

CROATIA osiguranje d.d.

**Annual report
and financial statements
for 2015**

Croatia osiguranje d.d.

Annual Report and financial statements for 2015

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Annual Report of the Company and the Group for 2015

The insurance market of the Republic of Croatia in 2015

During 2015 the insurance market has been very active and has recorded a total premium growth of 1.9%, or HRK 165m, which represents a significant change compared to the previous year in which the premium fell by 5.7%. A deeper look into the structure of the premium speaks volumes about turbulent markets and significantly different trends between different types of insurance. So we can say that the past year was a year of growth in life insurance with an increase of 11.3%, or HRK 297m. At the same time non-life insurance premium declined by 2.2%, or HRK 133m.

Life insurance has achieved a growth in almost all groups of insurance, with the biggest growth happening in annuity insurance in the amount of 203.3%, or HRK 41m, and in life or annuity insurance where the policyholder bears the investment risk with an increase of 77.1%, or HRK 105m.

Total non-life insurance premiums amounted to HRK 5.79 billion, wherein dominate insurance related to motor vehicles – insurance for motor vehicles with a 36.3% share of the total premium and motor hull insurance with a 12.3% share. The main cause of the previously mentioned decline of premium is in MTPL, where total premiums fell by 14.8%, or HRK 348m, which is less than in 2014 when the drop was 20.1%. At the same time the number of policies sold increased by 2.7% which shows an upward trend in the number policies (the increase in 2014 was 1.6%). The reason for the fall of the total premium is the price drop as a result of liberalization of the MTPL market. The majority of other types of non-life insurance premiums have increased, primarily liability insurance with a 25% growth (HRK 75m) and risk insurance with a 10.7% growth (HRK 69m).

CROATIA osiguranje dd, Miramarska 22, Zagreb (hereinafter: the Company), still holds the largest share of the Croatian insurance market, with a share in the total written premium of 26.5%. Together with its subsidiary Croatia zdravstveno osiguranje, the Group in Croatia, after many years of experiencing a decline in market share, managed to reverse the negative trend and recorded a growth of 0.4 percentage points and at the end of 2015 the total share was 29%.

Operating results and financial position of the Company and the Group

Company

The Company during 2015 completed the first phase of restructuring that resulted in the rationalization and stabilization of business and changed the ratio of employees in sales and administration, with the trend of stronger orientation towards sales in the future. The continued transformation of the Company towards long-term sustainability and the preservation and strengthening of its market position will be focused on further development of products, services and its availability to existing and future customers and on improving business efficiency and reducing costs.

The results of the restructuring are visible in financial results. In 2015 Croatia osiguranje d.d. reported profit before tax in the amount of HRK 67.1m (profit after tax of HRK 46.8m).

Earned premiums amounted to HRK 2,056.5 million. That is an increase of 1.1%. The total gross written premium (before adjustments by the net increase in the provision for premium receivables and related write-offs) increased by 1.2% and amounted to HRK 2,307.9m. Written premium in non-life insurance amounted to HRK 1,794.4m, which is a decrease of 6.2% compared to the same period last year.

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The largest decline is still recorded in MTPL as a result of a price drop due to market liberalization. Written premium in life insurance amounted to HRK 513.5m and has increased by 40.1% as a result of the rapid development of the sales network, mainly bank channel.

In the non-life and life insurance investment business, revenues were realised in the amount of HRK 356.0m which is 5.9% more than in 2014. Finance costs in 2015 are under the influence of a decrease in share prices of shipping companies dealing with bulk cargo, amounting to HRK 158.9m.

Gross paid claims amounted to HRK 1,333.5 million representing a decrease of 5% compared to the same period in 2014.

Acquisition costs and administrative expenses amounted to a total of HRK 812.8mi, recording a decrease of 25.1% compared to the same period last year due to the rationalization of total operating costs. The increase in acquisition costs and the reduction of administration cost is the result of further business reorganization.

The following is a summary of key performance indicators in 2015:

Key performance indicators	31 Dec. 2014	31 Dec. 2015	Change in p.p.
Claims ratio (non-life)*	60.9%	58.7%	-2.2%
Cost ratio (non-life)**	58.2%	45.4%	-12.8%
Combined ratio (non-life)	119.1%	104.1%	-15.0%
Capital adequacy –non-life	345.7%	345.4%	-0.3%
Capital adequacy -life	161.0%	146.9%	-14.1%

* *Claims ratio = (Income from commissions and fees + Other insurance-technical income + Claims incurred + Change in mathematical and other technical provisions + Change in special reserves for insurances concerning life insurance group where the policyholder bears the investment risk + Cost for premium returns + Other technical expenses) / Earned premiums*

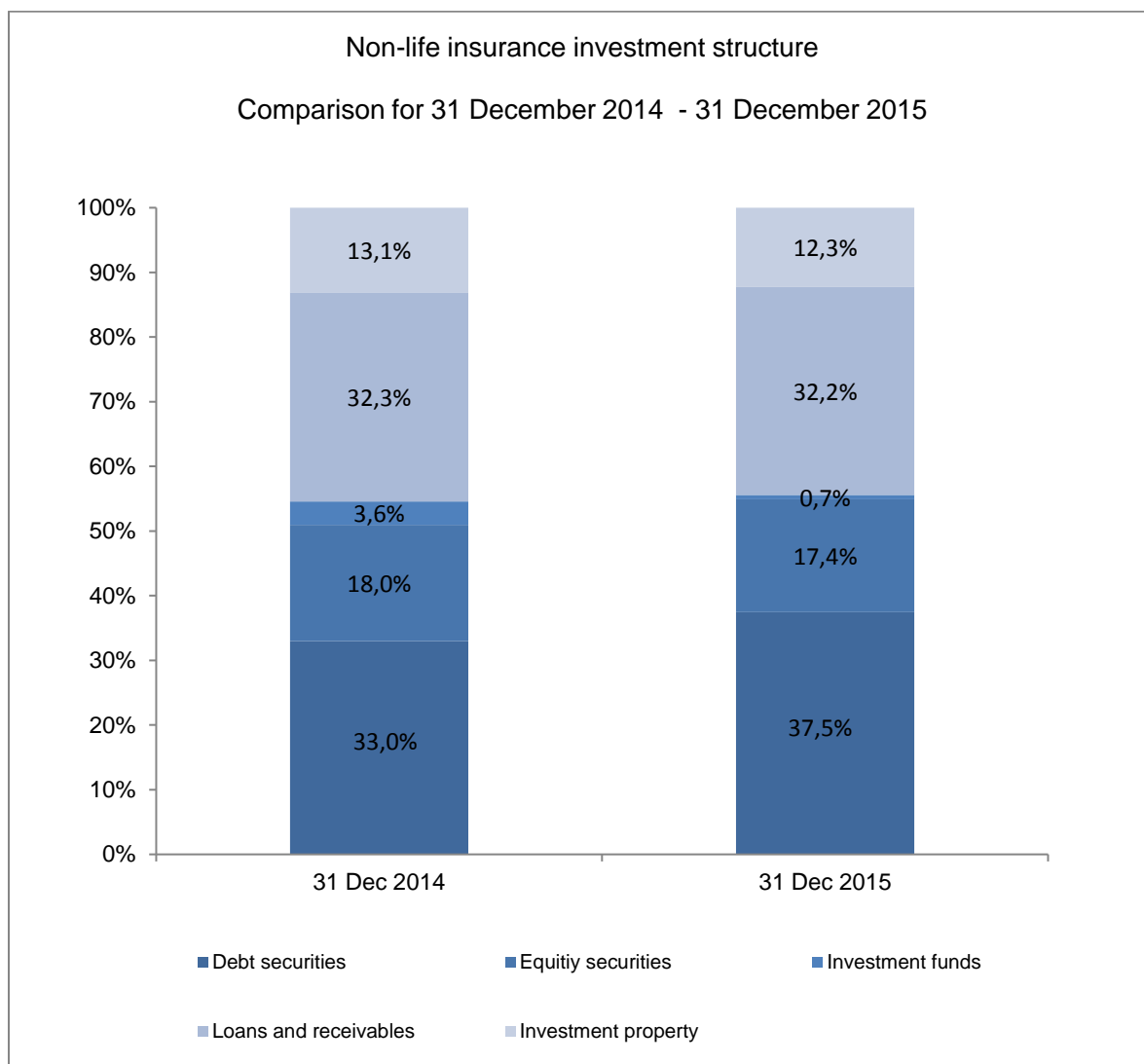
** *Cost ratio = Acquisition costs and administrative expenses / Earned premiums*

Combined ratio, as the most important indicator of success in non-life insurance in 2015, amounted to 104.1%, which is 15 percentage points better than in the same period of 2014. The claims ratio is better by 2.2 percentage points and amounted to 58.7%. The rationalisation of total operating costs and the reduction in operating expenses had the largest impact on the improvement in cost ratio by 12.8 percentage points (in 2015 amounted to 45.4%).

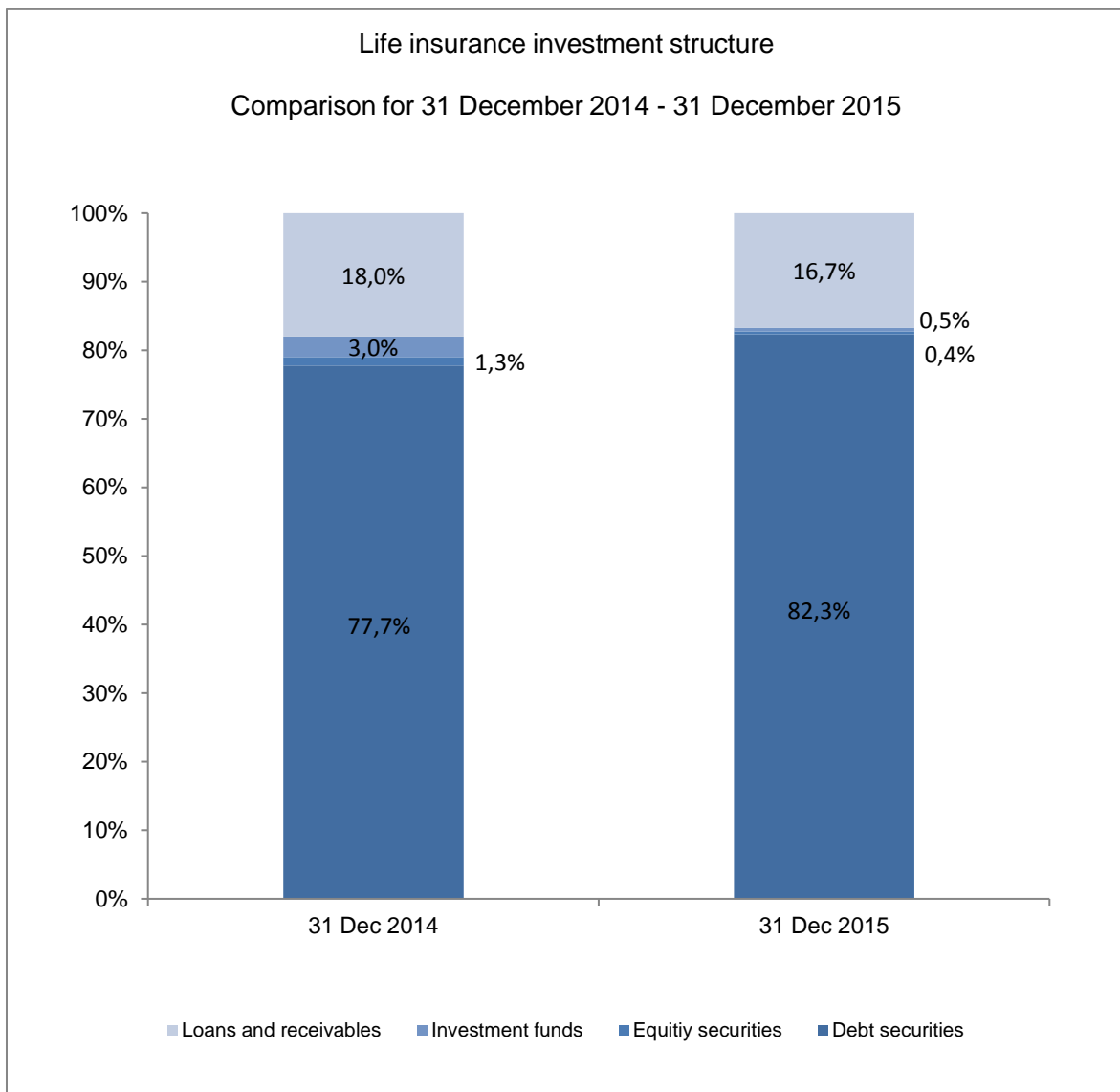
The Company is one of the most solvent companies in Croatia, with a capital adequacy ratio of 345.4% in non-life insurance and 146.9% in life insurance.

Total assets of the Company as at 31 December 2015 amount to HRK 8.4 billion, which represents an increase of 1.6% compared to 31 Dec 2014.

The structure of non-life insurance investments



The structure of life insurance investments



The calculated technical provision in the reporting period amounted to HRK 5.8 billion which represents an increase by 2.6% in comparison to calculated technical provisions as at 31 December 2014.

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Group

In 2015 the CROATIA osiguranje d.d. Group (hereinafter: the Group) achieved consolidated profit after tax and non-controlling interest in the amount of HRK 109.8m.

The total gross written premium (before adjustments by the net increase in the provision for premium receivables and related write-offs) on Group level in 2015 amounted to HRK 2,968.2m which represents an increase by 3.5%. Gross written premium of non-life insurance amounted to HRK 2,366.3m which represents a decrease by 2.6%, while gross written premium of life insurance amounted to HRK 602.0m which represents an increase by 36.8%.

Earned premiums in the reporting period amounted to HRK 2,687.3 million which represents an increase by 3.2% compared to the same period of last year.

In the non-life and life insurance investment business, the Group generated income from investments in the amount of HRK 454.5m which represents an increase by 37.9%.

Gross claims in 2015 amounted to HRK 1,653.2m which is a decrease of 1.1% compared to the same period of last year. Non-life insurance recorded a decrease in gross claims of 2.0%, while life insurance recorded an increase of gross claims by 2.6% compared to the same period of last year.

Acquisition costs and administrative expenses amounted to a total of HRK 1,172.4m and decreased by 16.8%, due to the rationalization of total operating costs. The increase in acquisition costs and reduction in cost of administration is the result of, among other things, business reorganization.

Finance costs amounted to HRK 150.1m which is a decrease by 59.6% compared to the same period in 2014.

Total assets of the Group as at 31 December 2015 amount to HRK 9.8 billion which represents an increase by 2.1% in comparison to 31 December 2014.

The calculated technical provisions amounted to HRK 6.7 billion which represents an increase by 3.5% in comparison to the calculated technical provisions as at 31 December 2014.

Major business events in the reporting period

The Company has on 2 March 2015 entered into a court settlement with the Republic of Croatia related to the resolution of relationships in several court cases, whereby it was concluded that as at 31 December 2012 the Republic of Croatia owes to the Company the amount of HRK 20.4m together with penalty interest running from 1 January 2013 until payment, resulting in an increase of other operating income in the same amount.

In the period from 5 May 2015 until 3 June 2015, the Company carried out the voluntary public offer to purchase shares of Croatia osiguranje d.d. Ljubuški in accordance with the Takeover Law of the Federation of Bosnia and Herzegovina (FBiH Official Gazette No. 07/06) and the decision of the Securities Commission of the Federation of Bosnia and Herzegovina. In the voluntary public offer, 11,031 shares were purchased for the amount of HRK 11.3m, which represents 36.5943% of the total issued shares of the issuer, and thus Croatia Osiguranje increased equity of the issuer from 52.0505% to 88.6445%. On 7 October 2015 the recapitalization of Croatia Osiguranje Ljubuski, in accordance with the Decision on capital increase and acquisition of shares, was successfully completed. By paying HRK 31.1m for 29,980 shares, the Company increased its equity in Croatia Ljubuški from 88.6445% to 94.1564%. Capital contribution was carried out in order to preserve capital adequacy and create preconditions for the further operations.)In accordance with the Management Board's decision to increase the share owned by the subsidiary Croatia osiguranje d.d. Ljubuški to the level of 100% of the share capital, in the period from 22 December to 28 December 2015 105 shares were purchased thereby increasing the Company's share in equity from 94.1564% to 94.3308%.

On 18 June 2015, the Company adopted the Decision on capital increase and acquisition of shares of CROATIA Sigurimi sh.a., Prishtina, according to which the Company paid for and registered 25,000 new shares of the company in the amount of EUR 2.5 million. Capital contribution was carried out in order to preserve capital adequacy and create preconditions for further operations.

Significant events after the end of the financial year

There were no significant events after the balance sheet date

Expected development in the future

In the next three years the Company will further strengthen its leading position in the Croatian insurance market, and develop the companies within the Group. By further upgrading our business model and operational excellence, conditions for sustainable and profitable growth will be created. At the same time, as a market leader, we will work on raising awareness of insurance products and the benefits they bring to customers.

In the coming period, we expect a reversal of negative economic trends that in previous periods affected the potential development of the insurance market and its movement as a whole. This will create a positive business environment and conditions for the convergence of markets towards more developed markets of other EU countries.

In the period up to 2018, the focus of the Company and the Group will be on:

- Exceptional focus on the market and customers in order to meet their needs
- Development of new products which will provide security to customers and follow relevant trends
- Operational excellence in order to continue providing quality and prompt services
- Digitization of business and introduction of new technologies in order to enhance competitiveness
- Optimisation of our operations in accordance with the requirements of Solvency 2 regulations which came into force at the beginning of 2016
- Further growth and development of companies operating within the Group in Croatia and the region in order to strengthen their market positions.

Through the implementation of the above activities, we want to create added value for our customers and shareholders and maintain the quality and recognition of the Croatia osiguranje brand. This will ensure the continuation of the positive trend that started in 2015 which primarily affect further strengthening of the market share and better business results both in Croatia and in the region.

Research and development activities

Customer focus and innovation are the values of the Group that underlie research activities and new product development.

We conduct market research activities regularly with the goal of better understanding existing market needs and creating products that will adequately respond to them. In parallel, we are monitoring trends and developments in highly developed insurance markets with a focus on EU. In this way we ensure that our program of product development includes relevant world products in a way that is tailored to the needs of clients in Croatia.

During product development focus is put on creating products with quality insurance coverage and on the service that we provide as a whole. Special emphasis is placed on quality and available service which will adequately cover risks with which our clients are faced. We use the latest technological solutions as well as a number of innovations to ensure customer satisfaction.

Company subsidiaries

Subsidiary name	Registered office /address
Croatia osiguranje d.d. OSIJEK branch office	Trg Lj.Gaja 1, Osijek
Croatia osiguranje d.d. PULA branch office	Marulićeva ulica 1, Pula
Croatia osiguranje d.d. RIJEKA branch office	Korzo 39, Rijeka
Croatia osiguranje d.d. SLAVONSKI BROD branch office	Ivana Mažuranića 14, Slavonski Brod
Croatia osiguranje d.d. SPLIT branch office	Trg Hrvatske bratske zajednice 8, Split
Croatia osiguranje d.d. VARAŽDIN branch office	Kapucinski Trg 14, Varaždin
Croatia osiguranje d.d. ZABOK branch office	Matije Gupca 13, Zabok
Croatia osiguranje d.d. ZADAR branch office	Obala Kneza Branimira 20, Zadar
Croatia osiguranje d.d. ZAGREB branch office	Trg Bana Josipa Jelačića 13, Zagreb
Croatia osiguranje d.d. DUBROVNIK branch office	Dr.Ante Starčevića 9, Dubrovnik
Croatia osiguranje d.d. ZAGREBAČKI PRSTEN branch office	Trg Kralja Tomislava 16, Velika Gorica
Croatia osiguranje d.d. ZAGREB II branch office	Trg Bana Josipa Jelačića 13, Zagreb
Croatia osiguranje d.d. VINKOVCI branch office	Vladimira Nazora 4, Vinkovci
Croatia osiguranje d.d. ŠIBENIK branch office	Stjepana Radića 9, Šibenik
Croatia osiguranje d.d. branch office for corporate clients	Miramarska 22, 10000 Zagreb

Financial risk management

Financial risk management is described in Note 2.37. Consolidated and separate financial statements for 2015.

Corporate Governance Statement

The Company applies the Code of Corporate Governance, 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 on its 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) and the Capital Market Act (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15), the Company makes its operations and operating results transparent and accessible to the public. All explanations and possible deviations from the above rules are published by the Company in the Corporate Governance Code Annual Questionnaire which is, for year 2015, publicly available on the website of the Company (www.crosig.hr) and on the Internet website of the Zagreb Stock Exchange.

The system of internal controls in financial reporting ensures reasonable accuracy of financial statements in their presentation of financial results and the financial position of the Company, and their compliance with International Financial Reporting Standards.

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

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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 organizational 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.

The Company has formed, in accordance with the provisions of the Insurance Act, an internal audit function at the highest organizational level which structurally answers 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 analyzes and evaluates the activities of the Company and provides expert advice, recommendations and advice on controls that should enable, among other things, the preparation of financial and other reports in accordance with applicable regulations and internal documents of the Company.

The Company has established a risk management function in the form of an independent organizational unit directly answerable 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 accordance 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.

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

The Company has established an effective actuarial function that according to the Insurance Act coordinates, evaluates and ensures and gives its opinion to the Management Board and Supervisory Board about calculating technical provisions, the quality of data used in its evaluations, underwriting policy, reinsurance program and the implementation of risk management systems.

The Company, in accordance with the Insurance Act, has appointed a certified actuary who verifies data, methods and underlying documents for the calculation of technical provisions according to accounting principles, and whether the technical provisions and premiums are designed to enable a permanent fulfillment 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.

Significant direct holders of shares in the Company are:

- Adris Grupa d.d. with a share of 61.3% and
 - the State Property Management Administration of the Republic of Croatia, with a share of 30.6%.
- On the Internet site of the Central Depository and Clearing Company there data are available on the 10 largest shareholders.

According to the current Articles of Association, the limitation of voting rights of shareholders or partial restriction of voting rights does not exist.

The Company's Management Board, according to the Articles of Association, consists of at least three (3) and a maximum of seven (7) members, one of whom is the President of the Management Board. The Supervisory Board determines in a decision the number of members; therefore, in a decision of the Supervisory Board of April 2015, the Company increased the number of Management Board members from three (3) to four (4) members. The Supervisory Board may appoint a member of the Management Board only after obtaining prior consent of the Croatian Financial Services Supervisory Agency in the procedure prescribed by the Insurance Act.

The right to appoint certain members of the Supervisory Board are set out in Article 24 of the Articles of Association in favor 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 (2) 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 (1) member of the Supervisory Board. One (1) 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.

Articles of Association can be changed at the General Assembly in accordance with the provisions of the Companies Act, while 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 that these amendments are of an editorial nature.

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 authorize the Company to acquire treasury shares.

The General Assembly, in accordance with the provisions of the Articles of Association, makes decisions by public voting at meetings convened usually by the Management Board and by the Supervisory Board only when it deems this necessary for the benefit of the Company. The powers of the General Assembly are governed by the Articles of Association and they do not deviate from the powers that the General Assembly of a public limited liability company has under the Companies Act. A shareholder is entitled to attend and vote at the General Assembly only if it informed the Management Board in writing of their participation no later than six days before the General Assembly.

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

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

Members of the Supervisory Board are:

Ante Vlahović	President
Mladen Blažević	Vice president
Branko Zec	Member
Roberto Škopac	Member
Josip Tica, PhD, Adjunct Professor	Member
Miroslav Hrašćanec (until 18 January 2016)	Member
Vitomir Palinec (from 18 June 2015)	Member

Members of the Management Board are:

Sanel Volarić	President
Nikola Mišetić	Member
Andrej Koštomaj (untill 29 February 2016)	Member
Marijan Kralj (from 17 April 2015)	Member

The Supervisory Board established an Audit Committee.

Members of the Audit Committee are:

Hrvoje Patajac	President
Roberto Škopac	Member
Vitomir Palinec	Member
Petar Miladin, PhD, Professor	Member
Josip Tica, PhD, Adjunct Professor	Member

Zagreb, 31 March 2016

Member of the Management Board

Nikola Mišetić 



President of the Management Board

Sanel Volarić 

Consolidated and separate financial statements for 2015



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**Consolidated and separate financial statements
for 2015**

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Responsibility for the financial statements

The Management Board of the Company is obliged 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 applicable accounting standards and then apply them consistently; adoption of 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.

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 are presented on pages 23 to 149 as well as forms, prepared in accordance with the *Regulations on the structure and content of financial statements of insurance and reinsurance companies (Official Gazette 132/10, 39/12)* and adopted by the Croatian Financial Services Supervision Agency, as presented on pages 150 to 181 were approved by the Management Board on 31 March 2016 for issue to the Supervisory Board. In acknowledgment, the financial statements are signed by the authorized person, as follows

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



Nikola Mišetić
Member of the Management Board



Sanel Volarić
President of the Management Board

CROATIA osiguranje d.d.
Miramarska 22
10 000 Zagreb
Republic of Croatia
31 March 2016



Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Croatia osiguranje d.d. and its subsidiaries ("the Group) and the financial statements of Croatia osiguranje d.d. ("the Company), which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management Board's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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



Basis for Qualified Opinion – Group

Based on our audit for the year ended 31 December 2014, we issued a qualified opinion concerning the absence of adequate valuations of investment properties and property used for own purposes as at 31 December 2013. Therefore, as stated in the auditor's opinion for the year 2014, we were not able to determine whether any adjustments were necessary to the carrying values of investment property and property used for own purposes as at 31 December 2013 and 1 January 2014 respectively, or to the loss for the year reported in the statement of comprehensive income of the Group for the year ended 31 December 2014.

During 2014, the Group carried out new valuations. Consequently, as at 31 December 2014, the carrying value of investment property decreased by HRK 146,472 thousand, while deferred tax assets increased by HRK 29,294 thousand, and loss after tax increased by HRK 117,178 thousand. Furthermore, the value of property used for own purposes decreased by HRK 193,654 thousand, revaluation reserves decreased by HRK 70,827 thousand, and deferred tax liabilities decreased by HRK 17,707 thousand, while deferred tax assets increased by HRK 21,024 thousand, and loss after tax increased by HRK 84,096 thousand for the loss incurred on fair valuation.

This Qualified Opinion has no impact on the Group's financial statements for the year ended 31 December 2015, except for the part that results in the inability of adequate comparability of results in 2015 with results in 2014.

Basis for Qualified Opinion - Company

Based on our audit for the year ended 31 December 2014, we issued a qualified opinion concerning the absence of adequate valuations of investment properties and property used for own purposes as at 31 December 2013. Therefore, as stated in the auditor's opinion for the year 2014, we were not able to determine whether any adjustments were necessary to the carrying values of investment property and property used for own purposes as at 31 December 2013 and 1 January 2014 respectively, or to the loss for the year reported in the statement of comprehensive income of the Company for the year ended 31 December 2014.

During 2014, the Company carried out new valuations. Consequently, as at 31 December 2014, the carrying value of investment property decreased by HRK 144,422 thousand kuna, while deferred tax assets increased by HRK 28,884 thousand, and loss after tax increased by HRK 115,538 thousand. Furthermore, the value of of property used for own purposes decreased by HRK 181,713 thousand, revaluation reserves decreased by HRK 61,274 thousand, and deferred tax liabilities decreased by HRK 15,319 thousand, while deferred tax assets increased by HRK 21,024 thousand, and loss after tax increased by HRK 84,096 thousand for the loss incurred on fair valuation.

This Qualified Opinion has no impact on the Company's financial statements for the year ended 31 December 2015, except for the part that results in the inability of adequate comparability of results in 2015 with results in 2014.

Qualified Opinion

In our opinion, except for the possible effects mentioned above that affect the comparability of operating results described under section Basis for Qualified Opinion for the Group and the Company, the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2015, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



Other legislative and regulatory requirements

Based on the Ordinance on the structure and content of financial statements of insurance and reinsurance companies (Official Gazette 132/10 and 39/12, : 'the Ordinance'), the Management Board prepared forms presented on pages 150-181, under titles Statement of financial position as at 31 December 2015, and Statement of comprehensive income, Statement of changes in equity, Statement of cash flows of the Company and additional information for the year then ended together with information on the compliance with the financial statements of the Company.

The Management Board is responsible for the preparation of these forms and information on compliance, which do not represent an an integral part of these financial statements, but they contain information prescribed by the Ordinance. Financial information in the forms are based on the Company's financial statements that are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as presented on pages 23 to 149, and adjusted in accordance with the Ordinance.

Report on other legal and regulatory requirements

We have read the accompanying Annual Report for the year ended 31 December 2015 set out on pages 4 to 14. We have verified that the information included in the Annual Report which describes matters also presented in the financial statements is consistent, in all material respects, with the financial statements referred to above.

PricewaterhouseCoopers d.o.o.

PricewaterhouseCoopers d.o.o.
Zagreb, 31 March 2016

Statement of comprehensive income

for 2015

	Note	Company		Group	
		2015	2014	2015	2014
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Gross written premiums	4	2,301,445	2,229,302	2,959,619	2,811,392
Premiums ceded to reinsurance	4	(258,784)	(310,048)	(278,865)	(272,736)
Written premiums, net of reinsurance	4	2,042,661	1,919,254	2,680,754	2,538,656
Change in gross provisions for unearned premiums	4	22,062	122,654	(3,709)	76,977
Change in provisions for unearned premiums, reinsurance share	4	(8,266)	(7,785)	10,300	(12,065)
Earned premiums, net of reinsurance	4	2,056,457	2,034,123	2,687,345	2,603,568
Commission and fee income	5	33,328	22,450	37,170	35,896
Finance income	6	356,018	336,124	454,493	422,644
Other operating income	7	55,927	68,791	155,349	159,585
Net operating income		2,501,730	2,461,488	3,334,357	3,221,693
Claims incurred	8	(1,503,473)	(1,573,404)	(1,878,197)	(1,898,487)
Reinsurance share in claims incurred	8	79,665	168,276	81,628	114,506
Claims incurred, net of reinsurance		(1,423,808)	(1,405,128)	(1,796,569)	(1,783,981)
Acquisition costs	9	(378,874)	(368,693)	(495,423)	(486,622)
Administrative expenses	10	(433,916)	(717,295)	(676,961)	(922,949)
Other operating expenses	11	(39,132)	(170,161)	(74,019)	(212,751)
Finance costs	12	(158,946)	(313,633)	(150,101)	(371,970)
Profit/(loss) before tax		67,054	(513,422)	141,284	(556,580)
Income tax	13	(20,283)	100,577	(31,533)	90,888
Profit/(loss) for the year		46,771	(412,845)	109,751	(465,692)

The notes on pages 30 to 149 are an integral part of these financial statements.

Statement of comprehensive income (continued)

for 2015

Continued:

	Note	Company	Company	Group	Group
		2015	Restated 2014	2015	Restated 2014
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Total comprehensive income/(loss) for the year					
Items that will not be recognised in profit or loss					
Change in fair value of business property		96	(61,274)	57	(74,980)
Items that may be subsequently recognised in profit or loss					
Change in fair value of available-for-sale financial assets, net of realised amounts and net of deferred tax		(28,569)	98,476	(26,657)	111,048
Foreign currency differences		-	-	643	(6,968)
Total other comprehensive (loss)/income for the year		(28,473)	37,202	(25,957)	29,100
Total comprehensive income/(loss) for the year		18,298	(375,643)	83,794	(436,592)
Profit/(loss) attributable to:					
- Company's shareholders		46,771	(412,845)	110,402	(466,073)
- non-controlling interest		-	-	(651)	381
		46,771	(412,845)	109,751	(465,692)
Total comprehensive income/(loss) attributable to:					
- Company's shareholders		18,298	(375,643)	84,532	(431,240)
- non-controlling interest		-	-	(738)	(5,352)
		18,298	(375,643)	83,794	(436,592)
Earnings/(loss) per share attributable to the Company's shareholders					
Basic and diluted loss per share	14			260,72	(1,366,37)

The notes on pages 30 to 149 are an integral part of these financial statements.

