0	0	0	0	0	0
2.	Correction of prior periods errors	0	0	0	0	0	0	0	0	0
II.	Balance at 1 January of previous year (restated)	589,325,800	681,482,525	273,428,913	402,038,576	594,530,662	270,417,757	2,811,224,234	0	2,811,224,234
III.	Comprehensive income or loss of the previous year	0	0	243,950,005	0	0	293,130,713	537,080,718	0	537,080,718
1.	Profit or loss for the period	0	0	0	0	0	293,130,713	293,130,713	0	293,130,713
2.	Other comprehensive income or loss of the previous year	0	0	243,950,005	0	0	0	243,950,005	0	243,950,005
2.1.	Unrealized gains or losses from tangible assets (land and buildings)	0	0	544,208	0	0	0	544,208	0	544,208
2.2.	Unrealized gains or losses from financial assets available for sale	0	0	270,441,738	0	0	0	270,441,738	0	270,441,738
2.3.	Realized gains or losses from financial assets available for sale	0	0	-27,005,744	0	0	0	-27,005,744	0	-27,005,744
2.4.	Other non-owner changes in equity	0	0	-30,198	0	0	0	-30,198	0	-30,198
IV.	Transactions with owners (previous period)	0	0	-723,224	0	271,299,737	-270,417,757	158,757	0	158,757
1.	Increase/decrease in share capital	0	0	0	0	0	0	0	0	0
2.	Other payments by owners	0	0	0	0	0	0	0	0	0
3.	Payment of shares in profit/dividends	0	0	0	0	0	0	0	0	0
4.	Other distributions to owners	0	0	-723,224	0	271,299,737	-270,417,757	158,757	0	158,757
V.	Balance at the last day of the reporting period in the previous year	589,325,800	681,482,525	516,655,694	402,038,576	865,830,400	293,130,713	3,348,463,708	0	3,348,463,708
VI.	Balance at 1 January of current year	589,325,800	681,482,525	516,655,694	402,038,576	865,830,400	293,130,713	3,348,463,708	0	3,348,463,708
1.	Changes in accounting policies	0	0	0	0	0	0	0	0	0
2.	Correction of prior periods errors	0	0	0	0	0	0	0	0	0
VII.	Balance at 1 January of current year (restated)	589,325,800	681,482,525	516,655,694	402,038,576	865,830,400	293,130,713	3,348,463,708	0	3,348,463,708
VIII.	Comprehensive income or loss of the current year	0	0	-44,450,514	0	0	229,589,272	185,138,758	0	185,138,758
1.	Profit or loss for the period	0	0	0	0	0	229,589,272	229,589,272	0	229,589,272
2.	Other comprehensive income or loss of the current year	0	0	-44,450,514	0	0	0	-44,450,514	0	-44,450,514
2.1.	Unrealized gains or losses from tangible assets (land and buildings)	0	0	-216,511	0	0	0	-216,511	0	-216,511
2.2.	Unrealized gains or losses from financial assets available for sale	0	0	7,374,940	0	0	0	7,374,940	0	7,374,940
2.3.	Realized gains or losses from financial assets available for sale	0	0	-51,501,622	0	0	0	-51,501,622	0	-51,501,622
2.4.	Other non-owner changes in equity	0	0	-107,321	0	0	0	-107,321	0	-107,321
IX.	Transactions with owners (current period)	0	0	-1,080,776	0	294,448,732	-293,130,713	237,243	0	237,243
1.	Increase/decrease of share capital	0	0	0	0	0	0	0	0	0
2.	Other payments by owners	0	0	0	0	0	0	0	0	0
3.	Payment of shares in profit/dividends	0	0	0	0	0	0	0	0	0
4.	Other distributions to owners	0	0	-1,080,776	0	294,448,732	-293,130,713	237,243	0	237,243
X.	Balance at the last day of the reporting period in the current year	589,325,800	681,482,525	471,124,404	402,038,576	1,160,279,132	229,589,272	3,533,839,709	0	3,533,839,709

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2020

Position No.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	I	INTANGIBLE ASSETS	407,778	48,318,959	48,726,737	400,575	107,472,364	107,872,939
002		1	Goodwill	0	0	0	0	0	0
003		2	Other intangible assets	407,778	48,318,959	48,726,737	400,575	107,472,364	107,872,939
004	005+006+007	II	TANGIBLE ASSETS	21,127,013	888,164,071	909,291,084	19,988,408	856,977,245	876,965,653
005		1	Land and buildings used for business activities	16,259,682	536,376,413	552,636,095	15,950,768	480,712,555	496,663,323
006		2	Equipment	602,616	56,612,530	56,215,146	337,421	77,673,901	78,011,322
007		3	Other tangible assets and inventories	4,264,715	296,175,128	300,439,843	3,700,219	298,590,789	302,291,008
008	009+010+014+033	III	INVESTMENTS	3,566,682,133	6,034,361,455	9,601,043,588	3,681,060,107	5,936,144,775	9,617,204,882
009		A	Investments in land and buildings not used for business activities	1,629,143	872,023,596	873,652,739	1,856,338	1,011,390,353	1,013,246,691
010	011+012+013	B	Investments in subsidiaries, associates and participation in joint ventures	0	77,589,581	77,589,581	0	76,592,895	76,592,895
011		1	Shares and stakes in subsidiaries	0	0	0	0	0	0
012		2	Shares and stakes in associates	0	9,628,386	9,628,386	0	10,091,232	10,091,232
013		3	Shares and stakes in joint ventures	0	67,961,195	67,961,195	0	66,501,663	66,501,663
014	015+018+023+029	C	Financial assets	3,565,052,990	5,084,748,278	8,649,801,268	3,679,203,769	4,848,161,527	8,527,365,296
015	016+017	1	Held-to-maturity financial assets	1,277,694,188	1,037,566,857	2,315,261,045	1,131,858,940	1,037,923,909	2,169,782,849
016		1.1	Debt financial instruments	1,277,694,188	1,037,566,857	2,315,261,045	1,131,858,940	1,037,923,909	2,169,782,849
017		1.2	Other	0	0	0	0	0	0
018	019+020+021+022	2	Financial assets available for sale	1,921,629,783	2,990,714,858	4,912,344,641	2,128,951,896	2,994,696,576	5,123,648,472
019		2.1	Equity financial instruments	24,590,609	498,588,974	523,179,583	29,289,284	507,409,895	536,699,179
020		2.2	Debt financial instruments	1,874,911,679	2,427,461,212	4,302,372,891	2,042,802,269	2,352,073,139	4,394,875,408
021		2.3	Shares in investment funds	22,127,495	64,664,672	86,792,167	56,860,343	135,213,542	192,073,885
022		2.4	Other	0	0	0	0	0	0
023	024+025+026+027+028	3	Financial assets at fair value through profit or loss	5,242,699	62,444,827	67,687,526	7,622,144	39,728,669	47,350,813
024		3.1	Equity financial instruments	0	17,070,930	17,070,930	0	17,187,511	17,187,511
025		3.2	Debt financial instruments	0	0	0	0	0	0
026		3.3	Derivative financial instruments	589,945	3,080,534	3,670,479	318,108	3,797,109	4,115,217
027		3.4	Shares in investment funds	4,652,754	42,293,363	46,946,117	7,304,036	18,744,049	26,048,085
028		3.5	Other	0	0	0	0	0	0
029	030+031+032	4	Loans and receivables	360,486,320	994,021,736	1,354,508,056	410,770,789	775,812,373	1,186,583,162
030		4.1	Deposits with credit institutions	299,097,268	782,258,687	1,081,355,955	350,460,991	557,971,929	908,432,920
031		4.2	Loans	61,389,052	55,788,485	117,177,537	56,843,903	44,081,419	100,925,322
032		4.3	Other	0	155,974,564	155,974,564	3,465,895	173,759,025	177,224,920
033		D	Deposits with cedent	0	0	0	0	0	0
034		IV	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	450,937,458	0	450,937,458	412,084,501	0	412,084,501
035	036+037+038+039+040+041+042	V	REINSURANCE SHARE IN TECHNICAL PROVISIONS	79,965	226,299,397	226,379,362	124,074	488,140,677	488,264,751
036		1	Unearned premiums, reinsurance share	57,935	48,326,106	48,384,041	111,811	64,588,462	64,700,273
037		2	Mathematical provisions for insurance, reinsurance share	22,030	0	22,030	12,263	0	12,263
038		3	Claims provisions, reinsurance share	0	177,973,291	177,973,291	0	423,552,215	423,552,215
039		4	Provisions for bonuses and discounts, reinsurance share	0	0	0	0	0	0
040		5	Provisions for claims fluctuation, reinsurance share	0	0	0	0	0	0
041		6	Other technical provisions for insurance, reinsurance share	0	0	0	0	0	0
042		7	Special provisions for life insurance where the policyholder bears the investment risk, reinsurance share	0	0	0	0	0	0
043	044+045	VI	DEFERRED AND CURRENT TAX ASSETS	2,028,656	75,768,736	77,797,392	1,777,335	74,974,491	76,751,826
044		1	Deferred tax assets	2,028,656	68,047,649	70,076,305	1,777,335	67,540,416	69,317,751
045		2	Current tax assets	0	7,721,087	7,721,087	0	7,434,075	7,434,075
046	047+050+051	VII	RECEIVABLES	22,010,878	979,166,004	1,001,176,882	17,189,750	859,948,848	877,138,598
047	048+049	1	Receivables from insurance business	235,763	503,377,921	503,613,684	234,219	526,124,255	526,358,474
048		1.1	From policyholders	0	502,590,925	502,590,925	0	525,674,054	525,674,054
049		1.2	From agents or insurance brokers	235,763	786,996	1,022,759	234,219	450,201	684,420
050		2	Receivables from reinsurance business	879	47,249,357	47,250,236	128,917	59,948,347	60,077,264
051	052+053+054	3	Other receivables	21,774,236	428,538,726	450,312,962	16,826,614	273,876,246	290,702,860
052		3.1	Receivables from other insurance business	0	202,997,642	202,997,642	0	166,272,633	166,272,633
053		3.2	Receivables for returns on investments	268,543	578,032	846,575	281,512	234,653	516,165
054		3.3	Other receivables	21,505,693	224,963,052	246,468,745	16,545,102	107,369,960	123,914,062
055	056-060+061	VIII	OTHER ASSETS	39,381,104	180,970,286	220,351,390	73,823,213	588,625,771	662,448,984
056	057+058+059	1	Cash at bank and on hand	39,381,104	175,637,699	215,018,803	73,823,213	580,540,248	654,363,461
057		1.1	Funds in the business account	13,915,217	175,060,566	188,975,783	10,877,390	580,104,610	590,982,000
058		1.2	Funds in the account of assets covering mathematical provisions	25,462,256	0	25,462,256	62,944,474	0	62,944,474
059		1.3	Cash on hand	3,631	577,133	580,764	1,349	435,638	436,987
060		2	Non-current assets held for sale and discontinued operations	0	1,963,217	1,963,217	0	1,938,705	1,938,705
061		3	Other	0	3,369,370	3,369,370	0	6,146,818	6,146,818
062	063+064+065	IX	PREPAID EXPENSES AND ACCRUED INCOME	1,425,135	286,222,521	287,647,656	1,247,594	309,981,881	311,229,475
063		1	Accrued interest and rent	0	1,454,551	1,454,551	0	1,103,855	1,103,855
064		2	Deferred acquisition costs	0	268,986,430	268,986,430	0	247,354,173	247,354,173
065		3	Other prepaid expenses and accrued income	1,425,135	15,781,540	17,206,675	1,247,594	61,523,853	62,771,447
066	001+004+008+034+035+043+046+055+062	X	TOTAL ASSETS	4,104,080,120	8,719,271,429	12,823,351,549	4,207,695,557	9,222,266,052	13,429,961,609
067		XI	OFF BALANCE-SHEET ITEMS	269,163,441	2,573,102,420	2,842,265,861	371,785,133	2,737,809,222	3,109,594,355

