

SECURITIES: CROS / CROS-R-A / HRCROSRA0002
CROS2 / CROS-P-A / HRCROSPA0004
LISTING: Official market of the Zagreb Stock Exchange (Zagrebačka burza d.d.)
LEI: 74780000M0GHQ1VXJU20
HOME MEMBER STATE: Republic of Croatia

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Impact of the COVID-19 outbreak on CROATIA osiguranje d.d.

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 this announcement and based on numerous publicly available macroeconomic projections, an economy slowdown is very 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 of insurance receivables,
- increased number of life insurance policy surrender.

Based on currently available information, the Company cannot reliably estimate the amount of potential losses that would result from the direct impact of COVID-19. However, as part of its own risk and solvency assessment (ORSA) process, a series of stress tests, sensitivity analysis and scenarios were conducted, and it is estimated that these analyses covered the risks that could have a significant impact on the Company also 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 same ratio should remain at levels significantly higher than the regulatory ones and the solvency of the Company should in no way be called into question.

The Company will continue to actively monitor the development of the COVID-19 outbreak and should it consider this outbreak to significantly affect the Company's business and financial position in 2020, it will fully comply with the Insurance Act and other relevant regulations.

Sincerely,

CROATIA osiguranje d.d.