Statement of financial position

as at 31 December 2015

	Note	Company		Group	
		31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
		in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets					
Intangible assets	15	14,334	10,828	25,509	44,968
Property and equipment	16	732,191	738,333	943,580	976,020
Investment property	17	479,755	514,715	718,459	751,402
Investments in subsidiaries, associates and participation in joint ventures	18	421,416	421,371	81,653	71,403
Held-to-maturity investments	19	2,085,668	2,243,583	2,315,482	2,486,919
Available-for-sale financial assets	19	1,608,197	1,034,523	2,002,521	1,257,360
Financial assets at fair value through profit or loss	19	105,805	290,774	213,997	440,266
Loans and receivables	19	1,661,522	1,675,682	2,062,811	2,141,404
Reinsurance share in technical provisions	20	306,769	339,416	163,674	144,852
Deferred tax assets	21	91,070	103,950	105,128	118,191
Insurance contract and other receivables	22	799,626	756,026	1,004,503	971,605
Cash and cash equivalents	23	58,360	101,175	136,156	165,378
Total assets		8,364,713	8,230,376	9,773,473	9,569,768
Equity					
Registered capital	24	601,576	601,576	601,576	601,576
Share premium	24	681,483	681,483	681,483	681,483
Reserves	24	395,535	513,007	395,535	514,746
Fair value reserve	24	141,970	171,581	199,457	246,803
Retained earnings/(accumulated loss)	24	63,496	(102,169)	398,494	151,563
Equity attributable to owners of the parent		1,884,060	1,865,478	2,276,545	2,196,171
Non-controlling interest		-	-	14,597	35,073
Total equity		1,884,060	1,865,478	2,291,142	2,231,244
Liabilities					
Technical provisions	25	5,835,906	5,687,841	6,716,142	6,490,448
Provisions	26	107,510	248,491	128,888	261,133
Deferred tax liability	21	-	-	23,855	31,619
Financial liabilities	27	-	-	1,729	31,527
Insurance contract and other liabilities and deferred income	28	537,237	428,566	611,717	523,798
Total liabilities		6,480,653	6,364,898	7,482,331	7,338,525
Total equity and liabilities		8,364,713	8,230,376	9,773,473	9,569,769

The notes on pages 30 to 149 are an integral part of these financial statements.

Statement of changes in equity

for 2015

Company	Share capital	Share premium	Fair value reserve	Reserves	Retained earnings	Total equity
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Balance at 1 January 2014	442,887	-	136,839	508,690	312,898	1,401,314
Total comprehensive income for the year						
Change in fair value of business property	-	-	(76,593)	-	-	(76,593)
Deferred tax on change in fair value of business property	-	-	15,319	-	-	15,319
Change in fair value of available for sale financial assets, net of amounts realized	-	-	125,719	-	-	125,719
Deferred tax on change in fair value of available for sale financial assets, net of amounts realized	-	-	(27,243)	-	-	(27,243)
<i>Other comprehensive income</i>	-	-	37,202	-	-	37,202
<i>Loss for the year</i>	-	-	-	-	(412,845)	(412,845)
Total comprehensive (loss)/income for the year	-	-	37,202	-	(412,845)	(375,643)
Transactions with owners recognized directly in equity						-
Payment of registered capital	158,689	681,483	-	-	-	840,172
Dividends paid	-	-	-	-	(980)	(980)
Allocation of profit for the previous year	-	-	-	4,317	(4,317)	-
Transfer due to depreciation of revalued business property	-	-	(3,075)	-	3,075	-
Deferred tax on change in fair value of business property	-	-	615	-	-	615
Balance at 31 December 2014	601,576	681,483	171,581	513,007	(102,169)	1,865,478
Total comprehensive income for the year						
Change in fair value of business property	-	-	120	-	-	120
Deferred tax on change in fair value of business property	-	-	(24)	-	-	(24)
Change in fair value of financial assets available for sale, net of amounts realized	-	-	(35,712)	-	-	(35,712)
Deferred tax on change in fair value of available for sale financial assets, net of amounts realized	-	-	7,143	-	-	7,143
<i>Other comprehensive loss</i>	-	-	(28,473)	-	-	(28,473)
<i>Profit for the year</i>	-	-	-	-	46,771	46,771
Total comprehensive income for the year	-	-	(28,473)	-	46,771	18,298
Transactions with owners recognized directly in equity						
Allocation of profit for the previous year	-	-	-	(117,472)	117,472	-
Transfer due to depreciation of revalued business property	-	-	(1,422)	-	1,422	-
Deferred tax on change in fair value of business property	-	-	284	-	-	284
Balance at 31 December 2015	601,576	681,483	141,970	395,535	63,496	1,884,060

The notes on pages 30 to 149 are an integral part of these financial statements.

Statement of changes in equity (continued)

for 2015

Group in HRK'000	Registered capital	Share premium	Fair value reserve	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014	442,887	-	215,657	509,179	627,794	1,795,517	47,463	1,842,980
Total comprehensive income for the year								
Change in fair value of business property	-	-	(86,232)	-	-	(86,232)	(6,454)	(92,686)
Deferred tax on change in fair value of business property	-	-	17,706	-	-	17,706	-	17,706
Change in fair value of available for sale financial assets, net of amounts realized	-	-	132,770	-	-	132,770	407	133,177
Deferred tax on change in fair value of financial assets available for sale, net of amounts realized	-	-	(22,128)	-	-	(22,128)	-	(22,128)
Foreign currency differences for foreign operations	-	-	(7,282)	-	-	(7,282)	314	(6,968)
<i>Other comprehensive income/(loss)</i>	-	-	<i>34,834</i>	-	-	<i>34,834</i>	<i>(5,733)</i>	<i>29,101</i>
<i>(Loss)/profit for the year</i>					(466,073)	(466,073)	381	(465,692)
Total comprehensive (loss)/income for the year	-	-	34,834	-	(466,073)	(431,239)	(5,352)	(436,591)
Transactions with owners recognized directly in equity								
Payment of share capital	158,689	681,483	-	-	-	840,172	-	840,172
Dividends paid	-	-	-	-	(1,586)	(1,586)	-	(1,586)
Allocation of profit for the previous year	-	-	-	5,567	(5,567)	-	-	-
Other transfers	-	-	(1,311)	-	(5,976)	(7,287)	(7,038)	(14,325)
Transfer due to depreciation of revalued business property	-	-	(2,971)	-	2,971	-	-	-
Deferred tax on change in fair value of business property	-	-	594	-	-	594	-	594
Balance at 31 December 2014	601,576	681,483	246,803	514,746	151,563	2,196,171	35,073	2,231,244
Total comprehensive income for the year								
Change in fair value of business property	-	-	81	-	-	81	-	81
Deferred tax on change in fair value of business property	-	-	(24)	-	-	(24)	-	(24)
Change in fair value of available for sale financial assets, net of amounts realized	-	-	(33,767)	-	-	(33,767)	-	(33,767)
Deferred tax on change in fair value of available for sale financial assets, net of amounts realized	-	-	7,110	-	-	7,110	-	7,110
Foreign currency differences for foreign operations	-	-	730	-	-	730	(87)	643
<i>Other comprehensive loss</i>	-	-	<i>(25,870)</i>	-	-	<i>(25,870)</i>	<i>(87)</i>	<i>(25,957)</i>
<i>Profit/(loss) for the year</i>					110,402	110,402	(651)	109,751
Total comprehensive income/(loss) for the year	-	-	(25,870)	-	110,402	84,532	(738)	83,794
Transactions with owners recognized directly in equity								
Dividends paid	-	-	-	-	(292)	(292)	(410)	(702)
Allocation of profit for the previous year	-	-	-	(117,472)	117,472	-	-	-
Acquisition of non-controlling interest	-	-	-	-	7,876	7,876	(19,328)	(11,452)
Decrease in fair value reserve	-	-	(16,154)	-	-	(16,154)	-	(16,154)
Other transaction	-	-	600	(1,739)	4,070	2,931	-	2,931
Transfer due to depreciation of revalued business property	-	-	(7,403)	-	7,403	-	-	-
Deferred taxes on change in fair value of business property	-	-	1,481	-	-	1,481	-	1,481
Balance at 31 December 2015	601,576	681,483	199,457	395,535	398,494	2,276,545	14,597	2,291,142

The notes on pages 30 to 149 are an integral part of these financial statements.

Statement of cash flows

for 2015

in HRK'000	Note	Company	Company	Group	Group
		2015	2014	2015	2014
Cash flows from operating activities					
		67,054	(513,422)	141,284	(556,580)
Profit/(loss) before tax					
Depreciation and amortisation	10	37,685	42,085	53,941	60,248
Impairment of investments	12.1	39,645	300,765	2,189	337,334
Impairment of property and equipment	11	-	105,120	-	105,120
Interest expense	12	-	576	-	-
Interest income	6	(142,959)	(214,785)	(152,818)	(250,077)
Dividend income and share in profit of associates		(17,577)	(9,500)	(21,310)	(11,564)
Losses / (gains) from changes in fair value of investment property		31,152	(34,658)	49,137	(34,755)
Net provisions for legal disputes, termination benefits, etc.		(17,567)	164,659	(4,468)	167,384
Other adjustments		-	(31,489)	7,359	(23,877)
Cash flows before changes in operating assets and liabilities		(2,567)	(190,649)	75,314	(206,767)
Changes in available for sale financial assets		(609,266)	(757,976)	(750,473)	(958,081)
Changes in financial assets at fair value through profit or loss		184,969	172,945	231,580	204,289
Changes in loans and receivables		85,821	(786,099)	98,222	(636,526)
Changes in reinsurance share in technical provisions		32,646	(12,430)	(18,822)	(15,023)
Changes in insurance contract and other receivables		(43,602)	265,604	(32,897)	100,585
Changes in technical provisions		148,065	48,833	225,694	149,816
Termination benefits		(123,414)	(29,406)	(127,777)	(29,406)
Changes in insurance contract and other liabilities		117,206	177,743	103,408	195,168
Income tax paid		(8,536)	(25,300)	(15,489)	(37,211)
Changes in operating assets and liabilities		(216,111)	(946,086)	(286,554)	(1,026,389)
Net cash flows used in operating activities		(218,678)	(1,136,735)	(211,240)	(1,233,156)
Cash flows from investing activities					
Proceeds from sale of tangible assets		-	8,703	-	9,654
Purchase of tangible assets		(19,465)	(37,770)	(25,923)	(38,926)
Proceeds from sale of intangible assets		-	3,942	-	4,042
Purchase of intangible assets		(9,628)	(4,314)	(14,372)	(8,294)
Purchase of investment property		(2,140)	(2,990)	(2,464)	(7,434)
Capital increase in subsidiaries		(50,038)	(52,775)	-	-
Purchase of non-controlling interest		(11,452)	-	(11,452)	-
Sale of subsidiaries		22,115	-	-	-
Proceeds from held-to-maturity investments		245,350	395,282	329,136	521,244
Purchase of held-to-maturity investments		(94,637)	-	(164,139)	(112,149)
Proceeds from dividends and share in profit		17,577	17,124	7,540	4,212
Proceeds from short-term and long-term deposits and loans		159,594	118,423	168,150	111,161
Short-term and long-term deposits and loans granted		(229,208)	(62,922)	(234,226)	(62,922)
Interest income		147,795	145,876	159,937	155,038
Net cash flows from investing activities		175,863	528,579	212,187	575,626

Statement of cash flows (continued)*for 2015***Cash flows from financing activities**

Share capital increase	24.1	-	840,171	-	840,171
Receipts from received loans		-	750,576	-	750,576
Repayment of received loans		-	(1,101,208)	(29,467)	(1,101,208)
Payment of share in profit (dividend)		-	(1,328)	(702)	(3,206)
Net cash flows from financing activities		-	488,211	(30,169)	486,333
Cash and cash equivalents at beginning of period	23	101,175	221,120	165,378	336,575
Cash and cash equivalents at end of period	23	58,360	101,175	136,156	165,378
Net decrease in cash and cash equivalents		(42,815)	(119,945)	(29,222)	(171,197)

The notes on pages 30 to 149 are 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, Miramarska 22 (the "Company") is registered in the Court Register of the Commercial Court in Zagreb under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862.

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

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

1.2. Company bodies

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

Members of the Supervisory Board:

- | | |
|--|---|
| • Ante Vlahović | President of the Supervisory Board |
| • Mladen Blažević | Vice president of the Supervisory Board |
| • Branko Zec | Member of the Supervisory Board |
| • Roberto Škopac | Member of the Supervisory Board |
| • Josip Tica, PhD, Adjunct Professor | Member of the Supervisory Board |
| • Miroslav Hrašćanec (until 18 January 2016) | Member of the Supervisory Board |
| • Vitomir Palinec (from 18 June 2015) | Member of the Supervisory Board |

Members of the Management Board:

- | | |
|--|-----------------------------------|
| • Sanel Volarić | President of the Management Board |
| • Nikola Mišetić | Member of the Management Board |
| • Andrej Koštomaj (until 29 February 2016) | Member of the Management Board |
| • Marijan Kralj (from 17 May 2015) | Member of the Management Board |

1.3. Subsidiaries

The Group consolidated the following entities as at 31 December 2015:

Group	Nature of business	31 December 2015		
		Shares directly held by parent (%)	Shares held by the Group (%)	Shares held by non-controlling interests (%)
Consolidated subsidiaries in Croatia				
Croatia Lloyd d.d., Zagreb	Reinsurance	100.00	100.00	-
- <i>Croatia mirovni dom d.o.o., Zagreb</i>	<i>Real estate</i>	-	<i>100.00</i>	-
- <i>Histria Construct d.o.o., Zagreb</i>	<i>Real estate</i>	-	<i>100.00</i>	-
Razne usluge d.o.o. (currently being wound up)		100.00	100.00	-
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT*	100.00	100.00	-
- <i>STP Pitomača, Pitomača</i>	<i>MOT</i>	-	<i>100.00</i>	-
- <i>STP Blato</i>	<i>MOT</i>	-	<i>100.00</i>	-
- <i>Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod</i>	<i>MOT</i>	-	<i>76.00</i>	<i>24.00</i>
- <i>Herz d.d., Požega</i>	<i>MOT</i>	100.00	100.00	-
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Funds management	100.00	100.00	-
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	66.19	100.00	-
- <i>Poliklinika Ars Medica, Pula</i>	<i>Health</i>	-	<i>74.00</i>	<i>26.00</i>
- <i>Poliklinika Croatia zdravstveno osiguranje, Zagreb</i>	<i>Health</i>	-	<i>100.00</i>	-
Consolidated subsidiaries abroad				
Milenijum osiguranje a.d.o., Beograd	Insurance	99.92	99.92	0.08
Croatia Sigurimi sh.a., Prishtina	Insurance	100.00	100.00	-
Croatia osiguranje d.d., Ljubuški	Insurance	94.33	94.33	5.67
- <i>Crotehna d.o.o., Ljubuški</i>	<i>MOT</i>	-	<i>100.00</i>	<i>5.67</i>
- <i>Croatia remont d.d., Čapljina</i>	<i>MOT</i>	-	<i>69.79</i>	<i>34.18</i>
- <i>Croauto d.o.o., Mostar</i>	<i>MOT</i>	-	<i>66.80</i>	<i>37.00</i>
- <i>Hotel Hum d.o.o., Ljubuški</i>	<i>Hospitality</i>	-	<i>100.00</i>	<i>5.67</i>
- <i>Ponte d.o.o., Mostar</i>	<i>Insurance agency</i>	-	<i>100.00</i>	<i>21.33</i>
Croatia osiguranje d.d., društvo za osiguranje neživota, Skopje (non-life insurance company)	Insurance	100.00	100.00	-
Croatia osiguranje d.d., društvo za osiguranje života, Skopje (life insurance company)	Insurance	100.00	100.00	-

*MOT – Motor vehicle examination station

1.4. Reclassification

In 2015, the Group and the Company reclassified certain items in the statement of comprehensive income to achieve better presentation of expenses and revenue by their nature.

Reclassifications as at 31 December 2014 (Company):

Item	Description of reclassification	31 December 2014		31 December 2014
		Before reclassification	Reclassification	After reclassification
		in HRK'000	in HRK'000	in HRK'000
COMPREHENSIVE INCOME				
Acquisition costs		(233,825)	(134,868)	(368,693)
Administrative expenses	Commission paid to sales employees has been reclassified to Acquisition costs	(852,163)	134,868	(717,295)
		<i>Difference</i>	-	-

Reclassifications as at 31 December 2014 (Group):

Item	Description of reclassification	31 December 2014		31 December 2014
		Before reclassification	Reclassification	After reclassification
		in HRK'000	in HRK'000	in HRK'000
COMPREHENSIVE INCOME				
Finance income		376,131	46,513	422,644
Other operating income	Finance income of the non-insurance segment of the Group has been reclassified to Finance income	206,098	(46,513)	159,585
		<i>Difference</i>	-	-
Acquisition costs		(330,811)	(155,811)	(486,622)
Administrative expenses	Commission paid to sales employees has been reclassified to Acquisition costs	(995,707)	72,758	(922,949)
Other operating expenses	Other operating expenses of the non-insurance segment of the Group have been reclassified to Administrative expenses	(295,804)	83,053	(212,751)
		<i>Difference</i>	-	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2015, the Group reclassified certain items in the statement of comprehensive income to achieve better presentation. In addition, unless otherwise stated, the Group also indicates the application of the same policies and disclosures in the Company's financial statements.

2.1. Statement of compliance and basis of presentation

The financial statements for 2015 have been prepared in accordance with the Accounting Act (Official Gazette 109/07, 54/13, 121/14, 78/15 and 134/15) and International Financial Reporting Standards ('IFRS') as adopted in the European Union, and in accordance with the Ordinance on the structure and content of the financial statements of insurance and reinsurance companies (Official Gazette 132/10, 39/12).

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

2.2. Basis of preparation

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

The preparation of financial statements in conformity with IFRS as adopted in the EU requires the use of certain critical accounting estimates. It also requires 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 2.34.

2.3. Adoption of new and revised International Financial Reporting Standards ("IFRS")

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) Standards and interpretations that have been applied and in force:

The Group for its reporting period that begins on 1 January 2015 adopted the following new and amended IFRSs that have been approved by the European Union and that are relevant to the financial statements:

- Annual improvements to IFRSs – 2010 – 2012 Cycle comprising changes to seven standards (IFRS 1, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 28 and IAS 24).
- Annual improvements to IFRSs – 2011 – 2013 Cycle comprising changes to four standards (IFRS 2, IFRS 3, IFRS 13 and IAS 40).
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19

There was no impact on the financial statements or performance of the Group.

(b) Standards and interpretations issued but not yet effective:

Certain new standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the group. None of these is expected to have significant effect on the Group's financial statements, except for the following standards:

:

- *IFRS 9 Financial instruments and associated amendments to various other standards (effective for annual periods beginning on or after 1 January 2018 or later for insurance companies).*

For insurance companies this standard will be delayed until the adoption and implementation of the new standard IFRS 4 Insurance Contracts, when joint application is expected.

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

The Management Board of the Group assessed the following possible impacts of the new standard IFRS 9 on its financial statements:

- Following the changes approved by IASB in July 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and liabilities.
- While the the Group has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) based on their current business model used these assets. Hence there will be no change to the accounting for these assets.
- There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.
- The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation.
- The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses, particularly with receivables and loans.
- The Group has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.

The Management Board plans to adopt the standard on its effective date and when endorsed by the European Union, especially in terms of application in the insurance industry.

- *IFRS 15 Revenue from contracts with customers and associated amendments to various other standards (effective for annual periods beginning on or after 1 January 2018)*

IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reason (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.)
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few; and
- As with any new standard, there are also increased disclosures..

Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

The Group's Management Board is currently assessing the impact of the new rules of IFRS 15 and has identified the following areas which are likely to be affected:

- Extended warranties, which will need to be accounted for as separate performance obligations, which will delay the recognition of a portion of the revenue
- IT consulting services where the new guidance may result in the identification of separate performance obligations which could again affect the timing of the recognition of revenue; and
- The balance sheet presentation of rights of return, which will have to be grossed up in the future (separate recognition of the right to recover the goods from the customer and the refund obligation).

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements; it will make more detailed assessments of the impact over the next twelve months. The Management Board plans to adopt the standard on its effective date and when endorsed by the European Union.

- *IFRS 16 Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019)*

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing the impact of the amendments on its financial statements.

2.4. Key estimates and uncertainty of estimates

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

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

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

Information about the assessments of the Management Board 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 material adjustment in the next year, is presented in Note 2.34.

2.5. Consolidation

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

Subsidiaries

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

Transactions eliminated at consolidation

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

Non-controlling interests

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

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

Loss of control

At the moment of loss of control, the Group derecognises assets and liabilities of subsidiaries, interests of non-controlling shareholders and other elements of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any share in the previous subsidiary, this share is measured at fair value at the date on which 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.

2.6. Presentation currency

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

2.7. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rate effective at the reporting day. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate effective on the date on which 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 differences resulting from the translation of monetary assets and liabilities are recognised through profit or loss, and are presented within finance income or finance cost. As at 31 December 2015, the official HRK exchange rate was HRK 7.635047 for EUR 1 (31 December 2014: HRK 7.661471) and HRK 6.991801 for USD 1 (31 December 2014: HRK 6.302107).

2.8. Gross written premiums

/i/ Gross written premiums represent basic operating income and they comprise 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 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 policyholders as a result of insurance termination. Net impairment losses on receivables for premium of policyholders are recognised as a deduction.

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

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

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

2.9. Investment income and expenses

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

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

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

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

2.10. Claims incurred

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

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

2.11. Operating expenses

Operating expenses include the acquisition and administration costs. Acquisition costs include all direct costs incurred in concluding insurance contracts, such as agents' costs, payroll costs of employees in sales, commissions and marketing costs.

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

2.12. Intangible assets

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

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

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

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. Amortisation of assets ceases when the assets are fully amortised or classified as assets held for sale. Amortisation is calculated by writing off the purchase cost of each particular asset during the estimated useful life of the asset by applying the straight-line method. The estimated useful life of intangible assets is 4 years.

Goodwill

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

2.13. Property and equipment

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

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

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

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

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

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

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. 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:

	2015	2014
	Estimated useful life	Estimated useful life
Buildings	40 years	40 years
Furniture and equipment	4-10 years	4-10 years
Computer equipment	3 years	3 years
Vehicles	5 years	5 years

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

2.14. Investment property

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

The Group measures the fair value of its investment property at the end of each accounting period, and this 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.

2.15. Investments in subsidiaries and associates

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

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

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

2.16. Financial instruments

/i/ Classification and recognition

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss include debt and equity securities, investments in funds and other financial assets for trading. Derivatives are classified as assets held for trading. At the reporting date, the Group does not hold derivative financial instruments. The Group does not use hedge accounting.

Loans and receivables

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

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

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

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

Held-to-maturity financial assets

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

Available-for-sale financial assets

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

Other financial liabilities

Other financial liabilities include all financial liabilities that are not classified in the category at fair value through profit or loss. On the reporting date the Group had no financial liabilities at fair value through profit or loss, except for liabilities for unit-linked products. Accounting of liabilities arising from insurance contracts is disclosed in Note 2.21.

/ii/ Recognition and derecognition

Regular purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognized on the trade date, that is, the date on which the Group commits to purchasing or selling the instrument. Loans and receivables as well as financial liabilities are initially recognized on the date of occurrence, that is, on the day on which 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 rewards of ownership to another business entity, or when the rights are exercised, surrendered or expired.

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

Initial and subsequent measurement

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

After initial recognition, the Group measures financial instruments at fair value through profit or loss, and available-for-sale financial assets at their current 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 equity securities and debt instruments quoted 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 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 amortized cost net of impairment.

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

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

Gains and losses

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

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

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

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

Fair value measurement principles

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

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

/iii/ Impairment of financial assets

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

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

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

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

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

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

/iv/ Specific instruments

Debt securities

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

Loans and receivables from banks

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

Equity securities

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

Loans and receivables from policyholders

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

Investments in funds

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

Investments for the account and risk of life insurance policyholders

Investments for the account and risk of life insurance policyholders include investments in unit-linked products and are classified as financial assets at fair value through profit or loss.

Receivables from insurance and other receivables

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

Trade and other payables

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

Embedded derivatives within insurance contracts and investment contracts

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

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

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

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

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

Offsetting of financial instruments

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

2.17. Receivables

/i/ Insurance receivables include receivables from policyholders based on non-life insurance premiums.

Receivables based on non-life insurance premiums comprise receivables for written, but not yet invoiced premium and receivables for invoiced, but not paid premium.

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

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

/iii/ Receivables under the right to recourse are recognized for all recourse cases from amicable proceedings arising from receivables from another insurance company and recourses for which a financial settlement was concluded with the counterparty. Impairment of recourse receivables is done for all receivables where 180 days have passed from the due date. The determined impairment can be decreased by recourse receivables that are likely to be collected. Recognition of income from recourses is deferred due to uncertainty of collection. Income from recourses is deferred for recourses which are not settled in cash with 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, etc.

2.18. Cash and cash equivalents and short-term deposits

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

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

2.19. Income tax

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred income tax

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

2.20. Equity

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

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

/ii/ Fair value reserve

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

The fair value reserve of available-for-sale financial assets includes unrealised gains and losses from changes in the 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 earnings are regulated by decisions of the Company's General Assembly.

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

2.21. Technical provisions

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

/i/ Unearned premiums

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

Unearned premiums are calculated according to the pro rata temporis method, except for the types of loan insurance where a decrease of insurance coverage throughout the contract term is taken into consideration. The reinsurance share of gross unearned premium is determined depending on the reinsurance contract and the method used for the calculation of the corresponding gross unearned premium.

/ii/ Mathematical provisions for life insurance

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

/iii/ Claims provisions

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

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

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

/iv/ Provisions for unexpired risks

Provisions for unexpired risks are created for insurance products where the expected value of claims and costs pertaining to unexpired periods of policies 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 or homogeneous group of risk.

/v/ Provisions for bonuses and discounts

Provisions for bonuses and discounts are formed according to the provisions of insurance contracts and in accordance with the Ordinance on minimum standards, methods of calculating and guidelines for calculating technical provisions.

2.22. Technical provisions for life insurance where the policyholder bears the investment risk

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

2.23. Reinsurance

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

Premiums ceded and recoverable amounts are presented through profit or loss on a gross basis. Only the contracts that give rise to a significant transfer of underwriting 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 underwriting risk (financial reinsurance) is not transferred, are recorded as deposits. During 2015 and 2014, 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 or claims paid under reinsured policies. Reinsurance assets include the actual or estimated receivables from reinsurers in respect of technical provisions. Reinsurance assets relating to technical provisions are created on the basis of the terms of reinsurance contracts and measured on the same basis as the corresponding reinsured liabilities.

Reinsurance receivables are assessed for impairment at each reporting date.

2.24. Liabilities and related assets under liability adequacy test

IFRS 4 provides for the implementation of a 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 deficit is charged to profit or loss. Estimates of future cash flows are based on realistic actuarial assumptions, taking into account the current experience of the occurrence of claims.

2.25. Other liabilities

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

/ii/ Liabilities from reinsurance activities refer to liabilities from reinsurance premium.

/iii/ Other liabilities pertain to domestic trade payables, advance payable, liabilities to employees, commission liabilities, etc.

2.26. Employee benefits and pension plans

Pension obligations

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

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under 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 upon retirement, are recorded as the net present value of the liability for defined benefits at the balance sheet date. The discounted future cash flow method is used for the calculation of the present value of the liability.

Termination benefits

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

2.27. Provisions

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

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

Provisions for awards to employees for long term employment and retirement (regular jubilee awards and termination benefits) are determined by separating for each year of work the present value of the proportional part of the expected amount of regular jubilee awards and termination benefits depending on the total time until the payment of the jubilee award, less the expected turnover of employees. The discount rate is the yield on relevant bonds.

2.28. Impairment

The net book value of the Group's assets, other than financial assets (see accounting policy 2.16) and income tax (see accounting policy 2.19), is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets with no finite useful life (the Group had no such assets on the reporting date) 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, impairment of property measured by using the revaluation model is debited to fair value reserve, if any, and the remaining amount of the impairment after these reserves have been exhausted is recognised in profit or loss for the period.

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

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

2.29. Contingent liabilities and assets

Contingent liabilities are recognized in the financial statements when it is more likely than not that there will be an outflow of cash flows. Other contingent liabilities are disclosed in notes to the financial statements.

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

2.30. Events after the balance sheet date

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

2.31. Earnings per share

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

2.32. Classification of contracts

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

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

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

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

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

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

On the reporting date, the provision for discretionary allocation of profits for the Company amounts to HRK 41,475 thousand (2014: HRK 48,317 thousand), and for the Group HRK 44,476 thousand (2014: HRK 48,821 thousand).

2.33. Segment reporting

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

Allocation of costs between life and non-life insurance segments

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

Investment income, realised and unrealised gains 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 gains and losses, expenses and compensations arising from the investment of equity are allocated to life and non-life segments depending on the allocation of the related assets.

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

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

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

Allocation of capital, reserves and assets

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

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

/i/ Impairment losses on loans and receivables

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

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

The gross value of loans and receivables and the rate of recognized impairment loss at the end of the year are:

	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Gross exposure (HRK'000)	420,854	370,899	521,833	523,395
Impairment rate (%)	29%	39%	44%	48%

The change in the impairment rate of 1 percentage point of the gross amount of the above loans and receivables would increase/reverse impairment loss in the amount of HRK 4,209 thousand (31 December 2014: HRK 3,709 thousand) for the Company and HRK 5,218 thousand (31 December 2014: HRK 5,234 thousand) for the Group.

/ii/ Fair valuation of financial instruments

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

The carrying amount of financial instruments would be an estimated HRK 3,674 thousand lower or HRK 4,055 thousand higher if the discount rate used in the discount cash flow analysis differed by 1 percentage point from the Management Board's estimates.

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

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

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

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

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

/iv/ Valuation of property and investment property

Property and investment property taken in exchange for uncollectible receivables are initially measured at fair value based on the assessment of the court appointed expert. The management believes that the net book value of property and investment property as at 31 December 2015 is recoverable.

/v/ Impairment of investments in subsidiaries and associates

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

The carrying amount of investments in subsidiaries and associates would be an estimated HRK 2,411 thousand lower if the discount rate used in the discount cash flow analysis differed by 1 percentage point from the Management Board's estimates.

2.35. Underwriting risk management

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

Premium risk is present at the moment of issuing the policy, before the insured event occurs. There is a risk that the costs and losses which may occur might be greater than the premiums received. The provision risk

represents the risk of having the absolute amount of technical provisions wrongly assessed or of having the actual losses vary around the statistical mean value. Non-life insurance acquisition risk also includes the risk of disaster which arises from highly extraordinary events which are not sufficiently covered by the premium risk or provision risk. Life insurance acquisition risk includes biometrical risk (which involves mortality, longevity, risk of becoming ill or disabled) and the risk of cancellation. The risk of cancellation represents a higher or lower rate of cancellation from policies, interruptions, changes in capitalization (cessation of payments of premium) and surrender.

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

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

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

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

The concentration of underwriting risk

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

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

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

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	31 Dec. 2015			31 Dec. 2014		
	Gross claims incurred	Reinsurance share in claims incurred	Net claims incurred	Gross claims incurred	Reinsurance share in claims incurred	Net claims incurred
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accident insurance	38,277	2,114	36,163	47,358	2,981	44,377
Health insurance	9,569	(649)	10,218	18,736	1	18,735
Road motor vehicle insurance	204,991	191	204,800	257,864	153	257,711
Railroad rolling stock insurance	481	-	481	517	-	517
Aircraft insurance	10,575	8,948	1,627	6,887	6,370	517
Vessel insurance	58,297	13,576	44,721	37,532	16,067	21,465
Insurance for goods in transit	13,417	(113)	13,530	8,188	75	8,114
Insurance against fire and natural disasters	46,317	21,842	24,475	98,773	36,101	62,672
Other types of property insurance	202,756	7,501	195,255	249,332	29,807	219,524
Motor liability insurance	283,149	(3,146)	286,295	270,954	17,742	253,212
Aircraft liability insurance	2,073	446	1,627	244	35	209
Vessel liability insurance	9,418	1,556	7,862	18,675	5,667	13,008
Other types of liability insurance	95,619	27,293	68,326	108,840	33,816	75,023
Loan insurance/credit insurance	24,158	464	23,694	61,558	16,631	44,927
Surety insurance	1,306	-	1,306	509	-	509
Miscellaneous financial loss insurance	6,858	(308)	7,166	10,252	2,796	7,456
Travel insurance	3,440	-	3,440	2,009	-	2,009
Total non-life insurance	1,010,700	79,715	930,985	1,198,228	168,242	1,029,986
Life insurance	447,777	(49)	447,827	366,557	34	366,524
Annuity insurance	9,797	-	9,797	4,984	-	4,984
Supplemental insurance with life insurance	3,333	-	3,333	3,164	-	3,164
Life or annuity insurance where the policyholder bears the investment risk	31,866	-	31,866	470	-	470
Total life insurance	492,773	(49)	492,823	375,176	34	375,142
Total	1,503,473	79,665	1,423,808	1,573,404	168,276	1,405,128

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

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

Non-life insurance

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

Comparison of claims ratio and costs ratio for 2015 and 2014

Non-life insurance	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Claims ratio	57.0%	56.4%	57.1%	57.4%
Cost ratio	37.2%	49.6%	41.5%	47.5%
Combined ratio	94.2%	106.0%	99.0%	104.8%
Claims ratio, net	61.6%	57.1%	60.4%	52.8%

Note: The method of calculating ratios is described in Note 25.8.