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2020

Position no.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
068	069+072+073+077+081+084	XII	EQUITY	508,083,314	3,311,557,118	3,819,640,432	548,823,726	3,558,528,083	4,107,351,809
069	070+071	1	Share capital	44,288,720	545,037,080	589,325,800	44,288,720	545,037,080	589,325,800
070		1.1	Paid-up capital - ordinary shares	44,288,720	545,037,080	589,325,800	44,288,720	545,037,080	589,325,800
071		1.2	Paid-up capital - preference shares	0	0	0	0	0	0
072		2	Share premium (capital reserves)	0	681,482,525	681,482,525	0	681,482,525	681,482,525
073	074+075+076	3	Revaluation reserves	176,625,491	432,713,780	609,339,271	181,953,464	386,496,159	568,449,623
074		3.1	Land and buildings	0	119,622,869	119,622,869	0	112,296,678	112,296,678
075		3.2	Financial assets available for sale	176,625,491	312,925,487	489,550,978	181,953,464	274,074,057	456,027,521
076		3.3	Other revaluation reserves	0	165,424	165,424	0	165,424	165,424
077	078+079+080	4	Reserves	85,295,937	316,742,638	402,038,575	85,295,937	316,742,638	402,038,575
078		4.1	Legal reserves	2,214,436	27,864,354	30,078,790	2,214,436	27,864,354	30,078,790
079		4.2	Statutory reserves	7,581,501	139,638,995	147,220,496	7,581,501	139,638,995	147,220,496
080		4.3	Other reserves	75,500,000	149,239,289	224,739,289	75,500,000	149,239,289	224,739,289
081	082+083	5	Retained earnings or accumulated loss	164,008,543	1,034,053,589	1,198,062,132	201,886,061	1,336,267,156	1,538,153,217
082		5.1	Retained earnings	164,008,543	1,034,053,589	1,198,062,132	201,886,061	1,336,267,156	1,538,153,217
083		5.2	Accumulated loss (-)	0	0	0	0	0	0
084	085+086	6	Profit or loss for the period	37,864,623	301,527,506	339,392,129	35,399,544	292,502,525	327,902,069
085		6.1	Profit for the period	37,864,623	301,527,506	339,392,129	35,399,544	292,502,525	327,902,069
086		6.2	Loss for the period (-)	0	0	0	0	0	0
087		XIII	MINORITY LIABILITIES (SUBORDINATED LIABILITIES)	0	0	0	0	0	0
088		XIV	MINORITY INTEREST	630,567	11,922,791	12,553,358	746,627	11,907,814	12,654,441
089	090+091+092+093+094+095	XV	TECHNICAL PROVISIONS	3,009,126,063	4,233,604,886	7,242,730,949	3,118,356,079	4,505,578,686	7,623,934,765
090		1	Unearned premiums, gross amount	5,909,255	1,429,409,694	1,435,318,949	6,096,801	1,429,166,624	1,435,263,425
091		2	Mathematical provisions, gross amount	2,937,212,325	17,908,413	2,955,120,738	3,010,939,268	11,308,894	3,022,248,162
092		3	Claims provisions, gross amount	66,004,483	2,743,831,653	2,809,836,136	101,320,010	3,039,211,216	3,140,531,226
093		4	Provisions for bonuses and discounts, gross amount	0	8,770,594	8,770,594	0	9,463,967	9,463,967
094		5	Provisions for claims fluctuation, gross amount	0	7,055,533	7,055,533	0	7,055,533	7,055,533
095		6	Other technical provisions, gross amount	0	26,628,999	26,628,999	0	9,372,452	9,372,452
096		XVI	SPECIAL PROVISIONS FOR LIFE INSURANCE WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK, gross amount	450,937,458	0	450,937,458	412,084,501	0	412,084,501
097	098+099	XVII	OTHER PROVISIONS	3,076,787	115,844,923	118,921,710	2,845,537	98,385,232	101,230,769
098		1	Provisions for pensions and similar obligations	2,957,741	111,329,174	114,286,915	2,608,688	95,350,774	97,959,462
099		2	Other provisions	119,046	4,515,749	4,634,795	236,849	3,034,458	3,271,307
100	101+102	XVIII	DEFERRED AND CURRENT TAX LIABILITY	36,401,392	141,425,157	177,826,549	37,308,321	135,095,733	172,404,054
101		1	Deferred tax liabilities	35,681,180	113,553,295	149,234,475	35,781,836	116,639,392	152,421,228
102		2	Current tax liability	720,212	27,871,862	28,592,074	1,526,485	18,456,341	19,982,826
103		XIX	DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	0	0	0	0	0	0
104	105+106+107	XX	FINANCIAL LIABILITIES	4,320,559	297,695,442	302,016,001	5,112,667	318,779,203	323,891,870
105		1	Loan liabilities	0	0	0	0	0	0
106		2	Liabilities for issued financial instruments	0	0	0	0	0	0
107		3	Other financial liabilities	4,320,559	297,695,442	302,016,001	5,112,667	318,779,203	323,891,870
108	109+110+111+112	XXI	OTHER LIABILITIES	68,558,512	284,395,259	352,953,771	55,374,068	321,566,127	376,940,195
109		1	Liabilities from direct insurance business	6,788,834	91,501,162	98,289,996	4,968,998	87,717,976	92,686,974
110		2	Liabilities from coinsurance and reinsurance	21,961	46,608,944	46,630,905	242,461	96,369,663	96,612,124
111		3	Liabilities for disposal and discontinued operations	0	11,832	11,832	0	11,742	11,742
112		4	Other liabilities	61,747,717	146,273,321	208,021,038	50,162,609	137,466,746	187,629,355
113	114+115	XXII	ACCRUED EXPENSES AND DEFERRED INCOME	22,945,468	322,825,853	345,771,321	27,044,031	272,425,174	299,469,205
114		1	Deferred reinsurance commission	0	0	0	0	0	0
115		2	Other accrued expenses and deferred income	22,945,468	322,825,853	345,771,321	27,044,031	272,425,174	299,469,205
116	068+087+088+089+096+097+100+103+104+108+113	XXIII	TOTAL EQUITY AND LIABILITIES	4,104,080,120	8,719,271,429	12,823,351,549	4,207,695,557	9,222,266,052	13,429,961,609
117		XXIV	OFF-BALANCE-SHEET ITEMS	269,163,441	2,573,102,420	2,842,265,861	371,785,133	2,737,809,222	3,109,594,355

