



**Annual Report
for 2021**

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.

Note: The report in PDF format is an unofficial report, while the official version of the annual report, in accordance with the Capital Market Act, has been prepared and publicly available in accordance with the unique electronic reporting format (ESEF - European Single Electronic Format).

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CROATIA osiguranje d.d.

Management Report for 2021

Insurance market of the Republic of Croatia in 2021

During 2021 the insurance market of the Republic of Croatia has recorded gross written premium increase of 10.9 percent (HRK 1.2 bn). On the market of the Republic of Croatia (including EU-based companies operating in the Republic of Croatia directly or through its subsidiaries), the increase in premiums amounted to 8.9 percent or HRK 893m and an increase is recorded in both segments. Premiums recorded in EU-based market, where operates nine insurance companies including CROATIA osiguranje d.d., recorded an increase by 41.7 percent or HRK 271m.

The total life insurance premium on the market of the Republic of Croatia in 2021 amounted to HRK 2.9 bn, which is 8.2 percent or HRK 222m higher than in the previous year. Classic life products premium increased by HRK 130m compared to the previous year, while insurance premium where the policyholder bears the investment risk has increased (UL products) by HRK 92m.

The total non-life insurance premium on the market of the Republic of Croatia in 2021 amounted to HRK 8.0 billion, which is an increase by 9.2 percent or HRK 672m compared to the previous year. Motor vehicles insurance (liability insurance, casco insurance and automobile assistance) increased by 6 percent compared to the previous year, property insurance increased by 13 percent, health insurance increased by 11 percent, while transport insurance premium increased by 8%. The most significant increase is achieved by loan insurance, as much as 39%, therefore the total premium exceeded the premium realized in 2019 (before the corona crisis). The decrease of premium is recorded only in accident insurance, by 1 percent.

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 25.7 percent, which is 0.9 percentage points lower than in the previous year.

Operating results and financial position of the Company and the Group

Company

CROATIA osiguranje d.d. with a market share of 25.7% continues to hold the leading market position on the Croatian insurance market, despite the decrease in market share by 0.9 percentage points. The decrease in market share was expected because the one of the major generators of market growth is the loan insurance premium in which CROATIA osiguranje d.d. participates in a significantly lower volume than in previous years.

Positive influence, through growth of the technical results, on CROATIA osiguranje d.d.'s operations in 2021 had an absence of the costs of the earthquake and the decision of the Supreme Court of the Republic of Croatia to increase orientation criteria and the amount of immaterial damages, which influenced the business in the previous year. The result was strengthened by a better investment result achieved through higher income from shares and investment funds.

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 2021, preparations for the major projects, as the euro introduction and changes in the accounting standard for insurance companies (IFRS 17), have intensified. The process of claims optimization, development of additional functionalities on the mobile application Moja Croatia, development of new services on the Company's website and further strong support to Laqo osiguranje - the first Croatian 100 percent digital insurance, were continued.

In cooperation with Swiss RE, one of the largest reinsurers in the world, Croatia osiguranje d.d. launched the first crop insurance product against lack of soil moisture (drought). It is an index insurance that, as one of the most modern products of its kind on the market, uses advanced technology for measuring soil moisture via satellite, and the payment of damages takes place automatically, without the need for an appraiser to go to the field.

In cooperation with the global IT company Liferay, the development and implementation of an innovative digital platform for sales representatives (advanced agency portal) was launched, which will improve the user experience and increase the quality of customer service. A specialist postgraduate study *Products, Digital Innovations and Technologies in Insurance (Insurtech)*, developed in cooperation with the Faculty of Electrical Engineering and Computing in Zagreb, continues with work.

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 2021 of 272 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 2021, this share increased to 62 percent in sales services. The process continues, so that in the coming years there will be 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 2021, CROATIA osiguranje d.d. reported profit before tax in the amount of HRK 392.6m (profit after tax of HRK 334.1m).

The total gross written premium (before adjustments for the net increase in the provision for premium receivables and related write-offs) increased by 5.6 percent and amounted to HRK 2,896m. Earned premiums amounted to HRK 2,599m and increased by 4.0 percent. The written premium in non-life insurance amounted to HRK 2,452m, which is an increase of 7.1 percent compared to the same period last year.

The largest nominal increase of premium is recorded in property insurance and insurance of various financial losses due to increased awareness of the need for earthquake insurance and insurance of financial losses due to work interruption, 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 303m, which is an increase by 12.5 percent compared to the previous year.

Gross paid claims amounted to HRK 1,828m representing an increase of 6 percent compared to the previous year.

Total administrative costs amounted to HRK 396m, recording an increase of 1.7 percent compared to 2020. Acquisition costs amounted to HRK 534m, recording an increase of 11.8 percent compared to the previous year. Higher costs are result of higher service costs influenced by implementation of new regulative and business digitalization.

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. 2020	31 Dec. 2021	Change in percentage points (p.p.)
Claims ratio (non-life) *	56.2%	52.3%	-3.9
Cost ratio (non-life) **	39.1%	40.6%	+1.5
Combined ratio (non-life)	95.3%	92.9%	-2.4

* *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*

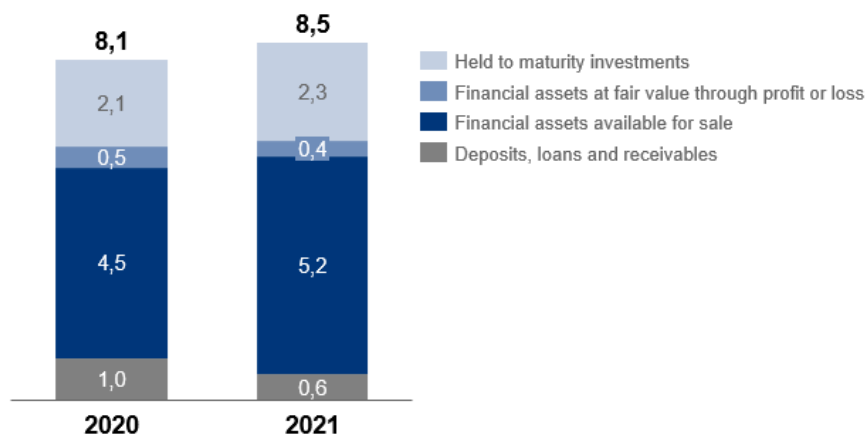
** *Cost ratio = Acquisition costs and administrative expenses / Net Earned premiums*

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 92.9 percent in 2021, which is an improvement of 2.4 percentage point compared to the same period of 2020. The claims ratio has decreased by 3.9 percentage points and amounted to 52.3 percent. The cost ratio amounted to 40.6 percent which is 1.5 percentage points higher than in 2020.

Total assets of the Company as at 31 December 2021 amounts to HRK 12.1 billion, which represents an increase of 4.7 percent compared to 31 December 2020.

Technical provisions amounted to HRK 6.9 billion and are 1.3 percent lower than the technical provisions as of 31 December 2020.

The structure of financial assets (HRK billion)



Group

In 2021, the CROATIA osiguranje d.d. group (hereinafter: the Group) generated consolidated profit after tax and non-controlling interest in the amount of HRK 363m.

In 2021, 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 3,436m, which represents an increase by 6.0 percent. The gross written premium of non-life insurance amounted to HRK 2,895m which represents an increase by 7.7 percent, while gross written premium of life insurance amounted to HRK 541m which represents a decrease by 1.9 percent.

Earned premiums in the reporting period amounted to HRK 3,091m which represents an increase by 3.8 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 481m which represents a decrease of 3.6 percent, with a finance cost of HRK 154m which represents an increase of 3.7 percent.

Gross claims in 2021 amounted to HRK 2,081m, which is an increase of 6.5 percent compared to the same period last year.

Acquisition costs and administrative expenses amounted to a total of HRK 1,273m and represent an increase by 9.6 percent, in which administrative expenses increased by 5.1 percent, and acquisition cost increased by 14.2 percent. The increase in acquisition costs is primarily result of an increase in commission costs due to an increase in premiums and salaries of sales employees due to an increase in the number of the sales employees.

Key performance indicators	31 Dec. 2020	31 Dec. 2021	Change in percentage points (p.p.)
Claims ratio (non-life)***	55.8%	53.0%	-2.8
Cost ratio (non-life)***	39.2%	41.0%	+1.8
Combined ratio (non-life)***	95.0%	94.0%	-1.0

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

Combined ratio for 2021 is 94.0 percent, which is an improvement of 1 percentage point compared to the same period in 2020. The claims ratio improved by 2.8 percentage points to 53.0 percent. The cost ratio is 41.0 percent or 1.8 percentage points higher than in 2020.

Total assets of the Group as at 31 December 2021 amount to HRK 14.0 billion, which represents an increase by 4.7 percent compared to 31 December 2020.

Technical provisions amounted to HRK 8.0 billion, which represents a decrease by 0.3 percent compared to the technical provisions as at 31 December 2020.

Significant business events in the reporting period

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

The Governing Board of the Croatian Financial Services Supervisory Agency (HANFA) held a session on 14 July 2021 and issued a decision approving Željko Lovrinčević to perform the function of a member of the Supervisory Board of CROATIA osiguranje d.d. for a term starting from 20 September 2021 to 20 September 2025.

The Croatian Financial Services Supervisory Agency (HANFA), at its meeting of the Governing Board held on 7 October 2021, issued a resolution authorising Zoran Barac to act as a member of the Supervisory Board of CROATIA osiguranje d.d. for a term of 4 years, with the beginning of the term from the date of receipt of the decision of HANFA, ie from 11 October 2021.

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

Due to the further course of the COVID-19 pandemic, the Group is continuously monitoring the situation and no significant negative impacts on the Group's operations have been identified in 2021, which is confirmed by the Group's results and high solvency ratio of the Company of 272% and the Group of 227%. Despite this, Group continues to assess the possible effects of pandemic on its operations. Negative financial effects caused directly by the COVID-19 pandemic could occur in the event of a new deterioration of the epidemiological situation if it would cause re-closures and reduction of economic activities. In addition, there are risks indirectly caused or triggered by the COVID-19 pandemic. This primarily refers to supply chain disruptions that continue to have negative impact on certain segments of economic activities as well as occurrence of increased inflation, which in the event of prolonged retention could have negative effects on the Group's operations if there is a significant decrease of consumer purchasing power. A negative impact could occur if there is a sharp increase in interest rates in financial markets, which could primarily be effected with the lower market valuations and decrease in value of financial instruments.

The mentioned effects of the pandemic impact could be realized in the future and therefore the Group will continue to have the special emphasis on monitoring the situation and taking timely measures to mitigate the potential negative consequences on its operations.

Significant events after the end of the reporting date

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

In accordance with the Capital Market Act and the Rules of the Zagreb Stock Exchange, on 18 January 2022 CROATIA osiguranje held its General Assembly on which the Decision on the election of the members of the Supervisory Board CROATIA osiguranje d.d. was adopted. By the mentioned decision Roberto Škopac and Hrvoje Patajac were elected as members of the Supervisory Board of CROATIA osiguranje d.d. for a term of 4 years, starting from the 24 April 2022, subject to obtaining an approval to perform the function of a member of the Supervisory Board issued by the Croatian Financial Services Supervisory Agency. The Governing Board of the Croatian Financial Services Supervisory Agency (HANFA) held a session on 17 February 2022 and issued a decision approving Roberto Škopac and Hrvoje Patajac to perform the function of a member of the Supervisory Board of CROATIA osiguranje d.d. for a term starting from 24 April 2022 to 24 April 2026.

Employee representative to the Supervisory Board of CROATIA osiguranje d.d.

In March 2022, the Company held elections for the employee representative to the Supervisory Board of CROATIA osiguranje d.d. and for a member of the Supervisory Board of CROATIA osiguranje d.d. is elected employee Pero Kovačić from Zagreb, for a term of 4 years, starting from 10 March 2022.

The Russian-Ukrainian crisis

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Group has no direct operations in insurance and reinsurance business with Russia and Ukraine (nor with reinsurance companies, brokers, MGA agencies, etc.). In addition, reinsurance contracts through the Sanction & Embargo clause exempt reinsurance transactions with states under any sanctions and the terms of insurance on the direct side exclude war damage. The Group has an exposure to insurance policyholders who are members of certain companies (related to entities from Russia) and

does not expect a significant adverse effect on the ability to collect these receivables in the short term, ie. as a direct consequence of the war in Ukraine. In case of collection receivables inability, the Group can activate collateral instruments in the form of mortgage on real estate. The Group does not have direct business operations in Russia or Ukraine. However, the Group's certain investments are to some extent exposed to operations in Russia - investments in shares and investments in debt instruments of EU banking groups that have a slightly more exposed part of operations in Russia. These exposures are not material in terms of business threats and given the size of the total investment portfolio. The aforementioned indirect exposures may have a negative impact on the Group's results in the event of escalation, which cannot be precisely quantified due to uncertainty and market volatility. However, based on the internal analysis of the impact of the Russian-Ukrainian crisis, as well as the sanctions imposed on Russia, the Group expects to maintain financial stability and a further high level of solvency (SCR ratio). In addition, at the date of these financial statements the Group continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

This is also described in Note 34 *Events after the balance sheet date* of the Consolidated and separate financial statements for 2021.

Expected development in the future

Negative effects and trends are expected to increase in the future. In addition to the already present effect of delays in the delivery of new vehicles (waiting from six months to a year or more) due to the global problem in supply chains, there are also strong inflationary pressures. Rising prices of basic groceries, as well as energy prices (gas, oil) will reduce the amount of the household disposable income for essentials, which includes some insurance products such as voluntary insurance. The negative effects will be partially mitigated by the increase in the minimum wage in the Republic of Croatia as well as the pressure on wage growth in general, which will potentially affect the increased amount of claims due to rising labour costs and repairs that may lead to price corrections.

The potential rise in interest rates could revive the life insurance market, which has grown much slower in recent years due to the pandemic and low interest rates.

At the beginning of 2023, two major regulatory changes are taking place: the introduction of the euro as the official currency of the Republic of Croatia and changes in the accounting standard for insurance companies (IFRS 17). Accordingly, 2022 will be a year of major IT investments and changes, which due to the state of available resources in the IT market will be a significant challenge for all insurance companies in the Republic of Croatia.

During 2021, new transformation initiatives were launched with the aim of further improving and optimizing the business processes necessary to achieve the set goals in 2022.

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

- development of a new services on the company website
- additional functionalities of the mobile application Moja Croatia
- further claims optimization process – both front and back end

In the forthcoming period, the goal is to continue the best practice of transferring operational excellence from the parent to subsidiaries in the region, as well as help by the parent in the adoption on new accounting regulations (in those countries where it enters into force).

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.

During 2021, strong support for the introduction of Laqo insurance continued, both in marketing and functional terms. The LaqoPrevent program is part of the offer of Croatia's LAQO insurance, the first fully digital insurance solution in this area. LaqoPrevent promotes safe driving and responsible traffic behaviour by using an advanced telematics technology solution, available as part of the LAQO application.

In cooperation with Swiss RE, one of the largest reinsurers in the world, Croatia osiguranje also launched the first crop insurance product against lack of soil moisture (drought). Thanks to this high-tech product, Croatia osiguranje has so far paid HRK 12.6m in compensation for drought damage. Index moisture protection in the soil is the most modern product of its kind on the market, which uses advanced technology for measuring soil moisture via satellite, and the payment of damages takes place automatically, without the need for an appraiser to go to the field. So far, more than 1,000 farmers have received the payment, and 90% of the compensation has been paid in just two weeks. According to estimates, Croatia osiguranje will pay out a total of HRK 13.7m to insured farmers.

The specialist postgraduate study *Products, Digital Innovations and Technologies in Insurance (Insurtech)* developed in cooperation with the Faculty of Electrical Engineering and Computing in Zagreb continues with work. 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.

More than 200 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.

In addition to the regular educational programs that employees attend to improve their professional competencies, in 2021 Croatia osiguranje will continue to work on initiatives aimed at internal sharing of knowledge and learning from the experience of other colleagues. During the year, all employees had the opportunity to participate in some form of training, including internal, external, and training through the e-learning system. In addition, e-learning as an important educational platform has been further developed and provides constantly available educational content for all employees, so that more than 57,000 hours of e-learning were spent on professional knowledge education.

Company branch

As at 31 December 2021, 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 2021.

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 2020, PricewaterhouseCoopers d.o.o. (PwC) provided educational services while in 2021 it provided advisory services. During 2021, Deloitte d.o.o. provided tax advisory 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, 83/21), 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 (IFRS).

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

CROATIA osiguranje d.d.
Corporate Governance Statement

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 2021, significant direct holders of shares in the Company are:

- ADRIS GRUPA d.d. with a share of 66.91% and
- Restructuring and Sales Centre, for the Republic of Croatia, with a share of 30.1%.

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 remaining 4 (four) members, ie the remaining 5 (five) members of the Supervisory Board are elected by the General Assembly of the Company.

The Supervisory Board has competencies prescribed by law and the Company's Articles of Association.

In the period from 1 January 2021 to 31 December 2021, the Supervisory Board of the Company consisted of:

- | | | |
|---|--------------------------|----------------|
| • | Roberto Škopac | President |
| • | Željko Lovrinčević, PhD* | Vice President |
| • | Vitomir Palinec | Member |
| • | Hrvoje Patajac | Member |
| • | Vlasta Pavličević | Member |
| • | Zoran Barac** | Member |

** The previous mandate of Željko Lovrinčević, PhD ended on 19 September 2021, appointed by the decision of the Center for Restructuring and Sale for a new mandate starting from 20 September 2021*

*** Zoran Barac was elected as a member of the Supervisory Board at the General Assembly of the Company held on 9 September 2021 with the beginning of the mandate from 11 October 2021*

During 2021, the Supervisory Board held a total of 14 meetings, and all members of the Supervisory Board attended all meetings of the Supervisory Board during 2021.

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 2021 to 31 December 2021, the Audit Committee consisted of:

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

* By the decision of the Supervisory Board on the appointment of a member of the Audit Committee of CROATIA osiguranje d.d. from 7 September 2021, Željko Lovrinčević was appointed as a member of the Audit Committee for a new mandate, from 20 September 2021 to 20 September 2025

➤ *Report on the work of the Audit Committee for the period from 1 January 2021 to 31 December 2021.*

The Audit 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 conduct in accordance with the prescribed competencies.

The Audit Committee performs the tasks determined by the Audit Committee's Rules and Procedures, and in accordance with the provisions of the Audit Act, Regulation (EU) no. 537/2014, Code of Corporate Governance of the Zagreb Stock Exchange d.d. and the Croatian Financial Services Supervisory Agency and other applicable regulations. The task description of the Audit Committee is publicly available, free of charge, on the website of CROATIA osiguranje d.d.

The organization and manner of work of the Audit Committee are regulated in more detail by the Audit Committee's Rules and Procedures. During 2021, the Audit Committee held a total of 9 sessions and all members of the Audit Committee attended all sessions of the Audit Committee during 2021.

At its sessions during 2021, the Audit Committee discussed the following:

- Report on own risk and solvency assessment for 2020,
- Report on the adequacy of the procedures and effectiveness of the internal control system,
- strategic and annual internal audit plan,
- internal audit reports,
- actuarial function reports,
- consolidated and non-consolidated financial statements,
- Solvency and financial condition report of the CROATIA osiguranje Group,
- auditor's questionnaire regarding the Auditor's Report on the report on the relations of the company CROATIA osiguranje d.d. with affiliated companies,
- audit engagement for 2021,
- annual risk management report,
- non-audit engagement of Deloitte d.o.o.,
- Risk management strategies,
- Risk management policy,
- Working policy of key risk management function,
- Own risk and solvency assessment policy,
- investment limits of the Company.

The Audit Committee regularly reported to the Supervisory Board on the recommendations made at its meetings in form of the submitted minutes of the Committee meetings.

The Nomination and Remuneration Committee consists of three members appointed by the Supervisory Board from among its members.

In the period from 1 January 2021 to 31 December 2021, Nomination and Remuneration Committee consisted of:

- | | | |
|---|-----------------|-----------|
| • | Roberto Škopac | President |
| • | Vitomir Palinec | Member |
| • | Hrvoje Patajac | Member |

➤ *Report on the work of the Nomination and Remuneration Committee for the period from 1 January 2021 to 31 December 2021.*

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 2021, the Nomination and Remuneration Committee held a total of 8 sessions, and all members of the Nomination and Remuneration Committee attended all sessions of the Nomination and Remuneration Committee in 2021.

At its sessions during 2021, the Nomination and Receipts Committee performed the following tasks:

- consideration of the Policy on selection and assessment of the existence of conditions for performing the function of a member of the Supervisory Board,
- consideration of the suitability and expertise of candidates for members of the Supervisory Board,
- consideration of the proposal of the Decision on the adoption of the Report on remuneration for 2020 and consideration of the proposal of the Decision of the General Assembly on the approval of the Report on remuneration for 2020,
- consideration of the proposal of the Decision of the General Assembly on remuneration for the members of the Supervisory Board of CROATIA osiguranje d.d.,
- consideration of the regular annual assessment of the existence of conditions for performing the function of members of the Management Board of CROATIA osiguranje d.d.,
- consideration of the proposal of the Decision on payment of bonuses for 2020 to the members of the Management Board of CROATIA osiguranje d.d.,
- consideration of the proposal of the Decision on the election of the vice president of the Supervisory Board of CROATIA osiguranje d.d.,
- consideration of the proposal of the Decision on the appointment of a member of the Audit Committee of CROATIA osiguranje d.d.,
- consideration of the proposal of the Decision on adoption of Remuneration policies for members of the Management Board,
- consideration of the Analysis of Applicable KPIs for Management Board Members in the Financial Industry and Market Trends.

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, 2021, 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.

In the period from 1 January 2021 to 7 April 2022, the Management Board of the Company operated as follows:

- | | | |
|---|------------------|-----------|
| • | Davor Tomašković | President |
| • | Robert Vučković | Member |
| • | Luka Babić | Member |
| • | Vančo Balen | Member |

During 2021, 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 2022



Luka Babić
Member of the Management Board



Vančo Balen
Member of the Management Board



Davor Tomašković
President of the Management Board



Robert Vučković
Member of the Management Board





**Consolidated and separate financial statements
for 2021**

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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 2022 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 2022

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


Luka Babić
Member of the Management Board


Vančo Balen
Member of the Management Board


Davor Tomašković
President 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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Croatia osiguranje d.d., Zagreb

Report on the Audit of the Financial Statements

Opinion

We have audited the non-consolidated and consolidated financial statements of Croatia osiguranje d.d. (the Company) and its subsidiaries (the Group) which comprise the non-consolidated and consolidated statement of financial position as at 31 December 2021, non-consolidated and consolidated statement of comprehensive income, non-consolidated and consolidated statement of changes in equity and non-consolidated and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the Audit Act and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

This version of the auditor's report is translation from the original, which was prepared in the 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 the report takes precedence over this translation.

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: Kn 44,900.00; Company Directors: Marina Tonžetić, Dražen Nimčević, Katarina Kadunc; Bank: Privredna banka Zagreb d.d., Radnička cesta 50, 10 000 Zagreb, bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

For accounting policies please see description of key judgments and estimates regarding the calculation of technical and . Liability adequacy test („LAT“) which is presented in Notes 2.22. *Technical provisions*, 2.23. *Technical life insurance provisions where the policy holder bears the investment risk* and 2.25 *Liabilities and related assets under liability adequacy test* that have a significant material effect on the amount, timing and uncertainty of future cash flows of the financial statements.

Key audit matter	How we addressed the key audit matter
<p>Estimates used in the calculation of technical provisions and in the liability adequacy test ('LAT')</p> <p>The Company and the Group are required, in connection with all insurance operations, i.e. reinsurance activities performed, form appropriate technical provisions according to the accounting regulations intended to cover the obligations under the insurance contract, i.e. reinsurance contracts and any losses due to the risks arising from the insurance and reinsurance activities they perform.</p> <p>In their financial statements, the Company and the Group have recorded technical provisions in the amount of 6,941,300 thousand HRK, i.e. 8.008.369 thousand HRK, which represents 86% of the Company's total liabilities, i.e. 86% of the Group's total liabilities, which are reported in accordance with the legal requirements for accounting of insurance companies.</p> <p>In line with insurance market practices, their valuation involves significant judgment, as it requires the Management to develop complex and subjective assumptions as key inputs in the actuarial model for calculating technical provisions. Some of the key assumptions: return on investment, interest rates, costs, mortality, longevity, opt-out assumptions. damage quota and cost quotas.</p> <p>Furthermore, on each reporting date, the Company and the Group are required to conduct a liability adequacy test, with an objective to determinate the sufficiency of the recognised provisions under the insurance contract, in accordance with the requirements of IFRS 4 <i>Insurance contracts</i>.</p>	<p>In order to address the risks associated with the calculation of technical provisions and the adequacy testing of obligations identified as a key audit matter, we designed audit procedures, which allowed us to obtain sufficient appropriate audit evidence for our conclusion on this matter.</p> <p>We carried out the following audit procedures, including the use of actuarial experts:</p> <ul style="list-style-type: none"> • Review and verification of the methodology and adequacy of actuarial methods used to assess insurance liabilities. • Review and evaluation of actuarial judgments used in models, which may vary depending on the product and/or product specifications, as well as compliance of models with IFRS. • Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating technical provisions, including the applications and Information technology tools used; • Assessment of design adequacy and implementation checks of identified internal controls relevant to the process of calculation of technical provisions; • Confirmation of the validity of obligation adequacy testing (LAT) by Management which is a key test carried out to verify that the liabilities are adequate in parallel with future contractual liabilities. Our procedures on liability adequacy tests included an overview of projected cash flows and assumptions accepted in the context of the Company's and industry experience and specific product features; • Testing the operating effectiveness of identified and relevant internal controls; • Assessing the quality of historical data used in determining assumptions and assessing the suitability of information system elements and data processing processes

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How we addressed the key audit matter
<p>Estimates used in the calculation of technical provisions and in the liability adequacy test („LAT“) (continued)</p> <p>At each reporting date, the Company and the Group assess whether their stated insurance obligations are adequate, using current estimates of future cash flows across all their insurance contracts.</p> <p>Estimates of future cash flows are based on realistic actuarial assumptions, such as the above.</p> <p>If that estimate shows that the carrying amount of insurance liabilities is insufficient in relation to estimated future cash flows, the deficit shall be recognised at the expense in profit or loss.</p> <p>Given that the measurement of insurance provisions includes a significant judgement of uncertain future outcomes, mainly due to the total settlement amount of insurance liabilities, including all guarantees given to policyholders, which can have a significant impact on the financial statements of the Company and the Group, we have decided to include the estimates used in the calculation of insurance provisions and in the adequacy test of liabilities as a key audit matter during our audit.</p>	<p>Furthermore, we carried out audit procedures to determine that the models have correctly and fully calculated the insurance provisions;</p> <ul style="list-style-type: none"> • Conducting evidence testing over the recognition and measurement of technical provision items. • Review of documentation with actuarial assumptions and expert judgement included. • Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating technical provisions, including the applications and Information technology tools used; • Assessment of design adequacy and verification of implementation identified internal controls relevant to the process of calculation of technical provisions; • Testing the operating effectiveness of identified and relevant internal controls <p>We have also carried out audit procedures regarding the adequacy of disclosures in the financial statements relating to insurance provisions to determine that they are in line with IFRS.</p>

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

The financial statements of the Company and the Group for the year ended 31 December 2020 were audited by another auditor, which expressed an unmodified opinion on the financial statements on 7 April 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report of the Company and the Group and the Corporate Governance Statement, which are included in the Annual Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report and Corporate Governance Statement include required disclosures as set out in the Articles 21, 22 and 24 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in the Articles 22 and 24 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

- 1) Information included in the other information is, in all material respects, consistent with the attached financial statements.
- 2) Management Report has been prepared, in all material respects, in accordance with the Articles 21 and 24 of the Accounting Act.
- 3) Corporate Governance Statement has been prepared, in all material aspects, in accordance with the Article 22, paragraph 1, items 3 and 4 of the Accounting Act, and includes also the information from the Article 22, paragraph 1, point 2, 5, 6 and 7 and the Article 24, paragraph 2.

Based on the knowledge and understanding of the Company and the Group and its environment, which we gained during our audit of the financial statements, we have not identified material misstatements in the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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's 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the 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 the 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company's and the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting ("ESEF")

Auditor's reasonable assurance report on the compliance of annual non-consolidated and consolidated financial statements (the financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of the Company and the Group for the financial year ended 31 December 2021 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file *croatiasiguranjedd-2021-12-31-en*, have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.

In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material discrepancies with the reporting requirements from the ESEF Regulation, whether due to fraud or error.

Furthermore, Company Management is responsible for the following:

- public disclosure of financial statements presented in the annual report in valid XBRL format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

Those charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor's Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material discrepancies with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality assurance

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the International Standard on Quality Control (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting ("ESEF") (continued)

Procedures performed

As part of the selected procedures, we have conducted the following activities:

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Company, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material discrepancies with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the non-consolidated and consolidated annual report have been prepared in valid XHTML format;
- Data included in the non-consolidated and consolidated financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
 - XBRL has been used for markups;
 - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
 - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Company and the Group presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be made public, in all material aspects in accordance with the requirements of the ESEF Regulation Article 3,4 and 6 for the year ended 31 December 2021.

Our conclusion does not represent an opinion on the truthfulness and fair view of the financial statements presented in the electronic form. Furthermore, we do not provide any assurance on other information published together with the documents in ESEF format.

In addition to this conclusion, as well as the opinions contained in this Independent Auditor's Report for the accompanying financial statements and annual report for the year ended 31 December 2021, we do not express any opinion on the information contained in these representations or other information contained in the above file.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Company and the Group by the shareholders on General Shareholders' Meeting held on 18th June 2021 to perform audit of accompanying financial statements. Our total uninterrupted engagement has lasted one year and covers period 1st January 2021 to 31st December 2021.

We confirm that:

- our audit opinion on the accompanying financial statements is consistent with the additional report issued to the Audit Committee of the Company on 6th April 2022 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and the Group and its controlled undertakings, and which have not been disclosed in the Annual Report.

In line with the Ordinance on the structure and content of the financial statements of insurance companies or reinsurance companies (OG No. 37/16, 36/18, 50/19, 98/20 "the Ordinance"), the Management Board of the Company designed forms shown in the Appendix to these financial statements on pages 176 to 198, containing the non-consolidated and consolidated statement of comprehensive income, non-consolidated and consolidated statement of financial position, non-consolidated and consolidated statement of changes in equity, non-consolidated and consolidated statement of cash flows, and notes on reconciliation. These forms and relevant notes on reconciliation are the responsibility of the Management board of the Company, and they do not form an inseparable part of these financial statements, which are shown on pages 31 to 175, but are required by the Ordinance.

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

Marina Tonžetić

Director and certified auditor

Deloitte d.o.o.

7th April 2022

Radnička cesta 80,

10 000 Zagreb,

Croatia

For signatures, please refer to the original Croatian auditor's report, which prevails.

