



**CROATIA<sup>®</sup>  
OSIGURANJE**

CROATIA osiguranje d.d.  
Vatroslava Jagića 33, 10 000 Zagreb  
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# CONSOLIDATED UNAUDITED QUARTERLY REPORT, PERIOD ENDING 31.12.2019

Zagreb, February 2020

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# I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Annex 1			ISSUER'S GENERAL DATA		
Reporting period:	1.1.2019	to	31.12.2019		
Year:	2019				
Quarter:	4				
<b>Quarterly financial statements</b>					
Registration number (MB):	03276147	Issuer's home Member State code:	HR		
Entity's registration number (MBS):	090051022				
Personal identification number (OIB):	26107994962	LEI:	74780000M0GHQ1 VXJU20		
Institution code:	199				
Name of the issuer:	CROATIA osiguranje d.d.				
Postcode and town:	10 000	ZAGREB			
Street and house number:	Vatroslava Jagića 33				
E-mail address:	info@crosig.hr				
Web address:	www.crosig.hr				
Number of employees (end of the reporting period):	3.365				
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)			
Audited:	RN	(RN-not audited/RD-audited)			
Names of subsidiaries (according to IFRS):	Registered office:	MB:			
CROATIA PREMIUM d.o.o.	ZAGREB	01885980			
HISTRIA CONSTRUCT d.o.o.	ZAGREB	02066378			
CORE 1 d.o.o.	ZAGREB	04570243			
AUTO MAKSIMIR VOZILA d.o.o.	ZAGREB	01804812			
AK POLICA d.o.o.	ZAGREB	02258960			
CROATIA OSIGURANJE DD	MOSTAR	20097647			
MILENIJUM OSIGURANJE A.D.	BEOGRAD	7810318			
CROATIA OSIGURANJE A.D. - ZA ŽIVOTNA OSIG.	SKOPJE	05920922			
CROATIA OSIGURANJE A.D. - ZA NEŽIVOTNA OSIG.	SKOPJE	06479570			
CROATIA OSIGURANJE MIROVINSKO DRUŠTVO D.O.O.	ZAGREB	01731742			
RAZNE USLUGE D.O.O. - U LIKVIDACIJI	ZAGREB	01892037			
CROATIA - TEHNIČKI PREGLEDI D.O.O.	ZAGREB	01450930			
PBZ CROATIA OSIGURANJE DD	ZAGREB	01583999			
CO ZDRAVLJE D.O.O.	ZAGREB	04937550			
STRMEC PROJEKT d.o.o.	ZAGREB	02586649			
AGROSERVIS STP d.o.o.	VIROVITICA	01233033			
Bookkeeping firm:	No	(Yes/No)			
Contact person:	Jelena Matijević	(name of the bookkeeping firm)			
Telephone:	01/633 3135	(only name and surname of the contact person)			
E-mail address:	jelena.matijevic@crosig.hr				
Audit firm:		(name of the audit firm)			
Certified auditor:		(name and surname)			

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2019 - 31.12.2019

in HRK

Item	ADP code	Same period of the previous year			Current year		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>I Earned premiums (ADP 119 to 123)</b>	<b>118</b>	686.325.357	2.247.511.289	2.933.836.646	645.113.174	2.357.542.519	3.002.655.693
1 Gross written premium	119	686.466.039	2.636.761.874	3.323.227.913	645.821.466	2.659.153.749	3.304.975.215
2 Value adjustment and charged premium value adjustment	120	0	13.523.512	13.523.512	0	-1.816.753	-1.816.753
3 Outward reinsurance premiums (-)	121	-250.851	-310.805.724	-311.056.575	-195.724	-273.529.164	-273.724.888
4 Change of gross provisions for unearned premiums (+/-)	122	110.181	-117.266.721	-117.156.540	-536.305	-10.531.954	-11.068.259
5 Change of provisions for unearned premiums, reinsurers' share (+/-)	123	-12	25.298.348	25.298.336	23.737	-15.733.359	-15.709.622
<b>II Income from investments (ADP 125 to 131)</b>	<b>124</b>	144.920.774	404.055.137	548.975.911	148.493.961	375.471.435	523.965.396
1 Income from branches, associates and joint ventures.	125	377.051	30.531.044	30.908.095	947.704	35.893.372	36.841.076
2 Income from investment in land and buildings	126	117.828	174.626.018	174.743.846	118.209	122.590.004	122.708.213
3 Interest income	127	123.670.091	112.125.148	235.795.239	121.579.598	107.960.928	229.540.526
4 Unrealised gains on investments	128	448.328	2.976.615	3.424.943	1.088.812	7.777.884	8.866.696
5 Realised gains on investments	129	18.679.377	55.983.854	74.663.231	15.574.164	46.044.192	61.618.356
6 Net positive exchange rate differences	130	0	0	0	8.725.227	4.669.020	13.394.247
7 Other income from investments	131	1.628.099	27.812.458	29.440.557	460.247	50.536.035	50.996.282
<b>III Income from commissions and fees</b>	<b>132</b>	2.066.850	39.399.349	41.466.199	2.154.864	35.390.442	37.545.306
<b>IV Other insurance-technical income, net amount from reinsurance</b>	<b>133</b>	198.992	36.886.802	37.085.794	219.029	36.652.458	36.871.487
<b>V Other income</b>	<b>134</b>	364.704	121.334.441	121.699.145	106.224	126.277.090	126.383.314
<b>VI Claims incurred, net (ADP 136 + 139)</b>	<b>135</b>	-455.742.915	-1.208.597.490	-1.664.340.405	-404.930.653	-1.286.537.613	-1.691.468.266
1 Claims settled (ADP 137+138)	136	-426.129.148	-1.214.282.393	-1.640.411.541	-410.298.893	-1.300.487.652	-1.710.786.545
1.1 Gross amount (-)	137	-426.166.799	-1.330.421.911	-1.756.588.710	-410.298.893	-1.422.805.316	-1.833.104.209
1.2 Reinsurers' share (+)	138	37.651	116.139.518	116.177.169	0	122.317.664	122.317.664
2 Change in the provision for claims (+/-) (ADP 140+141)	139	-29.613.767	5.684.903	-23.928.864	5.368.240	13.950.039	19.318.279
2.1 Gross amount	140	-29.613.767	26.378.195	-3.235.572	5.368.240	6.288.701	11.656.941
2.3 Reinsurers' share	141	0	-20.693.292	-20.693.292	0	7.661.338	7.661.338
<b>VII Change in mathematical provision and other technical provisions, net of reinsurance (ADP 143+146)</b>	<b>142</b>	-71.464.438	27.752.746	-43.711.692	-229.184.315	18.540.852	-210.643.463
1 Change in mathematical provisions (+/-) (ADP 144+145)	143	-67.159.274	20.090.494	-47.068.780	-229.184.315	11.342.252	-217.842.063
1.1 Gross amount (-)	144	-67.171.033	20.211.472	-46.959.561	-229.194.586	11.342.252	-217.852.334
1.2 Reinsurers' share (+)	145	11.759	-120.978	-109.219	10.271	0	10.271
2 Change in other technical provisions, net of reinsurance (+/-) (ADP 147+148)	146	-4.305.164	7.662.252	3.357.088	0	7.198.600	7.198.600
2.1 Gross amount (-)	147	-4.305.164	7.662.252	3.357.088	0	7.198.600	7.198.600
2.2 Reinsurers' share (+)	148	0	0	0	0	0	0
<b>VIII Change of special provision for life assurance where policyholders bear the investment risk, net of reinsurance (+/-) (ADP 150+151)</b>	<b>149</b>	-96.966.441	0	-96.966.441	8.859.975	0	8.859.975
1 Gross amount (-)	150	-96.966.441	0	-96.966.441	8.859.975	0	8.859.975
3 Reinsurers' share (+)	151	0	0	0	0	0	0
<b>IX Cash payments for bonuses and rebates, net of reinsurance (ADP 153+154)</b>	<b>152</b>	0	-5.489.136	-5.489.136	0	-11.186.693	-11.186.693
1 Performance-dependent (bonuses)	153	0	-4.729.119	-4.729.119	0	-8.119.251	-8.119.251
2 Performance-independent (rebates)	154	0	-760.017	-760.017	0	-3.067.442	-3.067.442

