



TRIGLAV OSIGURANJE d.d.

Annual Report
for the year 2021

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Management Board's report

The Management Board presents its report and audited financial statements for the year ended 31 December 2021.

Activity overview

Operating results of the Company for the year ended 31 December 2021 are presented in the statement of comprehensive income.

Management Board of Triglav osiguranje d.d.

During 2021 and until the signing of this report, the Management Board consisted of:

Marin Matijaca	Member from 27/08/2008, President from 25/08/2010 (mandate until 28/08/2024)
Denis Burmaz	Member from 04/08/2016 (mandate until 04/08/2024)
Vladimir-Mišo Čeplak	Procurator from 01/04/2015, mandate until 31/03/2021
Darko Popovski	Member from 01/04/2021, mandate until 31/03/2025

Supervisory Board of Triglav osiguranje d.d.

During 2021 and until the signing of this report, the Supervisory Board consisted of:

David Benedek	Chairman from 01/10/2014
Tomaž Žust	Member from 03/12/2010, Vice-Chairman from 24/09/2013
Gorazd Jenko	Member from 08/07/2013
Darko Popovski	Member from 29/06/2015 until 24/03/2021
Iztok Cimperman	Member from 25/03/2021
Nives Matijević	Member from 17/03/2017 until 17/03/2021
Pave Srezović Pušić	Member from 09/05/2021 until 08/05/2025

ANNUAL REPORT OF THE MANAGEMENT BOARD ON THE COMPANY OPERATIONS AND STATUS IN THE YEAR 2021

1. Realisation of basic business objectives and performance indicators

The Croatian economy in Q4 2021 maintained its strong annual growth rates, despite a more modest dynamic in relation to the previous two quarters, when double-digit growth rates were recorded. This is the third consecutive quarter of strong economic growth, however, at a slower rate than in the prior two quarters, proving that the economy is quickly recovering from the Covid-19 crisis. On account of this crisis, GDP dropped by 8.0% in 2020, then increased by 10.4% in the prior year, which is the highest growth rate since the Croatian Bureau of Statistics has been tracking the relevant data. A record economic jump of 16.5% was recorded in Q2 of the prior year and a strong growth rate of 15.8% was recorded in Q3.

In any case, the real economic activity in 2021 exceeded the 2019 level and thus closed the negative gap of gross domestic product.

Slowdown of the recovery dynamic is connected with a decrease in optimism, and these movements are normal for a Q4 following a Q3 with a strong growth due to excellent results of the central period of the tourist season.

On an annual level, in Q4, the Croatian economy grew at a substantially faster rate than the EU average. According to the latest Eurostat data, in Q4 of the prior year, the seasonally adjusted GDP in the EU grew by 4.8% on an annual level, and 0.4% on a quarterly level.

In such circumstances, the Company realised excellent results in the prior year, both in the premium and profitability area. Gross written premium amounted to HRK 654.1 million, 19.0% (i.e., HRK 104.5 million) higher than in the same period of 2020. Premium growth that is faster than market growth has resulted in a 0.33 pp market share increase, from 5.25% to 5.58%, resulting in the Company ranking 7th (8th in the prior year) on the list of insurers based on the size of the growth written premium. Net earned premium in the amount of HRK 500.5 million is 21.3% (i.e., HRK 87.7 million) higher than in the same period of 2020. In 2021, the Company realised positive business results amounting to HRK 13.7 million, combined quotient of 98.8%, and increased its productivity.

Total technical provisions of the Company in 2021 increased by 5.9% and amount to HRK 1.134 billion. Financial investments increased by 7.8% compared to the previous year, reaching HRK 1.020 billion. Total assets of the Company increased by 5.0% and by the end of 2021 amounted to HRK 1.474 billion. Share capital and reserves amount to HRK 223.2 million, which constitutes a 2.1% increase in relation to the prior year. The total capital ratio (solvency ratio) at 31/12/2021 amounts to 163.2% due to strong capital reserves, while the coverage degree of mathematical and technical provisions with adequate assets amounts to 110.8%. This suggests the financial stability of the Company and provides long-term security to policyholders.

In 2021, we implemented our Loyalty programme (Triglav klub), continued expanding our network of health facilities and engaging in marketing campaigns, as a sign of our client focus.

Premium growth and the resulting increase in market share, followed by a decrease in the share of costs in the written premium, drop of the combined quotient to 98.8%, decrease in number of surrenders, and increase in sales of life insurance policies in the representative network are proof of long-term profitable growth.

With the purpose of further optimising the business model, we continued digitising the sales process and maintained positive liquidity trends from 2020, we are currently introducing the POS payment system for health insurance, and we have implemented Gecko (talent selection, training, and development).

We increased the written premium per employee by 17.3%, substantially increased external acquisition (agencies by 47.6% / brokers by 34.0%), increased productivity per representative by 6.4%, and the health insurance premium (as a strategic product) increased by 28.2%

In the area of innovative products, we have developed and implemented a new additional health insurance product "Triglav Plus", marketed new products, Cyber insurance and Additional index crop insurance. Furthermore, we replaced the existing SME insurance with a new product, same as the Natural person property insurance (DOM package) in order to streamline sales and increase competitiveness.

2. Insurance market in the Republic of Croatia

The Croatian insurance market in 2021, in relation to the prior year, recorded an increase in premium of HRK 1.2 billion, i.e. 11.86% due to an increase in non-life insurance premium by HRK 1.0 billion (12.68%) and life insurance by HRK 0.2 billion (9.44%). The Company's premium increased at a faster rate than the market (19.03%) and, consequently, its market share increased from 5.25% in 2020 to 5.58% in 2021. Furthermore, the Company's rank on the list of insurers based on the size of the growth written premium moved from number 8 to number 7.

The share of non-life insurance in the total premium amounts to 90.65% (HRK 592.9 million), while the share of life insurance amounts to 9.35% (HRK 61.1 million). In the total non-life premium of Triglav osiguranje d.d., the following types of insurance have the largest share: other property insurance (25.48%), motor vehicle liability insurance (23.42%), and road vehicle insurance (13.40%).

Thanks to the great resilience insurance companies demonstrated in extremely unsteady times in the past two years, their stable and safe operations continued, as they supported citizens through quick two-way communication and claims settlement without halts and in extraordinary conditions.

However, insurers would have contributed more substantially had a larger number of citizens contracted adequate insurance coverage, including earthquake insurance. Namely, despite the fact that the insurance market in our country continues developing, making it the third largest market in the overall Croatian financial market, following banks and mandatory pension funds, and regardless of its slight increase, Croatia still lags behind more developed countries. In particular, the average insurance premium per capita in Croatia last year amounted to EUR 399, while the EU average reached the level of EUR 2,085. For example, the average insurance premium in the non-life insurance segment amounts to EUR 1,163 in the EU and EUR 99 in Croatia, in the health insurance segment, it amounts to EUR 248 in the EU, and only EUR 24 in Croatia, whereas in the property insurance protection segment it amounts to EUR 178 in the EU, and EUR 59 in Croatia, due to a lower life standard, but also weaker financial literacy of citizens that insurers are proactively trying to improve for some time, with the aim of familiarising the maximum number of citizens with insurance products and the protection insurance provides citizens in their everyday lives. Although indicators have been increasing, bearing in mind a multiannual period of natural disasters and an extremely unstable environment, insurance coverage remains insufficient for long-term safety of citizens. At the end of 2021, a total of 10,647,081 non-life insurance policies and 1,349,454 life insurance policies were concluded. Life insurance accounts for 24.73% of the total premium, while compulsory motor vehicle liability insurance is still prevalent in non-life insurance category, with a total share of 25.2% in the total premium.

Last year, 2021, was marked by an additional 43.4% increase in the number of contracted earthquake insurance policies in relation to 2020, in which the number of contracted earthquake insurance policies had already increased by 30.9%. In the last two years, insurers paid HRK 541 million in claims, less than 0.5% of total claims resulting from earthquakes, clearly indicating that the penetration of this type of insurance remains low in relation to developed markets. In Croatia, despite a two-year increase, there is still a relatively small number of earthquake insurance policies, especially for residential buildings, which is particularly important in light of the fact that Croatia, alongside Greece, Turkey, North Macedonia, and Italy, is located in one of Europe's areas with the highest risk from tectonic hazards.

In 2021, the number of fire and special perils insurance policies increased by 11.2% and other property insurance increased by 12.0%. The premium for supplementary and additional health insurance increased, with the number of supplementary insurance increasing by 27.7%, with an increase in gross written premium of 10.2%, while the number of additional health insurance policies increased by 11.5%, with a premium increase of 14.3%. In 2021, the average compulsory motor third party liability premium in Croatia amounted to HRK 928.60, while the average casco insurance premium amounted to HRK 3,105.70.

3. Expectations for 2022

In 2022, we expect a 4.0% GDP growth, predominantly supported by foreign demand, with a positive contribution and other components. Expected growth slowdown in relation to 2021 is predominantly a result of the base effect, that is the end of the impact of low-level GDP in 2020 on the annual growth rate. Projected 2022 GDP is exposed to numerous risks, predominantly negative, and mainly related to the adverse development of the epidemiological situation and increasing uncertainty concerning the Russian military invasion on Ukraine.

The insurance sector expects premium growth in 2022, despite growing economic uncertainty with regard to the expected increase in energy prices and quick rise in inflation, as well as uncertainty concerning the Covid-19 pandemic developments.

In 2022 we expect the economic recovery to continue, although at rates lower than in the prior year, on account of the impact of the base period. Investments supported by EU funds (reconstruction of earthquake-stricken areas) should lead growth, while personal spending is expected to continue being stimulated by favourable trends on the labour market. However, considering the latest geopolitical events, that is Russia's attack on Ukraine, the level of uncertainty has risen. The expected increase in energy prices will definitely further strengthen, thus additionally

increasing the inflation rate and forcing central banks to intensify their monetary policy, which could in turn slow down the global economic growth.

The EU economic outlook is currently under review, which may adversely impact the Croatian GDP movement. Strong geopolitical risks could also affect the tourism season and, thus, the entire economic outlook for 2022.

4. Employment structure

As at 31 December 2021, Triglav osiguranje d.d. employed 515 employees, of which 238 internal and 277 insurance agents and sales representatives, which is 3 employees less compared to the end of 2020.

Human resources structure of the Company includes one employee with a PhD, 9 Masters of Science, 115 employees with a university degree and 75 high-skilled employees.

In the past year, we increased the number of senior employees (from 46.6% to 47.4%) and decreased the turnover rate of key and promising employees (from 4.8% to 4.3%) in relation to the prior year. Organisation vitality index (ORVI) measuring employee satisfaction and overall Company climate increased from 3.88 in 2020 to 3.89 in 2021, and the results of the organisation culture assessment indicate that the eligibility and frequency of constructive behaviours is on the rise in the Company.

Throughout 2021, despite the pandemic working conditions, we continued training our expert services employees, referring them to external expert (predominantly online) seminars, and graduate and post-graduate studies. We continued our good practices of traineeships in the parent company, in e-format for the time being. All insurance distributors underwent mandatory training in line with the Insurance Distribution Directive (IDD) provisions, and also participated in sales and technical skills trainings, as well as product workshops, predominantly online and in e-format. We continued employing and training beginner representatives, for which we created a special training programme. Employees attended the Company's mandatory trainings, and we continued our trainings and development for internal coaches. The Company successfully coped with an increased labour market dynamic, and examples of vertical and horizontal promotions point to our care for developing Company resources.

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.

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 2021

The expected rise in energy prices, emphasised by Russia's attack on Ukraine and potential further exacerbation of the geopolitical situation will inevitably affect the global and Croatian market and, consequently, as with every crisis, gradually spill over to the financial sector.

Due to the unexpected escalation of the Ukrainian crisis, the Covid-19 pandemic has been forced into the background and suddenly became second-tier news, although its outlook still remains very uncertain.

The Company has no concluded contracts with natural or legal persons or government and managing bodies in Russia and Belarus, no financial investments in relation to entities in the area of Russia, Belarus, and Ukraine, nor any significant transactions with the cited countries. The events in Ukraine shall, thus, have no bearing on the business activities of the Company, the Company's exposure to affected markets and supply chains, nor will it impact the financial position and performance of the Company in 2022. When assessing and recognising balance sheet positions of the financial statements for the year 2020, the events in Ukraine will not affect the fair value measurement, credit risk assessment, impairment of assets, or other accounting estimates.

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 insureds.

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 2021 had no own shares nor did it repurchase any in the course of 2021.

Shares of the company are not included in the organised securities market.

10. Risk exposure and management

The Company maintained the appropriate capital adequacy level, with the solvency ratio of 163.2% as at 31/12/2021 (31/12/2020 = 158.1%). The ratio increase is a result of the increase in own assets, based on positive performance and accumulated positive cash flow in 2021. The solvency ratio meets the target range of the defined risk appetite (150-170%).

In 2021, the Company continued increasing its premium and provision volume, which then affected the increase in exposure of non-life insurance risks.

The Company's risk profile, in the context of the relative exposure structure, did not substantially change in relation to prior periods. The health insurance segment is growing at a moderate pace, accompanied by a slow increase in health insurance capital requirement. Life insurance risk exposure remained at last year's level.

In terms of market risks, there was a slight increase in exposure, without a materially negative impact on solvency. The Company has a conservative investment policy with a high level of Croatian state bonds in its investment portfolio, and with an effective implementation of term and currency adjustments of assets and liabilities it tries to maintain an optimal relation between the expected return and the market risks taken.

Liquidity risk may be considered low since the Company continuously realises positive cash flows from operations and maintains a sufficient level of liquid assets for settling all reasonably foreseeable liabilities. Credit risks decreased in 2021, after having increased in 2020 due to the impact of the Covid-19 crisis, but this had not seriously affected the operations and solvency of the Company.

The Company's positive expectations concerning its solvency position are based on the continuing trend of generating surplus free cash flows from main activities, increasing the asset amount, and optimising the relation between the expected return and the risks taken.

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.

Articles of Association established the legal status, organisation and management in Triglav osiguranje d.d. and other issues relevant to the business operations of Triglav, as well as other matters in accordance with the provisions of the Companies Act and the Insurance Act. The system and policy management of Triglav osiguranje d.d. determine the main directions of the Company, taking into account the defined long-term goals and values of the Company.

The Company is working continuously to improve corporate governance since effective management is a prerequisite for the Company's performance and the realisation of strategic and business goals. The Company has established a clear structure and organisation, arrangement of powers and responsibilities and an appropriate internal control system to monitor, measure, manage and report on all risks arising from the Company's operations.

The main management bodies of the Company, in line with the Companies Act, are the following: Management Board, Supervisory Board and General Assembly, whose powers and responsibilities are established by the relevant regulations, in particular the Companies Act and the Insurance Act, as well as the Company by-laws.

MANAGEMENT BOARD operated in the period from 01/01 to 31/12/2021 as follows:

- Marin Matijaca, President of the Board (from 29/08/2016 until 28/08/2024);
- Denis Burmaz, Member of the Board (from 04/08/2016 until 03/08/2024);
- Darko Popovski, Member of the Board (from 01/04/2021 until 31/03/2025);

Procurator

- Vladimir Mišo Čeplak, Procurator (from 01/04/2015 to 31/03/2021).

SUPERVISORY BOARD held 9 (nine) meetings in the period from January to December 2021, in the following composition:

David Benedek, Chairmen of the Supervisory Board;
Tomaž Žust, Vice-Chairman of the Supervisory Board
Gorazd Jenko, Member of the Supervisory Board
Darko Popovski, Member of the Supervisory Board until his resignation on 24/03/2021
Nives Matijević, Member of the Supervisory Board, workers' representative until 17/03/2021
Iztok Cimperman, member of the Supervisory Board since 25/03/2021
Pave Srezović-Pušić, Member of the Supervisory Board, workers' representative from 09/05/2021

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 in 2009.

In the period from January to December 2021, 4 (four) meetings of the Audit Committee of the Company were held in the following composition:

Tomaž Žust, President of the Audit Committee
Darko Popovski, Deputy President of the Audit Committee until his resignation on 24/03/2021
Iztok Cimperman, Deputy President of the Audit Committee from 25/03/2021
Saša Kovačić, Member of the Audit Committee
Jana Polda, Member of the Audit Committee
Branko Flisar, Member of the Audit Committee.

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 2022 the Company will continue modernising and complementing its range of products and diversify investments, to decrease the exposure to individual issuers of securities. The planned increase in written premium of the Company amounts to 4.6%, ROE amounts to 7.1%, and the combined quotient realisation amounts to 97.4%.

We are getting ready for introducing the euro, as well as IFRS 9 and IFRS 17, and for preparing a new business strategy of the Company for the period from 2022 to 2025, based on the adopted strategy of the Triglav Group for the relevant period.

In Zagreb, 29 April 2022

Management Board of the Company:

Marin Matijaca, univ.spec.actuar.math.
President

mr.sc. Denis Burmaz
Member of the Management Board

Darko Popovski, MScBA
Member of the Management Board

Responsibilities of the Management Board and the Supervisory Board for the preparation and approval of annual financial statements

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.

The financial statements on pages 14 to 116 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) as presented on pages 117 to 133, have been approved by the Management Board for submission to the Supervisory Board and signed below.

Management Board of the Company:

Marin Matijaca, univ.spec.actuar.math.
President of the Management Board

mr. sc. Denis Burmaz
Member of the Management Board

Darko Popovski, MScBA
Member of the Management Board

In Zagreb, 29 April 2022

INDEPENDENT AUDITOR'S REPORT

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

Statement of Audit of the Financial Statements

Opinion

We have audited the financial statements of Triglav osiguranje d.d. ("the Company"), which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies ("financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the Audit Act and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and have fulfilled our other 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 Matter

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The Company was registered at the Commercial Court of Zagreb under the company registration number (MBS) 030022053; with share capital of HRK 44,900.00 kuna; Company directors: Marina Tonžetić, 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)

Statement of Audit of the Financial Statements (continued)

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Estimates Used in Calculating Insurance Provisions and Liability Adequacy Test (LAT)</p> <p><i>Description of key judgements and estimates regarding insurance provisions and LAT are presented in notes 1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income, and expenses, 1.7 Liability adequacy test, 1.8 The sensitivity of profit or loss and equity to changes in significant variables, and 1.9 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the financial statements.</i></p> <p><i>As presented in note 1.21, the Company has technical insurance provisions amounting to HRK 1,134 million, accounting for 91% of total Company liabilities. The measurement of insurance provisions involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of the insurance liabilities, including any guarantees provided to policyholders. In line with the insurance industry practice, the Company uses actuarial models to support the valuation of insurance provisions. The model complexity may lead to errors as a result of inadequate/incomplete data or design or model application. Economic and actuarial assumptions, such as investment return, costs, interest rates, mortality, morbidity, claims settlement expectations and pattern, customer behaviour, longevity and lapse assumptions are key inputs used to estimate these long-term liabilities.</i></p> <p><i>Based on the significance of the insurance provisions and the level of judgement related to the key estimates and assumptions, we considered it a key audit matter for our audit.</i></p>	<p><i>We conducted audit procedures concerning the design and implementation, and operational efficiency of internal controls over the actuarial valuation process.</i></p> <p><i>We used actuarial specialists to assist us in performing our audit procedures which, inter alia, included:</i></p> <ul style="list-style-type: none"> <i>(i) Review of the methodology and adequacy of the actuarial methods used to assess insurance liabilities;</i> <i>(ii) Evaluation of actuarial judgements used in the models, which may vary depending on the product and/or the specifications of the product, and also the compliance of the models with IFRS as adopted by the EU.</i> <p><i>Furthermore, we performed audit procedures to determine the models were calculating the insurance contracts liabilities accurately and completely;</i></p> <ul style="list-style-type: none"> <i>(i) Verification of the validity of management's liability adequacy testing (LAT) which is a key test performed to check that the liabilities are adequate as compared to the expected future contractual obligations. Our work on the liability adequacy tests included review of the projected cash flows and of the assumptions adopted in the context of both the Company and industry experience and specific product features; and</i> <i>(ii) Review of documentation with actuarial assumptions and expert judgement involved.</i> <p><i>We also assessed the adequacy of the disclosures regarding insurance provisions in the financial statements to determine whether they were in line with IFRSs as adopted by the EU.</i></p>

INDEPENDENT AUDITOR'S REPORT (continued)

Statement of Audit of the Financial Statements (continued)

Other Information

The Management Board is responsible for other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our Independent Auditor's Report.

Our opinion on the annual financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report, which is included in the Annual Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include the examination of whether the Management Report includes required disclosures as set out in the Article 21 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 accompanying annual financial statements for the year;
2. The Management Report for 2021 has been prepared, in all material respects, in accordance with Article 21 of the Accounting Act.

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

Management and Supervisory Board Responsibilities for the Annual Financial Statements

The Management Board is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, adopted by the EU, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company'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 the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- Conclude on the appropriateness of the Management Board'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. 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 Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board 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 are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the Supervisory Board, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless a 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)

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 by the Company on 29 September 2021 to perform audit of accompanying financial statements. Our total uninterrupted engagement has lasted from 02 September 2021 to now.

We confirm that:

- Our audit opinion on the accompanying financial statements is consistent with the additional report issued to the Audit Committee of the Company 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 Article 5 paragraph 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 Group, and which have not been disclosed in the Annual Report.

Reporting in line with Other Legal and Regulatory Requirements

In line with the Ordinance on the structure and content of the financial statements of insurance companies or reinsurance companies (OG No. 37/16, 36/18, 50/19, 98/20 "the Ordinance"), the Management Board of the Company designed forms shown in the Appendix to these financial statements on pages 117 to 133, containing the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes on reconciliation. These forms and relevant notes on reconciliation are the responsibility of the Management Board of the Company, and they do not form an inseparable part of these financial statements, which are shown on pages 14 to 116, but are required by the Ordinance.

Marina Tonžetić

Director and Certified Auditor

Deloitte d.o.o.