CROATIA osiguranje d.d., Zagreb
Financial statements for 2021

Statement of comprehensive income
for 2021

	Note	Company		Group	
		2021	2020	2021	2020
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Gross written premiums	4	2,910,840	2,744,594	3,451,871	3,237,398
Premiums ceded to reinsurance and coinsurance	4	(278,305)	(248,776)	(310,733)	(277,861)
Written premiums, net of reinsurance and coinsurance	4	2,632,535	2,495,818	3,141,138	2,959,537
Change in gross provisions for unearned premiums	4	(50,136)	(13,442)	(66,940)	3,767
Change in provision for unearned premiums, reinsurance and coinsurance share	4	16,664	16,510	17,249	16,234
Earned premiums, net of reinsurance and coinsurance	4	2,599,063	2,498,886	3,091,447	2,979,538
Commission and fee income	5	38,416	41,578	40,074	43,168
Finance income	6	399,965	408,679	480,877	498,950
Other operating income	7	40,343	41,418	217,890	172,721
Net operating income		3,077,787	2,990,561	3,830,288	3,694,377
Claims incurred	8	(1,684,320)	(2,016,952)	(1,988,840)	(2,289,926)
Reinsurance and coinsurance share of claims incurred	8	66,465	348,100	76,210	353,285
Claims incurred, net of reinsurance and coinsurance		(1,617,855)	(1,668,852)	(1,912,630)	(1,936,641)
Acquisition costs	9	(534,139)	(477,748)	(659,679)	(577,716)
Administrative expenses	10	(396,502)	(389,786)	(612,926)	(583,136)
Other operating expenses	11	(39,848)	(40,722)	(64,003)	(66,954)
Finance costs	12	(96,796)	(139,313)	(154,107)	(148,679)
Share in profit of associates and joint ventures		-	-	11,111	10,339
Profit before tax		392,647	274,140	438,054	391,590
Income tax	13	(58,534)	(44,551)	(75,297)	(63,388)
Profit for the year		334,113	229,589	362,757	328,202

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

Statement of comprehensive income (continued)
for 2021

	Note	Company		Group	
		2021	2020	2021	2020
		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/	(20)	(216)	(3,883)	(5,511)
<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/	147,675	(44,127)	134,573	(36,512)
Foreign exchange differences	24.3/ii/	53	(107)	(675)	3,048
Other comprehensive income/(loss) for the year		147,708	(44,450)	130,015	(38,975)
Total comprehensive income for the year		481,821	185,139	492,772	289,227
Profit attributable to:					
Company shareholders		334,113	229,589	362,342	327,902
Non-controlling interest		-	-	415	300
		334,113	229,589	362,757	328,202
Total comprehensive income attributable to:					
Company shareholders		481,821	185,139	492,355	288,931
Non-controlling interest		-	-	417	296
		481,821	185,139	492,772	289,227
Earnings per share attributable to the Company's shareholders					
Basic and diluted earnings per share (HRK)	14	-	-	860.78	778.96

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

Statement of financial position
as at 31 December 2021

		Company	Company	Group	Group
	Note	31 Dec.	31 Dec.	31 Dec.	31 Dec.
		2021	2020	2021	2020
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets					
Intangible assets	15	133,713	96,858	144,341	107,873
Deferred acquisition costs	15.1	196,996	208,350	236,930	247,354
Property and equipment	16	496,354	552,906	814,845	874,386
Investment property	17	524,104	456,653	1,071,946	1,013,247
Investments in subsidiaries, associates and participation in joint ventures	18	384,197	376,516	72,412	76,593
Held-to-maturity investments	19	2,325,984	2,082,335	2,407,887	2,169,783
Available-for-sale financial assets	19	5,167,207	4,536,162	5,820,956	5,123,648
Financial assets at fair value through profit or loss	19	384,079	421,553	432,027	459,435
Loans and receivables	19	608,170	1,018,935	743,891	1,171,522
Reinsurance share in technical provisions	20	331,343	474,869	349,119	488,265
Deferred tax assets	21	-	-	1,158	1,653
Insurance contract and other receivables	22	910,793	791,014	1,034,150	902,044
Cash and cash equivalents	23	609,033	512,936	797,265	669,425
Total assets		12,071,973	11,529,087	13,926,927	13,305,228
Capital and reserves					
Subscribed share capital	24	589,326	589,326	589,326	589,326
Premium on issued shares	24.1	681,483	681,483	681,483	681,483
Reserves	24.2	402,038	402,038	402,038	402,038
Revaluation reserve	24.3	618,193	471,124	696,434	568,449
Retained earnings		1,724,759	1,389,868	2,231,868	1,866,055
Equity attributable to shareholders of the Company		4,015,799	3,533,839	4,601,149	4,107,351
Non-controlling interests	1.3	-	-	10,171	12,654
Total capital and reserves		4,015,799	3,533,839	4,611,320	4,120,005
Liabilities					
Technical provisions	25	6,941,300	7,035,256	8,008,369	8,036,019
Provisions	26	58,054	86,539	67,590	97,959
Deferred tax liability	21	64,483	35,980	111,954	84,756
Financial liabilities at amortized cost	27	363,847	276,852	412,654	316,466
Financial liabilities at fair value through profit or loss	19.5	5,987	7,426	5,987	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	28	599,867	548,849	670,669	622,611
Current income tax liability		22,636	4,346	38,384	19,986
Total liabilities		8,056,174	7,995,248	9,315,607	9,185,223
Total capital, reserves and liabilities		12,071,973	11,529,087	13,926,927	13,305,228

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

Statement of changes in equity
for 2021

Company	Subscribed	Premium	Reserves	Revaluation	Retained	Total capital
	share	on issued		reserve	earnings	and
	capital	shares				reserves
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Balance at 1 January 2020	589,326	681,483	402,038	516,656	1,158,961	3,348,464
Total comprehensive income for the year						
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 realised	-	-	-	(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
Total comprehensive income for the year	589,326	681,483	402,038	471,124	1,389,868	3,533,839
Change in fair value of property for own use (Note 16)	-	-	-	(25)	-	(25)
Deferred tax on change in fair value of property for own use (Note 21)	-	-	-	5	-	5
Change in fair value of available-for-sale financial assets, net of amounts realized	-	-	-	180,091	-	180,091
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realised (Note 21)	-	-	-	(32,416)	-	(32,416)
Foreign exchange differences on translation of foreign operations	-	-	-	53	-	53
<i>Other comprehensive income</i>	-	-	-	147,708	-	147,708
<i>Profit for the year</i>	-	-	-	-	334,113	334,113
Total comprehensive income for the year	-	-	-	147,708	334,113	481,821
Transactions with owners, recognised directly in equity						
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(778)	778	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	139	-	139
Balance at 31 December 2021	589,326	681,483	402,038	618,193	1,724,759	4,015,799

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

Statement of changes in equity (continued)
for 2021

Group	Subscribed	Premium on	Reserves	Revaluation	Retained	Total	Non-	Total capital
	share capital	issued shares		reserve	earnings		controlling interest	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 2020	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								
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 realized	-	-	-	(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
Total comprehensive income for the year	589,326	681,483	402,038	568,449	1,866,055	4,107,351	12,654	4,120,005
Change in fair value of property for own use (Note 16)	-	-	-	(4,920)	-	(4,920)	6	(4,914)
Deferred tax on change in value of property for own use (Note 21)	-	-	-	1,031	-	1,031	-	1,031
Change in fair value of available-for-sale financial assets, net of amounts realised	-	-	-	166,419	-	166,419	(7)	166,412
Deferred tax on change in fair value of available-for-sale financial assets, net of amounts realized (Note 21)	-	-	-	(31,839)	-	(31,839)	-	(31,839)
Foreign exchange differences on translation of foreign operations	-	-	-	(678)	-	(678)	3	(675)
<i>Other comprehensive income</i>	-	-	-	130,013	-	130,013	2	130,015
<i>Profit for the year</i>	-	-	-	-	362,342	362,342	415	362,757
Total comprehensive income for the year	-	-	-	130,013	362,342	492,355	417	492,772
Transactions with owners, recognised directly in equity								
Dividends paid	-	-	-	-	-	-	(135)	(135)
Purchase of minority interest	-	-	-	-	1,132	1,132	(2,785)	(1,653)
Other transactions	-	-	-	3	(113)	(110)	20	(90)
Transfer due to depreciation and sale of revalued property for own use	-	-	-	(2,452)	2,452	-	-	-
Deferred tax on transfer due to depreciation and sale of revalued property for own use (Note 21)	-	-	-	421	-	421	-	421
Balance at 31 December 2021	589,326	681,483	402,038	696,434	2,231,868	4,601,149	10,171	4,611,320

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

Cash flow statement
for 2021

	Note	Company	Company	Group	Group
		2021	2020	2021	2020
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Cash flows from operating activities</i>					
Profit before tax		392,647	274,140	438,054	391,590
<i>Adjustments for:</i>					
Depreciation and amortisation	15, 16	59,016	57,063	84,482	81,982
Change in deferred acquisition costs	15.1	11,354	17,760	10,424	21,632
Net impairment of loans	6, 12.1	(18,543)	(14,244)	(18,563)	(14,624)
Impairment of property and equipment	7, 11	101	325	(248)	2,430
Impairment of shares in subsidiaries and associates	12.1	(5,671)	(376)	-	-
Interest expense	12	11,724	10,651	13,516	12,145
Interest income	6.1.	(88,137)	(92,372)	(79,847)	(83,965)
Dividend income and share in profit of associates and joint ventures		(65,382)	(25,698)	(43,267)	(19,749)
Net foreign exchange differences on held-to-maturity investments and loans	6.4, 12.3	3,792	(18,662)	3,742	(18,712)
Gain on sale of subsidiaries and associates		(9)	-	(24)	-
(Gains)/losses on sale of investment property and tangible assets and changes in fair value of investment property		(6,972)	16,675	13,818	(1,044)
Net provisions for legal disputes, termination benefits, etc.		756	12,772	2,252	14,403
Gain on bargain purchase and valuation of the existing share	18.3	-	-	(1,961)	(5,628)
Other adjustments		1,967	4,561	10,622	18,117
Cash flows before changes in operating assets and liabilities		296,643	242,595	433,000	398,577
Changes in available-for-sale financial assets		(450,954)	(143,196)	(530,889)	(256,568)
Changes in financial assets and financial liabilities at fair value through profit or loss		36,035	72,024	25,969	59,190
Changes in loans and receivables		366,394	178,265	394,201	172,665
Changes in reinsurance share in technical provisions		143,526	(261,336)	139,146	(261,886)
Changes in insurance contract and other receivables		(121,812)	(7,805)	(137,163)	(12,099)
Changes in technical provisions		(93,956)	304,828	(27,650)	342,351
Payment of termination benefits, jubilee awards and other provisions		(29,241)	(28,950)	(32,621)	(30,978)
Changes in insurance contract and other liabilities		51,998	(8,916)	44,414	(13,676)
Changes in other financial liabilities except for lease liabilities and financial institutions liabilities		74,278	-	74,278	-
Income tax paid		(44,012)	(51,376)	(54,913)	(68,716)
Changes in operating assets and liabilities		(67,744)	53,538	(105,228)	(69,717)
Net cash flows (used in)/from operating activities		228,899	296,133	327,772	328,860

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

Cash flow statement (continued)
for 2021

Continued:

	Note	Company	Company	Group	Group
		2021	2020	2021	2020
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Cash flows from investing activities</i>					
Proceeds from sale of tangible assets		1,329	2,613	3,845	2,178
Purchase of tangible assets		(19,473)	(19,926)	(34,399)	(46,376)
Proceeds from sale of intangible assets		-	-	-	70
Purchase of intangible assets		(61,189)	(78,165)	(63,109)	(79,808)
Proceeds from sale of investment property		6,342	80,780	6,206	81,330
Purchase of investment property		(2,195)	(24,369)	(3,001)	(28,240)
Proceeds from sale of subsidiaries		4,984	-	4,908	-
Acquisition of subsidiaries (net of cash acquired)	18.3	(5,696)	(78,897)	(5,389)	(77,987)
Capital increase of subsidiaries	18.3	-	(18,132)	-	-
Acquisition of additional interest in subsidiaries		(1,289)	-	-	-
Proceeds from held- to-maturity investments		60,000	292,133	79,354	365,269
Purchase of held- to-maturity investments		(309,124)	(191,657)	(324,236)	(207,437)
Proceeds from dividends		63,924	25,443	30,671	9,155
Proceeds received from short-term and long-term loans granted		94,896	72,118	78,267	73,857
Short-term and long-term loans granted		(32,222)	(48,756)	(26,232)	(29,143)
Interest income received		91,842	98,364	84,709	89,440
Net cash flows from investing activities		(107,871)	111,549	(168,406)	152,308
<i>Cash flows from financing activities</i>					
Cash inflows from loans received		-	-	3,075	-
Cash outflows for repayment of principal element of lease liabilities		(22,971)	(20,066)	(30,853)	(28,953)
Cash outflows for payment of share in profit (dividend)		(1,960)	-	(2,095)	(157)
Acquisition of minority interest		-	-	(1,653)	-
Net cash flows from financing activities		(24,931)	(20,066)	(31,526)	(29,110)
Cash and cash equivalents at beginning of period	23	512,936	125,320	669,425	217,367
Cash and cash equivalents at end of period	23	609,033	512,936	797,265	669,425
Net (decrease)/ increase in cash and cash equivalents		96,097	387,616	127,840	452,058

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"), in Republic of Croatia is registered in the Court Register of the Commercial Court in Zagreb, Republic of Croatia, under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862 as a joint stock company.

The Company's principal activity is non-life and life insurance business and reinsurance business in the non-life insurance group in the territory of Republic of Croatia and Slovenia, while the Group also operates in the territory of Northern Macedonia, Bosnia and Herzegovina and Serbia. 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 (Adris is also an ultimate parent of the Company) 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 2,292 (2020: 2,222), and of the Group 3,488 (2020: 3,362).

1.2. Company bodies

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

Members of the Supervisory Board:

- | | | |
|---|-------------------------|-----------------------------|
| • | Roberto Škopac | President |
| • | Željko Lovrinčević, PhD | Vice President |
| • | Vitomir Palinec | Member |
| • | Hrvoje Patajac | Member |
| • | Vlasta Pavličević | Member |
| • | Zoran Barac | Member from 11 October 2021 |

Members of the Management Board:

- | | | |
|---|------------------|-----------|
| • | Davor Tomašković | President |
| • | Robert Vučković | Member |
| • | Luka Babić | Member |
| • | Vančo Balen | Member |

CROATIA osiguranje d.d., Zagreb
Notes to the financial statements for 2021

1.3. Subsidiaries

The Group consolidated the following entities as at 31 December 2021:

Group	Principal activity	31 December 2021		
		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 business</i>	100	100	-
<i>M teh d.o.o.</i>	<i>Equipment rental</i>	100	100	-
Core 1 d.o.o., Zagreb	<i>Real estate business</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	-
CO Logistika d.o.o.	<i>Real estate business</i>	100	100	-
Strmec projekt d.o.o.	<i>Real estate business</i>	100	100	-
CO Zdravlje d.o.o., Zagreb	<i>Consulting and services</i>	100	100	-
<i>CROATIA Poliklinika Zagreb</i>	<i>Healthcare</i>	-	100	-
Croatia-Tehnički pregledi d.o.o., Zagreb	<i>MOT*</i>	100	100	-
<i>Herz d.d., Požega</i>	<i>MOT</i>	-	100	-
<i>Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod</i>	<i>MOT</i>	-	76	24
<i>STP Pitomača, Pitomača</i>	<i>MOT</i>	-	100	-
<i>STP Blato</i>	<i>MOT</i>	-	100	-
<i>Autoprijevoz d.d.</i>	<i>MOT</i>	-	79.12	20.88
<i>Crotehna d.o.o., Ljubuški</i>	<i>MOT</i>	-	100	-
<i>Ponte d.o.o., Mostar</i>	<i>Insurance agency</i>	-	100	-
<i>Skadenca d.o.o.</i>	<i>Insurance agency</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>	97.12	97.12	2.88
<i>Croatia remont d.d., Čapljina**</i>	<i>MOT</i>	-	69.79	30.21
<i>Croauto d.o.o., Mostar</i>	<i>MOT</i>	-	66.79	33.21
<i>Hotel Hum d.o.o., Ljubuški</i>	<i>Hospitality</i>	-	100	-
Croatia osiguranje d.d., društvo za osiguranje neživota, Skopje	<i>Insurance</i>	91.75	100	-
Croatia osiguranje d.d., društvo za osiguranje života, Skopje	<i>Insurance</i>	95	100	-

* MOT - Motor vehicle examination stations

** Crotehna d.o.o. additionally holds a 9.27% 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

In accordance with Accounting Act (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20 and 47/20), the financial statements for 2021 have been prepared in accordance with 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 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:*

- *Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (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.
-
- *Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021)*

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient 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; 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.

- *Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9" adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023)*

IFRS 9 addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

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.

(b) Standards and interpretations not yet adopted:

Certain new standards and interpretations have been published that are not mandatory for 31 December 2021 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:

- *Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023)*

The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. Management has assessed that these amendments won't have significant influence on financial reports of the Company and the Group.

- *Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023)*

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU. Management has assessed that these amendments won't have significant influence on financial reports of the Company and the Group.

- *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 recognized 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 recognizes 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 recognized some liabilities in a business combination that it would not recognize under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognize such liabilities and recognize a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognize 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.

- *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.

- *Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023)*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

- *IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard*
- *Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023)*

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.

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.

- *Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)*

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. Management has assessed that these amendments won’t have significant influence on financial reports of the Company and the Group.

- *Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded)*

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.

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 while carrying amounts of the assets and liabilities are presented in notes 16, 17, 19, 21 and 25.

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

Due to the further course of the COVID-19 pandemic, the Group is continuously monitoring the situation and no significant negative impacts on the Group's operations have been identified in 2021, which is confirmed by the Group's results and high solvency ratio, 272% for the Company and 227% for the Group. Despite this, Group continues to assess the possible effects of pandemic on its operations. Negative financial effects caused directly by the COVID-19 pandemic could occur in the event of a new deterioration of the epidemiological situation if it would cause re-closures and reduction of economic activities. In addition, there are risks indirectly caused or triggered by the COVID-19 pandemic. This primarily refers to supply chain disruptions that continue to have negative impact on certain segments of economic activities as well as occurrence of increased inflation, which in the event of prolonged retention could have negative effects on the Group's operations if there is a significant decrease of consumer purchasing power. A negative impact could occur if there is a sharp increase in interest rates in financial markets, which could primarily be effected with the lower market valuations and decrease in value of financial instruments.

The mentioned effects of the pandemic impact could be realized in the future and therefore the Group will continue to have the special emphasis on monitoring the situation and taking timely measures to mitigate the potential negative consequences on its operations.

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 as 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 June 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. During business year 2020, this decision led to an increase in technical provisions from insurance that is, it had an effect on profit before tax (after reinsurance) in the amount of over HRK 80m. In addition to the effect on the reporting period 2020, 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.

The Group applies the acquisition method for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of identifiable acquiree's net assets.

Goodwill is initially measured as excess of the aggregate of the consideration transferred and the fair value of non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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 2021, the official HRK exchange rate was HRK 7.517174 for EUR 1 (31 December 2020: HRK 7.536898).

2.8. Revenue recognition

/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.

/iv/ 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.

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.

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.

2.9. 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 2 to 15 years (2020: from 3 to 10 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 and accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. 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:

	2021	2020
	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 31.12.2021 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 ranged from 2.57% to 7.25% (31.12.2020: from 2.57% to 7.29%). 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 (such as tablets and personal computers, telephones etc.).

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 at amortized cost.

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 and buildings) that are not used for operations and that are owned by the Group 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, associates and joint ventures

Subsidiaries are entities which are controlled by the Group.

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, associates and joint ventures 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 and financial liabilities 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 as well as for the purpose of hedging (derivatives financial instruments).

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 and are quoted in an active market. 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 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 expired, 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 portfolio 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.

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.

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 are 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 2021 and 2020, 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. 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. 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.

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). When the parent's separate financial statements and consolidated financial statements are presented, earnings per share are presented only on the basis of the consolidated information.

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 (2020: HRK 0 thousand), and the provisions for the Group amounts to HRK 864 thousand (2020: HRK 867 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 earned premium 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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Gross exposure (HRK'000)	579,071	648,392	342,585	400,962
Impairment rate (%)	19%	21%	33%	34%

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 5,791 thousand (31 December 2020: HRK 6,484 thousand) for the Company and HRK 3,426 thousand (2020: HRK 4,010 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. For the purposes of the liability adequacy test, the Group applies an internally developed discount curves based on returns to be realized on the existing portfolio of financial assets and projected returns on reinvestment of financial assets. Assumptions on reinvestment of financial assets take into account the allocation of assets and marketable returns that take into account forward rates determined from available market data. 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 1.6 million for the Company and HRK 1.9 million for the Group (2020: HRK 1.2 million for the Company and the Group).

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. 2021			31 Dec. 2020		
	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	32,115	(21)	32,094	31,174	(8)	31,166
Health insurance	189,664	-	189,664	160,902	11	160,913
Road motor vehicle insurance	238,036	(772)	237,264	217,794	(1,059)	216,735
Railroad insurance	1,715	-	1,715	2,346	-	2,346
Aircraft insurance	-	993	993	1,116	(427)	689
Vessel insurance	36,469	(21,379)	15,090	4,662	(3,609)	1,053
Insurance for goods in transit	7,740	73	7,813	1,330	(607)	723
Insurance against fire and natural disasters	49,813	(3,876)	45,937	387,688	(258,380)	129,308
Other property insurance	276,411	(30,051)	246,360	247,734	(13,703)	234,031
Motor liability insurance	297,524	(5,837)	291,687	321,338	(12,001)	309,337
Aircraft liability insurance	30	(348)	(318)	177	(6)	171
Vessel liability insurance	864	3,989	4,853	(12,218)	354	(11,864)
Other types of liability insurance	96,086	1,250	97,336	127,674	(6,153)	121,521
Loan insurance/credit insurance	(34,783)	(2,785)	(37,568)	(30,999)	(1,916)	(32,915)
Guarantee insurance	(396)	-	(396)	767	(65)	702
Miscellaneous financial loss insurance	23,003	(7,693)	15,310	63,271	(50,550)	12,721
Legal expenses insurance	(3)	-	(3)	421	9	430
Assistance	5,764	-	5,764	5,334	-	5,334
Total non-life insurance	1,220,052	(66,457)	1,153,595	1,530,511	(348,110)	1,182,401
Life insurance	443,635	(8)	443,627	477,237	10	477,247
Annuity insurance	6,489	-	6,489	2,887	-	2,887
Additional insurance with life insurance	1,524	-	1,524	1,514	-	1,514
Life or annuity insurance where the policyholder bears the investment risk	12,620	-	12,620	4,803	-	4,803
Total life insurance	464,268	(8)	464,260	486,441	10	486,451
Total	1,684,320	(66,465)	1,617,855	2,016,952	(348,100)	1,668,852

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Group	31 Dec. 2021			31 Dec. 2020		
	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	46,443	(267)	46,176	44,726	(46)	44,680
Health insurance	182,554	(665)	181,889	150,260	105	150,365
Road motor vehicle insurance	281,735	(1,413)	280,322	256,861	(1,433)	255,428
Railroad insurance	1,715	-	1,715	2,346	-	2,346
Aircraft insurance	-	993	993	1,116	(427)	689
Vessel insurance	36,469	(21,379)	15,090	4,661	(3,609)	1,052
Insurance for goods in transit	9,156	(500)	8,656	994	(569)	425
Insurance against fire and natural disasters	55,667	(6,829)	48,838	391,852	(259,343)	132,509
Other property insurance	285,574	(31,631)	253,943	253,020	(14,403)	238,617
Motor liability insurance	431,277	(6,091)	425,186	445,159	(12,897)	432,262
Aircraft liability insurance	30	(380)	(350)	177	(6)	171
Vessel liability insurance	864	3,989	4,853	(12,218)	354	(11,864)
Other types of liability insurance	97,368	802	98,170	127,646	(6,327)	121,319
Loan insurance/credit insurance	(25,371)	(5,074)	(30,445)	(18,137)	(3,961)	(22,098)
Guarantee insurance	62	(63)	(1)	769	(65)	704
Miscellaneous financial loss insurance	23,435	(7,694)	15,741	64,176	(50,550)	13,626
Legal expenses insurance	(3)	-	(3)	423	11	434
Assistance	8,749	-	8,749	7,720	-	7,720
Total non-life insurance	1,435,724	(76,202)	1,359,522	1,721,551	(353,166)	1,368,385
Life insurance	519,947	(8)	519,939	549,535	(119)	549,416
Annuity insurance	6,651	-	6,651	2,888	-	2,888
Additional insurance with life insurance	2,934	-	2,934	2,690	-	2,690
Life or annuity insurance where the policyholder bears the investment risk	23,584	-	23,584	13,262	-	13,262
Total life insurance	553,116	(8)	553,108	568,375	(119)	568,256
Total	1,988,840	(76,210)	1,912,630	2,289,926	(353,285)	1,936,641

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.

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

	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020	31 Dec. 2020
	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	7,500
Fire	551,250	11,250	551,250	11,250
Motor hull insurance	-	15,000	-	11,250
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	157,625	4,875
Other liability	71,250	3,750	71,250	3,750
Earthquake	1,155,000	45,000	1,155,000	45,000
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. 2021	31 Dec. 2021	31 Dec. 2020	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	Reinsurance coverage	Retention	Reinsurance coverage	Retention
Motor – third party liability	Unlimited	9,036	Unlimited	11,301
Fire	679,744	12,018	856,493	12,755
Motor hull insurance	2,787	15,306	6,182	11,777
Machinery breakage	630,133	12,018	806,752	12,755
Construction /assembly	630,133	12,018	806,752	12,755
Theft	588,246	12,030	767,665	12,755
Vessels	157,917	4,898	157,914	4,894
Other liability	75,134	3,871	77,657	4,992
Earthquake	1,235,361	46,521	1,500,189	47,260
Flood	679,489	12,018	826,346	12,755

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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 2021 and 2020:

	Company	Company	Group	Group
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Non-life insurance				
Claims ratio	50.27%	66.98%	50,68%	64.11%
Cost ratio	36.66%	35.40%	37,41%	36.00%
Combined ratio	86.93%	102.38%	88,09%	100.11%
Claims ratio, net	52.93%	55.77%	53,19%	57.35%

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. 2021		as at 31 Dec. 2020	
	in HRK'000	%	in HRK'000	%
[0, 1]	572,244	22%	331,998	13%
[1, 3]	1,135,758	43%	1,246,441	49%
[3, 4]	705,441	27%	719,251	28%
[4, 5]	240,851	9%	265,683	10%
[5, 6]	1,991	0%	2,112	0%
	2,656,285	100%	2,565,485	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. 2021		as at 31 Dec. 2020	
	in HRK'000	%	in HRK'000	%
[0, 1]	572,244	18%	331,998	11%
[1, 3]	1,389,268	44%	1,481,787	49%
[3, 4]	928,600	30%	940,268	31%
[4, 5]	241,262	8%	266,083	9%
[5, 6]	1,990	0%	2,112	0%
	3,133,364	100%	3,022,248	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	2021	2020
	in HRK'000	in HRK'000
Average balance of mathematical provision	2,604,930	2,513,947
Yield on investment in mathematical provision	80,920	83,195
Annual yield on mathematical provision	3.11%	3.31%
Average annual yield on mathematical provision for the past 2 years	3.21%	4.05%
Group	2021	2020
	in HRK'000	in HRK'000
Average balance of mathematical provision	3,069,846	2,959,791
Yield on investment in mathematical provision	96,391	98,884
Annual yield on mathematical provision	3.14%	3.34%
Average annual yield on mathematical provision for the past 2 years	3.24%	3.98%

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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	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%	8,739	9,484	34,803	21,755
Mortality +10%	1,092	1,333	8,618	4,443
Expenses +10%	25,049	25,968	33,327	29,862

For life insurance 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 insurance are as follows:

Company	2021		2020	
	in HRK'000	%	in HRK'000	%
Insurance type				
Life insurance – traditional products	1,840,087	90.3%	2,186,744	91%
Unit-linked life insurance products	198,766	9.7%	220,116	9%
As at 31 December	2,038,853	100%	2,406,860	100%
Group	2021		2020	
	in HRK'000	%	in HRK'000	%
Insurance type				
Life insurance – traditional products	6,240,672	94.7%	5,039,369	93.4%
Unit-linked life insurance products	350,223	5.3%	355,839	6.6%
As at 31 December	6,590,895	100%	5,395,208	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	1,553,882	31.4%	3,078,140	30.9%
40,001 - 60,000	525,263	10.6%	914,813	9.2%
60,001 - 80,000	729,952	14.8%	1,376,193	13.8%
80,001 - 100,000	333,068	6.7%	630,631	6.3%
100,001 - 125,000	418,228	8.5%	806,319	8.1%
125,001 - 150,000	183,923	3.7%	345,794	3.5%
150,001 - 250,000	701,901	14.2%	1,179,038	11.9%
250,001 - 500,000	299,921	6.1%	534,525	5.4%
> 500,001	196,814	4.0%	1,082,291	10.9%
As at 31 December 2021	4,942,952	100%	9,947,744	100%
< 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%

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 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 and expenses 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 2.5% was used (the maximum rate prescribed by HANFA is 3.3%),
- for insurance contracts concluded in 2010 the interest rate used was 2.5% (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 2.5%-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 1,9% 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, 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 1.6.2020, the interest rate is 2% and for insurance contracts contracted with the 1.6.2021, the interest rate is 1,5%.

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.

National competent authorities 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):

	2021		2020	
	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%	19,314	10,454	14,367	5,805
Group				
Change of exchange rate by 1%	23,041	10,454	18,419	5,805

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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 2021				31 December 2020			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	384,197	-	-	384,197	376,516	-	-	376,516
Held-to-maturity investments	1,285,792	1,040,192	-	2,325,984	1,279,168	803,167	-	2,082,335
Available-for-sale financial assets	1,607,329	3,382,693	177,185	5,167,207	1,717,419	2,649,645	169,098	4,536,162
Financial assets at fair value through profit or loss	6,024	274,239	103,816	384,079	4,168	315,912	101,473	421,553
<i>Derivative financial assets at fair value through profit or loss</i>	-	3,030	3	3,033	-	2,176	1,939	4,115
<i>Non derivative financial assets at fair value through profit or loss</i>	6,024	271,209	103,813	381,046	4,168	313,736	99,534	417,438
Loans and receivables	549,693	58,477	-	608,170	680,007	338,928	-	1,018,935
Reinsurance share in technical provisions	225,281	68,899	37,163	331,343	271,654	60,388	142,827	474,869
Insurance contract and other receivables	722,108	164,377	24,308	910,793	706,625	79,594	4,795	791,014
Cash and cash equivalents	546,161	52,787	10,085	609,033	383,521	111,815	17,600	512,936
Total assets	5,326,585	5,041,664	352,557	10,720,806	5,419,078	4,359,449	435,793	10,214,320
Liabilities								
Technical provisions	3,562,471	3,201,315	177,514	6,941,300	3,602,085	3,151,795	281,376	7,035,256
Provisions	58,024	30	-	58,054	86,539	-	-	86,539
Financial liabilities at amortized cost	71,898	235,468	56,481	363,847	49,790	227,062	-	276,852
Financial liabilities at fair value through profit or loss	-	2,048	3,939	5,987	-	7,426	-	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	468,033	125,669	6,165	599,867	446,904	94,617	7,328	548,849
Total liabilities	4,160,426	3,564,530	244,099	7,969,055	4,185,318	3,480,900	288,704	7,954,922
Foreign currency gap	1,166,159	1,477,134	108,458	2,751,751	1,233,760	878,549	147,089	2,259,398

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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 2021				31 December 2020			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	70,692	-	1,720	72,412	75,211	-	1,382	76,593
Held-to-maturity investments	1,285,792	1,102,207	19,888	2,407,887	1,279,168	852,056	38,559	2,169,783
Available-for-sale financial assets	1,626,549	3,680,643	513,764	5,820,956	1,738,033	2,957,182	428,433	5,123,648
Financial assets at fair value through profit or loss	6,024	274,239	151,764	432,027	4,168	315,912	139,355	459,435
<i>Derivative financial assets at fair value through profit or loss</i>	-	3,030	3	3,033	-	2,176	1,939	4,115
<i>Non derivative financial assets at fair value through profit or loss</i>	6,024	271,209	151,761	428,994	4,168	313,736	137,416	455,320
Loans and receivables	308,099	68,061	367,731	743,891	429,737	345,619	396,166	1,171,522
Reinsurance share in technical provisions	225,281	69,043	54,795	349,119	271,654	52,359	164,252	488,265
Insurance contract and other receivables	761,505	164,411	108,234	1,034,150	743,751	81,954	76,339	902,044
Cash and cash equivalents	676,687	60,024	60,554	797,265	465,827	149,277	54,321	669,425
Total assets	4,960,629	5,418,628	1,278,450	11,657,707	5,007,549	4,754,359	1,298,807	11,060,715
Liabilities								
Technical provisions	3,562,471	3,561,844	884,054	8,008,369	3,602,085	3,483,994	949,940	8,036,019
Provisions	64,400	29	3,161	67,590	94,063	-	3,896	97,959
Financial liabilities at amortized cost	93,713	225,642	93,299	412,654	63,972	216,431	36,063	316,466
Financial liabilities at fair value through profit or loss	-	2,048	3,939	5,987	-	7,426	-	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	492,845	127,184	50,640	670,669	470,059	97,463	55,089	622,611
Total liabilities	4,213,429	3,916,747	1,035,093	9,165,269	4,230,179	3,805,314	1,044,988	9,080,481
Foreign currency gap	747,200	1,501,881	243,357	2,492,438	777,370	949,045	253,819	1,980,234

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:

	2021		2020	
	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	-	(164,255)/164,255	-	(199,268)/199,268
Group				
Change in interest rate by +/- 100 bps	-	(209,756)/209,756	-	(239,851)/239,851

Carrying amounts of debt securities classified as available-for-sale are presented in note 19.

