CROATIA osiguranje d.d.
Vatroslava Jagića 33, 10 000 Zagreb
www.crosig.hr

CONSOLIDATED UNAUDITED QUARTERLY REPORT, FOR THE PERIOD 1 January 2023 – 31 December 2023

Zagreb, February 2024

This document is a translation of the original Croatian version and is intended to be used for informational purposes only. While every effort has been made to ensure the accuracy and completeness of the translation, please note that the Croatian original is binding.

CONTENT

I. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2023	to	31.12.2023
Year:	2023		
Quarter:	4		

Quarterly financial statements

Registration number (MB):	03276147	Issuer's home Member State	HR
Entity's registration number	080051022		
Personal identification number (OIB):	26187994862	LEI:	74780000M0GHQ1VXJU20
Institution code:	199		
Name of the issuer:	CROATIA osiguranje d.d.		
Postcode and town:	10 000		ZAGREB
Street and house number:	Vatroslava Jagića 33		
E-mail address:	info@crosig.hr		
Web address:	www.crosig.hr		
Number of employees (end of the reporting period):	3748		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS):	Registered office:	MB:
CROATIA PREMIUM d.o.o.	ZAGREB	01885880
CORE 1 d.o.o.	ZAGREB	04570243
AUTO MAKSIMIR VOZILA d.o.o.	ZAGREB	01804812
CROATIA OSIGURANJE DD	MOSTAR	20097647
MILENIJUM OSIGURANJE A.D.	BEOGRAD	7810318
CROATIA OSIGURANJE A.D. - ZA ŽIVOTNA OSIG.	SKOPJE	05920922
CROATIA OSIGURANJE A.D. - ZA NEŽIVOTNA OSIG.	SKOPJE	06479570
CROATIA OSIGURANJE MIROVINSKO DRUŠTVO D.O.O.	ZAGREB	01731742
RAZNE USLUGE D.O.O. - U LIKVIDACIJI	ZAGREB	01892037
CROATIA - TEHNIČKI PREGLEDI D.O.O.	ZAGREB	01450930
PBZ CROATIA OSIGURANJE DD	ZAGREB	01583999
CO ZDRAVLJE D.O.O.	ZAGREB	04837550
STRMEC PROJEKT d.o.o.	ZAGREB	02586649
AGROSERVIS STP d.o.o.	VIROVITICA	01233033
ASTORIA d.o.o.	ZAGREB	080339352
KOREQT d.o.o.	ZAGREB	081353961

Bookkeeping firm:	No	(Yes/No)	(name of the bookkeeping firm)
Contact person:	Jelena Matijević (only name and surname of the contact person)		
Telephone:	072 00 1884		
E-mail address:	izdavatelji@crosig.hr		
Audit firm:	(name of the audit firm)		
Certified auditor:	(name and surname)		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(STATEMENT OF PROFIT OR LOSS)

For the period: 1.1.2023 - 31.12.2023

Statement of comprehensive income (statement of profit or loss)
For the period: 1.1.-31.12.2023

in EUR

Item number	Sum elements	Identifier	Item	Cumulative						Quarter					
				Previous accounting period			Current accounting period			Previous accounting period			Current accounting period		
				Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
001	002 + 003 + 004	**I**	**Income from insurance contracts**	**10.518.354**	**418.064.389**	**428.582.743**	**12.244.536**	**464.150.966**	**476.395.502**	**2.466.753**	**112.503.201**	**114.969.954**	**4.361.656**	**123.684.496**	**128.046.152**
002		1	General measurement model	9.908.423	5.925.322	**15.833.745**	11.416.574	5.964.863	**17.381.437**	2.038.347	3.603.454	**5.641.801**	3.841.569	3.442.511	**7.284.080**
003		2	Variable fee approach	609.931	0	**609.931**	827.962	0	**827.962**	428.406	0	**428.406**	520.087	0	**520.087**
004		3	Premium allocation approach	0	412.139.067	**412.139.067**	0	458.186.103	**458.186.103**	0	108.899.747	**108.899.747**	0	120.241.985	**120.241.985**
005	006+007+....+ 012	**II**	**Expenditure from insurance contracts**	**-9.572.798**	**-372.918.457**	**-382.491.255**	**-6.193.567**	**-436.407.334**	**-442.600.901**	**-880.993**	**-93.284.782**	**-94.165.775**	**-1.137.921**	**-99.346.504**	**-100.484.425**
006		1	Claims incurred	-2.204.795	-228.831.562	**-231.036.357**	-2.027.041	-297.262.227	**-299.289.268**	1.078.569	-49.929.346	**-48.850.777**	19.651	-71.018.387	**-70.998.736**
007		2	Commissions	-717.657	-41.351.607	**-42.069.264**	-1.679.446	-44.902.576	**-46.582.022**	232.699	-10.140.622	**-9.907.923**	-451.416	-11.423.947	**-11.875.363**
008		3	Other expenses related to the sale of insurance	0	-47.446.379	**-47.446.379**	3.645	-47.783.621	**-47.779.976**	728.459	-14.783.579	**-14.055.120**	939.753	-13.118.485	**-12.178.732**
009		4	Other insurance service expenses	-3.925.525	-65.361.334	**-69.286.859**	-3.287.584	-69.777.839	**-73.065.423**	-1.073.906	-17.486.908	**-18.560.814**	-894.550	-17.363.281	**-18.257.831**
010		5	Depreciation of insurance acquisition costs	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
011		6	Losses and reversal of losses on onerous contracts	-2.326.663	-594.314	**-2.920.977**	1.857.495	352.212	**2.209.707**	-1.293.803	207.244	**-1.086.559**	116.858	835.458	**952.316**
012		7	Change in liabilities for claims incurred	-398.158	10.666.739	**10.268.581**	-1.060.636	22.966.717	**21.906.081**	-553.011	-1.151.571	**-1.704.582**	-868.217	12.742.138	**11.873.921**
013	014 + 015	**III**	**Net result of (passive) reinsurance contracts**	**-44.936**	**-13.388.462**	**-13.433.398**	**-47.440**	**-8.494.942**	**-8.542.382**	**-11.433**	**-4.129.831**	**-4.141.264**	**-11.741**	**-5.293.829**	**-5.305.570**
014		1	Income from (passive) reinsurance contracts	0	34.445.099	**34.445.099**	0	53.695.677	**53.695.677**	1.087	10.203.938	**10.205.025**	673	13.758.383	**13.759.056**
015		2	Expenditure from (passive) reinsurance contracts	-44.936	-47.833.561	**-47.878.497**	-47.440	-62.190.619	**-62.238.059**	-12.520	-14.333.769	**-14.346.289**	-12.414	-19.052.212	**-19.064.626**
016	001 + 005 + 013	**IV**	**Result from insurance contracts**	**900.620**	**31.757.470**	**32.658.090**	**6.003.529**	**19.248.690**	**25.252.219**	**1.574.327**	**15.088.588**	**16.662.915**	**3.211.994**	**19.044.163**	**22.256.157**
017	018 + 023 + 024 + 025 + 026 + 027 + 031 + 032 + 033 +034	**V**	**Net investment result**	**13.738.025**	**35.310.017**	**49.048.042**	**16.544.826**	**43.217.602**	**59.762.428**	**2.301.873**	**8.022.908**	**10.324.781**	**4.842.644**	**12.939.936**	**17.782.580**
018	019 + 020 + 021 + 022	1	Net result from investment in land and buildings	4.504	13.922.182	**13.926.686**	10.237	16.769.974	**16.780.211**	-3.544	3.526.040	**3.522.496**	2.184	6.078.955	**6.081.139**
019		1.1.	Rental gains/losses (net)	10.733	13.191.784	**13.202.517**	10.737	14.073.592	**14.084.329**	2.685	3.196.018	**3.198.703**	2.684	3.415.014	**3.417.698**
020		1.2.	Realised gains/losses (net) from property not for own use	0	491.666	**491.666**	0	36.808	**36.808**	0	76.425	**76.425**	0	4.367	**4.367**
021		1.3.	Unrealised gains/losses (net) from property not for own use	-6.229	238.732	**232.503**	-500	2.659.574	**2.659.074**	-6.229	253.597	**247.368**	-500	2.659.574	**2.659.074**
022		1.4.	Depreciation of land and buildings not occupied by an undertaking for its own activities	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
023		2	Interest revenue calculated using the effective interest rate method	13.348.500	12.337.802	**25.686.302**	12.558.448	18.235.025	**30.793.473**	3.197.377	3.161.512	**6.358.889**	3.063.655	6.067.897	**9.131.552**
024		3	Other interest income	0	24.964	**24.964**	116.984	998.340	**1.115.324**	0	24.961	**24.961**	19.318	190.725	**210.043**
025		4	Dividend income	753.166	5.965.847	**6.719.013**	1.002.071	6.782.402	**7.784.473**	127.000	414.602	**541.602**	153.089	435.839	**588.928**
026		5	Unrealised gains/losses (net) from financial assets at fair value through profit or loss	185.476	650.232	**835.708**	1.369.688	2.681.457	**4.051.145**	157.268	3.384.481	**3.541.749**	573.327	681.978	**1.255.305**
027	028 + 029 + 030	6	Realised gains/losses	556.216	1.697.309	**2.253.525**	665.141	698.195	**1.363.336**	46.229	-1.364.396	**-1.318.167**	500.348	469.583	**969.931**
028		6.1.	Realised gains/losses (net) from financial assets at fair value through profit or loss	-22.831	-2.004.073	**-2.026.904**	515.763	555.046	**1.070.809**	-49.871	-2.388.501	**-2.438.372**	500.348	534.382	**1.034.730**
029		6.2.	Realised gains/losses (net) from financial assets at fair value through other comprehensive income	579.047	3.701.382	**4.280.429**	149.378	143.149	**292.527**	96.100	1.024.105	**1.120.205**	0	-64.799	**-64.799**
030		6.3.	Other realised gains/losses (net)	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
031		7	Net impairment / reversal of impairment of investments	-142.556	1.303.969	**1.161.413**	359.304	1.134.076	**1.493.380**	-1.160	206.674	**205.514**	45.621	638.589	**684.210**
032		8	Net exchange rate differences	707.755	2.194.419	**2.902.174**	-162.005	-850.185	**-1.012.190**	307.540	-666.008	**-358.468**	-234.719	-824.912	**-1.059.631**
033		9	Other income from investments	-1.485.744	321.671	**-1.164.073**	751.168	43.898	**795.066**	-1.486.813	104.954	**-1.381.859**	749.057	16.896	**765.953**
034		10	Other expenditure from investments	-189.292	-3.108.378	**-3.297.670**	-126.210	-3.275.580	**-3.401.790**	-42.024	-769.912	**-811.936**	-29.236	-815.614	**-844.850**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (STATEMENT OF PROFIT OR LOSS)