Life insurance

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

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

Interest included in the tariff is in the range of	Mathematical provisions*	Share	Mathematical provisions*	Share
	as at 31 Dec. 2015		as at 31 Dec. 2014	
	in HRK'000	%	in HRK'000	%
[1, 3]	681,034	30.05%	417,316	20.14%
[3, 4]	1,002,349	44.23%	1,037,803	50.10%
[4, 5]	580,225	25.60%	613,758	29.62%
[5, 6]	2,753	0.12%	2,977	0.14%
	2,266,361	100.00%	2,071,854	100.00%

*Mathematical provisions comprise the mathematical provision for agreed sums and mathematical provision for additional sums.

The Group's analysis of mathematical provisions 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 2015		as at 31 Dec. 2014	
	in HRK'000	%	in HRK'000	%
[1, 3]	711,988	28.40%	430,417	18.90%
[3, 4]	1,211,378	48.31%	1,228,100	53.92%
[4, 5]	581,221	23.18%	616,175	27.05%
[5, 6]	2,753	0.11%	2,977	0.13%
	2,507,339	100.00%	2,277,669	100.00%

*Mathematical provisions comprise the mathematical provision for agreed sums and mathematical provision for additional sums.

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

Yield on mathematical provision

Company	2015	2014	2013
	in HRK'000	in HRK'000	in HRK'000
Average balance of mathematical provision	2,169,108	2,013,562	1,937,766
Yield on investment in mathematical provision	100,904	117,140	115,297
Yield	4.7%	5.8%	6.0%
Average yield	5.5%		

Group	2015	2014	2013
	in HRK'000	in HRK'000	in HRK'000
Average balance of mathematical provision	2,393,188	2,207,225	2,102,853
Yield on investment in mathematical provision	111,382	125,405	123,010
Yield	4.7%	5.7%	5.8%
Average yield	5.4%		

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, cost rates 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.

Life insurance risk - sensitivity analysis	2015	2014
	in HRK'000	in HRK'000
	Change in liabilities	Change in liabilities
Interest rate -0,5%	83,941	58,093
Mortality +10%	3,506	4,426
Expenses +10%	26,126	25,455

The Group uses the calculation of "PVFP" for the purposes of managing the sensitivity of underwriting risk. The base run refers to the calculation of liabilities with assumptions used to calculate the best estimate. The base run represents a calculation in which assumptions described in Note 2.36 are applied during the liability adequacy test. For each policy, the income from premiums and investments are calculated, and costs are calculated on the basis of administration costs and expenditure for claims.

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

The sensitivity to changes in mortality was calculated by reducing mortality for pension products by 10% and increasing mortality for other products by 10%, while the sensitivity to changes expenses was calculated increasing the portfolio maintenance expense by 10%.

As evidenced by "PVFP", profit or loss as well as technical provisions are most affected by changes in interest rates.

Non-life insurance

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

Capital adequacy

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

The Company's solvency indicators are as follows:

	31 Dec. 2015	31 Dec. 2014
Solvency indicator for life insurance	146.9%	161.0%
Solvency indicator for non-life insurance	345.4%	345.7%

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

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

/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 these 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 not reported claims (IBNR) is generally subject to a greater degree of uncertainty than the provision for reported claims. IBNR provisions are assessed by the Company's actuaries

Depending on the characteristics of certain types of insurance, the Group's portfolio and the shape and quality of available data, reserves for incurred but not reported claims is determined by using the most appropriate model based on deterministic or stochastic methods which are based on the claims triangle. To best describe the future development of the claim, the selected model can include one or a combination of several methods.

IBNR provisions are formed according to the type of transaction or homogeneous group of risks.

For "long tail" claims, the level of provisions depends largely on the assessment of the development of claims from the latest development year for which historical data is available to the final settlement. These tail factors are estimated prudently by using mathematical methods of curves that project the observed factors or are based on actuarial assessment.

The actual method used depends on the year the claim occurred and observed historical claims development. To the extent that these methods use historical claims development, it is assumed that the historical claims pattern will repeat itself in the future. There are reasons why this might not be fulfilled so it is necessary to modify the method. Possible reasons include:

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

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

Discounting

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

/ii/ Life insurance

Mathematical provisions are calculated on the net prospective basis using rational actuarial assumptions, in accordance with the guidelines issued by HANFA. The guaranteed technical interest rate in insurance policies ranges from 1.5 % to 6 %, depending on the original (historic) tariff.

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

The Company uses Mortality Tables for Croatia for the period 2010 to 2012 for the calculation of mathematical provisions. For the purpose of the calculation of mathematical provisions for insurance contracts concluded before 2010, an interest rate of 3.25%, or 3% is used (maximum rate prescribed by HANFA is 3.3%) for insurance contracts concluded in 2010, i.e. an interest rate of 3% and 2.75% (maximum rate prescribed by HANFA is 3%), or of 2.75%, 2.25% and 1.5% (the maximum rate prescribed by HANFA is 2.75%) is used for insurance contracts concluded after 2010.

Profit or loss and equity sensitivity to changes in significant variables

Profit or loss and insurance liabilities are mainly sensitive to changes in the rate of investment and the rate of costs estimated for the calculation of 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 vehicle, 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 claims 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 vehicle liability insurance in the Green Card Insurance System member states that have unlimited coverage. Since legal provisions in motor vehicle 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.

2.37. Financial risk management

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

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

The Group actively manages its assets by using an approach which balances quality, diversification, harmonization of assets and liabilities, liquidity and return on investments. The 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 risk of fluctuations in the fair value of future cash flows under financial instruments due to changes in market prices.

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 currency risk through its transactions in foreign currencies. The Group is exposed to currency risk through its investments in debt and equity securities, deposits, loans and other investments, and through premiums, claims and technical provisions under insurance policies with a currency clause. The Group manages currency risk by estimating, planning and thus reducing the difference between assets and liabilities denominated in foreign currency or with a currency clause. Assets covering mathematical provisions are mostly denominated in euro, since most of the mathematical provisions are also denominated in euro. In the tables below the sensitivity analysis of financial assets to changes in exchange rates is presented:

Company	2015		2014	
	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
Change of exchange rate by 0.5%	15,868	765	13,588	941
Change of exchange rate by 1%	31,737	1,529	27,176	1,883

Group	2015		2014	
	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
Change of exchange rate by 0.5%	17,909	1,996	15,080	1,644
Change of exchange rate by 1%	35,818	3,993	30,160	3,289

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

Company in HRK'000	31 Decemeber 2015				31 December 2014			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	421,416	-	-	421,416	421,371	-	-	421,371
Held-to-maturity investments	732,364	1,353,304	-	2,085,668	730,694	1,512,889	-	2,243,583
Available-for-sale financial assets	458,208	1,015,104	134,885	1,608,197	348,229	635,727	50,567	1,034,523
Financial assets at fair value through profit or loss	16,935	88,870	-	105,805	235,497	52,002	3,276	290,774
Loans and receivables	892,527	768,995	-	1,661,522	965,075	710,607	-	1,675,682
Reinsurance share in technical provisions	243,257	29,995	33,517	306,769	270,780	20,674	47,962	339,416
Insurance contract and other receivables	756,941	23,988	18,697	799,626	730,332	11,878	13,816	756,026
Cash and cash equivalents	21,741	24,007	12,612	58,360	101,175	-	-	101,175
Total assets	3,543,389	3,304,263	199,711	7,047,363	3,803,153	2,943,777	115,621	6,862,551
Liabilities								
Technical provisions	3,233,896	2,500,566	101,444	5,835,906	3,354,222	2,210,516	123,103	5,687,841
Provisions	107,510	-	-	107,510	248,491	-	-	248,491
Insurance contract and other liabilities and deferred income	483,342	31,818	22,077	537,237	428,567	-	-	428,567
Total liabilities	3,824,747	2,532,384	123,521	6,480,653	4,031,280	2,210,516	123,103	6,364,899
Currency gap	(281,358)	771,879	76,190	566,710	(228,127)	733,261	(7,482)	497,652

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

Group in HRK'000	31 December 2015				31 December 2014			
	HRK	EUR	Other currencies	Total	HRK	EUR	Other currencies	Total
Assets								
Investments in subsidiaries, associates and participation in joint ventures	80,275	-	1,378	81,653	69,995	-	1,408	71,403
Held-to-maturity investments	792,185	1,477,822	45,475	2,315,482	831,843	1,649,246	5,830	2,486,919
Available-for-sale financial assets	695,844	1,106,790	199,887	2,002,521	438,202	683,742	135,416	1,257,360
Financial assets at fair value through profit or loss	52,620	137,180	24,197	213,997	314,665	117,431	8,171	440,266
Loans and receivables	1,014,259	878,922	169,630	2,062,811	1,094,397	873,523	173,484	2,141,404
Reinsurance share in technical provisions	86,253	43,573	33,848	163,674	23,716	6,224	114,912	144,852
Insurance contract and other receivables	926,514	24,944	53,045	1,004,503	868,174	33,407	70,024	971,605
Cash and cash equivalents	52,392	52,763	31,001	136,156	130,211	13,004	22,163	165,378
Total assets	3,700,342	3,721,994	558,461	7,980,797	3,771,203	3,376,577	531,408	7,679,188
Liabilities								
Technical provisions	3,415,780	2,663,237	637,125	6,716,142	3,431,782	2,431,817	626,849	6,490,448
Provisions	125,043	-	3,845	128,888	260,686	-	447	261,133
Financial liabilities	-	1,569	160	1,729	31,208	298	21	31,527
Insurance contract and other liabilities and deferred income	518,994	37,363	55,360	611,717	472,401	11,610	39,787	523,798
Total liabilities	4,059,817	2,702,169	696,490	7,458,476	4,196,077	2,443,725	667,104	7,306,906
Currency gap	(359,475)	1,019,825	(138,029)	522,321	(424,874)	932,852	(135,696)	372,282

b) Interest rate risk:

Interest rate risk is the risk of fluctuations in the fair value or cash flows under financial instruments due to changes in market interest rates. The Group is exposed to interest rate risk based on financial instruments whose value is sensitive to changes in interest rates.

Changes in interest rates do not affect the level of technical provisions for non-life insurance, while mathematical provision for life insurance are discounted using a technical interest rate of a particular product or the maximum interest rate prescribed by HANFA, which can not be higher than the weighted average rate of return on the asset covering mathematical provisions in the last three years.

The Group monitors this exposure through periodic reviews of its assets and liabilities. The Group seeks to match any future receipts from these assets with its insurance liabilities by purchasing debt securities. However, due to the significantly shorter duration of bonds in relation to the life of liabilities under life insurance, the Group is exposed to interest rate risk.

An analysis of the sensitivity of financial assets to changes in market interest rates is presented below:

Company	2015		2014	
	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
Change in interest rate by +/- 100 bps	271	67,583	4,181	34,955

Group	2015		2014	
	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
Change in interest rate by +/- 100 bps	1,729	79,201	6,366	10,056

c) Other price risks

Equity securities risk is caused by the fluctuation of fair value or cash flows under financial instruments due to changes in market prices (which are not the result of interest rate risk or currency risk), regardless of whether this involves changes caused by factors inherent 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 of any individual company is monitored and limited by legal requirements and adopted limits.

The Group assesses, or measures, and controls the exposure to market risk by monitoring exposure to investments, establishing the limits and authorisations for investments, and through a series of statistical and other quantitative risk measures.

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

The analysis of price risks:

Company	2015		2014	
	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
Change in price by +/- 3%	779	8,522	5,999	9,715
Change in price by +/- 5%	1,298	14,204	9,999	16,191

Group	2015		2014	
	Impact on profit/loss after tax	Impact on other comprehensive income	Impact on profit/loss after tax	Impact on comprehensive income
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Change in price by +/- 3%	2,081	8,802	11,497	36,243
Change in price by +/- 5%	3,468	14,670	19,162	60,405

Credit risk

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

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

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

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

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

Credit risk exposure

Credit risk exposure	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in debt securities	3,455,056	3,039,763	4,138,751	3,551,509
Investments in bank deposits	1,361,856	1,447,677	1,771,683	1,869,905
Loans	299,666	228,005	291,128	271,499
Reinsurance share in technical provisions	306,769	339,416	163,674	144,852
Insurance contract and other receivables	799,626	756,026	1,004,503	971,605
Cash and cash equivalents	58,360	101,175	136,156	165,378
	6,281,333	5,912,062	7,505,895	6,974,748

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

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Republic of Croatia bonds	3,145,341	2,816,293	3,518,654	3,396,036
Bonds of other state institutions	182,110	114,286	182,110	82,019
Treasury bills	45,263	9,920	45,263	69,834
Undue interest on bonds	68,606	62,883	75,645	73,839
Other receivables	30,179	30,945	41,856	33,946
	3,471,499	3,034,327	3,863,528	3,655,674

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

	Company		Rating 2015			Rating 2014		
	31 Dec. 2015	31 Dec. 2014	S&P	Moody's	Fitch	S&P	Moody's	Fitch
	in HRK'000	in HRK'000						
Held-to-maturity investments	2,085,668	2,243,583						
Croatian Ministry of Finance	1,931,998	2,051,749	BB	Ba1	BB	BB	Ba1	BB
Croatian Bank for Reconstruction and Development (HBOR)	111,505	109,932	BB	Ba1	-	BB	Ba1	-
Unrated	42,165	81,901		Unrated			Unrated	
Available-for-sale financial assets	1,324,125	710,700						
Croatian Ministry of Finance	1,211,170	688,984	BB	Ba1	BB	BB	Ba1	BB
Croatian Bank for Reconstruction and Development (HBOR)	70,604	-	BB	Ba1	-			
Rated companies	14,119	-	BB-	Ba2	-			
Unrated	28,232	21,716		Unrated			Unrated	
Financial assets at fair value through profit or loss	45,263	85,480						
Croatian Ministry of Finance	45,263	85,480	BB	Ba1	BB	BB	Ba1	BB
Loans and receivables	1,661,522	1,675,682						
Rated banks	635,236	619,047	BB	-	BBB-	BB	-	BBB-
Rated companies	100,000	60,000	B	B2	-	BB	B2	BBB-
Unrated	926,286	996,635		Unrated			Unrated	
Reinsurance share in technical provisions	306,769	339,416						
Rated reinsurers	4,323	-	A-					
	10,237	-	A					
	28,557	-	A+					
	11,791	-	AA-					
Reinsurers with a rating of other agencies	12,790	-						
Unrated	239,071	339,416		Unrated			Unrated	
Insurance contract and other receivables	799,626	756,026		Unrated			Unrated	
Cash and cash equivalents	58,360	101,175						
Rated banks	84	77	BB	-	BBB-	BB	-	BBB-
Other banks part of respectable EU banking groups	58,276	101,102		Unrated			Unrated	
	6,281,333	5,912,062						

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

	Group		Rating 2015			Rating 2014		
	31 Dec. 2015	31 Dec. 2014	S&P	Moody's	Fitch	S&P	Moody's	Fitch
	in HRK'000	in HRK'000						
<i>Held-to-maturity investments</i>	2,315,482	2,486,919						
Croatian Ministry of Finance	1,992,859	2,153,944	BB	BA1	BB	BB	BA1	BB
Croatian Bank for Reconstruction and Development (HBOR)	111,505	109,932	BB	BA1	-	BB	BA1	-
Macedonian Ministry of Finance	94,686	94,657	BB-	-	BB+	-	-	-
Republic of Bosna and Herzegovina	78	118	B	B3	B-	B-	B3	B-
Serbian Ministry of Finance	74,188	46,367	BB-	B1	B+	BB-	B1	B+
Unrated	42,166	81,901	-	-	-	-	-	-
<i>Available-for-sale financial assets</i>	1,712,564	929,024						
Croatian Ministry of Finance	1,535,562	875,800	BB	BA1	BB	BB	BA1	BB
Croatian Bank for Reconstruction and Development (HBOR)	70,604	-	BB	BA1	-	-	-	-
Rated companies	14,119	-	BB-	BA2	-	-	-	-
Macedonian Ministry of Finance	60,464	30,556	BB-	-	BB+	BB-	-	BB+
Unrated	31,815	22,668	-	-	-	-	-	-
<i>Financial assets at fair value through profit or loss</i>	110,705	135,566						
Croatian Ministry of Finance	45,263	85,565	BB	BA1	BB	BB	BA1	BB
Serbian Ministry of Finance	65,442	50,001	BB-	B1	B+	BB-	B1	B+
Unrated	-	-	-	-	-	-	-	-
<i>Loans and receivables</i>	2,062,811	2,141,404						
Rated banks	636,236	635,902	BB	-	BBB-	BB	-	BBB-
Rated banks	191,377	-	B	B3	B-	-	-	-
Rated banks	23,181	-	BB+	-	-	-	-	-
Rated companies	100,000	60,000	B	B2	-	BB	B2	BBB-
Other banks and financial institutions	26,182	142,133	BB-	-	BB+	B-	B3	B-
Unrated	1,085,835	1,303,369	-	-	-	-	-	-
<i>Reinsurance share in technical provisions</i>	163,674	144,852						
Rated reinsurers	10,237	50,552	A	-	-	A	-	-
	4,323	14,129	A-	-	-	A-	-	-
	28,557	42,791	A+	-	-	A+	-	-
	-	900	A++	-	-	A++	-	-
	11,791	22,982	AA-	-	-	AA-	-	-
	9,055	-	B	B3	B-	-	-	-
	417	438	BB+	-	-	B++	-	-
Reinsurers with a rating of other agencies	12,790	-	-	-	-	-	-	-
Unrated	86,504	13,060	-	-	-	-	-	-
<i>Insurance contract and other receivables</i>	1,004,503	971,605						
		2,693	-	-	-	A	-	-
		2,014	-	-	-	A-	-	-
		12,994	-	-	-	A+	-	-
		1,271	-	-	-	AA	-	-
		3,983	-	-	-	AA-	-	-
		5,712	-	-	-	AA+	-	-
		48	-	-	-	B++	-	-
		6,231	-	-	-	BBB+	-	-
	1,004,503	936,659		Unrated			Unrated	
<i>Cash and cash equivalents</i>	136,156	165,378						
Rated banks	1,491	77	BB	-	BBB-	BB	-	BBB-
	8,352	-	B	-	B-	-	-	-
	689	-	A	-	-	-	-	-
	15,123	-	BBB-	-	-	-	-	-
	2,021	-	BB	-	-	-	-	-
Other banks part of respectable EU banking groups	108,480	165,301		Unrated			Unrated	
	7,505,895	6,974,748						

Liquidity risk

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

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

Notes 19.5 and 19.6 disclose the maturity analysis of assets covering provisions at the reporting date. Note 25.7 discloses the maturity analysis of provisions for insurance contracts of the Company.

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

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

Company in HRK'000	31 December 2015						31 December 2014					
	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	421,416	421,416	-	-	-	-	421,371	421,371
Held-to-maturity investments	146,432	599,093	547,456	754,191	38,496	2,085,668	240,262	421,700	596,775	984,846	-	2,243,583
Available-for-sale financial assets		259,159	629,272	675,338	44,428	1,608,197	3,620	211,762	487,129	332,013	-	1,034,523
Financial assets at fair value through profit or loss	58,275	5,244	9,145	33,039	102	105,805	192,634	32,801	11,156	54,007	176	290,774
Loans and receivables	488,613	1,153,487	19,422	-	-	1,661,522	965,342	367,905	342,435	-	-	1,675,682
Reinsurance share in technical provisions	92,216	57,339	29,104	39,062	89,048	306,769	136,097	69,321	33,580	65,237	35,181	339,416
Insurance and other receivables	799,626	-	-	-	-	799,626	756,026	-	-	-	-	756,026
Cash and cash equivalents	58,360	-	-	-	-	58,360	101,175	-	-	-	-	101,175
Total	1,643,522	2,074,322	1,234,399	1,501,630	593,490	7,047,363	2,395,156	1,103,489	1,471,075	1,436,103	456,728	6,862,551
Liabilities												
Technical provisions	1,653,877	1,107,657	864,130	1,026,156	1,184,086	5,835,906	1,760,370	1,053,893	810,230	1,075,160	988,188	5,687,841
Provisions	46,803	39,193	5,406	8,872	7,236	107,510	104,398	33,287	32,198	58,079	20,529	248,491
Insurance contract and other liabilities and deferred income	506,014	11,952	6,092	6,677	6,502	537,237	388,748	13,843	8,686	11,314	5,976	428,567
Total	2,206,694	1,158,802	875,628	1,041,705	1,197,824	6,480,653	2,253,516	1,101,023	851,114	1,144,553	1,014,693	6,364,899
Maturity gap	(563,172)	915,520	358,771	459,925	(604,334)	566,710	141,640	2,466	619,961	291,550	(557,965)	497,652

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

Group in HRK'000	31 December 2015						31 December 2014					
	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total	Up to 1 year	1-3 years	3-5 years	5-10 years	10 and more years	Total
Assets												
Investments in subsidiaries, associates and participation in joint ventures	-	-	-	-	81,653	81,653	-	-	-	-	71,403	71,403
Held-to-maturity investments	238,283	657,959	602,497	778,246	38,497	2,315,482	305,211	481,566	688,240	1,011,902	-	2,486,919
Available-for-sale financial assets	3,270	446,425	699,914	789,321	63,591	2,002,521	12,007	348,431	532,461	364,390	71	1,257,360
Financial assets at fair value through profit or loss	100,844	59,232	20,780	33,039	102	213,997	297,949	65,546	22,589	54,007	176	440,267
Loans and receivables	639,324	1,286,268	136,514	705	-	2,062,811	1,209,975	448,833	470,964	3,628	8,004	2,141,404
Reinsurance share in technical provisions	55,618	41,437	16,697	22,250	27,672	163,674	54,746	42,188	13,020	25,755	9,143	144,852
Insurance and other receivables	999,304	2,964	868	5	1,362	1,004,503	967,562	2,611	771	661	-	971,605
Cash and cash equivalents	136,156	-	-	-	-	136,156	165,378	-	-	-	-	165,378
Total	2,172,799	2,494,285	1,477,270	1,623,566	212,877	7,980,797	3,012,828	1,389,175	1,728,045	1,460,343	88,797	7,679,188
Liabilities												
Technical provisions	2,110,747	1,223,115	970,128	1,146,351	1,265,801	6,716,142	2,348,187	1,023,696	876,437	1,189,194	1,052,934	6,490,448
Provisions	54,776	47,137	6,394	11,111	9,470	128,888	189,534	35,876	10,289	18,036	7,398	261,133
Financial liabilities	903	665	161	-	-	1,729	4,306	6,385	20,836	-	-	31,527
Insurance contract and other liabilities and deferred income	577,187	12,779	6,919	7,504	7,328	611,717	483,979	13,843	8,686	11,314	5,976	523,798
Total	2,743,613	1,283,696	983,602	1,164,966	1,282,599	7,458,476	3,026,006	1,079,800	916,248	1,218,544	1,066,308	7,306,906
Maturity gap	(570,814)	1,210,589	493,668	458,600	(1,069,722)	522,321	(13,178)	309,375	811,797	241,799	(977,511)	372,282

Fair value

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

Company	31 December 2015			31 December 2014		
	Net book		Difference	Net book		Difference
	value	Fair value		value	Fair value	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Debt securities	2,085,668	2,296,257	210,589	2,243,583	2,443,623	200,040
Loans	299,666	299,666	-	228,005	228,005	-
Deposits	1,361,856	1,361,856	-	1,447,677	1,447,677	-
	3,747,190	3,957,779	210,589	3,919,265	4,119,305	200,040

Group	31 December 2015			31 December 2014		
	Net book		Difference	Net book		Difference
	value	Fair value		value	Fair value	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Debt securities	2,315,482	2,510,657	195,175	2,486,919	2,693,433	206,514
Loans	291,128	291,128	-	271,499	271,499	-
Deposits	1,771,683	1,771,683	-	1,869,905	1,869,905	-
	4,378,293	4,573,468	195,175	4,628,323	4,834,837	206,514

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 reflects the significance of inputs used in the assessment process. Each instrument is assessed individually and in detail. The levels of the fair value hierarchy are determined on the basis of the lowest level and the input data that are important for determining the fair value of the instrument.

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2015.

The Company's assets measured at fair value as at 31 December 2015 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Business property	-	-	700,869	700,869
Investment property	-	-	479,755	479,755
Equity securities	250,213	-	7,245	257,458
Debt securities	1,261,008	57,162	5,955	1,324,125
Investment funds	22,462	-	4,152	26,614
Available-for-sale financial assets	1,533,683	57,162	17,352	1,608,197
Equity securities	12,953	-	-	12,953
Debt securities	-	45,263	-	45,263
Investment funds	47,589	-	-	47,589
Financial assets at fair value through profit or loss	60,542	45,263	-	105,805
Total assets at fair value	1,594,225	102,425	1,197,976	2,894,626

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

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Business property	-	-	716,241	716,241
Investment property	-	-	514,715	514,715
Equity securities	295,162	-	4,759	299,921
Debt securities	710,700	-	-	710,700
Investment funds	-	-	23,902	23,902
Available-for-sale financial assets	1,005,862	-	28,661	1,034,523
Equity securities	14,722	-	-	14,722
Debt securities	85,480	-	-	85,480
Investment funds	190,573	-	-	190,573
Financial assets at fair value through profit or loss	290,775	-	-	290,775
Total assets at fair value	1,296,636	-	1,259,615	2,556,251

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

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

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

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

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The Group's assets measured at fair value as at 31 December 2015 are presented as follows:

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Business property	-	-	888,265	888,265
Investment property	-	-	718,459	718,459
Equity securities	252,772	72	7,880	260,724
Debt securities	1,617,900	88,709	5,955	1,712,564
Investment funds	25,081	-	4,152	29,233
Available-for-sale financial assets	1,895,753	88,781	17,987	2,002,521
Equity securities	13,133	-	-	13,133
Debt securities	65,442	45,263	-	110,705
Investment funds	89,182	977	-	90,159
Financial assets at fair value through profit or loss	167,757	46,240	-	213,997
Total assets at fair value	2,063,510	135,021	1,624,711	3,823,242

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

	Level 1 in HRK'000	Level 2 in HRK'000	Level 3 in HRK'000	Total in HRK'000
Business property	-	-	905,676	905,676
Investment property	-	-	751,402	751,402
Equity securities	302,187	-	2,246	304,433
Debt securities	929,024	-	-	929,024
Investment funds	-	-	23,902	29,216
Available-for-sale financial assets	1,231,211	-	26,148	1,262,670
Equity securities	19,574	-	-	19,574
Debt securities	135,566	-	-	135,566
Investment funds	285,126	-	-	285,126
Financial assets at fair value through profit or loss	440,269	-	-	440,269
Total assets at fair value	1,671,480	-	1,683,226	3,354,706

Fair value of property

An independent valuation of the Group's property was performed by external appraisers to determine its fair value as at 31 December 2015 and 2014.

The estimation of fair value of business property was carried out by external appraisers in 2014.

Valuation techniques used to derive level 3 fair values

Fair values of investment property have been derived primarily by using comparative and income approaches, and sometimes because of the lack of information on market parameters by using the cost method, depending on the relevant asset.

The fair values of property for own use have been derived primarily by using the income approach.

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

Information on fair value measurement of investment property by applying significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015	Fair value at 31 December 2014	Valuation techniques	Unobservable inputs	The range of invisible inputs	
					2015	2014
Group	479,755	514,715	Income approach	Capitalization rate	7.5%-9.8%	7.5%-10%
				Discount rate	8%-10%	6%-11%
			Cost approach	Unit price of construction per m2 (HRK)	395-11,590	430-2,765
			Comparative approach	Average price per m2 (HRK)	1-15,000	1-16,765
Other companies in the Group	238,704	236,687	Income approach	Capitalization rate	6.5%-11%	8%-11%
				Discount rate	10%	8%-9.5%
			Comparative approach	Average price per m2 (HRK)	1,125-21,700	1,125-23,000
Total	718,459	751,402				

A significant increase (decrease) in the estimated capitalization rate, unit prices of construction and the average price per m2, with all other variables held constant, would lead to a significant increase (decrease) in the fair value of investment property. A significant increase (decrease) of the discount rate, with all other variables held constant, would lead to a significant decrease (increase) in the fair value of investment property.

There is no significant interrelationship between unobservable inputs used in the estimates that would have a significant effect on the fair value.

2.38. Capital risk management

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

- Compliance with laws and by-laws, regulations and instructions of the regulatory body governing capital management
- Ensuring that the Company continues as a going concern
- Facilitating the generation of profit for further investment in the development of the Company

The Company complies with laws and by-laws that regulate capital, regulatory capital, capital adequacy and solvency margin.

