



TRIGLAV OSIGURANJE d.d.

Annual Report
for the year 2022.

This version of annual report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the annual report takes precedence over this translation.

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Management Board's report

The Management Board presents its report and audited financial statements for the year ended 31 December 2022.

Activity overview

Operating results of the Company for the year ended 31 December 2022 are presented in the statement of comprehensive income.

Management Board of Triglav osiguranje d.d.

During 2022 and until the signing of this report, the Management Board consisted of:

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| Marin Matijaca | Member from August, 27, 2008, President from August, 25, 2010, mandate to September, 15, 2022 |
| Denis Burmaz | Member from August, 04, 2016 until September, 15, 2022, President from September, 16, 2022 mandate to March, 15, 2023 |
| Darko Popovski | Member from April, 01, 2021, mandate until March, 31, 2025 |
| Tedo Djekanović | Deputy President of the Management Board from March, 16, 2023 |

Supervisory Board of Triglav osiguranje d.d.

During 2022 and until the signing of this report, the Supervisory Board consisted of:

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| David Benedek | Chairman until June, 30, 2022 |
| Uroš Ivanc | Chairman from July, 01, 2022 |
| Tomaž Žust | Vice-Chairman |
| Gorazd Jenko | Supervisory board Member |
| Iztok Cimperman | Supervisory board Member until November, 15, 2022 |
| Alenka Vrhovnik Težak | Supervisory board Member from November, 16, 2022 |
| Pave Srezović Pušić | Supervisory board Member, employee representative |

Audit Committee of Triglav osiguranje d.d.

During 2022 and until the signing of this report, the Audit Committee consisted of:

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| Tomaž Žust | Chairman of Audit Committee |
| Iztok Cimperman | Vice-Chairman of Audit Committee until November, 15, 2022 |
| Saša Kovačić | Member of Audit Committee |
| Jana Polda | Member of Audit Committee |
| Branko Flisar | Member of Audit Committee |
| Gorazd Jenko | Member of Audit Committee from November, 23, 2022 |

ANNUAL REPORT OF THE MANAGEMENT BOARD ON THE COMPANY OPERATIONS AND STATUS IN THE YEAR 2022

1. Realisation of basic business objectives and performance indicators

The Croatian economy also grew in the fourth quarter of 2022, for the seventh quarter in a row, but growth slowed to 4.2%, while in the whole of 2022 GDP grew by 6.3%. This is slower growth than in the previous quarter, when GDP grew by 5.2%, but this is the seventh quarter in a row as the economy recovers from the corona crisis. GDP growth in the fourth quarter is thanks to the growth of all components of GDP, from personal consumption to exports and investments. According to the Central Bureau of Statistics (CBS), **Households** it grew 1.3% in the previous quarter compared to the same period a year ago, slower than 5.6% growth in the previous quarter. Exports of goods and services, in turn, grew by 14.2% year-on-year, much slower than in the previous quarter, when that growth was 23.3%. Exports of goods increased by 13.4% and services by 13.9%. Imports of goods and services increased by 14.6% at the same time, also much slower than in the previous quarter, when it grew by 30.5%. Imports of goods increased by 16% and services by 7.8%. Gross fixed capital formation grew by 9.6% year-on-year in the previous quarter, faster than in the previous quarter, when growth was 8%. The state has also grown. **consumption**, by 6.8%, having strengthened 1.3% in the previous quarter.

In such circumstances, the Group and the Company have achieved excellent sales results in the past year. The gross invoiced insurance premium amounted to HRK 712.4 million and is 8.9% higher compared to the same period in 2021, i.e. by HRK 58.3 million. Faster premium growth than market growth led to an increase in market share by 0.04 pp, from 5.58% to 5.62%, as a result of which the Group and the Company retained the 7th place in the ranking of insurers according to the size of the written premium

The group and the Company's total technical reserves in 2022 increased by 1.0% to HRK 1.145 bn. marten. Financial investments decreased by 4.3% compared to last year and amounted to HRK 978 million. The company's total assets increased by 0.7% to HRK 1.484 bn. at the end of 2022. Share capital and reserves amount to HRK 194.5 million, which represents a decrease of 12.9% compared to the previous year (due to a decrease in revaluation reserves of financial investments due to an increase in interest rates). Thanks to strong capital reserves, the total capital adequacy ratio (solvency ratio) at December 31, 2022. is 168.4%, while the degree of coverage of mathematical and technical reserves with adequate assets totals 108.4%. This indicates the financial stability of the Company and provides long-term security to the insured.

In 2022, we continued to monitor customer satisfaction with our service (NPS), we increased productivity, both representative networks and the total, released new products ("Autumn of Life"...), continued to implement projects in the field of digitalization, and implemented legal regulations related to sustainable development in all business segments and worked on reducing the company's carbon footprint.

2. Insurance market in the Republic of Croatia

The Croatian insurance market in 2022, in relation to the prior year, recorded an increase in premium of HRK 959 milion, i.e. 8.18% due to an increase in non-life insurance premium by HRK 1.01 billion (11.46%) and life insurance decrease by HRK 52 million (1.79%). The Company's premium increased at a faster rate than the market (8.92%) and, consequently, its market share increased from 5.58% in 2021 to 5.62% in 2022. Furthermore, the Company's rank on the list of insurers based on the size of the growth written premium maintained the position number 7.

The share of non-life insurance in the total premium amounts to 91.53% (HRK 652.0 million), while the share of life insurance amounts to 8.47% (HRK 60.4 million). In the total non-life premium of Triglav osiguranje d.d., the following types of insurance have the largest share: other property insurance (22.66%), motor vehicle liability insurance (19.77%), and road vehicle insurance (11.91%).

The increase in the number of natural or caused catastrophic damages is not accompanied by the same dynamics of the increase in insurance against these risks, which is why citizens need to continuously encourage them to think more actively on insurance protection.

Stable and safe operations of the insurance industry, which recorded a constant increase in the number of insurance, continued in the past year, which has left the insurance sector a strong support to the economy and citizens even in extremely unstable business conditions caused by inflation and rising energy prices. The implementation of the new currency – the euro, as well as the successful introduction of the new international accounting standard IFRS 17, represented challenges that were successfully overcome. The insurance industry continues to be the foundation of a resilient economy and risk management, as well as rapid response in crisis situations, and ranks third in the financial market of the Republic of Croatia, behind banks and mandatory pension funds, whose accumulated assets amount to HRK 47 billion and HRK 181 million.

Although the insurance market in our country continues to develop successfully, Croatia still lags behind the more developed countries, which is confirmed by the fact that it is currently at 40% of the EU average in terms of penetration of insurance in general, while in terms of insurance density it is only at 20% of the EU average. The insurance premium per capita in Croatia last year was 435 euros, while the average at the EU level reached 2,093 euros. For example, the average insurance premium in the life insurance segment in the EU is 1,132 euros, and in Croatia 98 euros, in the health insurance segment in the EU it reaches 279 euros, and in Croatia only 27 euros, while in the segment of property protection in the EU it is 193 euros and in Croatia 67 euros. For these reasons, citizens need to be continuously reminded but also encouraged to protect the insurer, since insurance coverage for long-term stability of citizens remains underrepresented.

At the end of 2022, there were a total of 11,312,858 non-life insurance policies and 1,303,775 life insurance policies concluded in Croatia. Life insurance in the total premium participated with 22.45%, while non-life insurance continues to be dominated by compulsory motor vehicle liability insurance, whose share in the total premium is 25.4%. It should also be noted that the total cost of insurance payments and compensation for damages related to motor vehicles is growing due to the current inflationary pressures, and in the near future it is expected to correct the prices of automobile liability insurance for which the premium grew by 3.1% last year.

The frequency of earthquakes, hail, fires and other natural and natural disasters in all parts of Croatia were extremely demanding for the insurance industry, which proved to be a stable and reliable partner to citizens and the economy during the efficient payment of insurance due to natural disasters. The contribution to the rehabilitation of the serious consequences of natural disasters could have been more significant if citizens, but also businessmen, had contracted insurance products to a greater extent. Insurance against fires and other natural disasters grew by 3.8% in 2022, while other property insurances also saw growth, including a 6.9% increase in earthquake risk coverage compared to 2021. Earthquakes have shown what statistics have shown for years – the level of insurance of the Croatian population against earthquake risk compared to other EU countries remains insufficient. Insurers could have contributed significantly more to the reconstruction of earthquake-affected areas if more insurance protection had been contracted.

The premium of supplementary health insurance also increased, with the number of supplementary insurance growing by 7.1% with an increase in gross written premium of 9.3%, while the number of additional health insurances recorded a decrease of 3.1% despite a 16.3% increase in premiums.

Significant premium growth in the past year Croatian insurance companies have also achieved in European markets compared to the already successful 2021. Despite the fact that the largest part of the premium was achieved in Croatia, the operations of insurance companies on the markets of other EU member states recorded an upward trend, which makes it an increasingly important component in the operations of individual domestic companies. The presence on the European markets in the past year resulted in a gross written premium of over 150 million euros and represents an increase of 23.2%, while the best results were achieved in the markets of Italy, Slovenia and Austria.

Last year, 2022 was also marked by the engaged and active work of insurance companies on promoting financial literacy in the field of insurance through the project SAFER TOMORROW with the aim of further encouraging citizens and society as a whole to a better understanding but also to think more actively about the use of insurance products in order to be able to make informed decisions in a timely manner, since insurance products are the only ones that guarantee a quick path to repairing damages. Therefore, the insurance sector is facing another important challenge in the coming period, which is to raise citizens' awareness of the importance of insurance in general, but also to take personal responsibility for life, health and property.

3. Expectations for 2023

In 2023, Croatia entered with level of real GDP with a 10% higher value than recorded before March of 2020 when the pandemic was announced. After exceptionally recovery during year 2021 (13.1%) in year 2022 GDP growth of 6.3% was recorded. This alike rate was last time recorded in the 1990s. Forecasts for 2023 have already been repeatedly revised downwards, reflecting a high level of uncertainty and uncertainty, predominantly associated with the external environment. While key flagship indicators of developed markets slowly point to a slightly more favourable outlook for 2023, it is still too early to talk about a rapid and easy transition from stagnation or a possible recession to sustainable and stable economic growth.

The continuing war in Ukraine, the energy crisis, inflationary pressures across Europe and the decline in disposable income are some of the adverse factors with which we welcomed 2023. Moreover, as expected, the euro area stepped into recession at the turn of 2022 and 2023, and its strength and depth will significantly determine Croatia's economic prospects. Therefore, growth estimates for 2023 have been revised to lower and hover around 1%, with balanced achievement risks. On the one hand, the warm winter has favoured the energy situation in Europe by mitigating a possible impact, particularly on the industrial sector, while generous fiscal transfers have reduced the impact of inflation on household disposable income. On the other hand, war and the energy crisis are far from being solved, and uncertainty and high inflation (costs) influence spending and investment decisions. Any new shock would adversely affect the realization of current forecasts.

3. Expectations in 2023 (continued)

Furthermore, when it comes to investment activity, it should slow down under the influence of a more cautious private sector facing recession risks and rising cost of financing, while the public sector, i.e. the investment component from EU financing, will have a positive stabilisation character. The pronounced uncertainty is also linked to the outlook for foreign demand. In doing so, export dynamics should slow significantly under the weight of slowing economic growth of the main trading partners, i.e. expected stagnation at EU level. Exports of services, i.e. predominantly tourism, after almost full normalization in 2022, will play a significantly more neutral role in shaping the growth rate.

In terms of inflation, the annual rate is expected to remain close to current high levels in the first part of the year and then gradually stabilise in the second part of the year. Prices of raw materials and energy products, despite volatility, show a certain trend of stabilization, and positive developments are currently visible in the normalization of supply chains. On top of the pronounced slowdown in economic activity and tightening monetary policy will also have a positive impact on the search side of inflation. Therefore, after an average price rise of close to 11 percent in 2022, average inflation in the range of seven to seven and a half percent is expected to slow in 2023. In the context of inflation, monetary policy will remain under scrutiny, and with Croatia's entry into the eurozone, a special focus will be on the European Central Bank (ECB), which is likely to continue raising interest rates further at the next meetings, but it is also likely that the dynamics of this raising will be more cautious. When it comes to the cost of borrowing, after a significant increase in the cost of debt for the Republic of Croatia, the trend of falling interest rates has stopped for both companies and citizens.

4. Employment structure

As of December 31, 2022, Triglav osiguranje d.d. employed 522 workers, of which 250 internal and 273 insurance agents and sales managers, which is 8 more than at the end of 2021.

The structure of human resources of the Society includes 1 Doctor of Science, 9 Masters of Science, 120 workers with university degrees and 73 workers with higher education.

In the field of education and personnel development, we work with key and promising associates, develop managers, have introduced target guidance and conduct professional education (internal and external). We hold internal education through e-learning, webinars and live. We refer workers to the internship in the parent company (12 participants in 2022), and 5 promising associates participate in the development program for promising associates in the organization of the parent company. Workers also regularly participate in expert meetings at the Group level.

We are introducing the practice of more frequent and transparent communication in the Society. To support the balance with private life and influence the attraction and retention of personnel, we introduced the possibility of working from home along the lines of the parent company. We regularly measure organizational vitality and bring measures for improvement. We conduct annual interviews for 2023, as well as setting and monitoring the achievement of goals, for workers in managerial positions.

In 2023, workers are entitled to additional health insurance. From 2023, the topic of health will be regularly covered on the intranet, and we are planning workshops related to life skills (prevention – mental health, family, financial literacy and the like).

The General Affairs Service takes care of a safe working environment, working conditions and occupational safety. A system for the protection of dignity has been established, with adaptation to the new Labour Code in 2023.

The Company has successfully coped with the increased dynamics in the labor market, and examples of vertical and horizontal advancement indicate concern for the development of the Company's staff.

5. Branch offices of the Company

The Company operates in the Republic of Croatia and is seated in Zagreb, at the address Antuna Heinza 4.

The Company has the following branch offices registered in the court register of companies:

- Branch office Čakovec, Čakovec, Žrtava fašizma 1
- Branch office Koprivnica, Koprivnica, Tarašćice 20
- Branch office Osijek, Osijek, Trg Lava Mirskog 3
- Branch office Pula, Pula, Šijanska cesta 1a
- Branch office Rijeka, Rijeka, Erazma Barčića 3
- Branch office Split, Split, 114. Brigade 8
- Branch office Varaždin, Varaždin, Alojzije Stepinca 7
- Branch office Zagreb, Zagreb, Antuna Heinza 4.

5. Branch offices of the Company (continued)

The Management Board regularly monitors the operations of the branches in order to ensure that their operations are in line with the business objectives of the Company.

6. Reporting to the supervisory authorities

Over the past year the Company has regularly reported to supervisory authorities and the Croatian Financial Services Supervisory Agency (CFSSA) in accordance with the Insurance Act and CFSSA's ordinances on all relevant facts and changes in the Company. The Company has duly responded to the requirements of supervisory authorities in terms of operational control and delivering data of the Company, to which the supervisory authorities had no objections.

7. Significant events after the end of the business year 2022

The continuance of geopolitical and makroeconomic unstabilities marked the first quartal of year 2023. Expressed in fluctuations of the banking sector, continuance of war in Ukraine and expected culmination of inflation.

8. Research and development activities

The Company continuously develops new and innovative insurance products, in cooperation with its parent company. When developing products, focus is placed on creating products with high-quality insurance coverage, as well as on comprehensive high-quality and available services that we provide to our insurees.

9. Notice on acquisition of own shares

The sole owner of the company (100% of shares) is Triglav INT, d.d., Ljubljana, Slovenia. The Company as at 31 December 2022 had no own shares nor did it repurchase any in the course of 2022. Shares of the company are not included in the organised securities market.

10. Risk exposure and management

At the end of 2022, the company realized a solvency ratio (so-called SCR ratio) of 168.4% (12.31.2021=163.2%) and is within the target range of risk appetite (150-170%). The increase in the SCR ratio results primarily from the growth of own funds.

In terms of risk profile, the Company continued to increase its premium volume and provisioning volume during 2022, which was expected to be reflected in the growth of non-life insurance risk exposures. The health insurance segment continues to grow at moderate pace, which is accompanied by a slow rise in the capital requirement for health insurance. Exposure to life insurance risks rose slightly due to an increase in the general level of interest rates.

In part of the market risks, there was a certain increase in exposure that did not have a material negative impact on solvency. In the period under review, the rise in interest rate risks is due to strong interest rate growth in the latter part of 2022. The risk of range and concentration increased due to investment in deposits and short-term bond funds. Croatia's entry into the eurozone from 1 January 2023 completely offset the risk of exposure against the EUR currency.

Liquidity risk is on a slight rise given the rise in damages and operating costs caused by high inflation. Accordingly, the Company continuously maintains a sufficient level of liquid assets to meet all reasonably foreseeable liabilities. Credit risks are also on the rise in 2022 as the economy is expected to slow down and the likelihood of counterparty default risk increasing. Despite the growth in risk exposure based on external factors, the Company's solvency remains at an adequate level.

In the investment segment, the Company continues to prefer fixed-yield debt instruments, which gradually increase in yield as the general interest rate level rises. The Company expects that in the case of realized liquidity surpluses from regular operations, it will be able to place them at higher rates of return compared to previous years, which will have a positive impact on the profitability of the investment segment of the business.

11. Financial instruments

In accordance with the Insurance Act, the Company is required to invest funds in financial instruments and other forms and types of investments, as well as to determine the strategy and tactics of investment, principles, organisation, procedures of investments and also the process of monitoring and reporting on investments in order to ensure the adequate coverage of technical or mathematical reserves of the Company.

The main investment objective is to provide safety, liquidity and return on investment for the fulfilment of obligations arising from assets they are covered by. The Company continuously monitors compliance of forms of investments with the obligations the Company settles from these types of investments, which specifically refers to the maturity and currency composition of investments.

In line with market trends and its own estimates, the Company forms investments in a way that optimizes the relationship between risk and return for each individual form of investment, depending on the current and anticipated needs of the Company.

The Company only invests in assets and instruments for which it can adequately determine, measure, and monitor risks, and which it can adequately manage, monitor and report on. The Company adequately considers them while assessing its total solvency needs.

The Company adopted internal investment limits defining the maximum exposure to certain types of financial instruments, as well as to individual issuers of financial instruments, i.e. issuers' criteria depending on the credit rating. This way the Company defined its risk appetite for market risks concerning individual instruments, credit risks for issuers, and concentration risk.

The Company's portfolio is dominated by fixed income financial instruments, i.e. bonds. Special attention is paid to detailed analyses, portfolio evaluation, and measuring the yield on assets and financial instruments.

12. Application of the Corporate Governance Code

The Company has no legal obligation to publish information on the application of the Corporate Governance Code issued by CFSSA and ZSE, in line with the Capital Market Act.

The Articles of Association of the Company establish the legal status, organization and management in Triglav osiguranje d.d. and regulate other issues relevant for the business of Triglav and other issues in accordance with the provisions of the Companies Act and the Insurance Act. The system and management policy of Triglav osiguranje d.d. determine the main orientations of the Company with respect to the set long-term goals and values of the Company.

The Company continuously works on improving corporate governance since effective management is a prerequisite for the company's success and the realization of the set strategic and business goals. The Company has established a clear structure and organization, a schedule of powers and responsibilities and an appropriate system of internal controls to monitor, scale, manage and report on all risks arising in the Company's business.

The basic management bodies of the Company in accordance with the Companies Act are: the Management Board, the Supervisory Board and the General Assembly, whose powers and responsibilities are determined by positive regulations, in particular the Companies Act and the Insurance Act, and internal acts of the Company.

MANAGEMENT BOARD operated in the period from 01/01 to December 31, 2022 as follows:

- Marin Matijaca, President of the Board (from 29/08/2016 until 15/09/2022);
- Denis Burmaz, Member of the Board (from 15/09/2022), President of the Board (from 16/09/2022 to 15/03/2023);
- Darko Popovski, Member of the Board (from 01/04/2021 until 31/03/2025);

SUPERVISORY BOARD held 16 (sixteen) meetings in the period from January to December 2022, in the following composition:

- David Benedek, Chairmen of the Supervisory Board until 30/06/2022;
- Uroš Ivanc, Chairmen of the Supervisory Board from 01/07/2022
- Tomaž Žust, Vice-Chairman of the Supervisory Board
- Gorazd Jenko, Member of the Supervisory Board
- Iztok Cimperman, member of the Supervisory Board until 15/11/2022
- Alenka Vrhovnik Težak, Member of the Supervisory board from 16/11/2022
- Pave Srezovič-Pušić, Member of the Supervisory Board, workers' representative

12. Application of the Corporate Governance Code (continued)

GENERAL ASSEMBLY - convened by the Management Board or the Supervisory Board at least once a year. The General Assembly decides on the financial statements, use of profit, resolution of the members of the Management Board and the Supervisory Board of the Company, election and recall of the members of the Supervisory Board, appointment of the auditor and all other matters in accordance with the positive regulations and the Articles of Association of the Company.

Other Company bodies

Audit committee was established by the Decision of the Supervisory Board of the Company on 24/03/ 2009.

In the period from January to December 2022, 5 (five) meetings of the Audit Committee of the Company were held in the following composition:

- Tomaz Žust, Chairmen of the Audit Committee
- Iztok Cimperman, Vice-Chairmen of the Audit Committee, until 15.11.2022.
- Saša Kovačić, Member of the Audit Committee,
- Jana Polda, Member of the Audit Committee
- Branko Flisar, Member of the Audit Committee
- Gorazd Jenko, Member of the Audit Committee from 23.11.2022.

The Risk Management Committee (RMC) was established in 2016. It meets twice a year or more often as needed, and the main goal and purpose is to inform members of the RMC Board and other key functions of the Company on all relevant issues in the domain of the risk management system.

The Company has all the key functions in accordance with the Insurance Act: the risk management function, the actuarial function, the internal audit function and the compliance monitoring function.

13. Future outlook

In 2023 the Company expects continuance of premium growth, with highlight on profitability and strengthening of relations with clients, establishing a stable inflow of financial investment, by maintaining the safety and security polici for further digitalization of business processes (the i-Triglav project, mobile distributors, control portal for clients).

The planned increase in written premium of the Company amounts to 4.8%, ROE amounts to 5.2%, and the combined quotient realisation amounts to 100.0%.

Also expected is the transformation or organizational culture as brand strengthening as continuance of efforts for reduction of CO2 emission.

In Zagreb, April 28, 2023.

Management Board of the Company:

Tedo Djekanović
Vice-President

Darko Popovski
Member of the Management Board

Responsibilities of the Management Board and the Supervisory Board for the preparation and approval of annual financial statements (consolidated and unconsolidated)

Pursuant to the Croatian Accounting Act in force, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), which give a true and fair view of the financial position and results of the Company for that period.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and must also ensure their compliance with the Croatian Accounting Act in force. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is responsible for submitting its annual report, together with the annual financial statements, to the Supervisory Board, following which the Supervisory Board is required to approve the annual financial statements for submission to the owners.

Management Board of the Company is responsible for the Financial Statement in accordance with paragraph 21. and 24. from the Accounting Act.

The financial statements and the forms prepared in line with the Ordinance on the structure and content of the financial statements of insurance companies or reinsurance companies (OG No. 37/16, 96/18, 50/19, 98/20) , have been approved by the Management Board for submission to the Supervisory Board and signed below.

Management Board of the Company:

Tedo Djekanović
Vice-President of the Management Board

Darko Popovski, MScBA
Member of the Management Board

In Zagreb, April 28, 2023

INDEPENDENT AUDITOR'S REPORT

To the Owners of Triglav osiguranje d.d., Zagreb

Report on the Audit of the Financial Statements

Opinion

We have audited unconsolidated financial statements of Triglav osiguranje d.d., Zagreb (the Company) and consolidated financial statements of Triglav osiguranje d.d., Zagreb ("Group") and its subsidiaries (the Group) which comprise the unconsolidated and the consolidated statement of financial position as at 31 December 2022, the unconsolidated and the consolidated statement of comprehensive income, the unconsolidated and the consolidated statement of changes in equity and the unconsolidated and the consolidated statement of cash flows for the year then ended, and notes to the unconsolidated and the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated and consolidated financial statements present fairly, in all material respects, financial position of the Company and the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated and the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

This version of our audit report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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

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INDEPENDENT AUDITOR'S REPORT (continued)

Audit report of the financial statements (continued)

Key audit matters (continued)

For accounting policies, see a description of the key judgments and estimates regarding the estimates used in the calculation of reserves for reported and unliquidated damages, incurred and unreported damages, mathematical reserves and estimates used in liability adequacy testing (Latin from eng. "Liability adequacy test") shown in the notes 1.3. (t) Reserve for life insurance contracts, 1.3.(s) Damages reserve and 1.3. (w) Liabilities and related assets based on liability adequacy test which have a significant impact on the amount, timing and uncertainty of future cash flows of the financial statements.

| Key audit matters | How we addressed the key audit matters |
|--|---|
| <p>Evaluation of reserves for reported and unliquidated damages, incurred and unreported damages and mathematical insurance reserves</p> <p>The Company and the Group must, in connection with all insurance or reinsurance activities they carry out, form appropriate reserves according to accounting regulations intended to cover obligations under insurance contracts, i.e. reinsurance contracts and any losses due to risks arising from insurance or reinsurance activities they perform.</p> <p>In their financial statements, the Company and the Group have stated reserves for reported and unliquidated damages (RBNS of eng. "Reported but not settled") in the amount of HRK 229,001 thousand (2021: HRK 216,702 thousand), which represents 18% of the total liabilities of the Company and the Group (2021: 17% of the Company's total liabilities), which are expressed in accordance with the legal requirements for accounting of insurance companies.</p> <p>The valuation of reserves for reported and unliquidated damages shall be determined by an individual assessment and involve significant judgment, as it requires the Administration to integrate sophisticated mathematical and actuarial valuation methods that imply a high level of complexity and subjectivity in relation to past and future, as well as internal and external variables whose changes in the underlying assumptions may have a significant impact on the measurements of these liabilities.</p> | <p>In order to respond to the risks associated with the calculation of reserves for reported and unliquidated damages, incurred and unreported damages, and mathematical insurance reserves and liability adequacy testing, identified as a key audit question, we have designed audit procedures, which have enabled us to obtain sufficient adequate audit evidence for our conclusion on this matter.</p> <p><i>Reserves for reported and unliquidated damages</i></p> <p>We have carried out the following audit procedures, including the use of actuarial experts:</p> <ul style="list-style-type: none"> (i) Review and verification of the methodology and adequacy of the actuarial methods used to assess insurance liabilities; (ii) Review and evaluation of actuarial judgments used in models, which may vary depending on the product and/or product specifications, as well as model compliance with IFRS; (iii) Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating reserves, including information technology applications and tools used; (iv) Assessment of design adequacy and verification of the implementation of identified internal controls relevant to the process of calculating reserves for reported and unliquidated damages; (v) Testing the operational effectiveness of identified and relevant internal controls; (vi) Testing, on the basis of a sample and based on our risk assessment, the adequacy of reserves for reported and unliquidated damages; (vii) Testing the application of the methodology when calculating reserves for reported and unliquidated damages; (viii) Assessment of the appropriateness of disclosures in the financial statements. |

INDEPENDENT AUDITOR'S REPORT (continued)

Audit report of the financial statements (continued)

Key audit matters (continued)

| Key audit matters | How we addressed the key audit matters |
|---|---|
| <p>Evaluation of reserves for reported but unsolved court and annuity damages, incurred and unreported damages and mathematical insurance reserves</p> <p>Also, for the purpose of calculating non-life insurance reserves, the Company and the Group have stated reserves for incurred and unreported damages until the end of the accounting period (IBNR of eng. "Incurred but not reported") in the amount of HRK 110,018 thousand (2021: HRK 104,489 thousand), represents 9% of the total liabilities of the Company and the Group (2021: 8% of the Company's total liabilities), which are reported in accordance with the legal requirements for accounting of insurance companies.</p> <p>In line with insurance market practice, their valuation involves significant judgment, as it requires management to develop complex and subjective assumptions as key inputs in the actuarial reserve calculation model. Some of the key assumptions are: return on investment, interest rates, costs, mortality, longevity and withdrawal assumptions and damage quotas and cost quotas.</p> <p>In relation to all life insurance activities, the Company and the Group shall formulate appropriate mathematical insurance reserves in accordance with the accounting regulations intended to cover the obligations under the insurance contract. In their financial statements, the Company and the Group have a mathematical reserve in the amount of HRK 372,416 thousand (2021: HRK 377,029 thousand), which represents 34% of the total liabilities of the Company and the Group (2021: 30% of the Company's total liabilities), which are expressed in accordance with the legal requirements for accounting of insurance companies.</p> <p>The Company and the Group calculate the Mathematical Life Insurance Reserve individually under each insurance contract using the net prospective method in accordance with legal regulations and HANFA regulations. The underlying assumptions that must be made as part of the assessment include assumptions about mortality, longevity, loss, morbidity, disability and cost, and economic assumptions such as interest rates and capital market movements.</p> | <p><i>Reserves for incurred and unreported damages</i></p> <p>We have carried out the following audit procedures, including the use of actuarial experts:</p> <ul style="list-style-type: none"> (ix) Review and verification of the methodology and adequacy of the actuarial methods used to assess insurance liabilities; (x) Review and evaluation of actuarial judgments used in models, which may vary depending on the product and/or product specifications, as well as model compliance with IFRS; (xi) Recalculation of the calculation of reserves for incurred and unreported damages based on the damage triangle; (xii) Assessment of the completeness of the data used in the calculation of incurred and unreported damages; (xiii) Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating reserves, including information technology applications and tools used; (xiv) Assessment of design adequacy and verification of implementation of identified internal controls relevant to the process of calculating reserves for incurred and unreported damages; (xv) Testing the operational effectiveness of identified and relevant internal controls; (xvi) Assessment of the appropriateness of disclosures in the financial statements. <p><i>Mathematical Insurance Reserve</i></p> <p>We have carried out the following audit procedures, including the use of actuarial experts:</p> <ul style="list-style-type: none"> (xvii) Review and verification of the methodology and adequacy of the actuarial methods used to assess insurance liabilities; (xviii) Review and evaluation of actuarial judgments used in models, which may vary depending on the product and/or product specifications, as well as model compliance with IFRS; (xix) Recalculation of the Mathematical Insurance Reserve based on a sample of life insurance policies; |

INDEPENDENT AUDITOR'S REPORT (continued)

Audit report of the financial statements (continued)

Key audit matters (continued)

| Key audit matters | How we addressed the key audit matters |
|--|---|
| <p>Evaluation of reserves for reported but unsolved court and annuity damages, incurred and unreported damages and mathematical insurance reserves</p> <p>Furthermore, on each reporting date, the Company and the Group are obliged to conduct a liability adequacy test, with the aim of determining the sufficiency of the recognized reserves from the insurance contract, in accordance with the requirements of IFRS 4: <i>Insurance contracts</i>.</p> <p>The Company and the Group assess at each reporting date whether the stated insurance obligations are adequate, using current estimates of future cash flows under all their insurance contracts. Estimates of future cash flows are based on realistic actuarial assumptions, as listed above.</p> <p>If that estimate shows that the carrying amount of insurance liabilities is insufficient in relation to the estimated future cash flows, the shortfall shall be recognised at the expense of profit or loss.</p> <p>Given that the measurement of these insurance reserves involves a significant assessment of uncertain future outcomes, mainly due to the total amount of settlement of insurance liabilities, including all guarantees given to policyholders, which can have a significant impact on the financial statements of the Company and the Group, we decided to include the valuation and estimates used in the calculation of the above mentioned insurance reserves as well as the testing of liability adequacy as a key audit issue during our audit.</p> | <p><i>Mathematical Insurance Reserve (continued)</i></p> <p>(xx) Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating reserves, including information technology applications and tools used;</p> <p>(xxi) Assessment of design adequacy and verification of the implementation of identified internal controls relevant to the process of calculating the mathematical insurance reserve;</p> <p>(xxii) Testing the operational effectiveness of identified and relevant internal controls;</p> <p>(xxiii) Based on the sample, testing the quality of the data used in the calculation of the Mathematical Insurance Reserve;</p> <p>(xxiv) We assessed the appropriateness of the disclosures in the financial statements.</p> <p><i>Liability adequacy test</i></p> <p>We have carried out the following audit procedures, including the use of actuarial experts:</p> <p>(xxv) Review and verification of the methodology and adequacy of the actuarial methods used to assess insurance liabilities;</p> <p>(xxvi) Review and assessment of the adequacy and consistency of actuarial judgments used in models, which may vary depending on the product and/or product specifications and scenario, as well as model compliance with IFRS;</p> <p>(xxvii) An overview of projected cash flows and assumptions accepted in the context of the Company's, Group's and industry's experience and the specific characteristics of the product;</p> <p>(xxviii) Gaining an understanding of the control environment and internal controls established by the Management in the process of calculating reserves, including information technology applications and tools used;</p> <p>(xxix) Assessment of design adequacy and verification of the implementation of identified internal controls relevant to the liability adequacy process;</p> <p>(xxx) Testing the operational effectiveness of identified and relevant internal controls;</p> <p>(xxxi) We assessed the appropriateness of the disclosures in the financial statements.</p> |

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

- 1) Information included in the other information is, in all material respects, consistent with the attached consolidated financial statements.
- 2) Management Report has been prepared, in all material respects, in accordance with the Articles 21 and 24 of the Accounting Act.

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

Responsibilities of Management and those charged with governance for the unconsolidated and the consolidated Financial Statements

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

In preparing the unconsolidated and the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the unconsolidated and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated and the consolidated financial statements, including the disclosures, and whether the unconsolidated and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the unconsolidated and the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

Pursuant to the Ordinance on the form and content of financial and additional statements of insurance and reinsurance companies (OG 37/16, 36/18, 50/19, 98/20 "Ordinance"), the Management Board of the Company has prepared forms that are presented in the appendix to these financial statements on pages 137 to 154, and contain an unconsolidated statement of comprehensive profit, an unconsolidated statement of financial position, an unconsolidated statement of capital changes, an unconsolidated statement of cash flows and a conformity note. For these forms and related notes on adjustments, the Management Board of the Company is responsible, and do not represent an integral part of the financial statements that are presented on pages 16 to 136, but are prescribed by the Ordinance.

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

We were appointed as the statutory auditor of the Company and the Group by the shareholders of the Company on 20 June 2022 to perform audit of accompanying unconsolidated and consolidated financial statements. Our total uninterrupted engagement has lasted 4 years and covers period 1 January 2019 to 31 December 2022.

We confirm that:

- our audit opinion on the accompanying unconsolidated and consolidated financial statements is consistent with the additional report issued to the Audit Committee of the Group on 28 April 2023 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

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

Company and to the company under his control, we have, in addition to legal audit services, provided other services, which we list below:

- Audit of the company's reporting package for inclusion in the consolidated financial statements of the parent company Zavarovalnica Triglav d.d., prepared in accordance with the accounting manual of Zavarovalnica Triglav d.d.;
- Insight into the reporting package of the dependent company Triglav savjetovanje d.o.o. for inclusion in the consolidated financial statements of the parent company Zavarovalnica Triglav d.d., prepared in accordance with the accounting manual of Zavarovalnica Triglav d.d.;

Katarina Kadunc

Director

Tihana Bažant

Certified auditor

Deloitte d.o.o.

28 April 2023

Radnička cesta 80,

10 000 Zagreb, Croatia

Statement of financial position as at 31 December 2022

| | <i>Note</i> | Group December 31, 2022 HRK '000 | Company December 31, 2022 HRK '000 | Company December 31, 2021 HRK '000 |
|--|-------------|---|---|---|
| Assets | | | | |
| Property and equipment | 1.11 | 122,431 | 122,363 | 124,767 |
| Investment property | 1.12 | 1,202 | 1,202 | 1,241 |
| Right-of-use assets | 1.13 | 9,807 | 9,807 | 12,749 |
| Intangible assets | | | | |
| - Deferred acquisition costs | 1.14 | 29,591 | 29,591 | 26,315 |
| - Other intangible assets | 1.15 | 8,233 | 8,233 | 8,031 |
| Financial assets held to maturity | 1.16 | 53,054 | 53,054 | 62,869 |
| Financial assets available for sale | 1.16 | 562,199 | 562,199 | 596,367 |
| Financial assets at fair value in the profit and loss account | 1.16 | 305,825 | 305,825 | 320,471 |
| Loans and receivables | 1.16 | 55,514 | 55,514 | 40,624 |
| Reinsurance share in technical provisions | 1.17 | 101,784 | 101,784 | 97,653 |
| Deferred tax assets | 1.18 | 17,790 | 17,790 | 490 |
| Insurance and other receivables | 1.19 | 198,967 | 199,373 | 171,729 |
| Cash and cash equivalents | 1.20 | 17,998 | 17,671 | 11,055 |
| Total assets | | 1,484,395 | 1,484,406 | 1,474,361 |
| Capital and reserves | | | | |
| Share capital | 1.24 | 285,002 | 285,002 | 209,656 |
| Premium on issued shares | 1.24 | 4,692 | 4,692 | 4,692 |
| Legal reserve | 1.24 | 5,560 | 5,560 | 4,875 |
| Fair value reserve | 1.24 | (55,518) | (55,518) | 24,119 |
| Other reserves | 1.24 | 2,216 | 2,216 | 2,216 |
| Loss carried forward | 1.24 | (23,449) | (23,068) | (36,085) |
| (Loss)/profit for the year | | (24,294) | (24,396) | 13,702 |
| Total equity and reserves | | 194,209 | 194,488 | 223,175 |
| Liabilities | | | | |
| Technical provisions | 1.21 | 1,144,921 | 1,144,921 | 1,133,750 |
| Provisions for liabilities and expenses | 1.22 | 7,563 | 7,563 | 6,979 |
| Insurance and other liabilities | 1.23 | 137,639 | 137,371 | 105,168 |
| Deferred tax liability | | 63 | 63 | 5,289 |
| Total liabilities | | 1,290,186 | 1,289,918 | 1,251,186 |
| Total liabilities and equity and reserves | | 1,484,395 | 1,484,406 | 1,474,361 |

The accounting policies and notes form an integral part of these financial statements.

Statement of comprehensive income for the year 2022

| | <i>Note</i> | Group 2022 | Company 2022 | Company 2021 |
|---|-------------|-----------------------|-------------------------|-------------------------|
| | | HRK '000 | HRK '000 | HRK '000 |
| Gross written premium | 1.26 | 712,400 | 712,400 | 654,056 |
| Outward reinsurance premiums | 1.26 | (190,819) | (190,819) | (136,198) |
| Written premiums, net of reinsurance | | 521,581 | 521,581 | 517,858 |
| Change in unearned premium provisions, gross | 1.26 | (27,797) | (27,797) | (26,225) |
| Change in unearned premium provisions, reinsurance share | 1.26 | 3,247 | 3,247 | 8,834 |
| Earned premiums, net of reinsurance | | 497,031 | 497,031 | 500,467 |
| Investment income | 1.28 | 19,236 | 19,236 | 47,390 |
| Investment costs | 1.29 | (33,991) | (34,093) | (2,021) |
| Fees and commission income | 1.27 | 47,893 | 47,893 | 20,630 |
| Other operating income | 1.30 | 14,686 | 14,686 | 11,628 |
| Net income | | 544,855 | 544,753 | 578,094 |
| Claims incurred | 1.31 | (417,977) | (417,977) | (410,879) |
| Reinsurers' share of claims incurred | 1.31 | 114,741 | 114,741 | 74,390 |
| Claims incurred, net of reinsurance | | (303,236) | (303,236) | (336,489) |
| Acquisition costs | 1.32 | (128,898) | (128,898) | (123,455) |
| Administrative costs | 1.33 | (102,778) | (102,778) | (94,965) |
| Other operating expenses | 1.34 | (38,285) | (38,285) | (6,099) |
| Finance costs | 1.35 | (1,002) | (1,002) | (1,847) |
| (Loss) / Profit before tax | | (29,344) | (29,446) | 15,239 |
| Income tax | 1.36 | 5,050 | 5,050 | (1,537) |
| (Loss) / Profit for the year | | (24,294) | (24,396) | 13,702 |
| Other comprehensive (loss) / income | | | | |
| Net change in the fair value of financial assets available for sale, net of realised amounts | 1.24 | (97,113) | (97,113) | (11,108) |
| Other comprehensive income tax | 1.24 | 17,476 | 17,476 | 2,004 |
| Total comprehensive (loss) / income for the year | | (79,637) | (79,637) | (9,104) |
| Total comprehensive (loss) / income for the year, net of tax | | (103,931) | (104,033) | 4,598 |

The accounting policies and notes form an integral part of these financial statements.

Statement of changes in equity

| Group | Note | <i>Share capital</i> HRK '000 | Premium on issued shares HRK '000 | Legal reserve HRK '000 | Fair value reserve HRK '000 | Other reserves HRK '000 | Loss carried forward HRK '000 | Profit for the year HRK '000 | Total HRK '000 |
|--|------|--------------------------------------|---|--------------------------------------|---|---------------------------------------|---|--|--------------------------|
| Balance as at 1 January 2022 | | <u>209,656</u> | <u>4,692</u> | <u>4,875</u> | <u>24,119</u> | <u>2,216</u> | <u>(33,189)</u> | <u>13,702</u> | <u>226,071</u> |
| Loss for the year | | - | - | - | - | - | - | (24,294) | (24,294) |
| <i>Other comprehensive loss</i> | 1.24 | - | - | - | (79,637) | - | - | - | (79,637) |
| Net change in fair value of available-for-sale financial assets, net of realised amounts | 1.24 | - | - | - | (97,113) | - | - | - | (97,113) |
| Change in deferred tax | | - | - | - | 17,476 | - | - | - | 17,476 |
| Total comprehensive loss for the year | | - | - | - | <u>(79,637)</u> | - | - | <u>(24,294)</u> | <u>(103,931)</u> |
| Owner transactions directly recognized in capital | | | | | | | | | |
| Increase in capital | | 75,346 | - | - | - | - | - | - | 75,346 |
| Allocation of prior year profit or loss | | - | - | 685 | - | - | 13,017 | (13,702) | - |
| Effect of new subsidiary aquisition | 1.43 | - | - | - | - | - | (3,277) | - | (3,277) |
| Balance as at 31 December 2021 | | <u><u>285,002</u></u> | <u><u>4,692</u></u> | <u><u>5,560</u></u> | <u><u>(55,518)</u></u> | <u><u>2,216</u></u> | <u><u>(23,449)</u></u> | <u><u>(24,294)</u></u> | <u><u>194,209</u></u> |

Statement of changes in equity

| Company | Note | <i>Share capital</i> HRK '000 | Premium on issued shares HRK '000 | Legal reserve HRK '000 | Fair value reserve HRK '000 | Other reserves HRK '000 | Loss carried forward HRK '000 | Profit for the year HRK '000 | Total HRK '000 |
|--|------|--------------------------------------|---|--------------------------------------|---|---------------------------------------|---|--|--------------------------|
| Balance as at 1 January 2021 | | <u>209,656</u> | <u>4,692</u> | <u>4,875</u> | <u>33,223</u> | <u>2,216</u> | <u>(16,617)</u> | <u>(19,468)</u> | <u>218,577</u> |
| Profit for the year | | - | - | - | - | - | - | 13,702 | 13,702 |
| <i>Other comprehensive income</i> | | - | - | - | (9,104) | - | - | - | (9,104) |
| Net change in fair value of available-for-sale financial assets, net of realised amounts | 1.24 | - | - | - | (11,108) | - | - | - | (11,108) |
| Change in deferred tax | 1.24 | - | - | - | 2,004 | - | - | - | 2,004 |
| <i>Other comprehensive income</i> | | - | - | - | - | - | - | 13,702 | 13,702 |
| Profit for the year | | - | - | - | - | - | - | 13,702 | 13,702 |
| Total comprehensive income for the year | | - | - | - | (9,104) | - | - | 13,702 | 4,598 |
| Transactions with owners recognized directly in equity | | | | | | | | | |
| Allocation of prior year profit or loss | | - | - | - | - | - | (19,468) | 19,468 | - |
| Balance as at 31 December 2021 | | <u>209,656</u> | <u>4,692</u> | <u>4,875</u> | <u>24,119</u> | <u>2,216</u> | <u>(36,085)</u> | <u>13,702</u> | <u>223,175</u> |
| Loss for the year | | - | - | - | - | - | - | (24,396) | (24,396) |
| <i>Other comprehensive loss</i> | | - | - | - | (96,816) | - | - | - | (96,816) |
| Net change in fair value of available-for-sale financial assets, net of realised amounts | 1.24 | - | - | - | (96,816) | - | - | - | (96,816) |
| Change in deferred tax | 1.24 | - | - | - | 17,179 | - | - | - | 17,179 |
| Total Comprehensive profit for the year | | - | - | - | (79,637) | - | - | - | (79,637) |
| Transactions with owners recognized directly into capital | | | | | | | | | |
| Increase in capital | | 75,346 | - | - | - | - | - | - | 75,346 |
| Allocation of prior year profit or loss | | - | - | 685 | - | - | 13,017 | (13,702) | - |
| Balance as at 31 December 2022 | | <u>285,002</u> | <u>4,692</u> | <u>5,560</u> | <u>(55,518)</u> | <u>2,216</u> | <u>(23,068)</u> | <u>(24,396)</u> | <u>194,488</u> |

The accounting policies and notes form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2022

| | | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|---|----------------|------------------------------------|--------------------------------------|--------------------------------------|
| Cash flow from operating activities | | | | |
| Loss/(profit) after tax | | (24,294) | (24,396) | 13,702 |
| Adjusted by: | | | | |
| Depreciation and amortisation | 1.33 | 12,958 | 12,958 | 12,244 |
| Increase in insurance contract technical provisions, net of reinsurance | 1.21 i 26 | 7,040 | 7,040 | 71,467 |
| Increase in provisions | 1.22 | 584 | 584 | 2,934 |
| Decrease in deferred acquisition costs | 1.14 i 1.32 | (3,276) | (3,276) | (1,737) |
| Net interest income | | (14,955) | (14,955) | (14,309) |
| Losses/(gains) from impairment on insurance receivables | 1.28 | 19 | 19 | (801) |
| (Losses)/gains from fair value adjustments of financial assets | 1.35 | 32,501 | 32,501 | (26,004) |
| Income from exchange rate | 1.34 | (1,357) | (1,357) | (508) |
| Other (income)/expenses | | (4,454) | (4,454) | 4,262 |
| | | 4,766 | 4,664 | 61,250 |
| Change in working capital | | | | |
| Decrease/(increase) in insurance and other receivables | 1.19 | (44,944) | (44,944) | (6,653) |
| Increase in insurance and other payables | 1.23 | 27,561 | 27,561 | 2,527 |
| Net (acquisition) / disposal of financial investments | | | | |
| - Equity and debt securities | 1.16 | (40,037) | (40,037) | 13,568 |
| - Shares in investment funds | 1.16 | (16,299) | (16,299) | (92,979) |
| - Deposits with banks and loans to customers | 1.16 | (14,276) | (14,276) | 432 |
| Interest received | | 20,658 | 20,658 | 20,013 |
| Interest paid | | (467) | (467) | |
| Net cash from operating activities | | (67,804) | (67,804) | (63,092) |
| Cash flows from investing activities | | | | |
| Increase in intangible assets | 1.15 | (3,658) | (3,658) | (3,109) |
| Increase in PPE and investment property | 1.11 I 1.12 | (1,932) | (1,932) | (2,800) |
| Acquisition of subsidarie, neto cash income | 1.43 | (102) | | |
| Net cash from investing activities | | (5,692) | (5,590) | (5,829) |
| Cash flows from financing activities | | | | |
| Short term loan repayments | 1.24 | 75,346 | 75,346 | - |
| Net cash from financing activities | | 75,346 | 75,346 | - |
| Net decrease in cash and cash equivalents | | 6,616 | 6,616 | (7,671) |
| Cash increase from Triglav savjetovanja d.o.o. aquisition | 1.43 | 327 | - | - |
| Cash and cash equivalents at the beginning of the year | | 11,055 | 11,055 | 18,727 |
| Cash and cash equivalents at the end of the year | 1.20 | 17,998 | 17,671 | 11,055 |

The accounting policies and notes on pages form an integral part of these financial statements.