For the period: 1.1.2023 - 31.12.2023

in EUR

Item number	Sum elements	Identifier	Item	Cumulative						Quarter					
				Previous accounting period			Current accounting period			Previous accounting period			Current accounting period		
				Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
035	036 + 037 + 038	**VI**	**Net financial expenditure from insurance and (passive) reinsurance contracts**	**2.502.964**	**19.918**	**2.522.882**	**-1.924.283**	**-4.192.183**	**-6.116.466**	**1.642.423**	**-610.540**	**1.031.883**	**-1.258.105**	**-1.631.545**	**-2.889.650**
036		1	Net financial income/expenditure from insurance contracts	2.502.964	-27.746	**2.475.218**	-1.924.284	-4.982.644	**-6.906.928**	1.642.423	-622.121	**1.020.302**	-1.258.105	-1.758.958	**-3.017.063**
037		2	Net financial income/expenditure from (passive) reinsurance contracts	0	47.664	**47.664**	1	790.461	**790.462**	0	11.581	**11.581**	0	127.413	**127.413**
038		3	Change of liability for investment contracts	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
039		**VII**	**Other income**	145.160	28.525.544	**28.670.704**	73.606	31.029.878	**31.103.484**	97.486	5.982.535	**6.080.021**	30.059	7.351.366	**7.381.425**
040		**VIII**	**Other operating expenses**	-477.612	-42.541.187	**-43.018.799**	-505.310	-40.289.062	**-40.794.372**	-165.602	-17.299.893	**-17.465.495**	-260.444	-11.074.371	**-11.334.815**
041		**IX**	**Other financial expenses**	-81.029	-1.655.556	**-1.736.585**	-41.330	-1.773.338	**-1.814.668**	-20.085	-517.389	**-537.474**	-2.017	-562.794	**-564.811**
042		**X**	**Share of profit of companies consolidated using equity method, net of tax**	0	1.395.302	**1.395.302**	0	1.781.169	**1.781.169**	0	380.017	**380.017**	0	447.444	**447.444**
043	001+005+013+016+017+035+039+040+041+042	**XI**	**Profit or loss of the accounting period before tax (+/-)**	**16.728.128**	**52.811.508**	**69.539.636**	**20.151.038**	**49.022.756**	**69.173.794**	**5.430.422**	**11.046.226**	**16.476.648**	**6.564.131**	**26.514.199**	**33.078.330**
044	045 + 046	**XII**	**Tax on profit or loss**	-2.679.953	-8.583.039	**-11.262.992**	-3.175.197	-7.546.091	**-10.721.288**	-699.068	-2.128.284	**-2.827.352**	-958.064	-4.882.891	**-5.840.955**
045		1	Current tax expense	-1.824.531	-7.743.935	**-9.568.466**	-518.832	-19.455.390	**-19.974.222**	-460.923	-1.221.753	**-1.682.676**	1.697.806	-16.866.562	**-15.168.756**
046		2	Deferred tax expense/ income	-855.422	-839.104	**-1.694.526**	-2.656.365	11.909.299	**9.252.934**	-238.145	-906.531	**-1.144.676**	-2.655.870	11.983.671	**9.327.801**
047	043+ 044	**XIII**	**Profit or loss of the accounting period after tax (+/-)**	**14.048.175**	**44.228.469**	**58.276.644**	**16.975.841**	**41.476.665**	**58.452.506**	**4.731.354**	**8.917.942**	**13.649.296**	**5.606.067**	**21.631.308**	**27.237.375**
048		1	Attributable to owners of the parent	14.026.430	44.172.174	**58.198.604**	16.954.380	41.426.399	**58.380.779**	4.718.774	8.894.727	**13.613.501**	5.597.962	21.618.263	**27.216.225**
049		2	Attributable to non-controlling interest	21.745	56.295	**78.040**	21.461	50.266	**71.727**	12.580	23.215	**35.795**	8.105	13.045	**21.150**
050	051 + 056	**XIV**	**Other comprehensive income**	**18.783.629**	**-13.076.212**	**5.707.417**	**-17.630.739**	**12.816.181**	**-4.814.558**	**7.273.907**	**6.493.260**	**13.767.167**	**-6.704.632**	**11.190.061**	**4.485.429**
051	052 + 053 + 054 + 055	1	Items that will not be reclassified to statement of profit or loss	**0**	**-53.096**	**-53.096**	**889.652**	**18.245.501**	**19.135.153**	**0**	**-53.096**	**-53.096**	**219.095**	**10.379.741**	**10.598.836**
052		1.1.	Net change in fair value of equity securities (OCI)	0	0	**0**	1.084.941	22.203.434	**23.288.375**	0	0	**0**	267.188	12.611.044	**12.878.232**
053		1.2.	Actuarial gains/losses on defined benefit pension plans	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
054		1.3.	Other	0	-87.348	**-87.348**	0	-952	**-952**	0	-87.348	**-87.348**	0	-952	**-952**
055		1.4.	Tax	0	34.252	**34.252**	-195.289	-3.956.981	**-4.152.270**	0	34.252	**34.252**	-48.093	-2.230.351	**-2.278.444**
056	057 + 058 + ...+ 063	2	Items that are, or may be, reclassified to statement of profit or loss	18.783.629	-13.023.116	**5.760.513**	-18.520.391	-5.429.320	**-23.949.711**	7.273.907	6.546.356	**13.820.263**	-6.923.727	810.320	**-6.113.407**
057		2.1.	Net change in fair value of debt securities (OCI)	-40.185.496	-67.387.747	**-107.573.243**	4.340.422	14.626.003	**18.966.425**	163.798	-27.642.048	**-27.478.250**	7.604.060	15.031.414	**22.635.474**
058		2.2.	Exchange rate differences from translation of foreign operations	65.855	88.627	**154.482**	-7.716	942	**-6.774**	28.450	27.827	**56.277**	2.682	4.605	**7.287**
059		2.3.	Effects of hedging instruments	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
060		2.4.	Net financial income/expenditure from insurance contracts	62.574.230	38.135.627	**100.709.857**	-26.809.413	-22.403.165	**-49.212.578**	6.506.139	-1.345.453	**5.160.686**	-16.201.371	-14.851.965	**-31.053.336**
061		2.5.	Net financial income/expenditure from (passive) reinsurance contracts	-10	-2.841.688	**-2.841.698**	10	1.184.601	**1.184.611**	3	76.376	**76.379**	0	883.346	**883.346**
062		2.6.	Other	185.078	15.888.480	**16.073.558**	0	0	**0**	1.113.966	36.117.687	**37.231.653**	0	0	**0**
063		2.7.	Tax	-3.856.028	3.093.585	**-762.443**	3.956.306	1.162.299	**5.118.605**	-538.449	-688.033	**-1.226.482**	1.670.902	-257.080	**1.413.822**
064	047+ 050	**XV**	**Total comprehensive income**	**32.831.804**	**31.152.257**	**63.984.061**	**-654.898**	**54.292.846**	**53.637.948**	**12.005.261**	**15.411.202**	**27.416.463**	**-1.098.565**	**32.821.369**	**31.722.804**
065		1	Attributable to owners of the parent	32.770.034	31.069.968	**63.840.002**	-659.789	54.256.282	**53.596.493**	11.952.794	15.359.515	**27.312.309**	-1.090.294	32.821.481	**31.731.187**
066		2	Attributable to non-controlling interest	61.770	82.289	**144.059**	4.891	36.564	**41.455**	52.467	51.687	**104.154**	-8.271	-112	**-8.383**
067		**XVI**	**Reclassification adjustments**	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 31.12.2023

Statement of financial position (balance sheet)
As at: 31.12.2023.

in EUR

Item number	Sum elements	Identifier	Item	Last day of the preceding business year			At the reporting date of the current period		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	**I**	**INTANGIBLE ASSETS**	**65.477**	**17.718.670**	**17.784.147**	**102.246**	**19.288.355**	**19.390.601**
002		1	Goodwill	0	0	**0**	0	0	**0**
003		2	Other intangible assets	65.477	17.718.670	**17.784.147**	102.246	19.288.355	**19.390.601**
004	005+006+007	**II**	**TANGIBLE ASSETS**	**2.271.990**	**108.697.263**	**110.969.253**	**2.927.960**	**117.957.398**	**120.885.358**
005		1	Land and buildings occupied by an undertaking for its own activities	1.794.891	54.949.389	**56.744.280**	1.768.627	56.778.984	**58.547.611**
006		2	Equipment	59.674	11.318.757	**11.378.431**	182.736	15.633.777	**15.816.513**
007		3	Other tangible assets and inventories	417.425	42.429.117	**42.846.542**	976.597	45.544.637	**46.521.234**
008	009+010+014	**III**	**INVESTMENTS**	**501.499.315**	**813.008.660**	**1.314.507.975**	**492.376.160**	**996.807.873**	**1.489.184.033**
009		**A**	**Investments in land and buildings not occupied by an undertaking for its own activities**	165.000	138.275.026	**138.440.026**	**164.500**	**138.524.858**	**138.689.358**
010	011+012+013	**B**	**Investments in subsidiaries, associates and joint ventures**	**0**	**9.659.044**	**9.659.044**	**0**	**10.074.155**	**10.074.155**
011		1	Shares and holdings in subsidiaries	0	0	**0**	0	0	**0**
012		2	Shares and holdings in associates	0	701.884	**701.884**	0	740.245	**740.245**
013		3	Shares and holdings in joint ventures	0	8.957.160	**8.957.160**	0	9.333.910	**9.333.910**
014	015+020+025	**C**	**Financial assets**	**501.334.315**	**665.074.590**	**1.166.408.905**	**492.211.660**	**848.208.860**	**1.340.420.520**
015	016 + 017 + 018 + 019	**1**	**Financial assets at amortised cost**	**197.413.556**	**203.402.056**	**400.815.612**	**182.397.299**	**255.448.798**	**437.846.097**
016		1.1	Debt financial instruments	159.145.153	144.688.843	**303.833.996**	156.217.211	145.582.408	**301.799.619**
017		1.2	Deposits with credit institutions	33.922.348	38.527.390	**72.449.738**	22.641.157	93.538.693	**116.179.850**
018		1.3.	Loans	4.346.055	3.681.679	**8.027.734**	3.538.931	2.998.988	**6.537.919**
019		1.4.	Other	0	16.504.144	**16.504.144**	0	13.328.709	**13.328.709**
020	021 + 022 + 023 + 024	**2**	**Financial assets at fair value through other comprehensive income**	**273.175.398**	**453.002.354**	**726.177.752**	**244.485.383**	**512.244.458**	**756.729.841**
021		*2.1*	Equity financial instruments	11.158.812	91.588.476	**102.747.288**	13.239.174	125.573.304	**138.812.478**
022		*2.2*	Debt financial instruments	245.296.669	326.039.260	**571.335.929**	231.246.209	386.671.154	**617.917.363**
023		*2.3.*	Units in investment funds	16.719.917	35.374.618	**52.094.535**	0	0	**0**
024		*2.4.*	Other	0	0	**0**	0	0	**0**
025	026 + 027+…. +030	**3**	**Financial assets at fair value through profit and loss account**	**30.745.361**	**8.670.180**	**39.415.541**	**65.328.978**	**80.515.604**	**145.844.582**
026		*3.1*	Equity financial instruments	0	2.973.816	**2.973.816**	0	387.390	**387.390**
027		*3.2*	Debt financial instruments	0	0	**0**	0	10.963.850	**10.963.850**
028		*3.3.*	Units in investment funds	30.456.578	4.179.241	**34.635.819**	65.231.979	68.775.194	**134.007.173**
029		*3.4.*	Derivative financial instruments	288.783	1.517.123	**1.805.906**	96.999	389.170	**486.169**
030		*3.5*	Other	0	0	**0**	0	0	**0**
031	032 + 036 +040	**IV**	**ASSETS FROM INSURANCE CONTRACTS**	**0**	**22.924.424**	**22.924.424**	**0**	**16.997.313**	**16.997.313**
032	034+035+036	1	General measurement model	0	14.678.731	**14.678.731**	0	13.311.689	**13.311.689**
033		1.1.	- Assets for remaining coverage	0	-1.754.363	**-1.754.363**	0	-1.477.798	**-1.477.798**
034		1.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
035		1.3.	- Assets from claims incurred	0	16.433.094	**16.433.094**	0	14.789.487	**14.789.487**
036	037+038+039	2	Variable fee approach	0	0	**0**	0	0	**0**
037		2.1.	- Assets for remaining coverage	0	0	**0**	0	0	**0**
038		2.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
039		2.3.	- Assets from claims incurred	0	0	**0**	0	0	**0**
040	041 +042 +043	3	Premium allocation approach	0	8.245.693	**8.245.693**	0	3.685.624	**3.685.624**
041		3.1.	- Assets for remaining coverage	0	13.197.514	**13.197.514**	0	6.049.909	**6.049.909**
042		3.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
043		3.3.	- Assets from claims incurred	0	-4.951.821	**-4.951.821**	0	-2.364.285	**-2.364.285**
044		**V**	**ASSETS FROM REINSURANCE CONTRACTS**	8.518	42.908.244	**42.916.762**	**3**	**54.437.607**	**54.437.610**
045	046 +047	**VI**	**DEFERRED AND CURRENT TAX ASSETS**	**3.243.543**	**11.958.317**	**15.201.860**	**569.532**	**10.965.028**	**11.534.560**
046		1	Deferred tax assets	3.243.543	10.169.090	**13.412.633**	569.532	9.167.766	**9.737.298**
047		2	Current tax assets	0	1.789.227	**1.789.227**	0	1.797.262	**1.797.262**
048		**VII**	**OTHER ASSETS**	18.776.952	160.839.924	**179.616.876**	5.594.054	68.429.823	**74.023.877**
049	050 +051 +052	**1**	**CASH AT BANK AND IN HAND**	**14.346.614**	**120.328.116**	**134.674.730**	**858.176**	**22.332.915**	**23.191.091**
050		*1.1*	Funds in the business account	496.763	120.231.492	**120.728.255**	698.748	22.219.505	**22.918.253**
051		*1.2*	Funds in the account of assets covering liabilities from life insurance contracts	13.849.804	0	**13.849.804**	159.228	0	**159.228**
052		*1.3*	Cash in hand	47	96.624	**96.671**	200	113.410	**113.610**
053		**2**	**Fixed assets held for sale and discontinued operations**	0	235.147	**235.147**	0	267.053	**267.053**
054		**3**	**Other**	4.430.338	40.276.661	**44.706.999**	4.735.878	45.829.855	**50.565.733**
055	001+004+008+031+044+045+048	**VIII**	**TOTAL ASSETS**	**525.865.795**	**1.178.055.502**	**1.703.921.297**	**501.569.955**	**1.284.883.397**	**1.786.453.352**
056		**IX**	**OFF-BALANCE SHEET ITEMS**	13.363.078	102.369.505	**115.732.583**	**12.307.214**	71.543.758	**83.850.972**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
As at: 31.12.2023