As at 31 December 2015 and 31 December 2014, regulatory capital of the Company was higher than the minimum sharecapital required by Article 19 of the Insurance Act, as well as than the solvency margin calculated in accordance with Article 98 of the Insurance Act, as shown in the following table:

	31 December 2015		31 December 2014	
	Life	Non-life	Life	Non-life
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Core capital				
Share capital	44,289	545,037	44,289	545,037
Reserve	83,803	993,214	83,803	1,110,686
Retained earnings	15,303	1,423	19,759	290,918
Intangible assets	-	(14,334)	-	(10,828)
Accumulated loss and loss for the year	-	-	(4,456)	(408,389)
	143,395	1,525,341	143,395	1,527,423
Supplementary capital				
Preference shares	-	12,250	-	12,250
Mathematical provision differences	6,863	-	8,098	-
Fair value reserve	-	-	-	-
	6,863	12,250	8,098	12,250
Regulatory capital (RC)	150,259	1,537,591	151,493	1,539,673
Deductible items				
Shares in associates	-	(345,389)	-	(323,229)
Investments in subordinate instruments	-	-	-	-
Non-liquid assets	-	(8,642)	-	(28,257)
	-	(354,030)	-	(351,486)
Capital	150,259	1,183,560	151,493	1,188,187
Solvency margin	102,320	342,692	94,106	343,743
Minimum equity	28,860	28,860	28,860	28,860
RC >= min. equity	Yes	Yes	Yes	Yes
Capital >= Solvency margin	Yes	Yes	Yes	Yes

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

3. Segment reporting

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

	2015	2015	2015	2014	2014	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Gross written premiums	1,787,938	513,508	2,301,445	1,862,713	366,589	2,229,302
Premiums ceded to reinsurance	(258,388)	(397)	(258,784)	(309,801)	(247)	(310,048)
Written premiums, net of reinsurance	1,529,550	513,111	2,042,661	1,552,912	366,342	1,919,254
Change in gross provisions for unearned premiums	23,177	(1,115)	22,062	122,509	145	122,654
Change in provisions for unearned premiums, reinsurance share	(8,266)	-	(8,266)	(7,784)	(1)	(7,785)
Earned premiums, net of reinsurance	1,544,461	511,995	2,056,457	1,667,637	366,486	2,034,123
Commission and fee income	33,311	16	33,328	22,442	8	22,450
Finance income	236,971	119,047	356,018	215,238	120,886	336,124
Other operating income	55,811	116	55,927	68,237	554	68,791
Net operating income	1,870,555	631,175	2,501,730	1,973,554	487,934	2,461,488
Claims incurred	(1,010,700)	(492,773)	(1,503,473)	(1,198,228)	(375,176)	(1,573,404)
Reinsurance share in claims incurred	79,715	(49)	79,665	168,242	34	168,276
Claims incurred, net of reinsurance	(930,985)	(492,822)	(1,423,808)	(1,029,986)	(375,142)	(1,405,128)
Acquisition costs	(323,351)	(55,523)	(378,874)	(331,853)	(36,840)	(368,693)
Administrative expenses	(382,591)	(51,325)	(433,916)	(639,234)	(78,061)	(717,295)
Other operating expenses	(38,793)	(339)	(39,132)	(169,444)	(717)	(170,161)
Finance costs	(131,737)	(27,209)	(158,946)	(310,961)	(2,672)	(313,633)
Profit/(loss) before tax	63,098	3,956	67,054	(507,924)	(5,498)	(513,422)
Income tax	(18,305)	(1,978)	(20,283)	99,535	1,042	100,577
Profit/(loss) for the year	44,793	1,978	46,771	(408,389)	(4,456)	(412,845)

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

	31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014
	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	14,334	-	14,334	10,828	-	10,828
Property and equipment	732,191	-	732,191	738,333	-	738,333
Investment property	479,755	-	479,755	514,715	-	514,715
Investments in subsidiaries, associates and participation in joint ventures	421,416	-	421,416	421,371	-	421,371
Held-to-maturity investments	875,848	1,209,820	2,085,668	848,512	1,395,070	2,243,583
Available-for-sale financial assets	863,224	744,974	1,608,197	701,409	333,114	1,034,523
Financial assets at fair value through profit or loss	12,953	92,853	105,805	176,374	114,400	290,774
Loans and receivables	1,257,630	403,892	1,661,522	1,272,190	403,492	1,675,682
Reinsurance share in technical provisions	306,498	271	306,769	339,095	321	339,416
Deferred tax assets	91,823	-	91,823	104,249	-	104,249
Insurance contract and other receivables	769,059	46,260	815,319	735,620	40,215	776,605
Cash and cash equivalents	31,448	26,912	58,360	70,799	30,376	101,175
Total assets	5,856,179	2,524,982	8,381,161	5,933,496	2,316,988	8,250,483
Equity						
Share capital	557,287	44,289	601,576	557,287	44,289	601,576
Share premium	681,483	-	681,483	681,483	-	681,483
Reserves	311,732	83,803	395,535	429,203	83,803	513,007
Fair value reserve	137,674	4,296	141,970	161,183	10,398	171,581
Retained earnings	46,216	17,281	63,496	(117,472)	15,303	(102,169)
Total equity	1,734,391	149,669	1,884,060	1,711,685	153,793	1,865,478
Liabilities						
Technical provisions	3,501,107	2,334,799	5,835,906	3,580,384	2,107,457	5,687,841
Provisions	94,753	12,757	107,510	221,280	27,211	248,491
Deferred tax liability	-	752	752	-	299	299
Financial liabilities	-	-	-	-	-	-
Insurance contract and other liabilities and deferred income	525,928	27,005	552,933	420,148	28,227	448,375
Total liabilities	4,121,788	2,375,313	6,497,101	4,221,811	2,163,195	6,385,006
Total capital, reserves and liabilities	5,856,179	2,524,982	8,381,161	5,933,496	2,316,988	8,250,484

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Notes to financial statements for the year ended 31 December 2015

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

	2015	2015	2015	2014	2014	2014
	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	2,357,701	601,917	2,959,619	2,371,413	439,979	2,811,392
Premiums ceded to reinsurance	(278,468)	(397)	(278,865)	(272,259)	(477)	(272,736)
Written premiums, net of reinsurance	2,079,233	601,521	2,680,754	2,099,154	439,502	2,538,656
Change in gross provisions for unearned premiums	(2,413)	(1,296)	(3,709)	76,888	89	76,977
Change in provisions for unearned premiums, reinsurance share	10,225	75	10,300	(12,054)	(11)	(12,065)
Earned premiums, net of reinsurance	2,087,045	600,300	2,687,345	2,163,988	439,580	2,603,568
Commission and fee income	37,154	16	37,170	35,888	8	35,896
Finance income	323,415	131,078	454,493	288,051	134,593	422,644
Other operating income	155,047	302	155,349	158,869	716	159,585
Net operating income	2,602,661	731,696	3,334,357	2,646,796	574,897	3,221,693
Claims incurred	(1,317,243)	(560,955)	(1,878,197)	(1,466,224)	(432,263)	(1,898,487)
Reinsurance share in claims incurred	81,677	(49)	81,628	114,472	34	114,506
Claims incurred, net of reinsurance	(1,235,565)	(561,004)	(1,796,569)	(1,351,752)	(432,229)	(1,783,981)
Acquisition costs	(422,469)	(72,953)	(495,423)	(435,042)	(51,580)	(486,622)
Administrative expenses	(618,153)	(58,808)	(676,961)	(836,397)	(86,552)	(922,949)
Other operating expenses	(73,365)	(654)	(74,019)	(211,579)	(1,172)	(212,751)
Finance costs	(121,484)	(28,618)	(150,101)	(367,081)	(4,889)	(371,970)
Profit/(loss) before tax	131,624	9,659	141,284	(555,055)	(1,525)	(556,580)
Income tax	(28,810)	(2,722)	(31,533)	90,455	433	90,888
Profit/(loss) for the year	102,814	6,937	109,751	(464,600)	(1,092)	(465,692)

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

	31 Dec. 2015	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014
	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	25,303	207	25,509	44,729	239	44,968
Property and equipment	926,001	17,579	943,580	957,869	18,151	976,020
Investment property	717,420	1,038	718,459	750,352	1,050	751,402
Investments in subsidiaries, associates and participation in joint ventures	81,653	-	81,653	71,403	-	71,403
Held-to-maturity investments	1,031,382	1,284,100	2,315,482	1,021,039	1,465,880	2,486,919
Available-for-sale financial assets	1,197,084	805,438	2,002,521	893,690	363,670	1,257,360
Financial assets at fair value through profit or loss	115,056	98,941	213,997	325,444	114,822	440,266
Loans and receivables	1,532,882	529,929	2,062,811	1,604,049	537,355	2,141,404
Reinsurance share in technical provisions	163,322	352	163,674	144,526	326	144,852
Deferred tax assets	105,879	-	105,879	118,490	-	118,490
Insurance contract and other receivables	1,008,282	70,799	1,079,081	925,958	45,647	971,605
Cash and cash equivalents	106,866	29,291	136,156	131,366	34,012	165,378
Total assets	7,011,130	2,837,674	9,848,804	6,988,915	2,581,152	9,570,067
Equity						
Share capital	557,287	44,289	601,576	557,287	44,289	601,576
Share premium	681,483	-	681,483	681,483	-	681,483
Reserves	311,732	83,803	395,535	430,942	83,804	514,746
Fair value reserve	193,979	5,478	199,457	235,090	11,713	246,803
Retained earnings	358,810	39,685	398,494	123,349	28,214	151,563
Equity attributable to owners of the parent	2,103,290	173,255	2,276,545	2,028,151	168,020	2,196,171
Non-controlling interest	12,969	1,628	14,597	26,971	8,102	35,073
Total equity	2,116,260	174,882	2,291,142	2,055,122	176,122	2,231,244
Liabilities						
Technical provisions	4,137,931	2,578,211	6,716,142	4,175,082	2,315,366	6,490,448
Provisions	116,107	12,781	128,888	233,910	27,223	261,133
Deferred tax liability	23,776	830	24,607	31,618	299	31,917
Financial liabilities	1,555	174	1,729	31,229	298	31,527
Insurance contract and other liabilities and deferred income	615,500	70,796	686,296	461,954	61,844	523,798
Total liabilities	4,894,870	2,662,792	7,557,661	4,933,793	2,405,030	7,338,823
Total equity and liabilities	7,011,130	2,837,674	9,848,804	6,988,915	2,581,152	9,570,067

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

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

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

The main products offered by the reportable business segments include:

Non-life:

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

Life:

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

Geographical segments

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

4. Premiums

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Gross written premiums	2,307,929	2,279,905	2,968,220	2,869,266
Impairment and collected amounts previously impaired	(6,484)	(50,603)	(8,601)	(57,874)
Gross written premiums	2,301,445	2,229,302	2,959,619	2,811,392
Domestic reinsurance premium	(20,010)	(283,239)	(412)	-
Foreign reinsurance premium	(237,168)	(26,808)	(276,646)	(272,735)
Domestic coinsurance premium	(1,606)	-	(1,804)	-
Foreign coinsurance premium	-	-	(3)	-
Premiums ceded to reinsurance	(258,784)	(310,048)	(278,865)	(272,735)
Written premiums, net of reinsurance	2,042,661	1,919,254	2,680,754	2,538,656
Gross provisions for unearned premiums	22,062	122,654	(3,709)	76,977
Provisions for unearned premiums, reinsurance share	(8,488)	(7,785)	10,894	(12,065)
Provision for unearned premiums, coinsurance share	222	-	(594)	-
Change in provisions for unearned premiums	13,796	114,869	6,591	64,912
Earned premiums, net of reinsurance	2,056,457	2,034,123	2,687,345	2,603,568
	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Gross written premiums	513,508	366,589	601,918	439,979
Domestic reinsurance premium	(136)	(247)	(136)	-
Foreign reinsurance premium	(261)	-	(261)	(477)
Premiums ceded to reinsurance	(397)	(247)	(397)	(477)
Written premiums, net of reinsurance	513,111	366,342	601,521	439,501
Gross provisions for unearned premiums	(1,115)	145	(1,296)	89
Provisions for unearned premiums, reinsurance share	-	-	75	(11)
Change in provisions for unearned premiums	(1,115)	145	(1,221)	78
Earned premiums, net of reinsurance	511,996	366,486	600,300	439,579

	Company		Group	
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Gross written premiums	1,794,421	1,913,317	2,366,302	2,429,287
Impairment and collected amounts previously impaired	(6,484)	(50,603)	(8,601)	(57,874)
Gross written premium	1,787,937	1,862,713	2,357,701	2,371,413
Domestic reinsurance premium	(19,874)	(282,992)	(276)	-
Foreign reinsurance premium	(236,907)	(26,808)	(276,385)	(272,258)
Domestic coinsurance premium	(1,606)	-	(1,804)	-
Foreign coinsurance premium	-	-	(3)	-
Premiums ceded to reinsurance	(258,387)	(309,801)	(278,468)	(272,258)
Written premiums, net of reinsurance	1,529,550	1,552,912	2,079,233	2,099,155
Gross provision for unearned premiums	23,177	122,508	(2,413)	76,887
Provisions for unearned premiums, reinsurance share	(8,488)	(7,784)	10,819	(12,053)
Provisions for unearned premiums, coinsurance share	222	-	(594)	-
Change in provisions for unearned premiums	14,911	114,724	7,812	64,834
Earned premiums, net of reinsurance	1,544,461	1,667,636	2,087,045	2,163,989

5. Commission and fee income

Commission and fee income in the amount of HRK 33,328 thousand (2014: HRK 22,450 thousand) for the Company, and HRK 37,170 thousand (2014.: HRK 35,896 thousand) for the Group, relates to commissions from reinsurance companies under reinsurance contracts.

6. Finance income

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Interest income	232,579	214,785	267,771	250,077
Dividend income	17,577	26,624	21,310	16,620
Income from investment property	38,546	55,116	76,098	87,074
Foreign exchange gains	20,970	16,750	34,929	32,100
Realised gains from financial assets	13,655	5,574	14,918	10,444
Unrealised gains from financial assets at fair value through profit or loss	1,117	10,925	3,103	11,119
Collection of amounts previously impaired	23,939	3,400	27,120	6,416
Other income	7,635	2,951	9,244	8,794
	356,018	336,124	454,493	422,644

6.1. Interest income

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Interest income</i>				
Held-to-maturity investments	120,916	128,414	130,897	136,917
Available-for-sale financial assets	41,064	16,842	52,954	20,909
Investments at fair value through P&L	535	6,655	1,477	6,655
Deposits	48,022	36,907	60,523	57,158
Loans and other placements	22,042	25,967	21,920	28,437
	232,579	214,785	267,771	250,077

6.2. Income from investment property

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Income from investment property</i>				
Rental income	24,949	25,657	53,767	54,908
Income from increase in the value of land and buildings (Note 17)	13,597	29,406	22,331	32,113
Income from sale of land and buildings	-	53	-	53
	38,546	55,116	76,098	87,074

6.3. Realised gains from financial assets

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Realised gains from financial assets				
Financial assets at fair value through profit and loss	3,701	5,163	6,662	9,188
Financial assets available for sale	6,569	411	8,256	1,256
Investments in subsidiaries (Note 18)	3,385	-	-	-
	13,655	5,574	14,918	10,444

6.4. Foreign exchange gains

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Foreign exchange gains				
Held-to-maturity investments	9	4,787	4,457	6,761
Available-for-sale financial assets	8,588	2,908	13,966	12,717
Investments at fair value through profit or loss	-	485	-	619
Deposits	6,248	5,194	7,872	7,116
Loans	1,742	1,299	1,953	1,097
Foreign currency accounts	4,383	2,075	6,667	3,354
Other	-	2	14	438
	20,970	16,750	34,929	32,100

7. Other operating income

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Income from written off liabilities and collected receivables written off	1,429	4,805	1,796	12,806
Income from guarantee fund	929	12,555	929	12,555
Income from penalty interest	6,390	7,068	6,390	7,068
Income from claims incurred abroad	5,227	4,176	6,147	4,804
Revenue from service assessments	3,755	3,925	3,811	4,193
Income from reversal of long-term provisions (Note 26)	3,394	-	4,105	-
Income from fees for border security	246	310	246	3,684
Revenue from the sale of tangible assets	57	49	232	398
Revenue from court settlement with the Republic of Croatia	20,384	-	20,384	-
Other income - insurance	14,116	35,903	33,207	38,970
Income from motor vehicle examination	-	-	62,421	57,018
Revenue from the provision of clinical medical services	-	-	12,893	12,786
Other income - non-insurance business	-	-	2,788	5,303
	55,927	68,791	155,349	159,585

8. Claims incurred, net of reinsurance

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Claims incurred	1,503,473	1,573,404	1,878,197	1,898,487
Reinsurance and coinsurance share in claims incurred	(79,665)	(168,276)	(81,628)	(114,506)
	1,423,808	1,405,128	1,796,569	1,783,981
	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
TOTAL LIFE AND NON-LIFE				
Expenditure for insured events, net	1,226,061	1,243,793	1,568,164	1,615,228
Settled claims	1,229,460	1,255,321	1,580,743	1,581,742
<i>Gross amount</i>	1,333,506	1,403,381	1,653,239	1,672,166
<i>Coinsurance share</i>	(1,770)	-	(1,765)	-
<i>Reinsurance share</i>	(102,276)	(148,061)	(70,731)	(90,383)
Change in claims provisions	(3,399)	(11,527)	(12,579)	32,112
<i>Gross amount</i>	(27,731)	8,654	(3,398)	56,160
<i>Coinsurance share</i>	(532)	-	(532)	-
<i>Reinsurance share</i>	24,864	(20,181)	(8,650)	(24,048)
Change in mathematical provision and other technical provisions, net of reinsurance	168,636	165,877	199,294	174,669
Change in mathematical provisions for insurance	194,557	116,549	229,951	143,919
<i>Gross amount</i>	194,508	116,583	229,901	143,953
<i>Reinsurance share</i>	49	(34)	49	(34)
Change in other technical provisions, net of reinsurance	(25,921)	49,328	(30,656)	30,750
Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance	29,111	(4,542)	29,111	(4,542)
Gross amount	1,503,473	1,573,404	1,878,197	1,898,487
Reinsurance and coinsurance share	(79,665)	(168,276)	(81,628)	(114,506)

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	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
NON-LIFE				
Expenditure for insured events, net	956,906	980,659	1,266,222	1,321,002
Settled claims	962,754	992,572	1,281,417	1,289,894
<i>Gross amount</i>	1,066,800	1,140,633	1,353,913	1,380,318
<i>Coinsurance share</i>	(1,770)	-	(1,765)	(41)
<i>Reinsurance share</i>	(102,276)	(148,061)	(70,731)	(90,383)
Change in claims provisions	(5,848)	(11,913)	(15,195)	31,109
<i>Gross amount</i>	(30,179)	8,268	(6,014)	55,157
<i>Coinsurance share</i>	(532)	-	(532)	-
<i>Reinsurance share</i>	24,864	(20,181)	(8,650)	(24,048)
Change in mathematical provision and other technical provisions, net of reinsurance	(25,921)	49,328	(30,656)	30,750
<i>Gross amount</i>	(25,921)	49,328	(30,656)	30,750
Gross amount	1,010,700	1,198,228	1,317,243	1,466,225
Reinsurance and coinsurance share	(79,714)	(168,242)	(81,628)	(114,472)
	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
LIFE				
Expenditure for insured events, net	269,154	263,135	301,942	292,851
Settled claims, gross	266,705	262,749	299,326	291,848
Change in claims provisions, gross	2,449	386	2,616	1,003
Change in mathematical provision and other technical provisions, net of reinsurance	194,557	116,549	229,951	143,919
Change in mathematical provisions for insurance	194,557	116,549	229,951	143,919
<i>Gross amount</i>	194,508	116,583	229,901	143,953
<i>Reinsurance share</i>	49	(34)	49	(34)
Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance	29,111	(4,542)	29,111	(4,542)
Gross amount	492,773	375,176	560,955	432,263
Reinsurance share	49	(34)	49	(34)
	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Settled claims - gross amount				
Expenses for claims	1,342,842	1,425,409	1,661,326	1,694,307
Interest expense on claims	20,847	27,172	20,847	28,000
Claims paid	62,717	51,784	67,849	57,819
Collected recourses	(105,320)	(113,812)	(109,203)	(120,789)
Recourse costs	12,420	12,828	12,420	12,828
	1,333,506	1,403,381	1,653,239	1,672,166

9. Acquisition costs

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission	212,973	227,781	270,019	254,128
Other acquisition costs	110,378	104,072	152,450	180,913
NON-LIFE	323,351	331,853	422,469	435,041
Commission	34,631	20,769	46,735	31,602
Other acquisition costs	20,892	16,072	26,219	19,979
LIFE	55,523	36,840	72,954	51,581
Commission	247,604	248,549	316,754	285,730
Other acquisition costs	131,270	120,144	178,669	200,892
TOTAL LIFE AND NON-LIFE	378,874	368,693	495,423	486,622

9.1. Commission

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Commission expenses - agents	7,580	9,190	14,414	11,114
Commission expenses - employees	121,434	118,489	146,983	119,705
Commission for banks, agencies and brokers	118,590	120,870	155,357	154,911
	247,604	248,549	316,754	285,730

9.2. Other acquisition costs

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Costs of promotion	32,795	34,018	44,982	49,417
Cost of sales staff	94,964	73,502	120,517	105,589
Other direct acquisition costs	3,511	12,624	13,170	45,886
	131,270	120,144	178,669	200,892

10. Administrative expenses

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortisation and depreciation	37,685	42,085	53,941	62,263
Salaries, taxes and contributions from and on salaries	227,085	268,671	307,884	359,551
Other administration expenses	169,146	406,539	315,136	501,135
	433,916	717,295	676,961	922,949

10.1. Amortisation and depreciation

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Amortization(Note 15)	5,840	5,077	9,262	7,732
Depreciation	31,845	37,008	44,679	54,531
	37,685	42,085	53,941	62,263

10.2. Salaries, taxes and contributions from and on salaries

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Net salaries and compensations	127,093	150,367	176,632	201,526
Contributions from salaries	37,862	44,796	51,480	63,536
Taxes and surtaxes	28,787	34,058	36,866	42,227
Contributions on salaries	33,343	39,449	42,906	52,262
	227,085	268,671	307,884	359,551

10.3. Other administrative expenses

	Company		Group	
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Services	86,236	115,367	150,034	149,429
Vacation allowance to employees	8	4,255	1,064	4,881
Termination benefits (Note 26)	17,720	138,966	31,744	141,253
(Reversal) / provision for jubilee awards and termination benefits (Note 26)	(34,416)	12,829	(35,838)	12,702
Other compensations to employees under collective agreements	16,691	26,200	17,797	27,799
Other provisions	-	3,794	-	4,029
Provision for legal claims (Note 26)	2,523	9,071	3,731	9,400
Materials used	8,101	9,209	13,550	17,098
Energy consumed	12,958	12,495	19,103	15,263
Transportation to and from work	9,786	11,329	11,680	12,439
Insurance premiums	11,646	16,051	8,899	13,692
Representation costs	5,016	4,321	8,969	7,029
Commission costs of credit card companies	11,121	13,399	11,345	13,399
Other contributions and fees	13,819	12,935	24,806	14,264
Daily allowances and transportation expenses	2,538	1,981	3,817	3,291
Banking services	633	1,210	5,529	6,105
Other various costs and expenditures	4,765	13,128	38,906	49,062
	169,146	406,539	315,136	501,135

11. Other operating expenses

	Company		Group	
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Guarantee fund fee	8,299	4,782	21,475	12,958
Fee to Croatian Insurance Bureau	1,304	1,793	2,919	2,131
Fire Department fee	5,164	6,382	6,163	7,662
Fee to Croatian Financial Services Supervisory Agency	1,327	1,368	2,411	2,357
Contributions for health insurance from motor liability premium	10,084	13,891	17,212	19,579
Other insurance-technical expenses	1,983	30,330	6,541	38,071
Other expenses	9,236	120	9,447	2,789
Impairment - property and equipment (Note 16)	-	105,120	4,842	105,120
Impairment of other receivables	1,735	6,375	3,009	22,083
	39,132	170,161	74,019	212,751

12. Finance costs

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Impairment of investments	130,138	300,765	107,065	337,334
Realised losses on investments	1,943	375	2,603	375
Foreign exchange losses	19,170	3,197	25,020	4,514
Unrealised losses on investments in financial assets at fair value through profit or loss	2,093	2,605	2,651	12,944
Payment transactions	4,128	4,649	4,583	3,994
Interest expense - leasing	-	576	1,696	-
Cost of sold assets	52	648	52	648
Other investment costs	1,422	817	6,431	12,161
	158,946	313,633	150,101	371,970

12.1. Impairment of investments

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Investments in subsidiaries and associates (Note 18.3)	39,330	14,385	-	6,473
Available-for-sale financial assets	46,260	55,099	46,387	59,657
Held-to-maturity investments	-	28,463	-	28,463
Impairment of loans given	315	28,990	2,189	64,155
Losses from changes in fair value of property (Note 17)	44,233	173,828	58,489	178,585
	130,138	300,765	107,065	337,334

12.2. Realised losses on investments

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Realised losses on investments</i>				
Realised losses on available-for-sale financial assets	711	63	799	63
Realized losses on investments at fair value through profit or loss	1,232	312	1,804	312
	1,943	375	2,603	375

12.3. Foreign exchange losses

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
<i>Foreign exchange losses</i>				
Held-to-maturity investments	5,734	36	9,567	717
Available-for-sale financial assets	1,971	-	2,433	200
Assets at fair value through profit or loss	473	11	485	11
Deposits	7,035	1,867	7,277	1,927
Loans	834	566	1,069	566
Foreign currency accounts	3,123	716	3,804	766
Other	-	-	385	327
	19,170	3,197	25,020	4,514

13. Income tax

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

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Deferred tax expense / (income) (Note 21)	20,283	(100,577)	17,276	(98,304)
Current tax expense	-	-	14,257	7,317
Tax (income)/expense for the year	20,283	(100,577)	31,533	(90,888)

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

	Company	Company	Group	Group
	2015	2014	2015	2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Profit /(loss) before tax	67,054	(513,422)	141,284	(556,580)
Income tax at 20%	13,411	(102,684)	28,257	(111,317)
Non-deductible expenses	22,012	85,747	25,830	139,634
Tax incentives and income not subject to tax	(15,140)	(83,640)	(22,554)	(119,305)
Tax (income)/expense for the year	20,283	(100,577)	31,533	(90,988)
Effective tax rate	30.25%	(19.59%)	22.32%	(16.35%)

The Company has tax losses that can be carried forward for covering the Company's future profits. Tax losses of the Company that can be transferred to subsequent periods expire in 2019 and amount to HRK 92,904 thousand (2014 : HRK 141,610 thousand). In addition to tax loss in 2014, the Company has not generated tax losses in previous years which could be carried forward to future periods. The rest of the companies in the Group have no significant tax losses to be carried forward for covering future profits.

In accordance with current regulations, the Tax Administration may at any time inspect the books and records for a period of three years following the year in which the tax liability is reported and may impose additional tax liabilities and penalties. The 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
	2015	2014
	in HRK'000	in HRK'000
Profit /(loss) for the year	109,751	(465,692)
Weighted average of ordinary shares	420,947	340,826
Earnings/(loss) per share attributable to the Company's shareholders		
Basic and diluted loss per share in HRK	260,72	(1,366,37)

For the purpose of calculating earnings per share, earnings are calculated as the profit for the current period attributable to shareholders of the Company. The number of ordinary shares is the weighted average number of ordinary shares in circulation during the year. The weighted average number of ordinary shares used for the calculation of basic earnings per share was 420,947 (2014: 340,826). 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 under construction	Total
Cost				
At 31 December 2013	19,707	66,047	-	85,754
Additions	498	1,388	4,150	6,036
Transfer to use	-	4,044	(4,044)	-
Disposals or retirements	(4,318)	(3,592)	-	(7,910)
At 31 December 2014	15,887	67,887	106	83,880
Additions	40	9,693	(106)	9,627
Transfer to tangible assets (Note 16)	(9,404)	-	-	(9,404)
Disposals or retirements	(2)	(116)	-	(118)
At 31 December 2015	6,521	77,464	-	83,985
Accumulated amortisation				
At 31 December 2013	15,918	55,065	-	70,983
Amortisation charge for 2014	780	4,297	-	5,077
Disposals	(1,613)	(1,395)	-	(3,008)
At 31 December 2014	15,085	57,967	-	73,052
Amortisation charge for 2015	370	5,470	-	5,840
Disposals	-	(11)	-	(11)
Transfer to tangible assets (Note 16)	(9,230)	-	-	(9,230)
At 31 December 2015	6,225	63,426	-	69,651
Net book value				
At 31 December 2015	296	14,038	-	14,334
At 31 December 2014	802	9,920	106	10,828

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Group	in HRK'000			
	Other intangible assets	Software	Intangible assets under construction	Total
Cost				
At 31 December 2013	55,685	91,497	860	148,042
Additions	498	4,172	4,315	8,984
Transfer to software	-	4,057	(4,524)	(467)
Transfer from tangible assets	-	(25)	-	(25)
Impairment	(13,495)	-	-	(13,495)
Disposals or retirements	(4,322)	(4,362)	-	(8,684)
At 31 December 2014	38,366	95,339	651	134,356
Additions	4,112	10,055	100	14,267
Transfer to use	-	572	(572)	-
Disposals	(43)	(151)	-	(194)
Transfer to tangible assets (Note 16)	(13,410)	-	-	(13,410)
Other transfers	(20,191)	(138)	-	(20,329)
Foreign exchange differences arising on translation of financial statements of foreign operations	(16)	(53)	(1)	(70)
At 31 December 2015	8,818	105,624	178	114,620
Accumulated amortisation				
At 31 December 2013	15,915	68,055	-	83,970
Amortisation charge for 2014	780	6,952	-	7,732
Disposals or retirements	(1,613)	(701)	-	(2,314)
At 31 December 2014	15,082	74,306	-	89,388
Amortisation charge for the year 2015	943	8,319	-	9,262
Impairment	2,297	-	-	2,297
Transfer to tangible assets (Note 16)	(12,566)	-	-	(12,566)
Disposals or retirements	(41)	(143)	-	(184)
Other transfers	2,816	(1,864)	-	952
Foreign exchange differences arising on translation of financial statements of foreign operations	(9)	(29)	-	(38)
At 31 December 2015	8,522	80,589	-	89,111
Net book value				
At 31 December 2015	296	25,035	178	25,509
At 31 December 2014	23,284	21,033	651	44,968

16. Property and equipment

Company

in HRK'000

Cost	Land	Buildings	Equipment and furniture	Vehicles	Other tangible assets	Assets under construction	Advances given	Total
At 31 December 2013	123,501	1,051,486	165,504	456	4,214	14,674	-	1,359,835
Change in fair value	(24,858)	(51,735)	-	-	-	-	-	(76,593)
Impairment (Note 11)	(20,360)	(120,670)	(2,100)	(200)	-	(716)	-	(144,046)
Additions	632	9,011	2,279	196	58	22,052	532	34,760
Transfer from assets under construction	-	35,505	-	-	-	(35,505)	-	-
Transfer from buildings to land	3,492	(3,492)	-	-	-	-	-	-
Transfer to investment property (Note 17)	-	(2,017)	-	-	-	-	-	(2,017)
Disposals	-	(117)	(13,976)	(86)	-	-	-	(14,179)
At 31 December 2014	82,407	917,971	151,707	366	4,272	505	532	1,157,760
Change in fair value	-	2,541	3,993	189	-	12,860	-	19,583
Transfer from assets under construction	-	-	544	-	-	(17)	(527)	-
Transfer from intangible assets (Note 15)	-	-	-	-	9,404	-	-	9,404
Transfer to investment property (Note 17)	-	6,174	-	-	-	-	-	6,174
Disposals	-	(89)	(760)	(76)	-	-	-	(925)
At 31 December 2015	82,407	926,597	155,484	479	13,676	13,348	5	1,191,996
Accumulated depreciation and impairment								
At 31 December 2013	-	294,828	140,370	261	379	-	-	435,838
Depreciation on revaluation effect	-	3,075	-	-	-	-	-	3,075
Depreciation charge for the year	-	25,695	8,145	37	56	-	-	33,933
Impairment (Note 11)	-	(38,926)	-	-	-	-	-	(38,926)
Transfer to investment property (Note 17)	-	(512)	-	-	-	-	-	(512)
Disposals	-	(23)	(13,951)	(8)	-	-	-	(13,982)
At 31 December 2014	-	284,137	134,564	290	435	-	-	419,426
Depreciation on revaluation effect	-	1,450	-	-	-	-	-	1,450
Depreciation charge for the year	-	22,548	7,745	46	56	-	-	30,395
Transfer from intangible assets (Note 15)	-	-	-	-	9,230	-	-	9,230
Disposals	-	-	(661)	(35)	-	-	-	(696)
At 31 December 2015	-	308,135	141,648	301	9,721	-	-	459,805
Net book value								
At 31 December 2015	82,407	618,462	13,836	178	3,955	13,348	5	732,191
At 31 December 2014	82,409	633,832	17,143	76	3,836	505	532	738,333

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Group	in HRK'000							
	Land	Buildings	Equipment and furniture	Vehicles	Other tangible assets	Assets under construction	Advances given	Total
Cost								
At 31 December 2013	155,782	1,273,115	272,061	10,121	61,222	25,316	2,547	1,800,164
Change in fair value	(27,808)	(64,878)	-	-	-	-	-	(92,686)
Impairment (Note 11)	(21,339)	(118,552)	(2,098)	-	-	(3,044)	-	(145,033)
Additions	2,431	7,470	9,498	245	-	22,659	1,312	43,615
Transfer from assets under construction	-	35,858	-	-	-	(35,858)	-	-
Transfer from buildings to land	2,552	(2,552)	-	-	-	-	-	-
Transfer to investment property	-	(7,230)	-	-	-	(356)	-	(7,586)
Foreign exchange differences arising on translation of financial statements of foreign operations	7	(228)	109	38	1,140	19	(37)	1,048
Disposals	-	(2,328)	(16,015)	(763)	(20,620)	-	-	(39,726)
At 31 December 2014	111,625	1,120,675	263,555	9,641	41,742	8,736	3,822	1,559,796
Change in fair value	-	77	-	-	-	-	-	77
Impairment (Note 11)	-	(503)	-	-	-	-	-	(503)
Additions	128	2,587	5,383	585	87	16,210	-	24,980
Transfer from assets under construction	-	2,624	1,722	-	3,306	(3,851)	(3,801)	-
Transfer from investment property (Note 17)	5,669	31,270	-	-	-	-	-	36,939
Transfer to investment property (Note 17)	(4,229)	(33,272)	-	-	(6,909)	(7,608)	-	(52,018)
Transfer from intangible assets (Note 15)	-	-	-	-	13,410	-	-	13,410
Foreign exchange differences arising on translation of financial statements of foreign operations	(2)	(173)	(128)	(30)	(95)	-	-	(428)
Disposals	(2,256)	(7,916)	(12,211)	(1,684)	(2,192)	-	-	(26,259)
At 31 December 2015	110,935	1,115,369	258,321	8,512	49,349	13,487	21	1,555,994
Accumulated depreciation and impairment								
At 31 December 2013	-	335,867	224,846	7,196	21,128	-	-	589,037
Depreciation on revaluation effect	-	2,971	-	-	-	-	-	2,971
Depreciation charge for the year	-	30,793	16,720	1,156	2,890	-	-	51,559
Impairment (Note 11)	-	(39,913)	-	-	-	-	-	(39,913)
Transfer to investment property	-	(512)	-	-	-	-	-	(512)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	17	249	9	-	-	-	275
Disposals	-	(2,018)	(16,015)	(970)	(638)	-	-	(19,641)
At 31 December 2014	-	327,205	225,800	7,391	23,380	-	-	583,776
Depreciation on revaluation effect	-	4,448	-	-	-	-	-	4,448
Depreciation charge for the year	-	24,868	13,565	848	950	-	-	40,231
Impairment	-	-	-	-	4,339	-	-	4,339
Transfer from intangible assets (Note 15)	-	-	-	-	12,566	-	-	12,566
Transfer to investment property (Note 17)	46	(13,752)	-	-	-	-	-	(13,706)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(18)	(87)	(17)	(54)	-	-	(176)
Disposals	-	(4,758)	(11,148)	(1,683)	(1,475)	-	-	(19,064)
At 31 December 2015	46	337,993	228,130	6,539	39,706	-	-	612,414
Net book value								
At 31 December 2015	110,889	777,376	30,191	1,973	9,643	13,487	21	943,580
At 31 December 2014	111,625	793,470	37,755	2,250	18,362	8,736	3,822	976,020

The Group has appointed an independent appraiser in 2014 who performed the appraisal of the value of land and buildings. The result of value appraisal or impairment loss was recorded as a reduction of the fair value reserve up to the amount of revaluation surplus for the relevant asset. The impairment loss above the amount of fair value reserve was charged to the statement of comprehensive income.

