



CROATIA osiguranje d.d.  
Vatroslava Jagića 33, 10 000 Zagreb  
[www.crosig.hr](http://www.crosig.hr)

**UNCONSOLIDATED UNAUDITED  
QUARTERLY REPORT,  
FOR THE PERIOD 1.1.2020 - 30.9.2020**

Zagreb, October 2020

## CONTENT

I. UNAUDITED FINANCIAL STATEMENTS.....	3
STATEMENT OF COMPREHENSIVE INCOME .....	4
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET).....	6
STATEMENT OF CHANGES IN EQUITY .....	8
STATEMENT OF CASH FLOWS – indirect method.....	9
II. QUARTERLY MANAGEMENT REPORT .....	10
III. NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD I-IX 2020 ....	16
MANAGEMENT BOARD STATEMENT .....	25

# I. UNAUDITED FINANCIAL STATEMENTS

Annex 1		
ISSUER'S GENERAL DATA		
Reporting period:	1.1.2020	to 30.9.2020
Year:	2020	
Quarter:	3	
<b>Quarterly financial statements</b>		
Registration number (MB):	03276147	Issuer's home Member State code: HR
Entity's registration number (MBS):	080051022	
Personal identification number (OIB):	26187994862	LEI: 74780000M0GHQ1VXJU20
Institution code:	199	
Name of the issuer:	CROATIA osiguranje d.d.	
Postcode and town:	10 000	ZAGREB
Street and house number:	Vatroslava Jagića 33	
E-mail address:	info@crosig.hr	
Web address:	www.crosig.hr	
Number of employees (end of the reporting period):	2248	
Consolidated report:	KN	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
Bookkeeping firm:	No (Yes/No)	(name of the bookkeeping firm)
Contact person:	Jelena Matijević (only name and surname of the contact person)	
Telephone:	01/633 3135	
E-mail address:	jelena.matijevic@crosig.hr	
Audit firm:	(name of the audit firm)	
Certified auditor:	(name and surname)	

**STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2020 - 30.9.2020

in HRK

Item	ADP code	Same period of the previous year			Current year		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>I Earned premiums (ADP 119 to 123)</b>	<b>118</b>	436.346.284	1.447.340.494	1.883.686.778	353.456.541	1.518.345.988	1.871.802.529
1 Gross written premium	119	436.914.334	1.823.728.074	2.260.642.408	353.503.919	1.861.571.361	2.215.075.280
2 Value adjustment and charged premium value adjustment	120	0	-7.874.244	-7.874.244	0	-1.234.615	-1.234.615
3 Outward reinsurance premiums (-)	121	-61.620	-211.645.229	-211.706.849	-55.949	-195.382.274	-195.438.223
4 Change of gross provisions for unearned premiums (+/-)	122	-511.982	-177.360.668	-177.872.650	649	-175.354.839	-175.354.190
5 Change of provisions for unearned premiums, reinsurers' share (+/-)	123	5.552	20.492.561	20.498.113	7.922	28.746.355	28.754.277
<b>II Income from investments (ADP 125 to 131)</b>	<b>124</b>	95.037.847	209.007.109	304.044.956	121.608.074	193.469.243	315.077.317
1 Income from branches, associates and joint ventures.	125	947.704	43.308.958	44.256.662	1.939.687	11.441.095	13.380.782
2 Income from investment in land and buildings	126	0	26.594.641	26.594.641	0	17.882.951	17.882.951
3 Interest income	127	79.941.276	80.275.574	160.216.850	67.003.090	69.562.494	136.565.584
4 Unrealised gains on investments	128	522.864	6.309.932	6.832.796	0	224.785	224.785
5 Realised gains on investments	129	13.618.395	38.989.851	52.608.246	19.190.684	64.666.111	83.856.795
6 Net positive exchange rate differences	130	0	0	0	33.467.093	12.107.396	45.574.489
7 Other income from investments	131	7.608	13.528.153	13.535.761	7.520	17.584.411	17.591.931
<b>III Income from commissions and fees</b>	<b>132</b>	1.607.981	28.743.824	30.351.805	1.573.887	29.364.639	30.938.526
<b>IV Other insurance-technical income, net amount from reinsurance</b>	<b>133</b>	151.632	19.701.976	19.853.608	384.844	23.978.676	24.363.520
<b>V Other income</b>	<b>134</b>	5.347	7.710.184	7.715.531	846	4.323.176	4.324.022
<b>VI Claims incurred, net (ADP 136 + 139)</b>	<b>135</b>	-243.443.509	-826.353.635	-1.069.797.144	-369.729.779	-897.121.083	-1.266.850.862
1 Claims settled (ADP 137+138)	136	-250.843.279	-798.132.656	-1.048.975.935	-362.785.887	-837.946.121	-1.200.732.008
1.1 Gross amount (-)	137	-250.843.279	-871.410.430	-1.122.253.709	-362.785.887	-883.193.914	-1.245.979.801
1.2 Reinsurers' share (+)	138	0	73.277.774	73.277.774	0	45.247.793	45.247.793
2 Change in the provision for claims (+/-) (ADP 140+141)	139	7.399.770	-28.220.979	-20.821.209	-6.943.892	-59.174.962	-66.118.854
2.1 Gross amount	140	7.399.770	-25.802.024	-18.402.254	-6.943.892	-147.687.110	-154.631.002
2.3 Reinsurers' share	141	0	-2.418.955	-2.418.955	0	88.512.148	88.512.148
<b>VII Change in mathematical provision and other technical provisions, net of reinsurance (ADP 143+146)</b>	<b>142</b>	-186.789.625	9.522.310	-177.267.315	-19.389.554	20.864.584	1.475.030
1 Change in mathematical provisions (+/-) (ADP 144+145)	143	-186.789.625	8.946.678	-177.842.947	-19.389.554	5.206.372	-14.183.182
1.1 Gross amount (-)	144	-186.792.112	8.946.678	-177.845.434	-19.384.136	5.206.372	-14.177.764
1.2 Reinsurers' share (+)	145	2.487	0	2.487	-5.418	0	-5.418
2 Change in other technical provisions, net of reinsurance (+/-) (ADP 147+148)	146	0	575.632	575.632	0	15.658.212	15.658.212
2.1 Gross amount (-)	147	0	575.632	575.632	0	15.658.212	15.658.212
2.2 Reinsurers' share (+)	148	0	0	0	0	0	0
<b>VIII Change of special provision for life assurance where policyholders bear the investment risk, net of reinsurance (+/-) (ADP 150+151)</b>	<b>149</b>	9.762.649	0	9.762.649	13.381.242	0	13.381.242
1 Gross amount (-)	150	9.762.649	0	9.762.649	13.381.242	0	13.381.242
3 Reinsurers' share (+)	151	0	0	0	0	0	0
<b>IX Cash payments for bonuses and rebates, net of reinsurance (ADP 153+154)</b>	<b>152</b>	0	-6.164.324	-6.164.324	0	-5.200.416	-5.200.416
1 Performance-dependent (bonuses)	153	0	-6.164.324	-6.164.324	0	-5.200.416	-5.200.416
2 Performance-independent (rebates)	154	0	0	0	0	0	0

**STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2020 - 30.9.2020

in HRK

Item	ADP code	Same period of the previous year			Current year		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>X Operating expenses (business expenditures), net (ADP 156+160)</b>	<b>155</b>	<b>-62.414.931</b>	<b>-590.205.324</b>	<b>-652.620.255</b>	<b>-48.697.147</b>	<b>-573.168.441</b>	<b>-621.865.588</b>
1 Acquisition costs (ADP 157 to 159)	156	-28.549.420	-343.786.637	-372.336.057	-21.324.501	-311.558.168	-332.882.669
1.1 Commission	157	-9.949.606	-210.758.843	-220.708.449	-5.850.222	-196.885.039	-202.735.261
1.2 Other acquisition costs	158	-18.599.814	-130.360.398	-148.960.212	-15.474.279	-118.507.790	-133.982.069
1.3 Change in deferred acquisition costs	159	0	-2.667.396	-2.667.396	0	3.834.661	3.834.661
2 Administration expenses (administrative costs) (ADP 161 to 163)	160	-33.865.511	-246.418.687	-280.284.198	-27.372.646	-261.610.273	-288.982.919
2.1 Depreciation	161	-2.754.578	-40.236.354	-42.990.932	-2.455.043	-40.537.659	-42.992.702
2.2 Salaries, taxes and contributions from/on salaries	162	-14.934.686	-95.613.144	-110.547.830	-11.755.262	-88.317.251	-100.072.513
2.3 Other administration expenses	163	-16.176.247	-110.569.189	-126.745.436	-13.162.341	-132.755.363	-145.917.704
<b>XI Investment expenses (ADP 165 to 171)</b>	<b>164</b>	<b>-8.932.545</b>	<b>-49.761.759</b>	<b>-58.694.304</b>	<b>-16.174.782</b>	<b>-65.150.721</b>	<b>-81.325.503</b>
1 Depreciation of land and buildings not occupied by an undertaking for its own activities	165	0	0	0	0	0	0
2 Interest	166	-991.010	-5.956.346	-6.947.356	-979.738	-6.273.287	-7.253.025
3 Impairment of investments	167	0	-6.507.124	-6.507.124	-1.013.854	-4.704.845	-5.718.699
4 Realised loss on investments	168	-484.817	-10.085.472	-10.570.289	-9.139.608	-18.719.785	-27.859.393
5 Unrealised loss on investments	169	-138.310	-3.277.035	-3.415.345	-2.690.462	-13.835.618	-16.526.080
6 Net negative exchange rate differences	170	-5.775.853	-973.103	-6.748.956	0	0	0
7 Other investment expenses	171	-1.542.555	-22.962.679	-24.505.234	-2.351.120	-21.617.186	-23.968.306
<b>XII Other technical expenses, net of reinsurance (ADP 173+174)</b>	<b>172</b>	<b>-453.273</b>	<b>-23.208.156</b>	<b>-23.661.429</b>	<b>-833.340</b>	<b>-26.152.889</b>	<b>-26.986.229</b>
1 Expenses of preventive activities	173	0	0	0	0	0	0
2 Other technical expenses of insurance	174	-453.273	-23.208.156	-23.661.429	-833.340	-26.152.889	-26.986.229
<b>XIII Other activities, including value adjustments</b>	<b>175</b>	<b>-10.160</b>	<b>-4.275.310</b>	<b>-4.285.470</b>	<b>-6.408</b>	<b>-1.407.233</b>	<b>-1.413.641</b>
<b>XIV Profit or loss for the accounting period before tax (+/-) (ADP 118+124+132 to 135+142+149+152+155+164+172+175)</b>	<b>176</b>	<b>40.867.697</b>	<b>222.057.389</b>	<b>262.925.086</b>	<b>35.574.424</b>	<b>222.145.523</b>	<b>257.719.947</b>
<b>XV Profit or loss tax (ADP 178+179)</b>	<b>177</b>	<b>-7.185.599</b>	<b>-33.346.000</b>	<b>-40.531.599</b>	<b>-6.236.746</b>	<b>-38.773.669</b>	<b>-45.010.415</b>
1 Current tax expense	178	-7.185.599	-33.346.000	-40.531.599	-6.236.746	-38.773.669	-45.010.415
2 Deferred tax expense (income)	179	0	0	0	0	0	0
<b>XVI Profit or loss for the accounting period after tax (+/-) (ADP 176+177)</b>	<b>180</b>	<b>33.682.098</b>	<b>188.711.389</b>	<b>222.393.487</b>	<b>29.337.678</b>	<b>183.371.854</b>	<b>212.709.532</b>
1 Attributable to owners of the parent	181	0	0	0	0	0	0
2 Attributable to non-controlling interest	182	0	0	0	0	0	0
<b>XVII TOTAL INCOME (ADP 118+124+132+133+134+179)</b>	<b>183</b>	<b>533.149.091</b>	<b>1.712.503.587</b>	<b>2.245.652.678</b>	<b>477.024.192</b>	<b>1.769.481.722</b>	<b>2.246.505.914</b>
<b>XVIII TOTAL EXPENSES (ADP 135+142+149+152+155+164+172+175+178)</b>	<b>184</b>	<b>-499.466.993</b>	<b>-1.523.792.198</b>	<b>-2.023.259.191</b>	<b>-447.686.514</b>	<b>-1.586.109.868</b>	<b>-2.033.796.382</b>
<b>IX Other comprehensive income (ADP 186 to 193)</b>	<b>185</b>	<b>92.049.832</b>	<b>144.729.300</b>	<b>236.779.132</b>	<b>-23.961.890</b>	<b>-90.519.095</b>	<b>-114.480.985</b>
1 Gains/losses arising from translation of financial statements relating to foreign operations	186	0	7.750	7.750	0	-122.439	-122.439
2 Gains/losses arising from the revaluation of financial assets available for sale	187	112.255.892	176.489.695	288.745.587	-29.221.817	-110.239.824	-139.461.641
3 Gains/losses arising from the revaluation of land and buildings occupied by an undertaking for its own activities	188	0	0	0	0	0	0
4 Gains/losses arising from the revaluation of other tangible (other than land and property) and intangible assets	189	0	0	0	0	0	0
5 Effects of cash flow hedging instruments	190	0	0	0	0	0	0
6 Actuarial gains/losses on pension plans with defined pensions	191	0	0	0	0	0	0
7 Share in other comprehensive income of associates	192	0	0	0	0	0	0
8 Income tax on other comprehensive income	193	-20.206.060	-31.768.145	-51.974.205	5.259.927	19.843.168	25.103.095
<b>XX Total comprehensive income (ADP 180 +185)</b>	<b>194</b>	<b>125.731.930</b>	<b>333.440.689</b>	<b>459.172.619</b>	<b>5.375.788</b>	<b>92.852.759</b>	<b>98.228.547</b>
1 Attributable to owners of the parent	195	0	0	0	0	0	0
2 Attributable to non-controlling interests	196	0	0	0	0	0	0
<b>XXI Reclassification adjustments</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.9.2020