in EUR

Item number	Sum elements	Identifier	Item	Last day of the preceding business year			At the reporting date of the current period		
				Life	Non-life	Total	Life	Non-life	Total
057	058+061+062+066+067+071+074	**X**	**CAPITAL AND RESERVES**	**85.266.536**	**626.588.804**	**711.855.340**	**83.624.361**	**680.830.914**	**764.455.275**
058	059 +060	**1**	**Subscribed capital**	**5.878.123**	**72.338.852**	**78.216.975**	**5.881.322**	**72.414.820**	**78.296.142**
059		*1.1*	*Paid in capital - ordinary shares*	5.878.123	72.338.852	**78.216.975**	5.881.322	72.414.820	**78.296.142**
060		*1.2*	*Paid in capital - preference shares*	0	0	**0**	0	0	**0**
061		**2**	**Premium on shares issued (capital reserves)**	0	90.448.275	**90.448.275**	**0**	**90.448.275**	**90.448.275**
062	063 +064 +065	**3**	**Revaluation reserves**	**-14.008.645**	**31.145.676**	**17.137.031**	**-9.858.749**	**57.160.437**	**47.301.688**
063		*3.1*	*Land and buildings*	0	14.508.631	**14.508.631**	0	14.051.528	**14.051.528**
064		*3.2*	*Financial assets*	-14.008.645	16.615.067	**2.606.422**	-9.858.749	43.086.931	**33.228.182**
065		*3.3*	*Other revaluation reserves*	0	21.978	**21.978**	0	21.978	**21.978**
066		**4**	**Financial reserves from insurance contracts**	52.325.699	31.227.003	**83.552.702**	**30.361.393**	**13.767.819**	**44.129.212**
067	068+069+070	**5**	**Reserves**	**11.320.716**	**42.038.973**	**53.359.689**	**11.317.518**	**41.961.359**	**53.278.877**
068		*5.1.*	*Legal reserves*	293.906	3.698.235	**3.992.141**	293.906	3.698.235	**3.992.141**
069		*5.2.*	*Statutory reserve*	1.006.238	18.533.214	**19.539.452**	1.003.040	18.455.600	**19.458.640**
070		*5.3.*	*Other reserves*	10.020.572	19.807.524	**29.828.096**	10.020.572	19.807.524	**29.828.096**
071	072+073	**6**	**Retained profit or loss brought forward**	**15.724.213**	**315.217.851**	**330.942.064**	**28.968.496**	**363.651.804**	**392.620.300**
072		*6.1.*	*Retained profit*	15.724.213	315.217.851	**330.942.064**	28.968.496	363.651.804	**392.620.300**
073		*6.2.*	*Loss brought forward (-)*	0	0	**0**	0	0	**0**
074	075+076	**7**	**Profit or loss for the current accounting period**	**14.026.430**	**44.172.174**	**58.198.604**	**16.954.381**	**41.426.400**	**58.380.781**
075		*7.1.*	*Profit for the current accounting period*	14.026.430	44.172.174	**58.198.604**	16.954.381	41.426.400	**58.380.781**
076		*7.2.*	*Loss for the current accounting period (-)*	0	0	**0**	0	0	**0**
077		**XI**	**SUBORDINATE LIABILITIES**	0	0	**0**	**0**	**0**	**0**
078		**XII**	**MINORITY INTEREST**	153.304	1.216.467	**1.369.771**	**147.467**	**506.275**	**653.742**
079	080+084+088	**XIII**	**LIABILITIES FROM INSURANCE CONTRACTS**	**420.313.593**	**403.351.552**	**823.665.145**	**402.464.932**	**459.521.335**	**861.986.267**
080	081+082+083	1	General measurement model	385.105.327	18.374.790	**403.480.117**	378.072.485	15.005.026	**393.077.511**
081		1.1.	- Liabilities for remaining coverage	373.606.626	17.518.157	**391.124.783**	365.503.431	14.365.027	**379.868.458**
082		1.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
083		1.3.	- Liabilities for claims incurred	11.498.701	856.633	**12.355.334**	12.569.054	639.999	**13.209.053**
084	085+086+087	2	Variable fee approach	35.208.266	0	**35.208.266**	24.392.447	0	**24.392.447**
085		2.1.	- Liabilities for remaining coverage	30.473.627	0	**30.473.627**	21.480.024	0	**21.480.024**
086		2.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
087		2.3.	- Liabilities for claims incurred	4.734.639	0	**4.734.639**	2.912.423	0	**2.912.423**
088	089 +090 +091	3	Premium allocation approach	0	384.976.762	**384.976.762**	0	444.516.309	**444.516.309**
089		3.1.	- Liabilities for remaining coverage	0	95.891.980	**95.891.980**	0	117.318.118	**117.318.118**
090		3.2.	- Assets for insurance acquisition cash flows	0	0	**0**	0	0	**0**
091		3.3.	- Liabilities for claims incurred	0	289.084.782	**289.084.782**	0	327.198.191	**327.198.191**
092		**XIV**	**LIABILITIES FROM REINSURANCE**	23.694	2.134.105	**2.157.799**	**3.499**	**4.021.037**	**4.024.536**
093		**XV**	**LIABILITY FOR INVESTMENT CONTRACTS**	0	0	**0**	**0**	**0**	**0**
094	095+096	**XVI**	**OTHER PROVISIONS**	**453.468**	**7.633.322**	**8.086.790**	**478.484**	**8.007.169**	**8.485.653**
095		1	Provisions for pensions and similar obligations	404.920	7.284.954	**7.689.874**	405.514	7.679.540	**8.085.054**
096		2	Other provisions	48.548	348.368	**396.916**	72.970	327.629	**400.599**
097	098+099	**XVII**	**DEFERRED AND CURRENT TAX LIABILITIES**	**7.921.817**	**34.116.061**	**42.037.878**	**4.066.910**	**33.825.783**	**37.892.693**
098		1	Deferred tax liability	7.683.331	30.921.945	**38.605.276**	3.801.081	20.229.017	**24.030.098**
099		2	Current tax liability	238.486	3.194.116	**3.432.602**	265.829	13.596.766	**13.862.595**
100	101+102+…+105	**XVIII**	**FINANCIAL LIABILITIES**	**438.968**	**53.808.419**	**54.247.387**	**994.024**	**47.246.171**	**48.240.195**
101		1	Loan liabilities	0	215.879	**215.879**	0	79.534	**79.534**
102		2	Liabilities for issued financial instruments	0	0	**0**	0	0	**0**
103		3	Liabilities for derivative financial instruments	3.277	78.954	**82.231**	18.872	72.193	**91.065**
104		4	Liability for unpaid dividend	0	211.333	**211.333**	0	212.528	**212.528**
105		5	Other financial liabilities	435.691	53.302.253	**53.737.944**	975.152	46.881.916	**47.857.068**
106	107+108+109	**XIX**	**OTHER LIABILITIES**	**11.294.415**	**49.206.772**	**60.501.187**	**9.790.278**	**50.924.713**	**60.714.991**
107		1	Liabilities for disposal and discontinued operations	0	929	**929**	0	1.047	**1.047**
108		2	Accruals and deferred income	1.790.793	14.934.876	**16.725.669**	2.570.106	15.248.722	**17.818.828**
109		3	Other liabilities	9.503.622	34.270.967	**43.774.589**	7.220.172	35.674.944	**42.895.116**
110	057+077+078+079+092+093+094+097+100+106	**XX**	**TOTAL LIABILITIES**	**525.865.795**	**1.178.055.502**	**1.703.921.297**	**501.569.955**	**1.284.883.397**	**1.786.453.352**
111		**XXI**	**OFF-BALANCE SHEET ITEMS**	13.363.078	102.369.505	**115.732.583**	**12.307.214**	**71.543.758**	**83.850.972**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period: 1.1.2023 - 31.12.2023

STATEMENT OF CHANGES IN EQUITY
For the period: 1.1.-31.12.2023

u eurima

Item number	Item	Attributable to owners of the parent								Attributable to non-controlling interests*	Total capital and reserves
		Paid in capital (ordinary and preference shares)	Premium on shares issued	Revaluation reserves	Financial reserves from insurance contracts	Capital reserves (legal, statutory, other)	Retained profit or loss brought forward	Profit/loss for the year	**Total capital and reserves**		
I.	**Balance as at 1 January of the previous year**	78.216.975	90.448.275	92.432.579	0	53.359.689	248.128.722	48.091.094	**610.677.334**	1.349.960	**612.027.294**
1.	Change in accounting policies	0	0	0	2.172.294	0	35.323.486	0	37.495.780	-89.013	37.406.767
2.	Correction of errors from prior periods	0	0	0	0	0	0	0	0	0	0
II.	**Balance as at 1 January of the previous year (restated)**	**78.216.975**	**90.448.275**	**92.432.579**	**2.172.294**	**53.359.689**	**283.452.208**	**48.091.094**	**648.173.114**	**1.260.947**	**649.434.061**
III.	**Comprehensive income or loss for the previous year**	**0**	**0**	**-75.739.010**	**81.380.408**	**0**	**0**	**58.198.603**	**63.840.001**	**144.060**	**63.984.061**
1.	Profit or loss for the period	0	0	0	0	0	0	58.198.603	58.198.603	78.040	58.276.643
2.	**Other comprehensive income or loss for the previous year**	**0**	**0**	**-75.739.010**	**81.380.408**	**0**	**0**	**0**	**5.641.398**	**66.020**	**5.707.418**
2.1.	Unrealised gains or losses on tangible assets (land and buildings)	0	0	-54.168	0	0	0	0	-54.168	1.073	-53.095
2.2.	Unrealised gains or losses on financial assets at fair value through other comprehensive income	0	0	-72.186.563	0	0	0	0	-72.186.563	-2.937	-72.189.500
2.3.	Realised gains or losses on financial assets at fair value through other comprehensive income	0	0	-3.651.978	0	0	0	0	-3.651.978	0	-3.651.978
2.4.	Net financial income/expenditure from insurance contracts	0	0	0	83.704.178	0	0	0	83.704.178	72.259	83.776.437
2.5.	Net financial income/expenditure from (passive) reinsurance contracts	0	0	0	-2.323.770	0	0	0	-2.323.770	-5.158	-2.328.928
2.6.	Other changes in equity unrelated to owners	0	0	153.699	0	0	0	0	153.699	783	154.482
IV.	**Transactions with owners (previous period)**	**0**	**0**	**443.462**	**0**	**0**	**47.489.856**	**-48.091.093**	**-157.775**	**-35.236**	**-193.011**
1.	Increase/decrease in subscribed capital	0	0	0	0	0	0	0	0	0	0
2.	Other contributions by owners	0	0	0	0	0	0	0	0	-2.315	-2.315
3.	Payment of share in profit/dividend	0	0	0	0	0	0	0	0	-32.867	-32.867
4.	Other distribution to owners	0	0	443.462	0	0	47.489.856	-48.091.093	-157.775	-54	-157.829
V.	**Balance on the last day of the previous year reporting period**	**78.216.975**	**90.448.275**	**17.137.031**	**83.552.702**	**53.359.689**	**330.942.064**	**58.198.604**	**711.855.340**	**1.369.771**	**713.225.111**
VI.	**Balance as at 1 January of the current year**	**78.216.975**	**90.448.275**	**17.137.031**	**83.552.702**	**53.359.689**	**330.942.064**	**58.198.604**	**711.855.340**	**1.369.771**	**713.225.111**
1.	Change in accounting policies	0	0	-3.088.097	0	0	1.711.565	0	-1.376.532	-9.723	-1.386.255
2.	Correction of errors from prior periods	0	0	0	0	0	0	0	0	0	0
VII.	**Balance as at 1 January of the current year (restated)**	**78.216.975**	**90.448.275**	**14.048.934**	**83.552.702**	**53.359.689**	**332.653.629**	**58.198.604**	**710.478.808**	**1.360.048**	**711.838.856**
VIII.	**Comprehensive income or loss for the year**	**0**	**0**	**34.639.204**	**-39.423.490**	**0**	**0**	**58.380.779**	**53.596.493**	**41.455**	**53.637.948**
1.	Profit or loss for the period	0	0	0	0	0	0	58.380.779	58.380.779	71.727	58.452.506
2.	**Other comprehensive income or loss for the year**	**0**	**0**	**34.639.204**	**-39.423.490**	**0**	**0**	**0**	**-4.784.286**	**-30.272**	**-4.814.558**
2.1.	Unrealised gains or losses on tangible assets (land and buildings)	0	0	36.495	0	0	0	0	36.495	2.190	38.685
2.2.	Unrealised gains or losses on financial assets at fair value through other comprehensive income	0	0	34.846.105	0	0	0	0	34.846.105	-124	34.845.981
2.3.	Realised gains or losses on financial assets at fair value through other comprehensive income	0	0	-236.963	0	0	0	0	-236.963	0	-236.963
2.4.	Net financial income/expenditure from insurance contracts	0	0	0	-40.386.179	0	0	0	-40.386.179	-33.462	-40.419.641
2.5.	Net financial income/expenditure from (passive) reinsurance contracts	0	0	0	962.689	0	0	0	962.689	1.466	964.155
2.6.	Other changes in equity unrelated to owners	0	0	-6.433	0	0	0	0	-6.433	-342	-6.775
IX.	**Transactions with owners (current period)**	**79.167**	**0**	**-1.386.450**	**0**	**-80.812**	**59.966.671**	**-58.198.602**	**379.974**	**-747.761**	**-367.787**
1.	Increase/decrease in subscribed capital	79.167	0	0	0	-80.812	0	0	-1.645	0	-1.645
2.	Other contributions by owners	0	0	0	0	0	359.162	0	359.162	-715.508	-356.346
3.	Payment of share in profit/dividend	0	0	0	0	0	0	0	0	-32.394	-32.394
4.	Other transactions with owners	0	0	-1.386.450	0	0	59.607.509	-58.198.602	22.457	141	22.598
X.	**Balance on the last day of the current year reporting period**	**78.296.142**	**90.448.275**	**47.301.688**	**44.129.212**	**53.278.877**	**392.620.300**	**58.380.781**	**764.455.275**	**653.742**	**765.109.017**