1 Notes to the financial statements

1.1 Reporting entity

Triglav osiguranje d.d. ("the Company") is a joint stock company incorporated and with a registered office in the Republic of Croatia, A. Heinza 4, Zagreb.

The Company is a mixed insurance company that offers life and non-life insurance products in the Republic of Croatia and is regulated by the Croatian Financial Services Supervisory Agency ("CFSSA").

On the date of reporting, the sole owner of the Company and the Group (100% of voting rights) is Triglav INT d.o.o. The parent company of the Triglav Group and the debtor of consolidation of financial statements is Zavarovalnica Triglav d.d. Ljubljana. Both companies, Triglav INT d.o.o. and Zavarovalnica Triglav d.d. they were also established with headquarters in the Republic of Slovenia.

During 2022, the Company acquired the remaining shares in Triglav Savjetovanje d.o.o. and acquired 100% in the company. Thus, Triglav Savjetovanje d.o.o. has become a dependent company.

In the period from January 1, to December 31, 2022. The Management Board worked in the following composition:

- Marin Matijaca, President of the Management Board (term from August 29, 2016. to September 15, 2022.)
- Denis Burmaz, Member of the Management Board until September 15, 2022., from September 16, 2022. President of the Management Board (term from August 4, 2016. to August 3, 2024.)
- Darko Popovski, Member of the Management Board (term from April 01, 2021. to March 31, 2025.)

In the period from January 01. - December, 31, 2022. the Supervisory Board held 16 (sixteen) meetings in the following composition:

- David Benedek, Chairman of the Supervisory Board until June 30, 2022.
- Uroš Ivanc, President of the Supervisory Board from July 1, 2022.
- Tomaž Žust, Deputy Chairman of the Supervisory Board
- Gorazd Jenko, Member of the Supervisory Board
- Iztok Cimperman, Member of the Supervisory Board until November 15, 2022.
- Alenka Vrhovnik Težak, Member of the Supervisory Board from November 16, 2022.
- Pave Srezović-Pušić, member of the Supervisory Board, workers' representative

GENERAL MEETING – convened by the Management Board or Supervisory Board at least once a year. The General Assembly decides on financial statements, profit use, discharge to members of the Management Board and Supervisory Board of the Company, election and recall of supervisory board members, appointment of auditors and all other issues in accordance with positive regulations and the Articles of Association of the Company.

Other bodies of the Society

The Audit Committee was established by the Decision of the Supervisory Board of the Company on March 24, 2009.

In the period from January 1, to December 31, 2022. was held 5 (five) sessions of the Audit Committee of the Company, in the following composition:

- Tomaž Žust, President of the Audit Committee
- Iztok Cimperman, Deputy Chair of the Audit Committee, until November 16, 2022.
- Saša Kovačić, Member of the Audit Committee,
- Jana Polda, Member of the Audit Committee
- Branko Flisar, Member of the Audit Committee
- Gorazd Jenko, Member of the Audit Committee since November 23, 2022.

1.2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted in the EU (“IFRS”). These financial statements represent unconsolidated and the consolidated financial statements of the company Triglav osiguranje d.d. On the territory of Republic of Croatia the Company consolidates financial statements with financial statements of the daughter company Triglav savjetovanje Zagreb.

First application of IFRS 10 Consolidated financial statements is on the day 31. December 2022.

These financial statements were authorised for issue by the Management Board on 28 April 2023 and delivered to the Supervisory Board for approval.

(b) Time limit of operations

Management considers that the Company is adequately funded, and it is anticipated that future inflows will allow short- and long-term liabilities to be met. As a result, the Management Board accepts the assumption of unlimited operations as a basis for the preparation of financial statements.

(c) Basis of measurement

These financial statements are prepared on the historical cost basis, except for available-for-sale financial assets and financial assets at fair value through profit or loss which are stated at their fair value.

(d) Functional and reporting currency

The financial statements are prepared in Croatian kuna (HRK), the currency of the primary economic environment in which the Company operates (“the functional currency”). Amounts have been rounded to the nearest thousand.

(e) Use of estimates and judgements

Preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 the financial statements, the results of which form the basis of making the judgments about carrying values 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.4.

1.2 Basis of preparation (continued)

(f) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

Changes in the fair value of monetary securities denominated in or pegged to foreign currencies classified as available-for-sale are divided into translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in statement of comprehensive income as foreign exchange gains or losses on the revaluation of monetary assets and liabilities and presented within investment income or investment expense. At the balance sheet date, the Company did not have any non-monetary securities denominated in or pegged to foreign currencies classified as available-for-sale.

The translation differences on fair valuation of non-monetary financial assets denominated in or pegged to foreign currencies classified as available-for-sale are recognised in other comprehensive income, together with other related changes.

The most significant foreign currency in which the Company holds its assets and liabilities is the euro. The exchange rate used for translation as at 31 December 2022 was EUR 1 = HRK 7,5345 (2021: EUR 1 = HRK 7,5172).

(g) Changes in accounting policies and application of new standards and interpretations

Adoption of new and adjusted International Financial Reporting Standards (“IFRS”) and their interpretation

Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

In the current year the Company and Group have implemented a number of amendments to international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period starting from 1st January 2022 or after that date.

| Standard | Title |
|--|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework with Amendments to IFRS 3 |
| Amendments to IAS 16 | Property, plant and equipment - revenues before intended use |
| Amendments to IAS 37 | Harmful contracts - the cost of fulfilling the contract |
| Amendments to various standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41) | Improvements to IFRS - cycle 2018 - 2020 |

Adoption of amendments to the existing standards and interpretations are not relevant for the Company’s operations and do not materially impact the financial statements.

1.2 Basis of preparation (continued)

(g) Changes in accounting policies and application of new standards and interpretations (continued)

Adoption of new and adjusted International Financial Reporting Standards (“IFRS”) and their interpretation (continued)

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

On the date of approval of these financial statements, the Company has not applied the following new and revised international accounting standards issued and adopted by the EU, but not yet in force:

| Standard | Title | Adoption status in the EU |
|----------------------|---|---------------------------|
| IFRS 17 | New standard IFRS 17 "Insurance Contracts" including amendments to IFRS 17 of June 2020 and December 2021 | 1.1.2023 |
| Amendments to IAS 1 | Publication of accounting policies | 1.1.2023 |
| Amendments to IAS 8 | Definition of accounting estimates | 1.1.2023 |
| Amendments to IAS 12 | Deferred tax relating to assets and liabilities arising from a single transaction | 1.1.2023 |

Company and Group expect that adoption of above mentioned Standards will not have significantly impact on financial statements of Company and Group in future periods, except for the first application of IFRS 17, which is described below.

1.2 Basis of preparation (continued)

(g) Changes in accounting policies and application of new standards and interpretations (continued)

Adoption of new and adjusted International Financial Reporting Standards (“IFRS”) and their interpretation (continued)

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

Currently, the standards adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board, except for the following new standards and amendments to existing standards, which have not yet been adopted by the EU at the date of issuance of these financial statements:

| Standard | Title | Adoption status in the EU |
|----------------------------------|--|---|
| Amendments to IAS 1 | Classification of liabilities as current or long-term (Effective Date of the IASB: 1 January 2023) | It hasn't been adopted yet |
| Amendments to IAS 1 | Long-term commitments with contracts (IASB entry into force date: 1 January 2024) | It hasn't been adopted yet |
| Amendments to IFRS 16 | Liability for leasing in sales and "sale and lease back" (Effective Date of OMRS: 1 January 2024) | It hasn't been adopted yet |
| IFRS 14 | Regulatory time demarcation accounts (Effective date of OMRS: 1 January 2016) | The European Commission has decided not to initiate the procedure for approving this provisional standard and wait for the final standard |
| Amendments to MFSI 10 and IAS 28 | Sale or contribution of assets between the investor and its affiliate or joint venture and further amendments (effective date postpones OMRS indefinitely, but earlier application is permitted) | Approval process postponed indefinitely until a research project on the share method is completed |

The Company and the Group do not expect that the adoption of the above-mentioned Standards will have a significant impact on the financial statements of the Company and the Group in future periods.

1.2 Basis of preparation (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(h) Impact of IFRS 17 and IFRS 9 application

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts (in force for annual periods starting on or after January 1, 2023).

The International Accounting Standards Board (IASB) issued IFRS 17 in May 2017 as a replacement for IFRS 4 Insurance Contracts. In order to assist entities in the application of the standard in June 2020, the IASB issued amendments to IFRS 17, which introduced various amendments and postponed the effective date to January 1, 2023. The EU approved IFRS 17 and its additions in November 2021.

(i) Identifying contracts within the scope of IFRS 17

IFRS 17 lays down principles for the recognition, measurement, presentation and publication of insurance, reinsurance and investment contracts with discretionary participation characteristics. An insurance contract is a contract under which one party (issuer) assumes a significant insurance risk from the other party (the policyholder) and agrees to pay the policyholder compensation if it suffers damage to a particular uncertain event (insured event). In some cases, when determining a contract within the scope of IFRS 17, the Company will have to assess whether the set or series of contracts should be treated as a single contract and whether the inbuilt derivatives, investment components and components of goods and services should be separated and accounted for according to another standard. For insurance and reinsurance contracts, the Company does not expect significant changes resulting from the application of these requirements.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

IFRS 17 Insurance Contracts (continued)

ii. Grouping Level

Under IFRS 17, insurance contracts are grouped for measurement purposes and groups of contracts are determined by first identifying portfolios of contracts, each containing contracts that are subject to similar risks and managed jointly. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into groups of contracts for which the recognition and measurement requirements under IFRS 17 apply. At initial recognition, the Company separates the contracts into annual cohorts, and each annual cohort is classified into one of the following groups:

- a group of contracts that are detrimental to initial recognition;
- a group of contracts for which, at initial recognition, there is no significant possibility that they will subsequently become harmful;

Once a contract is recognised, it is added to the existing group of contracts. As a rule, reinsurance contracts are valued for themselves.

The level of grouping under IFRS 17 limits netting of gains on groups of profitable contracts, through delayed recognition of the contractual service margin ('CSM'), with losses on groups of harmful contracts, which are immediately recognised.

iii. Contract limits

According to IFRS 17, the measurement of a group of contracts includes all future cash flows within the limits of each contract in that group. Compared to the current accounting policy, the Company expects that for certain contracts, the requirements of IFRS 17 for contract boundaries will change the volume of cash flows that will be included in the measurement of existing recognized contracts. The period including premiums within the limits of the contract constitutes a 'cover age' and is relevant when the numerous requirements of IFRS 17 apply.

Insurance contracts

Cash flows are within the limits of insurance contracts if they arise from material rights and obligations that exist during the reporting period in which the Company may force the policyholder to pay premiums or in which it has a material obligation to provide the policyholder with the services under the insurance contract. The substantive obligation to provide services under the insurance contract ceases when:

- The company has the practical opportunity to reassess the risks of a particular policyholder and, as a result, may determine the price or level of benefit in which those risks are fully reflected;
- Or
- has the practical opportunity to reassess the risks of the portfolio of the insurance contract containing that contract and, as a result, may determine the price or level of benefit in which the risk of that portfolio is fully reflected and where the pricing of premiums by the reassessment date does not take into account risks relating to the periods following the reassessment date.

Reinsurance contracts

For reinsurance contracts, cash flows are within the limits of the contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company is obliged to pay amounts to the reinsurer or has a material right to receive services from the reinsurer. The substantive right to receive services from a reinsurer ceases when the reinsurer:

- has the practical ability to reassess the risks conveyed to it and may set a price or level of benefit that fully reflects those reassessed risks; or
- He has the right to break the cover.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

IFRS 17 Insurance Contracts (continued)

iii. Contract limits

Some of the quota-held reinsurance contracts cover the relevant contracts issued within the annual risk-linking period and give unilateral rights to both the Company and the reinsurer to terminate the linking of the new underlying contracts at any time with prior notice of three months to the counterparty. The current measurement of those reinsurance contracts is generally consistent with the underlying contracts and shall only take into account the underlying contracts given in reinsurance on the measurement date. However, according to IFRS 17, cash flows arising from underlying contracts expected to be issued and days in reinsurance after the measurement date, in addition to those resulting from underlying contracts already given in reinsurance, may be within the limits of reinsurance contracts and may be taken into account when measuring.

iv. Measurement

Insurance/reinsurance contracts are subject to different requirements depending on how they are classified. The standard requires a general measurement model based on current best estimates, whereest estimates are re-measured in each reporting period. Contracts are measured as a sum of:

- a. the execution of cash flows, consisting of estimates of future cash flows, adjusted to reflect the time value of money and related financial risks with a correction of value for non-financial risk; and
- b. CSM's.

An alternative simplified approach based on the allocation of premiums based on the passage of time is allowed to account for the liability for the remaining cover age for short-term contracts, which are often contracted by non-life insurance insurers. A variation of the general measurement model, called the 'variable fee measurement model', is also envisaged, which must be applied to certain life insurance contracts in which insurance policy holders participate in changing the fair value of the specific items defined by the insurance contracts in question. Below are more detailed individual models.

Life insurance contracts

At initial recognition, the Company will measure the group of contracts with a general model. The general model measures the group of insurance contracts at the level of:

- a) total cash flows from the performance of the contract, which include:
 - i. estimates of future cash flows;
 - ii. adjustments to reflect the time value of money and the financial risks associated with future cash flows where financial risks are not included in estimates of future cash flows; and
 - iii. correction of value for non-financial risk.
- b) total margins for the contracted service.

Cash flows from the performance of the group of contracts do not reflect the risk of default of the Company. The estimate of future cash flows is calculated as the present value of future gross expenses (fees and costs) minus the present value of future gross income (gross written premium of future periods) taking into account the estimated probabilities of possible outcomes. All cash flows will be discounted using risk-free yield curves adjusted to reflect cash flow characteristics and contract liquidity characteristics. Cash flows varying on the basis of the yield of any underlying item will be adjusted for the effect of that variability using risk-neutral techniques and discounted using risk-free rates adjusted for illiquidity. The adjustment of value for non-financial risk for a group of contracts, established separately from other estimates, is the compensation required due to uncertainty as to the amount and timing of cash flows arising from non-financial risk.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

IFRS 17 Insurance Contracts (continued)

The CSM of the contract group represents the unearned profit that the Company will recognise when it provides the services under the insurance contract in the future. When initially recognising a group of contracts, a group of contracts shall not be detrimental if the sum of the following represents a net inflow:

- a) cash flows from the performance of the contract;
- b) any cash flows resulting from contracts in that group on that date; and
- c) any amount resulting from the cessation of recognition of any assets or liabilities previously recognised for cash flows linked to a group of contracts.

i. Measurement

In the case of net outflows, the contract group constitutes harmful contracts and the net outflow is recognised as a loss in the profit and loss account. Also, the loss component is recognised in order to display the amount of net outflow of money, which determines the amounts subsequently displayed in the profit and loss account as the cancellation of losses under harmful contracts and are excluded from income from insurance contracts. Subsequently, the carrying amount of the contract group at each reporting date is the sum of the liabilities for the remaining coverage and the liability for the damages incurred. The obligation for the remaining cover age includes cash flows from the performance of the contract relating to the services to be provided under the contract in future periods and the remaining di CSM on that date. The liability for the damages incurred includes cash flows of the execution of the contract for the damages incurred and costs that have not yet been paid, including damages that have been incurred but have not yet been reported. The cash flows of the performance of the contract group are measured at the reporting date using current estimates of future cash flows, the current discount rate and the current value correction estimate for non-financial risk. Changes in fulfillment cash flows are recognised as follows:

| | |
|---|---|
| Changes related to future services | <i>It is reconciled under the CSM (or recognised as part of the income from the insurance contract in the profit or loss account if it is a harmful contract)</i> |
| Changes related to current or past services | <i>It is recognised as part of the income from the insurance contract in the profit or loss account</i> |
| Effects of time value of money, financial risk and changes on estimated future cash flows | <i>It is recognised as part of net financial income or expenditure from insurance contracts</i> |

The CSM shall subsequently be adjusted only for changes in contract performance cash flows relating to future services and other specified amounts and shall be recognised in the profit and loss account as the services are provided. The CSM, at each reporting date, represents profit in a group of contracts that has not yet been recognised in the profit and loss account as it relates to future services. The company will only implement reinsurance contracts in life insurance and the selection of the valuation method. Cash flows from the acquisition of insurance result from the activities of selling and taking over a group of contracts that can be directly attributable to the portfolio of contracts to which the group belongs. According to MSFI 17, for life insurance contracts, cash flows from insurance procurement are allocated to groups of contracts using systematic and rational methods. A variation of the general measurement model, called the 'variable fee measurement model', is also envisaged, which must be applied to certain life insurance contracts in which insurance policy holders participate in changing the fair value of the specific items defined by the insurance contracts in question. When applying this model, the insurer's share in changes in fair value is included in the margin of the contractservice. Consequently, the results of insurers using this model are likely to be less volatile than by applying a general measurement model.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement

Impact assessment

Under MSFI 17, profits will be recognised in the profit or loss account over the term of the contract, and this will be primarily based on the release of the CSM in the profit or loss account, in accordance with the timeframe of service provision, and correction of the value for non-financial risk as the associated risk expires. Although the total profit recognised during the term of the contract will not change, the Company expects the recognition of profits to be less volatile. This is mainly because for certain life insurance contracts, all profits are currently recognised in profit or loss on the initial recognition of the contract. Different profit recognition times may result in an increase in liabilities after the adoption of IFRS 17, as part of the profits previously recognised and accumulated in capital under IFRS 4 will be included in the measurement of ifrs 17 liabilities. The reduction in liabilities under life contracts when switching to IFRS 17 is mainly attributable to the following:

| Changes from IFRS 4 | Impact on capital at the date of transition to IFRS 17 |
|--|--|
| Estimates of the present value of future cash flows will be increased based on reduced discount rates in accordance with the requirement of MSFI 17 to measure future cash flows using current discount rates. | Reduction |
| A recognised CSM determined by the use of the approaches described in (v) represents an undisclosed profit for these contracts. | Reduction |

The Company estimates that, after the adoption of MSFI 17, the effect of these changes (before tax) will be to increase the total capital of the Company, which will amount to HRK 12.96 million on January 1, 2022.

The data presented below have been prepared on the basis of the best assessment and interpretation of the standards and will be subject to re-review. Officially disclosed financial statements may therefore contain information that differs significantly from the estimate shown below.

Non-life insurance contracts

The Premium allocation approach (PAA) is a simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet certain criteria. The Company expects to apply paa to all contracts in the non-life insurance segment, except loan insurance to which the general measurement model as described in the life insurance section will apply, as the following criteria are expected to be met at initial recognition:

- Insurance contracts and disproportionate reinsurance contracts: the period of coverage of each contract in the group of contracts is one year or less.
- Reinsurance contracts containing related risks: The company reasonably expects that the result of the measurement of assets for the remaining cover will not differ significantly from the results of the application of the general measurement model.

When initially recognising each group of non-life insurance contracts, the carrying amount of the liability for the remaining cover is measured on the basis of the premiums received at initial recognition. The company will decide to recognize cash flows from the acquisition of insurance as an expense when they arise, except for the costs of commissions that will be delimited during the term of the insurance contract and recognized based on the passage of time. Subsequently, the carrying amount of the liability for the remaining coverage shall be increased for all further premiums received and reduced by the amount recognised as the income of the insurance contract for the services rendered. The Company expects that the time between the provision of each part of the services and the maturity date of the associated premium will not exceed one year. Accordingly, as permitted by MSFI 17, the Company will not comply with the obligation for the remaining cover age to reflect the time value of money and the effect of financial risk.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

If at any time before and during the cover-up period, the facts and circumstances indicate that the group of contracts is harmful, then the Company will recognise the loss in the profit or loss account and increase the liability for the remaining cover age to the extent that the current estimates of the execution of cash flows relating to the remaining cover exceed the carrying amount of the liability for the remaining coverage. Cash flows of contract execution will be discounted.

The Company will recognize the liability for incurred damages of the group of contracts in the amount of cash flows until the final fulfillment of the obligations. Future cash flows will be discounted.

The company will apply the same accounting policies to measure a group of reinsurance contracts, adapted as appropriate, to reflect features that differ from those of insurance contracts.

Impact assessment

Although the premium distribution model is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes in accounting for non-life insurance contracts are expected.

| Changes from IFRS 4 | Impact on capital at the date of transition to IFRS 17 |
|---|---|
| In accordance with MSFI 17, the Company will discount future cash flows when measuring the liability for incurred damages. The Company does not currently discount such future cash flows (except for annuity damages in reserves). | Increase |
| IFRS 17 requires that contract performance cash flows include a correction of value for non-financial risk. Under IFRS 4, cash flows are not explicitly adjusted to correct the value for financial risk. | Reduction |
| In accordance with MSFI 17, the Company will include in cash flows and expected recourse collections, which differs from the current practice according to which these amounts are not booked. | Increase |

The Company estimates that, after the adoption of MSFI 17, the effect of these changes (before tax) will be a decrease in the total capital of the Company, which will amount to HRK 2.21 million on January 1, 2022.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Measurement - significant judgments and estimates

Estimates of future cash flows

In assessing future cash flows, the Company will impartially include all reasonable and reliable data available without undue costs and efforts regarding the amount, timing and uncertainty of these future cash flows at the reporting date. This information includes both internal and external historical data on damages and other experiential data, updated to reflect current expectations of future events.

Estimates of future cash flows will reflect the Company's position on current conditions at the reporting date, as long as the estimates of all relevant market variables are consistent with visible market prices for those variables.

When assessing future cash flows, the Company will take into account current expectations of future events that could affect these cash flows. However, expectations of future changes in legislation that would change or lift the current obligation or create new obligations under existing contracts will not be taken into account until a change in legislation is actually enacted.

Cash flows within the boundaries of the contract are those directly related to the performance of the contract, including those for which the Company has discretion in terms of amount or time. This includes premiums, including adjustments to the policyholder's premiums and instalment premiums and any additional cash flows arising from those premiums, payments to the policyholder (or on behalf of the policyholder), cash flows from the acquisition of insurance and other costs incurred in the performance of the contract. Cash flows from insurance acquisitions and other costs incurred in the performance of the contract include direct costs and the distribution of fixed and variable overheads that can be directly attributed to the performance of the insurance contract (so-called attributable).

Cost cash flows shall be allocated into groups of contracts using systematic and meaningful methods that are consistently applied to all costs with similar characteristics. A significant part of direct administrative costs are directly charged to life and non-life insurance segments. Administrative costs that cannot be directly allocated to life or non-life insurance the Company will allocate based on the analysis of the time spent of administration employees on activities related to life and non-life insurance. The allocation of these costs within a particular segment to the associated insurance groups is carried out on the basis of a share of the insurance income of the respective insurance group.

The company does not have non-attributable costs, all costs are allocated to groups of insurance contracts.

Discount rates

According to the requirements of IFRS 17, the company will set discount rates with the so-called bottom-up approach, using EIOPA's risk-free interest curve. To reflect the liquidity characteristics of life insurance contracts, risk-free interest rate curves will be further adjusted by adjusting for illiquidity. Adjustments for illiquidity will generally be determined on the basis of assessments of differences in the liquidity characteristics of insurance contract groups and assets on the basis of which risk-free interest curves will be assessed. For life insurance group contracts, the Company measures liabilities under the requirements of IFRS 4 by discounting future cash flows, using technical interest rates, determined at initial recognition in accordance with applicable price lists and subsequently corrected in accordance with regulatory requirements. According to the requirements of IFRS 17, the Company will measure life insurance obligations by discounting future cash flows (cash flows from the execution of life insurance contracts) with the application of current discount rates at the appropriate measurement date. Due to the different methodology of determining discount rates according to the requirements of IFRS 17 where entire time structures of interest rates are applied (interest curves at which each maturity is assigned a special interest rate), compared to IFRS 4 where constant interest rates are applied for all maturities relating to a particular contract, discount rates according to the requirements of IFRS 17 will in some cases be higher, and in some cases less than discount rates applied according to the requirements of IFRS 4. In addition, due to significant changes in financial markets, which led to a significant increase in interest rates during 2022 and their volatility was evident, the Company will regularly estimate discount rates on each accounting date using current market returns.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Discount rates (continuation)

For non-life insurance contracts, the Company does not discount future cash flows according to the requirements of IFRS 4, except for annuity damages in the damage reserve. According to the requirements of IFRS 17, the Company will discount cash flows of non-life insurance contracts that will be measured in accordance with the general measurement model (loan insurance). For all other contracts, for which the premium distribution model — PAA will apply, cash flows from the performance of contracts relating to damages incurred will be discounted. Applicable discount rates will be determined in accordance with the methodology described earlier.

Adjustment of value for non-financial risk

The adjustment of the value for non-financial risk will be determined in such a way as to reflect the compensation that the Company would require for bearing the non-financial risk and its degree of risk aversion. It will be determined separately for life and non-life insurance contracts.

The adjustment of value for non-financial risk will be determined using the following techniques:

- two methods are used for the calculation of non-financial risk corrections for non-life insurances: the quantile method and the cost of capital method, where the choice of method depends on the availability of data and the stability of the results of statistical calculations of a particular portfolio;
- Life insurance contracts: The calculation of the value correction for non-financial risk for life insurance is based on shock scenarios with explicit margins. These margins were derived on the basis of corresponding shocks from life insurance risk submodules defined in Solvency II. Shocks calibrated by ELOPA in Solvency II were adapted to the requirements of MSFI 17 and the target confidence interval.

CSM

A CSM of a contract group shall be recognised in the profit and loss account in each period to reflect the services provided under the group of insurance contracts during that period. This amount shall be determined by identifying the cover units in the contract group, by distributing the CSM evenly at the end of the period (before any allocation) into each cover unit secured in the current period and expected to be secured in the future, and by recognising in the profit and loss account the amount distributed in the coverage units secured during that period.

The number of cover units is the amount of services provided by the group of contracts, taking into account for each contract the amount of benefits provided and the expected cover age. Cover units will be reviewed and updated at each reporting date.

For insurance contracts providing both insurance cover age and investment services, an assessment of the quantity of services provided shall include determining the relative weighting that those services provide to the policyholder, determining how the services change over the coverage period, and aggregating those different services.

In order to determine the relative weighting provided by insurance and investment services, the Company will generally take into account the selling prices for those same services, that they were offered independently, and adjust the amount of service for each service in proportion to those based on standalone selling prices. The standalone selling price for the service can be proven by visible prices when the Company sells this separate service to policyholders with similar characteristics.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Presentation and announcements

IFRS 17 will significantly change the way insurance contracts and reinsurance contracts are presented and published in the Company's individual financial statements.

According to IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from the contract portfolio will be displayed on a net basis; therefore, balances such as claims and insurance liabilities will no longer be presented separately.

In accordance with IFRS 17, the amounts recognised in the profit or loss report are broken down into:

- The result of the insurance contract, which includes income from the insurance contract and expenditure from the insurance contract; and
- Net financial income or expense from insurance contracts.

The amounts from the reinsurance contract will be reported separately.

The result of the insurance contract

For contracts that are not measured using PAA, the revenue from the insurance contract for each year represents changes in the liabilities for the remaining coverage relating to the services that the Company expects to receive compensation. For contracts measured using PAA; the income from the insurance contract is recognised on the basis of the passage of time.

Expenditure relating to the direct performance of insurance contracts will be recognised in the profit and loss account as expenses from insurance contracts, at the time of their occurrence. Expenditure not relating to the direct performance of the insurance contract will be reported outside the results of the insurance contract.

Investment components ("investment components") will not be included in income from insurance contracts and expenses from insurance contracts under IFRS 17. As a result, the Company expects a significant decrease in the total amount of revenue and expenditure from contracts containing an investment component compared to those recognised in accordance with current practice. The firm will identify the investment component of the contract by determining the amount it should return to the policy holder in all scenarios with commercial content. This includes the circumstances in which an insured event occurs or the contract is due or terminated without the occurrence of the insured event. The company found that all life insurance contracts that have redemption value contain an investment component.

The company will decide not to separate changes in the value correction for non-financial risk between the results of the insurance contract and the net financial income or expense of the insurance contract. Any changes in the value correction for non-financial risk recognised in the profit and loss account will be included in the result of the insurance contract.

Net financial income or expenditure from insurance contracts

According to IFRS 17, changes in book keeping amounts of a group of contracts resulting from the effects of the time value of money, financial risk and their changes are generally presented as net financial income or expenses from insurance contracts. They include changes in the measurement of a group of contracts caused by changes in the value of the items in question. For most insurance and reinsurance contracts, the Company plans to use the option of recognizing the change in the current discount rate in relation to the initial (so-called "locked-in") discount rate in other comprehensive profits and accordingly the Company will separate net financial income or expenses from the insurance contract to the aforementioned part that will be recognized in other comprehensive profits and the part that will be recognized through the profit and loss account as a release of the discounting effect. This is expected to reduce accounting mismatches between assets and liabilities, given that financial assets relating to debt and equity instruments will mostly be measured at fair value through other comprehensive income under IFRS 9.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Publication

IFRS 17 requires extensive new disclosures of amounts recognised in the financial statements, including detailed contract adjustments, the effects of newly recognised contracts, and information on the time at which csm remaining at the end of the reporting period in the profit and loss account is expected to be recognised, as well as disclosures of significant judgments used in the application of IFRS 17. Disclosures on the nature and extent of the risks from insurance contracts and reinsurance contracts will also be expanded.

Transition

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", IFRS 17 requires the Company to apply IFRS 17 retroactively, unless it is practically feasible. This implies that the effective transition date is 1 January 2022, whereby modifications to the initial balances will be recognised as one-off in equity and reserves.

The company expects to use the full retroactive approach for groups of contracts to be measured using a premium-based approach.

In accordance with the retroactive approach, 1 . January 2022 The company will:

- identify, recognise and measure each group of insurance contracts as if it had always applied IFRS 17;
- stop recognising previously recognised amounts that would not have existed if IFRS 17 had always applied
- recognize all the resulting net effects in capital

Where retroactive application for a group of insurance contracts is not practical, the Company will use two alternative transition methods – a modified retroactive approach and a fair value approach.

The Company considers that a full retroactive approach is impracticable in any of the following circumstances:

- The effects of retroactive application cannot be determined because the necessary information has not been collected (or has not been collected with sufficient precision) or is not available due to system migrations, data archiving requirements or other reasons. Such information shall include for certain contracts: expectations of contract cost-effectiveness and risks of becoming harmful, which are necessary to identify the group of contracts; information on historical cash flows and discount rates necessary to determine estimates of cash flows at initial recognition and subsequent changes on a retroactive basis; information necessary to allocate fixed and variable overheads to contract groups, as current accounting policies do not require such information.
- A full retroactive approach requires assumptions about what management's intentions would be in previous periods or significant accounting estimates that cannot be made without the use of subsequent information.

The modified retroactive approach allows certain simplifications and modifications over full retroactive application. This approach allows insurers who lack certain information to calculate initial balances that were closer to the conditions that would have been obtained by applying full retroactive application, using information that is available, verifiable and appropriate for the insurer. For these groups of contracts, discount rates at initial recognition will be set on 1 January 2022 instead of the initial recognition date. For all groups of contracts measured under a modified retroactive approach, the amount of net financial income or expense from insurance contracts accumulated in the financial reserve under the insurance contract as at 1 January 2022 will be determined as zero. According to the fair value approach, a CSM (or loss component) will be determined as the difference between the fair value of the group of contracts on that date and the execution cash flows on that date. The company will measure the fair value of the contract as the sum of the present value of the net cash flows expected to be generated by contracts, determined using the discounted cash flow technique; and an additional margin, determined by the confidence level technique.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Transition (continued)

Cash flows taken into account by measuring fair value will be consistent with those that are within the limits of the contract. The present value of future cash flows taken into account when measuring fair value will generally be consistent with that set out in the measurement of execution cash flows.

For all contracts measured against fair value access, the Company will use reasonable and reliable information available as of 1 January 2022 to determine how to identify groups of contracts.

Some groups of contracts measured by fair value access may contain contracts issued more than one year apart. Discount rates at initial recognition will be set on 1 January 2022 instead of the date of initial recognition, regardless of the length of the specified time gap.

For all contracts measured according to fair value approach, the net amount of financial revenue or expense from insurance contracts accumulated in the financial reserve under the insurance contract as at 1 January 2022 will be determined as zero.

The company plans to apply a fair value approach to life insurance contracts.

IFRS 9 Financial instruments and related annexes to various other standards

IFRS 9, which replaces *IAS 39 Financial Instruments: Recognition and Measurement* regulates the classification, measurement and dissolution of recognition of financial assets and financial liabilities, introduces new rules for hedging accounting and a new impairment model of financial assets and other categories in accordance with IFRS 9. IFRS 9 entered into force for annual periods beginning on or after 1 January 2018, with early application permitted. However, the Company has met certain prerequisites relating to insurance as the dominant activity of obliged entities, and has exercised the option of postponing the application of IFRS 9 for annual periods before January 1, 2023. Consequently, it will apply IFRS 9 for the first time on January 1, 2023.

Financial assets – classification

The classification of financial assets is divided into the following categories with respect to the valuation method: valuation according to the depreciated cost method, valuation at fair value through profit and loss, and valuation at fair value through other comprehensive profit. The classification of financial assets depends on the business model used to manage financial assets and contracted cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- is held within a business model aimed at holding assets in order to collect contracted cash flows ("Holding for collection"); and
- the agreed cash flows are exclusively related to principal and interest payments based on the assessment of the characteristics of contractual cash flows ('SPPI test').

Financial assets are measured at fair value through other comprehensive income if they meet both of the following conditions:

- is held within a business model aimed at holding assets in order to collect contracted cash flows and sell financial assets ("Holding for collection and sale"); and
- the agreed cash flows are exclusively related to principal and interest payments based on the assessment of the characteristics of contractual cash flows ('SPPI test').

All financial assets that are not classified as measured at amortised cost or at fair value through other comprehensive income as described above (business model "Other"), are measured at fair value through profit and loss account. Furthermore, at initial recognition, the Company may irreversibly designate financial assets, which otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive profits, measured at fair value through profit and loss if this eliminates or significantly reduces the accounting mismatch that would otherwise arise.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Financial Assets - Classification (continued)

Also, when initially recognizing equity instruments that are not held for trading purposes, the Company may irrevocably decide to display subsequent changes in fair value through other comprehensive profits. The choice is carried out by the basis of an individual instrument.

Impact assessment

IFRS 9 will affect the classification and measurement of financial assets held as at 1 January 2023 as follows:

- financial instruments currently measured at fair value through profit and loss account under IAS 39 will also be measured at fair value through profit and loss account under IFRS 9;
- most debt instruments classified as financial assets available for sale under IAS 39 will be classified according to the holding business model for collection and sale in the category at fair value through other comprehensive profits. Debt securities and other investments classified as available-for-sale financial assets under IAS 39 that fail the SPPI test will be measured at fair value through profit and loss account in accordance with IFRS 9
- Equity instruments relating to shares classified at fair value through profit and loss under IAS 39 will be measured at fair value through profit and loss account under IFRS 9.
- investment funds that are currently classified as financial assets available for sale under IAS 39 and as financial assets at fair value through profit and loss will be classified in the category of assets valued at fair value through profit and loss account under IFRS 9 because they relate to financial assets whose cash flows do not contain only principal and interest, and are not considered instruments of ownership;
- investments held to maturity and loans and receivables measured at amortised cost under IAS 39 will for the most part also be measured at the amortised cost of IFRS 9.

Since most of the Company's financial assets are measured at fair value both before and after the transition to IFRS 9, the new classification requirements are not expected to have a significant impact on the Company's total capital.

| | FVOCI | FVTPL | AC | ALTOGETHER |
|-------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | '000 kn | '000 kn | '000 kn | '000 kn |
| Financial assets | | | | |
| AFS | 588,850 | 7,517 | - | 596,367 |
| FVTPL | | 320,471 | | 320,471 |
| .HTM | - | - | 62,869 | 62,869 |
| L&r | - | - | 40,625 | 40,625 |
| | <u>588,850</u> | <u>327,988</u> | <u>103,494</u> | <u>1,020,332</u> |
| Altogether | <u>588,850</u> | <u>327,988</u> | <u>103,494</u> | <u>1,020,332</u> |

However, the distribution between fair value reserve and retained earnings will change, which means additional tax liabilities as well. The Company estimates that the effects of the transition to the use of IFRS 9 as of January 1, 2022 will be as follows:

| | Impact on retained earnings/losses | Impact on overall profit | Impact on deferred taxes and tax assets |
|----------------------------|---|---------------------------------|--|
| | '000 kn | '000 kn | '000 kn |
| Transition effect on IFRS9 | (789) | 306 | 106 |
| | <u>(789)</u> | <u>306</u> | <u>106</u> |

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Financial assets - impairment

Under IFRS 9, the impairment model will require recognition of impairment provisions based on expected credit losses (so-called "ECL"), not just on the basis of incurred credit losses as is the case with IAS 39, and will apply to depreciated-cost financial assets and debt instruments measured in other comprehensive income.

Any change in the fair value of a debt instrument shall also include the effect of a change in the credit risk of the issuer of that financial instrument. For all debt instruments measured at fair value through other comprehensive profits, it is necessary to assess and show value corrections, i.e. provisions for expected credit losses. Any changes in the amount of provisioning for expected credit losses are recognised in the profit and loss account, while the amount of adjustments to the expected credit losses is already included in the cumulative amount of the change in fair value reported in other comprehensive profit. Adjustments in value are recognised through other comprehensive profits as part of the overall change in fair value and may not further reduce the carrying amount of financial assets measured at fair value through other comprehensive profits in the statement of financial position. Changes in fair value previously recognised in other comprehensive profits shall be recycled in full terms on profit and loss after the dissolution of the debt instrument has ceased to be recognised.

Expected credit losses related to a particular instrument are estimated on the basis of expected future cash flows (based on principal, interest, fees and commissions) linked to the contract in question, including the amounts that may arise from the realisation of the relevant collateral. All expected cash flows are reduced to present value by discounting at the relevant effective interest rate.

In simplified terms, expected credit losses are calculated as the product of the likelihood of default ("PD-probability of default"), loss upon default ("LGD-loss given default") and exposure at default ("EaD exposure at default"). Default status (eng. Default) is considered to have occurred when one or both circumstances occur: the improbability of payment of the debtor when the Company considers that payment of existing loan obligations in full by the debtor is unlikely without the realization of collateral and when there has been a materially significant delay in payment, i.e. the debtor is late with the payment of due obligations to the Company for more than 90 days. Likely weighted scenarios - expected credit losses are modeled according to several forward-looking scenarios, which take into account the likelihood of occurrence of "stressful" and favorable economic conditions, so that the resulting value of ECL represents a probable-weighted number based on the results of several analyzed economic scenarios within which credit risk parameters are modeled. The appropriate selection of a set of representative economic scenarios based on impartial and objective information available to the Company, as well as the probability of a particular (representative) economic scenario, are determined by the relevant organizational units by the expert method. Expected credit losses for a 12-month period relate to part of the expected credit losses over the entire duration of the instrument that represent expected credit losses as a result of default over a period of 12 months from the reporting period. Lifetime expected credit losses refer to expected credit losses over the entire life of the instrument that represent expected credit losses as a result of the occurrence of all possible default statuses during the life of the financial instrument. For financial instruments to which this impairment model applies, the Company shall always recognise, on initial recognition, at the expense of profit and loss, at least the amount of expected credit losses for the twelve-month period. Expected credit losses over the life of a financial instrument are recognised if there is a significant increase in credit risk in relation to initial recognition or the instrument is credit reduced. For financial assets that are credit-impaired at initial recognition (POCI assets), estimated expected credit losses are included in the initial fair value of the asset and the Group sets a credit adjusted effective interest rate for it. In the reporting period, the Company recognises only a cumulative change in expected credit losses over the entire life of the financial asset in relation to initial recognition. If there is a positive change in expected credit losses compared to the initially determined expected credit losses, the change is carried out through the adjustment of the gross book value of the asset, while with negative changes in expected credit losses compared to the initially determined expected credit losses, impairment reservations are formed.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

Impact assessment

The Company estimates that the application of impairment requirements for IFRS 9 on January 1, 2023 will result in additional adjustments or provisions for expected credit losses. The recognition of provisions for expected credit losses under IFRS 9 relates in part to debt instruments measured at fair value through other comprehensive profits, but this will not affect the Company's total capital as recognition of impairment losses in the profit or loss account will lead to equal and opposite gains in other comprehensive profits. The Company estimates that the application of the impairment requirement of IFRS 9 to these investments will result in the transfer (before tax) from retained earnings to a fair value reserve of HRK 3,052 thousand on January 1, 2023.

Impairment requirements of IFRS 9 affect the company's total capital only in the amount of provisioning for expected credit losses on financial assets measured at amortised cost. The Company estimates that, after the adoption of IFRS 9, the effect of these changes (before taxation) will be a decrease in the total capital of the Company in the amount of HRK 322 thousand on January 1, 2023.

i. Financial obligations

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities.

