



**CROATIA<sup>®</sup>  
OSIGURANJE**

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

**UNCONSOLIDATED UNAUDITED  
HALF-YEAR REPORT,  
FOR THE PERIOD 1.1.2020 - 30.6.2020**

Zagreb, July 2020

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# I. UNAUDITED FINANCIAL STATEMENTS

| Annex 1  |   |                                       | ISSUER'S GENERAL DATA |     |                                |
|--|---|---------------------------------------|-----------------------|-----|--------------------------------|
| Reporting period:                                  | 1.1.2020                                      | to                                    | 30.6.2020             |     |                                |
| Year:  | 2020  |                                       |                       |     |                                |
| Quarter:   | 2   |                                       |                       |     |                                |
| <b>Quarterly financial statements</b>              |   |                                       |                       |     |                                |
| Registration number (MB):                          | 03276147                                      | Issuer's home Member State code:      | HR                    |     |                                |
| Entity's registration number (MBS):                | 080051022                                     |                                       |                       |     |                                |
| Personal identification number (OIB):              | 26187994862                                   | LEI:                                  | 74780000M0GHQ1VXJU20  |     |                                |
| Institution code:                                  | 199   |                                       |                       |     |                                |
| Name of the issuer:                                | CROATIA osiguranje d.d.                       |                                       |                       |     |                                |
| Postcode and town:                                 | 10 000  | ZAGREB                                |                       |     |                                |
| Street and house number:                           | Vatroslava Jagića 33                          |                                       |                       |     |                                |
| E-mail address:                                    | info@crosig.hr                                |                                       |                       |     |                                |
| Web address:                                       | www.crosig.hr                                 |                                       |                       |     |                                |
| Number of employees (end of the reporting period): | 2196  |                                       |                       |     |                                |
| Consolidated report:                               | KN  | (KN-not consolidated/KD-consolidated) |                       |     |                                |
| Audited:   | RN  | (RN-not audited/RD-audited)           |                       |     |                                |
| Names of subsidiaries (according to IFRS):         |   | Registered office:                    |                       | MB: |                                |
|  |   |                                       |                       |     |                                |
|  |   |                                       |                       |     |                                |
|  |   |                                       |                       |     |                                |
|  |   |                                       |                       |     |                                |
|  |   |                                       |                       |     |                                |
|  |   |                                       |                       |     |                                |
| Bookkeeping firm:                                  | No  | (Yes/No)                              |                       |     |                                |
|  |   |                                       |                       |     | (name of the bookkeeping firm) |
| Contact person:                                    | Jelena Matijević                              |                                       |                       |     |                                |
|  | (only name and surname of the contact person) |                                       |                       |     |                                |
| Telephone:   | 01/633 3135                                   |                                       |                       |     |                                |
| E-mail address:                                    | jelena.matijevic@crosig.hr                    |                                       |                       |     |                                |
| Audit firm:  |   |                                       |                       |     |                                |
|  | (name of the audit firm)                      |                                       |                       |     |                                |
| Certified auditor:                                 |   |                                       |                       |     |                                |
|  | (name and surname)                            |                                       |                       |     |                                |

**STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2020 - 30.6.2020

in HRK

| Item  | ADP code   | Same period of the previous year |                     |                      | Current year        |                     |                      |
|---|------------|----------------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
|   |            | Life                             | Non-life            | Total                | Life                | Non-life            | Total                |
| 1   | 2          | 3                                | 4                   | 5(3+4)               | 6                   | 7                   | 8(6+7)               |
| <b>I Earned premiums (ADP 119 to 123)</b>   | <b>118</b> | <b>335.241.130</b>               | <b>927.886.370</b>  | <b>1.263.127.500</b> | <b>227.946.054</b>  | <b>978.235.711</b>  | <b>1.206.181.765</b> |
| 1 Gross written premium   | 119        | 335.902.620                      | 1.355.103.638       | 1.691.006.258        | 227.976.568         | 1.379.479.927       | 1.607.456.495        |
| 2 Value adjustment and charged premium value adjustment   | 120        | 0                                | -6.777.534          | -6.777.534           | 0                   | 1.778.861           | 1.778.861            |
| 3 Outward reinsurance premiums (-)  | 121        | -51.235                          | -181.938.791        | -181.990.026         | -49.255             | -164.185.788        | -164.235.043         |
| 4 Change of gross provisions for unearned premiums (+/-)  | 122        | -618.574                         | -292.274.543        | -292.893.117         | 22.465              | -290.697.916        | -290.675.451         |
| 5 Change of provisions for unearned premiums, reinsurers' share (+/-)   | 123        | 8.319                            | 53.773.600          | 53.781.919           | -3.724              | 51.860.627          | 51.856.903           |
| <b>II Income from investments (ADP 125 to 131)</b>  | <b>124</b> | <b>66.146.102</b>                | <b>140.413.924</b>  | <b>206.560.026</b>   | <b>100.195.331</b>  | <b>151.700.890</b>  | <b>251.896.221</b>   |
| 1 Income from branches, associates and joint ventures.  | 125        | 377.043                          | 40.681.879          | 41.058.922           | 363.532             | 6.180.888           | 6.544.420            |
| 2 Income from investment in land and buildings  | 126        | 0                                | 17.122.113          | 17.122.113           | 0                   | 11.506.634          | 11.506.634           |
| 3 Interest income   | 127        | 52.994.987                       | 53.279.935          | 106.274.922          | 45.638.596          | 48.037.231          | 93.675.827           |
| 4 Unrealised gains on investments   | 128        | 1.283.615                        | 12.055.590          | 13.339.205           | 377.461             | 1.012.977           | 1.390.438            |
| 5 Realised gains on investments   | 129        | 11.486.992                       | 15.735.176          | 27.222.168           | 14.361.817          | 53.594.677          | 67.956.494           |
| 6 Net positive exchange rate differences  | 130        | 0                                | 0                   | 0                    | 39.447.199          | 17.122.589          | 56.569.788           |
| 7 Other income from investments   | 131        | 3.465                            | 1.539.231           | 1.542.696            | 6.726               | 14.245.894          | 14.252.620           |
| <b>III Income from commissions and fees</b>   | <b>132</b> | <b>1.071.559</b>                 | <b>21.935.457</b>   | <b>23.007.016</b>    | <b>1.053.552</b>    | <b>23.394.368</b>   | <b>24.447.920</b>    |
| <b>IV Other insurance-technical income, net amount from reinsurance</b>   | <b>133</b> | <b>112.122</b>                   | <b>14.306.273</b>   | <b>14.418.395</b>    | <b>328.589</b>      | <b>16.982.349</b>   | <b>17.310.938</b>    |
| <b>V Other income</b>   | <b>134</b> | <b>3.358</b>                     | <b>3.470.692</b>    | <b>3.474.050</b>     | <b>846</b>          | <b>3.240.947</b>    | <b>3.241.793</b>     |
| <b>VI Claims incurred, net (ADP 136 + 139)</b>  | <b>135</b> | <b>-175.535.117</b>              | <b>-510.199.646</b> | <b>-685.734.763</b>  | <b>-289.759.008</b> | <b>-574.789.280</b> | <b>-864.548.288</b>  |
| 1 Claims settled (ADP 137+138)  | 136        | -187.805.775                     | -521.129.420        | -708.935.195         | -277.263.272        | -527.780.456        | -805.043.728         |
| 1.1 Gross amount (-)  | 137        | -187.805.775                     | -571.620.595        | -759.426.370         | -277.263.272        | -550.193.738        | -827.457.010         |
| 1.2 Reinsurers' share (+)   | 138        | 0                                | 50.491.175          | 50.491.175           | 0                   | 22.413.282          | 22.413.282           |
| 2 Change in the provision for claims (+/-) (ADP 140+141)  | 139        | 12.270.658                       | 10.929.774          | 23.200.432           | -12.495.736         | -47.008.824         | -59.504.560          |
| 2.1 Gross amount  | 140        | 12.270.658                       | 17.588.164          | 29.858.822           | -12.495.736         | -133.425.194        | -145.920.930         |
| 2.3 Reinsurers' share   | 141        | 0                                | -6.658.390          | -6.658.390           | 0                   | 86.416.370          | 86.416.370           |
| <b>VII Change in mathematical provision and other technical provisions, net of reinsurance (ADP 143+146)</b>                                    | <b>142</b> | <b>-154.263.678</b>              | <b>2.758.887</b>    | <b>-151.504.791</b>  | <b>19.404.677</b>   | <b>16.404.841</b>   | <b>35.809.518</b>    |
| 1 Change in mathematical provisions (+/-) (ADP 144+145)   | 143        | -154.263.678                     | 6.284.927           | -147.978.751         | 19.404.677          | 3.689.231           | 23.093.908           |
| 1.1 Gross amount (-)  | 144        | -154.258.326                     | 6.284.927           | -147.973.399         | 19.415.468          | 3.689.231           | 23.104.699           |
| 1.2 Reinsurers' share (+)   | 145        | -5.352                           | 0                   | -5.352               | -10.791             | 0                   | -10.791              |
| 2 Change in other technical provisions, net of reinsurance (+/-) (ADP 147+148)  | 146        | 0                                | -3.526.040          | -3.526.040           | 0                   | 12.715.610          | 12.715.610           |
| 2.1 Gross amount (-)  | 147        | 0                                | -3.526.040          | -3.526.040           | 0                   | 12.715.610          | 12.715.610           |
| 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> | <b>7.478.199</b>                 | <b>0</b>            | <b>7.478.199</b>     | <b>12.519.624</b>   | <b>0</b>            | <b>12.519.624</b>    |
| 1 Gross amount (-)  | 150        | 7.478.199                        | 0                   | 7.478.199            | 12.519.624          | 0                   | 12.519.624           |
| 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> | <b>0</b>                         | <b>-2.125.768</b>   | <b>-2.125.768</b>    | <b>0</b>            | <b>-3.302.718</b>   | <b>-3.302.718</b>    |
| 1 Performance-dependent (bonuses)   | 153        | 0                                | -2.125.768          | -2.125.768           | 0                   | -3.302.718          | -3.302.718           |
| 2 Performance-independent (rebates)   | 154        | 0                                | 0                   | 0                    | 0                   | 0                   | 0                    |