in HRK

Item	ADP code	Last day of the preceding business year			At the reporting date of the current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>ASSETS</b>							
<b>A) INTANGIBLE ASSETS (ADP 002 +003)</b>	<b>001</b>	<b>0</b>	<b>36.992.651</b>	<b>36.992.651</b>	<b>0</b>	<b>72.587.925</b>	<b>72.587.925</b>
1 Goodwill	002	0	0	0	0	0	0
2 Other intangible assets	003	0	36.992.651	36.992.651	0	72.587.925	72.587.925
<b>B) TANGIBLE ASSETS (ADP 005 to 007)</b>	<b>004</b>	<b>9.973</b>	<b>641.779.864</b>	<b>641.789.837</b>	<b>14.133</b>	<b>553.770.957</b>	<b>553.785.090</b>
1 Land and buildings occupied by an undertaking for its own activities	005	0	355.254.200	355.254.200	0	266.787.968	266.787.968
2 Equipment	006	9.973	18.585.898	18.595.871	14.051	21.592.457	21.606.508
3 Other tangible assets and inventories	007	0	267.939.766	267.939.766	82	265.390.532	265.390.614
<b>C) INVESTMENTS (ADP 009+010+014+033)</b>	<b>008</b>	<b>3.054.031.686</b>	<b>5.465.347.334</b>	<b>8.519.379.020</b>	<b>2.959.639.193</b>	<b>5.472.773.833</b>	<b>8.432.413.026</b>
I Investments in land and buildings not occupied by an undertaking for its own activities	009	0	367.521.081	367.521.081	0	474.013.117	474.013.117
II Investments in branches, associates and joint ventures (ADP 011 to 013)	010	0	279.110.925	279.110.925	0	376.140.353	376.140.353
1 Shares and holdings in branches	011	0	245.422.632	245.422.632	0	342.452.060	342.452.060
2 Shares and holdings in associates	012	0	5.688.293	5.688.293	0	5.688.293	5.688.293
3 Shares and holdings in joint ventures	013	0	28.000.000	28.000.000	0	28.000.000	28.000.000
III Financial assets (ADP 015+018+023+029)	014	3.054.031.686	4.818.715.328	7.872.747.014	2.959.639.193	4.622.620.363	7.582.259.556
1 Financial assets held to maturity (ADP 016+017)	015	1.228.357.915	944.029.371	2.172.387.286	1.074.871.781	904.698.307	1.979.570.088
1.1 Debt financial instruments	016	1.228.357.915	944.029.371	2.172.387.286	1.074.871.781	904.698.307	1.979.570.088
1.2 Other	017	0	0	0	0	0	0
2 Financial assets available for sale (ADP 019 to 022)	018	1.628.859.849	2.817.918.874	4.446.778.523	1.687.068.983	2.760.633.986	4.447.702.969
2.1 Equity financial instruments	019	24.551.993	498.028.031	522.580.024	25.873.666	468.495.995	494.369.661
2.2 Debt financial instruments	020	1.582.180.361	2.255.225.971	3.837.406.332	1.617.261.738	2.180.809.505	3.798.071.243
2.3 Units in investment funds	021	22.127.495	64.664.672	86.792.167	43.933.579	111.328.486	155.262.065
2.4 Other	022	0	0	0	0	0	0
3 Financial assets at fair value through statement of profit or loss (ADP 024 to 028)	023	589.945	47.661.095	48.251.040	0	15.834.993	15.834.993
3.1 Equity financial instruments	024	0	17.070.930	17.070.930	0	15.547.806	15.547.806
3.2 Debt financial instruments	025	0	0	0	0	0	0
3.3 Derivative financial instruments	026	589.945	3.080.534	3.670.479	0	287.187	287.187
3.4 Units in investment funds	027	0	27.509.631	27.509.631	0	0	0
3.5 Other	028	0	0	0	0	0	0
4 Loans and receivables (ADP 030 to 032)	029	196.223.977	1.009.106.188	1.205.330.165	197.698.429	941.453.077	1.139.151.506
4.1 Deposits with credit institutions	030	144.001.733	540.294.540	684.296.273	145.802.651	457.607.677	603.410.328
4.2 Loans	031	52.222.244	312.837.084	365.059.328	47.874.101	307.141.292	355.015.393
4.3 Other	032	0	155.974.564	155.974.564	4.021.677	176.704.108	180.725.785
IV Deposits with cedants	033	0	0	0	0	0	0
<b>D) INVESTMENTS FOR THE ACCOUNT OF LIFE ASSURANCE POLICY HOLDERS WHO BEAR THE INVESTMENT RISK</b>	<b>034</b>	<b>445.325.559</b>	<b>0</b>	<b>445.325.559</b>	<b>432.965.109</b>	<b>0</b>	<b>432.965.109</b>
<b>E) REINSURANCE AMOUNT IN TECHNICAL PROVISIONS (ADP 036 to 042)</b>	<b>035</b>	<b>25.754</b>	<b>213.507.427</b>	<b>213.533.181</b>	<b>28.258</b>	<b>330.765.930</b>	<b>330.794.188</b>
1 Provisions for unearned premiums, reinsurance amount	036	3.724	42.185.167	42.188.891	11.646	70.931.522	70.943.168
2 Mathematical provision, reinsurance amount	037	22.030	0	22.030	16.612	0	16.612
3 Claims outstanding, reinsurance amount	038	0	171.322.260	171.322.260	0	259.834.408	259.834.408
4 Provisions for bonuses and rebates, reinsurance amount	039	0	0	0	0	0	0
5 Equalization provision, reinsurance amount	040	0	0	0	0	0	0
6 Other technical provisions, reinsurance amount	041	0	0	0	0	0	0
7 Special provisions for life assurance where policyholders bear the investment risk, reinsurance amount	042	0	0	0	0	0	0
<b>F) DEFERRED AND CURRENT TAX ASSETS (ADP 044 +045)</b>	<b>043</b>	<b>2.028.656</b>	<b>66.492.988</b>	<b>68.521.644</b>	<b>2.028.656</b>	<b>98.536.487</b>	<b>100.565.143</b>
1 Deferred tax assets	044	2.028.656	66.492.988	68.521.644	2,028,656	67,520,746	69,549,402
2 Current tax assets	045	0	0	0	0	31,015,741	31,015,741
<b>G) RECEIVABLES (ADP 047+050+051)</b>	<b>046</b>	<b>503.662</b>	<b>854.729.992</b>	<b>855.233.654</b>	<b>1.485.205</b>	<b>888.572.806</b>	<b>890.038.011</b>
1 Receivables arising from insurance business (ADP 048+049)	047	235.763	465.705.701	465.941.464	234.230	631.057.546	631.291.776
1.1 From policyholders	048	0	464.918.705	464.918.705	0	629.971.861	629.971.861
1.2 From insurance agents or insurance brokers	049	235.763	786.996	1.022.759	234.230	1.085.685	1.319.915
2 Receivables arising from reinsurance business	050	879	46.715.736	46,716,615	0	35,749,741	35,749,741
3 Other receivables (ADP 052 to 054)	051	267.020	342.308.555	342,575,575	1,230,975	221,765,519	222,996,494
3.1 Receivables arising from other insurance operations	052	0	199,851,589	199,851,589	0	188,458,249	188,458,249
3.2 Receivables for investment income	053	262.624	997.458	1,260,082	287,704	512,341	800,045
3.3 Other receivables	054	4,396	141,459,508	141,463,904	943,271	32,794,929	33,738,200
<b>H) OTHER ASSETS (ADP 056+060+061)</b>	<b>055</b>	<b>25.003.071</b>	<b>100.317.264</b>	<b>125.320.335</b>	<b>146.178.199</b>	<b>401.085.899</b>	<b>547.264.098</b>
1 Cash at bank and in hand (ADP 057 to 059)	056	25.003.071	100.316.752	125.319.823	146.178.199	401.085.387	547.263.586
1.1 Funds in the business account	057	0	100.316.752	100.316.752	0	401.083.379	401.083.379
1.2 Funds in the account of assets covering mathematical provisions	058	25.003.071	0	25.003.071	146.178.199	0	146.178.199
1.3 Cash in hand	059	0	0	0	0	2.008	2.008
2 Fixed assets held for sale and termination of business operations	060	0	0	0	0	0	0
3 Other	061	0	512	512	0	512	512
<b>I) PREPAYMENTS AND ACCRUED INCOME (ADP 063 to 065)</b>	<b>062</b>	<b>0</b>	<b>239.306.560</b>	<b>239.306.560</b>	<b>0</b>	<b>248.211.975</b>	<b>248.211.975</b>
1 Deferred interest and rent	063	0	0	0	0	10.000	10.000
2 Deferred acquisition costs	064	0	226.109.778	226.109.778	0	229.944.439	229.944.439
3 Other prepayments and accrued income	065	0	13.196.782	13.196.782	0	18.257.536	18.257.536
<b>J) TOTAL ASSETS (ADP 001+004+008+034+035+043+046+055+062)</b>	<b>066</b>	<b>3.526.928.361</b>	<b>7.618.474.080</b>	<b>11.145.402.441</b>	<b>3.542.318.753</b>	<b>8.066.305.812</b>	<b>11.608.624.565</b>
<b>K) OFF-BALANCE SHEET ITEMS</b>	<b>067</b>	<b>265.956.261</b>	<b>2.518.024.767</b>	<b>2.783.981.028</b>	<b>307.893.468</b>	<b>2.559.558.837</b>	<b>2.867.452.305</b>

# STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.9.2020

in HRK

Item	ADP code	Last day of the preceding business year			At the reporting date of the current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>LIABILITIES</b>							
<b>A) CAPITAL AND RESERVES (ADP 069+072+073+077+081+084)</b>							
1 Subscribed capital (ADP 070 to 071)	069	44.288.720	545.037.080	589.325.800	44.288.720	545.037.080	589.325.800
1.1 Paid in capital - ordinary shares	070	44.288.720	545.037.080	589.325.800	44.288.720	545.037.080	589.325.800
1.2 Paid in capital - preference shares	071	0	0	0	0	0	0
2 Premium on shares issued (capital reserves)	072	0	681.482.525	681.482.525	0	681.482.525	681.482.525
<b>3 Revaluation reserves (ADP 074 to 076)</b>							
3.1 Land and buildings	074	147.994.829	368.660.865	516.655.694	124.032.939	277.713.735	401.746.674
3.2 Financial assets available for sale	075	147.994.829	318.189.940	466.184.769	124.032.939	227.670.846	351.703.785
3.3 Other revaluation reserves	076	0	0	0	0	0	0
<b>4 Reserves (ADP 078 to 080)</b>							
4.1 Legal reserves	078	85.295.937	316.742.639	402.038.576	85.295.937	316.742.639	402.038.576
4.2 Statutory reserve	079	2.214.436	27.864.354	30.078.790	2.214.436	27.864.354	30.078.790
4.3 Other reserves	080	7.581.501	139.638.995	147.220.496	7.581.501	139.638.995	147.220.496
<b>5 Retained profit or loss brought forward (ADP 082 + 083)</b>							
5.1 Retained profit	081	75.500.000	149.239.290	224.739.290	75.500.000	149.239.290	224.739.290
5.2 Loss brought forward (-)	082	117.543.395	748.287.005	865.830.400	157.219.337	1.002.263.770	1.159.483.107
<b>6 Profit or loss for the current accounting period (ADP 085+086)</b>							
6.1 Profit for the current accounting period	083	39.675.942	253.454.771	293.130.713	39.675.942	253.454.771	293.130.713
6.2 Loss for the current accounting period (-)	086	0	0	0	0	0	0
<b>B) SUBORDINATE LIABILITIES</b>							
<b>C) MINORITY INTEREST</b>							
<b>D) TECHNICAL PROVISIONS (ADP 090 to 095)</b>							
1 Provisions for unearned premiums, gross amount	089	2.572.182.413	3.712.920.109	6.285.102.522	2.598.509.793	4.015.097.474	6.613.607.267
2 Mathematical provisions, gross amount	090	4.869.308	1.130.567.020	1.135.436.328	4.868.660	1.305.921.859	1.310.790.519
3 Claims outstanding, gross amount	091	2.505.680.869	17.908.413	2.523.589.282	2.525.065.005	12.702.041	2.537.767.046
4 Provisions for bonuses and rebates, gross amount	092	61.632.236	2.532.867.656	2.594.499.892	66.576.128	2.680.554.766	2.749.130.894
5 Equalization provision, gross amount	093	0	7.653.600	7.653.600	0	6.071.000	6.071.000
6 Other technical provisions, gross amount	094	0	7.055.533	7.055.533	0	7.055.533	7.055.533
<b>E) SPECIAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK, gross amount</b>							
	095	0	16.867.887	16.867.887	0	2.792.275	2.792.275
<b>F) OTHER PROVISIONS (ADP 098 + 099)</b>							
1 Provisions for pensions and similar obligations	096	445.325.559	0	445.325.559	432.965.109	0	432.965.109
2 Other provisions	097	2.930.875	104.301.522	107.232.397	1.977.959	80.877.253	82.855.212
<b>G) DEFERRED AND CURRENT TAX LIABILITIES (ADP 101 + 102)</b>							
1 Deferred tax liability	098	2.930.875	99.785.773	102.716.648	1.652.669	76.758.295	78.410.964
2 Current tax liability	099	0	4.515.749	4.515.749	325.290	4.118.958	4.444.248
<b>H) DEPOSITS HELD UNDER BUSINESS CEDED</b>							
	100	32.486.670	94.182.105	126.668.775	33.463.489	103.652.911	137.116.400
<b>I) FINANCIAL LIABILITIES (ADP 103 to 107)</b>							
1 Loan liabilities	101	32.486.670	81.151.686	113.638.356	27.226.743	61.214.559	88.441.302
2 Liabilities for issued financial instruments	102	0	13.030.419	13.030.419	6.236.746	42.438.352	48.675.098
3 Other financial liabilities	103	0	0	0	0	0	0
<b>J) OTHER LIABILITIES (ADP 109 to 112)</b>							
1 Liabilities from direct insurance business	104	300.004	271.366.763	271.666.767	2.102.517	347.468.543	349.571.060
2 Liabilities from coinsurance and reinsurance business	105	0	0	0	0	0	0
3 Liabilities for disposal and discontinued operations	106	0	0	0	0	0	0
4 Other liabilities	107	300.004	271.366.763	271.666.767	2.102.517	347.468.543	349.571.060
<b>K) ACCRUALS AND DEFERRED INCOME (ADP 109+110+111)</b>							
1 Deferred reinsurance commission	108	16.312.651	209.728.027	226.040.678	8.109.088	216.594.666	224.703.784
2 Other accruals and deferred income	109	4.067.620	78.960.077	83.027.697	2.349.039	86.067.006	88.416.045
3 Liabilities for disposal and discontinued operations	110	21.961	43.692.666	43.714.627	0	63.583.564	63.583.564
4 Other liabilities	111	0	0	0	0	0	0
	112	12.223.070	87.075.284	99.298.354	5.760.059	66.944.116	72.704.175
<b>L) ACCRUALS AND DEFERRED INCOME (ADP 114+115)</b>							
1 Deferred reinsurance commission	113	22.591.366	312.310.669	334.902.035	25.016.177	296.003.342	321.019.519
2 Other accruals and deferred income	114	0	0	0	0	0	0
<b>M) TOTAL LIABILITIES (ADP 068+087+088+089+096+097+100+103+104+108+113)</b>							
	115	22.591.366	312.310.669	334.902.035	25.016.177	296.003.342	321.019.519
<b>N) OFF-BALANCE SHEET ITEMS</b>							
	116	3.526.928.361	7.618.474.080	11.145.402.441	3.542.318.753	8.066.305.812	11.608.624.565
	117	265.956.261	2.518.024.767	2.783.981.028	307.893.468	2.559.558.837	2.867.452.305

