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**UNCONSOLIDATED UNAUDITED
QUARTERLY REPORT,
FOR THE PERIOD
1 January 2021 – 30 September 2021**

Zagreb, October 2021

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I. UNAUDITED FINANCIAL STATEMENTS

Annex 1

ISSUER'S GENERAL DATA

STATEMENT OF COMPREHENSIVE INCOME
(STATEMENT OF PROFIT OR LOSS)
For the period: 1.1.2021 - 30.9.2021

in HRK

Item	ADP code	Same period of the previous year			Current year		
		Life	Non-life	Total	Life	Non-life	Total
		1	2	3	4	5(3+4)	6
I Earned premiums (ADP 119 to 123)	118	353.456.541	1.518.345.988	1.871.802.529	358.189.182	1.601.610.149	1.959.799.331
1 Gross written premium	119	353.503.919	1.861.571.361	2.215.075.280	358.313.988	1.977.880.657	2.336.194.645
2 Value adjustment and charged premium value adjustment	120	0	-1.234.615	-1.234.615	0	11.708.810	11.708.810
3 Outward reinsurance premiums (-)	121	-55.949	-195.382.274	-195.438.223	-53.578	-238.965.219	-239.018.797
4 Change of gross provisions for unearned premiums (+/-)	122	649	-175.354.839	-175.354.190	-81.735	-208.364.699	-208.446.434
5 Change of provisions for unearned premiums, reinsurers' share (+/-)	123	7.922	28.746.355	28.754.277	10.507	59.350.600	59.361.107
II Income from investments (ADP 125 to 131)	124	121.608.074	193.469.243	315.077.317	75.286.095	232.272.318	307.558.413
1 Income from branches, associates and joint ventures.	125	1.939.687	11.441.095	13.380.782	2.783.512	58.975.830	61.759.342
2 Income from investment in land and buildings	126	0	17.882.951	17.882.951	0	23.600.527	23.600.527
3 Interest income	127	67.003.090	69.562.494	136.565.584	64.167.540	63.615.333	127.782.873
4 Unrealised gains on investments	128	0	224.785	224.785	2.428.970	17.739.079	20.168.049
5 Realised gains on investments	129	19.190.684	64.666.111	83.856.795	5.903.659	46.748.751	52.652.410
6 Net positive exchange rate differences	130	33.467.093	12.107.396	45.574.489	0	0	0
7 Other income from investments	131	7.520	17.584.411	17.591.931	2.414	21.592.798	21.595.212
III Income from commissions and fees	132	1.573.887	29.364.639	30.938.526	1.427.808	22.952.685	24.380.493
IV Other insurance-technical income, net amount from reinsurance	133	384.844	23.978.676	24.363.520	118.246	20.541.576	20.659.822
V Other income	134	846	4.323.176	4.324.022	1	4.616.656	4.616.657
VI Claims incurred, net (ADP 136 + 139)	135	-369.729.779	-897.121.083	-1.266.850.862	-291.231.755	-833.963.688	-1.125.195.443
1 Claims settled (ADP 137+138)	136	-362.785.887	-837.946.121	-1.200.732.008	-304.169.366	-843.515.879	-1.147.685.245
1.1 Gross amount (-)	137	-362.785.887	-883.193.914	-1.245.979.801	-304.169.366	-987.765.193	-1.291.934.559
1.2 Reinsurers' share (+)	138	0	45.247.793	45.247.793	0	144.249.314	144.249.314
2 Change in the provision for claims (+/-) (ADP 140+141)	139	-6.943.892	-59.174.962	-66.118.854	12.937.611	9.552.191	22.489.802
2.1 Gross amount	140	-6.943.892	-147.687.110	-154.631.002	12.937.611	104.868.637	117.806.248
2.3 Reinsurers' share	141	0	88.512.148	88.512.148	0	-95.316.446	-95.316.446
VII Change in mathematical provision and other technical provisions, net of reinsurance (ADP 143+146)	142	-19.389.554	20.864.584	1.475.030	-67.118.032	-11.415.496	-78.533.528
1 Change in mathematical provisions (+/-) (ADP 144+145)	143	-19.389.554	5.206.372	-14.183.182	-67.118.032	3.803.012	-63.315.020
1.1 Gross amount (-)	144	-19.384.136	5.206.372	-14.177.764	-67.133.677	3.803.012	-63.330.665
1.2 Reinsurers' share (+)	145	-5.418	0	-5.418	15.645	0	15.645
2 Change in other technical provisions, net of reinsurance (+/-) (ADP 147+148)	146	0	15.658.212	15.658.212	0	-15.218.508	-15.218.508
2.1 Gross amount (-)	147	0	15.658.212	15.658.212	0	-15.218.508	-15.218.508
2.2 Reinsurers' share (+)	148	0	0	0	0	0	0
VIII Change of special provision for life assurance where policyholders bear the investment risk, net of reinsurance (+/-) (ADP 150+151)	149	13.381.242	0	13.381.242	11.198.774	0	11.198.774
1 Gross amount (-)	150	13.381.242	0	13.381.242	11.198.774	0	11.198.774
3 Reinsurers' share (+)	151	0	0	0	0	0	0
IX Cash payments for bonuses and rebates, net of reinsurance (ADP 153+154)	152	0	-5.200.416	-5.200.416	0	-4.970.138	-4.970.138
1 Performance-dependent (bonuses)	153	0	-5.200.416	-5.200.416	0	-4.970.138	-4.970.138
2 Performance-independent (rebates)	154	0	0	0	0	0	0