**STATEMENT OF COMPREHENSIVE INCOME**  
**(STATEMENT OF PROFIT OR LOSS)**  
For the period: 1.1.2020 - 30.6.2020

in HRK

| Item  | ADP code   | Same period of the previous year |                      |                       | Current year        |                       |                       |
|---|------------|----------------------------------|----------------------|-----------------------|---------------------|-----------------------|-----------------------|
|   |            | Life                             | Non-life             | Total                 | Life                | Non-life              | Total                 |
| 1   | 2          | 3                                | 4                    | 5(3+4)                | 6                   | 7                     | 8(6+7)                |
| <b>X Operating expenses (business expenditures), net (ADP 156+160)</b>  | <b>155</b> | <b>-41.968.917</b>               | <b>-379.936.146</b>  | <b>-421.905.063</b>   | <b>-32.424.178</b>  | <b>-365.963.718</b>   | <b>-398.387.896</b>   |
| 1 Acquisition costs (ADP 157 to 159)  | 156        | -19.903.480                      | -219.570.159         | -239.473.639          | -14.350.059         | -198.227.353          | -212.577.412          |
| 1.1 Commission  | 157        | -7.658.542                       | -144.748.805         | -152.407.347          | -3.889.497          | -138.758.465          | -142.647.962          |
| 1.2 Other acquisition costs   | 158        | -12.244.938                      | -87.101.477          | -99.346.415           | -10.460.562         | -76.209.756           | -86.670.318           |
| 1.3 Change in deferred acquisition costs  | 159        | 0                                | 12.280.123           | 12.280.123            | 0                   | 16.740.868            | 16.740.868            |
| 2 Administration expenses (administrative costs) (ADP 161 to 163)   | 160        | -22.065.437                      | -160.365.987         | -182.431.424          | -18.074.119         | -167.736.365          | -185.810.484          |
| 2.1 Depreciation  | 161        | -1.834.701                       | -26.497.807          | -28.332.508           | -1.607.998          | -27.705.142           | -29.313.140           |
| 2.2 Salaries, taxes and contributions from/on salaries  | 162        | -10.584.858                      | -67.321.656          | -77.906.514           | -7.106.680          | -54.013.571           | -61.120.251           |
| 2.3 Other administration expenses   | 163        | -9.645.878                       | -66.546.524          | -76.192.402           | -9.359.441          | -86.017.652           | -95.377.093           |
| <b>XI Investment expenses (ADP 165 to 171)</b>  | <b>164</b> | <b>-10.435.792</b>               | <b>-25.931.657</b>   | <b>-36.367.449</b>    | <b>-17.288.756</b>  | <b>-64.715.740</b>    | <b>-82.004.496</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        | -645.943                         | -3.882.884           | -4.528.827            | -674.593            | -4.110.119            | -4.784.712            |
| 3 Impairment of investments   | 167        | 0                                | -525.471             | -525.471              | -1.013.854          | -3.346.586            | -4.360.440            |
| 4 Realised loss on investments  | 168        | -484.817                         | -2.655.367           | -3.140.184            | -7.240.112          | -9.317.453            | -16.557.565           |
| 5 Unrealised loss on investments  | 169        | 0                                | -567.630             | -567.630              | -6.485.126          | -30.832.330           | -37.317.456           |
| 6 Net negative exchange rate differences  | 170        | -8.326.489                       | -3.237.818           | -11.564.307           | 0                   | 0                     | 0                     |
| 7 Other investment expenses   | 171        | -978.543                         | -15.062.487          | -16.041.030           | -1.875.071          | -17.109.252           | -18.984.323           |
| <b>XII Other technical expenses, net of reinsurance (ADP 173+174)</b>   | <b>172</b> | <b>-74.054</b>                   | <b>-15.048.477</b>   | <b>-15.122.531</b>    | <b>-329.844</b>     | <b>-18.934.723</b>    | <b>-19.264.567</b>    |
| 1 Expenses of preventive activities   | 173        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 2 Other technical expenses of insurance   | 174        | -74.054                          | -15.048.477          | -15.122.531           | -329.844            | -18.934.723           | -19.264.567           |
| <b>XIII Other activities, including value adjustments</b>   | <b>175</b> | <b>-7.916</b>                    | <b>-1.200.117</b>    | <b>-1.208.033</b>     | <b>-5.377</b>       | <b>-1.037.212</b>     | <b>-1.042.589</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>27.766.996</b>                | <b>176.329.792</b>   | <b>204.096.788</b>    | <b>21.641.510</b>   | <b>161.215.715</b>    | <b>182.857.225</b>    |
| <b>XV Profit or loss tax (ADP 178+179)</b>  | <b>177</b> | <b>-4.930.192</b>                | <b>-24.511.210</b>   | <b>-29.441.402</b>    | <b>-4.012.530</b>   | <b>-28.508.654</b>    | <b>-32.521.184</b>    |
| 1 Current tax expense   | 178        | -4.930.192                       | -24.511.210          | -29.441.402           | -4.012.530          | -28.508.654           | -32.521.184           |
| 2 Deferred tax expense (income)   | 179        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| <b>XVI Profit or loss for the accounting period after tax (+/-) (ADP 176+177)</b>   | <b>180</b> | <b>22.836.804</b>                | <b>151.818.582</b>   | <b>174.655.386</b>    | <b>17.628.980</b>   | <b>132.707.061</b>    | <b>150.336.041</b>    |
| 1 Attributable to owners of the parent  | 181        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 2 Attributable to non-controlling interest  | 182        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| <b>XVII TOTAL INCOME (ADP 118+124+132+133+134+179)</b>  | <b>183</b> | <b>402.574.271</b>               | <b>1.108.012.716</b> | <b>1.510.586.987</b>  | <b>329.524.372</b>  | <b>1.173.554.265</b>  | <b>1.503.078.837</b>  |
| <b>XVIII TOTAL EXPENSES (ADP 135+142+149+152+155+164+172+175+178)</b>   | <b>184</b> | <b>-379.737.467</b>              | <b>-956.194.134</b>  | <b>-1.335.931.601</b> | <b>-311.895.392</b> | <b>-1.040.847.204</b> | <b>-1.352.742.596</b> |
| <b>IX Other comprehensive income (ADP 186 to 193)</b>   | <b>185</b> | <b>59.010.292</b>                | <b>94.928.815</b>    | <b>153.939.107</b>    | <b>-44.755.563</b>  | <b>-110.230.858</b>   | <b>-154.986.421</b>   |
| 1 Gains/losses arising from translation of financial statements relating to foreign operations                            | 186        | 0                                | 14.007               | 14.007                | 0                   | -137.215              | -137.215              |
| 2 Gains/losses arising from the revaluation of financial assets available for sale  | 187        | 71.963.771                       | 115.745.088          | 187.708.859           | -54.579.955         | -134.260.540          | -188.840.495          |
| 3 Gains/losses arising from the revaluation of land and buildings occupied by an undertaking for its own activities       | 188        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 4 Gains/losses arising from the revaluation of other tangible (other than land and property) and intangible assets        | 189        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 5 Effects of cash flow hedging instruments  | 190        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 6 Actuarial gains/losses on pension plans with defined pensions   | 191        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 7 Share in other comprehensive income of associates   | 192        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 8 Income tax on other comprehensive income  | 193        | -12.953.479                      | -20.830.280          | -33.783.759           | 9.824.392           | 24.166.897            | 33.991.289            |
| <b>XX Total comprehensive income (ADP 180 +185)</b>   | <b>194</b> | <b>81.847.096</b>                | <b>246.747.397</b>   | <b>328.594.493</b>    | <b>-27.126.583</b>  | <b>22.476.203</b>     | <b>-4.650.380</b>     |
| 1 Attributable to owners of the parent  | 195        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| 2 Attributable to non-controlling interests   | 196        | 0                                | 0                    | 0                     | 0                   | 0                     | 0                     |
| <b>XXI Reclassification adjustments</b>   | <b>197</b> | <b>0</b>                         | <b>0</b>             | <b>0</b>              | <b>0</b>            | <b>0</b>              | <b>0</b>              |



## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.6.2020

in HRK

| Item   | ADP code   | Last day of the preceding business year |               |                | At the reporting date of the current period |               |                |
|--|------------|---|---------------|----------------|---|---------------|----------------|
|  |            | Life                                    | Non-life      | Total          | Life  | Non-life      | Total          |
| 1  | 2          | 3                                       | 4             | 5(3+4)         | 6   | 7             | 8(6+7)         |
| <b>ASSETS</b>  |            |   |               |                |   |               |                |
| <b>A) INTANGIBLE ASSETS (ADP 002 +003)</b>   | <b>001</b> | 0                                       | 36.992.651    | 36.992.651     | 0   | 52.445.892    | 52.445.892     |
| 1 Goodwill   | 002        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 2 Other intangible assets  | 003        | 0                                       | 36.992.651    | 36.992.651     | 0   | 52.445.892    | 52.445.892     |
| <b>B) TANGIBLE ASSETS (ADP 005 to 007)</b>   | <b>004</b> | 9.973                                   | 641.779.864   | 641.789.837    | 10.676                                      | 549.290.689   | 549.301.365    |
| 1 Land and buildings occupied by an undertaking for its own activities                                   | 005        | 0                                       | 355.254.200   | 355.254.200    | 0   | 266.852.671   | 266.852.671    |
| 2 Equipment  | 006        | 9.973                                   | 18.585.898    | 18.595.871     | 10.676                                      | 18.282.446    | 18.293.122     |
| 3 Other tangible assets and inventories  | 007        | 0                                       | 267.939.766   | 267.939.766    | 0   | 264.155.572   | 264.155.572    |
| <b>C) INVESTMENTS (ADP 009+010+014+033)</b>  | <b>008</b> | 3.054.031.686                           | 5.465.347.334 | 8.519.379.020  | 3.003.228.989                               | 5.401.521.389 | 8.404.750.378  |
| <b>I Investments in land and buildings not occupied by an undertaking for its own activities</b>         | <b>009</b> | 0                                       | 367.521.081   | 367.521.081    | 0   | 473.440.193   | 473.440.193    |
| <b>II Investments in branches, associates and joint ventures (ADP 011 to 013)</b>                        | <b>010</b> | 0                                       | 279.110.925   | 279.110.925    | 0   | 376.140.353   | 376.140.353    |
| 1 Shares and holdings in branches  | 011        | 0                                       | 245.422.632   | 245.422.632    | 0   | 342.452.060   | 342.452.060    |
| 2 Shares and holdings in associates  | 012        | 0                                       | 5.688.293     | 5.688.293      | 0   | 5.688.293     | 5.688.293      |
| 3 Shares and holdings in joint ventures  | 013        | 0                                       | 28.000.000    | 28.000.000     | 0   | 28.000.000    | 28.000.000     |
| <b>III Financial assets (ADP 015+018+023+029)</b>  | <b>014</b> | 3.054.031.686                           | 4.818.715.328 | 7.872.747.014  | 3.003.228.989                               | 4.551.940.843 | 7.555.169.832  |
| 1 Financial assets held to maturity (ADP 016+017)  | 015        | 1.228.357.915                           | 944.029.371   | 2.172.387.286  | 1.087.477.059                               | 909.940.146   | 1.997.417.205  |
| 1.1 Debt financial instruments   | 016        | 1.228.357.915                           | 944.029.371   | 2.172.387.286  | 1.087.477.059                               | 909.940.146   | 1.997.417.205  |
| 1.2 Other  | 017        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 2 Financial assets available for sale (ADP 019 to 022)   | 018        | 1.628.659.849                           | 2.817.918.674 | 4.446.778.523  | 1.709.227.395                               | 2.595.635.076 | 4.305.062.471  |
| 2.1 Equity financial instruments   | 019        | 24.551.993                              | 498.028.031   | 522.580.024    | 25.688.207                                  | 457.327.383   | 483.015.590    |
| 2.2 Debt financial instruments   | 020        | 1.582.180.361                           | 2.255.225.971 | 3.837.406.332  | 1.624.774.166                               | 2.027.797.407 | 3.652.571.573  |
| 2.3 Units in investment funds  | 021        | 22.127.495                              | 64.664.672    | 86.792.167     | 58.765.022                                  | 110.710.286   | 169.475.308    |
| 2.4 Other  | 022        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 3 Financial assets at fair value through statement of profit or loss (ADP 024 to 028)                    | 023        | 589.945                                 | 47.661.095    | 48.251.040     | 377.461                                     | 16.355.817    | 16.733.278     |
| 3.1 Equity financial instruments   | 024        | 0                                       | 17.070.930    | 17.070.930     | 0   | 15.342.840    | 15.342.840     |
| 3.2 Debt financial instruments   | 025        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 3.3 Derivative financial instruments   | 026        | 589.945                                 | 3.080.534     | 3.670.479      | 377.461                                     | 1.012.977     | 1.390.438      |
| 3.4 Units in investment funds  | 027        | 0                                       | 27.509.631    | 27.509.631     | 0   | 0             | 0              |
| 3.5 Other  | 028        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 4 Loans and receivables (ADP 030 to 032)   | 029        | 196.223.977                             | 1.009.106.188 | 1.205.330.165  | 206.147.074                                 | 1.029.809.804 | 1.235.956.878  |
| 4.1 Deposits with credit institutions  | 030        | 144.001.733                             | 540.294.540   | 684.296.273    | 146.150.946                                 | 525.893.396   | 672.044.342    |
| 4.2 Loans  | 031        | 52.222.244                              | 312.837.084   | 365.059.328    | 54.761.836                                  | 321.368.387   | 376.130.223    |
| 4.3 Other  | 032        | 0                                       | 155.974.564   | 155.974.564    | 5.234.292                                   | 182.548.021   | 187.782.313    |
| <b>IV Deposits with cedants</b>  | <b>033</b> | 0                                       | 0             | 0              | 0   | 0             | 0              |
| <b>D) INVESTMENTS FOR THE ACCOUNT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK</b>       | <b>034</b> | 445.325.559                             | 0             | 445.325.559    | 434.285.919                                 | 0             | 434.285.919    |
| <b>E) REINSURANCE AMOUNT IN TECHNICAL PROVISIONS (ADP 036 to 042)</b>                                    | <b>035</b> | 25.754                                  | 213.507.427   | 213.533.181    | 11.239                                      | 351.784.424   | 351.795.683    |
| 1 Provisions for unearned premiums, reinsurance amount   | 036        | 3.724                                   | 42.185.167    | 42.188.891     | 0   | 94.045.794    | 94.045.794     |
| 2 Mathematical provision, reinsurance amount   | 037        | 22.030                                  | 0             | 22.030         | 11.239                                      | 0             | 11.239         |
| 3 Claims outstanding, reinsurance amount   | 038        | 0                                       | 171.322.260   | 171.322.260    | 0   | 257.738.630   | 257.738.630    |
| 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> | 2.028.656                               | 66.492.988    | 68.521.644     | 2.028.656                                   | 87.542.438    | 89.571.094     |
| 1 Deferred tax assets  | 044        | 2.028.656                               | 66.492.988    | 68.521.644     | 2,028.656                                   | 67,520.746    | 69,549.402     |
| 2 Current tax assets   | 045        | 0                                       | 0             | 0              | 0   | 20.021.692    | 20.021.692     |
| <b>G) RECEIVABLES (ADP 047+050+051)</b>  | <b>046</b> | 503.682                                 | 854.729.992   | 855.233.654    | 881.882                                     | 996.508.278   | 997.390.160    |
| <b>1 Receivables arising from insurance business (ADP 048+049)</b>                                       | <b>047</b> | 235.763                                 | 465.705.701   | 465.941.464    | 233.778                                     | 731.827.152   | 732.060.930    |
| 1.1 From policyholders   | 048        | 0                                       | 464.918.705   | 464.918.705    | 0   | 730.776.620   | 730.776.620    |
| 1.2 From insurance agents or insurance brokers   | 049        | 235.763                                 | 786.996       | 1.022.759      | 233.778                                     | 1.050.532     | 1.284.310      |
| <b>2 Receivables arising from reinsurance business</b>   | <b>050</b> | 879                                     | 46.715.736    | 46.716.615     | 1,079                                       | 29,870.562    | 29,871.641     |
| <b>3 Other receivables (ADP 052 to 054)</b>  | <b>051</b> | 267.020                                 | 342.308.555   | 342.575.575    | 647.025                                     | 234.810.564   | 235.457.589    |
| 3.1 Receivables arising from other insurance operations  | 052        | 0                                       | 199.851.589   | 199.851.589    | 0   | 189.615.597   | 189.615.597    |
| 3.2 Receivables for investment income  | 053        | 262.624                                 | 997.458       | 1.260.082      | 624.716                                     | 962.757       | 1.587.473      |
| 3.3 Other receivables  | 054        | 4.396                                   | 141.459.508   | 141.463.904    | 22.309                                      | 44.232.210    | 44.254.519     |
| <b>H) OTHER ASSETS (ADP 056+060+061)</b>   | <b>055</b> | 25.003.071                              | 100.317.264   | 125.320.335    | 93.177.016                                  | 387.078.416   | 480.255.432    |
| <b>1 Cash at bank and in hand (ADP 057 to 059)</b>   | <b>056</b> | 25.003.071                              | 100.316.752   | 125.319.823    | 93.177.016                                  | 387.077.904   | 480.254.920    |
| 1.1 Funds in the business account  | 057        | 0                                       | 100.316.752   | 100.316.752    | 0   | 387.077.904   | 387.077.904    |
| 1.2 Funds in the account of assets covering mathematical provisions                                      | 058        | 25.003.071                              | 0             | 25.003.071     | 93.177.016                                  | 0             | 93.177.016     |
| 1.3 Cash in hand   | 059        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| <b>2 Fixed assets held for sale and termination of business operations</b>                               | <b>060</b> | 0                                       | 0             | 0              | 0   | 0             | 0              |
| <b>3 Other</b>   | <b>061</b> | 0                                       | 512           | 512            | 0   | 512           | 512            |
| <b>I) PREPAYMENTS AND ACCRUED INCOME (ADP 063 to 065)</b>  | <b>062</b> | 0                                       | 239.306.560   | 239.306.560    | 0   | 257.486.985   | 257.486.985    |
| 1 Deferred interest and rent   | 063        | 0                                       | 0             | 0              | 0   | 0             | 0              |
| 2 Deferred acquisition costs   | 064        | 0                                       | 226.109.778   | 226.109.778    | 0   | 242.850.645   | 242.850.645    |
| 3 Other prepayments and accrued income   | 065        | 0                                       | 13.196.782    | 13.196.782     | 0   | 14.636.340    | 14.636.340     |
| <b>J) TOTAL ASSETS (ADP 001+004+008+034+035+043+046+055+062)</b>   | <b>066</b> | 3.526.928.361                           | 7.618.474.080 | 11.145.402.441 | 3.533.624.377                               | 8.083.658.511 | 11.617.282.888 |
| <b>K) OFF-BALANCE SHEET ITEMS</b>  | <b>067</b> | 265.956.261                             | 2.518.024.767 | 2.783.981.028  | 331.980.362                                 | 2.689.492.864 | 3.021.473.226  |



## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.6.2020

in HRK

| Item   | ADP code   | Last day of the preceding business year |                      |                       | At the reporting date of the current period |                      |                       |
|--|------------|---|----------------------|-----------------------|---|----------------------|-----------------------|
|  |            | Life                                    | Non-life             | Total                 | Life  | Non-life             | Total                 |
| 1  | 2          | 3                                       | 4                    | 5(3+4)                | 6   | 7                    | 8(6+7)                |
| <b>LIABILITIES</b>   |            |   |                      |                       |   |                      |                       |
| <b>A) CAPITAL AND RESERVES (ADP 069+072+073+077+081+084)</b>   | <b>068</b> | <b>434.798.823</b>                      | <b>2.913.664.885</b> | <b>3.348.463.708</b>  | <b>407.672.240</b>                          | <b>2.936.235.067</b> | <b>3.343.907.307</b>  |
| 1 Subscribed capital (ADP 070 to 071)  | 069        | 44.288.720                              | 545.037.080          | 589.325.800           | 44.288.720                                  | 545.037.080          | 589.325.800           |
| 1.1 Paid in capital - ordinary shares  | 070        | 44.288.720                              | 545.037.080          | 589.325.800           | 44.288.720                                  | 545.037.080          | 589.325.800           |
| 1.2 Paid in capital - preference shares  | 071        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 2 Premium on shares issued (capital reserves)  | 072        | 0                                       | 681.482.525          | 681.482.525           | 0   | 681.482.525          | 681.482.525           |
| 3 Revaluation reserves (ADP 074 to 076)  | 073        | 147.994.829                             | 368.660.865          | 516.655.694           | 103.239.266                                 | 258.001.887          | 361.241.153           |
| 3.1 Land and buildings   | 074        | 0                                       | 50.470.925           | 50.470.925            | 0   | 50.042.804           | 50.042.804            |
| 3.2 Financial assets available for sale  | 075        | 147.994.829                             | 318.189.940          | 466.184.769           | 103.239.266                                 | 207.959.083          | 311.198.349           |
| 3.3 Other revaluation reserves   | 076        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 4 Reserves (ADP 078 to 080)  | 077        | 85.295.937                              | 316.742.639          | 402.038.576           | 85.295.937                                  | 316.742.639          | 402.038.576           |
| 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                              | 149.239.290          | 224.739.290           | 75.500.000                                  | 149.239.290          | 224.739.290           |
| 5 Retained profit or loss brought forward (ADP 082 + 083)  | 081        | 117.543.395                             | 748.287.005          | 865.830.400           | 157.219.337                                 | 1.002.263.875        | 1.159.483.212         |
| 5.1 Retained profit  | 082        | 117.543.395                             | 748.287.005          | 865.830.400           | 157.219.337                                 | 1.002.263.875        | 1.159.483.212         |
| 5.2 Loss brought forward (-)   | 083        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 6 Profit or loss for the current accounting period (ADP 085+086)   | 084        | 39.675.942                              | 253.454.771          | 293.130.713           | 17.628.980                                  | 132.707.061          | 150.336.041           |
| 6.1 Profit for the current accounting period   | 085        | 39.675.942                              | 253.454.771          | 293.130.713           | 17.628.980                                  | 132.707.061          | 150.336.041           |
| 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>0</b>                                | <b>0</b>             | <b>0</b>              | <b>0</b>                                    | <b>0</b>             | <b>0</b>              |
| <b>D) TECHNICAL PROVISIONS (ADP 090 to 095)</b>  | <b>089</b> | <b>2.572.182.413</b>                    | <b>3.712.920.109</b> | <b>6.285.102.522</b>  | <b>2.565.240.216</b>                        | <b>4.120.638.378</b> | <b>6.685.878.594</b>  |
| 1 Provisions for unearned premiums, gross amount   | 090        | 4.869.308                               | 1.130.567.020        | 1.135.436.328         | 4.846.844                                   | 1.421.264.936        | 1.426.111.780         |
| 2 Mathematical provisions, gross amount  | 091        | 2.505.680.869                           | 17.908.413           | 2.523.589.282         | 2.486.265.401                               | 14.219.182           | 2.500.484.583         |
| 3 Claims outstanding, gross amount   | 092        | 61.632.236                              | 2.532.867.656        | 2.594.499.892         | 74.127.971                                  | 2.666.292.850        | 2.740.420.821         |
| 4 Provisions for bonuses and rebates, gross amount   | 093        | 0                                       | 7.653.600            | 7.653.600             | 0   | 6.417.600            | 6.417.600             |
| 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        | 0                                       | 16.867.887           | 16.867.887            | 0   | 5.388.277            | 5.388.277             |
| <b>E) SPECIAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK, gross amount</b> | <b>096</b> | <b>445.325.559</b>                      | <b>0</b>             | <b>445.325.559</b>    | <b>434.285.919</b>                          | <b>0</b>             | <b>434.285.919</b>    |
| <b>F) OTHER PROVISIONS (ADP 098 + 099)</b>   | <b>097</b> | <b>2.930.875</b>                        | <b>104.301.522</b>   | <b>107.232.397</b>    | <b>1.701.062</b>                            | <b>84.406.586</b>    | <b>86.107.648</b>     |
| 1 Provisions for pensions and similar obligations  | 098        | 2.930.875                               | 99.785.773           | 102.716.648           | 1.701.062                                   | 80.280.128           | 81.981.190            |
| 2 Other provisions   | 099        | 0                                       | 4.515.749            | 4.515.749             | 0   | 4.126.458            | 4.126.458             |
| <b>G) DEFERRED AND CURRENT TAX LIABILITIES (ADP 101 + 102)</b>   | <b>100</b> | <b>32.486.670</b>                       | <b>94.182.105</b>    | <b>126.668.775</b>    | <b>26.674.808</b>                           | <b>89.064.148</b>    | <b>115.738.956</b>    |
| 1 Deferred tax liability   | 101        | 32.486.670                              | 81.151.686           | 113.638.356           | 22.662.278                                  | 56.890.811           | 79.553.089            |
| 2 Current tax liability  | 102        | 0                                       | 13.030.419           | 13.030.419            | 4.012.530                                   | 32.173.337           | 36.185.667            |
| <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>300.004</b>                          | <b>271.366.763</b>   | <b>271.666.767</b>    | <b>66.268.858</b>                           | <b>305.157.336</b>   | <b>371.426.194</b>    |
| 1 Loan liabilities   | 105        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 2 Liabilities for issued financial instruments   | 106        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 3 Other financial liabilities  | 107        | 300.004                                 | 271.366.763          | 271.666.767           | 66.268.858                                  | 305.157.336          | 371.426.194           |
| <b>J) OTHER LIABILITIES (ADP 109 to 112)</b>   | <b>108</b> | <b>16.312.651</b>                       | <b>209.728.027</b>   | <b>226.040.678</b>    | <b>7.115.528</b>                            | <b>240.681.903</b>   | <b>247.797.431</b>    |
| 1 Liabilities from direct insurance business   | 109        | 4.067.620                               | 78.960.077           | 83.027.697            | 2.693.943                                   | 79.344.427           | 82.038.370            |
| 2 Liabilities from coinsurance and reinsurance business  | 110        | 21.961                                  | 43.692.666           | 43.714.627            | 24.309                                      | 91.494.703           | 91.519.012            |
| 3 Liabilities for disposal and discontinued operations   | 111        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 4 Other liabilities  | 112        | 12.223.070                              | 87.075.284           | 99.298.354            | 4.397.276                                   | 69.842.773           | 74.240.049            |
| <b>K) ACCRUALS AND DEFERRED INCOME (ADP 114+115)</b>   | <b>113</b> | <b>22.591.366</b>                       | <b>312.310.669</b>   | <b>334.902.035</b>    | <b>24.665.746</b>                           | <b>307.475.093</b>   | <b>332.140.839</b>    |
| 1 Deferred reinsurance commission  | 114        | 0                                       | 0                    | 0                     | 0   | 0                    | 0                     |
| 2 Other accruals and deferred income   | 115        | 22.591.366                              | 312.310.669          | 334.902.035           | 24.665.746                                  | 307.475.093          | 332.140.839           |
| <b>J) TOTAL LIABILITIES (ADP 068+087+088+089+096+097+100+103+104+108+113)</b>                              | <b>116</b> | <b>3.526.928.361</b>                    | <b>7.618.474.080</b> | <b>11.145.402.441</b> | <b>3.533.624.377</b>                        | <b>8.083.658.511</b> | <b>11.617.282.888</b> |
| <b>M) OFF-BALANCE SHEET ITEMS</b>  | <b>117</b> | <b>265.956.261</b>                      | <b>2.518.024.767</b> | <b>2.783.981.028</b>  | <b>331.980.362</b>                          | <b>2.689.492.864</b> | <b>3.021.473.226</b>  |