# STATEMENT OF CHANGES IN EQUITY

For the period: 1.1.2020 - 30.9.2020

Item	ADP code	Attributable to owners of the parent							Attributable to non-controlling interest	Total capital and reserves (9+10)
		Paid in capital (ordinary and preference shares)	Premium on shares issued	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or loss brought forward	Profit/loss for the year	Total capital and reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
I Balance on the first day of the previous business year	1	589.325.800	681.482.525	273.428.913	402.038.576	594.530.662	270.417.757	2.811.224.233	0	2.811.224.233
Change in accounting policies	2	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	3	0	0	0	0	0	0	0	0	0
II Balance on the first day of the previous business year (restated)	4	589.325.800	681.482.525	273.428.913	402.038.576	594.530.662	270.417.757	2.811.224.233	0	2.811.224.233
III Comprehensive income or loss for the same period of the previous year (ADP 006 + ADP 007)	5	0	0	243.950.004	0	0	293.130.713	537.080.717	0	537.080.717
Profit or loss for the period	6	0	0	0	0	0	293.130.713	293.130.713	0	293.130.713
2 Other comprehensive income or loss for the same period of the previous year (ADP 008 to ADP 11)	7	0	0	243.950.004	0	0	0	243.950.004	0	243.950.004
Unrealised gains or losses on tangible assets (land and buildings)	8	0	0	544.208	0	0	0	544.208	0	544.208
Unrealised gains or losses on financial assets available for sale	9	0	0	270.441.738	0	0	0	270.441.738	0	270.441.738
Realised gains or losses on financial assets available for sale	10	0	0	-27.005.744	0	0	0	-27.005.744	0	-27.005.744
Other changes in equity unrelated to owners	11	0	0	-30.198	0	0	0	-30.198	0	-30.198
IV Transactions with owners (previous period)	12	0	0	-723.223	0	271.299.738	-270.417.757	158.758	0	158.758
Increase/decrease in subscribed capital	13	0	0	0	0	0	0	0	0	0
Other contributions by owners	14	0	0	0	0	0	0	0	0	0
Payment of share in profit/dividend	15	0	0	0	0	0	0	0	0	0
Other distribution to owners	16	0	0	-723.223	0	271.299.738	-270.417.757	158.758	0	158.758
V Balance on the last day of the previous business year reporting period	17	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 on the first day of the current business year	18	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
Change in accounting policies	19	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	20	0	0	0	0	0	0	0	0	0
VII Balance on the first day of the current business year (restated)	21	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 for the year	22	0	0	-114.480.985	0	0	212.709.532	98.228.547	0	98.228.547
Profit or loss for the period	23	0	0	0	0	0	212.709.532	212.709.532	0	212.709.532
Other comprehensive income or loss for the year	24	0	0	-114.480.985	0	0	0	-114.480.985	0	-114.480.985
Unrealised gains or losses on tangible assets (land and buildings)	25	0	0	0	0	0	0	0	0	0
Unrealised gains or losses on financial assets available for sale	26	0	0	-63.110.095	0	0	0	-63.110.095	0	-63.110.095
Realised gains or losses on financial assets available for sale	27	0	0	-51.248.451	0	0	0	-51.248.451	0	-51.248.451
Other changes in equity unrelated to owners	28	0	0	-122.439	0	0	0	-122.439	0	-122.439
Transactions with owners (current period)	29	0	0	-428.035	0	293.652.707	-293.130.713	93.959	0	93.959
Increase/decrease in subscribed capital	30	0	0	0	0	0	0	0	0	0
Other contributions by owners	31	0	0	0	0	0	0	0	0	0
Payment of share in profit/dividend	32	0	0	0	0	0	0	0	0	0
Other transactions with owners	33	0	0	-428.035	0	293.652.707	-293.130.713	93.959	0	93.959
Balance on the last day of the current year reporting period	34	589.325.800	681.482.525	401.746.674	402.038.576	1.159.483.107	212.709.532	3.446.786.214	0	3.446.786.214



## STATEMENT OF CASH FLOWS – indirect method

For the period: 1.1.2020 - 30.9.2020

in HRK

Item	ADP code	Same period of the previous year	Current business period
1	2	3	4
<b>I Cash flow from operating activities (ADP 002+013+031)</b>	<b>001</b>	-58.392.902	268.260.840
<b>1 Cash flow before changes in operating assets and liabilities (ADP 003+004)</b>	<b>002</b>	108.011.888	170.113.707
1.1 Profit/loss before tax	003	262.925.086	257.719.947
1.2 Adjustments: (ADP 005 to 012)	004	-154.913.198	-87.606.240
1.2.1 Depreciation of property and equipment	005	30.319.700	29.620.543
1.2.2 Amortization of intangible assets	006	12.671.232	13.372.159
1.2.3 Impairment and gains/losses on fair valuation	007	1.702.757	10.505.311
1.2.4 Interest expenses	008	6.947.356	7.253.025
1.2.5 Interest income	009	-160.216.850	-136.565.584
1.2.6 Share in profit of associates	010	0	0
1.2.7 Profit/loss from the sale of tangible assets (including land and buildings)	011	-565.263	523.052
1.2.8 Other adjustments	012	-45.772.130	-12.314.746
<b>2 Increase/decrease in operating assets and liabilities (ADP 014 to 030)</b>	<b>013</b>	-124.899.384	138.528.610
2.1 Increase/decrease in financial assets available for sale	014	-220.752.146	-67.098.201
2.2 Increase/decrease in financial assets at fair value through statement of profit or loss	015	125.647.533	16.893.823
2.3 Increase/decrease in loans and receivables	016	-199.949.136	67.748.333
2.4 Increase/decrease in deposits with cedants	017	0	0
2.5 Increase/decrease in investments for the account of life assurance policyholders who bear the investment risk	018	-14.301.666	12.360.450
2.6 Increase/decrease in reinsurance amount in technical provisions	019	-18.081.644	-117.261.007
2.7 Increase/decrease in tax assets	020	-24.599.615	-32.043.499
2.8 Increase/decrease in receivables	021	-128.911.917	-107.476.351
2.9 Increase/decrease in other assets	022	0	0
2.10 Increase/decrease in prepayments and accrued income	023	-3.905.068	-8.905.415
2.11 Increase/decrease in technical provisions	024	373.544.706	328.504.744
2.12 Increase/decrease in special provisions for life assurance where policyholders bear the investment risk	025	14.301.666	-12.360.450
2.13 Increase/decrease in tax liabilities	026	24.599.615	31.015.741
2.14 Increase/decrease in deposits held under reinsurance business ceded	027	0	0
2.15 Increase/decrease in financial liabilities	028	-2.568.293	66.747.034
2.16 Increase/decrease in other liabilities	029	-52.200.259	-25.714.080
2.17 Increase/decrease in accruals and deferred income	030	2.276.840	-13.882.512
<b>3 Income tax paid</b>	<b>031</b>	-41.505.406	-40.381.477
<b>II CASH FLOW FROM INVESTING ACTIVITIES (ADP 033 to 046)</b>	<b>032</b>	30.445.460	214.337.112
1 Cash receipts from the sale of tangible assets	033	5.103.465	78.115
2 Cash payments for the purchase of tangible assets	034	-14.625.542	-7.004.246
3 Cash receipts from the sale of intangible assets	035	629.925	0
4 Cash payments for the purchase of intangible assets	036	-15.462.382	-48.987.433
5 Cash receipts from the sale of land and buildings not occupied by an undertaking for its own activities	037	11.533.482	80.614.594
6 Cash payments for the purchase of land and buildings not occupied by an undertaking for its own activities	038	-2.774.459	-24.282.527
7 Increase/decrease of investments in branches, associates and joint ventures.	039	0	-97.029.427
8 Cash receipts from financial assets held to maturity	040	90.769.292	371.674.724
9 Cash payments for financial assets held to maturity	041	-140.910.320	-102.751.198
10 Cash receipts from the sale of financial instruments	042	0	0
11 Cash payments for investments in financial instruments	043	0	0
12 Cash receipts from dividends and share in profit	044	43.729.741	13.168.826
13 Cash receipts from repayments of short-term and long-term loans given	045	68.464.891	71.645.363
14 Cash payments for short-term and long-term loans	046	-16.012.633	-42.809.679
<b>III CASH FLOW FROM FINANCING ACTIVITIES (ADP 048 to 052)</b>	<b>047</b>	-14.716.134	-15.079.700
1 Cash receipts resulting from the increase of initial capital	048	0	0
2 Cash receipts from short-term and long-term loans received	049	0	0
3 Cash payments for the repayment of short-term and long-term loans received	050	-13.736.134	-15.079.700
4 Cash payments for the redemption of treasury shares	051	0	0
5 Cash payments of share in profit (dividend)	052	-980.000	0
<b>NET CASH FLOW (ADP 001 + 032 + 047)</b>	<b>053</b>	-42.663.576	467.518.252
<b>IV EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS</b>	<b>054</b>	6.748.956	-45.574.489
<b>V NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (053+054)</b>	<b>055</b>	-35.914.620	421.943.763
Cash and cash equivalents at the beginning of period	056	355.640.455	125.320.335
Cash and cash equivalents at the end of period (ADP 055 + 056)	057	319.725.835	547.264.098