CONSOLIDATED STATEMENT OF CASH FLOWS – indirect method

For the period: 1.1.2023 - 31.12.2023

STATEMENT OF CASH FLOWS (INDIRECT METHOD)
For the period: 1.1.-31.12.2023

in EUR

Item number	Sum elements	Identifier	Item	Current business period	Same period of the previous year
001	002+018+035 + 036 + 037	**I**	**CASH FLOW FROM OPERATING ACTIVITIES**	**-93.342.153**	**56.316.023**
002	003+004	**1**	**Cash flow before changes in operating assets and liabilities**	**36.611.883**	**53.814.213**
003		1.1	Profit/loss of the accounting period	58.452.506	58.276.644
004	005+006+.....+017	1.2	Adjustments:	-21.840.623	-4.462.431
005		*1.2.1*	*Depreciation of property and equipment*	9.413.718	8.732.772
006		*1.2.2*	*Amortization of intangible assets*	4.156.109	3.576.464
007		*1.2.3*	*Loss from impairment of intangible assets*	13.202	6.081.592
008		*1.2.4*	*Other financial cost*	0	0
009		*1.2.5*	*Impairment and gains/losses on fair valuation*	-4.542.887	-1.628.029
010		*1.2.6*	*Interest expenses*	1.802.129	1.736.585
011		*1.2.7*	*Interest income*	-31.908.797	-25.711.267
012		*1.2.8*	*Profit from the sale of branch*	0	0
013		*1.2.9*	*Share in profit of associates*	-1.781.169	-1.395.302
014		*1.2.10*	*Equity-settled share-based payment transactions*	0	0
015		*1.2.11*	*Cost of income tax*	10.721.288	11.262.992
016		*1.2.12*	*Profit/loss from the sale of tangible assets (including land and buildings)*	-561.893	-14.938
017		*1.2.13*	*Other adjustments*	-9.152.323	-7.103.300
018	019+020+...+034	**2**	**Increase/decrease in operating assets and liabilities**	**-155.203.546**	**-16.876.035**
019		2.1	Increase/decrease in financial assets at fair value through other comprehensive income	14.344.563	-42.990.494
020		2.2	Increase/decrease in financial assets at fair value through statement of profit or loss	-103.566.133	18.381.128
021		2.3	Increase/decrease in financial assets at amortised cost	-38.534.848	23.610.467
022		2.4	*Increase/decrease in assets/liabilities from insurance contracts*	-5.900.404	-35.990.790
023		2.5	*Increase/decrease in assets/liabilities from reinsurance contracts*	-8.471.127	-7.538.208
024		2.6	Increase/decrease in tax assets	-137.646	123.635
025		2.7	Increase/decrease in receivables	0	0
026		2.8	Increase/decrease in investments in real estate	-249.332	3.831.637
027		2.9	Increase/decrease in property for own use	0	0
028		2.10	Increase/decrease in other assets	-2.379.174	10.153.374
029		2.11	*Increase/decrease in liabilities from investment contracts*	0	0
030		2.12	*Increase/decrease in other provisions*	398.863	-1.280.935
031		2.13	Increase/decrease in tax liabilities	-789.025	16.744.259
032		2.14	Increase/decrease in financial liabilities	-11.341.824	-569.025
033		2.15	Increase/decrease in other liabilities	-745.637	-2.142.247
034		2.16	Increase/decrease in accruals and deferred income	2.168.178	791.164
035		**3**	**Income tax paid**	-9.042.800	-11.718.471
036		**4**	**Interest received**	26.730.657	24.470.999
037		**5**	**Dividend received**	7.561.653	6.625.317
038	039+040+...+045	**II**	**CASH FLOW FROM INVESTING ACTIVITIES**	**-15.306.659**	**-15.012.013**
039		1	Cash receipts from the sale of tangible assets	989.794	131.847
040		2	Cash payments for the purchase of tangible assets	-9.998.551	-7.023.507
041		3	Cash receipts from the sale of intangible assets	0	0
042		4	Cash payments for the purchase of intangible assets	-5.941.557	-8.118.038
043		5	Cash receipts from the sale of branches, associates and joint ventures	0	0
044		6	Cash payments for the purchase of branches, associates and joint ventures	-356.345	-2.315
045		7	Cash receipts and payments based on other investing activities	0	0
046	047+048+...+057	**III**	**CASH FLOW FROM FINANCING ACTIVITIES**	**-3.847.018**	**-4.671.084**
047		1	Cash receipts resulting from the increase of initial capital	0	0
048		2	Cash receipts from issuing redeemable preference shares	0	0
049		3	Cash receipts from short-term and long-term loans received	0	0
050		4	Cash receipts from sales of own shares	0	0
051		5	Cash receipts from exercise of share options	0	0
052		6	Cash payments relating to redeemable preference shares	0	0
053		7	Cash payments for the repayment of short-term and long-term loans received	-136.345	-102.216
054		8	Cash payments for the redemption of own shares	0	0
055		9	Cash payments for interest	-1.985	-3.574
056		10	Cash payments for dividend	-162.462	-162.936
057		11	Cash payments for rental obligations	-3.546.226	-4.402.358
058	001+038+046	**IV**	**NET CASH FLOW**	**-112.495.830**	**36.632.926**
059		**V**	**EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS**	1.012.191	-2.902.174
060	058+059	**VI**	**NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS**	**-111.483.639**	**33.730.752**
061		1	Cash and cash equivalents at the beginning of period	134.674.730	100.943.978
062	**060+061**	**2**	**Cash and cash equivalents at the end of period**	**23.191.091**	**134.674.730**

II. QUARTERLY MANAGEMENT REPORT

In accordance with the statutory deadlines, we submit unaudited reports of the Group at the end of the fourth quarter of 2023. The audit of the financial statements for 2023 is ongoing and the information provided may vary from the final annual audited report.

In the period observed, total income from insurance contracts at the Group level amounted to EUR 476.4m and increased by 11.1 percent compared to the same period of the previous year. The total non-life insurance income amounted to EUR 464.2m and increased by 11 percent. Total life insurance income increased by 16.4 percent and amounted to EUR 12.2m.

Total expenditure from insurance contracts at the Group level amounted to EUR 442.4m in the period observed and increased by 15.7 percent compared to the same period of the previous year. The total non-life insurance expenditure amounted to EUR 436.4m and increased by 17 percent. Total life insurance expenditure decreased by 35.3 percent and amounted to EUR 6.2m.

Total net result from insurance contracts at the Group level amounted to EUR 25.3m and the net result is 22.7 percent lower compared to the same period of the previous year. One of the reasons are weather disasters that affected Zagreb area and its surroundings, as well as central and eastern Croatia during July and August 2023 and caused material damage in the amount of more than EUR 35m. During the first few days after the storms, number of claims reported exceeded total number of claims reported after the 2020 earthquake, including both earthquakes in Zagreb and Petrinja. Although the Group has adequate reinsurance protection and will compensate a significant part of the claims through concluded reinsurance contracts, claims have a negative impact on the Group's operations in the amount of about EUR 20m compared to last year.

Total assets of the Group as at 31 December 2023 amounted to EUR 1.8 billion, representing an increase of 4.8 percent compared to 31 December 2022.

Liabilities from insurance contracts as at 31 December 2023 amounted to EUR 862m, which represents an increase of 4.7 percent compared to 31 December 2022.

Considering the application of the new accounting standards (IFRS 17 and IFRS 9), the Group, in accordance with the requirements of IFRS 17, restated the comparative periods and recognized the one-time restitution of the initial balances in capital and reserves on 1 January 2022, while in accordance with IFRS 9, it used the possibility of selecting a simplified method based on which it is not necessary to change comparative data, but to recognize adjustments to the book value of financial assets in the initial retained earnings from the date of the first application of the standard, i.e. from 1 January 2023.

Due to the above, the reported net profit for Q4 2022 is not fully comparable with the profit reported in Q4 2023. Below are presented the comparable net profits of the Group, whereby the profit of the previous period was adjusted for the effects of IFRS 9 as if it had been applied in 2022 year.

Net profit of the Group (in millions of EUR):

I-XII 2022 reported	***IFRS 9 impact***	***I-XII 2022 adjusted for IFRS 9 impact***	***I-XII 2023 reported***
58.28	***(3.99)***	***54.29***	***58.45***

Unaudited consolidated financial statements for the fourth quarter of the 2023 will be available on the web sites of CROATIA osiguranje d.d., Zagreb Stock Exchange and Officially appointed mechanism for the central storage of regulated information.

Significant business events in the reporting period

CROATIA osiguranje continues with the process of raising operational excellence and expanding the network of polyclinics at the national level

The digital business segment recorded new positive results in the 2023. Realized premium from total digital business increased by 27 percent compared to the same period last year, while the number of clients using the Moja Croatia mobile application increased by 14 percent. LAQO, Croatia's digital brand, achieved premium growth of 64 percent compared to the same period last year. In March 2023, Laqo presented the world's first Insurance Museum in the metaverse.

CROATIA osiguranje d.d. investments in healthcare in the last three years amounts to around EUR 20m. In 2023 Croatia Poliklinika recorded an increase in revenue from its core business by 55 percent compared to the same period in 2022. In 2023, three new Croatia Polyclinics were opened in Osijek, Zadar and Varaždin, which achieved the strategic goal of providing top medical services to residents throughout Croatia. Patients are most satisfied with the friendliness and engagement of Croatia Poliklinika doctors, which was pointed out by 97 percent of patients who use the services of Croatia Poliklinika an average of 3.7 times a year. This is a confirmation that the high standard of modern medical services of Croatia Poliklinika is recognized by numerous patients.

After CROATIA osiguranje d.d. successfully launched Spektar in May, by the end of the year over 56,000 households with more than 70,000 members joined Spektar which resulted in exceeding the initial plans. Also, the results show that Spektar was well received by clients who recognized the unique offer on the market. Spektar is unique in its focus on households and families, and in addition to insurance benefits, clients can also use benefits offered in cooperation with a number of renowned partner companies on the domestic market.

In November, CROATIA osiguranje d.d., the first in Europe, presented the innovation of using artificial intelligence (AI) in the assessment of damage to motor vehicles. It is a sophisticated digital system that enables damage to be resolved in less than three minutes. The automated assessment system relies on the already implemented damage report via QR code, which allows clients to report damage in just a few minutes, without the need for physical documentation. More than 400,000 EUR were invested in the new assessment center and the development of the AI platform.

CROATIA osiguranje continuously invests in the development of knowledge and talents through cooperation with higher education institutions. The fourth generation of participants was enrolled in the postgraduate specialist study "Products, digital innovations and technologies in insurance - INSURTECH", which was launched by the Faculty of Electrical Engineering and Computing in Zagreb in cooperation with CROATIA osiguranje d.d. CROATIA osiguranje d.d. and Faculty of Economics and Business, University of Zagreb signed an agreement on cooperation on the newly launched innovative educational module Economic Analytics. It is a four-semester module in which students will acquire a combination of knowledge and skills with the aim of increasing their own competitiveness on the labor market.

The employee volunteering campaign "Day for more" was launched. In the first semester it was focused on voluntary blood donation, and in the second semester on the afforestation campaign. CROATIA's employees collected 67 doses of blood, and then, through the afforestation campaign as part of the "Day for More", they restored 2,000 square meters of forest areas by planting 2,000 saplings of alder oak and beech.

In the area of improving the organizational culture, CROATIA osiguranje became the first insurance company in Croatia to become part of the MAMFORCE community. The MAMFORCE method is a strategic organizational management tool that provides support in creating a supportive workplace based on open communication, trust and respect for the diversity of employees.

Support for small local sports clubs and the Croatian national football team continued, and during the year the work of more than 70 sports associations throughout Croatia was supported. Croatia is still a proud sponsor of the Croatian national football team.

Four CROATIA osiguranje communication projects were awarded at the Communication Days, while Croatia's Brigometar, a unique interactive platform driven by artificial intelligence that aims to raise awareness of the importance of mental health care, was presented at the Venice Biennale of Architecture.

CROATIA osiguranje and LAQO won the first prize in the "Best user experience" category, which is traditionally awarded by the CX.hr portal. The awards are given to the best contact centers, but also to the employees themselves who show excellent results in the field of improving the user experience.

In November, CROATIA osiguranje won the prestigious annual Golden Kuna award for the most successful insurance company, which is awarded by the Croatian Chamber of Commerce to companies that have distinguished themselves with their business results and contribution to the Croatian economy.

Decision on the election of the member of Supervisory Board

On 14 March 2023, the General Assembly of CROATIA osiguranje d.d. was held at which the Decision was made on the election of Vitomir Palinec as a member of the Supervisory Board for a period of 4 years, with the beginning of the mandate on 20 June 2023, subject to the approval of HANFA. At the session held on 31 March 2023, the Administrative Council of HANFA passed resolution authorizing Vitomir Palinec to perform the function of member of the Supervisory Board of CROATIA osiguranje d.d., for a term of 20 June 2023 to 20 June 2027.