Financial liabilities are initially recognised at fair value minus transaction costs and are subsequently valued at amortised cost using the effective interest rate method, except for the following:

- financial liabilities determined at fair value through profit and loss. Such liabilities, including derivative instruments which are liabilities, shall subsequently be measured at fair value;
- financial liabilities arising if the transfer of financial assets does not qualify for expiry recognition or if a follow-up approach is applied. The assets transferred and the related liability shall be measured on a basis that reflects the rights and obligations retained by the entity. The related liability shall be measured in such a way that the net carrying amount of the transferred assets and the related liability is equal to the following:
 - the amortised cost of rights and liabilities retained if the transferred assets are measured at amortised cost, or
 - the fair value of the rights and liabilities retained when measured on a stand-alone basis, if the transferred assets are measured at fair value.
- financial guarantee agreement. After initial recognition, such a contract shall subsequently be measured at more than the following two amounts:
 - the amount of provision for expected credit losses and
 - initially recognised amount at fair value;
- the obligation to provide a loan at interest rates lower than market interest rates. Such an obligation shall subsequently be measured at more than the following two amounts:
 - the amount of provision for expected credit losses and
 - initially recognised amount at fair value;
- unforeseen amounts recognised by the customer in the context of the business merger to which IFRS 3 applies. Such unforeseen amounts are subsequently measured at fair value, and changes are recognised in the profit and loss account.

The Company does not expect the adoption of IFRS 9 to have an effect on financial liabilities.

1.2 Basis for preparing the report (continued)

Adoption of new and amended international financial reporting standards ("IFRS") and interpretations (continued)

(a) Impact of IFRS 17 and IFRS 9 (continued)

i. Measurement (continuation)

ii. Transition

For the purposes of the first application of IFRS 9, the Company will choose a simplified method based on which it will not change comparative data and will recognize adjustments to the carrying amount of financial assets in initial retained earnings from the date of first application of the standard, i.e. January 1, 2023.

Expected impact of the adoption of IFRS 17 and IFRS 9 on the Society

For the purposes of the first application of IFRS 17, the Company will apply a retroactive approach and will rewrite comparative balances, while for the purposes of the first application of IFRS 9, it will choose a simplified method based on which the Company will not change the data of the comparative previous period and will recognize adjustments to the carrying amount of financial assets in initial retained earnings from the date of the first application of the standard, i.e. January 1, 2023.

These estimates are preliminary since the implementation of these standards is in the process of finalization. The actual impact of the adoption of IFRS 17 and IFRS 9 on 1 January 2022 and 2023 may change as:

- The Company continuously improves the new accounting processes and internal controls required for the application of IFRS 17 and IFRS 9;
- although comparative entries of the initial states of IFRS 17 were carried out in the second half of 2022, the new application systems and related controls were only for a shorter period of time and for the purpose of refinement it is necessary to carry out comparative postings over several time periods;
- the new accounting policies, assumptions, judgments and valuation techniques applied are subject to change until the Company finalizes its first annual financial statements including the date of first application.
- IFRS 17 "Insurance Contracts", First application of IFRS 17 and IFRS 9 — Comparative information (in force for annual periods starting on or after 1 January 2023)

This appendix is a transitional option relating to comparative financial asset information presented at the initial application of IFRS 17. The amendment aims to help Companies avoid temporary accounting mismatches between financial assets and insurance contract liabilities and therefore improve the usefulness of comparative information for the beneficiary of the financial statements.

1.3 Significant accounting policies

Base for consolidation

The consolidated financial statements shall include the financial statements of the Company and the entities under its control (its subsidiary) prepared by 31 December each year. Control is achieved:

- if the Company has predominance in the entity;
- if the Company is exposed to yield variability or has rights on the basis of its participation in the entity; and
- it is capable of influencing its yield by virtue of its supremacy.

The Company reassesses the existence of its control when facts and circumstances indicate that one or more of the above elements of control have changed.

Where the Company has less than the majority of voting rights in an entity in which it owns a particular interest, it considers that it has exercised supremacy in the entity if the voting rights held by the Company are sufficient to enable it to unilaterally direct the relevant activities of that entity. In assessing the sufficiency of its voting rights for supremacy in an entity, the company shall consider all relevant facts and circumstances, including:

- the share of their voting rights in relation to the share and division of voting rights of other eligible persons;
- potential voting rights of the Company, other holders of voting rights or other persons;
- rights arising from other contractual relationships; and
- any additional facts and circumstances suggesting that the Company has or does not have the current opportunity to direct relevant business at the time at which decisions need to be made, including the manner of voting at previous shareholders' meetings.

The subsidiary is consolidated or ceases to be consolidated from the moment the Company acquires or loses control of it. The results of subsidiaries acquired or disposed of during the year shall be included in the profit and loss statement from the date on which the Company acquired control until the date of loss of its control over the subsidiary.

Adjustments have been made in the financial statements of the subsidiary in order to harmonize their accounting policies with the Group's accounting policies. The consolidation eliminates all assets and liabilities, as well as all equity (i.e. all equity), all income, expenses, and cash inflows and outflows relating to transactions between Group members.

Business mergers

The takeover, i.e. the acquisition of a subsidiary and business is calculated by the method of acquisition. Compensation, i.e. the performance as part of the merger shall be valued at fair value, which is the total fair value, at the date of the exchange, of the assets transferred by the Group and the Group's liability to the former owners of the acquirees and the interests or shares issued by the Group in exchange for control of the acquirer. Costs associated with the acquisition are recognised in profit or loss as incurred.

On the date of acquisition, the assets acquired and the determinable assumed liabilities shall be recognised at their fair value on the date of acquisition, except:

- deferred tax assets or deferred tax liabilities and liabilities and assets related to employee benefit agreements, which are also recognised and measured under IAS 12 and IAS 19 respectively;
- liabilities or instruments of ownership relating to acquirees' or Group's payment agreements on the basis of shares concluded to replace share-based acquirer payment agreements and are measured on the date of acquisition pursuant to IFRS 2; and
- assets (or disposal groups) classified as intended for sale under IFRS 5, measured in accordance with that standard.

In the case of phased business mergers, the previously held interests of the Group in the acquired entity (including in joint management) shall be re-measured at fair value on the date of acquisition, and any profit or loss from re-measurement shall be recognised in profit and loss. Amounts relating to a share in the acquirer prior to the acquisition and previously reported under other comprehensive profits shall be carried over into profit and loss if such a procedure would have been appropriate if the share had been disposed of.

1.3 Significant accounting policies (continued)

(a) Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services or other administrative purposes.

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation and amortisation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Assets under finance lease are depreciated over their estimated useful lives. Land and assets under development are not depreciated.

Estimated useful lives are as follows;

| | 2021. i 2022. |
|------------------------------------|---------------|
| Buildings | 40 years |
| Investment in third-party property | 40 years |
| Equipment | 4-10 years |
| Furniture | 5 years |
| Motor vehicles | 4 years |

If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit and loss.

Right-of-use assets according to IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that have not been settled at the beginning of the lease term, discounted at the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability entail the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

1.3 Significant accounting policies (continued)

(a) Property and equipment (continued)

Right-of-use assets according to IFRS 16 (continued)

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee's exercise of the option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- there is a change in the lease term or a material event or change in circumstances arises, resulting in a change in the exercise price of purchase option, in which case the lease liability is remeasured by discounting the revised lease payments by using a revised discount rate;
- there is a change in lease payments due to changes in the index or rates, i.e., changes in the amount expected to be paid under the guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments by using a revised discount rate (unless the revised payments reflect the change in variable interest rates, and in that case a revised discount rate is applied);
- lease contracts are changed, and the changes to the lease are not calculated as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments by using a revised discount rate at the date the revised discount rates enter into force.

The Company did not make any such adjustments during the periods presented. The right-of-use assets entail the initial measurement of the relevant lease liability, lease payments made at or before the commencement date of the lease, less any lease incentive received for concluding the operating lease and all initial direct costs. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use assets.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts on the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss (see note 1.33).

As a practical expedient, IFRS 16 allows the lessee to elect not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

1.3. Significant accounting policies (continued)

(b) Investment property

Investments in real estate include the Company's investments in real estate with the intention of earning income from rent and/or an increase in market value.

Investment property is carried at cost less accumulated depreciation and any impairment losses.

All investment properties, other than assets under construction, are depreciated using the straight-line method so as to write down the cost of assets over the estimated useful life of the asset as follows:

2021 and 2022

| | |
|---------------------|----------|
| Investment property | 40 years |
|---------------------|----------|

If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit and loss.

(c) Intangible assets: deferred acquisition costs – insurance contracts

Acquisition costs comprise all direct and indirect costs arising from the conclusion of new insurance contracts and the renewal of existing contracts.

Deferred acquisition costs for non-life insurance comprise commissions paid to the external sales force and salaries of the internal sales force incurred in concluding insurance policies during a financial year, but which relate to a subsequent financial year and other variable acquisition and policy issue costs. General sales expenses and general expenses of individual types of insurance are not deferred.

For non-life insurance, the deferred acquisition cost as at the balance sheet date has been calculated by comparing the provision for unearned premiums at the balance sheet date with gross premiums written during the year, deferring the corresponding proportion of acquisition costs.

For life insurance business, acquisition costs are taken into account in calculating life insurance provisions by means of Zillmerisation. For life insurance riders and unit-linked products, acquisition costs are not deferred. As such, deferred acquisition cost for life insurance business is not recognised as separate assets at the reporting date.

The recoverable amount of deferred acquisition costs is assessed at each reporting date as part of the liability adequacy test.

(d) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss when incurred.

1.3. Significant accounting policies (continued)

Depreciation and amortisation

Depreciation and amortisation are recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they become available for use. Assets under construction are not depreciated. Estimated useful lives are as follows;

| | 2021 and 2022 |
|-------------------|---------------|
| Computer software | 5 years |
| Licences | 5 years |

(d) Other intangible assets (continued)

The assets' useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit and loss.

(e) Financial instruments

Classification and recognition

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

The Company classifies financial assets that do not have a quoted price in an active market to loans and receivables, and a portion of assets for which it has the intention and ability to hold to maturity it classifies to held-to-maturity investments.

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Any sale of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years. Held-to-maturity investments include debt securities.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated to this category or not classified in any of the other categories. Financial assets designated as available for sale are intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. Available-for-sale financial assets include investments in debt securities, investment funds, and equity securities.

Available-for-sale financial assets are initially recognised and subsequently measured at fair value. Losses or gains on changes in fair value are recorded as a separate item within other comprehensive income until the moment of derecognition or impairment. At the moment of derecognition or impairment, gains or losses previously recorded within other comprehensive income are transferred to profit or loss.

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

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

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities classified as held-for-trading assets and liabilities or designated by the Company on initial recognition as at fair value through profit or loss. The Company does not apply hedge accounting.

As stated above, this category has two sub-categories: financial instruments held for trading and those initially designated by management as at fair value through profit or loss at inception. Trading assets and liabilities are those assets and liabilities that the Company acquired or those that incurred principally for the purpose of selling or repurchasing in the near term or are held as a part of a portfolio that is managed for short-term profit or position acquisition.

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

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

Financial instruments at fair value through profit or loss include investments in equity securities, debt securities and investment funds, both for the Company's own account and for the account of policyholders.

Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments, loans, cash and deposits with credit institutions, intended to be sold immediately or in the near future.

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

- those that the entity intends to sell immediately or in the short term, that will be classified as held-for-trading financial assets, and those that the entity designates as assets at fair value through profit or loss upon initial recognition;
- those that the entity designates as available for sale upon initial recognition; or
- those for which the entity will probably not recover the majority of initially invested value, other than due to deterioration of creditworthiness that will be classified as available for sale.

Loans and receivables arise when the Company approves cash funds to customers with no intention of trading with the relevant receivables and include deposits with credit institutions, loans to customers, and debt securities.

Receivables from insurance contracts are accounted for in accordance with IFRS 4 "*Insurance contracts*".

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

Other financial liabilities

Other financial liabilities comprise all financial liabilities which are not designated at fair value through profit or loss. The Company has no financial liabilities carried at fair value through profit or loss other than unit-linked products as described in accounting policy 1.3 (y). Liabilities arisen under insurance contracts are accounted for in accordance with IFRS 4 “*Insurance contracts*”. Other financial liabilities and their amendments are recorded in the statement of financial position under “Short-term loan” and “*Insurance and other liabilities*”. (note 1.23)

Recognition and derecognition

Purchase and sale of financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets, and held-to-maturity investments are recognised on the trade date which is the date when the Company commits to purchase or sell the instrument. Loans and receivables and financial liabilities at amortised cost are recognised when financial assets are advanced to borrowers or received from lenders.

The Company derecognises financial assets when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company derecognises financial liabilities only when they cease to exist, i.e. after they have been paid, cancelled or expired. If the terms of a financial liability substantially change, the Company will cease recognising that liability and will instantaneously recognise a new financial liability, with new terms and conditions.

Initial and subsequent measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

After initial recognition, the Company measures financial instruments at fair value through profit or loss and available-for-sale financial assets at their fair value, without any deduction for selling costs.

Loans and receivables and held-to-maturity investments are measured at amortised cost. Financial liabilities not designated at fair value through profit or loss are measured at amortised cost. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Gains and losses

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

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised directly in other comprehensive income. Impairment losses, foreign exchange gains and losses, interest income and amortisation of premium or discount using the effective interest method on available-for-sale monetary assets are recognised in profit and loss. Dividend income is recognised in profit and loss.

Upon sale or other derecognition of available-for-sale financial assets, any cumulative gains or losses are transferred to profit and loss.

Interest income on monetary assets at fair value through profit or loss is recognised within investment income, at coupon interest rate.

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

Other than gains and losses on the change in fair value of available-for-sale assets that are recognised in other comprehensive income as described above, all other gains and losses and interest are recognised in profit or loss under “*Net investment income*”. (Note 1.28)

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

Fair value measurement principles

The fair value of financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets is their final offer price at the reporting date, less costs to sell. If the market for a financial asset is not active (and for unlisted securities), or if, for any other reason, the fair value cannot be reliably measured by market price, the Company establishes fair value by using valuation techniques. These include the use of prices achieved in comparable and recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market rate related to the financial instrument with similar terms and conditions at the reporting date.

Fair value hierarchy

The Company uses following levels for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs with a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs with a significant effect on the recorded fair value that are not based on observable market data.

The Company assesses separately each financial instrument to determine if there is an active or inactive market for the relevant financial instrument.

Active market

According to the Management Board's judgement, if transactions are occurring frequently enough to obtain reliable pricing information on an ongoing basis, the Company considers the market as active. Furthermore, a financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from market participants, and those prices represent actual and regularly occurring market transactions on an arm's length basis. In addition, a significantly lower than usual volume of transactions does not necessarily provide sufficient evidence that there is not an active market and the absence of transactions for a short period does not imply that a market has ceased to be active.

Inactive market

The Management Board of the Company regularly considers the indicators of market activity and considers that the characteristics of an inactive market include a significant decline in the volume of trading activity, the available prices varying significantly over time or the prices not being current, although these factors alone do not necessarily mean that a market is no longer active. The Company considers the market inactive if the Management Board believes the observed arm's length transactions are no longer regularly occurring even if prices might be available, or the only observed transactions are forced transactions or distressed sales.

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

Impairment of financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, prolonged or significant decrease of fair value of an equity security, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rates. Losses are recognised in profit or loss and reflected in an impairment provision for loans and advances and deposits held with banks. Interest income on the impaired asset continues to be recognised through the depreciation of the discount. When a subsequent event causes the amount of impairment loss to decrease, the previously recognised impairment loss is reversed through profit or loss.

In case of equity investment classified as available for sale, a significant or prolonged decline in the fair value of the investment below its acquisition cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale securities, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from other comprehensive income to profit and loss. Impairment losses recognised in profit and loss on equity instruments are not subsequently reversed through profit and loss.

Impairment losses on available-for-sale debt securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of other comprehensive income to profit or loss.

When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the previously recognised impairment loss is reversed through profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in other comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

Specific instruments

Debt securities

Debt securities are classified as available-for-sale financial assets or at fair value in the statement of profit and loss and are carried at fair value, unless there is no reliable measure of the fair value, in which case debt securities are stated at acquisition cost less impairment and, depending on the intention for which the debt security was acquired, are classified as held-to-maturity investments or loans and receivables (if there is no active market).

Deposits with banks

Deposits with banks are classified as loans and receivables and are carried at amortised cost.

Loans to customers

Loans to customers are classified as loans and receivables and are presented net of impairment allowances to reflect the estimated recoverable amounts.

Loans and advances based on surrender value of life insurance policies

Loans to customers are classified as loans and receivables and are presented net of impairment allowances to reflect the estimated recoverable amounts.

Equity securities

Equity securities are classified as financial assets at fair value through profit or loss or as available-for-sale financial assets and are carried at fair value, unless there is no reliable measure of the fair value, in which case equity securities are stated at acquisition cost less impairment.

Investments in funds

Investments in open-ended funds are classified as financial assets at fair value through profit or loss and available-for-sale financial assets and are carried at fair value.

Investments for the account and risk of life insurance policyholders

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

Other receivables

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

Financial assets netting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

1.3 Significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are subsequently measured at amortised cost.

(g) Staff expenses

Defined pension contributions

The company pays contributions to planned insurances on a mandatory contractual basis. The Company has no other obligation to pay after the contribution is made. Contributions are recognized as the cost of receiving employees through profit or loss as they arise.

In addition, according to the Collective Agreement, the Company is obliged to pay a one-time severance package in the amount of HRK 8,000 to the employee at the time of his retirement. The liability recognised in the balance sheet represents the present value of the defined liability on the balance sheet date minus past labour costs. The defined liability is calculated annually by independent actuaries using the projected credit unit method. The present value of the defined liability is determined by discounting the estimated future cash outflows using the interest rates of government bonds that are expressed in the currency in which the liabilities will be paid and whose maturity terms correspond to the conditions of the corresponding liability for severance pay for pensions.

Actuarial gains and losses resulting from the adjustment and changes in actuarial assumptions shall be recorded at the expense or in favour of the profit and loss account in the period in which they arise.

Past labour costs are depreciated by a rectilinear method during the actual remaining working life of the employee.

Long-term employee benefits

The Company recognises the obligation for long-term employee benefits (jubilee awards) evenly during the period in which the award was earned, based on the actual number of years of service. The obligation for long-term employee benefits is determined on the basis of the assumption of the number of employees to whom the said benefits should be paid, the estimated cost of those benefits and the discount rate. The defined liability is calculated annually by independent actuaries using the projected credit unit method. The present value of the defined liability is determined by discounting the estimated future cash outflows using the interest rates of high-quality government bonds that are expressed in the currency in which the liabilities will be paid and whose maturity conditions correspond to the conditions of the corresponding liability for severance pay for pensions.

(h) Income tax

Corporate income tax consists of current and deferred taxes. The cost of corporate tax is reported in profit or loss with the exception of corporate tax relating to items recognised directly in other comprehensive profits or directly in equity, where corporate tax is recognised in other comprehensive profits or directly in equity. Current tax represents the expected tax liability calculated on taxable profits for the year, using the tax rates that were in place at the reporting date. Deferred taxes are recognised using the balance sheet method, reflecting temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax calculation purposes. Deferred tax is calculated using tax rates expected to apply to temporary differences when they will be reimbursed or settled, based on regulations that were in force or essentially valid at the reporting date.

Deferred tax assets are recognised up to an amount that is likely to be sufficient for the benefit of temporary differences. The deferred tax liability is reviewed at each reporting date and decreased if the associated tax benefit is no longer likely to be realised. Deferred tax assets and liabilities are not discounted and are reported as fixed assets and/or long-term liabilities.

1.3 Significant accounting policies (continued)

(i) Reservations

A reservation is recognised when the Company, as a consequence of a past event, has a current legal or derivative obligation that can be reliably assessed and an outflow of resources is likely to be required to settle that obligation. Reservations are determined by discounting expected future cash flows using a pretax rate that reflects the current market estimate of the time value of money and risks specific to that obligation.

(j) Share capital and reserves

Ordinary share capital

Ordinary share capital represents the nominal value of paid-in ordinary shares classified as share capital and reserves and is denominated in HRK. Direct additional expenses arising from the issue of new shares are recorded in capital as a deduction item from proceeds, net of related taxes. The excess fair value of proceeds over the nominal value of issued shares is recorded as premium on issued shares.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in capital. Repurchased shares are classified as treasury shares and presented as a deduction from capital.

Dividends

Dividends of regular shares are recognised as liabilities in the period they were voted in.

Legal reserves

Since 1 January 2006, legal reserves are formed in accordance with the Companies Act. Legal reserves may be used to cover prior period losses if the losses are not covered by current year profits or if other reserves are not available.

Other reserves

Other reserves include reserves, other than legal reserves, attributable to the Company's shareholders. Other reserves are formed from retained earnings of previous periods and from contribution of assets into the Company by the parent company without compensation.

Fair value reserve

The fair value reserve represents unrealised net gains and losses arising from a change in the fair value of available-for-sale financial assets, net of deferred tax.

Retained earnings/losses

Any profit for the year retained after allocation is transferred to reserves based on shareholders' decision or is retained in retained earnings. Retained earnings are available for distribution to shareholders.

1.3 Significant accounting policies (continued)

(k) Impairment of other non-financial assets

Annually, impairment of assets that have an unlimited useful life and are not depreciated (such as land) are examined annually. Assets to be depreciated are reviewed for impairment when events or changed circumstances indicate that book value may not be recoverable. If the existence of such indications is established, the recoverable amount of the asset shall be estimated. For assets that do not have a finite useful life and intangible assets that are not yet in use, the recoverable amount is also estimated at each reporting date. Impairment loss is recognised when the net carrying amount of the money-generating asset or unit is greater than its recoverable amount. Impairment loss is recognised through profit or loss. Impairment loss recognised for money-generating assets is distributed by reducing the carrying amount of assets within that unit (unit group) on a straight-line basis.

The recoverable amount of the asset and the money-generating unit is the value of the asset in use or the net selling price, whichever is higher. The value in use is estimated by discounting expected future cash flows to their present value using a pre-tax discount rate that reflects the current market estimate of the time value of money and the risks specific to that asset. The impairment loss recognised in previous years is estimated at each reporting date to determine whether the loss is reduced or no longer exists. The impairment loss shall be terminated if there has been a change in the estimates used to determine the recoverable amount. The impairment loss shall be exempted only up to the carrying amount of the asset, minus the accumulated depreciation, as would have been calculated if the impairment loss had not been recognised.

(l) Segment reporting

Operating segments are reported on in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, is the Management Board that makes strategic decisions.

Allocation of costs between the life insurance and non-life insurance segments

The Company allocates premiums earned, claims incurred, related income and expenses based on reinsurance contracts and other income and expenses that may be closely linked to individual types of insurance directly to segments of life and non-life based on the type of insurance to which the relevant income and expenses relate.

The Company allocates finance income and finance expenses to segments of life and non-life based on segment allocation of assets from which the related income and expenses arose, as all Company's assets are unambiguously allocated to individual segments. During the year, administrative costs, acquisition costs (commission expenses and other acquisition costs) and other operating expenses that may be directly attributable to individual segments are directly charged to life or non-life segments. Where expenses cannot be allocated unambiguously, an allocation key is used to allocate the expenses. The main categories used in calculating allocation keys between life and non-life insurance are: gross written premium, number of working hours, kilometres travelled by company cars and area of business premises.

Staff expenses are allocated based on estimated time spent on life and non-life insurance operations.

Allocation of capital and reserves and assets and liabilities

The Company keeps separately assets, liabilities, and capital and reserves for individual operating segments of the Company.

All property and equipment as well as intangible assets are allocated to the non-life segment, whereby costs related to these assets are allocated to the life segment based on appropriate allocation keys. Financial investments are allocated according to the source of funding. Other assets and liabilities are allocated based on the type of operations they arise from. Capital and reserves are directly allocated to life and non-life segments.

1.3 Significant accounting policies (continued)

(m) Revenues

The accounting policy related to revenue recognition from insurance contracts is disclosed in note 1.3 (p).

Investment income

Interest income shall be recognised in profit or loss as incurred for all interest-bearing financial instruments measured at amortised cost using the effective interest rate method, i.e. a rate that discounts expected future cash flows to net present value over the term of the underlying contract or the currently valid variable interest rate. The accounting policy related to the recognition of investment income is described in note 1.3 (e), in the chapter "Gains and losses".

Dividend income is recognised in profit or loss on the date on which dividends are voted in. Real estate investment income consists of realized profits on the sale of real estate, rental income and other income related to real estate investments. Income from rental investments in real estate and other operating leases is recognised in profit or loss by a linear method throughout the duration of the lease.

Investment income also includes positive exchange rate differences from the reduction of monetary assets and liabilities to the exchange rate at the reporting date.

Income from fees and commissions

Income from fees and commissions includes reinsurance commission.

(n) Expenses

Operating expenses

Operating expenses consist of policy acquisition costs, administrative costs and other operating expenses.

Operating lease expenses

Payments made under operating leases are recognised in profit and loss using the straight-line method over the term of each lease.

Administrative costs

Administrative costs include personnel expenses, depreciation and amortisation of property, equipment and intangible assets, costs of material and services, energy costs and other costs. Other costs consist mainly of costs of premium collection, policy termination costs, portfolio management costs and administrative costs of reinsurance.

Acquisition costs

Acquisition costs comprise all direct costs arising from the conclusion of insurance contracts such as sales representatives' costs, commissions, and marketing and advertising costs.

Non-life commission costs are recognised on an accruals basis, while life commission costs are recognised on a cash basis consistent with the related income recognition criteria (see accounting policy 1.3 (p)).

Company's accounting policies concerning deferred acquisition costs are described in accounting policy 1.3 (c).

Investment expenses

Investment expenses from financial assets include impairment of financial assets, depreciation and other expenses related to investment property, net realised losses on sale of financial assets, net unrealised losses from valuation of financial assets measured at fair value through profit or loss and unrealised exchange losses on monetary assets and liabilities at the reporting date.

1.3 Significant accounting policies (continued)

(n) Expenses (continued)

Finance costs

Finance costs include interest expense on borrowings and foreign exchange losses from financial liabilities at the reporting date.

Accounting policies related to recognising finance costs are described in Note 1.3 (e) in section “Gains and losses”.

(o) Contracts classification

Contracts in which the Company assumes a significant insurance risk from another party (the policy holder) by accepting to compensate the policy owner or other insurance beneficiary if a certain uncertain future event occurs (insured event) that adversely affects the owner of the policy or other beneficiary of the insurance are classified as insurance contracts. Insurance risk is different from financial risk. Financial risk is the risk of possible future changes in one or more specific variables such as interest rates, securities prices, commodity prices, exchange rates, price indices, credit ratings or credit indices or other variables, provided that in the case of a non-financial variable, that variable is not specific to one counterparty. Insurance contracts can also somewhat carry financial risk.

Contracts in which the transfer of insurance risk from the policy holder to the Company is not significant are classified as investment contracts. At the date of reporting, the Company did not have investment contracts.

Contracts with the characteristics of discretionary participation in profits

Insurance contracts and investment contracts may contain the characteristics of discretionary participation in profits. A contract with the characteristic of discretionary participation in profit is the contractual right of the policy holder to receive an addition to the minimum guaranteed payments, whereby additional payments will constitute a significant part of the total contractual payments and the amount or moment of occurrence of the discretionary decision of the issuer and which are contractually based on:

- the performance of a particular group of contracts or a specific type of contract,
- realized and/or unrealised returns on investments in certain groups of assets of the issuer; or
- profit or loss of the company that issued the contracts.

The discretionary element of these contracts shall be accounted for as an obligation within the mathematical reserve for both the amounts allocated to individual insured persons and for amounts not allocated at the reporting date.

(p) Premiums

Non-life insurance premiums include all premiums policed during the year, whether they relate in whole or in part to subsequent accounting periods.

Premiums are published gross, i.e. include commissions to intermediaries and exclude taxes and contributions to premiums. Policing premiums include the correction of the polysured premium in previous accounting periods.

Police premiums do not include corrections for the write-off of overdue receivables from insurance policy holders and impairment reservation movements for overdue claims from insurance policy holders.

The earned portion of the premiums received, is recognized as income. Premiums are earned from the date of risk-taking, during the insurance period, based on the risk-taken form. Premiums submitted to reinsurance shall be recognised as expenditure in accordance with the model of reinsurance services received in the same accounting period as the premiums for the relevant direct insurance business.

In accordance with the exemptions allowed by IFRS 4, the Company continues with a policy of recognizing life insurance premiums on a cash principle.

1.3 Significant accounting policies (continued)

(q) Reserve of transmission premiums

The transfer premium reserve shall contain a portion of the gross police premium estimated to be earned in the following or subsequent financial years and shall be calculated on the basis of the 'pro rata temporis' or the 365-day method, and shall be corrected, if necessary, for specific risk distributions during the period covered by the contract.

The reserve of life insurance transfer premiums is included within the mathematical life insurance reserve.

The reserve for transfer premiums in individual insurance shall be formed in the amount of that part of the accrued premium relating to the insurance coverage for the insurance period after the accounting period for which the reserve is calculated.

When calculating the reinsurance part of the transmission premium, the "pro rata temporis" method is used.

(r) Reserve for risks that have not expired

The reserve shall be formed for non-expired risks arising from non-life insurance where the expected value of damages and costs (including delimited acquisition costs and administrative costs likely to arise after the end of the financial year), relating to the non-expiry policy periods in force at the reporting date, exceeds the reserve of transfer premiums attached to those policies after subtracting delimited acquisition costs. The reserve for risks that have not expired shall be calculated separately by collectively managed insurance groups.

(s) Damage reserve

The damage reserve represents the estimated final settlement cost of all damages, including direct and indirect settlement costs, arising from events incurred up to the reporting date. The damage reserve consists of a reserve for reported and unliquidated damages, costs of processing damages and incurred and unreported damages.

(t) Reserve for life insurance contracts

The life insurance reserve (mathematical reserve) was calculated by the Actuary of the Company, bearing in mind the principles set by the regulations for the calculation of the mathematical reserve for life insurers, issued by the Croatian Financial Services Supervisory Agency (CFSSA).

The life insurance reserve was calculated on the basis of valid premiums using the Zillmer method, taking into account the actual acquisition costs, collections and administrative costs as well as any guaranteed benefits and bonuses that have been published and proposed. A method of prospective estimation of net premiums has been adopted, with the exception of unit-linked products where the reserve is based on the fair value of the associated assets.

The company uses a full Zillmer rate of 3.5% in the year of creation of the policy. The applied Zillmer rate is within the limits prescribed by CFSSA.

The life insurance reserve for unit-linked products is expressed at the fair value of the related investment.

The reserve is initially measured using the assumptions used to calculate the corresponding premiums.

The Liability Adequacy Test ("LAT") is carried out on each reporting date by actuaries of the Company using ongoing estimates of future cash flows under insurance contracts (see accounting policy 1.3.(x)). Where those estimates show that the net carrying amount of the reserve is insufficient with regard to the estimated future cash flows, the difference shall be recognised through profit or loss with an appropriate increase in the life insurance reserve.

The amount of the bonus to be allocated to policyholders is fixed on the reporting date and is displayed within the life insurance reserve.

1.3 Significant accounting policies (continued)

(u) Damages

Damages arising from non-life insurance

Incurred damages from non-life insurance activities consist of damages and costs of processing damages paid during the financial year together with the movement of reserves for unliquidated damages.

The damages paid are recorded at the time of processing the damage and are recognized (determined) as the amount that will be paid for the settlement of the damage. The damages paid in non-life insurance increase for the cost of processing damages.

Damage reserves based on the assessment of individual damages and statistical methods shall constitute the Company's reserves for the estimated final cost of settlement of all damages incurred but unpaid by the reporting date, whether reported or not, together with the associated internal and external costs of damage processing and an appropriate margin of caution. Unpaid damages are assessed by reviewing individual damages and forming a reserve for unreported damages, which are the result of internal and external foreseeable events, such as changes in damage processing procedures, inflation, court trends, legislative changes and historical experience and trends.

Projected reinsurance fees and recourse recovery estimates, are disclosed separately as assets. Reinsurance and other recoveries are assessed in a similar manner to an assessment of the damage reserve, according to the contract in force at the time of the damage.

Part of the payment for damages of auto liability insurance is made in the form of annuities. The reserve for such damages is formed as the present value of the expected payments during the entire period of the rights of the injured party discounted at a rate of 0.15%. With the exception of annuity damages, the Company does not discount reserves for reported damages.

Although management considers that the gross reserve for damages and related recoveries from reinsurance is expressed in an appropriate amount based on the information and events currently available to them, the final liability will vary as a result of subsequent information and events. Corrections to the amount of the damage reserve formed in previous years shall be reflected in the financial statements of the period in which the correction took place and shall be published separately if material. The methods used and the assessments done are regularly reviewed. This is further explained in note 1.6.

Damages from life insurance business

Damages from life insurance business reflect the cost of all damages during the year, including bonuses to policyholders allocated pending the announcement of bonuses.

(v) Reinsurance

The company cedes reinsurance premiums as part of its regular business with the purpose of limiting its net possible loss through risk diversification. Reinsurance contracts do not relieve the Company of its direct liability to policyholders.

Ceded premiums and recoverable amounts are presented through the statement of comprehensive profit and the statement of financial position on the gross principle.

Only contracts resulting in a significant transfer of insurance risk shall be accounted for as reinsurance contracts. Amounts payable under such contracts are recognised in the same year as the related damage.

Reinsurance assets include amounts of receivables from reinsurance undertakings for ceded insurance liabilities. Amounts recoverable from the reinsurer are estimated in a manner consistent with the damage or damage reserves paid on the basis of the recovered policy. Assets from the reinsurance business shall contain actual or estimated amounts which, on the basis of a reinsurance contract, are recoverable from the reinsurer in relation to technical provisions. Assets from reinsurance activities relating to technical provisions shall be formed on the basis of the terms of the reinsurance contract and valued on the same basis as related reinsured liabilities. The company forms reservations for estimated non-performing assets based on reinsurance if necessary.

Reinsurance commissions

The reinsurance commission includes commissions received or claimed from reinsurers based on reinsurance contracts.

1.3 Significant accounting policies (continued)

(w) Liabilities and related assets based on liability adequacy test

Insurance contracts are tested to determine adequacy by discounting current estimates of all future contractual cash flows and comparing this amount with the net carrying amount of liabilities net of delimited acquisition costs and other related assets and liabilities. Where a shortfall is identified, an additional reserve is formed and the Company acknowledges the shortfall through profit or loss.

IFRS 4 requires an adequacy test of obligations arising from insurance contracts. The company assesses at each reporting date whether the stated insurance obligations are adequate, using current estimates of future cash flows under all of its insurance contracts. If that estimate shows that the carrying amount of insurance liabilities (plus the related deferred acquisition costs) is insufficient in relation to the estimated future cash flows, the entire shortfall is recognised through profit or loss. Estimates of future cash flows are based on realistic actuarial assumptions taking into account experience of damages, the latest demographic tables, aspects of mortality, morbidity, return on investment, costs and inflation.

(x) Measuring obligations of unit-linked contracts

Liabilities related to "unit-linked" contracts are conducted at fair value through profit and loss. Transaction costs and access fees in relation to financial liabilities measured at fair value shall not be included at the initial measurement and shall be recognised as expenditure when incurred. A financial liability is measured on the basis of the net carrying amount of assets and liabilities held to cover the contract.

(y) Insurance claims and liabilities

Insurance receivables and liabilities are accounted for in accordance with IFRS 4. Insurance claims and liabilities include claims and liabilities arising from insurance and reinsurance contracts entered into by the Company.

Life insurance premiums are recognised on a cash basis.

Correction of the value of receivables was made for claims for non-life insurance premiums that have passed more than 365 days since the due date.

1.4 Accounting estimates and judgements (continued)

These disclosures supplement the note on financial risk management (note 1.38) and insurance risk management (note 1.5).

The Company makes estimates and assumptions concerning the future. Such accounting estimates and assumptions will, by definition, rarely fully match the actual results. The estimates connected to provisioning represent the most significant source of uncertainty. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.4.1. Key sources of estimation uncertainty

Estimation uncertainty with regard to provisioning

The most significant estimates in relation to the Company's financial statements relate to provisioning. The Company has a reasonable approach to forming provisions and applies the CFSSA's regulations. The Company employs certified actuaries.

The Company's policy is to form a provision for unexpired risks arising from non-life insurance if it is probable that the claims, deferred acquisition costs, and administrative costs which arose after the end of the financial year, with regard to contracts concluded before the year-end, will exceed the unearned premiums under those contracts.

The main assumptions used for calculating the life insurance mathematical provision are set out in note 1.6. Insurance risk management is discussed in detail in note 1.5., whilst technical provisions are analysed in note 1.21. Sensitivity is analysed in note 1.8.

Losses on impairment of loans and receivables

The need for impairment of assets carried at amortized cost is assessed as described in accounting policy 1.3(e) in the section on impairment of financial assets.

Impairment losses from individual exposures in total impairment losses are based on management's best estimate of the present value of the cash flows that are expected to be received. While estimating these cash flows, management makes judgements of the borrower's financial position and the net realisable value of underlying collateral.

Uncertainty in relation to court cases

A significant source of uncertainty estimates stems from litigation. As at 31 December 2022 The company was involved in 554 (2021.:554) litigation for damages for which HRK 80,447,000 has been reserved (2022.:60,206 thousands of kunas) as part of the reserve for reported and unliquidated damages. As at 31 December 2022 The company makes a reservation for 2 (2021: 2) court proceedings, which are not related to insurance, in the amount of HRK 664 thousand (in the 2021: 664 kuna). Management considers that the existing level of provisioning is sufficient.

If the estimated loss related to litigation increased/decreased by 1%, the profit for the year would decrease/increase by HRK 811 thousand (2021: profit for the year would increase/decrease by HRK 609,000).

Regulatory requirements

CFSSA is authorised to conduct regulatory supervision of the Company's operations and may request the changes in the carrying amount of assets and liabilities, in line with the relevant regulations.

1.4 Accounting estimates and judgements (continued)

1.4.2 Key accounting judgements in the applied accounting policies of the Company

Critical accounting judgements in the applied accounting policies of the Company include:

Financial asset and liabilities classification

The Company's accounting policies provide the framework for assets and liabilities to be initially classified into different accounting categories in certain circumstances. When classifying financial assets or liabilities at fair value through profit or loss, the Company decided that they have to meet one of the criteria for this classification as set out in detail in the note 1.3 (e). This eliminates or significantly reduces measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the resulting gains and losses on different bases. Reclassification of financial assets and liabilities at fair value through profit or loss held for trading is allowed only in exceptionally rare circumstances as described in accounting policy 1.3 (e) under "Reclassification".

Held-to-maturity investments may be classified in this group only if the Company has a positive intention and ability to hold them to maturity.

Classification of products

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. As at the reporting date, the Company's portfolio did not contain any insurance products that would meet the definition of investment contracts.

Allocation of indirect expenses between life and non-life segments

During the year, administrative costs, acquisition costs (commission expenses and other acquisition costs) and other operating expenses that may be directly attributable to individual segments are directly charged to life or non-life segments. Where expenses cannot be allocated unambiguously, an allocation key is used to allocate the expenses. The main categories used in calculating allocation keys between life and non-life insurance are: gross written premium, number of working hours, kilometres travelled by company cars and area of business premises.

Staff expenses are allocated based on estimated time spent on life and non-life insurance operations.

Impairment of receivables from insurance operations

Receivables from insurance operations are evaluated at each reporting date in order to identify whether indications of potential impairment exist, based on the best estimate of the probability of recovering the carrying amount of these assets. Every receivable is reviewed separately based on the expected date and amount of collection and possible collaterals. Management believes that insurance receivables as at the reporting date are recorded at their recoverable amount.

Deferred tax assets

The Company recognises deferred tax assets in the amount that is a probable tax relief in the following periods. At each reporting date, the Company re-evaluates the unrecognised deferred tax assets and the carrying amount of recognised deferred tax assets.

Deferred acquisition costs

For non-life insurance operations, the deferred acquisition costs are estimated at each reporting date by comparing the unearned premium provisions with gross premiums written during the year, deferring the corresponding proportion of acquisition costs. The calculation is based on the Company's assumptions on allocation of acquisition costs during the insurance contract term to which they relate. Management believes that deferred acquisition costs are fully recoverable during the remaining period of the insurance contract term in force as at the balance sheet date, which is proved by the liability adequacy test performed.

1.5 Insurance risk management

The Company is exposed to insurance risk arising from a wide range of life and non-life insurance products, in particular: traditional life insurance products, unit-linked policies, and all groups of non-life insurance products (property, accident, health, motor vehicle, third party liability, marine, and transport insurance).

Insurance risk refers to insurance operations uncertainty. The most relevant insurance risk components are premium risk and provision risk. These concern the adequacy of insurance premium rate levels and the adequacy of provisions with respect to insurance liabilities and the capital base.

Premium risk is present when the policy is issued, before any insured event has happened, and it constitutes the risk that expenses and claims incurred exceed the premium received. Provision risk represents the risk that the absolute level of technical provisions is misstated or that the real damage will vary around the statistical average value.

Non-life underwriting risk also includes disaster risk, resulting from outstanding events which have not been sufficiently covered by the premium risk or the provision risk. Life underwriting risk includes biometric risk (comprising mortality, longevity, morbidity and disability) and lapse risk. Lapse risk represents a higher or lower rate of policy lapses, terminations, changes in capitalisation (termination of premium payment) and repurchases.

Risk management

The Company manages its insurance risk through underwriting limits, transaction approval procedures which entail new products or exceed the set limits, tariffing, product design and reinsurance management.

The aim of the underwriting strategy is to achieve a variety which will ensure a balanced portfolio, based on a large portfolio of similar risks during several years, which will lead to a decrease in result variability. The majority of non-life insurance contracts are annual in nature and the insured persons have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

The Company reinsures a portion of the risk it underwrites in order to control the exposure to losses and protect the capital basis. The Company acquires a combination of proportional (property insurance-fire, other property insurance, general liability and financial loss insurance) and non-proportional reinsurance contracts (MTPL, accident, transport and earthquake, life and crop insurance) to reduce the net exposure for individual risks. For the accumulation of net property losses arising from one event, disaster risk reinsurance covers claims up to EUR 100 million. The Company records the sum of insured amounts (potential claims) of property insurance and believes there is no realistic probability of claims exceeding the relevant amount.

When concluding individual insurance contracts that exceed the capacity of concluded reinsurance contracts, the Company contracts individual optional reinsurance in order to limit its exposure to insurance risk.

The ceded reinsurance contains a credit risk and such insurance receivables are presented after the impairment of non-recoverable amounts. The Company monitors the financial condition of reinsurers and concludes contracts with reinsurers with good credit ratings.

The adequacy of liabilities is assessed taking into consideration the underlying assets, changes in interest rates and exchange rates and developments in mortality, morbidity, non-life claims frequency and amounts, lapses and expenses, as well as general market conditions. Special attention is paid to the adequacy of liabilities from life insurance operations.

For a detailed description of the liability adequacy test see accounting policy in note 1.3 and note 1.7.

1.5 Insurance risk management (continued)

Insurance concentration risk

The key aspect of the insurance risk the Company is exposed to is the extent of insurance concentration risk which determines the extent to which a particular event or series of events could impact the Company's liabilities. Such concentration may arise from a single insurance contract or through a number of related contracts from which significant liabilities could arise. An important aspect of insurance concentration risk is that it may result from the accumulation of risk through different types of insurance.

Concentration risk may result from high-impact, low-probability events such as natural disasters; in situations where the Company is exposed to unexpected changes in trends, for example, unexpected changes in human mortality or in policyholder behaviour; or where significant litigation or legislative risks may result in large individual losses, or have a material impact on a large number of contracts.

The risks underwritten by the Company are primarily located in the Republic of Croatia.

Non-life insurance

Within its non-life insurance operations, the management believes that the Company has no significant concentration exposure to any group of policyholders according to social, professional, generational or similar criteria.

Significant losses are most likely to arise from disastrous events, such as floods, storms or earthquake damages. Techniques and presumptions the Company uses to calculate these risks entail:

- measuring geographical accumulation;
- assessing the maximum loss;
- reinsuring the claims excess.