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2019 - 31.12.2019

in HRK

Item	ADP code	Same period of the previous year			Current year		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>X Operating expenses (business expenditures), net (ADP 156+160)</b>	<b>155</b>	<b>-128.124.418</b>	<b>-1.057.446.407</b>	<b>-1.185.570.825</b>	<b>-117.613.900</b>	<b>-1.089.532.718</b>	<b>-1.207.146.618</b>
1 Acquisition costs (ADP 157 to 159)	156	-69.706.140	-546.458.377	-616.164.517	-62.329.869	-558.418.527	-620.748.396
1.1 Commission	157	-37.216.544	-353.194.627	-390.411.171	-31.100.648	-296.122.090	-327.222.738
1.2 Other acquisition costs	158	-32.489.596	-279.190.048	-311.679.644	-31.229.221	-242.427.261	-273.656.482
1.3 Change in deferred acquisition costs	159	0	85.926.298	85.926.298	0	-19.869.176	-19.869.176
2 Administration expenses (administrative costs) (ADP 161 to 163)	160	-58.418.278	-510.988.030	-569.406.308	-55.284.031	-531.114.191	-586.398.222
2.1 Depreciation	161	-3.587.588	-52.215.525	-55.803.113	-4.915.380	-73.255.859	-78.171.239
2.2 Salaries, taxes and contributions from/on salaries	162	-22.708.883	-185.368.978	-208.077.861	-21.543.631	-192.985.575	-214.529.206
2.3 Other administration expenses	163	-32.121.807	-273.403.527	-305.525.334	-28.825.020	-264.872.757	-293.697.777
<b>XI Investment expenses (ADP 165 to 171)</b>	<b>164</b>	<b>-39.113.639</b>	<b>-171.225.960</b>	<b>-210.339.599</b>	<b>-5.283.299</b>	<b>-127.037.705</b>	<b>-132.321.004</b>
1 Depreciation of land and buildings not occupied by an undertaking for its own activities	165	0	0	0	0	0	0
2 Interest	166	-25.239	-1.256.373	-1.281.612	-1.497.672	-10.208.393	-11.706.065
3 Impairment of investments	167	-452.538	-26.801.280	-27.253.818	0	-6.207.261	-6.207.261
4 Realised loss on investments	168	-3.811.436	-9.399.852	-13.211.288	-864.282	-16.181.820	-17.046.102
5 Unrealised loss on investments	169	-195.541	-4.686.727	-4.882.268	-333.394	-5.386.094	-5.719.488
6 Net negative exchange rate differences	170	-32.219.555	-14.930.325	-47.149.880	0	0	0
7 Other investment expenses	171	-2.409.330	-114.151.403	-116.560.733	-2.587.951	-89.054.137	-91.642.088
<b>XII Other technical expenses, net of reinsurance (ADP 173+174)</b>	<b>172</b>	<b>-587.855</b>	<b>-53.742.564</b>	<b>-54.330.419</b>	<b>-1.005.705</b>	<b>-59.000.492</b>	<b>-60.006.197</b>
1 Expenses of preventive activities	173	0	-1.181.277	-1.181.277	0	-960.874	-960.874
2 Other technical expenses of insurance	174	-587.855	-52.561.287	-53.149.142	-1.005.705	-58.039.618	-59.045.323
<b>XIII Other activities, including value adjustments</b>	<b>175</b>	<b>-1.973</b>	<b>-18.841.631</b>	<b>-18.843.604</b>	<b>-989</b>	<b>-11.874.464</b>	<b>-11.875.453</b>
<b>XIV Profit or loss for the accounting period before tax (+/-) (ADP 118+124+132 to 135+142+149+152+155+164+172+175)</b>	<b>176</b>	<b>41.874.998</b>	<b>361.596.576</b>	<b>403.471.574</b>	<b>46.928.366</b>	<b>364.705.111</b>	<b>411.633.477</b>
<b>XV Profit or loss tax (ADP 178+179)</b>	<b>177</b>	<b>-6.197.221</b>	<b>-60.100.381</b>	<b>-66.297.602</b>	<b>-9.530.319</b>	<b>-62.363.599</b>	<b>-71.893.918</b>
1 Current tax expense	178	-7.798.408	-42.614.586	-50.412.994	-9.446.469	-50.445.094	-59.891.563
2 Deferred tax expense (income)	179	1.601.187	-17.485.795	-15.884.608	-83.850	-11.918.505	-12.002.355
<b>XVI Profit or loss for the accounting period after tax (+/-) (ADP 176+177)</b>	<b>180</b>	<b>35.677.777</b>	<b>301.496.195</b>	<b>337.173.972</b>	<b>37.398.047</b>	<b>302.341.512</b>	<b>339.739.559</b>
1 Attributable to owners of the parent	181	36.016.327	301.063.556	337.079.883	37.864.623	301.527.573	339.392.196
2 Attributable to non-controlling interest	182	-338.550	432.639	94.089	-466.576	813.939	347.363
<b>XVII TOTAL INCOME (ADP 118+124+132+133+134+179)</b>	<b>183</b>	<b>835.477.864</b>	<b>2.831.701.223</b>	<b>3.667.179.087</b>	<b>796.003.402</b>	<b>2.919.415.439</b>	<b>3.715.418.841</b>
<b>XVIII TOTAL EXPENSES (ADP 135+142+149+152+155+164+172+175+178)</b>	<b>184</b>	<b>-799.800.087</b>	<b>-2.530.205.028</b>	<b>-3.330.005.115</b>	<b>-758.605.355</b>	<b>-2.617.073.927</b>	<b>-3.375.679.282</b>
<b>IX Other comprehensive income (ADP 186 to 193)</b>	<b>185</b>	<b>8.618.315</b>	<b>-46.799.527</b>	<b>-38.181.212</b>	<b>85.280.493</b>	<b>185.551.146</b>	<b>270.831.639</b>
1 Gains/losses arising from translation of financial statements relating to foreign operations	186	-810.722	-1.477.413	-2.288.135	389.037	769.314	1.158.351
2 Gains/losses arising from the revaluation of financial assets available for sale	187	8.817.617	-52.887.738	-44.070.121	103.105.740	200.907.706	304.013.446
3 Gains/losses arising from the revaluation of land and buildings occupied by an undertaking for its own activities	188	0	-2.233.646	-2.233.646	0	23.762.189	23.762.189
4 Gains/losses arising from the revaluation of other tangible (other than land and property) and intangible assets	189	0	0	0	0	0	0
5 Effects of cash flow hedging instruments	190	0	0	0	0	0	0
6 Actuarial gains/losses on pension plans with defined pensions	191	0	0	0	0	0	0
7 Share in other comprehensive income of associates	192	0	0	0	0	0	0
8 Income tax on other comprehensive income	193	611.420	9.799.270	10.410.690	-18.214.284	-39.888.063	-58.102.347
<b>XX Total comprehensive income (ADP 180 +185)</b>	<b>194</b>	<b>44.296.092</b>	<b>254.696.668</b>	<b>298.992.760</b>	<b>122.678.540</b>	<b>487.892.658</b>	<b>610.571.198</b>
1 Attributable to owners of the parent	195	44.645.469	254.300.904	298.946.373	123.143.327	486.978.643	610.121.970
2 Attributable to non-controlling interests	196	-349.377	395.764	46.387	-464.787	914.015	449.228
<b>XXI Reclassification adjustments</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (balance sheet)