Geopolitical and macroeconomic situation, conflicts and challenges

The geopolitical situation in the world in 2023 is still without signs of calming down and significant improvement. There are no signs of a possible end to the war in Ukraine and the resulting sanctions against the Russian Federation. The company respects all introduced sanctions regulations and has no direct operations in insurance and reinsurance business with Russia and Ukraine, and reinsurance contracts through the Sanction & Embargo clause exempt reinsurance transactions with states under any sanctions. The insurance conditions on the direct side exclude damages caused by war. In October 2023, Hamas's attack on Israel caused new geopolitical stress, increasing tensions in a strategically sensitive, resource and traffic-extremely important area. Depending on the development of the situation, with the additional aggravating factor of the attacks carried out by the Houthis (members of the Yemeni Houthi tribe) on ships transporting cargo through the Red Sea, different scenarios and impacts on the world economy are possible. Even though inflation in the second half of 2023 in the EU and the USA began to show signs of weakening and prices grew at lower rates than before, primarily due to the restrictive measures of central banks, in the event of an escalation of the geopolitical situation different scenarios are possible, i.e. a new change in the inflationary trend and the risk of reduced economic growth.

The end of 2023 represented the end of the cycle of raising interest rates by the ECB and the FED, so if there are no new macroeconomic disturbances that would affect the growth of inflation rates, a slow lowering of the reference rates of central banks is expected from the second half of 2024 and the possible correction of interest curves that have been inverted recently. On the financial markets in December 2023 a drop in bond market yields was visible as a result of such expectations. Regardless of that, due to negative geopolitical events, there is considerable uncertainty in the macroeconomic sense. However, due to the high capitalization, i.e. the Group's solvency (the unaudited quarterly SCR ratio of the Group as of 30 September 2023 was 293%), the results of the ORSA process show that the Group is resistant to various stressful circumstances and would continue to operate in accordance with the regulatory requirements.

Significant events after the end of the reporting date

On 19 January 2024, the Management Board and the Supervisory Board proposed to the General Assembly the payment of a dividend in the total amount of EUR 65,000,265.19, or EUR 151.27 per share. The Company has been operating successfully in the past years, with a growing level of profit and high capital adequacy rates. The Company was continuously highly capitalized (SCR ratio of the Company as of 30 September 2023 was 337%, i.e. at the consolidated level 293%, while the unaudited quarterly SCR ratio of the Company as of 31 December 2023 was 309% and includes capital reduction for foreseeable dividends), despite geopolitical disturbances, a period of high inflation and natural disasters. The entry of the Republic of Croatia into the Eurozone additionally contributed positively to the above indicator. Considering all the above, the Management Board believes that it is able to pay the dividend to its shareholders without disrupting the stability of operations and while maintaining a high level of capital adequacy.

The Company announced that the member of the Management Board, Vančo Balen, will leave the company by 30 June 2024 on personal request, for private reasons.

Expected development in the future

In addition to the previously mentioned geopolitical situation, the further development of the insurance market in the Republic of Croatia will be greatly influenced by climate change, inflation and rising wages, and the movement of interest rates.

2023 was a record warm year, causing extremely high temperatures and fires in large parts of Asia, Australia and South America, as well as significantly stronger cyclones and floods in North America and Europe. Accordingly, further tightening of the insurance and reinsurance policy around catastrophic and climate risks can be expected. Locally in Croatia, the occurrence of African swine fever further worsens the situation regarding reinsurance.

Although inflation in the Republic of Croatia is slowing down, it is one of the highest in the EU. This especially applies to the prices of food and all services. Inflation expectations for the year 2024 for the Republic of Croatia are between 3 percent and 4 percent (depending on the source). A major driver of inflation should be further pressure on wage corrections (change in the minimum wage from 1 January 2024). In accordance with the above, there is a high probability that there will be corrections in the prices of most insurances, as well as changes in insurance conditions.

The growth of life insurance is greatly influenced by the movement of interest rates. Although interest rates have recovered from extremely low yields during the pandemic, current expectations are that these rates will start falling again (inverted curve). Due to all the above, it is difficult to predict whether life insurance will continue to decline as in previous years or whether the market will finally turn around.

Research and development activities

The Group continuously monitors environmental events and invests in market research, directs and supports the activities of affiliated companies that are in the function of organic growth and recognition of business opportunities and realization of new acquisitions.

Description of the most significant risks and uncertainties

In relation to the most significant risks and uncertainties which were described in the audited financial statements for the year 2022, in the period observed there were no significant changes in relation to the risks to which the Group is exposed in the course of its business, except as described in the chapter *Significant business events in the reporting period*.

Zagreb, 27 February 2024

Member of the Management Board	President of the Management Board
Luka Babić	Davor Tomašković
Member of the Management Board	Member of the Management Board
Vančo Balen	Robert Vučković

III. NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD I-XII 2023

1. GENERAL INFORMATION

The Group consolidated the following entities as at 31 December 2023:

Group	Activity	31 December 2023 Shares directly held by parent (%)	Shares held by the Group (%)	Shares held by non-controlling interests (%)
Subsidiaries registered in Croatia which are consolidated:				
Croatia premium d.o.o., Zagreb	Real estate business	100.00	100.00	-
- *M teh d.o.o.*	*Equipment rental*	*100.00*	*100.00*	-
Core 1 d.o.o., Zagreb	Real estate business	100.00	100.00	
Razne usluge d.o.o. (u likvidaciji)	-	100.00	100.00	-
AUTO MAKSIMIR VOZILA d.o.o.	Insurance agency	100.00	100.00	-
KOREQT d.o.o.	Real estate business	100.00	100.00	-
Strmec projekt d.o.o	Real estate business	100.00	100.00	-
CO Zdravlje d.o.o.	Consulting and services	100.00	100.00	-
- *CROATIA Poliklinika, Zagreb*	*Healthcare*	-	*100.00*	-
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT*	100.00	100.00	-
- *Herz d.d., Požega*	*MOT*	-	*100.00*	-
- *Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod*	*MOT*	-	*76.00*	*24.00*
- *STP Pitomača, Pitomača*	*MOT*	-	*100.00*	-
- *STP Blato*	*MOT*	-	*100.00*	-
- *Autoprijevoz d.d.*	*MOT*	-	*79.12*	*20.88*
- *Crotehna d.o.o., Ljubuški*	*MOT*	-	*100.00*	-
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Fund management	100.00	100.00	-
ASTORIA d.o.o.	Real estate business	100.00	100.00	-
Subsidiaries registered abroad which are consolidated				
Milenijum osiguranje a.d.o., Beograd	Insurance	100.00	100.00	-
Croatia osiguranje d.d., Mostar	Insurance	97.12	97.12	2.88
- *Croatia remont d.d., Čapljina***	*MOT*	-	*83.48*	*16.52*
- *Croauto d.o.o., Mostar*	*MOT*	-	*93.80*	*6.20*
- *Skadenca d.o.o.*	Insurance agency	-	*100.00*	-
- *Tia auto d.o.o.*	Technical examination and analysis of motor vehicles	-	*100.00*	-
Croatia osiguranje d.d., non-life insurance company, Skopje	Insurance	100.00	100.00	-
Croatia osiguranje d.d., life insurance company, Skopje	Insurance	95.00	100.00	-

*MOT – Motor vehicle examination stations

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

The following is a summary of financial information for PBZ CROATIA osiguranje d.d. for the last year for which the annual financial statements have been adopted and which have been presented for the Group using the equity method.

Summary statement of financial position	**31 December 2023**
	in EUR'000
Financial assets	17,579
Cash and cash equivalents	558
Other assets	1,412
Total assets	**19,549**
Liabilities	1,450
Capital and reserves	18,099
Total equity and liabilities	**19,549**

Summary financial information	**31 December 2023**
	in EUR'000
Opening balance of net assets at 1 January 2023	**17,364**
Profit for the period	3,388
Dividends	(2,653)
Closing balance of net assets	18,099
Share in profit of joint venture @ 50%	9,049
Carrying amount	**9,049**

CROATIA osiguranje d.d., Zagreb, Vatroslava Jagića 33 (parent company) is registered in the Court Register of the Commercial Court in Zagreb, Republic of Croatia, under the Company's Court Reg. No. ("MBS") 080051022 and PIN ("OIB") 26187994862. The Company's principal activity is non-life and life insurance business together with activities that are related to insurance activities and reinsurance business in the non-life insurance segment. Among other important activities, the Group also carries out activities of pension fund management, technical examinations and providing medical services of clinics.

CROATIA osiguranje d.d. is majorly owned by ADRIS GRUPA d.d., Rovinj and is included in the consolidated financial statements of ADRIS GRUPA d.d. which are available on the website of ADRIS GRUPA d.d.

The average number of employees of the Group during the current period is 3,786.

Supervisory Board and Management Board

According to the Company Act, Insurance Act and the Articles of Association of the Company the Company's bodies are: the General Assembly, the Supervisory Board and the Management Board. Obligations and responsibilities of the members of these bodies are determined by the mentioned acts.

Members of the Supervisory Board are:

Roberto Škopac	President
Dr.sc. Željko Lovrinčević	Vice President
Vitomir Palinec	Member
Hrvoje Patajac	Member
Dr. sc. Zoran Barac	Member
Pero Kovačić	Member
Hrvoje Šimović	Member

Members of the Management Board are:

Davor Tomašković	President
Robert Vučković	Member
Luka Babić	Member
Vančo Balen	Member

Basis for preparation and consolidation

Financial statements are prepared in accordance with the Capital Market Act (Official Gazette 65/18, 17/20, 83/21 and 151/22), International Accounting Standard 34 – *Interim Financial Reporting*, Rules of the Zagreb Stock Exchange and the Ordinance on the contents and structure of issuers interim reports and on the form and manner of their submission to the Croatian Financial Services Supervisory Agency, which is issued by the Croatian Financial Services Supervisory Agency.

Quarterly financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2022. The Group's annual financial statements have been prepared in accordance with

International Financial Reporting Standards (IFRS) as adopted by the European Union. The Annual Financial Report for 2022, for the purpose of understanding the information published in the notes to the financial statements prepared for the fourth quarter of the 2023, is available on the company's official website, the official website of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency’s Official Register. Changes in accounting policies from 1 January 2023 are listed in the section *Accounting policies*.

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

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

Financial statements for the fourth quarter of the 2023 have not been audited.

Presentation currency

Group's financial statements are prepared in the euros as the presentation currency. On 1 January 2023, the euro became the official monetary unit and legal tender in the Republic of Croatia. The fixed conversion rate is set at HRK 7.53450 for one euro. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency that is calculated prospectively. Comparative periods and balances in the financial statements have been recalculated using the conversion rate.

Use of estimates and judgements

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

Accounting policies

Accounting policies and measurement methods which are used in the preparation of financial statements for the reporting period are the same as those which are used for preparation of the audited financial statements for the year 2022 except for the changes listed below.

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

IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. Until reporting date, various supplements have been issued to IFRS 17 and IFRS 4 containing a number of clarifications for the purpose to facilitate the implementation of IFRS 17, to simplify certain requirements of the standard, and to extend the temporary exemption from IFRS 9 for annual periods starting on or after 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.

i. Identification contracts in the scope of IFRS 17

An insurance contract is contract on the basis of which one party (issuer) assumes a significant insurance risk from the other party (the policyholder) and agrees to pay the policyholder compensation if the policyholder suffers damage due to an uncertain future event (insured event).

The Group is required to make a classification of all insurance contracts and conducts a test to determine whether the Group assumes a significant insurance risk from the policyholder when creating new price lists.

Certain insurance contracts issued by the Group in which the investor is entitled to and expected to receive, in addition to an amount not subject to the Group's discretion, potentially significant supplemental benefits based on the return of certain pools of investment assets, meet the criteria of a contract with a discretionary participation feature (DPF).

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts should be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and calculated according to a different standard.

In the Group's life insurance contracts, there are no contracts that contain one or more components whose separation from the basic contract would be required under IFRS 17.

ii. Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes and are determined firstly by identifying insurance portfolios, each comprising contracts subject to similar risks which are managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into groups of contracts for which the recognition and measurement requirements under IFRS 17 apply. Upon initial recognition, The Group divides each portfolio into annual cohorts according to the beginning of the coverage year and each annual cohort is classified into one of the following groups:

- a group of contracts that are onerous upon initial recognition;

- a group of contracts for which, upon initial recognition, there is no significant possibility of becoming onerous subsequently;
- other groups of contracts, if they exist.

After the initial recognition, the classification of the contract in the insurance group is no longer changed. Reinsurance contracts are generally valued individually.
The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, through deferred recognition of contractual service margin ("CSM"), against losses on groups of onerous contracts, which are recognized immediately.

iii. Contract boundaries

The coverage period represents the contract boundary relevant when applying IFRS 17 requirements because the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in that group.

Insurance contracts
Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or in which the Group has a substantive obligation to provide the policyholder with the insurance contract services. A substantive obligation to provide services ends when:
- the Group has the practical ability to reassess the risks of the particular policyholder and as a result, can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contract contains, and consequently, can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Groups of issued insurance contracts are initially recognized upon the occurrence of the first of the following events at the beginning of the coverage period:
- coverage start date,
- due date of the policyholder's first payment,
- when the Group determines that a group of insurance contracts is onerous.