# STATEMENT OF CHANGES IN EQUITY

## For the period: 1.1.2020 - 30.6.2020

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              | 273.428.913          | 402.038.576                        | 594.530.662                             | 270.417.757              | 2.811.224.233                       | 0  | 2.811.224.233                     |
| Change in accounting policies  | 2        | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Correction of errors from prior periods  | 3        | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| <b>II Balance on the first day of the previous business year (restated)</b>                          | 4        | 589.325.800                                      | 681.482.525              | 273.428.913          | 402.038.576                        | 594.530.662                             | 270.417.757              | 2.811.224.233                       | 0  | 2.811.224.233                     |
| <b>III Comprehensive income or loss for the same period of the previous year (ADP 006 + ADP 007)</b> | 5        | 0  | 0                        | 243.950.004          | 0                                  | 0                                       | 293.130.713              | 537.080.717                         | 0  | 537.080.717                       |
| Profit or loss for the period  | 6        | 0  | 0                        | 0                    | 0                                  | 0                                       | 293.130.713              | 293.130.713                         | 0  | 293.130.713                       |
| 2 Other comprehensive income or loss for the same period of the previous year (ADP 008 to ADP 11)    | 7        | 0  | 0                        | 243.950.004          | 0                                  | 0                                       | 0                        | 243.950.004                         | 0  | 243.950.004                       |
| Unrealised gains or losses on tangible assets (land and buildings)                                   | 8        | 0  | 0                        | 544.208              | 0                                  | 0                                       | 0                        | 544.208                             | 0  | 544.208                           |
| Unrealised gains or losses on financial assets available for sale                                    | 9        | 0  | 0                        | 270.441.738          | 0                                  | 0                                       | 0                        | 270.441.738                         | 0  | 270.441.738                       |
| Realised gains or losses on financial assets available for sale                                      | 10       | 0  | 0                        | -27.005.744          | 0                                  | 0                                       | 0                        | -27.005.744                         | 0  | -27.005.744                       |
| Other changes in equity unrelated to owners  | 11       | 0  | 0                        | -30.198              | 0                                  | 0                                       | 0                        | -30.198                             | 0  | -30.198                           |
| <b>IV Transactions with owners (previous period)</b>   | 12       | 0  | 0                        | -723.223             | 0                                  | 271.299.738                             | -270.417.757             | 158.758                             | 0  | 158.758                           |
| Increase/decrease in subscribed capital  | 13       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Other contributions by owners  | 14       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Payment of share in profit/dividend  | 15       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Other distribution to owners   | 16       | 0  | 0                        | -723.223             | 0                                  | 271.299.738                             | -270.417.757             | 158.758                             | 0  | 158.758                           |
| <b>V Balance on the last day of the previous business year reporting period</b>                      | 17       | 589.325.800                                      | 681.482.525              | 516.655.694          | 402.038.576                        | 865.830.400                             | 293.130.713              | 3.348.463.708                       | 0  | 3.348.463.708                     |
| <b>VI Balance on the first day of the current business year</b>                                      | 18       | 589.325.800                                      | 681.482.525              | 516.655.694          | 402.038.576                        | 865.830.400                             | 293.130.713              | 3.348.463.708                       | 0  | 3.348.463.708                     |
| Change in accounting policies  | 19       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Correction of errors from prior periods  | 20       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| <b>VII Balance on the first day of the current business year (restated)</b>                          | 21       | 589.325.800                                      | 681.482.525              | 516.655.694          | 402.038.576                        | 865.830.400                             | 293.130.713              | 3.348.463.708                       | 0  | 3.348.463.708                     |
| <b>VIII Comprehensive income or loss for the year</b>  | 22       | 0  | 0                        | -154.986.421         | 0                                  | 0                                       | 150.336.041              | -4.650.380                          | 0  | -4.650.380                        |
| Profit or loss for the period  | 23       | 0  | 0                        | 0                    | 0                                  | 0                                       | 150.336.041              | 150.336.041                         | 0  | 150.336.041                       |
| Other comprehensive income or loss for the year  | 24       | 0  | 0                        | -154.986.421         | 0                                  | 0                                       | 0                        | -154.986.421                        | 0  | -154.986.421                      |
| Unrealised gains or losses on tangible assets (land and buildings)                                   | 25       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Unrealised gains or losses on financial assets available for sale                                    | 26       | 0  | 0                        | -111.556.324         | 0                                  | 0                                       | 0                        | -111.556.324                        | 0  | -111.556.324                      |
| Realised gains or losses on financial assets available for sale                                      | 27       | 0  | 0                        | -43.292.882          | 0                                  | 0                                       | 0                        | -43.292.882                         | 0  | -43.292.882                       |
| Other changes in equity unrelated to owners  | 28       | 0  | 0                        | -137.215             | 0                                  | 0                                       | 0                        | -137.215                            | 0  | -137.215                          |
| <b>Transactions with owners (current period)</b>   | 29       | 0  | 0                        | -428.120             | 0                                  | 293.652.812                             | -293.130.713             | 93.979                              | 0  | 93.979                            |
| Increase/decrease in subscribed capital  | 30       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Other contributions by owners  | 31       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Payment of share in profit/dividend  | 32       | 0  | 0                        | 0                    | 0                                  | 0                                       | 0                        | 0                                   | 0  | 0                                 |