Note: position 088 is completed by companies preparing consolidated financial statements.

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period 1 January 2020 – 31 December 2020

Position no.	Sum elements	Position code	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003+004+005+006	I	Earned premiums (income)	645,113,174	2,357,542,519	3,002,655,693	550,593,781	2,428,943,426	2,979,537,207
002		1	Gross written premiums	645,821,466	2,659,153,749	3,304,975,215	551,053,061	2,689,177,414	3,240,230,475
003		2	Value adjustment and charged premium value adjustment	0	-1,816,753	-1,816,753	0	-2,832,769	-2,832,769
004		3	Premiums ceded to reinsurance (-)	-195,724	-273,529,164	-273,724,888	-334,900	-277,525,967	-277,860,867
005		4	Change in gross provisions for unearned premiums (+/-)	-536,305	-10,531,954	-11,068,259	-177,798	3,944,452	3,766,654
006		5	Change in provisions for unearned premiums, reinsurance share (+/-)	23,737	-15,733,359	-15,709,622	53,418	16,180,296	16,233,714
007	008+009+010+011+012+013+014	II	Investment income	148,493,960	375,471,435	523,965,395	161,665,763	326,039,789	487,705,552
008		1	Income from subsidiaries, associates and participation in joint ventures	1,229,923	36,307,864	37,537,787	2,103,298	17,645,743	19,749,041
009		2	Income from investments in land and buildings	118,209	122,590,004	122,708,213	73,948	110,762,708	110,836,656
010		3	Interest income	121,579,598	107,960,928	229,540,526	105,700,578	89,883,190	195,583,768
011		4	Unrealized gains on investments	1,088,812	7,777,884	8,866,696	2,009,774	3,920,526	5,930,300
012		5	Realised gains on investments	15,291,944	45,629,700	60,921,644	20,138,618	69,738,961	89,877,579
013		6	Net foreign exchange gains	8,725,227	4,669,020	13,394,247	31,170,680	6,835,220	38,005,900
014		7	Other investment income	460,247	50,536,035	50,996,282	468,867	27,253,441	27,722,308
015		III	Income from fees and commissions	2,154,864	35,390,442	37,545,306	2,100,261	41,067,267	43,167,528
016		IV	Other insurance - technical income, net of reinsurance	219,029	36,652,458	36,871,487	441,577	44,648,093	45,089,670
017		V	Other income	106,224	126,277,090	126,383,314	623,748	123,644,686	124,268,434
018	019+022	VI	Claims incurred, net	-404,930,653	-1,286,537,680	-1,691,468,333	-536,993,740	-1,383,264,676	-1,920,258,416
019	020+021	1	Settled claims	-410,298,893	-1,300,487,652	-1,710,786,545	-501,729,864	-1,336,935,303	-1,838,665,167
020		1.1	Gross amount (-)	-410,298,893	-1,422,805,316	-1,833,104,209	-501,858,465	-1,444,613,813	-1,946,472,278
021		1.2	Reinsurance share (+)	0	122,317,664	122,317,664	128,601	107,678,510	107,807,111
022	023+024	2	Change in claims provisions (+/-)	5,368,240	13,949,972	19,318,212	-35,263,876	-46,329,373	-81,593,249
023		2.1	Gross amount (-)	5,368,240	6,288,634	11,656,874	-35,263,876	-291,817,132	-327,081,008
024		2.2	Reinsurance share (+)	0	7,661,338	7,661,338	0	245,487,759	245,487,759
025	026+029	VII	Change in mathematical and other technical provisions, net of reinsurance	-229,184,315	18,540,852	-210,643,463	-69,385,592	23,300,703	-46,084,889
026	027+028	1	Change in mathematical provisions (+/-)	-229,184,315	11,342,252	-217,842,063	-69,385,592	6,599,519	-62,786,073
027		1.1	Gross amount (-)	-229,194,586	11,342,252	-217,852,334	-69,375,825	6,599,519	-62,776,306
028		1.2	Reinsurance share (+)	10,271	0	10,271	-9,767	0	-9,767
029	030+031	2	Change in other technical provisions, net of reinsurance (+/-)	0	7,198,600	7,198,600	0	16,701,184	16,701,184
030		2.1	Gross amount (-)	0	7,198,600	7,198,600	0	16,701,184	16,701,184
031		2.2	Reinsurance share (+)	0	0	0	0	0	0
032	033+034	VIII	Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance (+/-)	8,859,975	0	8,859,975	38,124,519	0	38,124,519
033		1	Gross amount (-)	8,859,975	0	8,859,975	38,124,519	0	38,124,519
034		2	Reinsurance share (+)	0	0	0	0	0	0
035	036+037	IX	Expenses for premium returns (bonuses and discounts), net of reinsurance	0	-11,186,693	-11,186,693	0	-8,421,708	-8,421,708
036		1	Depending on the result (bonuses)	0	-8,119,251	-8,119,251	0	-5,277,788	-5,277,788
037		2	Irrespective of result (discounts)	0	-3,067,442	-3,067,442	0	-3,143,920	-3,143,920
038	039+043	X	Operating expenses (business expenditures), net	-117,613,900	-1,089,532,718	-1,207,146,618	-85,059,638	-1,070,602,948	-1,155,662,586
039	040+041+042	1	Acquisition costs	-62,328,869	-558,418,527	-620,748,396	-41,583,462	-536,132,467	-577,715,929
040		1.1	Commission	-31,100,648	-296,122,090	-327,222,738	-14,965,878	-266,672,201	-281,638,079
041		1.2	Other acquisition costs	-31,228,221	-242,427,261	-273,655,482	-26,617,584	-247,302,551	-273,920,135
042		1.3	Change in deferred acquisition costs (+/-)	0	-19,869,176	-19,869,176	0	-22,157,715	-22,157,715
043	044+045+046	2	Administration costs (administrative expenses)	-55,284,031	-531,114,191	-586,398,222	-43,476,176	-534,470,481	-577,946,657
044		2.1	Depreciation	-4,915,380	-73,255,859	-78,171,239	-4,530,040	-77,452,048	-81,982,088
045		2.2	Salaries, taxes and contributions from and on salaries	-21,543,631	-192,985,575	-214,529,206	-17,670,782	-191,993,441	-209,664,223
046		2.3	Other administrative expenses	-28,825,020	-264,872,757	-293,697,777	-21,275,354	-265,024,992	-286,300,346
047	048+049+050+051+052+053+054	XI	Investment expenses	-5,283,299	-127,037,705	-132,321,004	-18,673,547	-108,422,288	-127,095,815
048		1	Depreciation of land and buildings not intended for business activities	0	0	0	0	0	0
049		2	Interest	-1,497,672	-10,208,393	-11,706,065	-1,436,726	-10,707,963	-12,144,689
050		3	Impairment of investments	0	-6,207,261	-6,207,261	-1,159,548	-6,280,048	-7,439,596
051		4	Realised losses on investments	-864,282	-16,181,820	-17,046,102	-9,667,064	-24,903,404	-34,570,468
052		5	Unrealised losses on investments	-333,394	-5,386,094	-5,719,488	-3,442,073	-8,693,886	-12,135,959
053		6	Net foreign exchange losses	0	0	0	0	0	0
054		7	Other investment expenses	-2,587,951	-89,054,137	-91,642,088	-2,968,136	-57,836,136	-60,805,103
055	056+057	XII	Other technical expenses, net of reinsurance	-1,005,705	-59,000,492	-60,006,197	-1,482,507	-60,622,778	-62,105,285
056		1	Prevention activities expenses	0	-960,874	-960,874	0	-1,342,950	-1,342,950
057		2	Other technical expenses of insurance	-1,005,705	-58,039,618	-59,045,323	-1,482,507	-59,279,828	-60,762,335
058		XIII	Other expenses, including value adjustments	-989	-11,874,464	-11,875,453	-15,422	-6,660,003	-6,675,425
059	001+007+015+016+017+018+025+032+035+038+047+055+058	XIV	Profit or loss for the period before tax (+/-)	46,928,365	364,705,044	411,633,409	41,939,203	349,649,583	391,588,786
060	061+062	XV	Income or loss tax	-9,530,319	-62,363,599	-71,893,918	-6,431,326	-56,956,605	-63,387,931
061		1	Current tax expense	-9,446,469	-50,445,094	-59,891,563	-6,180,005	-56,390,321	-62,570,326
062		2	Deferred tax expense (income)	-83,850	-11,918,505	-12,002,355	-251,321	-566,284	-817,605
063	059+060	XVI	Profit or loss for the period after tax (+/-)	37,398,046	302,341,445	339,739,491	35,507,877	292,692,978	328,200,855
064		1	Attributable to equity holders of the parent company	37,864,623	301,527,506	339,392,129	35,399,544	292,502,525	327,902,069
065		2	Attributable to non-controlling interest	-466,577	813,939	347,362	108,333	190,453	298,786
066	001+007+015+016+017+062	XVII	TOTAL INCOME	796,003,401	2,919,415,439	3,715,418,840	715,173,809	2,963,776,977	3,678,950,786
067	018+025+032+035+038+047+055+058+061	XVIII	TOTAL EXPENSE	-758,605,355	-2,617,073,994	-3,375,679,349	-679,665,932	-2,671,083,999	-3,350,749,931
068	069+070+071+072+073+074+075+076	XIX	Other comprehensive income	85,280,343	185,551,146	270,831,489	5,335,699	-44,310,267	-38,974,568
069		1	Gains / losses on translation of financial statements of foreign operations	388,887	769,314	1,158,201	980,379	2,067,723	3,048,102
070		2	Gains / losses on revaluation of financial assets available for sale	103,105,740	200,907,706	304,013,446	4,427,101	-49,754,967	-45,327,866
071		3	Gains / losses on revaluation of land and buildings intended for business activities	0	23,762,189	23,762,189	0	-6,360,768	-6,360,768
072		4	Gains / losses on revaluation of other tangible (except for land and buildings) and intangible assets	0	0	0	0	0	0
073		5	Effects of cash flow hedging instruments	0	0	0	0	0	0
074		6	Actuarial gains / losses on defined benefit pension plans	0	0	0	0	0	0
075		7	Share in other comprehensive income of associates	0	0	0	0	0	0
076		8	Income tax on other comprehensive income	-18,214,284	-39,888,063	-58,102,347	-71,781	9,737,745	9,665,964
077	078+079	XX	Total comprehensive income	122,678,389	487,892,591	610,570,980	40,843,576	248,382,711	289,226,287
078		1	Attributable to equity holders of the parent company	123,143,177	486,978,576	610,121,753	40,727,515	248,203,386	288,930,901
079		2	Attributable to non-controlling interest	-464,788	914,015	449,227	116,061	179,325	295,386
080		XXI	Reclassification adjustments	0	0	0	0	0	0