As at: 31.12.2019

in HRK

Item	ADP code	Last day of the preceding business year			At the reporting date of the current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>ASSETS</b>							
<b>A) INTANGIBLE ASSETS (ADP 002 +003)</b>	<b>001</b>	<b>388.028</b>	<b>38.747.160</b>	<b>39.135.188</b>	<b>407.778</b>	<b>48.318.959</b>	<b>48.726.737</b>
1 Goodwill	002	0	0	0	0	0	0
2 Other intangible assets	003	388.028	38.747.160	39.135.188	407.778	48.318.959	48.726.737
<b>B) TANGIBLE ASSETS (ADP 005 to 007)</b>	<b>004</b>	<b>17.488.113</b>	<b>644.855.852</b>	<b>662.343.965</b>	<b>21.127.013</b>	<b>888.164.071</b>	<b>909.291.084</b>
1 Land and buildings occupied by an undertaking for its own activities	005	16.397.966	579.792.901	596.190.867	16.259.682	536.376.413	552.636.095
2 Equipment	006	754.880	51.241.360	51.996.240	602.616	55.612.530	56.215.146
3 Other tangible assets and inventories	007	335.267	13.821.591	14.156.858	4.264.715	296.175.128	300.439.843
<b>C) INVESTMENTS (ADP 009+010+014+033)</b>	<b>008</b>	<b>3.210.854.686</b>	<b>5.208.980.463</b>	<b>8.417.835.149</b>	<b>3.566.682.133</b>	<b>6.034.361.455</b>	<b>9.601.043.588</b>
<b>I Investments in land and buildings not occupied by an undertaking for its own activities</b>	<b>009</b>	<b>1.620.257</b>	<b>820.174.037</b>	<b>821.794.294</b>	<b>1.629.143</b>	<b>872.023.596</b>	<b>873.652.739</b>
<b>II Investments in branches, associates and joint ventures (ADP 011 to 013)</b>	<b>010</b>	<b>0</b>	<b>79.248.791</b>	<b>79.248.791</b>	<b>0</b>	<b>77.589.581</b>	<b>77.589.581</b>
1 Shares and holdings in branches	011	0	0	0	0	0	0
2 Shares and holdings in associates	012	0	9.164.574	9.164.574	0	9.628.386	9.628.386
3 Shares and holdings in joint ventures	013	0	70.084.217	70.084.217	0	67.961.195	67.961.195
<b>III Financial assets (ADP 015+018+023+029)</b>	<b>014</b>	<b>3.209.234.429</b>	<b>4.307.557.635</b>	<b>7.516.792.064</b>	<b>3.565.052.990</b>	<b>5.084.748.278</b>	<b>8.649.801.268</b>
1 Financial assets held to maturity (ADP 016+017)	015	1.348.314.240	856.856.551	2.205.170.791	1.277.694.188	1.037.566.857	2.315.261.045
1.1 Debt financial instruments	016	1.348.314.240	856.856.551	2.205.170.791	1.277.694.188	1.037.566.857	2.315.261.045
1.2 Other	017	0	0	0	0	0	0
2 Financial assets available for sale (ADP 019 to 022)	018	1.564.541.223	2.462.131.660	4.026.672.883	1.921.629.783	2.990.714.858	4.912.344.641
2.1 Equity financial instruments	019	8.327.783	372.607.701	380.935.484	24.590.609	498.588.974	523.179.583
2.2 Debt financial instruments	020	1.542.393.116	2.063.147.678	3.605.540.794	1.874.911.679	2.427.461.212	4.302.372.891
2.3 Units in investment funds	021	13.820.324	26.376.281	40.196.605	22.127.495	64.664.672	86.792.167
2.4 Other	022	0	0	0	0	0	0
3 Financial assets at fair value through statement of profit or loss (ADP 024 to 028)	023	9.446.956	193.618.584	203.065.540	5.242.699	62.444.827	67.687.526
3.1 Equity financial instruments	024	0	13.867.751	13.867.751	0	17.070.930	17.070.930
3.2 Debt financial instruments	025	0	11.304.130	11.304.130	0	0	0
3.3 Derivative financial instruments	026	256.116	2.125.175	2.381.291	589.945	3.080.534	3.670.479
3.4 Units in investment funds	027	9.190.840	166.321.528	175.512.368	4.652.754	42.293.363	46.946.117
3.5 Other	028	0	0	0	0	0	0
4 Loans and receivables (ADP 030 to 032)	029	286.932.010	794.950.840	1.081.882.850	360.486.320	994.021.736	1.354.508.056
4.1 Deposits with credit institutions	030	220.465.160	593.440.203	813.905.363	299.097.268	782.258.687	1.081.355.955
4.2 Loans	031	66.466.850	201.510.637	267.977.487	61.389.052	55.788.485	117.177.537
4.3 Other	032	0	0	0	0	155.974.564	155.974.564
<b>IV Deposits with cedants</b>	<b>033</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>D) INVESTMENTS FOR THE ACCOUNT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK</b>	<b>034</b>	<b>437.973.328</b>	<b>0</b>	<b>437.973.328</b>	<b>450.937.458</b>	<b>0</b>	<b>450.937.458</b>
<b>E) REINSURANCE AMOUNT IN TECHNICAL PROVISIONS (ADP 036 to 042)</b>	<b>035</b>	<b>45.701</b>	<b>234.335.078</b>	<b>234.380.779</b>	<b>79.965</b>	<b>226.299.397</b>	<b>226.379.362</b>