STATEMENT OF COMPREHENSIVE INCOME
(STATEMENT OF PROFIT OR LOSS)
For the period: 1.1.2021 - 30.9.2021

in HRK

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		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
X Operating expenses (business expenditures), net (ADP 156+160)	155	-48.697.147	-573.168.441	-621.865.588	-40.158.024	-541.185.262	-681.343.286
1 Acquisition costs (ADP 157 to 159)	156	-21.324.501	-311.558.168	-332.882.669	-17.521.682	-378.478.591	-396.000.273
1.1 Commission	157	-5.850.222	-196.885.039	-202.735.261	-4.692.805	-218.558.545	-223.251.350
1.2 Other acquisition costs	158	-15.474.279	-118.507.790	-133.982.069	-12.828.877	-167.362.774	-180.191.651
1.3 Change in deferred acquisition costs	159	0	3.834.661	3.834.661	0	7.442.728	7.442.728
2 Administration expenses (administrative costs) (ADP 161 to 163)	160	-27.372.646	-261.610.273	-288.982.919	-22.636.342	-262.706.671	-285.343.013
2.1 Depreciation	161	-2.455.043	-40.537.659	-42.992.702	-1.798.612	-40.578.963	-42.377.575
2.2 Salaries, taxes and contributions from/on salaries	162	-11.755.262	-88.317.251	-100.072.513	-9.064.101	-89.639.570	-98.703.671
2.3 Other administration expenses	163	-13.162.341	-132.755.363	-145.917.704	-11.773.629	-132.488.138	-144.261.767
XI Investment expenses (ADP 165 to 171)	164	-16.174.782	-65.150.721	-81.325.503	-20.653.546	-52.008.732	-72.662.278
1 Depreciation of land and buildings not occupied by an undertaking for its own activities	165	0	0	0	0	0	0
2 Interest	166	-979.738	-6.273.287	-7.253.025	-716.161	-6.414.809	-7.130.970
3 Impairment of investments	167	-1.013.854	-4.704.845	-5.718.699	0	-2.398.403	-2.398.403
4 Realised loss on investments	168	-9.139.608	-18.719.795	-27.859.393	-3.018.634	-9.557.996	-12.576.630
5 Unrealised loss on investments	169	-2.690.462	-13.835.618	-16.526.080	-1.267	-3.885.894	-3.887.161
6 Net negative exchange rate differences	170	0	0	0	-15.607.055	-9.901.056	-25.508.111
7 Other investment expenses	171	-2.351.120	-21.617.186	-23.968.306	-1.310.429	-19.850.574	-21.161.003
XII Other technical expenses, net of reinsurance (ADP 173+174)	172	-833.340	-26.152.889	-23.983.229	-733.702	-29.023.198	-29.786.900
1 Expenses of preventive activities	173	0	0	0	0	0	0
2 Other technical expenses of insurance	174	-833.340	-26.152.889	-26.986.229	-763.702	-29.023.198	-29.786.900
XIII Other activities, including value adjustments	175	-6.408	-1.407.233	-1.413.641	-7.632	-591.089	-598.721
XIV Profit or loss for the accounting period before tax (+/-) (ADP 118+124+132 to 135+142+149+152+155+164+172+175)	176	35.574.424	222.145.523	257.719.947	26.287.415	308.835.781	335.123.196
XV Profit or loss tax (ADP 178+179)	177	-6.236.746	-38.773.669	-45.010.415	-4.240.392	-45.199.894	-49.440.286
1 Current tax expense	178	-6.236.746	-38.773.669	-45.010.415	-4.240.392	-45.199.894	-49.440.286
2 Deferred tax expense (income)	179	0	0	0	0	0	0
XVI Profit or loss for the accounting period after tax (+/-) (ADP 176+177)	180	29.337.678	183.371.854	212.709.532	22.047.023	263.635.887	285.682.910
1 Attributable to owners of the parent	181	0	0	0	0	0	0
2 Attributable to non-controlling interest	182	0	0	0	0	0	0
XVII TOTAL INCOME (ADP 118+124+132+133+134+179)	183	477.024.192	1.769.481.722	2.246.505.914	435.021.332	1.881.993.384	2.317.014.716
XVIII TOTAL EXPENSES (ADP 135+142+149+152+155+164+172+175+178)	184	-447.686.514	-1.586.109.868	-2.033.793.382	-412.974.309	-1.618.357.497	-2.031.331.806
IX Other comprehensive income (ADP 186 to 193)	185	-23.961.890	-90.519.095	-114.480.985	-17.051.011	136.074.731	119.023.720
1 Gains/losses arising from translation of financial statements relating to foreign operations	186	0	-122.439	-122.439	0	113.773	113.773
2 Gains/losses arising from the revaluation of financial assets available for sale	187	-29.221.817	-110.239.824	-139.461.641	-20.793.916	165.806.046	145.012.130
3 Gains/losses arising from the revaluation of land and buildings occupied by an undertaking for its own activities	188	0	0	0	0	0	0
4 Gains/losses arising from the revaluation of other tangible (other than land and property) and intangible assets	189	0	0	0	0	0	0
5 Effects of cash flow hedging instruments	190	0	0	0	0	0	0
6 Actuarial gains/losses on pension plans with defined pensions	191	0	0	0	0	0	0
7 Share in other comprehensive income of associates	192	0	0	0	0	0	0
8 Income tax on other comprehensive income	193	5.259.927	19.843.168	25.103.095	3.742.905	-29.845.088	-26.102.183
XX Total comprehensive income (ADP 180 +185)	194	5.375.788	92.852.759	98.228.547	4.996.012	399.710.618	404.706.630
1 Attributable to owners of the parent	195	0	0	0	0	0	0
2 Attributable to non-controlling interests	196	0	0	0	0	0	0
XXI Reclassification adjustments	197	0	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.9.2021