The carrying amount of land and buildings that would have been recognised had the assets been carried under the cost model is HRK 622,381 thousand (31 December 2014: HRK 636,451 thousand) for the Company and HRK 730,939 thousand (31 December 2014: HRK 765,770 thousand) for the Group.

17. Investment property

	<u>Company</u>	<u>Group</u>
	in HRK'000	in HRK'000
At 31 December 2013	656,118	892,082
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(289)
Transfer from property and equipment	1,505	7,074
Increase in fair value credited the income statement (Note 6.2)	29,406	32,113
Decrease in fair value charged to the income statement (Note 12.1)	(173,828)	(178,585)
Assets under construction	53	53
Additions	11,592	11,808
Disposals	(10,131)	(12,854)
At 31 December 2014	514,715	751,402
Foreign exchange differences arising on translation of financial statements of foreign operations	-	(210)
Transfer from property and equipment (Note 16)	-	38,312
Transfer to property and equipment (Note 16)	(6,174)	(36,939)
Increase in fair value credited to the income statement (Note 6.2)	13,597	22,331
Decrease in fair value charged to the income statement (Note 12.1)	(44,233)	(58,489)
Additions	1,852	2,464
Disposals	(2)	(412)
At 31 December 2015	479,755	718,459

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

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

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Investments in subsidiaries	610,501	579,026	-	-
Impairment of investments in subsidiaries	(221,345)	(189,915)	-	-
	389,156	389,111	-	-
Investments in joint ventures	28,000	28,000	65,416	59,771
Investments in associates	8,709	8,709	21,991	20,508
Impairment of investments in associates	(4,449)	(4,449)	(5,754)	(8,877)
	4,260	4,260	16,237	11,632
	421,416	421,371	81,653	71,403

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

Activity	Country	31 Dec. 2015		31 Dec. 2014		
		Ownership percentage	Amount of investment	Ownership percentage	Amount of investment	
		%	in HRK '000	%	in HRK '000	
Subsidiaries						
Croatia Lloyd d.d., Zagreb	Reinsurance	Croatia	100.0	125,689	100.0	125,689
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia	66.2	29,363	66.2	29,363
Milenijum osiguranje a.d., Beograd	Insurance	Serbia	99.9	46,380	99.9	46,380
Croatia Sigurimi sh.a., Prishtina	Insurance	Kosovo	100.0	-	100.0	20,375
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia and Herzegovina	94.3	50,685	52.1	8,150
Croatia osiguranje - život a.d., Skopje	Insurance	Macedonia	95.0	22,271	95.0	22,271
Croatia osiguranje - neživot a.d., Skopje	Insurance	Macedonia	100.0	32,204	100.0	32,204
Croatia-Tehnički pregledi d.o.o., Zagreb	Motor vehicle examination	Croatia	100.0	71,767	100.0	71,767
Herz d.d., Požega	Motor vehicle examination	Croatia	-	-	100.0	22,100
Slavonijatrans-tehnički pregledi d.o.o., Slavonski Brod	Motor vehicle examination	Croatia	-	-	76.0	15
Croatia osiguranje, mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia	100.0	10,797	100.0	10,797
Razne usluge d.o.o., - currently being wound up Zagreb	Services	Croatia	100.0	-	100.0	-
				389,156		389,111
Joint ventures						
PBZ Croatia osiguranje d.d., Zagreb	Pension fund management	Croatia	50.0	28,000	50.0	28,000
Associates						
Brioni d.d., Pula	Transport	Croatia	25.6	4,260	25.6	4,260
Autoprijevoz d.d., Otočac	Transport	Croatia	28.3	-	28.3	-
				4,260		4,260
				421,416		421,371

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(i) In April 2015 the Company sold a 100% share of the company Herz d.o.o. The purchaser was the subsidiary Croatia-Tehnički pregledi d.o.o. which is also engaged in the same activity as the company that was being sold. The purpose of the sale was intergroup restructuring in order to achieve better coordination and management of motor vehicle examination activities of the Group. The selling price is defined on the basis of an independent assessment of the company Herz and totaled HRK 22.100 thousand, which is equal to the book value of the share.

(ii) In April 2015 the Company sold a 76% share in the company Slavonijatrans-tehnički pregledi d.o.o. the purchaser was the subsidiary Croatia-Tehnički pregledi d.o.o. which is also engaged in the same activity as the company that was being sold. The purpose of the sale was intergroup restructuring in order to achieve better coordination and management of motor vehicle examination activities of the Group. The selling price was defined on the basis of an independent assessment of the company Slavonijatrans-Tehnički pregledi. and amounted to HRK 3,400 thousand, so the Company achieved profit on this sale in the amount of EUR 3,385 thousand (Note 6.3).

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

Group

Activity	Country	31 Dec. 2015		31 Dec. 2014		
		Ownership percentage	Amount of investment	Ownership percentage	Amount of investment	
		%	in HRK '000	%	in HRK '000	
Joint ventures						
PBZ Croatia osiguranje d.d., Zagreb	Pension fund	Croatia	50.0	63,900	50.0	58,223
Receivables from joint funds - HUO	Insurance	Croatia	-	139	-	139
Nacionalni biro za osiguranje Skopje	Insurance	Macedonia	-	1,377	-	1,409
				65,416		59,771
Associates						
Brioni d.d., Pula	Transport	Croatia	25.6	6,532	25.6	6,902
Autoprijevoz d.d., Otočac	Transport	Croatia	28.3	-	28.3	-
Strmec projekt d.o.o., Samobor	Real estate	Croatia	50.0	7,297	50.0	4,175
STP Agroservis d.o.o., Virovitica	Technical testing and analysis	Croatia	37.0	2,408	37.0	555
				16,237		11,632
				81,653		71,403

Summary financial information on subsidiaries with material non-controlling interests

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

Name	Country	31 Dec. 2015	31 Dec. 2014
Croatia osiguranje d.d., Ljubuški	Bosnia and Herzegovina	94.3%	52.1%
		31 Dec. 2015	31 Dec. 2014
		in HRK '000	in HRK '000
Balance of non-controlling interest as at reporting date		13,170	33,797
(Loss) / profit allocated to material non-controlling interests		(897)	145

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The disclosed summary financial information represent information before eliminations within the Group:

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Summary report of financial position		
Property and equipment	65,669	37,352
Investment property	28,638	59,381
Financial assets	198,927	153,553
Other assets	116,310	93,481
Total assets	409,544	343,767
Technical provisions	297,523	268,477
Other liabilities	31,712	22,781
Other assets	80,310	52,509
Total equity and liabilities	409,544	343,767
Summary statement of comprehensive income		
Earned premiums, net of reinsurance	121,719	114,581
Claims incurred, net of reinsurance	(75,041)	(69,150)
Net investment result	6,781	6,530
Other expenses net	(55,171)	(51,327)
(Loss) / profit before tax	(1,712)	635
Income tax	(538)	(324)
(Loss) / profit for the year	(2,250)	312
Dividends paid to non-controlling interests	-	558

During the year that ended 31 December 2015 the Group acquired part of the non-controlling interest in a subsidiary Croatia Osiguranje dd, Ljubuški. Purchase of the non-controlling interest had no effect on the change of control in a subsidiary.

The impact of changes in the percentage ownership of the equity attributable to shareholders of the Company during the year is as follows:

	in HRK '000
Book value of acquired non-controlling interests	19,328
Fee paid	(11,452)
Less: paid compensation recognized in equity	7,876

Summary financial information for joint ventures

The following are summary financial information for PBZ Croatia Osiguranje dd, which are reported using the equity method.

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Summary report of financial position		
Financial assets	110,783	99,807
Other assets	25,844	24,946
Total assets	136,627	124,753
Liabilities	8,827	8,306
Capital and reserves	127,800	116,447
Total equity and liabilities	136,627	124,753
Summary report of comprehensive income		
Revenues	63,982	56,248
Expenses	(29,789)	(27,328)
Profit before tax	34,193	28,920
Income tax	(6,840)	(5,794)
Profit for the year	27,353	23,127

The reconciliation of presented summary financial information with the carrying value of shares in the joint venture

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Summary financial information		
Opening net assets at 1 January	116,447	112,320
Profit for the period	27,353	23,127
Dividends	(16,000)	(19,000)
Closing net assets	127,800	116,447
Interest in Joint venture @ 50%	63,900	58,223
Carrying value	63,900	58,223

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

	Company		Group	
	31 Dec 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
At 1 January	421,371	365,626	71,403	72,931
Increase in investments (i)	61,490	70,130	-	-
Increase by equity method	-	-	10,283	2,900
Sale of shares (Note 18.1)	(22,115)	-	-	-
Decrease (ii)	(39,330)	(14,385)	(33)	(4,428)
At 31 December	421,416	421,371	81,653	71,403

(i) Increase in investments refers to: (a) investment in the company Croatia osiguranje dd, Ljubuški in the amount of HRK 42,535 thousand by which the Company increased its share in the company from 52.1% to 94.3%. and (b) investments in the company Croatia Sigurimi sh.a., Prishtina in the amount of HRK 18,955 thousand in order to increase the company's capital.

(ii) Based on the lower value determined by the assessment of fair value, the investment in the company Croatia Sigurimi was impaired in the amount of HRK 39,330 thousand (Note 12.1).

19. Financial assets

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Held-to-maturity investments	2,085,668	2,243,583	2,315,482	2,486,919
Available-for-sale financial assets	1,608,197	1,034,523	2,002,521	1,257,360
Financial assets at fair value through profit or loss – for trading	105,805	290,774	213,997	440,266
Loans and receivables	1,661,522	1,675,682	2,062,811	2,141,404
	5,461,192	5,244,562	6,594,811	6,325,949

19.1. Overview of investments

As at 31 December 2015 the investment structure of the Company was as follows:

	Company				
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss - for trading	Loans and receivables	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Shares					
Shares, listed on stock exchange	-	253,076	12,953	-	266,029
Shares, not listed on stock exchange	-	4,382	-	-	4,382
	-	257,458	12,953	-	270,411
Debt securities					
Bonds of the Republic of Croatia	2,045,677	1,281,774	-	-	3,327,451
Domestic corporate bonds	39,991	42,351	-	-	82,342
Treasury bills	-	-	45,263	-	45,263
	2,085,668	1,324,125	45,263	-	3,455,056
Investment funds					
Open-ended investment funds	-	26,614	13,007	-	39,621
Open-ended investment funds - assets for coverage of unit-linked products	-	-	34,582	-	34,582
	-	26,614	47,589	-	74,203
Loans and receivables					
Deposits with credit institutions	-	-	-	1,361,856	1,361,856
Loans	-	-	-	299,666	299,666
	-	-	-	1,661,522	1,661,522
	2,085,668	1,608,197	105,805	1,661,522	5,461,192

19.1. Overview of investments (continued)

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

	Company				
	Held-to- maturity investments	Available-for- sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Shares					
Shares, listed on stock exchange	-	298,038	14,722	-	312,760
Shares, not listed on stock exchange	-	1,882	-	-	1,882
	-	299,921	14,722	-	314,643
Debt securities					
Bonds of the Republic of Croatia	2,156,114	707,080	85,480	-	2,948,674
Domestic corporate bonds	77,548	-	-	-	77,548
Treasury bills	9,920	-	-	-	9,920
Commercial papers	-	3,620	-	-	3,620
	2,243,583	710,700	85,480	-	3,039,763
Investment funds					
Open-ended investment funds	-	23,902	185,261	-	209,163
Open-ended investment funds - assets for coverage of unit-linked products	-	-	5,312	-	5,312
	-	23,902	190,573	-	214,475
Loans and receivables					
Deposits with credit institutions	-	-	-	1,447,677	1,447,677
Loans	-	-	-	228,005	228,005
	-	-	-	1,675,682	1,675,682
	2,243,583	1,034,523	290,774	1,675,682	5,244,562

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19.1. Overview of investments (continued)

As at 31 December 2015 the investment structure of the Group was as follows:

					Group
	Held-to- maturity investments	Available-for- sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Shares					
Shares, listed on stock exchange	-	256,035	13,133	-	269,168
Shares, not listed on stock exchange	-	4,689	-	-	4,689
	-	260,724	13,133	-	273,857
Debt securities					
State bonds	2,232,889	1,666,630	65,442	-	3,964,961
Domestic corporate bonds	39,991	45,934	-	-	85,925
Treasury bills	42,602	-	45,263	-	87,865
	2,315,482	1,712,564	110,705	-	4,138,751
Investment funds					
Open-ended investment funds	-	29,233	55,577	-	84,810
Open-ended investment funds - assets for coverage of unit-linked products	-	-	34,582	-	34,582
	-	29,233	90,159	-	119,392
Loans and receivables					
Deposits with credit institutions	-	-	-	1,771,683	1,771,683
Loans	-	-	-	291,128	291,128
	-	-	-	2,062,811	2,062,811
	2,315,482	2,002,521	213,997	2,062,811	6,594,811

19.1. Overview of investments (continued)

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

	Group				
	Held-to- maturity investments	Available-for- sale financial assets	Financial assets at fair value through profit or loss – for trading	Loans and receivables	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Shares					
Shares, listed on stock exchange	-	302,187	19,574	-	321,761
Shares, not listed on stock exchange	-	2,246	-	-	2,246
	-	304,433	19,574	-	324,007
Debt securities					
State bonds	2,361,514	925,404	109,118	-	3,396,036
Domestic corporate bonds	82,019	-	-	-	82,019
Treasury bills	43,386	-	26,448	-	69,834
Commercial papers	-	3,620	-	-	3,620
	2,486,919	929,024	135,566	-	3,551,509
Investment funds					
Open-ended investment funds	-	23,902	279,814	-	303,716
Open-ended investment funds - assets for coverage of unit-linked products	-	-	5,312	-	5,312
	-	23,902	285,126	-	309,028
Loans and receivables					
Deposits with credit institutions	-	-	-	1,869,905	1,869,905
Loans	-	-	-	271,499	271,499
	-	-	-	2,141,404	2,141,404
	2,486,919	1,257,360	440,266	2,141,404	6,325,949

19.2. Financial investments exposed to credit risk

Company	31 Dec. 2015					31 Dec. 2014				
	in HRK '000					in HRK '000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total
Held-to-maturity investments	2,085,668	-	65,908	(65,908)	2,085,668	2,243,583	-	65,908	(65,908)	2,243,583
Available-for-sale debt securities	1,324,125	-	-	-	1,324,125	710,700	-	-	-	710,700
Debt securities at fair value through profit or loss	45,263	-	-	-	45,263	85,480	-	2,590	(2,590)	85,480
Deposits	1,361,856	-	-	-	1,361,856	1,447,677	-	-	-	1,447,677
Loans and receivables	288,718	10,948	121,189	(121,189)	299,666	225,679	2,326	142,894	(142,894)	228,005
	5,105,630	10,948	187,097	(187,097)	5,116,578	4,713,119	2,326	211,392	(211,392)	4,715,445

Group	31 Dec. 2015					31 Dec. 2014				
	in HRK '000					in HRK '000				
	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total	Neither past due nor impaired	Past due but not impaired	Impaired	Impairment	Total
Held-to-maturity investments	2,315,482	-	65,908	(65,908)	2,315,482	2,486,919	-	65,908	(65,908)	2,486,919
Available-for-sale debt securities	1,712,564	-	-	-	1,712,564	929,024	-	-	-	929,024
Debt securities at fair value through profit or loss	110,705	-	-	-	110,705	135,566	-	2,590	(2,590)	135,566
Deposits	1,771,683	-	1,000	(1,000)	1,771,683	1,869,905	-	-	-	1,869,905
Loans and receivables	242,686	48,442	230,705	(230,705)	291,128	239,626	31,873	251,896	(251,896)	271,499
	6,153,120	48,442	297,613	(297,613)	6,201,562	5,661,040	31,873	320,394	(320,394)	5,692,913

19.3. Held-to-maturity investments

	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Movement in impairment losses				
At 1 January	65,908	37,445	65,908	37,445
Increase	-	28,463	-	28,463
At 31 December	65,908	65,908	65,908	65,908

19.4. Loans

	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Maturity dates of granted loans:				
Up to 1 year	235,437	182,832	262,431	228,112
From 1 to 5 years	64,229	45,173	27,991	42,394
More than 5 years	-	-	706	993
	299,666	228,005	291,128	271,499

	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Movement of impairment of loans				
At 1 January	142,894	121,621	251,896	201,495
Increase	126	24,258	1,700	56,357
Collection of impaired receivables	(21,831)	(2,985)	(22,891)	(5,956)
At 31 December	121,189	142,894	230,705	251,896

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The structure of loans according to collaterals for the Company:

	31 Dec. 2015				31 Dec. 2014			
	Neither past due nor impaired	Past due but not impaired	Past due and impaired	TOTAL	Neither past due nor impaired	Past due but not impaired	Past due and impaired	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
Vinculated life insurance policies	43,949	3,480	-	47,429	40,979	1,822	-	42,801
Mortgages and real estate fiduciaries	204,475	42	116,474	320,991	184,629	504	142,894	328,027
Other collaterals	40,294	7,426	4,715	52,435	70	-	-	70
	288,718	10,948	121,189	420,855	225,679	2,326	142,894	370,898

The structure of loans according to collaterals for the Group:

	31 Dec. 2015				31 Dec. 2014			
	Neither past due nor impaired	Past due but not impaired	Past due and impaired	TOTAL	Neither past due nor impaired	Past due but not impaired	Past due and impaired	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
Vinculated life insurance policies	48,908	3,657	104	52,669	44,782	1,945	35	46,762
Mortgages and real estate fiduciaries	152,848	37,290	186,306	376,444	190,834	28,710	250,933	470,477
Other collaterals	40,930	7,495	44,295	92,721	4,010	1,218	928	6,156
	242,686	48,442	230,705	521,834	239,626	31,873	251,896	523,395

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

For neither past due nor impaired loans secured by mortgages, the mortgage is considered to be a secondary source of repayment only and does not impact the carrying value of the loan.

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

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

For all financial assets except shares and units in funds the amounts included are contractual discounted cash flows and for insurance liabilities we disclosed estimated maturity of the amounts recognised in the statement of financial position. Maturities of shares and units in funds are disclosed at the best Management Board's expectation regarding the realisation of those financial instruments.

Company - 31 December 2015	Up to 1 year in HRK'000	1-3 years in HRK'000	3-5 years in HRK'000	5-10 years in HRK'000	10 -15 years in HRK'000	15 -20 years in HRK'000	20 + years in HRK'000	TOTAL in HRK'000
Total assets for mathematical provisions coverage	193,421	456,808	667,239	994,635	24,118	-	-	2,336,223
Held-to-maturity investments	7,226	220,223	434,991	547,380	-	-	-	1,209,820
Bonds	7,226	220,223	434,991	547,380	-	-	-	1,209,820
Available-for-sale financial assets	-	34,522	231,412	447,255	24,118	-	-	737,306
Bonds	-	34,522	228,856	447,255	24,118	-	-	734,750
Shares	-	-	2,556	-	-	-	-	2,556
Financial assets at fair value through P&L – for trading	58,270	-	-	-	-	-	-	58,270
Treasury bills	45,263	-	-	-	-	-	-	45,263
Units in funds	13,007	-	-	-	-	-	-	13,007
Loans and deposits	101,056	202,063	837	-	-	-	-	303,956
Deposits in banks	63,175	193,390	-	-	-	-	-	256,565
Loans	37,881	8,673	837	-	-	-	-	47,391
Cash and cash equivalents	26,869	-	-	-	-	-	-	26,869
Required mathematical provisions coverage, net of reinsurance	260,792	519,828	528,614	526,596	224,619	123,223	106,015	2,289,687
Mathematical provisions	237,197	519,828	528,614	526,596	224,619	123,223	106,015	2,266,092
Provisions for claims based on risk types which require the forming of mathematical provisions	23,595	-	-	-	-	-	-	23,595
Maturity gap	67,371	63,019	(138,625)	(468,039)	200,501	123,223	106,015	(46,535)

19.5. Maturity analysis of assets covering mathematical provisions with liabilities from mathematical provision (continued)

Company - 31 December 2014	Up to 1 year in HRK '000	1-3 years in HRK '000	3-5 years in HRK '000	5-10 years in HRK '000	10 -15 years in HRK '000	15 -20 years in HRK '000	20 + years in HRK '000	Total in HRK '000
Total assets for mathematical provisions coverage	386,060	305,348	469,817	976,578	-	-	-	2,137,803
Held-to-maturity investments	170,233	160,934	271,538	782,444	-	-	-	1,385,150
Bonds	170,233	160,934	271,538	782,444	-	-	-	1,385,150
Available-for-sale financial assets	-	31,958	120,845	163,069	-	-	-	315,872
Bonds	-	21,100	120,845	163,069	-	-	-	305,014
Sharess	-	10,858	-	-	-	-	-	10,858
Financial assets at fair value through P&L – for trading	36,090	10,880	-	31,065	-	-	-	78,036
Bonds	-	10,880	-	31,065	-	-	-	41,945
Units in funds	36,090	-	-	-	-	-	-	36,090
Loans and deposits	149,361	101,575	77,433	-	-	-	-	328,369
Deposits in banks	115,000	93,953	76,615	-	-	-	-	285,568
Loans	34,361	7,622	819	-	-	-	-	42,801
Cash and cash equivalents	30,376	-	-	-	-	-	-	30,376
Required mathematical provisions coverage, net of reinsurance	199,382	447,452	471,660	522,996	226,661	105,523	119,006	2,092,411
Mathematical provisions	178,507	447,452	471,660	522,996	226,661	105,523	119,006	2,071,535
Provisions for claims based on risk types which require the forming of mathematical provisions	20,875	-	-	-	-	-	-	20,875
Maturity gap	(186,678)	142,104	1,844	(453,582)	226,661	105,523	119,006	(45,392)

19.6. Maturity analysis of assets covering technical provisions except for mathematical provisions with insurance liabilities

For all financial assets except shares and units in funds the amounts included are contractual discounted cash flows and for insurance liabilities we disclosed estimated maturity of the amounts recognised in the statement of financial position. Maturities of shares and units in funds are disclosed at the best Management Board's expectation regarding the realisation of those financial instruments. Maturity analysis of assets covering technical provisions except for mathematical provisions with insurance liabilities as at 31 December 2015 is as follows:

Company	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	20 and more years	TOTAL
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets for technical provisions coverage	783,057	1,018,555	527,404	428,939	58,807	-	389,924	3,206,690
Held-to-maturity investments	129,901	378,869	112,465	206,811	38,497	-	-	866,543
Bonds	129,901	378,869	112,465	206,811	38,497	-	-	866,543
Available-for-sale financial assets	-	219,901	387,329	222,128	20,310	-	-	849,668
Bonds	-	195,757	171,838	195,514	20,310	-	-	583,419
Shares	-	24,144	215,491	-	-	-	-	239,635
Units in funds	-	-	-	26,614	-	-	-	26,614
Financial assets at fair value through P&L – for trading	-	3,928	9,025	-	-	-	-	12,953
Shares	-	3,928	9,025	-	-	-	-	12,953
Units in funds	-	-	-	-	-	-	-	-
Loans and deposits	272,716	415,857	18,585	-	-	-	-	707,158
Deposits in banks	190,000	380,000	-	-	-	-	-	570,000
Other loans	82,716	35,857	18,585	-	-	-	-	137,158
Property	-	-	-	-	-	-	389,924	389,924
Cash and cash equivalents	23,402	-	-	-	-	-	-	23,402
Investments with consent of supervisory body	357,038	-	-	-	-	-	-	357,038
Required coverage for technical provisions except for mathematical provisions, net of reinsurance	1,300,865	529,174	306,293	427,459	218,421	138,434	284,222	3,204,868
Provisions for unearned premiums	607,043	63,038	37,586	39,728	7,474	2,311	1,633	758,813
Claims provisions	636,423	458,117	265,629	385,768	210,144	135,566	282,187	2,373,834
Fluctuation provisions	6,844	212	-	-	-	-	-	7,056
Other technical provisions for insurance	50,555	7,807	3,078	1,963	803	557	402	65,165
Maturity gap	517,808	(489,381)	(221,111)	(1,480)	159,614	138,434	(105,706)	(1,822)

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

Maturity analysis of assets covering technical provisions except for mathematical provisions with insurance liabilities as at 31 December 2014 is as follows:

Company	Up to 1 year	1-3 years	3-5 years	5-10 years	10 -15 years	15 -20 years	20 + years	TOTAL
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Assets for technical provisions coverage	1,027,915	682,063	959,439	394,208	-	-	419,614	3,483,240
Held-to-maturity investments	60,109	260,765	325,237	202,401	-	-	-	848,512
Bonds	60,109	260,765	325,237	202,401	-	-	-	848,512
Available-for-sale financial assets	-	146,032	348,188	168,944	-	-	-	663,164
Bonds	-	79,015	159,913	145,042	-	-	-	383,970
Shares	-	67,017	188,274	-	-	-	-	255,291
Units in funds	-	-	-	23,902	-	-	-	23,902
Financial assets at fair value through P&L – for trading	81,649	20,672	29,214	22,862	-	-	-	154,398
Bonds	-	20,672	18,096	22,862	-	-	-	61,630
Shares	3,604	-	11,118	-	-	-	-	14,722
Units in funds	78,046	-	-	-	-	-	-	78,046
Loans and deposits	446,502	254,594	256,800	-	-	-	-	957,896
Deposits in banks	301,292	234,599	250,000	-	-	-	-	785,891
Other loans	145,210	19,995	6,800	-	-	-	-	172,005
Property	-	-	-	-	-	-	419,614	419,614
Cash and cash equivalents	63,874	-	-	-	-	-	-	63,874
Investments with consent of supervisory body	375,782	-	-	-	-	-	-	375,782
Required coverage for technical provisions except for mathematical provisions, net of reinsurance	1,421,097	535,856	304,951	486,844	208,760	160,308	132,842	3,250,659
Provisions for unearned premiums	639,496	57,182	34,339	32,151	5,854	2,084	1,502	772,608
Claims provisions	701,741	469,486	267,069	452,567	201,987	157,589	130,885	2,381,325
Fluctuation provisions	4,196	130	-	-	-	-	-	4,326
Other technical insurance provisions	75,663	9,059	3,542	2,126	919	636	455	92,400
Maturity gap	393,181	(146,207)	(654,488)	92,637	208,760	160,308	(286,772)	(232,581)

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

The currency analysis of assets covering mathematical provisions with insurance contract liabilities as at 31 December 2015 was as follows:

Company	HRK	EUR	Total
	in HRK '000	in HRK '000	in HRK '000
Total assets for mathematical provisions coverage	238,854	2,097,367	2,336,221
Held-to-maturity investments	131,498	1,078,322	1,209,820
Bonds	131,498	1,078,322	1,209,820
Available-for-sale financial assets	26,674	710,632	737,306
Bonds	24,118	710,632	734,750
Shares	2,556	-	2,556
Financial assets at fair value through P&L – for trading	13,007	45,263	58,270
Bonds	-	-	-
Treasury bills	-	45,263	45,263
Units in funds	13,007	-	13,007
Loans and deposits	60,290	243,666	303,956
Deposits in banks	55,000	201,565	256,565
Loans to policyholders	5,290	42,101	47,391
Cash and cash equivalents	7,385	19,484	26,869
Required mathematical provisions coverage, net of reinsurance	14,423	2,275,264	2,289,687
Mathematical provisions	12,424	2,253,668	2,266,092
Provisions for claims based on risk types which require the forming of mathematical provisions	1,999	21,596	23,595
Difference	(224,431)	177,897	(46,534)

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

The currency analysis of assets covering mathematical provisions with insurance contract liabilities as at 31 December 2014 was as follows:

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

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

The currency analysis of assets covering technical provisions, except for mathematical provisions with insurance contract liabilities as at 31 December 2015 is shown below:

Company	HRK	EUR and other currencies	Total
	in HRK '000	in HRK '000	in HRK '000
Total assets for technical provisions coverage	2,468,874	737,814	3,206,688
Held-to-maturity investments	591,561	274,982	866,543
Bonds	591,561	274,982	866,543
Other securities	-	-	-
Available-for-sale financial assets	416,360	433,309	849,669
Bonds	302,934	280,486	583,420
Shares	86,812	152,823	239,635
Units in funds	26,614	-	26,614
Financial assets at fair value through P&L – for trading	3,928	9,025	12,953
Bonds	-	-	-
Shares	3,928	9,025	12,953
Units in funds	-	-	-
Loans and deposits	707,158	-	707,158
Deposits in banks	570,000	-	570,000
Other loans	137,158	-	137,158
Property	389,924	-	389,924
Cash and cash equivalents	13,161	10,241	23,402
Investments with the consent of the supervisory body	346,782	10,256	357,038
Required coverage for technical provisions except for mathematical provisions, net of reinsurance	2,976,216	228,652	3,204,868
Provisions for unearned premiums	656,867	101,944	758,812
Claims provisions	2,247,128	126,708	2,373,835
Fluctuation provisions	7,056	-	7,056
Other technical insurance provisions	65,165	-	65,165
Difference	507,342	(509,162)	(1,820)

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

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

Company	HRK in HRK '000	EUR and other currencies in HRK '000	Total in HRK '000
Total assets for technical provisions coverage	2,579,203	904,037	3,483,240
Held-to-maturity investments	522,945	325,567	848,512
Bonds	522,945	325,567	848,512
Other securities	-	-	-
Available-for-sale financial assets	282,582	398,678	681,260
Bonds	191,663	210,403	402,066
Shares	67,017	188,274	255,291
Units in funds	23,902	-	23,902
Financial assets at fair value through P&L – for trading	117,401	18,901	136,302
Bonds	35,752	7,782	43,534
Shares	3,604	11,118	14,722
Units in funds	78,046	-	78,046
Loans and deposits	797,005	160,891	957,896
Deposits in banks	625,000	160,891	785,891
Other loans	172,005	-	172,005
Property	419,614	-	419,614
Cash and cash equivalents	63,874	-	63,874
Investments with the consent of the supervisory body	375,782	-	375,782
Required coverage for technical provisions except for mathematical provisions, net of reinsurance	3,073,791	176,867	3,250,659
Provisions for unearned premiums	695,937	76,671	772,608
Claims provisions	2,281,129	100,196	2,381,325
Fluctuation provisions	4,326	-	4,326
Other technical insurance provisions	92,400	-	92,400
Difference	494,589	(727,170)	(232,581)

19.9. Analysis of interest rates repricing dates

Company

31 Dec. 2015	Effective interest rate	Up to 1 year	1-3 years	3-5 years	5-10 years	Non-interest bearing	Total	Fixed interest rate
	%	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	%
Investments in subsidiaries and associates		-	-	-	-	421,416	421,416	
Investment property		-	-	-	-	479,755	479,755	
Bonds	5.67	146,432	599,093	547,456	792,688	-	2,085,668	5.78
Held-to-maturity investments		146,432	599,093	547,456	792,688	-	2,085,668	
Bonds	4.12	-	230,279	400,694	693,152	-	1,324,125	5.07
Shares	-	-	-	-	-	257,458	257,458	-
Units in funds	-	-	-	-	-	26,614	26,614	-
Available-for-sale financial assets		-	230,279	400,694	693,152	284,072	1,608,197	-
Shares	-	-	-	-	-	12,953	12,953	-
Treasury bills	1.94	45,263	-	-	-	-	45,263	1.94
Units in funds	-	-	-	-	-	13,007	13,007	-
Financial assets at fair value through P&L – for trading		45,263	-	-	-	25,960	71,223	
Deposits in banks	3.06	253,175	1,108,681	-	-	-	1,361,856	3.06
Loans	7.38	235,438	44,806	19,422	-	-	299,666	7.38
Deposits, loans and receivables	-	488,613	1,153,487	19,422	-	-	1,661,522	-
Total financial assets	-	680,308	1,982,859	967,572	1,485,840	310,033	5,426,611	-
Liabilities arising from direct insurance	-	88,701	11,952	6,092	7,947	-	114,691	-
Other liabilities	-	107,036	-	-	5,232	-	112,268	-
Total financial and other liabilities (other than liabilities to non-controlling unitholders in investment funds)		195,737	11,952	6,092	13,179	-	226,960	
Interest rate risk gap		484,571	1,970,907	961,480	1,472,661	310,032	5,199,651	

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31 Dec. 2014	Effective interest rate	Up to 1 year	1-3 years	3-5 years	5-10 years	Non-interest bearing	Total	Fixed interest rate
	%	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	%
Investments in subsidiaries and associates		-	-	-	-	421.371	421.371	-
Investment property		-	-	-	-	514.715	514.715	-
Bonds	5.95	230,342	421,700	596,775	984,846	-	2,233,663	6.03
Treasury bills	2.00	9,920	-	-	-	-	9,920	2.00
Held-to-maturity investments		240,262	421,700	596,775	984,846	-	2,243,583	
Bonds	4.27	-	100,115	298,855	308,111	-	707,080	5.30
Commercial bills	5.75	3,620	-	-	-	-	3,620	5.75
Shares	-	-	-	-	-	305,751	305,751	-
Units in funds	-	-	-	-	-	23,902	23,902	-
Available-for-sale financial assets		3,620	100,115	298,855	308,111	329,653	1,040,354	
Bonds	6.21	-	31,552	-	53,928	-	85,480	6.33
Shares	-	-	-	-	-	15,066	15,066	-
Units in funds	-	-	-	-	-	185,261	185,261	-
Financial assets at fair value through P&L – for trading		-	31,552	-	53,928	200,327	285,807	
Deposits in banks	3.89	782,510	338,552	326,615	-	-	1,447,677	3.89
Loans	7.95	182,832	29,353	15,820	-	-	228,005	7.95
Deposits, loans and receivables		965,342	367,905	342,434	-	-	1,675,682	-
Total financial assets		1,209,224	921,272	1,238,064	1,346,884	1,466,067	6,181,511	-
Liabilities arising from direct insurance	-	83,288	-	-	-	-	83,288	-
Other liabilities	-	127,868	-	-	-	-	127,868	-
Total financial and other liabilities (other than liabilities to non-controlling unitholders in investment funds)		211,155	-	-	-	-	211,155	
Interest rate risk gap		998,069	921,272	1,238,064	1,346,884	1,466,067	5,970,356	

20. Reinsurance share in technical provisions

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Unearned premiums	31,961	40,228	24,660	14,153
Provisions for reported but not settled claims	210,994	228,866	58,934	42,547
Mathematical provisions	270	319	270	319
Provisions for incurred, but not reported claims (IBNR)	63,544	70,003	79,810	87,834
	306,769	339,416	163,674	144,852

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21. Deferred tax assets

(i) Movements in deferred tax assets:

Company	in HRK '000							TOTAL
	Impairment of investment in subsidiaries and associates	Financial assets at fair value through profit or loss	Impairment of available-for-sale financial assets	Impairment of held-to-maturity investment	Impairment of loans and deposits	Fair valuation losses on investment property	Tax losses carry-forward	
At 1 January 2014	7,361	1,619	13,175	11,280	(1,348)	14,183	-	46,270
Utilised deferred tax assets	-	(124)	(58)	-	(680)	-	-	(862)
Deferred tax assets recognised in profit or loss	2,877	521	11,020	5,692	3,702	49,304	28,322	101,438
Deferred tax assets recognised in other comprehensive income	-	-	727	-	-	-	-	727
At 31 December 2014	10,238	2,016	24,864	16,972	1,674	63,487	28,322	147,573
Utilised deferred tax assets	(1,580)	(72)	(3,040)	(1,143)	(1,726)	(8,077)	(9,741)	(25,379)
Deferred tax assets recognised in profit or loss	-	418	4,626	-	52	-	-	5,096
At 31 December 2015	8,658	2,362	26,450	15,829	-	55,410	18,581	127,290

(ii) Movements in deferred tax liabilities:

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
At 1 January	43,623	34,301
Utilization	(284)	351
Change in fair value of financial assets available for sale	(7,143)	25,431
Impairment of investment property	24	(15,760)
At 31 December	36,220	43,623

(iii) Netting of deferred tax:

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Balance of deferred tax assets	127,290	147,573
Balance of deferred tax liabilities	(36,220)	(43,623)
Net deferred tax assets at 31 December	91,070	103,950

Deferred tax liability is recognized on the basis of fair value adjustment of financial assets available for sale, land and buildings used for business activities, and the part of land and buildings not used for business activities. In each accounting period it is reduced by 20% of the depreciation resulting from the revaluation of property for business activities.