1 Provisions for unearned premiums, reinsurance amount	036	33.942	64.002.126	64.036.068	57.935	48.326.106	48.384.041
2 Mathematical provision, reinsurance amount	037	11.759	0	11.759	22.030	0	22.030
3 Claims outstanding, reinsurance amount	038	0	170.332.952	170.332.952	0	177.973.291	177.973.291
4 Provisions for bonuses and rebates, reinsurance amount	039	0	0	0	0	0	0
5 Equalization provision, reinsurance amount	040	0	0	0	0	0	0
6 Other technical provisions, reinsurance amount	041	0	0	0	0	0	0
7 Special provisions for life assurance where policyholders bear the investment risk, reinsurance amount	042	0	0	0	0	0	0
<b>F) DEFERRED AND CURRENT TAX ASSETS (ADP 044 +045)</b>	<b>043</b>	<b>2.112.506</b>	<b>83.849.237</b>	<b>85.961.743</b>	<b>2.028.656</b>	<b>75.768.736</b>	<b>77.797.392</b>
1 Deferred tax assets	044	2.112.506	77.504.361	79.616.867	2.028.656	68.047.649	70.076.305
2 Current tax assets	045	0	6.344.876	6.344.876	0	7.721.087	7.721.087
<b>G) RECEIVABLES (ADP 047+050+051)</b>	<b>046</b>	<b>29.319.950</b>	<b>1.009.465.321</b>	<b>1.038.785.271</b>	<b>22.032.078</b>	<b>979.166.004</b>	<b>1.001.198.082</b>
<b>1 Receivables arising from insurance business (ADP 048+049)</b>	<b>047</b>	<b>233.825</b>	<b>512.401.650</b>	<b>512.635.475</b>	<b>235.763</b>	<b>503.377.921</b>	<b>503.613.684</b>
1.1 From policyholders	048	47	510.328.833	510.328.880	0	502.590.925	502.590.925
1.2 From insurance agents or insurance brokers	049	233.778	2.072.817	2.306.595	235.763	786.996	1.022.759
<b>2 Receivables arising from reinsurance business</b>	<b>050</b>	<b>629</b>	<b>35.924.715</b>	<b>35.925.344</b>	<b>879</b>	<b>47.249.357</b>	<b>47.250.236</b>
<b>3 Other receivables (ADP 052 to 054)</b>	<b>051</b>	<b>29.085.496</b>	<b>461.138.966</b>	<b>490.224.452</b>	<b>21.795.436</b>	<b>428.538.726</b>	<b>450.334.162</b>
3.1 Receivables arising from other insurance operations	052	0	231.681.647	231.681.647	0	202.997.642	202.997.642
3.2 Receivables for investment income	053	278.180	3.890.917	4.169.097	268.543	578.032	846.575
3.3 Other receivables	054	28.807.316	225.566.392	254.373.708	21.526.893	224.963.052	246.489.945
<b>H) OTHER ASSETS (ADP 056+060+061)</b>	<b>055</b>	<b>15.814.223</b>	<b>430.393.748</b>	<b>446.207.971</b>	<b>39.359.903</b>	<b>180.970.286</b>	<b>220.330.189</b>
<b>1 Cash at bank and in hand (ADP 057 to 059)</b>	<b>056</b>	<b>15.814.223</b>	<b>425.185.815</b>	<b>441.000.038</b>	<b>39.359.903</b>	<b>175.637.699</b>	<b>214.997.602</b>
1.1 Funds in the business account	057	3.533.646	424.629.267	428.162.913	13.894.016	175.060.566	188.954.582
1.2 Funds in the account of assets covering mathematical provisions	058	12.276.023	0	12.276.023	25.462.256	0	25.462.256
1.3 Cash in hand	059	4.554	556.548	561.102	3.631	577.133	580.764
<b>2 Fixed assets held for sale and termination of business operations</b>	<b>060</b>	<b>0</b>	<b>2.092.601</b>	<b>2.092.601</b>	<b>0</b>	<b>1.963.217</b>	<b>1.963.217</b>
<b>3 Other</b>	<b>061</b>	<b>0</b>	<b>3.115.332</b>	<b>3.115.332</b>	<b>0</b>	<b>3.369.370</b>	<b>3.369.370</b>
<b>I) PREPAYMENTS AND ACCRUED INCOME (ADP 063 to 065)</b>	<b>062</b>	<b>1.337.601</b>	<b>301.400.663</b>	<b>302.738.264</b>	<b>1.425.136</b>	<b>286.222.521</b>	<b>287.647.657</b>
1 Deferred interest and rent	063	0	1.991.535	1.991.535	0	1.454.551	1.454.551
2 Deferred acquisition costs	064	0	288.703.456	288.703.456	0	268.986.430	268.986.430
3 Other prepayments and accrued income	065	1.337.601	10.705.672	12.043.273	1.425.136	15.781.540	17.206.676
<b>J) TOTAL ASSETS (ADP 001+004+008+034+035+043+046+055+062)</b>	<b>066</b>	<b>3.715.334.136</b>	<b>7.950.027.522</b>	<b>11.665.361.658</b>	<b>4.104.080.120</b>	<b>8.719.271.429</b>	<b>12.823.351.549</b>
<b>K) OFF-BALANCE SHEET ITEMS</b>	<b>067</b>	<b>175.225.376</b>	<b>2.618.730.332</b>	<b>2.793.955.708</b>	<b>269.163.441</b>	<b>2.573.102.420</b>	<b>2.842.265.861</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (balance sheet)