| Other transactions with owners   | 33       | 0  | 0                        | -428.120             | 0                                  | 293.652.812                             | -293.130.713             | 93.979                              | 0  | 93.979                            |
| <b>Balance on the last day of the current year reporting period</b>                                  | 34       | 589.325.800                                      | 681.482.525              | 361.241.153          | 402.038.576                        | 1.159.483.212                           | 150.336.041              | 3.343.907.307                       | 0  | 3.343.907.307                     |



# STATEMENT OF CASH FLOWS – indirect method

For the period: 1.1.2020 - 30.6.2020

| Item  | ADP code   | in HRK                           |                         |
|---|------------|----------------------------------|-------------------------|
|   |            | 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> | <b>-126.771.634</b>              | <b>250.513.420</b>      |
| <b>1 Cash flow before changes in operating assets and liabilities (ADP 003+004)</b>                               | <b>002</b> | <b>87.336.551</b>                | <b>159.315.046</b>      |
| 1.1 Profit/loss before tax  | 003        | 204.096.788                      | 182.857.225             |
| 1.2 Adjustments: (ADP 005 to 012)   | 004        | -116.760.237                     | -23.542.179             |
| 1.2.1 Depreciation of property and equipment  | 005        | 20.257.330                       | 19.953.759              |
| 1.2.2 Amortization of intangible assets   | 006        | 8.075.178                        | 9.359.381               |
| 1.2.3 Impairment and gains/losses on fair valuation   | 007        | -2.837.809                       | 35.803.023              |
| 1.2.4 Interest expenses   | 008        | 4.528.827                        | 4.784.712               |
| 1.2.5 Interest income   | 009        | -106.274.922                     | -93.675.827             |
| 1.2.6 Share in profit of associates   | 010        | 0                                | 0                       |
| 1.2.7 Profit/loss from the sale of tangible assets (including land and buildings)                                 | 011        | -303.398                         | 513.806                 |
| 1.2.8 Other adjustments   | 012        | -40.205.443                      | -281.033                |
| <b>2 Increase/decrease in operating assets and liabilities (ADP 014 to 030)</b>                                   | <b>013</b> | <b>-182.122.023</b>              | <b>120.585.802</b>      |
| 2.1 Increase/decrease in financial assets available for sale  | 014        | -298.234.999                     | 14.299.979              |
| 2.2 Increase/decrease in financial assets at fair value through statement of profit or loss                       | 015        | 117.096.134                      | -4.587.648              |
| 2.3 Increase/decrease in loans and receivables  | 016        | -104.969.145                     | -9.304.683              |
| 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        | -7.415.033                       | 11.039.640              |
| 2.6 Increase/decrease in reinsurance amount in technical provisions   | 019        | -47.118.176                      | -138.262.483            |
| 2.7 Increase/decrease in tax assets   | 020        | -15.080.371                      | -21.049.450             |
| 2.8 Increase/decrease in receivables  | 021        | -262.531.172                     | -215.908.745            |
| 2.9 Increase/decrease in other assets   | 022        | 0                                | 0                       |
| 2.10 Increase/decrease in prepayments and accrued income  | 023        | -18.226.017                      | -18.180.426             |
| 2.11 Increase/decrease in technical provisions  | 024        | 414.533.734                      | 400.776.072             |
| 2.12 Increase/decrease in special provisions for life assurance where policyholders bear the investment risk      | 025        | 7.415.033                        | -11.039.640             |
| 2.13 Increase/decrease in tax liabilities   | 026        | 15.080.371                       | 20.021.692              |
| 2.14 Increase/decrease in deposits held under reinsurance business ceded  | 027        | 0                                | 0                       |
| 2.15 Increase/decrease in financial liabilities   | 028        | 648.916                          | 94.910.684              |
| 2.16 Increase/decrease in other liabilities   | 029        | 19.450.276                       | 632.004                 |
| 2.17 Increase/decrease in accruals and deferred income  | 030        | -2.771.574                       | -2.761.194              |
| <b>3 Income tax paid</b>  | <b>031</b> | <b>-31.986.162</b>               | <b>-29.387.428</b>      |
| <b>II CASH FLOW FROM INVESTING ACTIVITIES (ADP 033 to 046)</b>  | <b>032</b> | <b>-30.820.447</b>               | <b>170.645.466</b>      |
| 1 Cash receipts from the sale of tangible assets  | 033        | 917.169                          | 58.715                  |
| 2 Cash payments for the purchase of tangible assets   | 034        | -9.294.472                       | -1.669.042              |
| 3 Cash receipts from the sale of intangible assets  | 035        | 629.925                          | 0                       |
| 4 Cash payments for the purchase of intangible assets   | 036        | -8.450.701                       | -24.812.622             |
| 5 Cash receipts from the sale of land and buildings not occupied by an undertaking for its own activities         | 037        | 7.314.474                        | 80.056.554              |
| 6 Cash payments for the purchase of land and buildings not occupied by an undertaking for its own activities      | 038        | -525.394                         | -23.330.012             |
| 7 Increase/decrease of investments in branches, associates and joint ventures.                                    | 039        | 0                                | -97.029.427             |
| 8 Cash receipts from financial assets held to maturity  | 040        | 50.277.907                       | 338.535.966             |
| 9 Cash payments for financial assets held to maturity   | 041        | -140.910.320                     | -102.751.198            |
| 10 Cash receipts from the sale of financial instruments   | 042        | 0                                | 0                       |
| 11 Cash payments for investments in financial instruments   | 043        | 0                                | 0                       |
| 12 Cash receipts from dividends and share in profit   | 044        | 40.164.113                       | 1.517.980               |
| 13 Cash receipts from repayments of short-term and long-term loans given  | 045        | 40.064.395                       | 36.298.540              |
| 14 Cash payments for short-term and long-term loans   | 046        | -11.007.543                      | -36.229.988             |
| <b>III CASH FLOW FROM FINANCING ACTIVITIES (ADP 048 to 052)</b>   | <b>047</b> | <b>-9.054.581</b>                | <b>-9.654.001</b>       |
| 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        | -9.054.581                       | -9.654.001              |
| 4 Cash payments for the redemption of treasury shares   | 051        | 0                                | 0                       |
| 5 Cash payments of share in profit (dividend)   | 052        | 0                                | 0                       |
| <b>NET CASH FLOW (ADP 001 + 032 + 047)</b>  | <b>053</b> | <b>-166.646.662</b>              | <b>411.504.885</b>      |
| <b>IV EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS</b>                                       | <b>054</b> | <b>11.564.307</b>                | <b>-56.569.788</b>      |
| <b>V NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (053+054)</b>   | <b>055</b> | <b>-155.082.355</b>              | <b>354.935.097</b>      |
| Cash and cash equivalents at the beginning of period  | 056        | 355.640.455                      | 125.320.335             |
| Cash and cash equivalents at the end of period (ADP 055 + 056)  | 057        | 200.558.100                      | 480.255.432             |