29 April 2022

Radnička cesta 80

10 000 Zagreb

Republic of Croatia

Statement of financial position as at 31 December 2021

	<i>Note</i>	31/12/2021 HRK '000	31/12/2020 HRK '000
Assets			
Property and equipment	1.11	124,767	126,883
Investment property	1.12	1,241	1,342
Right-of-use assets	1.13	12,749	7,173
Intangible assets			
- Deferred acquisition costs	1.14	26,315	24,578
- Other intangible assets	1.15	8,031	7,922
Financial assets held to maturity	1.16	62,869	62,901
Financial assets available for sale	1.16	596,367	609,362
Financial assets at fair value in the profit and loss account	1.16	320,471	228,065
Loans and receivables	1.16	40,624	45,877
Reinsurance share in technical provisions	1.17	97,653	105,627
Deferred tax assets	1.18	490	2,027
Insurance and other receivables	1.19	171,729	163,539
Cash and cash equivalents	1.20	11,055	18,727
Total assets		1,474,361	1,404,023
Capital and reserves			
Share capital	1.25	209,656	209,656
Premium on issued shares	1.26	4,692	4,692
Legal reserve	1.25	4,875	4,875
Fair value reserve	1.25	24,119	33,223
Other reserves	1.26	2,216	2,216
Loss carried forward	1.26	(36,085)	(16,616)
(Loss)/profit for the year	1.26	13,702	(19,468)
Total equity and reserves		223,175	218,578
Liabilities			
Technical provisions	1.21	1,133,750	1,070,257
Short-term loan and derived financial liabilities	1.22	0.	279
Provisions for liabilities and expenses	1.23	6,979	7,435
Insurance and other liabilities	1.24	105,168	100,181
Deferred tax liability	1.25	5,289	7,293
Total liabilities		1,251,186	1,185,445
Total liabilities and equity and reserves		1,474,361	1,404,023

The accounting policies and notes on pages 18 to 116 form an integral part of these financial statements.

Statement of comprehensive income for the year 2021

	<i>Note</i>	2021 HRK '000	2020 HRK '000
Gross written premium	1.27	654,056	549,582
Outward reinsurance premiums	1.27	(136,198)	(109,248)
Written premiums, net of reinsurance		517,858	440,334
Change in unearned premium provisions, gross	1.27	(26,225)	(29,215)
Change in unearned premium provisions, reinsurance share	1.27	8,834	1,603
Earned premiums, net of reinsurance		500,467	412,722
Investment income	1.29	47,390	27,614
Investment costs	1.30	(2,021)	(1,406)
Fees and commission income	1.28	20,630	21,090
Other operating income	1.31	11,628	11,741
Net income		578,094	471,761
Claims incurred	1.32	(410,879)	(432,266)
Reinsurers' share of claims incurred	1.32	74,390	134,571
Claims incurred, net of reinsurance		(336,489)	(297,695)
Acquisition costs	1.33	(123,455)	(96,157)
Administrative costs	1.34	(94,965)	(88,049)
Other operating expenses	1.35	(6,099)	(8,385)
Finance costs	1.36	(1,847)	(943)
(Loss) / Profit before tax		15,239	(19,468)
Income tax	1.37	(1,537)	-
(Loss) / Profit for the year		13,702	(19,468)
Other comprehensive (loss) / income			
Net change in the fair value of financial assets available for sale, net of realised amounts		(11,108)	(4,135)
Other comprehensive income tax		2,004	744
Total comprehensive (loss) / income for the year		(9,104)	(3,391)
Total comprehensive (loss) / income for the year, net of tax		4,598	(22,859)

The accounting policies and notes on pages 18 to 116 form an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital 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 2020		209,656	4,692	4,728	36,613	2,216	(19,400)	2,931	241,436
Net change in fair value of available-for-sale financial assets, net of realised amounts	1.25	-	-	-	(4,135)	-	-	-	(4,135)
Change in deferred tax		-	-	-	744	-	-	-	744
Other comprehensive income		-	-	-	(3,391)	-	-	-	(3,391)
Profit for the year		-	-	-	-	-	-	(19,468)	(19,468)
Total comprehensive income for the year		-	-	-	(3,391)	-	-	(19,468)	(22,859)
Increase in other reserves		-	-	147	-	-	2,783	(2,931)	-
Allocation of prior year profit or loss	1.25	-	-	-	-	-	-	-	-
Balance as at 31 December 2020		209,656	4,692	4,875	33,223	2,216	(16,617)	(19,468)	218,577
Balance as at 1 January 2021		209,656	4,692	4,875	33,223	2,216	(16,617)	(19,468)	218,577
Net change in fair value of available-for-sale financial assets, net of realised amounts	1.25	-	-	-	(11,108)	-	-	-	(11,108)
Change in deferred tax		-	-	-	2,004	-	-	-	2,004
Other comprehensive loss		-	-	-	(9,104)	-	-	-	(9,104)
Profit for the year	1.25	-	-	-	-	-	-	13,702	13,702
Total comprehensive loss for the year		-	-	-	(9,104)	-	-	13,702	4,598
Allocation of loss from prior period	1.25	-	-	-	-	-	(19,468)	19,468	-
Balance as at 31 December 2021		209,656	4,692	4,875	24,119	2,216	(36,085)	13,702	223,175

The accounting policies and notes on pages 18 to 116 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2021

	2021 HRK '000	2020 HRK '000
Cash flow from operating activities		
Loss after tax	13,702	(19,468)
Adjusted by:		
Depreciation and amortisation	12,244	11,453
Increase in insurance contract technical provisions, net of reinsurance	71,467	112,416
(Decrease)/increase in provisions	2,934	(2,788)
Decrease in deferred acquisition costs	(1,737)	(4,225)
Interest income	(14,630)	(15,820)
Interest expense	321	320
Impairment losses on insurance receivables	(801)	956
(Losses)/gains from fair value adjustments of financial assets	(26,004)	(2,743)
Foreign exchange gains	(508)	(5,944)
Income from repayment of finance lease	-	-
Other (income)/expenses	4,262	(1,338)
	61,250	72,819
Change in working capital		
Decrease/(increase) in insurance and other receivables	(6,653)	(12,650)
Increase in insurance and other payables	2,527	3,844
Net (acquisition) / disposal of financial investments		
- Equity and debt securities	13,568	(112,674)
- Shares in investment funds	(92,979)	(25,555)
- Deposits with banks and loans to customers	432	(2,301)
Interest received	20,013	6,850
Interest paid		-
Net cash from operating activities	(63,092)	(142,486)
Cash flows from investing activities		
Proceeds from the sale of property and equipment, and investment property	48	406
Increase in intangible assets	(3,109)	(3,212)
Increase in PPE and investment property	(2,800)	(4,063)
(Proceeds)/expenditure for held-to-maturity investments	32	84,803
Net cash from investing activities	(5,829)	77,934
Cash flows from financing activities		
Short term loan repayments	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(7,671)	8,267
Cash and cash equivalents at the beginning of the year	18,727	10,460
Cash and cash equivalents at the end of the year	11,055	18,727
Difference in cash flows	(7,672)	8,267

The accounting policies and notes on pages 18 to 116 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 composite insurer offering life and non-life insurance products in Croatia. The company is regulated by the Croatian Financial Services Supervision Agency ("CFSSA").

As at the reporting date, the Company's major owner (100% of voting rights) is Triglav INT d.d. The ultimate parent company that prepares consolidated financial statements is Zavarovalnica Triglav d.d. Ljubljana. Both Triglav INT d.d. and Zavarovalnica Triglav d.d. are joint stock companies incorporated and domiciled in Slovenia.

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 financial statements of the parent company Triglav osiguranje d.d., and the consolidated financial statements of the company Triglav osiguranje d.d. are not prepared since the criteria of International Financial Reporting Standard 10, item 4 have been met, as the company Triglav osiguranje d.d. consolidates the company Zavarovalnica Triglav d.d., Ljubljana.

These financial statements were authorised for issue by the Management Board on 29 April 2022 and delivered to the Supervisory Board for approval.

(b) 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.

(c) 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.

(d) 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)

(e) 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 2021 was EUR 1 = HRK 7.517174 (2020: EUR 1 = HRK 7.536898).

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

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

The following new standards, amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period and have been adopted by the Company:

- Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases” - Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on or after 1 January 2021). In 2016, IASB adopted the amendment to IFRS 4 allowing insurers to apply IAS 39 instead of IFRS 9 for annual periods starting before IFRS 17 enters into force, in case certain preconditions have been met. These preconditions, referring to insurance as the entity’s dominant activity, are met by the Group, and the Management Board used its option to postpone the application of IFRS 9,
- Amendments to IFRS 16 “Leases” – Covid-19-Related Rent Concessions beyond 30 June 2021 (effective from 1 April 2021 for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 4 “Insurance Contracts” – Extension of the Temporary Exemption from Applying IFRS 9, adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

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)

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

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are not yet effective for the current reporting period:

- Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 16 “Property, Plant and Equipment” – Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IFRS 3 “Business Combinations” – Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),
- IFRS 17 “Insurance Contracts”, including amendments to IFRS 17 issued by IASB on 25 June 2020 – adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

1.2 Basis of preparation (continued)

- **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 01 January 2016) – the European Commission decided to delay the adoption of this transitional standard until the issue of its final version,
- Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- IFRS 17 “Insurance contracts” – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

The Company is currently assessing the impact of amendments on the financial statements.

- *IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023)*

IFRS 17 was issued in May 2017 to replace IFRS 4 Insurance Contracts. The Standard requires a measurement model based on current best estimates, remeasured at each reporting period. Contracts are measured using the following parameters:

- (probability-)weighted discounted cash flows;
- explicitly recognised risk adjustment for unrealised expected cash flows; and
- contractual service margin (CSM) that represents the unearned profit of the contract recognised as income during the insurance contract term.

According to the standard, the Company may choose whether to recognise the change in discount rates in the profit and loss account or in other comprehensive income. The final selection shall reflect the way in which insurers recognise their financial assets in line with IFRS 9.

The alternative, simplified “Premium Allocation Approach (PAA)” is allowed for measuring the liability for remaining coverage of short-term contracts, usually contracted by non-life insurers.

There is a variation to the general measurement model under the name “variable fee approach” that may be applied to certain life insurance contracts in which policyholders participate in the return from the relevant contracts. When applying the variable fee approach, the insurer’s share in the changes in fair value is included in the contractual service margin. Therefore, results of the insurer using this model will probably be less volatile than had the general measurement model been applied.

1.2 Basis of preparation (continued)

- **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)**

Amendments to IFRS 17 and amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)

The amendments contain a series of explanations that facilitate the implementation of IFRS 17, simplify certain requirements of the standard and the transition to the standard. The amendments comprise eight areas of IFRS 17, but shall not amend the underlying principles of the standard. The following amendments have been made to IFRS 17:

- **Effective date:** The effective date of IFRS 17 (together with its amendments) has been postponed for two years and now refers to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date for the temporary exemption from IFRS 9 and IFRS 4 has also been postponed and now refers to annual reporting periods beginning on or after 1 January 2023;
- **Expected return of insurance acquisition cash flows:** The entity shall allocate a portion of acquisition costs to related expected contract renewals and recognise those costs as assets until the contract renewal is recognised. Entities shall determine the recoverable amount of assets at each reporting date and include certain assets information into the notes to the financial statements;
- **Contractual service margin attributable to investment services:** It is necessary to establish coverage units, considering the level of benefits and expected insurance coverage period and investment services, for contracts concluded with a variable fee and other contracts with “return on investment service” concluded based on the general model. Costs resulting from investment activities should be included as cash flows in insurance contracts if the entity conducts such activities to increase insurance coverage benefits for the policyholder;
- **Existing reinsurance contracts – loss recovery:** Once the entity recognises the loss from initial recognition of non-profitable group of host insurance contracts or from including non-profitable host contracts in the contract group, the entity should adjust the margin for the contracted service of the related group of existing reinsurance contracts and recognise gains from existing reinsurance contracts. The amount of the compensated loss per existing reinsurance contract is determined by multiplying the loss recognised based on host insurance contracts and percentage of claims per host insurance contracts the amount of which the entity expects to recover based on the existing reinsurance contract. This requirement would apply only if the existing reinsurance contract is recognised before loss is recognised per host insurance contracts or when recognising the loss;
- **Other amendments:** Other amendments include exemptions from applying standards for certain credit card contracts (or similar contracts) and certain loan agreements; recognising assets and liabilities from insurance contracts in the statement of financial position in the portfolio instead per group; potential application of risk mitigation when mitigating financial risks by using existing reinsurance contracts and non-derivative financial instruments at fair value in profit and loss; selecting an accounting policy for changing the assessments presented in prior financial statements for the interim period when applying IFRS 17; including income tax payments and proceeds charged separately to the policyholder in line with the insurance contract terms into cash flows; and selected concessions when transitioning to the standard and other minor amendments.

The Company started implementing IFRS 17, follows the IFRS 17 updates by the International Accounting Standards Board (IASB), and assesses the impact thereof on the financial statements, while assessing the impacts of IFRS 9. The Company expects the new standard to result in a material change in accounting policies for insurance liabilities, to impact profit and total equity, and to result in changes in terms of presentation and disclosures in financial statements. Considering the material impact of the standard, the Company engaged additional human resources (experts) and is currently developing information systems for the purpose of introducing standard requirements. As at the balance sheet date, considering the early stage of the implementation project, the potential combined impact of the two standards on the financial position and performance of the Company cannot be currently calculated and further detailed assessments of the impact of the standard on financial statements shall be conducted in the following period. The Company intends to adopt the standard as of its effective date.

1.2 Basis of preparation (continued)

- **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)**
- *IFRS 17 “Insurance contracts” – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023)*
This amendment is a transitional option referring to comparative information on financial assets presented during initial application of IFRS 17. The purpose of the amendment is to help entities avoid temporary accounting non-compliances between financial assets and insurance liabilities, thus improving the usefulness of comparative information for the user of financial statements.
- *IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) – the European Commission decided to delay the adoption of this transitional standard until the issue of its final version*
- *Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023)*

These amendments with a narrow scope detail the classification of liabilities as current or non-current, depending on the rights at the end of the reporting period. Liabilities are non-current if at the end of the reporting period the entity has the material right to postpone the settlement by at least 12 months. The guidelines no longer require this right to be unconditional. The management’s expectations on whether the subsequent use of the right to postpone settlement do not affect the classification of liabilities. The right to postpone settlement exists only if the entity meets the relevant conditions at the end of the reporting period. The liability is classified as current in case of violation of terms as at or before the reporting date, even if the creditor renounces the relevant term after the end of the reporting period. Conversely, the credit is classified as long-term if credit agreement provisions are violated after the reporting date. Furthermore, amendments include the clarification of classification requirements for the debt the company may settle by turning it into equity. “Settlement” is defined as extinguishing liabilities with cash funds, other resources that represent economic benefits or own equity instruments of the entity. The amendment foresees an exception for convertible instruments that may be turned into equity, but only for instruments with the conversion option classified as equity instrument if it is an individual component of a complex financial instrument. The European Union has not yet approved the amendment. The Company and Group are currently assessing the impact of amendments on their financial statements.

Amendment to IAS 1 on classifying liabilities as current or non-current was published in January 2020, originally entering into force on 1 January 2022. However, due to the Covid-19 pandemic, the effective date was postponed by 1 year to secure additional time for entities to implement changes in classification from the amended guidelines.

Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments are applied for annual reporting periods beginning on or after 1 January 2023, with early application permitted. In May 2021, the IASB issued amendments to IAS 12 narrowing the scope of the IAS 12 exemption concerning initial recognition and defining how companies recognise deferred tax for transactions such as leases and decommissioning liabilities. In line with the amendments, the exemption concerning initial recognition does not apply to transactions that give rise to both taxable and deductible temporary differences to the extent the amounts recognised are the same. The exemption is only applied if recognising lease assets and liabilities (or decommissioning liabilities and assets) gives rise to both taxable and deductible temporary differences to the extent the amounts recognised are not the same. Amendments have not yet been adopted by the European Union. The management concluded that the relevant amendments have no impact on the Company’s financial statements.

1.2 Basis of preparation (continued)

- **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU (continued)**
- *Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded)*

These amendments resolve the inconsistency between the requirements in IFRS 10 and requirements in IAS 28 regarding the sale or contribution of assets between the investor and its associate or joint venture. Based on the amendments, the total amount of gains or losses is recognised once the transaction entails business operations. The partial amount of gains or losses is recognised if the transaction entails non-operating assets, even in case of a subsidiary's assets.

Unless otherwise stated above, it is not expected that these new standards and interpretations will materially affect the financial statements of the Company.

1.3 Significant accounting policies

(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;

	2020 and 2021
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 1.34).

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.

1.4 Significant accounting policies (continued)

(b) Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

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:

2020 and 2021

Investment property	40 years
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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.

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;

	2020 and 2021
Computer software	5 years
Licences	5 years

1.3 Significant accounting policies (continued)

(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.

Reclassification

In October 2008, the International Accounting Standards Board issued the Amendment to International Accounting Standard 39: "*Financial Instruments: Recognition and measurement*" ("IAS 39") and International Financial Reporting Standard 7: "*Financial Instruments: Disclosures*" ("IFRS 7"). This amendment to IAS 39 allows entities in some circumstances to reclassify financial assets out of category at fair value through profit or loss, which must be disclosed in detail in accordance with amendments to IFRS 7. Amendments are applied retrospectively from 1 July 2008.

Based on these amendments, in 2008, the Company reclassified certain financial assets from category at fair value through profit or loss to category of available-for-sale financial assets. The effect of this reclassification is presented in note 1.16.

The Company also, irrespective of the changes described above, in the year 2008 and 2011, reclassified a portion of available-for-sale 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 had the intention and ability to hold to maturity it classified to held-to-maturity investments. The effect of these reclassifications is also presented in note 1.16.

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.

1.3 Significant accounting policies (continued)

(e) Financial instruments (continued)

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.

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 payables”.

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”.

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 insurance plans on a mandatory, contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in profit or loss as they accrue.

Furthermore, according to the Collective bargaining agreement, the Company has an obligation to make a one-off termination benefit payment of HRK 8 thousand to employees at the time of their retirement. The liability recognised in the balance sheet is the current value of the defined benefit obligation at the balance sheet date, less past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related termination benefit payment.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

Past-service costs are amortised on a straight-line basis over the employee's actual remaining working life.

Long-term employee benefits

The Company recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit obligation is determined using assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The current value of defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefit will be paid, and that have terms of maturity approximating the terms of the related termination benefit payment.

(h) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, income tax is also recognised in other comprehensive income or directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using tax rates expected to apply to temporary differences when they are reversed or settled, based on regulations that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted and are classified as non-current.

1.3 Significant accounting policies (continued)

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(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

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

Assets that have an indefinite useful life – for example, land – are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised if the net carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on straight-line basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risk. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Reversal of loss from impairment is charged to the amount not exceeding the book value of the asset, net of accumulated depreciation or amortisation, which would have been determined if the loss from impairment had not been initially 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 (q).

Investment income

Interest income and expenses are recognised in the profit and loss as they incur for all interest-bearing financial instruments measured at amortised cost using the effective interest method, i.e, the rate that discounts expected future cash flows to the net present value over the period of the related contract or currently effective variable interest rate. Accounting policy related to recognising investment income is described in note 1.3 (e) in section “Gains and losses”.

Dividend income is recognised in profit and loss on the date that the dividends were established. Income from investment property comprises realised gains from sale of property, lease income and other income related to investment property. Lease income from investment property and other operating leases is recognised in profit and loss using a straight-line method over the term of each lease.

Investment income also includes foreign exchange gains from translation of monetary assets and liabilities 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

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. Insurance risk is different from financial risk. Financial risk is the risk of a possible future change in one or more specific variables such as interest rates, price of securities, price of goods, foreign exchange rate, price index, credit rating or credit index or other variables, provided that the non-financial variable is not specific for one contractual party. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk from the policyholder to the Company is not significant are classified as investment contracts. At the balance sheet date, the Company did not have any investment contracts.

Contracts with discretionary participation features

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

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

The discretionary element of those contracts is accounted for as a liability within mathematical provision for both: amounts which have not been and those which have been allocated to specific policyholders at the balance sheet date.

(p) Premiums

Non-life premiums written comprise all premiums written throughout the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premiums are disclosed as gross amounts, i.e. including commissions payable to intermediaries and excluding taxes and surtaxes on premiums. Premiums written include adjustments of premiums written in previous accounting periods.

Premiums written do not include adjustments to reflect write-offs of amounts due from policyholders and movement in impairment provisions for amounts due from policyholders.

The earned portion of premiums received is recognised as revenue. Premiums are earned from the underwriting date, over the insurance period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance services received in the same accounting period as the premiums for the related direct insurance business.

In accordance with the exemption provided by IFRS 4, the Company continues to account for life insurance premiums on a cash receipts basis.

1.3 Significant accounting policies (continued)

(q) Unearned premium provision

The unearned premium provision comprises the proportion of gross premiums written, estimated to be earned in the following or subsequent financial years, computed using the pro rata temporis method or the 365-day method, adjusted if necessary for specific risk distribution in the period covered by the contract.

The unearned premium provision for life insurance is included within the life insurance mathematical provision.

Unearned premium provision for individual insurance is formed in the amount of the portion of accrued premium that relates to covering the insurance for the insurance period after the accounting period for which the provision is calculated.

When calculating the reinsurance share of unearned premium, the pro rata temporis method is used.

(r) Unexpired risk provision

Provision is made for unexpired risks arising from non-life insurance where the expected value of claims and expenses (including deferred acquisitions costs and administrative costs that are likely to arise after the end of the financial year), attributable to the unexpired periods of policies in force at the balance sheet date, exceeds the unearned premium provision in relation to such policies after the deduction of any deferred acquisition costs. The unexpired risk provision is calculated separately by reference to classes of insurance which are managed together.

(s) Provision for claims outstanding

The provision for claims outstanding represents the estimated ultimate cost of settling all claims, including direct and indirect settlement costs, arising from events that occurred up to the balance sheet date. The provision for claims outstanding includes the provision for reported, but not settled claims; the provision for claims handling costs; and the provision for claims incurred, but not reported.

(t) Life insurance provisions

The life insurance provision (mathematical provision) has been computed by the Company's actuary, with regard to principles laid down in the regulation for the calculation of the mathematical provision for life insurers, issued by the Croatian Financial Service Supervisory Agency (CFSSA).