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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 investment	Impairment of loans and deposits	Fair valuation losses on investment property	Tax losses for carry-forward	
At 1 January 2014	10,987	15,471	11,280	9,231	14,888	2,487	64,343
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(86)	(86)
Utilized deferred tax assets in profit or loss	(8,496)	(58)	-	(1,299)	(382)	(2,268)	(12,503)
Deferred tax assets recognised in profit or loss	2,253	12,778	5,692	10,146	49,427	29,881	110,177
Deferred tax assets recognised in other comprehensive income	-	727	-	-	-	-	727
At 31 December 2014	4,744	28,918	16,972	18,078	63,933	30,013	162,658
Foreign exchange differences arising on translation of financial statements of foreign operations	(3)	-	-	-	-	-	(3)
Utilized deferred tax assets in profit or loss	(1,571)	(3,038)	(1,142)	(2,049)	(7,586)	(10,746)	(26,132)
Deferred tax assets recognised in profit or loss	5,367	626	-	123	(174)	35	5,977
Deferred tax assets recognised in other comprehensive income	-	-	96	-	-	-	96
At 31 December 2015	8,537	26,506	15,926	16,152	56,173	19,302	142,596

21. Deferred tax assets (continued)

(ii) Movements in deferred tax liabilities:

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
At 1 January	76,088	66,766
Utilization	(5,028)	351
Change in fair value of investments available for sale	(6,858)	24,731
Impairment of investment property recognized in profit or loss	(2,879)	-
Impairment of investment property		(15,760)
At 31 December	61,324	76,088

(iii) Netting of deferred tax:

	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Total deferred tax assets	142,596	162,658
Netting of deferred taxes (i)	(37,469)	(44,469)
Net movement in deferred tax assets	105,128	118,191
Total deferred tax liabilities	61,324	76,088
Netting of deferred taxes (i)	(37,469)	(44,469)
Net movement in deferred tax liabilities	23,855	31,619

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

22. Insurance contract and other receivables

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Receivables from policyholders, net	376,047	406,188	528,645	546,879
Receivables from reinsurance and coinsurance	25,842	6,206	23,762	29,955
Receivables from other insurance, net	244,413	180,197	248,412	184,996
Receivables for return on investment, net	8,376	7,966	14,040	14,108
Other receivables, net	67,994	78,054	97,378	108,206
	722,672	678,611	912,237	884,144
Interest receivable not due	69,420	64,195	80,044	70,634
Prepaid expenses	7,055	11,162	9,414	14,045
Other assets	479	2,059	2,808	2,782
	799,626	756,026	1,004,503	971,605

22.1. Receivables from policyholders

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Written but not invoiced premium	152,708	153,680	286,687	233,045
Invoiced uncollected premium	518,973	567,905	585,737	675,491
Receivables from policyholders, gross	671,681	721,585	872,424	908,536
Impairment	(295,634)	(315,397)	(343,779)	(361,658)
Receivables from policyholders, net	376,047	406,188	528,645	546,879

22.2. Receivables from coinsurance and reinsurance business

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Receivables from reinsurance premium	46	1,444	-	1,444
Receivables from reinsurance claims	18,260	4,594	16,226	7,071
Receivables from coinsurance claims	7,536	168	7,536	21,436
	25,842	6,206	23,762	29,955

22.3. Receivables from other insurance business

	Company		Company		Group		Group	
	31 Dec. 2015		31 Dec. 2014		31 Dec. 2015		31 Dec. 2014	
	in HRK '000		in HRK '000		in HRK '000		in HRK '000	
Receivables for reimbursements	278,895	211,389	283,652	214,961				
Impairment	(46,592)	(43,967)	(48,935)	(45,760)				
Net receivables	232,303	167,422	234,717	169,202				
Receivables for foreign claims	11,696	13,313	12,674	14,919				
Impairment	(553)	(538)	(553)	(552)				
Net receivables	11,143	12,776	12,121	14,367				
Other receivables	967	-	1,574	1,754				
Impairment	-	-	-	(328)				
Net receivables	967	-	1,574	1,426				
Receivables from other insurance, gross	291,558	224,702	297,900	231,635				
Impairment	(47,145)	(44,505)	(49,488)	(46,639)				
Receivables from other insurance, net	244,413	180,197	248,412	184,996				

22.4. Receivables for returns on investment

	Company		Company		Group		Group	
	31 Dec. 2015		31 Dec. 2014		31 Dec. 2015		31 Dec. 2014	
	in HRK '000		in HRK '000		in HRK '000		in HRK '000	
Receivables for regular interest on given loans	11,459	12,530	25,302	12,761				
Receivables for regular interest on deposits	6,963	8,015	12,397	10,405				
Receivables for default interest	3,450	1,807	3,727	1,807				
Other interest receivables	-	-	-	3,636				
Receivables for returns on investment, gross	21,872	22,353	41,426	28,610				
Impairment	(13,496)	(14,387)	(27,386)	(14,502)				
Receivables for returns on investment, net	8,376	7,966	14,040	14,108				

22.5. Other receivables

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Receivables for sold flats	6,019	13,147	6,143	13,147
Receivables for given advances	2,592	2,632	4,514	3,414
Receivables from buyers	4,091	7,280	17,969	18,105
Receivables from the state and state institutions	30,179	30,925	41,856	33,946
Receivables from credit card companies	18,879	20,353	20,225	21,255
Receivables obtained through cession	4,900	7,254	4,900	7,254
Receivables under court decisions	513	452	513	452
Receivables from employees	3,692	3,139	4,504	4,092
Receivables from agents	4,965	1,078	4,965	2,346
Other receivables	30,212	28,331	33,242	42,788
Other receivables, gross	106,042	114,590	138,831	146,798
Impairment	(38,048)	(36,536)	(41,453)	(38,592)
Other receivables, net	67,994	78,054	97,378	108,206

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

Company	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables from returns on investment	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables from 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	152,602	-	317	161,806	-	-	10,561	325,286
Past due but not impaired	253,586	6,206	7,649	5,615	12,776	-	67,493	353,325
Past due and impaired	315,397	-	14,387	43,967	538	-	36,536	410,825
Impaired	(315,397)	-	(14,387)	(43,967)	(538)	-	(36,536)	(410,825)
31 December 2014	406,188	6,206	7,966	167,422	12,776	-	78,054	678,611
Neither past due nor impaired	152,708	-	275	230,797	-	-	14,595	398,375
Past due but not impaired	223,339	25,842	8,101	1,506	11,143	967	53,399	324,297
Past due and impaired	295,634	-	13,496	46,592	553	-	38,048	394,323
Impaired	(295,634)	-	(13,496)	(46,592)	(553)	-	(38,048)	(394,323)
31 December 2015	376,047	25,842	8,376	232,303	11,143	967	67,994	722,672

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

Group	Receivables from policyholders in HRK '000	Receivables from coinsurance and reinsurance business in HRK '000	Receivables from returns on investment in HRK '000	Receivables from other insurance business			Other receivables in HRK '000	TOTAL in HRK '000
				Recourse receivables in HRK '000	Receivables from foreign claims in HRK '000	Other receivables in HRK '000		
31 December 2013	633,201	52,516	13,490	123,780	11,343	3,036	89,616	926,982
Neither past due nor impaired	266,313	-	6,288	162,824	-	-	31,275	466,700
Past due but not impaired	280,565	29,955	7,820	6,377	14,367	1,426	76,932	417,442
Past due and impaired	315,397	-	14,502	45,760	552	328	38,592	415,131
Impaired	(315,397)	-	(14,502)	(45,760)	(552)	(328)	(38,592)	(415,131)
31 December 2014	546,879	29,955	14,108	169,201	14,367	1,426	108,207	884,144
Neither past due nor impaired	279,743	-	5,421	231,553	-	638	33,724	551,079
Past due but not impaired	248,902	23,762	8,619	3,164	12,121	936	63,654	361,158
Past due and impaired	343,779	1,536	27,386	48,935	553	-	41,453	463,642
Impaired	(343,779)	(1,536)	(27,386)	(48,935)	(553)	-	(41,453)	(463,642)
31 December 2015	528,645	23,762	14,040	234,717	12,121	1,574	97,378	912,237

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

	Comapny							TOTAL
	Receivables from policyholders	Receivables from coinsurance and reinsurance business	Receivables from returns on investment	Receivables from other insurance business			Other receivables	
				Recourse receivables	Receivables from 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	
High quality	-	-	317	-	-	-	-	317
Standard quality	152,602	-	-	161,806	-	-	10,561	324,969
31 December 2014	152,602	-	317	161,806	-	-	10,561	325,286
High quality	-	-	275	-	-	-	-	275
Standard quality	152,708	-	-	230,797	-	-	14,595	398,100
31 December 2015	152,708	-	275	230,797	-	-	14,595	398,375

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

	Group							TOTAL in HRK '000
	Receivables from policyholders in HRK '000	Receivables from coinsurance and reinsurance business in HRK '000	Receivables from returns on investment in HRK '000	Receivables from other insurance business			Other receivables in HRK '000	
				Recourse receivables in HRK '000	Receivables from foreign claim in HRK '000	Other receivables in HRK '000		
31 December 2013	300,796	33	4,035	119,463	-	-	25,205	449,532
High quality	-	-	6,288	-	-	-	-	6,288
Standard quality	266,313	-	-	162,824	-	-	31,275	460,412
31 December 2014	266,313	-	6,288	162,824	-	-	31,275	466,700
High quality	4,371	-	5,085	-	-	608	816	10,880
Standard quality	275,372	-	336	231,553	-	30	32,908	540,199
31 December 2015	279,743	-	5,421	231,553	-	638	33,724	551,079

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

	Company				Group			
	<90 days	90-180 days	> 180 days	Total	<90 days	90-180 days	> 180 days	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Receivables from insurance business	176,914	69,930	6,742	253,586	197,340	75,774	7,451	280,565
Receivables from coinsurance and reinsurance business	6,206	-	-	6,206	23,229	6,726	-	29,955
Receivables from returns on investment	7,376	274	-	7,649	7,546	274	-	7,820
Receivables from other insurance business:	15,850	2,541	-	18,391	19,069	2,902	200	22,171
recourse receivables	3,075	2,541	-	5,615	3,276	2,902	200	6,378
receivables from foreign claims	12,776	-	-	12,776	14,367	-	-	14,367
other receivables	-	-	-	-	1,426	-	-	1,426
Other receivables	65,231	1,910	352	67,493	73,955	2,358	619	76,932
31 December 2014	271,578	74,654	7,094	353,325	321,139	88,034	8,270	417,443
Receivables from insurance business	160,912	57,616	4,811	223,339	182,645	61,219	5,038	248,902
Receivables from coinsurance and reinsurance business	25,842	-	-	25,842	20,478	3,050	234	23,762
Receivables from returns on investment	6,511	78	1,512	8,101	6,739	368	1,512	8,619
Receivables from other insurance business:	12,695	921	-	13,616	14,787	1,043	382	16,212
recourse receivables	585	921	-	1,506	1,742	1,043	379	3,164
receivables from foreign claims	11,143	-	-	11,143	12,119	-	2	12,121
other receivables	967	-	-	967	936	-	-	936
Other receivables	37,546	15,853	-	53,399	42,275	14,594	6,785	63,654
31 December 2015	243,506	74,468	6,323	324,297	266,934	80,274	13,950	361,158

22.9. Movements in impairment of receivables

Company	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables from returns on investment	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables from foreign claims	Other receivables		
				in HRK '000	in HRK '000	in HRK '000		
31 December 2013	320,725	-	33,526	35,043	516	-	31,298	421,108
Increase in impairment	202,193	-	4,080	13,965	970	-	5,238	226,446
Collection of previously impaired amounts	(167,264)	-	(339)	(4,302)	(948)	-	-	(172,853)
Write-offs	(40,258)	-	(22,880)	(739)	-	-	-	(63,877)
31 December 2014	315,396	-	14,387	43,967	538	-	36,536	410,825
Increase in impairment	178,657	-	209	7,015	902	-	1,735	188,517
Collection of previously impaired amounts	(169,874)	-	(1,099)	(3,907)	(884)	-	(222)	(175,986)
Write-offs	(28,546)	-	-	(483)	(3)	-	-	(29,032)
31 December 2015	295,634	-	13,496	46,591	553	-	38,048	394,322

Group	Receivables from insurance business	Receivables from coinsurance and reinsurance business	Receivables from returns on investment	Receivables from other insurance business			Other receivables	TOTAL
				Recourse receivables	Receivables from foreign claims	Other receivables		
				in HRK '000	in HRK '000	in HRK '000		
31 December 2013	320,725	-	47,507	36,844	555	243	32,250	438,124
Increase in impairment	233,811	-	4,189	14,245	992	122	7,425	260,784
Collection of previously impaired amounts	(189,120)	-	(8,096)	(4,591)	(995)	(37)	(1,045)	(203,883)
Write-offs	(50,019)	-	(29,098)	(739)	-	-	(38)	(79,893)
31 December 2014	315,397	-	14,502	45,760	552	328	38,592	415,130
Increase in impairment	240,590	1,536	16,254	11,606	326	-	3,009	273,321
Collection of previously impaired amounts	(183,615)	-	(3,370)	(7,935)	(325)	(328)	(148)	(195,721)
Write-offs	(28,397)	-	-	(483)	-	-	-	(28,880)
Foreign exchange differences	(196)	-	-	(12)	-	-	-	(208)
31 December 2015	343,779	1,536	27,386	48,935	553	-	41,453	463,642

23. Cash and cash equivalents

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Cash in bank accounts	25,267	55,636	61,519	88,007
Cash in foreign currency accounts	33,057	45,494	63,912	66,920
Cash on hand	36	45	3,045	752
Deposits with maturity up to three months	-	-	7,680	9,699
Total cash and cash equivalents	58,360	101,175	136,156	165,378

24. Equity

24.1. Share capital

The Company's share capital amounts to the nominal value of HRK 601,576 thousand (31 December 2014: HRK 601,576 thousand) and comprises 429,697 shares with the par value of HRK 1,400, which have been paid entirely in cash, registered at the register of the Commercial Court in Zagreb.

The shares are marked as follows

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

Preference shares provide their holders with the following rights:

- voting rights equal to the holders of ordinary shares;
- dividend payment in the amount of 8% annually on the nominal value of shares, for the year in which an appropriate profit was realised;
- cumulative dividend payment is guaranteed 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.

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Notes to financial statements for the year ended 31 December 2015

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

Shareholder	31 Dec. 2015			31 Dec. 2014		
	Number of shares	Nominal amount in HRK'000	Equity share %	Number of shares	Nominal amount in HRK'000	Equity share %
ADRS grupa d.d.	263,419	368,787	61.3	263,419	368,787	61.3
DUUDI/RH	120,442	168,619	28.0	120,442	168,619	28.0
DUUDI/ State Agency for Deposit Insurance	11,145	15,603	2.6	11,145	15,603	2.6
Raiffeisenbank Austria d.d.- custody account	19,491	27,287	4.5	19,503	27,304	4.5
Other shareholders	15,200	21,280	3.5	15,188	21,263	3.5
	429,697	601,576	100	429,697	601,576	100

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

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

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

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

Based on the decision of the 39th General Assembly meeting of Croatia osiguranje d.d. on the increase in the Company's share capital, and in accordance with the provisions of the Agreement on the purchase and sale of shares in the company CROATIA osiguranje d.d., Zagreb signed on 6 March 2014 between the Government of the Republic of Croatia and Adris grupa, on 15 September 2014 Adris grupa paid HRK 840,171,125.20 as a capital contribution to Croatia osiguranje. The share capital increase was recorded in the court register of the Commercial Court in Zagreb on 15 September 2014. After the capital contribution, the share of the majority shareholder, ADRIS grupa d.d., owned by the Company was increased from 53.56% to 65.81%. The total majority shareholder percentage as at 31 December 2015 consists of the own share of 61.3% increased by another custodian account owned by the majority shareholder of 4.8%.

24.2. Reserves

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Legal reserves	23,576	23,576	23,576	23,788
Statutory reserves	147,220	147,220	147,220	147,220
Other reserves	224,739	342,211	224,739	343,738
	395,535	513,007	395,535	514,746

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

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

24.3. Fair value reserve

Fair value reserve is presented as follows:

	Company	Company	Group	Group
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Business property	78,488	79,790	148,865	174,156
Deferred tax from change in fair value reserve of business property	(15,698)	(15,958)	(28,425)	(34,831)
Available-for-sale financial assets	98,975	134,688	104,569	140,320
Deferred tax from change in fair value reserve of available-for-sale financial assets	(19,795)	(26,939)	(19,828)	(26,870)
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(5,724)	(5,972)
	141,970	171,581	199,457	246,803

/i/ Fair value reserve of business property

	Company	Group
	in HRK '000	in HRK '000
1 January 2014	127,566	215,066
Decrease in fair value reserve	(61,274)	(70,828)
Release of fair value reserve, realised portion	(2,460)	(4,914)
31 December 2014	63,832	139,324
Increase in fair value reserve	215	176
Decrease in fair value reserve	(119)	(119)
Release of fair value reserve, realised portion (depreciation)	(1,138)	(18,941)
31 December 2015	62,790	120,440

/ii/ Revaluation reserves of available-for-sale financial assets

	Company	Group
	in HRK '000	in HRK '000
1 January 2014	9,273	591
Change in fair value of available-for-sale financial assets	43,440	49,021
Impairment of financial assets	55,099	57,929
Realized losses from available-for-sale financial assets	(63)	(63)
31 December 2014	107,749	107,478
Change in fair value of available-for-sale financial assets	(60,890)	(60,780)
Impairment of financial assets, net of tax (Note 12.1)	37,007	36,739
Realized losses from available-for-sale financial assets, net of tax (through profit)	(4,686)	(4,420)
31 December 2015	79,180	79,017

25. Technical provisions

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>
	<u>in HRK '000</u>	<u>in HRK '000</u>	<u>in HRK '000</u>	<u>in HRK '000</u>
<i>Claims provisions, gross</i>				
Provisions for reported but not settled claims	1,581,331	1,597,603	1,701,617	1,777,164
Provisions for incurred, but not reported claims (IBNR)	967,304	974,887	1,161,849	1,088,298
Provisions for costs of claims handlings	123,334	128,624	149,645	152,180
Claims provisions, gross	2,671,969	2,701,114	3,013,111	3,017,642
Unearned premiums, gross	790,773	812,835	1,069,174	1,066,292
Mathematical provisions for insurance, gross	2,266,361	2,071,854	2,507,339	2,277,669
Other insurance-technical provisions, gross	72,221	96,726	91,936	123,534
Technical provisions for life insurance where the policyholder bears the investment risk	34,582	5,312	34,582	5,312
Total technical provisions	5,835,906	5,687,841	6,716,142	6,490,448

Other insurance-technical provisions include unexpired risk reserves.

25.1. Movements in reported but not settled claims, gross

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>
	<u>in HRK '000</u>	<u>in HRK '000</u>	<u>in HRK '000</u>	<u>in HRK '000</u>
LIFE				
Balance at 1 January	21,956	21,839	22,523	22,061
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(2)	-
Claims incurred in the current year	9,156	11,762	10,858	12,008
Transfer from provisions for incurred, but not reported claims	237	522	366	567
Change in claims from the previous year	3,344	(3,049)	3,083	(2,976)
Settled claims	(10,405)	(9,117)	(11,834)	(9,136)
Balance at 31 December	24,288	21,956	24,994	22,523
NON-LIFE				
Balance at 1 January	1,575,647	1,552,265	1,754,641	1,702,316
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(372)	(198)
Claims incurred in the current year	286,071	319,169	335,750	220,827
Transfer from provisions for incurred, but not reported claims	117,740	117,838	124,678	104,707
Change in claims from the previous year	(55,049)	1,617	(26,039)	1,801
Settled claims	(367,366)	(415,241)	(512,035)	(274,813)
Balance at 31 December	1,557,043	1,575,647	1,676,623	1,754,641
TOTAL LIFE AND NON LIFE				
Balance at 31 December	1,581,331	1,597,603	1,701,617	1,777,164

25.2. Movements in incurred but not reported claims

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
LIFE				
Balance at 1 January	4,410	4,410	5,001	4,745
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(1)	2
Increases recognized during the year	1,176	1,797	1,448	2,376
Transfer to provisions for reported claims	(237)	(522)	(366)	(567)
Settled claims	(939)	(1,275)	(1,062)	(1,555)
Balance at 31 December	4,410	4,410	5,020	5,001
NON-LIFE				
Balance at 1 January	970,476	1,010,391	1,083,298	1,127,204
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(539)	(1,708)
Increases recognized during the year	239,299	227,736	367,870	259,260
Transfer to provisions for reported claims	(117,740)	(117,838)	(134,260)	(125,048)
Settled claims	(129,141)	(149,813)	(159,540)	(176,411)
Balance at 31 December	962,894	970,476	1,156,829	1,083,297
TOTAL LIFE AND NON LIFE				
Balance at 31 December	967,304	974,887	1,161,849	1,088,298

25.3. Movements in provisions for unearned premiums

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
LIFE				
Balance at 1 January	2,607	2,753	3,507	3,587
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(5)	9
Written premiums during the year	513,508	366,589	513,760	439,979
Earned premiums during the year	(512,393)	(366,734)	(512,463)	(440,068)
Balance at 31 December	3,722	2,607	4,799	3,507
NON-LIFE				
Balance at 1 January	810,228	932,736	1,062,785	1,142,164
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(839)	(2,492)
Written premiums during the year	1,794,422	1,913,317	2,197,746	2,429,287
Earned premiums during the year	(1,817,599)	(2,035,825)	(2,195,317)	(2,506,175)
Balance at 31 December	787,051	810,228	1,064,375	1,062,785
TOTAL LIFE AND NON LIFE				
Balance at 31 December	790,773	812,835	1,069,174	1,066,292

25.4. Movements in mathematical provisions for insurance, gross

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
At 1 January	2,071,854	1,955,270	2,277,669	2,131,297
Foreign exchange differences arising on translation of financial statements of foreign operations	-	-	(724)	1,126
Allocated premium	374,624	303,541	435,037	332,112
Reversal of liabilities due to benefits paid, surrenders and other terminations	(263,036)	(257,669)	(288,116)	(257,669)
Capitalised technical interest	76,077	72,506	76,077	72,506
Change of discretionary bonus	6,842	(1,795)	7,396	(1,703)
At 31 December	2,266,361	2,071,854	2,507,339	2,277,669

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

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
LIFE				
Balance at 1 January	5,312	8,389	5,312	8,389
Allocated premium	32,029	62	32,029	62
Reversal of liabilities due to benefits paid, surrenders and other terminations	(1,937)	(5,072)	(1,937)	(5,072)
Unrealised (losses)/gains on assets in which the policyholders' funds are invested	(822)	1,933	(822)	1,933
Balance at 31 December	34,582	5,312	34,582	5,312

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

Company

	in HRK '000								
	Before 2009	2009	2010	2011	2012	2013	2014	2015	TOTAL
Assessment of cumulative claims at the end of the year of the accident	-	1,884,850	1,640,995	1,664,547	1,508,800	1,406,818	1,244,991	1,192,854	-
One year later	-	1,778,879	1,558,308	1,552,097	1,421,351	1,351,615	1,216,132	-	-
Two years later	-	1,749,788	1,528,681	1,525,994	1,406,404	1,338,872	-	-	-
Three years later	-	1,738,681	1,499,108	1,516,011	1,417,595	-	-	-	-
Four years later	-	1,755,962	1,506,298	1,534,264	-	-	-	-	-
Five years later	-	1,745,577	1,515,093	-	-	-	-	-	-
Six years later	-	1,751,012	-	-	-	-	-	-	-
Assessment of cumulative claims	-	1,751,012	1,515,093	1,534,264	1,417,595	1,338,872	1,216,132	1,192,854	9,965,822
Cumulative payments	-	1,637,016	1,394,745	1,406,400	1,253,168	1,179,954	1,013,418	656,372	8,541,073
Provision for previous years	1,095,186	-	-	-	-	-	-	-	1,095,186
Costs of claims handling	48,879	5,604	5,922	6,380	8,084	8,492	10,997	27,541	121,899
Value recognized in the statement of financial position	1,144,065	119,600	126,269	134,244	172,511	167,410	213,712	564,023	2,641,835

25.7. Maturity of gross technical provisions

Company	in HRK '000				
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
2015					
Unearned premiums, gross	620,823	112,592	44,555	12,803	790,773
Mathematical provisions for insurance, gross	237,197	1,048,699	526,596	453,869	2,266,361
Claims provisions, gross	738,454	797,964	420,003	715,548	2,671,969
Other insurance-technical provisions, gross	57,399	11,096	1,963	1,763	72,221
Technical provisions for life insurance where the policyholder bears the investment risk	4	1,436	33,039	103	34,582
	1,653,877	1,971,787	1,026,156	1,184,086	5,835,906
2014					
Unearned premiums, gross	656,081	107,730	37,897	11,127	812,835
Mathematical provisions for insurance, gross	178,507	919,118	523,296	450,934	2,071,854
Claims provisions, gross	842,154	823,257	511,762	523,942	2,701,114
Other insurance-technical provisions, gross	79,860	12,731	2,126	2,010	96,726
Technical provisions for life insurance where the policyholder bears the investment risk	3,769	1,288	79	176	5,312
	1,760,370	1,864,124	1,075,160	988,188	5,687,841
Group					
	in HRK '000				
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
2015					
Unearned premiums, gross	890,739	103,307	66,319	8,809	1,069,174
Mathematical provisions for insurance, gross	253,948	1,132,079	592,746	528,566	2,507,339
Claims provisions, gross	894,758	939,510	452,284	726,559	3,013,111
Other insurance-technical provisions, gross	71,298	16,912	1,963	1,763	91,936
Technical provisions for life insurance where the policyholder bears the investment risk	4	1,436	33,039	103	34,582
	2,110,747	2,193,244	1,146,351	1,265,800	6,716,142
2014					
Unearned premiums, gross	848,224	144,386	62,707	10,975	1,066,292
Mathematical provisions for insurance, gross	212,044	913,217	596,154	556,253	2,277,669
Claims provisions, gross	1,186,895	830,680	527,519	472,548	3,017,642
Other insurance-technical provisions, gross	97,255	10,601	2,695	12,983	123,534
Technical provisions for life insurance where the policyholder bears the investment risk	3,769	1,288	79	176	5,312
	2,348,187	1,900,172	1,189,154	1,052,935	6,490,448

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

Types of non-life insurance	Claims ratio	Cost ratio	Combined ratio	Claims ratio	Cost ratio	Combined ratio
	2015	2015	2015	2014	2014	2014
Accident insurance	28.12%	39.95%	68.07%	30.91%	50.14%	81.05%
Health insurance	116.63%	43.50%	160.13%	165.28%	69.16%	234.44%
Road vehicle insurance	87.95%	35.98%	123.93%	100.13%	48.94%	149.07%
Railroad rolling stock insurance	6.46%	42.03%	48.49%	7.83%	51.07%	58.90%
Aircraft insurance	150.73%	33.18%	183.91%	95.65%	25.39%	121.05%
Vessel insurance	62.89%	23.80%	86.69%	37.20%	38.81%	76.01%
Insurance for goods in transit	52.76%	39.08%	91.83%	27.07%	35.16%	62.24%
Insurance against fire and natural disaster	22.11%	32.28%	54.40%	45.00%	46.10%	91.10%
Other types of property insurance	67.40%	36.18%	103.58%	74.63%	53.12%	127.75%
Motor liability insurance	52.73%	40.44%	93.17%	38.81%	58.37%	97.18%
Aircraft liability insurance	54.88%	32.79%	87.67%	6.72%	26.65%	33.37%
Boat liability insurance	36.64%	26.39%	63.04%	79.88%	31.25%	111.13%
Other liability insurance	90.15%	27.04%	117.18%	94.89%	40.33%	135.22%
Loan insurance/credit insurance	45.90%	72.51%	118.41%	83.51%	32.39%	115.91%
Surety insurance	112.16%	27.05%	139.21%	72.15%	23.58%	95.72%
Miscellaneous financial loss insurance	21.49%	35.30%	56.79%	26.43%	33.40%	59.82%
Travel insurance	33.74%	44.16%	77.90%	24.54%	65.06%	89.60%
Total non-life insurance	56.95%	37.22%	94.18%	56.65%	49.56%	106.21%

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

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

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

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

Type of financial instrument	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Assets for mathematical provisions coverage		
Securities issued by the Republic of Croatia and Croatian Bank for Reconstruction and Development	1,977,660	1,695,182
Bonds and other debt securities issued by a local and regional self-government unit in the Republic of Croatia	2,174	4,353
Bonds and other debt securities traded in the regulated securities market in the Republic of Croatia	10,000	32,574
Shares traded in the regulated securities market in the Republic of Croatia	2,556	10,858
Units and shares in investment funds registered in the Republic of Croatia	13,007	36,090
Advances and loans in the amount of total surrender value under life insurance contract	47,391	42,801
Deposits in banks with registered office in Republic of Croatia	256,565	285,568
Assets in the insurance company's business account	26,869	30,376
Total assets for mathematical provisions coverage	2,336,222	2,137,803
Mathematical provisions, net of reinsurance	2,266,092	2,071,535
Provisions for claims based on risk types which require the forming of mathematical provisions	23,595	20,876
Required mathematical provision coverage	2,289,687	2,092,411
Coverage excess	46,535	45,392

Movements in annual return on mathematical provision

Pursuant to the Ordinance on minimum standards, methods of calculating and guidelines for calculating technical provisions in insurance (Official Gazette No. 97/09, 135/09, 150/09), the maximum interest rate for the calculation of mathematical provision is 3.3% for insurance contracts concluded before 2010, 3% for insurance contracts concluded during 2010, and 2.50% or 2.25% for insurance contracts concluded after 2010 where the interest rate shall not be higher than the average return that the Company realized through investment of mathematical provision in the last three years.