According to the data available to the Company, insured amounts by types of insurance at the end of 2022 and 2021 are presented in the table below. Insured amounts represent the theoretical effect on the Company in case maximum claims per each policy in the Company's portfolio incurred.

| Type of insurance | Insured amount | | | |
|----------------------------------|------------------|------------|------------------|------------|
| | 2022 | | 2021 | |
| | HRK '000 | % | HRK '000 | % |
| Motor vehicles | 7,799,644 | 94.29 | 7,795,646 | 95.04 |
| Motor vehicles (other) | 189,363 | 2.29 | 167,272 | 2.04 |
| Assets | 192,704 | 2.33 | 167,856 | 2.05 |
| Personal insurance | 38,934 | 0.47 | 42,094 | 0.51 |
| Other | 51,751 | 0.63 | 29,828 | 0.36 |
| Balance as at 31 December | 8,272,396 | 100 | 8,202,696 | 100 |

1.5 Insurance risk management (continued)

Insurance concentration risk (continued)

Life insurance

For life insurance contracts that cover the policyholder's death, there is no significant geographical concentration risk, although the concentration risk of the relevant amount may impact the ratio of insurance payment on the portfolio level.

| Insured amount as at 31 December 2022 (in HRK) | Total insured amount | | | |
|---|----------------------|---------------|-------------------|---------------|
| | Before reinsurance | | After reinsurance | |
| | HRK '000 | % | HRK '000 | % |
| Life insurance – traditional products | 624,149 | 35.76 | 624,149 | 35.76 |
| Life insurance where the policyholder bears the investment risk | 337,883 | 19.36 | 337,883 | 19.36 |
| Life insurance riders | 783,535 | 44.89 | 783,535 | 45 |
| Balance as at 31 December 2022 | 1,745,567 | 100.00 | 1,745,567 | 100.00 |

| Insured amount as at 31 December 2021 (in HRK) | Total insured amount | | | |
|---|----------------------|---------------|-------------------|---------------|
| | Before reinsurance | | After reinsurance | |
| | HRK '000 | % | HRK '000 | % |
| Life insurance – traditional products | 646,630 | 36.07 | 646,630 | 36.07 |
| Life insurance where the policyholder bears the investment risk | 357,419 | 19.94 | 357,419 | 19.94 |
| Life insurance riders | 788,426 | 44 | 788,426 | 44 |
| Balance as at 31 December 2021 | 1,792,475 | 100.00 | 1,792,475 | 100.00 |

Tables for long-term insurance contracts are presented below, and they provide an overview of concentration of risk through six groups of contracts grouped by insured amounts for each life insured.

| Insured amount as at 31 December 2022 (in HRK) | Total insured amount without life insurance riders | | | |
|---|--|------------|-------------------|------------|
| | Before reinsurance | | After reinsurance | |
| | HRK '000 | % | HRK '000 | % |
| < 20,000 | 138,780 | 12.57 | 138,780 | 13 |
| 20,001-40,000 | 267,828 | 24.26 | 267,828 | 24 |
| 40,001-60,000 | 255,344 | 23.13 | 255,344 | 23 |
| 60,001-80,000 | 194,526 | 17.62 | 194,526 | 18 |
| 80,001-100,000 | 67,248 | 6.09 | 67,248 | 6 |
| > 100,001 | 180,061 | 16.31 | 180,061 | 16 |
| Balance as at 31 December 2022 | 1,103,790 | 100 | 1,103,790 | 100 |

| Insured amount as at 31 December 2021 (in HRK) | Total insured amount without life insurance riders | | | |
|---|--|------------|-------------------|------------|
| | Before reinsurance | | After reinsurance | |
| | HRK '000 | % | HRK '000 | % |
| < 20,000 | 133,364 | 11.83 | 133,364 | 12 |
| 20,001-40,000 | 261,387 | 23.19 | 261,387 | 23 |
| 40,001-60,000 | 272,545 | 24.19 | 272,545 | 24 |
| 60,001-80,000 | 202,973 | 18.01 | 202,973 | 18 |
| 80,001-100,000 | 73,04 | 6.48 | 73,04 | 6 |
| > 100,001 | 183,619 | 16.29 | 183,619 | 16 |
| Balance as at 31 December 2021 | 1,126,928 | 100 | 1,126,928 | 100 |

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses

Non-life insurance

Provision is made at the balance sheet date for the expected ultimate cost of settlement of all claims incurred in respect of the events up to that date, whether reported or not, together with related claims handling costs, less amounts already paid.

Reported but not settled (RBNS) claims provision is assessed on a separate case-by-case basis considering the claim circumstances, available evaluators' information and historical proof of similar claims' amounts. Individual claims are regularly examined and the provision is regularly updated when new information appear.

Reinsurance share is determined by individual calculation based on the reinsurance contract that was in force at the moment the claim incurred.

The estimate of provisions for incurred but not reported (IBNR) claims are, in general, subject to a greater level of uncertainty than the provisions for claims reported. IBNR claims provisions are predominantly assessed by the Company's certified actuaries using statistical methods prescribed by the CFSSA, like the Bornhuetter-Ferguson method and the Chain Ladder method.

The Company uses the Bornhuetter-Ferguson method for calculating IBNR claims in MTPL insurance and other liability insurance. The Bornhuetter-Ferguson method combines the estimated claims ratio and the chain ladder method for assessing the total claim expense up to given date. For other types of non-life insurance, the Company used the chain ladder method adjusted by inflation in 2022.

To the extent that these methods use the historical claims development, it is presumed that the historical sample of the claims development will recur. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. These reasons entail:

- economic practice, legal regulations, political trends;
- changes in the combination of insurance contracts type which are being underwritten;
- random fluctuations, including the impact of large losses.

IBNR provisions are initially estimated in their gross amount and a separate calculation is carried out to estimate the size of the reinsurance share. The assumptions which affect the measurement of provision amounts for non-life insurance the most are the following:

Expected claims ratio

The expected claims ratio represents the ratio of expected claims incurred in relation to premiums earned. The assumptions concerning the expected claims ratios for the most recent accident years, per type of insurance, have the most significant impact on the level of provisions.

Remaining claims development factors

In case of "long-tail" claims, the claims provisions level greatly depends on the claims development estimate since the last year of development for which historical data exist until the final settlement. The remaining claims development factors are assessed based on actuarial judgements.

Discounting

With the exception of annuities (MTPL), non-life insurance provisions are not discounted.

Annuities

Claims provisions include provisions for MTPL claims payable as annuities, which are stated at estimated net present value based on a discount rate of 0.15% per annum. Annuities are calculated using the Republic of Croatia's mortality table from 2010 to 2012. Annuities are fixed at their nominal value over the whole period of payment.

As at December 31, 2022, the Company made a mathematical provision for "Ensuring debt servicing capacity".

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Life insurance

The mathematical provision is calculated separately for each insurance policy. The mathematical provision is calculated by a prospective net method using the same statistical data and interest rates that are used for calculating tariffs, except for cases where the regulator prescribed lower interest rates for the calculation of the mathematical provision. Assumptions used are determined at the beginning of the policy term and remain in effect until the obligations expire. Life insurance policies are pegged to the euro.

Guaranteed technical interest rate in insurance policies varies between 0% and 4% according to the actual technical rate used in determining the premium. For all price lists applicable from 1 July 2013, the Company uses unisex tables.

When calculating the mathematical provision, the Company uses mortality tables YU54 (1950-1954), SAVA 98 (1980-1982), HR 2004, U_HR2004A, HR_RIZ_2008, KBI_2004, RH 2000-2002, DAV_1994_R, PKB_2004, KBJ_2006, UNI_2002, UNI_RIZ_2002, KB4_2012, KB23_2012, PKB_2012 and TRI 50P 2012, HANFA_2002, HR_UNI_RIZ_2014, HR-UA-2004, HR_KBI_2002_DEP, I50_2004, HR_KB23_2016, HR_KB4_2016, PKB_2012_CROKBJ_2006, SMN_BRIC2, SMN_50P_2012, SAVA98R. All mortality tables are developed internally within the Triglav Group based on own mortality experience and with regard to available statistical data.

The interest rate used for calculating the mathematical provision for insurance contracts concluded prior to June 30, 2016 amounts to 2.1%; for contracts concluded after 01/07/2016 it amounts to 1.75%; for contracts concluded after January 1, 2018 it amounts to 1%; and for contracts concluded after January 1, 2020 it amounts to 0%.

| Product | Mortality tables | Interest rates for calculating provisions | Product |
|--------------------|---|---|---|
| Z-MES-1O, Z-MES-1E | HR_2004_M, HR_2004_Z | 1.75%, 2.75% | Endowment – one person |
| Z-MES-2O | HR_2004_V | 2.75%, 3.25% | Endowment – two persons |
| Z-MED-1O | HR_2004_M, HR_2004_Z | 2.75%, 3.25% | Double cover endowment |
| Z-KBI-1O | HR_2004_M + KBI_2004_M, HR_2004_Z + KBI_2004_Z | 3.25% | Endowment with critical illness coverage – one person |
| Z-KBI-2O | HR_2004_V + KBI_2004_V | 3.25% | Endowment with critical illness coverage – two persons |
| O-DOT-1O | HR_2004_M, HR_2004_Z | 3.25% | Marriage insurance – one person |
| O-DOT-2O | HR_2004_V | 3.25% | Marriage insurance – two persons |
| O-STI-1O, O-STI-1E | HR_2004_M, HR_2004_Z | 3.25% | Grant insurance – one person |
| O-STI-2O | HR_2004_V | 3.25% | Grant insurance – two persons |
| M1AA | SAVA98 | 4% | Endowment – one person (old policy) |
| M1BA | SAVA98 | 4% | Double cover endowment (old policy) |
| M2AA | SAVA98_2 | 4% | Endowment – two persons |
| R1CC, R1OC, R2OC | SAVA98, SAVA98_2, SAVA98_R | 4% | Annuity |
| T-SMT-1O, T-SMT-1E | HR_RIZ_2008, HR_RIZ_2008 | 2.75% | Death-risk insurance |
| T-HPK-1O, T-HPK-1E | HR_RIZ_2008 | 2.75% | Death-risk insurance with decreasing term – one person |
| T-HPK-2O, T-HPK-2E | HR_RIZ_2008 | 2.75% | Death-risk insurance with decreasing term – two persons |

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

| <i>Product</i> | <i>Mortality tables</i> | <i>Interest rates for calculating provisions</i> | <i>Product</i> |
|-----------------------------|-------------------------------|--|---|
| <i>P-KBI-1O</i> | <i>HR_RIZ_2008, PKB_2004</i> | <i>2.75%</i> | <i>Additional insurance – one person – with periodic premiums with payment of main insured amount in case of critical illness</i> |
| <i>P-KBI-2O</i> | <i>HR_RIZ_2008, PKB_2004</i> | <i>2.75%</i> | <i>Additional mutual insurance with periodic premiums with payment of main insured amount in case of critical illness</i> |
| <i>P-KBI-1E</i> | <i>HR_RIZ_2008, PKB_2004</i> | <i>2.75%</i> | <i>Additional insurance – one person – with one-off premium with payment of main insured amount in case of critical illness</i> |
| <i>P-KBI-2E</i> | <i>HR_RIZ_2008, PKB_2004</i> | <i>2.75%</i> | <i>Additional mutual insurance with one-off premium with payment of main insured amount in case of critical illness</i> |
| <i>R-DOZ-1E-MG</i> | <i>DAV_1994_R</i> | <i>1.75%. 2.75%</i> | <i>Annuity</i> |
| <i>R-DOZ-1E-M0</i> | <i>DAV_1994_R</i> | <i>1.75%. 2.75%</i> | <i>Annuity</i> |
| <i>T-SMT-1O, T-SMT-1E</i> | <i>RH 2000-2002</i> | <i>2.75%</i> | <i>Death-risk insurance</i> |
| <i>T-SMT-1O, T-SMT-1E</i> | <i>RH 2000-2002</i> | <i>1.75%</i> | <i>Death-risk insurance</i> |
| <i>T-HPK-1O, T-HPK-1E</i> | <i>RH 2000-2002</i> | <i>2.75%</i> | <i>Death-risk insurance with decreasing term – one person</i> |
| <i>T-HPK-2O, T-HPK-2E</i> | <i>RH 2000-2002</i> | <i>2.75%</i> | <i>Death-risk insurance with decreasing term – two persons</i> |
| <i>Z-MES-1O, Z-MES-1E</i> | <i>UNI_2002</i> | <i>1.89%</i> | <i>Endowment – one person</i> |
| <i>Z-MES-1O, Z-MES-1E</i> | <i>UNI_2002</i> | <i>1.75%</i> | <i>Endowment – one person</i> |
| <i>Z-GMES-1O, Z-GMES-1E</i> | <i>UNI_2002</i> | <i>1.75%</i> | <i>Endowment – one person</i> |
| <i>Z-MES-2O</i> | <i>UNI_2002</i> | <i>2.75%. 1.75%</i> | <i>Endowment – two persons</i> |
| <i>Z-MED-1O</i> | <i>UNI_2002</i> | <i>2.75%. 1.75%</i> | <i>Double cover endowment</i> |
| <i>Z-GMED-1O</i> | <i>UNI_2002</i> | <i>2.75%. 1.75%</i> | <i>Double cover endowment</i> |
| <i>O-STI-1O</i> | <i>UNI_2002</i> | <i>2.75%. 1.75%</i> | <i>Grant insurance – one person</i> |
| <i>O-STI-2O</i> | <i>UNI_2002</i> | <i>2.75%. 1.75%</i> | <i>Grant insurance – two persons</i> |
| <i>T-SMT-1O, T-SMT-1E</i> | <i>UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Death-risk insurance</i> |
| <i>T-HPK-1O, T-HPK-1E</i> | <i>UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Death-risk insurance with decreasing term – one person</i> |
| <i>T-HPK-1O, T-HPK-1E</i> | <i>UNI_RIZ_2014</i> | <i>1.75%</i> | <i>Death-risk insurance with decreasing term – one person</i> |
| <i>T-HPK-2O, T-HPK-2E</i> | <i>UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Death-risk insurance with decreasing term – two persons</i> |
| <i>T-GHPK-2E</i> | <i>UNI_RIZ_2002</i> | <i>1.75%</i> | <i>Death-risk insurance with decreasing term – two persons</i> |
| <i>T-HPK-2O, T-HPK-2E</i> | <i>UNI_RIZ_2014</i> | <i>2.75%</i> | <i>Death-risk insurance with decreasing term – two persons</i> |
| <i>P-KBI-1O</i> | <i>PKB_2012, UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Additional insurance – one person – with periodic premiums with payment of main insured amount in case of critical illness</i> |
| <i>P-KBI-2O</i> | <i>PKB_2012, UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Additional mutual insurance with periodic premiums with payment of main insured amount in case of critical illness</i> |
| <i>P-KBI-1E</i> | <i>PKB_2012, UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Additional insurance – one person – with one-off premium with payment of main insured amount in case of critical illness</i> |

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

| <i>Product</i> | <i>Mortality tables</i> | <i>Interest rates for calculating provisions</i> | <i>Product</i> |
|-----------------------------|-------------------------------|--|---|
| <i>P-KBI-2E</i> | <i>PKB_2012, UNI_RIZ_2002</i> | <i>2.75%</i> | <i>Additional mutual insurance with one-off premium with payment of main insured amount in case of critical illness</i> |
| <i>D-HBP-O-10</i> | <i>KB4_2012</i> | <i>1%, 1.75%, 2.75%</i> | <i>Supplementary insurance for critical illness and injury BASIC PACKAGE</i> |
| <i>D-HBP-R-10</i> | <i>KB23_2012</i> | <i>1%, 1.75%, 2.75%</i> | <i>Supplementary insurance for critical illness and injury EXTENDED PACKAGE</i> |
| <i>O-STI-10</i> | <i>UNI_2014</i> | <i>1%</i> | <i>Grant insurance – one person</i> |
| <i>O-STI-20</i> | <i>UNI_2014</i> | <i>1%</i> | <i>Grant insurance – two persons</i> |
| <i>T-SMT-10, T-SMT-1E</i> | <i>HR_RIZ_2014</i> | <i>1%, 1.75%</i> | <i>Death-risk insurance</i> |
| <i>Z-MES-10, Z-MES-1E</i> | <i>UNI_2014</i> | <i>1%, 0%</i> | <i>Endowment – one person</i> |
| <i>Z-MES-20</i> | <i>UNI_2014</i> | <i>1%, 0%</i> | <i>Endowment – two persons</i> |
| <i>Z-MED-10</i> | <i>UNI_2014</i> | <i>1%, 0%</i> | <i>Double cover endowment</i> |
| <i>Z-GMED-10</i> | <i>UNI_2014</i> | <i>1%, 0%</i> | <i>Double cover endowment</i> |
| <i>Z-GMES-10, Z-GMES-1E</i> | <i>UNI_2014</i> | <i>1%, 0%</i> | <i>Endowment – one person</i> |

Policyholders' profit shares

Policyholders or beneficiaries of endowment policies are entitled to a share in profit based on the Management Board's discretionary decision. The right to profit shares is calculated for policies (traditional life insurance with interest rate over 1%, except for death-risk insurance) in force as at 31 December 2022. The Company determines profit shares on the basis of realised net profit for the year from investments of funds from the mathematical provision. The amount of profit share is determined by the Management Board.

In case of endowment policies, the profit share is paid together with the insured amount. In case of death, the Company pays the insured amount and profit share that has been calculated up to that point. The Company provides for profit shares allocated to policyholders within the mathematical life insurance provision.

1.7 Liability adequacy test

Life insurance

Mathematical provision is tested at each reporting date against a calculation of future cash flows using explicit and consistent assumptions of all relevant factors – future premiums, mortality, morbidity, investment returns, lapses, surrenders, guarantees, policyholder bonuses, expenses and exercise of policyholder options. For this purpose the Company uses the present value of future profits (“PVFP”) calculation.

Where reliable market data is available, assumptions are derived from observable market prices.

Assumptions which cannot be reliably derived from market values are based on current estimates calculated by reference to the Company’s own internal models and publicly available resources (e.g. demographic information published by the Croatian Bureau of Statistics).

Due to the level of uncertainty concerning the future development of the insurance market and the Company’s portfolio, the Company uses conservative margins for risk and uncertainty within the liability adequacy test. Inputs are updated annually based on recent experience, according to the parent company's guidelines. The testing methodology considers current estimates on all future cash flows. This methodology enables the quantification of the correlation between all risks factors.

Liability adequacy test is performed on traditional and investment insurance types, and the principal assumptions used are:

Segmentation

The Company segments its portfolio into two groups that represent traditional insurance contracts and investment insurance contracts. The net present value of future cash flows calculated using the assumptions described below is compared with the insurance liabilities. If that comparison shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated cash flows, the entire deficiency is recognised in profit or loss, by recognising an additional liability.

Mortality and morbidity

Based on the statistical analyses of mortality experience of the Company in prior years, the assumption of a 60% mortality rate was taken as the best estimate for modelling mortality for traditional insurance in CFSSA’s 2012 tables (the latest Croatian population mortality table) and a 60% mortality rate for unit-linked insurance in CFSSA’s 2012 tables. The assumed morbidity rates are 50% of the ACI rates (23) from 2012.

Persistency

Estimates for lapses (cancellation, surrender or capitalisation) are based on the Company’s past experience and appropriate actuarial judgements. Obtained lapse rates are applied per each policy. The Company regularly examines its actual persistency rates by product type and duration and amends its assumptions accordingly.

Costs

Estimates for future policy renewal and maintenance costs included in the liability adequacy test are derived from the Company’s current experience.

Estimates for future policy renewal and maintenance costs included in the liability adequacy test are derived from experience increased by the expected annual inflation rate in the planned period of 2023-2027 of 13%. The following costs per policy were applied: renewal and administration costs for active and capitalised policies of HRK 143.16 (EUR 19) per policy p.a., operating cost for supplementary accident is 8% of the gross written premium, claims handling cost of HRK 233.56 (EUR 31) per claim for basic coverage, 1.9% of the claims amount for supplementary insurance, asset management cost for investments of life insurance funds of 0.04% of the asset value.

1.7 Liability adequacy test (continued)

Life insurance (continued)

Expected investment return and discount rate

Future investment returns are calculated using the projected interest rate derived from the return on government bonds. Estimated return on investments and discount risk rate determined by the parent company is the yield curve of Croatian government bonds denominated in EUR as at 31 December 2022.

Profit distribution

The bonus distribution rate is determined as the difference between 70% of the forward rate in the period of mathematical provision funds for the period and the technical interest rate of the contract (for participating policies only). The bonus distributed is determined as the product of the bonus distribution rate and the mathematical provision in the projected period.

Non-life insurance

Contrary to life insurance, non-life insurance liabilities are calculated by using both current and historical assumptions.

The liability adequacy test for non-life insurance is therefore limited to the unexpired portion of existing contracts. The expected value of claims and costs attributable to unexpired contracts in force as at the reporting date is compared to the unearned premiums for those policies. Expected cash flows relating to claims and costs are estimated based on the experience form the prior insurance contract period and adjusted for significant individual losses which are not expected to recur.

The test is performed per individual type of insurance.

As at 31 December 2022, the Company formed provisions for unexpired risks in the amount of HRK 781 thousand for the following types of insurance: other property insurance and credit insurance. (31 December 2021: HRK 317 thousand).

1.8 The sensitivity of profit or loss and capital and reserves to changes in significant variables

Profit or loss and insurance liabilities are mainly sensitive to changes in discount rate, lapse rate, and cost assumptions which are estimated for calculating the adequate value of insurance liabilities.

The Company estimates the impact of changes in key variables on the best liability adequacy test at the year-end.

Life insurance

The reasonable possible changes represent neither expected changes in variables nor worst-case scenarios.

Sensitivity was calculated for the effects of decreasing the technical interest rate for calculating the best estimate of liability adequacy by 0.5%, the cost increase by 10%, and lapse rate increase by 10%.

Assumptions and sensitivity analysis for long-term operations

The best estimate of the balance as at December 31, 2022 amounts to HRK 401,843 thousand (*HRK 475,304 thousand*).

| Sensitivity analysis of best estimate | Change in liability | |
|--|--------------------------------|--------------------------------|
| | 2022 HRK '000 | 2021 HRK '000 |
| Interest rate of +0.5% | (8,516) | 12,082 |
| Costs +10% | 5,179 | 4,517 |
| Lapses +10% | 3,209 | 2,330 |

Non-life insurance

In case of non-life insurance, the variables which would affect the underwriting liabilities the most refer to MTPL court claims. The court claims liabilities are sensitive to changes in regulatory, legal, political, economic and social trends. Management believes it is not practicable to quantify the sensitivity of non-life reserves to changes in these variables. The total exposure to insurance risk is set out in note 1.5.

1.9 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows

Non-life insurance contracts

The Company offers many types of non-life insurances, including motor, property, liability, marine, transport, health and accident insurance. Non-life insurance contracts may be concluded for a fixed term of one year or on a long-term basis, whereby each party has the option to terminate the contract with a 3-month notice period. Therefore, the Company has the possibility of reassessing the risk prices in intervals not exceeding a 1-year period. It also has the possibility to increase the premium, as well as to reject fraud-related claims.

Future claims are the main source of uncertainty affecting the amount and timing of future cash flows. The amount paid per claim is limited by the insured amount determined in the insurance policy.

Other significant sources of uncertainty connected with non-life insurance arise from legal regulations which entitle the policyholders to report a claim before the statute of limitation, which enters into force 3 years from the date when the policyholder becomes aware of the claim, but not later than 5 years from the beginning of the year following the year of occurrence of the claim for material claims and 3 years for non-material claims after the end of medical treatment or after the final court decision. This provision is particularly significant in case of permanent disability arising from accident insurance, due to the difficulty in determining the period between the time the damage occurred and the time its permanent consequences were confirmed.

Characteristics of individual types of insurance, if significantly different from the characteristics set out above, are described below.

Motor vehicle insurance

The Company's motor vehicle insurance portfolio comprises both motor third party liability insurance (MTPL) and motor (casco) insurance. Motor third party liability insurance (MTPL) covers the bodily injury and property claims in the Republic of Croatia and countries within the Green Card system.

Property claims under MTPL and casco claims are generally reported and settled shortly after the accident occurred. Reporting and payments relating to bodily injury claims, however, take longer to assess and determine. Such claims may be settled in the form of a lump sum payment or annuity. The amount of claims relating to bodily injury and related losses are governed by decisions made by the Supreme Court, which affect the case law

Casco insurance represents standard insurance against claims, limited by the amount insured.

Property insurance

This is broadly split into industrial and personal risks. In case of industrial risks, the Company uses risk management techniques to identify risks and analyse losses, and also cooperates with reinsurers. Private property risks consist of standard insurance for buildings and valuables. Claims are usually reported promptly and can be settled without delay.

Liability insurance

This covers all types of liability and includes commercial liability, product liability and professional liability, as well as personal liability.

Accident insurance

Accident insurance is traditionally sold as a rider to life insurance or MTPL sold by the Company.

1.9 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows (continued)

Life insurance contracts

Profit shares

The Company's life insurance policies include the right to profit shares in line with terms of insurance. Profit shares are granted at the discretion of the Company and are recognised when proposed and approved by the Management Board in accordance with the relevant legal requirements. Once allocated to policyholders, profit shares are guaranteed.

Premiums

Premiums may be payable in regular instalments or as a one-off premium at the beginning of the policy term.

Endowment

This is a traditional life insurance product providing long-term financial protection. Many long-term policies give the policyholders the possibility to finance their needs during retirement. Life insurance policies for regular or one-off premiums cover the risk of death, endowment, or waiver of premium in case of permanent disability. Accident may be added as a rider to the main coverage. Insurance benefits are usually paid as a lump sum.

Annuity

Annuity is a type of insurance and a type of savings that enables policyholders to receive monthly annuity upon endowment, depending on the policy, during a certain period of time or until death. During the entire period of premium payment, it provides insurance in case of death in the contracted insured amount. The insurer pays monthly annuities until the policyholder's death, but not less than 10 years. The premium may be paid in instalments or as a one-off premium. With one-off payments, the payment of the annuity may start immediately or a delayed annuity payment may be agreed.

Unit-linked life insurance

Unit-linked life insurance is related to investments in funds of the policyholder's choice, in particular in funds managed by ZB Invest d.o.o. (ZB Bond, ZB Euroaktiv, ZB Trend, ZB Plus) and Triglav skladi d.o.o. (Triglav Azija, Triglav Evropa, Triglav High Yield Bond, Triglav Hitro Rastoča Podjetja, Triglav Money Market EUR, Triglav Obvezniški, Triglav Rastoči Trgi, Triglav Renta, Triglav Severna Amerika, Triglav Steber Global, Triglav Svetovni Razviti Trgi, Triglav Top Brands, Triglav Zdravlje in Farmacija, Triglav Aktivni, Triglav Jugoizhodna Evropa, Triglav Preudarni, Triglav Tehnologija and Triglav Zeleni).

1.10 Segment reporting

Statement of financial position by operating segment as at 31 December 2022

| | Non-life HRK '000 | Life HRK '000 | Exclusion of internal relations L/NL HRK '000 | Total HRK '000 |
|---|----------------------|------------------|--|-------------------|
| Assets | | | | |
| Property and equipment | 122,363 | - | - | 122,363 |
| Investment property | 1,202 | - | - | 1,202 |
| Right-of-use assets | 9,807 | - | - | 9,807 |
| Intangible assets | | | | |
| - Deferred acquisition costs | 29,591 | - | - | 29,591 |
| - Other intangible assets | 8,233 | - | - | 8,233 |
| Financial assets held to maturity | - | 53,054 | - | 53,054 |
| Financial assets available for sale | 202,446 | 359,753 | - | 562,199 |
| Financial assets at fair value through profit or loss | 108,138 | 197,687 | - | 305,825 |
| Loans and receivables | 49,593 | 5,921 | - | 55,514 |
| Reinsurance share in technical provisions | 101,784 | - | - | 101,784 |
| Deferred tax assets | 6,985 | 10,805 | - | 17,790 |
| Insurance and other receivables | 198,676 | 697 | (1,923) | 197,450 |
| Cash and cash equivalents | 10,999 | 6,672 | - | 17,671 |
| Internal receivables NL/L | - | - | 1,923 | 1,923 |
| Total assets | 849,817 | 634,589 | - | 1,484,406 |
| Liabilities | | | | |
| Technical provisions from insurance contracts | 642,683 | 502,238 | - | 1,144,921 |
| Provisions for liabilities and expenses | 7,563 | - | - | 7,563 |
| Insurance and other liabilities | 131,972 | 5,399 | (1,923) | 135,448 |
| Deferred tax liability from Total financial portfolio | 63 | - | - | 63 |
| Internal liabilities L/NL | - | - | 1,923 | 1,923 |
| Total liabilities | 782,281 | 507,637 | - | 1,289,918 |
| Share capital and reserves | | | | |
| Share capital | 254,071 | 30,931 | - | 285,002 |
| Premium on issued shares | 4,692 | - | - | 4,692 |
| Legal reserve | 2,770 | 2,790 | - | 5,560 |
| Fair value reserve | (8,525) | (46,993) | - | (55,518) |
| Other reserves | 2,216 | - | - | 2,216 |
| Loss carried forward | (149,763) | 126,695 | - | (23,068) |
| Loss for the year | (37,925) | 13,529 | - | (24,396) |
| Total capital and reserves attributable to shareholders of the Company | 67,536 | 126,952 | - | 194,488 |
| Total liabilities and equity and reserves | 849,817 | 634,589 | - | 1,484,406 |

1.10 Segment reporting (continued)

Statement of financial position by operating segment as at 31 December 2021

| | Non-life HRK '000 | Life HRK '000 | Exclusion of internal relations L/NL HRK '000 | Total HRK '000 |
|---|----------------------|------------------|--|-------------------|
| Assets | | | | |
| Property and equipment | 124,767 | - | - | 124,767 |
| Investment property | 1,241 | - | - | 1,241 |
| Right-of-use asset | 12,749 | - | - | 12,749 |
| Intangible assets | | | | |
| - Deferred acquisition costs | 26,315 | - | - | 26,315 |
| - Other intangible assets | 8,031 | - | - | 8,031 |
| Financial assets held to maturity | - | 62,869 | - | 62,869 |
| Financial assets available for sale | 173,508- | 422,859 | - | 596,367 |
| Financial assets at fair value through profit or loss | 87,582 | 232,889 | - | 320,471 |
| Loans and receivables | 34,752 | 5,872 | - | 40,624 |
| Reinsurance share in technical provisions | 97,653 | - | - | 97,653 |
| Deferred tax assets | - | 490 | - | 490 |
| Insurance and other receivables | 168,555- | 3,174 | (778) | 170,951 |
| Cash and cash equivalents | 7,437 | 3,618 | - | 11,055 |
| Internal receivables NL/L | - | - | 778 | 778 |
| Total assets | 742,590 | 731,771 | - | 1,474,361 |
| Liabilities | | | | |
| Technical provisions | 593,094 | 540,656 | - | 1,133,750 |
| Provisions for liabilities and expenses | 99,814 | 5,354 | (778) | 104,390 |
| Insurance and other liabilities | 727 | 4,562 | - | 5,289 |
| Deferred tax liability | - | - | 778 | 778 |
| Internal liabilities L/NL | 593,094 | 540,656 | - | 1,133,750 |
| Total liabilities | 700,614 | 550,572 | - | 1,251,186 |
| Share capital and reserves | | | | |
| Share capital | 178,725 | 30,931 | - | 209,656 |
| Premium on issued shares | 4,692 | - | - | 4,692 |
| Legal reserve | 2,770 | 2,105 | - | 4,875 |
| Fair value reserve | 3,336 | 20,783 | - | 24,119 |
| Other reserves | 2,216 | - | - | 2,216 |
| Loss carried forward | (156,252) | 120,167 | - | (36,085) |
| Profit for the year | 6,489 | 7,213 | - | 13,702 |
| Total capital and reserves attributable to shareholders of the Company | 41,976 | 181,199 | - | 223,175 |
| Total liabilities and equity and reserves | 742,590 | 731,771 | - | 1,474,361 |

1.10. Segment reporting (continued)

Statement of comprehensive income by operating segment for 2022

| | Non-life HRK '000 | Life HRK '000 | Total HRK '000 |
|--|----------------------|------------------|-------------------|
| Gross written premium | 652,027 | 60,373 | 712,400 |
| Outward reinsurance premiums | (190,775) | (44) | (190,819) |
| Written premiums, net of reinsurance | 461,252 | 60,329 | 521,581 |
| Change in unearned premium provisions, gross | (27,807) | 10 | (27,797) |
| Change in unearned premium provisions, reinsurance share | 3,247 | - | 3,247 |
| Earned premiums, net of reinsurance | 436,692 | 60,339 | 497,031 |
| Net investment income | 6,101 | 13,135 | 19,236 |
| Investment costs | (174) | (33,919) | (34,093) |
| Fees and commission income | 47,890 | 3 | 47,893 |
| Other operating income | 14,670 | 16 | 14,686 |
| Net income | 505,179 | 39,574 | 544,753 |
| Claims incurred | (407,824) | (10,153) | (417,977) |
| Reinsurers' share of claims incurred | 114,718 | 23 | 114,741 |
| Claims incurred, net of reinsurance | (293,106) | (10,130) | (303,236) |
| Acquisition costs | (123,475) | (5,423) | (128,898) |
| Administrative costs | (92,800) | (9,978) | (102,778) |
| Other operating costs | (38,048) | (237) | (38,285) |
| Finance costs | (725) | (277) | (1,002) |
| (Loss)/profit before tax | (42,975) | 13,529 | (29,446) |
| Income tax / decrease of deferred tax asset | 5,050 | - | 5,050 |
| Loss/(profit) for the year | (37,925) | 13,529 | (24,396) |
| Other comprehensive loss | | | |
| Net change in the fair value of financial assets available for sale, net of realised amounts | (14,460) | (82,653) | (97,113) |
| Other comprehensive income tax | 2,598 | 14,878 | 17,476 |
| Other comprehensive loss for the year | (11,862) | (67,775) | (79,637) |
| Total comprehensive income/(loss) for the year | (49,787) | (54,246) | (104,033) |

1.10. Segment reporting (continued)

Statement of comprehensive income by operating segment for 2021

| | Non-life HRK '000 | Life HRK '000 | Total HRK '000 |
|---|----------------------|------------------|-------------------|
| Gross written premium | 592,880 | 61,176 | 654,056 |
| Outward reinsurance premiums | (136,147) | (51) | (136,198) |
| Written premiums, net of reinsurance | 456,733 | 61,125 | 517,858 |
| Change in unearned premium provisions, gross | (26,224) | (1) | (26,225) |
| Change in unearned premium provisions, reinsurance share | 8,834 | - | 8,834 |
| Earned premiums, net of reinsurance | 439,343 | 61,124 | 500,467 |
| Net investment income | 5,508 | 41,882 | 47,390 |
| Investment costs | (482) | (1,539) | (2,021) |
| Fees and commission income | 20,629 | 1 | 20,630 |
| Other operating income | 11,628 | - | 11,628 |
| Net income | 476,626 | 101,468 | 578,094 |
| Claims incurred | (332,818) | (78,061) | (410,879) |
| Reinsurers' share of claims incurred | 74,342 | 48 | 74,390 |
| Claims incurred, net of reinsurance | (258,476) | (78,013) | (336,489) |
| Acquisition costs | (116,153) | (7,302) | (123,455) |
| Administrative costs | (87,361) | (7,604) | (94,965) |
| Other operating expenses | (6,069) | (30) | (6,099) |
| Finance costs | (541) | (1,306) | (1,847) |
| (Loss)/profit before tax | 8,026 | 7,213 | 15,239 |
| Income tax/decrease of deferred tax asset | (1,537) | - | (1,537) |
| Loss/(profit) for the year | 6,489 | 7,213 | 13,702 |
| Other comprehensive loss | | | |
| Net change in the fair value of financial assets available for sale, net of | (1,754) | (9,354) | (11,108) |
| Other comprehensive loss tax | 321 | 1,683 | 2,004 |
| Total comprehensive income/(loss) for the year | (1,433) | (7,671) | (9,104) |
| Total comprehensive income/(loss) for the year | 5,056 | (458) | 4,598 |

1.10. Segment reporting (continued)

The chief operating decision maker, responsible for allocating resources and assessing performance of the operating segments, is the Management Board that makes strategic decisions.

Measurement of segment assets and liabilities and segment revenues and results is based on the accounting policies set out in the accounting policy notes.

The main business segments of the Company are Non-life insurance and Life insurance. Note 1.9 to these financial statements provides further information about significant terms and conditions of insurance products.

Segment results, assets and liabilities include items directly attributable to the individual segment, as well as items which may be allocated on a reasonable basis. Measuring segment result provides profit or loss for the year.

The main products offered by the reported business segments include:

| <i>(in thousands of HRK)</i> | Gross written premium in 2022 | Gross written premium in 2021 |
|--|--------------------------------------|--------------------------------------|
| Non-life: | | |
| MTPL | 140,870 | 138,702 |
| Motor casco | 98,273 | 82,440 |
| Accident and travel | 34,068 | 33,785 |
| Marine and transport | 71,819 | 45,345 |
| Liability | 66,246 | 62,465 |
| Property | 240,752 | 230,142 |
| Total Non-life | 652,027 | 592,880 |
| Life: | | |
| Endowment | 35,156 | 34,044 |
| Annuity | 207 | 213 |
| Unit-linked | 25,009 | 26,919 |
| Total life | 60,373 | 61,176 |
| Total gross written premium (Non-life + Life) | 712,400 | 654,056 |

Geographical segment

Of the total amount of gross written premium of non-life insurance, the Company realised HRK 74,282 thousand or 10.4% on foreign markets (2021: 45,805 ili 7.73%). Considering the share of foreign clients' income in the total premium income, more detailed information on the geographical area has not been published.

1.11 Property and equipment

| Group | Land and buildings | Land and buildings under construction | Equipment and vehicles | Furniture | Small inventory and car tires | Investment in third-party property | Assets under construction | Total |
|---|--------------------|---------------------------------------|------------------------|---------------|-------------------------------|------------------------------------|---------------------------|----------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| <u>Cost</u> | | | | | | | | |
| Balance as at 1 January 2022 | 152,808 | - | 21,187 | 10,971 | 2,505 | 2,967 | 220 | 190,658 |
| Additions | 738 | 738 | 1,269 | 450 | 84 | 255 | 1,932 | 5,466 |
| Decreases | | (738) | | | | | (1,719) | (2,457) |
| Effects of subsidiary aquisition | - | - | 68 | - | - | - | - | 68 |
| Balance as at 31 Dec. 2022 | 153,546 | - | 22,524 | 11,421 | 2,589 | 3,222 | 433 | 193,735 |
| <u>Depreciation and impairment</u> | | | | | | | | |
| Balance as at 1 January 2022 | 37,448 | - | 15,173 | 9,933 | 2,505 | 832 | - | 65,891 |
| Depreciation charge for the period | 2,990 | | 1,910 | 365 | 84 | 64 | | 5,413 |
| Balance as at 31 Dec. 2022 | 40,438 | - | 17,083 | 10,298 | 2,589 | 896 | - | 71,304 |
| <u>Net carrying amount</u> | | | | | | | | |
| As at 1 January 2022 | 115,360 | - | 6,014 | 1,038 | - | 2,135 | 220 | 124,767 |
| As at 31 December 2022 | 113,108 | - | 5,373 | 1,123 | - | 2,326 | 433 | 122,431 |

1.11 Property and equipment (continued)

| Company | Land and buildings | Land and buildings under construction | Equipment and vehicles | Furniture | Small inventory and car tires | Investment in third-party property | Assets under construction | Total |
|---------------------------------------|--------------------|---------------------------------------|------------------------|---------------|-------------------------------|------------------------------------|---------------------------|----------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Cost | | | | | | | | |
| Balance as at 1 January 2021 | 152,471 | - | 18,808 | 10,568 | 3,700 | 3,114 | 201 | 188,862 |
| Additions | - | 159 | - | - | - | - | 3,262 | 3,421 |
| Decreases | - | - | - | - | (1,478) | (147) | - | (1,625) |
| Transfer into use | 337 | (159) | 2,379 | 403 | 283 | - | (3,243) | - |
| Balance as at 31 December | 152,808 | - | 21,187 | 10,971 | 2,505 | 2,967 | 220 | 190,658 |
| Balance as at 1 January 2022 | 152,808 | - | 21,187 | 10,971 | 2,505 | 2,967 | 220 | 190,658 |
| Additions | - | 738 | - | - | - | - | 2,271 | 3,009 |
| Decreases | 738 | (738) | 1,269 | 450 | 84 | 255 | (2,058) | - |
| Balance as at 31 December 2022 | 153,546 | - | 22,456 | 11,421 | 2,589 | 3,222 | 433 | 193,667 |
| Depreciation and impairment | | | | | | | | |
| Balance as at 1 January 2021 | 34,416 | - | 13,419 | 9,627 | 3,700 | 817 | - | 61,979 |
| Depreciation charge for the period | 3,032 | - | 1,754 | 306 | 283 | 15 | - | 5,390 |
| Decrease | - | - | - | - | (1,478) | - | - | (1,478) |
| Balance as at 31 December 2021 | 37,448 | - | 15,173 | 9,933 | 2,505 | 832 | - | 65,891 |
| Balance as at 1 January 2022 | 37,448 | - | 15,173 | 9,933 | 2,505 | 832 | - | 65,891 |
| Depreciation charge for the period | 2,990 | - | 1,910 | 365 | 84 | 64 | - | 5,413 |
| Balance as at 31 December 2022 | 40,438 | - | 17,083 | 10,298 | 2,589 | 896 | - | 71,304 |
| Net carrying amount | | | | | | | | |
| As at 1 January 2021 | 118,055 | - | 5,389 | 941 | - | 2,297 | 201 | 126,883 |
| As at 31 December 2021 | 115,360 | - | 6,014 | 1,038 | - | 2,135 | 220 | 124,767 |
| As at 1 January 2022 | 115,360 | - | 6,014 | 1,038 | - | 2,135 | 220 | 124,767 |
| As at 31 December 2022 | 113,108 | - | 5,373 | 1,123 | - | 2,326 | 433 | 122,363 |

1.11 Property and equipment (continued)

The amortisation charge is recognised under “Administrative costs” in the statement of comprehensive income. The Company pledged one property for its activities, but in 2022 it had no obligations based on the contract pledging the relevant property.

The estimated fair value of land and buildings on December, 31, 2022 is HRK 142,801 thousand (2021: 142,132). Evaluation of investment property value is based on Level 3 classification. The methodology used in valuation from real estate investment estimates is a cost method corrected for values from comparative methods and capitalization methods.

Part of the property owned by the Company, which is in the process of being entered in the land register, is recorded off-balance sheet, and will be recorded in the balance sheet upon completion of the process of registration in the land registry. As at December 31, 2022, the Company’s off-balance sheet record includes one property (2021: 1) with a book value of HRK 66 thousand (*in 2021: HRK 66 thousand*).

1.12 Investment property

| | HRK '000 |
|---------------------------------------|--------------|
| Cost | |
| Balance as at 1 January 2021 | 2,446 |
| Decrease | (79) |
| Balance as at 31 December 2021 | 2,367 |
| | |
| Balance as at 1 January 2022 | 2,367 |
| Increase | 12 |
| Balance as at 31 December 2022 | 2,379 |
| | |
| Depreciation and impairment | |
| Balance as at 1 January 2021 | 1,104 |
| Depreciation charge for the year | 43 |
| Decrease | (21) |
| Balance as at 31 December 2021 | 1,126 |
| | |
| Balance as at 1 January 2022 | 1,126 |
| Depreciation charge for the year | 51 |
| Balance as at 31 December 2022 | 1,177 |
| | |
| Net carrying amount | |
| As at 1 January 2021 | 1,342 |
| Balance as at 31 December 2021 | 1,241 |
| | |
| As at 1 January 2022 | 1,241 |
| Balance as at 31 December 2022 | 1,202 |

Estimated fair value of investment property as at the balance sheet date amounts to HRK 1,257 thousand (2021: HRK 1,194 thousand).

Estimated values of investment property are based on Level 3 classification. Methodology used for evaluating investment property is the cost method, adjusted by the value obtained from the comparative method and capitalization method.

Depreciation charge is recognised under “Investment income” in the statement of comprehensive income (Note 1.29).

Lease income from investment property amounts to HRK 40 thousand (2021: HRK 101 thousand). The average monthly lease amounts to HRK 23.6 per square meter (2021: HRK 23.4 / m²).

1.13 Right-of-use assets

| | Land and buildings | Equipment and vehicles | Total |
|--|-----------------------|---------------------------|---------------|
| | HRK '000 | HRK '000 | HRK '000 |
| <u>Cost</u> | | | |
| Balance as at 1 January 2021 | 9,833 | 1,648 | 11,481 |
| Increase | 5,564 | 3,726 | 9,290 |
| Decrease due to disposal, termination of contract | (141) | (1,124) | (1,265) |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2021 | 15,256 | 4,250 | 19,506 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Balance as at 1 January 2022 | 15,256 | 4,250 | 19,506 |
| Increase | 467 | 446 | 913 |
| Decrease due to disposal, termination of contract etc. | (808) | (558) | (1,366) |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2022 | 14,915 | 4,138 | 19,053 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| <u>Depreciation and impairment</u> | | | |
| Balance as at 1 January 2021 | 3,170 | 1,138 | 4,308 |
| Depreciation charge for the period | 2,475 | 1,099 | 3,574 |
| Decrease due to disposal, termination of contract etc. | - | (1,125) | (1,125) |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2021 | 5,645 | 1,112 | 6,757 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Balance as at 1 January 2022 | 5,645 | 1,112 | 6,757 |
| Depreciation charge for the period | 2,035 | 1,366 | 3,401 |
| Decrease due to disposal, termination of contract etc. | (343) | (569) | (912) |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2022 | 7,337 | 1,909 | 9,246 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| <u>Net carrying amount</u> | | | |
| As at 1 January 2021 | 6,663 | 510 | 7,173 |
| As at 31 December 2021 | 9,611 | 3,138 | 12,749 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| As at 1 January 2022 | 9,611 | 3,138 | 12,749 |
| As at 31 December 2022 | 7,578 | 2,229 | 9,807 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

1.13 Right-of-use assets (continued)

The Company initially applied IFRS 16 on 1 January 2019. In its statement of financial position, the Company recognises right-to-use tangible assets for renting business premises and vehicles.