The life insurance provision has been computed based on the premiums in force, using the Zillmer method, and taking into account actual acquisition, collection and administrative costs as well as all guaranteed benefits and bonuses already declared and proposed. A prospective net premium valuation method has been adopted, with the exception of unit-linked products, where provision is based on the fair value of the underlying assets.

The Company uses the full Zillmer rate of 3.5% for the year in which the policy originated. The applied Zillmer rate is within the limits prescribed by CFSSA.

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

The provision is initially measured using the assumptions used for calculating the corresponding premiums.

A liability adequacy test (LAT) is performed at each reporting date by the Company's actuaries using current estimates of future cash flows under insurance contracts (see accounting policy 1.3 (x)). If those estimates show that the net carrying amount of the provision is insufficient in the light of the estimated future cash flows, the difference is recognised in profit and loss with a corresponding increase to the life insurance provision.

The bonus amount to be allocated to policyholders has been fixed at the balance sheet date and is presented within the life insurance provision.

1.3 Significant accounting policies (continued)

(u) Claims

Claims arising from non-life insurance

Claims arising from non-life insurance consist of claims and claims handling costs paid during the financial year together with the movement in the provision for claims outstanding.

Claims paid are recorded in the moment of processing the claim and are recognised (determined) as the amount to be paid to settle the claim. Claims paid in non-life insurance are increased by claims handling costs.

Provisions for claims outstanding based on case estimates and statistical methods comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred, but unpaid to the reporting date, whether reported or not, together with related internal and external claims handling costs and an appropriate prudential margin. Unpaid claims are determined based on the individual assessment of each claim and by forming provisions for claims incurred, but not reported, which are a result of internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes, and past experience and trends.

Anticipated reinsurance recoveries and estimates of recovery of recourse are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims provision, in line with the contract that was effective at the moment the claim incurred.

In respect of Motor Third Party Liability ("MTPL") insurance, a part of the claims is settled in the form of annuity. The provision for such claims is formed at the present value of the expected payments over the whole period of duration of rights of the claimants, using a discount rate of 0.15%. With the exception of annuities, the Company does not discount provisions for reported claims.

Whilst management considers that the gross provisions for claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments were made, and disclosed separately if material. The methods used and the estimates made are reviewed regularly. This is further discussed in Note 1.6.

Claims arising from life insurance

Life insurance claims reflect the cost of all claims that arose during the year, including policyholder bonuses allocated in anticipation of the bonuses being declared.

(v) Reinsurance

The Company cedes premiums to reinsurance in the normal course of business for the purpose of limiting its potential net loss by diversifying its risks. Reinsurance contracts do not relieve the Company from its direct obligations to policyholders.

Premiums ceded and recoverable amounts are presented in the statement of comprehensive income and the statement of financial position on a gross basis.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. The amounts recoverable from such contracts are recognised in the same year as related claims.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or claims settled based on reinsured policies. Reinsurance assets comprise the actual or estimated amounts, which, under contractual reinsurance contracts, are recoverable from reinsurers in respect of technical provisions. Reinsurance assets relating to technical provisions are formed based on the terms of reinsurance contracts and valued on the same basis as the related reinsured liabilities. The Company forms a provision for estimated irrecoverable reinsurance assets, if any.

Reinsurance commissions

Reinsurance commissions include commissions received or receivable from reinsurers based on reinsurance contracts.

1.3 Significant accounting policies (continued)

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

Insurance contracts are tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the net carrying value of liabilities net of deferred acquisition costs and other underlying assets and liabilities. Where a deficit is identified, an additional provision is formed and the Company recognises the deficit in profit and loss.

IFRS 4 requires a liability adequacy test for liabilities arising from insurance contracts. At each reporting date, the Company assesses whether recorded insurance liabilities are adequate, using present estimates of future cash flows for all of its insurance contracts. If the assessment shows that the carrying amount of insurance liabilities (increased by related deferred acquisition costs) is insufficient in relation to estimated future cash flows, the overall deficit is recognised through profit or loss. Estimates of future cash flows are based on realistic actuarial assumptions taking into account the experience in damage occurrence, latest demographic tables, mortality aspects, morbidity, return on investments, costs, and inflation.

(x) Measuring liabilities from unit-linked contracts

Liabilities from unit-linked contracts are carried at fair value through profit or loss. Transaction costs and entrance fees in relation to financial liabilities measured at fair value are not included at initial measurement and are recognised as expenses as they incur. Financial liability is measured on the basis of net carrying amount of assets and liabilities held for contract coverage.

(y) Insurance receivables and payables

Insurance receivables and payables are accounted for in accordance with IFRS 4. Insurance receivables and payables include receivables and payables from insurance and reinsurance contracts concluded by the Company.

Life insurance premiums are recognised on a cash basis.

Impairment of receivables is performed for non-life insurance premiums that were past due more than 365 days.

1.5 Accounting estimates and judgements

These disclosures supplement the note on financial risk management (note 1.39) 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

Assets accounted for at amortised cost are assessed for impairment on the basis described in accounting policy 1.3 (e) 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 amount of uncertainty stems from court cases. As at 31 December 2021, the Company was involved in 554 (2020: 507) court cases for which HRK 60,206 thousand of provisions were made (2020: HRK 61,836 thousand) as part of the RBNS claims provision. As at 31 December 2021, the Company recognized provisions for 2 court cases (2020: 0) which are not insurance-related, amounting to HRK 664 thousand (2020: HRK 0 thousand). The management believes the current level of provisions to be sufficient.

If estimated loss in relation to court cases would increase/decrease by 1%, profit for the year would decrease/increase by HRK 609 thousand (2020: profit for the year would increase/decrease by HRK 618 thousand).

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 Significant accounting judgements and estimates (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 Liquidity 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 surrenders.

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 2021 and 2020 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			
	2021		2020	
	HRK '000	%	HRK '000	%
Motor vehicles (third party)	7,795,645,539	95.04	7,668,228,192	94.54
Motor vehicles (other)	167,272,248	2.04	151,662,473	1.87
Assets	167,855,940	2.05	184,802,566	2.28
Personal insurance	42,094,382	0.51	62,453,913	0.77
Other	29,828,063	0.36	43,728,140	0.54
Balance as at 31 December	8,202,696,172	100	8,110,875,284	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 2021 (in HRK)	Total insured amount			
	Before reinsurance HRK '000	%	After reinsurance 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

Insured amount as at 31 December 2020 (in HRK)	Total insured amount			
	Before reinsurance HRK '000	%	After reinsurance HRK '000	%
Life insurance – traditional products	678,331	38.63	678,331	38.63
Life insurance where the policyholder bears the investment risk	337,390	19.21	337,390	19.21
Life insurance riders	740,414	42.16	740,414	42.16
Balance as at 31 December 2020	1,756,135	100.00	1,756,135	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 2021 (in HRK)	Total insured amount without life insurance riders			
	Before reinsurance HRK '000	%	After reinsurance 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	73,041	6.48	73,041	6
> 100,001	183,619	16.29	183,619	16
Balance as at 31 December 2021	1,126,928	100	1,126,928	100

Insured amount as at 31 December 2020 (in HRK)	Total insured amount without life insurance riders			
	Before reinsurance HRK '000	%	After reinsurance HRK '000	%
< 20,000	116,335	10.84	116,335	11
20,001-40,000	245,578	22.89	245,578	23
40,001-60,000	272,450	25.4	272,450	25
60,001-80,000	197,353	18.39	197,353	18
80,001-100,000	72,936	6.8	72,936	7
> 100,001	168,242	15.68	168,242	16
Balance as at 31 December 2020	1,072,894	100	1,072,894	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 2021.

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 31/12/2021, 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, ISO_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 30/06/2016 (inclusive) amounts to 1.89%; for contracts concluded after 01/07/2016 it amounts to 1.75%; for contracts concluded after 01/01/2018 it amounts to 1%; and for contracts concluded after 01/01/2020 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	1.89%	Endowment – one person
Z-MES-2O	HR_2004_V	1.89%	Endowment – two persons
Z-MED-1O	HR_2004_M, HR_2004_Z	1.89%	Double cover endowment
Z-KBI-1O	HR_2004_M + KBI_2004_M, HR_2004_Z + KBI_2004_Z	1.89%	Endowment with critical illness coverage – one person
Z-KBI-2O	HR_2004_V + KBI_2004_V	1.89%	Endowment with critical illness coverage – two persons
O-DOT-1O	HR_2004_M, HR_2004_Z	1.89%	Marriage insurance – one person
O-DOT-2O	HR_2004_V	1.89%	Marriage insurance – two persons
O-STI-1O, O-STI-1E	HR_2004_M, HR_2004_Z	1.89%	Grant insurance – one person
O-STI-2O	HR_2004_V	1.89%	Grant insurance – two persons
M1AA	SAVA98	1.89%	Endowment – one person (old policy)
M1BA	SAVA98	1.89%	Double cover endowment (old policy)
M2AA	SAVA98_2	1.89%	Endowment – two persons
RICC, RIOC, R2OC	SAVA98, SAVA98_2, SAVA98_R	1.89%	Annuity
T-SMT-1O, T-SMT-1E	HR_RIZ_2008, HR_RIZ_2008	1.89%	Death-risk insurance
T-HPK-1O, T-HPK-1E	HR_RIZ_2008	1.89%	Death-risk insurance with decreasing term – one person
T-HPK-2O, T-HPK-2E	HR_RIZ_2008	1.89%	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>1.89%</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>1.89%</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>1.89%</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>1.89%</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%</i>	<i>Annuity</i>
<i>R-DOZ-1E-M0</i>	<i>DAV_1994_R</i>	<i>1%</i>	<i>Annuity</i>
<i>T-SMT-1O, T-SMT-1E</i>	<i>RH 2000-2002</i>	<i>1.89%</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>1.89%</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>1.89%</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>1.89%, 1.75%</i>	<i>Endowment – two persons</i>
<i>Z-MED-1O</i>	<i>UNI_2002</i>	<i>1.89%, 1.75%</i>	<i>Double cover endowment</i>
<i>Z-GMED-1O</i>	<i>UNI_2002</i>	<i>1.89%, 1.75%</i>	<i>Double cover endowment</i>
<i>O-STI-1O</i>	<i>UNI_2002</i>	<i>1.89%, 1.75%</i>	<i>Grant insurance – one person</i>
<i>O-STI-2O</i>	<i>UNI_2002</i>	<i>1.89%, 1.75%</i>	<i>Grant insurance – two persons</i>
<i>T-SMT-1O, T-SMT-1E</i>	<i>UNI_RIZ_2002</i>	<i>1.89%</i>	<i>Death-risk insurance</i>
<i>T-HPK-1O, T-HPK-1E</i>	<i>UNI_RIZ_2002</i>	<i>1.89%</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>1.89%</i>	<i>Death-risk insurance with decreasing term – two persons</i>
<i>T-GHPK-2E</i>	<i>UNI_RIZ_2002</i>	<i>1.89%, 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>1.75%</i>	<i>Death-risk insurance with decreasing term – two persons</i>
<i>P-KBI-1O</i>	<i>PKB_2012, UNI_RIZ_2002</i>	<i>1.89%</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>1.89%</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>1.89%</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>1.89%</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>1.89%</i>	<i>Supplementary insurance for critical illness and injury BASIC PACKAGE</i>
<i>D-HBP-R-10</i>	<i>KB23_2012</i>	<i>1.89%</i>	<i>Supplementary insurance for critical illness and injury EXTENDED PACKAGE</i>
<i>O-STI-1O</i>	<i>UNI_2014</i>	<i>1%</i>	<i>Grant insurance – one person</i>
<i>O-STI-2O</i>	<i>UNI_2014</i>	<i>1%, 0%</i>	<i>Grant insurance – two persons</i>
<i>T-SMT-1O, T-SMT-1E</i>	<i>HR_RIZ_2014</i>	<i>1%</i>	<i>Death-risk insurance</i>
<i>Z-MES-1O, Z-MES-1E</i>	<i>UNI_2014</i>	<i>1%, 0%</i>	<i>Endowment – one person</i>
<i>Z-MES-2O</i>	<i>UNI_2014</i>	<i>1%, 0%</i>	<i>Endowment – two persons</i>
<i>Z-MED-1O</i>	<i>UNI_2014</i>	<i>1%, 0%</i>	<i>Double cover endowment</i>
<i>Z-GMED-1O</i>	<i>UNI_2014</i>	<i>1%, 0%</i>	<i>Double cover endowment</i>
<i>Z-GMES-1O, 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 2021. 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 of 2.1%. The following costs per policy were applied: renewal and administration costs for active and capitalised policies of HRK 127.79 (EUR 17) per policy p.a., operating cost for supplementary accident is 8% of the gross written premium, claims handling cost of HRK 225.52 (EUR 30) per claim for basic coverage, 1.8% 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 2021.

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 from the prior insurance contract period and adjusted for significant individual losses which are not expected to recur.

As at 31 December 2021, the Company formed provisions for unexpired risks in the amount of HRK 0 (2020: HRK 1,810 thousand) for Covid-19 insurance policies, sold in 2020 and 2021 with MTPL and health insurance policy.

The test is performed per individual type of insurance.

As at 31 December 2021, the Company formed provisions for unexpired risks in the amount of HRK 317 thousand for the following types of insurance: health insurance and aircraft insurance (31 December 2020: HRK 3,010 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 31/12/2021 amounts to HRK 475,304 thousand (*HRK 446,273 thousand*).

Sensitivity analysis of best estimate	Change in liability	
	2021 HRK '000	2020 HRK '000
Interest rate of +0.5%	12,082	14,314
Costs +10%	4,517	5,825
Lapses +10%	2,330	2,166

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 Aktiv, ZB Bond, ZB Euroaktiv, ZB Trend, ZB Global, ZB Plus, ZB BRIC +, ZB Future 2025, ZB Future 2030, ZB Future 2040, ZB Future 2055) 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 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 assets	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	0	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	0.	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	0	1,474,361
Liabilities				
Technical provisions from insurance contracts	593,094	540,656	-	1,133,750
Short-term loan / derivatives liabilities	-	-	-	0.
Provisions for liabilities and expenses	6,979	-	-	6,979
Insurance and other liabilities	99,814	5,354	(778)	104,390
Deferred tax liability from Total financial portfolio	727	4,562	-	5,289
Internal liabilities L/NL	0	0.	778	778
Total liabilities	700,614	550,572	0	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)
Loss for the year	6,489	7,213	-	13,702
Total capital and reserves attributable to shareholders of the Company	41,976	181,199	0	223,175
Total liabilities and equity and reserves	742,590	731,771	0	1,474,361

1.10 Segment reporting (continued)

Statement of financial position by operating segment as at 31 December 2020

	Non-life HRK '000	Life HRK '000	Exclusion of internal relations L/NL HRK '000	Total HRK '000
Assets				
Property and equipment	126,883	-	-	126,883
Investment property	1,342	-	-	1,342
Intangible assets	7,173	-	-	7,173
- Deferred acquisition costs				
- Other intangible assets	24,578	-	-	24,578
Financial assets held to maturity	7,922	-	-	7,922
Financial assets available for sale	0	62,570	-	62,570
Financial assets at fair value through profit or loss	158,973	450,722	-	609,695
Loans and receivables	47,811	180,252	-	228,063
Reinsurance share in technical provisions	38,011	7,866	-	45,877
Deferred tax assets	105,627	-	-	105,627
Insurance and other receivables	1,537	490	-	2,027
Cash and cash equivalents	160,381	3,158	(1,083)	162,456
Internal receivables NL/L	13,705	5,022	-	18,727
	-	-	1,083	1,083
Total assets	693,943	710,080	0	1,404,023
Liabilities				
Technical provisions	554,386	515,871	-	1,070,257
Short-term loan / derivatives liabilities	-	279	-	279
Provisions for liabilities and expenses	7,435	-	-	7,435
Insurance and other liabilities	94,155	6,026	-1,083	99,098
Deferred tax liability	1,047	6,246	-	7,293
Internal liabilities L/NL	0	0.	1,083	1,083
Total liabilities	657,023	528,422	0	1,185,445
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	4,769	28,454	-	33,223
Other reserves	2,216	-	-	2,216
Loss carried forward	(129,763)	113,147	-	(16,616)
Profit for the year	(26,489)	7,021	-	(19,468)
Total capital and reserves attributable to shareholders of the Company	36,920	181,658	0	218,578
Total liabilities and equity and reserves	693,943	710,080	0	1,404,023

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	0	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 costs	(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 realised amounts	(1,754)	(9,354)	(11,108)
Other comprehensive income tax	321	1,683	2,004
Other comprehensive 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)

Statement of comprehensive income by operating segment for 2020

	Non-life HRK '000	Life HRK '000	Total HRK '000
Gross written premium	489,522	60,060	549,582
Outward reinsurance premiums	(109,185)	(63)	(109,248)
Written premiums, net of reinsurance	380,337	59,997	440,334
Change in unearned premium provisions, gross	(29,222)	7	(29,215)
Change in unearned premium provisions, reinsurance share	1,603	-	1,603
Earned premiums, net of reinsurance	352,718	60,004	412,722
Net investment income	5,252	22,362	27,614
Investment costs	(509)	(897)	(1,406)
Fees and commission income	21,088	2	21,090
Other operating income	11,739	2	11,741
Net income	390,288	81,473	471,761
Claims incurred	(373,491)	(58,775)	(432,266)
Reinsurers' share of claims incurred	134,540	31	134,571
Claims incurred, net of reinsurance	(238,951)	(58,744)	(297,695)
Acquisition costs	(90,229)	(5,928)	(96,157)
Administrative costs	(78,680)	(9,368)	(88,049)
Other operating expenses	(8,356)	(30)	(8,385)
Finance costs	(561)	(382)	(943)
(Loss)/profit before tax	(26,489)	7,021	(19,468)
Income tax/decrease of deferred tax asset		-	-
Loss/(profit) for the year	(26,489)	7,021	(19,468)
Other comprehensive loss			
Net change in the fair value of financial assets available for sale, net of	(807)	(3,328)	(4,135)
Other comprehensive loss tax	145	599	744
	(662)	(2,729)	(3,391)
Total comprehensive income/(loss) for the year			
Total comprehensive income/(loss) for the year	(27,151)	4,292	(22,859)

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 2021	Gross written premium in 2020
Non-life:		
MTPL	138,702	131,536
Motor casco	82,440	80,926
Accident and travel	33,785	29,099
Marine and transport	45,345	35,592
Liability	62,465	51,486
Property	230,142	160,884
Total Non-life	592,880	489,522
Life:		
Endowment	34,044	35,377
Annuity	213	241
Unit-linked	26,919	24,442
Total life	61,176	60,060
Total gross written premium (Non-life + Life)	549,582	549,582

Geographical segment

Of the total amount of gross written premium of non-life insurance, the Company realised HRK 45,805 thousand or 7.73% on foreign markets (2020: 36,568 or 6.7%). 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

	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 2020	152,241	-	18,196	9,992	3,647	1,059	222	185,357
Additions	230	2,277	1,108	576	53	2,055	1,672	7,971
Decreases	-	(2,277)	(496)	-	-	-	(1,693)	(4,466)
Transfer into use								
Balance as at 31 December	152,471	-	18,808	10,568	3,700	3,114	201	188,862
Balance as at 1 January 2021	152,471	-	18,808	10,568	3,700	3,114	201	188,862
Additions	337	159	2,379	403	283		2,800	6,361
Decreases	-	(159)	-	-	(1,478)	(147)	(2,781)	(4,565)
Balance as at 31 December 2021	152,808	-	21,187	10,971	2,505	2,967	220	190,658
Depreciation and impairment								
Balance as at 1 January 2020	28,005	-	12,325	9,028	3,454	785	-	53,597
Depreciation charge for the period	3,449	-	1,574	311	53	20	-	5,407
Decrease	-	-	(496)	-	-	-	-	(496)
Balance as at 31 December 2020	34,416	-	13,419	9,627	3,700	817	-	61,979
Balance as at 1 January 2021	34,416	0	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	0	15,173	9,933	2,505	832	-	65,891
Net carrying amount								
As at 1 January 2020	121,274	-	5,855	676	-	262	222	128,289
As at 31 December 2020	118,055	-	5,389	941	-	2,297	201	126,883
As at 1 January 2021	118,055	-	5,389	941	0	2,297	201	126,883
As at 31 December 2021	115,360	-	6,014	1,038	0	2,135	220	124,767

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 2021 it had no obligations based on the contract pledging the relevant property.

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 31/12/2021, the Company’s off-balance sheet record includes one property (2020: 1) with a book value of HRK 66 thousand (*in 2020: HRK 66 thousand*).

1.12 Investment property

	HRK '000
Cost	
Balance as at 1 January 2020	2,522
Decrease	(76)
Balance as at 31 December 2020	2,446
Balance as at 1 January 2021	2,446
Decrease	(79)
Balance as at 31 December 2021	2,367
Depreciation and impairment	
Balance as at 1 January 2020	1,151
Depreciation charge for the year	44
Decrease	(91)
Balance as at 31 December 2020	1,104
Balance as at 1 January 2021	1,104
Depreciation charge for the year	43
Decrease	(21)
Balance as at 31 December 2021	1,126
Net carrying amount	
As at 1 January 2020	1,371
Balance as at 31 December 2020	1,342
As at 1 January 2021	1,342
Balance as at 31 December 2021	1,241

Estimated fair value of investment property as at the balance sheet date amounts to HRK 1,194 thousand (*2020: HRK 1,301 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 101 thousand (*2020: HRK 127 thousand*). The average monthly lease amounts to HRK 23.4 per square meter (*2020: HRK 29.4/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 2020	9,385	3,276	12,661
Increase	1,940	261	2,201
Decrease due to disposal, termination of contract	(1,492)	(1,889)	(3,381)
Balance as at 31 December 2020	9,833	1,648	11,481
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 etc.	(141)	(1,124)	(1,265)
Balance as at 31 December 2021	15,256	4,250	19,506
<u>Depreciation and impairment</u>			
Balance as at 1 January 2020	1,821	1,453	3,274
Depreciation charge for the period	1,942	1,566	3,508
Decrease due to disposal, termination of contract etc.	(593)	(1,881)	(2,474)
Balance as at 31 December 2020	3,170	1,138	4,308
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)
Balance as at 31 December 2021	5,645	1,112	6,757
<u>Net carrying amount</u>			
As at 1 January 2020	7,564	1,823	9,387
As at 31 December 2020	6,663	510	7,173
As at 1 January 2021	6,663	510	7,173
As at 31 December 2021	9,611	3,138	12,749

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 1.34 Administrative costs.