## II. QUARTERLY MANAGEMENT REPORT

CROATIA osiguranje d.d. is still the leading company on the market of the Republic of CROATIA with a total market share of 27.9 percent.

In the period observed, CROATIA osiguranje d.d. reported profit before tax in the amount of HRK 257.7m and profit after tax in the amount of HRK 212.7m which represents a decrease of 2 percent and 4.4 percent, respectively, compared to the same period of the previous year.

Earned premium, which represents 83.3 percent of total revenues, amounted to HRK 1,871.8m and decreased by 0.6 percent compared to the same period of the previous year. Total gross written premium decreased by 2 percent and amounted to HRK 2,215.1m. Gross written premium of non-life insurance amounted to HRK 1,861.6m and increased by 2.1 percent compared to the same period of the previous year. Gross written premium of the life insurance amounted to HRK 353.5m representing a decrease of 19.1 percent.

Investments recorded income in the amount of HRK 315.1m, representing an increase of 3.6 percent compared to the same period of the previous year. Income from investments represents 14 percent of total revenues. Expenses from investments amounted to HRK 81.3m and represent 4.1 percent of total expenses.

Net claims incurred represent 63.7 percent of total expenses and amounted to HRK 1,266.9m, representing an increase of 18.4 percent compared to the same period of the year 2019. An increase of net claims incurred is primary caused by one-time expenses in the amount of HRK 100m, such as claims caused by earthquake and decision of the Supreme Court of the Republic of Croatia on increase of orientation criteria and amounts for immaterial claims.

Acquisition and administration expenses amounted to HRK 621.9m, decreasing by 4.7 percent compared to the same period of the previous year.

Total assets of the Company as at 30.9.2020 amounted to HRK 11.6 billion, which represents an increase of 4.2 percent compared to 31.12.2019.

Technical reserves as at 30.9.2020 amounted to HRK 6.6 billion, representing an increase of 5.2 percent compared to 31.12.2019.

The quarterly report contains the following key indicators that the Company monitors as alternative performance measures and, together with other measures defined by International Financial Reporting Standards, provides useful information regarding the Company's operational performance.

Key performance indicators	30.9.2019	30.9.2020	Change in percentage points (p.p.)
Claims ratio (non-life) *	55.12%	56.26%	1.14%
Cost ratio (non-life) **	40.78%	37.75%	-3.03%
Combined ratio (non-life)	95.90%	94.01%	-1.89%

\* *Claims ratio = (Income from commissions and fees + Other insurance-technical income + Net Claims incurred + Change in mathematical provisions and other technical provisions, net of reinsurance + Change in technical life insurance provisions where the policy holder bears the investment risk, net of reinsurance + Cost for premium returns (bonuses and rebates), net of reinsurance + Other technical expenses, net of reinsurance) / Net Earned premiums*

\*\* *Cost ratio = Operating expenses (business expenditures) / Net Earned premiums*

The combined ratio represents the sum of the claims ratio and the cost ratio and is the most important indicator of operational success in the non-life insurance segment. It is usually expressed as a percentage and a ratio below 100% means that the insurance result is profitable, and above 100% that it is not profitable. The combined ratio amounted to 94.01 percent for the observed period, which is an improvement of 1.89 percentage points compared to the same period of 2019.

Unaudited unconsolidated financial statements for the third quarter of the 2020 will be available on the web sites of CROATIA osiguranje d.d., Zagreb Stock Exchange and Officially appointed mechanism for the central storage of regulated information.

#### 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 authorizing 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, an economic slowdown is likely by the end of the 2020, which may result in lower consumption and consequently lower demand for insurance services, since the volume of insurance premiums written is linked to GDP trends.

In addition, the Company 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.

As part of its own risk and solvency assessment (ORSA) process, a series of stress tests, sensitivity and scenario analyses were conducted, and it is estimated that these analyses covered the risks that could have a significant impact on the Company and in the case of COVID-19. Although, based on analyses performed in the ORSA process, a certain decrease in the solvency ratio is expected, the ratio should remain at levels significantly higher than the regulatory prescribed and the solvency of the Company should in no way be called into question. Also, solvency calculation which was performed as at 30.6.2020. showed that despite the negative effects of COVID-19, the Company is still operating with a very high solvency ratio of 270% (as at 31.12.2019. 277%). In regard to liquidity, the Company still has 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 in 2020, it will fully comply with the Capital Market Act.

#### *Earthquake in the area of the City of Zagreb*

On 22 March 2020, a series of earthquakes were recorded in the area of the City of Zagreb, the strongest being of a magnitude of 5.5 according to the Richter scale. In some insurance contracts, the Company also provides insurance for earthquake insurance risk. The amount of damage from Company's insurance contracts caused by this event (after reinsurance) amount to more than HRK 40m.

#### *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 strengthen 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.