As at: 31.12.2019

in HRK

Item	ADP code	Last day of the preceding business year			At the reporting date of the current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
<b>LIABILITIES</b>							
<b>A) CAPITAL AND RESERVES (ADP 069+072+073+077+081+084)</b>	<b>068</b>	<b>378.963.118</b>	<b>2.830.148.391</b>	<b>3.209.111.509</b>	<b>508.083.464</b>	<b>3.311.557.185</b>	<b>3.819.640.649</b>
<b>1 Subscribed capital (ADP 070 to 071)</b>	<b>069</b>	<b>44.288.720</b>	<b>545.037.080</b>	<b>589.325.800</b>	<b>44.288.720</b>	<b>545.037.080</b>	<b>589.325.800</b>
1.1 Paid in capital - ordinary shares	070	44.288.720	545.037.080	589.325.800	44.288.720	545.037.080	589.325.800
1.2 Paid in capital - preference shares	071	0	0	0	0	0	0
<b>2 Premium on shares issued (capital reserves)</b>	<b>072</b>	<b>0</b>	<b>681.482.525</b>	<b>681.482.525</b>	<b>0</b>	<b>681.482.525</b>	<b>681.482.525</b>
<b>3 Revaluation reserves (ADP 074 to 076)</b>	<b>073</b>	<b>91.346.930</b>	<b>248.936.521</b>	<b>340.283.451</b>	<b>176.625.641</b>	<b>432.713.780</b>	<b>609.339.421</b>
3.1 Land and buildings	074	0	101.716.591	101.716.591	0	119.622.869	119.622.869
3.2 Financial assets available for sale	075	91.346.930	147.050.849	238.397.779	176.625.641	312.925.487	489.551.128
3.3 Other revaluation reserves	076	0	169.081	169.081	0	165.424	165.424
<b>4 Reserves (ADP 078 to 080)</b>	<b>077</b>	<b>85.295.937</b>	<b>316.742.638</b>	<b>402.038.575</b>	<b>85.295.937</b>	<b>316.742.638</b>	<b>402.038.575</b>
4.1 Legal reserves	078	2.214.436	27.864.354	30.078.790	2.214.436	27.864.354	30.078.790
4.2 Statutory reserve	079	7.581.501	139.638.995	147.220.496	7.581.501	139.638.995	147.220.496
4.3 Other reserves	080	75.500.000	149.239.289	224.739.289	75.500.000	149.239.289	224.739.289
<b>5 Retained profit or loss brought forward (ADP 082 + 083)</b>	<b>081</b>	<b>122.015.204</b>	<b>736.886.071</b>	<b>858.901.275</b>	<b>164.008.543</b>	<b>1.034.053.589</b>	<b>1.198.062.132</b>
5.1 Retained profit	082	122.015.204	736.886.071	858.901.275	164.008.543	1.034.053.589	1.198.062.132
5.2 Loss brought forward (-)	083	0	0	0	0	0	0
<b>6 Profit or loss for the current accounting period (ADP 085+086)</b>	<b>084</b>	<b>36.016.327</b>	<b>301.063.556</b>	<b>337.079.883</b>	<b>37.864.623</b>	<b>301.527.573</b>	<b>339.392.196</b>
6.1 Profit for the current accounting period	085	36.016.327	301.063.556	337.079.883	37.864.623	301.527.573	339.392.196
6.2 Loss for the current accounting period (-)	086	0	0	0	0	0	0
<b>B) SUBORDINATE LIABILITIES</b>	<b>087</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C) MINORITY INTEREST</b>	<b>088</b>	<b>1.095.354</b>	<b>11.118.413</b>	<b>12.213.767</b>	<b>630.567</b>	<b>11.922.791</b>	<b>12.553.358</b>
<b>D) TECHNICAL PROVISIONS (ADP 090 to 095)</b>	<b>089</b>	<b>2.783.071.221</b>	<b>4.244.459.185</b>	<b>7.027.530.406</b>	<b>3.009.126.063</b>	<b>4.233.604.819</b>	<b>7.242.730.882</b>
1 Provisions for unearned premiums, gross amount	090	5.369.254	1.417.280.523	1.422.649.777	5.909.255	1.429.409.694	1.435.318.949
2 Mathematical provisions, gross amount	091	2.702.038.922	29.250.666	2.731.289.588	2.937.212.325	17.908.413	2.955.120.738
3 Claims outstanding, gross amount	092	71.355.654	2.748.839.177	2.820.194.831	66.004.483	2.743.831.586	2.809.836.069
4 Provisions for bonuses and rebates, gross amount	093	0	7.348.598	7.348.598	0	8.770.594	8.770.594
5 Equalization provision, gross amount	094	0	7.055.533	7.055.533	0	7.055.533	7.055.533
6 Other technical provisions, gross amount	095	4.307.391	34.684.688	38.992.079	0	26.628.999	26.628.999
<b>E) SPECIAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK, gross amount</b>	<b>096</b>	<b>437.973.328</b>	<b>0</b>	<b>437.973.328</b>	<b>450.937.458</b>	<b>0</b>	<b>450.937.458</b>
<b>F) OTHER PROVISIONS (ADP 098 + 099)</b>	<b>097</b>	<b>3.363.254</b>	<b>109.441.758</b>	<b>112.805.012</b>	<b>3.076.787</b>	<b>115.844.923</b>	<b>118.921.710</b>
1 Provisions for pensions and similar obligations	098	3.088.833	104.926.009	108.014.842	2.957.741	111.329.174	114.286.915
2 Other provisions	099	274.421	4.515.749	4.790.170	119.046	4.515.749	4.634.795
<b>G) DEFERRED AND CURRENT TAX LIABILITIES (ADP 101 + 102)</b>	<b>100</b>	<b>18.094.343</b>	<b>100.940.357</b>	<b>119.034.700</b>	<b>36.401.242</b>	<b>141.425.157</b>	<b>177.826.399</b>
1 Deferred tax liability	101	17.454.321	69.747.926	87.202.247	35.681.180	113.553.295	149.234.475
2 Current tax liability	102	640.022	31.192.431	31.832.453	720.062	27.871.862	28.591.924
<b>H) DEPOSITS HELD UNDER BUSINESS CEDED</b>	<b>103</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>I) FINANCIAL LIABILITIES (ADP 105 to 107)</b>	<b>104</b>	<b>380.965</b>	<b>19.367.087</b>	<b>19.748.052</b>	<b>4.320.559</b>	<b>297.695.442</b>	<b>302.016.001</b>
1 Loan liabilities	105	159.914	2.298.208	2.458.122	0	0	0
2 Liabilities for issued financial instruments	106	0	0	0	0	0	0
3 Other financial liabilities	107	221.051	17.068.879	17.289.930	4.320.559	297.695.442	302.016.001
<b>J) OTHER LIABILITIES (ADP 109 to 112)</b>	<b>108</b>	<b>72.897.977</b>	<b>288.982.749</b>	<b>361.880.726</b>	<b>68.558.512</b>	<b>284.395.259</b>	<b>352.953.771</b>
1 Liabilities from direct insurance business	109	8.365.761	90.357.363	98.723.124	6.788.834	91.501.162	98.289.996
2 Liabilities from coinsurance and reinsurance business	110	15.735	59.318.476	59.334.211	21.961	46.608.944	46.630.905
3 Liabilities for disposal and discontinued operations	111	0	13.081	13.081	0	11.832	11.832
4 Other liabilities	112	64.516.481	139.293.829	203.810.310	61.747.717	146.273.321	208.021.038
<b>K) ACCRUALS AND DEFERRED INCOME (ADP 114+115)</b>	<b>113</b>	<b>19.494.576</b>	<b>345.569.582</b>	<b>365.064.158</b>	<b>22.945.468</b>	<b>322.825.853</b>	<b>345.771.321</b>
1 Deferred reinsurance commission	114	0	0	0	0	0	0
2 Other accruals and deferred income	115	19.494.576	345.569.582	365.064.158	22.945.468	322.825.853	345.771.321
<b>L) TO THE EXTENT OF THE DEFERRED INCOME (ADP 116)</b>	<b>116</b>	<b>3.715.334.136</b>	<b>7.950.027.522</b>	<b>11.665.361.658</b>	<b>4.104.080.120</b>	<b>8.719.271.429</b>	<b>12.823.351.549</b>
<b>M) OFF-BALANCE SHEET ITEMS</b>	<b>117</b>	<b>175.225.376</b>	<b>2.618.730.332</b>	<b>2.793.955.708</b>	<b>269.163.441</b>	<b>2.573.102.420</b>	<b>2.842.265.861</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period: 1.1.2019 - 31.12.2019