Operating lease contract liabilities are discounted with a discount rate of 3.89%.

Costs recognised in profit or loss	<i>Note</i>	2021	2020
		HRK '000	HRK '000
Depreciation of right-of-use assets	1.34	3,156	3,508
Interest	1.36	290	305
Cost of leases of low-value assets and contracts expiring within 1 year	1.34	470	57
Other costs	1.34	652	743
		<hr/>	<hr/>
		4,568	4,613
		<hr/>	<hr/>

Structure of liabilities for right-of-use assets is provided in note 1.24. 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:

	2021	2021	2021	2020	2020	2020
	Non-life	Life	Total	Non-life	Life	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	24,578	-	24,578	20,353	-	20,353
Net increase (note 1.33)	1,737		1,737	4,225	-	4,225
Balance as at 31 December	26,315	-	26,315	24,578	-	24,578

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 2020	8,041	27,204	9	35,254
Increase	805	2,415	3,211	6,431
Decrease			(3,220)	-3,220
Balance as at 31 December 2020	8,846	29,619	-	38,465
Balance as at 1 January 2021	8,846	29,619	0	38,465
Increase	217	2,142	3,109	5,468
Decrease			(2,259)	-2,259
Balance as at 31 December 2021	9,063	31,761	850	41,674
<u>Depreciation and amortisation and impairment losses</u>				
Balance as at 1 January 2020	7,291	20,682	-	27,973
Depreciation and amortisation expense	322	2,248	-	2,570
Balance as at 31 December 2020	7,613	22,930	-	30,543
Balance as at 1 January 2021	7,613	22,930	0	30,543
Depreciation and amortisation expenses	411	2,689		3,100
Balance as at 31 December 2021	8,024	25,619	0	33,643
<u>Net carrying amount</u>				
As at 1 January 2020	750	6,522	9	7,281
As at 31 December 2020	1,233	6,689	-	7,922
As at 1 January 2021	1,233	6,689	0	7,922
As at 31 December 2021	1,039	6,142	850	8,031

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

1.16 Financial investment

	2021 HRK '000	2020 HRK '000
Financial assets held to maturity	62,869	62,901
Financial assets available for sale	596,367	609,362
Financial assets at fair value in the profit and loss account		
- held for trading	117,695	57,090
- designated at fair value	202,776	170,975
Loans and receivables	40,624	45,877
	1,020,331	946,205

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 2020 and 2021, 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.

2021	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		7,567	2,941		10,508
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 – listed			114,603		114,603
Investment funds – listed LI			202,776		202,776
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
2020					
Equity securities, listed	-	638	3,213	-	3,851
Government bonds, listed					
Corporate bonds and commercial bills, listed	62,901	568,568	-	-	631,469
	-	40,156	452	-	40,608
Debt securities – fixed rate	62,901	608,724	452	-	672,077
Investment funds – listed	-	-	53,425	-	53,425
Investment funds – listed					
Deposits	-	-	170,975	-	170,975
Investments for the account and risk of life insurance policyholders	-	-	170,975	-	170,975
Deposits with banks	-	-	-	39,188	39,188
Loans	-	-	-	6,689	6,689
TOTAL	62,901	609,362	228,065	45,877	946,205

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:

	2021 HRK '000	2020 HRK '000
Deposits with banks	37,929	42,750
Loans to policyholders	15,594	16,248
Impairment	(12,899)	(13,120)
	<u>40,624</u>	<u>45,877</u>

Loans and receivables are analysed as follows:

	2021 HRK '000	2020 HRK '000
Deposits with banks	34,367	39,188
Neither past due nor impaired	34,367	39,188
Past due and impaired	3,561	3,561
Impairment provisions	(3,561)	(3,561)
Loans to policyholders	6,257	6,689
Neither past due nor impaired	6,257	6,689
Past due and impaired	9,337	9,559
Impairment provisions	-9,337	(9,559)
	<u>40,624</u>	<u>45,877</u>

1.16 Financial investments (continued)

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	-	-	9,571

As at 31 December 2020

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	-	-	9,571

There is no difference between the value of loans and receivables secured by lien established on impaired property and related impairment provisions (2020: HRK 0 thousand).

As at 31 December 2021, there was no unimpaired past due loans secured by lien established on property (2020: HRK 0).

As at 31 December 2021, there were no unimpaired past due loans secured by other instruments (2020: HRK 0 thousand).

As at 31 December 2020, the Company has loans secured by life insurance policies in the amount of HRK 1,500 thousand (2020: HRK 1,584 thousand) and advances secured by life insurance policies in the amount of HRK 4,371 thousand (2020: HRK 4,459 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:

	Loans	Deposits with banks	Total	Loans	Deposits with banks	Total
	2021	2021	2021	2020	2020	2020
	HRK					
	'000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	9,559	3,561	13,120	9,571	3,561	13,132
Additions	-	-	-	-	-	-
Decreases	-	-	-	12	-	12
Balance as at 31 December	9,559	3,561	13,120	9,559	3,561	13,120

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 1.30).

Financial assets carried at fair value

As at 31 December 2021 and 2020, 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 202,777 thousand (2020: HRK 170,975 thousand).

As at 31 December 2021 and 31 December 2020, 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 2021, 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 1.39.

1.16 Financial investments (continued)

Reclassification of financial assets

Following the Management Board's Decision, in line with point 50 of the International Accounting Standard 39, as of 30 September 2008, the Company reclassified a portion of financial assets at fair value through profit or loss to available-for-sale financial assets in the amount of HRK 38,729 thousand, which represents the fair value as at 30 September 2008. Upon reclassification, all further gains and losses that would have previously been recognised through profit or loss were recognised directly in other comprehensive income. If the reclassification had not been performed, the Company's loss before tax for 2008 would have been HRK 9,444 thousand higher.

Furthermore, following the Management Board's Decision, in line with point 50 of the International Accounting Standard 39, as of 30 September 2008, the Company reclassified available-for-sale financial assets to held-to-maturity investments in the amount of HRK 134,369 thousand at fair value as at 30 September 2008.

Also, following the Management Board's Decision, in line with point 50 of the International Accounting Standard 39, as of 1 October 2011, the Company reclassified available-for-sale financial assets to held-to-maturity investments in the amount of HRK 128,040 thousand at fair value as at 1 October 2011.

Upon reclassification, assets are measured at amortised cost and further gains and losses on changes in fair values are not recognised. Average effective interest rate of reclassified investments at the reclassification date amounted to 5.64%. If the reclassification had not been performed, negative fair value reserve as at 31 December 2008 and 31 December 2011 would have been HRK 1,076 thousand higher. The Company has the positive intention and ability to hold the reclassified financial assets to maturity.

As at the date of reclassification of financial assets in 2008, the expected cash flow for reclassified assets was HRK 195,183 thousand.

As at the date of reclassification of financial assets in 2011, the expected cash flow for reclassified assets was HRK 251,172 thousand.

Also following the Management Board's Decision, in line with point 54 of the International Accounting Standard 39, due to the lack of an active market for certain financial investments in the amount of HRK 12,935 thousand, the Company reclassified certain investments from the category of available-for-sale financial assets to the category of loans and receivables as at 30 June 2008. Average effective interest rate of reclassified investments at the reclassification date amounted to 8.67%. The Company performed reclassifications with the aim to reduce oscillations of yield on invested funds and for the purpose of protection from the direct impact of change in prices of debt and equity securities on the market due to the financial crisis.

Carrying amounts of reclassified assets and their fair values at the reclassification date and at 31 December 2021 and 31 December 2020 were as follows:

	As at the reclassification date		31/12/2021		31/12/2020	
	Carrying amount HRK '000	Fair value HRK '000	Carrying amount HRK '000	Fair value HRK '000	Carrying amount HRK '000	Fair value HRK '000
<i>Financial assets at fair value through profit or loss reclassified to available-for-sale financial assets</i>						
Investment funds	30,705	30,705	-	-	-	-
Equity securities	8,024	8,024	-	-	600	600
<i>Available-for-sale financial assets reclassified to held-to-maturity investments</i>						
Debt securities – reclassification 2008	134,369	134,369	-	-	-	-
Debt securities – reclassification 2011	128,040	128,040	10,029	10,399	10,014	11,065
<i>Available-for-sale financial assets reclassified to loans and receivables</i>						
Debt securities	12,935	12,935	-	-	-	-
	<u>314,073</u>	<u>314,073</u>	<u>10,029</u>	<u>10,399</u>	<u>10,614</u>	<u>11,665</u>

1.16 Financial investments (continued)

The table below presents amounts recognised in profit or loss and other comprehensive income during 2021 and 2020 under reclassified financial assets:

	2021	Other comprehensive income	2020	Other comprehensive income
	Profit or loss HRK '000	HRK '000	Profit or loss HRK '000	HRK '000
<i>Financial assets at fair value through profit or loss reclassified to available-for-sale financial assets as at 30 September 2008</i>				
Gains on change in fair value of financial assets	-	-	-	40
<i>Available-for-sale financial assets reclassified to held-to-maturity investments as at 30 September 2008 and 1 October 2011</i>				
Exchange rate differences	(25)	-	366	-
Interest income	636	-	1,567	-
Change in fair value reserve	-	(7)	-	100
	<u>611</u>	<u>(7)</u>	<u>1,933</u>	<u>140</u>

The table below presents amounts that would have been recognised in profit or loss and other comprehensive income during 2021 and 2020 under reclassified financial assets if no reclassification had taken place:

	2021	Other comprehensive income	2020	Other comprehensive income
	Profit or loss HRK '000	HRK '000	Profit or loss HRK '000	HRK '000
<i>Financial assets at fair value through profit or loss reclassified to available-for-sale financial assets as at 30 September 2008</i>				
Losses on change in fair value of financial assets	-	-	40	-
<i>Available-for-sale financial assets reclassified to held-to-maturity investments as at 30 September 2008 and 1 October 2011</i>				
Exchange rate differences	(25)	-	366	-
Interest income	636	-	1,567	-
Change in fair value reserve	-	370	-	1,050
	<u>611</u>	<u>370</u>	<u>1,973</u>	<u>1,050</u>

1.17 Reinsurance share in technical provisions

	Note	2021 HRK '000	2020 HRK '000
Non-life			
Reinsurance share in unearned premium provision	1.21 a)	26,668	17,834
Reinsurance share in RBNS claims provision	1.21 b)	60,004	61,906
Reinsurance share in the IBNR claims provision	1.21 c)	10,830	25,887
Reinsurance share in provision for bonuses and rebates	1.21 d)	151	-
		<hr/>	<hr/>
Total reinsurance share in technical provisions		97,653	105,627
		<hr/> <hr/>	<hr/> <hr/>

1.18 Deferred tax assets

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	0	-1,537	-	1,537
	<hr/>	<hr/>	<hr/>	<hr/>
	490	-1,537	0	2,027
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2020	2020 HRK '000	Recognised through profit or loss HRK '000	Recognised through other comprehensive income HRK '000	2018 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
	<hr/>	<hr/>	<hr/>	<hr/>
	2,027	-	-	2,027
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Movement of tax losses for transfer to future periods is shown in note 1.37.

1.19 Insurance and other receivables

	2021 HRK '000	2020 HRK '000
Claims from insurance operations (premium)	153,920	145,305
- Premium impairment losses	(45,318)	(48,254)
Total	108,602	97,051
Accrued interests	423	538
- Impairment of calculated interest	-	-
Total	423	538
Receivables from recourse	52,452	54,519
- Impairment of recourse receivables	(50,145)	(52,190)
Total	2,307	2,329
Other receivables and internal relations	9,930	8,676
- Impairment of other receivables	(282)	(303)
Total	9,648	8,373
Receivables from card issuers and banks	1,986	1,752
- Impairment of credit card receivables	(59)	(78)
Total	1,927	1,674
Receivables from reinsurance operations	48,822	53,574
Total	171,729	163,539
Total		

Other receivables include internal non-life insurance receivables from life insurance receivables in the amount of HRK 778 thousand (2020: HRK 1,083 thousand).

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

	2021 HRK '000	2020 HRK '000
Balance as at 1 January	48,254	49,848
Increase in provisions	1,779	3,919
Decrease in provisions	(4,715)	-
Premium written off	-	(5,513)
Balance as at 31 December	45,318	48,254

Net impairment losses for insurance receivables are presented within "Other operating expenses".

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 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
31 December 2020							
Neither past due nor impaired	58,255	538	1,246	1,674	53,574	2,916	118,203
Past due but not impaired	38,796	-	1,083	-	-	5,457	45,336
Past due and impaired	48,254	-	52,608	78	-	303	101,243
Impairment	(48,254)	-	(52,608)	(78)	-	(303)	(101,243)
	97,051	538	2,329	1,674	53,574	8,373	163,539

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 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
31 December 2020							
High quality	-	-	-	1,674	53,574	2,916	58,164
Standard quality	58,255	538	1,246	-	-	-	60,039
	58,255	538	1,246	1,674	53,574	2,916	118,203

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 2021

<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	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	1260	1,494	3,795
Total	30,601	9,000	6,066	45,667

As at 31 December 2020

<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	25,967	7,262	5,567	38,796
Receivables from recourse	207	90	786	1,083
Reinsurance receivables	-	-	-	-
Other receivables	1,511	277	3,669	5,457
Total	27,685	7,629	10,022	45,336

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

	2021 HRK '000	2020 HRK '000
Balance as at 1 January	303	219
Increase in provisions		91
Decrease in provisions	(21)	(7)
Balance as at 31 December	282	303

1.20 Cash and cash equivalents

	2021 HRK '000	2020 HRK '000
Cash at bank	11,053	18,725
Petty cash	2	2
Total cash and cash equivalents	11,055	18,727

1.21 Technical provisions

	2021 HRK '000	2020 HRK '000
<i>Non-life insurance</i>		
Unearned premium provision	226,031	199,882
RBNS claims provision	216,519	197,306
IBNR claims provisions	102,498	111,547
Provision for claims handling costs	6,803	6,619
Unexpired risk provisions	317	3,010
Provisions for bonuses and rebates	1,855	4,791
Mathematical non-life insurance provision	39,071	31,231
Total non-life insurance	593,094	554,386
<i>Life insurance</i>		
Unearned premium provision	95	94
Mathematical life insurance provision	337,958	342,600
Life insurance provisions for unit linked products	200,299	170,605
Life insurance provision for LAT	0	53
RBNS claims provision	183	389
IBNR claims provision	1,991	1,987
Provisions for claims handling costs	130	143
Total life insurance	540,656	515,871
Total technical provisions	1,133,750	1,070,257

As at 31/12/2021, mathematical provisions did not include any reserves for the allocation of profit for 2021. As at 31/12/2020, mathematical provisions did not include any reserves for the allocation of profit for 2020.

1.21 Technical provisions (continued)

a) Analysis of movement of unearned premium provisions

	2021	2021	2021	2020	2020	2020
	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	199,883	(17,834)	182,049	170,661	(16,231)	154,430
Premiums written during the year	592,880	(136,147)	456,733	489,522	(109,186)	380,337
Less: premiums earned during the year	(566,731)	127,313	(439,418)	(460,300)	107,583	(352,718)
Balance as at 31 December	226,031	(26,668)	199,363	199,883	(17,834)	182,049
<i>Life insurance</i>						
Balance as at 1 January	94	-	94	100	-	100
Premiums written during the year	61,176	(51)	61,125	60,060	(63)	59,997
Less: premiums earned during the year	(61,175)	51	(61,124)	(60,066)	63	(60,004)
Balance as at 31 December	95	-	95	94	-	94

b) Analysis of movement of RBNS claims provision

	2021	2021	2021	2020	2020	2020
	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	197,306	(61,906)	135,400	122,041	(23,392)	98,649
Current year claims	264,755	(59,807)	204,948	230,797	(98,774)	132,023
Change in prior year claims	76,259	(29,441)	46,818	87,932	(12,041)	75,891
Claims paid	(321,802)	91,150	(230,652)	(243,464)	72,301	(171,163)
Balance as at 31 December	216,519	(60,004)	156,515	197,306	(61,906)	135,400
<i>Life insurance</i>						
Balance as at 1 January	389	-	389	537	-	537
Current year claims	2,779	-	2,779	3,060	(32)	029
Change in prior year claims	(754)	(47)	(802)	44	-	44
Claims paid	(2,231)	47	(2,183)	(3,252)	32	(3,221)
Balance as at 31 December	183	-	183	389	-	389

1.21 Technical provisions (continued)

c) Analysis of movement of provisions for IBNR claims

	2021	2021	2021	2020	2020	2020
	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	111,547	(25,887)	85,660	111,547	(25,887)	85,660
Additions recognised during the year	48,355	(13,064)	35,291	74,089	(28,935)	45,155
Transfer to provision for claims reported	(57,404)	28,121	(29,283)	(33,489)	5,210	(28,279)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	<u>102,498</u>	<u>(10,830)</u>	<u>91,668</u>	<u>111,547</u>	<u>(25,887)</u>	<u>85,660</u>
<i>Life insurance</i>						
Balance as at 1 January	1,987	-	1,987	1,880	-	1,880
Additions recognised during the year	(16)	-	(16)	110	-	110
Transfer to provision for claims reported	20	-	20	(2)	-	(2)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	<u>1,991</u>	<u>-</u>	<u>1,991</u>	<u>1,987</u>	<u>-</u>	<u>1,987</u>

d) Analysis of movement in unexpired risk provision

	2021	2021	2021	2020	2020	2020
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	3,063	-	3,063	2,326	-	2,326
Release through profit or loss	(3,063)	-	(3,063)	(2,326)	-	(2,326)
Provision recognised during the year	317	-	317	3,063	-	3,063
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	<u>317</u>	<u>-</u>	<u>317</u>	<u>3,063</u>	<u>-</u>	<u>3,063</u>

1.21 Technical provisions (continued)

e) Analysis of movement in provision for bonuses and rebates

	2021	2021	2021	2020	2020	2020
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	4,791	-	4,777	3,047	-	3,033
Release through profit or loss	(4,108)	(151)	(4,259)	(4,233)	-	(4,233)
Provision recognised during the year	1,172	-	1,172	5,977	-	5,977
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	1,855	-	1,690	4,791	-	4,777
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

f) Mathematical life insurance provisions

	2021	2021	2021	2020	2020	2020
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	342,600	-	342,600	338,624	-	338,624
Premium allocation, net	23,292	-	23,292	23,213	-	23,213
Release of liabilities due to benefits paid, surrenders and other terminations	(36,581)	-	(36,581)	(30,342)	-	(30,342)
Change in Zillmer adjustment	(275)	-	(275)	(236)	-	(236)
Allocation of regular interest	9,607	-	9,607	11,786	-	11,786
Effect of change in technical interest rate to 3.3%	(686)	-	(686)	-	-	-
Other	<u> </u>	<u> </u>	<u> </u>	(444)	-	(444)
	337,957	-	337,957	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	342,600	-	342,600	342,600	-	642,600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

g) Life insurance provisions for unit linked products

	2021	2021	2021	2020	2020	2020
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January	170,605	-	170,605	158,880	-	158,880
Premium allocation, net	14,100	-	14,100	14,160	-	14,160
Release of liabilities due to benefits paid, surrenders and other terminations	(11,834)	-	(11,834)	(7,889)	-	(7,889)
Change in value of fund units	27,374	-	27,374	5,508	-	5,508
Other	53	-	53	(54)	-	(54)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December	200,299	-	200,299	170,605	-	170,605
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

1.21 Technical provisions (continued)

i) Development of provisions for non-life insurance claims as at 31 December 2021

	Before 2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021	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	Before 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
1 year later	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
2 years later													
3 years later		208,850	305,152	194,860	161,676	180,563	194,935	236,325	238,246	241,477	301,085	319,719	
4 years later		191,373	270,768	174,586	159,206	173,772	209,209	248,089	240,960	262,414	314,315		
5 years later		183,428	261,031	174,763	156,986	176,242	210,736	255,586	247,358	258,112			
6 years later		180,174	261,202	174,304	155,859	174,659	215,397	260,687	246,546				
7 years later		178,158	259,804	175,974	162,145	174,116	221,040	258,942					
8 years later		178,712	257,214	175,457	162,177	177,543	221,922						
9 years later		179,138	257,760	175,675	164,520	175,450							
10 years later		178,893	258,034	176,574	163,440								
Estimate of accumulated claims		178,221	258,674	175,288									
Accumulated payments		179,416	259,760										
		179,323											
Value recognised in the statement of financial position for the current year	1,519,031	179,323	259,760	175,288	163,440	175,450	221,922	258,942	246,546	258,112	314,315	319,719	4,091,848
Claims handling costs	545	67	112	71	104	116	406	232	324	614	1,745	2,468	6,803
Value recognised in the statement of financial position	26,083	3,190	5,357	3,392	4,970	5,548	19,449	11,108	15,536	29,397	83,590	118,199	325,820

1.21 Technical provisions (continued)

j) Development of provisions for life insurance claims as at 31 December 2021

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
	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	2,961	15,469	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		
1 year later	4,441	14,371	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			
2 years later	3,653	13,718	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				
3 years later	3,722	14,278	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					
4 years later	3,521	14,076	4,460	6,010	24,256	24,097	20,728	22,927	22,396	28,946	28,710	37,145	34,128	35,050						
5 years later	3,501	14,064	4,452	6,099	24,271	24,099	20,671	23,088	22,365	29,085	28,808	37,185	34,147							
6 years later	3,486	14,045	4,360	6,116	24,273	24,097	20,692	23,052	22,383	29,198	28,713	37,312								
7 years later	3,478	14,023	4,360	6,104	24,374	24,113	20,671	23,071	22,400	29,117	28,713									
8 years later	3,448	14,023	4,361	6,475	24,541	24,097	20,675	23,088	22,440	29,119										
9 years later	3,448	14,023	4,375	6,896	24,374	24,123	20,675	23,071	22,443											
10 years later	3,448	14,024	4,455	6,481	24,547	24,141	20,713	23,071												
11 years later	3,448	14,024	4,565	6,868	24,547	24,123	20,749													
12 years later	3,448	14,024	4,565	7,249	24,573	24,123														
13 years later	3,448	14,024	4,565	6,877	24,573															
14 years later	3,448	14,024	4,565	6,887																
15 years later	3,448	14,024	4,565																	
16 years later	3,448	14,024																		
17 years later	3,448																			
Estimate of accumulated claims	16,389	14,024	4,565	6,896	24,573	24,123	20,749	23,071	22,443	29,121	28,713	37,354	34,147	35,073	46,932	44,857	42,421	43,973	51,811	551,235
Accumulated payments	(16,389)	(14,024)	(4,565)	(6,887)	(24,573)	(24,123)	(20,749)	(23,071)	(22,443)	(29,121)	(28,713)	(37,312)	(34,147)	(35,057)	(46,925)	(44,814)	(42,307)	43,663	50,180	(549,061)
Value recognised in the statement of financial position for the current year	0	0	0	10	0	0	0	0	0	0	0	42	0	16	7	43	115	310	1,631	2,174
Claims handling costs	0	0	0	0	0	0	0	0	0	0	0	2	0	1	0	3	7	19	98	130
Value recognised in the statement of financial position	0	0	0	0	10	0	0	0	0	0	0	44	0	17	7	46	122	329	1,729	2,304

1.21. Technical provisions (continued)

k) Remaining maturities of insurance liabilities

2021	Less than 1 year HRK '000	From 1 to 5 years HRK '000	From 5 to 10 years HRK '000	From 10 to 15 years HRK '000	From 15 to 20 years HRK '000	More than 20 years HRK '000	Total 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

2020	Less than 1 year HRK '000	From 1 to 5 years HRK '000	From 5 to 10 years HRK '000	From 10 to 15 years HRK '000	From 15 to 20 years HRK '000	More than 20 years HRK '000	Total HRK '000
Unearned premium provision	187,712	11,933	332	-	-	-	199,977
RBNS claims provision & IBNR claims provision	154,840	88,467	46,204	16,001	4,821	895	311,228
Mathematical provision and provision for unit-linked products	36,403	139,979	220,494	112,423	15,227	19,911	544,436
Provision for claims handling costs	4,824	1,311	459	128	35	5	6,762
Unexpired risk provision	3,052	11	-	-	-	-	3,063
Provision for bonuses and rebates	4,791	-	-	-	-	-	4,791
Insurance liabilities	391,622	241,700	267,489	128,552	20,083	20,811	1,070,257

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.