#### **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.

#### **Company branch**

As at 30 September 2020 the Company has one registered branch (Branch Ljubljana). In its legal transactions, the branch operates as CROATIA osiguranje d.d. branch Ljubljana, in the Croatian language, and as CROATIA ZAVAROVANJE d.d. branch Ljubljana, in the Slovenian language.

### Purchase of treasury shares

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

### Expected development in the future

With a focus on digitalization, CROATIA osiguranje will continue to work as a market leader in further developing the overall insurance market in Croatia. This especially relates to the further development of casco, travel, health and property insurance, and step forward in product creation, sales network organization and customer experience.

The Company continues with continuous improvement in all business segments with the aim of strengthening the leading position on the Croatian market. Key business improvement activities include:

- Introduction of new products and improvement of existing ones according to customer needs
- Continued sales force strengthening activities with the aim of growth in the profitable retail segment and the segment of small and medium-sized businesses
- Further improvement in processes with the aim of providing the best customer service.

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 Company that underlie research activities and new product development. The aim is to provide fast and quality service and increasing client satisfaction.

We conduct trends and developments in highly developed insurance markets with a focus on the EU. Also, we conduct market research activities regularly with the goal of better understanding the existing market needs and creating products that will adequately respond to them. In this way, we connect the relevant worldwide insurance products with the needs of clients in Croatia. We also introduce new and innovative products that will ensure long-term growth and retaining the Company's leading market position.

During product development, our focus is on creating products with quality insurance coverage and on the service that we provide. Special emphasis is placed on quality and available service which will adequately cover risks with which our clients are faced. We monitor trends and continuously implement

the latest technology solutions as well as numerous innovations to ensure customer satisfaction. Customer satisfaction is continually monitored, and we respond to all challenges we face.

In 2020, several business improvement projects were implemented, primarily in the field of digitalization. As a market and digital leader, Croatia osiguranje d.d. is currently investing more than HRK 200 m in digitalization and development of new products.

At the beginning of October, LAQO was launched - the first Croatian 100 percent digital insurance. With the launch of this product, Republic of Croatia joins a small number of European countries with this type of insurance.

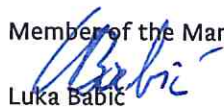
#### Description of the most significant risks and uncertainties

In relation to the most significant risks and uncertainties which were described in the audited financial statements for the year 2019, in the period observed there were no significant changes in relation to the risks to which the Company is exposed in the course of its business, except as described in the note *Significant business events in the reporting period*.

Zagreb, 29 October 2020

Member of the Management Board

Luka Babić



President of the Management Board

Davor Tomašković



### III. NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD I-IX 2020

#### 1. GENERAL INFORMATION ON THE COMPANY

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.

The Company also performs the following activities, which are directly or indirectly related to insurance business, as follows:

- Mediation in the sale or sale of items belonging to the Company based on performing insurance business,
- Taking measures to prevent and eliminate hazards that endanger the insured property and persons,
- Assessment of the degree of the risk exposure of insured facility and claim assessment,
- Performing other intellectual and technical services relating to insurance business,
- Credit intermediation operations in accordance with the regulations governing credit intermediaries.

Since 2004, the Company's shares have been listed at Official Market of the Zagreb Stock Exchange, Zagreb.

#### Supervisory Board and Management Board

According to the Company Act, Insurance Act and the Articles of Association of the Company the Company's bodies are the General Assembly, the Supervisory Board and the Management Board. Obligations and responsibilities of the members of these bodies are determined by the mentioned acts.

#### Members of the Supervisory Board are:

Roberto Škopac	President
Dr.sc. Željko Lovrinčević	Vice President
Vitomir Palinec	Member
Damir Vandelić	Member
Hrvoje Patajac	Member
Vlasta Pavličević	Member



Members of the Management Board are:

Davor Tomašković	President
Robert Vučković	Member
Miroslav Klepač	Member until 17 April 2020
Luka Babić	Member since 18 April 2020
Vančo Balen	Member since 18 April 2020

#### Basis of preparation of financial statements

Financial statements are prepared in accordance with the Company's Act (Official Gazette 65/18, 17/20), International Accounting Standard 34 – *Interim Financial Reporting*, the Rules of Zagreb Stock Exchange and the Ordinance on the structure and content of periodic financial reports for issuers during the year, which is issued by the Croatian Financial Services Supervisory Agency.

Quarterly financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2019. The annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Financial statements are prepared by using the accrual principle, which is the underlying accounting assumption. Economic events are recognized when they occurred and are reported in financial statements for the period in which they occurred by using the underlying accounting principle of going concern.

Financial statements for the third quarter of the 2020 have not been audited.

#### Presentation currency

Company's financial statements are prepared in the Croatian kuna as the functional and presentation currency.

#### Use of estimates and judgements

Preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and information available at the date of preparation of financial statements, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates

and underlying assumptions are reviewed on an ongoing basis. Changes of accounting estimates are recognised from the period in which an estimate is revised.

#### Accounting policies

Accounting policies and measurement methods which are used in the preparation of financial statements for the reporting period are the same as those which are used for preparation of the audited financial statements for the year 2019.

#### Related party transactions

Except for usual related party transactions of goods and services in the current reporting period, on 31 March 2020, the Company signed a purchase agreement with the Company HUP-ZAGREB d.d. for the acquisition of a 100 percent share in ASTORIA d.o.o., headquartered in Zagreb, 9 Krešimir Ćosić Square.

#### Seasonality of business activities

Company's operations are not seasonal. However, in the first part of the year, gross written premium and receivables for written premiums are higher than in the rest of the year due to dynamics of conclusion of insurance contracts.

#### Segment reporting

The Company's reporting segments comprise the life insurance segment and the non-life insurance segment. The description of segments as well as allocation of costs between segment of life insurance and non-life insurance, capital and reserves and assets described in the annual financial statements for 2019, have not changed. There were no significant intersegmental revenues and expenses in the period observed.

## 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:

	30.9.2020			31.12.2019		
	Net book value	Fair value	Difference	Net book value	Fair value	Difference
	in HRK	in HRK	in HRK	in HRK	in HRK	in HRK
Debt securities	1,979,570,088	2,229,657,108	250,087,020	2,172,387,286	2,476,604,759	304,217,473
Loans	514,563,683	529,927,553	15,363,870	519,033,891	530,851,709	11,817,818
Deposits	624,587,823	628,754,011	4,166,188	686,296,274	692,933,030	6,636,756
	<b>3,118,721,594</b>	<b>3,388,338,672</b>	<b>269,617,078</b>	<b>3,377,717,451</b>	<b>3,700,389,498</b>	<b>322,672,047</b>

### *Methods of assessment or assumptions in determining fair value*

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

The table below analyses financial instruments carried at fair value using the valuation method. Different levels have been defined as follows:

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

The Company's assets measured at fair value as at 30 September 2020 are presented as follows:

	Level 1 in HRK	Level 2 in HRK	Level 3 in HRK	Total in HRK
<i>Property for own use</i>	-	-	266,787,968	266,787,968
<i>Investment property</i>	-	-	474,013,117	474,013,117
Equity securities	448,641,993	23,000,518	22,727,150	494,369,661
Debt securities	2,246,389,458	1,549,619,004	2,062,781	3,798,071,243
Investment funds	102,990,470	47,679,372	4,592,223	155,262,065
<i>Available-for-sale financial assets</i>	<b>2,798,021,921</b>	<b>1,620,298,894</b>	<b>29,382,154</b>	<b>4,447,702,969</b>
Equity securities	15,547,806	-	-	15,547,806
Debt securities	-	-	-	-
Investment funds	432,965,109	-	-	432,965,109
Foreign currency forward contracts	-	287,187	-	287,187
<i>Financial assets at fair value through profit or loss</i>	<b>448,512,915</b>	<b>287,187</b>	<b>-</b>	<b>448,800,102</b>
<b>Total assets at fair value</b>	<b>3,246,534,836</b>	<b>1,620,586,081</b>	<b>770,183,239</b>	<b>5,637,304,156</b>