in HRK

Item	ADP code	Attributable to owners of the parent							Attributable to non-controlling interest	Total capital and reserves (9+10)
		Paid in capital (ordinary and preference shares)	Premium on shares issued	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or loss brought forward	Profit/loss for the year	Total capital and reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
<b>I Balance on the first day of the previous business year</b>	1	589.325.800	681.482.525	380.035.949	400.450.237	606.452.727	253.102.679	2.910.849.917	12.492.787	2.923.342.704
Change in accounting policies	2	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	3	0	0	0	0	0	0	0	0	0
<b>II Balance on the first day of the previous business year (restated)</b>	4	589.325.800	681.482.525	380.035.949	400.450.237	606.452.727	253.102.679	2.910.849.917	12.492.787	2.923.342.704
<b>III Comprehensive income or loss for the same period of the previous year (ADP 006 + ADP 007)</b>	5	0	0	-38.133.510	0	0	337.079.883	298.946.373	46.387	298.992.760
Profit or loss for the period	6	0	0	0	0	0	337.079.883	337.079.883	94.089	337.173.972
2 Other comprehensive income or loss for the same period of the previous year (ADP 008 to ADP 11)	7	0	0	-38.133.510	0	0	0	-38.133.510	-47.702	-38.181.212
Unrealised gains or losses on tangible assets (land and buildings)	8	0	0	-1.782.843	0	0	0	-1.782.843	17.755	-1.765.088
Unrealised gains or losses on financial assets available for sale	9	0	0	-11.776	0	0	0	-11.776	-5.274	-17.050
Realised gains or losses on financial assets available for sale	10	0	0	-34.110.939	0	0	0	-34.110.939	0	-34.110.939
Other changes in equity unrelated to owners	11	0	0	-2.227.952	0	0	0	-2.227.952	-60.183	-2.288.135
<b>IV Transactions with owners (previous period)</b>	12	0	0	-1.618.988	1.588.338	252.448.548	-253.102.679	-684.781	-325.407	-1.010.188
Increase/decrease in subscribed capital	13	0	0	0	0	0	0	0	0	0
Other contributions by owners	14	0	0	0	0	206.308	0	206.308	-289.314	-83.006
Payment of share in profit/dividend	15	0	0	0	0	0	-1.541.887	-1.541.887	-200.055	-1.741.942
Other distribution to owners	16	0	0	-1.618.988	1.588.338	252.242.240	-251.560.792	650.798	163.962	814.760
<b>V Balance on the last day of the previous business year reporting period</b>	17	589.325.800	681.482.525	340.283.451	402.038.575	858.901.275	337.079.883	3.209.111.509	12.213.767	3.221.325.276
<b>VI Balance on the first day of the current business year</b>	18	589.325.800	681.482.525	340.283.451	402.038.575	858.901.275	337.079.883	3.209.111.509	12.213.767	3.221.325.276
Change in accounting policies	19	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	20	0	0	0	0	0	0	0	0	0
<b>VII Balance on the first day of the current business year (restated)</b>	21	589.325.800	681.482.525	340.283.451	402.038.575	858.901.275	337.079.883	3.209.111.509	12.213.767	3.221.325.276
<b>VIII Comprehensive income or loss for the year</b>	22	0	0	270.729.774	0	0	339.392.196	610.121.970	449.228	610.571.198
Profit or loss for the period	23	0	0	0	0	0	339.392.196	339.392.196	347.363	339.739.559
Other comprehensive income or loss for the year	24	0	0	270.729.774	0	0	0	270.729.774	101.865	270.831.639
Unrealised gains or losses on tangible assets (land and buildings)	25	0	0	19.583.202	0	0	0	19.583.202	25.969	19.609.171
Unrealised gains or losses on financial assets available for sale	26	0	0	277.011.573	0	0	0	277.011.573	58.288	277.069.861
Realised gains or losses on financial assets available for sale	27	0	0	-27.005.744	0	0	0	-27.005.744	0	-27.005.744
Other changes in equity unrelated to owners	28	0	0	1.140.743	0	0	0	1.140.743	17.608	1.158.351
<b>Transactions with owners (current period)</b>	29	0	0	-1.673.804	0	339.160.857	-337.079.883	407.170	-109.637	297.533
Increase/decrease in subscribed capital	30	0	0	0	0	0	0	0	0	0
Other contributions by owners	31	0	0	0	0	0	0	0	0	0
Payment of share in profit/dividend	32	0	0	0	0	0	0	0	-112.562	-112.562
Other transactions with owners	33	0	0	-1.673.804	0	339.160.857	-337.079.883	407.170	2.925	410.095
<b>Balance on the last day of the current year reporting period</b>	34	589.325.800	681.482.525	609.339.421	402.038.575	1.198.062.132	339.392.196	3.819.640.649	12.553.358	3.832.194.007



# CONSOLIDATED STATEMENT OF CASH FLOWS – indirect method

For the period: 1.1.2019 - 31.12.2019

in HRK

Item	ADP code	Same period of the previous year	Current business period
1	2	3	4
<b>I Cash flow from operating activities (ADP 002+013+031)</b>	<b>001</b>	192.101.096	-188.664.085
<b>1 Cash flow before changes in operating assets and liabilities (ADP 003+004)</b>	<b>002</b>	195.632.285	239.805.362
1.1 Profit/loss before tax	003	403.471.574	411.633.477
1.2 Adjustments: (ADP 005 to 012)	004	-207.839.289	-171.828.115
1.2.1 Depreciation of property and equipment	005	38.607.009	58.677.524
1.2.2 Amortization of intangible assets	006	17.196.104	19.493.715
1.2.3 Impairment and gains/losses on fair valuation	007	19.492.745	4.752.902
1.2.4 Interest expenses	008	1.281.612	11.706.065
1.2.5 Interest income	009	-235.795.239	-229.540.526
1.2.6 Share in profit of associates	010	-13.994.516	-11.947.061
1.2.7 Profit/loss from the sale of tangible assets (including land and buildings)	011	-13.868.972	-1.033.698
1.2.8 Other adjustments	012	-20.758.032	-23.937.036
<b>2 Increase/decrease in operating assets and liabilities (ADP 014 to 030)</b>	<b>013</b>	31.025.235	-369.066.615
2.1 Increase/decrease in financial assets available for sale	014	-301.176.948	-477.900.770
2.2 Increase/decrease in financial assets at fair value through statement of profit or loss	015	-74.578.364	139.985.599
2.3 Increase/decrease in loans and receivables	016	321.101.547	-265.050.427
2.4 Increase/decrease in deposits with cedants	017	0	0
2.5 Increase/decrease in investments for the account of life assurance policyholders who bear the investment risk	018	-101.072.367	-12.964.129
2.6 Increase/decrease in reinsurance amount in technical provisions	019	-5.080.008	8.001.418
2.7 Increase/decrease in tax assets	020	-105.794	-3.838.004
2.8 Increase/decrease in receivables	021	5.128.794	22.832.197
2.9 Increase/decrease in other assets	022	0	0
2.10 Increase/decrease in prepayments and accrued income	023	-84.324.335	15.090.608
2.11 Increase/decrease in technical provisions	024	155.484.833	215.200.476
2.12 Increase/decrease in special provisions for life assurance where policyholders bear the investment risk	025	101.072.367	12.964.129
2.13 Increase/decrease in tax liabilities	026	-5.435.454	571.147
2.14 Increase/decrease in deposits held under reinsurance business ceded	027	0	0
2.15 Increase/decrease in financial liabilities	028	853.777	-1.855.764
2.16 Increase/decrease in other liabilities	029	25.155.071	-2.810.259
2.17 Increase/decrease in accruals and deferred income	030	-5.997.884	-19.292.836
<b>3 Income tax paid</b>	<b>031</b>	-34.556.424	-59.402.832
<b>II CASH FLOW FROM INVESTING ACTIVITIES (ADP 033 to 046)</b>	<b>032</b>	51.420.579	2.112.688
1 Cash receipts from the sale of tangible assets	033	2.625.068	17.912.181
2 Cash payments for the purchase of tangible assets	034	-34.240.962	-57.523.511
3 Cash receipts from the sale of intangible assets	035	0	643.969
4 Cash payments for the purchase of intangible assets	036	-18.139.766	-29.714.695
5 Cash receipts from the sale of land and buildings not occupied by an undertaking for its own activities	037	30.651.520	16.750.126
6 Cash payments for the purchase of land and buildings not occupied by an undertaking for its own activities	038	-5.233.764	-7.031.848
7 Increase/decrease of investments in branches, associates and joint ventures.	039	14.423.302	13.500.000
8 Cash receipts from financial assets held to maturity	040	483.222.061	385.857.840
9 Cash payments for financial assets held to maturity	041	-400.401.034	-387.959.348
10 Cash receipts from the sale of financial instruments	042	0	0
11 Cash payments for investments in financial instruments	043	0	0
12 Cash receipts from dividends and share in profit	044	16.913.580	24.523.707
13 Cash receipts from repayments of short-term and long-term loans given	045	67.792.810	60.482.399
14 Cash payments for short-term and long-term loans	046	-106.192.236	-35.328.132
<b>III CASH FLOW FROM FINANCING ACTIVITIES (ADP 048 to 052)</b>	<b>047</b>	-1.741.941	-25.932.138
1 Cash receipts resulting from the increase of initial capital	048	0	0
2 Cash receipts from short-term and long-term loans received	049	0	0
3 Cash payments for the repayment of short-term and long-term loans received	050	0	-24.839.576
4 Cash payments for the redemption of treasury shares	051	0	0
5 Cash payments of share in profit (dividend)	052	-1.741.941	-1.092.562
<b>NET CASH FLOW (ADP 001 + 032 + 047)</b>	<b>053</b>	241.779.734	-212.483.535
<b>IV EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS</b>	<b>054</b>	47.149.880	-13.394.247
<b>V NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (053+054)</b>	<b>055</b>	288.929.614	-225.877.782
Cash and cash equivalents at the beginning of period	056	157.278.357	446.207.971
Cash and cash equivalents at the end of period (ADP 055 + 056)	057	446.207.971	220.330.189