	31/12/2021			31/12/2020		
	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	346,356	76,882	423,238	352,773	62,357	415,130
Mathematical provision	337,957	39,071	377,028	342,600	31,231	373,831
Provision for claims in case of risk types for which it is necessary to form a mathematical provision	816	-	816	735	-	735
Required coverage of mathematical provision	338,773	39,071	377,844	343,337	31,231	374,567
Surplus/(deficit) of coverage	7,583	37,811	45,394	9,436	31,126	40,563

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
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)
Maturity gap	(8,329)	(41,611)	(165,726)	261,061	45,394
2020					
Assets for covering the mathematical provision	13,319	124,563	32,801	244,446	415,130
Mathematical provision	(29,452)	(115,991)	(192,708)	(35,679)	(373,831)
Provision for claims outstanding	(513)	(222)	-	-	(735)
Maturity gap	(16,647)	8,350	(159,907)	208,767	40,563

As at 31 December 2021, 85% of total assets for covering the mathematical provision (2020: 53%) are classified as available-for-sale or held for trading, and they can easily be sold by the Company to settle due liabilities.

In 2021, the Company realised yields on investment from mathematical provision funds of 2.171% (2020: 3.17%). The average three-year yield on investment of the mathematical provision funds is 3.3%.

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.

	31/12/2021			31/12/2020		
	EUR and EUR currency clause total	HRK	Total	EUR and EUR currency clause total	HRK	Total
	HRK	HRK	HRK	HRK	HRK	HRK
	'000	'000	'000	'000	'000	'000
Assets covering technical provisions other than mathematical provisions	17,210	485,419	502,629	33,600	422,106	455,706
Unearned premium provisions	95	199,363	199,458	94	182,049	182,143
Provisions for claims outstanding	1,488	254,986	256,475	1,783	227,679	229,462
Other reserves	-	2,021	2,021	53	7,801	7,854
Required coverage of technical provision other than mathematical provision	1,584	456,370	457,954	1,930	417,529	419,459
Surplus/(deficit) of coverage	15,626	29,049	44,675	31,670	4,577	36,247

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
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	(52,049)	109,953	5,971	(19,200)	44,675
2020					
Assets covering technical provisions	164,940	216,921	65,803	8,042	455,706
Unearned premium provisions	(172,113)	(9,758)	(272)	-	(182,143)
Claims and other provisions	(102,807)	(75,468)	(40,242)	(18,799)	(237,316)
Maturity gap	(109,979)	131,695	25,288	(10,757)	36,247

As at 31 December 2021 and 31 December 2020, 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 Liabilities from derived financial instruments

	Maturity	Annual interest rate %	2021 HRK '000	2020 HRK '000
Liabilities from derived financial liabilities	31 December 2021		0	279
Short-term loan and liabilities from derived financial instruments			0	279

In the end of 2020, the Company concluded a contract on the purchase of a derivative instrument, i.e. a FX forward contract in the amount of HRK 47,627 million. Derivative instruments are classified as financial assets carried at fair value through profit and loss, meaning that the effect of increase/decrease in the value of the instrument in relation to its initial value is recorded in profit and loss. Derivative instruments with positive value are reported in the assets, while those with negative value are recorded in the liabilities.

As at 31/12/2021, the Company no longer uses a derivative financial instrument and has no balance sheet positions on the assets or liabilities side. Furthermore, as at 31/12/2021, the fair value of derivative financial instruments recognised in off-balance sheet positions amounts to a total of HRK 0 thousand (2020: HRK 95,210 thousand).

1.23 Provisions for liabilities and expenses

	Provisions for court cases	Provisions for jubilee awards and termination benefits – long-term	Provisions for termination benefits – short-term	Provisions for unused annual leave	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Balance as at 1 January 2021	0	7,156	0	279	7,435
Decrease in provisions during the year	(185)	(1,125)	-	-	(1,310)
Increase/decrease in provisions during the year	849			5	854
Balance as at 31 December 2021	664	6,031	0	284	6,979
Balance as at 1 January 2020	-	6,289	-	544	6,833
Decrease in provisions during the year	-	-	-	(265)	(265)
Increase/decrease in provisions during the year	-	867	-	-	867
Balance as at 31 December 2020	-	7,156	-	279	7,435

Short-term provisions for termination benefits to employees are designed in accordance with the planned retirement contracts of employees. In 2021, there were no planned retirement contracts of employees and the 2021 provisions were not formed.

1.24 Insurance and other liabilities

	2021 HRK '000	2020 HRK '000
Liabilities from insurance operations		
- to policyholders	14,464	6,499
- other payables from insurance contracts	13,652	13,261
Liabilities from reinsurance operations	51,724	60,905
Trade payables	967	1,175
Payables to employees	7,199	6,756
Other liabilities and accrued expenses	4,050	4,183
Other payables and accrued expenses – deferred commission	144	239
Non-current liabilities for right-of-use assets – IFRS 16	12,968	7,163
Total insurance and other payables	105,168	100,181

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

	2021 HRK '000	2020 HRK '000
In 2021	-	-
In 2022	3,137	2,172
In 2023	3,189	2,204
In 2024	2,637	2,107
In 2025	2,051	419
In 2026	1,954	261
Total	12,968	7,163
Unpaid interest	(279)	(371)
Total liabilities for IFRS 16	12,689	6,792

1.25 Share capital and reserves

Share capital	2021 HRK '000	2020 HRK '000
<i>Authorised, issued and fully paid</i>		
99,836 ordinary shares with nominal value of HRK 2,100 (2020: 99,836 ordinary shares with nominal value of HRK 2,100)	209,656	209,656

The share capital of the Company is denominated in Croatian kuna (HRK). As at 31 December 2021, the nominal value of each share issued is HRK 2,100 (2020: HRK 2,100).

Movement in number of ordinary shares – no new ordinary shares were issued in 2021.

	2021 HRK '000	2020 HRK '000
Number of ordinary shares as at 1 January	99,836	99,836
Issue of new ordinary shares	-	-
Number of ordinary shares as at 31 December	99,836	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 (2020: 100%).

1.25. Share capital and reserves (continued)

Treasury shares

In 2021, 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 (k). As at 31 December 2021, the legal reserve amounts to HRK 4,875 thousand (2020: HRK 4,875 thousand).

Other capital reserves

Other capital reserves amount to HRK 6.908 thousand (2020: HRK 6,908 thousand).

Fair value reserve

As at both 31 December 2021 and 31 December 2020, 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:

	2021 HRK '000	2020 HRK '000
Fair value reserve as at 1 January (gross)	40,516	44,650
Deferred tax	(7,293)	(8,037)
Balance as at 1 January	33,223	36,613
Revaluation	(11,108)	(4,134)
Recognition of deferred tax	2,004	744
Fair value reserve as at 31 December (gross)	29,408	40,516
Deferred tax	(5,289)	(7,293)
Balance as at 31 December	24,119	33,223

1.26 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 (O. G. No. 30/15, 112/18, 63/20, 133/20) and the Delegated Commission Regulation (EU) 2015/35.

According to the new regulation, capital is classified into tiers, taking into account the quality, subordination and availability of capital items to cover unexpected losses. The Company, according to the relevant criteria, classifies the entire available capital into the Tier 1 category.

Own funds are eligible to cover the Solvency Capital Requirement. The relevant own funds are own-fund items considered as Tier 1 capital with and without limits, as well as own-fund items considered as Tier 2 and Tier 3 capital, as defined in the Insurance Act and the Delegated Regulation.

Own funds are eligible to cover the Minimum Capital Requirement. The relevant own funds are own-fund items considered as Tier 1 capital without limits, as well as own-fund items considered as Tier 2 capital with limits, as defined in the Insurance Act and the Delegated Regulation.

The value of the eligible own funds of the Company used to cover the Solvency Capital Requirement must be at least at the level of the Solvency Capital Requirement (i.e. 100% of SCR). In order to monitor and ensure the fulfilment of the obligation to cover the Solvency Capital Requirement, the Company regularly monitors the value and quality of eligible own funds and the Solvency Capital Requirement level.

As at 31/12/2021, the Company had own funds in the total amount of HRK 289,138 thousand (2020: HRK 256,621 thousand). Own-fund items included the share capital of the Company of HRK 209,656 thousand (2020: HRK 209,656 thousand) and adjustment provisions of HRK 79,483 thousand (2020: HRK 46,956 thousand).

The Company had no ancillary own-funds as at 31/12/2021.

The table below provides an overview of the Company's capital as at 31 December 2021 and 31 December 2020 which has not been audited at the date these financial statements were issued:

	2021	2020
	Unaudited	
	HRK '000	HRK '000
	Total	Total
Tier 1 capital		
Share capital	209,656	209,656
Capital reserves	4,692	4,692
Legal reserve	4,875	4,875
Other reserves	2,216	2,216
Retained earnings / (loss carried forward)	(36,085)	(16,616)
Profit / loss for the accounting period	13,702	(19,468)
Total Tier 1 capital	199,056	185,355
Eligible funds to cover SCR	289,138	256,621
Eligible funds to cover MCR	289,138	256,621
Solvency Capital Requirement (SCR)	177,181	162,366
Minimal Capital Requirement (MCR)	79,731	73,065
SCR ratio	163%	158%
MCR ratio	363%	351%
SCR buffer	111,957	94,255

1.27 Premiums

	2021 HRK '000	2020 HRK '000
<i>Non-life insurance</i>		
Gross written premium	592,880	489,522
Outward reinsurance premiums	(136,147)	(109,186)
Change in unearned premium provisions, gross	(26,223)	(29,221)
Change in unearned premium provisions, reinsurance share	8,833	1,603
	<hr/>	<hr/>
Total net premium income (earned) from non-life insurance operations	439,343	352,718
	<hr/>	<hr/>
<i>Life insurance</i>		
Gross written premium	61,176	60,060
Outward reinsurance premiums	(51)	(63)
Change in unearned premium provisions, gross and net	(1)	7
	<hr/>	<hr/>
Total net premium income (earned) from life insurance operations	61,124	60,004
	<hr/>	<hr/>
Earned premiums, net of reinsurance	500,467	412,722
	<hr/>	<hr/>

Gross written premiums of the Company for life insurance operations include HRK 26,918 thousand (2020: HRK 22,300 thousand) of premiums from unit-linked products.

1.27 Premiums (continued)

Analysis by type of insurance

2021	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	16,334	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)
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)

1.27 Premiums (continued)

Analysis by type of insurance (continued)

2020	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	13,946	15,075	(6,011)	(1,580)	(2,696)	(200)
Health insurance	10,377	11,530	(12,369)	(3,379)	(1,693)	1,508
Road vehicle insurance	80,578	78,173	(50,500)	(11,409)	(12,606)	(1,140)
Railroad vehicle insurance	-	-	-	-	-	-
Aircraft insurance	348	260	(298)	(141)	(46)	(70)
Vessel insurance	34,291	30,605	(8,459)	(5,424)	(10,185)	(3,300)
Goods in transit insurance	1,301	1,302	(14)	(739)	(305)	1,212
Fire and special perils insurance	44,706	41,681	(74,178)	(8,045)	(8,270)	42,489
Other property insurance	91,597	82,040	(78,324)	(14,921)	(15,993)	19,459
Motor vehicle liability insurance	131,536	123,689	(116,452)	(17,104)	(23,048)	3,125
Aircraft liability insurance	126	115	-	(59)	(15)	(93)
Vessel liability insurance	4,424	4,208	(353)	(2,846)	(746)	(579)
Other liability insurance	32,459	31,990	(14,565)	(5,990)	(4,325)	(8,086)
Loan insurance	24,580	24,368	(13,498)	(3,361)	(7,816)	(1,882)
Guarantee insurance	9,009	5,546	(1,687)	(1,710)	(1,299)	(953)
Financial loss insurance	5,353	4,897	(428)	(1,152)	(433)	(3,187)
Legal protection insurance	116	101	0	(26)	(24)	(48)
Travel insurance	4,775	4,721	(1,892)	(795)	(729)	(209)
Total non-life	489,522	460,301	(379,028)	(78,681)	(90,229)	48,046
<i>Life insurance</i>						
Life insurance	31,361	31,361	36,096	(5,741)	(3,095)	(29)
Annuity	241	241	360	(87)	(24)	-
Life insurance riders	6,139	6,146	1,311	(684)	(606)	17
Marriage and birth insurance	19	19	25	(2)	(2)	-
Life or annuity insurance for which the insured person underwrites the investment risk	22,300	22,300	21,328	(2,854)	(2,201)	(17)
Total life	60,060	60,067	59,120	(9,368)	(5,928)	(29)
Total life and non-life	549,582	520,368	(319,908)	(88,049)	(96,157)	48,017

¹ Gross claims incurred include bonuses and rebates, changes in mathematical provision and changes in UL provisions to ensure comparability with 2020.

² Reinsurance balance was corrected to ensure comparability with 2020.

1.27 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.

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%
2020	Claims quota	Costs quota	Combined ratio
Accident insurance	39.83%	28.07%	67.90%
Health insurance	109.10%	39.84%	148.94%
Road vehicle insurance	61.78%	28.20%	89.99%
Railroad vehicle insurance	0.00%	0.00%	0.00%
Aircraft insurance	114.81%	52.05%	166.86%
Vessel insurance	27.50%	49.16%	76.66%
Goods in transit insurance	1.08%	70.66%	71.73%
Fire and special perils insurance	174.75%	37.94%	212.68%
Other property insurance	94.07%	35.44%	129.51%
Motor vehicle liability insurance	94.47%	31.64%	126.11%
Aircraft liability insurance	0.00%	52.20%	52.20%
Vessel liability insurance	8.07%	75.03%	83.11%
Other liability insurance	45.29%	28.70%	73.99%
Loan insurance	54.61%	46.14%	100.75%
Guarantee insurance	30.40%	41.55%	71.94%
Financial loss insurance	8.74%	24.96%	33.70%
Legal protection insurance	-0.47%	45.38%	44.91%
Travel insurance	40.13%	30.28%	70.40%
Total non-life	81.55%	34.69%	116.24%

1.28 Fees and commission income

	2021 HRK '000	2020 HRK '000
<i>Income from reinsurance commissions</i>		
Reinsurance commission – non-life	20,629	21,088
Reinsurance commission – life	1	2
Total reinsurance commission	20,630	21,090

1.29 Investment income

	2021 HRK '000	2020 HRK '000
<i>Interest income</i>		
- Financial assets held to maturity	1,302	2,202
- Financial assets available for sale	11,086	11,156
- Financial assets at fair value through profit or loss	18	34
- Loans and receivables	783	879
Dividend income	314	20
Net fair value gains from financial assets at fair value through profit or loss	26,893	3,197
<i>Net realised gains from financial assets</i>		
- Financial assets available for sale	1,749	459
- Financial assets at fair value through profit or loss	1,076	295
Foreign exchange gains	508	5,944
Lease income	101	127
Other income	3,561	3,303
Total investment income	47,391	27,614

The table below presents the financial income by fund source:

	2021			2020		
	Non-life HRK '000	Life HRK '000	Total HRK '000	Non-life HRK '000	Life HRK '000	Total HRK '000
Capital investment income	1,967	1	1,968	38	45	83
Income from investment in mathematical provisions	188	7,757	7,945	191	12,875	13,066
Income from investment in special provisions - LI	-	27,628	27,628	-	4,707	4,707
Income from investment in technical provisions	3,353	6,496	9,849	3,076	4,747	7,823
TOTAL	5,508	41,882	47,390	5,252	22,362	25,679

1.30 Investment costs

	2021 HRK '000	2020 HRK '000
Net fair value losses from financial assets at fair value through profit or loss	889	270
<i>Net realised losses from financial assets</i>		
- Financial assets available for sale	120	399
<i>Net impairment</i>		
- Investment in associates	539	279
Loans and receivables	0	398
Depreciation of investment property	52	053
Other investment costs	421	7
Total investment costs	2,021	1,406

The table below presents financial expenses by fund source:

	2021			2020		
	Non-life HRK '000	Life HRK '000	Total HRK '000	Non-life HRK '000	Life HRK '000	Total HRK '000
Capital investment costs	18	297	315	460	145	605
Income from investment in mathematical provisions	-	-	0	-	121	121
Costs from investment in special provisions - LI	-	702	702		154	154
Costs from investment in other technical provisions	464	540	1,004	49	477	526
TOTAL	482	1,539	2,021	509	897	1,406

1.31 Other operating income

	2021 HRK '000	2020 HRK '000
<i>Other operating income</i>		
Net income from recourse	8,412	8,039
Proceeds from disposal of property and equipment	-	406
Income from service claims	601	660
Other operating income	2,615	2,636
Total other operating income	11,628	11,741

1.32 Claims incurred

	2021 HRK '000	2020 HRK '000
<i>Non-life insurance</i>		
Claims paid (including claims costs, without recourse reductions)		
Gross amount	320,258	242,159
Reinsurance share	(91,150)	(72,301)
Change in RBNS claims provision		
Gross amount	19,213	75,264
Reinsurance share	1,297	(38,514)
Change in IBNR claims provision		
Gross amount	(9,049)	40,600
Reinsurance share	15,662	(23,724)
Change in provisions for claims handling costs, gross and net	185	2,042
Change in unexpired risk provision	(2,693)	684
Change in bonus and rebates provision		
Gross amount	(2,936)	1,744
Reinsurance share	(151)	-
Paid bonuses		
Changes in mathematical provision		
Gross amount	7,840	10,997
Reinsurance share		
Total gross claims incurred from non-life insurance	332,818	373,491
Total reinsurance share of claims incurred from non-life insurance	(74,342)	(134,540)
Total net claims incurred from non-life insurance	258,476	238,951
<i>Life insurance</i>		
Claims paid for traditional products		
Gross amount	38,646	33,630
Reinsurance share	(47)	(32)
Claims paid for unit linked products	14,632	9,433
Change in mathematical provision, gross and net	(4,643)	3,976
Change in other technical provisions, net from reinsurance	(53)	53
Change in provision for unit-linked products, gross and net	29,694	11,726
Change in RBNS claims provision, gross and net	(206)	(148)
Change in IBNR claims provision, gross and net	4	107
Change in provision for claims handling costs, gross and net	(12)	(2)
Total gross claims incurred from life insurance	78,061	58,775
Total reinsurance share of claims incurred from life insurance	(47)	(32)
Total net claims incurred from life insurance	78,014	58,743
Total gross claims incurred	410,879	432,266
Total reinsurance share of claims incurred	(74,390)	(134,571)
Total claims incurred, net of reinsurance	336,489	297,695

1.33 Acquisition costs

	2021 HRK '000	2020 HRK '000
<i>Non-life insurance</i>		
Commission costs	67,068	47,140
Salaries	35,994	33,664
Other acquisition costs	14,828	13,649
Change in deferred acquisition costs (note 1.14)	(1,737)	(4,224)
Total acquisition costs, non-life	116,153	90,229
<i>Life insurance</i>		
Commission costs	5,939	4,704
Salaries	827	752
Other acquisition costs	536	472
Total acquisition costs, life	7,302	5,928
Total acquisition costs, non-life and life	123,455	96,157

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.

1.34 Administrative costs

	2021 HRK '000	2020 HRK '000
Depreciation of property and equipment	5,384	4,932
Depreciation of intangible assets	3,099	2,570
Depreciation and other costs of right-of-use assets	3,761	4,005
Staff expenses	55,252	51,045
Entertainment	738	399
Cost of materials and services	16,237	15,576
Statutory audit costs	331	331
Costs of leases not included in IFRS 16	478	68
Other costs	9,685	9,123
	94,965	88,049

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 2021, the average number of Company employees was 513 (2020: 509). In 2021, the Company calculated and paid HRK 13,953 thousand (2020: HRK 13,209 thousand) of pension contributions into obligatory pension funds.