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

	2021		2020	
	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%	1,288/(1,288)	64,904/(64,904)	859/(859)	36,410/(36,410)
Group				
Change in price by +/- 5%	2,625/(2,625)	64,907/(64,907)	2,161/(2,161)	37,237/(37,237)

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 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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in debt securities	6,195,115	5,890,289	6,930,698	6,564,658
Investments in bank deposits	141,637	508,031	514,142	908,343
Loans	466,533	510,904	229,749	263,179
Reinsurance share in technical provisions	331,343	474,869	349,119	488,265
Insurance contract and other receivables	889,522	738,282	988,876	827,503
Cash and cash equivalents	609,033	512,936	797,265	669,425
	8,633,183	8,635,311	9,809,849	9,721,373

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

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Government bonds	5,400,565	5,493,510	5,434,235	5,528,786
Bonds of other state institutions	-	-	-	-
Undue interest on bonds	81,327	81,756	81,447	81,911
Other receivables	1,809	1,709	11,957	14,300
	5,483,701	5,576,975	5,527,639	5,624,997

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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).

	2021	2020	Company	Company
	S&P	S&P	31 Dec. 2021	31 Dec. 2020
			u 000 HRK	u 000 HRK
<i>Held-to-maturity investments</i>			2,325,984	2,082,335
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	2,262,103	2,038,398
Corporations rated by another agency	-	-	43,977	43,937
No rating	-	-	19,904	-
<i>Available-for-sale financial assets</i>			3,869,131	3,807,954
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	3,219,789	3,536,868
Ministry of Finance of Romania	BBB-	BBB-	126,554	54,962
Ministry of Finance of Hungary	-	BBB	-	46,619
Rated corporations	B-	B-	10,117	10,127
	-	BB+	-	63,463
	BBB-	BBB-	156,755	38,379
	A-	A-	25,095	25,062
Corporations rated by another agency	-	-	288,381	5,134
No rating	-	-	42,440	27,340
<i>Loans and receivables</i>			608,170	1,018,935
Rated banks	-	A	-	6,482
Other banks and financial institutions*	-	-	141,637	501,549
No rating**	-	-	466,533	510,904
<i>Reinsurance share in technical provisions</i>			331,343	474,869
Rated reinsurers	A-	A-	19,237	28,038
	A	A	23,700	36,487
	A+	A+	109,696	204,849
	AA-	AA-	135,682	164,632
	AA	AA	7,081	4,239
	AA+	AA+	8,634	8,911
Reinsurers rated by another agency	-	-	19,853	24,337
No rating	-	-	7,460	3,376
<i>Insurance contract and other receivables</i>			889,522	738,282
No rating	-	-	889,522	738,282
<i>Cash and cash equivalents</i>			609,033	512,936
Other banks and financial institutions*	-	-	609,033	512,936
			8,633,183	8,635,311

* Other banks and financial institutions mostly include banks and financial institutions rated by another agency 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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	2021	2020	Group	Group
	S&P	S&P	31 Dec. 2021	31 Dec. 2020
			u 000 HRK	u 000 HRK
<i>Held-to-maturity investments</i>			2,407,887	2,169,783
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	2,268,280	2,044,591
Ministry of Finance of Macedonia	BB-	BB-	60,232	48,666
Ministry of Finance of Serbia	-	BB+	-	17,044
Corporations rated by another agency	-	-	43,977	43,937
No rating	-	-	35,398	15,545
<i>Available-for-sale financial assets</i>			4,522,811	4,394,875
Ministry of Finance of the Republic of Croatia	BBB-	BBB-	3,247,402	3,566,106
Ministry of Finance of Hungary	-	BBB	-	46,619
Ministry of Finance of Macedonia	BB-	BB-	380,147	332,157
Ministry of Finance of Serbia	BB+	BB+	245,920	225,526
Ministry of Finance of Romania	BBB-	BBB-	126,554	54,962
Rated corporations	B-	B-	10,117	10,127
	-	BB+	-	63,463
	BBB-	BBB-	156,755	38,379
	A-	A-	25,095	25,062
Corporations rated by another agency	-	-	288,381	5,134
No rating	-	-	42,440	27,340
<i>Loans and receivables</i>			743,891	1,171,522
Rated banks	-	A	-	6,482
Other banks and financial institutions*	-	-	514,142	901,861
No rating**	-	-	229,749	263,179
<i>Reinsurance share in technical provisions</i>			349,119	488,265
Rated reinsurers	A-	A-	19,237	28,038
	A	A	23,700	36,487
	A+	A+	109,696	204,849
	AA-	AA-	135,682	164,632
	AA	AA	7,081	4,239
	AA+	AA+	8,634	8,911
Reinsurers rated by another agency	-	-	19,853	24,337
No rating	-	-	25,236	16,772
<i>Insurance contract and other receivables</i>			988,876	827,503
No rating	-	-	988,876	827,503
<i>Cash and cash equivalents</i>			797,265	669,425
Other banks and financial institutions*	-	-	797,265	669,425
			9,809,849	9,721,373

* Other banks and financial institutions mostly include banks and financial institutions rated by another agency 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 settlement 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 2021						31 December 2020					
	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	-	-	-	-	384,197	384,197	-	-	-	-	376,516	376,516
Held-to-maturity investments	342,159	452,858	159,319	666,865	704,783	2,325,984	93,011	351,973	468,063	541,334	627,954	2,082,335
Available-for-sale financial assets	251,072	1,170,365	1,378,444	1,928,384	438,942	5,167,207	117,317	660,825	1,382,448	1,878,909	496,663	4,536,162
Financial assets at fair value through profit or loss	426	2,607	6,024	375,022	-	384,079	2,390	1,725	4,168	413,270	-	421,553
Loans and receivables	182,260	198,977	103,023	79,452	44,458	608,170	494,006	245,037	106,781	123,731	49,380	1,018,935
Reinsurance share in technical provisions	188,146	67,454	21,063	22,345	32,335	331,343	349,027	62,783	20,476	20,604	21,979	474,869
Insurance contract and other receivables	910,793	-	-	-	-	910,793	791,014	-	-	-	-	791,014
Cash and cash equivalents	609,033	-	-	-	-	609,033	512,936	-	-	-	-	512,936
Total	2,483,889	1,892,261	1,667,873	3,072,068	1,604,715	10,720,806	2,359,701	1,322,343	1,981,936	2,977,848	1,572,492	10,214,320
Liabilities												
Technical provisions	2,386,960	1,596,998	880,839	848,591	1,227,912	6,941,300	2,637,566	1,321,695	1,134,644	884,907	1,056,444	7,035,256
Provisions	10,467	22,849	20,144	2,058	2,536	58,054	8,993	29,773	29,899	8,730	9,144	86,539
Financial liabilities at amortized cost	92,587	30,093	23,442	58,045	159,680	363,847	14,663	26,417	20,796	57,511	157,465	276,852
Financial liabilities at fair value through profit or loss	5,576	411	-	-	-	5,987	1,736	3,078	2,612	-	-	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	560,647	19,523	4,957	6,462	8,278	599,867	503,971	26,805	2,714	6,086	9,273	548,849
Total	3,056,237	1,669,874	929,382	915,156	1,398,406	7,969,055	3,166,929	1,407,768	1,190,665	957,234	1,232,326	7,954,922
Maturity mismatch	(572,348)	222,387	738,491	2,156,912	206,309	2,751,751	(807,228)	(85,425)	791,271	2,020,614	340,166	2,259,398

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

Group in HRK'000	31 December 2021						31 December 2020					
	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	-	-	-	-	72,412	72,412	-	-	-	-	76,593	76,593
Held-to-maturity investments	345,346	474,430	181,818	695,355	710,938	2,407,887	114,766	356,015	512,245	558,803	627,954	2,169,783
Available-for-sale financial assets	296,456	1,272,840	1,532,456	2,038,815	680,389	5,820,956	157,921	752,892	1,484,303	1,997,808	730,724	5,123,648
Financial assets at fair value through profit or loss	18,204	7,112	14,705	386,783	5,223	432,027	18,887	3,605	10,653	423,878	2,412	459,435
Loans and receivables	290,059	303,984	116,198	32,133	1,517	743,891	627,518	347,668	134,415	60,408	1,513	1,171,522
Reinsurance share in technical provisions	202,758	67,927	21,447	23,306	33,681	349,119	358,627	63,997	21,661	21,123	22,857	488,265
Insurance contract and other receivables	1,033,633	131	239	14	133	1,034,150	897,517	3,192	1,333	-	2	902,044
Cash and cash equivalents	797,265	-	-	-	-	797,265	669,425	-	-	-	-	669,425
Total	2,983,721	2,126,424	1,866,863	3,176,406	1,504,293	11,657,707	2,844,661	1,527,369	2,164,610	3,062,020	1,462,055	11,060,715
Liabilities												
Technical provisions	2,816,121	1,737,089	1,004,616	1,027,413	1,423,130	8,008,369	3,006,864	1,469,926	1,244,734	1,072,938	1,241,557	8,036,019
Provisions	12,965	24,800	21,583	3,550	4,692	67,590	10,283	34,763	30,997	10,399	11,517	97,959
Financial liabilities at amortized cost	101,252	43,693	32,351	63,054	172,304	412,654	22,798	42,765	28,048	62,297	160,558	316,466
Financial liabilities at fair value through profit or loss	5,576	411	-	-	-	5,987	1,736	3,078	2,612	-	-	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	627,564	20,642	5,840	7,999	8,624	670,669	572,109	29,073	3,791	8,018	9,620	622,611
Total	3,563,478	1,826,635	1,064,390	1,102,016	1,608,750	9,165,269	3,613,790	1,579,605	1,310,182	1,153,652	1,423,252	9,080,481
Maturity mismatch	(579,757)	299,789	802,473	2,074,390	(104,457)	2,492,438	(769,129)	(52,236)	854,428	1,908,368	38,803	1,980,234

The table below shows the future undiscounted cash flows of financial liabilities which refer to 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 2021	25,067	70,105	40,385	87,847	224,944	448,348	32,763	77,489	49,227	96,982	236,707	493,168
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

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 2021	-	-	-	-	356,505	356,505	-	-	-	-	356,505	356,505
31 December 2020	-	9,921	-	-	148,972	158,893	-	9,921	-	-	148,972	158,893

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. 2021			31 Dec. 2020		
	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	2,325,984	2,523,641	197,657	2,082,335	2,339,165	256,830
Loans	466,533	481,986	15,453	510,904	525,899	14,995
Deposits	141,637	141,855	218	508,031	509,435	1,404
	2,934,154	3,147,482	213,328	3,101,270	3,374,499	273,229
Group						
Debt securities	2,407,887	2,610,990	203,103	2,169,783	2,434,028	264,245
Loans	229,749	230,316	567	263,179	264,052	873
Deposits	514,142	514,360	218	908,343	909,746	1,403
	3,151,778	3,355,666	203,888	3,341,305	3,607,826	266,521

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. 2021				31 Dec. 2020			
	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	1,969,630	554,011	-	2,523,641	1,074,835	1,264,330	-	2,339,165
Loans	-	481,986	-	481,986	-	525,899	-	525,899
Deposits	-	-	141,855	141,855	-	-	509,435	509,435
	1,969,630	1,035,997	141,855	3,147,482	1,074,835	1,790,229	509,435	3,374,499

	31 Dec. 2021				31 Dec. 2020			
	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	1,991,839	619,151	-	2,610,990	1,114,435	1,319,593	-	2,434,028
Loans	-	224,689	5,627	230,316	-	261,272	2,780	264,052
Deposits	-	-	514,360	514,360	-	-	909,746	909,746
	1,991,839	843,840	519,987	3,355,666	1,114,435	1,580,865	912,526	3,607,826

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

The Company's assets measured at fair value as at 31 December 2021 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Property for own use	-	-	195,048	195,048
Investment property	-	-	524,104	524,104
Equity securities	764,572	100,467	7,938	872,977
Debt securities	2,798,248	1,068,992	1,891	3,869,131
Investment funds	180,957	244,083	59	425,099
Available-for-sale financial assets	3,743,777	1,413,542	9,888	5,167,207
Equity securities	25,766	-	-	25,766
Debt securities	-	-	-	-
Investment funds	355,280	-	-	355,280
Foreign currency forward contracts	-	3,033	-	3,033
Financial assets at fair value through profit or loss	381,046	3,033	-	384,079
Total assets at fair value	4,124,823	1,416,575	729,040	6,270,438

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

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	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 Group's assets measured at fair value as at 31 December 2021 are presented as follows:

	Level 1	Level 2	Level 3	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Property for own use	-	-	415,844	415,844
Investment property	-	-	1,071,946	1,071,946
Equity securities	764,583	100,467	7,996	872,977
Debt securities	3,071,780	1,449,140	1,891	4,522,811
Investment funds	180,957	244,083	59	425,099
Available-for-sale financial assets	4,017,320	1,793,690	9,946	5,820,956
Equity securities	25,766	-	-	25,766
Debt securities	-	-	-	-
Investment funds	403,228	-	-	403,228
Foreign currency forward contracts	-	3,033	-	3,033
Financial assets at fair value through profit or loss	428,994	3,033	-	432,027
Total assets at fair value	4,446,314	1,796,723	1,497,736	7,740,773

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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

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 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
Transfer from/to Level 2	(23,001)	-	-	(23,001)
Disposals	(619)	-	-	(619)
(Losses) recognised in other comprehensive income	-	(239)	(2,970)	(3,209)
Gains recognised in other comprehensive income	1,317	-	-	1,317
31 December 2021	7,938	1,891	59	9,888

Movement of property for own use and investment property for the Company are disclosed in Note 16 and 17.

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 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
Transfer from/to Level 2	(23,001)	-	-	(23,001)
Disposals	(619)	-	-	(619)
(Losses) recognised in other comprehensive income	-	(239)	(2,970)	(3,209)
Gains recognised in other comprehensive income	1,318	-	-	1,318
31 December 2021	7,996	1,891	59	9,946

Movement of property for own use and investment property for the Group are disclosed in Note 16 and 17.

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. 2021 in HRK'000	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Equity securities	7,938	Discount rate	7.85%-9.85% (8.85%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 1,003 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 1,257 thousand.
Debt securities	1,891	Discount rate	12.5% - 14.5% (13.5%)	An increase in the discount rate by 100 bps would decrease the fair value by HRK 42 thousand. A decrease in the discount rate by 100 bps would increase the fair value by HRK 68 thousand.
Investment funds	59	Discount rate	-	-

	Fair value at 31 Dec. 2020 in HRK'000	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
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.

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 receivables.

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 2021 and 31 December 2020.

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 2021 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 2021	Fair value as at 31 December 2020	Valuation technique(s)	Unavailable parameters	Range of unavailable parameters	
					2021	2020
Company	524,104	456,653	Income approach	Capitalization rate	5.5-10%	5.5-10%
			Cost approach	Building unit price per m2 (HRK)	120-6,161	100-6,053
			Sales comparison approach	Average price per m2 (HRK)	1-24,515	1-23,794
Group	1,071,946	1,013,247	Income approach	Capitalization rate	5.5%-12%	5.5%-10.5%
				Discount rate	10%	10%
			Cost approach	Building unit price (HRK)	120-6,161	100-6,053
			Sales comparison approach	Building unit price per m2 (HRK)	1-34,414	1-34,036

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 eligible 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. 2021	31 Dec. 2020
SCR ratio	>100%	272%	268%
MCR ratio	>100%	999%	930%

	Regulatory requirement	Group	Group
		31 Dec. 2021*	31 Dec. 2020**
SCR ratio	>100%	227%	228%
MCR ratio	>100%	779%	725%

** 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 2021 as part of the Solvency and Financial Condition Report of CROATIA osiguranje Group for 2021, which will be published on the Company's website within the stipulated deadlines.*

*** Data presented for 31 December 2020 are the data that are published in the Solvency and Financial Condition Report of CROATIA osiguranje Group for 2020.*

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:

	2021	2021	2021	2020	2020	2020
	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	2,466,825	444,015	2,910,840	2,290,996	453,598	2,744,594
Premiums ceded to reinsurance and coinsurance	(278,233)	(72)	(278,305)	(248,704)	(72)	(248,776)
Written premiums, net of reinsurance and coinsurance	2,188,592	443,943	2,632,535	2,042,292	453,526	2,495,818
Change in gross provisions for unearned premiums	(49,979)	(157)	(50,136)	(13,289)	(153)	(13,442)
Change in provision for unearned premiums, reinsurance and coinsurance share	16,664	-	16,664	16,514	(4)	16,510
Earned premiums, net of reinsurance and coinsurance	2,155,277	443,786	2,599,063	2,045,517	453,369	2,498,886
Commission and fee income	36,541	1,875	38,416	39,478	2,100	41,578
Finance income	295,918	104,047	399,965	260,307	148,372	408,679
Other operating income	39,399	944	40,343	40,976	442	41,418
Net operating income	2,527,135	550,652	3,077,787	2,386,278	604,283	2,990,561
Claims incurred	(1,220,052)	(464,268)	(1,684,320)	(1,530,511)	(486,441)	(2,016,952)
Reinsurance share of claims incurred	66,457	8	66,465	348,110	(10)	348,100
Claims incurred, net of reinsurance and coinsurance	(1,153,595)	(464,260)	(1,617,855)	(1,182,401)	(486,451)	(1,668,852)
Acquisition costs	(511,374)	(22,765)	(534,139)	(448,796)	(28,952)	(477,748)
Administrative expenses	(364,487)	(32,015)	(396,502)	(353,292)	(36,494)	(389,786)
<i>Amortisation and depreciation</i>	<i>(56,409)</i>	<i>(2,607)</i>	<i>(59,016)</i>	<i>(53,822)</i>	<i>(3,241)</i>	<i>(57,063)</i>
Other operating expenses	(38,823)	(1,025)	(39,848)	(40,005)	(717)	(40,722)
Finance costs	(76,690)	(20,106)	(96,796)	(115,315)	(23,998)	(139,313)
Profit before tax	382,166	10,481	392,647	246,469	27,671	274,140
Taxation	(56,851)	(1,683)	(58,534)	(39,647)	(4,904)	(44,551)
Profit for the year	325,315	8,798	334,113	206,822	22,767	229,589

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

	31 Dec. 2021	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020	31 Dec. 2020	31 Dec. 2020
	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
Assets						
Intangible assets	133,713	-	133,713	96,858	-	96,858
Deferred acquisition costs	196,996	-	196,996	208,350	-	208,350
Property and equipment	496,340	14	496,354	552,892	14	552,906
Investment property	524,104	-	524,104	456,653	-	456,653
Investments in subsidiaries, associates and participation in joint ventures	384,197	-	384,197	376,516	-	376,516
Held-to-maturity investments	1,094,522	1,231,462	2,325,984	998,547	1,083,788	2,082,335
Available-for-sale financial assets	3,283,112	1,884,095	5,167,207	2,731,918	1,804,244	4,536,162
Financial assets at fair value through profit or loss	28,489	355,590	384,079	20,985	400,568	421,553
Loans and receivables	500,158	108,012	608,170	792,317	226,618	1,018,935
Reinsurance share in technical provisions	331,322	21	331,343	474,856	13	474,869
Deferred tax assets	-	-	-	-	-	-
Insurance contract and other receivables	916,401	16,108	932,509	794,075	621	794,696
Cash and cash equivalents	560,581	48,452	609,033	450,515	62,421	512,936
Total assets	8,449,935	3,643,754	12,093,689	7,954,482	3,578,287	11,532,769
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	503,065	115,128	618,193	326,932	144,192	471,124
Retained earnings	1,535,976	188,783	1,724,759	1,209,882	179,986	1,389,868
Total capital and reserves	3,582,303	433,496	4,015,799	3,080,076	453,763	3,533,839
Liabilities						
Technical provisions	3,836,466	3,104,834	6,941,300	3,980,977	3,054,279	7,035,256
Provisions	54,104	3,950	58,054	83,968	2,571	86,539
Deferred tax liability	41,336	23,147	64,483	6,105	29,875	35,980
Financial liabilities at amortized cost	343,847	20,000	363,847	276,852	-	276,852
Financial liabilities at fair value through profit or loss	5,731	256	5,987	5,897	1,529	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	563,512	58,071	621,583	516,261	36,270	552,531
Current income tax liabilities	22,636	-	22,636	4,346	-	4,346
Total liabilities	4,867,632	3,210,258	8,077,890	4,874,406	3,124,524	7,998,930
Total capital, reserves and liabilities	8,449,935	3,643,754	12,093,689	7,954,482	3,578,287	11,532,769

Differences in the amounts of Insurance contract and other receivables and the amounts of Liabilities arising from insurance contracts, other liabilities and deferred income, stated in the Statement of financial position and Note 3 arise from intersegmental receivables and liabilities.

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The Company's additions to non-current assets by segments at the reporting date are as follows:

	2021	2021	2021	2020	2020	2020
	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
Additions to non-current assets (Note 15, 16, 17)	110,995	-	110,995	145,218	-	145,218

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

	2021	2021	2021	2020	2020	2020
	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	2,911,038	540,833	3,451,871	2,686,345	551,053	3,237,398
Premiums ceded to reinsurance and coinsurance	(310,371)	(362)	(310,733)	(277,526)	(335)	(277,861)
Written premiums, net of reinsurance and coinsurance	2,600,667	540,471	3,141,138	2,408,819	550,718	2,959,537
Change in gross provisions for unearned premiums	(66,396)	(544)	(66,940)	3,943	(176)	3,767
Change in provision for unearned premiums, reinsurance and coinsurance share	17,217	32	17,249	16,181	53	16,234
Earned premiums, net of reinsurance and coinsurance	2,551,488	539,959	3,091,447	2,428,943	550,595	2,979,538
Commission and fee income	38,199	1,875	40,074	41,068	2,100	43,168
Finance income	354,284	126,593	480,877	330,071	168,879	498,950
Other operating income	216,604	1,286	217,890	171,658	1,063	172,721
Net operating income	3,160,575	669,713	3,830,288	2,971,740	722,637	3,694,377
Claims incurred	(1,435,724)	(553,116)	(1,988,840)	(1,721,551)	(568,375)	(2,289,926)
Reinsurance share of claims incurred	76,202	8	76,210	353,166	119	353,285
Claims incurred, net of reinsurance and coinsurance	(1,359,522)	(553,108)	(1,912,630)	(1,368,385)	(568,256)	(1,936,641)
Acquisition costs	(623,383)	(36,296)	(659,679)	(536,132)	(41,584)	(577,716)
Administrative expenses	(573,636)	(39,290)	(612,926)	(539,660)	(43,476)	(583,136)
<i>Amortisation and depreciation</i>	<i>(80,689)</i>	<i>(3,793)</i>	<i>(84,482)</i>	<i>(77,452)</i>	<i>(4,530)</i>	<i>(81,982)</i>
Other operating expenses	(62,164)	(1,839)	(64,003)	(65,456)	(1,498)	(66,954)
Finance costs	(131,125)	(22,982)	(154,107)	(122,793)	(25,886)	(148,679)
Share in profit of associates and joint ventures	11,111	-	11,111	10,339	-	10,339
Profit before tax	421,856	16,198	438,054	349,653	41,937	391,590
Income tax	(72,367)	(2,930)	(75,297)	(56,957)	(6,431)	(63,388)
Profit for the year	349,489	13,268	362,757	292,696	35,506	328,202

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

	31 Dec. 2021	31 Dec. 2021	31 Dec. 2021	31 Dec. 2020	31 Dec. 2020	31 Dec. 2020
	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	143,869	472	144,341	107,472	401	107,873
Deferred acquisition costs	236,930	-	236,930	247,354	-	247,354
Property and equipment	797,115	17,730	814,845	854,413	19,973	874,386
Investment property	1,070,659	1,287	1,071,946	1,011,390	1,857	1,013,247
Investments in subsidiaries, associates and participation in joint ventures	72,412	-	72,412	76,593	-	76,593
Held-to-maturity investments	1,128,479	1,279,408	2,407,887	1,037,924	1,131,859	2,169,783
Available-for-sale financial assets	3,564,079	2,256,877	5,820,956	2,994,697	2,128,951	5,123,648
Financial assets at fair value through profit or loss	50,361	381,666	432,027	39,729	419,706	459,435
Loans and receivables	476,075	267,816	743,891	774,800	396,722	1,171,522
Reinsurance share in technical provisions	348,955	164	349,119	488,141	124	488,265
Deferred tax assets	1,158	-	1,158	1,653	-	1,653
Insurance contract and other receivables	1,077,586	48,701	1,126,287	940,660	18,454	959,114
Cash and cash equivalents	736,200	61,065	797,265	581,552	87,873	669,425
Total assets	9,703,878	4,315,186	14,019,064	9,156,378	4,205,920	13,362,298
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	548,958	147,476	696,434	386,496	181,953	568,449
Retained earnings	1,966,302	265,566	2,231,868	1,628,770	237,285	1,866,055
Equity attributable to owners of the parent	4,058,522	542,627	4,601,149	3,558,528	548,823	4,107,351
Non-controlling interest	9,349	822	10,171	11,908	746	12,654
Total capital and reserves	4,067,871	543,449	4,611,320	3,570,436	549,569	4,120,005
Liabilities						
Technical provisions	4,396,227	3,612,142	8,008,369	4,505,579	3,530,440	8,036,019
Provisions	63,595	3,995	67,590	95,351	2,608	97,959
Deferred tax liability	85,260	26,694	111,954	50,751	34,005	84,756
Financial liabilities at amortized cost	388,861	23,793	412,654	312,882	3,584	316,466
Financial liabilities at fair value through profit or loss	5,731	256	5,987	5,897	1,529	7,426
Liabilities arising from insurance contracts, other liabilities and deferred income	659,196	103,610	762,806	597,026	82,655	679,681
Current income tax payable	37,137	1,247	38,384	18,456	1,530	19,986
Total liabilities	5,636,007	3,771,737	9,407,744	5,585,942	3,656,351	9,242,293
Total capital, reserves and liabilities	9,703,878	4,315,186	14,019,064	9,156,378	4,205,920	13,362,298

Differences in the amounts of Insurance contract and other receivables and the amounts of Liabilities arising from insurance contracts, other liabilities and deferred income, stated in the Statement of financial position and Note 3 arise from intersegmental receivables and liabilities.

Group's additions to non-current assets by segments at the reporting date are as follows:

	2021	2021	2021	2020	2020	2020
	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
Additions to non-current assets (Note 15, 16 and 17)	144,646	1,155	145,801	191,006	186	191,192

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, before impairment and collected premium impairment, by type of insurance is shown below:

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accident insurance	107,493	113,407	130,277	135,216
Health insurance	385,031	362,542	398,065	368,638
Road motor vehicle insurance	402,453	373,527	459,206	427,152
Railroad rolling stock insurance	2,955	2,192	2,958	2,192
Aircraft insurance	5,876	4,708	5,876	4,708
Vessel insurance	33,770	28,039	33,770	28,039
Insurance for goods in transit	15,731	16,993	17,206	18,163
Insurance against fire and natural disasters	266,587	235,209	289,180	255,723
Other types of property insurance	431,673	401,352	451,548	416,923
Motor third party liability insurance	549,061	538,521	818,739	795,432
Aircraft liability insurance	987	2,641	988	2,641
Vessel liability insurance	7,414	7,239	7,416	7,241
Other types of liability insurance	135,353	136,074	139,679	141,424
Loan insurance/credit insurance	14,708	15,039	33,267	23,576
Surety insurance	1,549	1,853	1,568	4,642
Miscellaneous financial loss insurance	79,132	38,608	81,871	40,862
Legal expenses insurance	5	1,894	6	1,894
Assistance	11,971	8,383	23,765	14,712
Total non-life insurance	2,451,749	2,288,221	2,895,385	2,689,178
Life insurance	416,310	433,025	497,351	518,007
Annuity insurance	4,880	4,177	5,052	4,177
Additional insurance with life insurance	10,839	12,225	15,612	16,218
Life or annuity insurance where the policyholder bears the investment risk	11,986	4,171	22,818	12,651
Total life insurance	444,015	453,598	540,833	551,053
Total	2,895,764	2,741,819	3,436,218	3,240,231

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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	2021			
	Republic of Croatia	Slovenia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,543,107	36,671	19,285	2,599,063
Commission and fee income, Finance income and Other operating income	478,453	271	-	478,724
Net operating income	3,021,560	36,942	19,285	3,077,787

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

Group in HRK'000	2021					
	Republic of Croatia	Republic of Serbia	Bosnia and Herzegovina	North Macedonia	Other countries	TOTAL
Written premiums, net of reinsurance and coinsurance	2,533,203	210,094	144,896	147,299	55,955	3,091,447
Commission and fee income, Finance income and Other operating income	678,187	25,591	11,823	22,969	271	738,841
Net operating income	3,211,390	235,685	156,719	170,268	56,226	3,830,288

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

An overview of the Company's and the Group's non-current assets by geographical area is shown below:

Company in HRK'000	2021			
	Republic of Croatia	Slovenia	Other countries	TOTAL
Non-current assets (note 15, 16 and 17)	1,150,616	3,555	-	1,154,171

Company in HRK'000	2020			
	Republic of Croatia	Slovenia	Other countries	TOTAL
Non-current assets (note 15, 16 and 17)	1,100,774	5,643	-	1,106,417

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Group in HRK'000	2021					TOTAL
	Republic of Croatia	Republic of Serbia	Bosnia and Herzegovina	North Macedonia	Other countries	
Non-current assets (note 15, 16 and 17)	1,889,322	25,729	102,156	10,370	3,555	2,031,132

Group in HRK'000	2021					TOTAL
	Republic of Croatia	Republic of Serbia	Bosnia and Herzegovina	North Macedonia	Other countries	
Non-current assets (note 15, 16 and 17)	1,851,419	26,146	101,163	11,135	5,643	1,995,506

4. Premiums

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Gross written premiums	2,895,764	2,741,819	3,436,218	3,240,231
Impairment and collected premium impairment	15,076	2,775	15,653	(2,833)
Gross premiums written	2,910,840	2,744,594	3,451,871	3,237,398
Reinsurance premium in the country	(10,896)	(19)	(20,394)	(9,256)
Reinsurance premium abroad	(260,794)	(242,804)	(280,036)	(259,265)
Co-insurance premium in the country	(6,615)	(5,953)	(10,303)	(9,340)
Gross premiums ceded to reinsurance and coinsurance	(278,305)	(248,776)	(310,733)	(277,861)
Written premiums, net of reinsurance and coinsurance	2,632,535	2,495,818	3,141,138	2,959,537
Gross provisions for unearned premiums	(50,136)	(13,442)	(66,940)	3,768
Provisions for unearned premiums, reinsurance share	16,430	15,749	16,540	15,272
Provisions for unearned premiums, coinsurance share	234	761	709	961
Change in provisions for unearned premiums	(33,472)	3,068	(49,691)	20,001
Earned premiums, net of reinsurance and coinsurance	2,599,063	2,498,886	3,091,447	2,979,538
	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Gross written premiums	444,015	453,598	540,833	551,053
Reinsurance premium abroad	(72)	(72)	(362)	(335)
Premium ceded to reinsurance	(72)	(72)	(362)	(335)
Written premiums, net of reinsurance	443,943	453,526	540,471	550,718
Gross provisions for unearned premiums	(157)	(153)	(544)	(176)
Provisions for unearned premiums, reinsurance share	-	(4)	32	53
Change in provisions for unearned premiums	(157)	(157)	(512)	(123)
Earned premiums, net of reinsurance	443,786	453,369	539,959	550,595

4. Premiums (continued)

	Company		Group	
	2021	2020	2021	2020
NON-LIFE	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Gross written premiums	2,451,749	2,288,221	2,895,385	2,689,178
Impairment and collected premium impairment	15,076	2,775	15,653	(2,833)
Gross premiums written	2,466,825	2,290,996	2,911,038	2,686,345
Reinsurance premium in the country	(10,896)	(19)	(20,394)	(9,256)
Reinsurance premium abroad	(260,722)	(242,732)	(279,674)	(258,930)
Co-insurance premium in the country	(6,615)	(5,953)	(10,303)	(9,340)
Premium ceded to reinsurance	(278,233)	(248,704)	(310,371)	(277,526)
Written premiums, net of reinsurance	2,188,592	2,042,292	2,600,667	2,408,819
Gross provisions for unearned premiums	(49,979)	(13,289)	(66,396)	3,944
Provisions for unearned premiums, reinsurance share	16,430	15,753	16,508	15,219
Provisions for unearned premiums, coinsurance share	234	761	709	961
Change in provisions for unearned premiums	(33,315)	3,225	(49,179)	20,124
Earned premiums, net of reinsurance	2,155,277	2,045,517	2,551,488	2,428,943

5. Commission and fee income

Commission and fee income in the amount of HRK 38,416 thousand (2020: HRK 41,578 thousand) for the Company and HRK 40,074 thousand (2020: HRK 43,168 thousand) for the Group relate to commissions from reinsurance companies under reinsurance contracts.