## II. QUARTERLY MANAGEMENT REPORT

*In accordance with the statutory deadlines, we submit unaudited reports of the Group at the end of the fourth quarter of 2019. The audit of the financial statements for 2019 is ongoing and the information provided may vary from the final annual audited report.*

In the period observed, Croatia osiguranje Group, operating in Croatia and the markets of the region (BiH, North Macedonia, Serbia and Slovenia), achieved consolidated profit after tax and non-controlling interest in the amount of HRK 339m, which represents an increase of 0.7 percent compared to the comparative period of the previous year.

Gross written premium for the reporting period amounted to HRK 3.305m, which represents a decrease by 0.5 percent compared to comparative period of the previous year. Gross written premium of non-life insurance amounted to HRK 2,659.2m which represents increase by 0.8 percent compared to comparative period of the previous year, while gross written premium of life insurance represents a decrease by 5.9 percent and amounted to HRK 645.8m.

Earned premium for the reporting period amounted to HRK 3.002.7m, which represents 80.6 percent of total income and an increase by 2.3 percent compared to the comparative period of the previous year.

In the non-life and life insurance business, Group has achieved income from investments in the amount of HRK 524m, which represents a decrease of 4.6 percent compared to the comparative period of the previous year. Income from investments represent 14.1 percent of total income. Income expenses amounted to HRK 132.3m, which represents a decrease of 37.1 percent compared to the comparative period of the previous year. Income expenses represent 4 percent of total expenses.

Net claims incurred for the reporting period represent 51 percent of total expenses and amounted to HRK 1,691.5m, which represents an increase of 1.6 percent compared to the same period of the previous year. Gross claims of the non-life insurance represent an increase by 6.4 percent, while gross claims of life insurance represent a decrease by 11.1 percent compared to the same period of the previous year.

Acquisition and administration costs amounted to HRK 1,207.1m, representing 36.4 percent of total expenses of the Group. Acquisition and administration costs increased by 1.8 percent compared to the comparative period of the previous year.

Total assets of the Group as at 31.12.2019 amounted to HRK 12.8 billion, representing an increase of 9.9 percent compared to the 31.12.2018.

Technical reserves amounted to HRK 7.2 billion, representing an increase of 3.1 percent compared to the 31.12.2018.

Unaudited consolidated financial statements at the end of the fourth quarter of the year 2019 will be available on the web sites of CROATIA osiguranje d.d., Zagreb Stock Exchange and Officially appointed mechanism for the central storage of regulated information.

### **Significant business events in the reporting period**

In January 2019, CROATIA osiguranje d.d. has reported on withdrawal from the transaction of purchasing 100 percent of shares in Testing centar limited liability company and 100 percent of shares in CENTRAL OSIGURANJE d.d.

In April 2019 Administrative Court of the Republic of Slovenia, acting in repeated procedure, rejected the claim filed by Adris grupa d.d. and CROATIA osiguranje d.d. against the Decision of the Insurance Supervisory Agency denying approval for acquisition of shares of Pozavarovalnica Sava d.d., Dunajska cesta 56, Ljubljana, Slovenia. The acquisition would have resulted in Adris grupa d.d. and CROATIA osiguranje d.d. becoming direct or indirect holders of a share in the capital equal to or higher than 20 percent but lower than one third of the capital.

On January 30, 2019 the Supervisory Board of CROATIA osiguranje has appointed Mr. Davor Tomašković as a candidate for a member of the Management Board. Following the completion of the legally prescribed procedure and approval of the regulator, on April 17, 2019, the Supervisory Board appointed Davor Tomašković as the Chairman of the Management Board of CROATIA osiguranje d.d. starting from 1 May 2019. Damir Vandelić was nominated as a member of the Management Board of Adris grupa d.d. and his appointment was confirmed by the Supervisory Board of the Adris grupa d.d. on April 25, 2019.

On June 7, 2019 the General Assembly of CROATIA osiguranje d.d. has adopted the Decision on the profit distribution of CROATIA osiguranje d.d. realised in 2018. It was declared dividend on 8,750 preference shares in the amount HRK 112.00 per share and in total amount of HRK 980,000.00. Dividend payment was in July 2019.

In November 2019, CROATIA osiguranje d.d. and the company Sapiens signed a contract to acquire, implement and maintain the new Core system that will replace current IT solutions over the next three years and create conditions for quicker delivery of services and better solutions for the market.

### **Significant events after the end of the reporting date**

No events occurring after the reporting date were material to the financial statements for the reporting period.

### **Expected development in the future**

In 2019, according to available data from the Central Bureau of Statistics, real GDP growth continued. Growth in economic activity is also visible in the insurance market, which also grew by 5%. In view of the above, we expect the continuation of positive economic trends that have contributed to the growth of the insurance market and its further growth. It is expected that the entire economy, including the insurance industry, will take advantage of a positive business environment and preconditions for approaching levels in developed markets in other EU countries.

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

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

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

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

#### **Research and development activities**

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

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

During product development, our focus is on creating products with quality insurance coverage and on the service that we provide. Special emphasis is placed on quality and available service which will adequately cover risks with which our clients are faced. We monitor trends and continuously implement the latest technology solutions as well as numerous innovations to ensure customer satisfaction. Customer satisfaction is continually monitored, and we respond to all challenges we face.

## Description of the most significant risks and uncertainties

In relation to the most significant risks and uncertainties which were described in the audited financial statements for the year 2018, in the period observed there were no significant changes in relation to the risks to which the Company is exposed.