## II. QUARTERLY MANAGEMENT REPORT

CROATIA osiguranje d.d. is still the leading company on the market of the Republic of CROATIA with a total market share of 28.6 percent.

In the period observed, CROATIA osiguranje d.d. reported profit before tax in the amount of HRK 182.9m and profit after tax in the amount of HRK 150.3m which represents a decrease of 10.4 percent and 13.9 percent, respectively, compared to the same period of the previous year.

Earned premium, which represents 80.2 percent of total revenues, amounted to HRK 1,206.2m and decreased by 4.5 percent compared to the same period of the previous year. Total gross written premium decreased by 4.9 percent and amounted to HRK 1,607.5m. Gross written premium of non-life insurance amounted to HRK 1,379.5m and increased by 1.8 percent compared to the same period of the previous year. Gross written premium of the life insurance amounted to HRK 228m representing a decrease of 32.1 percent.

Investments recorded income in the amount of HRK 251.9m, representing an increase of 21.9 percent compared to the same period of the previous year. Income from investments represents 16.8 percent of total revenues. Expenses from investments amounted to HRK 82m and represent 6.2 percent of total expenses.

Net claims incurred represent 65.5 percent of total expenses and amounted to HRK 864.5m, representing an increase of 26.1 percent compared to the same period of the year 2019. An increase of net claims incurred is primary caused by one-time expenses in the amount of HRK 100m, such as claims caused by earthquake and decision of the Supreme Court of the Republic of Croatia on increase of orientation criteria and amounts for immaterial claims.

Acquisition and administration expenses amounted to HRK 398.4m, decreasing by 5.6 percent compared to the same period of the previous year.

Total assets of the Company as at 30.6.2020 amounted to HRK 11.6 billion, which represents an increase of 4.2 percent compared to 31.12.2019.

Technical reserves as at 30.6.2020 amounted to HRK 6.7 billion, representing an increase of 6.4 percent compared to 31.12.2019.



The following is a summary of key indicators for the period observed:

| Key performance indicators | 30.6.2019 | 30.6.2020 | Change in percentage points (p.p.) |
|----------------------------|-----------|-----------|------------------------------------|
| Claims ratio (non-life) *  | 52.6%     | 55.2%     | 2.6%                               |
| Cost ratio (non-life) **   | 40.9%     | 37.4%     | -3.5%                              |
| Combined ratio (non-life)  | 93.5%     | 92.6%     | -0.9%                              |

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

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

The combined ratio, as the most important performance indicator for non-life insurance, amounted to 92.6 percent for the observed period, which is an improvement of 0.9 percentage points compared to the same period of 2019.

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

#### Significant business events in the reporting period

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

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

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

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

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

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

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

From the information available at the time of preparation of these financial statements and based on numerous publicly available macroeconomic projections, an economic slowdown is likely during 2020, which may result in lower consumption and consequently lower demand for insurance services, since the volume of insurance premiums written is linked to GDP trends.

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

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

As part of its own risk and solvency assessment (ORSA) process, a series of stress tests, sensitivity and scenario analyses were conducted, and it is estimated that these analyses covered the risks that could have a significant impact on the Company and in the case of COVID-19. Although, based on analyses performed in the ORSA process, a certain decrease in the solvency ratio is expected, the ratio should remain at levels significantly higher than the regulatory prescribed and the solvency of the Company should in no way be called into question. Also, solvency calculation which was performed as at 31.3.2020. showed that despite the negative effects of COVID-19, the Company is still operating with a very high solvency ratio of 274% (as at 31.12.2019. 277%). In regard to liquidity, the Company still has the satisfactory amounts of liquid resources that are sufficient for discharging all obligations that have become due and also has at its disposal instruments available for obtaining additional liquidity if necessary.

The Company will continue to actively monitor the development of the COVID-19 outbreak and if it should be considered to significantly affect the Company's business and financial position in 2020, it will fully comply with the Capital Market Act.

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

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



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

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

*HANFA's Decision regarding prohibition of dividend payment*

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

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

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

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

**Company branch**

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

**Purchase of treasury shares**

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

## **Expected development in the future**

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

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

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

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

## **Research and development activities**

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

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

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



## Description of the most significant risks and uncertainties

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

Zagreb, 31 July 2020

Member of the Management Board  
  
Luka Babic



President of the Management Board  
  
Davor Tomašković

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

#### 1. GENERAL INFORMATION ON THE COMPANY

CROATIA osiguranje d.d., Zagreb, Vatroslava Jagića 33 (the 'Company') is registered in the Court Register of the Commercial Court in Zagreb under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862. The Company's principal activity is non-life and life insurance business and reinsurance business in the non-life insurance group.

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

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

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

#### Supervisory Board and Management Board

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

#### Members of the Supervisory Board are:

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



**Members of the Management Board are:**

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

**Basis of preparation of financial statements**

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

Half-year financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2019.

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

Financial statements for the first half-year of the 2020 have not been audited.