6. Finance income

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest income	168,986	179,496	186,987	195,584
Dividend income	65,382	25,698	32,156	9,410
Gains on investment property	36,401	25,350	124,439	105,946
Gain on bargain purchase and valuation of the existing share	-	-	1,961	5,628
Foreign exchange gains	16,633	63,301	18,480	64,480
Realised gains from financial assets	64,290	89,829	65,252	89,878
Unrealised gains from financial assets at fair value through profit or loss	9,089	212	11,872	2,105
Unrealised gains on change in fair value of derivative financial instruments	11,883	3,825	11,883	3,825
Reversal of impairment and collection of amounts previously written off - loans	21,179	14,313	21,208	14,709
Collection of amounts previously written off - other	1,965	798	1,965	799
Other income	4,157	5,857	4,674	6,586
	399,965	408,679	480,877	498,950

6.1. Interest income

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest on held-to-maturity investments	72,451	74,834	75,111	78,751
Interest on available-for-sale financial assets	76,844	80,540	95,896	96,609
Given deposits	4,005	6,584	11,244	15,010
Given loans and other placements	15,686	17,538	4,736	5,214
	168,986	179,496	186,987	195,584

6.2. Income from investment property

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Rental income	25,446	22,945	95,033	89,635
Income from increase in the value of land and buildings (Note 17)	10,415	3,778	28,768	19,431
Net (loss)/income from the sale of land and buildings	540	(1,373)	638	(3,120)
	36,401	25,350	124,439	105,946

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

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Within 1 year	-	-	12,706	11,930
Between 1 and 2 years	-	-	11,604	11,064
Between 2 and 3 years	-	-	11,247	10,460
Between 3 and 4 years	-	-	10,547	10,096
Between 4 and 5 years	-	-	8,966	9,396
Later than 5 years	-	-	68,969	80,441
	-	-	124,039	133,387

6.3. Realised gains from financial assets

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Financial assets at fair value through profit or loss	106	104	179	153
Available-for-sale financial assets	41,099	84,682	41,973	84,682
Derivative financial instruments	23,076	5,043	23,076	5,043
Investments in subsidiaries	9	-	24	-
	64,290	89,829	65,252	89,878

6.4. Foreign exchange gains

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	1,391	17,990	1,702	18,191
Available-for-sale financial assets	7,764	22,138	9,158	23,086
Financial assets at fair value through profit or loss	4	189	4	189
Deposits	425	6,047	425	6,047
Borrowings	984	2,960	1,108	2,982
Foreign currency accounts	4,778	12,745	4,795	12,750
Repo contracts	1,284	1,226	1,284	1,226
Other	3	6	4	9
	16,633	63,301	18,480	64,480

7. Other operating income

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Income from liabilities and collected receivables written off	4,638	2,348	6,239	4,271
Income from guarantee fund	312	174	312	174
Income from penalty interest	8,333	8,392	8,505	8,547
Net recourse income	1,499	547	6,556	5,767
Income from claims incurred abroad	3,330	3,670	3,889	4,318
Income from assessment services	3,270	3,515	3,196	3,368
Income from reversal of long-term provisions	143	3,042	3,053	5,149
Gain on sale of tangible assets	153	924	472	3,104
Income from estimation of property for own use	-	-	375	150
Income from collection of the premium claimed	6,120	4,877	6,120	4,896
Other income - insurance	12,545	13,929	24,121	25,256
Income from motor vehicle examination	-	-	77,160	73,284
Revenue from the provision of polyclinic medical services	-	-	63,041	22,395
Income from entry and management fees	-	-	14,297	12,042
Other income – non-insurance	-	-	554	-
	40,343	41,418	217,890	172,721

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. Income from entry and management fees is recognized when revenue can be reliably measured, when the Group will have future economic benefits and when specific criteria are met, all in accordance with IFRS 15 Revenue from Contracts with Customers.

8. Claims incurred, net of reinsurance

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Claims incurred	1,684,320	2,016,952	1,988,840	2,289,926
Reinsurance and coinsurance share in claims incurred	(66,465)	(348,100)	(76,210)	(353,285)
	1,617,855	1,668,852	1,912,630	1,936,641
	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Expenditure for insured events, net	1,551,766	1,687,741	1,815,175	1,928,681
Claims paid	1,601,654	1,621,634	1,848,538	1,847,088
<i>Gross amount</i>	1,828,310	1,724,909	2,081,091	1,954,895
<i>Coinsurance share</i>	(3,945)	(2,972)	(4,322)	(2,907)
<i>Reinsurance share</i>	(222,711)	(100,303)	(228,231)	(104,900)
Change in claims provisions, net	(49,888)	66,107	(33,363)	81,593
<i>Gross amount</i>	(210,087)	310,942	(189,839)	327,081
<i>Coinsurance share</i>	370	1,988	320	1,961
<i>Reinsurance share</i>	159,829	(246,823)	156,156	(247,449)
Change in mathematical provision and other technical provisions, net	110,955	25,528	132,877	46,085
Change in insurance mathematical provisions	90,791	41,905	111,920	62,786
<i>Gross amount</i>	90,799	41,895	111,928	62,776
<i>Reinsurance share</i>	(8)	10	(8)	10
Change in other technical provisions, net of reinsurance	20,164	(16,377)	20,957	(16,701)
<i>Gross amount</i>	20,164	(16,377)	21,082	(16,701)
<i>Coinsurance share</i>	-	-	(125)	-
Change in special provision for life insurance group where the policyholder bears the investment risk, net	(44,866)	(44,417)	(35,422)	(38,125)
Gross amount	1,684,320	2,016,952	1,988,840	2,289,926
Reinsurance and coinsurance share	(66,465)	(348,100)	(76,210)	(353,285)

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	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Expenditure for insured events, net	1,138,187	1,205,378	1,343,321	1,391,686
Claims paid	1,187,887	1,172,469	1,377,589	1,345,357
<i>Gross amount</i>	1,414,543	1,275,744	1,610,142	1,453,035
<i>Coinsurance share</i>	(3,945)	(2,972)	(4,322)	(2,907)
<i>Reinsurance share</i>	(222,711)	(100,303)	(228,231)	(104,771)
Change in claims provisions, net	(49,700)	32,909	(34,268)	46,329
<i>Gross amount</i>	(209,899)	277,744	(190,744)	291,817
<i>Coinsurance share</i>	370	1,988	320	1,961
<i>Reinsurance share</i>	159,829	(246,823)	156,156	(247,449)
Change in mathematical provision and other technical provisions, net	15,408	(22,977)	16,201	(23,301)
Change in insurance mathematical provisions	(4,756)	(6,600)	(4,756)	(6,600)
<i>Gross amount</i>	(4,756)	(6,600)	(4,756)	(6,600)
<i>Reinsurance share</i>	-	-	-	-
Change in other technical provisions, net of reinsurance	20,164	(16,377)	20,957	(16,701)
<i>Gross amount</i>	20,164	(16,377)	21,082	(16,701)
<i>Coinsurance share</i>	-	-	(125)	-
Gross amount	1,220,052	1,530,511	1,435,724	1,721,551
Reinsurance and coinsurance share	(66,457)	(348,110)	(76,202)	(353,166)
	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Expenditure for insured events, net	413,579	482,363	471,854	536,995
Claims paid, gross	413,767	449,165	470,949	501,860
Change in claims provisions, gross	(188)	33,198	905	35,264
Reinsurance share	-	-	-	(129)
Change in mathematical provision and other technical provisions, net of reinsurance	95,547	48,505	116,676	69,386
Change in insurance mathematical provisions	95,547	48,505	116,676	69,386
<i>Gross amount</i>	95,555	48,495	116,684	69,376
<i>Reinsurance share</i>	(8)	10	(8)	10
Change in other technical provisions, net of reinsurance	-	-	-	-
<i>Gross amount</i>	-	-	-	-
<i>Coinsurance share</i>	-	-	-	-
Change in special provision for life insurance group where the policyholder bears the investment risk, net of reinsurance	(44,866)	(44,417)	(35,422)	(38,125)
Gross amount	464,268	486,441	553,116	568,375
Reinsurance share	(8)	10	(8)	(119)

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	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Claims paid - gross amount				
Expenses for claims	1,792,639	1,676,072	2,034,659	1,898,163
Staff costs	54,271	57,661	62,376	65,313
Interest expense on claims	13,114	11,457	13,538	11,828
Claims paid	48,094	38,544	53,291	42,557
Collected recourses	(89,563)	(65,122)	(92,526)	(69,262)
Recourse costs	9,755	6,297	9,753	6,296
	1,828,310	1,724,909	2,081,091	1,954,895

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Staff costs				
Net salaries and fees	28,648	28,959	34,814	34,610
Contributions from salaries	7,826	8,185	9,161	9,543
Taxes and surtaxes	3,443	4,222	3,581	4,365
Contributions on salaries	6,089	6,580	6,395	6,900
Other employee costs	8,265	9,715	8,425	9,895
	54,271	57,661	62,376	65,313

9. Acquisition costs

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission	278,271	248,858	305,109	266,672
Other acquisition costs	221,749	182,176	307,966	247,303
Change in deferred acquisition costs	11,354	17,760	10,307	22,158
NON-LIFE	511,374	448,794	623,382	536,133
Commission	6,024	7,465	12,795	14,966
Other acquisition costs	16,741	21,489	23,502	26,617
LIFE	22,765	28,954	36,297	41,583
Commission	284,295	256,323	317,904	281,638
Other acquisition costs	238,490	203,665	331,468	273,920
Change in deferred acquisition costs (Note 15.1)	11,354	17,760	10,307	22,158
TOTAL LIFE AND NON-LIFE	534,139	477,748	659,679	577,716

9.1. Commission

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission expenses - agents	6,785	6,643	9,830	8,945
Commission expenses - employees	79,926	75,370	79,926	75,370
Commission for banks, agencies and brokers	197,584	174,310	228,148	197,323
	284,295	256,323	317,904	281,638

9.2. Other acquisition costs

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Marketing costs	64,014	37,338	72,813	43,432
Sales staff costs	162,644	152,339	243,296	212,729
Other direct sales costs	11,832	13,988	15,359	17,759
	238,490	203,665	331,468	273,920

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Sales staff costs				
Net salaries and fees	90,778	78,311	164,733	133,351
Contributions from salaries	22,993	20,978	22,993	20,979
Taxes and surtaxes	10,507	11,039	11,073	11,100
Contributions on salaries	17,788	16,497	22,754	21,237
Other employee costs	20,578	25,514	21,743	26,062
	162,644	152,339	243,296	212,729

10. Administrative expenses

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation and depreciation of assets	59,016	57,063	84,482	81,982
Salaries, taxes and contributions from and on salaries	129,711	131,335	209,768	209,664
Other administrative expenses	207,775	201,388	318,676	291,490
	396,502	389,786	612,926	583,136

10.1. Amortisation and depreciation

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation of intangible assets (Note 15)	24,335	18,299	26,631	20,703
Depreciation of tangible assets (Note 16)	18,267	24,162	35,839	40,229
Depreciation – right-of-use assets (Note 16)	16,414	14,602	22,012	21,050
	59,016	57,063	84,482	81,982

10.2. Salaries, taxes and contributions from and on salaries

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	81,362	75,149	134,754	128,123
Contributions from salaries	20,133	21,753	31,669	33,046
Taxes and surtaxes	12,424	16,948	18,335	22,746
Contributions on salaries	15,792	17,485	25,010	25,749
	129,711	131,335	209,768	209,664

10.3. Other administrative expenses

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Services	144,088	137,539	191,029	169,810
Vacation allowance to employees	871	579	1,697	1,400
Net provision for jubilee awards and termination benefits	2,517	6,405	2,175	7,248
Other employee benefits in line with collective agreement	6,213	4,398	7,941	5,290
Net provisions for unused vacation days	621	(1,711)	1,446	(989)
Other provisions, net	3,160	(1,325)	3,690	(782)
Provisions for legal disputes, net (Note 26)	(9,823)	(3,756)	(9,450)	(1,606)
Materials used	2,297	3,369	12,043	10,632
Energy consumed	7,603	7,414	13,914	12,051
Transportation to and from work	2,072	1,738	4,455	4,007
Insurance premiums	11,698	11,974	13,667	13,897
Entertainment	6,488	2,747	7,931	3,874
Commission expenses of credit card companies	8,851	8,927	9,393	9,275
Other contributions and fees	11,000	10,930	25,003	21,639
Daily allowances and transportation expenses	845	788	1,228	1,019
Bank services	209	113	3,309	3,227
Other various costs and expenditures	9,065	11,259	29,205	31,498
	207,775	201,388	318,676	291,490

Total employee benefit expenses in note above amounts HRK 13,139 thousand for the Company (2020: HRK 12,197 thousand) and for the Group HRK 18,942 thousand (2020: HRK 17,975 thousand).

11. Other operating expenses

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Guarantee fund fee	3,847	7,468	7,072	10,670
Fee to Croatian Insurance Bureau	1,726	1,541	1,726	1,541
Fire Department fee	6,226	5,845	7,636	6,871
Fee to Croatian Financial Services Supervisory Agency	2,449	2,261	4,007	3,668
Contributions for health insurance from motor liability premium	11,816	11,147	20,509	19,895
Other insurance-technical expenses	12,241	7,447	20,057	15,148
Impairment of property and equipment (Note 16)	101	325	127	2,580
Other impairment	625	1,830	659	2,401
Other expenses	817	2,858	2,210	4,180
	39,848	40,722	64,003	66,954

12. Finance costs

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Reversal of impairment of investments	-	(4,588)	-	-
Impairment of investments	(609)	11,563	5,095	7,514
Impairment of investments, net	(609)	6,975	5,095	7,514
Realised losses on investments	17,816	34,570	17,816	34,570
Foreign exchange losses	30,243	26,108	32,509	26,474
Losses from changes in fair value of property (Note 17)	4,135	20,003	43,696	18,366
Unrealised losses on investments in financial assets at fair value through profit or loss	-	255	540	1,620
Unrealised losses on changes in fair value of derivative financial instruments	11,255	10,516	11,255	10,516
Payment transaction fees	5,810	5,974	6,231	6,465
Interest expense	1,069	1,154	1,605	1,288
Interest on lease liabilities	10,655	9,497	11,911	10,857
Utilities and investment maintenance of real estate classified as investment property	7,865	12,806	14,658	19,547
Staff costs - investments	6,662	7,216	6,787	7,323
Other investment costs	1,895	4,239	2,004	4,139
	96,796	139,313	154,107	148,679

12.1. Impairment of investments

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries and associates (Note 18.3)	(5,671)	(376)	-	-
Available-for-sale financial assets	2,426	7,282	2,450	7,283
Other impairment	-	-	-	146
Impairment of loans given	2,636	69	2,645	85
	(609)	6,975	5,095	7,514

12.2. Realised losses on investments

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Realised losses on available-for-sale financial assets	9,998	21,875	9,998	21,875
Realised losses on derivative financial instruments	7,818	12,695	7,818	12,695
Realised losses on investments at fair value through profit or loss	-	-	-	-
	17,816	34,570	17,816	34,570

12.3. Foreign exchange losses

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	5,017	309	5,362	481
Available-for-sale financial assets	9,823	10,220	11,483	10,316
Financial assets at fair value through profit or loss	134	24	134	24
Deposits	814	357	882	357
Loans	1,150	1,979	1,190	1,980
Foreign currency accounts	10,262	12,644	10,329	12,670
Repo contracts	3,042	564	3,042	564
Other	1	11	87	82
	30,243	26,108	32,509	26,474

12.4. Staff costs - investments

	Company		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and fees	3,965	3,640	3,965	3,640
Contributions from salaries	1,136	1,039	1,136	1,039
Taxes and surtaxes	784	850	784	850
Contributions on salaries	872	847	872	847
Other employee costs	(95)	840	30	947
	6,662	7,216	6,787	7,323

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		Group	
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net deferred tax expense (Note 21)	(3,769)	1,863	(4,226)	818
Current tax expense	62,303	42,688	79,523	62,570
Net income tax expense for the year	58,534	44,551	75,297	63,388

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

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Profit before tax	392,649	274,141	438,054	391,589
Income tax at 18%	70,677	49,345	78,850	70,486
Non-deductible expenses	12,129	12,093	34,588	18,030
Income not subject to tax	(24,272)	(16,887)	(38,141)	(25,128)
Income tax	58,534	44,551	75,297	63,388
Effective tax rate	14.91%	16.25%	17.19%	16.19%

As at 31 December 2021, 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
	2021	2020
	in HRK'000	in HRK'000
Profit for the year attributable to the Parent company's shareholders	362,342	327,902
Weighted average of ordinary shares	420,947	420,947
Earnings per share attributable to the Parent company's shareholders		
Basic and diluted earnings per share in HRK	860.78	778.96

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 (2020: 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 2019	6,521	153,535	2,409	162,465
Additions	-	56,596	10,190	66,786
Capitalized employee expenses	-	-	11,378	11,378
At 31 December 2020	6,521	210,131	23,977	240,629
Additions	-	43,854	6,427	50,281
Capitalized employee expenses	-	-	10,909	10,909
At 31 December 2021	6,521	253,985	41,313	301,819
Accumulated amortisation				
At 31 December 2019	6,521	118,951	-	125,472
Amortisation charge for 2020	-	18,299	-	18,299
At 31 December 2020	6,521	137,250	-	143,771
Amortisation charge for 2021	-	24,335	-	24,335
At 31 December 2021	6,521	161,585	-	168,106
Net book amount				
At 31 December 2021	-	92,400	41,313	133,713
At 31 December 2020	-	72,881	23,977	96,858

The Company capitalized costs of net salaries in the amount of HRK 5,687 thousand (2020: HRK 5,734 thousand), costs of contributions from salaries in the amount of HRK 1,637 thousand (2020: HRK 1,701 thousand), costs of taxes and surcharges from salaries in the amount of HRK 1,042 thousand (2020: HRK 1,347 thousand), costs of contributions to salaries in the amount of HRK 1,291 thousand (2020: HRK 1,365 thousand) and other costs of employees in the amount of HRK 1,252 thousand (2020: HRK 1,231 thousand).

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Group	in HRK'000			
	Other intangible assets	Software	Intangible assets in progress	Total
Cost				
At 31 December 2019	26,817	174,907	2,409	204,133
Additions	895	57,105	10,431	68,431
Capitalized employee expenses	-	-	11,378	11,378
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
Additions	1,012	44,447	6,741	52,200
Capitalized employee expenses	-	-	10,909	10,909
Disposals or retirements	-	(19)	-	(19)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(41)	-	(41)
At 31 December 2021	28,724	276,628	41,725	347,077
Accumulated amortisation				
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
Amortisation charge for 2021	845	25,786	-	26,631
Disposals or retirements	-	(19)	-	(19)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(31)	-	(31)
At 31 December 2021	21,548	181,188	-	202,736
Net book amount				
At 31 December 2021	7,176	95,440	41,725	144,341
At 31 December 2020	7,009	76,789	24,075	107,873

Group capitalized costs of net salaries in the amount of HRK 5,687 thousand (2020: HRK 5,734 thousand), costs of contributions from salaries in the amount of HRK 1,637 thousand (2020: HRK 1,701 thousand), costs of taxes and surcharges from salaries in the amount of HRK 1,042 thousand (2020: HRK 1,347 thousand), costs of contributions to salaries in the amount of HRK 1,291 thousand (2020: HRK 1,365 thousand) and other costs of employees in the amount of HRK 1,252 thousand (2020: HRK 1,231 thousand).

15.1. Deferred acquisition costs

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 31 December	208,350	226,110	247,354	268,986
Increase	107,927	96,744	111,894	97,441
Decrease	(119,281)	(114,504)	(122,201)	(119,599)
Foreign exchange differences	-	-	(117)	526
At 31 December	196,996	208,350	236,930	247,354

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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 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
Change in fair value (through OCI)	-	(25)	-	-	-	-	-	(25)
Change in fair value (P&L) (Note 7 and Note 11)	(3)	(98)	-	-	-	-	-	(101)
Additions	880	3,558	9,663	666	4,710	21,711	4,774	45,962
Transfer to investment property (Note 17)	(5,881)	(109,626)	-	-	-	-	-	(115,507)
Disposals or retirements	(241)	(1,993)	(713)	(8)	-	(1,880)	(38)	(4,873)
At 31 December 2021	25,305	302,877	218,588	18,223	7,500	284,483	19,367	876,343
Accumulated depreciation and impairment								
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
Depreciation charge for 2021	-	7,378	9,880	497	-	12,526	3,889	34,170
Depreciation on revaluation effect	-	511	-	-	-	-	-	511
Transfer to investment property (Note 17)	-	(50,907)	-	-	-	-	-	(50,907)
Disposals or retirements	-	(1,073)	(685)	(8)	-	-	-	(1,766)
At 31 December 2021	-	133,134	192,282	10,076	-	35,828	8,669	379,989
Net book amount								
At 31 December 2021	25,305	169,743	26,306	8,147	7,500	248,655	10,698	496,354
At 31 December 2020	30,550	233,836	26,551	7,978	2,790	241,350	9,851	552,906

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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 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)
Foreign exchange differences arising on translation of financial statements of foreign operations	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
Change in fair value (through OCI)	(5,626)	712	-	-	-	-	-	(4,914)
Change in fair value (P&L) (Note 7 and Note 11)	39	209	-	-	-	-	-	248
Additions	880	3,902	23,957	1,825	5,108	34,158	5,384	75,214
Transfer to investment property (Note 17)	(5,881)	(113,301)	-	-	-	-	-	(119,182)
FX diff. arising on translation of FS of foreign operation	(35)	(113)	(62)	(169)	-	(196)	(3)	(578)
Disposals or retirements	(241)	(4,680)	(3,484)	(1,295)	-	(2,585)	(204)	(12,489)
At 31 December 2021	56,111	542,823	351,824	55,611	8,032	342,680	21,509	1,378,590
Accumulated depreciation and impairment								
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
Reclassification	-	-	(708)	708	-	-	-	-
Depreciation charge for 2021	-	10,248	20,763	2,222	-	18,641	3,370	55,244
Depreciation on revaluation effect	-	2,607	-	-	-	-	-	2,607
Transfer to investment property (Note 17)	-	(54,525)	-	-	-	-	-	(54,525)
FX diff. arising on translation of FS of foreign operation	-	(46)	(82)	(29)	-	(54)	(2)	(213)
Disposals or retirements	-	(1,602)	(3,400)	(134)	-	-	(137)	(5,273)
At 31 December 2021	-	183,090	277,641	40,631	-	53,285	9,098	563,745
Net book amount								
At 31 December 2021	56,111	359,733	74,183	14,980	8,032	289,395	12,411	814,845
At 31 December 2020	66,975	429,686	70,345	17,386	2,924	276,605	10,465	874,386

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 163,651 thousand (31 December 2020: HRK 223,117 thousand) for the Company and HRK 256,217 thousand (31 December 2020: HRK 319,113 thousand) for the Group.

17. Investment property

	Company	Group
	in HRK'000	in HRK'000
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
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(82)
Transfer from property and equipment (Note 16)	64,600	64,657
Increase in fair value recognized in the income statement (Note 6.2)	10,415	28,768
Decrease in fair value recognized in the income statement (Note 12.1)	(4,135)	(43,696)
Assets under construction	-	652
Additions	3,843	6,826
Effect of acquisition (Note 18.3. /i/)	-	16,170
Disposals	(7,272)	(9,866)
Disposal by sale of a business (by losing control) (Note 18.3. /iii/)	-	(4,730)
At 31 December 2021	524,104	1,071,946

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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries	563,995	561,298	-	-
Impairment of investments in subsidiaries	(207,798)	(218,470)	-	-
	356,197	342,828	-	-
Investments in joint ventures	28,000	28,000	67,634	66,502
Investments in associates	-	8,601	4,778	13,004
Impairment of investments in associates	-	(2,913)	-	(2,913)
	-	5,688	4,778	10,091
	384,197	376,516	72,412	76,593

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

Activity	Country	31 Dec. 2021		31 Dec. 2020		
		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	12,162
Histria Construct d.o.o., Zagreb	Real estate	Croatia	-	-	100	4,976
Core 1 d.o.o., Zagreb	Real estate	Croatia	100	20	100	20
Auto Maksimir Vozila d.o.o., Zagreb	Insurance representation	Croatia	100	247	100	100
CO LOGISTIKA d.o.o.	Real estate	Croatia	100	20	-	-
Strmec projekt d.o.o.	Real estate	Croatia	100	11,365	-	-
AK polica d.o.o., Varaždin	Insurance representation		-	-	100	-
CO Zdravlje d.o.o., Zagreb	Consulting and services	Croatia	100	33,164	100	33,164
Astoria d.o.o.	Real estate	Croatia	100	78,897	-	78,897
Milenijum osiguranje a.d., Belgrade	Insurance	Serbia	100	66,863	100	61,514
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia and Herzegovina	97.1	20,024	95	18,560
Croatia osiguranje - život a.d., Skopje	Insurance	Macedonia	95.0	22,272	95	22,272
Croatia osiguranje - neživot a.d., Skopje	Insurance	Macedonia	91.8	9,396	100	9,396
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	-
				356,197		342,828
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
				-		5,688
				384,197		376,516

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

Group

Activity	Country	31 Dec. 2021		31 Dec. 2020		
		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	65,914	50	65,120
Nacionalni biro za osiguranje Skopje	Insurance	Macedonia		1,720	-	1,382
				67,634		66,502
Associates						
Strmec projekt d.o.o., Samobor	Real estate	Croatia	-	-	49.76	5,688
STP Agroservis d.o.o., Virovitica	Technical testing and analysis	Croatia	37	4,778	37	4,403
				4,778		10,091
				72,412		76,593

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. 2021	31 Dec. 2020
	in HRK'000	in HRK'000
Financial assets	104,872	102,892
Cash and cash equivalents	29,066	26,864
Other assets	7,137	7,361
Total assets	141,075	137,117
Liabilities	9,247	6,877
Capital and reserves	131,828	130,240
Total equity and liabilities	141,075	137,117
Summary statement of comprehensive income		
Income from mandatory pension funds management	69,838	64,844
Expenses from mandatory pension funds management	(26,011)	(23,760)
Other income	121	81
Other expenses	(18,033)	(16,727)
Financial income	273	352
Financial expenses	(100)	(596)
Profit before tax	26,088	24,194
Income tax	(4,699)	(4,358)
Profit for the year	21,389	19,836
Share in profit of joint venture @ 50%	10,695	9,918

Other expenses include depreciation in the amount of HRK 373 thousand (2020: HRK 846 thousand).

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

Summary financial information	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000
Opening balance of net assets at 1 January	130,240	133,304
Profit for the period	21,389	19,836
Dividends	(19,800)	(22,900)
Closing balance of net assets	131,829	130,240
Share in profit of joint venture @ 50%	65,914	65,120
Carrying amount	65,914	65,120

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

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	376,516	279,111	76,593	77,590
Increase in investments (purchase) (i)	6,985	78,897	-	-
Increase in investments through capital increase of companies (ii)	-	18,132	-	-
Increase/decrease by using the equity method	-	-	1,211	(1,111)
Sale of shares (iii)	(4,975)	-	(5,688)	-
Impairment of investments (iv)	-	(4,212)	-	-
Reversal of impairment of investments (iv)	5,671	4,588	-	-
Foreign exchange differences	-	-	296	114
At 31 December	384,197	376,516	72,412	76,593

/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.

During 2021, the Company has acquired the remaining 50.24% in the Company Strmec projekt d.o.o. in order to gain 100% of ownership in Strmec projekt d.o.o. Details on the fair value of identifiable assets and liabilities of Strmec projekt d.o.o. at the acquisition date, gain on bargain purchase and the purchase consideration are shown below:

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	in HRK'000
Assets	
Investment property	16,170
Receivables and other assets	5
Cash and cash equivalents	287
Liabilities	
Financial liabilities	(3,135)
Other liabilities	(2)
Total net assets at fair value	13,325
Value of investment in company Strmec projekt d.o.o. – 49.76%	5,688
Purchase consideration paid in cash for additional 50.24%	5,676
Value of investment in company Strmec projekt d.o.o.	11,364
Gain on bargain purchase and income from the valuation of the existing share	1,961
<i>Fair value of investment in company Strmec projekt d.o.o. – 49.76%</i>	6,631
<i>Value of investment in company Strmec projekt d.o.o. – 49.76%</i>	(5,688)
Income from the valuation of the existing share	943
<i>Net assets of the Company at fair value – 50.24%</i>	6,694
<i>Purchase consideration paid in cash for additional 50.24%</i>	(5,676)
Gain on bargain purchase	1,018
<i>Cash flow on acquisition:</i>	
Cash and cash equivalents acquired	287
Purchase consideration paid in cash	(5,676)
Cash flow on acquisition	(5,389)

During 2021, the Company has established CO Logistika d.o.o. by payment of the share capital in the amount of HRK 20 thousand and acquired an additional share (2.10%) in the company Croatia osiguranje d.d., Mostar in the amount of HRK 1,289 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/ During 2021, the Company sold 100% of share in Histrina Construct d.o.o. Details on the compensation received and the value of the company are shown below:

	in HRK'000
<i>Details on the sale of Histrina construct d.o.o.</i>	
Compensation received in cash	4,984
Net book value of the sold subsidiary	(4,960)
Profit from sales for the Group (Note 6.3)	24
Profit from sales for the Company (Note 6.3)	9

The present value of the assets and liabilities of the Histria construct as at 1 April 2021 was the following:

	in HRK'000
Investment property	4,730
Insurance contract and other receivables	155
Cash and cash equivalents	76
Total assets	4,961
Other liabilities	1
Total liabilities	1

/iv/ During 2021, a higher value was determined as a result of the fair value estimation and therefore the investments were increased, ie reversal of impairment of the shares in the following subsidiaries was made: Auto Maksimir Vozila d.o.o. in the amount of HRK 147 thousand, Milenijum osiguranje a.d. in the amount of HRK 5,349 thousand and Croatia osiguranje d.d., Mostar in the amount of HRK 175 thousand.

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, Croatia osiguranje - neživot a.d., Skopje, by an amount of HRK 4,002 thousand, Histria Construct by an amount of HRK 91, 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 (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 10.69% to 12.94% (2020: 10.39%-15.61%).