Zagreb, 27 February 2020

Member of the Management Board

Miroslav Klepac



President of the Management Board

Davor Tomašković



### III. NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD I-XII 2019

#### 1. GENERAL INFORMATION

The Group consolidated the following entities as at 31 December 2019:

Group	Activity	31 December 2019		
		Shares directly held by parent (%)	Shares held by the Group (%)	Shares held by non-controlling interests (%)
<b>Subsidiaries registered in Croatia which are consolidated:</b>				
Croatia premium d.o.o., Zagreb	Real estate	100.00	100.00	-
Histria Construct d.o.o., Zagreb	Real estate	100.00	100.00	-
Core 1 d.o.o., Zagreb	Real estate	100.00	100.00	-
Razne usluge d.o.o. (u likvidaciji)	-	100.00	100.00	-
AUTO MAKSIMIR VOZILA d.o.o.	Insurance agency	100.00	100.00	-
AK POLICA d.o.o.	Insurance agency	100.00	100.00	-
CO Zdravlje d.o.o.	Consulting and services	100.00	100.00	-
- CROATIA Poliklinika, Zagreb	Healthcare	-	100.00	-
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT*	100.00	100.00	-
- Herz d.d., Požega	MOT	-	100.00	-
- Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	MOT	-	76.00	24.00
- STP Pitomača, Pitomača	MOT	-	100.00	-
- STP Blato	MOT	-	100.00	-
- Autoprijevoz d.d.	MOT	-	79.12	20.88
- Crotehna d.o.o., Ljubuški	MOT	-	100.00	-
- Ponte d.o.o., Mostar	Insurance agency	-	100.00	-
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Fund management	100.00	100.00	-
<b>Subsidiaries registered abroad which are consolidated</b>				
Milenijum osiguranje a.d.o., Beograd	Insurance	100.00	100.00	-
Croatia osiguranje d.d., Mostar	Insurance	95.02	95.02	4.98
- Croatia remont d.d., Čapljina	MOT	-	69.79	30.21
- Croauto d.o.o., Mostar	MOT	-	66.79	33.21
- Hotel Hum d.o.o., Ljubuški**	Hospitality	-	80.00	20.00
Croatia osiguranje d.d., non-life insurance company, Skopje	Insurance	100.00	100.00	-
Croatia osiguranje d.d., life insurance company, Skopje	Insurance	95.00	100.00	-

\*MOT – Motor vehicle examination stations

\*\* Croatia osiguranje d.d. Mostar hold 80%, while CROTEHNA d.o.o. Ljubuški hold 20%

In consolidation, equity method is used for the valuation of investments in associates Agroservis (37%) and Strmec projekt d.o.o. (49,76%) and joint venture PBZ CROATIA osiguranje d.d. (50.0%).

CROATIA osiguranje d.d (parent company) is registered in the Court Register of the Commercial Court in Zagreb under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862. The Company's principal activity is non-life and life insurance business and reinsurance business in the non-life insurance group.

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

According to the Company Act, Insurance Act and the Articles of Association of the Company the Company's bodies are the General Assembly, the Supervisory Board and the Management Board.

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

Roberto Škopac	President
Dr.sc. Željko Lovrinčević	Vice President
Vitomir Palinec	Member
Hrvoje Patajac	Member
Prof.dr.sc. Petar Miladin	Member until 18 June 2019
Vlasta Pavličević	Member
Damir Vandelić	Member since 19 June 2019

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

Damir Vandelić	President until 30 April 2019
Davor Tomašković	President since 1 May 2019
Nikola Mišetić	Member until 23 April 2019
Marijan Kralj	Member until 30 June 2019
Robert Vučković	Member
Miroslav Klepač	Member

## Share capital and shares

The Company's share capital with a nominal value of 601.575.800 as at 31 December 2019 is divided among 429.697 shares with a nominal value of HRK 1,400. The shares are marked as follows:

Number of shares	Nominal amount:
307.598 ordinary shares I. emission with ticker CROS-R-A/CROS	430,637,200
113.349 ordinary shares II. emission with ticker CROS-R-A/CROS	158,688,600
<b>TOTAL OF ORDINARY SHARES</b>	<b>589,325,800</b>
8.750 preference shares I. emission with ticker CROS-P-A/CROS <sub>2</sub>	12,250,000
<b>TOTAL OF PREFERENCE SHARES</b>	<b>12,250,000</b>

Each share, ordinary and preference, provides the right to 1 (one) vote at the Company's General Assembly. All shares are paid in full, issued in dematerialized form, are transferable and are managed at the central depository of the Central Depository & Clearing Company. CROATIA osiguranje d.d. has no treasury shares.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis for preparation and consolidation

Financial statements are prepared in accordance with the Company's Act (Official Gazette 65/18), International Financial Reporting Standards ('IFRS') as adopted in the European Union, Rules of Zagreb Stock Exchange and Ordinance on the structure and content of periodic financial reports for issuers during the year, which is issued by Croatian Financial Services Supervisory Agency.

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

Consolidated financial statements comprise the Company and its subsidiaries (together 'the Group'). All significant intragroup transactions and balances are eliminated.

### Presentation currency

The Group's financial statements are prepared in Croatian kuna as presentation currency of the Group.



## Earnings per share

	<b>Restated</b>	<b>1.1.-31.12.2019</b>
	<b>1.1.-31.12.2018</b>	
	in HRK	in HRK
Profit for the year – ordinary shares	337,079,883	339,392,196
Weighted average of ordinary shares	420,947	420,947
<b>Earnings per share attributable to the Company's shareholders</b>		
Basic and diluted earnings per share in HRK	<b>800.8</b>	<b>806.3</b>

## Use of estimates and judgements

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

## Accounting policies

Accounting policies which are used in the preparation of financial statements for the reporting period are the same as accounting policies which are used for preparation of the audited financial statements for the year 2018, except accounting policies which are related to recognition of lease arrangements (IFRS 16).

As at 1 January 2019, the Group applied new accounting standard IFRS 16 Leases. The Group has applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. As at 31 December 2019, the Group recognised the assets (right-of-use the assets) of HRK 276.8m and lease liabilities of HRK 282.1m. Gross profit for the period 1.1.-31.12.2019 has decreased by HRK 5.3m as a result of adopting the new rules.

In the financial report for the current period the Group reported costs related to employees in the investment process in the position of *Other investment expenses* which is part of *Investment expenses*. In previous period those expenses were classified in the position of *Salaries, taxes and contributions from/on salaries* and *Other administration expenses* which are part of *Administration expenses*. Therefore, in current report the Group reclassified information in the Statement of comprehensive income for the previous period (1.1. – 31.12.2018) in order to achieve comparable presentation of expenses.

In the current period there were usual intragroup transactions of goods and services.

## MANAGEMENT BOARD STATEMENT

Pursuant to article 20 of the Articles of Association of the Company from 14 January 2020 and article 468 of the Capital Market Law (Official Gazette 65/18), the Management Board provides this

### STATEMENT

That to the best of our knowledge:

- the set of quarterly consolidated unaudited financial statements of the issuer for the period 1.1. – 31.12.2019, prepared by using applicable financial reporting standards, gives a true and fair view of assets and liabilities, the financial position, profit or loss of the issuer and the entities included in consolidation,
- the management report presents an objective view of the development and business results and position of the issuer and entities included in consolidation, with description of significant risks and uncertainties to which they are exposed.

Zagreb, 27 February 2020

Member of the Management Board

Miroslav Klepač



President of the Management Board

Davor Tomašković