There are no contracts within life insurance contracts portfolio whose changes would require new initial recognition under IFRS 17. Therefore, the only criteria for derecognition of an insurance contract is the expiration or fulfillment of the liability specified in the contract.

Reinsurance contracts
For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

iv. Initial and subsequent measurement of insurance contracts

Measurement method depends on the insurance contract characteristics. Below are more detailed individual models.

- *General measurement model – GMM and Variable fee approach – VFA*

At initial recognition, the Group measures the contract group with a general model (General measurement model – GMM). The general model measures the group of insurance contracts at the level of:

(a) total cash flows from the performance of the contract, which include:

(i) estimates of future cash flows;

(ii) adjustments to reflect the time value of money and the financial risks associated with future cash flows where financial risks are not included in future cash flow estimates; and

(iii) adjustment of value for non-financial risk.

(b) the total margin for the service contracted (Contractual service margin – CSM).

The fulfillment cash flows from the group of contracts do not reflect the risk of non-performance of Group's obligations. Estimation of the value of future cash flows is measured as the present value of future gross expenditure (fees and expenses) reduced by the present value of future gross income (gross premium of future periods) taking into account the estimated probabilities of possible outcomes. All cash flows are discounted using risk-free interest rates adjusted to reflect the characteristics of the cash flows and, were applicable, the liquidity characteristics of the contracts.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation required for uncertainty regarding the amount and timing of the cash flows arising from non-financial risk.

The CSM of a group of contracts represents the unearned profit that the Group will recognize as it provides services under those insurance contracts.

Upon initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:

(a) cashflows from the fulfillment of contract;

(b) any cash flows arising from related group of contracts at that date; and

(c) any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to a group of contracts.

In the case of net outflows, the group of contracts constitutes onerous contracts and the net outflow is recognized as a loss in the profit and loss account. The Group determines the loss component of the liability for remaining coverage period for the onerous group by stating the losses displayed in accordance with the above mentioned. The loss component determines the amounts that are recognized in the profit and loss account as reversals of losses under onerous contracts and are, therefore, excluded from income from insurance contracts.

Subsequently, the carrying amount of statutory technical provisions of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for claims incurred. The liability for remaining coverage comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date or loss component at that date. The liability for claims incurred includes the fulfilment cash flows for claims incurred and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized as follows:

Changes related to future services	*Adjusted against the CSM (or recognized in the insurance service result in profit or loss if the group is onerous)*
Changes related to current or past services	*Recognized in the insurance service result in profit or loss*
Effects of time value of money, financial risk and changes on estimated future cash flows	*Recognized as part of net financial income or expense from the insurance contract*

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognized in profit or loss account as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognized in profit or loss account because it relates to future service.
Regarding life insurance reinsurance contracts, the Group applies the same accounting policies as for the measurement of a group of insurance contracts.
Cash flows from acquisition costs arise from the activities of sales and underwriting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. For life insurance contracts, cash flows from insurance acquisition are allocated to groups of contracts using systematic and rational methods. The Group applies the above model for life insurance contracts and loan insurance contracts in the non-life insurance segment.

A variation of the general measurement model, called the "variable fee approach", is also envisaged, which shall be applied to certain life insurance contracts in which the owners of insurance policies participate in the change in the fair value of the specific items defined by the relevant insurance contracts. When applying that model, the insurer's share of fair value changes is included in the contractual service margin.

- *Premium allocation approach – PAA*

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

- Insurance contracts and disproportionate reinsurance contracts: the coverage of each contract in the group of contracts is one year or less.
- Reinsurance contracts containing related risks: the result of measuring assets for the remaining coverage does not differ significantly from the results obtained of the application of the general measurement model.

Upon initial recognition of each group of non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured on the premiums incurred upon initial recognition. The Group recognizes the cash flows from the acquisition of insurance as an expense when they arise, except for commission costs, which are accrued for the duration of the insurance contract and recognized based on the passage of time.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognized as insurance revenue for services provided and decreases by the paid commission and increased by the amortized part of the commission. The time between providing each part of the services and the related premium due date will not exceed one year. Accordingly, as permitted by IFRS 17, the Group does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognizes a loss in profit or loss account and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. In that case, the fulfilment cash flows are discounted.

The Group recognizes the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims and the future cash flows are discounted.

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

v. Measurement - significant judgments and estimates

Estimates of future cash flows

In estimating future cash flows, the Group includes in an unbiased manner all reasonable and reliable data available without undue cost and effort regarding the amount, timing and uncertainty of those future cash flows at the reporting date. This information includes both internal and external historical data about claims and other experiential data, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices. When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or annul a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the contract boundary are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. This includes premiums (including policyholders' premium adjustments and installment premiums and any additional cash flows resulting from these premiums), payments to (or on behalf of) the policyholder, cash flows from the acquisition of insurance and other costs incurred in performing the contract. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads which can be directly attributed to the execution of the insurance contract (i.e. Attributable costs).

Cost cash flows are distributed into groups of contracts using systematic and meaningful methods that are consistently applied to all costs with similar characteristics. A significant part of direct administrative costs are directly allocated to life and non-life insurance segments. Administrative costs that cannot be directly allocated to life or non-life insurance are allocated by the Group on the basis of an analysis of the time spent of administrative employees on activities related to life and non-life insurance. The allocation of these costs within a particular segment to the associated insurance groups is carried out on the basis of a share of the annual insurance income. Further allocation of non-life insurance contracts costs to non-life insurance groups is carried out on the basis of estimates of the share in insurance income in the past period of the current accounting year. For life insurance contracts,

the further allocation of costs to the insurance groups is based on the number of active policies in the accounting period.
Other non-attributable expenses are not allocated to groups of insurance contracts and are reported in the financial statements separately from the technical result items, i.e. results from the insurance contract.

Discount rates
The Group sets discount rates with the so-called Bottom-up approach, creating a risk-free interest curve using market yields of government bonds as well as the market yields of other highly liquid financial instruments in the corresponding currency, with the application of credit risk correction and EIOPA methodology for extrapolation. To reflect the liquidity characteristics of insurance contracts, risk-free interest curves are further adjusted by illiquidity adjustment.
The Group measures life insurance obligations by discounting future cash flows (cash flows from the execution of life insurance group contracts) with the application of current discount rates at the appropriate measurement date.
The Group discounts cash flows of non-life insurance contracts measured in accordance with the general measurement model (loan insurance). For all other contracts, for which the premium distribution model – PAA applies, cash flows from the performance of contracts relating to claims incurred are also discounted. Applicable discount rates are determined in accordance with the methodology described earlier.

Adjustment of value for non-financial risk
Risk adjustments for non-financial risk is determined to reflect the compensation that the Group requires for bearing non-financial risk and its level of risk aversion. They are determined separately for the life and non-life contracts.
The adjustment of value for non-financial risk is determined using the following techniques:

- for measurement of the correction of values for non-financial risk in non-life insurances two methods are used: the quantum method and the cost of capital method, where the choice of the method depends on the availability of data and the stability of the results of statistical calculations of a particular portfolio; exceptionally, due to the nature of the risk, a method based on shock scenarios can also be used for liabilities for annuity claims;
- for life insurance contracts: The calculation of the value correction for non-financial risk for life insurance is based on shock scenarios with explicit margins. These margins are derived on the basis of the corresponding shocks from the life insurance risk submodules defined in Solvency II. The shocks calibrated by EIOPA in Solvency II were adjusted to the requirements of IFRS 17 and the target confidence interval.

CSM - Contractual Service Margin
The CSM of a group of contracts is recognized in profit or loss account to reflect the services provided under the group of insurance contracts in that period. This amount is determined by identifying the coverage units in the group of contracts, evenly distributing the CSM at the end of the period (before any allocation) to each coverage unit insured in the current period and expected to be insured in the future, and recognized in the profit and loss account the amount of the units allocated to the coverage units insured in that period.

The number of coverage units is the measure of quantity of services provided by a group of contracts, taking into account for each contract the quantity of benefits provided and the expected coverage period.

If there is a loss component instead of a contractual service margin, the Group allocates the following items between the loss component and the remain reserve for residual coverage:

- Expected insurance claims and administration costs in the period
- Change in risk adjustment in the period.

Allocations are made based on the ratio of the loss component and the cash flows from the fulfillment of the insurance contract, which refer to the expected future cash outflows.

vi. Presentation and disclosure

Amounts recognized in the profit or loss statement are disaggregated into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- net financial income or expense from insurance contracts.

The amounts from the reinsurance contract are reported separately.

Insurance service result

For contracts that are not measured using PAA, the revenue from the insurance contract for each year represents changes in liabilities for the remaining coverage relating to the services the Group expects to receive compensation from. For contracts measured using PAA, the income from the insurance contract is recognized on the basis of the passage of time or based on the expected dynamics of service provided.

Expenses that relate directly to the fulfilment of contracts are recognized in profit or loss account as insurance service expenses, when they are incurred. Expenses that do not relate directly to the fulfilment of contracts are presented outside the insurance service result.

Investment components are not included in insurance revenue and insurance service expenses according to IFRS 17. The Group identifies the investment component of a contract by determining the amount required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. The Group has established an investment component in the amount of the redemption value for all life insurance contracts with a savings component.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and net insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognized in profit or loss account are included in the insurance service result.

Net financial income and expenses

Changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items.

For most insurance and reinsurance contracts, the Group is using the option of recognizing a change in the value of liabilities and assets from insurance and reinsurance contracts based on the current discount rates in relation to the initial (so-called "locked-in") discount rate in other comprehensive income and accordingly separates net financial income or expenses from the insurance contract to the aforementioned part to be recognized in other comprehensive income and the part that is recognized through profit and loss account as release of the discount effect. Insurance contracts that are assets and those which are liabilities, and reinsurance contracts that are assets and those which are liabilities, are presented separately in the statement of financial position as assets from insurance or reinsurance contracts and as liabilities from insurance or reinsurance contracts.

vii. Transition

In accordance with IAS 8 “Accounting Policies, Changes in Accounting estimates and Errors", IFRS 17 requires the Group to apply IFRS 17 retroactively, unless this is not practically feasible. This implies that the effective transition date is 1 January 2022, whereby adjustments to the initial balances are recognized as one-off in equity and reserves.

The Group applied the full retroactive approach for groups of contracts measured using a premium-based approach. According to the full retrospective approach, at 1 January 2022 the Group:

- identified, recognized and measured each group of insurance contracts as if it had always applied IFRS 17;
- ceased to recognize previously recognized amounts that would not have existed if IFRS 17 had always been applied
- recognized all the resulting net effects in equity

Where retroactive application for a group of insurance contracts is impractical, the Group used two alternative transition methods - modified retroactive approach and fair value approach.

The modified retroactive approach allows certain simplifications and modifications over full retroactive application. This approach allows insurers who lack certain information to calculate initial balances as close as possible to the conditions that would be obtained by applying full retroactive approach, using information that is available, verifiable and appropriate to the insurer. The Group applies this approach to specific groups of insurance contracts relating to loan insurance against inability to repay and include contracts issued with a difference of more than one year.

Under the fair value approach, the CSM (or the loss component) as at 1 January 2022 is determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Group measures the fair value of the contracts as the sum of the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement are consistent with those that are within the contract boundary. For all contracts measured by fair value access, the Group used reasonable and reliable information available on 1 January 2022 to determine how to identify groups of contracts.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. Discount rates on initial recognition are determined at 1 January 2022 instead of at the date of initial recognition, regardless of the specific time interval length.

For all contracts measured under the fair value approach, the net amount of insurance financial income or expenses accumulated in the insurance contract financial reserve as at 1 January 2022 is determined to be zero.

The Group applied a fair value approach to life insurance contracts and for the specific groups of insurance contracts relating to loan beneficiaries' insurance against the inability to repay the loan.

- *IFRS 9 Financial instruments and related annexes to various other standards (effective for annual periods beginning on or after 1 January 2023)*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement regulates the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedging accounting and a new model of impairment of financial assets and other categories in accordance with IFRS 9. IFRS 9 is effective for annual periods starting on or after 1 January 2018, with early application permitted. However, the Group has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the Group applied IFRS 9 for the first time on 1 January 2023.

i. Financial assets - classification

Financial assets are distributed in the following categories with respect to the valuation method: valuation according to the amortised cost method, valuation at fair value through profit and loss, and valuation at fair value through other comprehensive income. The classification of financial assets depends on the business model used to manage financial assets and contracted cash flows.

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

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

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

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

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

Also, at initial recognition of equity instruments that are not held for trading purposes, the Group may irrevocably decide to show subsequent changes in fair value through other comprehensive income. The choice is carried out on instrument-by-instrument basis.

ii. Financial assets - impairment

In accordance with IFRS 9, the impairment model required the recognition of impairment provisions based on expected credit losses (so-called 'ECL'), not just on the basis of incurred credit losses as is the case with IAS 39 and applies to financial assets classified at amortised cost and debt instruments measured in other comprehensive income.