19. Financial assets

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Held-to-maturity investments	2,325,984	2,082,335	2,407,887	2,169,783
Available-for-sale financial assets	5,167,207	4,536,162	5,820,956	5,123,648
Financial assets at fair value through profit or loss – held for trading	384,079	421,553	432,027	459,435
Loans and receivables	608,170	1,018,935	743,891	1,171,522
	8,485,440	8,058,985	9,404,761	8,924,388

19.1. Overview of investments

The Company's investment structure as at 31 December 2021 was as follows:

	Company				
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss – held for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed	-	806,337	25,766	-	832,103
Shares, not listed	-	66,640	-	-	66,640
	-	872,977	25,766	-	898,743
Debt securities					
Government bonds	2,262,103	3,346,343	-	-	5,608,446
Corporate bonds	63,881	522,788	-	-	586,669
	2,325,984	3,869,131	-	-	6,195,115
Derivative financial instruments					
Foreign currency forward contracts	-	-	3,033	-	3,033
	-	-	3,033	-	3,033
Investment funds					
Open-ended investment funds	-	425,099	-	-	425,099
Open-ended investment funds - assets for coverage of unit-linked products	-	-	355,280	-	355,280
	-	425,099	355,280	-	780,379
Loans and receivables					
Deposits with credit institutions	-	-	-	141,637	141,637
Loans	-	-	-	466,533	466,533
	-	-	-	608,170	608,170
	2,325,984	5,167,207	384,079	608,170	8,485,440

19.1. Overview of investments (continued)

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 – held 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 Group's investment structure as at 31 December 2021 was as follows:

	Group				
	Held-to- maturity investments	Available- for-sale financial assets	Financial assets at fair value through profit or loss – held for trading	Loans and receivables	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Shares					
Shares, listed	-	806,348	25,766	-	832,114
Shares, not listed	-	66,698	-	-	66,698
	-	873,046	25,766	-	898,812
Debt securities					
Government bonds	2,344,006	4,000,023	-	-	6,344,029
Corporate bonds	63,881	522,788	-	-	586,669
	2,407,887	4,522,811	-	-	6,930,698
Derivative financial instruments					
Foreign currency forward contracts	-	-	3,033	-	3,033
	-	-	3,033	-	3,033
Investment funds					
Open-ended investment funds	-	425,099	26,746	-	451,845
Open-ended investment funds - assets for coverage of unit-linked products	-	-	376,482	-	376,482
	-	425,099	403,228	-	828,327
Loans and receivables					
Deposits with credit institutions	-	-	-	514,142	514,142
Loans	-	-	-	229,749	229,749
	-	-	-	743,891	743,891
	2,407,887	5,820,956	432,027	743,891	9,404,761

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 – held 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

19.2. Financial investments exposed to credit risk

Company	31 Dec. 2021					31 Dec. 2020				
	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	Impairmen t	Total
Held-to-maturity investments	2,325,984	-	7,500	(7,500)	2,325,984	2,082,335	-	7,500	(7,500)	2,082,335
Available-for-sale debt securities	3,869,131	-	-	-	3,869,131	3,807,954	-	-	-	3,807,954
Deposits	141,637	-	-	-	141,637	508,031	-	-	-	508,031
Loans	445,715	20,818	112,538	(112,538)	466,533	487,674	23,230	137,488	(137,488)	510,904
	6,782,467	20,818	120,038	(120,038)	6,803,285	6,885,994	23,230	144,988	(144,988)	6,909,224

Group	31 Dec. 2021					31 Dec. 2020				
	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	Impairmen t	Total
Held-to-maturity investments	2,407,887	-	7,500	(7,500)	2,407,887	2,169,783	-	7,500	(7,500)	2,169,783
Available-for-sale debt securities	4,522,811	-	-	-	4,522,811	4,394,875	-	-	-	4,394,875
Deposits	514,142	-	-	-	514,142	908,343	-	-	-	908,343
Loans	207,590	22,159	112,836	(112,836)	229,749	238,709	24,470	137,783	(137,783)	263,179
	7,652,430	22,159	120,336	(120,336)	7,674,589	7,711,710	24,470	145,283	(145,283)	7,736,180

19.3. Held-to-maturity investments

	Company	Company	Group	Group
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Movement in impairment losses				
At 1 January	7,500	7,500	7,500	7,500
Decrease	-	-	-	-
At 31 December	7,500	7,500	7,500	7,500

19.4. Loans

	Company	Company	Group	Group
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	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	108,209	102,098	80,615	79,936
From 1 to 5 years	234,414	235,696	125,689	131,448
More than 5 years	123,910	173,110	23,445	51,795
	466,533	510,904	229,749	263,179

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 2020	20	-	23,210	23,230	375	885	23,210	24,470
31 December 2021	147	-	20,671	20,818	373	1,107	20,679	22,159

Movement in impairment of loans:

	Company	Company	Group	Group
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	137,488	153,764	137,783	154,051
Increase	2,636	-	2,645	6
Write-off	(3,211)	-	(3,211)	-
Transfer to off-balance	(3,196)	(1,963)	(3,196)	(1,963)
Decrease	(21,179)	(14,313)	(21,208)	(14,315)
Foreign exchange differences	-	-	23	4
At 31 December	112,538	137,488	112,836	137,783

The structure of loans by type of collateral:

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Collateralised loans:				
- vinculated life insurance policies	20,652	22,292	27,680	29,811
- mortgages and real estate fiduciaries	518,452	587,337	313,615	362,642
- other collaterals	39,967	38,763	1,290	8,509
	579,071	648,392	342,585	400,962
Value adjustment	(112,538)	(137,488)	(112,836)	(137,783)
Total	466,533	510,904	229,749	263,179

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.

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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 2021						
Loans given based on life insurance policies	19,763	19,763	-	-	19,763	19,763
Loans given to legal entities	163,499	336,211	2,650	-	166,149	336,211
Loans given to related parties	241,167	706,621	39,454	-	280,621	706,621
	424,429	1,062,595	42,104	-	466,533	1,062,595
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

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 2021						
Loans given based on life insurance policies	26,729	34,273	-	-	26,729	34,273
Loans given to legal entities	167,421	348,647	2,899	-	170,320	348,647
Loans given to related parties	32,700	192,420	-	-	32,700	192,420
	226,850	575,340	2,899	-	229,749	575,340
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

19.5. Derivative financial instruments

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

	31 Dec. 2021			31 Dec. 2020		
	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	2,322,818	3,033	(5,987)	1,943,791	4,115	(7,426)
Group						
Foreign currency forward contracts	2,322,818	3,033	(5,987)	1,943,791	4,115	(7,426)

20. Reinsurance share in technical provisions

	Company		Company		Group		Group	
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2021		31 Dec. 2020	
	in HRK'000		in HRK'000		in HRK'000		in HRK'000	
Reinsurance share in unearned premium reserve		75,364		58,699		82,056		64,700
Reinsurance share in reported but not settled claims reserve		218,479		254,320		229,553		261,715
Reinsurance share in mathematical provisions		21		12		21		12
Reinsurance share in provisions for incurred, but not reported claims (IBNR)		37,479		161,838		37,489		161,838
		331,343		474,869		349,119		488,265

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 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
Reclassifications	-	-	-	-	-	-	-	-
Utilised deferred tax assets through profit or loss	(31)	(1,285)	(1,579)	-	(1,028)	(1,811)	-	(5,734)
Deferred tax assets recognised in profit or loss	-	2,182	6	-	475	1,568	5,272	9,503
At 31 December 2021	643	5,711	13,286	-	16,175	28,173	7,249	71,237

in HRK'000

(ii) Movements in deferred tax liabilities:

	Property for own use	Financial assets available for sale	Total
At 31 December 2019	11,079	102,560	113,639
Utilisation through profit of loss	-	(221)	(221)
Utilisation through other comprehensive income	(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
Utilisation through profit of loss	-	-	-
Utilisation through other comprehensive income	(139)	-	(139)
Change in fair value of available-for-sale financial assets through other comprehensive income	-	32,416	32,416
Change in fair value (impairment) of property through other comprehensive income	(5)	-	(5)
At 31 December 2021	10,651	125,069	135,720

(iii) Netting deferred taxes:

	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000
Balance of deferred tax assets	71,237	67,468
Balance of deferred tax liabilities	(135,720)	(103,448)
Net deferred tax (liability)/assets at 31 December	(64,483)	(35,980)

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 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
Reclassifications	-	-	-	-	-	-	-
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	1	(2)	(1)
Utilised deferred tax assets through profit or loss	(1,285)	(1,579)	-	(1,028)	(1,842)	(555)	(6,289)
Deferred tax assets recognised in profit or loss	2,182	5	-	475	1,568	5,645	9,875
At 31 December 2021	6,008	13,828	124	16,248	28,018	8,677	72,903

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 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 equity	(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
Reclassification to Deferred tax assets	26	-	-	-	26
Utilisation through profit or loss	-	4,924	-	-	4,924
Utilisation through equity	(421)	-	-	-	(421)
Change in fair value of available-for-sale investments through other comprehensive income	-	-	31,839	-	31,839
Impairment of property for own use recognised in profit or loss	-	(4,002)	-	-	(4,002)
Impairment of property for own use recognised through other comprehensive income	(1,031)	-	-	-	(1,031)
Foreign exchange differences	-	-	(57)	-	(57)
At 31 December 2021	22,098	33,218	127,898	485	183,699

(iii) Netting deferred taxes:

	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000
Total deferred tax assets	72,903	69,318
Netting deferred taxes (i)	(71,745)	(67,665)
Net movement in deferred tax assets	1,158	1,653
Total deferred tax liabilities	183,699	152,421
Netting deferred taxes (i)	(71,745)	(67,665)
Net movement in deferred tax liabilities	111,954	84,756

(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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from policyholders, net	536,453	485,690	583,444	525,674
Receivables from reinsurance and coinsurance	150,120	59,038	150,663	60,077
Receivables from other insurance business, net	130,469	164,158	133,943	166,273
Receivables for return on investments, net	992	1,034	527	516
Other receivables, net	71,488	28,362	120,299	74,963
	889,522	738,282	988,876	827,503
Prepaid expenses and accrued income	20,932	52,401	33,541	63,409
Other assets	339	331	11,733	11,132
	910,793	791,014	1,034,150	902,044

22.1. Receivables from policyholders

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Written but not invoiced premium	233,109	205,127	289,866	254,790
Invoiced uncollected premium	440,377	452,105	456,502	474,576
Receivables from policyholders, gross	673,486	657,232	746,368	729,366
Impairment	(137,033)	(171,542)	(162,924)	(203,692)
Receivables from policyholders, net	536,453	485,690	583,444	525,674

22.2. Receivables from reinsurance and coinsurance

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from reinsurance provision	22,538	18,566	22,538	18,566
Receivables from reinsurance claims	126,378	39,638	126,894	40,677
Receivables from coinsurance claims	1,204	834	1,231	834
	150,120	59,038	150,663	60,077

22.3. Receivables from other insurance business

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Recourse receivables	174,663	214,949	191,316	229,032
Impairment	(54,786)	(60,330)	(70,579)	(74,348)
Net receivables	119,877	154,619	120,737	154,684
Receivables for foreign claims	9,332	10,069	11,848	11,372
Impairment	(1,264)	(2,344)	(1,264)	(2,344)
Net receivables	8,068	7,725	10,584	9,028
Other receivables	2,524	1,814	2,622	2,561
Receivables from other insurance business, gross	186,519	226,832	205,786	242,965
Impairment	(56,050)	(62,674)	(71,843)	(76,692)
Receivables from other insurance business, net	130,469	164,158	133,943	166,273

22.4. Receivables for returns on investments

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for regular interest on given loans	14,641	15,661	14,110	15,093
Receivables for regular interest on deposits	4,461	4,559	4,533	4,612
Receivables for returns on investments, gross	19,102	20,220	18,643	19,705
Impairment	(18,110)	(19,186)	(18,116)	(19,189)
Receivables for returns on investments, net	992	1,034	527	516

22.5. Other receivables

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables for sold tangible assets	5,935	6,228	5,935	6,231
Receivables for advances given	5,074	4,287	6,254	5,013
Trade receivables	2,373	5,369	25,919	26,477
Receivables from the state and state institutions	1,809	1,709	17,068	18,067
Receivables from credit card companies	6,161	5,188	7,118	6,121
Receivables obtained through cession	4,464	4,464	4,467	4,464
Receivables under court decisions	318	301	570	301
Receivables from employees	1,333	1,345	2,490	2,164
Receivables from agents	942	1,349	942	1,349
Receivables for funds on blocked accounts	25,373	25,373	25,373	25,373
Receivables for default interest	6,457	6,663	6,457	6,663
Other receivables	58,191	16,128	70,712	30,577
Other receivables, gross	118,430	78,404	173,305	132,800
Impairment	(46,942)	(50,042)	(53,006)	(57,837)
Other receivables, net	71,488	28,362	120,299	74,963

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	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
Neither past due nor impaired	396,315	62,577	9	119,481	7,083	2,511	385	588,361
Past due but not impaired	140,138	87,543	983	396	985	13	71,103	301,161
Impaired	137,033	-	18,110	54,786	1,264	-	46,942	258,135
Impairment	(137,033)	-	(18,110)	(54,786)	(1,264)	-	(46,942)	(258,135)
31 December 2021	536,453	150,120	992	119,877	8,068	2,524	71,488	889,522

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

Group	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables 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	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
Neither past due nor impaired	437,028	62,753	81	120,342	7,632	2,607	42,677	673,120
Past due but not impaired	146,416	87,910	446	395	2,952	15	77,622	315,756
Impaired	162,924	5	18,116	70,579	1,264	-	53,006	305,894
Impairment	(162,924)	(5)	(18,116)	(70,579)	(1,264)	-	(53,006)	(305,894)
31 December 2021	583,444	150,663	527	120,737	10,584	2,622	120,299	988,876

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	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
High quality	-	-	-	-	-	-	-	-
Standard quality	396,315	62,577	9	119,481	7,083	2,511	385	588,361
31 December 2021	396,315	62,577	9	119,481	7,083	2,511	385	588,361

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	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-
Standard quality	437,028	62,753	81	120,342	7,632	2,607	42,677	673,120
31 December 2021	437,028	62,753	81	120,342	7,632	2,607	42,677	673,120

High quality means receivables from companies that have a high credit rating and the possibility that receivables become uncollectable is 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	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
Receivables from insurance business	107,479	31,781	878	140,138	111,940	32,711	1,765	146,416
Receivables from coinsurance and reinsurance business	34,445	42,542	10,556	87,543	34,685	42,541	10,684	87,910
Receivables for returns on investments	18	-	965	983	-	-	446	446
Receivables from other insurance business:	968	3	423	1,394	2,935	3	424	3,362
recourse receivables	-	-	396	396	-	-	395	395
receivables for foreign claims	968	3	14	985	2,935	3	14	2,952
other receivables	-	-	13	13	-	-	15	15
Other receivables	65,690	1,029	4,384	71,103	70,905	1,627	5,090	77,622
31 December 2021	208,600	75,355	17,206	301,161	220,465	76,882	18,409	315,756

22.9. Movements in impairment of receivables maturity

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 2020	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
Other transfers	-	-	-	-	-	-	-
Increase of impairment	53,393	9	-	1,185	346	(13)	54,920
Collection of previously impaired amounts	(66,948)	(322)	(699)	(5,987)	(1,426)	(3,041)	(78,423)
Write-offs	(20,954)	-	(377)	(742)	-	(46)	(22,119)
At 31 December 2021	137,033	-	18,110	54,786	1,264	46,942	258,135

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 2020	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
Other transfers	-	-	-	-	-	-	-	-
Increase of impairment	55,991	13	6	3,598	346	-	242	60,196
Collection of previously impaired amounts	(71,778)	(334)	(702)	(6,596)	(1,426)	-	(4,511)	(85,347)
Write-offs	(24,908)	-	(377)	(742)	-	-	(309)	(26,336)
Disposal by sale of a business (by losing control)	-	-	-	-	-	-	(246)	(246)
Foreign exchange differences	(73)	-	-	(29)	-	-	(7)	(109)
At 31 December 2021	162,924	5	18,116	70,579	1,264	-	53,006	305,894

23. Cash and cash equivalents

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash on bank accounts	516,161	383,520	643,436	476,062
Cash on foreign currency accounts	62,872	129,416	116,672	177,865
Cash on hand	-	-	454	437
Deposits with maturity up to three months	30,000	-	36,703	15,061
Total cash and cash equivalents	609,033	512,936	797,265	669,425

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 2020: 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).

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Notes to the financial statements for 2021

The ownership structure as at 31 December 2021 and 31 December 2020 was as follows:

Shareholder	31 Dec. 2021			31 Dec. 2020		
	Number	Nominal amount	Equity	Number	Nominal amount	Equity
	of shares	in HRK'000	share %	of shares	in HRK'000	share %
ADRIS GRUPA d.d.	263,419	368,787	61.3	263,419	368,787	61.3
CERP/ Republic of Croatia	129,351	181,091	30.1	128,787	180,302	30.0
Raiffeisenbank Austria d.d. - custodian account	19,449	27,229	4.5	19,449	27,229	4.5
Interkapital vrijednosni papiri d.o.o./summary ac.	5,365	7,511	1.2	3,130	4,382	0.7
HPB d.d./Republika Hrvatska- basic and summary ac.	-	-	-	3,032	4,245	0.7
Addiko Bank d.d./SZAIF d.d.	2,193	3,070	0.5	2,193	3,070	0.5
Other shareholders	9,920	13,888	2.4	9,687	13,561	2.3
	429,697	601,576	100	429,697	601,576	100

As at 31 December 2021, 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 5.6% (31.12.2020: 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 30.1% (31.12.2020: own share of 30% increased by the shares on its custodian accounts of 0.6%).

24.2. Reserves

	Company	Company	Group	Group
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	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. The Company forms statutory reserves to strengthen the security and stability of the Company's operations. The Company may use statutory reserves only for reserves for own shares and coverage of losses from the current year, if the same could not be covered from retained earnings of previous years, legal reserves and capital reserves.

24.3. Revaluation reserve

The revaluation reserve is presented as follows:

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Property for own use	59,164	59,967	128,574	135,946
Deferred tax from change in revaluation reserve of property for own use	(10,651)	(10,795)	(22,072)	(23,524)
Available-for-sale financial assets	694,835	514,744	725,620	559,201
Deferred tax from change in revaluation reserve of available-for-sale financial assets	(125,070)	(92,654)	(128,729)	(96,893)
Foreign exchange differences arising on translation of financial statements of foreign operations	(85)	(138)	(6,959)	(6,281)
	618,193	471,124	696,434	568,449

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

	Company	Group
	in HRK'000	in HRK'000
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
Other transfers	-	-
Increase in revaluation reserve	-	-
Decrease in revaluation reserve	(20)	(3,889)
Release of revaluation reserve, realised portion (depreciation and sale)	(639)	(2,031)
31 December 2021	48,513	106,502

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

	Company	Group
	in HRK'000	in HRK'000
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
Reclassification	-	3
Changes in fair value of available-for-sale financial assets	171,012	158,791
Impairment of financial assets, net of tax	1,989	2,009
Realised gains of available-for-sale financial assets, net of tax (through profit)	(25,326)	(26,220)
Foreign exchange differences	53	(678)
31 December 2021	569,680	589,932

25. Technical provisions

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Claims provisions, gross</i>				
Provisions for reported but not settled claims	1,592,076	1,694,098	1,698,650	1,788,641
Provisions for incurred, but not reported claims (IBNR)	965,819	1,074,698	1,097,486	1,201,901
Provisions for costs of claims handling	137,461	136,646	153,966	149,989
	2,695,356	2,905,442	2,950,102	3,140,531
Unearned premiums, gross	1,199,015	1,148,879	1,501,495	1,435,263
Mathematical insurance provisions, gross	2,656,285	2,565,485	3,133,364	3,022,248
Other insurance-technical provisions, gross	35,365	15,200	46,926	25,892
Technical provisions for life insurance where the policyholder bears the investment risk	355,279	400,250	376,482	412,085
Total technical provisions	6,941,300	7,035,256	8,008,369	8,036,019

Other insurance-technical provisions include unexpired risk reserves.

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

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	89,977	57,655	95,949	61,470
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	30	46
Claims incurred in the current year	52,571	60,968	62,557	68,661
Transfer from provisions for incurred, but not reported claims	35	244	102	244
Change in claims from the previous year	(68,932)	(19,659)	(70,413)	(20,538)
Settled claims	16,380	(9,231)	8,891	(13,934)
At 31 December	90,031	89,977	97,116	95,949
NON-LIFE				
At 1 January	1,604,121	1,519,557	1,692,692	1,604,228
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(255)	1,024
Claims incurred in the current year	215,110	304,313	249,281	329,746
Transfer from provisions for incurred, but not reported claims	109,314	108,957	117,253	128,433
Change in claims from the previous year	(50,773)	(24,445)	(28,554)	(16,006)
Settled claims	(375,727)	(304,261)	(428,883)	(354,733)
At 31 December	1,502,045	1,604,121	1,601,534	1,692,692
TOTAL LIFE AND NON-LIFE				
At 31 December	1,592,076	1,694,098	1,698,650	1,788,641

25.2. Movements in provision for incurred but not reported claims

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	1,162	1,547	1,427	1,904
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	41	4
Increases recognised during the year	478	635	580	539
Transfer to provisions for reported claims	(35)	(244)	(102)	(244)
Settled claims	(669)	(776)	(701)	(776)
At 31 December	936	1,162	1,245	1,427
NON-LIFE				
At 1 January	1,073,536	881,969	1,200,474	995,797
Foreign exchange differences	-	-	(348)	1,406
Increases recognised during the year	201,715	437,041	247,979	499,784
Transfer to provisions for reported claims	(109,314)	(108,957)	(117,253)	(128,433)
Settled claims	(201,054)	(136,517)	(234,611)	(168,080)
At 31 December	964,883	1,073,536	1,096,241	1,200,474
TOTAL LIFE AND NON-LIFE				
At 31 December	965,819	1,074,698	1,097,486	1,201,901

25.3. Movements in provision for unearned premium

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	5,023	4,870	6,097	5,909
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(2)	12
Written premiums during the year	444,015	453,598	540,833	551,053
Earned premiums during the year	(443,858)	(453,445)	(540,289)	(550,877)
At 31 December	5,180	5,023	6,639	6,097
NON-LIFE				
At 1 January	1,143,856	1,130,566	1,429,166	1,429,410
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(706)	3,700
Written premiums during the year	2,451,750	2,288,221	2,895,385	2,689,178
Earned premiums during the year	(2,401,771)	(2,274,931)	(2,828,989)	(2,693,122)
Acquisition	-	-	-	-
At 31 December	1,193,835	1,143,856	1,494,856	1,429,166
TOTAL LIFE AND NON-LIFE				
At 31 December	1,199,015	1,148,879	1,501,495	1,435,263

25.4. Movements in mathematical insurance provisions, gross

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	2,565,485	2,523,589	3,022,248	2,955,121
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(812)	4,351
Allocated premium	382,975	403,894	421,534	451,335
Reversal of liabilities due to benefits paid, surrenders and other terminations	(352,969)	(426,303)	(373,700)	(453,186)
Capitalised technical interest	60,794	62,734	63,744	63,430
Change in discretionary bonus	-	-	350	(374)
Change of liabilities based on the Liability Adequacy Test	-	1,571	-	1,571
At 31 December	2,656,285	2,565,485	3,133,364	3,022,248

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

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
At 1 January	400,250	445,326	412,085	450,937
Foreign exchange differences	-	-	(19)	48
Allocated premium	11,984	4,170	21,371	10,346
Reversal of liabilities due to benefits paid, surrenders and other terminations	(56,851)	(49,218)	(56,851)	(49,218)
Unrealised gains on assets in which the policyholders' funds are invested	(104)	(28)	(104)	(28)
At 31 December	355,279	400,250	376,482	412,085

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

	in HRK'000								
	Before 2015	2015	2016	2017	2018	2019	2020	2021	Total
Assessment of cumulative claims at the end of the year of the accident	-	1,192,854	1,148,645	1,229,855	1,288,855	1,369,563	1,563,797	1,343,313	-
One year later	-	1,134,791	1,101,945	1,183,797	1,236,615	1,373,304	1,455,596	-	-
Two years later	-	1,123,941	1,083,401	1,159,530	1,226,430	1,361,826	-	-	-
Three years later	-	1,119,131	1,077,326	1,154,557	1,220,576	-	-	-	-
Four years later	-	1,114,181	1,070,166	1,150,649	-	-	-	-	-
Five years later	-	1,095,820	1,070,427	-	-	-	-	-	-
Six years later	-	1,097,764	-	-	-	-	-	-	-
Assessment of cumulative claims at the end of the accident	-	1,097,764	1,070,427	1,150,649	1,220,575	1,361,826	1,455,596	1,343,313	8,700,150
Cumulative payments	-	1,002,688	972,414	1,044,431	1,095,959	1,166,495	1,205,339	850,470	7,337,796
Provision for previous years	1,104,574	-	-	-	-	-	-	-	1,104,574
Claims handling costs	56,772	4,284	4,936	5,936	7,087	10,843	14,390	29,537	133,785
Amount recognised in the statement of financial position	1,161,346	99,360	102,949	112,154	131,703	206,174	264,647	522,380	2,600,713

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	in HRK'000								
	Before 2015	2015	2016	2017	2018	2019	2020	2021	Total
Assessment of cumulative claims at the end of the year of the accident	-	1,308,417	1,256,324	1,341,452	1,410,275	1,559,443	1,754,848	1,569,019	-
One year later	-	1,227,910	1,198,033	1,286,567	1,366,197	1,515,572	1,596,136	-	-
Two years later	-	1,207,184	1,168,251	1,263,637	1,347,136	1,483,793	-	-	-
Three years later	-	1,204,167	1,170,286	1,261,827	1,333,866	-	-	-	-
Four years later	-	1,205,802	1,162,832	1,254,976	-	-	-	-	-
Five years later	-	1,187,600	1,162,803	-	-	-	-	-	-
Six years later	-	1,186,994	-	-	-	-	-	-	-
Assessment of cumulative claims at the end of the accident	-	1,186,994	1,162,803	1,254,976	1,333,866	1,483,793	1,596,136	1,569,019	9,587,587
Cumulative payments	-	1,084,914	1,057,195	1,139,005	1,193,395	1,265,907	1,313,045	974,035	8,027,496
Provision for previous years	1,137,684	-	-	-	-	-	-	-	1,137,684
Claims handling costs	58,662	4,686	5,702	7,009	8,558	12,731	16,676	36,094	150,118
Amount recognised in the statement of financial position	1,196,346	106,766	111,310	122,980	149,029	230,617	299,767	631,078	2,847,893

25.7. Maturity of gross technical provisions

The expected maturity of technical provisions is presented below:

Company	in HRK'000				Total
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	
2021					
Unearned premiums, gross	1,119,606	70,386	7,282	1,741	1,199,015
Mathematical insurance provisions, gross	233,574	1,485,672	451,606	485,433	2,656,285
Claims provisions, gross	850,194	714,830	389,678	740,654	2,695,356
Other insurance-technical provisions, gross	25,916	9,432	13	4	35,365
Technical provisions for life insurance where the policyholder bears the investment risk	157,670	197,517	12	80	355,279
	2,386,960	2,477,837	848,591	1,227,912	6,941,300
2020					
Unearned premiums, gross	1,042,807	92,472	11,490	2,110	1,148,879
Mathematical insurance provisions, gross	318,528	1,277,388	496,278	473,291	2,565,485
Claims provisions, gross	1,212,365	735,038	377,097	580,942	2,905,442
Other insurance-technical provisions, gross	14,638	562	-	-	15,200
Technical provisions for life insurance where the policyholder bears the investment risk	49,228	350,879	42	101	400,250
	2,637,566	2,456,339	884,907	1,056,444	7,035,256
Group					
2021					
Unearned premiums, gross	1,353,284	122,005	24,465	1,741	1,501,495
Mathematical insurance provisions, gross	272,977	1,615,944	585,801	658,642	3,133,364
Claims provisions, gross	993,758	783,621	415,284	757,439	2,950,102
Other insurance-technical provisions, gross	37,476	9,432	14	4	46,926
Technical provisions for life insurance where the policyholder bears the investment risk	158,626	210,703	1,849	5,304	376,482
	2,816,121	2,741,705	1,027,413	1,423,130	8,008,369
2020					
Unearned premiums, gross	1,249,256	153,186	30,711	2,110	1,435,263
Mathematical insurance provisions, gross	350,829	1,396,390	637,670	637,359	3,022,248
Claims provisions, gross	1,331,876	805,278	403,803	599,574	3,140,531
Other insurance-technical provisions, gross	25,330	562	-	-	25,892
Technical provisions for life insurance where the policyholder bears the investment risk	49,573	359,244	754	2,514	412,085
	3,006,864	2,714,660	1,072,938	1,241,557	8,036,019

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
	2021	2021	2021	2020	2020	2020
Accident insurance	30.65%	40.60%	71.25%	27.43%	35.76%	63.19%
Health insurance	51.15%	35.41%	86.56%	46.56%	33.97%	80.53%
Road vehicle insurance	61.59%	34.91%	96.50%	59.58%	32.88%	92.46%
Railroad rolling stock insurance	69.30%	33.31%	102.61%	106.48%	32.80%	139.28%
Aircraft insurance	0.00%	18.53%	18.53%	26.90%	25.18%	52.08%
Vessel insurance	115.57%	32.96%	148.53%	13.09%	33.54%	46.63%
Insurance for goods in transit	48.28%	37.39%	85.67%	7.66%	33.99%	41.65%
Insurance against fire and natural disasters	19.33%	38.27%	57.60%	170.22%	36.09%	206.31%
Other types of property insurance	66.32%	33.57%	99.89%	63.62%	31.51%	95.12%
Motor liability insurance	54.40%	36.61%	91.01%	61.57%	37.51%	99.08%
Aircraft liability insurance	1.56%	38.05%	39.61%	6.70%	38.93%	45.63%
Vessel liability insurance	11.75%	37.24%	48.99%	-176.74%	34.67%	-142.07%
Other types of liability insurance	72.26%	33.23%	105.49%	94.28%	30.75%	125.04%
Loan insurance/credit insurance	-57.24%	81.14%	23.90%	-44.88%	72.91%	28.03%
Surety insurance	-24.65%	33.52%	8.87%	39.03%	28.28%	67.30%
Miscellaneous financial loss insurance	30.25%	31.31%	61.56%	166.70%	29.58%	196.28%
Legal expenses insurance	1.63%	-253.32%	-251.69%	308.37%	268.48%	576.84%
Assistance	51.94%	34.53%	86.47%	61.88%	38.72%	100.60%
Total non-life insurance	50.27%	36.66%	86.93%	66.98%	35.40%	102.38%

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Group:

Types of non-life insurance	Claims ratio	Cost ratio	Combined ratio	Claims ratio	Cost ratio	Combined ratio
	2021	2021	2021	2020	2020	2020
Accident insurance	36.22%	40.87%	77.09%	32.86%	36.09%	68.96%
Health insurance	51.61%	35.57%	87.18%	46.53%	34.12%	80.65%
Road vehicle insurance	63.76%	36.58%	100.34%	61.48%	34.58%	96.06%
Railroad rolling stock insurance	69.22%	24.36%	93.58%	106.48%	32.80%	139.28%
Aircraft insurance	0.01%	17.05%	17.06%	26.90%	25.17%	52.07%
Vessel insurance	115.56%	32.97%	148.53%	13.09%	33.54%	46.62%
Insurance for goods in transit	52.95%	36.24%	89.19%	5.26%	33.66%	38.92%
Insurance against fire and natural disasters	19.01%	38.18%	57.19%	157.47%	36.43%	193.90%
Other types of property insurance	65.44%	33.73%	99.17%	62.35%	31.74%	94.09%
Motor liability insurance	53.92%	38.08%	92.00%	56.87%	37.87%	94.74%
Aircraft liability insurance	1.56%	38.21%	39.77%	6.70%	38.93%	45.63%
Vessel liability insurance	11.75%	37.23%	48.98%	-176.68%	34.66%	-142.02%
Other types of liability insurance	70.68%	33.08%	103.76%	91.05%	30.92%	121.98%
Loan insurance/credit insurance	-29.55%	68.14%	38.59%	-19.74%	62.45%	42.71%
Surety insurance	-15.42%	31.12%	15.70%	16.40%	28.71%	45.12%
Miscellaneous financial loss insurance	29.77%	31.33%	61.10%	162.26%	30.38%	192.64%
Legal expenses insurance	1.62%	-254.49%	-252.87%	305.40%	265.95%	571.35%
Assistance	41.10%	45.56%	86.66%	47.91%	40.40%	88.31%
Total non-life insurance	50.68%	37.41%	88.09%	64.11%	36.00%	100.11%

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 2.5% was used (the maximum rate prescribed by HANFA is 3.3%),
- for insurance contracts concluded in 2010 the interest rate used was 2.5% (the maximum rate prescribed by HANFA is 3%),
- for insurance contracts concluded after 2010 until 30 June 2016, the interest rate used was 2.5%-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 2021 and 2020:

	2021	2020
	in HRK'000	in HRK'000
Average balance of mathematical provisions	2,604,930	2,513,947
Return on investments from mathematical provisions	80,920	83,195
Rate of annual return on mathematical provisions	3.11%	3.31%
Average return on mathematical provisions for the past 2 years	3.21%	4.05%

26. Provisions

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Provisions for jubilee awards</i>	5,290	27,370	8,456	30,764
<i>Provisions for retirement benefits</i>	2,729	2,659	7,273	6,715
Provisions for jubilee awards and retirement benefits /i/	8,019	30,029	15,729	37,479
Provisions for termination benefits	10,653	7,305	11,237	7,515
Provisions for legal disputes	39,382	49,205	40,593	52,965
Other long-term provisions	-	-	31	-
	58,054	86,539	67,590	97,959

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 2020	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
Additional provisions	7,395	283	15,370	-	23,048
Decrease in provisions (utilisation)	(17,218)	-	(12,022)	-	(29,240)
Decrease in provisions (reversal)	-	(22,293)	-	-	(22,293)
At 31 December 2021	39,382	8,019	10,653	-	58,054

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 2020	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
Effect of acquisition (Note 18.3. /i/)	-	-	-	-	-
Foreign exchange differences	(6)	(4)	-	-	(10)
Additional provisions	7,768	1,213	15,744	31	24,756
Decrease in provisions (utilisation)	(20,134)	(255)	(12,022)	-	(32,411)
Decrease in provisions (reversal)	-	(22,704)	-	-	(22,704)
At 31 December 2021	40,593	15,729	11,237	31	67,590

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

- The employment termination rate for the Company is 6.21% (2020: 5.72%), while for the Group the average is 7.41% (2020: 6.76%)
- The expected annual salary increase for the Company is 1%, while for the Group is 0.68%;
- The present value of the liability is calculated using the discount rate of 0.34% (2020: 0.45%) for the Company and 0.34%-2.46% for the Group (2020: 0.45%-2.94%).