1.35 Other operating costs

	2021 HRK '000	2020 HRK '000
Firefighting contributions	1,511	1,090
Croatian Insurance Bureau and guarantee fund charges	1,766	2,394
Net gains/losses on insurance receivables - other	(801)	956
Compulsory payment to the Croatian Institute of Health Insurance based on collected premium from MTPL	3,359	3,073
Other costs /i/	264	872
Total other operating costs	6,099	8,385

/i/ In 2021, net gains from adjusted premium receivables, net of collected receivables, adjusted in prior periods, were recognised in the amount of HRK 801 thousand. According to the regulations governing the insurance sector in the Republic of Croatia, this position is recognised as a correction of premium revenue, but in order to recognise it in line with IFRS and make it comparable to the prior year, in 2021 it was presented within other operating income. In 2020, a negative result of HRK 956 thousand was realised.

1.36 Financial expenses

	2021 HRK '000	2020 HRK '000
Other expenses	629	635
Interest expense	-	-
Interest expense for right-of-use assets	290	305
Foreign exchange losses	928	3
	1,847	943

1.37 Income tax

a) Income tax recognised in the statement of comprehensive income

	2021 HRK '000	2020 HRK '000
Profit/loss before tax	15,239	(19,468)
Current tax	-	-
Deferred tax expense	(1,537)	-
Income tax	-	-
Profit/loss after tax	13,702	(19,468)

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

	2021 HRK '000	2020 HRK '000
Accounting (loss)/profit	15,239	(19,468)
Income tax calculated at the legally prescribed rate of 18% (2020: 18%)	2,743	(3,504)
Tax effect on non-deductible expenses	350	820
Non-taxable income	(20)	(100)
Origination / (use) of tax losses from prior periods	(3,073)	2,784
Current tax liability as at 31 December	-	-

1.37 Income tax (continued)

c) 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.

	2021 HRK '000	2020 HRK '000
Tax losses carried forward	19,169	7,771
Tax losses used	-17,073	(7,471)
Tax losses expired	-	-
Tax loss incurred in the current year	-	-19,468
Total tax losses available for carry-forward	2,096	19,168
Tax effect of tax losses carried forward (at the rate of 18%)	377	3,504
Impaired deferred tax assets due to use of tax losses carried forward	(1,537)	-
Unrecognised deferred tax assets	-	(1,967)
Recognised deferred tax asset to tax losses carried forward	(1,160)	1,537

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 2021, gross tax losses available for carry-forward expire as follows:

	2021 HRK '000	2020 HRK '000
Less than 1 year	-	-
Up to 2 years	-	-
Up to 3 years	-	-
Up to 4 years	2,096-	-
Less than 5 years	-	19,468
Total tax loss available for carry-forward	2,096	19,468

1.38 Related parties

The key shareholder of the Company is Triglav INT d.d., with holdings of 100.00% (2020: 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 2021 and 2020, the Company had no loans granted to Management Board members. Remuneration to Management Board members amounted to HRK 3,618 thousand (2020: HRK 2,625 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 2021 amounted to HRK 102 thousand (2020: HRK 107 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

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)
2020	Assets HRK '000	Liabilities HRK '000	Revenues HRK '000	Expenses HRK '000
Zavarovalnica Triglav	1,853	9,162	(22,848)	(17,086)
Triglav RE	51,033	51,369	(58,595)	(100,656)
Others	3,394	442	38	2,837
Total	56,280	60,973	(81,405)	(114,905)

1.39 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.

1.39 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 37/146 thousand (2020: HRK 47/53 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 2020, 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 16,016 thousand (2020: HRK 11,381 thousand) better/worse, while fair value reserve in capital would have been higher/lower by HRK 378 thousand (2020: HRK 32 thousand).

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.

1.39 Financial risk management (continued)

Currency risk (continued)

As at 31 December 2021, 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 1,836 thousand better/worse (2020: HRK 4,933 thousand better/worse), while the impact on the fair value reserve in capital would have been better/worse by HRK 2,977 thousand (2020: HRK 254 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:

	2021 HRK '000	2020 HRK '000
Cash and cash equivalents	11,046	18,727
Debt securities	651,820	672,077
Deposits with banks	34,367	39,188
Loans to customers	5,601	6,689
Insurance receivables, net of impairment provisions	100,328	109,958
Receivables from reinsurance and other receivables, net of impairment provisions	48,821	53,467
Total	851,983	900,106

1.39. 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:

	2021 HRK '000	2020 HRK '000
RoC government bonds	628,773	627,030
Government bonds of other EU countries	23,048	-
Accrued interest on government bonds	3,861	4,439
Total	655,682	631,469

The total credit risk exposure in relation to the Republic of Croatia represents 58.87% of the Company's total assets (2020: 66.74%). 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:

		2021 HRK '000	2020 HRK '000
	613,446		
Cash at bank	A	-	-
	BB	-	-
	BBB	6,633	17,916
	No rating	4,413	811
Debt securities	A	4,463	14,810
	AA	-	-
	BB	3,081	3,070
	BBB	614,470	639,251
	No rating	29,806	14,946
Deposits with credit institutions	A	-	1,823
	BB	-	-
	BBB	34,367	37,365
	No rating	-	-
Loans	No rating	5,601	6,689
Insurance receivables, net of impairment provisions	No rating	100,328	109,958
Receivables from reinsurance and other receivables, net of impairment provisions	No rating	48,821	53,467
Total		851,983	900,106

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.

1.39. 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	2021 HRK '000	2020 HRK '000
A	48,821	53,574
Total	48,821	53,574

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 1.20 (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.

1.39. Financial risk management (continued)

Fair value (continued)

Fair value of financial assets and liabilities carried at amortised cost:

	Carrying value		Fair value	
	2021	2020	2021	2020
Financial assets				
Held-to-maturity investments	62,869	62,901	62,825	64,085
Loans	5,601	6,689	5,601	6,689
Deposits	34,367	39,188	34,367	39,188
Other financial assets classified as Loans and receivables		-		-
Cash and cash equivalents	11,046	18,727	11,046	18,727
Total financial assets	113,883	127,505	113,839	128,689
Financial liabilities				
Short-term loan and liabilities from derived financial instruments	-	279	-	279
Total financial liabilities	-	279	-	279

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.

In Level 2 the Company includes securities that have not been traded on the balance sheet date, but are valued either at the last available trading price (if it is realised within 15 days of the balance sheet date) or by discounting future cash flows starting from the last trading price of a particular debt instrument (if the trading was realised more than 15 days after the balance sheet date).

Estimated value of financial instruments included in Level 3 is based on the liquidation value method of the company.

A reasonable change in one or more inputs would not significantly change the value of financial assets included in Level 3.

Total loss from financial assets classified under Level 3 in profit or loss during 2021 amounted to HRK 809 thousand (2020: HRK 417 thousand). In 2021, the Company increased its investment capital in the associate classified to Level 3, and the entire investment was impaired

1.39. Financial risk management (continued)

Fair value (continued)

	Level 1	Level 2	Level 3	Total
31/12/2021	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	-	-	317,379
Total financial assets at fair value	320,697	585,995	2,628	909,320
	Level 1	Level 2	Level 3	Total
31/12/2020	HRK '000	HRK '000	HRK '000	HRK '000
<i>Available-for-sale financial assets</i>				
Equity securities	638	-	-	638
Debt securities	12,324	596,400	-	608,724
<i>Financial assets at fair value in the profit and loss account</i>				
Equity securities	315	-	2,898	3,213
Debt securities	-	452	-	452
Investment funds	224,400	-	-	224,400
Total financial assets at fair value	237,677	596,852	2,898	837,427

1.40 Maturity analysis

The maturity of financial assets within the scope of IAS 39 for the Company as at 31 December 2021 and 31 December 2020 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 1.20 (i).

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 Maturity analysis (continued)

2020	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	-	-	10,014	-	52,887	8,534	71,435
<i>Financial assets available for sale</i>							
Debt securities	-	18,257	38,732	205,647	346,087	86,672	695,395
Equity securities	638	-	-	-	-	-	638
<i>Financial assets at fair value in the profit and loss account</i>							
Equity securities	3,213	-	-	-	-	-	3,213
Debt securities	-	-	452	-	-	33	485
Investment funds	224,400	-	-	-	-	-	224,400
<i>Loans and receivables</i>							
Deposits with banks	6,624	-	-	32,564	-	1,939	41,127
Loans	350	250	342	1,288	4,459	954	7,643
<i>Cash and cash equivalents</i>	18,727	-	-	-	-	-	18,727
Total financial assets	253,952	18,507	49,540	239,499	403,433	98,132	1,063,063
 Short-term loan and liabilities from derived financial instruments	 -	 279	 -	 -	 -	 -	 279
Insurance and other liabilities	100,181	-	-	-	-	-	100,181
Total financial liabilities	100,181	279	-	-	-	-	100,460

1.41 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 2021 and 31 December 2020 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.

1.41 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
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	-	-	-	-	-	-	-	-
Insurance and other liabilities	-	-	-	-	-	103,504	103,504	-
Total financial liabilities	-	-	-	-	-	103,504	103,504	-

1.41 Interest rate repricing analysis (continued)

2020	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	-	-	10,014	-	52,887	-	62,901	62,901
<i>Financial assets available for sale</i>								
Debt securities	-	18,257	38,732	205,647	346,087	-	608,724	608,724
Equity securities	-	-	-	-	-	638	638	-
<i>Financial assets at fair value through profit or loss</i>								
Equity securities	-	-	-	-	-	3,213	3,213	-
Debt securities	-	-	452	-	-	-	452	452
Investment funds	-	-	-	-	-	224,400	224,400	-
<i>Loans and receivables</i>								
Deposits with banks	6,624	-	-	32,564	-	-	39,188	39,188
Loans	350	250	342	1,288	4,459	-	6,689	6,689
<i>Cash and cash equivalents</i>	-	-	-	-	-	18,727	18,727	-
Total financial assets	6,974	18,507	49,540	239,499	403,433	246,978	964,931	717,953
Short-term loan and liabilities from derived financial instruments	-	-	-	-	-	279	279	-
Insurance and other liabilities	-	-	-	-	-	100,181	100,181	-
Total financial liabilities	-	-	-	-	-	100,460	100,460	-

1.42 Foreign currency position analysis

The currency structure of the Company's financial assets within the scope of IAS 39 as at 31 December 2021 and 31 December 2020 is detailed below.

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
<i>Financial assets available for sale</i>				
Debt securities	292,325	-	296,475	588,800
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 Foreign currency position analysis (continued)

2020	EUR and EUR currency clause HRK '000	USD and USD currency clause HRK '000	HRK	Total
	HRK '000	HRK '000	HRK '000	HRK '000
Financial assets				
<i>Held-to-maturity investments</i>				
Debt securities	62,901	-	-	62,901
<i>Financial assets available for sale</i>				
Debt securities	321,325	-	287,399	608,724
Equity securities	-	-	638	638
<i>Financial assets at fair value in the profit and loss account</i>				
Equity securities	-	-	3,213	3,213
Debt securities	-	-	452	452
Investment funds	148,060	6,006	70,334	224,400
<i>Loans and receivables</i>				
Deposits with banks	-	-	39,188	39,188
Loans	6,094	-	595	6,689
<i>Cash and cash equivalents</i>	2,824	-	15,903	18,727
Total financial assets	541,204	6,006	417,722	964,932
Short-term loan	279	-	-	279
Insurance and other liabilities	-	-	100,181	100,181
Total financial liabilities	279	-	100,181	100,460

1.43 Events after the balance sheet date

The current military operations in Ukraine and related sanctions for the Russian Federation might also affect the European and global economy. The Company is not substantially nor directly exposed to Ukraine, Russia or Belarus. However, the impact on the general economic situation might require amending certain assumptions and estimates.

The impact on the general economic situation currently may not lead to substantial adjustments to the carrying value of assets and liabilities, including in the following financial year. At this stage, management is not able to reliably estimate the impact as events are unfolding day-by-day.

The long-term impact may affect the trade volume, cash flows, and profitability of the Company. Nevertheless, at the date of these financial statements the Company has regular operations, realises its plans, continues to meet its obligations as they fall due and, therefore, continues to apply the going concern basis of preparation.

After the balance sheet date, other than reason stated above, there are no material events that may affect the financial statements for the year 2020 or require separate disclosure.

1.44 Authorisation of financial statements

The financial statements were approved by the Management Board and authorised for issue on 29 April 2022.

Signed for and on behalf of the Company:

Marin Matijaca, univ.spec.actuar.math.

President

mr.sc. Denis Burmaz

Member 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)

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.

IZVJEŠTAJ O FINANCIJSKOM POLOŽAJU

na dan: 31.12.2021.

u kunama

Broj pozicije	Elementi zbroja	Oznaka pozicije	Opis pozicije	Prethodna godina			Tekuća godina		
				Život	Neživot	Ukupno	Život	Neživot	Ukupno
001	002+003	I	NEMATERIJALNA IMOVINA	0	7.922.178	7.922.178	0	8.030.972	8.030.972
002		1	Goodwill			0			0
003		2	Ostala nematerijalna imovina		7.922.178	7.922.178		8.030.972	8.030.972
004	005+006+007	II	MATERIJALNA IMOVINA	0	134.170.558	134.170.558	0	137.629.165	137.629.165
005		1	Zemljišta i građevinski objekti koji služe društvu za provođenje djelatnosti		127.434.374	127.434.374		130.160.032	130.160.032
006		2	Oprema		5.812.627	5.812.627		6.532.484	6.532.484
007		3	Ostala materijalna imovina i zalihe		923.557	923.557		936.650	936.650
008	009+010+014+033	III	ULAGANJA	530.435.352	246.136.044	776.571.396	521.711.815	297.083.667	818.795.482
009		A	Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti		1.341.746	1.341.746		1.240.606	1.240.606
010	011+012+013	B	Ulaganja u podružnice, pridružena društva i zajedničke pothvate	0	0	0	0	0	0
011		1	Dionice i udjeli u podružnicama			0			0
012		2	Dionice i udjeli u pridruženim društvima			0			0
013		3	Dionice i udjeli u zajedničkim pothvatima			0			0
014	015+018+023+029	C	Financijska imovina	530.435.352	244.794.298	775.229.650	521.711.815	295.843.061	817.554.876
015	016+017	1	Financijska imovina koja se drži do dospelja	62.901.256	0	62.901.256	62.869.273	0	62.869.273
016		1.1	Dužnički financijski instrumenti	62.901.256		62.901.256	62.869.273		62.869.273
017		1.2	Ostalo			0			0
018	019+020+021+022	2	Financijska imovina raspoloživa za prodaju	450.388.909	158.972.463	609.361.372	422.859.144	173.507.846	596.366.990
019		2.1	Vlasnički financijski instrumenti		638.315	638.315		49.928	49.928
020		2.2	Dužnički financijski instrumenti	450.388.909	158.334.148	608.723.057	422.859.144	165.940.744	588.799.888
021		2.3	Udjeli u investicijskim fondovima			0		7.517.174	7.517.174
022		2.4	Ostalo			0			0
023	024+025+026+027+028	3	Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka	9.278.620	47.810.936	57.089.556	30.112.164	87.582.437	117.694.602
024		3.1	Vlasnički financijski instrumenti	2.913.903	298.754	3.212.657	2.643.507	297.923	2.941.430
025		3.2	Dužnički financijski instrumenti	451.573		451.573	150.524		150.524
026		3.3	Izvedeni financijski instrumenti			0	0		0
027		3.4	Udjeli u investicijskim fondovima	5.913.145	47.512.182	53.425.327	27.318.132	87.284.514	114.602.647
028		3.5	Ostalo			0			0
029	030+031+032	4	Zajmovi i potraživanja	7.866.567	38.010.899	45.877.466	5.871.234	34.752.778	40.624.012
030		4.1	Depoziti kod kreditnih institucija	1.823.590	37.364.906	39.188.496	0	34.367.183	34.367.183
031		4.2	Zajmovi	6.042.977	645.993	6.688.970	5.871.234	385.594	6.256.829
032		4.3	Ostalo			0			0
033		D	Depoziti kod cedenta			0			0
034		IV	ULAGANJA ZA RAČUN I RIZIK UGOVARATELJA ŽIVOTNOG OSIGURANJA	170.974.895		170.974.895	202.776.570		202.776.570
035	036+037+038+039+040+041+042	V	UDIO REOSIGURANJA U TEHNIČKIM PRIČUVAMA	0	105.626.779	105.626.779	0	97.653.138	97.653.138
036		1	Pričuve za prijenosne premije, udio reosiguranja		17.833.983	17.833.983		26.667.789	26.667.789
037		2	Matematičke pričuve, udio reosiguranja			0			0
038		3	Pričuve šteta, udio reosiguranja		87.792.795	87.792.795		70.834.312	70.834.312
039		4	Pričuve za bonuse i popuste, udio reosiguranja		0	0		151.038	151.038
040		5	Pričuve za kolebanje šteta, udio reosiguranja			0			0
041		6	Druge tehničke pričuve, udio reosiguranja			0			0
042		7	Posebne pričuve za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja, udio reosiguranja			0			0

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043	044+045	VI	ODGOĐENA I TEKUĆA POREZNA IMOVINA	489.552	1.537.155	2.026.707	489.552	0	489.552
044		1	Odgodena porezna imovina	489.552	1.537.155	2.026.707	489.552	0	489.552
045		2	Tekuća porezna imovina			0			0
046	047+050+051	VII	POTRAŽIVANJA	3.157.701	159.729.617	162.887.318	3.174.206	168.018.359	171.192.564
047	048+049	1	Potraživanja iz poslova osiguranja	0	97.070.058	97.070.058	0	108.617.947	108.617.947
048		1.1	Od ugovaratelja osiguranja		97.051.149	97.051.149		108.601.872	108.601.872
049		1.2	Od zastupnika odnosno posrednika u osiguranju		18.909	18.909		16.075	16.075
050		2	Potraživanja iz poslova reosiguranja		53.573.583	53.573.583		48.821.731	48.821.731
051	052+053+054	3	Ostala potraživanja	3.157.701	9.085.975	12.243.676	3.174.206	10.578.681	13.752.886
052		3.1	Potraživanja iz drugih poslova osiguranja	21.653	2.749.879	2.771.532	17.064	2.921.923	2.938.987
053		3.2	Potraživanja za prihode iz ulaganja	0	23.175	23.175	0	23.175	23.175
054		3.3	Ostala potraživanja	3.136.048	6.312.922	9.448.970	3.157.141	7.633.583	10.790.725
055	056+060+061	VIII	OSTALA IMOVINA	5.022.064	13.704.994	18.727.058	3.617.759	7.436.880	11.054.639
056	057+058+059	1	Novac u banci i blagajni	5.022.064	13.704.994	18.727.058	3.617.759	7.436.880	11.054.639
057		1.1	Sredstva na poslovnom računu	4.585.351	13.703.094	18.288.444	2.829.240	7.435.480	10.264.720
058		1.2	Sredstva na računu imovine za pokriće matematičke pričuve	436.714	0	436.714	788.519	0	788.519
059		1.3	Novčana sredstva u blagajni	0	1.900	1.900	0	1.400	1.400
060		2	Dugotrajna imovina namijenjena za prodaju i prestanak poslovanja			0			0
061		3	Ostalo			0			0
062	063+064+065	IX	PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I NEDOSPJELA NAPLATA PRIHODA	0	25.115.330	25.115.330	0	26.738.192	26.738.192
063		1	Razgraničene kamate i najamnine	0	0	0	0	0	0
064		2	Razgraničeni troškovi pribave		24.577.759	24.577.759		26.315.317	26.315.317
065		3	Ostali plaćeni troškovi budućeg razdoblja i nedospjela naplata prihoda		537.571	537.571		422.875	422.875
066	001+004+008+034+035+043+046+055+062	X	UKUPNA AKTIVA	710.079.564	693.942.654	1.404.022.218	731.769.902	742.590.374	1.474.360.276
067		XI	IZVANBILANČNI ZAPISI	95.210.234	66.604	95.276.839		66.604	66.604
068	069+072+073+077+081+084	XII	KAPITAL I REZERVE	181.656.571	36.919.736	218.576.307	181.198.588	41.976.109	223.174.697
069	070+071	1	Upisani kapital	30.930.720	178.724.880	209.655.600	30.930.720	178.724.880	209.655.600
070		1.1	Upłaćeni kapital - redovne dionice	30.930.720	178.724.880	209.655.600	30.930.720	178.724.880	209.655.600
071		1.2	Upłaćeni kapital - povlaštene dionice			0			0
072		2	Premije na emitirane dionice (rezerve kapitala)			0			0
073	074+075+076	3	Revalorizacijske rezerve	28.453.358	4.769.327	33.222.685	20.782.728	3.336.032	24.118.760
074		3.1	Zemljišta i građevinskih objekata			0			0
075		3.2	Financijske imovine raspoložive za prodaju	28.453.358	4.769.327	33.222.685	20.782.728	3.336.032	24.118.760
076		3.3	Ostale revalorizacijske rezerve			0			0
077	078+079+080	4	Rezerve	2.104.864	9.677.904	11.782.768	2.104.864	9.677.904	11.782.768
078		4.1	Zakonske rezerve	2.104.864	2.769.782	4.874.645	2.104.864	2.769.782	4.874.645
079		4.2	Statutarna rezerva			0			0
080		4.3.	Ostale rezerve		6.908.122	6.908.122		6.908.122	6.908.122
081	082+083	5	Zadržana dobit ili preneseni gubitak	113.146.946	-129.763.319	-16.616.373	120.167.630	-156.252.375	-36.084.746
082		5.1	Zadržana dobit	113.146.946		113.146.946	120.167.630		120.167.630
083		5.2	Preneseni gubitak (-)		-129.763.319	-129.763.319		-156.252.375	-156.252.375
084	085+086	6	Dobit ili gubitak tekućeg obračunskog razdoblja	7.020.684	-26.489.057	-19.468.372	7.212.647	6.489.669	13.702.315
085		6.1	Dobit tekućeg obračunskog razdoblja	7.020.684		7.020.684	7.212.647	6.489.669	13.702.315