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

	Level 1 in HRK	Level 2 in HRK	Level 3 in HRK	Total in HRK
<i>Property for own use</i>	-	-	355,254,200	355,254,200
<i>Investment property</i>	-	-	367,521,081	367,521,081
Equity securities	497,175,473	-	25,404,551	522,580,024
Debt securities	2,048,644,745	1,772,023,159	16,738,428	3,837,406,332
Investment funds	59,171,866	20,878,908	6,741,393	86,792,167
<i>Available-for-sale financial assets</i>	<b>2,604,992,084</b>	<b>1,792,902,067</b>	<b>48,884,372</b>	<b>4,446,778,523</b>
Equity securities	17,070,930	-	-	17,070,930
Debt securities	-	-	-	-
Investment funds	472,835,190	-	-	472,835,190
Foreign currency forward contracts	-	3,670,479	-	3,670,479
<i>Financial assets at fair value through profit or loss</i>	<b>489,906,120</b>	<b>3,670,479</b>	<b>-</b>	<b>493,576,599</b>
<b>Total assets at fair value</b>	<b>3,094,898,204</b>	<b>1,796,572,546</b>	<b>771,659,653</b>	<b>5,663,130,403</b>

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. The Management Board believes that, due to fact that interest rate of these instruments is in line with market rates, the carrying value of these instruments is not significantly different from their fair value.

The fair value of loans and financial liabilities are estimated on the basis of inputs that are not commercially available rates and would therefore be classified as Level 2 and Level 3 in the fair value hierarchy. Investments with available market prices that are classified in the portfolio of held-to-maturity investments would be classified as Level 1.

The 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 was no significant increase or decrease in the value of the parameters that would affect the change in the fair value of financial assets classified in Level 3 fair value.

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.

#### *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) are disclosed in financial statements for the year 2019.

#### **Investments in land and buildings not occupied by an undertaking for its own activities**

In the period observed Company's investments in land and buildings not occupied by an undertaking for its own activities have increased in the amount of HRK 106.5 m which is mostly due to reclassification of assets from the position of Land and buildings occupied by an undertaking for its own activities to the mentioned position due to a change in the purpose of specific property.

## Financial assets and financial liabilities

The Company's structure of financial assets as at 30 September 2020 and 31 December 2019 was as follows:

	30.9.2020				
	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	in HRK	in HRK	in HRK	in HRK
<b>Shares</b>					
Shares, listed	-	492,453,170	15,547,806	-	508,000,976
Shares, not listed	-	1,916,491	-	-	1,916,491
	-	494,369,661	15,547,806	-	509,917,467
<b>Debt securities</b>					
Government bonds	1,935,479,702	3,654,611,502	-	-	5,590,091,204
Domestic corporate bonds	44,090,386	143,459,741	-	-	187,550,127
	1,979,570,088	3,798,071,243	-	-	5,777,641,331
<b>Derivative financial instruments</b>					
Foreign currency forward contracts	-	-	287,187	-	287,187
	-	-	287,187	-	287,187
<b>Investment funds</b>					
Open-ended investment funds	-	155,262,065	-	-	155,262,065
Open-ended investment funds - assets for coverage of unit-linked products	-	-	432,965,109	-	432,965,109
	-	155,262,065	432,965,109	-	588,227,174
<b>Loans and receivables</b>					
Deposits with credit institutions	-	-	-	624,587,823	624,587,823
Loans	-	-	-	514,563,683	514,563,683
	-	-	-	1,139,151,506	1,139,151,506
	1,979,570,088	4,447,702,969	448,800,102	1,139,151,506	8,015,224,665

	31.12.2019				
	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	in HRK	in HRK	in HRK	in HRK
<b>Shares</b>					
Shares, listed	-	520,596,133	17,070,930	-	537,667,063
Shares, not listed	-	1,983,891	-	-	1,983,891
	-	522,580,024	17,070,930	-	539,650,954
<b>Debt securities</b>					
Government bonds	2,128,550,522	3,756,780,529	-	-	5,885,331,051
Domestic corporate bonds	43,836,764	80,625,803	-	-	124,462,567
	2,172,387,286	3,837,406,332	-	-	6,009,793,618
<b>Derivative financial instruments</b>					
Foreign currency forward contracts	-	-	3,670,479	-	3,670,479
	-	-	3,670,479	-	3,670,479
<b>Investment funds</b>					
Open-ended investment funds	-	86,792,167	27,509,631	-	114,301,798
Open-ended investment funds - assets for coverage of unit-linked products	-	-	445,325,559	-	445,325,559
	-	86,792,167	472,835,190	-	559,627,357
<b>Loans and receivables</b>					
Deposits with credit institutions	-	-	-	686,296,274	686,296,274
Loans	-	-	-	519,033,891	519,033,891
	-	-	-	1,205,330,165	1,205,330,165
	2,172,387,286	4,446,778,523	493,576,599	1,205,330,165	8,318,072,573

The structure of financial liabilities as at 30 September 2020 and 31 December 2019 was as follows:

	30.9.2020	31.12.2019
	in HRK	in HRK
Lease liabilities	267,379,935	253,791,836
Liabilities for repo transactions	41,261,508	-
Derivative financial instruments	11,757,143	5,624,931
Preference shares	12,250,000	12,250,000
Liabilities for financial instruments in the settlement process	16,922,474	-
	<b>349,571,060</b>	<b>271,666,767</b>

## Share capital and shares

The Company's share capital with a nominal value of 601,575,800 as at 30 September 2020 is divided among 429.697 shares with a nominal value of HRK 1,400. The shares are marked as follows:

Number of shares	Nominal amount:
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
<b>TOTAL OF ORDINARY SHARES</b>	<b>589,325,800</b>
8.750 preference shares I. emission with ticker CROS-P-A/CROS <sub>2</sub>	12,250,000
<b>TOTAL OF PREFERENCE SHARES</b>	<b>12,250,000</b>

Each share, ordinary and preference, provides the right to 1 (one) vote at the Company's General Assembly. All shares are paid in full, issued in dematerialized form, are transferable and are managed at the central depository of the Central Depository & Clearing Company.



## MANAGEMENT BOARD STATEMENT

Pursuant to article 20 of the Articles of Association of the Company from 26 February 2020 and article 468 of the Capital Market Law (Official Gazette 65/18, 17/20), the Management Board provides this

### STATEMENT

That to the best of our knowledge:

- the set of quarterly unaudited unconsolidated financial statements of the issuer for the period 1.1. – 30.9.2020, prepared by using applicable financial reporting standards, gives a true and fair view of assets and liabilities, the financial position and profit or loss of the issuer,
- the management report presents an objective view of the development and business results and position of the issuer with description of significant risks and uncertainties to which the issuer is exposed.

Zagreb, 29 October 2020

Member of the Management Board



Luka Babić

President of the Management Board



Davor Tomašković