The table below shows the sensitivity analysis for significant assumptions:

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	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%	20	105	56	151
Discount rate +10%	(20)	(105)	(55)	(149)
Employment termination rate -10%	476	1,665	821	2,028
Employment termination rate +10%	(436)	(1,544)	(753)	(1,880)

27. Financial liabilities

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Lease liabilities	274,716	261,999	320,875	301,613
Liabilities for repo transactions	76,481	-	76,481	-
Preference shares	12,250	12,250	12,250	12,250
Other financial liabilities	400	2,603	400	2,603
Financial liabilities to financial institutions	-	-	2,648	-
	363,847	276,852	412,654	316,466

Net debt:

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Cash and cash equivalents	609,033	512,936	797,265	669,425
Lease liabilities and financial liabilities to financial institutions	(274,716)	(261,999)	(323,523)	(301,613)
Net debt	334,317	250,937	473,742	367,812

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Net debt reconciliation:

	Company	Company	Company	Group	Group	Group
	Cash and cash equivalents	Lease and loan liabilities	Total	Cash and cash equivalents	Lease and loan liabilities	Total
	2021	2021	2021	2021	2021	2021
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
At 1 January	512,936	(261,999)	250,937	669,425	(301,613)	367,812
Cash flow	96,097	-	96,097	127,840	-	127,840
Lease and loan payments	-	22,971	22,971	-	30,853	30,853
Increases based on new contracts	-	(26,325)	(26,325)	-	(42,367)	(42,367)
Canceled contracts	-	1,758	1,758	-	2,420	2,420
Interest expense	-	(10,655)	(10,655)	-	(12,418)	(12,418)
Foreign exchange differences	-	(466)	(466)	-	(499)	(499)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	101	101
At 31 December	609,033	(274,716)	334,317	797,265	(323,523)	473,742

	Company	Company	Company	Group	Group	Group
	Cash and cash equivalents	Lease and loan liabilities	Total	Cash and cash equivalents	Lease and loan 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

27.1. Lease liabilities

The maturity of lease liabilities is presented below:

	Company		Group	
	31 Dec. 2021		31 Dec. 2021	
	in HRK'000		in HRK'000	
2022	15,705		24,432	
2023	15,729		22,821	
2024	14,363		20,974	
2025	12,257		17,590	
2026	11,280		14,705	
2027 and later	205,382		223,001	
	274,716		323,523	

	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	

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		Company		Group		Group	
	2021		2020		2021		2020	
	in HRK'000		in HRK'000		in HRK'000		in HRK'000	
Depreciation expense of right-of-use assets								
Buildings	12,525	11,840			18,642	18,108		
Vehicles	3,889	2,762			3,370	2,724		
Other	-	-			-	218		
	16,414	14,602			22,012	21,050		
Interest on lease liabilities	10,655	9,497			11,911	10,857		
Expenses relating to short-term leases	268	3,443			9,149	3,443		
Expenses relating to leases of low-value assets	6,350	8,528			7,905	9,390		

28. Insurance contract and other liabilities and deferred income

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Insurance contract liabilities	92,807	79,842	104,436	92,699
Reinsurance liabilities	110,212	90,290	116,291	96,612
Other liabilities	112,478	92,211	150,774	133,831
Accrued expenses	134,419	117,890	144,220	125,596
Deferred income	149,951	168,616	154,948	173,873
	599,867	548,849	670,669	622,611

/i/ Insurance contract liabilities

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Liabilities for claims and contracted insurance amounts	25,026	16,773	30,479	22,259
Liabilities for contribution to the Fire Department	623	589	1,661	1,063
Liabilities for the guarantee fund	36,951	37,081	37,711	37,404
Liabilities for advances received for the insurance premium	8,824	9,004	10,443	10,373
Liabilities to the Croatian Insurance Bureau	75	60	75	60
Fee payable to the Croatian Financial Services Supervisory Agency	226	186	226	428
Liabilities for health insurance under motor liability premium	890	845	1,693	1,469
Other liabilities	20,192	15,304	22,148	19,643
	92,807	79,842	104,436	92,699

/ii/ Liabilities from coinsurance and reinsurance

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Reinsurance premiums payable	106,373	88,001	109,905	91,377
Coinsurance premiums payable - domestic	3,839	2,289	5,684	4,620
Coinsurance premiums payable - foreign	-	-	702	615
	110,212	90,290	116,291	96,612

/iii/ Other liabilities

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Trade payables	55,371	42,806	66,940	53,321
Advances received	2,793	328	6,163	3,595
Liabilities for net salaries	24,065	20,943	30,531	28,010
Liabilities for contributions from salaries	5,436	5,380	6,711	6,797
Liabilities for tax and surtax from salaries	2,723	2,733	3,014	2,992
Liabilities for contributions on salaries	4,305	4,334	5,488	5,599
Dividends payable	1,457	2,443	1,483	2,469
Liability to the state for sold flats	231	204	231	204
Due to employees	142	105	1,544	2,055
Liabilities for tax on motor liability and motor hull insurance	8,757	8,184	9,685	8,914
Other liabilities	7,198	4,751	18,984	19,875
	112,478	92,211	150,774	133,831

/iv/ Accrued expenses and deferred income

	Company		Group	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accrued expenses for unused vacation days	14,098	13,533	15,432	14,742
Accrued, but not invoiced acquisition expenses	9,207	11,443	9,726	11,771
Accrued, but not invoiced expenses for service received	11,572	12,382	18,671	17,602
Bonus provisions for employees	29,086	24,057	30,093	25,072
Liabilities for direct provisions, not past due	56,165	50,500	56,165	50,500
Accrued reinsurance provisions	8,988	-	8,988	-
Other accrued expenses	5,303	5,975	5,145	5,909
Total accrued expenses	134,419	117,890	144,220	125,596
Accrued premium	1,968	-	1,968	-
Deferred income from recourses /i/	120,482	154,960	120,482	154,960
Other deferred income	27,501	13,656	32,498	18,913
Total deferred income	149,951	168,616	154,948	173,873
	284,370	286,506	299,168	299,469

/i/ Deferred income from recourses, due to uncertainty of collection, in the amount of HRK 120,482 thousand (31 December 2020: HRK 154,960 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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Forward contracts (nominal amount)	2,322,818	1,943,791	2,322,818	1,943,791
Premium receivables from companies in bankruptcy	212,579	205,153	231,682	224,257
Shares and stakes of companies in bankruptcy	18,651	22,878	27,437	36,189
Placements and interest from companies in bankruptcy	62,985	66,480	68,635	76,028
Default interest on placements	32,168	34,882	32,168	34,882
Other off-balance-sheet items	1,643	1,539	1,643	1,539
	2,650,844	2,274,723	2,684,383	2,316,686
Recourse receivables	772,299	775,315	789,356	792,908
	3,423,143	3,050,038	3,473,739	3,109,594

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 5.85% and with maturities of 2022-2041.

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 4.97%, 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 2.63%, to the company CO Zdravlje d.o.o. in the amount of HRK 19 million at an interest rate of 6.10%, to the company STRMEC PROJEKT d.o.o. in the amount of HRK 3.1 million at an interest rate of 4.55% and to the company CROATIA Premium d.o.o. in the total amount of HRK 19.5 million at an interest rate of 3.2%-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 2021 and 2020:

Transactions and balances with the parent company and other related entities of the Company for 2021:

	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	247,922	-	-	32,700
Receivables from insurance	3,588	-	-	1,882
Other receivables	1,026	-	120	321
Insurance liabilities	1,528	-	-	-
Technical provisions	12,900	-	-	-
Other liabilities	697	-	1,737	212
Written premiums	6,457	245	555	19,145
Change in gross provisions for unearned premiums	3,449	-	-	-
Investment income	39,474	9,900	-	1,440
Other income	1,481	-	-	-
Claims incurred	14,348	-	38	6,363
Operating expenses	6,157	-	15,280	2,295

Transactions and balances with the parent company and other related entities of the Group for 2021:

	Associates	ADRIS GRUPA d.d. (Parent company)	Other ADRIS GRUPA companies
	in HRK'000	in HRK'000	in HRK'000
Loans and receivables	-	-	32,700
Receivables from insurance	-	-	1,882
Other receivables	-	120	325
Insurance liabilities	-	-	-
Technical provisions	-	-	-
Other liabilities	-	1,782	218
Written premiums	245	555	19,145
Change in gross provisions for unearned premiums	-	-	-
Investment income	9,900	-	1,440
Other income	-	11	297
Claims incurred	-	38	6,363
Operating expenses	-	15,280	2,325

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 2021:

	Company	Group
	in HRK'000	in HRK'000
Debt securities	5,590,030	5,609,250
Loans and receivables	-	-
Receivables from insurance business	5,933	5,933
Other receivables	2,416	2,423
Insurance liabilities	6	6
Other liabilities	2,304	2,467
Insurance income	100,263	100,263
Interest income	134,623	134,947
Other income	11,416	11,416
Insurance expenses	54,981	54,981
Other expenses	27,130	28,702

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

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 parties related to key management of the Company, Group and Parent company for 2021 and 2020:

	Company	Company	Group	Group
	2021	2020	2021	2020
	in HRK'000	in HRK'000	in HRK'000	In HRK'000
Insurance receivables	10	12	10	12
Insurance income	180	147	180	147

/i/ Key management compensation

Company:

	31 Dec.2021				31 Dec.2020			
	in HRK '000				in HRK '000			
	Management	Department directors	Supervisory Board	Total	Management	Department directors	Supervisory Board	Total
Key management compensation	12,706	18,691	84	31,481	13,272	20,201	90	33,563
Termination benefits	416	-	-	416	-	1,448	-	1,448
	13,122	18,691	84	31,897	13,272	21,649	90	35,011

Group:

	31 Dec.2021				31 Dec.2020			
	in HRK '000				in HRK '000			
	Management	Department directors	Supervisory Board	Total	Management	Department directors	Supervisory Board	Total
Key management compensation	22,373	25,250	174	47,797	23,751	25,411	219	49,381
Termination benefits	416	-	-	416	754	1,448	-	2,202
	22,789	25,250	174	48,213	24,505	26,859	219	51,583

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 2021, the Company's contractual obligations for future investments amount to HRK 356,505 thousand based on binding bids for investments in venture capital funds (31 December 2020: HRK 158,893 thousand).

33. Audit of financial statements

The auditors of the Group's financial statements have provided services in 2020 in the amount of HRK 3,543 thousand plus value added tax (2020: HRK 2,390 thousand plus value added tax). The Company was provided services in the amount of HRK 2,682 thousand plus value added tax (2020: HRK 1,522 thousand plus value added tax).

tax). Services in 2021 and 2020 relate to the costs of the statutory audit of annual financial statements and related audit services.

During 2020, PricewaterhouseCoopers d.o.o. ("PwC") provided educational services while in 2021 it provided advisory services. During 2021, Deloitte d.o.o. provided tax advisory services.

34. Events after the balance sheet date

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

In accordance with the Capital Market Act and the Rules of the Zagreb Stock Exchange, on 18 January 2022 CROATIA osiguranje held its General Assembly on which the Decision on the election of the members of the Supervisory Board CROATIA osiguranje d.d. was adopted. By the mentioned decision Roberto Škopac and Hrvoje Patajac were elected as members of the Supervisory Board of CROATIA osiguranje d.d. for a term of 4 years, starting from the 24 April 2022, subject to obtaining an approval to perform the function of a member of the Supervisory Board issued by the Croatian Financial Services Supervisory Agency. The Governing Board of the Croatian Financial Services Supervisory Agency (HANFA) held a session on 17 February 2022 and issued a decision approving Roberto Škopac and Hrvoje Patajac to perform the function of a member of the Supervisory Board of CROATIA osiguranje d.d. for a term starting from 24 April 2022 to 24 April 2026.

Employee representative to the Supervisory Board of CROATIA osiguranje d.d.

In March 2022, the Company held elections for the employee representative to the Supervisory Board of CROATIA osiguranje d.d. and for a member of the Supervisory Board of CROATIA osiguranje d.d. is elected employee Pero Kovačić from Zagreb, for a term of 4 years, starting from 10 March 2022.

The Russian-Ukrainian crisis

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Group has no direct operations in insurance and reinsurance business with Russia and Ukraine (nor with reinsurance companies, brokers, MGA agencies, etc.). In addition, reinsurance contracts through the Sanction & Embargo clause exempt reinsurance transactions with states under any sanctions and the terms of insurance on the direct side exclude war damage. The Group has an exposure to insurance policyholders who are members of certain companies (related to entities from Russia) and does not expect a significant adverse effect on the ability to collect these receivables in the short term, ie. as a direct consequence of the war in Ukraine. In case of collection receivables inability, the Group can activate collateral instruments in the form of mortgage on real estate. The Group does not have direct business operations in Russia or Ukraine. However, the Group's certain investments are to some extent exposed to operations in Russia - investments in shares and investments in debt instruments of EU banking groups that have a slightly more exposed part of operations in Russia. These exposures are not material in terms of business threats and given the size of the total investment portfolio. The aforementioned indirect exposures may have a negative impact on the Group's results in the event of escalation, which cannot be precisely quantified due to uncertainty and market volatility. However, based on the internal analysis of the impact of the Russian-Ukrainian crisis, as well as the sanctions imposed on Russia, the Group expects to maintain financial stability and a further high level of solvency (SCR ratio). In addition, at the date of these financial statements the Group continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

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 2021

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		96,858,015	96,858,015		133,712,534	133,712,534
002		1	Goodwill						
003		2	Other intangible assets		96,858,015	96,858,015		133,712,534	133,712,534
004	005+006+007	II	TANGIBLE ASSETS	14,133	553,220,673	553,234,805	14,133	496,678,283	496,692,416
005		1	Land and buildings used for business activities		264,388,018	264,388,018		195,045,782	195,045,782
006		2	Equipment	14,051	26,833,703	26,847,754	14,051	26,485,497	26,499,548
007		3	Other tangible assets and inventories	82	261,998,952	261,999,034	82	275,147,004	275,147,086
008	009+010+014+033	III	INVESTMENTS	3,114,967,355	5,376,935,615	8,491,902,970	3,223,878,712	5,844,582,500	9,068,461,212
009		A	Investments in land and buildings not used for business activities		456,652,567	456,652,567		524,104,269	524,104,269
010	011+012+013	B	Investments in subsidiaries, associates and participation in joint ventures		376,515,932	376,515,932		384,197,496	384,197,496
011		1	Shares and stakes in subsidiaries		342,827,639	342,827,639		356,197,496	356,197,496
012		2	Shares and stakes in associates		5,688,293	5,688,293			
013		3	Shares and stakes in joint ventures		28,000,000	28,000,000		28,000,000	28,000,000
014	015+018+023+029	C	Financial assets	3,114,967,355	4,543,767,116	7,658,734,471	3,223,878,712	4,936,280,736	8,160,159,448
015	016+017	1	Held-to-maturity financial assets	1,083,787,700	998,546,873	2,082,334,573	1,231,461,828	1,094,522,138	2,325,983,967
016		1.1	Debt financial instruments	1,083,787,700	998,546,873	2,082,334,573	1,231,461,828	1,094,522,138	2,325,983,967
017		1.2	Other						
018	019+020+021+022	2	Financial assets available for sale	1,804,243,755	2,731,918,505	4,536,162,260	1,884,095,466	3,283,111,286	5,167,206,752
019		2.1	Equity financial instruments	29,250,178	506,883,860	536,134,038	78,835,758	794,141,134	872,976,892
020		2.2	Debt financial instruments	1,718,133,233	2,089,821,103	3,807,954,336	1,700,547,001	2,168,583,697	3,869,130,698
021		2.3	Shares in investment funds	56,860,343	135,213,542	192,073,886	104,712,707	320,386,454	425,099,162
022		2.4	Other						
023	024+025+026+027+028	3	Financial assets at fair value through profit or loss	318,108	20,984,620	21,302,728	309,553	28,489,385	28,798,938
024		3.1	Equity financial instruments		17,187,511	17,187,511		25,765,552	25,765,552
025		3.2	Debt financial instruments						
026		3.3	Derivative financial instruments	318,108	3,797,109	4,115,217	309,553	2,723,833	3,033,386
027		3.4	Shares in investment funds						
028		3.5	Other						
029	030+031+032	4	Loans and receivables	226,617,793	792,317,117	1,018,934,910	108,011,865	530,157,926	638,169,791
030		4.1	Deposits with credit institutions	175,737,297	317,322,719	493,060,016	67,847,755	100,289,307	168,137,063
031		4.2	Loans	47,414,600	301,235,373	348,649,973	39,445,265	283,366,478	322,811,744
032		4.3	Other	3,465,895	173,759,025	177,224,921	718,844	146,502,141	147,220,985
033		D	Deposits with cedent						
034		IV	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	400,250,132		400,250,132	355,280,253		355,280,253
035	036+037+038+039+040+041+042	V	REINSURANCE SHARE IN TECHNICAL PROVISIONS	12,263	474,856,240	474,868,503	20,627	331,321,934	331,342,561
036		1	Unearned premiums, reinsurance share		58,699,359	58,699,359		75,363,648	75,363,648
037		2	Mathematical provisions for insurance, reinsurance share	12,263		12,263	20,627		20,627
038		3	Claims provisions, reinsurance share		416,156,881	416,156,881		255,958,286	255,958,286
039		4	Provisions for bonuses and discounts, reinsurance share						
040		5	Provisions for claims fluctuation, reinsurance share						
041		6	Other technical provisions for insurance, reinsurance share						
042		7	Special provisions for life insurance where the policyholder bears the investment risk, reinsurance share						
043	044+045	VI	DEFERRED AND CURRENT TAX ASSETS	1,777,335	65,691,032	67,468,366	2,125,392	69,111,257	71,236,649
044		1	Deferred tax assets	1,777,335	65,691,032	67,468,366	2,125,392	69,111,257	71,236,649
045		2	Current tax assets						
046	047+050+051	VII	RECEIVABLES	622,574	741,344,471	741,967,045	16,107,888	895,130,447	911,238,335
047	048+049	1	Receivables from insurance business	234,219	486,139,966	486,374,186	233,896	536,565,103	536,798,999
048		1.1	From policyholders		485,689,766	485,689,766		536,452,727	536,452,727
049		1.2	From agents or insurance brokers	234,219	450,201	684,420	233,896	112,376	346,272
050		2	Receivables from reinsurance business	413	59,037,983	59,038,396	465	150,119,653	150,120,118
051	052+053+054	3	Other receivables	387,941	196,166,521	196,554,462	15,873,527	208,445,691	224,319,218
052		3.1	Receivables from other insurance business		164,158,334	164,158,334		130,469,004	130,469,004
053		3.2	Receivables for returns on investments	277,389	756,947	1,034,336	381,379	610,571	991,950
054		3.3	Other receivables	110,552	31,251,240	31,361,792	15,492,148	77,366,116	92,858,263
055	056-060+061	VIII	OTHER ASSETS	62,420,478	450,515,970	512,936,448	48,451,977	530,581,366	579,033,343
056	057+058+059	1	Cash at bank and on hand	62,420,478	450,515,458	512,935,936	48,451,977	530,580,854	579,032,831
057		1.1	Funds in the business account		450,515,458	450,515,458		530,580,854	530,580,854
058		1.2	Funds in the account of assets covering mathematical provisions	62,420,478		62,420,478	48,451,977		48,451,977
059		1.3	Cash on hand						
060		2	Non-current assets held for sale and discontinued operations						
061		3	Other		512	512		512	512
062	063+064+065	IX	PREPAID EXPENSES AND ACCRUED INCOME		260,751,069	260,751,069		217,928,510	217,928,510
063		1	Accrued interest and rent		10,000	10,000			
064		2	Deferred acquisition costs		208,349,670	208,349,670		196,996,387	196,996,387
065		3	Other prepaid expenses and accrued income		52,391,399	52,391,399		20,932,123	20,932,123
066	001+004+008+034+035+043+046+055+062	X	TOTAL ASSETS	3,580,064,270	8,020,173,083	11,600,237,353	3,645,878,982	8,519,046,831	12,164,925,813
067		XI	OFF BALANCE-SHEET ITEMS	368,537,309	2,681,501,745	3,050,039,054	295,776,653	3,127,366,763	3,423,143,416

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 2021

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	453,763,908	3,080,075,800	3,533,839,709	433,496,449	3,582,303,681	4,015,800,130
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						
072		2	Share premium (capital reserves)		681,482,525	681,482,525		681,482,525	681,482,525
073	074+075+076	3	Revaluation reserves	144,192,801	326,931,603	471,124,404	115,128,390	503,064,647	618,193,036
074		3.1	Land and buildings		49,173,638	49,173,638		48,514,703	48,514,703
075		3.2	Financial assets available for sale	144,192,801	277,757,965	421,950,766	115,128,390	454,549,943	569,678,333
076		3.3	Other revaluation reserves						
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	139,638,499	147,220,000
080		4.3	Other reserves	75,500,000	149,239,289	224,739,289	75,500,000	149,239,786	224,739,786
081	082+083	5	Retained earnings or accumulated loss	157,219,337	1,003,059,796	1,160,279,132	179,986,450	1,210,660,461	1,390,646,911
082		5.1	Retained earnings	157,219,337	1,003,059,796	1,160,279,132	179,986,450	1,210,660,461	1,390,646,911
083		5.2	Accumulated loss (-)						
084	085+086	6	Profit or loss for the period	22,767,114	206,822,158	229,589,272	8,796,952	325,316,329	334,113,281
085		6.1	Profit for the period	22,767,114	206,822,158	229,589,272	8,796,952	325,316,329	334,113,281
086		6.2	Loss for the period (-)						
087		XIII	MINORITY LIABILITIES (SUBORDINATED LIABILITIES)						
088		XIV	MINORITY INTEREST						
089	090+091+092+093+094+095	XV	TECHNICAL PROVISIONS	2,654,028,927	3,980,977,359	6,635,006,286	2,749,553,919	3,836,466,172	6,586,020,091
090		1	Unearned premiums, gross amount	5,022,484	1,143,856,246	1,148,878,729	5,179,737	1,193,835,121	1,199,014,858
091		2	Mathematical provisions, gross amount	2,554,176,172	11,308,894	2,565,485,066	2,649,731,672	6,553,378	2,656,285,048
092		3	Claims provisions, gross amount	94,830,271	2,810,611,741	2,905,442,012	94,642,510	2,600,712,902	2,695,355,412
093		4	Provisions for bonuses and discounts, gross amount		7,213,900	7,213,900		21,471,444	21,471,444
094		5	Provisions for claims fluctuation, gross amount		7,055,533	7,055,533		7,055,533	7,055,533
095		6	Other technical provisions, gross amount		931,045	931,045		6,837,796	6,837,796
096		XVI	SPECIAL PROVISIONS FOR LIFE INSURANCE WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK, gross amount	400,250,132		400,250,132	355,280,253		355,280,253
097	098+099	XVII	OTHER PROVISIONS	2,570,940	87,002,391	89,573,331	4,059,715	56,691,987	60,751,702
098		1	Provisions for pensions and similar obligations	2,570,940	83,967,933	86,538,873	3,950,010	54,103,971	58,053,981
099		2	Other provisions		3,034,458	3,034,458	109,705	2,588,017	2,697,722
100	101+102	XVIII	DEFERRED AND CURRENT TAX LIABILITY	31,652,078	76,140,059	107,792,137	25,272,086	133,082,324	158,354,410
101		1	Deferred tax liabilities	31,652,078	71,795,993	103,448,072	25,272,086	110,447,790	135,719,875
102		2	Current tax liability		4,344,066	4,344,066		22,634,534	22,634,534
103		XIX	DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE						
104	105+106+107	XX	FINANCIAL LIABILITIES	1,528,948	282,748,677	284,277,625	20,256,104	349,578,104	369,834,208
105		1	Loan liabilities						
106		2	Liabilities for issued financial instruments						
107		3	Other financial liabilities	1,528,948	282,748,677	284,277,625	20,256,104	349,578,104	369,834,208
108	109+110+111+112	XXI	OTHER LIABILITIES	9,389,826	253,603,409	262,993,236	27,562,002	306,953,587	334,515,589
109		1	Liabilities from direct insurance business	3,266,164	76,576,333	79,842,497	717,639	92,089,280	92,806,919
110		2	Liabilities from coinsurance and reinsurance	10,330	90,279,328	90,289,658	18,567	110,193,290	110,211,857
111		3	Liabilities for disposal and discontinued operations						
112		4	Other liabilities	6,113,332	86,747,749	92,861,081	26,825,796	104,671,018	131,496,813
113	114+115	XXII	ACCRUED EXPENSES AND DEFERRED INCOME	26,879,509	259,625,388	286,504,897	30,398,455	244,982,666	275,381,121
114		1	Deferred reinsurance commission					8,988,308	8,988,308
115		2	Other accrued expenses and deferred income	26,879,509	259,625,388	286,504,897	30,398,455	244,982,666	275,381,121
116	068+087+088+089+096+097+100+103+104+108+111+112+113+114+115	XXIII	TOTAL EQUITY AND LIABILITIES	3,580,064,270	8,020,173,083	11,600,237,353	3,645,878,982	8,519,046,831	12,164,925,813
117		XXIV	OFF-BALANCE-SHEET ITEMS	368,537,309	2,681,501,745	3,050,039,054	295,776,653	3,127,366,763	3,423,143,416