Any change in the fair value of a debt instrument includes the effect of a change in the credit risk of the issuer of financial instrument. For all debt instruments measured at fair value through other comprehensive income, it is necessary to estimate and report value adjustment, i.e. provisions for expected credit losses. All changes in the amount of provisions for expected credit losses are recognized

in the profit and loss account, while the amount of adjustments to the expected credit losses is already included in the cumulative amount of the change in fair value reported in other comprehensive income. Value adjustments are recognized through other comprehensive income, as part of the overall change in fair value, and shall not further reduce the carrying amount of financial assets measured at fair value through other comprehensive income in the statement of financial position. Changes in fair value previously recognized in other comprehensive income are recycled in full in the profit and loss after the derecognition of debt instrument.
For short-term receivables without significant financial components (real estate and business premises lease receivables, claims on employees, etc.), the Group applies a simplified approach in accordance with the requirements of IFRS 9 and assesses the correction of the value for the expected life of credit losses from the initial recognition of receivables.
Expected credit losses related to a particular instrument are estimated on the basis of expected future cash flows (based on principal, interest, fees and commissions) related to the contract, including the amounts that may arise from the realization of the relevant collateral. All expected cash flows are reduced to present value by discounting at the relevant effective interest rate.
In simplified terms, expected credit losses are calculated as the product of the probability of default ("PD "), loss given default ("LGD ") and exposure at default ("EaD"). Default status is considered to have occurred when one or both circumstances have occurred: the improbability of payment by the debtor, when the Group considers that the payment of existing loan obligations in full by the debtor is unlikely to be without the realization of collateral and when there has been a materially significant delay in payment, i.e. the debtor is late with the payment of due obligations towards the Group for more than 90 days.
Probability-weighted scenarios- expected credit losses are modeled by several forward-looking scenarios, which take into account the probability of occurrence of "stressful" and favorable economic conditions, so that the resulting value of the ECL represents a probable-weighted number based on the results of several analyzed economic scenarios within which credit risk parameters are modeled.
The appropriate selection of a set of representative economic scenarios based on the impartial and objective information available to the Group, as well as the probability of a particular (representative) economic scenario, is determined by the relevant organizational units of the Group by the expert method.

Expected credit losses for a twelve month period relate to part of the expected credit losses over the entire duration of the instrument that represent the expected credit losses as a result of default over a period of twelve months from the reporting period. Lifetime expected credit losses refer to the expected credit losses over the entire life of the instrument that represent the expected credit losses as a result of the occurrence of all possible default statuses during the life of the financial instrument. For financial instruments to which this impairment model applies, the Group always recognizes, on initial recognition, in profit and loss account, at least the amount of expected credit losses for the twelve month period. The expected credit losses over the life of a financial instrument are recognized if there is a significant increase in credit risk compared to initial recognition or the instrument is credit impaired. For financial assets that are credit impaired at initial recognition (POCI assets), estimated expected credit losses are included in the initial fair value of the asset and the Group determines a credit adjusted effective interest rate for it. For POCI assets, the Group recognizes only a cumulative change in the expected credit losses over the entire life of the financial asset in the reporting period compared to initial recognition. If there is a positive change in the expected credit losses compared to the initially determined the expected credit losses, the change is carried out through the adjustment of the gross book value of the asset, while with negative changes in the expected credit losses compared to the initially determined expected credit losses, impairment reservations are formed.

iii. Financial liabilities

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

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

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

The adoption of IFRS 9 did not have an effect on financial liabilities.

iv. Transition

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

The following tables present the reconciliation of the present values of each category of financial assets previously measured in accordance with IAS 39 and the new amounts determined according to IFRS 9 for the Group. Also, below are explanations related to the reclassification of financial assets listed in the tables below:

a) Equity financial instruments (shares) that were previously classified at fair value through the profit and loss according to IAS 39 and are part of the portfolio related to asset and liability management activities, are reclassified into the category of fair value through other comprehensive income according

to IFRS 9, i.e. the option of valuation through other comprehensive income was chosen for them since they are not held for trading.
b) Debt financial instruments (bonds) that were previously classified at amortised cost or as available for sale (fair value through other comprehensive income) according to IAS 39, are reclassified into the category of fair value through the profit and loss according to IFRS 9 due to the business model of holding assets for the purpose of sale.
c) Equity financial instruments (investment funds) are reclassified from the category of assets available for sale (fair value through other comprehensive income) according to IAS 39 to the category of assets that are mandatorily fair value through the profit and loss according to IFRS 9 since they refer to financial assets whose cash flows do not contain only principal and interest.

The items of financial assets and liabilities and the related items of the statement of comprehensive income for the comparative period of 2022 are presented applying IAS 39.

in 000 EUR	Original classification in accordance with IAS 39	Revised classification in accordance with IFRS 9	Group Net book value in accordance with IAS 39 as of 31 December 2022	Group Net book value in accordance with IFRS 9 as of 1 January 2023
Financial investments				
Financial assets				
Debt financial instruments				
Government bonds	Held-to-maturity investments	Amortised cost	295,347	294,756
Government bonds	Available-for-sale financial assets	Fair value through profit and loss account	45,385	45,385
Government bonds	Available-for-sale financial assets	Fair value through other comprehensive income	465,052	465,052
Corporate bonds	Held-to-maturity investments	Fair value through profit and loss account	5,842	5,742
Corporate bonds	Held-to-maturity investments	Amortised cost	2,645	2,636
Corporate bonds	Available-for-sale financial assets	Fair value through profit and loss account	21,315	21,315
Corporate bonds	Available-for-sale financial assets	Amortised cost	236	236
Corporate bonds	Available-for-sale financial assets	Fair value through other comprehensive income	39,349	39,349
Deposits	Loans and receivables	Amortised cost	72,450	71,763
Loans	Loans and receivables	Amortised cost	24,532	24,506
Equity financial instruments and units in investment funds				
Shares	Available-for-sale financial assets	Fair value through other comprehensive income	102,747	102,747
Shares	Financial assets at fair value through profit or loss	Fair value through other comprehensive income	2,973	2,973
Open-ended investment funds	Available-for-sale financial assets	Fair value through profit and loss account	52,095	52,095
Open-ended investment funds	Financial assets at fair value through profit or loss	Fair value through profit and loss account	5,600	5,600
Open-ended investment funds - assets for coverage of unit-linked products	Financial assets at fair value through profit or loss	Fair value through profit and loss account	29,036	29,036
Derivative financial instruments				
Foreign currency forward contracts	Financial assets at fair value through profit or loss	Fair value through profit and loss account	1,806	1,806
Receivables (other assets)	Loans and receivables	Amortised cost	44,707	44,707

Cash and cash equivalents	Loans and receivables	Amortised cost	134,675	134,438
Total financial investments			**1,345,792**	**1,344,142**
Financial liabilities				
Financial liabilities at amortized cost, except lease liabilities	Amortised cost	Amortised cost	12,342	12,342
Financial liabilities at fair value through profit or loss account	Financial liabilities at fair value through profit or loss	Fair value through profit and loss account	82	82
Total financial liabilities			**12,424**	**12,424**

Group

in 000 EUR	Note	Net book value in accordance with IAS 39 as of 31 December 2022	Reclassification	Valuation impact		Net book value in accordance with IFRS 9 as of 1 January 2023	Impact on retained earnings (before tax)	Impact on revaluation reserve (before tax)
				ECL impact (expected credit loss)	Reassessment due to reclassification			
Fair value through profit and loss account								
Transfer from Financial assets at fair value through profit and loss in accordance with IAS 39								
Shares	a)	**2,974**	(2,974)			-		
Open-ended investment funds		**5,600**				**5,600**		
Open-ended investment funds - assets for coverage of unit-linked products		**29,036**				**29,036**		
Foreign currency forward contracts		**1,806**				**1,806**		
Reclassification from Available-for-sale financial assets in accordance with IAS 39								
Government bonds	b)		45,385			**45,385**		
Corporate bonds	b)		21,315			**21,315**		
Open-ended investment funds	c)		52,095			**52,095**		
Reclassification from Held-to-maturity investments in accordance with IAS 39								
Corporate bonds	b)		5,842		(100)	**5,742**	(100)	
Total fair value through profit and loss account		**39,416**	**121.663**	**-**	**(100)**	**160,979**	**(100)**	**-**
Fair value through other comprehensive income								
Transfer from Available-for-sale financial assets in accordance with IAS 39								
Government bonds	b)	**45,385**	(45,385)			-	(411)	411
Government bonds		**465,052**				**465,052**	(1,022)	1,022
Corporate bonds	b)	**21,315**	(21,315)			-	(1,307)	1,307
Corporate bonds		**236**	(236)			-	(24)	24
Corporate bonds		**39,349**				**39,349**	(74)	74
Shares		**102,747**	-			**102,747**		
Open-ended investment funds	c)	**52,095**	(52,095)			-	6,639	(6,639)

Reclassification from Financial assets at fair value through profit and loss account in accordance with IAS 39								
Shares	a)		2,974			2,974		
Total fair value through other comprehensive income		**726,179**	**(116,056)**	**-**	**-**	**610,122**	**3,801**	**(3,801)**
Amortised cost								
Transfer from Held-to-maturity investments in accordance with IAS 39								
Government bonds		295,347		(591)		294,756	(591)	
Corporate bonds	b)	5,842	(5,842)			-		
Corporate bonds		2,644		(8)		2,636	(8)	
Reclassification from Available-for-sale financial assets in accordance with IAS 39								
Corporate bonds			236			236		
Tranfer from Loans and receivables in accordance with IAS 39								
Deposits		72,450		(687)		71,763	(687)	
Loans		24,532		(26)		24,506	(26)	
Receivables		44,707				44,707		
Cash and cash equivalents		134,675		(237)		134,438	(237)	
Total amortised cost		**580,197**	**(5,606)**	**(1,550)**	**-**	**573,042**	**(1,549)**	**-**

Deferred tax effects after transition to IFRS 9:

	Net book value in accordance with IAS 39 as of 31 December 2022	Valuation impact		Net book value in accordance with IFRS 9 as of 1 January 2023	Impact on retained earnings	Impact on revaluation reserve
		ECL impact (expected credit loss)	Reassessment due to reclassification			
Deferred tax assets	13,413	443	18	13,873	461	-
Deferred tax liability	38,605	197	-	38,803	(910)	713

Related party transactions

There were no unusual related party transactions of goods and services in the current reporting period.

Seasonality of business activities

Group's operations are not seasonal.

Segment reporting

The Group's reporting segments comprise the life insurance segment and the non-life insurance segment. The description of segments as well as allocation of costs between segment of life insurance and non-life insurance, capital and reserves and assets described in the annual financial statements for 2022, have not changed. There were no significant intersegmental revenues and expenses in the period observed.

Earnings per share

	1 January-31 December 2022	1 January-31 December 2023
	in EUR	in EUR
Profit for the year attributable to the Company's shareholders	58,198,604	58,380,779
Weighted average of ordinary shares	420,947	420,947
Earnings per share attributable to the Company's shareholders		
Basic and diluted earnings per share in EUR	138.3	138.7

Fair value

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

The fair value of investments at amortised cost is presented below:

	31 December 2023			31 December 2022		
	Net book value	Fair value	Difference	Net book value	Fair value	Difference
	in EUR	in EUR	in EUR	in EUR	in EUR	in EUR
Debt securities	301,799,621	284,689,790	(17,109,831)	303,833,996	279,021,559	(24,812,437)
Loans	19,866,626	19,870,363	3,737	24,531,878	24,564,432	32,554
Deposits	116,179,851	116,179,851	-	72,449,738	72,449,738	-
	437,846,098	**420,740,004**	**(17,106,094)**	**400,815,612**	**376,035,729**	**(24,779,883)**

Methods of assessment or assumptions in determining fair value

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

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

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

The Group's assets measured at fair value as at 31 December 2023 are presented as follows:

	Level 1 in EUR	Level 2 in EUR	Level 3 in EUR	Total in EUR
Property for own use	*-*	*-*	*58,547,611*	*58,547,611*
Investment property	*-*	*-*	*138,689,357*	*138,689,357*
Equity securities	109,827,586	-	28,984,893	**138,812,479**
Debt securities	446,103,640	171,813,724	-	**617,917,364**
Investment funds	-	-	-	**-**
Financial assets at fair value through other comprehensive income	*555,931,226*	*171,813,724*	*28,984,893*	*756,729,843*
Equity securities	387,390	-	-	**387,390**
Debt securities	10,963,850	-	-	**10,963,850**
Investment funds	57,057,707	76,949,467	-	**134,007,174**
Foreign currency forward contracts	-	462,382	-	**462,382**
Other	-	23,787	-	**23,787**
Financial assets at fair value through profit or loss	*68,408,947*	*77,435,636*	*-*	*145,844,583*
Total assets at fair value	*624,340,173*	*249,249,360*	*226,221,861*	*1,099,811,394*

The Group's assets measured at fair value as at 31 December 2022 are presented as follows:

	Level 1 in EUR	Level 2 in EUR	Level 3 in EUR	Total in EUR
Property for own use	*-*	*-*	*56,744,280*	*56,744,280*
Investment property	*-*	*-*	*138,440,026*	*138,440,026*
Equity securities	80,278,945	12,697,830	9,770,513	**102,747,288**
Debt securities	412,304,220	158,795,348	236,361	**571,335,929**
Investment funds	382,374	51,712,161	-	**52,094,535**
Financial assets at fair value through other comprehensive income	*492,965,539*	*223,205,339*	*10,006,874*	*726,177,752*
Equity securities	2,973,816	-	-	**2,973,816**
Debt securities	-	-	-	**-**
Investment funds	34,635,819	-	-	**34,635,819**
Foreign currency forward contracts	-	1,805,906	-	**1,805,906**
Financial assets at fair value through profit or loss	*37,609,635*	*1,805,906*	*-*	*39,415,541*
Total assets at fair value	**530,575,174**	**225,011,245**	**205,191,180**	**960,777,599**

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

Financial liabilities, which are not valued at fair value through profit and loss account, are recorded at amortised cost. The Management Board believes that, due to fact that interest rate of these instruments is in line with market rates, the carrying value of these instruments is not significantly different from their fair value.