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086		6.2	Gubitak tekućeg obračunskog razdoblja (-)		-26.489.057	-26.489.057			0
087		XIII	OBVEZE DRUGOG REDA (PODREĐENE OBVEZE)			0			0
088		XIV	MANJINSKI INTERES			0			0
089	090+091+092+093+094+095	XV	TEHNIČKE PRIČUVE	345.266.097	554.386.417	899.652.514	340.356.532	593.094.219	933.450.751
090		1	Pričuve za prijenosne premije, bruto iznos	93.859	199.882.915	199.976.774	95.109	226.031.180	226.126.288
091		2	Matematičke pričuve, bruto iznos	342.600.401	31.230.660	373.831.061	337.957.472	39.070.710	377.028.182
092		3	Pričuve šteta, bruto iznos	2.518.671	315.471.886	317.990.557	2.303.952	325.820.605	328.124.557
093		4	Pričuve za bonuse i popuste, bruto iznos		4.790.961	4.790.961		1.854.808	1.854.808
094		5	Pričuve za kolebanje šteta, bruto iznos			0			0
095		6	Druge tehničke pričuve, bruto iznos	53.167	3.009.994	3.063.161	0	316.916	316.916
096		XVI	POSEBNE PRIČUVE ZA ŽIVOTNA OSIGURANJA KOD KOJIH UGOVARATELJ OSIGURANJA SNOSI RIZIK ULAGANJA, bruto iznos	170.605.109		170.605.109	200.298.940		200.298.940
097	098+099	XVII	OSTALE PRIČUVE	0	8.930.424	8.930.424	0	8.475.088	8.475.088
098		1	Pričuve za mirovine i slične obveze		7.434.621	7.434.621		6.314.978	6.314.978
099		2	Ostale pričuve		1.495.803	1.495.803		2.160.109	2.160.109
100	101+102	XVIII	ODGOĐENA I TEKUĆA POREZNA OBVEZA	6.245.859	1.046.926	7.292.784	4.562.062	726.638	5.288.700
101		1	Odgođena porezna obveza	6.245.859	1.046.926	7.292.784	4.562.062	726.638	5.288.700
102		2	Tekuća porezna obveza			0			0
103		XIX	DEPOZITI ZADRŽANI IZ POSLA PREDANOG U REOSIGURANJE			0			0
104	105+106+107	XX	FINANCIJSKE OBVEZE	279.515	0	279.515	0	0	0
105		1	Obveze po zajmovima			0			0
106		2	Obveze po izdanim financijskim instrumentima			0			0
107		3	Ostale financijske obveze	279.515	0	279.515	0	0	0
108	109+110+111+112	XXI	OSTALE OBVEZE	6.026.413	92.396.782	98.423.194	5.353.780	98.150.675	103.504.455
109		1	Obveze proizašle iz poslova izravnog osiguranja	4.571.084	11.546.611	16.117.695	4.266.257	20.038.553	24.304.810
110		2	Obveze proizašle iz poslova suosiguranja i reosiguranja		60.905.956	60.905.956		51.709.042	51.709.042
111		3	Obveze za otuđenje i prekinuto poslovanje			0			0
112		4	Ostale obveze	1.455.329	19.944.215	21.399.544	1.087.523	26.403.081	27.490.603
113	114+115	XXII	ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEG RAZDOBLJA	0	262.371	262.371	0	167.645	167.645
114		1	Razgraničena provizija reosiguranja		239.196	239.196		144.471	144.471
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	710.079.564	693.942.654	1.404.022.218	731.769.902	742.590.374	1.474.360.276
117		XXIV	IZVANBILANČNI ZAPISI	95.210.234	66.604	95.276.839		66.604	66.604

Triglav osiguranje d.d., Zagreb
Reconciliation of financial statements

Naziv društva: Triglav osiguranje d.d.

Obrazac: ISD

IZVJEŠTAJ O SVEOBUHATNOJ DOBITI

za razdoblje: 01.01. - 31.12.2021.

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)	60.003.742	351.761.745	411.765.488	61.123.236	440.145.438	501.268.674
002		1	Zaračunate bruto premije	60.059.706	489.522.257	549.581.963	61.175.933	592.880.578	654.056.511
003		2	Ispravak vrijednosti i naplaćeni ispravak vrijednosti premije		-955.969	-955.969		801.180	801.180
004		3	Premije predane u reosiguranje (-)	-62.574	-109.185.527	-109.248.101	-51.448	-136.146.741	-136.198.188
005		4	Promjena bruto pričuva za prijenosne premije (+/-)	6.611	-29.222.352	-29.215.742	-1.250	-26.223.384	-26.224.633
006		5	Promjena pričuva za prijenosne premije, udio reosiguratelja (+/-)		1.603.336	1.603.336		8.833.805	8.833.805
007	008+009+010+011+012+013+014	II	Prihodi od ulaganja	22.373.766	3.305.359	25.679.125	41.884.239	3.682.392	45.566.631
008		1	Prihodi od podružnica, pridruženih društava i zajedničkih pothvata		20.311	20.311		313.530	313.530
009		2	Prihodi od ulaganja u zemljišta i građevinske objekte		126.831	126.831		101.223	101.223
010		3	Prihodi od kamata	11.298.312	2.970.570	14.268.882	10.324.380	2.858.405	13.182.784
011		4	Nerealizirani dobiti od ulaganja	3.139.831	56.738	3.196.568	26.824.174	68.508	26.892.682
012		5	Realizirani dobiti od ulaganja	730.920	22.323	753.243	2.613.426	211.795	2.825.221
013		6	Neto pozitivne tečajne razlike	5.785.766	7.783	5.793.549	261.142	140	261.281
014		7	Ostali prihodi od ulaganja	1.418.937	100.804	1.519.741	1.861.117	128.792	1.989.909
015		III	Prihodi od provizija i naknada	1.671	21.087.856	21.089.527	1.355	20.628.427	20.629.782
016		IV	Ostali osigurateljno - tehnički prihodi, neto od reosiguranja	593	3.657.151	3.657.744	12.252	3.236.055	3.248.307
017		V	Ostali prihodi	1.738	1.965.792	1.967.530	26	1.802.851	1.802.878
018	019+022	VI	Izdaci za osiguranje slučajeva, neto	-43.332.204	-226.831.438	-270.163.642	-53.292.342	-257.959.105	-311.251.447
019	020+021	1	Likvidirane štete	-43.375.491	-171.162.843	-214.538.334	-53.507.062	-230.651.902	-284.158.964
020		1.1	Bruto iznos (-)	-43.407.177	-243.464.253	-286.871.429	-53.554.492	-321.801.519	-375.356.011
021		1.2	Udio reosiguratelja (+)	31.686	72.301.410	72.333.096	47.430	91.149.616	91.197.047
022	023+024	2	Promjena pričuva šteta (+/-)	43.287	-55.668.595	-55.625.308	214.720	-27.307.203	-27.092.483
023		2.1	Bruto iznos (-)	43.287	-117.906.770	-117.863.483	214.720	-10.348.720	-10.134.000
024		2.2	Udio reosiguratelja (+)		62.238.174	62.238.174		-16.958.483	-16.958.483
025	026+029	VII	Promjena matematičke pričuve i ostalih tehničkih pričuva, neto od reosiguranja	-4.029.612	-13.424.547	-17.454.158	4.696.096	-2.059.781	2.636.315
026	027+028	1	Promjena matematičke pričuve (+/-)	-3.976.445	-10.997.296	-14.973.741	4.642.929	-7.840.050	-3.197.121
027		1.1	Bruto iznos (-)	-3.976.445	-10.997.296	-14.973.741	4.642.929	-7.840.050	-3.197.121
028		1.2	Udio reosiguratelja (+)			0			0
029	030+031	2	Promjena ostalih tehničkih pričuva, neto od reosiguranja (+/-)	-53.167	-2.427.250	-2.480.417	53.167	5.780.269	5.833.436
030		2.1	Bruto iznos (-)	-53.167	-2.427.250	-2.480.417	53.167	5.780.269	5.833.436
031		2.2	Udio reosiguratelja (+)			0			0
032	033+034	VIII	Promjena posebne pričuve za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja, neto od reosiguranja (+/-)	-11.725.618	0	-11.725.618	-29.693.831	0	-29.693.831
033		1	Bruto iznos (-)	-11.725.618		-11.725.618	-29.693.831		-29.693.831
034		2	Udio reosiguratelja (+)			0			0
035	036+037	IX	Izdaci za povrate premija (bonusi i popusti), neto od reosiguranja	0	-4.232.636	-4.232.636	0	-4.107.941	-4.107.941
036		1	Ovisni o rezultatu (bonusi)		-4.232.636	-4.232.636		-4.107.941	-4.107.941
037		2	Neovisni o rezultatu (popusti)			0			0
038	039+043	X	Poslovni rashodi (izdaci za obavljanje djelatnosti), neto	-14.995.587	-159.253.337	-174.248.924	-14.669.270	-193.321.137	-207.990.408
039	040+041+042	1	Troškovi pribave	-6.701.847	-96.438.841	-103.140.688	-8.039.814	-122.846.304	-130.886.118
040		1.1	Provizija	-5.007.829	-61.895.758	-66.903.587	-6.300.664	-83.369.918	-89.670.582
041		1.2	Ostali troškovi pribave	-1.694.018	-38.767.350	-40.461.368	-1.739.150	-41.213.945	-42.953.095
042		1.3	Promjena razgraničenih troškova pribave (+/-)		4.224.266	4.224.266		1.737.558	1.737.558
043	044+045+046	2	Troškovi uprave (administrativni troškovi)	-8.293.740	-62.814.495	-71.108.236	-6.629.456	-70.474.833	-77.104.289
044		2.1	Amortizacija	-1.171.618	-9.784.340	-10.955.958	-1.088.554	-10.267.016	-11.355.570
045		2.2	Plaće, porezi i doprinosi iz i na plaće	-4.468.074	-23.709.352	-28.177.427	-3.285.815	-27.232.534	-30.518.349
046		2.3	Ostali troškovi uprave	-2.654.048	-29.320.804	-31.974.851	-2.255.088	-32.975.283	-35.230.370

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Reconciliation of financial statements

047	048+049+050+051+052+053+054	XI	Troškovi ulaganja	-1.265.848	-778.073	-2.043.921	-2.835.531	-742.594	-3.578.126
048		1	Amortizacija zemljišta i građevinskih objekata koji ne služe društvu za obavljanje djelatnosti		-53.199	-53.199		-52.467	-52.467
049		2	Kamate		0	0		0	0
050		3	Umjtanjenje vrijednosti ulaganja	-279.300		-279.300	-539.000		-539.000
051		4	Realizirani gubici od ulaganja	-161.173	-54.139	-215.313	-109.835	-9.665	-119.500
052		5	Nerealizirani gubici od ulaganja	-449.322	-3.836	-453.158	-863.778	-25.311	-889.089
053		6	Neto negativne tečajne razlike	-2.940	0	-2.940	-928.307	0	-928.307
054		7	Ostali troškovi ulaganja	-373.113	-666.899	-1.040.012	-394.612	-655.152	-1.049.764
055	056+057	XII	Ostali tehnički troškovi, neto od reosiguranja	-11.956	-3.746.930	-3.758.886	-13.580	-3.277.782	-3.291.362
056		1	Troškovi za preventivnu djelatnost		-1.090.394	-1.090.394		-1.510.855	-1.510.855
057		2	Ostali tehnički troškovi osiguranja	-11.956	-2.656.536	-2.668.492	-13.580	-1.766.927	-1.780.508
058		XIII	Ostali troškovi, uključujući vrijednosna usklađenja		0	0		0	0
059	001+007+015+016+017+018+025+032+035+038+047+055+058	XIV	Dobit ili gubitak obračunskog razdoblja prije poreza (+/-)	7.020.684	-26.489.057	-19.468.372	7.212.647	8.026.823	15.239.470
060	061+062	XV	Porez na dobit ili gubitak	0	0	0	0	-1.537.155	-1.537.155
061		1	Tekuci porezni trošak			0		-1.537.155	-1.537.155
062		2	Odgodeni porezni trošak (prihod)						
063	059+060	XVI	Dobit ili gubitak obračunskog razdoblja poslije poreza (+/-)	7.020.684	-26.489.057	-19.468.372	7.212.647	6.489.669	13.702.315
064		1	Pripisano imateljima kapitala matice			0			0
065		2	Pripisano nekontrolirajućem interesu			0			0
066	001+007+015+016+017+062	XVII	UKUPNI PRIHODI	82.381.510	381.777.903	464.159.413	103.021.107	469.495.164	572.516.271
067	018+025+032+035+038+047+055+058+061	XVIII	UKUPNI RASHODI	-75.360.826	-408.266.959	-483.627.786	-95.808.460	-463.005.496	-558.813.956
068	069+070+071+072+073+074+075+076	XIX	Ostala sveobuhvatna dobit	-2.728.500	-661.721	-3.390.221	-7.670.630	-1.433.295	-9.103.925
069		1	Dobici/gubici proizašli iz preračunavanja financijskih izvještaja inozemnog poslovanja			0			0
070		2	Dobici/gubici proizašli iz revalorizacije financijske imovine raspoložive za prodaju	-2.728.500	-661.721	-3.390.221	-7.670.630	-1.433.295	-9.103.925
071		3	Dobici/gubici proizašli iz revalorizacije zemljišta i građevinskih objekata koji služe društvu za obavljanje djelatnosti			0			0
072		4	Dobici/gubici proizašli iz revalorizacije druge materijalne (osim zemljišta i nekretnina) i nematerijalne imovine			0			0
073		5	Učinci od instrumenata zaštite novčanog toka			0			0
074		6	Aktuarski dobiti/gubici po mirovinskim planovima s definiranim mirovinama			0			0
075		7	Udio u ostaloj sveobuhvatnoj dobiti pridruženih društava			0			0
076		8	Porez na dobit na ostalu sveobuhvatnu dobit			0			0
077	078+079	XX	Ukupna sveobuhvatna dobit	4.292.184	-27.150.778	-22.858.593	-457.983	5.056.373	4.598.390
078		1	Pripisano imateljima kapitala matice			0			0
079		2	Pripisano nekontrolirajućem interesu			0			0
080		XXI	Reklasifikacijske usklade			0			0

IZVJEŠTAJ O NOVČANIM TOKOVIMA (INDIREKTNA METODA)

za razdoblje: 01.01. - 31.12.2021.

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	7.169.896	-68.419.144
002	003+004	1	Novčani tok prije promjene poslovne imovine i obveza	-11.999.871	-25.192.209
003		1.1	Dobit/gubitak prije poreza	15.239.470	-19.468.372
004	005+006+007 +008+009+010 +011+012	1.2	Usklađenja:	-27.239.341	-5.723.836
005		1.2.1	Amortizacija nekretnina i opreme	8.309.227	8.438.928
006		1.2.2	Amortizacija nematerijalne imovine	3.098.810	2.570.228
007		1.2.3	Umanjenje vrijednosti i dobici/gubici od svođenja na fer vrijednost	-25.464.593	-2.464.110
008		1.2.4	Troškovi kamata		
009		1.2.5	Prihodi od kamata	-13.182.784	-14.268.882
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	19.169.767	-43.226.935
014		2.1	Povećanje/smanjenje financijske imovine raspoložive za prodaju	1.897.967	-116.151.140
015		2.2	Povećanje/smanjenje financijske imovine po fer vrijednosti kroz račun dobiti i gubitka	-35.140.452	-10.634.567
016		2.3	Povećanje/smanjenje zajmova i potraživanja	5.253.454	-3.813.900
017		2.4	Povećanje/smanjenje depozita kod cedenta		
018		2.5	Povećanje/smanjenje ulaganja za račun i rizik ugovaratelja životnog osiguranja	-31.801.676	-10.254.500
019		2.6	Povećanje/smanjenje udjela reosiguranja u tehničkim pričuvama	7.973.640	-63.841.511
020		2.7	Povećanje/smanjenje porezne imovine	1.537.155	
021		2.8	Povećanje/smanjenje potraživanja	-8.305.246	-28.097.272
022		2.9	Povećanje/smanjenje ostale imovine		
023		2.10	Povećanje/smanjenje plaćenih troškova budućeg razdoblja i nedospjele naplate prihoda	11.559.922	9.785.614
024		2.11	Povećanje/smanjenje tehničkih pričuva	33.798.237	164.533.383
025		2.12	Povećanje/smanjenje posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja	29.693.831	11.725.618
026		2.13	Povećanje/smanjenje poreznih obveza	-2.004.085	-744.195
027		2.14	Povećanje/smanjenje depozita zadržanih iz posla predanog u reosiguranje		
028		2.15	Povećanje/smanjenje financijskih obveza	-279.515	279.515
029		2.16	Povećanje/smanjenje ostalih obveza	5.081.261	8.212.733
030		2.17	Povećanje/smanjenje odgođenog plaćanja troškova i prihoda budućeg razdoblja	-94.726	-4.226.714
031		3	Plaćeni porez na dobit		

032	033+034+...+046	II	NOVČANI TOK IZ ULAGAČKIH AKTIVNOSTI	-14.842.315	76.686.554
033		1	Primici od prodaje materijalne imovine		
034		2	Izdaci za nabavu materijalne imovine	-11.767.834	-4.934.251
035		3	Primici od prodaje nematerijalne imovine		
036		4	Izdaci za nabavu nematerijalne imovine	-3.207.604	-3.211.565
037		5	Primici od prodaje zemljišta i građevinskih objekata koji ne služe društvu za provođenje djelatnosti	101.140	29.359
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	31.983	84.803.010
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 otplate 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	-7.672.418	8.267.410
054		IV	UČINCI PROMJENE TEČAJEVA STRANIH VALUTA NA NOVAC I NOVČANE EKVIVALENTE		
055	053+054	V	NETO POVEĆANJE/SMANJENJE NOVCA I NOVČANIH EKVIVALENATA	-7.672.418	8.267.410
056		1	Novac i novčani ekvivalenti na početku razdoblja	18.727.058	10.459.647
057	055+056	2	Novac i novčani ekvivalenti na kraju razdoblja	11.054.639	18.727.058

IZVJEŠTAJ O PROMJENAMA KAPITALA

za razdoblje: 01.01. - 31.12.2021.

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		36.612.906	11.636.237	-19.400.461	2.930.619	241.434.900		241.434.900
1.	Promjena računovodstvenih politika									
2.	Ispravak pogreški prethodnih razdoblja									
II.	Stanje na 01. siječnja prethodne godine (prepravljeno)	209.655.600		36.612.906	11.636.237	-19.400.461	2.930.619	241.434.900		241.434.900
III.	Sveobuhvatna dobit ili gubitak prethodne godine			-3.390.221	146.531	2.784.088	-22.398.991	-22.858.593		-22.858.593
1.	Dobit ili gubitak razdoblja						-19.468.372	-19.468.372		-19.468.372
2.	Ostala sveobuhvatna dobit ili gubitak prethodne godine			-3.390.221	146.531	2.784.088	-2.930.619	-3.390.221		-3.390.221
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			-3.390.221				-3.390.221		-3.390.221
2.3.	Realizirani dobiti ili gubici od financijske imovine raspoložive za prodaju									
2.4.	Ostale nevlasničke promjene kapitala				146.531	2.784.088	-2.930.619			
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		33.222.685	11.782.768	-16.616.373	-19.468.372	218.576.307		218.576.307
VI.	Stanje na 01. siječnja tekuće 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									
VII.	Stanje 1. siječnja tekuće godine (prepravljeno)	209.655.600		33.222.685	11.782.768	-16.616.373	-19.468.372	218.576.307		218.576.307
VIII.	Sveobuhvatna dobit ili gubitak tekuće 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 tekuće 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			
IX.	Transakcije s vlasnicima (tekuće razdoblje)									
1.	Povećanje/smanjenje upisanog kapitala									
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	209.655.600		24.118.760	11.782.768	-36.084.746	13.702.315	223.174.697		223.174.697

Naziv društva: Triglav osiguranje d.d.

Obrazac: REG

IZVJEŠTAJ O REGISTRU IMOVINE ZA POKRIĆE TEHNIČKIH PRIČUVA

na dan: 31.12.2021.

u kunama

Broj pozicije	Kategorija imovine	Imovina za pokriće matematičke pričuve	Imovina za pokriće tehničkih pričuva osim matematičke pričuve
1	Državne obveznice	370.184.720,37	230.489.563,42
2	Korporativne obveznice	23.115.388,50	28.030.012,33
3	Dionice i poslovni udjeli		363.451,00
4	Investicijski fondovi	23.269.712,12	98.850.108,74
5	Strukturirani proizvodi		
6	Osigurani vrijednosni papiri		
7	Novac i depoziti	788.519,09	44.059.784,83
8	Hipoteke i zajmovi	5.214.770,76	
9	Nekretnine		1.179.929,43
10	Ostala ulaganja		
11	Potraživanja iz poslova izravnog osiguranja	664.490,90	99.655.884,65
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)	423.237.601,74	502.628.734,40
19	Pričuve za prijenosne premije		199.458.499,70
20	Matematičke pričuve	377.028.181,92	
21	Pričuve šteta	815.500,32	256.474.744,52
22	Pričuve za bonuse i popuste		1.703.770,17
23	Pričuve za kolebanje šteta		
24	Druge tehničke pričuve prema računovodstvenim propisima		316.916,06
25	TRAŽENO POKRIĆE (19+20+...24)	377.843.682,24	457.953.930,45
26	VIŠAK/MANJAK IMOVINE ZA POKRIĆE (18-25)	45.393.919,50	44.674.803,95

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: 31.12.2021.