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 2021 – 31 December 2021

in HRK

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)	453,368,816	2,045,516,759	2,498,885,575	443,785,158	2,155,278,399	2,599,063,557
002		1	Gross written premiums	453,598,194	2,288,220,230	2,741,818,424	444,014,654	2,451,749,552	2,895,764,205
003		2	Value adjustment and charged premium value adjustment		2,775,347	2,775,347		15,076,135	15,076,135
004		3	Premiums ceded to reinsurance (-)	-72,479	-248,703,784	-248,776,263	-72,243	-278,232,701	-278,304,944
005		4	Change in gross provisions for unearned premiums (+/-)	-153,175	-13,289,226	-13,442,401	-157,253	-49,978,876	-50,136,129
006		5	Change in provisions for unearned premiums, reinsurance share (+/-)	-3,724	16,514,192	16,510,468		16,664,289	16,664,289
007	008+009+010+011+012+013+014	II	Investment income	141,183,338	245,380,706	386,564,044	99,319,691	295,307,926	394,627,617
008		1	Income from subsidiaries, associates and participation in joint ventures	2,103,298	23,594,252	25,697,549	3,583,367	61,798,901	65,382,268
009		2	Income from investments in land and buildings		28,494,465	28,494,465		42,025,451	42,025,451
010		3	Interest income	88,370,335	91,126,147	179,496,482	85,717,193	83,268,580	168,985,773
011		4	Unrealized gains on investments		280,468	3,756,462		1,942,070	20,972,392
012		5	Realised gains on investments	20,090,027	69,738,695	89,828,722	8,073,469	56,216,172	64,289,640
013		6	Net foreign exchange gains	30,327,779	6,864,874	37,192,653			
014		7	Other investment income	11,431	21,805,810	21,817,241	3,592	32,968,502	32,972,094
015		III	Income from fees and commissions	2,100,261	39,477,927	41,578,188	1,874,557	36,541,824	38,416,382
016		IV	Other insurance - technical income, net of reinsurance	441,516	30,605,116	31,046,632	944,147	27,605,551	28,549,699
017		V	Other income	846	9,017,435	9,018,281		12,827,462	12,827,462
018	019+022	VI	Claims incurred, net	-482,361,296	-1,200,100,950	-1,682,462,246	-413,578,267	-1,132,870,252	-1,546,448,518
019	020+021	1	Settled claims	-449,163,260	-1,167,191,487	-1,616,354,746	-413,766,028	-1,182,570,496	-1,596,336,524
020		1.1	Gross amount (-)	-449,163,260	-1,270,466,176	-1,719,629,436	-413,766,028	-1,409,225,490	-1,822,991,518
021		1.2	Reinsurance share (+)		103,274,690	103,274,690		226,654,994	226,654,994
022	023+024	2	Change in claims provisions (+/-)	-33,198,036	-32,909,464	-66,107,500	187,781	49,700,244	49,888,006
023		2.1	Gross amount (-)	-33,198,036	-277,744,085	-310,942,121	187,781	209,898,839	210,086,600
024		2.2	Reinsurance share (+)		244,834,621	244,834,621		-160,198,595	-160,198,595
025	026+029	VII	Change in mathematical and other technical provisions, net of reinsurance	-48,505,070	22,976,061	-25,529,009	-95,547,136	-15,408,777	-110,955,912
026	027+028	1	Change in mathematical provisions (+/-)	-48,505,070	6,599,519	-41,905,551	-95,547,136	4,755,518	-90,791,618
027		1.1	Gross amount (-)	-48,493,303	6,599,519	-41,895,784	-95,555,500	4,755,518	-90,799,982
028		1.2	Reinsurance share (+)	-9,767		-9,767	8,364		8,364
029	030+031	2	Change in other technical provisions, net of reinsurance (+/-)		16,376,542	16,376,542		-20,164,294	-20,164,294
030		2.1	Gross amount (-)		16,376,542	16,376,542		-20,164,294	-20,164,294
031		2.2	Reinsurance share (+)						
032	033+034	VIII	Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance (+/-)	44,416,501		44,416,501	44,865,715		44,865,715
033		1	Gross amount (-)	44,416,501		44,416,501	44,865,715		44,865,715
034		2	Reinsurance share (+)						
035	036+037	IX	Expenses for premium returns (bonuses and discounts), net of reinsurance		-5,277,788	-5,277,788		-5,316,985	-5,316,985
036		1	Depending on the result (bonuses)						
037		2	Irrespective of result (discounts)		-5,277,788	-5,277,788		-5,316,985	-5,316,985
038	039+043	X	Operating expenses (business expenditures), net	-65,446,336	-799,044,691	-864,491,027	-54,779,933	-875,718,037	-930,497,970
039	040+041+042	1	Acquisition costs	-28,951,976	-448,794,543	-477,746,519	-22,765,013	-511,372,988	-534,138,001
040		1.1	Commission	-7,464,637	-248,858,271	-256,322,908	-6,024,293	-278,271,016	-284,295,309
041		1.2	Other acquisition costs	-21,487,339	-182,176,164	-203,663,503	-16,740,720	-221,748,690	-238,489,409
042		1.3	Change in deferred acquisition costs (+/-)		-17,760,108	-17,760,108		-11,353,283	-11,353,283
043	044+045+046	2	Administration costs (administrative expenses)	-36,494,360	-350,250,148	-386,744,508	-32,014,920	-364,345,049	-396,359,969
044		2.1	Depreciation	-3,241,179	-53,822,008	-57,063,187	-2,607,131	-56,408,732	-59,015,863
045		2.2	Salaries, taxes and contributions from and on salaries	-15,326,618	-116,008,796	-131,335,414	-12,832,249	-116,878,801	-129,711,050
046		2.3	Other administrative expenses	-17,926,563	-180,419,344	-198,345,907	-16,575,540	-191,057,516	-207,633,056
047	048+049+050+051+052+053+054	XI	Investment expenses	-16,810,587	-100,387,576	-117,198,163	-15,378,640	-76,080,111	-91,458,751
048		1	Depreciation of land and buildings not intended for business activities						
049		2	Interest	-1,280,485	-9,369,907	-10,650,392	-1,074,347	-10,649,415	-11,723,763
050		3	Impairment of investments	-1,013,854	-6,741,194	-7,755,048		-2,425,582	-2,425,582
051		4	Realised losses on investments	-9,667,064	-24,903,404	-34,570,468	-3,766,324	-14,049,330	-17,815,654
052		5	Unrealised losses on investments	-2,079,253	-8,691,697	-10,770,951		-10,552,706	-11,255,172
053		6	Net foreign exchange losses					-7,998,369	-13,610,306
054		7	Other investment expenses	-2,769,930	-50,681,374	-53,451,304	-1,837,133	-32,791,141	-34,628,274
055	056+057	XII	Other technical expenses, net of reinsurance	-707,601	-37,967,306	-38,674,907	-1,015,246	-37,924,476	-38,939,722
056		1	Prevention activities expenses						
057		2	Other technical expenses of insurance	-707,601	-37,967,306	-38,674,907	-1,015,246	-37,924,476	-38,939,722
058		XIII	Other expenses, including value adjustments	-9,233	-3,726,536	-3,735,769	-10,242	-2,074,797	-2,085,039
059	001+007+015+016+017+018+025+032+035+038+047+055+058	XIV	Profit or loss for the period before tax (+/-)	27,671,156	246,469,155	274,140,311	10,479,805	382,167,729	392,647,534
060	061+062	XV	Income or loss tax	-4,904,042	-39,646,997	-44,551,039	-1,682,853	-56,851,400	-58,534,253
061		1	Current tax expense	-4,652,721	-38,036,452	-42,689,173	-2,030,911	-60,271,625	-62,302,536
062		2	Deferred tax expense (income)	-251,321	-1,610,545	-1,861,866	348,057	3,420,226	3,768,283
063	059+060	XVI	Profit or loss for the period after tax (+/-)	22,767,114	206,822,158	229,589,272	8,796,952	325,316,329	334,113,281
064		1	Attributable to equity holders of the parent company						
065		2	Attributable to non-controlling interest						
066	001+007+015+016+017+062	XVII	TOTAL INCOME	596,843,457	2,368,387,397	2,965,230,854	546,271,610	2,530,981,388	3,077,252,999
067	018+025+032+035+038+047+055+058+061	XVIII	TOTAL EXPENSE	-574,076,343	-2,161,565,239	-2,735,641,582	-537,474,659	-2,205,665,059	-2,743,139,718
068	068+070+071+072+073+074+075+076	XIX	Other comprehensive income	-3,802,028	-40,648,486	-44,450,514	-29,064,411	176,771,420	147,707,009
069		1	Gains / losses on translation of financial statements of foreign operations		-107,321	-107,321		52,637	52,637
070		2	Gains / losses on revaluation of financial assets available for sale	-4,636,620	-49,176,408	-53,813,027	-35,444,404	215,635,783	180,091,379
071		3	Gains / losses on revaluation of land and buildings intended for business activities		-264,037	-264,037		-25,071	-25,071
072		4	Gains / losses on revaluation of other tangible (except for land and buildings) and intangible assets						
073		5	Effects of cash flow hedging instruments						
074		6	Actuarial gains / losses on defined benefit pension plans						
075		7	Share in other comprehensive income of associates						
076		8	Income tax on other comprehensive income	834,592	8,899,280	9,733,872	6,379,993	-38,791,928	-32,411,935
077	078+079	XX	Total comprehensive income	18,965,086	166,173,672	185,138,757	-20,267,460	502,087,750	481,820,290
078		1	Attributable to equity holders of the parent company						
079		2	Attributable to non-controlling interest						
080		XXI	Reclassification adjustments						

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

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period 1 January 2021 – 31 December 2021

Position no.	Sum elements	Position code	Position description	Current period	Previous period
001	002+013+031	I	CASH FLOW FROM OPERATING ACTIVITIES	185,288,704	333,325,166
002	003+004	1	Cash flow before changes in operating assets and liabilities	178,058,443	152,931,889
003		1.1	Profit/loss before tax	392,647,534	274,140,311
004	005+006+007+008+009+010+011+012	1.2	Adjustments:	-214,589,091	-121,208,422
005		1.2.1	Depreciation of property and equipment	34,681,193	38,763,846
006		1.2.2	Amortization	24,334,670	18,299,342
007		1.2.3	Impairment and gains/losses on fair valuation	-46,349,929	15,531,917
008		1.2.4	Interest expense	11,723,763	10,650,392
009		1.2.5	Interest income	-168,985,773	-179,496,482
010		1.2.6	Share in profit of associates		
011		1.2.7	Gains/losses on sale of tangible assets (including land and buildings)	-692,959	449,307
012		1.2.8	Other adjustments	-69,300,055	-25,406,744
013	014+015+...+030	2	Increase/decrease in operating assets and liabilities	51,242,328	231,768,803
014		2.1	Increase/decrease in investments available for sale	-378,593,480	-58,020,322
015		2.2	Increase/decrease in investments valued at fair value through profit or loss	7,198,487	21,040,620
016		2.3	Increase/decrease in loans and receivables	336,005,357	183,955,033
017		2.4	Increase/decrease in deposits at insurance business ceded to reinsurance		
018		2.5	Increase/decrease in investments for the account and risk of life insurance policyholder	44,969,879	45,075,427
019		2.6	Increase/decrease in reinsurance share in technical provisions	143,525,941	-261,335,323
020		2.7	Increase/decrease in tax assets		-808,588
021		2.8	Increase/decrease in receivables	-165,499,442	42,453,567
022		2.9	Increase/decrease in other assets		
023		2.10	Increase/decrease in prepaid expenses and accrued income	42,822,559	-21,444,509
024		2.11	Increase/decrease in technical provisions	-48,986,195	349,903,764
025		2.12	Increase/decrease in technical provisions for life insurance when the policyholder bears the investment risk	-44,969,879	-45,075,427
026		2.13	Increase/decrease in tax liabilities		-219,169
027		2.14	Increase/decrease in deposits retained from business ceded to reinsurance		
028		2.15	Increase/decrease in financial liabilities	72,243,806	5,347,410
029		2.16	Increase/decrease in other liabilities	44,660,762	19,293,455
030		2.17	Increase/decrease in accrued expenses and deferred income	-2,135,468	-48,397,134
031		3	Income tax paid	-44,012,068	-51,375,526
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	-107,871,606	111,550,055
033		1	Proceeds from sale of tangible assets	1,329,198	2,612,835
034		2	Purchases of tangible assets	-19,473,395	-19,926,098
035		3	Proceeds from sale of intangible assets		
036		4	Purchases of intangible assets	-61,189,190	-78,164,706
037		5	Proceeds from the sale of land and buildings not used for business activities	6,341,538	80,780,300
038		6	Purchase of land and buildings not used for business activities	-2,195,220	-24,368,531
039		7	Increase/decrease in investments in subsidiaries, associates and participation in joint ventures	-2,001,490	-97,029,427
040		8	Proceeds from held-to-maturity investments	134,299,331	374,224,065
041		9	Payments for held-to-maturity investments	-309,123,536	-191,656,958
042		10	Proceeds from sale of financial instruments		
043		11	Payments for investments in financial instruments		
044		12	Proceeds from dividends and share in profit	63,924,492	25,443,331
045		13	Proceeds from repayment of given short-term and long-term loans	112,438,832	88,391,016
046		14	Payments for given long-term and short-term loans	-32,222,167	-48,755,770
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	-24,930,508	-20,066,455
048		1	Proceeds from share capital increase		
049		2	Proceeds from received short-term and long-term loans		
050		3	Repayment of short-term and long-term loans	-22,970,508	-20,066,455
051		4	Purchase of treasury shares		
052		5	Payment of shares in profit (dividends)	-1,960,000	
053	001+032+047		NET CASH FLOW	52,486,590	424,808,766
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	13,610,306	-37,192,653
055	053+054	V	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	66,096,896	387,616,112
056		1	Cash and cash equivalents at beginning of period	512,936,448	125,320,335
057	055+056	2	Cash and cash equivalents at end of period	579,033,343	512,936,448

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 CHANGES IN EQUITY for the period 1 January 2021 – 31 December 2021

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		
I.	Balance at 1 January of previous year	589,325,800	681,482,525	516,655,694	402,038,576	865,830,400	293,130,713	3,348,463,708	3,348,463,708
1.	Changes in accounting policies								
2.	Correction of prior periods errors								
II.	Balance at 1 January of previous year (restated)	589,325,800	681,482,525	516,655,694	402,038,576	865,830,400	293,130,713	3,348,463,708	3,348,463,708
III.	Comprehensive income or loss of the previous year			-44,450,514			229,589,272	185,138,757	185,138,757
1.	Profit or loss for the period						229,589,272	229,589,272	229,589,272
2.	Other comprehensive income or loss of the previous year			-44,450,514				-44,450,514	-44,450,514
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			-216,511				-216,511	-216,511
2.2.	Unrealized gains or losses from financial assets available for sale			7,374,940				7,374,940	7,374,940
2.3.	Realized gains or losses from financial assets available for sale			-51,501,622				-51,501,622	-51,501,622
2.4.	Other non-owner changes in equity			-107,321				-107,321	-107,321
IV.	Transactions with owners (previous period)			-1,080,776		294,448,732	-293,130,713	237,243	237,243
1.	Increase/decrease in share capital								
2.	Other payments by owners								
3.	Payment of shares in profit/dividends								
4.	Other distributions to owners			-1,080,776		294,448,732	-293,130,713	237,243	237,243
V.	Balance at the last day of the reporting period in the previous year	589,325,800	681,482,525	471,124,404	402,038,576	1,160,279,132	229,589,272	3,533,839,709	3,533,839,709
VI.	Balance at 1 January of 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	3,533,839,709
1.	Changes in accounting policies								
2.	Correction of prior periods errors								
VII.	Balance at 1 January of current year (restated)	589,325,800	681,482,525	471,124,404	402,038,576	1,160,279,132	229,589,272	3,533,839,709	3,533,839,709
VIII.	Comprehensive income or loss of the current year			147,707,009			334,113,281	481,820,290	481,820,290
1.	Profit or loss for the period						334,113,281	334,113,281	334,113,281
2.	Other comprehensive income or loss of the current year			147,707,009				147,707,009	147,707,009
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			-20,559				-20,559	-20,559
2.2.	Unrealized gains or losses from financial assets available for sale			173,001,041				173,001,041	173,001,041
2.3.	Realized gains or losses from financial assets available for sale			-25,326,111				-25,326,111	-25,326,111
2.4.	Other non-owner changes in equity			52,637				52,637	52,637
IX.	Transactions with owners (current period)			-638,376		230,367,779	-229,589,272	140,131	140,131
1.	Increase/decrease of share capital								
2.	Other payments by owners								
3.	Payment of shares in profit/dividends								
4.	Other distributions to owners			-638,376		230,367,779	-229,589,272	140,131	140,131
X.	Balance at the last day of the reporting period in the current year	589,325,800	681,482,525	618,193,036	402,038,576	1,390,646,911	334,113,281	4,015,800,130	4,015,800,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2021

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	400,575	107,472,364	107,872,939	472,132	143,869,010	144,341,142
002		1	Goodwill						
003		2	Other intangible assets	400,575	107,472,364	107,872,939	472,132	143,869,010	144,341,142
004	005+006+007	II	TANGIBLE ASSETS	19,988,408	856,977,245	876,965,653	17,732,515	799,689,323	817,421,838
005		1	Land and buildings used for business activities	15,950,768	480,712,555	496,663,323	13,689,938	402,155,214	415,845,152
006		2	Equipment	337,421	77,673,901	78,011,322	271,955	79,170,914	79,442,869
007		3	Other tangible assets and inventories	3,700,219	298,590,789	302,291,008	3,770,622	318,363,195	322,133,817
008	009+010+014+033	III	INVESTMENTS	3,681,060,107	5,936,144,775	9,617,204,882	3,814,231,702	6,395,107,932	10,209,339,634
009		A	Investments in land and buildings not used for business activities	1,856,338	1,011,390,353	1,013,246,691	1,287,178	1,070,658,666	1,071,945,844
010	011+012+013	B	Investments in subsidiaries, associates and participation in joint ventures		76,592,895	76,592,895		72,411,760	72,411,760
011		1	Shares and stakes in subsidiaries						
012		2	Shares and stakes in associates		10,091,232	10,091,232		4,778,185	4,778,185
013		3	Shares and stakes in joint ventures		66,501,663	66,501,663		67,633,575	67,633,575
014	015+018+023+029	C	Financial assets	3,679,203,769	4,848,161,527	8,527,365,296	3,812,944,524	5,252,037,506	9,064,982,030
015	016+017	1	Held-to-maturity financial assets	1,131,858,940	1,037,923,909	2,169,782,849	1,279,408,121	1,128,479,246	2,407,887,367
016		1.1	Debt financial instruments	1,131,858,940	1,037,923,909	2,169,782,849	1,279,408,121	1,128,479,246	2,407,887,367
017		1.2	Other						
018	019+020+021+022	2	Financial assets available for sale	2,128,951,896	2,994,696,576	5,123,648,472	2,256,877,011	3,564,079,383	5,820,956,394
019		2.1	Equity financial instruments	29,289,284	507,409,895	536,699,179	78,874,762	794,171,621	873,046,383
020		2.2	Debt financial instruments	2,042,802,269	2,352,073,139	4,394,875,408	2,073,289,542	2,449,521,308	4,522,810,850
021		2.3	Shares in investment funds	56,860,343	135,213,542	192,073,885	104,712,707	320,386,454	425,099,161
022		2.4	Other						
023	024+025+026+027+028	3	Financial assets at fair value through profit or loss	7,622,144	39,728,669	47,350,813	5,183,476	50,361,276	55,544,752
024		3.1	Equity financial instruments		17,187,511	17,187,511		25,765,552	25,765,552
025		3.2	Debt financial instruments						
026		3.3	Derivative financial instruments	318,108	3,797,109	4,115,217	309,553	2,723,833	3,033,386
027		3.4	Shares in investment funds	7,304,036	18,744,049	26,048,085	4,873,923	21,871,891	26,745,814
028		3.5	Other						
029	030+031+032	4	Loans and receivables	410,770,789	775,812,373	1,186,583,162	271,475,916	509,117,601	780,593,517
030		4.1	Deposits with credit institutions	350,460,991	557,971,929	908,432,920	223,330,823	324,013,977	547,344,800
031		4.2	Loans	56,843,903	44,081,419	100,925,322	47,426,249	38,601,483	86,027,732
032		4.3	Other	3,465,895	173,759,025	177,224,920	718,844	146,502,141	147,220,985
033		D	Deposits with cedent						
034		IV	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	412,084,501		412,084,501	376,481,979		376,481,979
035	036+037+038+039+040+041+042	V	REINSURANCE SHARE IN TECHNICAL PROVISIONS	124,074	488,140,677	488,264,751	164,115	348,954,558	349,118,673
036		1	Unearned premiums, reinsurance share	111,811	64,588,462	64,700,273	143,488	81,788,923	81,932,411
037		2	Mathematical provisions for insurance, reinsurance share	12,263		12,263	20,627		20,627
038		3	Claims provisions, reinsurance share		423,552,215	423,552,215		267,041,716	267,041,716
039		4	Provisions for bonuses and discounts, reinsurance share					123,919	123,919
040		5	Provisions for claims fluctuation, reinsurance share						
041		6	Other technical provisions for insurance, reinsurance share						
042		7	Special provisions for life insurance where the policyholder bears the investment risk, reinsurance share						
043	044+045	VI	DEFERRED AND CURRENT TAX ASSETS	1,777,335	74,974,491	76,751,826	2,125,392	82,469,832	84,595,224
044		1	Deferred tax assets	1,777,335	67,540,416	69,317,751	2,125,392	70,777,210	72,902,602
045		2	Current tax assets		7,434,075	7,434,075		11,692,622	11,692,622
046	047+050+051	VII	RECEIVABLES	17,189,750	859,948,848	877,138,598	47,134,307	1,022,187,283	1,069,321,590
047	048+049	1	Receivables from insurance business	234,219	526,124,255	526,358,474	233,896	583,556,745	583,790,641
048		1.1	From policyholders		525,674,054	525,674,054		583,444,369	583,444,369
049		1.2	From agents or insurance brokers	234,219	450,201	684,420	233,896	112,376	346,272
050		2	Receivables from reinsurance business	128,917	59,948,347	60,077,264	128,630	150,534,850	150,663,480
051	052+053+054	3	Other receivables	16,826,614	273,876,246	290,702,860	46,771,781	288,095,688	334,867,469
052		3.1	Receivables from other insurance business		166,272,633	166,272,633		133,942,791	133,942,791
053		3.2	Receivables for returns on investments	281,512	234,653	516,165	386,389	140,639	527,028
054		3.3	Other receivables	16,545,102	107,368,960	123,914,062	46,385,392	154,012,258	200,397,650
055	056+060+061	VIII	OTHER ASSETS	73,823,213	588,625,771	662,448,984	57,404,797	711,958,881	769,363,678
056	057+058+059	1	Cash at bank and on hand	73,823,213	580,540,248	654,363,461	57,404,797	703,157,606	760,562,403
057		1.1	Funds in the business account	10,877,390	580,104,610	590,982,000	8,255,075	702,705,594	710,960,669
058		1.2	Funds in the account of assets covering mathematical provisions	62,944,474		62,944,474	49,148,673		49,148,673
059		1.3	Cash on hand	1,349	435,638	436,987	1,049	452,012	453,061
060		2	Non-current assets held for sale and discontinued operations		1,938,705	1,938,705		1,731,115	1,731,115
061		3	Other		6,146,818	6,146,818		7,070,160	7,070,160
062	063+064+065	IX	PREPAID EXPENSES AND ACCRUED INCOME	1,247,594	309,981,881	311,229,475	1,563,722	269,261,313	270,825,035
063		1	Accrued interest and rent		1,103,855	1,103,855		384,071	384,071
064		2	Deferred acquisition costs		247,354,173	247,354,173		236,929,796	236,929,796
065		3	Other prepaid expenses and accrued income	1,247,594	61,523,853	62,771,447	1,563,722	31,947,446	33,511,168
066	001+004+008+034+035+043+046+055+062	X	TOTAL ASSETS	4,207,695,557	9,222,266,052	13,429,961,609	4,317,310,661	9,773,498,132	14,090,808,793
067		XI	OFF BALANCE-SHEET ITEMS	371,785,133	2,737,809,222	3,109,594,355	298,481,477	3,175,257,358	3,473,738,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2021

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	548,823,726	3,558,528,083	4,107,351,809	542,627,107	4,058,521,258	4,601,148,365
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	<i>Paid-up capital - ordinary shares</i>	44,288,720	545,037,080	589,325,800	44,288,720	545,037,080	589,325,800
071		1.2	<i>Paid-up capital - preference shares</i>						
072		2	Share premium (capital reserves)		681,482,525	681,482,525		681,482,525	681,482,525
073	074+075+076	3	Revaluation reserves	181,953,464	386,496,159	568,449,623	147,476,155	548,957,110	696,433,265
074		3.1	<i>Land and buildings</i>		112,256,678	112,256,678		106,333,697	106,333,697
075		3.2	<i>Financial assets available for sale</i>	181,953,464	274,074,057	456,027,521	147,476,155	442,457,823	589,933,978
076		3.3	<i>Other revaluation reserves</i>		165,424	165,424		165,590	165,590
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	<i>Legal reserves</i>	2,214,436	27,864,354	30,078,790	2,214,436	27,864,354	30,078,790
079		4.2	<i>Statutory reserves</i>	7,581,501	139,638,995	147,220,496	7,581,501	139,638,499	147,220,000
080		4.3	<i>Other reserves</i>	75,500,000	149,239,289	224,739,289	75,500,000	149,239,785	224,739,785
081	082+083	5	Retained earnings or accumulated loss	201,886,061	1,336,267,156	1,538,153,217	252,230,964	1,617,294,890	1,869,525,854
082		5.1	<i>Retained earnings</i>	201,886,061	1,336,267,156	1,538,153,217	252,230,964	1,617,294,890	1,869,525,854
083		5.2	<i>Accumulated loss (-)</i>						
084	085+086	6	Profit or loss for the period	35,399,544	292,502,525	327,902,069	13,335,331	349,007,015	362,342,346
085		6.1	<i>Profit for the period</i>	35,399,544	292,502,525	327,902,069	13,335,331	349,007,015	362,342,346
086		6.2	<i>Loss for the period (-)</i>						
087		XIII	MINORITY LIABILITIES (SUBORDINATED LIABILITIES)						
088		XIV	MINORITY INTEREST	746,627	11,907,814	12,654,441	821,750	9,349,523	10,171,273
089	090+091+092+093+094+095	XV	TECHNICAL PROVISIONS	3,118,356,079	4,505,578,686	7,623,934,765	3,235,659,788	4,396,227,440	7,631,887,228
090		1	<i>Unearned premiums, gross amount</i>	6,096,801	1,429,166,624	1,435,263,425	6,639,516	1,494,855,949	1,501,495,465
091		2	<i>Mathematical provisions, gross amount</i>	3,010,939,268	11,308,894	3,022,248,162	3,126,810,816	6,553,376	3,133,364,192
092		3	<i>Claims provisions, gross amount</i>	101,320,010	3,039,211,216	3,140,531,226	102,209,456	2,847,892,563	2,950,102,019
093		4	<i>Provisions for bonuses and discounts, gross amount</i>		9,463,967	9,463,967		24,175,940	24,175,940
094		5	<i>Provisions for claims fluctuation, gross amount</i>		7,055,533	7,055,533		7,055,533	7,055,533
095		6	<i>Other technical provisions, gross amount</i>		9,372,452	9,372,452		15,694,079	15,694,079
096		XVI	SPECIAL PROVISIONS FOR LIFE INSURANCE WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK, gross amount	412,084,501		412,084,501	376,481,979		376,481,979
097	098+099	XVII	OTHER PROVISIONS	2,845,537	98,385,232	101,230,769	4,397,636	66,183,483	70,581,119
098		1	<i>Provisions for pensions and similar obligations</i>	2,608,688	95,350,774	97,959,462	3,994,621	63,595,466	67,590,087
099		2	<i>Other provisions</i>	236,849	3,034,458	3,271,307	403,015	2,588,017	2,991,032
100	101+102	XVIII	DEFERRED AND CURRENT TAX LIABILITY	37,308,321	135,095,733	172,404,054	30,065,787	192,016,345	222,082,132
101		1	<i>Deferred tax liabilities</i>	35,781,836	116,639,392	152,421,228	28,818,637	154,880,088	183,698,725
102		2	<i>Current tax liability</i>	1,526,485	18,456,341	19,982,826	1,247,150	37,136,257	38,383,407
103		XIX	DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE						
104	105+106+107	XX	FINANCIAL LIABILITIES	5,112,667	318,779,203	323,891,870	24,048,547	394,592,699	418,641,246
105		1	<i>Loan liabilities</i>					2,647,724	2,647,724
106		2	<i>Liabilities for issued financial instruments</i>						
107		3	<i>Other financial liabilities</i>	5,112,667	318,779,203	323,891,870	24,048,547	391,944,975	415,993,522
108	109+110+111+112	XXI	OTHER LIABILITIES	55,374,068	321,566,127	376,940,195	72,602,199	388,044,337	460,646,536
109		1	<i>Liabilities from direct insurance business</i>	4,968,998	87,717,976	92,686,974	2,592,849	101,831,575	104,424,424
110		2	<i>Liabilities from coinsurance and reinsurance</i>	242,461	96,369,663	96,612,124	18,567	116,272,399	116,290,966
111		3	<i>Liabilities for disposal and discontinued operations</i>		11,742	11,742		11,819	11,819
112		4	<i>Other liabilities</i>	50,162,609	137,466,746	187,629,355	69,990,783	169,928,544	239,919,327
113	114+115	XXII	ACCRUED EXPENSES AND DEFERRED INCOME	27,044,031	272,425,174	299,469,205	30,605,668	268,563,047	299,168,915
114		1	<i>Deferred reinsurance commission</i>					8,988,308	8,988,308
115		2	<i>Other accrued expenses and deferred income</i>	27,044,031	272,425,174	299,469,205	30,605,668	259,574,739	290,180,607
116	068+087+088+089+096+097+100+103+104+108+113	XXIII	TOTAL EQUITY AND LIABILITIES	4,207,695,557	9,222,266,052	13,429,961,609	4,317,310,661	9,773,498,132	14,090,808,793
117		XXIV	OFF-BALANCE-SHEET ITEMS	371,785,133	2,737,809,222	3,109,594,355	298,481,477	3,175,257,358	3,473,738,835

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period 1 January 2021 – 31 December 2021

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)	550,593,781	2,428,943,426	2,979,537,207	539,958,480	2,551,488,124	3,091,446,604
002		1	Gross written premiums	551,053,061	2,689,177,414	3,240,230,475	540,832,945	2,895,385,130	3,436,218,075
003		2	Value adjustment and charged premium value adjustment		-2,832,769	-2,832,769		15,652,975	15,652,975
004		3	Premiums ceded to reinsurance (-)	-334,900	-277,525,967	-277,860,867	-361,868	-310,371,494	-310,733,362
005		4	Change in gross provisions for unearned premiums (+/-)	-177,798	3,944,452	3,766,654	-544,448	-66,395,685	-66,940,133
006		5	Change in provisions for unearned premiums, reinsurance share (+/-)	53,418	16,180,296	16,233,714	31,851	17,217,198	17,249,049
007	008+009+010+011+012+013+014	II	Investment income	161,665,763	326,039,789	487,705,552	120,236,134	360,324,473	480,560,607
008		1	Income from subsidiaries, associates and participation in joint ventures	2,103,298	17,645,743	19,749,041	3,583,367	40,626,932	44,210,299
009		2	Income from investments in land and buildings	73,948	110,762,708	110,836,656	184,737	131,306,984	131,491,721
010		3	Interest income	105,700,578	89,883,190	195,583,768	103,264,193	83,722,424	186,986,617
011		4	Unrealized gains on investments	2,009,774	3,920,526	5,930,300	4,575,231	19,179,511	23,754,742
012		5	Realised gains on investments	20,138,618	69,738,961	89,877,579	8,142,096	57,109,981	65,252,077
013		6	Net foreign exchange gains	31,170,880	6,835,220	38,005,900			
014		7	Other investment income	468,867	27,253,441	27,722,308	486,510	28,378,641	28,865,151
015		III	Income from fees and commissions	2,100,261	41,067,267	43,167,528	1,874,557	38,199,868	40,074,425
016		IV	Other insurance - technical income, net of reinsurance	441,577	44,648,093	45,089,670	944,245	43,745,211	44,689,456
017		V	Other income	623,748	123,644,686	124,268,434	341,992	171,046,236	171,388,228
018	019+022	VI	Claims incurred, net	-536,993,740	-1,383,264,676	-1,920,258,416	-471,854,443	-1,334,610,702	-1,806,465,145
019	020+021	1	Settled claims	-501,729,864	-1,336,935,303	-1,838,665,167	-470,949,859	-1,368,879,159	-1,839,829,018
020		1.1	Gross amount (-)	-501,858,465	-1,444,613,813	-1,946,472,278	-470,949,859	-1,601,432,166	-2,072,382,026
021		1.2	Reinsurance share (+)	128,601	107,878,510	107,807,111		232,553,007	232,553,007
022	023+024	2	Change in claims provisions (+/-)	-36,263,876	-46,329,373	-81,593,249	-904,584	34,268,457	33,363,873
023		2.1	Gross amount (-)	-36,263,876	-291,817,132	-327,081,008	-904,584	190,744,145	189,839,961
024		2.2	Reinsurance share (+)		245,487,759	245,487,759		-156,475,688	-156,475,688
025	026+029	VII	Change in mathematical and other technical provisions, net of reinsurance	-69,385,592	23,300,703	-46,084,889	-116,675,846	-16,202,806	-132,878,652
026	027+028	1	Change in mathematical provisions (+/-)	-69,385,592	6,599,519	-62,786,073	-116,675,846	4,755,518	-111,920,328
027		1.1	Gross amount (-)	-69,375,825	6,599,519	-62,776,306	-116,684,210	4,755,518	-111,928,692
028		1.2	Reinsurance share (+)	-9,767		-9,767	8,364		8,364
029	030+031	2	Change in other technical provisions, net of reinsurance (+/-)		16,701,184	16,701,184		-20,958,324	-20,958,324
030		2.1	Gross amount (-)		16,701,184	16,701,184		-21,082,168	-21,082,168
031		2.2	Reinsurance share (+)					123,844	123,844
032	033+034	VIII	Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance (+/-)	38,124,519		38,124,519	35,422,414		35,422,414
033		1	Gross amount (-)	38,124,519		38,124,519	35,422,414		35,422,414
034		2	Reinsurance share (+)						
035	036+037	IX	Expenses for premium returns (bonuses and discounts), net of reinsurance		-8,421,708	-8,421,708		-8,709,129	-8,709,129
036		1	Depending on the result (bonuses)		-5,277,788	-5,277,788		-5,630,739	-5,630,739
037		2	Irrespective of result (discounts)		-3,143,920	-3,143,920		-3,078,390	-3,078,390
038	039+043	X	Operating expenses (business expenditures), net	-85,059,638	-1,070,602,948	-1,155,662,586	-75,586,528	-1,193,919,868	-1,269,506,396
039	040+041+042	1	Acquisition costs	-41,583,462	-536,132,467	-577,715,929	-36,296,183	-623,382,443	-659,678,626
040		1.1	Commission	-14,965,874	-266,672,201	-281,638,079	-12,795,166	-305,109,397	-317,904,663
041		1.2	Other acquisition costs	-26,617,588	-247,302,551	-273,920,135	-23,501,017	-307,965,679	-331,466,896
042		1.3	Change in deferred acquisition costs (+/-)		-22,157,715	-22,157,715		-10,307,367	-10,307,367
043	044+045+046	2	Administration costs (administrative expenses)	-43,476,176	-534,470,481	-577,946,657	-39,290,345	-570,537,425	-609,827,770
044		2.1	Depreciation	-4,530,040	-77,452,048	-81,982,088	-3,793,150	-80,688,980	-84,482,130
045		2.2	Salaries, taxes and contributions from and on salaries	-17,670,782	-191,993,441	-209,664,221	-15,386,431	-194,381,457	-209,767,888
046		2.3	Other administrative expenses	-21,275,354	-265,024,992	-286,300,346	-20,110,764	-295,466,988	-315,577,752
047	048+049+050+051+052+053+054	XI	Investment expenses	-18,673,547	-108,422,268	-127,095,815	-16,625,735	-126,054,094	-142,679,829
048		1	Depreciation of land and buildings not intended for business activities						
049		2	Interest	-1,436,726	-10,707,963	-12,144,689	-1,219,100	-12,297,162	-13,516,262
050		3	Impairment of investments	-1,159,548	-6,280,048	-7,439,596	-24,181	-2,425,582	-2,449,763
051		4	Realised losses on investments	-9,667,064	-24,903,404	-34,570,468	-3,766,324	-14,049,330	-17,815,654
052		5	Unrealised losses on investments	-3,442,073	-8,693,886	-12,135,959	-1,233,800	-10,560,983	-11,794,783
053		6	Net foreign exchange losses				-8,404,454	-5,624,033	-14,028,957
054		7	Other investment expenses	-2,968,136	-57,836,967	-60,805,103	-1,977,876	-81,096,534	-83,074,410
055	056+057	XII	Other technical expenses, net of reinsurance	-1,482,507	-60,622,778	-62,105,285	-1,828,013	-60,748,579	-62,576,592
056		1	Prevention activities expenses	-1,342,950	-1,342,950	-1,342,950		-933,420	-933,420
057		2	Other technical expenses of insurance	-1,482,507	-59,279,828	-60,762,335	-1,828,013	-59,815,159	-61,643,172
058		XIII	Other expenses, including value adjustments	-15,422	-6,660,003	-6,675,425	-10,816	-2,701,386	-2,712,202
059	001+007+015+016+017+018+025+032+036+038+047+055+058	XIV	Profit or loss for the period before tax (+/-)	41,939,203	349,649,583	391,588,786	16,196,441	421,857,348	438,053,789
060	061+062	XV	Income or loss tax	-6,431,326	-56,956,605	-63,387,931	-2,930,137	-72,366,379	-75,296,516
061		1	Current tax expense	-6,180,005	-56,390,321	-62,570,326	-3,278,194	-76,244,353	-79,522,547
062		2	Deferred tax expense (income)	-251,321	-566,284	-817,605	348,057	3,877,974	4,226,031
063	059+060	XVI	Profit or loss for the period after tax (+/-)	35,507,877	292,692,978	328,200,855	13,266,304	349,490,969	362,757,273
064		1	Attributable to equity holders of the parent company	35,399,544	292,502,525	327,902,069	13,335,331	349,007,015	362,342,346
065		2	Attributable to non-controlling interest	108,333	190,453	298,786	-69,027	483,954	414,927
066	001+007+015+016+017+062	XVII	TOTAL INCOME	715,173,809	2,963,776,977	3,678,950,786	663,703,465	3,168,681,886	3,832,385,351
067	018+025+032+035+038+047+055+058+061	XVIII	TOTAL EXPENSE	-679,665,932	-2,671,083,999	-3,350,749,933	-650,437,161	-2,819,190,917	-3,469,628,078
068	069+070+071+072+073+074+075+076	XIX	Other comprehensive income	5,335,699	-44,310,267	-38,974,568	-34,476,421	164,491,176	130,014,755
069		1	Gains / losses on translation of financial statements of foreign operations	980,379	2,067,723	3,048,102	-219,496	-455,052	-674,548
070		2	Gains / losses on revaluation of financial assets available for sale	4,427,101	-49,754,967	-45,327,866	-41,213,864	207,625,838	166,411,974
071		3	Gains / losses on revaluation of land and buildings intended for business activities		-6,360,768	-6,360,768		-4,914,032	-4,914,032
072		4	Gains / losses on revaluation of other tangible (except for land and buildings) and intangible assets						
073		5	Effects of cash flow hedging instruments						
074		6	Actuarial gains / losses on defined benefit pension plans						
075		7	Share in other comprehensive income of associates						
076		8	Income tax on other comprehensive income	-71,781	9,737,745	9,665,964	6,956,939	-37,765,578	-30,808,639
077	078+079	XX	Total comprehensive income	40,843,576	248,382,711	289,226,287	-21,210,117	513,982,145	492,772,028
078		1	Attributable to equity holders of the parent company	40,727,515	248,203,386	288,930,901	-21,141,978	513,496,650	492,354,672
079		2	Attributable to non-controlling interest	116,061	179,325	295,386	-68,139	485,495	417,356
080		XXI	Reclassification adjustments						