In its initial recognition of right-of-use tangible assets in line with IFRS 16 as of 1 January 2019 the Company includes the following items:

- vehicle operating leases, in line with the expiration of the lease contract,
- business premise leases concluded for a certain period of time, with an expiration date exceeding one year, and
- business premise leases concluded for an indefinite period of time, with an estimated duration of 5 years.

In its recognition of right-of-use tangible, the Company does not include short-term leases expiring in less than one year and low-value operating lease contracts, as provided in note 1.33 Administrative costs.

Long-term lease obligations are discounted at discount rates:

| Year | Criteria | Rating for RoC | Minimal rates | Maximal rates |
|------|---------------|----------------|---------------|---------------|
| 2021 | Under 5 years | B | 3.33 % | 3.42% |
| 2022 | Under 5 years | B | 3.41% | 6.41% |

| Costs recognised in profit or loss | <i>Note</i> | 2022 | 2021 |
|---|-------------|-----------------|-----------------|
| | | HRK '000 | HRK '000 |
| Depreciation of right-of-use assets | | 3,363 | 3,156 |
| Interest | 1.35 | 389 | 290 |
| Cost of leases of low-value assets and contracts expiring within 1 year | 1.33 | 141 | 478 |
| Other costs | | 753 | 652 |
| | | 4,646 | 4,576 |

Structure of liabilities for right-of-use assets is provided in note 1.23. Liabilities. *Insurance business liabilities and other liabilities.*

1.14 Deferred acquisition costs

As part of the Company's insurance operations, certain non-life acquisition costs are deferred. Deferred acquisition costs include deferred commission costs and deferred payroll expenses for direct sales employees.

For life insurance operations, commission costs are taken into account for calculating life insurance provisions by means of Zillmerisation. Life insurance deferred acquisition costs are not recognised as a separate item at the balance sheet date. For life insurance riders and unit-linked products, acquisition costs are not deferred.

Analysis of deferred acquisition costs is set out below:

| | 2022 | 2022 | 2021 | 2021 |
|----------------------------------|---------------|---------------|---------------|---------------|
| | Non-life | Total | Non-life | Total |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Balance as at 1 January | 26,315 | 26,315 | 24,578 | 24,578 |
| Net increase (note 1.32) | 3,276 | 3,276 | 1,737 | 1,737 |
| Balance as at 31 December | 29,591 | 29,591 | 26,315 | 26,315 |

1.15 Other intangible assets

| | Licences HRK '000 | Software HRK '000 | Assets under construction HRK '000 | Total HRK '000 |
|---|----------------------|----------------------|--|-------------------|
| <u>Purchase value</u> | | | | |
| Balance as at 1 January 2021 | 8,846 | 29,619 | - | 38,465 |
| Increase | - | - | 3,109 | 3,109 |
| Decrease | 217 | 2,142 | (2,259) | - |
| Balance as at 31 December 2021 | 9,063 | 31,761 | 850 | 41,674 |
| Balance as at 1 January 2022 | 9,063 | 31,761 | 850 | 41,674 |
| Increase | - | - | 3,658 | 3,658 |
| Decrease | 896 | 3,611 | (4,508) | - |
| Balance as at 31 December 2022 | 9,959 | 35,372 | - | 45,331 |
| <u>Depreciation and amortisation and impairment losses</u> | | | | |
| Balance as at 1 January 2021 | 7,613 | 22,930 | - | 30,543 |
| Depreciation and amortisation expense | 411 | 2,689 | - | 3,100 |
| Balance as at 31 December 2021 | 8,024 | 25,619 | - | 33,643 |
| Balance as at 1 January 2022 | 8,024 | 25,619 | - | 33,643 |
| Depreciation and amortisation expenses | 575 | 2,880 | - | 3,455 |
| Balance as at 31 December 2022 | 8,599 | 28,499 | - | 37,098 |
| <u>Net carrying amount</u> | | | | |
| As at 1 January 2021 | 1,233 | 6,689 | - | 7,922 |
| As at 31 December 2021 | 1,039 | 6,142 | 850 | 8,031 |
| As at 1 January 2022 | 1,039 | 6,142 | 850 | 8,031 |
| As at 31 December 2022 | 1,360 | 6,873 | - | 8,233 |

The amortisation charge is recognised under “Administrative costs” in the statement of comprehensive income. Note 1.33.

1.16 Financial investment

| | 2022 HRK '000 | 2021 HRK '000 |
|---|------------------|------------------|
| Financial assets held to maturity | 53,054 | 62,869 |
| Financial assets available for sale | 562,199 | 596,367 |
| Financial assets at fair value in the profit and loss account | | |
| - held for trading | 135,038 | 117,695 |
| - designated at fair value | 170,787 | 202,776 |
| Loans and receivables | 55,514 | 40,624 |
| | 976,592 | 1,020,331 |

Investments for the account and risk of life insurance policyholders are designated at inception as financial assets at fair value through profit or loss.

1.16 Financial investments (continued)

In 2021 and 2022, the Company included its accrued interest receivables in the financial assets item, in order to provide a high-quality presentation of accrued interest receivables with regard to the assets they relate to.

| 2022 | Held-to- maturity investments HRK '000 | Available- for-sale financial assets HRK '000 | Financial assets at fair value in the profit and loss account HRK '000 | Loans and receivables HRK '000 | Total HRK '000 |
|---|---|---|--|--------------------------------------|-------------------|
| Equity securities, listed | - | 50 | 2,949 | - | 2,999 |
| Government bonds, listed | 53,054 | 505,050 | - | - | 558,104 |
| Corporate bonds and commercial bills, listed | - | 49,286 | - | - | 49,286 |
| Debt securities – fixed rate | 53,054 | 554,336 | - | - | 607,390 |
| Investment funds – listed | | 7,813 | | | 7,813 |
| Investment funds – listed LI | - | - | 132,089 | - | 132,089 |
| Investments for the account and risk of life insurance policyholders | - | - | 170,787 | - | 170,787 |
| Deposits with banks | - | - | - | 49,370 | 49,370 |
| Loans | - | - | - | 6,144 | 6,144 |
| TOTAL | 53,054 | 562,199 | 305,825 | 55,514 | 976,592 |
| 2021 | | | | | |
| Equity securities, listed | - | 50 | 2,941 | | 2,991 |
| Government bonds, listed | 62,869 | 537,805 | - | - | 600,674 |
| Corporate bonds and commercial bills, listed | - | 50,995 | 151 | - | 51,146 |
| Debt securities – fixed rate | 62,869 | 588,800 | 151 | - | 651,820 |
| Investment funds – closed | | 7,517 | | | 7,517 |
| Investment funds – open | - | - | 114,603 | - | 114,603 |
| Investments for the account and risk of life insurance policyholders | - | - | 202,776 | - | 202,776 |
| Deposits with banks | - | - | - | 34,367 | 34,367 |
| Loans | - | - | - | 6,257 | 6,257 |
| TOTAL | 62,869 | 596,367 | 320,471 | 40,624 | 1,020,331 |

1.16 Financial investments (continued)

Loans and receivables

Loans and receivables consist of deposits held with banks, loans, and corporate bonds not listed in active markets.

Loans and receivables are set out below:

| | 2022. HRK '000 | 2021. HRK '000 |
|------------------------|---------------------------------|---------------------------------|
| Deposits with banks | 52,931 | 37,929 |
| Loans to policyholders | 14,052 | 15,594 |
| Impairment | (11,469) | (12,899) |
| | <u>55,514</u> | <u>40,624</u> |

Loans and receivables are analysed as follows:

| | 2022. HRK '000 | 2021. HRK '000 |
|-------------------------------|---------------------------------|---------------------------------|
| Deposits with banks | 49,370 | 34,367 |
| Neither past due nor impaired | 49,370 | 34,367 |
| Past due and impaired | 3,561 | 3,561 |
| Impairment provisions | (3,561) | (3,561) |
| Loans to policyholders | 6,144 | 6,257 |
| Neither past due nor impaired | 6,144 | 6,257 |
| Past due and impaired | 7,908 | 9,337 |
| Impairment provisions | (7,908) | (9,337) |
| | <u>55,514</u> | <u>40,624</u> |

1.16 Financial investments (continued)

As at 31 December 2022

Analysis of past due, but not impaired loans and receivables by days past due:

| | < 90 days | 90 – 180 days | > 180 days |
|------------------------|---------------------|--------------------------|----------------------|
| Deposits with banks | - | - | - |
| Loans to policyholders | - | - | - |

Analysis of past due and impaired loans and receivables by days past due :

| | < 90 days | 90 – 180 days | > 180 days |
|------------------------|---------------------|--------------------------|----------------------|
| Deposits with banks | - | - | 3,561 |
| Loans to policyholders | - | - | 7,908 |

As at 31 December 2021

Analysis of past due, but not impaired loans and receivables by days past due:

| | < 90 days | 90 – 180 days | > 180 days |
|------------------------|---------------------|--------------------------|----------------------|
| Deposits with banks | - | - | - |
| Loans to policyholders | - | - | - |

Analysis of past due and impaired loans and receivables by days past due:

| | < 90 days | 90 – 180 days | > 180 days |
|------------------------|---------------------|--------------------------|----------------------|
| Deposits with banks | - | - | 3,561 |
| Loans to policyholders | - | - | 7,908 |

There is no difference between the value of loans and receivables secured by lien established on impaired property and related impairment provisions (2021: HRK 0 thousand).

As at 31 December 2022, there was no unimpaired past due loans secured by lien established on property (HRK 2021: -).

As at 31 December 2022, there were no unimpaired past due loans secured by other instruments (2020: HRK 0 thousand).

As at 31 December 2022, the Company has loans secured by life insurance policies in the amount of HRK 1,543 thousand (2021: HRK 1,500 thousand) and advances secured by life insurance policies in the amount of HRK 4,378 thousand (2021: HRK 4,371 thousand).

Investments for the account and risk of life insurance policyholders do not include financial assets classified as loans and receivables.

1.16 Financial investments (continued)

Movement in impairment provision for loans to policyholders and deposits with banks during the year was as follows:

| | Deposits with | | | Deposits with | | |
|---------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
| | Loans | banks | Total | Loans | banks | Total |
| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
| | HRK | HRK | HRK | HRK | HRK | HRK |
| | '000 | '000 | '000 | '000 | '000 | '000 |
| Balance as at 1 January | 9,559 | 3,561 | 12,898 | 9,559 | 3,561 | 12,898 |
| Balance as at 31 December | 7,908 | 3,561 | 11,469 | 9,559 | 3,561 | 12,898 |

Provision for impairment of deposits with credit institutions relates to deposits with banks undergoing bankruptcy that are fully provided for.

Net change in impairment provision is recorded within "Investment costs" in the statement of comprehensive income (note 1.29).

Financial assets carried at fair value

As at 31 December 2022 and 31 December 2021, there were no past due assets available for sale or assets at fair value through profit or loss.

Financial assets recognised at fair value through profit or loss include investments for the account and risk of life insurance policyholders in the amount of HRK 170,787 thousand (2021: HRK 202,777 thousand).

As at 31 December 2022 and 31 December 2021, there were no financial assets classified as available for sale that include investments for the account and risk of life insurance policyholders.

Financial assets held to maturity

As at 31 December 2022, there were no past due held-to-maturity assets.

Analysis of credit quality of financial assets carried at fair value in profit and loss is presented in note 1.38.

1.17 Reinsurance share in technical provisions

| | Note | 2022. HRK '000 | 2021. HRK '000 |
|--|---------|----------------------|----------------------|
| Non-life | | | |
| Reinsurance share in unearned premium provision | 1.21 a) | 29,915 | 26,668 |
| Reinsurance share in RBNS claims provision | 1.21 b) | 63,166 | 60,004 |
| Reinsurance share in the IBNR claims provision | 1.21 c) | 8,499 | 10,830 |
| Reinsurance share in provision for bonuses and rebates | 1.21 e) | 204 | 151 |
| | | <u> </u> | <u> </u> |
| Total reinsurance share in technical provisions | | 101,784 | 97,653 |
| | | <u> </u> | <u> </u> |

1.18 Deferred tax assets

| 2022 | 2022 HRK '000 | Recognised through profit or loss HRK '000 | Recognised through other comprehensive income HRK '000 | 2021 HRK '000 |
|--|-------------------|--|---|-------------------|
| Deferred tax assets arising from temporary differences | | | | |
| Unrealised losses on available-for-sale assets | 12,250 | - | 12,250 | - |
| Unrealised losses on assets at fair value through profit or loss | 490 | - | - | 490 |
| Tax losses for transfer to future periods | 5,050 | 5,050 | - | - |
| | <u>17,790</u> | <u>5,050</u> | <u>12,250</u> | <u>490</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | | | |
| 2021 | 2021 HRK '000 | Recognised through profit or loss HRK '000 | Recognised through other comprehensive income HRK '000 | 2020 HRK '000 |
| Deferred tax assets arising from temporary differences | | | | |
| Unrealised losses on available-for-sale assets | - | - | - | - |
| Unrealised losses on assets at fair value through profit or loss | 490 | - | - | 490 |
| Tax losses for transfer to future periods | - | (1,537) | - | 1,537 |
| | <u>490</u> | <u>(1,537)</u> | <u>-</u> | <u>2,027</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Movement of tax losses for transfer to future periods is shown in note 1.36.

1.19 Insurance and other receivables

| | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|--|------------------------------------|--------------------------------------|--------------------------------------|
| Claims from insurance operations (premium) | 184,434 | 184,434 | 153,920 |
| - Premium impairment losses | (45,088) | (45,088) | (45,318) |
| Total | 139,346 | 139,346 | 108,602 |
| Accrued interests | 900 | 900 | 423 |
| - Impairment of calculated interest | - | - | - |
| Total | 900 | 900 | 423 |
| Receivables from recourse | 50,684 | 50,684 | 52,452 |
| - Impairment of recourse receivables | (48,977) | (48,977) | (50,145) |
| Total | 1,707 | 1,707 | 2,307 |
| Other receivables and internal relations | 8,007 | 8,412 | 9,930 |
| - Impairment of other receivables | (913) | (913) | (282) |
| Total | 7,094 | 7,499 | 9,648 |
| Receivables from card issuers and banks | 1,804 | 1,804 | 1,986 |
| - Impairment of credit card receivables | (27) | (27) | (59) |
| Total | 1,777 | 1,777 | 1,927 |
| Receivables from reinsurance operations | 48,144 | 48,144 | 48,822 |
| Total | 198,967 | 199,373 | 171,729 |

Other receivables include internal non-life insurance receivables from life insurance receivables in the amount of HRK 1,923 thousand (2021: HRK 778 thousand).

Movement of impairment of insurance receivables during the year was as follows:

| | 2022. HRK '000 | 2021. HRK '000 |
|----------------------------------|---------------------------|---------------------------|
| Balance as at 1 January | 45,318 | 48,254 |
| Increase in provisions | 1,453 | 1,779 |
| Decrease in provisions | (1,683) | (4,715) |
| Balance as at 31 December | 45,088 | 45,318 |

Net impairment losses for insurance receivables are presented within "Other operating expenses". (Note 1.34)

1.19 Insurance and other receivables (continued)

Analysis of insurance and other receivables by maturity is as follows:

| | Receivables from insurance operations | Accrued interests | Receivables from recourse | Credit card receivables | Receivables from reinsurance operations | Other receivables | Total |
|----------------------------------|---|----------------------|------------------------------|----------------------------|--|----------------------|----------------|
| 31 December 2022 | | | | | | | |
| Neither past due nor impaired | 76,769 | 900 | 1,042 | 1,777 | 42,634 | 5,836 | 128,958 |
| Past due but not impaired | 62,577 | - | 665 | - | 5,510 | 1,663 | 70,415 |
| Past due and impaired | 45,088 | - | 48,977 | 27 | - | 913 | 95,005 |
| Impairment | (45,088) | - | (48,977) | (27) | - | (913) | (95,005) |
| | 139,346 | 900 | 1,707 | 1,777 | 48,144 | 7,499 | 199,373 |
| 31 December 2021 | | | | | | | |
| Neither past due nor impaired | 69,150 | 423 | 1,104 | 1,927 | 47,605 | 5,853 | 126,062 |
| Past due but not impaired | 39,452 | - | 1,203 | - | 1,217 | 3,795 | 45,667 |
| Past due and impaired | 45,318 | - | 50,145 | 59 | - | 282 | 95,804 |
| Impairment | (45,318) | - | (50,145) | (59) | - | (282) | (95,804) |
| | 108,602 | 423 | 2,307 | 1,927 | 48,822 | 9,648 | 171,729 |

Credit quality of neither past due nor impaired receivables was as follows:

| | Receivables from insurance operations | Accrued interests | Receivables from recourse | Credit card receivables | Receivables from reinsurance operations | Other receivables | Total |
|-------------------------|--|----------------------|---------------------------------|----------------------------|--|----------------------|----------------|
| 31 December 2022 | | | | | | | |
| High quality | - | - | - | 1,777 | 42,634 | 5,836 | 50,247 |
| Standard quality | 76,769 | 900 | 1,042 | - | - | - | 78,711 |
| | 76,769 | 900 | 1,042 | 1,777 | 42,634 | 5,836 | 128,958 |
| 31 December 2021 | | | | | | | |
| High quality | - | - | - | 1,927 | 47,605 | 5,853 | 55,385 |
| Standard quality | 69,150 | 423 | 1,104 | - | - | - | 70,677 |
| | 69,150 | 423 | 1,104 | 1,927 | 47,605 | 5,853 | 126,062 |

Insurance and other receivables are divided into two categories according to their credit risk quality: high quality and standard quality assets. Assets considered high quality assets are those with the rating equal to or higher than BBB-. Assets with lower rating or without rating are considered standard quality assets.

1.19 Insurance and other receivables (continued)

All past due and impaired insurance receivables are past due over 365 days.

All past due and impaired recourse receivables are past due over 365 days.

The table below presents an overview of past due receivables not impaired by days past due:

As at 31 December 2022

| <i>(in thousands of HRK)</i> | < 90 days | 90 – 180 days | > 180 days | Total |
|---|---------------|---------------|--------------|---------------|
| Analysis of past due but not impaired receivables by days past due | | | | |
| Receivables from insurance operations | 50,149 | 6,480 | 5,948 | 62,577 |
| Receivables from recourse | 242 | 127 | 296 | 665 |
| Reinsurance receivables | 5,063 | 25 | 422 | 5,510 |
| Other receivables | 518 | 177 | 968 | 1,663 |
| Total | 55,972 | 6,809 | 7,634 | 70,415 |

As at 31 December 2021

| <i>(in HRK thousands)</i> | < 90 days | 90 – 180 days | > 180 days | Total |
|---|---------------|---------------|--------------|---------------|
| Analysis of past due but not impaired receivables by days past due | | | | |
| Receivables from insurance operations | 29,380 | 6,221 | 3,851 | 39,452 |
| Receivables from recourse | 180 | 302 | 721 | 1,203 |
| Reinsurance receivables | - | 1,217 | - | 1,217 |
| Other receivables | 1,041 | 1,260 | 1,494 | 3,795 |
| Total | 30,601 | 9,000 | 6,066 | 45,667 |

Movement in impairment of other receivables and prepaid costs during the year was as follows:

| | 2022. HRK '000 | 2021. HRK '000 |
|----------------------------------|-------------------|-------------------|
| Balance as at 1 January | 608 | 629 |
| Increase in provisions | 487 | |
| Decrease in provisions | (182) | (21) |
| Balance as at 31 December | 913 | 608 |

1.20 Cash and cash equivalents

| | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|--|------------------------------------|--------------------------------------|--------------------------------------|
| Cash at bank | 17,998 | 17,671 | 11,053 |
| Petty cash | - | - | 2 |
| | <hr/> | <hr/> | <hr/> |
| Total cash and cash equivalents | 17,998 | 17,671 | 11,055 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

1.21 Technical provisions

| | 2022. HRK '000 | 2021. HRK '000 |
|--|---------------------------|---------------------------|
| <i>Non-life insurance</i> | | |
| Unearned premium provision | 253,838 | 226,031 |
| RBNS claims provision | 228,967 | 216,519 |
| IBNR claims provisions | 108,228 | 102,498 |
| Provision for claims handling costs | 6,203 | 6,803 |
| Unexpired risk provisions | 781 | 317 |
| Provisions for bonuses and rebates | 2,473 | 1,855 |
| Mathematical non-life insurance provision | 42,192 | 39,071 |
| | <hr/> | <hr/> |
| Total non-life insurance | 642,683 | 593,094 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <i>Life insurance</i> | | |
| Unearned premium provision | 85 | 95 |
| Mathematical life insurance provision | 330,224 | 337,958 |
| Life insurance provisions for unit linked products | 169,985 | 200,299 |
| RBNS claims provision | 44 | 183 |
| IBNR claims provision | 1,790 | 1,991 |
| Provisions for claims handling costs | 110 | 130 |
| | <hr/> | <hr/> |
| Total life insurance | 502,238 | 540,656 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total technical provisions | 1,144,921 | 1,133,750 |
| | <hr/> <hr/> | <hr/> <hr/> |

As at December 31, 2022, mathematical provisions did not include any reserves for the allocation of profit for 2022.
As at December 31, 2021, mathematical provisions did not include any reserves for the allocation of profit for 2021.

1.21 Technical provisions (continued)

a) Analysis of movement of unearned premium provisions

| | 2022. Gross HRK '000 | 2022. Reinsurance HRK '000 | 2022. Net HRK '000 | 2021. Gross HRK '000 | 2021. Reinsurance HRK '000 | 2021. Net HRK '000 |
|---------------------------------------|----------------------------|----------------------------------|--------------------------|----------------------------|----------------------------------|--------------------------|
| <i>Non-life insurance</i> | | | | | | |
| Balance as at 1 January | 226,031 | (26,668) | 199,363 | 199,808 | (17,834) | 181,974 |
| Premiums written during the year | 652,027 | (190,775) | 461,252 | 592,955 | (136,147) | 456,808 |
| Less: premiums earned during the year | (624,220) | 187,528 | (436,691) | (566,731) | 127,313 | (439,418) |
| Balance as at 31 December | 253,838 | (29,915) | 223,923 | 226,032 | (26,668) | 199,364 |
| <i>Life insurance</i> | | | | | | |
| Balance as at 1 January | 95 | - | 95 | 94 | - | 94 |
| Premiums written during the year | 60,373 | (44) | 60,329 | 61,176 | (51) | 61,125 |
| Less: premiums earned during the year | (60,383) | 44 | (60,339) | (61,175) | 51 | (61,124) |
| Balance as at 31 December | 85 | - | 85 | 95 | - | 95 |

b) Analysis of movement of RBNS claims provision

| | 2022. Gross HRK '000 | 2022. Reinsurance HRK '000 | 2022. Net HRK '000 | 2021. Gross HRK '000 | 2021. Reinsurance HRK '000 | 2021. Net HRK '000 |
|----------------------------------|----------------------------|----------------------------------|--------------------------|----------------------------|----------------------------------|--------------------------|
| <i>Non-life insurance</i> | | | | | | |
| Balance as at 1 January | 216,519 | (60,004) | 156,515 | 197,306 | (61,906) | 135,400 |
| Current year claims | 310,555 | (82,519) | 228,036 | 264,755 | (59,807) | 204,948 |
| Change in prior year claims | 87,931 | (34,476) | 53,454 | 76,259 | (29,441) | 46,818 |
| Claims paid | (386,038) | 113,834 | (272,204) | (321,802) | 91,150 | (230,652) |
| Balance as at 31 December | 228,967 | (63,166) | 165,801 | 216,519 | (60,004) | 156,515 |
| <i>Life insurance</i> | | | | | | |
| Balance as at 1 January | 183 | - | 183 | 389 | - | 389 |
| Current year claims | 46,259 | (23) | 46,236 | 2,779 | - | 2,779 |
| Change in prior year claims | 2,488 | - | 2,488 | (754) | (47) | (802) |
| Claims paid | (48,885) | 23 | (48,862) | (2,231) | 47 | (2,183) |
| Balance as at 31 December | 44 | - | 44 | 183 | - | 183 |

1.21 Technical provisions (continued)

c) Analysis of movement of provisions for IBNR claims

| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
|---|----------------|-----------------|---------------|----------------|-----------------|---------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| <i>Non-life insurance</i> | | | | | | |
| Balance as at 1 January | 102,498 | (10,830) | 91,668 | 111,547 | (25,887) | 85,660 |
| Additions recognised during the year | 55,299 | (18,860) | 36,438 | 48,355 | (13,064) | 35,291 |
| Transfer to provision for claims reported | (49,568) | 21,191 | (28,377) | (57,404) | 28,121 | (29,283) |
| Balance as at 31 December | 108,228 | (8,499) | 99,729 | 102,498 | (10,830) | 91,668 |
| <i>Life insurance</i> | | | | | | |
| Balance as at 1 January | 1,991 | - | 1,991 | 1,987 | - | 1,987 |
| Additions recognised during the year | (201) | - | (201) | (16) | - | (16) |
| Transfer to provision for claims reported | - | - | - | 20 | - | 20 |
| Balance as at 31 December | 1,790 | - | 1,790 | 1,991 | - | 1,991 |

d) Analysis of movement in unexpired risk provision

| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
|--------------------------------------|------------|-------------|------------|--------------|-------------|--------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Balance as at 1 January | 317 | - | 317 | 3,010 | - | 3,010 |
| Release through profit or loss | (317) | - | (317) | (3,010) | - | (3,010) |
| Provision recognised during the year | 781 | - | 781 | 317 | - | 317 |
| Balance as at 31 December | 781 | - | 781 | 317 | - | 317 |

1.21 Technical provisions (continued)

e) Analysis of movement in provision for bonuses and rebates

| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | HRK '000 |
| Balance as at 1 January | 1,855 | (151) | 1,704 | 4,791 | - | 4,791 |
| Release through profit or loss | (1,648) | 7 | (1,641) | (4,108) | - | (4,108) |
| Provision recognised during the year | 2,266 | (60) | 2,206 | 1,172 | (151) | 1,021 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance as at 31 December | <u>2,473</u> | <u>(204)</u> | <u>2,270</u> | <u>1,855</u> | <u>(151)</u> | <u>1,704</u> |

f) Mathematical life insurance provisions

| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
|--|----------------|-------------|----------------|----------------|-------------|----------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Balance as at 1 January | 337,957 | - | 337,957 | 342,600 | - | 342,600 |
| Premium allocation, net | 21,467 | - | 21,467 | 23,292 | - | 23,292 |
| Release of liabilities due to benefits paid, surrenders and other terminations | (30,113) | - | (30,113) | (36,581) | - | (36,581) |
| Change in Zillmer adjustment | 300 | - | 300 | (275) | - | (275) |
| Allocation of regular interest | 11,353 | - | 11,353 | 9,607 | - | 9,607 |
| Effect of change in technical interest rate to 3.3% | (10,741) | - | (10,741) | (686) | - | (686) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance as at 31 December | <u>330,224</u> | <u>-</u> | <u>330,224</u> | <u>337,957</u> | <u>-</u> | <u>337,957</u> |

g) Life insurance provisions for unit linked products

| | 2022. | 2022. | 2022. | 2021. | 2021. | 2021. |
|--|----------------|-------------|----------------|----------------|-------------|----------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Balance as at 1 January | 200,299 | - | 200,299 | 170,605 | - | 170,605 |
| Premium allocation, net | 16,468 | - | 16,468 | 14,100 | - | 14,100 |
| Release of liabilities due to benefits paid, surrenders and other terminations | (13,947) | - | (13,947) | (11,834) | - | (11,834) |
| Change in value of fund units | (32,835) | - | (32,835) | 27,374 | - | 27,374 |
| Other | - | - | - | 53 | - | 53 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance as at 31 December | <u>169,985</u> | <u>-</u> | <u>169,985</u> | <u>200,299</u> | <u>-</u> | <u>200,299</u> |

1.21 Technical provisions (continued)

i) Development of provisions for non-life insurance claims as at 31 December 2022

| | Before 2012 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Estimate of accumulated claims at the end of the year in which the policy was concluded | | 305,152 | 194,860 | 161,676 | 180,563 | 194,935 | 236,325 | 238,246 | 241,477 | 301,085 | 319,719 | 371,196 | |
| 1 year later | | 270,768 | 174,586 | 159,206 | 173,772 | 209,209 | 248,089 | 240,960 | 262,414 | 314,315 | 340,372 | | |
| 2 years later | | 261,031 | 174,763 | 156,986 | 176,242 | 210,736 | 255,586 | 247,358 | 258,112 | 317,856 | | | |
| 3 years later | | 261,202 | 174,304 | 155,859 | 174,659 | 215,397 | 260,687 | 246,546 | 258,945 | | | | |
| 4 years later | | 259,804 | 175,974 | 162,145 | 174,116 | 221,040 | 258,942 | 246,767 | | | | | |
| 5 years later | | 257,214 | 175,457 | 162,177 | 177,543 | 221,922 | 261,444 | | | | | | |
| 6 years later | | 257,760 | 175,675 | 164,520 | 175,450 | 226,440 | | | | | | | |
| 7 years later | | 258,034 | 176,574 | 163,440 | 174,120 | | | | | | | | |
| 8 years later | | 258,674 | 175,288 | 163,881 | | | | | | | | | |
| 9 years later | | 259,760 | 174,475 | | | | | | | | | | |
| 10 years later | | 257,188 | | | | | | | | | | | |
| Estimate of accumulated claims | 1,698,335 | 257,188 | 174,475 | 163,881 | 174,120 | 226,440 | 261,444 | 246,767 | 258,945 | 317,856 | 340,372 | 371,196 | 4,491,019 |
| Accumulated payments | (1,674,516) | (255,591) | (172,471) | (158,916) | (170,186) | (214,638) | (248,886) | (234,877) | (233,916) | (246,633) | (299,381) | (243,813) | (4,153,824) |
| Value recognised in the statement of financial position for the current year | 23,819 | 1,597 | 2,004 | 4,964 | 3,934 | 11,803 | 12,558 | 11,890 | 25,030 | 71,224 | 40,990 | 127,381 | 337,194 |
| Claims handling costs | 438 | 29 | 37 | 91 | 72 | 217 | 231 | 219 | 460 | 1,310 | 754 | 2,343 | 6,203 |
| Value recognised in the statement of financial position | 24,257 | 1,627 | 2,041 | 5,056 | 4,006 | 12,020 | 12,789 | 12,108 | 25,490 | 72,534 | 41,745 | 129,724 | 343,398 |

1.21 Technical provisions (continued)

j) Development of provisions for life insurance claims as at 31 December 2022

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | |
|---|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | | |
| Estimate of accumulated claims at the end of the year in which the policy was concluded | 7,694 | 7,453 | 26,717 | 26,026 | 22,739 | 24,079 | 23,359 | 29,826 | 28,668 | 35,168 | 33,180 | 32,087 | 43,542 | 42,521 | 40,065 | 41,745 | 51,811 | 47,725 | | |
| 1 year later | 5,129 | 6,674 | 24,827 | 24,576 | 21,161 | 22,708 | 22,289 | 29,054 | 28,252 | 36,847 | 33,272 | 34,075 | 46,243 | 44,133 | 41,842 | 43,973 | 53,503 | | | |
| 2 years later | 4,467 | 5,841 | 24,373 | 24,225 | 20,495 | 22,528 | 22,296 | 28,787 | 28,713 | 36,720 | 33,880 | 34,929 | 46,342 | 44,552 | 42,421 | 44,417 | | | | |
| 3 years later | 4,392 | 6,044 | 24,372 | 24,131 | 20,794 | 22,721 | 22,325 | 29,027 | 28,555 | 36,993 | 34,189 | 34,933 | 46,675 | 44,857 | 42,688 | | | | | |
| 4 years later | 4,460 | 6,010 | 24,256 | 24,097 | 20,728 | 22,927 | 22,396 | 28,946 | 28,710 | 37,145 | 34,128 | 35,050 | 46,932 | 44,939 | | | | | | |
| 5 years later | 4,452 | 6,099 | 24,271 | 24,099 | 20,671 | 23,088 | 22,365 | 29,085 | 28,808 | 37,185 | 34,147 | 35,073 | 46,969 | | | | | | | |
| 6 years later | 4,360 | 6,116 | 24,273 | 24,097 | 20,692 | 23,052 | 22,383 | 29,198 | 28,713 | 37,312 | 34,147 | 35,073 | | | | | | | | |
| 7 years later | 4,360 | 6,104 | 24,374 | 24,113 | 20,671 | 23,071 | 22,400 | 29,117 | 28,713 | 37,354 | 34,147 | | | | | | | | | |
| 8 years later | 4,361 | 6,475 | 24,541 | 24,097 | 20,675 | 23,088 | 22,440 | 29,119 | 28,713 | 37,354 | | | | | | | | | | |
| 9 years later | 4,375 | 6,896 | 24,374 | 24,123 | 20,675 | 23,071 | 22,443 | 29,121 | 28,713 | | | | | | | | | | | |
| 10 years later | 4,455 | 6,481 | 24,547 | 24,141 | 20,713 | 23,071 | 22,443 | 29,123 | | | | | | | | | | | | |
| 11 years later | 4,565 | 6,868 | 24,547 | 24,123 | 20,749 | 23,071 | 22,443 | | | | | | | | | | | | | |
| 12 years later | 4,565 | 7,249 | 24,573 | 24,123 | 20,749 | 23,071 | | | | | | | | | | | | | | |
| 13 years later | 4,565 | 6,877 | 24,573 | 24,123 | 20,749 | | | | | | | | | | | | | | | |
| 14 years later | 4,565 | 6,887 | 24,573 | 24,123 | | | | | | | | | | | | | | | | |
| 15 years later | 4,565 | 6,896 | 24,573 | | | | | | | | | | | | | | | | | |
| 16 years later | 4,565 | 6,919 | | | | | | | | | | | | | | | | | | |
| 17 years later | 4,565 | | | | | | | | | | | | | | | | | | | |
| Estimate of accumulated claims | 19,837 | 4,565 | 6,919 | 24,573 | 24,123 | 20,749 | 23,071 | 22,443 | 29,123 | 28,713 | 37,354 | 34,147 | 35,073 | 46,969 | 44,939 | 42,688 | 44,417 | 53,503 | 47,725 | 590,932 |
| Accumulated payments | (19,837) | (4,565) | (6,896) | (24,573) | (24,123) | (20,749) | (23,071) | (22,443) | (29,123) | (28,713) | (37,354) | (34,147) | (35,073) | (46,969) | (44,939) | (42,655) | (44,305) | (53,323) | (46,240) | (589,098) |
| Value recognised in the statement of financial position for the current year | 0 | 0 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34 | 112 | 181 | 1,485 | 1,834 | |
| Claims handling costs | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 7 | 11 | 89 | 110 | |
| Value recognised in the statement of financial position | 0 | 0 | 24 | 0 | 36 | 118 | 192 | 1,574 | 1,944 | |

1.21. Technical provisions (continued)

k) Remaining maturities of insurance liabilities

| 2022 | Less than 1 year | From 1 to 5 years | From 5 to 10 years | From 10 to 15 years | From 15 to 20 years | More than 20 years | Total HRK '000 |
|---|---------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|----------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | |
| Unearned premium provision | 244,307 | 9,601 | 15 | - | - | - | 253,923 |
| RBNS claims provision & IBNR claims provision | 145,655 | 167,049 | 5,056 | 7,564 | 4,284 | 9,422 | 339,030 |
| Mathematical provision and provision for unit-linked products | 50,551 | 172,521 | 241,949 | 39,586 | 11,497 | 26,297 | 542,401 |
| Provision for claims handling costs | 3,982 | 1,692 | 455 | 66 | 37 | 81 | 6,313 |
| Unexpired risk provision | 769 | 12 | - | - | - | - | 781 |
| Provision for bonuses and rebates | 2,473 | - | - | - | - | - | 2,473 |
| Insurance liabilities | 447,737 | 350,875 | 247,475 | 47,216 | 15,818 | 35,800 | 1,144,921 |

| 2021 | Less than 1 year | From 1 to 5 years | From 5 to 10 years | From 10 to 15 years | From 15 to 20 years | More than 20 years | Total HRK '000 |
|--|---------------------|-------------------------|-----------------------|------------------------|---------------------------|--------------------------|----------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | |
| Unearned premium provision | 212,567 | 13,540 | 20 | - | - | - | 226,127 |
| RBNS claims provision & IBNR claims provision | 152,603 | 95,534 | 49,749 | 17,198 | 5,149 | 957 | 321,191 |
| Mathematical provision and provision for unit-linked products | 44,990 | 162,063 | 263,742 | 68,863 | 11,701 | 25,969 | 577,327 |
| Provision for claims handling costs | 4,857 | 1,396 | 489 | 147 | 39 | 6 | 6,933 |
| Unexpired risk provision | 316 | 1 | - | - | - | - | 317 |
| Provision for bonuses and rebates | 1,855 | - | - | - | - | - | 1,855 |
| Insurance liabilities | 417,188 | 272,533 | 314,000 | 86,208 | 16,889 | 26,932 | 1,133,750 |

1.21 Technical provisions (continued)

l) Overview of investment of assets for covering the mathematical provision

The following table presents the analysis of financial assets for covering the mathematical provision per category on the basis of currency in which they are denominated. Mathematical provision for traditional products and provision for claims in case of risk types for which it is necessary to form a mathematical provision are denominated in EUR, while the provision for ensuring debt servicing capacity is denominated in HRK.

| | December 31, 2022 | | | December 31, 2021 | | |
|---|--|--------------------|----------------------|--|--------------------|----------------------|
| | EUR and EUR currency clause total HRK '000 | HRK HRK '000 | Total HRK '000 | EUR and EUR currency clause total HRK '000 | HRK HRK '000 | Total HRK '000 |
| Assets for covering the mathematical provision | 293,623 | 95,407 | 389,030 | 346,356 | 76,882 | 423,238 |
| Mathematical provision | 330,223 | 42,191 | 372,415 | 337,957 | 39,071 | 377,028 |
| Provision for claims in case of risk types for which it is necessary to form a mathematical provision | 718 | - | 718 | 816 | - | 816 |
| Required coverage of mathematical provision | 330,941 | 42,191 | 373,133 | 338,773 | 39,071 | 377,844 |
| Surplus/(deficit) of coverage | (37,318) | 53,216 | 15,897 | 7,583 | 37,811 | 45,394 |

1.21 Technical provisions (continued)

m) Overview of investment of assets for covering the mathematical provision (continued)

The table below provides an analysis of investments for covering the mathematical provision per remaining maturities and estimated remaining maturities of the mathematical provision and claims provision in case of risk types for which it is necessary to form a mathematical provision for which coverage is required:

| | Less than 1 year HRK '000 | 1-5 years HRK '000 | 5-10 years HRK '000 | More than 10 years HRK '000 | Total HRK '000 |
|--|---------------------------------|-----------------------|------------------------|-----------------------------------|-------------------|
| 2022. | | | | | |
| Assets for covering the mathematical provision | 32,421 | 86,817 | 104,631 | 165,161 | 389,030 |
| Mathematical provision | (43,055) | (143,811) | (156,126) | (29,424) | (372,416) |
| Provision for claims outstanding | (612) | (106) | - | - | (718) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Maturity gap | (11,246) | (57,100) | (51,495) | 135,737 | 15,896 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 2021. | | | | | |
| Assets for covering the mathematical provision | 25,221 | 81,907 | 24,551 | 291,559 | 423,238 |
| Mathematical provision | (32,872) | (123,381) | (190,277) | (30,498) | (377,028) |
| Provision for claims outstanding | (678) | (137) | - | - | (816) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Maturity gap | (8,329) | (41,611) | (165,726) | 261,061 | 45,394 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

As at 31 December 2022, 85.7 % of total assets for covering the mathematical provision (2021: 86.4 %) are classified as available-for-sale or held for trading, and they can easily be sold by the Company to settle due liabilities.

In 2022, the Company realised yields on investment from mathematical provision funds of 2.188% (2021: 2.171%). The average three-year yield on investment of the mathematical provision funds is 2.51%.

1.21. Technical provisions (continued)

n) Overview of investment of assets for covering technical provisions other than mathematical provisions

The following table presents the analysis of financial assets for covering the technical provision per category on the basis of currency in which it is denominated. For non-life insurance, unearned premium provisions, claims provisions, and other provisions are denominated in HRK, and for life insurance, they are denominated in EUR.

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|----------------|----------------|---|----------------|----------------|
| | EUR and EUR currency clause total | HRK | Total | EUR and EUR currency clause total | HRK | Total |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Assets covering technical provisions other than mathematical provisions | 45,775 | 511,289 | 557,064 | 17,210 | 485,419 | 502,629 |
| Unearned premium provisions | 85 | 223,923 | 224,009 | 95 | 199,363 | 199,458 |
| Provisions for claims outstanding | 1,226 | 271,733 | 272,960 | 1,488 | 254,986 | 256,475 |
| Other reserves | - | 3,051 | 3,051 | - | 2,021 | 2,021 |
| Required coverage of technical provision other than mathematical provision | 1,312 | 498,708 | 500,019 | 1,584 | 456,370 | 457,954 |
| Surplus/(deficit) of coverage | 44,464 | 12,582 | 57,046 | 15,626 | 29,049 | 44,675 |

1.21 Technical provisions (continued)

o) Overview of investment of assets for covering technical provisions other than mathematical provisions (continued)

The table below provides an analysis of investments for covering the technical provision other than the mathematical provision per remaining maturities and estimated remaining maturity of the technical provision, other than the mathematical provision.

| | Less than 1 year HRK '000 | 1-5 years HRK '000 | 5-10 HRK '000 | More than 10 years HRK '000 | Total HRK '000 |
|--------------------------------------|------------------------------|-----------------------|----------------------|-----------------------------------|----------------------|
| 2022 | | | | | |
| Assets covering technical provisions | 364,966 | 149,396 | 41,568 | 1,134 | 557,064 |
| Unearned premium provisions | (216,916) | (7,082) | (11) | - | (224,009) |
| Claims and other provisions | (116,213) | (134,621) | (4,038) | (21,138) | (276,010) |
| Maturity gap | <u>31,837</u> | <u>7,693</u> | <u>37,519</u> | <u>(20,004)</u> | <u>57,045</u> |
| 2021 | | | | | |
| Assets covering technical provisions | 248,325 | 202,994 | 50,129 | 1,181 | 502,629 |
| Unearned premium provisions | (190,232) | (9,213) | (13) | - | (199,458) |
| Claims and other provisions | (110,142) | (83,828) | (44,145) | (20,380) | (258,495) |
| Maturity gap | <u>(52,049)</u> | <u>109,953</u> | <u>5,971</u> | <u>(19,200)</u> | <u>44,675</u> |

As at 31 December 2022 and 31 December 2021, the majority of the total assets for covering the technical provisions, other than the mathematical provision, are classified as available-for-sale and they can easily be sold by the Company, if required, in order to settle due liabilities.