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

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

The following table shows movements in the annual return realized from investment of assets covering mathematical provisions for 2015, 2014 and 2013:

	2013	2014	2015
	in HRK '000HRK	in HRK '000HRK	in HRK '000HRK
Average balance of mathematical provisions	1,937,766	2,013,562	2,169,108
Return on investment from mathematical provisions	115,298	117,140	100,904
Rate of annual return on mathematical provisions	5.95%	5.82%	4.65%
Average return on mathematical provisions for the past 3 years	5.91%	5.94%	5.45%

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

Type of financial instrument	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000
Securities issued by the Republic of Croatia	1,372,162	1,219,599
Securities issued by the Croatian Bank for Reconstruction and Development	11,413	11,444
Bonds and other debt securities traded in the regulated securities market in the Republic of Croatia	66,387	63,070
Shares traded in the regulated securities market in the Republic of Croatia	90,740	70,620
Shares issued by a foreign joint stock company which are traded in regulated capital markets of Member States or OECD members	161,848	199,393
Units and shares in investment funds which are registered in the Republic of Croatia	26,614	101,948
Loans collateralized with lien on real estate or transfer of right of ownership	137,158	172,005
Deposits in banks with registered office in the Republic of Croatia	570,000	785,891
Loans collateralized with bank guarantee issued by a bank with registered office in the Republic of Croatia		-
Ownership of real estate and other property rights over real estate	389,924	419,614
Assets in insurance company's business account	23,402	63,874
Investments with the consent of the supervisory body	357,038	375,782
Total assets for technical provisions coverage	3,206,688	3,483,240
Provisions for unearned premiums, net of reinsurance	758,812	772,608
Claims provisions, net of reinsurance	2,373,835	2,381,369
Other technical provisions for insurance	72,221	96,726
Required coverage of technical provisions, except for mathematical provisions	3,204,868	3,250,703
Coverage excess/shortage	1,820	232,537

As at 31 December 2015, the assets covering technical provisions amounted to 100.06% of the required technical provision coverage (as at 31 December 2014, assets covering technical provisions amounted to 107.15 % of the required technical provision coverage) so the Company met the requirements of the supervisory body regarding the level of technical provisions.

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Notes to financial statements for the year ended 31 December 2015

26. Provisions

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Provisions for termination benefits	43,418	146,459	49,900	150,453
Provisions for jubilee awards and termination benefits (retirement) /i/	31,261	68,330	42,808	74,126
Provisions for court claims	32,431	29,908	35,780	32,049
Other long-term provisions	400	3,794	400	4,505
	107,510	248,491	128,888	261,133

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

Company	Other long-term provisions	Provisions for court claims	Provisions for jubilee awards and termination benefits (retirement)	Provisions for termination benefits	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
	Balance at 1 January 2014	-	20,838	82,186	10,214
Additional provisions	3,794	16,285	12,829	138,966	171,874
Decrease in provisions (utilization)	-	-	(26,685)	(2,721)	(29,406)
Decrease in provisions (reversal)	-	(7,215)	-	-	(7,215)
Balance at 31 December 2014	3,794	29,908	68,330	146,459	248,491
Additional provisions	-	18,717	-	17,720	36,437
Decrease in provisions (utilization)	-	-	(2,653)	(120,761)	(123,414)
Decrease in provisions (reversal)	(3,394)	(16,194)	(34,416)	-	(54,004)
Balance at 31 December 2015	400	32,431	31,261	43,418	107,510

Group	Other long-term provisions	Provisions for court claims	Provisions for jubilee awards and termination benefits (retirement)	Provisions for termination benefits	Total
	in HRK '000	in HRK '000	in HRK '000	in HRK '000	in HRK '000
	Balance at 1 January 2014	476	22,649	88,109	11,921
Additional provisions	4,505	17,317	14,160	141,253	177,235
Decrease in provisions (utilization)	-	-	(26,685)	(2,721)	(29,406)
Decrease in provisions (reversal)	(476)	(7,917)	(1,458)	-	(9,851)
Balance a 31 December 2014	4,505	32,049	74,126	150,453	261,133
Additional provisions	-	20,004	8,278	23,467	51,749
Decrease in provisions (utilization)	-	-	(3,757)	(124,020)	(127,777)
Decrease in provisions (reversal)	(4,105)	(16,273)	(35,839)	-	(56,217)
Balance at 31 December 2015	400	35,780	42,808	49,900	128,888

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

- Employment termination rate is 5.34% (2014: 5.34%);
- Increase in salaries is not expected;
- The present value of the obligation was determined using a discount rate of 2.99% (2014: 3.45%).

27. Financial liabilities

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Financial liabilities with financial institutions	-	-	536	30,002
Other financial liabilities	-	-	1,193	1,525
	-	-	1,729	31,527

27.1. Liabilities to banks and other financial institutions

	Currency	Nominal rate %	Year of maturity	31 Dec. 2015	31 Dec. 2014
				in HRK'000	in HRK'000
Domestic bank	EUR	4.30%	2016	536	1,862
Domestic bank	HRK	3M ZIBOR + 3.38%	2024	-	28,140
				536	30,002

27.2. Maturity of long-term liabilities

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
2014	-	-	-	-
2015	-	-	-	3,671
2016	-	-	536	3,201
2017	-	-	-	2,673
2018	-	-	-	2,792
2019 and thereafter	-	-	-	17,665
	-	-	536	30,002

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28. Insurance contract and other liabilities and deferred income

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Insurance contract liabilities	114,691	83,288	134,688	103,476
Reinsurance liabilities	40,547	8,958	42,431	40,496
Other liabilities	71,721	109,111	112,828	146,878
Accrued expenses	70,219	57,378	80,933	62,832
Deferred income	240,059	169,830	240,837	170,116
	537,237	428,566	611,717	523,798

/i/ Insurance contract liabilities

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Liabilities for claims and contracted insurance amounts	46,713	37,257	55,487	51,650
Liabilities for contribution to the Fire Department	495	1,017	933	1,019
Liabilities for the guarantee fund	38,134	34,974	39,810	34,986
Liabilities for advances received for the insurance premium	27,032	8,438	30,197	8,438
Liabilities to the Croatian Insurance Bureau	85	30	85	30
Fee payable to the Croatian Financial Services Supervisory Agency	101	201	149	206
Liabilities for health insurance under motor liability premium	777	910	1,360	910
Other liabilities	1,354	460	6,666	6,237
	114,691	83,288	134,688	103,476

/ii/ Liabilities from coinsurance and reinsurance

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Reinsurance premiums payable	39,578	8,958	39,939	39,940
Coinsurance premiums payable	969	-	2,492	557
	40,547	8,958	42,431	40,496

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Notes to financial statements for the year ended 31 December 2015

/iii/ Other liabilities

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Trade payables	24,958	44,638	35,074	52,872
Advances received	1,880	617	6,179	1,259
Liabilities for net salaries	20,009	22,898	26,556	28,196
Liabilities for contributions from salaries	5,335	6,561	6,467	8,263
Liabilities for tax and surtax from salaries	3,537	4,524	4,387	5,351
Liabilities for contributions on salaries	4,691	5,828	5,838	6,956
Deductions from salaries and wages	114	1,640	162	1,679
Dividend payable	269	273	290	273
Liabilities to the state for sold flats	3,131	3,742	3,193	3,745
Due to employees	237	168	842	707
Liabilities for tax on motor liability and motor hull insurance	6,931	6,842	7,559	6,842
Other liabilities	629	11,380	16,281	30,735
	71,721	109,111	112,828	146,878

/iv/ Accrued expenses and deferred income

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Accrued expenses for unused vacation days	24,096	24,465	24,657	25,250
Other accrued expenses	46,123	32,913	56,276	37,582
Total accrued expenses	70,219	57,378	80,933	62,832
Deferred income from recourses /i/	234,885	165,894	234,885	165,894
Other deferred income	5,174	3,936	5,952	4,222
Total deferred income	240,059	169,830	240,837	170,116
	310,278	227,208	321,770	232,948

/i/ Deferred income from recourse, due to uncertainty of collection, in the amount of HRK 234,885 thousand (31 December 2014: HRK 165,894 thousand) relates to deferred income from recourses which are either open or subject to a final settlement for payment (see Note 22). 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

	Company		Group	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Premium receivables from companies in bankruptcy	170,110	162,905	183,967	162,905
Shares and stakes of companies in bankruptcy	22,619	22,577	28,793	26,913
Placements and interest from companies in bankruptcy	48,543	49,551	75,228	83,873
Default interest on placements	42,992	31,905	44,195	32,863
	284,264	266,918	332,183	306,554
Recourse receivables not recognised	859,187	910,587	880,568	938,588
	1,143,451	1,177,775	1,212,751	1,245,142

30. Transactions with related parties

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

Key transactions with related parties

The Company ceded premium to reinsurance to the company Croatia Lloyd d.d. of HRK 19,762 thousand (2014: HRK 283,083 thousand) and recovered HRK 71,990 of claims (2014: HRK 148,061 thousand).

The Company has provided two loans to the subsidiary Croatia-Tehnički pregledi d.o.o. with a total value of HRK 60 million with an interest rate of 7% for the purpose of additional investment.

The Company pays income tax to the Republic of Croatia which is disclosed in Note 13. The Company is also paying salary taxes, which is disclosed in Note 9 and 10.2. There are no due unpaid liabilities to the Republic of Croatia in terms of taxes.

Other relations with subsidiaries, joint ventures and associates within the Group and other companies that have a significant impact on the Company's financial statements, and companies with majority state ownership are shown in the following tables for the years 2015 and 2014:

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Notes to financial statements for the year ended 31 December 2015

Transactions and balances with the parent company and other related entities of the Company and the Group for 2015:

2015 in HRK '000	Loans and receivables	Reinsurance share in technical provisions	Receivables from insurance business	Other receivables	Liabilities from insurance business	Other liabilities	Written premiums	Premiums ceded to reinsurance	Investment income	Other income	Incurred claims	Reinsurance share in claims	Operating expenses
Company													
Subsidiaries	51,627	226,642	13,522	8,577	1,632	704	31,469	19,762	15,619	20,641	6,186	71,990	15,083
Group													
Adris grupa d.d. – parent company	-	-	156	15	-	84	399	-	-	44	14	-	102
Other Adris Group companies	-	-	1,453	-	72	259	24,098	-	-	5,624	15,680	-	3,446

Transactions and balances with parties related to the shareholder with significant influence on the Group (Republic of Croatia) for 2015:

2015 in HRK '000	Debt securities	Loans and receivables	Receivables from insurance business	Other receivables	Liabilities from insurance business	Other liabilities	Income from insurance	Interest income	Other income	Expenses from insurance	Other expenses
State and all companies in which the state has majority ownership	3,402,942	186,200	13,393	51	1,832	1,599	96,951	164,777	12	35,181	18,083

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Notes to financial statements for the year ended 31 December 2015

Transactions and balances with subsidiaries of the Company for 2014:

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

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

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

/i/ Key management compensation

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>	<u>31 Dec. 2015</u>	<u>31 Dec. 2014</u>
	in HRK '000	in HRK '000	in HRK '000	in HRK '000
Key management compensation	29,445	21,488	39,305	33,267

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

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 main activity, the Group is subject to court procedures initiated by injured parties. Provisions for court claims 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 2015, the Company's contractual liabilities for future investments amount to HRK 9,184 thousand based on binding bids for investments in venture capital funds (31 December 2014: HRK 12,870 thousand).

33. Financial statements audit

Auditors of financial statements of the Group have provided services in 2015 in the amount of HRK 1.9 million plus value added tax (2014: HRK 3.7 million plus value added tax). The Company was provided services in the amount of HRK 775 thousand plus value added tax (2014: HRK 2.7 million plus value added tax). Services in 2015 and 2014 relate to the costs of statutory audit of annual financial statements and related audit services.

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

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

The reconciliation between the financial statements, presented below on pages 151 to 167 as prescribed by the Ordinance on the structure and content of the financial statements of insurance and reinsurance Companies, and the annual financial statements prepared in accordance with the IFRS reporting framework is presented on pages 169 to 181 entitled "Reconciliation of financial statements".

Statement of financial position (balance sheet) as at 31 December 2015

ASSETS

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	A	CLAIMS FOR SUBSCRIBED AND UNPAID CAPITAL						
002		1	Called-up capital						
003		2	Uncalled capital						
004	005+006	B	INTANGIBLE ASSETS		10,828,283	10,828,283	0	14,333,691	14,333,691
005		1	Goodwill						0
006		2	Other intangible assets		10,828,283	10,828,283		14,333,691	14,333,691
007	008+009+010	C	TANGIBLE ASSETS		738,628,384	738,628,384	0	732,482,249	732,482,249
008		1	Land and buildings used for business activities		716,354,951	716,354,951		700,868,977	700,868,977
009		2	Equipment		17,828,699	17,828,699		14,013,695	14,013,695
010		3	Other tangible assets and inventories		4,444,734	4,444,734		17,599,578	17,599,578
011	012+013+017+036	D	INVESTMENTS	2,240,764,820	3,934,571,726	6,175,336,547	2,416,956,165	3,910,824,965	6,327,781,130
012		I	Investments in land and buildings not used for business activities		514,715,135	514,715,135		479,754,760	479,754,760
013	014+015+016	II	Investments in subsidiaries, associates and participation in joint ventures		421,370,992	421,370,992	0	421,415,761	421,415,761
014		1	Shares and stakes in subsidiaries		389,111,292	389,111,292		389,156,061	389,156,061
015		2	Shares and stakes in associates		4,259,700	4,259,700		4,259,700	4,259,700
016		3	Participation in joint ventures		28,000,000	28,000,000		28,000,000	28,000,000
017	018+021+026+032	III	Other financial investments	2,240,764,820	2,998,485,600	5,239,250,420	2,416,956,165	3,009,654,444	5,426,610,609
018	019+020	1	Held-to-maturity investments	1,395,070,434	848,512,148	2,243,582,581	1,209,820,410	875,847,754	2,085,668,164
019		1.1	<i>Debt securities and other securities with fixed income</i>	1,395,070,434	848,512,148	2,243,582,581	1,209,820,410	875,847,754	2,085,668,164
020		1.2	<i>Other investments held to maturity</i>						0

Statement of financial position (balance sheet) as at 31 December 2015

ASSETS

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
021	022+023+024+025	2	Investments available for sale	333,114,110	701,409,187	1,034,523,298	744,973,829	863,223,532	1,608,197,362
022		2.1	<i>Stocks, shares and other securities with variable income</i>	28,100,427	271,820,309	299,920,736	10,223,402	247,234,785	257,458,188
023		2.2	<i>Debt securities and other securities with fixed income</i>	305,013,683	405,686,626	710,700,309	734,750,427	589,374,360	1,324,124,787
024		2.3	<i>Shares in investment funds</i>		23,902,253	23,902,253		26,614,387	26,614,387
025		2.4	Other investments available for sale						0
026	027+028+029+030+031	3	Investments at fair value through profit and loss	109,088,399	176,374,180	285,462,579	58,270,308	12,952,845	71,223,153
027		3.1	<i>Stocks, shares and other securities with variable income</i>		14,721,774	14,721,774		12,952,845	12,952,845
028		3.2	<i>Debt securities and other securities with fixed income</i>	41,945,345	43,534,413	85,479,758	45,262,895	0	45,262,895
029		3.3	<i>Derivative financial instruments</i>						0
030		3.4	<i>Shares in investment funds</i>	67,143,054	118,117,993	185,261,047	13,007,413	0	13,007,413
031		3.5	Other investments						0
032	033+034+035	4	Deposits, loans and receivables	403,491,877	1,272,190,085	1,675,681,962	403,891,618	1,257,630,313	1,661,521,930
033		4.1	<i>Deposits with credit institutions (banks)</i>	360,690,425	1,086,986,641	1,447,677,066	331,463,140	1,030,393,334	1,361,856,474
034		4.2	<i>Loans</i>	42,801,452	185,203,444	228,004,896	72,428,477	227,236,979	299,665,456
035		4.3	<i>Other loans and receivables</i>						0
036		IV	Deposits at insurance business ceded to reinsurance (deposits with cedent)						0
037		E	INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	5,311,503		5,311,503	34,582,317		34,582,317

Statement of financial position (balance sheet) as at 31 Dec 2015

ASSETS

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
038	039+040+041+042 +043+044+045	F	REINSURANCE SHARE IN TECHNICAL PROVISIONS	321,003	339,094,600	339,415,603	271,385	306,497,869	306,769,254
039		1	Unearned premiums, reinsurance share	2,361	40,225,279	40,227,640	1,952	31,959,441	31,961,392
040		2	Mathematical provisions for insurance, reinsurance share	318,643		318,643	269,434		269,434
041		3	Claims provisions, reinsurance share		298,869,321	298,869,321		274,538,429	274,538,429
042		4	Provisions for premium returns dependent and independent of the result (bonuses and discounts), reinsurance share						0
043		5	Provisions for claims fluctuation, reinsurance share						0
044		6	Other technical provisions for insurance, reinsurance share						0
045		7	Special provisions for life insurance where the policyholder bears the investment risk, reinsurance share						0
046	047+048	G	DEFERRED AND CURRENT TAX ASSETS	3,027,828	172,645,306	175,673,134	1,049,513	132,951,449	134,000,962
047		1	Deferred tax assets	3,027,828	144,545,547	147,573,375	1,049,513	126,240,946	127,290,459
048		2	Current tax assets		28,099,759	28,099,759		6,710,504	6,710,504
049	050+053+054	H	RECEIVABLES	3,551,201	666,768,265	670,319,466	3,419,115	728,239,204	731,658,319
050	051+052	1	Receivables from direct insurance business	51,975	407,213,297	407,265,272	560,451	380,451,419	381,011,869
051		1.1	<i>From policyholders</i>		406,187,749	406,187,749		376,046,572	376,046,572
052		1.2	<i>From agents or insurance brokers</i>	51,975	1,025,548	1,077,523	560,451	4,404,847	4,965,297
053		2	Receivables from insurance and reinsurance business		6,206,267	6,206,267	2,216	25,839,320	25,841,536

Statement of financial position (balance sheet) as at 31 December 2015

ASSETS

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
054	055+056+057	3	Other receivables	3,499,226	253,348,702	256,847,927	2,856,449	321,948,465	324,804,914
055		3.1	<i>Receivables from other insurance business</i>		180,197,358	180,197,358		244,413,499	244,413,499
056		3.2	<i>Receivables for returns on investments</i>	1,386,297	6,579,406	7,965,703	1,213,941	7,161,918	8,375,858
057		3.3	<i>Other receivables</i>	2,112,928	66,571,938	68,684,866	1,642,508	70,373,048	72,015,556
058	059+063+064	I	OTHER ASSETS	30,379,349	72,559,386	102,938,735	26,912,507	31,634,076	58,546,582
059	060+061+062	1	Cash at bank and on hand	30,375,939	70,799,380	101,175,319	26,911,735	31,448,477	58,360,211
060		1.1	<i>Funds in the business account</i>		70,754,171	70,754,171		31,417,310	31,417,310
061		1.2	<i>Funds in the account of assets covering mathematical provisions</i>	30,375,931		30,375,931	26,906,601		26,906,601
062		1.3	<i>Cash on hand</i>	8	45,210	45,217	5,134	31,167	36,300
063		2	Non-current assets held for sale and discontinued operations						0
064		3	Others	3,410	1,760,005	1,763,416	772	185,599	186,371
065	066+067+068	J	PREPAID EXPENSES AND ACCRUED INCOME	36,659,792	38,696,785	75,356,577	42,840,881	33,634,035	76,474,916
066		1	Accrued interest and rent	36,628,472	27,714,433	64,342,905	42,840,881	26,727,247	69,568,128
067		2	Deferred acquisition costs						0
068		3	Other prepaid expenses and accrued income	31,320	10,982,352	11,013,672	0	6,906,788	6,906,788
069	001+004+007+011 +037+038+046 +049+058+065	K	TOTAL ASSETS (A+B+C+D+E+F+G+H+I+J)	2,320,015,497	5,973,792,735	8,293,808,232	2,526,031,882	5,890,597,538	8,416,629,420
070		L	OFF BALANCE-SHEET ITEMS		1,177,771,285	1,177,771,285	71,168	1,143,378,952	1,143,450,120

Statement of financial position (balance sheet) as at 31 December 2015

LIABILITIES				<i>in HRK</i>					
Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
071	072+076+077+081+085+088	A	EQUITY	153,793,344	1,711,684,604	1,865,477,949	149,669,484	1,734,390,912	1,884,060,396
072	073+074+075	1	Share capital	44,288,720	557,287,080	601,575,800	44,288,720	557,287,080	601,575,800
073		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
074		1.2	<i>Paid-up capital - preference shares</i>		12,250,000	12,250,000		12,250,000	12,250,000
075		1.3	<i>Called-up capital</i>						
076		2	Share premium (capital reserves)		681,482,525	681,482,525		681,482,525	681,482,525
077	078+079+080	3	Revaluation reserves	10,398,213	161,183,135	171,581,348	4,296,432	137,673,765	141,970,197
078		3.1	<i>Land and buildings</i>		63,831,734	63,831,734		62,790,022	62,790,022
079		3.2	<i>Financial investments</i>	10,398,213	97,351,401	107,749,614	4,296,432	74,883,743	79,180,174
080		3.3	<i>Other revaluation reserves</i>						
081	082+083+084	4	Reserves	83,803,430	429,203,402	513,006,832	83,803,430	311,731,864	395,535,294
082		4.1	<i>Legal reserves</i>	721,929	22,853,579	23,575,508	721,929	22,853,579	23,575,508
083		4.2	<i>Statutory reserves</i>	7,581,501	139,638,995	147,220,496	7,581,501	139,638,995	147,220,496
084		4.3.	<i>Other reserves</i>	75,500,000	266,710,827	342,210,827	75,500,000	149,239,289	224,739,289
085	086+087	5	Retained earnings and accumulated loss	19,759,024	290,917,509	310,676,533	15,302,981	1,422,754	16,725,736
086		5.1	<i>Retained earnings</i>	19,759,024	290,917,509	310,676,533	15,302,981	1,422,754	16,725,736
087		5.2	<i>Accumulated loss (-)</i>						
088	089+090	6	Profit or loss for the period	-4,456,043	-408,389,047	-412,845,090	1,977,921	44,792,924	46,770,844
089		6.1	<i>Profit for the period</i>				1,977,921	44,792,924	46,770,844
090		6.2	<i>Loss for the period (-)</i>	-4,456,043	-408,389,047	-412,845,090			
091		B	MINORITY LIABILITIES (SUBORDINATED LIABILITIES)						

Statement of financial position (balance sheet) as at 31 December 2015

LIABILITIES

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
092	093+094+095+096 +097+098	C	TECHNICAL PROVISIONS	2,102,145,887	3,580,383,579	5,682,529,465	2,300,217,157	3,501,106,799	5,801,323,955
093		1	Unearned premiums, gross amount	2,607,291	810,227,910	812,835,201	3,722,176	787,050,999	790,773,175
094		2	Mathematical provisions for insurance, gross amount	2,071,853,669		2,071,853,669	2,266,361,479		2,266,361,479
095		3	Claims provisions, gross amount	27,684,927	2,673,429,429	2,701,114,356	30,133,502	2,641,835,167	2,671,968,668
096		4	Provisions for premium returns dependent and independent of the result (bonuses and discounts), gross amount					1,415,100	1,415,100
097		5	Provisions for claims fluctuation, gross amount		4,326,239	4,326,239		7,055,533	7,055,533
098		6	Other technical provisions, gross amount		92,400,000	92,400,000		63,750,000	63,750,000
099		D	SPECIAL PROVISIONS FOR LIFE INSURANCE WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK, gross amount	5,311,503		5,311,503	34,582,317		34,582,317
100	101+102	E	OTHER PROVISIONS	27,210,743	223,160,325	250,371,068	12,756,540	96,633,577	109,390,116
101		1	Provisions for pensions and similar obligations	27,210,743	221,279,945	248,490,687	12,756,540	94,753,196	107,509,736
102		2	Other provisions		1,880,381	1,880,381		1,880,381	1,880,381
103	104+105	F	DEFERRED AND CURRENT TAX LIABILITY	3,326,529	48,427,801	51,754,329	1,801,488	34,418,441	36,219,929
104		1	Deferred tax liabilities	3,326,529	40,296,906	43,623,435	1,801,083	34,418,441	36,219,524
105		2	Current tax liability		8,130,894	8,130,894	405		405
106		G	DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE						

Statement of financial position (balance sheet) as at 31 December 2015

LIABILITIES				<i>in HRK</i>					
Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
107	108+109+110	H	FINANCIAL LIABILITIES						
108		1	Loan liabilities						
109		2	Liabilities for issued securities						
110		3	Other financial liabilities						
111	112+113+114+115	I	OTHER LIABILITIES	23,424,685	187,730,444	211,155,129	20,874,084	219,900,776	240,774,860
112		1	Liabilities from direct insurance business	3,731,279	79,556,222	83,287,501	3,105,229	111,594,696	114,699,925
113		2	Liabilities from coinsurance and reinsurance	1,353	8,956,789	8,958,142	196,461	40,350,177	40,546,638
114		3	Liabilities for disposal and discontinued operations						
115		4	Other liabilities	19,692,052	99,217,433	118,909,486	17,572,394	67,955,903	85,528,297
116	117+118	J	ACCRUED EXPENSES AND DEFERRED INCOME	4,802,807	222,405,983	227,208,789	6,130,814	304,147,032	310,277,846
117		1	Deferred reinsurance commission						
118		2	Other accrued expenses and deferred income	4,802,807	222,405,983	227,208,789	6,130,814	304,147,032	310,277,846
119	071+091+092+099+100+103 +106+107+111 +116	K	TOTAL LIABILITIES (A+B+C+D+E+F+G+H+I+J)	2,320,015,497	5,973,792,735	8,293,808,232	2,526,031,882	5,890,597,538	8,416,629,420
120		L	OFF-BALANCE-SHEET ITEMS		1,177,771,285	1,177,771,285	71,168	1,143,378,952	1,143,450,120

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003+004+005+006 +007+008+009	I	Earned premiums (income)	366,486,262	1,667,636,447	2,034,122,709	511,995,489	1,544,461,387	2,056,456,876
002		1	Gross written premiums	366,588,588	1,913,316,598	2,279,905,186	513,507,500	1,794,422,101	2,307,929,601
003		2	Coinsurance premiums						
004		3	Impairment and collected insurance / coinsurance premium previously impaired		-50,603,385	-50,603,385		-6,484,218	-6,484,218
005		4	Premiums ceded to reinsurance (-)	-246,965	-309,800,719	-310,047,684	-396,717	-256,781,167	-257,177,884
006		5	Premiums ceded to coinsurance (-)					-1,606,401	-1,606,401
007		6	Change in gross provisions for unearned premiums (+/-)	145,425	122,508,450	122,653,875	-1,114,886	23,176,911	22,062,025
008		7	Change in provisions for unearned premiums, reinsurance share (+/-)	-786	-7,784,497	-7,785,283	-409	-8,487,170	-8,487,579
009		8	Change in provisions for unearned premiums, coinsurance share (+/-)					221,331	221,331
010	011+012+016+017+018 +022+023	II	Investment income	120,638,458	212,854,801	333,493,259	115,290,439	227,776,973	343,067,412
011		1	Income from subsidiaries, associates and participation in joint ventures	185,700	26,437,836	26,623,536		17,576,603	17,576,603
012	013+014+015	2	Income from investments in land and buildings		55,116,258	55,116,258	0	38,546,392	38,546,392
013		2.1	<i>Rental income</i>		25,657,099	25,657,099		24,949,529	24,949,529
014		2.2	<i>Income from increased value of land and buildings</i>		29,405,968	29,405,968		13,596,863	13,596,863
015		2.3	<i>Revenues from sales of land and buildings</i>		53,191	53,191			
016		3	Interest income	109,439,084	105,345,882	214,784,965	111,295,638	121,283,687	232,579,324
017		4	Unrealized profits from investments at fair value through profit or loss	2,700,896	8,224,022	10,924,918	754,490	362,615	1,117,104

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
018	019+020+021	5	Gains on sale (realization) of financial investments	1,595,476	3,978,357	5,573,833	2,786,440	10,868,691	13,655,130
019		5.1	<i>Investments at fair value through profit and loss</i>	1,595,476	3,567,823	5,163,299	1,491,901	2,209,523	3,701,424
020		5.2	<i>Investments available for sale</i>		410,534	410,534	1,294,539	8,659,167	9,953,706
021		5.3	<i>Other gains on sale of financial investments</i>						
022		6	Net foreign exchange gains	6,296,300	7,822,550	14,118,850		8,019,517	8,019,517
023		7	Other investment income	421,002	5,929,898	6,350,899	453,872	31,119,469	31,573,341
024		III	Income from fees and commissions	8,473	22,441,204	22,449,677	16,422	33,311,472	33,327,894
025		IV	Other insurance - technical income, net of reinsurance	319,798	50,218,365	50,538,163	44,171	18,751,547	18,795,718
026		V	Other income	234,493	18,018,308	18,252,801	71,794	33,665,838	33,737,633
027	028+032	VI	Claims incurred, net	-263,134,642	-980,658,619	-1,243,793,261	-269,154,159	-955,491,086	-1,224,645,245
028	029+030+031	1	Settled claims	-262,748,698	-992,571,976	-1,255,320,674	-266,705,584	-962,754,456	-1,229,460,041
029		1.1	<i>Gross amount (-)</i>	-262,748,698	-1,140,632,604	-1,403,381,301	-266,705,584	-1,066,799,985	-1,333,505,570
030		1.2	<i>Coinsurance share (+)</i>					1,769,550	1,769,550
031		1.3	<i>Reinsurance share(+)</i>		148,060,627	148,060,627		102,275,979	102,275,979
032	033+034+035	2	Change in claims provisions (+/-)	-385,944	11,913,358	11,527,413	-2,448,575	7,263,370	4,814,796
033		2.1	<i>Gross amount (-)</i>	-385,944	-8,267,870	-8,653,814	-2,448,575	31,594,263	29,145,688
034		2.2	<i>Coinsurance share (+)</i>					531,525	531,525
035		2.3	<i>Reinsurance share(+)</i>		20,181,227	20,181,227		-24,862,417	-24,862,417