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
1	2	3	4	5	6	7	8	9 (3+4+5+6+7+8)	10	11 (9+10)	12	13 (11+12)
I	NEŽIVOT											
01	Osiguranje od nezgode	152.482,34	90.415,71	82.948,35	123.887,26	117.462,90	1.587.053,22	2.154.249,78	1.943.493,23	4.097.743,01	1.587.053,22	2.510.689,79
02	Zdravstveno osiguranje	464.438,30	365.698,13	107.672,27	405.604,09	260.693,43	723.363,00	2.327.469,22	4.864.675,26	7.192.144,48	723.363,00	6.468.781,48
03	Osiguranje cestovnih vozila	1.201.553,87	693.403,03	465.836,34	1.038.702,02	527.970,19	6.265.990,27	10.193.455,72	7.797.604,05	17.991.059,77	6.265.990,27	11.725.069,50
04	Osiguranje tračnih vozila							0,00		0,00	0,00	0,00
05	Osiguranje tračnih letjelica	268.643,24	0,00	0,00	0,43	0,00	68.450,43	337.094,10	1.281.114,95	1.618.209,05	68.450,43	1.549.758,62
06	Osiguranje plovila	216.954,35	144.356,39	106.476,36	74.503,41	128.156,64	1.441.040,55	2.111.487,70	4.255.665,31	6.367.153,01	1.441.040,55	4.926.112,46
07	Osiguranje robe u prijevozu	30.016,78	0,00	0,00	0,00	0,00	77.129,45	107.146,23	94.397,36	201.543,59	77.129,45	124.414,14
08	Osiguranje od požara i elementarnih šteta	819.393,38	382.483,51	286.543,69	1.081.305,10	368.045,26	3.765.139,98	6.702.910,92	5.536.220,29	12.239.131,21	3.765.139,98	8.473.991,23
09	Ostala osiguranja imovine	14.670.912,15	1.892.623,24	1.396.982,94	1.323.730,14	857.400,58	8.193.269,13	28.334.918,18	28.830.619,68	57.165.537,86	8.193.269,13	48.972.268,73
10	Osiguranje od odgovornosti za upotrebu motornih vozila	1.636.560,51	948.918,54	705.106,68	1.371.913,56	1.158.319,78	20.617.911,80	26.438.720,87	7.712.645,43	34.151.366,30	20.617.911,80	13.533.454,50
11	Osiguranje od odgovornosti za upotrebu tračnih letjelica	5.635,00	812,59	0,00	0,00	-1.817,13	101.201,21	105.831,67	1.351.968,08	1.457.799,75	101.201,21	1.356.598,54
12	Osiguranje od odgovornosti za upotrebu plovila	16.495,42	8.997,00	9.070,73	16.454,79	22.463,25	324.569,71	398.050,90	156.497,97	554.548,87	324.569,71	229.979,16
13	Ostala osiguranja od odgovornosti	620.675,23	583.062,24	336.399,97	623.549,70	375.413,58	1.941.681,68	4.480.782,40	3.560.367,69	8.031.150,09	1.941.681,68	6.089.468,41
14	Osiguranje kredita	44.159,66	0,00	0,00	0,00	0,00	29.067,30	73.226,96	666.640,86	739.867,82	29.067,30	710.800,52
15	Osiguranje jamstva	216.809,88	10.842,31	2.984,57	19.818,66	9.070,49	49.371,18	308.897,09	113.635,18	422.532,27	49.371,18	373.161,09
16	Osiguranje raznih finansijskih gubitaka	30.353,95	15.906,81	288.657,25	118.841,97	4.879,44	43.358,96	501.998,38	811.403,05	1.313.401,43	43.358,96	1.270.042,47
17	Osiguranje troškova pravne zaštite	1.027,97	569,32	478,87	820,64	814,99	28.188,46	31.900,25	5.737,06	37.637,31	28.188,46	9.448,85
18	Osiguranje pomoći (asistencija)	26.843,92	15.971,19	13.531,60	21.120,33	22.647,57	61.199,04	161.313,65	177.717,97	339.031,62	61.199,04	277.832,58
I.1	Potraživanja od ugovaratelja osiguranja iz poslova izravnog osiguranja (01+02+...+18)	20.422.945,95	5.154.060,01	3.802.689,62	6.220.252,10	3.851.520,97	45.317.985,37	84.769.454,02	69.150.403,42	153.919.857,44	45.317.985,37	108.601.872,07
I.2	Potraživanja od zastupnika u osiguranju, odnosno posrednika u osiguranju i reosiguranju					16.075,00		16.075,00		16.075,00		16.075,00
I.3	Potraživanja iz poslova reosiguranja	0,00	48.579,57	0,00	15.662,11	1.152.836,84		1.217.078,52	47.604.652,26	48.821.730,78	0,00	48.821.730,78
I.4	Potraživanja iz poslova suosiguranja							0,00		0,00		0,00
I.5	Ukupno (I.1+I.2+I.3+I.4)	20.422.945,95	5.202.639,58	3.802.689,62	6.235.914,21	5.020.432,81	45.317.985,37	86.002.607,54	116.755.055,68	202.757.663,22	45.317.985,37	157.439.677,85
I.6	Ispravak vrijednosti						45.317.985,37	45.317.985,37		45.317.985,37	45.317.985,37	0,00
II	ZIVOT											
19	Životna osiguranja											
20	Redovno osiguranje											
21	Dopunska osiguranja uz osiguranje života											
22	Osiguranje za slučaj vjenčanja ili sklopanja životnog partnerstva ili rođenja											
23	Osiguranje života i redovno 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)	20.422.945,95	5.202.639,58	3.802.689,62	6.235.914,21	5.020.432,81	45.317.985,37	86.002.607,54	116.755.055,68	202.757.663,22	45.317.985,37	157.439.677,85

Naziv društva: Triglav osiguranje d.d. Obrazac: PIT

IZVJEŠTAJ O PRIHODIMA I TROŠKOVIMA ULAGANJA PREMA IZVORU SREDSTAVA
za razdoblje: 01.01. - 31.12.2021.

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	22.373.765,60	3.305.359,43	25.679.125,03	41.884.238,81	3.682.391,77	45.566.630,58
1		Prihodi od ulaganja iz sredstava kapitala	44.763,48	38.509,28	83.272,76	0,00	143.386,56	143.386,56
2		Prihodi od ulaganja iz sredstava matematičke pričuve	12.874.615,71	191.224,38	13.065.840,09	7.758.216,54	186.600,60	7.944.817,14
3		Prihodi od ulaganja iz sredstava posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja	4.706.942,70		4.706.942,70	27.628.734,78		27.628.734,78
4		Prihodi od ulaganja iz sredstava preostalih tehničkih pričuva (koje nisu obuhvaćene pozicijama 2. i 3.)	4.747.443,71	3.075.625,77	7.823.069,48	6.497.287,49	3.352.404,61	9.849.692,10
II	(1+2+3+4)	Ukupni troškovi ulaganja	-1.265.848,41	-778.072,63	-2.043.921,04	-2.835.531,30	-742.594,40	-3.578.125,70
1		Troškovi od ulaganja iz sredstava kapitala	-137.441,92	-460.183,88	-597.625,80	-271.745,99		-271.745,99
2		Troškovi od ulaganja iz sredstava matematičke pričuve	-254.818,38		-254.818,38	-1.000.391,00	-40.638,19	-1.041.029,19
3		Troškovi od ulaganja iz sredstava posebnih pričuva za životna osiguranja kod kojih ugovaratelj osiguranja snosi rizik ulaganja	-156.793,31		-156.793,31	-702.341,32		-702.341,32
4		Troškovi od ulaganja iz sredstava preostalih tehničkih pričuva (koje nisu obuhvaćene pozicijama 2. i 3.)	-716.794,80	-317.888,75	-1.034.683,55	-861.052,99	-701.956,21	-1.563.009,20

Naziv društva: Triglav osiguranje d.d.

RAČUN DOBITI I GUBITKA PO VRSTAMA I RIZICIMA OSIGURANJA

za razdoblje: 01.01. - 31.12.2021.

30

Naziv društva: Triglav osiguranje d.d.

Obrazac RU-TP

IZVJEŠTAJ O ROČNOJ USKLADENOSTI IMOVINE ZA POKRIĆE TEHNIČKIH PRIČUVA OSIM MATEMATIČKE PRIČUVE S OBVEZAMA IZ TEHNIČKIH PRIČUVA OSIM MATEMATIČKE PRIČUVE
na dan: 31.12.2021.

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)	248.325.417,60	93.487.470,30	109.506.590,69	50.129.326,38	,00	,00	1.179.929,43	502.628.734,40
1	Financijska imovina koja se drži do dospijeća	,00	,00	,00	,00	,00	,00	,00	,00
1.1	Dužnički financijski instrumenti								,00
1.2	Ostalo								,00
2	Financijska imovina raspoloživa za prodaju	37.860.098,85	93.487.470,30	76.942.083,84	50.129.326,38	,00	,00	,00	258.418.979,37
2.1	Vlasnički financijski instrumenti	49.928,00							49.928,00
2.2	Dužnički financijski instrumenti	37.810.170,85	93.487.470,30	76.942.083,84	50.129.326,38				258.369.051,37
2.3	Udjeli u investicijskim fondovima								,00
2.4	Ostalo								,00
3	Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka	99.314.156,12	,00	,00	,00	,00	,00	,00	99.314.156,12
3.1	Vlasnički financijski instrumenti	313.523,00							313.523,00
3.2	Dužnički financijski instrumenti	150.524,38							150.524,38
3.3	Izvedeni financijski instrumenti								,00
3.4	Udjeli u investicijskim fondovima	98.850.108,74							98.850.108,74
3.5	Ostalo								,00
4	Zajmovi i potraživanja	1.802.676,30	,00	32.564.506,85	,00	,00	,00	,00	34.367.183,15
4.1	Depoziti kod kreditnih institucija	1.802.676,30		32.564.506,85					34.367.183,15
4.2	Zajmovi								,00
4.3	Ostalo								,00
5	Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti							1.179.929,43	1.179.929,43
6	Novac i novčani ekvivalenti	9.692.601,68							9.692.601,68
7	Ostala imovina za pokriće tehničkih pričuva osim matematičke pričuve	99.655.884,65							99.655.884,65
II	Traženo pokriće tehničkih pričuva osim matematičke pričuve, neto od reosiguranja (8+9+10+11+12)	300.374.408,02	58.917.424,40	34.123.840,90	44.158.443,25	14.908.685,04	4.576.120,63	895.008,21	457.953.930,45
8	Pričuve za prijenosne premije	190.231.909,93	7.433.271,34	1.780.000,94	13.317,49				199.458.499,70
9	Pričuve šteta	108.123.088,11	51.482.876,81	32.343.839,96	44.145.125,76	14.908.685,04	4.576.120,63	895.008,21	256.474.744,52
10	Pričuve za bonuse i popuste	1.703.770,17							1.703.770,17
11	Pričuve za kolebanje šteta								,00
12	Druge tehničke pričuve prema računovodstvenim propisima	315.639,81	1.276,25						316.916,06
III	Razlika (I-II)	-52.048.990,42	34.570.045,90	75.382.749,79	5.970.883,13	-14.908.685,04	-4.576.120,63	284.921,22	44.674.803,95

Naziv društva: Triglav osiguranje d.d.

Obrazac RU-MP

IZVJEŠTAJ O ROČNOJ USKLADENOSTI IMOVINE ZA POKRIĆE MATEMATIČKE PRIČUVE S OBVEZAMA IZ MATEMATIČKE PRIČUVE
na dan: 31.12.2021.

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)	25.221.470,42	11.222.679,92	70.684.176,03	24.550.651,97	280.913.153,23	10.592.294,82	53.175,35	423.237.601,74
1	Financijska imovina koja se drži do dospelja	,00	10.029.428,74	,00	,00	52.839.843,82	,00	,00	62.869.272,56
1.1	Dužnički financijski instrumenti		10.029.428,74			52.839.843,82			62.869.272,56
1.2	Ostalo								,00
2	Financijska imovina raspoloživa za prodaju	,00	,00	69.534.237,69	22.570.943,17	227.853.898,46	10.471.756,99	,00	330.430.836,31
2.1	Vlasnički financijski instrumenti								,00
2.2	Dužnički financijski instrumenti			69.534.237,69	22.570.943,17	227.853.898,46	10.471.756,99		330.430.836,31
2.3	Udjeli u investicijskim fondovima								,00
2.4	Ostalo								,00
3	Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka	23.269.712,12	,00	,00	,00	,00	,00	,00	23.269.712,12
3.1	Vlasnički financijski instrumenti								,00
3.2	Dužnički financijski instrumenti								,00
3.3	Izvedeni financijski instrumenti								,00
3.4	Udjeli u investicijskim fondovima	23.269.712,12							23.269.712,12
3.5	Ostalo								,00
4	Zajmovi i potraživanja	498.748,31	1.193.251,18	1.149.938,34	1.979.708,80	219.410,95	120.537,83	53.175,35	5.214.770,76
4.1	Depoziti kod kreditnih institucija								
4.2	Zajmovi	498.748,31	1.193.251,18	1.149.938,34	1.979.708,80	219.410,95	120.537,83	53.175,35	5.214.770,76
4.3	Ostalo								
5	Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti								,00
6	Novac i novčani ekvivalenti	788.519,09							788.519,09
7	Ostala imovina za pokriće matematičke pričuve	664.490,90							664.490,90
II	Traženo pokriće matematičke pričuve, neto od reosiguranja (8+9+10+11)	33.550.399,57	70.166.754,19	53.350.963,84	190.277.247,42	14.295.132,90	9.248.759,18	6.954.425,14	377.843.682,24
8	Matematičke pričuve	32.871.903,30	70.075.418,16	53.305.295,82	190.277.247,42	14.295.132,90	9.248.759,18	6.954.425,14	377.028.181,92
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	678.496,27	91.336,03	45.668,02	,00	,00			815.500,32
III	Razlika (I-II)	-8.328.929,15	-58.944.074,27	17.333.212,19	-165.726.595,45	266.618.020,33	1.343.535,64	-6.901.249,79	45.393.919,50

Reconciliation of financial statements prepared in line with IFRS reporting framework and financial statements stipulated by the Ordinance of the Croatian Financial Services Supervisory Agency (CFSSA) on the structure and content of the financial statements of insurance companies

IZVJEŠTAJ O SVEOBUHVAATNOJ DOBITI (RAČUN DOBITI I GUBITKA)			HANFA																									Temeljni financijski izvještaji	
Broj pozicije	Oznaka pozicije	Opis pozicije	000 HRK	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	000 HRK	Opis pozicije
001	I	Zaradene premije (prihodovane)	501.269	-801																								500.467	Zaradene premije, neto od reosiguranja
007	II	Prihodi od ulaganja	45.567		-211		2	458	665	910																	-1	47.390	Prihodi od ulaganja
015	III	Prihodi od provizija i naknada	20.630																									20.630	Prihod od provizija i naknada
016	IV	Ostali osigurateljno - tehnički prihodi, neto od reosiguranja	3.248																										
017	V	Ostali prihodi	1.803																										
	IV + V	Ostali prihodi	5.051				-2	-458	-665			6.080	1.970	-363	-113	-550										-48	-1	11.628	Ostali poskovni prihodi
018	VI	Izdaci za osigurane slučajeve, neto	-311.251																										
025	VII	Promjena matematičke pričuve i ostalih tehničkih pričuva, neto od reosiguranja	2.636																										
032	VIII	Promjena posebne pričuve za osiguranja iz skupine životnih osiguranja kod kojih ugovaratelj osiguranja preuzima investicijski rizik, neto od reosiguranja (+/-)	-29.694																										
018+025+032	VI + VII + VIII		-338.309							-910		-6.080	-1.970	-363			3.359						7.783				2	-336.489	Nastale štete, neto od reosiguranja
035	IX	Izdaci za povrate premija (bonusi i ponusti), neto od reosiguranja	-4.108																										
039	X 1	Troškovi pribave	-130.886																										
035+039	IX + X 1		-134.994																										
043	X 2	Troškovi uprave (administrativni troškovi)	-77.104		211	290					-234					550		521	281	6	-3.718	-211	-7.783	-7.832	11	48		-94.965	Administrativni troškovi
																												-2.021	Troškovi ulaganja
																												-1.847	Financijski troškovi
047	XI	Troškovi ulaganja	-3.578			-290																						-3.868	Troškovi ulaganja + Financijski troškovi
055	XII	Ostali tehnički troškovi, neto od reosiguranja	-3.291	801							234			113		-3.359	-521	-281	-6		211							-6.099	Ostali poskovni troškovi
058	XIII	Ostali troškovi, uključujući vrijednosna uskla	0																									0	Ostali poskovni troškovi
059	XIV	Dobit ili gubitak obračunskog razdoblja prije	15.239																									15.239	Dobit / gubitak prije poreza
060	XV	Porez na dobit ili gubitak	-1.537																									-1.537	Trošak poreza na dobit
063	XVI	Dobit ili gubitak obračunskog razdoblja posli	13.702																									13.702	Dobit / gubitak za godinu
068	XIX	Ostala sveobuhvatna dobit	-9.104																									-9.104	Ostala sveobuhvatna dobit
077	XX	Ukupna sveobuhvatna dobit	4.598																									4.598	Ukupna sveobuhvatna dobit

- (1) Ispravak vrijednosti potraživanja za premiju osiguranja (kt. 70500, 70501 i 7060).
- (2) Negativne tečajne rezlike (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 zateznih i ostalih kamata (kt. 72500, 72503)
- (7) Prihodi od zateznih kamata regresnih potraživanja (kt. 72501)
- (8) Ostali nespomenuti osigurateljno-tehnički izdaci (kt. 457151, 457152, 4890)
- (9) Potraživanja za glavicu regresa (kt. 4010, 40101)
- (10) Ispravak vrijednosti i naplaćeni ispravak vrijednosti regresa (kt. 481002, 7450)
- (11) Ostali prihodi po osnovi regresnih potraživanja (kt. 72804, 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) Doprinosi za HUO za redovnu djelatnost (kt. 4880)
- (16) Doprinosi HANFA (kt. 4881)
- (17) Troškovi za turističku članarinu (kt. 4554)
- (18) Naknada za upotrebu vlastitog automobila za službene svrhe (kt. 451001)
- (19) Negativne tečajne rezlike (kt. 45910, 45911, 45912, 45913, 45914, 45915)
- (20) Trošak plaća Sektora šteta
- (21) Trošak plaća Sektora prodaje
- (22) Troškovi neto, porez i prirez autorskih honorara (kt. 45137)
- (23) Prihodi od imovine s pravom korištenja najmovi - prijevremeni raskid (kt. 74152)
- (24) Razlike koje proizlaze iz zaokruživanja

AKTIVA			HANFA		Temeljni financijski izvještaji	
Broj pozicije	Oznaka pozicije	Opis pozicije	000 HRK	1	000 HRK	Opis pozicije
001	I	NEMATERIJALNA IMOVINA	8.031		8.031	Ostala nematerijalna imovina
					124.767	Nekretnine i oprema
					12.749	Imovina s pravom upotrebe
004	II	MATERIJALNA IMOVINA	137.629	-114	137.515	Nekretnine i oprema
008	III	ULAGANJA	818.795			
009	A	Ulaganja u zemljišta i građevinske objekte koji ne služe društvu za provođenje djelatnosti	1.241		1.241	Ulaganja u nekretnine
010	B	Ulaganja u podružnice, pridružena društva i zajedničke pothvate				
014	C	Financijska imovina	817.555			
034	IV	ULAGANJA ZA RAČUN I RIZIK VLASNIKA POLICA ŽIVOTNOG OSIGURANJA	202.777			
010+014+034	B+C+IV		1.020.331		1.020.331	Financijska imovina
035	V	UDIO REOSIGURANJA U TEHNIČKIM PRIČUVAMA	97.653		97.653	Udio reosiguranja u tehničkim pričuvama
043	VI	ODGOĐENA I TEKUĆA POREZNA IMOVINA	490		490	Odgođena porezna imovina
046	VII	POTRAŽIVANJA	171.193			
063+065	IX1 + IX3	Razgraničene kamate i najamnine + ostali plaćeni troškovi budućeg razdoblja	423	114	171.729	Potraživanja iz poslova osiguranja i ostala potraživanja
056	VIII 1	Novac u banci i blagajni	11.055		11.055	Novac i novčani ekvivalenti
064	IX 2	Razgraničeni troškovi pribave	26.315		26.315	Razgraničeni troškovi pribave
066	X	UKUPNO AKTIVA	1.474.360		1.474.360	Ukupna imovina

(1) Oprema u pripremi za obavljanje osig. djelat. - vozila (konto 0143)

PASIVA			HANFA			Temeljni financijski izvještaji	
Broj pozicije	Oznaka pozicije	Opis pozicije	000 HRK	1	2	000 HRK	Opis pozicije
068	XII	KAPITAL I REZERVE	223.175	0	0	223.175	Ukupni kapital i rezerve
069	1	Upisani kapital	209.656			209.656	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	24.119			24.119	Rezerva fer vrijednosti
078	4.1.	Zakonske rezerve	4.875			4.875	Zakonska rezerva
080	4.3.	Ostale rezerve	6.908	-4.692		2.216	Ostale rezerve
081	5	Prenešena (zadržana) dobit ili gubitak	-36.085			-36.085	Prenešeni gubitak / zadržana dobit
084	6	Dobit ili gubitak tekućeg obračunskog razdoblja	13.702			13.702	Dobit / gubitak obračunskog razdoblja
087	XIII	OBVEZE DRUGOG REDA (PODREĐENE OBVEZE)				0	Subordinirani zajam
089	XV	TEHNIČKE PRIČUVE	933.451			933.451	
096	XVI	POSEBNA PRIČUVA ZA OSIGURANJE IZ SKUPINE ŽIVOTNIH OSIGURANJA KOD KOJIH	200.299			200.299	
	XV + XVI		1.133.750			1.133.750	Tehničke pričuve
097	XVII	OSTALE PRIČUVE					
098	1	Pričuve za mirovine i slične obveze	6.315			6.315	Rezervacije za obveze i troškove
099	2	Ostale pričuve	2.160		-1.496	664	
100	XVIII	ODGOĐENA I TEKUĆA POREZNA OBVEZA	5.289			5.289	Odgođena porezna obveza iz finan. portfelja
104	XX	FINANCIJSKE OBVEZE	0			0	Kratkoročni zajam
108	XXI	OSTALE OBVEZE	103.504		1.496	105.000	
113	XXII	ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEG RAZDOBLJA	168			168	
108+113	XXI + XXII					105.168	Obveze iz poslova osiguranja i ostale obveze
116	XXIII	UKUPNA PASIVA	1.474.361	0	0	1.474.361	Ukupne obveze i kapital i rezerve

(1) Pričuva kod pojednostavljenog smanjenja kapitala (kt. 9126)

(2) Rezerviranja za porez EIS (kt. 28903)