1.22 Provisions for liabilities and expenses

| | Provisions for court cases | Provisions for jubilee awards and termination benefits – long-term | Provisions for unused annual leave | Total |
|--|----------------------------------|---|--|--------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Balance as at 1 January 2022 | 664 | 6,031 | 284 | 6,979 |
| Decrease in provisions during the year | - | (546) | - | (546) |
| Increase in provisions during the year | - | - | 1,130 | 1,130 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2022 | 664 | 5,485 | 1,414 | 7,563 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Balance as at 1 January 2021 | - | 7,156 | 279 | 7,435 |
| Decrease in provisions during the year | (185) | (1,125) | - | (1,310) |
| Increase in provisions during the year | 849 | - | 5 | 854 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2021 | 664 | 6,031 | 284 | 6,979 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

1.23 Insurance and other liabilities

| | Group 2022 | Company 2022 | Company 2021 |
|---|-----------------------|-------------------------|-------------------------|
| | HRK '000 | HRK '000 | HRK '000 |
| Liabilities from insurance operations | | | |
| - to policyholders | 39,359 | 39,359 | 14,464 |
| - other payables from insurance contracts | 14,113 | 14,113 | 13,652 |
| Liabilities from reinsurance operations | 61,074 | 61,074 | 51,724 |
| Trade payables | 169 | 169 | 967 |
| Payables to employees | 7,216 | 7,216 | 7,199 |
| Other liabilities and accrued expenses | 5,466 | 5,198 | 4,050 |
| Other payables and accrued expenses – deferred commission | 90 | 90 | 144 |
| Current liabilities for right-of-use assets – IFRS 16 | 3,072 | 3,072 | 3,137 |
| Non-current liabilities for right-of-use assets – IFRS 16 | 7,080 | 7,080 | 9,831 |
| | <hr/> | <hr/> | <hr/> |
| Total insurance and other payables | 137,639 | 137,371 | 105,168 |
| | <hr/> | <hr/> | <hr/> |

Cash outflows from lease of right-of-use assets – IFRS 16

| | 2022 | 2021 |
|--------------------------------------|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| In 2022 | - | 3,137 |
| In 2023 | 3,072 | 3,189 |
| In 2024 | 2,832 | 2,637 |
| In 2025 | 2,154 | 2,051 |
| In 2026 | 1,981 | 1,954 |
| In 2027 | 113 | - |
| | <hr/> | <hr/> |
| Total | 10,152 | 12,698 |
| | <hr/> | <hr/> |
| Unpaid interest | 342 | 279 |
| Total liabilities for IFRS 16 | 10,494 | 12,968 |

1.24 Share capital and reserves

| Share capital | 2022 HRK '000 | 2021 HRK '000 |
|---|------------------|------------------|
| <i>Authorised, issued and fully paid</i> | ===== | ===== |
| 135,715 ordinary shares with nominal value of HRK 2,100 (2021: 99,836 ordinary shares with nominal value of HRK 2,100) | 285,002 | 209,656 |
| | ===== | ===== |

The share capital of the Company is denominated in Croatian kuna (HRK). As at 31 December 2022, the nominal value of each share issued is HRK 2,100 (2020: HRK 2,100). In 2022 recapitalization of the Company has been carried out with a value of HRK 75,347 thousand.

Movement in number of ordinary shares

The Company increased share capital by issuing new ordinary shares in 2022.

| | 2022 HRK '000 | 2021 HRK '000 |
|--|------------------|------------------|
| Number of ordinary shares as at 1 January | 99,836 | 99,836 |
| Issue of new ordinary shares | 35,879 | - |
| | ----- | ----- |
| Number of ordinary shares as at 31 December | 135,715 | 99,836 |
| | ===== | ===== |

The Company's only owner is Triglav INT d.d., a joint stock company based in Ljubljana, Slovenia, with 100% of voting rights (2021: 100%).

1.24. Share capital and reserves (continued)

Treasury shares

In 2022, the Company had no treasury shares nor provisions for treasury shares.

Legal reserve

The requirements for forming legal reserves are detailed in note 1.3 (j). As at 31 December 2022, the legal reserve amounts to HRK 5,560 thousand (2021: HRK 4,875 thousand).

Other capital reserves

Other capital reserves amount to HRK 2,216 thousand (2021: HRK 2,216 thousand).

Premium on issued shares

The premium on issued shares amounts to HRK 4,692 thousand (2020: HRK 4,692 thousand).

Fair value reserve

As at both 31 December 2022 and 31 December 2021, the fair value reserve includes only unrealised gains and losses on changes in fair value of available-for-sale financial assets, net of related deferred tax.

Movement in the fair value reserve was as follows:

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| Fair value reserve as at 1 January (gross) | 29,408 | 40,516 |
| Deferred tax | (5,289) | (7,293) |
| | <hr/> | <hr/> |
| Balance as at 1 January | 24,119 | 33,223 |
| Revaluation | (97,113) | (11,108) |
| Recognition of deferred tax | 17,476 | 2,004 |
| | <hr/> | <hr/> |
| Fair value reserve as at 31 December (gross) | (67,705) | 29,408 |
| Deferred tax | 12,187 | (5,289) |
| | <hr/> | <hr/> |
| Balance as at 31 December | (55,518) | 24,119 |
| | <hr/> <hr/> | <hr/> <hr/> |

1.25 Capital management

According to the Solvency II methodology (below: SII), capital is calculated as an excess or deficit between total assets and liabilities valued at market value, i.e. fair value, in accordance with the Insurance Act (OG. No. 30/15, 112/18, 63/20, 133/20) and the Delegated Commission Regulation (EU) 2015/35.

Capital is classified into classes under the new regulation. (Tier) taking into account the quality, subordination and availability of the capital item to cover unexpected losses. According to the relevant criteria, the company classifies the entire available capital into the 1st category of the highest quality.

To cover the required solvent capital, basic own funds consisting of category 1 own funds items with and without restrictions, and items of basic own resources of categories 2 and 3, as defined by the Insurance Act and the Delegated Regulation, are eligible to cover the required solvent capital.

To cover the minimum capital requirement, basic own funds that make up category 1 own funds items without restrictions, and category 2 basic own resources items with limitation, as defined by the Insurance Act and the Delegated Regulation, are eligible to cover the minimum capital requirement.

The value of the Company's eligible own funds to cover solvency capital requirements must be at least equal to the amount thereof (i.e. 100% SCR). With the aim of monitoring and ensuring compliance with the obligation regarding the coverage of the amount of solvency capital required, the Company regularly monitors the value and quality of eligible own funds and the amount of solvent capital required.

On 31 December 2022, the Company had only basic own funds, which amounted to a total of HRK 329,192 thousand (2021: HRK 289,138 thousand). The share capital of the Company HRK 285,002 thousand was included in the items of the basic own funds (2021: HRK 209,656 thousand), and a reconciliation reserve of HRK 86,760 (2021: HRK 79,483 thousand).

On December 31, 2022, the Company did not have ancillary own resources.

Below is an overview of the Company's capital on December 31, 2022 and December 31, 2021, which was not audited at the time of issuance of these financial statements:

| | 2022 | 2021 |
|--|------------------|------------------|
| | Unaudited | Unaudited |
| | HRK '000 | HRK '000 |
| | Total | Total |
| Tier 1 capital | | |
| Share capital | 285,002 | 209,656 |
| Capital reserves | 4,692 | 4,692 |
| Legal reserve | 5,559 | 4,875 |
| Other reserves | 2,216 | 2,216 |
| Retained earnings / (loss carried forward) | (23,067) | (36,085) |
| Profit / loss for the accounting period | (24,396) | 13,702 |
| | <hr/> | <hr/> |
| Total Tier 1 capital | 250,006 | 199,056 |
| | <hr/> | <hr/> |
| Eligible funds to cover SCR | 329,192 | 289,138 |
| Eligible funds to cover MCR | 329,192 | 289,138 |
| Solvency Capital Requirement (SCR) | 195,527 | 177,181 |
| Minimal Capital Requirement (MCR) | 86,760 | 79,731 |
| SCR ratio (Solvency ratio) | 168% | 163% |
| MCR ratio (Minimum solvency ratio) | 379% | 363% |
| SCR buffer (excess capital above SCR) | 133,665 | 111,957 |

1.26 Premiums

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| <i>Non-life insurance</i> | | |
| Gross written premium | 652,027 | 592,880 |
| Outward reinsurance premiums | (190,775) | (136,147) |
| Change in unearned premium provisions,gross | (27,807) | (26,223) |
| Change in unearned premium provisions,reinsurance share | 3,247 | 8,834 |
| | <hr/> | <hr/> |
| Total net premium income (earned) from non-life insurance operations | 436,692 | 439,343 |
| | <hr/> | <hr/> |
| <i>Life insurance</i> | | |
| Gross written premium | 60,373 | 61,176 |
| Outward reinsurance premiums | (44) | (51) |
| Change in unearned premium provisions,gross and net | 10 | (1) |
| | <hr/> | <hr/> |
| Total net premium income (earned) from life insurance operations | 60,339 | 61,124 |
| | <hr/> | <hr/> |
| Earned premiums, net of reinsurance | 497,031 | 500,467 |
| | <hr/> <hr/> | <hr/> <hr/> |

Gross written premiums of the Company for life insurance operations include HRK 27,582 thousand (2021: HRK 26,918 thousand) of premiums from unit-linked products.

1.26 Premiums (continued)

Analysis by type of insurance

| 2022 | Gross written premium HRK '000 | Gross earned premium HRK '000 | Gross claims incurred HRK '000 | Administrative costs HRK '000 | Acquisition costs HRK '000 | Reinsurance balance HRK '000 |
|--|---|--|---|-------------------------------------|----------------------------------|------------------------------------|
| <i>Non-life</i> | | | | | | |
| Accident insurance | 16,302 | 15,737 | (5,707) | (2,322) | (3,431) | (651) |
| Health insurance | 12,888 | 12,179 | (7,444) | (3,260) | (2,212) | (93) |
| Road vehicle insurance | 84,858 | 81,562 | (64,009) | (11,613) | (14,580) | 277 |
| Railroad vehicle insurance | 212 | 70 | - | (48) | (23) | (39) |
| Aircraft insurance | 13,202 | 10,982 | (245) | (1,253) | (941) | (9,306) |
| Vessel insurance | 70,289 | 60,098 | (33,143) | (6,412) | (19,205) | (10,727) |
| Goods in transit insurance | 1,530 | 1,578 | 333 | (666) | (361) | (361) |
| Fire and special perils insurance | 55,852 | 50,528 | (13,218) | (9,505) | (10,417) | (15,484) |
| Other property insurance | 161,445 | 157,191 | (166,634) | (15,397) | (24,239) | 44,493 |
| Motor vehicle liability insurance | 140,871 | 139,372 | (86,290) | (21,112) | (27,548) | (6,835) |
| Aircraft liability insurance | 3,895 | 4,328 | - | (312) | (199) | (4,107) |
| Vessel liability insurance | 7,456 | 6,446 | (3,304) | (1,850) | (446) | (1,245) |
| Other liability insurance | 39,327 | 38,105 | (14,075) | (9,160) | (6,610) | (14,205) |
| Loan insurance | 23,453 | 23,474 | (9,546) | (3,944) | (10,516) | 893 |
| Guarantee insurance | 5,946 | 9,947 | (2,691) | (2,136) | (782) | (3,132) |
| Financial loss insurance | 9,535 | 7,770 | (1,086) | (2,826) | (1,027) | (4,202) |
| Legal protection insurance | 85 | 100 | 38 | (48) | (30) | (79) |
| Travel insurance | 4,878 | 4,752 | (2,437) | (937) | (910) | (118) |
| Total non-life | 652,027 | 624,220 | (409,460) | (92,800) | (123,475) | (24,921) |
| Life insurance | 28,749 | 28,749 | (31,144) | (5,632) | (2,582) | (30) |
| Annuity | 207 | 207 | (740) | (89) | (19) | - |
| Life insurance riders | 6,397 | 6,407 | (793) | (698) | (575) | 16 |
| Marriage and birth insurance | 11 | 11 | - | (1) | (1) | - |
| Life or annuity insurance for which the insured person underwrites the investment risk | 25,009 | 25,009 | (15,849) | (3,559) | (2,246) | (2) |
| Total life | 60,373 | 60,383 | (48,525) | (9,978) | (5,423) | (16) |
| Total life and non-life | 712,400 | 684,603 | (457,985) | (102,778) | (128,898) | (24,937) |

1.26 Premiums (continued)

Analysis by type of insurance (continued)

| 2021 | Gross written premium HRK '000 | Gross earned premium HRK '000 | Gross claims incurred ¹ HRK '000 | Administrative costs HRK '000 | Acquisition costs HRK '000 | Reinsurance balance ² HRK '000 |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|-------------------------------|---|
| <i>Non-life</i> | | | | | | |
| Accident insurance | 16,334 | 15,643 | (5,523) | (2,338) | (5,264) | (724) |
| Health insurance | 13,221 | 12,957 | (9,384) | (2,933) | (2,138) | 751 |
| Road vehicle insurance | 79,370 | 78,421 | (52,700) | (11,718) | (14,615) | (1,035) |
| Railroad vehicle insurance | - | - | - | - | - | (82) |
| Aircraft insurance | 3,070 | 1,524 | (187) | (233) | (247) | (826) |
| Vessel insurance | 44,070 | 39,716 | (21,598) | (5,897) | (10,805) | (3,891) |
| Goods in transit insurance | 1,276 | 1,178 | (2,257) | (460) | (231) | 194 |
| Fire and special perils insurance | 53,600 | 53,071 | (23,780) | (8,434) | (12,500) | (4,390) |
| Other property insurance | 150,897 | 143,197 | (100,159) | (19,584) | (27,577) | 9,496 |
| Motor vehicle liability insurance | 138,703 | 136,122 | (93,156) | (19,424) | (21,715) | (11,341) |
| Aircraft liability insurance | 1,950 | 452 | - | (36) | (12) | (357) |
| Vessel liability insurance | 5,221 | 4,770 | (2,173) | (1,480) | (937) | (843) |
| Other liability insurance | 38,769 | 36,790 | (10,415) | (8,387) | (7,493) | (9,550) |
| Loan insurance | 25,645 | 25,662 | (9,294) | (2,599) | (9,875) | (5,625) |
| Guarantee insurance | 10,505 | 7,361 | (3,102) | (1,573) | (919) | 718 |
| Financial loss insurance | 5,919 | 5,678 | (2,813) | (1,209) | (765) | (3,396) |
| Legal protection insurance | 101 | 112 | (1) | (37) | (13) | (1,192) |
| Travel insurance | 4,230 | 4,000 | (1,927) | (1,018) | (1,047) | (249) |
| Total non-life | 592,880 | 566,656 | (338,469) | (87,361) | (116,153) | (32,342) |
| <i>Life</i> | | | | | | |
| Life insurance | 30,109 | 30,109 | (36,866) | (4,434) | (3,594) | (29) |
| Annuity | 213 | 213 | (761) | (65) | (25) | - |
| Life insurance riders | 6,416 | 6,414 | (1,578) | (536) | (766) | 33 |
| Marriage and birth insurance | 18 | 18 | - | (1) | (2) | - |
| Life or annuity insurance for which the insured person underwrites the investment risk | 24,420 | 24,420 | (14,135) | (2,568) | (2,915) | (5) |
| Total life | 61,176 | 61,175 | (53,340) | (7,604) | (7,302) | (2) |
| Total life and non-life | 654,056 | 627,831 | (391,809) | (94,965) | (123,455) | (32,344) |

1.26 Premiums (continued)

Analysis of the claims quota, costs quota and combined claims quota

Below is an overview of the gross claims quota, costs quota, and combined quota per type of insurance (before reinsurance) calculated in accordance with the Instructions for the completion of financial statements for insurance and reinsurance companies.

| 2022 | Claims quota | Costs quota | Combined ratio |
|-----------------------------------|---------------|---------------|----------------|
| Accident insurance | 35.47% | 35.95% | 71.42% |
| Health insurance | 62.27% | 41.87% | 104.14% |
| Road vehicle insurance | 78.28% | 31.08% | 109.36% |
| Railroad vehicle insurance | 0.00% | 91.65% | 91.65% |
| Aircraft insurance | 2.15% | 16.47% | 18.62% |
| Vessel insurance | 55.14% | 39.86% | 95.00% |
| Goods in transit insurance | -21.05% | 59.19% | 38.14% |
| Fire and special perils insurance | 25.99% | 39.43% | 65.42% |
| Other property insurance | 105.13% | 25.06% | 130.19% |
| Motor vehicle liability insurance | 61.85% | 34.60% | 96.45% |
| Aircraft liability insurance | 0.00% | 10.28% | 10.28% |
| Vessel liability insurance | 51.17% | 28.56% | 79.73% |
| Other liability insurance | 36.66% | 38.06% | 74.72% |
| Loan insurance | 39.14% | 63.02% | 102.16% |
| Guarantee insurance | 27.05% | 329.53% | 356.58% |
| Financial loss insurance | 13.98% | 44.97% | 58.95% |
| Legal protection insurance | -38.02% | 74.68% | 36.66% |
| Travel insurance | 51.28% | 37.15% | 88.43% |
| Total non-life | 65.26% | 38.46% | 103.72% |
| | | | |
| 2021 | Claims quota | Costs quota | Combined ratio |
| Accident insurance | 34.84% | 48.58% | 83.42% |
| Health insurance | 73.81% | 36.11% | 109.92% |
| Road vehicle insurance | 65.40% | 31.90% | 97.30% |
| Railroad vehicle insurance | 0.00% | 0.00% | 0.00% |
| Aircraft insurance | 12.27% | 26.08% | 38.35% |
| Vessel insurance | 54.18% | 34.31% | 88.49% |
| Goods in transit insurance | 191.60% | 51.89% | 243.49% |
| Fire and special perils insurance | 44.84% | 39.38% | 84.22% |
| Other property insurance | 67.67% | 30.78% | 98.45% |
| Motor vehicle liability insurance | 68.45% | 29.62% | 98.06% |
| Aircraft liability insurance | 0.00% | 7.40% | 7.40% |
| Vessel liability insurance | 45.51% | 41.31% | 86.82% |
| Other liability insurance | 28.14% | 39.74% | 67.89% |
| Loan insurance | 34.76% | 49.09% | 83.85% |
| Guarantee insurance | 42.15% | 43.73% | 85.88% |
| Financial loss insurance | 49.58% | 26.58% | 76.15% |
| Legal protection insurance | 0.69% | 40.21% | 40.90% |
| Travel insurance | 48.20% | 47.96% | 96.16% |
| Total non-life | 58.86% | 34.08% | 92.93% |

1.27 Fees and commission income

| | 2022 | 2021 |
|--|---------------|---------------|
| | HRK '000 | HRK '000 |
| <i>Income from reinsurance commissions</i> | | |
| Reinsurance commission – non-life | 47,890 | 20,629 |
| Reinsurance commission – life | 3 | 1 |
| | <hr/> | <hr/> |
| Total reinsurance commission | 47,893 | 20,630 |
| | <hr/> <hr/> | <hr/> <hr/> |

1.28 Investment income

| | 2022 | 2021 |
|---|---------------|---------------|
| | HRK '000 | HRK '000 |
| <i>Interest income</i> | | |
| - Financial assets held to maturity | 1,009 | 1,302 |
| - Financial assets available for sale | 11,030 | 11,086 |
| - Financial assets at fair value through profit or loss | 3 | 18 |
| - Loans and receivables | 785 | 783 |
| | <hr/> | <hr/> |
| Dividend income | 249 | 314 |
| Net fair value gains from financial assets at fair value through profit or loss | 71 | 26,893 |
| | <hr/> | <hr/> |
| <i>Net realised gains from financial assets</i> | | |
| - Financial assets available for sale | - | 1,749 |
| - Financial assets at fair value through profit or loss | 6 | 1,076 |
| | <hr/> | <hr/> |
| Foreign exchange gains | 1,357 | 508 |
| Lease income | 40 | 101 |
| Other income | 4,686 | 3,561 |
| | <hr/> | <hr/> |
| Total investment income | 19,236 | 47,391 |
| | <hr/> <hr/> | <hr/> <hr/> |

Other Income relates to return of the management fee to units in investment funds.

The table below presents the financial income by fund source:

| | 2022 | | | 2021 | | |
|---|-------------------------|---------------------|----------------------|-------------------------|---------------------|----------------------|
| | Non-life HRK '000 | Life HRK '000 | Total HRK '000 | Non-life HRK '000 | Life HRK '000 | Total HRK '000 |
| Capital investment income | 2,647 | 1 | 2,648 | 1,967 | 1 | 1,968 |
| Income from investment in mathematical provisions | 176 | 8,402 | 8,578 | 188 | 7,757 | 7,945 |
| Income from investment in special provisions - LI | - | 917 | 917 | - | 27,628 | 27,628 |
| Income from investment in technical provisions | 3,278 | 3,815 | 7,093 | 3,353 | 6,496 | 9,849 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL | 6,101 | 13,135 | 19,236 | 5,508 | 41,882 | 47,390 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

1.29 Investment costs

| | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|--|------------------------------------|--------------------------------------|--------------------------------------|
| Net fair value losses from financial assets at fair value through profit or loss | 32,436 | 32,436 | 889 |
| <i>Net realised losses from financial assets</i> | | | |
| - Financial assets available for sale | 1,474 | 1,474 | 120 |
| <i>Net impairment</i> | | | |
| - Investment in associates | - | 102 | 539 |
| Depreciation of investment property | 51 | 51 | 52 |
| Other investment costs | 30 | 30 | 421 |
| Total investment costs | 33,991 | 34,093 | 2,021 |

The table below presents financial expenses by fund source:

| | 2022 | | | 2021 | | |
|---|------------------------------|--------------------------|---------------------------|------------------------------|--------------------------|---------------------------|
| | Non-life HRK '000 | Life HRK '000 | Total HRK '000 | Non-life HRK '000 | Life HRK '000 | Total HRK '000 |
| Capital investment costs | 16 | 20 | 36 | 18 | 297 | 315 |
| Income from investment in mathematical provisions | 38 | 7 | 45 | - | - | - |
| Costs from investment in special provisions - LI | - | 33,752 | 33,752 | - | 702 | 702 |
| Costs from investment in other technical provisions | 120 | 140 | 260 | 464 | 540 | 1,004 |
| TOTAL | 174 | 33,919 | 34,093 | 482 | 1,539 | 2,021 |

1.30 Other operating income

| | 2022 | 2021 |
|-------------------------------------|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| <i>Other operating income</i> | | |
| Net income from recourse | 10,178 | 8,412 |
| Income from service claims | 814 | 601 |
| Other operating income | 3,694 | 2,615 |
| | <hr/> | <hr/> |
| Total other operating income | 14,686 | 11,628 |
| | <hr/> <hr/> | <hr/> <hr/> |

Other business revenues include revenues from the Croatian Nuclear Pool, revenues from write-off of liabilities, revenues from subsequently collected costs (costs from enforcement), revenues from state aid, etc.

1.31 Claims incurred

| | 2022 | 2021 |
|---|------------------|-----------------|
| | HRK '000 | HRK '000 |
| <i>Non-life insurance</i> | | |
| Claims paid (including claims costs, without recourse reductions) | | |
| Gross amount | 386,042 | 320,258 |
| Reinsurance share | (113,834) | (91,150) |
| Change in RBNS claims provision | | |
| Gross amount (note 1.21 b) | 12,448 | 19,213 |
| Reinsurance share (note 1.21 b) | (3,162) | 1,902 |
| Change in IBNR claims provision | | |
| Gross amount (note 1.21 c) | 5,730 | (9,049) |
| Reinsurance share (note 1.21 c) | 2,331 | 15,057 |
| Change in provisions for claims handling costs, gross and net | (600) | 185 |
| Change in unexpired risk provision (note 1.21 d) | 464 | (2,693) |
| Change in bonus and rebates provision | | |
| Gross amount (note 1.21 e) | 618 | (2,936) |
| Reinsurance share (note 1.21 e) | (53) | (151) |
| Changes in mathematical provision | | |
| Gross amount | 3,121 | 7,840 |
| | <hr/> | <hr/> |
| Total gross claims incurred from non-life insurance | 407,824 | 332,818 |
| | <hr/> | <hr/> |
| Total reinsurance share of claims incurred from non-life insurance | (114,717) | (74,342) |
| | <hr/> | <hr/> |
| Total net claims incurred from non-life insurance | 293,106 | 258,476 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <i>Life insurance</i> | | |
| Claims paid for traditional products | | |
| Gross amount | 32,583 | 38,646 |
| Reinsurance share | (23) | (47) |
| Claims paid for unit linked products | 15,977 | 14,632 |
| Change in mathematical provision, gross and net (note 1.21 f) | (7,734) | (4,643) |
| Change in other technical provisions, net from reinsurance | - | (53) |
| Change in provision for unit-linked products, gross and net (note 1.21 g) | (30,314) | 29,694 |
| Change in RBNS claims provision, gross and net (note 1.21 b) | (138) | (206) |
| Change in IBNR claims provision, gross and net (note 1.21 c) | (201) | 4 |
| Change in provision for claims handling costs, gross and net | (20) | (12) |
| | <hr/> | <hr/> |
| Total gross claims incurred from life insurance | 10,153 | 78,061 |
| | <hr/> | <hr/> |
| Total reinsurance share of claims incurred from life insurance | (23) | (47) |
| | <hr/> | <hr/> |
| Total net claims incurred from life insurance | 10,130 | 78,014 |
| | <hr/> | <hr/> |
| Total gross claims incurred | 417,977 | 410,879 |
| Total reinsurance share of claims incurred | (114,741) | (74,390) |
| | <hr/> | <hr/> |
| Total claims incurred, net of reinsurance | 303,236 | 336,489 |
| | <hr/> <hr/> | <hr/> <hr/> |

1.32 Acquisition costs

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| <i>Non-life insurance</i> | | |
| Commission costs | 76,717 | 67,068 |
| Salaries | 37,021 | 35,994 |
| Other acquisition costs | 13,013 | 14,828 |
| Change in deferred acquisition costs (note 1.14) | (3,276) | (1,737) |
| | <hr/> | <hr/> |
| Total acquisition costs,non-life | 123,475 | 116,153 |
| | <hr/> | <hr/> |
| <i>Life insurance</i> | | |
| Commission costs | 4,148 | 5,939 |
| Salaries | 813 | 827 |
| Other acquisition costs | 462 | 536 |
| | <hr/> | <hr/> |
| Total acquisition costs,life | 5,423 | 7,302 |
| | <hr/> | <hr/> |
| Total acquisition costs,non-life and life | 128,898 | 123,455 |
| | <hr/> <hr/> | <hr/> <hr/> |

Commission for life insurance, as explained in note 1.3 (n), is recognised on the collection basis, which is consistent with the recognition of related income.

1.33 Administrative costs

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| Depreciation of property and equipment | 5,407 | 5,384 |
| Depreciation of intangible assets | 3,455 | 3,100 |
| Depreciation and other costs of right-of-use assets | 4,095 | 3,761 |
| Staff expenses | 57,327 | 55,252 |
| Entertainment | 931 | 738 |
| Cost of materials and services | 19,843 | 16,237 |
| Statutory audit costs | 250 | 331 |
| Costs of leases not included in IFRS 16 | 141 | 478 |
| Other costs | 11,328 | 9,685 |
| | <hr/> | <hr/> |
| | 102,778 | 94,965 |
| | <hr/> <hr/> | <hr/> <hr/> |

Depreciation of property and equipment, intangible assets and right-of-use assets is presented in the movements of assets described in notes 1.11 to 1.13.

In 2022, the average number of Company employees was 522 (2021: 513). In 2022, the Company calculated and paid HRK 14,352 thousand (2021: HRK 13,953 thousand) of pension contributions into obligatory pension funds.

1.34 Other operating costs

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| Firefighting contributions | 1,294 | 1,511 |
| Croatian Insurance Bureau and guarantee fund charges | 1,195 | 1,766 |
| Net gains/losses on insurance receivables - other | 19 | (914) |
| Compulsory payment to the Croatian Institute of Health Insurance based on collected premium from MTPL | 3,435 | 3,359 |
| Cost of reservation according to guarantees | 30,420 | - |
| Other costs | 1,922 | 377 |
| | <hr/> | <hr/> |
| Total other operating costs | 38,285 | 6,099 |
| | <hr/> <hr/> | <hr/> <hr/> |

In 2022, the Croatian Financial Management Supervisory Agency conducted an overview of the part of the business related to risk management when concluding guarantee insurance and their impact on the company's financial position. By the decision of 16 February 2023, it ordered the Company to carry out activities to improve the operation of internal controls in the implementation of these tasks, and to record obligations based on issued guarantee policies beyond insurance costs. Based on the imposed measures, the Company recorded the cost of booking in the amount of HRK 30,420 thousand in its accounting statements for 2022 within other business costs. The company declares the sum of issued guarantees under paragraph 1.41 Unforeseen liabilities and unforeseen assets.

1.35 Financial expenses

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| Other expenses | 534 | 629 |
| Interest expense | 78 | - |
| Interest expense for right-of-use assets | 389 | 290 |
| Foreign exchange losses | 1 | 928 |
| | <hr/> | <hr/> |
| | 1,002 | 1,847 |
| | <hr/> <hr/> | <hr/> <hr/> |

1.36 Income tax

a) Income tax recognised in the statement of comprehensive income

| | 2022 HRK '000 | 2021 HRK '000 |
|--------------------------------|------------------|------------------|
| Current tax | - | - |
| Deferred tax revenue/(expense) | 5,050 | (1,537) |
| Income tax | 5,050 | (1,537) |

b) Reconciliation of accounting profit and income tax at a rate of 18%

| | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|--|---------------------------|-----------------------------|-----------------------------|
| Accounting (loss)/profit | (29,344) | (29,446) | 15,239 |
| Income tax calculated at the legally prescribed rate of 18% (2021: 18%) | 5,282 | 5,300 | 2,743 |
| Non-taxable expense | (264) | (264) | 350 |
| Non-taxable income | 14 | 14 | (20) |
| Tax effect on usage of prior non-recognised tax losses | 5,532 | 5,550 | (3,073) |
| Changes in recognised deferred tax assets | - | - | 1,537 |
| Origination / (use) of tax losses from prior periods | (5,050) | (5,050) | - |
| Current tax liability as at 31 December | (5,050) | (5,050) | 1,537 |
| Effective tax rate on profit | - | - | 10.09% |

1.36 Income tax (continued)

a) Tax losses carried forward

The Company is subject to income tax in accordance with Croatian laws. Tax losses may be carried forward for up to 5 years.

According to the its five-year business plan, the Company expects to make taxable profits against which the remaining unused tax losses carried forward can be utilised.

As at 31 December 2022, gross tax losses available for carry-forward expire as follows:

| | Group 2022 HRK '000 | Company 2022 HRK '000 | Company 2021 HRK '000 |
|---|------------------------------------|--------------------------------------|--------------------------------------|
| Tax loss from 2022. – expires 31.12.2027. | 29,006 | 28,056 | - |
| Tax loss from 2020. – expires 31.12.2025. | 753 | - | - |
| Tax loss from 2019. – expires 31.12.2024. | 947 | - | - |
| Tax loss from 2018. – expires 31.12.2023. | 1,892 | - | - |
| Total tax loss available for carry-forward | 32,598 | 28,056 | - |

The Group did not recognise HRK 760 thousand of deferred tax assets on transferred tax losses, arising from a subsidiary, due to the uncertainty of sufficient taxable profit in future periods.

1.37 Related parties

The key shareholder of the Company is Triglav INT d.d., with holdings of 100.00% (2021: 100%) of the Company's shares at year-end, while the Company's ultimate owner is Zavarovalnica Triglav d.d. The Company believes to have an immediate related-party relationship with the key shareholder, the ultimate parent company and their subsidiaries (together: "the Triglav Group"); the Supervisory Board members, Management Board members and other executive management (together: "key management personnel"); close family members of key management personnel; and entities controlled, jointly controlled, or significantly influenced by key management personnel and their close family members, in accordance with the definitions contained in International Accounting Standard 24 "Related Party Disclosures" ("IAS 24").

Key management personnel

Key management personnel includes Management Board members and Supervisory Board members. In 2022 and 2021, the Company had no loans granted to Management Board members. Remuneration to Management Board members amounted to HRK 4,724 thousand (2021: HRK 3,618 thousand) and consisted of gross compensation including short-term and long-term benefits such as fixed salary, accrued bonuses, compensation in kind, pension contributions and life insurance premiums. Remuneration to Supervisory Board members in 2022 amounted to HRK 107 thousand (2021: HRK 102 thousand).

Parent company

The ultimate parent company that prepares consolidated financial statements is Zavarovalnica Triglav d.d. Ljubljana. Volume of business transactions with parent company is detailed below.

Company transacts with Triglav INT d.d. Ljubljana for the costs of posted workers. The transactions are included in the overview of related-party transactions.

Other Triglav Group members

Furthermore, a portion of Company's reinsurance operations was ceded to Zavarovalnica Triglav and Triglav RE, both members of the Triglav Group. The Company transacts with other insurance companies - members of the Group, on the basis of receivables or payables for service liquidated claims. The result of these transactions are reinsurance premiums, commissions and collection of claims from reinsurers during the year and receivables and payables at year-end. Assets, liabilities, income and expenses as at 31 December arising from related-party transactions were as follows:

Overview of related-party transactions

| 2022 | Assets HRK '000 | Liabilities HRK '000 | Revenues HRK '000 | Expenses HRK '000 |
|-----------------------|----------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| Zavarovalnica Triglav | 1,184 | 14,801 | (27,105) | (35,970) |
| Triglav RE | 46,453 | 44,989 | (89,696) | (69,335) |
| Others | 418 | - | 251 | 2,770 |
| Total | 48,055 | 59,790 | (116,550) | (102,535) |
| 2021 | Assets HRK '000 | Liabilities HRK '000 | Revenues HRK '000 | Expenses HRK '000 |
| Zavarovalnica Triglav | 2,333 | 9,666 | 26,363 | (13,584) |
| Triglav RE | 45,740 | 38,325 | 73,185 | (62,222) |
| Others | 708 | 669 | 341 | 4,451 |
| Total | 48,781 | 48,660 | 99,889 | (71,355) |

1.38 Financial risk management

Transactions with financial instruments result in the Company assuming financial risks. These include market risk, credit risk (including reinsurance credit risk) and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

Market risk

Market risk includes three types of risk:

- currency risk – the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates,
- fair value interest rate risk – the risk that the value of a financial instrument will fluctuate because of changes in market interest rates,
- price risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, regardless whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk embodies not only the potential for loss but also the potential for gain.

Asset/liability matching

The Company actively manages its assets using an approach that balances quality, diversification, asset/liability matching, liquidity and investment return. The goal of the investment process is to optimise the after-tax and risk-adjusted investment return, whilst ensuring that the assets and liabilities are managed on a cash-flow basis. Management reviews and approves target portfolios on a periodic basis, establishing investment guidelines and limits, and providing oversight of the asset/liability management process.

The Company establishes target portfolios for each significant business segment, which represents investment strategies used to profitably fund its liabilities within acceptable levels of risk. These strategies include objectives for effectively adjusting maturity, yield curve, sensitivity, liquidity, asset sector concentration and credit risk quality. The estimates used in determining the approximate amounts and timing of payments to policyholders for insurance liabilities are regularly reviewed.

Many of these estimates are inherently subjective and could affect the Company's ability to achieve its asset/liability management goals and objectives.

Interest risk

The Company's exposure to market risk for changes in interest rates is concentrated in its investment portfolio and finance lease liabilities. The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-bearing assets and liabilities mature or re-price at different times or in differing amounts.

The Company is also exposed to the risk of changes in future cash flows arising from the changes in market interest rates. This risk is, however, limited considering that the majority of the Company's interest-bearing investments at the balance sheet date bear fixed interest rates.

The Company has liabilities for a finance lease contracted at a variable interest rate. Changes in interest rates do not impact the level of non-life insurance provision, with the exception of MTPL annuities, which are not material at the reporting date. Mathematical life insurance provision is discounted using the lower of the technical interest rate and the legally prescribed rate. The prescribed rate to some extent reflects the expected movement in interest yields over a longer period of time. Therefore, changes in investment values attributable to interest rates will not be partially mitigated by relevant accompanying changes in economic values of provisions for offsetting insurance contracts.

1.38 Financial risk management (continued)

Interest risk (continued)

The Company monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to investment portfolio and technical provisions, are modelled and reviewed regularly. The overall objective of these strategies is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

The Company attempts to match the future receipts from these assets with its insurance liabilities by purchasing government bonds. However, due to the relatively short duration of such bonds, and the longer duration of life insurance liabilities, and the inability of the Company to purchase interest rate swaps of appropriate maturity in Croatia, the Company is exposed to interest risk.

The Company is presently contractually committed to accrue interest at rates of 1.00% to 4.00% per annum on life insurance policies for distribution to policyholders upon maturity of such policies and is currently not able to hedge from the future interest risk it is exposed to through the investment of assets for covering future liabilities.

The sensitivity analysis for interest risk illustrates how changes in fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Debt securities held to maturity are accounted for at amortised cost and their carrying amounts are not sensitive to changes in the level of interest rates.

For liabilities under long-term insurance contracts, changes in interest rate will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment.

For debt securities, an increase/decrease of 1% in interest yields would result in a loss/profit for the period of HRK 3,597 thousand (2021: HRK 3,236 thousand).

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, regardless whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company's portfolio of marketable equity securities carried in the statement of financial position at fair value gives exposure to price risk. The Company's objective is to earn competitive returns by investing in a diversified securities portfolio. Portfolio characteristics are analysed regularly. The Company's portfolio holds securities of issuers across different industries, and investment concentration is limited by parameters established by senior management, as well as by statutory requirements.

As at 31 December 2022, if prices of equity securities and investments funds had been higher/lower by 5%, with all other variables held constant, the Company's result after tax for the year would have been HRK 25,430 thousand (2021: HRK 16,016 thousand) better/worse, while fair value reserve in capital would have been higher/lower by HRK 0 thousand (2021: HRK 378 thousand).

As at 31 December 2022, if prices of debt securities had been higher/lower for 5% with all other variables held constant, result of the Company after tax for the year would be HRK 0 (2021: HRK 0) better/worse, while fair value reserve in capital would have been for HRK 27,529 thousand (2021: HRK 29,239 thousand) better/worse.

Currency risk

The Company is exposed to currency risk through transactions in foreign currencies. This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk through credit, deposit and investment activities as well as through premium income, calculation of related technical provisions and settlement of claims on insurance policies with currency clauses. The currency giving rise to this risk is mostly the euro.

The Company manages foreign currency risk by trying to minimise the gap between assets and liabilities denominated in or pegged to foreign currencies. Investments for covering the mathematical provision are mostly denominated in euro, as most of the mathematical provision is also denominated in euro.

Note 1.42 discloses the currency analysis of the financial assets as at the reporting date of the Company.

1.38 Financial risk management (continued)

Currency risk (continued)

As at 31 December 2022, if the HRK had weakened/strengthened by 1% against the EUR, with all other variables held constant, the Company's net result after tax for the year would have been HRK 1,951 thousand better/worse (2021: HRK 1,836 thousand better/worse), while the impact on the fair value reserve in capital would have been better/worse by HRK 2,509 thousand (2021: HRK 2,977 thousand better/worse).

Credit risk

In the normal course of operations, the Company is exposed to credit risk. Credit risk is defined as a risk where one party will cause financial loss to the counterparty if they default on their obligations. This is usually a result of adverse changes in the ability of the debtor to repay his debt. The maximum exposure of the Company to credit risk is represented by the carrying amount of financial assets.

The Company's portfolios of fixed income securities, deposits with banks, mortgage loans and loans to policyholders, and to a lesser extent short-term and other investments, are subject to credit risk. The Company manages this risk by up-front, stringent underwriting analysis, regular credit risk reviews by the management, and regular meetings to monitor credit developments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all policyholders and collateral is secured prior to the disbursement or extension of approved policyholder loans. Insurance instruments comply with the Insurance Act.

Maximum exposure to credit risk is represented by carrying amounts of assets in the table below:

| | 2022 | 2021 |
|---|--------------------|--------------------|
| | HRK '000 | HRK '000 |
| | The Company | The Company |
| Cash and cash equivalents (<i>note 1.20</i>) | 17,671 | 11,055 |
| Debt securities (<i>note 1.16</i>) | 607,390 | 651,820 |
| Deposits with banks (<i>note 1.16</i>) | 49,370 | 34,367 |
| Loans to customers (<i>note 1.16</i>) | 6,144 | 6,257 |
| Insurance receivables, net of impairment provisions (<i>note 1.19</i>) | 139,346 | 108,692 |
| Receivables from reinsurance and other receivables, net of impairment provisions (<i>note 1.19</i>) | 48,144 | 48,822 |
| | <hr/> | <hr/> |
| Total | 868,065 | 861,013 |
| | <hr/> <hr/> | <hr/> <hr/> |

1.38. Financial risk management (continued)

Credit risk (continued)

The Company has adopted a risk-averse investing policy.

Accordingly, at the reporting date, the Company had significant concentration of receivables from the Republic of Croatia and other EU members:

| | 2022. | 2021. |
|--------------------------------------|-----------------|-----------------|
| | HRK '000 | HRK '000 |
| Republic of Croatia government bonds | 557,901 | 600,674 |
| Corporate bonds | 49,488 | 51,145 |
| | <hr/> | <hr/> |
| Ukupno | 607,389 | 651,819 |
| | <hr/> <hr/> | <hr/> <hr/> |

The total credit risk exposure in relation to the Republic of Croatia represents 62.57 % of the Company's total assets (2021: 58.87 %). To mitigate the risk of reinsurance counterparties not paying amounts due, the Company established business and financial standards for reinsurers and brokers' approval, incorporating ratings by major rating agencies and considering current market information.

The table below presents the Company's credit exposure by asset type:

| | | 2022 | 2021 |
|---|---------------|-----------------|-----------------|
| | Rating | HRK '000 | HRK '000 |
| Cash at bank | A | - | - |
| | BB | 310 | - |
| | BBB | 8,005 | 6,633 |
| | No rating | 9,356 | 4,422 |
| Debt securities | A | 4,009 | 4,463 |
| | AA | - | - |
| | BB | 2,796 | 3,081 |
| | BBB | 570,649 | 614,470 |
| | No rating | 29,935 | 29,806 |
| Deposits with credit institutions | A | - | - |
| | BB | - | - |
| | BBB | 15,002 | 34,367 |
| | No rating | 34,368 | - |
| Loans | No rating | 6,144 | 6,257 |
| Insurance receivables, net of impairment provisions | No rating | 139,346 | 108,692 |
| Receivables from reinsurance and other receivables, net of impairment provisions | No rating | 48,144 | 48,822 |
| | | <hr/> | <hr/> |
| Total | | 868,065 | 861,013 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Financial assets are divided into two categories according to their credit risk quality: high quality and standard quality assets. Assets considered high quality assets are those with the rating same or better than Croatia, whereas assets with lower rating or without rating are considered standard quality assets. The Company does not consider any asset item to be of substandard quality. Those assets that do not have an official rating are categorised as high quality and standard quality assets based on ratings of the country of origin of the relevant assets. All assets presented in the table above without rating are considered to be of standard quality.

1.38. Financial risk management (continued)

Credit risk (continued)

Analysis of insurance and other receivables by maturity is presented in note 1.19, while the analysis of deposits and loans by maturity is presented in note 1.16.

Exposure to credit risk from receivables from reinsurance as at 31 December was as follows:

| Credit rating | 2022 HRK '000 | 2021 HRK '000 |
|---------------|--------------------------------|--------------------------------|
| No rating | 48,144 | 48,822 |
| Total | 48,144 | 48,822 |

Receivables from reinsurance include receivables for claims and receivables for commissions. Those receivables are not secured by collaterals.

Liquidity risk

The liquidity risk is a result of the Company's financial activities and position management. This risk includes the risk of inability to finance assets with relevant maturities and interest, as well as the risk of inability to liquidate assets at a reasonable price and within an appropriate time frame.

The Company has a liquid assets portfolio as part of its liquidity risk management strategy, thus ensuring continuous operations and meeting legal requirements.

Note 1.40 discloses the maturity analysis of the financial assets and financial liabilities as at the reporting date of the Company. Furthermore, it provides an overview of non-discounted cash flows for assets including interest in its net value.

Note 1.21 (i) discloses the maturity analysis of the Company's technical provisions.

Fair value

Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties on an arm's length basis. Financial assets available for sale and financial assets at fair value through profit or loss are measured at fair value. Loans and receivables are measured at amortised cost less impairment. The Management Board believes that the carrying value of these instruments is not significantly different from their fair value, assuming that all payments on unimpaired exposures will be collected as contracted, and not taking into account any future losses.

1.38. Financial risk management (continued)

Fair value (continued)

Fair value of financial assets and liabilities carried at amortised cost:

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------|---------------|---------------|----------------|
| 31. prosinca 2022. | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Financial assets | | | | |
| Held-to-maturity investments | - | 38,713 | - | 38,713 |
| Loans | - | - | 6,135 | 6,135 |
| Deposits | - | - | 48,350 | 48,350 |
| Cash and cash equivalents | - | - | 17,667 | 17,667 |
| | ----- | ----- | ----- | ----- |
| Total financial assets at fair value | - | 38,713 | 72,152 | 110,865 |
| | ===== | ===== | ===== | ===== |
| | Level 1 | Level 2 | Level 3 | Total |
| 31. prosinca 2021. | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Financial assets | | | | |
| Held-to-maturity investments | - | 62,825 | - | 62,825 |
| Loans | - | - | 5,601 | 5,601 |
| Deposits | - | - | 34,367 | 34,367 |
| Cash and cash equivalents | - | - | 11,046 | 11,046 |
| | ----- | ----- | ----- | ----- |
| Total financial assets at fair value | - | 62,825 | 51,014 | 113,839 |
| | ===== | ===== | ===== | ===== |

The Management Board believes that the carrying value of loans and receivables is not significantly different from their fair value, assuming that all payments on unimpaired exposures will be collected as contracted, and not taking into account any future losses. Loans and receivables also include fixed-rate deposits with other banks. The Management Board believes that the fair value of deposits with banks and other receivables and other liabilities approximates their carrying amount due to their short-term maturity. Fair value of finance lease liabilities and subordinated loans do not differ from their carrying amount because the interest rates of these financial instruments do not differ significantly from the market rate.