Note: positions 064, 065, 078 and 079 are completed by companies preparing consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period 1 January 2020 – 31 December 2020

Position no.	Sum elements	Position code	Position description	Current period	Previous period
001	002+013+031	I	CASH FLOW FROM OPERATING ACTIVITIES	345,452,951	-187,946,464
002	003+004	1	Cash flow before changes in operating assets and liabilities	265,874,114	239,689,953
003		1.1	Profit/loss before tax	391,588,786	411,633,409
004	005+006+007+008+009+010+011+012	1.2	Adjustments:	-125,714,672	-171,943,456
005		1.2.1	Depreciation of property and equipment	61,279,076	58,677,524
006		1.2.2	Amortization	20,703,012	19,493,715
007		1.2.3	Impairment and gains/losses on fair valuation	-190,713	4,752,902
008		1.2.4	Interest expense	12,144,689	11,706,065
009		1.2.5	Interest income	-195,583,768	-229,540,526
010		1.2.6	Share in profit of associates	-10,338,927	-11,947,061
011		1.2.7	Gains/losses on sale of tangible assets (including land and buildings)	76,333	-1,033,698
012		1.2.8	Other adjustments	-13,804,374	-24,052,377
013	014+015+...+030	2	Increase/decrease in operating assets and liabilities	148,295,051	-368,233,585
014		2.1	Increase/decrease in investments available for sale	-154,535,490	-477,769,731
015		2.2	Increase/decrease in investments valued at fair value through profit or loss	14,945,210	139,985,599
016		2.3	Increase/decrease in loans and receivables	165,641,811	-265,050,427
017		2.4	Increase/decrease in deposits at insurance business ceded to reinsurance	0	0
018		2.5	Increase/decrease in investments for the account and risk of life insurance policyholder	38,852,956	-12,964,129
019		2.6	Increase/decrease in reinsurance share in technical provisions	-261,885,390	8,001,418
020		2.7	Increase/decrease in tax assets	227,960	-3,838,004
021		2.8	Increase/decrease in receivables	63,157,156	21,623,953
022		2.9	Increase/decrease in other assets	0	0
023		2.10	Increase/decrease in prepaid expenses and accrued income	-23,534,522	15,090,608
024		2.11	Increase/decrease in technical provisions	380,443,682	215,200,543
025		2.12	Increase/decrease in technical provisions for life insurance when the policyholder bears the investment risk	-38,852,956	12,964,129
026		2.13	Increase/decrease in tax liabilities	-2,170,246	571,297
027		2.14	Increase/decrease in deposits retained from business ceded to reinsurance	0	0
028		2.15	Increase/decrease in financial liabilities	8,117,538	-925,746
029		2.16	Increase/decrease in other liabilities	4,240,687	-1,830,259
030		2.17	Increase/decrease in accrued expenses and deferred income	-46,353,345	-19,292,836
031		3	Income tax paid	-68,716,214	-59,402,832
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	163,760,406	2,346,287
033		1	Proceeds from sale of tangible assets	2,177,887	17,912,181
034		2	Purchases of tangible assets	-46,375,848	-57,523,511
035		3	Proceeds from sale of intangible assets	69,895	628,124
036		4	Purchases of intangible assets	-79,808,256	-29,714,695
037		5	Proceeds from the sale of land and buildings not used for business activities	81,330,444	16,750,126
038		6	Purchase of land and buildings not used for business activities	-28,239,135	-7,031,848
039		7	Increase/decrease in investments in subsidiaries, associates and participation in joint ventures	-66,537,290	13,500,000
040		8	Proceeds from held-to-maturity investments	450,695,373	385,857,840
041		9	Payments for held-to-maturity investments	-207,436,962	-387,959,348
042		10	Proceeds from sale of financial instruments	0	0
043		11	Payments for investments in financial instruments	0	0
044		12	Proceeds from dividends and share in profit	9,155,896	24,523,707
045		13	Proceeds from repayment of given short-term and long-term loans	77,870,911	60,731,843
046		14	Payments for given long-term and short-term loans	-29,142,509	-35,328,132
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	-29,109,863	-26,862,157
048		1	Proceeds from share capital increase	0	0
049		2	Proceeds from received short-term and long-term loans	0	0
050		3	Repayment of short-term and long-term loans	-28,953,112	-25,769,594
051		4	Purchase of treasury shares	0	0
052		5	Payment of shares in profit (dividends)	-156,751	-1,092,563
053	001+032+047		NET CASH FLOW	480,103,494	-212,462,334
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	-38,005,900	-13,394,247
055	053+054	V	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	442,097,594	-225,856,581
056		1	Cash and cash equivalents at beginning of period	220,351,390	446,207,971
057	055+056	2	Cash and cash equivalents at end of period	662,448,984	220,351,390