**Presentation currency**

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

### **Use of estimates and judgements**

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

### **Accounting policies**

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

### **Related party transactions**

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

### **Seasonality of business activities**

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

### **Segment reporting**

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



## Fair value

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

|                 | 30.6.2020            |                      |                    | 31.12.2019           |                      |                    |
|-----------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
|                 | Net book value       | Fair value           | Difference         | Net book value       | Fair value           | Difference         |
|                 | in HRK               | in HRK               | in HRK             | in HRK               | in HRK               | in HRK             |
| Debt securities | 1,997,417,205        | 2,224,641,431        | 227,224,227        | 2,172,387,286        | 2,476,604,759        | 304,217,473        |
| Loans           | 533,022,459          | 549,992,740          | 16,970,281         | 519,033,891          | 530,851,709          | 11,817,818         |
| Deposits        | 702,934,419          | 707,520,119          | 4,585,700          | 686,296,274          | 692,933,030          | 6,636,756          |
|                 | <b>3,233,374,083</b> | <b>3,482,154,290</b> | <b>248,780,208</b> | <b>3,377,717,451</b> | <b>3,700,389,499</b> | <b>322,672,048</b> |

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

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

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

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

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

|  | Level 1<br>in HRK    | Level 2<br>in HRK    | Level 3<br>in HRK  | Total<br>in HRK      |
|--|----------------------|----------------------|--------------------|----------------------|
| <i>Property for own use</i>                                  | -                    | -                    | 266,852,671        | 266,852,671          |
| <i>Investment property</i>                                   | -                    | -                    | 473,440,193        | 473,440,193          |
| Equity securities  | 437,249,097          | 20,462,000           | 25,304,493         | 483,015,590          |
| Debt securities  | 1,915,228,196        | 1,735,345,387        | 1,997,990          | 3,652,571,573        |
| Investment funds   | 137,171,118          | 27,210,141           | 5,094,049          | 169,475,308          |
| <i>Available-for-sale financial assets</i>                   | <b>2,489,648,411</b> | <b>1,783,017,528</b> | <b>32,396,532</b>  | <b>4,305,062,471</b> |
| Equity securities  | 15,342,840           | -                    | -                  | 15,342,840           |
| Debt securities  | -                    | -                    | -                  | -                    |
| Investment funds   | 434,285,919          | -                    | -                  | 434,285,919          |
| Foreign currency forward contracts                           | -                    | 1,390,438            | -                  | 1,390,438            |
| <i>Financial assets at fair value through profit or loss</i> | <b>449,628,759</b>   | <b>1,390,438</b>     | <b>-</b>           | <b>451,019,197</b>   |
| <b>Total assets at fair value</b>                            | <b>2,939,277,170</b> | <b>1,784,407,966</b> | <b>772,689,396</b> | <b>5,496,374,532</b> |

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

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

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

Financial liabilities are recorded at amortised cost. Although they have been agreed on the basis of a fixed interest rate, the Management Board believes that, due to the repayment of majority of liabilities within 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 2 and Level 3 in the fair value hierarchy. Investments with available market prices that are classified in the portfolio of held-to-maturity investments would be classified as Level 1.



The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of financial instruments that are classified as Level 3 is determined by using discontinued cash flow techniques or other valuation techniques by using relevant observable market data, information about current business and estimation of issuer's future business. There was no significant increase or decrease in the value of the parameters that would affect the change in the fair value of financial assets classified in Level 3 fair value.

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

#### *Valuation techniques used for determining fair value on Level 3*

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

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

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

Information on fair value measurement of investment property which included significant parameters that are not available on the market (Level 3) are disclosed in financial statements for the year 2019.

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

In the period observed Company's investments in land and buildings not occupied by an undertaking for its own activities have increased in the amount of HRK 105.9 m which is mostly due to reclassification of assets from the position of Land and buildings occupied by an undertaking for its own activities to the mentioned position due to a change in the purpose of specific property.

## Financial assets and financial liabilities

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

|   | 30.6.2020                    |                                     |   |                       |               |
|---|------------------------------|-------------------------------------|---|-----------------------|---------------|
|   | Held-to-maturity investments | Available-for-sale financial assets | Financial assets at fair value through profit or loss - for trading | Loans and receivables | Total         |
|   | in HRK                       | in HRK                              | in HRK  | in HRK                | in HRK        |
| <b>Shares</b>   |                              |                                     |   |                       |               |
| Shares, listed  | -                            | 481,038,863                         | 15,342,840  | -                     | 496,381,703   |
| Shares, not listed  | -                            | 1,976,727                           | -   | -                     | 1,976,727     |
|   | -                            | 483,015,590                         | 15,342,840  | -                     | 498,358,430   |
| <b>Debt securities</b>  |                              |                                     |   |                       |               |
| Government bonds  | 1,953,502,307                | 3,577,565,093                       | -   | -                     | 5,531,067,400 |
| Domestic corporate bonds  | 43,914,898                   | 75,006,480                          | -   | -                     | 118,921,378   |
|   | 1,997,417,205                | 3,652,571,573                       | -   | -                     | 5,649,988,778 |
| <b>Derivative financial instruments</b>                                   |                              |                                     |   |                       |               |
| Foreign currency forward contracts  | -                            | -                                   | 1,390,438   | -                     | 1,390,438     |
|   | -                            | -                                   | 1,390,438   | -                     | 1,390,438     |
| <b>Investment funds</b>   |                              |                                     |   |                       |               |
| Open-ended investment funds   | -                            | 169,475,308                         | -   | -                     | 169,475,308   |
| Open-ended investment funds - assets for coverage of unit-linked products | -                            | -                                   | 434,285,919   | -                     | 434,285,919   |
|   | -                            | 169,475,308                         | 434,285,919   | -                     | 603,761,227   |
| <b>Loans and receivables</b>  |                              |                                     |   |                       |               |
| Deposits with credit institutions   | -                            | -                                   | -   | 702,934,419           | 702,934,419   |
| Loans   | -                            | -                                   | -   | 533,022,459           | 533,022,459   |
|   | -                            | -                                   | -   | 1,235,956,878         | 1,235,956,878 |
|   | 1,997,417,205                | 4,305,062,471                       | 451,019,197   | 1,235,956,878         | 7,989,455,751 |



31.12.2019

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

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

|                                   | 30.6.2020   | 31.12.2019  |
|-----------------------------------|-------------|-------------|
|                                   | in HRK      | in HRK      |
| Lease liabilities                 | 261,756,224 | 253,791,836 |
| Liabilities for repo transactions | 60,073,674  | -           |
| Derivative financial instruments  | 37,346,296  | 5,624,931   |
| Preference shares                 | 12,250,000  | 12,250,000  |
|                                   | 371,426,194 | 271,666,767 |

## Share capital and shares

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

| Number of shares   | Nominal amount:    |
|--|--------------------|
| 307.598 ordinary shares I. emission with ticker CROS-R-A/CROS  | 430,637,200        |
| 113.349 ordinary shares II. emission with ticker CROS-R-A/CROS | 158,688,600        |
| <b>TOTAL OF ORDINARY SHARES</b>                                | <b>589,325,800</b> |
| 8.750 preference shares I. emission with ticker CROS-P-A/CROS2 | 12,250,000         |
| <b>TOTAL OF PREFERENCE SHARES</b>                              | <b>12,250,000</b>  |

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



## MANAGEMENT BOARD STATEMENT

Pursuant to article 20 of the Articles of Association of the Company from 26 February 2020 and article 465 of the Capital Market Law (Official Gazette 65/18, 17/20), the Management Board provides this

### STATEMENT

That to the best of our knowledge:

- the set of half-year unaudited unconsolidated financial statements of the issuer for the period 1.1. – 30.6.2020, prepared by using applicable financial reporting standards, gives a true and fair view of assets and liabilities, the financial position and profit or loss of the issuer,
- the management report presents an objective view of the development and business results and position of the issuer with description of significant risks and uncertainties to which the issuer is exposed.

Zagreb, 31 July 2020


Member of the Management Board



Luka Babić



President of the Management Board



Davor Tomašković