The Company uses the following fair-value measurement hierarchy that reflects the significance of inputs used in measuring the fair value:

- Level 1: Fair value of financial instruments is based on their quoted market prices available in active markets,
- Level 2: Fair value of financial instruments is estimated using valuation techniques based on observable inputs, either direct (as prices) or indirect (derived from prices),
- Level 3: Fair value of financial instruments is estimated using valuation techniques that are not based on observable inputs.

1.38. Financial risk management (continued)

Fair value (continued)

The company includes in Level 2 securities that were not traded on the balance sheet date, but valued on the last available trading price (in case it is realised in frame of 15 days from the date the report of financial position is issued) or discounting future cash flows starting from the last trading price of individual debt paper (in case it is realised in frame of 15 days from the date the report of financial position is issued).

The valuation of financial assets included in Level 3 is based on the liquidation value method.

A reasonably possible change in one or more input assumptions would not significantly alter the value of the financial assets included in Level 3.

The total loss of financial assets classified under Level 3 in the profit and loss account during 2022 is HRK 102 thousand (2021: HRK 809 thousand). The company during year 2022 increased share capital in the subsidiary company what is classified under Level 3, and for the entire investment, impairment was carried out.

During year 2022 and 2021 financial instrument did not change outlined hierarchical fair value levels compared to prior year.

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|---------------|----------------|
| December 31, 2022 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| <i>Available-for-sale financial assets</i> | | | | |
| Equity securities | 50 | - | - | 50 |
| Debt securities | 9,023 | 545,312 | - | 554,335 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | |
| Equity securities | 321 | - | 2,628 | 2,949 |
| Debt securities | - | - | - | - |
| Investment funds | 302,876 | - | 7,813 | 310,689 |
| Total financial assets at fair value | 312,270 | 545,312 | 10,441 | 868,023 |
| | | | | |
| December 31, 2021 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| <i>Available-for-sale financial assets</i> | | | | |
| Equity securities | 49 | - | - | 49 |
| Debt securities | 2,955 | 585,844 | - | 588,799 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | |
| Equity securities | 314 | - | 2,628 | 2,942 |
| Debt securities | - | 151 | - | 151 |
| Investment funds | 317,379 | - | 7,517 | 324,896 |
| Total financial assets at fair value | 320,697 | 585,995 | 10,145 | 916,837 |

1.39 Maturity analysis

The maturity of financial assets within the scope of IAS 39 for the Company as at 31 December 2022 and 31 December 2021 was presented in the tables below based on the remaining contractual maturity, except for financial assets at fair value through profit or loss and available-for-sale financial assets which are analysed as maturing within six months. Estimated remaining contractual maturities of insurance provisions are disclosed in Note 1.21 (i).

| 2022 | Up to 6 months HRK '000 | 6-12 months HRK '000 | 1-2 years HRK '000 | 2-5 years HRK '000 | More than 5 years HRK '000 | Future interest HRK '000 | Total HRK '000 |
|---|----------------------------|-------------------------|-----------------------|-----------------------|-------------------------------|-----------------------------|-------------------|
| Financial assets | | | | | | | |
| <i>Held-to-maturity investments</i> | | | | | | | |
| Debt securities | - | - | - | - | 53,054 | 6,503 | 59,557 |
| <i>Financial assets available for sale</i> | | | | | | | |
| Debt securities | - | - | 129,469 | 168,800 | 256,066 | 81,740 | 636,075 |
| Equity securities | 50 | - | - | - | - | - | 50 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | | | | |
| Equity securities | 2,949 | - | - | - | - | - | 2,949 |
| Debt securities | - | - | - | - | - | - | 0 |
| Investment funds | 310,690 | - | - | - | - | - | 310,690 |
| <i>Loans and receivables</i> | | | | | | | |
| Deposits with banks | 16,806 | 7,133 | 25,432 | - | - | 1,015 | 50,386 |
| Loans | 309 | 409 | 1072 | 2,025 | 834 | 668 | 5,317 |
| <i>Cash and cash equivalents</i> | 17,671 | - | - | - | - | - | 17,671 |
| Total financial assets | 348,475 | 7,542 | 155,973 | 170,825 | 309,954 | 89,926 | 1,082,695 |
| | | | | | | | |
| <i>Short-term loan and liabilities from derived financial instruments</i> | | | | | | | |
| | - | - | - | - | - | - | - |
| <i>Insurance and other liabilities</i> | 103,504 | - | - | - | - | - | 103,504 |
| Total financial liabilities | 103,504 | - | - | - | - | - | 103,504 |

1.39 Maturity analysis (continued)

| 2021 | Up to 6 months HRK '000 | 6-12 months HRK '000 | 1-2 years HRK '000 | 2-5 years HRK '000 | More than 5 years HRK '000 | Future interest HRK '000 | Total HRK '000 |
|---|-------------------------------|----------------------------|-----------------------|-----------------------|----------------------------------|--------------------------------|-------------------|
| Financial assets | | | | | | | |
| <i>Held-to-maturity investments</i> | | | | | | | |
| Debt securities | - | - | 10,029 | - | 52,840 | 7,334 | 70,203 |
| <i>Financial assets available for sale</i> | | | | | | | |
| Debt securities | 0 | 0. | 131,298 | 146,476 | 311,026 | 87,739 | 676,539 |
| Equity securities | 50 | - | - | - | - | - | 50 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | | | | |
| Equity securities | 2,941 | - | - | - | - | - | 2,941 |
| Debt securities | - | - | 151 | - | - | 3 | 154 |
| Investment funds | 317,379 | - | - | - | - | - | 317,379 |
| <i>Loans and receivables</i> | | | | | | | |
| Deposits with banks | 1,803 | - | - | 32,564 | - | 1,374 | 35,741 |
| Loans | 353 | 226 | 787 | 1,474 | 2,372 | 743 | 5,955 |
| <i>Cash and cash equivalents</i> | 11,055 | - | - | - | - | - | 11,055 |
| Total financial assets | 333,581 | 226 | 142,265 | 180,514 | 366,238 | 97,193 | 1,120,017 |
| <i>Short-term loan and liabilities from derived financial instruments</i> | | | | | | | |
| Insurance and other liabilities | 103,504 | - | - | - | - | - | 103,504 |
| Total financial liabilities | 103,504 | - | - | - | - | - | 103,504 |

1.40 Interest rate repricing analysis

The following tables present the Company's financial assets within the scope of IAS 39, analysed according to interest rate reset periods determined based on the shorter of the remaining contractual maturity and contractual interest rate reset period.

The tables below present the management's estimate of the Company's exposure to interest rate reset as at 31 December 2022 and 31 December 2021 and are not necessarily indicative of the positions at other times, but the interest rate assumptions on which the calculation of the mathematical provision is based (Note 1.6) provide some indication of the sensitivity of the Company's earnings to the movements in interest rates. Earnings will also be affected by the currency structure of assets and liabilities. The Company has a significant proportion of interest-bearing assets and interest-bearing liabilities in foreign currency.

1.40 Interest rate repricing analysis (continued)

| 2022 | Up to 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years | Interest-free | Total | Fixed interest rate |
|--|----------------|--------------|----------------|----------------|-------------------|----------------|----------------|---------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Financial assets | | | | | | | | |
| <i>Held-to-maturity investments</i> | | | | | | | | |
| Debt securities | - | - | - | - | 53,054 | - | 53,054 | 53,054 |
| <i>Financial assets available for sale</i> | | | | | | | | |
| Debt securities | - | - | 129,469 | 168,800 | 256,066 | - | 554,335 | 554,335 |
| Equity securities | - | - | - | - | - | 50 | 50 | - |
| <i>Financial assets at fair value through profit or loss</i> | | | | | | | | |
| Equity securities | - | - | - | - | - | 2,949 | 2,949 | - |
| Debt securities | - | - | - | - | - | - | - | - |
| Investment funds | - | - | - | - | - | 310,690 | 310,690 | - |
| <i>Loans and receivables</i> | | | | | | | | |
| Deposits with banks | 16,806 | 7,133 | 25,432 | - | - | - | 49,371 | 49,371 |
| Loans | 309 | 409 | 1,072 | 2,025 | 834 | - | 4,649 | 4,649 |
| <i>Cash and cash equivalents</i> | | | | | | | | |
| | - | - | - | - | - | 17,671 | 17,671 | - |
| Total financial assets | 17,115 | 7,542 | 155,973 | 170,825 | 309,740 | 331,356 | 992,769 | 661,409 |
| Short-term loan and liabilities from derived financial instruments | - | - | - | - | - | - | - | - |
| Insurance and other liabilities | - | - | - | - | - | 103,504 | 103,504 | - |
| Total financial liabilities | - | - | - | - | - | 103,504 | 103,504 | - |

1.40 Interest rate repricing analysis (continued)

| 2021 | Up to 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years | Interest-free | Total | Fixed interest rate |
|--|-------------------|----------------|----------------|----------------|----------------------|----------------|------------------|---------------------------|
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Financial assets | | | | | | | | |
| <i>Held-to-maturity investments</i> | | | | | | | | |
| Debt securities | - | - | 10,029 | - | 52,840 | - | 62,869 | 62,869 |
| <i>Financial assets available for sale</i> | | | | | | | | |
| Debt securities | 0 | 0 | 131,298 | 146,476 | 311,026 | - | 588,800 | 588,800 |
| Equity securities | - | - | - | - | - | 50 | 50 | - |
| <i>Financial assets at fair value through profit or loss</i> | | | | | | | | |
| Equity securities | - | - | - | - | - | 2,941 | 2,941 | - |
| Debt securities | - | - | 151 | - | - | - | 151 | 151 |
| Investment funds | - | - | - | - | - | 317,379 | 317,379 | - |
| <i>Loans and receivables</i> | | | | | | | | |
| Deposits with banks | 1,803 | - | - | 32,564 | - | - | 34,367 | 34,367 |
| Loans | 353 | 226 | 787 | 1,474 | 2,372 | - | 5,212 | 5,212 |
| <i>Cash and cash equivalents</i> | | | | | | | | |
| | - | - | - | - | - | 11,055 | 11,055 | - |
| Total financial assets | 2,156 | 226 | 142,265 | 180,514 | 366,238 | 331,425 | 1,022,824 | 691,399 |
| | | | | | | | | |
| Short-term loan and liabilities from derived financial instruments | - | - | - | - | - | 279 | 279 | - |
| Insurance and other liabilities | - | - | - | - | - | 103,504 | 103,504 | - |
| Total financial liabilities | - | - | - | - | - | 103,783 | 103,783 | - |

1.41 Foreign currency position analysis

The currency structure of the Company's financial assets within the scope of IAS 39 as at 31 December 2022 and 31 December 2021 is detailed below.

| 2022 | EUR and EUR | USD and | HRK | Total |
|--|----------------|--------------|----------------|----------------|
| | currency | USD | | |
| | clause | clause | | |
| | HRK '000 | HRK '000 | HRK '000 | HRK '000 |
| Financial assets | | | | |
| <i>Held-to-maturity investments</i> | | | | |
| Debt securities | 53,054 | - | - | 53,054 |
| Investment funds - closed | 7,813 | | | 7,813 |
| <i>Financial assets available for sale</i> | | | | |
| Debt securities | 245,533 | - | 308,801 | 554,334 |
| Equity securities | - | - | 50 | 50 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | |
| Equity securities | - | - | 2,949 | 2,949 |
| Debt securities | - | - | - | - |
| Investment funds | 187,633 | 7,501 | 107,742 | 302,876 |
| <i>Loans and receivables</i> | | | | |
| Deposits with banks | - | - | 49,370 | 49,370 |
| Loans | - | - | 6,144 | 6,144 |
| <i>Cash and cash equivalents</i> | | | | |
| | 5,855 | - | 11,816 | 17,671 |
| Total financial assets | 499,889 | 7,501 | 486,872 | 994,262 |
| Short-term loan | - | - | - | |
| Insurance and other liabilities | 114,546 | - | - | 114,546 |
| Total financial liabilities | 114,546 | - | - | 114,546 |

1.41 Foreign currency position analysis (continued)

| 2021 | EUR and EUR currency clause HRK '000 | USD and USD currency clause HRK '000 | HRK HRK '000 | Total HRK '000 |
|--|--|--|-----------------|-------------------|
| Financial assets | | | | |
| <i>Held-to-maturity investments</i> | | | | |
| Debt securities | 62,869 | - | - | 62,869 |
| Investment funds - closed | 7,517 | | | 7,517 |
| <i>Financial assets available for sale</i> | | | | |
| Debt securities | 284,808 | - | 296,475 | 581,283 |
| Equity securities | - | - | 50 | 50 |
| <i>Financial assets at fair value in the profit and loss account</i> | | | | |
| Equity securities | - | - | 2,941 | 2,941 |
| Debt securities | - | - | 150 | 150 |
| Investment funds | 175,614 | 7,982 | 133,783 | 317,379 |
| <i>Loans and receivables</i> | | | | |
| Deposits with banks | - | - | 34,367 | 34,367 |
| Loans | 5,215 | - | 366 | 5,581 |
| <i>Cash and cash equivalents</i> | | | | |
| | 1,556 | - | 9,499 | 11,055 |
| Total financial assets | 537,579 | 7,982 | 477,631 | 1,023,192 |
| Short-term loan | - | - | - | |
| Insurance and other liabilities | - | - | 103,504 | 103,504 |
| Total financial liabilities | - | - | 103,504 | 103,504 |

1.42 Contingent liabilities and property

On December 31, 2022 the Company displays following unpredictable liabilities and property:

| | | |
|--|-------------------------|-------------------------|
| <u>Contingent assets</u> | 2022 HRK '000 | 2021 HRK '000 |
| Material assets – present value of buildings | 67 | 67 |
| Contingent assets based on reinsurance activities | 90,420 | - |
| Total | 30,487 | 67 |
| <u>Contingent liabilities</u> | 2022 HRK '000 | 2021 HRK '000 |
| Contingent liabilities from the insurance business of guarantees | 134,001 | - |
| Total | 134,001 | - |

1.42 Contingent liabilities and property (continued)

Contingent material assets which are referring to the present value of construction buildings in the ownership of the Company is explained in the frame of note 1.11. Property and equipment. Cotigent assets on the basis of reinsurance activities refers to any future expenditure that has not yet occurred but which is expected to be reimbursed by another party,as indicated in the note 1.34.

Contingent liabilities on basis of warranty insurance are referring on liabilities under guarantee insurance policies,which liabilities have not yet arisen and are unlikely to arise,and their recording within the framework of potential obligations has been ordered by the Supervisory body upon completion of the procedure of partial supervision of financial operations relating to risk management in the conclusion of guarantees insurance and their impact the financial position of the Company,what is specified in note 1.34 Other operating costs.

1.43 Acquisition of a subsidiary

On 10 June 2022, the Group took over 51% of share capital from Triglav Savjetovanja d.o.o. (subsidiary) and thus gained control over the subsidiary. Triglav Savjetovanja d.o.o. is a company engaged in the activities of distribution of insurance contracts. Triglav Savjetovanja d.o.o. it was acquired for the purpose of reorganizing the Group Zavarovalnice Triglav.

The amounts reported for identifiable acquired assets and determinable assumed liabilities are shown in the table below

| | '000 kn |
|--|----------------|
| Financial property | 342 |
| Land,inventory and equipment | 68 |
| Financial liabilities | (689) |
| Total identifiable acquired assets and liabilities | (279) |
| <hr/> | |
| Settled: | |
| Cash | 102 |
| Total transferred fee | 102 |
| <hr/> | |
| Neto cash outflow from acquiring activities: | |
| Cash fee | 102 |
| Less: acquired cash and cash equivalents | (327) |
| | <hr/> (225) |
| <hr/> | |
| Transferred compensation | 102 |
| Fer value of existing investments in subsidiary | 2,896 |
| Fer value of identifiable neto assets | (279) |
| Difference recognized in the Groups capital ownership | (3,277) |

1.44 Events after the balance sheet date

Introduction of the euro as the official currency

The Government of the Republic of Croatia has adopted a Decision on the publication of the introduction of the euro as the official currency in the Republic of Croatia (published in the Official Gazette no. 85/22). With this decision, the euro becomes the official currency and legal tender in the Republic of Croatia on 1 January 2023. The fixed conversion rate was set at HRK 7.53450 per euro. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency that will be calculated prospectively and does not represent an event after the reporting date required by the adjustment.

Military operations in Ukraine

The current military operation in Ukraine and related sanctions on the Russian Federation may affect the European and global economy. Society is not significantly or directly exposed to Ukraine, Russia or Belarus. However, the effect on the general economic situation may require modifications to certain assumptions and assessments.

The impact on the general economic situation cannot currently lead to significant adjustments in the carrying amount of assets and liabilities, including in the following financial year. At the moment, the management of the Company is not able to reliably assess the effect, given that the situation changes from day to day.

The long-term effect can also affect trade volume, cash flows and profitability. Nevertheless, on the date of issue of these financial statements, the Company operates neatly and normally, realizes the planned planning sizes, settles due liabilities and consequently, draws up financial statements under the assumption of unlimited business.

1.45 Authorisation of financial statements

The financial statements were approved by the Management Board and authorised for issue on 28 April 2023.

Signed for and on behalf of the Company:

Tedo Djekanović

Deputy President of the Management Board

Darko Popovski, MScBA

Member of the Management Board

Additional statements stipulated by the Ordinance of the Croatian Financial Services Supervisory Agency (CFSSA) – (unrevised)

On 21 April 2016, the Croatian Financial Services Supervisory Agency adopted the Ordinance on the structure and content of the financial statements of insurance companies or reinsurance companies (OG No. 37/2016, 96/2018).

Below are presented the statements in the form prescribed by the Ordinance of the Croatian Financial Services Supervisory Agency, aligned with the financial statements prepared in accordance with International Financial Reporting Standards as adopted in the European Union, as well as additional forms that contain information not presented in the notes to the financial statements, but are required by the Ordinance.

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac: IFP

IZVJEŠTAJ O FINANCIJSKOM POLOŽAJU

na dan: 31.12.2022.

u kunama

| Broj pozicije | Elementi broja | Oznaka pozicije | Opis pozicije | Prethodna godina | | | Tekuća godina | | |
|---------------|-----------------------------|-----------------|--|------------------|-------------|-------------|---------------|-------------|-------------|
| | | | | Život | Neživot | Ukupno | Život | Neživot | Ukupno |
| 001 | 002+003 | I | NEMATERIJALNA IMOVINA | | 8.030.972 | 8.030.972 | | 8.233.622 | 8.233.622 |
| 002 | | 1 | Goodwill | | | | | | |
| 003 | | 2 | Ostala nematerijalna imovina | | 8.030.972 | 8.030.972 | | 8.233.622 | 8.233.622 |
| 004 | 005+006+007 | II | MATERIJALNA IMOVINA | | 137.629.165 | 137.629.165 | | 132.169.698 | 132.169.698 |
| 005 | | 1 | Zemljišta i građevinski objekti koji služe društvu za provođenje djelatnosti | | 130.160.032 | 130.160.032 | | 125.162.524 | 125.162.524 |
| 006 | | 2 | Oprema | | 6.532.484 | 6.532.484 | | 5.863.493 | 5.863.493 |
| 007 | | 3 | Ostala materijalna imovina i zalihe | | 936.650 | 936.650 | | 1.143.680 | 1.143.680 |
| 008 | 009+010+014+033 | III | ULAGANJA | 521.711.815 | 297.083.667 | 818.795.482 | 445.628.149 | 361.378.228 | 807.006.377 |
| 009 | | A | Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti | | 1.240.606 | 1.240.606 | | 1.201.933 | 1.201.933 |
| 010 | 011+012+013 | B | Ulaganja u podružnice, pridružena društva i zajedničke pothvate | | | | | | |
| 011 | | 1 | Dionice i udjeli u podružnicama | | | | | | |
| 012 | | 2 | Dionice i udjeli u pridruženim društvima | | | | | | |
| 013 | | 3 | Dionice i udjeli u zajedničkim pothvatima | | | | | | |
| 014 | 015+018+023+029 | C | Financijska imovina | 521.711.815 | 295.843.061 | 817.554.876 | 445.628.149 | 360.176.295 | 805.804.444 |
| 015 | 016+017 | 1 | Financijska imovina koja se drži do dospelja | 62.869.273 | | 62.869.273 | 53.054.255 | | 53.054.255 |
| 016 | | 1.1 | Dužnički financijski instrumenti | 62.869.273 | | 62.869.273 | 53.054.255 | | 53.054.255 |
| 017 | | 1.2 | Ostalo | | | | | | |
| 018 | 019+020+021+022 | 2 | Financijska imovina raspoloživa za prodaju | 422.859.144 | 173.507.846 | 596.366.990 | 359.752.870 | 202.445.688 | 562.198.558 |
| 019 | | 2.1 | Vlasnički financijski instrumenti | | 49.928 | 49.928 | | 50.086 | 50.086 |
| 020 | | 2.2 | Dužnički financijski instrumenti | 422.859.144 | 165.940.744 | 588.799.888 | 359.752.870 | 194.582.328 | 554.335.197 |
| 021 | | 2.3 | Udjeli u investicijskim fondovima | | 7.517.174 | 7.517.174 | | 7.813.274 | 7.813.274 |
| 022 | | 2.4 | Ostalo | | | | | | |
| 023 | 024+025+026+027+028 | 3 | Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka | 30.112.164 | 87.582.437 | 117.694.602 | 26.900.245 | 108.137.844 | 135.038.089 |
| 024 | | 3.1 | Vlasnički financijski instrumenti | 2.643.507 | 297.923 | 2.941.430 | 2.627.907 | 320.628 | 2.948.535 |
| 025 | | 3.2 | Dužnički financijski instrumenti | 150.524 | | 150.524 | | | |
| 026 | | 3.3 | Izvedeni financijski instrumenti | | | | | | |
| 027 | | 3.4 | Udjeli u investicijskim fondovima | 27.318.132 | 87.284.514 | 114.602.647 | 24.272.338 | 107.817.216 | 132.089.554 |
| 028 | | 3.5 | Ostalo | | | | | | |
| 029 | 030+031+032 | 4 | Zajmovi i potraživanja | 5.871.234 | 34.752.778 | 40.624.012 | 5.920.779 | 49.592.764 | 55.513.543 |
| 030 | | 4.1 | Depoziti kod kreditnih institucija | | 34.367.183 | 34.367.183 | | 49.370.109 | 49.370.109 |
| 031 | | 4.2 | Zajmovi | 5.871.234 | 385.594 | 6.256.829 | 5.920.779 | 222.655 | 6.143.434 |
| 032 | | 4.3 | Ostalo | | | | | | |
| 033 | | D | Depoziti kod cedenta | | | | | | |
| 034 | | IV | ULAGANJA ZA RAČUN I RIZIK UGOVARATELJA ŽIVOTNOG OSIGURANJA | 202.776.570 | | 202.776.570 | 170.786.880 | | 170.786.880 |
| 035 | 036+037+038+039+040+041+042 | V | UDIO REOSIGURANJA U TEHNIČKIM PRIČUVAMA | | 97.653.138 | 97.653.138 | | 101.783.667 | 101.783.667 |
| 036 | | 1 | Pričuve za prijenosne premije, udio reosiguranja | | 26.667.789 | 26.667.789 | | 29.914.791 | 29.914.791 |
| 037 | | 2 | Matematičke pričuve, udio reosiguranja | | | | | | |
| 038 | | 3 | Pričuve šleša, udio reosiguranja | | 70.834.312 | 70.834.312 | | 71.665.247 | 71.665.247 |
| 039 | | 4 | Pričuve za bonuse i popuste, udio reosiguranja | | 151.038 | 151.038 | | 203.628 | 203.628 |
| 040 | | 5 | Pričuve za kolebanje šleša, udio reosiguranja | | | | | | |
| 041 | | 6 | Druge tehničke pričuve, udio reosiguranja | | | | | | |
| 042 | | 7 | Posebne pričuve za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja, udio reosiguranja | | | | | | |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

| | | | | | | | | | |
|-----|-------------------------------------|------|---|--------------------|---------------------|----------------------|--------------------|---------------------|----------------------|
| 043 | 044+045 | VI | ODGOĐENA I TEKUĆA POREZNA IMOVINA | 489.552 | | 489.552 | 10.805.049 | 6.984.929 | 17.789.978 |
| 044 | | 1 | Odgodena porezna imovina | 489.552 | | 489.552 | 10.805.049 | 6.984.929 | 17.789.978 |
| 045 | | 2 | Teuća porezna imovina | | | | | | |
| 046 | 047+050+051 | VII | POTRAŽIVANJA | 3.174.206 | 168.018.359 | 171.192.564 | 696.874 | 197.775.881 | 198.472.755 |
| 047 | 048+049 | 1 | Potraživanja iz poslova osiguranja | | 108.617.947 | 108.617.947 | | 139.354.087 | 139.354.087 |
| 048 | | 1.1 | <i>Od ugovaratelja osiguranja</i> | | 108.601.872 | 108.601.872 | | 139.345.947 | 139.345.947 |
| 049 | | 1.2 | <i>Od zastupnika odnosno posrednika u osiguranju</i> | | 16.075 | 16.075 | | 8.140 | 8.140 |
| 050 | | 2 | Potraživanja iz poslova reosiguranja | | 48.821.731 | 48.821.731 | | 48.144.415 | 48.144.415 |
| 051 | 052+053+054 | 3 | Ostala potraživanja | 3.174.206 | 10.578.681 | 13.752.886 | 696.874 | 10.277.379 | 10.974.253 |
| 052 | | 3.1 | <i>Potraživanja iz drugih poslova osiguranja</i> | 17.064 | 2.921.923 | 2.938.987 | 17.506 | 2.222.791 | 2.240.297 |
| 053 | | 3.2 | <i>Potraživanja za prihode iz ulaganja</i> | | 23.175 | 23.175 | | 23.175 | 23.175 |
| 054 | | 3.3 | <i>Ostala potraživanja</i> | 3.157.141 | 7.633.583 | 10.790.725 | 679.368 | 8.031.414 | 8.710.782 |
| 055 | 056+060+061 | VIII | OSTALA IMOVINA | 3.617.759 | 7.436.880 | 11.054.639 | 6.672.491 | 10.998.917 | 17.671.407 |
| 056 | 057+058+059 | 1 | Novac u banci i blagajni | 3.617.759 | 7.436.880 | 11.054.639 | 6.672.491 | 10.998.917 | 17.671.407 |
| 057 | | 1.1 | <i>Sredstva na poslovnom računu</i> | 2.829.240 | 7.435.480 | 10.264.720 | 6.050.750 | 10.998.917 | 17.049.667 |
| 058 | | 1.2 | <i>Sredstva na računu imovine za pokrće matematičke pričuve</i> | 788.519 | | 788.519 | 621.740 | | 621.740 |
| 059 | | 1.3 | <i>Novčana sredstva u blagajni</i> | | 1.400 | 1.400 | | | |
| 060 | | 2 | Dugotrajna imovina namjenjena za prodaju i prestanak poslovanja | | | | | | |
| 061 | | 3 | Ostalo | | | | | | |
| 062 | 063+064+065 | IX | PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I NEDOSPJELA NAPLATA PRIHODA | | 26.738.192 | 26.738.192 | | 30.491.158 | 30.491.158 |
| 063 | | 1 | <i>Razgraničene kamate i najmnine</i> | | | | | | |
| 064 | | 2 | <i>Razgraničeni troškovi pribave</i> | | 26.315.317 | 26.315.317 | | 29.591.030 | 29.591.030 |
| 065 | | 3 | <i>Ostali plaćeni troškovi budućeg razdoblja i nedospjela naplata prihoda</i> | | 422.875 | 422.875 | | 900.128 | 900.128 |
| 066 | 001+004+006+034+035+043+046+055+062 | X | UKUPNA AKTIVA | 731.769.902 | 742.590.374 | 1.474.360.276 | 634.589.443 | 849.816.099 | 1.484.405.542 |
| 067 | | XI | IZVANBILANČNI ZAPISI | | 66.604 | 66.604 | | 164.487.441 | 164.487.441 |
| 068 | 068+072+073+077+081+084 | XII | KAPITAL I REZERVE | 181.198.588 | 41.976.109 | 223.174.697 | 126.952.196 | 67.534.849 | 194.487.046 |
| 069 | 070+071 | 1 | Upisani kapital | 30.930.720 | 178.724.880 | 209.655.600 | 30.930.720 | 254.070.780 | 285.001.500 |
| 070 | | 1.1 | <i>Uplaćeni kapital - redovne dionice</i> | 30.930.720 | 178.724.880 | 209.655.600 | 30.930.720 | 254.070.780 | 285.001.500 |
| 071 | | 1.2 | <i>Uplaćeni kapital - povlaštene dionice</i> | | | | | | |
| 072 | | 2 | Premije na emitirane dionice (rezerve kapitala) | | | | | | |
| 073 | 074+075+076 | 3 | Revalorizacijske rezerve | 20.782.728 | 3.336.032 | 24.118.760 | -46.992.821 | -8.525.694 | -55.518.515 |
| 074 | | 3.1 | <i>Zemljišta i građevinskih objekata</i> | | | | | | |
| 075 | | 3.2 | <i>Financijske imovine raspoložive za prodaju</i> | 20.782.728 | 3.336.032 | 24.118.760 | -46.992.821 | -8.525.694 | -55.518.515 |
| 076 | | 3.3 | <i>Ostale revalorizacijske rezerve</i> | | | | | | |
| 077 | 078+079+080 | 4 | Rezerve | 2.104.864 | 9.677.904 | 11.782.768 | 2.789.980 | 9.677.904 | 12.467.883 |
| 078 | | 4.1 | <i>Zakonske rezerve</i> | 2.104.864 | 2.769.782 | 4.874.645 | 2.789.980 | 2.769.782 | 5.559.761 |
| 079 | | 4.2 | <i>Statutarna rezerva</i> | | | | | | |
| 080 | | 4.3 | <i>Ostale rezerve</i> | | 6.908.122 | 6.908.122 | | 6.908.122 | 6.908.122 |
| 081 | 082+083 | 5 | Zadržana dobit ili preneseni gubitak | 120.167.630 | -156.252.375 | -36.084.746 | 126.695.161 | -149.762.707 | -23.067.546 |
| 082 | | 5.1 | <i>Zadržana dobit</i> | 120.167.630 | | 120.167.630 | 126.695.161 | | 126.695.161 |
| 083 | | 5.2 | <i>Preneseni gubitak (-)</i> | | -156.252.375 | -156.252.375 | | -149.762.707 | -149.762.707 |
| 084 | 085+086 | 6 | Dobit ili gubitak tekućeg obračunskog razdoblja | 7.212.647 | 6.489.669 | 13.702.315 | 13.529.157 | -37.925.433 | -24.396.276 |
| 085 | | 6.1 | <i>Dobit tekućeg obračunskog razdoblja</i> | 7.212.647 | 6.489.669 | 13.702.315 | 13.529.157 | | 13.529.157 |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

| | | | | | | | | | | |
|-----|---|-------|--|-------------|-------------|---------------|-------------|-------------|---------------|-------------|
| 086 | | 6.2 | Gubitak tekućeg obračunskog razdoblja (-) | | | | | | -37.925.433 | -37.925.433 |
| 087 | | XIII | OBVEZE DRUGOG REDA (PODREĐENE OBVEZE) | | | | | | | |
| 088 | | XIV | MANJINSKI INTERES | | | | | | | |
| 089 | 090+091+092+093+094+095 | XV | TEHNIČKE PRIČUVE | 340.356.532 | 593.094.219 | 933.450.751 | 332.253.024 | 642.682.948 | 974.935.973 | |
| 090 | | 1 | Pričuve za prijenosne premije, bruto iznos | 95.109 | 226.031.180 | 226.126.288 | 85.293 | 253.838.129 | 253.923.421 | |
| 091 | | 2 | Matematičke pričuve, bruto iznos | 337.957.472 | 39.070.710 | 377.028.182 | 330.223.733 | 42.191.780 | 372.415.513 | |
| 092 | | 3 | Pričuve šteta, bruto iznos | 2.303.952 | 325.820.605 | 328.124.557 | 1.943.998 | 343.398.608 | 345.342.606 | |
| 093 | | 4 | Pričuve za bonuse i popuste, bruto iznos | | 1.854.808 | 1.854.808 | | 2.473.156 | 2.473.156 | |
| 094 | | 5 | Pričuve za kolebanje šteta, bruto iznos | | | | | | | |
| 095 | | 6 | Druge tehničke pričuve, bruto iznos | | 316.916 | 316.916 | | 781.276 | 781.276 | |
| 096 | | XVI | POSEBNE PRIČUVE ZA ŽIVOTNA OSIGURANJA KOD KOJIH UGOVARATELJ OSIGURANJA SNOSI RIZIK ULAGANJA, bruto iznos | 200.298.940 | | 200.298.940 | 169.985.149 | | 169.985.149 | |
| 097 | 098+099 | XVII | OSTALE PRIČUVE | | 8.475.088 | 8.475.088 | | 9.059.098 | 9.059.098 | |
| 098 | | 1 | Pričuve za mirovine i slične obveze | | 6.314.978 | 6.314.978 | | 7.563.296 | 7.563.296 | |
| 099 | | 2 | Ostale pričuve | | 2.160.109 | 2.160.109 | | 1.495.803 | 1.495.803 | |
| 100 | 101+102 | XVIII | ODGOĐENA I TEKUĆA POREZNA OBVEZA | 4.562.062 | 726.638 | 5.288.700 | | 63.331 | 63.331 | |
| 101 | | 1 | Odgodena porezna obveza | 4.562.062 | 726.638 | 5.288.700 | | 63.331 | 63.331 | |
| 102 | | 2 | Tekuća porezna obveza | | | | | | | |
| 103 | | XIX | DEPOZITI ZADRŽANI IZ POSLA PREDANOG U REOSIGURANJE | | | | | | | |
| 104 | 105+106+107 | XX | FINANCIJSKE OBVEZE | | | | | | | |
| 105 | | 1 | Obveze po zajmovima | | | | | | | |
| 106 | | 2 | Obveze po izdanim financijskim instrumentima | | | | | | | |
| 107 | | 3 | Ostale financijske obveze | | | | | | | |
| 108 | 109+110+111+112 | XXI | OSTALE OBVEZE | 5.353.780 | 98.150.675 | 103.504.455 | 5.399.073 | 130.362.681 | 135.761.754 | |
| 109 | | 1 | Obveze proizašle iz poslova izravnog osiguranja | 4.266.257 | 20.038.553 | 24.304.810 | 3.390.001 | 16.040.308 | 19.430.310 | |
| 110 | | 2 | Obveze proizašle iz poslova suosiguranja i reosiguranja | | 51.709.042 | 51.709.042 | | 61.058.947 | 61.058.947 | |
| 111 | | 3 | Obveze za otuđenje i prekinuto poslovanje | | | | | | | |
| 112 | | 4 | Ostale obveze | 1.087.523 | 26.403.081 | 27.490.603 | 2.009.072 | 53.263.426 | 55.272.498 | |
| 113 | 114+115 | XXII | ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEG RAZDOBLJA | | 167.645 | 167.645 | | 113.191 | 113.191 | |
| 114 | | 1 | Razgraničena provizija reosiguranja | | 144.471 | 144.471 | | 90.016 | 90.016 | |
| 115 | | 2 | Ostalo odgođeno plaćanje troškova i prihod budućeg razdoblja | | 23.175 | 23.175 | | 23.175 | 23.175 | |
| 116 | 068+087+088+089+096+097+100+103+104+108+113 | XXIII | UKUPNA PASIVA | 731.769.902 | 742.590.374 | 1.474.360.276 | 634.589.443 | 849.816.099 | 1.484.405.542 | |
| 117 | | XXIV | IZVANBILANČNI ZAPISI | | 66.604 | 66.604 | | 164.487.441 | 164.487.441 | |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac: ISD

IZVJEŠTAJ O SVEOBUHVAATNOJ DOBITI

za razdoblje: 01.01.2022. - 31.12.2022.

u kunama

| Broj pozicije | Elementi zbroja | Oznaka pozicije | Opis pozicije | Prethodno obračunsko razdoblje | | | Tekuće obračunsko razdoblje | | |
|---------------|-----------------------------|-----------------|---|--------------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|
| | | | | Život | Neživot | Ukupno | Život | Neživot | Ukupno |
| 001 | 002+003+004+005+006 | I | Zarađene premije (prihodovane) | 61.123.236 | 440.145.438 | 501.268.674 | 60.338.399 | 436.921.920 | 497.260.319 |
| 002 | | 1 | Zaračunate bruto premije | 61.175.933 | 592.880.578 | 654.056.511 | 60.372.769 | 652.026.978 | 712.399.748 |
| 003 | | 2 | Ispravak vrijednosti i naplaćeni ispravak vrijednosti premije | | 801.180 | 801.180 | | 230.125 | 230.125 |
| 004 | | 3 | Premije predane u reosiguranje (-) | -51.448 | -136.146.741 | -136.198.188 | -44.186 | -190.775.237 | -190.819.423 |
| 005 | | 4 | Promjena bruto pričuva za prijenosne premije (+/-) | -1.250 | -26.223.384 | -26.224.633 | 9.816 | -27.806.949 | -27.797.133 |
| 006 | | 5 | Promjena pričuva za prijenosne premije, udio reosiguratelja (+/-) | | 8.833.805 | 8.833.805 | | 3.247.003 | 3.247.003 |
| 007 | 008+009+010+011+012+013+014 | II | Prihodi od ulaganja | 41.884.239 | 3.682.392 | 45.566.631 | 13.162.208 | 4.769.128 | 17.931.336 |
| 008 | | 1 | Prihodi od podružnica, pridruženih društava i zajedničkih pothvata | | 313.530 | 313.530 | | 248.622 | 248.622 |
| 009 | | 2 | Prihodi od ulaganja u zemljišta i građevinske objekte | | 101.223 | 101.223 | | 40.122 | 40.122 |
| 010 | | 3 | Prihodi od kamata | 10.324.380 | 2.858.405 | 13.182.784 | 9.706.665 | 3.103.325 | 12.809.990 |
| 011 | | 4 | Nerealizirani dobiti od ulaganja | 26.824.174 | 68.508 | 26.892.682 | 13.113 | 52.338 | 65.451 |
| 012 | | 5 | Realizirani dobiti od ulaganja | 2.613.426 | 211.795 | 2.825.221 | 1.119 | 4.398 | 5.517 |
| 013 | | 6 | Neto pozitivne tečajne razlike | 261.142 | 140 | 261.281 | 1.670.878 | 13.780 | 1.684.658 |
| 014 | | 7 | Ostali prihodi od ulaganja | 1.861.117 | 128.792 | 1.989.909 | 1.770.432 | 1.306.543 | 3.076.975 |
| 015 | | III | Prihodi od provizija i naknada | 1.355 | 20.628.427 | 20.629.782 | 3.567 | 47.890.202 | 47.893.769 |
| 016 | | IV | Ostali osigurateljno - tehnički prihodi, neto od reosiguranja | 12.252 | 3.236.055 | 3.248.307 | 19.968 | 3.501.371 | 3.521.339 |
| 017 | | V | Ostali prihodi | 26 | 1.802.851 | 1.802.878 | 15.738 | 2.848.069 | 2.863.806 |
| 018 | 019+022 | VI | Izdaci za osigurane slučajeve, neto | -53.292.342 | -257.959.105 | -311.251.447 | -48.501.731 | -288.951.164 | -337.452.895 |
| 019 | | 1 | Likvidirane štete | -53.507.062 | -230.651.902 | -284.158.964 | -48.861.684 | -272.204.097 | -321.065.781 |
| 020 | | 1.1 | Bruto iznos (-) | -53.554.492 | -321.801.519 | -375.356.011 | -48.885.123 | -386.037.669 | -434.922.792 |
| 021 | | 1.2 | Udio reosiguratelja(+) | 47.430 | 91.149.616 | 91.197.047 | 23.438 | 113.833.572 | 113.857.011 |
| 022 | | 2 | Promjena pričuva šteta (+/-) | 214.720 | -27.307.203 | -27.092.483 | 359.953 | -16.747.068 | -16.387.114 |
| 023 | | 2.1 | Bruto iznos (-) | 214.720 | -10.348.720 | -10.134.000 | 359.953 | -17.578.002 | -17.218.049 |
| 024 | | 2.2 | Udio reosiguratelja (+) | | -16.958.483 | -16.958.483 | | 830.935 | 830.935 |
| 025 | 026+029 | VII | Promjena matematičke pričuve i ostalih tehničkih pričuva, neto od reosiguranja | 4.696.096 | -2.059.781 | 2.636.315 | 7.733.738 | -4.151.187 | 3.582.551 |
| 026 | | 1 | Promjena matematičke pričuve (+/-) | 4.642.929 | -7.840.050 | -3.197.121 | 7.733.738 | -3.121.070 | 4.612.669 |
| 027 | | 1.1 | Bruto iznos (-) | 4.642.929 | -7.840.050 | -3.197.121 | 7.733.738 | -3.121.070 | 4.612.669 |
| 028 | | 1.2 | Udio reosiguratelja (+) | | | | | | |
| 029 | | 2 | Promjena ostalih tehničkih pričuva, neto od reosiguranja (+/-) | 53.167 | 5.780.269 | 5.833.436 | | -1.030.118 | -1.030.118 |
| 030 | | 2.1 | Bruto iznos (-) | 53.167 | 5.780.269 | 5.833.436 | | -1.030.118 | -1.030.118 |
| 031 | | 2.2 | Udio reosiguratelja (+) | | | | | | |
| 032 | 033+034 | VIII | Promjena posebne pričuve za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja, neto od reosiguranja (+/-) | -29.693.831 | | -29.693.831 | 30.313.791 | | 30.313.791 |
| 033 | | 1 | Bruto iznos (-) | -29.693.831 | | -29.693.831 | 30.313.791 | | 30.313.791 |
| 034 | | 2 | Udio reosiguratelja (+) | | | | | | |
| 035 | 036+037 | IX | Izdaci za povrate premija (bonusi i popusti), neto od reosiguranja | | -4.107.941 | -4.107.941 | | -1.640.806 | -1.640.806 |
| 036 | | 1 | Ovisni o rezultatu (bonusi) | | -4.107.941 | -4.107.941 | | -1.640.806 | -1.640.806 |
| 037 | | 2 | Neovisni o rezultatu (popusti) | | | | | | |
| 038 | 039+043 | X | Poslovni rashodi (izdaci za obavljanje djelatnosti), neto | -14.669.270 | -193.321.137 | -207.990.408 | -15.115.616 | -208.509.640 | -223.625.256 |
| 039 | | 1 | Troškovi pribave | -8.039.814 | -122.846.304 | -130.886.118 | -6.003.090 | -132.740.158 | -138.743.249 |
| 040 | | 1.1 | Provizija | -6.300.664 | -83.369.918 | -89.670.582 | -4.522.825 | -93.395.754 | -97.918.578 |
| 041 | | 1.2 | Ostali troškovi pribave | -1.739.150 | -41.213.945 | -42.953.095 | -1.480.266 | -42.620.117 | -44.100.382 |
| 042 | | 1.3 | Promjena razgraničenih troškova pribave (+/-) | | 1.737.558 | 1.737.558 | | 3.275.712 | 3.275.712 |
| 043 | | 2 | Troškovi uprave (administrativni troškovi) | -6.629.456 | -70.474.833 | -77.104.289 | -9.112.525 | -75.769.482 | -84.882.007 |
| 044 | | 2.1 | Amortizacija | -1.088.554 | -10.267.016 | -11.355.570 | -1.143.493 | -10.997.933 | -12.141.425 |
| 045 | | 2.2 | Plaće, porezi i doprinosi iz i na plaće | -3.285.815 | -27.232.534 | -30.518.349 | -5.182.659 | -26.999.383 | -32.182.042 |
| 046 | | 2.3 | Ostali troškovi uprave | -2.255.088 | -32.975.283 | -35.230.370 | -2.786.374 | -37.772.166 | -40.558.540 |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

| | | | | | | | | | |
|-----|---|-------|--|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| 047 | 048+049+050+051+052+053+054 | XI | Troškovi ulaganja | -2.835.531 | -742.594 | -3.578.126 | -34.183.172 | -522.613 | -34.705.785 |
| 048 | | 1 | Amortizacija zemljišta i građevinskih objekata koji ne služe društvu za obavljanje djelatnosti | | -52.467 | -52.467 | | -51.058 | -51.058 |
| 049 | | 2 | Kamate | | | | | -78.164 | -78.164 |
| 050 | | 3 | Umjerenje vrijednosti ulaganja | -539.000 | | -539.000 | -101.643 | | -101.643 |
| 051 | | 4 | Realizirani gubici od ulaganja | -109.835 | -9.665 | -119.500 | -1.415.526 | -58.721 | -1.474.247 |
| 052 | | 5 | Nerealizirani gubici od ulaganja | -863.778 | -25.311 | -889.089 | -32.381.714 | -54.189 | -32.435.903 |
| 053 | | 6 | Neto negativne tečajne razlike | -928.307 | | -928.307 | | -270 | -270 |
| 054 | | 7 | Ostali troškovi ulaganja | -394.612 | -655.152 | -1.049.764 | -284.290 | -280.211 | -564.500 |
| 055 | 056+057 | XII | Ostali tehnički troškovi, neto od reosiguranja | -13.580 | -3.277.782 | -3.291.362 | -257.732 | -35.130.817 | -35.388.549 |
| 056 | | 1 | Troškovi za preventivnu djelatnost | | -1.510.855 | -1.510.855 | | -1.294.150 | -1.294.150 |
| 057 | | 2 | Ostali tehnički troškovi osiguranja | -13.580 | -1.766.927 | -1.780.508 | -257.732 | -33.836.667 | -34.094.399 |
| 058 | | XIII | Ostali troškovi, uključujući vrijednosna usklađenja | | | | | | |
| 059 | 001+007+015+016+017+018+025+032+035+038+047+055+058 | XIV | Dobit ili gubitak obračunskog razdoblja prije poreza (+/-) | 7.212.647 | 8.026.823 | 15.239.470 | 13.529.157 | -42.975.537 | -29.446.381 |
| 060 | 061+062 | XV | Porez na dobit ili gubitak | | -1.537.155 | -1.537.155 | | 5.050.104 | 5.050.104 |
| 061 | | 1 | Tekući porezni trošak | | -1.537.155 | -1.537.155 | | | |
| 062 | | 2 | Odgodeni porezni trošak (prihod) | | | | | 5.050.104 | 5.050.104 |
| 063 | 059+060 | XVI | Dobit ili gubitak obračunskog razdoblja poslije poreza (+/-) | 7.212.647 | 6.489.669 | 13.702.315 | 13.529.157 | -37.925.433 | -24.396.276 |
| 064 | | 1 | Pripisano imateljima kapitala matice | | | | | | |
| 065 | | 2 | Pripisano nekontrolirajućem interesu | | | | | | |
| 066 | 001+007+015+016+017+062+018+025+032+035+038+047+055+058+061 | XVII | UKUPNI PRIHODI | 103.021.107 | 469.495.164 | 572.516.271 | 73.539.879 | 500.980.794 | 574.520.674 |
| 067 | 018+025+032+035+038+047+055+058+061 | XVIII | UKUPNI RASHODI | -95.808.460 | -463.005.496 | -558.813.956 | -60.010.722 | -538.906.228 | -598.916.950 |
| 068 | 069+070+071+072+073+074+075+076 | XIX | Ostala sveobuhvatna dobit | -7.670.630 | -1.433.295 | -9.103.925 | -67.775.549 | -11.861.726 | -79.637.275 |
| 069 | | 1 | Dobici/gubici proizašli iz preračunavanja financijskih izvještaja inozemnog poslovanja | | | | | | |
| 070 | | 2 | Dobici/gubici proizašli iz revalorizacije financijske imovine raspoložive za prodaju | -7.670.630 | -1.433.295 | -9.103.925 | -67.775.549 | -11.861.726 | -79.637.275 |
| 071 | | 3 | Dobici/gubici proizašli iz revalorizacije zemljišta i građevinskih objekata koji služe društvu za obavljanje djelatnosti | | | | | | |
| 072 | | 4 | Dobici/gubici proizašli iz revalorizacije druge materijalne (osim zemljišta i nekretnina) i nematerijalne imovine | | | | | | |
| 073 | | 5 | Učinci od instrumenata zaštite novčanog toka | | | | | | |
| 074 | | 6 | Aktuarski dobici/gubici po mirovinskim planovima s definiranim mirovinama | | | | | | |
| 075 | | 7 | Udio u ostaloj sveobuhvatnoj dobiti pridruženih društava | | | | | | |
| 076 | | 8 | Porez na dobit na ostalu sveobuhvatnu dobit | | | | | | |
| 077 | 078+079 | XX | Ukupna sveobuhvatna dobit | -457.983 | 5.056.373 | 4.598.390 | -54.246.392 | -49.787.160 | -104.033.551 |
| 078 | | 1 | Pripisano imateljima kapitala matice | | | | | | |
| 079 | | 2 | Pripisano nekontrolirajućem interesu | | | | | | |
| 080 | | XXI | Reklasifikacijske usklade | | | | | | |