Note: Positions reducing the cash flow are entered with a minus.

CROATIA osiguranje d.d., Zagreb
Statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period 1 January 2020 – 31 December 2020

Position no.	Position description	Attributable to owners of the parent company							Attributable to non-controlling interests	Attributable to non-controlling interests
		Paid-up capital (ordinary and preference shares)	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained earnings or accumulated loss	Profit/loss for the year	Total equity		
I.	Balance at 1 January of previous year	589,325,800	681,482,525	340,283,451	402,038,575	858,901,275	337,079,883	3,209,111,509	12,213,767	3,221,325,276
1.	Changes in accounting policies	0	0	0	0	0	0	0	0	0
2.	Correction of prior periods errors	0	0	0	0	0	0	0	0	0
II.	Balance at 1 January of previous year (restated)	589,325,800	681,482,525	340,283,451	402,038,575	858,901,275	337,079,883	3,209,111,509	12,213,767	3,221,325,276
III.	Comprehensive income or loss of the previous year	0	0	270,729,624	0	0	339,392,129	610,121,753	449,227	610,570,980
1.	Profit or loss for the period	0	0	0	0	0	339,392,129	339,392,129	347,362	339,739,491
2.	Other comprehensive income or loss of the previous year	0	0	270,729,624	0	0	0	270,729,624	101,865	270,831,489
2.1.	Unrealized gains or losses from tangible assets (land and buildings)	0	0	19,583,202	0	0	0	19,583,202	25,970	19,609,172
2.2.	Unrealized gains or losses from financial assets available for sale	0	0	277,011,573	0	0	0	277,011,573	58,287	277,069,860
2.3.	Realized gains or losses from financial assets available for sale	0	0	-27,005,744	0	0	0	-27,005,744	0	-27,005,744
2.4.	Other non-owner changes in equity	0	0	1,140,593	0	0	0	1,140,593	17,608	1,158,201
IV.	Transactions with owners (previous period)	0	0	-1,673,804	0	339,160,857	-337,079,883	407,170	-109,636	297,534
1.	Increase/decrease in share capital	0	0	0	0	0	0	0	0	0
2.	Other payments by owners	0	0	0	0	0	0	0	0	0
3.	Payment of shares in profit/dividends	0	0	0	0	0	0	0	-112,563	-112,563
4.	Other distributions to owners	0	0	-1,673,804	0	339,160,857	-337,079,883	407,170	2,927	410,097
V.	Balance at the last day of the reporting period in the previous year	589,325,800	681,482,525	609,339,271	402,038,575	1,198,062,132	339,392,129	3,819,640,432	12,553,358	3,832,193,790
VI.	Balance at 1 January of current year	589,325,800	681,482,525	609,339,271	402,038,575	1,198,062,132	339,392,129	3,819,640,432	12,553,358	3,832,193,790
1.	Changes in accounting policies	0	0	0	0	0	0	0	0	0
2.	Correction of prior periods errors	0	0	0	0	0	0	0	0	0
VII.	Balance at 1 January of current year (restated)	589,325,800	681,482,525	609,339,271	402,038,575	1,198,062,132	339,392,129	3,819,640,432	12,553,358	3,832,193,790
VIII.	Comprehensive income or loss of the current year	0	0	-38,971,168	0	0	327,902,069	288,930,901	295,386	289,226,287
1.	Profit or loss for the period	0	0	0	0	0	327,902,069	327,902,069	298,786	328,200,855
2.	Other comprehensive income or loss of the current year	0	0	-38,971,168	0	0	0	-38,971,168	-3,400	-38,974,568
2.1.	Unrealized gains or losses from tangible assets (land and buildings)	0	0	-5,448,093	0	0	0	-5,448,093	-63,084	-5,511,177
2.2.	Unrealized gains or losses from financial assets available for sale	0	0	14,993,777	0	0	0	14,993,777	-6,590	14,987,187
2.3.	Realized gains or losses from financial assets available for sale	0	0	-51,498,680	0	0	0	-51,498,680	0	-51,498,680
2.4.	Other non-owner changes in equity	0	0	2,981,828	0	0	0	2,981,828	66,274	3,048,102
IX.	Transactions with owners (current period)	0	0	-1,918,480	0	340,091,085	-339,392,129	-1,219,524	-194,303	-1,413,827
1.	Increase/decrease of share capital	0	0	0	0	0	0	0	0	0
2.	Other payments by owners	0	0	0	0	0	0	0	0	0
3.	Payment of shares in profit/dividends	0	0	0	0	0	0	0	-156,751	-156,751
4.	Other distributions to owners	0	0	-1,918,480	0	340,091,085	-339,392,129	-1,219,524	-37,552	-1,257,076
X.	Balance at the last day of the reporting period in the current year	589,325,800	681,482,525	568,449,623	402,038,575	1,538,153,217	327,902,069	4,107,351,809	12,654,441	4,120,006,250

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

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

CROATIA osiguranje d.d., Zagreb
Reconciliation of the financial statements and statements for the Croatian Financial Services
Supervisory Agency

1. Reconciliation of the statement of comprehensive income prepared in accordance with the HANFA format and the format of the financial statements prepared in accordance with the IFRS reporting framework

Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	5	Basic financial statements	
Position description	HRK '000						HRK '000	HRK '000
Earned premiums (recognised in revenue)	2,498,886						2,498,886	Net earned premiums
Gross written premiums	2,741,819							
Impairment and collected premium impairment	2,775							
Premiums ceded to reinsurance (-)	(248,776)							
Change in gross provisions for unearned premiums (+/-)	(13,442)							
Change in provision for unearned premiums, reinsurance share (+/-)	16,510							
Investment income	386,564	(3,993)	26,108	-	-	-	408,679	Finance income
Income from subsidiaries, associates and joint ventures	25,698							
Income from investments in land and buildings	28,494	(3,144)						
Interest income	179,496							
Unrealised gain on investments	4,037							
Realised gain on investments	89,829							
Net foreign exchange gains	37,193		26,108					
Other investment income	21,817	(849)						
Income from commissions and fees	41,578						41,578	Income from commissions and fees
Other insurance-technical income, net of reinsurance	31,047			(31,047)				
Other income	9,018			29,358	3,042		41,418	Other operating income
Net claims incurred	(1,682,462)					13,610	(1,668,852)	Claims incurred, net of reinsurance and coinsurance
Settled claims	(1,616,354)							
Gross amount (-)	(1,719,629)							
Reinsurer's share (+)	103,275							
Change in claims provisions (+/-)	(66,107)							
Gross amount (-)	(310,942)							
Reinsurer's share (+)	244,835							
Change in mathematical provision and other technical provisions, net of reinsurance	(25,529)					25,529	-	
Change in mathematical provision (+/-)	(41,906)					41,906	-	
Gross amount (-)	(41,896)					41,896	-	
Reinsurer's share (+)	(10)					10	-	
Change in other technical provisions, net of reinsurance (+/-)	16,377					(16,377)	-	
Gross amount (-)	16,377					(16,377)	-	
Reinsurer's share (+)	-						-	
Special provisions for unit-linked life insurance group, net of reinsurance (+/-)	44,417					(44,417)	-	
Gross amount (-)	44,417					(44,417)	-	
Reinsurer's share (+)	-						-	
Expenditures for return of premium (bonuses and rebates), net of reinsurance	(5,278)					5,278	-	
Depending on the result (bonuses)	(5,278)					5,278	-	
Not depending on the result (rebates)	-						-	
Operating expenditures (for business operations), net	(864,492)				(3,042)		(867,534)	
Acquisition costs	(477,748)						(477,748)	Acquisition costs
Commission	(256,323)							
Other acquisition costs	(203,665)							
Change in deferred acquisition costs (+/-)	(17,760)							
Administration costs (administrative expenses)	(386,744)				(3,042)		(389,786)	Administration costs
Depreciation charge	(57,063)							
Salaries, taxes and contributions from and on salaries	(131,335)							
Other administrative expenses	(198,346)				(3,042)			
Investment charges	(117,198)	3,993	(26,108)	-	-	-	(139,313)	Finance costs
Depreciation of land and buildings not intended for business operations of the company	-							
Interest expense	(10,650)							
Impairment of investments	(7,755)							
Realised losses on investments	(34,570)							
Unrealised losses on investments	(10,771)							
Net foreign exchange losses	-		(26,108)					
Other investment costs	(53,451)	3,993						
Other technical expenses, net of reinsurance	(38,675)			38,675				
Expenses for preventive operations	-							
Other technical expenses of insurance	(38,675)			38,675				
Other expenses, including value adjustments	(3,736)			(36,986)			(40,722)	Other operating expenses
Profit or loss for the accounting period before tax (+/-)	274,140	-	-	-	-	-	274,140	Profit/(loss) before tax
Income tax or loss	(44,551)						(44,551)	Income tax
Current tax expense	(42,689)							
Deferred tax expense (income)	(1,862)							
Profit or loss for the accounting period after tax (+/-)	229,589						229,589	Profit/(loss) for the period

Reconciliation of the statement of comprehensive income prepared in accordance with the HANFA format and the format of these financial statements (continued)

1. Income and expenses from the sale of land and buildings and income from reversal of impairment of investments are recorded on a net basis
2. Foreign exchange differences are recorded on a net basis.
3. Reclassification of other insurance and technical income, net of reinsurance to other operating income and reclassification of other technical costs, net of reinsurance to other operating expenses and netting of income from sale of tangible assets.
4. Reclassification of other income and other administrative expenses are presented at net basis in position other operating income/administrative costs.
5. The change in mathematical provision, special provision for life assurance policies where the policyholder bears the risk of insurance and expenditure for return of premium (bonuses and rebates) are recorded within claims incurred, net of reinsurance and coinsurance.

Reconciliation of the financial statements and statements for the Croatian Financial Services Supervisory Agency
2. Reconciliation of the statement of financial position prepared in accordance with the HANFA format and the financial statements in accordance with the IFRS reporting framework

Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	Basic financial statements	
Position description	HRK'000					HRK'000	Position description
INTANGIBLE ASSETS	96,858					96,858	Intangible assets
Goodwill							
Other intangible assets	96,858						
TANGIBLE ASSETS	553,235				(329)	552,906	Property and equipment
Land and buildings intended for company business operations	264,388						
Equipment	26,848						
Other tangible assets and inventories	261,999				(329)		
INVESTMENTS	8,491,904	400,250	-				
Investments in land and buildings not intended for company business operations	456,653					456,653	Investment property
Investments in subsidiaries, associates and joint ventures	376,516					376,516	Investments in subsidiaries associates and joint ventures
Shares and stakes in subsidiaries	342,828						
Shares and stakes in associates	5,688						
Shares and stakes in joint ventures	28,000						
Financial assets	7,658,735	400,250					
Held-to-maturity financial assets	2,082,335					2,082,335	Held-to-maturity investments
Debt financial instruments	2,082,335						
<i>Other</i>							
Available-for-sale financial assets	4,536,162					4,536,162	Available-for-sale financial assets
Equity financial instruments	536,134						
Debt financial instruments	3,807,954						
Shares in investment funds	192,074						
<i>Other</i>							
Financial assets at fair value through profit or loss	21,303	400,250				421,553	Financial assets at fair value through profit or loss
Equity financial instruments	17,188						
Debt financial instruments							
Derivative financial instruments	4,115						
Shares in investment funds		400,250					
<i>Other</i>							
Loans and receivables	1,018,935		-			1,018,935	Loans and receivables
<i>Deposits with credit institutions</i>	493,060						
<i>Loans</i>	348,650						
<i>Other</i>	177,225						
DEPOSITS WITH CEDENT							
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	400,250	(400,250)					
REINSURER'S SHARE IN TECHNICAL PROVISIONS	474,869					474,869	Reinsurance share in insurance contract provisions
Provision for unearned premiums, reinsurance share	58,699						
Mathematical provisions, reinsurance share	12						
Claims provisions, reinsurance share	416,158						
Provisions for bonuses and discounts, reinsurance share							
Equalisation provisions, reinsurance share							
Other technical provisions, reinsurance share							
Special provision for unit-linked life insurance group, reinsurance share							
DEFERRED AND CURRENT TAX ASSETS	67,468		(67,468)	-	-		
Deferred tax assets	67,468		(67,468)	-	-		Deferred tax assets
Current tax assets							
RECEIVABLES	741,966			(3,683)	52,731	791,014	Insurance contracts and other receivables
Receivables from insurance business	486,374						
<i>From policyholders</i>	485,690						
<i>From insurance agents, or insurance brokers</i>	684						
Reinsurance receivables	59,038						
Other receivables	196,554			(3,683)	52,731		
<i>Receivables from other insurance business</i>	164,158						
<i>Receivables for income from investments</i>	1,034						
<i>Other receivables</i>	31,362			(3,683)	52,731		
Other receivables	512,937				(1)		
Cash at bank and in hand	512,936					512,936	Cash and cash equivalents
<i>Funds in the business account</i>	450,515						
<i>Funds in the account of assets backing mathematical provision</i>	62,420						
<i>Cash on hand</i>							
Non-current assets held for sale and discontinued operation					-		
<i>Other</i>	1				(1)		
PREPAID EXPENSES AND ACCRUED INCOME	260,751				(52,401)		
Deferred interest and rent	10				(10)		
Deferred acquisition costs	208,350					208,350	Deferred acquisition costs
Other prepayments and accrued income	52,391				(52,391)		
TOTAL ASSETS	11,600,238	-	(67,468)	(3,683)	-	11,529,087	Total assets
OFF-BALANCE-SHEET ITEMS	3,050,039						

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

Reconciliation of the statement of financial position prepared in accordance with the HANFA format and the format of the financial statements prepared in accordance with the IFRS reporting framework (continued)

1. Investments held on account and at risk of unit-linked life assurance policyholders are recorded together with financial assets at fair value through profit or loss.
2. Deferred tax assets and liabilities are recorded on a net basis in the Basic financial statements.
3. Internal liabilities are offset with corresponding receivables in the Basic financial statements.
4. Inventories, other assets and prepaid expenses and accrued income are recorded together with insurance receivables and other receivables.