The fair value of deposits, loans and financial liabilities are estimated on the basis of inputs that are not commercially available rates, and are therefore classified as Level 3, or by using publicly available rates published by the Croatian national bank (for the Company's loans) and would therefore be classified as

Level 2 in the fair value hierarchy. Investments with available market prices that are classified in the portfolio of held-to-maturity investments are classified as Level 1.

The fair values of cash and cash equivalents and other receivables, i.e. other assets do not differ significantly from their carrying amounts due to the short-term nature of these financial instruments. Fair value is determined based on Level 2 inputs for cash and cash equivalents and based on Level 3 inputs for other receivables, i.e. other assets.

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

In the reporting period, the Group has reclassified one equity security from Level 2 to Level 3 in the amount of EUR 19.1m.

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

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

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

Intangible assets

In the period observed, intangible assets increased by EUR 1.6 million, and this represents the net effect of increasing intangible assets due to additional investments in the observed period and reduction of intangible assets due to amortization. The Group capitalized the costs of net salaries in the amount of EUR 323.1 thousand, the costs of contributions from salaries in the amount of EUR 93.3thousand, the costs of taxes and surcharges from salaries in the amount of EUR 69.6 thousand, the costs of contributions to salaries in in the amount of EUR 73.2 thousand and other employee costs in the amount of EUR 26.4 thousand.

Financial assets and financial liabilities

The structure of financial assets as at 31 December 2023 and 31 December 2022 was as follows:

				31 December 2023
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit and loss account	Total
	in EUR	in EUR	in EUR	in EUR
Shares				
Shares, listed	-	138,599,767	387,390	**138,987,157**
Shares, not listed	-	212,711	-	**212,711**
	-	**138,812,478**	**387,390**	**139,199,868**
Debt securities				
Government bonds	298,905,892	521,998,609	1,340,131	**822,244,632**
Corporate bonds	2,893,728	79,864,197	9,623,719	**92,381,644**
Treasury bills	-	16,054,556	-	**16,054,556**
Commercial bills	-	-	-	**-**
	301,799,620	**617,917,362**	**10,963,850**	**930,680,832**
Derivative financial instruments				
Interest swap	-	-	185	**185**
Foreign currency swap	-	-	23,601	**23,601**
Foreign currency forward contracts	-	-	462,383	**462,383**
	-	**-**	**486,169**	**486,169**
Investment funds				
Open-ended investment funds	-	-	114,618,665	**114,618,665**
Open-ended investment funds - assets for coverage of unit-linked products	-	-	19,388,508	**19,388,508**
	-	**-**	**134,007,173**	**134,007,173**
Loans and receivables				
Deposits with credit institutions	116,179,850		-	**116,179,850**
Loans	19,866,627	1	-	**19,866,628**
	136,046,477	**1**	**-**	**136,046,478**
	437,846,097	**756,729,841**	**145,844,582**	**1,340,420,520**

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit and loss account	31 December 2022 Total
	in EUR	in EUR	in EUR	in EUR
Shares				
Shares, listed	-	102,482,086	2,973,816	**105,455,902**
Shares, not listed	-	265,202	-	**265,202**
	-	**102,747,288**	**2,973,816**	**105,721,104**
Debt securities				
Government bonds	295,314,662	510,436,452	-	**805,751,114**
Corporate bonds	8,519,334	60,899,477	-	**69,418,811**
	303,833,996	**571,335,929**	**-**	**875,169,925**
Derivative financial instruments				
Foreign currency forward contracts	-	-	1,805,906	**1,805,906**
	-	**-**	**1,805,906**	**1,805,906**
Investment funds				
Open-ended investment funds	-	52,094,535	5,600,310	**57,694,845**
Open-ended investment funds - assets for coverage of unit-linked products	-	-	29,035,509	**29,035,509**
	-	**52,094,535**	**34,635,819**	**86,730,354**
Loans and receivables				
Deposits with credit institutions	72,449,738	-	-	**72,449,738**
Loans	24,531,878	-	-	**24,531,878**
	96,981,616	**-**	**-**	**96,981,616**
	400,815,612	**726,177,752**	**39,415,541**	**1,166,408,905**

The structure of financial liabilities as at 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023	31 December 2022
	in EUR	in EUR
Lease liabilities	46,214,568	41,823,245
Liabilities for repo transactions	-	10,008,845
Loan liabilities	79,534	215,879
Derivative financial instruments	91,065	82,231
Preference shares	1,627,500	1,625,854
Liability for unpaid dividend	212,528	211,333
Other financial liabilities	15,000	280,000
	48,240,195	**54,247,387**

Share capital and shares

The Company's share capital with a nominal value of EUR 79,924 thousand as at 31 December 2023 is divided among 429,697 shares with a nominal value of EUR 186,00. The shares are marked as follows:

Number of shares	Nominal amount (in 000 EUR)
307,598 ordinary shares I. emission with ticker CROS-R-A/CROS	57,213
113,349 ordinary shares II. emission with ticker CROS-R-A/CROS	21,083
TOTAL OF ORDINARY SHARES	**78,296**
8,750 preference shares I. emission with ticker CROS-P-A/CROS2	1,628
TOTAL OF PREFERENCE SHARES	**1,628**
TOTAL OF ORDINARY AND PREFERENCE SHARES	**79,924**

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

Based on the provisions of the Act on the introduction of the euro as the official currency in the Republic of Croatia and the provisions of the Companies Act, the Company proposed at the General assembly a decision on the adjustment of the share capital and the nominal amount of the Company's shares in such a way as to increase the amount of the nominal value of the share from 185.81 EUR, calculated by conversion into euros using a fixed conversion rate with rounding to the nearest cent, to the amount of EUR 186.00. The aforementioned increase in the nominal amount of the share is carried out in order to round the nominal amount of the shares to a whole number, as prescribed by Article 163, paragraph 4 of the Companies Act.

With the purpose of aligning the share capital with the provisions of the Companies Act, the share capital is increased by the amount of EUR 80,812.35, whereby the total share capital of the Company after recalculation and adjustment amounts to EUR 79,923,642.00. This adjustment was made on 5 October 2023 after changes in the court register.

Liabilities

The structure of liabilities as at 31 December 2023 and 31 December 2022 was as follows:

	31 December 2023			
	No later than 1 year	1-5 years	More than 5years	Total
	in EUR	in EUR	in EUR	in EUR
Other provisions	1,143,643	5,851,309	1,490,701	**8,485,653**
Financial liabilities	4,271,721	12,107,808	31,860,666	**48,240,195**
Other liabilities	56,965,930	2,377,659	1,371,402	**60,714,991**
Total	**62,381,294**	**20,336,776**	**34,722,769**	**117,440,840**

	31 December 2022			
	No later than 1 year	1-5 years	More than 5years	Total
	in EUR	in EUR	in EUR	in EUR
Other provisions	1,163,770	6,181,543	741,477	**8,086,790**
Financial liabilities	14,235,883	7,216,014	32,795,490	**54,247,387**
Other liabilities	50,387,256	2,697,792	6,417,835	**59,502,883**
Total	**65,786,909**	**16,095,349**	**39,954,802**	**121,837,060**

Deferred taxes

The movement of deferred tax assets and liabilities is shown in the below.

The movement of deferred tax assets for the Group:

in EUR

	Financial assets at fair value through profit or loss	Financial asset available for sale	Impairment of financial assets at fair value through other comprehensive income	Impairment of financial assets at amortised costs	Impairment of loans and deposits	Fair valuation losses on investment property	Impact of IFRS 17 application	Other	UKUPNO
31 December 2021	**797,277**	**1,835,172**	**-**	**16,439**	**2,156,410**	**3,718,567**	**-**	**1,151,973**	**9,675,838**
Impact of the first application of IFRS 17	-	-	-	-	-	-	4,100,504	-	**4,100,504**
Utilised deferred tax assets through profit or loss	(443,621)	(381,878)	-	-	(40,773)	(383,758)	(1,001,378)	(819,374)	**(3,070,782)**
Deferred tax assets recognised in profit or loss	40,973	77,450	-	-	29,149	52,648	-	2,090,065	**2,290,285**
Deferred tax assets recognised in other comprehensive income	-	418,447	-	-	-	-	-	-	**418,447**
Exchange rate differences from translation of foreign operations	-	672	-	-	-	473	-	(2,805)	**(1,659)**
31 December 2022	**394,630**	**1,949,863**	**-**	**16,439**	**2,144,785**	**3,387,930**	**3,099,126**	**2,419,860**	**13,412,633**
Impact of the first application of IFRS 9	-	(1,949,863)	2,128,287	2,427,070	(2,144,785)	-	-	-	**460,709**
Utilised deferred tax assets through profit or loss	(138,703)	-	(1,205,724)	(147,673)	-	(558,796)	(2,988,055)	(1,048,406)	**(6,087,357)**
Utilised deferred tax assets through other comprehensive income	-	-	(259,155)	-	-	-	-	-	**(259,155)**
Deferred tax assets recognised in profit or loss	442,216	-	52,196	46,566	-	77,704	-	1,625,974	**2,244,655**
Deferred tax assets recognised in other comprehensive income	-	-	-	-	-	-	-	-	**-**
Exchange rate differences from translation of foreign operations	-	-	(4,877)	(7,123)	-	(12,037)	(10,150)	-	**(34,187)**
31 December 2023	**698,142**	**-**	**710,728**	**2,335,279**	**-**	**2,894,800**	**100,921**	**2,997,428**	**9,737,298**

The movement of deferred tax liability is shown in the note below:

in EUR

	Land and buildings occupied by an undertaking for its own activities	Land and buildings not occupied by an undertaking for its own activities	Financial asset available for sale	Financial assets at fair value through other comprehensive income	Impact of IFRS 17 application	Financial reserves from insurance contracts	Other	Total
31 December 2021	**2,932,950**	**4,409,044**	**16,974,608**	**-**	**-**	**-**	**64,409**	**24,381,011**
Impact of the first application of IFRS 17	-	-	-	-	11,532,074	477,918	-	12,009,992
Utilization through retained earnings	148,580	-	-	-	-	-	-	148,580
Recognized deferred tax liabilities in profit or loss	-	188,647	-	-	844,080	-	-	1,032,726
Utilized deffered tax liabilities through profit or loss	(42,117)	(74,700)	-	-	-	-	-	(116,816)
Change through other comprehensive income	(34,438)	-	(15,239,365)	-	-	16,423,819	-	1,150,016
Exchange rate differences from translation of foreign operations	(2,835)	-	2,772	-	-	(171)	-	(233)
31 December 2022	**3,002,141**	**4,522,991**	**1,738,015**	**-**	**12,376,154**	**16,901,566**	**64,409**	**38,605,276**
Impact of the first application of IFRS 9	-	-	(1,738,015)	1,935,357	-	-	-	197,341
Recognized through profit or loss	(101,797)	442,956	-	(1,403,203)	(12,456,544)	-	-	(13,518,589)
Recognized through retained earnings	-	-	-	-	-	-	-	-
Change through other comprehensive income	(39,637)	-	-	7,386,068	-	(8,571,921)	-	(1,225,490)
Exchange rate differences from translation of foreign operations	(4,679)	(7,321)	-	(7,000)	9,035	(18,475)	-	(28,440)
31 December 2023	**2,856,028**	**4,958,625**	**-**	**7,911,221**	**(71,355)**	**8,311,170**	**64,409**	**24,030,098**

Commitments

As at 31 December 2023, the Group's contractual obligations for future investments amount to EUR 29m based on binding bids for investments in alternative investment funds.

CROATIA osiguranje d.d.
Vatroslava Jagića 33, 10 000 Zagreb
www.crosig.hr

MANAGEMENT BOARD STATEMENT

Pursuant to article 20 of the Articles of Association of the Company from 31 May 2023 and article 468 of the Capital Market Law (Official Gazette 65/18, 17/20, 83/21 and 151/22), the Management Board provides this

STATEMENT

That to the best of our knowledge:

- the set of quarterly consolidated unaudited financial statements of the issuer for the period 1 January – 31 December 2023, prepared by using applicable financial reporting standards, gives a true and fair view of assets and liabilities, the financial position, profit or loss of the issuer and the entities included in consolidation,

- the management report presents an objective view of the development and business results and position of the issuer and entities included in consolidation, with description of significant risks and uncertainties to which they are exposed,

Zagreb, 27 December 2024

Member of the Management Board	President of the Management Board
Luka Babić	Davor Tomašković
Member of the Management Board	Member of the Management Board
Vančo Balen	Robert Vučković