IZVJEŠTAJ O NOVČANIM TOKOVIMA (INDIREKTNA METODA)

za razdoblje: 01.01.2022. - 31.12.2022.

u kunama

| Broj pozicije | Elementi zbroja | Oznaka pozicije | Opis pozicije | Tekuće poslovno razdoblje | Isto razdoblje prethodne godine |
|---------------|---|-----------------|--|---------------------------|---------------------------------|
| 001 | 002+013+031 | I | NOVČANI TOK IZ POSLOVNIH AKTIVNOSTI | 3.698.742 | 7.169.896 |
| 002 | 003+004 | 1 | Novčani tok prije promjene poslovne imovine i obveza | 2.486.372 | -11.999.871 |
| 003 | | 1.1 | Dobit/gubitak prije poreza | -29.446.381 | 15.239.470 |
| 004 | 005+006+007 +008+009+010 +011+012 | 1.2 | Usklađenja: | 31.932.753 | -27.239.341 |
| 005 | | 1.2.1 | Amortizacija nekretnina i opreme | 8.736.808 | 8.309.227 |
| 006 | | 1.2.2 | Amortizacija nematerijalne imovine | 3.455.676 | 3.098.810 |
| 007 | | 1.2.3 | Umanjenje vrijednosti i dobici/gubici od svođenja na fer vrijednost | 32.472.095 | -25.464.593 |
| 008 | | 1.2.4 | Troškovi kamata | 78.164 | |
| 009 | | 1.2.5 | Prihodi od kamata | -12.809.990 | -13.182.784 |
| 010 | | 1.2.6 | Udjeli u dobiti pridruženih društava | | |
| 011 | | 1.2.7 | Dobici/gubici od prodaje materijalne imovine (uključujući zemljišta i građevinske objekte) | | |
| 012 | | 1.2.8 | Ostala usklađenja | | |
| 013 | 014+015+...+030 | 2 | Povećanje/smanjenje poslovne imovine i obveza | 1.212.370 | 19.169.767 |
| 014 | | 2.1 | Povećanje/smanjenje financijske imovine raspoložive za prodaju | 35.511.172 | 1.897.967 |
| 015 | | 2.2 | Povećanje/smanjenje financijske imovine po fer vrijednosti kroz račun dobiti i gubitka | -49.815.582 | -35.140.452 |
| 016 | | 2.3 | Povećanje/smanjenje zajmova i potraživanja | -14.889.531 | 5.253.454 |
| 017 | | 2.4 | Povećanje/smanjenje depozita kod cedenta | | |
| 018 | | 2.5 | Povećanje/smanjenje ulaganja za račun i rizik ugovaratelja životnog osiguranja | 31.989.691 | -31.801.676 |
| 019 | | 2.6 | Povećanje/smanjenje udjela reosiguranja u tehničkim pričuvama | -4.130.528 | 7.973.640 |
| 020 | | 2.7 | Povećanje/smanjenje porezne imovine | -17.300.426 | 1.537.155 |
| 021 | | 2.8 | Povećanje/smanjenje potraživanja | -27.280.191 | -8.305.246 |
| 022 | | 2.9 | Povećanje/smanjenje ostale imovine | | |
| 023 | | 2.10 | Povećanje/smanjenje plaćenih troškova budućeg razdoblja i nedospjele naplate prihoda | 9.057.024 | 11.559.922 |
| 024 | | 2.11 | Povećanje/smanjenje tehničkih pričuva | 41.485.222 | 33.798.237 |
| 025 | | 2.12 | Povećanje/smanjenje posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja | -30.313.791 | 29.693.831 |
| 026 | | 2.13 | Povećanje/smanjenje poreznih obveza | -5.225.369 | -2.004.085 |
| 027 | | 2.14 | Povećanje/smanjenje depozita zadržanih iz posla predanog u reosiguranje | | |
| 028 | | 2.15 | Povećanje/smanjenje financijskih obveza | | -279.515 |
| 029 | | 2.16 | Povećanje/smanjenje ostalih obveza | 32.257.299 | 5.081.261 |
| 030 | | 2.17 | Povećanje/smanjenje odgođenog plaćanja troškova i prihoda budućeg razdoblja | -132.619 | -94.726 |
| 031 | | 3 | Plaćeni porez na dobit | | |

| | | | | | |
|------------|-------------------------|------------|--|-------------------|--------------------|
| 032 | 033+034+...+046 | II | NOVČANI TOK IZ ULAGAČKIH AKTIVNOSTI | 2.918.025 | -14.842.315 |
| 033 | | 1 | Primici od prodaje materijalne imovine | | |
| 034 | | 2 | Izdaci za nabavu materijalne imovine | -3.277.340 | -11.767.834 |
| 035 | | 3 | Primici od prodaje nematerijalne imovine | | |
| 036 | | 4 | Izdaci za nabavu nematerijalne imovine | -3.658.325 | -3.207.604 |
| 037 | | 5 | Primici od prodaje zemljišta i građevinskih objekata koji ne služe društvu za provođenje djelatnosti | 38.673 | 101.140 |
| 038 | | 6 | Izdaci za nabavu zemljišta i građevinskih objekata koji ne služe društvu za provođenje djelatnosti | | |
| 039 | | 7 | Povećanje/smanjenje ulaganja u podružnice, pridružena društva i zajedničke pothvate | | |
| 040 | | 8 | Primici od financijske imovine koja se drži do dospeljeća | 9.815.017 | 31.983 |
| 041 | | 9 | Izdaci za financijsku imovinu koja se drži do dospeljeća | | |
| 042 | | 10 | Primici od prodaje financijskih instrumenata | | |
| 043 | | 11 | Izdaci za ulaganja u financijske instrumente | | |
| 044 | | 12 | Primici od dividendi i udjela u dobiti | | |
| 045 | | 13 | Primici sa naslova otplate danih kratkoročnih i dugoročnih zajmova | | |
| 046 | | 14 | Izdaci za dane kratkoročne i dugoročne zajmove | | |
| 047 | 048+049+050 +051+052 | III | NOVČANI TOK OD FINACIJSKIH AKTIVNOSTI | | |
| 048 | | 1 | Novčani primici uslijed povećanja temeljnog kapitala | | |
| 049 | | 2 | Novčani primici od primljenih kratkoročnih i dugoročnih zajmova | | |
| 050 | | 3 | Novčani izdaci za otplatu primljenih kratkoročnih i dugoročnih zajmova | | |
| 051 | | 4 | Novčani izdaci za otkup vlastitih dionica | | |
| 052 | | 5 | Novčani izdaci za isplatu udjela u dobiti (dividendi) | | |
| 053 | 001+032+047 | | ČISTI NOVČANI TOK | 6.616.768 | -7.672.418 |
| 054 | | IV | UČINCI PROMJENE TEČAJEVA STRANIH VALUTA NA NOVAC I NOVČANE EKVIVALENTE | | |
| 055 | 053+054 | V | NETO POVEĆANJE/SMANJENJE NOVCA I NOVČANIH EKVIVALENATA | 6.616.768 | -7.672.418 |
| 056 | | 1 | Novac i novčani ekvivalenti na početku razdoblja | 11.054.639 | 18.727.058 |
| 057 | 055+056 | 2 | Novac i novčani ekvivalenti na kraju razdoblja | 17.671.407 | 11.054.639 |

Triglav osiguranje d.d., Zagreb
 Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac: IPK

IZVJEŠTAJ O PROMJENAMA KAPITALA

za razdoblje: 01.01.2022. - 31.12.2022.

u kunama

| Broj pozicije | Opis pozicije | Raspodjeljivo vlasnicima matice | | | | | | | Raspodjeljivo nekontrolirajućim interesima* | Ukupno kapital i rezerve |
|---------------|--|---|------------------------------|--------------------------|--|--------------------------------------|-----------------------------|--------------------------|---|--------------------------|
| | | Uplaćeni kapital (redovne i povlaštene dionice) | Premije na emitirane dionice | Revalorizacijske rezerve | Rezerve (zakonske, statutarne, ostale) | Zadržana dobit ili preneseni gubitak | Dobit/gubitak tekuće godine | Ukupno kapital i rezerve | | |
| I. | Stanje na 01. siječnja prethodne godine | 209.655.600 | | 33.222.685 | 11.782.768 | -16.616.373 | -19.468.372 | 218.576.307 | | 218.576.307 |
| 1. | Promjena računovodstvenih politika | | | | | | | | | |
| 2. | Ispravak pogreški prethodnih razdoblja | | | | | | | | | |
| II. | Stanje na 01. siječnja prethodne godine (prepravljeno) | 209.655.600 | | 33.222.685 | 11.782.768 | -16.616.373 | -19.468.372 | 218.576.307 | | 218.576.307 |
| III. | Sveobuhvatna dobit ili gubitak prethodne godine | | | -9.103.925 | | -19.468.372 | 33.170.688 | 4.598.390 | | 4.598.390 |
| 1. | Dobit ili gubitak razdoblja | | | | | | 13.702.315 | 13.702.315 | | 13.702.315 |
| 2. | Ostala sveobuhvatna dobit ili gubitak prethodne godine | | | -9.103.925 | | -19.468.372 | 19.468.372 | -9.103.925 | | -9.103.925 |
| 2.1. | Nerealizirani dobiti ili gubici od materijalne imovine (zemljišta i građevinski objekti) | | | | | | | | | |
| 2.2. | Nerealizirani dobiti ili gubici od financijske imovine raspoložive za prodaju | | | -9.103.925 | | | | -9.103.925 | | -9.103.925 |
| 2.3. | Realizirani dobiti ili gubici od financijske imovine raspoložive za prodaju | | | | | | | | | |
| 2.4. | Ostale nevlasničke promjene kapitala | | | | | -19.468.372 | 19.468.372 | | | |
| IV. | Transakcije s vlasnicima (prethodno razdoblje) | | | | | | | | | |
| 1. | Povećanje/smanjenje upisanog kapitala | | | | | | | | | |
| 2. | Ostale uplate vlasnika | | | | | | | | | |
| 3. | Isplata udjela u dobiti/dividenda | | | | | | | | | |
| 4. | Ostale raspodjele vlasnicima | | | | | | | | | |
| V. | Stanje na zadnji dan izvještajnog razdoblja u prethodnoj godini | 209.655.600 | | 24.118.760 | 11.782.768 | -36.084.746 | 13.702.315 | 223.174.697 | | 223.174.697 |
| VI. | Stanje na 01. siječnja tekuće godine | 209.655.600 | | 24.118.760 | 11.782.768 | -36.084.746 | 13.702.315 | 223.174.697 | | 223.174.697 |
| 1. | Promjena računovodstvenih politika | | | | | | | | | |
| 2. | Ispravak pogreški prethodnih razdoblja | | | | | | | | | |
| VII. | Stanje 1. siječnja tekuće godine (prepravljeno) | 209.655.600 | | 24.118.760 | 11.782.768 | -36.084.746 | 13.702.315 | 223.174.697 | | 223.174.697 |
| VIII. | Sveobuhvatna dobit ili gubitak tekuće godine | | | -79.637.275 | 685.116 | 13.017.200 | -38.098.592 | -104.033.551 | | -24.396.276 |
| 1. | Dobit ili gubitak razdoblja | | | | | | -24.396.276 | -24.396.276 | | -24.396.276 |
| 2. | Ostala sveobuhvatna dobit ili gubitak tekuće godine | | | -79.637.275 | 685.116 | 13.017.200 | -13.702.315 | -79.637.275 | | -79.637.275 |
| 2.1. | Nerealizirani dobiti ili gubici od materijalne imovine (zemljišta i građevinski objekti) | | | | | | | | | |
| 2.2. | Nerealizirani dobiti ili gubici od financijske imovine raspoložive za prodaju | | | -79.637.275 | | | | -79.637.275 | | -79.637.275 |
| 2.3. | Realizirani dobiti ili gubici od financijske imovine raspoložive za prodaju | | | | | | | | | |
| 2.4. | Ostale nevlasničke promjene kapitala | | | | 685.116 | 13.017.200 | -13.702.315 | | | |
| IX. | Transakcije s vlasnicima (tekuće razdoblje) | 75.345.900 | | | | | | 75.345.900 | | 75.345.900 |
| 1. | Povećanje/smanjenje upisanog kapitala | 75.345.900 | | | | | | 75.345.900 | | 75.345.900 |
| 2. | Ostale uplate vlasnika | | | | | | | | | |
| 3. | Isplata udjela u dobiti/dividenda | | | | | | | | | |
| 4. | Ostale transakcije s vlasnicima | | | | | | | | | |
| X. | Stanje na zadnji dan izvještajnog razdoblja u tekućoj godini | 285.001.500 | | -55.518.515 | 12.467.883 | -23.067.546 | -24.396.276 | 194.487.046 | | 194.487.046 |

IZVJEŠTAJ O REGISTRU IMOVINE ZA POKRIĆE TEHNIČKIH PRIČUVA

na dan: 31.12.2022.

u kunama

| Broj pozicije | Kategorija imovine | Imovina za pokriće matematičke pričuve | Imovina za pokriće tehničkih pričuva osim matematičke pričuve |
|---------------|---|--|---|
| 1 | Državne obveznice | 326.191.568 | 231.709.816 |
| 2 | Korporativne obveznice | 25.874.143 | 23.613.926 |
| 3 | Dionice i poslovni udjeli | | 370.714 |
| 4 | Investicijski fondovi | 31.025.608 | 108.877.220 |
| 5 | Strukturirani proizvodi | | |
| 6 | Osigurani vrijednosni papiri | | |
| 7 | Novac i depoziti | 621.740 | 62.796.357 |
| 8 | Hipoteke i zajmovi | 5.317.028 | |
| 9 | Nekretnine | | 1.134.935 |
| 10 | Ostala ulaganja | | |
| 11 | Potraživanja iz poslova izravnog osiguranja | | 128.561.418 |
| 12 | Budućnosnice | | |
| 13 | Opcije kupnje | | |
| 14 | Opcije prodaje | | |
| 15 | Ugovori o razmjeni | | |
| 16 | Forvardi | | |
| 17 | Kreditne izvedenice | | |
| 18 | UKUPNO IMOVINA ZA POKRIĆE (1+2+...+17) | 389.030.087 | 557.064.385 |
| 19 | Pričuve za prijenosne premije | | 224.008.630 |
| 20 | Matematičke pričuve | 372.415.513 | |
| 21 | Pričuve šteta | 717.727 | 272.959.632 |
| 22 | Pričuve za bonuse i popuste | | 2.269.528 |
| 23 | Pričuve za kolebanje šteta | | |
| 24 | Druge tehničke pričuve prema računovodstvenim propisima | | 781.276 |
| 25 | TRAŽENO POKRIĆE (19+20+...24) | 373.133.240 | 500.019.066 |
| 26 | VIŠAK/MANJAK IMOVINE ZA POKRIĆE (18-25) | 15.896.847 | 57.045.319 |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac: SSP

IZVJEŠTAJ O STAROSNOJ STRUKTURI POTRAŽIVANJA IZ POSLOVA OSIGURANJA

na dan: 31.12.2022.

u kunama

| Broj pozicije | Opis pozicije | Dospjelo do 30 dana | Dospjelo 31 - 60 dana | Dospjelo 61 - 90 dana | Dospjelo 91 - 180 dana | Dospjelo 181 - 365 dana | Dospjelo preko 365 dana | Ukupno dospjelo | Nedospjelo | Ukupna potraživanja | Ispravak vrijednosti | Ukupno stanje potraživanja |
|---------------|---|---------------------|-----------------------|-----------------------|------------------------|-------------------------|-------------------------|--------------------|--------------------|---------------------|----------------------|----------------------------|
| | | | | | | | | | | | | |
| I | NEŽIVOT | | | | | | | | | | | |
| 01 | Osiguranje od neznade | 134.936 | 81.319 | 59.617 | 115.089 | 99.048 | 1.545.586 | 2.035.597 | 2.207.504 | 4.243.101 | 1.545.586 | 2.697.513 |
| 02 | Zdravstveno osiguranje | 291.341 | 186.777 | 89.454 | 197.880 | 306.347 | 946.694 | 2.018.494 | 5.213.532 | 7.232.025 | 946.694 | 6.285.331 |
| 03 | Osiguranje cestovnih vozila | 1.168.342 | 789.147 | 562.920 | 803.532 | 655.879 | 6.089.386 | 10.069.208 | 7.636.454 | 17.707.662 | 6.089.386 | 11.618.274 |
| 04 | Osiguranje tračnih vozila | | | | | | | | 212.414 | 212.414 | | 212.414 |
| 05 | Osiguranje zračnih letjelica | 906 | 906 | | | 364 | 68.450 | 70.627 | 2.564.084 | 2.634.711 | 68.450 | 2.566.260 |
| 06 | Osiguranje plovila | 268.464 | 304.625 | 100.798 | 822.925 | 404.836 | 1.574.270 | 3.475.917 | 4.532.026 | 8.007.943 | 1.574.270 | 6.433.674 |
| 07 | Osiguranje robe u prijevozu | 25.131 | 18.938 | 11.949 | 22.153 | 1.018 | 74.442 | 153.632 | 43.799 | 197.431 | 74.442 | 122.989 |
| 08 | Osiguranje od požara i elementarnih šteta | 736.560 | 363.727 | 327.248 | 638.987 | 643.944 | 3.796.797 | 6.507.263 | 10.525.167 | 17.032.430 | 3.796.797 | 13.235.633 |
| 09 | Ostala osiguranja imovine | 37.716.419 | 1.241.012 | 918.988 | 2.112.638 | 2.411.533 | 8.002.865 | 52.403.454 | 28.498.511 | 80.901.964 | 8.002.865 | 72.899.100 |
| 10 | Osiguranje od odgovornosti za upotrebu motornih vozila | 1.494.982 | 904.358 | 745.401 | 1.155.257 | 1.032.134 | 20.474.035 | 25.806.168 | 7.892.474 | 33.698.642 | 20.474.035 | 13.224.607 |
| 11 | Osiguranje od odgovornosti za upotrebu zračnih letjelica | | 813 | 813 | 813 | 3.448 | 99.384 | 105.270 | 207.149 | 312.419 | 99.384 | 213.034 |
| 12 | Osiguranje od odgovornosti za upotrebu plovila | 17.014 | 18.995 | 7.582 | 36.733 | 16.243 | 318.952 | 415.518 | 234.834 | 650.352 | 318.952 | 331.401 |
| 13 | Ostala osiguranja od odgovornosti | 570.503 | 259.357 | 131.851 | 255.622 | 320.670 | 1.895.392 | 3.433.395 | 3.896.809 | 7.330.205 | 1.895.392 | 5.434.812 |
| 14 | Osiguranje kredita | 33.811 | 15.489 | | 5.360 | | 19.809 | 74.469 | 35.088 | 109.556 | 19.809 | 89.746 |
| 15 | Osiguranje jamstava | 144.577 | 10.692 | 2.831 | 41.212 | 21.687 | 47.719 | 268.719 | 63.248 | 331.966 | 47.719 | 284.247 |
| 16 | Osiguranje raznih finansijskih gubitaka | 165.110 | 139.860 | 29.988 | 249.309 | 12.335 | 44.044 | 640.646 | 2.833.406 | 3.474.053 | 44.044 | 3.430.009 |
| 17 | Osiguranje troškova pravne zaštite | 807 | 360 | 260 | 523 | 523 | 27.923 | 30.396 | 4.937 | 35.333 | 27.923 | 7.411 |
| 18 | Osiguranje pomoći (asistencija) | 26.464 | 16.936 | 11.254 | 21.690 | 17.427 | 62.110 | 155.880 | 165.721 | 321.601 | 62.110 | 259.491 |
| I.1 | Potraživanja od ugovaratelja osiguranja iz poslova izravnog osiguranja (01+02+...+18) | 42.795.367 | 4.353.312 | 3.000.954 | 6.479.721 | 5.947.436 | 45.087.860 | 107.664.651 | 76.769.156 | 184.433.807 | 45.087.860 | 139.345.947 |
| I.2 | Potraživanja od zastupnika u osiguranju, odnosno posrednika u osiguranju i reosiguranju | | | | | 8.140 | | 8.140 | | 8.140 | | 8.140 |
| I.3 | Potraživanja iz poslova reosiguranja | | 43.302 | 5.020.139 | 25.000 | 421.995 | | 5.510.437 | 42.633.979 | 48.144.415 | | 48.144.415 |
| I.4 | Potraživanja iz poslova suosiguranja | | | | | | | | | | | |
| I.5 | Ukupno (I.1+I.2+I.3+I.4) | 42.795.367 | 4.396.614 | 8.021.093 | 6.504.721 | 6.377.571 | 45.087.860 | 113.183.228 | 119.403.134 | 232.586.362 | 45.087.860 | 187.498.502 |
| I.6 | Ispravak vrijednosti | | | | | | 45.087.860 | 45.087.860 | | 45.087.860 | 45.087.860 | |
| II | ZIVOT | | | | | | | | | | | |
| 19 | Životna osiguranja | | | | | | | | | | | |
| 20 | Renžno osiguranje | | | | | | | | | | | |
| 21 | Dopunska osiguranja uz osiguranje života | | | | | | | | | | | |
| 22 | Osiguranje za slučaj vjenčanja ili sklapanja životnog partnerstva ili rođenja | | | | | | | | | | | |
| 23 | Osiguranje života i renžno osiguranje kod kojih ugovaratelj osiguranja snosi rizik ulaganja | | | | | | | | | | | |
| 24 | Tonfine | | | | | | | | | | | |
| 25 | Osiguranje s kapitalizacijom isplate | | | | | | | | | | | |
| II.1 | Potraživanja od ugovaratelja osiguranja iz poslova izravnog osiguranja (19+20+...+25) | | | | | | | | | | | |
| II.2 | Potraživanja od zastupnika u osiguranju, odnosno posrednika u osiguranju i reosiguranju | | | | | | | | | | | |
| II.3 | Potraživanja iz poslova reosiguranja | | | | | | | | | | | |
| II.4 | Potraživanja iz poslova suosiguranja | | | | | | | | | | | |
| II.5 | Ukupno (II.1+II.2+II.3+II.4) | | | | | | | | | | | |
| III | SVEUKUPNO (I.5+II.5) | 42.795.367 | 4.396.614 | 8.021.093 | 6.504.721 | 6.377.571 | 45.087.860 | 113.183.228 | 119.403.134 | 232.586.362 | 45.087.860 | 187.498.502 |

Naziv društva: Triglav osiguranje d.d.

Obrazac: PIT

IZVJEŠTAJ O PRIHODIMA I TROŠKOVIMA ULAGANJA PREMA IZVORU SREDSTAVA

za razdoblje: 01.01.2022. - 31.12.2022.

u kunama

| Broj pozicije | Elementi zbroja | Opis pozicije | Prethodno obračunsko razdoblje | | | Tekuće obračunsko razdoblje | | |
|---------------|-----------------|--|--------------------------------|------------------|-------------------|-----------------------------|------------------|--------------------|
| | | | Život | Neživot | Ukupno | Život | Neživot | Ukupno |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| I | (1+2+3+4) | Ukupni prihodi od ulaganja | 41.884.239 | 3.682.392 | 45.566.631 | 13.162.208 | 4.769.128 | 17.931.336 |
| 1 | | Prihodi od ulaganja iz sredstava kapitala | | 143.387 | 143.387 | 1.002 | 1.314.849 | 1.315.851 |
| 2 | | Prihodi od ulaganja iz sredstava matematičke pričuve | 7.758.217 | 186.601 | 7.944.817 | 8.402.482 | 176.750 | 8.579.232 |
| 3 | | Prihodi od ulaganja iz sredstava posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja | 27.628.735 | | 27.628.735 | 916.739 | | 916.739 |
| 4 | | Prihodi od ulaganja iz sredstava preostalih tehničkih pričuva (koje nisu obuhvaćene pozicijama 2. i 3.) | 6.497.287 | 3.352.405 | 9.849.692 | 3.841.985 | 3.277.530 | 7.119.515 |
| II | (1+2+3+4) | Ukupni troškovi ulaganja | -2.835.531 | -742.594 | -3.578.126 | -34.183.172 | -522.613 | -34.705.785 |
| 1 | | Troškovi od ulaganja iz sredstava kapitala | -271.746 | | -271.746 | | -6.064 | -6.064 |
| 2 | | Troškovi od ulaganja iz sredstava matematičke pričuve | -1.000.391 | -40.638 | -1.041.029 | -123.375 | -67.988 | -191.364 |
| 3 | | Troškovi od ulaganja iz sredstava posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja | -702.341 | | -702.341 | -33.751.312 | | -33.751.312 |
| 4 | | Troškovi od ulaganja iz sredstava preostalih tehničkih pričuva (koje nisu obuhvaćene pozicijama 2. i 3.) | -861.053 | -701.956 | -1.563.009 | -308.485 | -448.560 | -757.046 |

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac RU-TP

IZVJEŠTAJ O ROČNOJ USKLAĐENOSTI IMOVINE ZA POKRIĆE TEHNIČKIH PRIČUVA OSIM MATEMATIČKE PRIČUVE S OBVEZAMA IZ TEHNIČKIH PRIČUVA OSIM MATEMATIČKE PRIČUVE

na dan: 31.12.2022.

u kunama

| Broj pozicije | Opis pozicije | Do 1 godine | 1-3 godina | 3-5 godina | 5-10 godina | 10-15 godina | 15-20 godina | 20 i više godina ¹⁾ | Ukupno |
|---------------|--|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------------------|--------------------|
| I | Imovina za pokriće tehničkih pričuva (1+2+3+4+5+6+7) | 364.965.621 | 49.057.506 | 100.338.733 | 41.567.590 | | | 1.201.933 | 557.131.383 |
| 1 | Financijska imovina koja se drži do dospelja | | | | | | | | |
| 1.1 | Dužnički financijski instrumenti | | | | | | | | |
| 1.2 | Ostalo | | | | | | | | |
| 2 | Financijska imovina raspoloživa za prodaju | 89.841.506 | 23.625.999 | 100.338.733 | 41.567.590 | | | | 255.373.828 |
| 2.1 | Vlasnički financijski instrumenti | 50.086 | | | | | | | 50.086 |
| 2.2 | Dužnički financijski instrumenti | 89.791.420 | 23.625.999 | 100.338.733 | 41.567.590 | | | | 255.323.742 |
| 2.3 | Udjeli u investicijskim fondovima | | | | | | | | |
| 2.4 | Ostalo | | | | | | | | |
| 3 | Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka | 109.197.847 | | | | | | | 109.197.847 |
| 3.1 | Vlasnički financijski instrumenti | 320.628 | | | | | | | 320.628 |
| 3.2 | Dužnički financijski instrumenti | | | | | | | | |
| 3.3 | Izvedeni financijski instrumenti | | | | | | | | |
| 3.4 | Udjeli u investicijskim fondovima | 108.877.220 | | | | | | | 108.877.220 |
| 3.5 | Ostalo | | | | | | | | |
| 4 | Zajmovi i potraživanja | 23.938.602 | 25.431.507 | | | | | | 49.370.109 |
| 4.1 | Depoziti kod kreditnih institucija | 23.938.602 | 25.431.507 | | | | | | 49.370.109 |
| 4.2 | Zajmovi | | | | | | | | |
| 4.3 | Ostalo | | | | | | | | |
| 5 | Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti | | | | | | | 1.201.933 | 1.201.933 |
| 6 | Novac i novčani ekvivalenti | 13.426.248 | | | | | | | 13.426.248 |
| 7 | Ostala imovina za pokriće tehničkih pričuva osim matematičke pričuve | 128.561.418 | | | | | | | 128.561.418 |
| II | Traženo pokriće tehničkih pričuva osim matematičke pričuve, neto od reosiguranja (8+9+10+11+12) | 339.157.022 | 59.604.123 | 35.780.988 | 45.202.410 | 14.810.156 | 4.565.265 | 899.102 | 500.019.066 |
| 8 | Pričuve za prijenosne premije | 216.915.231,09 | 5.800.825,41 | 1.282.218,80 | 10.354,76 | ,00 | ,00 | ,00 | 224.008.630 |
| 9 | Pričuve šteta | 119.202.840,38 | 53.792.171,82 | 34.498.042,13 | 45.192.054,87 | 14.810.155,72 | 4.565.265,25 | 899.102,03 | 272.959.632 |
| 10 | Pričuve za bonuse i popuste | 2.269.527,73 | | | | | | | 2.269.528 |
| 11 | Pričuve za kolebanje šteta | | | | | | | | 0 |
| 12 | Druge tehničke pričuve prema računovodstvenim propisima | 769.422,93 | 11.126,22 | 726,89 | | | | | 781.276 |
| III | Razlika (I-II) | 25.808.599 | -10.546.617 | 64.557.745 | -3.634.820 | -14.810.156 | -4.565.265 | 302.831 | 57.112.317 |

IZVJEŠTAJ O ROČNOJ USKLADENOSTI IMOVINE ZA POKRIĆE MATEMATIČKE PRIČUVE S OBEZVAMA IZ MATEMATIČKE PRIČUVE

na dan: 31.12.2022.

u kunama

| Broj pozicije | Opis pozicije | Do 1 godine | 1-3 godina | 3-5 godina | 5-10 godina | 10-15 godina | 15-20 godina | 20 i više godina ¹⁾ | Ukupno |
|---------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------------------|--------------------|
| I | Imovina za pokriće matematičke pričuve (1+2+3+4+5+6+7) | 32.420.763 | 57.419.045 | 29.398.442 | 104.631.104 | 157.653.520 | 7.468.645 | 38.568 | 389.030.087 |
| 1 | Financijska imovina koja se drži do dospelja | | | | | 53.054.255 | | | 53.054.255 |
| 1.1 | Dužnički financijski instrumenti | | | | | 53.054.255 | | | 53.054.255 |
| 1.2 | Ostalo | | | | | | | | |
| 2 | Financijska imovina raspoloživa za prodaju | | 55.879.482 | 28.633.672 | 102.715.422 | 104.379.860 | 7.403.018 | | 299.011.455 |
| 2.1 | Vlasnički financijski instrumenti | | | | | | | | |
| 2.2 | Dužnički financijski instrumenti | | 55.879.482 | 28.633.672 | 102.715.422 | 104.379.860 | 7.403.018 | | 299.011.455 |
| 2.3 | Udjeli u investicijskim fondovima | | | | | | | | |
| 2.4 | Ostalo | | | | | | | | |
| 3 | Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka | 31.025.608 | | | | | | | 31.025.608 |
| 3.1 | Vlasnički financijski instrumenti | | | | | | | | |
| 3.2 | Dužnički financijski instrumenti | | | | | | | | |
| 3.3 | Izvedeni financijski instrumenti | | | | | | | | |
| 3.4 | Udjeli u investicijskim fondovima | 31.025.608 | | | | | | | 31.025.608 |
| 3.5 | Ostalo | | | | | | | | |
| 4 | Zajmovi i potraživanja | 773.415 | 1.539.562 | 764.770 | 1.915.682 | 219.404 | 65.627 | 38.568 | 5.317.028 |
| 4.1 | Depoziti kod kreditnih institucija | | | | | | | | |
| 4.2 | Zajmovi | 773.415 | 1.539.562 | 764.770 | 1.915.682 | 219.404 | 65.627 | 38.568 | 5.317.028 |
| 4.3 | Ostalo | | | | | | | | |
| 5 | Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti | | | | | | | | |
| 6 | Novac i novčani ekvivalenti | 621.740 | | | | | | | 621.740 |
| 7 | Ostala imovina za pokriće matematičke pričuve | | | | | | | | |
| II | Traženo pokriće matematičke pričuve, neto od reosiguranja (8+9+10+11) | 43.667.261 | 78.450.289 | 65.466.082 | 156.125.557 | 14.346.487 | 8.893.297 | 6.184.267 | 373.133.240 |
| 8 | Matematičke pričuve | 43.055.319 | 78.344.504 | 65.466.082 | 156.125.557 | 14.346.487 | 8.893.297 | 6.184.267 | 372.415.513 |
| 9 | Pričuve za prijenosne premije kod vrsta rizika za koje je potrebno oblikovati matematičku pričuvu | | | | | | | | |
| 10 | Pričuve za bonuse i popuste kod vrsta rizika za koje je potrebno oblikovati matematičku pričuvu | | | | | | | | |
| 11 | Pričuve šteta kod vrsta rizika za koje je potrebno oblikovati matematičku pričuvu | 611.942 | 105.785 | | | | | | 717.727 |
| III | Razlika (I-II) | -11.246.498 | -21.031.244 | -36.067.640 | -51.494.453 | 143.307.032 | -1.424.652 | -6.145.699 | 15.896.847 |

- (1) Ispravak vrijednosti potraživanja za premiju osiguranja (kt. 70500, 70501 i 7060).
- (2) Negativne tečajne razlike (kt. 4591*)
- (3) Kamate - imovina s pravom korištenja (vozila, najmovi) (kt. 45901, 45903)
- (4) Prihodi od kamata sredstava po viđenju (kt. 72502)
- (5) Pozitivne tečajne razlike (kt. 726)
- (6) Prihodi od zatezних i ostalih kamata (kt. 72500,72503)
- (7) Prihodi od zatezних kamata regresnih potraživanja (kt. 72501, 725011)
- (8) Ostali nespomenuti osigurateljno-tehnički izdaci (kt. 457151, 457152, 4573, 4890)
- (9) Potraživanja za glavnicu regresa (kt. 4010,40101)
- (10) Ispravak vrijednosti i naplaćeni ispravak vrijednosti regresa (kt. 481002, 7450)
- (11) Ostali prihodi po osnovi regresnih potraživanja (kt. 72804, 728041, 72805)
- (12) Naplaćena prethodno otpisana potraživanja za premiju osiguranja (kt. 7070,7071)
- (13) Ostali prihodi od povezanih društava i ZT (Kt. 76800,76801, 76802, 76803, 76804)
- (14) Obveze za HZZO (kt. 4555)
- (15) Doprinos za HUO za redovnu djelatnost (kt. 4880)
- (16) Doprinos HANFA (kt. 4881)
- (17) Troškovi za turističku članarinu (kt. 4554)
- (18) Naknada za upotrebu vlastitog automobila za službene svrhe (kt. 451001)
- (19) Negativne tečajne razlike (kt. 45916, 45917, 45918, 45919, 45999)
- (20) Negativne tečajne razlike (kt. 45910, 45911, 45912, 45913, 45914, 45915)
- (21) Trošak plaća Sektora šteta
- (22) Trošak plaća Sektora prodaje
- (23) Dugoročna rezerviranja za administrativne troškove EIS porez (kt. 4477)
- (24) Troškovi neto, porez i prerez autorskih honorara (kt. 45137)
- (25) Prihodi od imovine s pravom korištenja najmovi - prijevremeni raskid (kt. 74152)
- (26) Razlike koje proizlaze iz zaokruživanja

| AKTIVA | Oznaka pozicije | Opis pozicije | HANFA | | Temeljni financijski izvještaji | Opis pozicije |
|-------------|-----------------|--|------------------|----|---------------------------------|--|
| | | | 000 HRK | 1 | 000 HRK | |
| 001 | I | NEMATERIJALNA IMOVINA | 8.234 | -1 | 8.233 | Ostala nematerijalna imovina |
| | | | | | 122.363 | Nekretnine i oprema |
| | | | | | 9.807 | Imovina s pravom upotrebe |
| 004 | II | MATERIJALNA IMOVINA | 132.170 | | 132.170 | Nekretnine i oprema |
| 008 | III | ULAGANJA | 807.006 | | | |
| 009 | A | Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti | 1.202 | | 1.202 | Ulaganja u nekretnine |
| 010 | B | Ulaganja u podružnice, pridružena društva i zajedničke pothvate | | | | |
| 014 | C | Financijska imovina | 805.804 | | | |
| 034 | IV | ULAGANJA ZA RAČUN I RIZIK VLASNIKA POLICA ŽIVOTNOG OSIGURANJA | 170.787 | | | |
| 010+014+034 | B+C+IV | | 976.591 | 1 | 976.592 | Financijska imovina |
| 035 | V | UDIO REOSIGURANJA U TEHNIČKIM PRIČUVAMA | 101.784 | | 101.784 | Udio reosiguranja u tehničkim pričuvama |
| 043 | VI | ODGOĐENA I TEKUĆA POREZNA IMOVINA | 17.790 | | 17.790 | Odgođena porezna imovina |
| 046 | VII | POTRAŽIVANJA | 198.473 | | | |
| 063+065 | IX1 + IX3 | Razgraničene kamate i najamnine + ostali plaćeni troškovi budućeg razdoblja | 900 | | 199.373 | Potraživanja iz poslova osiguranja i ostala potraživanja |
| 056 | VIII 1 | Novac u banci i blagajni | 17.671 | | 17.671 | Novac i novčani ekvivalenti |
| 064 | IX 2 | Razgraničeni troškovi pribave | 29.591 | | 29.591 | Razgraničeni troškovi pribave |
| 066 | X | UKUPNO AKTIVA | 1.484.406 | | 1.484.406 | Ukupna imovina |

(1) Razlike koje proizlaze iz zaokruživanja

| PASIVA | Oznaka pozicije | Opis pozicije | HANFA | | | | Temeljni financijski izvještaji | Opis pozicije |
|------------|-----------------|--|------------------|----------|----------|----------|---------------------------------------|---|
| | | | | 000 HRK | 1 | 2 | | |
| 068 | XII | KAPITAL I REZERVE | 194.487 | 0 | 0 | 1 | 194.488 | Ukupni kapital i rezerve |
| 069 | 1 | Upisani kapital | 285.002 | | | | 285.002 | Dionički kapital |
| 072 | 2 | Premije na emitirane dionice (rezerve kapitala) | 0 | 4.692 | | | 4.692 | Premije na emitirane dionice - rezerve kapitala |
| 073 | 3 | Revalorizacijske rezerve | -55.519 | | | 1 | -55.518 | Rezerva fer vrijednosti |
| 078 | 4.1. | Zakonske rezerve | 5.560 | | | | 5.560 | Zakonska rezerva |
| 080 | 4.3. | Ostale rezerve | 6.908 | -4.692 | | | 2.216 | Ostale rezerve |
| 081 | 5 | Prenesena (zadržana) dobit ili gubitak | -23.068 | | | | -23.068 | Preneseni gubitak / zadržana dobit |
| 084 | 6 | Dobit ili gubitak tekućeg obračunskog razdoblja | -24.396 | | | | -24.396 | Dobit / gubitak obračunskog razdoblja |
| 087 | XIII | OBVEZE DRUGOG REDA (PODREĐENE OBVEZE) | | | | | 0 | Subordinirani zajam |
| 089 | XV | TEHNIČKE PRIČUVE | 974.936 | | | | 974.936 | |
| 096 | XVI | POSEBNA PRIČUVA ZA OSIGURANJE IZ SKUPINE ŽIVOTNIH OSIGURANJA KOD KOJIH | 169.985 | | | | 169.985 | |
| | XV + XVI | | 1.144.921 | | | | 1.144.921 | Tehničke pričuve |
| 097 | XVII | OSTALE PRIČUVE | | | | | | |
| 098 | 1 | Pričuve za mirovine i slične obveze | 7.563 | | | | 7.563 | Rezervacije za obveze i troškove |
| 099 | 2 | Ostale pričuve | 1.496 | | -1.496 | | 0 | |
| 100 | XVIII | ODGOĐENA I TEKUĆA POREZNA OBVEZA | 63 | | | | 63 | Odgođena porezna obveza iz finan. portfelja |
| 104 | XX | FINANCIJSKE OBVEZE | 0 | | | | 0 | Kratkoročni zajam |
| 108 | XXI | OSTALE OBVEZE | 135.762 | | 1.496 | | 137.258 | |
| 113 | XXII | ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEG RAZDOBLJA | 113 | | | | 113 | |
| 108+113 | XXI + XXII | | | | | | 137.371 | Obveze iz poslova osiguranja i ostale obveze |
| 116 | XXIII | UKUPNA PASIVA | 1.484.405 | 0 | 0 | 1 | 1.484.406 | Ukupne obveze i kapital i rezerve |

(1) Pričuva kod pojednostavljenog smanjenja kapitala (kt. 9126)

(2) Rezerviranja za porez EIS (kt. 28903)

(3) Razlike koje proizlaze iz zaokruživanja