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Reconciliation of the financial statements and statements for the Croatian Financial Services
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Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	5	Basic financial statements	
Position description	HRK'000						HRK'000	Position description
CAPITAL AND RESERVES	3,533,840	-			-			
Subscribed share capital	589,326	-			-		589,326	Share capital
Paid-up capital - ordinary shares	589,326							
Paid-up capital - preference shares								
Issued shares premiums (capital reserves)	681,483						681,483	Issued shares premiums
Revaluation reserves	471,124	-			-		471,124	Revaluation reserves
Land and buildings	49,174							
Financial assets available-for-sale	421,951							
Other revaluation reserves		-			-			
Reserves	402,038	-			-		402,038	Reserves
Legal reserves	30,079							
Statutory reserves	147,220							
Other reserves	224,739							
Retained profit or transferred loss	1,160,279	-		229,589	-		1,389,868	Retained profit
Retained profit	1,160,279	-		229,589	-			
Accumulated loss (-)								
Profit or loss for the current accounting period	229,589	-		(229,589)	-			
Profit for the current accounting period	229,589			(229,589)				
Loss for the current accounting period (-)								
SUBORDINATED LIABILITIES								
NON-CONTROLLING INTEREST								
TECHNICAL PROVISIONS	6,635,006	400,250	-				7,035,256	Insurance contract provisions
Provisions for unearned premiums, gross amount	1,148,879							
Mathematical provisions, gross amount	2,565,485							
Claims provisions, gross amount	2,905,442							
Provisions for bonuses and discounts, gross amount	7,214							
Equalisation provisions, gross amount	7,056							
Other technical provisions, gross amount	931							
SPECIAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE GROUP, gross amount	400,250	(400,250)						
OTHER PROVISIONS	89,573				-	(3,034)		
Provisions for pensions and similar liabilities	86,539						86,539	Provisions
Other provisions	3,034					(3,034)		
DEFERRED AND CURRENT TAX LIABILITY	107,794		(67,468)		-			
Deferred tax liability	103,448		(67,468)				35,980	Deferred tax liability
Current tax liability	4,346						4,346	Current tax liability
DEPOSIT RETAINED FROM BUSINESS CEDED TO REINSURANCE								
FINANCIAL LIABILITIES	284,278						284,278	Financial liabilities
Borrowings								
Issued financial instruments payable								
Other financial liabilities	284,278							
OTHER LIABILITIES	262,993	-			(3,683)	289,539	548,849	Insurance contracts and other payables and deferred income
Liabilities from direct insurance business	79,842							
Liabilities from co-insurance and reinsurance business	90,290							
Liabilities for sale and discontinued operation								
Other liabilities	92,861				(3,683)	289,539		
ACCRUED EXPENSES AND DEFERRED INCOME	286,505					(286,505)		
Deferred reinsurance commission								
Other accrued expenses and deferred income	286,505					(286,505)		
TOTAL EQUITY AND LIABILITIES	11,600,238	-	(67,468)	-	(3,683)	-	11,529,087	Total equity and liabilities
OFF-BALANCE-SHEET ITEMS	3,050,039							

1. A special provision for unit-linked life insurance group is recorded within Technical provision.
2. Deferred tax assets and liabilities are offset in the Basic financial statements.
3. Profit or loss for the current accounting period is presented together with retained earnings in the financial statements prepared in accordance with the IFRS reporting framework.
4. Internal liabilities are offset with corresponding receivables in the Basic financial statements.
5. Other provisions and accrued expenses and deferred income are recorded in the financial statements prepared in accordance with the IFRS reporting framework within Insurance and other liabilities, provisions and deferred income.

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Reconciliation of the financial statements and statements for the Croatian Financial Services
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3. Reconciliation of the consolidated statement of comprehensive income prepared in accordance with the HANFA format and the format of the financial statements prepared in accordance with the IFRS reporting framework

Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	5	Basic financial statements	
Position description	HRK '000						HRK '000	Position description
Earned premiums (recognised in revenue)	2,979,538						2,979,538	Net earned premiums
Gross written premiums	3,240,231							
Impairment and collected premium impairment	(2,833)							
Premiums ceded to reinsurance (-)	(277,861)							
Change in gross provisions for unearned premiums (+/-)	3,767							
Change in provision for unearned premiums, reinsurance share (+/-)	16,234							
Investment income	487,706	(4,891)	16,135	-	-	-	498,950	Finance income
Income from subsidiaries, associates and joint ventures	19,749		(10,339)					
Income from investments in land and buildings	110,837	(4,891)						
Interest income	195,584							
Unrealised gain on investments	5,930							
Realised gain on investments	89,878							
Net foreign exchange gains	38,006		26,474					
Other investment income	27,722	-						
			10,339				10,339	Share in profit of associates
Income from commissions and fees	43,168						43,168	Income from commissions and fees
Other insurance-technical income, net of reinsurance	45,090			(45,090)				
Other income	124,268			43,304	5,149		172,721	Other operating income
Net claims incurred	(1,920,259)					(16,382)	(1,936,641)	Claims incurred, net of reinsurance and coinsurance
Settled claims	(1,838,666)							
Gross amount (-)	(1,946,473)							
Reinsurer's share (+)	107,807							
Change in claims provisions (+/-)	(81,593)							
Gross amount (-)	(327,081)							
Reinsurer's share (+)	245,488							
Change in mathematical provision and other technical provisions, net of reinsurance	(46,085)					46,085	-	
Change in mathematical provision (+/-)	(62,786)					62,786	-	
Gross amount (-)	(62,776)					62,776	-	
Reinsurer's share (+)	(10)					10	-	
Change in other technical provisions, net of reinsurance (+/-)	16,701					(16,701)	-	
Gross amount (-)	16,701					(16,701)	-	
Reinsurer's share (+)	-						-	
Special provisions for unit-linked life insurance group, net of reinsurance (+/-)	38,125					(38,125)	-	
Gross amount (-)	38,125					(38,125)	-	
Reinsurer's share (+)	-						-	
Expenditures for return of premium (bonuses and rebates), net of reinsurance	(8,422)					8,422	-	
Depending on the result (bonuses)	(5,278)					5,278	-	
Not depending on the result (rebates)	(3,144)					3,144	-	
Operating expenditures (for business operations), net	(1,155,663)				(5,189)		(1,160,852)	
Acquisition costs	(577,716)						(577,716)	Acquisition costs
Commission	(281,638)							
Other acquisition costs	(273,920)							
Change in deferred acquisition costs (+/-)	(22,158)							
Administration costs (administrative expenses)	(577,947)				(5,189)		(583,136)	Administration costs
Depreciation charge	(81,982)							
Salaries, taxes and contributions from and on salaries	(209,664)							
Other administrative expenses	(286,300)				(5,189)			
Investment charges	(127,096)	4,891	(26,474)	-	-	-	(148,679)	Finance costs
Depreciation of land and buildings not intended for business operations of the company	-							
Interest expense	(12,145)							
Impairment of investments	(7,440)							
Realised losses on investments	(34,570)							
Unrealised losses on investments	(12,136)							
Net foreign exchange losses	-		(26,474)					
Other investment costs	(60,805)	4,891			-			
Other technical expenses, net of reinsurance	(62,105)			62,105				
Expenses for preventive operations	(1,343)			1,343				
Other technical expenses of insurance	(60,762)			60,762				
Other expenses, including value adjustments	(6,675)			(60,319)	41		(66,954)	Other operating expenses
Profit or loss for the accounting period before tax (+/-)	391,590	-	-	-	-	-	391,590	Profit/(loss) before tax
Income tax or loss	(63,388)						(63,388)	Income tax
Current tax expense	(62,570)							
Deferred tax expense (income)	(818)							
Profit or loss for the accounting period after tax (+/-)	328,202						328,202	Profit/(loss) for the period

Reconciliation of the statement of comprehensive income prepared in accordance with the HANFA format and the format of these financial statements (continued)

1. Income and expenses from the sale of land and buildings are recorded on a net basis.
2. Foreign exchange differences are recorded on a gross basis and share in profit of associates is presented as a separate line in the Basic financial statements.
3. Reclassification of other insurance and technical income, net of reinsurance to other operating income and reclassification of other technical costs, net of reinsurance to other operating expenses and netting of income from the sale of tangible assets.
4. Reclassification of other revenues and other administrative expenses are presented at net basis in position other operating income/administrative costs.
5. The change in mathematical provision, special provision for life assurance policies where the policyholder bears the risk of insurance and expenditure for return of premium (bonuses and rebates) are recorded within claims incurred, net of reinsurance and coinsurance.