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 2021 – 31 December 2021

Position no.	Sum elements	Position code	Position description	Current period	Previous period
001	002+013+031	I	CASH FLOW FROM OPERATING ACTIVITIES	282,918,754	345,452,951
002	003+004	1	Cash flow before changes in operating assets and liabilities	275,799,863	265,874,114
003		1.1	Profit/loss before tax	438,053,789	391,588,786
004	005+006+007+008+009+010+011+012	1.2	Adjustments:	-162,253,926	-125,714,672
005		1.2.1	Depreciation of property and equipment	57,850,644	61,279,076
006		1.2.2	Amortization	26,631,486	20,703,012
007		1.2.3	Impairment and gains/losses on fair valuation	-22,066,412	-190,713
008		1.2.4	Interest expense	13,516,262	12,144,689
009		1.2.5	Interest income	-186,986,617	-195,583,768
010		1.2.6	Share in profit of associates	-11,111,066	-10,338,927
011		1.2.7	Gains/losses on sale of tangible assets (including land and buildings)	-1,057,399	76,333
012		1.2.8	Other adjustments	-39,030,824	-13,804,374
013	014+015+...+030	2	Increase/decrease in operating assets and liabilities	62,031,560	148,295,051
014		2.1	Increase/decrease in investments available for sale	-439,775,192	-154,535,490
015		2.2	Increase/decrease in investments valued at fair value through profit or loss	8,741,623	14,945,210
016		2.3	Increase/decrease in loans and receivables	372,103,288	165,641,811
017		2.4	Increase/decrease in deposits at insurance business ceded to reinsurance		
018		2.5	Increase/decrease in investments for the account and risk of life insurance policyholder	35,602,522	38,852,956
019		2.6	Increase/decrease in reinsurance share in technical provisions	139,146,078	-261,885,390
020		2.7	Increase/decrease in tax assets	-3,613,532	227,960
021		2.8	Increase/decrease in receivables	-181,059,714	63,157,156
022		2.9	Increase/decrease in other assets		
023		2.10	Increase/decrease in prepaid expenses and accrued income	40,404,248	-23,534,522
024		2.11	Increase/decrease in technical provisions	7,952,462	380,443,682
025		2.12	Increase/decrease in technical provisions for life insurance when the policyholder bears the investment risk	-35,602,522	-38,852,956
026		2.13	Increase/decrease in tax liabilities	-5,314,726	-2,170,246
027		2.14	Increase/decrease in deposits retained from business ceded to reinsurance		
028		2.15	Increase/decrease in financial liabilities	68,844,728	8,117,538
029		2.16	Increase/decrease in other liabilities	54,902,585	4,240,687
030		2.17	Increase/decrease in accrued expenses and deferred income	-300,288	-46,353,345
031		3	Income tax paid	-54,912,669	-68,716,214
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	-160,160,224	163,760,406
033		1	Proceeds from sale of tangible assets	3,845,283	2,177,887
034		2	Purchases of tangible assets	-34,398,884	-46,375,848
035		3	Proceeds from sale of intangible assets		69,895
036		4	Purchases of intangible assets	-63,109,026	-79,808,256
037		5	Proceeds from the sale of land and buildings not used for business activities	6,205,819	81,330,444
038		6	Purchase of land and buildings not used for business activities	-3,000,581	-28,239,135
039		7	Increase/decrease in investments in subsidiaries, associates and participation in joint ventures	7,765,392	-66,537,290
040		8	Proceeds from held-to-maturity investments	157,760,116	450,695,373
041		9	Payments for held-to-maturity investments	-324,236,380	-207,436,962
042		10	Proceeds from sale of financial instruments		
043		11	Payments for investments in financial instruments		
044		12	Proceeds from dividends and share in profit	30,670,712	9,155,896
045		13	Proceeds from repayment of given short-term and long-term loans	84,569,348	77,870,911
046		14	Payments for given long-term and short-term loans	-26,232,023	-29,142,509
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	-29,872,793	-29,109,863
048		1	Proceeds from share capital increase		
049		2	Proceeds from received short-term and long-term loans	3,074,766	
050		3	Repayment of short-term and long-term loans	-30,852,589	-28,953,112
051		4	Purchase of treasury shares		
052		5	Payment of shares in profit (dividends)	-2,094,970	-156,751
053	001+032+047		NET CASH FLOW	92,885,737	480,103,494
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	14,028,957	-38,005,900
055	053+054	V	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	106,914,694	442,097,594
056		1	Cash and cash equivalents at beginning of period	662,448,984	220,351,390
057	055+056	2	Cash and cash equivalents at end of period	769,363,678	662,448,984

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 2021 – 31 December 2021

Position no.	Position description	Attributable to owners of the parent company						Total equity	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			
I.	Balance at 1 January of 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
1.	Changes in accounting policies									
2.	Correction of prior periods errors									
II.	Balance at 1 January of previous 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
III.	Comprehensive income or loss of the previous year			-38,971,168			327,902,069	288,930,901	295,386	289,226,287
1.	Profit or loss for the period						327,902,069	327,902,069	298,786	328,200,855
2.	Other comprehensive income or loss of the previous year			-38,971,168				-38,971,168	-3,400	-38,974,568
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			-5,448,093				-5,448,093	-63,084	-5,511,177
2.2.	Unrealized gains or losses from financial assets available for sale			14,993,777				14,993,777	-6,590	14,987,187
2.3.	Realized gains or losses from financial assets available for sale			-51,498,680				-51,498,680		-51,498,680
2.4.	Other non-owner changes in equity			2,981,828				2,981,828	66,274	3,048,102
IV.	Transactions with owners (previous period)			-1,918,480		340,091,085	-339,392,129	-1,219,524	-194,303	-1,413,827
1.	Increase/decrease in share capital									
2.	Other payments by owners									
3.	Payment of shares in profit/dividends								-156,751	-156,751
4.	Other distributions to owners			-1,918,480		340,091,085	-339,392,129	-1,219,524	-37,552	-1,257,076
V.	Balance at the last day of the reporting period in the previous 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
VI.	Balance at 1 January of 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
1.	Changes in accounting policies									
2.	Correction of prior periods errors									
VII.	Balance at 1 January of current year (restated)	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
VIII.	Comprehensive income or loss of the current year			130,012,326			362,342,346	492,354,672	417,356	492,772,028
1.	Profit or loss for the period						362,342,346	362,342,346	414,927	362,757,273
2.	Other comprehensive income or loss of the current year			130,012,326				130,012,326	2,429	130,014,755
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			-3,889,180				-3,889,180	6,012	-3,883,168
2.2.	Unrealized gains or losses from financial assets available for sale			160,194,552				160,194,552	-6,985	160,187,567
2.3.	Realized gains or losses from financial assets available for sale			-25,615,096				-25,615,096		-25,615,096
2.4.	Other non-owner changes in equity			-677,950				-677,950	3,402	-674,548
IX.	Transactions with owners (current period)			-2,028,684		331,372,637	-327,902,069	1,441,884	-2,900,524	-1,458,640
1.	Increase/decrease of share capital									
2.	Other payments by owners					1,131,514		1,131,514	-2,785,495	-1,653,981
3.	Payment of shares in profit/dividends								-134,972	-134,972
4.	Other distributions to owners			-2,028,684		330,241,123	-327,902,069	310,370	19,943	330,313
X.	Balance at the last day of the reporting period in the current year	589,325,800	681,482,525	696,433,265	402,038,575	1,869,525,854	362,342,346	4,601,148,365	10,171,273	4,611,319,638

**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)	2,599,063						2,599,063	Net earned premiums
Gross written premiums	2,895,764							
Impairment and collected premium impairment	15,076							
Premiums ceded to reinsurance (-)	(278,305)							
Change in gross provisions for unearned premiums (+/-)	(50,136)							
Change in provision for unearned premiums, reinsurance share (+/-)	16,664							
Investment income	394,627	(11,295)	16,633	-	-	-	399,965	Finance income
Income from subsidiaries, associates and joint ventures	65,382							
Income from investments in land and buildings	42,025	(5,624)						
Interest income	168,986							
Unrealised gain on investments	20,972							
Realised gain on investments	64,290							
Net foreign exchange gains	-		16,633					
Other investment income	32,972	(5,671)						
Income from commissions and fees	38,416						38,416	Income from commissions and fees
Other insurance-technical income, net of reinsurance	28,550			(28,550)				
Other income	12,827			27,373	143		40,343	Other operating income
Net claims incurred	(1,546,448)					(71,407)	(1,617,855)	Claims incurred, net of reinsurance and coinsurance
Settled claims	(1,596,336)							
Gross amount (-)	(1,822,992)							
Reinsurer's share (+)	226,656							
Change in claims provisions (+/-)	49,888							
Gross amount (-)	210,087							
Reinsurer's share (+)	(160,199)							
Change in mathematical provision and other technical provisions, net of reinsurance	(110,956)					110,956	-	
Change in mathematical provision (+/-)	(90,792)					90,792	-	
Gross amount (-)	(90,800)					90,800	-	
Reinsurer's share (+)	8					(8)	-	
Change in other technical provisions, net of reinsurance (+/-)	(20,164)					20,164	-	
Gross amount (-)	(20,164)					20,164	-	
Reinsurer's share (+)	-					-	-	
Special provisions for unit-linked life insurance group, net of reinsurance (+/-)	44,866					(44,866)	-	
Gross amount (-)	44,866					(44,866)	-	
Reinsurer's share (+)	-					-	-	
Expenditures for return of premium (bonuses and rebates), net of reinsurance	(5,317)					5,317	-	
Depending on the result (bonuses)	(5,317)					5,317	-	
Not depending on the result (rebates)	-					-	-	
Operating expenditures (for business operations), net	(930,498)				(143)		(930,641)	
Acquisition costs	(534,139)						(534,139)	Acquisition costs
Commission	(284,295)							
Other acquisition costs	(238,491)							
Change in deferred acquisition costs (+/-)	(11,353)							
Administration costs (administrative expenses)	(396,359)				(143)		(396,502)	Administration costs
Depreciation charge	(59,016)							
Salaries, taxes and contributions from and on salaries	(129,711)							
Other administrative expenses	(207,632)				(143)			
Investment charges	(91,458)	11,295	(16,633)	-	-	-	(96,796)	Finance costs
Depreciation of land and buildings not intended for business operations of the company	-							
Interest expense	(11,724)							
Impairment of investments	(2,426)							
Realised losses on investments	(17,816)							
Unrealised losses on investments	(11,255)							
Net foreign exchange losses	(13,610)		(16,633)					
Other investment costs	(34,627)	11,295						
Other technical expenses, net of reinsurance	(38,940)			38,940				
Expenses for preventive operations	-							
Other technical expenses of insurance	(38,940)			38,940				
Other expenses, including value adjustments	(2,085)			(37,763)			(39,848)	Other operating expenses
Profit or loss for the accounting period before tax (+/-)	392,647	-	-	-	-	(0)	392,647	Profit/(loss) before tax
Income tax or loss	(58,534)						(58,534)	Income tax
Current tax expense	(62,303)							
Deferred tax expense (income)	3,769							
Profit or loss for the accounting period after tax (+/-)	334,113						334,113	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 insurance 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
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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	5	Basic financial statements	
Position description	HRK'000						HRK'000	Position description
INTANGIBLE ASSETS	133,713						133,713	Intangible assets
Goodwill								
Other intangible assets	133,713							
TANGIBLE ASSETS	496,692					(338)	496,354	Property and equipment
Land and buildings intended for company business operations	195,046							
Equipment	26,499							
Other tangible assets and inventories	275,147					(338)		
INVESTMENTS	9,068,461	355,280	-					
Investments in land and buildings not intended for company business operations	524,104						524,104	Investment property
Investments in subsidiaries, associates and joint ventures	384,197						384,197	Investments in subsidiaries associates and joint ventures
Shares and stakes in subsidiaries	356,197							
Shares and stakes in associates								
Shares and stakes in joint ventures	28,000							
Financial assets	8,160,160	355,280						
Held-to-maturity financial assets	2,325,984						2,325,984	Held-to-maturity investments
Debt financial instruments	2,325,984							
Other								
Available-for-sale financial assets	5,167,207						5,167,207	Available-for-sale financial assets
Equity financial instruments	872,977							
Debt financial instruments	3,869,131							
Shares in investment funds	425,099							
Other								
Financial assets at fair value through profit or loss	28,799	355,280					384,079	Financial assets at fair value through profit or loss
Equity financial instruments	25,766							
Debt financial instruments								
Derivative financial instruments	3,033							
Shares in investment funds		355,280						
Other								
Loans and receivables	638,170		(30,000)				608,170	Loans and receivables
Deposits with credit institutions	168,137		(30,000)					
Loans	322,812							
Other	147,221							
Deposits with cedent								
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	355,280	(355,280)						
REINSURER'S SHARE IN TECHNICAL PROVISIONS	331,343						331,343	Reinsurance share in insurance contract provisions
Provision for unearned premiums, reinsurance share	75,364							
Mathematical provisions, reinsurance share	21							
Claims provisions, reinsurance share	255,958							
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	71,237		-	(71,237)		-		
Deferred tax assets	71,237			(71,237)				Deferred tax assets
Current tax assets								
RECEIVABLES	911,238			-	(21,716)	21,271	910,793	Insurance contracts and other receivables
Receivables from insurance business	536,799							
From policyholders	536,453							
From insurance agents, or insurance brokers	346							
Reinsurance receivables	150,120							
Other receivables	224,319			-	(21,716)	21,271		
Receivables from other insurance business	130,469							
Receivables for income from investments	992							
Other receivables	92,858				(21,716)	21,271		
Other receivables	579,034		30,000			(1)		
Cash at bank and in hand	579,033		30,000				609,033	Cash and cash equivalents
Funds in the business account	530,581		30,000					
Funds in the account of assets backing mathematical provision	48,452							
Cash on hand								
Non-current assets held for sale and discontinued operation								
Other	1						(1)	
PREPAID EXPENSES AND ACCRUED INCOME	217,928					(20,932)		
Deferred interest and rent								
Deferred acquisition costs	196,996						196,996	Deferred acquisition costs
Other prepayments and accrued income	20,932					(20,932)		
TOTAL ASSETS	12,164,926		-	(71,237)	(21,716)	(0)	12,071,973	Total assets
OFF-BALANCE-SHEET ITEMS	3,050,039							

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 insurance policyholders are recorded together with financial assets at fair value through profit or loss.
2. Deposits with original maturity up to three months are recorded in the Cash and cash equivalents position.
3. Deferred tax assets and liabilities are recorded on a net basis in the Basic financial statements.
4. Internal liabilities are offset with corresponding receivables in the Basic financial statements.
5. 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	4,015,799	-	-	-				
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	618,193	-	-	-			618,193	Revaluation reserves
Land and buildings	48,515							
Financial assets available-for-sale	569,678							
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	1,390,646	-	334,113	-			1,724,759	Retained profit
Retained profit	1,390,646	-	334,113	-				
Accumulated loss (-)		-		-				
Profit or loss for the current accounting period	334,113	-	(334,113)	-				
Profit for the current accounting period	334,113		(334,113)					
Loss for the current accounting period (-)								
SUBORDINATED LIABILITIES								
NON-CONTROLLING INTEREST								
TECHNICAL PROVISIONS	6,586,020	355,280	-				6,941,300	Insurance contract provisions
Provisions for unearned premiums, gross amount	1,199,015							
Mathematical provisions, gross amount	2,656,285							
Claims provisions, gross amount	2,695,355							
Provisions for bonuses and discounts, gross amount	21,471							
Equalisation provisions, gross amount	7,056							
Other technical provisions, gross amount	6,838							
SPECIAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE GROUP, gross amount	355,280	(355,280)						
OTHER PROVISIONS	60,752					(2,698)		
Provisions for pensions and similar liabilities	58,054						58,054	Provisions
Other provisions	2,698					(2,698)		
DEFERRED AND CURRENT TAX LIABILITY	158,356		(71,237)					
Deferred tax liability	135,720		(71,237)				64,483	Deferred tax liability
Current tax liability	22,636						22,636	Current tax liability
DEPOSIT RETAINED FROM BUSINESS CEDED TO REINSURANCE								
FINANCIAL LIABILITIES	369,834						369,834	Financial liabilities
		363,847					363,847	Financial liabilities at amortized cost
		5,987					5,987	Financial liabilities at fair value through profit or loss
Borrowings								
Issued financial instruments payable								
Other financial liabilities	369,834	(369,834)						
OTHER LIABILITIES	334,516	-			(21,716)	287,067	599,867	Insurance contracts and other payables and deferred income
Liabilities from direct insurance business	92,807							
Liabilities from co-insurance and reinsurance business	110,212							
Liabilities for sale and discontinued operation								
Other liabilities	131,497				(21,716)	287,067		
ACCRUED EXPENSES AND DEFERRED INCOME	284,369					(284,369)		
Deferred reinsurance commission	8,988					(8,988)		
Other accrued expenses and deferred income	275,381					(275,381)		
TOTAL EQUITY AND LIABILITIES	12,164,926				(71,237)	(21,716)	12,071,973	Total equity and liabilities
OFF-BALANCE-SHEET ITEMS	3,423,143							

1. A special provision for unit-linked life insurance group is recorded within Technical provision while other financial liabilities are shown as Financial liabilities at amortized cost and at fair value through profit or loss
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 offset in the Basic financial statements.
4. Internal liabilities are offset with corresponding receivables in the Basic financial statements.
5. Other provisions, other accrued expenses and deferred income and deferred reinsurance commission 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)	3,091,447						3,091,447	Net earned premiums
Gross written premiums	3,436,218							
Impairment and collected premium impairment	15,653							
Premiums ceded to reinsurance (-)	(310,733)							
Change in gross provisions for unearned premiums (+/-)	(66,940)							
Change in provision for unearned premiums, reinsurance share (+/-)	17,249							
Investment income	480,560	(7,053)	7,369	-	-	-	480,877	Finance income
Income from subsidiaries, associates and joint ventures	44,210		(11,111)					
Income from investments in land and buildings	131,492	(7,053)						
Interest income	186,987							
Unrealised gain on investments	23,755							
Realised gain on investments	65,252							
Net foreign exchange gains	-		18,480					
Other investment income	28,865	-						
			11,111				11,111	Share in profit of associates and joint ventures
Income from commissions and fees	40,074						40,074	Income from commissions and fees
Other insurance-technical income, net of reinsurance	44,689			(44,689)				
Other income	171,388			43,449	3,053		217,890	Other operating income
Net claims incurred	(1,806,466)					(106,164)	(1,912,630)	Claims incurred, net of reinsurance and coinsurance
Settled claims	(1,839,829)							
Gross amount (-)	(2,072,382)							
Reinsurer's share (+)	232,553							
Change in claims provisions (+/-)	33,363							
Gross amount (-)	189,839							
Reinsurer's share (+)	(156,476)							
Change in mathematical provision and other technical provisions, net of reinsurance	(132,878)					132,878	-	
Change in mathematical provision (+/-)	(111,920)					111,920	-	
Gross amount (-)	(111,929)					111,929	-	
Reinsurer's share (+)	8					(8)	-	
Change in other technical provisions, net of reinsurance (+/-)	(20,957)					20,957	-	
Gross amount (-)	(21,082)					21,082	-	
Reinsurer's share (+)	125					(125)	-	
Special provisions for unit-linked life insurance group, net of reinsurance (+/-)	35,422					(35,422)	-	
Gross amount (-)	35,422					(35,422)	-	
Reinsurer's share (+)	-					-	-	
Expenditures for return of premium (bonuses and rebates), net of reinsurance	(8,709)					8,709	-	
Depending on the result (bonuses)	(5,631)					5,631	-	
Not depending on the result (rebates)	(3,078)					3,078	-	
Operating expenditures (for business operations), net	(1,269,506)				(3,098)		(1,272,604)	
Acquisition costs	(659,679)						(659,679)	Acquisition costs
Commission	(317,905)							
Other acquisition costs	(331,467)							
Change in deferred acquisition costs (+/-)	(10,307)							
Administration costs (administrative expenses)	(609,828)				(3,098)		(612,926)	Administration costs
Depreciation charge	(84,482)							
Salaries, taxes and contributions from and on salaries	(209,768)							
Other administrative expenses	(315,578)				(3,098)			
Investment charges	(142,679)	7,053	(18,480)	-	-	-	(154,107)	Finance costs
Depreciation of land and buildings not intended for business operations of the company	-							
Interest expense	(13,516)							
Impairment of investments	(2,450)							
Realised losses on investments	(17,816)							
Unrealised losses on investments	(11,795)							
Net foreign exchange losses	(14,029)		(18,480)					
Other investment costs	(83,074)	7,053						
Other technical expenses, net of reinsurance	(62,577)			62,577				
Expenses for preventive operations	(933)			933				
Other technical expenses of insurance	(61,643)			61,643				
Other expenses, including value adjustments	(2,711)			(61,336)	45		(64,003)	Other operating expenses
Profit or loss for the accounting period before tax (+/-)	438,054	-	-	-	-	(0)	438,054	Profit/(loss) before tax
Income tax or loss	(75,297)						(75,297)	Income tax
Current tax expense	(79,523)							
Deferred tax expense (income)	4,226							
Profit or loss for the accounting period after tax (+/-)	362,757						362,757	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 insurance 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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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	144,341						144,341	Intangible assets
Goodwill								
Other intangible assets	144,341							
TANGIBLE ASSETS	817,421					(2,576)	814,845	Property and equipment
Land and buildings intended for company business operations	415,844							
Equipment	79,443							
Other tangible assets and inventories	322,134					(2,576)		
INVESTMENTS	10,209,340	376,482	(36,703)					
Investments in land and buildings not intended for company business operations	1,071,946						1,071,946	Investment property
Investments in subsidiaries, associates and joint ventures	72,412						72,412	Investments in subsidiaries associates and joint ventures
Shares and stakes in subsidiaries								
Shares and stakes in associates	4,778							
Shares and stakes in joint ventures	67,634							
Financial assets	9,064,982	376,482	(36,703)					
Held-to-maturity financial assets	2,407,887						2,407,887	Held-to-maturity investments
Debt financial instruments	2,407,887							
Other								
Available-for-sale financial assets	5,820,956						5,820,956	Available-for-sale financial assets
Equity financial instruments	873,046							
Debt financial instruments	4,522,811							
Shares in investment funds	425,099							
Other								
Financial assets at fair value through profit or loss	55,545	376,482					432,027	Financial assets at fair value through profit or loss
Equity financial instruments	25,766							
Debt financial instruments								
Derivative financial instruments	3,033							
Shares in investment funds	26,746	376,482						
Other								
Loans and receivables	780,594		(36,703)				743,891	Loans and receivables
Deposits with credit institutions	547,345		(36,703)					
Loans	86,028							
Other	147,221							
Deposits with cedent								
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDERS	376,482	(376,482)						
REINSURER'S SHARE IN TECHNICAL PROVISIONS	349,119						349,119	Reinsurance share in insurance contract provisions
Provision for unearned premiums, reinsurance share	81,932							
Mathematical provisions, reinsurance share	21							
Claims provisions, reinsurance share	267,042							
Provisions for bonuses and discounts, reinsurance share	124							
Equalisation provisions, reinsurance share								
Other technical provisions, reinsurance share								
Special provision for unit-linked life insurance group, reinsurance share								
DEFERRED AND CURRENT TAX ASSETS	84,596			(71,745)		(11,693)		
Deferred tax assets	72,903			(71,745)			1,158	Deferred tax assets
Current tax assets	11,693					(11,693)		
RECEIVABLES	1,069,321				(92,136)	56,965	1,034,150	Insurance contract and other receivables
Receivables from insurance business	583,790							
From policyholders	583,444							
From insurance agents, or insurance brokers	346							
Reinsurance receivables	150,663							
Other receivables	334,868				(92,136)			
Receivables from other insurance business	133,943							
Receivables for income from investments	527							
Other receivables	200,398					56,965		
Other receivables	769,363		36,703			(8,801)		
Cash at bank and in hand	760,562		36,703				797,265	Cash and cash equivalents
Funds in the business account	710,960		36,703					
Funds in the account of assets backing mathematical provision	49,149							
Cash on hand	453							
Non-current assets held for sale and discontinued operation	1,731					(1,731)		
Other	7,070					(7,070)		
PREPAID EXPENSES AND ACCRUED INCOME	270,825					(33,895)		
Deferred interest and rent	384					(384)		
Deferred acquisition costs	236,930						236,930	Deferred acquisition costs
Other prepayments and accrued income	33,511					(33,511)		
TOTAL ASSETS	14,090,808			(71,745)	(92,136)	-	13,926,927	Total assets
OFF-BALANCE-SHEET ITEMS	3,473,739							

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 insurance 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, other assets, current tax assets and prepaid expenses and accrued income are recorded together with insurance contract and other receivables.

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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	4,601,148	-	-	-	-	-		
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	696,433						696,433	Revaluation reserves
Land and buildings	106,334							
Financial assets available-for-sale	589,934							
Other revaluation reserves	166							
Reserves	402,038						402,038	Reserves
Legal reserves	30,079							
Statutory reserves	147,220							
Other reserves	224,739							
Retained profit or transferred loss	1,869,526	-	362,342	-	-	-	2,231,868	Retained profit
Retained profit	1,869,526	-	362,342	-	-	-		
Accumulated loss (-)		-		-	-	-		
Profit or loss for the current accounting period	362,342	-	(362,342)	-	-	-		
Profit for the current accounting period	362,342		(362,342)					
Loss for the current accounting period (-)								
SUBORDINATED LIABILITIES								
NON-CONTROLLING INTEREST	10,171						10,171	
TECHNICAL PROVISIONS	7,631,887	376,482	-				8,008,369	Technical provisions
Provisions for unearned premiums, gross amount	1,501,495							
Mathematical provisions, gross amount	3,133,364							
Claims provisions, gross amount	2,950,102							
Provisions for bonuses and discounts, gross amount	24,176							
Equalisation provisions, gross amount	7,056							
Other technical provisions, gross amount	15,694							
SPECIAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE GROUP, gross amount	376,482	(376,482)						
OTHER PROVISIONS	70,581			-	-	(2,991)		
Provisions for pensions and similar liabilities	67,590						67,590	Provisions
Other provisions	2,991					(2,991)		
DEFERRED AND CURRENT TAX LIABILITY	222,083		-	(71,745)				
Deferred tax liability	183,699			(71,745)			111,954	Deferred tax liability
Current tax liability	38,384						38,384	Current tax liability
DEPOSIT RETAINED FROM BUSINESS CEDED TO REINSURANCE								
FINANCIAL LIABILITIES	418,641	-					418,641	Financial liabilities
		412,654					412,654	Financial liabilities at amortized cost
		5,987					5,987	Financial liabilities at fair value through profit or loss
Borrowings	2,648	(2,648)						
Issued financial instruments payable								
Other financial liabilities	415,993	(415,993)						
OTHER LIABILITIES	460,646	-	-	-	(92,136)	302,160	670,669	Insurance contract and other payables and deferred income
Liabilities from direct insurance business	104,424							
Liabilities from co-insurance and reinsurance business	116,291							
Liabilities for sale and discontinued operation	12							
Other liabilities	239,919				(92,136)	302,160		
ACCRUED EXPENSES AND DEFERRED INCOME	299,169				-	(299,169)		
Deferred reinsurance commission	8,988					(8,988)		
Other accrued expenses and deferred income	290,181					(290,181)		
TOTAL EQUITY AND LIABILITIES	14,090,808	-	-	(71,745)	(92,136)		13,926,927	Total equity and liabilities
OFF-BALANCE-SHEET ITEMS	3,473,739							

1. A special provision for unit-linked life insurance group is recorded within Technical provision while other financial liabilities are shown as Financial liabilities at amortized cost and at fair value through profit or loss
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, other accrued expenses and deferred income and deferred reinsurance commission 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.