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
036	037+040	VII	Change in mathematical and other technical provisions, net of reinsurance	-116,549,380	-49,327,604	-165,876,984	-194,557,019	24,505,606	-170,051,413
037	038+039	1	Change in mathematical provisions for insurance (+/-)	-116,549,380		-116,549,380	-194,557,019	0	-194,557,019
038		1.1	Gross amount (-)	-116,583,274		-116,583,274	-194,507,810		-194,507,810
039		1.2	Reinsurance share(+)	33,894		33,894	-49,209		-49,209
040	041+042+043	2	Change in other technical provisions, net of reinsurance (+/-)		-49,327,604	-49,327,604	0	24,505,606	24,505,606
041		1.1	Gross amount (-)		-49,327,604	-49,327,604		24,505,606	24,505,606
042		1.2	Coinsurance share (+)						0
043		1.3	Reinsurance share(+)						0
044	045+046+047	VIII	Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance (+/-)	4,541,840		4,541,840	-29,111,101		-29,111,101
045		1	Gross amount (-)	4,541,840		4,541,840	-29,111,101		-29,111,101
046		2	Coinsurance share (+)						0
047		3	Reinsurance share(+)						0
048	049+050	IX	Expenses for premium returns (bonuses and discounts), net of reinsurance						
049		1	Dependent of result (bonuses)						
050		2	Independent of result (discounts)						

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
051	052+056	X	Operating expenses (business expenditures), net	-114,901,915	-970,686,822	-1,085,588,737	-106,847,813	-701,245,623	-808,093,436
052	053+054+055	1	Acquisition costs	-36,840,432	-331,852,709	-368,693,141	-55,522,658	-323,351,283	-378,873,940
053		1.1	Commission	-20,768,524	-227,780,785	-248,549,309	-34,630,848	-212,973,273	-247,604,122
054		1.2	Other acquisition costs	-16,071,908	-104,071,925	-120,143,833	-20,891,809	-110,378,009	-131,269,818
055		1.3	Change in deferred acquisition costs (+/-)						
056	057+058+059	2	Administration costs (administrative expenses)	-78,061,483	-638,834,113	-716,895,596	-51,325,155	-377,894,340	-429,219,496
057		2.1	Depreciation	-1,705,830	-40,378,713	-42,084,543	-1,411,053	-36,273,511	-37,684,564
058		2.3.	Salaries, taxes and contributions from and on salaries	-31,471,437,44	-237,199,196	-268,670,633	-27,993,357	-199,091,492	-227,084,849
059		2.4.	Other administrative expenses	-44,884,215,54	-361,256,204	-406,140,420	-21,920,746	-142,529,338	-164,450,083
060	061+062+063+064+065+066+067	XI	Investment expenses	-2,425,166	-308,576,358	-311,001,524	-23,452,934	-122,542,382	-145,995,316
061		1	Depreciation of land and buildings not intended for business activities						
062		2	Interest		-575,699	-575,699			
063		3	Impairment of investments	-1,180,566	-96,766,571	-97,947,137	-16,511,902	-69,077,629	-85,589,531
064		4	Losses from sale (realization) of financial assets	-146,697	-228,489	-375,186	-90,065	-1,852,557	-1,942,622
065		5	Adjustment of financial assets at fair value through profit and loss	-566,159	-2,604,672	-3,170,831	0	-2,093,198	-2,093,198
066		6	Net foreign exchange losses				-6,219,461		-6,219,461
067		7	Other investment expenses	-531,744	-208,400,928	-208,932,673	-631,507	-49,518,998	-50,150,504
068	069+070	XII	Other technical expenses, net of reinsurance	-247,031	-58,417,737	-58,664,768	-339,053	-27,822,633	-28,161,686
069		1	Prevention activities expenses						
070		2	Other technical expenses of insurance	-247,031	-58,417,737	-58,664,768	-339,053	-27,822,633	-28,161,686

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
071		XIII	Other expenses, including value adjustments	-468,885	-111,425,942	-111,894,827	0	-12,273,576	-12,273,576
072	001+010+024+025+026+027+036+044+048+051+060+068+071	XIV	Profit or loss for the period before tax (+/-)	-5,497,696	-507,923,956	-513,421,652	3,956,236	63,097,525	67,053,761
073	074+075	XV	Income or loss tax	1,041,653	99,534,909	100,576,562	-1,978,315	-18,304,601	-20,282,917
074		1	Current tax expense						
075		2	Deferred tax expense (income)	1,041,653	99,534,909	100,576,562	-1,978,315	-18,304,601	-20,282,917
076	072+073	XVI	Profit or loss for the period after tax (+/-)	-4,456,043	-408,389,047	-412,845,090	1,977,921	44,792,924	46,770,844
077		1	Attributable to equity holders of the parent company						
078		2	Attributable to non-controlling interest						
079	001+010+024+025+026+075	XVII	TOTAL INCOME	488,729,137	2,070,704,034	2,559,433,171	625,440,000	1,839,662,616	2,465,102,616
080	027+036+044+048+051+060+068+071+074	XVIII	TOTAL EXPENSE	-493,185,180	-2,479,093,081	-2,972,278,261	-623,462,079	-1,794,869,692	-2,418,331,771

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
081	082+083+084+085+086+087+088+089	XIX	Other comprehensive income	8,400,300	28,802,332	37,202,632	-6,101,781	-22,371,164	-28,472,946
082		1	Gains / losses on translation of financial statements of foreign operations						0
083		2	Gains / losses on revaluation of financial assets available for sale	8,400,300	90,076,265	98,476,565	-6,101,781	-22,467,658	-28,569,440
084		3	Gains / losses on revaluation of land and buildings intended for business activities		-61,273,933	-61,273,933		96,494	96,494
085		4	Gains / losses on revaluation of other tangible (except for land and buildings) and intangible assets						
086		5	Effects of cash flow hedging instruments						
087		6	Actuarial gains / losses on pension plans with defined pensions						
088		7	Share in other comprehensive income of associates						
089		8	Income tax on other comprehensive income						
090	076+081	XX	Total comprehensive income	3,944,257	-379,586,715	-375,642,458	-4,123,860	22,421,759	18,297,899
091		1	Attributable to equity holders of the parent company						
092		2	Attributable to non-controlling interest						
093		XXI	Reclassification adjustments						

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Current period	Same period last year
001	002+013+031	I	CASH FLOW FROM OPERATING ACTIVITIES	-76,111,479	-869,368,214
002	003+004	1	Cash flow before changes in operating assets and liabilities	-51,566,869	-215,208,450
003		1.1	Profit/loss before tax	67,053,761	-513,421,652
004	005+006+007 +008+009+010 +011+012	1.2	Adjustments:	-118,620,630	298,213,202
005		1.2.1	<i>Depreciation of property and equipment</i>	31,882,454	37,770,397
006		1.2.2	<i>Amortization</i>	5,802,109	4,314,145
007		1.2.3	<i>Impairment and gains / losses on fair valuation</i>	55,929,079	405,885,258
008		1.2.4	<i>Interest expense</i>		575,699
009		1.2.5	<i>Interest income</i>	-232,579,324	-214,784,965
010		1.2.6	<i>Share in profit of associates</i>		
011		1.2.7	<i>Gains / losses on sale of tangible assets (including land and buildings)</i>		-34,657,807
012		1.2.8	<i>Other adjustments</i>	20,345,051	99,110,475
013	014+015+...+030	2	Increase / decrease in operating assets and liabilities	-16,009,068	-628,231,938
014		2.1	Increase / decrease in investments available for sale	-573,674,064	-757,975,558
015		2.2	Increase / decrease in investments valued at fair value through profit and loss	168,804,064	172,945,368
016		2.3	Increase / decrease in deposits, loans and receivables	78,489,224	-527,792,981
017		2.4	Increase / decrease of deposits at insurance business ceded to reinsurance		
018		2.5	Increase / decrease in investments for the account and risk of life insurance policyholder	-29,270,814	3,077,354
019		2.6	Increase / decrease of reinsurance share in technical provisions	32,646,349	-12,429,839
020		2.7	Increase / decrease in tax assets	41,672,172	-120,720,263
021		2.8	Increase / decrease in receivables	153,663,868	367,728,719
022		2.9	Increase / decrease in other assets		
023		2.10	Increase / decrease in prepaid expenses and accrued income	-1,118,339	-9,093,176
024		2.11	Increase / decrease in technical provisions	118,794,490	51,910,817
025		2.12	Increase / decrease in technical provision for life insurance when the policyholder bears the investment risk	29,270,814	-3,077,354
026		2.13	Increase / decrease in tax liabilities	-6,998,859	11,425,091
027		2.14	Increase / decrease in deposits retained from business ceded to reinsurance		
028		2.15	Increase / decrease in financial liabilities		
029		2.16	Increase / decrease in other liabilities	-111,357,031	145,014,974
030		2.17	Increase / decrease in accrued expenses and deferred income	83,069,057	50,754,910
031		3	Income tax paid	-8,535,541	-25,927,826

STATEMENT OF CASH FLOWS (INDIRECT METHOD) for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Sum elements	Position marking	Position description	Current period	Same period last year
032	033+034+...+046	II	CASH FLOW FROM INVESTING ACTIVITIES	33,523,572	389,231,920
033		1	Proceeds from sale of tangible assets	745,019	8,703,337
034		2	Expenditures for purchases of tangible assets	-20,015,662	-37,770,397
035		3	Proceeds from sale of intangible assets		3,942,220
036		4	Expenditures for purchases of intangible assets	-9,961,678	-4,314,145
037		5	Proceeds from the sale of land and buildings not used for business activities	145,175	-2,990,390
038		6	Expenditures for the purchase of land and buildings not used for business activities	-2,270,892	
039		7	Increase / decrease in investments in subsidiaries, associates and participation in joint ventures	-39,374,976	-55,744,779
040		8	Proceeds from held-to-maturity investments	245,646,634	395,281,805
041		9	Expenditures for held-to-maturity investments	-94,637,460	
042		10	Proceeds from sale of securities and shares		
043		11	Expenditures for investments in securities and shares		
044		12	Proceeds from dividends and share in profit	17,576,603	26,623,536
045		13	Proceeds from repayment of given short-term and long-term loans	159,594,430	118,422,760
046		14	Expenditure for given long-term and short-term loans	-223,923,622	-62,922,026
047	048+049+050+051+052	III	CASH FLOW FROM FINANCING ACTIVITIES	-4,190	488,210,420
048		1	Proceeds from share capital increase		840,171,125
049		2	Proceeds from received short-term and long-term loans		750,575,699
050		3	Expenditure for repayment of short-term and long-term loans		-1,101,207,973
051		4	Expenditure for purchase of own shares		
052		5	Expenditure for payment of shares in profit (dividends)	-4,190	-1,328,432
053	001+032+047		NET CASH FLOW	-42,592,097	8,074,126
054		IV	EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	-1,800,056	-14,118,850
055	053+054	V	NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-44,392,153	-6,044,724
056		1	Cash and cash equivalents at beginning of period	102,938,735	108,983,459
057	055+056	2	Cash and cash equivalents at end of period	58,546,582	102,938,735

STATEMENT OF CHANGES IN EQUITY for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Position description	Attributable to owners of the parent company							Attributable to non-controlling interests	Total equity
		Paid-up capital (ordinary and preference shares)	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained earnings or accumulated loss	Profit / loss for the year	Total equity		
I.	Balance at 1 January of previous year	442,887,200	0	136,839,280	508,689,733	295,629,531	17,268,395	1,401,314,140		1,401,314,140
1.	Changes in accounting policies							0		0
2.	Correction of prior periods errors							0		0
II.	Balance at 1 January of previous year	442,887,200	0	136,839,280	508,689,733	295,629,531	17,268,395	1,401,314,140		1,401,314,140
III.	Comprehensive income or loss of the previous year	0	0	37,202,632	0	0	-412,845,090	-375,642,458		-375,642,458
1.	Profit or loss for the period						-412,845,090	-412,845,090		-412,845,090
2.	Other comprehensive income or loss of the previous year	0	0	37,202,632	0	0	0	37,202,632		37,202,632
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			-61,273,933				-61,273,933		-61,273,933
2.2.	Unrealized gains or losses from financial assets available for sale			98,128,983				98,128,983		98,128,983
2.3.	Realized gains or losses from financial assets available for sale			347,582				347,582		347,582
2.4.	Other non-owner changes in equity									
IV.	Transactions with owners (previous period)	158,688,600	681,482,525	-2,460,564	4,317,099	15,047,002	-17,268,395	839,806,266		839,806,266
1.	Increase / decrease of share capital	158,688,600	681,482,525					840,171,125		840,171,125
2.	Other payments by owners									
3.	Payment of shares in profit / dividends						-980,000	-980,000		-980,000
4.	Other distributions to owners			-2,460,564	4,317,099	15,047,002	-16,288,395	615,141		615,141
V.	Situation on the last day of the reporting period in the previous year	601,575,800	681,482,525	171,581,348	513,006,832	310,676,533	-412,845,090	1,865,477,949		1,865,477,949

STATEMENT OF CHANGES IN EQUITY for the period 1 January 2015 – 31 December 2015

in HRK

Position No.	Position description	Attributable to owners of the parent company						Total equity	Attributable to non-controlling interests	Total equity
		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			
VI.	Balance at 1 January of current year	601,575,800	681,482,525	171,581,348	513,006,832	310,676,533	-412,845,090	1,865,477,949		1,865,477,949
1.	Changes in accounting policies									
2.	Correction of prior periods errors									
VII.	Balance at 1 January of current year	601,575,800	681,482,525	171,581,348	513,006,832	310,676,533	-412,845,090	1,865,477,949		1,865,477,949
VIII.	Comprehensive income or loss of the current year	0	0	-28,472,948	0	0	46,770,844	18,297,897		18,297,897
1.	Profit or loss for the period						46,770,844	46,770,844		46,770,844
2.	Other comprehensive income or loss of the current year	0	0	-28,472,948	0	0	0	-28,472,948		-28,472,948
2.1.	Unrealized gains or losses from tangible assets (land and buildings)			96,492				96,492		96,492
2.2.	Unrealized gains or losses from financial assets available for sale			-34,427,893				-34,427,893		-34,427,893
2.3.	Realized gains or losses from financial assets available for sale			5,858,453				5,858,453		5,858,453
2.4.	Other non-owner changes in equity									
IX.	Transactions with owners (current period)	0	0	-1,138,204	-117,471,538	-293,950,798	412,845,090	284,551		284,551
1.	Increase / decrease of sharecapital									
2.	Other payments by owners									
3.	Payment of shares in profit / dividends									
4.	Other distributions to owners			-1,138,204	-117,471,538	-293,950,798	412,845,090	284,551		284,551
X.	Situation on the last day of the reporting period in the current year	601,575,800	681,482,525	141,970,197	395,535,294	16,725,736	46,770,844	1,884,060,396		1,884,060,396

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

The reconciliation between the financial statements set out on pages 151 to 167, 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 on pages 169 to 176.

Statement of financial position (balance sheet) as at 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Other tangible assets and inventories transferred to other receivables	Transfer of investments for the account and risk of life insurance policyholder to financial assets at fair value through profit or loss	Transfer of current tax assets to other receivables and netting of deferred taxes	Transfer of deferred income and prepaid expenses to other receivables	Transfer of received checks and bills of exchange from cash to other receivables	Netting of assets and liabilities between segments	Statutory financial statements	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	
INTANGIBLE ASSETS	14,334							14,334	Intangible assets
Goodwill	14,334							-	
Other intangible assets								-	
TANGIBLE ASSETS	732,482	(294)						732,188	Property and equipment
Land and buildings used for business activities	700,869							700,869	
Equipment	14,014							14,014	
Other tangible assets	17,600	(294)						17,305	
INVESTMENTS	6,327,781		34,582					6,362,363	
Investments in land and buildings not intended for business activities	479,755							479,755	Investment property
Investments in subsidiaries, associates and joint ventures	421,416							421,416	Investments in subsidiaries and associates and participation in joint ventures
Held-to-maturity investments	2,085,668							2,085,668	Held-to-maturity investments
Financial assets available for sale	1,608,197							1,608,197	Financial assets available for sale
Financial assets at fair value through profit or loss	71,223		34,582					105,805	Financial assets at fair value through profit or loss
Loans and receivables	1,661,522							1,661,522	Loans and receivables
INVESTMENTS FOR THE ACCOUNT AND RISK OF LIFE INSURANCE POLICYHOLDER	34,582		(34,582)					-	
Investments for the account and risk of life insurance policyholder	34,582		(34,582)					-	

Statement of financial position (balance sheet) as at 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Other tangible assets and inventories transferred to other receivables	Transfer of investments for the account and risk of life insurance policyholder to financial assets at fair value through profit or loss	Transfer of current tax assets to other receivables and netting of deferred taxes	Transfer of deferred income and prepaid expenses to other receivables	Transfer of received checks and bills of exchange from cash to other receivables	Netting of assets and liabilities between segments	Statutory financial statements	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	
REINSURANCE SHARE IN TECHNICAL PROVISIONS	306,769							306,769	Reinsurance share in technical provisions
Unearned premiums, reinsurance share	31,961							-	
Mathematical provisions, reinsurance share	269							-	
Claims provisions, reinsurance share	274,538							-	
DEFERRED AND CURRENT TAX ASSETS	134,001			(42,930)				91,071	Deferred tax assets
Deferred tax assets	127,290			(36,220)				-	
Current tax assets	6,711			(6,711)				-	
RECEIVABLES	731,658	294		6,711	76,475	186	(15,697)	799,628	Insurance contract and other receivables
Receivables from direct insurance business	381,012							381,012	
Receivables from insurance and reinsurance business	25,842							25,842	
Other receivables	324,805	294		6,711	76,475	186	(15,697)	392,774	
CASH AND CASH EQUIVALENTS	58,547					-186		58,360	Cash and cash equivalents
Cash at bank and on hand	58,360							-	
Other	186					-186		-	
ACCRUED EXPENSES AND DEFERRED INCOME	76,475				(76,475)			-	
TOTAL ASSETS	8,416,629			(36,220)			(15,697)	8,364,713	

Statement of financial position (balance sheet) as at 31 Dec 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of loss for the year to retained earnings	Transfer of special provision for life insurance group where the policyholder bears the risk to technical provisions	Transfer of liability for housing fund from other reserves in other liabilities	Transfer of accrued expenses and deferred income to other liabilities	Transfer of current tax liability to other liabilities and netting of deferred taxes	Netting of assets and liabilities between segments	Statutory financial statements	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	
<u>EQUITY</u>	1,884,060							1,884,060	
Share capital	601,576							601,576	Share capital
Share premiums (capital reserves)	681,483							681,483	Premium shares
Revaluation reserves	141,970							141,970	Fair value reserve
Reserves	395,535							395,535	Reserves
Retained earnings/accumulated loss	16,726	46,771						63,497	Retained earnings
Profit for the year	46,771	(46,771)						-	
<u>TECHNICAL PROVISIONS</u>	5,801,324		34,582					5,835,906	Technical provisions
Unearned premiums, gross amount	790,773							-	
Mathematical provisions, gross amount	2,266,361							-	
Claims provisions, gross amount	2,671,969		34,582					-	
Provisions for premium returns dependent and independent of the result (bonuses and discounts), gross amount	1,415							-	
Provisions for claims fluctuations	7,056							-	
Other insurance-technical provision, gross amount	63,750							-	
<u>TECHNICAL PROVISIONS, WHEN THE POLICYHOLDER BEARS THE RISK</u>	34,582		(34,582)					-	
Technical provisions for life insurance where the policyholder bears the risk	34,582		(34,582)					-	

Statement of financial position (balance sheet) as at 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency	Transfer of loss for the year to retained earnings	Transfer of special provisions for life insurance where the policyholder bears the risk to technical provisions	Transfer of liability for housing fund from other reserves in other liabilities	Transfer of accrued expenses and deferred income to other liabilities	Transfer of current tax liability to other liabilities and netting of deferred taxes	Netting of assets and liabilities between segments	Statutory financial statements	
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	
<u>OTHER PROVISIONS</u>	109,390			(1,880)				107,510	Provisions
Provisions for pensions and similar obligations	107,510							-	
Other provisions	1,880			(1,880)				-	
<u>DEFERRED AND CURRENT TAX LIABILITY</u>	36,220					(36,220)		-	Deferred tax liabilities
Deferred tax liabilities	36,220					(36,220)		-	
Current tax liability								-	
<u>FINANCIAL LIABILITIES</u>	-							-	Financial liabilities
<u>OTHER LIABILITIES</u>	240,775			1,880	310,278		(15,697)	537,237	Liabilities from insurance contracts, other liabilities and deferred income
Liabilities from direct insurance business	114,700							-	
Liabilities from coinsurance and reinsurance business	40,547							-	
Liabilities for disposal and discontinued operations								-	
Other liabilities	85,528			1,880	310,278		(15,697)	-	
<u>ACCRUED EXPENSES AND DEFERRED INCOME</u>									
Accrued expenses and deferred income	310,278				(310,278)			-	
TOTAL LIABILITIES	8,416,629					(36,220)	(15,697)	8,364,713	

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency in HRK'000	Transfer of impairment of premium receivables to gross written premium in HRK'000	Transfer of premiums ceded to coinsurance and changes in provisions for unearned premiums, coinsurance share in HRK'000	Transfer of other income to other operating income in HRK'000	Netting of foreign exchange gains in HRK'000	Statutory financial statements in HRK'000	
Gross written premiums	2,307,930	(6,484)				2,301,445	Gross written premiums
Impairment and collected insurance / coinsurance premium previously impaired	(6,484)	6,484					
Premiums ceded to reinsurance (-)	(257,178)		(1,606)			(258,784)	Premiums ceded to reinsurance and coinsurance
Premiums ceded to coinsurance (-)	(1,606)		1,606			-	
Change in gross provisions for unearned premiums	22,062					22,062	Change in gross provisions for unearned premiums
Change in provisions for unearned premiums, reinsurance share	(8,488)		221			(8,266)	Change in provisions of unearned premiums reinsurance and coinsurance share
Change in provisions for unearned premiums, coinsurance share	221		(221)				
Earned premiums (income)	2,056,457					2,056,457	
Income from subsidiaries, associates and participation in joint ventures	17,577					17,577	
Income from investments in land and buildings	38,546					38,546	
Interest income	232,579					232,579	
Unrealized gains from investments at fair value through profit and loss	1,117					1,117	
Gains on sale (realization) of financial assets	13,655					13,655	
Net foreign exchange gains	8,020				12,951	20,970	
Other investment income	31,573					31,573	
Investment income	343,067				12,951	356,018	Finance income

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency in HRK'000	Transfer of other income to other operating income in HRK'000	Summarized presentation of claims incurred in HRK'000	Summarized presentation of reinsurance in claims incurred in HRK'000	Transfer from other expenses, including value adjustment, to administrative expenses in HRK'000	Transfer of other income from long- term provisions from Administrative expenses to Other operating income in HRK'000	Statutory financial statements in HRK'000	
Income from fees and commissions	33,328						33,328	Income from fees and commissions
Other insurance - technical income, net of reinsurance	18,796	33,738				3,394	55,927	Other operating income
Other income	33,738	(33,738)						
Settled claims - gross	(1,333,506)		1,333,506					
Settled claims - coinsurance share	1,770			(1,770)				
Settled claims – reinsurance share	102,276			(102,276)				
Change in claims provisions - gross amount	29,146		(29,146)					
Coinsurance share	532			(532)				
Reinsurance share	(24,862)			24,862				
Change in mathematical provisions - gross amount	(194,508)		194,508					
Change in mathematical provisions – reinsurance share	(49)			49				
Change in other technical provisions, net of reinsurance	24,506		(24,506)					
Change in special provisions for life insurance where the policyholder bears the investment risk, net of reinsurance	(29,111)		29,111					
			(1,503,473)				(1,503,473)	Claims incurred
				79,665			79,665	Reinsurance share in claims incurred
Acquisition costs	(378,874)						(378,874)	Acquisition costs
Administration costs	(429,219)				(1,303)	(3,394)	(433,916)	Administrative expenses
Operating expenses (business expenditures), net	(808,093)							

Statement of comprehensive income (profit and loss) for the period 1 January 2015 – 31 December 2015

	Supplementary statements prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency in HRK'000	Netting of foreign exchange differences in HRK'000	Transfer from other technical expenses to administrative expenses in HRK'000	Transfer from other expenses, including value adjustments, to other operating expenses in HRK'000	Statutory financial statements in HRK'000	
Depreciation (buildings not intended for business activities)						
Interest						
Impairment of investments	(85,590)				(85,590)	
Losses from sale (realization) of investments	(1,943)				(1,943)	
Adjustment of financial assets at fair value through profit or loss	(2,093)				(2,093)	
Net foreign exchange losses	(6,219)	(12,951)			(19,170)	
Other investment expenses	(50,151)				(50,151)	
Investment expenses	(145,995)	(12,951)			(158,946)	Finance costs
Other technical expenses, net of reinsurance	(28,162)		1,303	(12,274)	(39,132)	Other operating expenses
Other costs, including value adjustments	(12,274)			12,274		
Profit or loss for the period before tax	67,054				67,054	Profit before tax
Profit or loss from ordinary course of business	(20,283)				(20,283)	Income tax
Profit or loss for the period after tax	46,771				46,771	Profit after tax

Statement of cash flows

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 statutory financial statements and the statement of cash flows under the Ordinance arise due to differences in the relevant positions of assets and liabilities due to the different presentation in the financial statements compared to the Ordinance. These differences are presented in the adjustments of the statement of financial position (balance sheet).
2. Cash and cash equivalents at the beginning and end of the period presented in the statutory financial statements include deposits with contractual maturity up to 3 months as opposed to cash and cash equivalents at the beginning and end of the period presented in the statement of cash flows under the Ordinance.

Statement of changes in equity

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

Additional notes at the request of the Regulator

In accordance with the Ordinance on the structure and content of financial statements of insurance and reinsurance companies, additional notes are presented below on pages 177 to 181.

Analysis by insurance type

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

Company 2015	Gross written premium	Premiums ceded to reinsurance	Gross claims incurred	Reinsurance share in claims incurred
	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Accident insurance	130,925	(4)	(38,276)	528
Health insurance	7,815	(329)	(9,569)	937
Road motor vehicle insurance	257,752	(1,340)	(204,991)	191
Railroad rolling stock insurance	6,526	(268)	(481)	-
Aircraft insurance	6,624	(7,243)	(10,575)	8,948
Vessel insurance	89,988	(45,316)	(58,297)	13,576
Insurance for goods in transit	24,918	(2,901)	(13,417)	(113)
Insurance against fire and natural disasters	204,030	(89,243)	(46,318)	21,963
Other types of property insurance	313,840	(25,380)	(202,755)	7,380
Motor liability insurance	501,401	(9,495)	(283,149)	(3,146)
Aircraft liability insurance	4,751	(3,094)	(2,073)	446
Vesle liability insurance	26,062	(14,365)	(9,418)	1,556
Other types of liability insurance	106,278	(39,652)	(95,619)	27,293
Loan insurance/credit insurance	65,159	(3,732)	(24,159)	464
Surety insurance	893	(24)	(1,306)	
Miscellaneous financial loss insurance	30,699	(14,891)	(6,857)	(308)
Travel insurance	10,277	(1,110)	(3,440)	
Total non-life insurance	1,787,938	(258,387)	(1,010,700)	79,715
Life insurance	455,586	(280)	(447,777)	(49)
Annuity insurance	8,289		(9,797)	
Additional insurance with life insurance	17,602	(117)	(3,333)	
Life and annuity insurance where the policyholder bears the investment risk	32,030		(31,866)	
Total life insurance	513,507	(397)	(492,773)	(49)
	2,301,445	(258,784)	(1,503,473)	79,665

Analysis by insurance type (continued)

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

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Breakdown of acquisition costs by operating segment

	2015			2014		
	Comission	Other acquisition costs	Acquisition costs	Comission	Other acquisition costs	Acquisition costs
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Non-life insurance						
Accident insurance	17,537	7,573	25,110	18,460	8,068	26,527
Health insurance	908	544	1,453	1,118	539	1,657
Road motor vehicle insurance	31,484	13,497	44,982	32,813	14,288	47,101
Railroad rolling stock insurance	1,056	363	1,419	1,525	619	2,144
Aircraft insurance	546	403	949	185	114	299
Vessel insurance	6,144	4,958	11,102	3,603	2,014	5,617
Insurance for goods in transit	2,385	1,644	4,029	1,581	783	2,364
Insurance against fire and natural disasters	29,665	13,016	42,681	28,670	12,316	40,987
Other types of property insurance	37,133	17,834	54,968	36,671	16,391	53,062
Motor liability insurance	51,308	34,870	86,179	62,108	31,841	93,950
Aircraft liability insurance	281	262	543	38	43	81
Vessel liability insurance	996	1,270	2,266	369	280	649
Other types of liability insurance	10,090	5,352	15,442	9,711	4,432	14,143
Loan insurance/credit insurance	18,054	6,159	24,212	25,883	10,050	35,933
Surety insurance	53	40	93	29	14	43
Miscellaneous financial loss insurance	3,034	1,976	5,010	2,614	1,201	3,814
Travel insurance	2,299	617	2,913	2,403	1,079	3,482
Total non-life insurance	212,973	110,378	323,351	227,781	104,072	331,853
Life insurance						
Life insurance	32,989	19,476	52,465	19,970	15,217	35,187
Annuity insurance	479	474	953	199	118	317
Additional insurance with life insurance	992	937	1,929	593	734	1,328
Life and annuity insurance where the policyholder bears the investment risk	171	5	176	7	3	8
Total life insurance	34,631	20,892	55,523	20,769	16,072	36,840
TOTAL	247,604	131,270	378,874	248,550	120,144	368,694

Breakdown of administration costs (administrative expenses) by operating segments

	2015				2014			
	Depreciation	Salaries, taxes and contributions on salaries	Other management expenses	Management expenses	Depreciation	Salaries, taxes and contributions on salaries	Other management expenses	Management expenses
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Non-life insurance								
Accident insurance	2,688	14,753	10,654	28,095	2,997	17,288	25,733	46,017
Health insurance	196	1,075	764	2,035	314	1,912	2,887	5,113
Road motor vehicle insurance	4,487	24,627	20,463	49,577	4,601	26,613	41,983	73,197
Railroad rolling stock insurance	131	717	511	1,358	131	719	1,082	1,931
Aircraft insurance	145	796	571	1,512	86	647	1,023	1,757
Vessel insurance	1,763	9,676	6,894	18,333	1,835	10,754	15,587	28,176
Insurance for goods in transit	580	3,185	2,266	6,032	413	2,825	4,525	7,763
Insurance against fire and natural disasters	3,950	21,681	15,464	41,095	4,358	25,463	38,308	68,129
Other types of property insurance	5,793	31,795	22,731	60,319	7,079	41,466	61,355	109,901
Motor liability insurance	10,976	60,246	45,061	116,283	14,595	84,587	131,189	230,371
Aircraft liability insurance	94	518	369	981	59	424	688	1,171
Vessel liability insurance	457	2,509	1,804	4,770	377	2,259	3,257	5,892
Other types of liability insurance	1,915	10,512	7,525	19,952	2,153	12,458	18,461	33,071
Loan insurance/credit insurance	2,216	12,164	8,678	23,058	652	5,279	8,693	14,624
Surety insurance	15	80	60	154	7	45	64	117
Miscellaneous financial loss insurance	711	3,902	2,781	7,394	550	3,464	5,288	9,302
Travel insurance	156	856	631	1,664	174	997	1,531	2,702
Total non-life insurance	36,274	199,091	147,225	382,591	40,379	237,200	361,656	639,237
Life insurance								
Life insurance	1,332	26,426	20,693	48,451	1,605	29,635	42,237	73,476
Annuity insurance	14	280	219	513	14	260	379	653
Additional insurance with life insurance	65	1,282	1,004	2,351	86	1,572	2,262	3,920
Life and annuity insurance where the policyholder bears the investment risk	-	6	5	10	-	4	6	10
Total life insurance	1,411	27,993	21,921	51,325	1,706	31,471	44,884	78,060
TOTAL	37,685	227,085	169,476	433,916	42,085	268,671	406,539	717,296

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Investment income and expenses by source of funding

	2015			2014		
	Life	Non-life	Total	Life	Non-life	Total
	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000	in HRK'000
Total investment income	119.047	236.971	356.018	120.638	212.855	333.493
Investment income from capital funds	4,768	29,532	34,300	2,208	37,371	39,579
Investment income from mathematical provisions	114,279	-	114,279	118,431	-	118,431
Investment income from remaining technical provisions	-	207,439	207,439	-	175,484	175,484
Total investment cost	(27,209)	(131,737)	(158,946)	(2,425)	(308,576)	(311,002)
Cost of investments from capital	(13,835)	(51,353)	(65,188)	(1,134)	(157,927)	(159,061)
Costs of investment from mathematical reserves	(13,374)	-	(13,374)	(1,291)	-	(1,291)
Cost of Investments from remaining technical provisions	-	(80,384)	(80,384)	-	(150,649)	(150,649)