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

4. Reconciliation of the consolidated statement of financial position prepared in accordance with the HANFA format and the financial statements in accordance with the IFRS reporting framework

Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	5	Basic financial statements		
Position description	HRK'000						HRK'000	Position description	
INTANGIBLE ASSETS	107,873						107,873	Intangible assets	
Goodwill									
Other intangible assets	107,873								
TANGIBLE ASSETS	876,965					(2,579)	874,386	Property and equipment	
Land and buildings intended for company business operations	496,663								
Equipment	78,011								
Other tangible assets and inventories	302,291					(2,579)			
INVESTMENTS	9,617,205	412,084	(15,061)						
Investments in land and buildings not intended for company business operations	1,013,247						1,013,247	Investment property	
Investments in subsidiaries, associates and joint ventures	76,593						76,593	Investments in subsidiaries associates and joint ventures	
Shares and stakes in subsidiaries									
Shares and stakes in associates	10,091								
Shares and stakes in joint ventures	66,502								
Financial assets	8,527,365	412,084	(15,061)						
Held-to-maturity financial assets	2,169,783						2,169,783	Held-to-maturity investments	
Debt financial instruments	2,169,783								
Other									
Available-for-sale financial assets	5,123,648						5,123,648	Available-for-sale financial assets	
Equity financial instruments	536,699								
Debt financial instruments	4,394,875								
Shares in investment funds	192,074								
Other									
Financial assets at fair value through profit or loss	47,351	412,084					459,435	Financial assets at fair value through profit or loss	
Equity financial instruments	17,188								
Debt financial instruments									
Derivative financial instruments	4,115								
Shares in investment funds	26,048	412,084							
Other									
Loans and receivables	1,186,583		(15,061)				1,171,522	Loans and receivables	
Deposits with credit institutions	908,433		(15,061)						
Loans	100,925								
Other	177,225								
Deposits with cedent									
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	412,084	(412,084)							
REINSURER'S SHARE IN TECHNICAL PROVISIONS	488,265						488,265	Reinsurance share in insurance contract provisions	
Provision for unearned premiums, reinsurance share	64,700								
Mathematical provisions, reinsurance share	12								
Claims provisions, reinsurance share	423,553								
Provisions for bonuses and discounts, reinsurance share									
Equalisation provisions, reinsurance share									
Other technical provisions, reinsurance share									
Special provision for unit-linked life insurance group, reinsurance share									
DEFERRED AND CURRENT TAX ASSETS	76,752		-	(67,665)		(7,434)			
Deferred tax assets	69,318			(67,665)			1,653	Deferred tax assets	
Current tax assets	7,434					(7,434)			
RECEIVABLES	877,139					(57,069)	81,974	902,044	Insurance contract and other receivables
Receivables from insurance business	526,358								
From policyholders	525,674								
From insurance agents, or insurance brokers	684								
Reinsurance receivables	60,077								
Other receivables	290,703					(57,069)	81,974		
Receivables from other insurance business	166,273								
Receivables for income from investments	516								
Other receivables	123,914					(57,069)	81,974		
Other receivables	662,450		15,061				(8,086)		
Cash at bank and in hand	654,364		15,061				669,425	Cash and cash equivalents	
Funds in the business account	590,982		15,061						
Funds in the account of assets backing mathematical provision	62,945								
Cash on hand	437								
Non-current assets held for sale and discontinued operation	1,939						(1,939)		
Other	6,147						(6,147)		
PREPAID EXPENSES AND ACCRUED INCOME	311,229						(63,875)		
Deferred interest and rent	1,104						(1,104)		
Deferred acquisition costs	247,354						247,354	Deferred acquisition costs	
Other prepayments and accrued income	62,771						(62,771)		
TOTAL ASSETS	13,429,962	-	-	(67,665)	(57,069)	-	13,305,228	Total assets	
OFF-BALANCE-SHEET ITEMS	3,109,594								

Reconciliation of the statement of financial position prepared in accordance with the HANFA format and the format of the financial statements prepared in accordance with the IFRS reporting framework (continued)

1. Investments held on account and at risk of unit-linked life assurance policyholders is recorded together with financial assets at fair value through profit or loss.
2. Deposits with contractual maturity up to 3 months are recorded together with cash and cash equivalents.
3. Deferred tax assets and liabilities are recorded on a net basis in the Basic financial statements.
4. Internal receivables are offset with corresponding liabilities in the Basic financial statements.
5. Inventories, current tax assets, other assets and prepaid expenses and accrued income are recorded together with insurance contract and other receivables.

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

Report for the Croatian Financial Services Supervisory Agency		1	2	3	4	5	Basic financial statements	
Position description	HRK'000						HRK'000	Position description
CAPITAL AND RESERVES	4,107,351	-		-				
Subscribed share capital	589,326	-		-			589,326	Share capital
Paid-up capital - ordinary shares	589,326							
Paid-up capital - preference shares								
Issued shares premiums (capital reserves)	681,483						681,483	Issued shares premiums
Revaluation reserves	568,450	-		-			568,450	Revaluation reserves
Land and buildings	112,257							
Financial assets available-for-sale	456,028							
Other revaluation reserves	165							
Reserves	402,038	-		-			402,038	Reserves
Legal reserves	30,079							
Statutory reserves	147,220							
Other reserves	224,739							
Retained profit or transferred loss	1,538,153	-	327,902	-			1,866,055	Retained profit
Retained profit	1,538,153	-	327,902	-				
Accumulated loss (-)								
Profit or loss for the current accounting period	327,902	-	(327,902)	-				
Profit for the current accounting period	327,902		(327,902)					
Loss for the current accounting period (-)								
SUBORDINATED LIABILITIES								
NON-CONTROLLING INTEREST	12,654						12,654	
TECHNICAL PROVISIONS	7,623,934	412,085	-				8,036,019	Technical provisions
Provisions for unearned premiums, gross amount	1,435,263							
Mathematical provisions, gross amount	3,022,248							
Claims provisions, gross amount	3,140,531							
Provisions for bonuses and discounts, gross amount	9,464							
Equalisation provisions, gross amount	7,056							
Other technical provisions, gross amount	9,372							
SPECIAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE GROUP, gross amount	412,085	(412,085)						
OTHER PROVISIONS	101,230			-		(3,271)		
Provisions for pensions and similar liabilities	97,959						97,959	Provisions
Other provisions	3,271					(3,271)		
DEFERRED AND CURRENT TAX LIABILITY	172,407		-	(67,665)				
Deferred tax liability	152,421			(67,665)			84,756	Deferred tax liability
Current tax liability	19,986						19,986	Current tax liability
DEPOSIT RETAINED FROM BUSINESS CEDED TO REINSURANCE								
FINANCIAL LIABILITIES	323,892						323,892	Financial liabilities
Borrowings								
Issued financial instruments payable								
Other financial liabilities	323,892							
OTHER LIABILITIES	376,940	-			(57,069)	302,740	622,611	Insurance contract and other payables and deferred income
Liabilities from direct insurance business	92,687							
Liabilities from co-insurance and reinsurance business	96,612							
Liabilities for sale and discontinued operation	12							
Other liabilities	187,629				(57,069)	302,740		
ACCRUED EXPENSES AND DEFERRED INCOME	299,469					(299,469)		
Deferred reinsurance commission								
Other accrued expenses and deferred income	299,469					(299,469)		
TOTAL EQUITY AND LIABILITIES	13,429,962	-	-	(67,665)	(57,069)	-	13,305,228	Total equity and liabilities
OFF-BALANCE-SHEET ITEMS	3,109,594							

1. A special provision for unit-linked life insurance group is recorded within Technical provision.
2. Profit or loss for the current accounting period is presented together with retained earnings in the financial statements prepared in accordance with the IFRS reporting framework.
3. Deferred tax assets and liabilities are recorded on a net basis in the Basic financial statements.
4. Internal receivables are offset with corresponding liabilities in the Basic financial statements.
5. Other provisions and accrued expenses and deferred income are recorded in the financial statements prepared in accordance with the IFRS reporting framework within Insurance and other liabilities, provisions and deferred income.

Statement of cash flow

The statement of cash flows has been prepared in accordance with the Ordinance on the structure and content of financial statements of insurance and reinsurance companies ("the Ordinance"), and its preparation is described in detail in the Instructions for completing financial statements of insurance and reinsurance companies, but its presentation differs from the statement of cash flows in the financial statements.

The main differences in presentation are described below:

1. Differences in the positions of increase or decrease in assets and liabilities in the statement of cash flows in the financial statements prepared in accordance with the IFRS reporting framework 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 (balance sheet).
2. Cash and cash equivalents at the beginning and end of the period presented in the basic 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 basic financial statements it is presented under Retained earnings.