in HRK

Item	ADP code	Last day of the preceding business year			At the reporting date of the current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
ASSETS							
A) INTANGIBLE ASSETS (ADP 002 +003)	001	0	96.858.015	96.858.015	0	123.894.244	123.894.244
1 Goodwill	002	0	0	0	0	0	0
2 Other intangible assets	003	0	96.858.015	96.858.015	0	123.894.244	123.894.244
B) TANGIBLE ASSETS (ADP 005 to 007)	004	14.133	553.220.673	553.234.806	14.133	489.538.221	489.552.354
1 Land and buildings occupied by an undertaking for its own activities	005	0	264.389.018	264.389.018	0	195.164.009	195.164.009
2 Equipment	006	14.051	26.833.703	26.847.754	14.051	25.773.661	25.787.712
3 Other tangible assets and inventories	007	82	261.998.952	261.999.034	82	288.600.551	288.600.633
C) INVESTMENTS (ADP 009+010+014+033)	008	3.114.967.354	5.376.935.614	8.491.902.988	3.129.647.820	5.780.295.328	8.889.944.148
I Investments in land and buildings not occupied by an undertaking for its own activities	009	0	456.652.567	456.652.567	0	518.617.383	518.617.383
II Investments in branches, associates and joint ventures (ADP 011 to 013)	010	0	376.515.932	376.515.932	0	378.460.761	378.460.761
1 Shares and holdings in branches	011	0	342.827.639	342.827.639	0	350.460.761	350.460.761
2 Shares and holdings in associates	012	0	5.688.293	5.688.293	0	0	0
3 Shares and holdings in joint ventures	013	0	28.000.000	28.000.000	0	28.000.000	28.000.000
III Financial assets (ADP 015+018+023+029)	014	3.114.967.354	4.543.767.115	7.658.734.459	3.129.647.820	4.863.218.184	7.992.866.004
1 Financial assets held to maturity (ADP 016+017)	015	1.083.787.700	998.546.873	2.082.334.573	1.119.445.377	979.170.688	2.098.616.055
1.1 Debt financial instruments	016	1.083.787.700	998.546.873	2.082.334.573	1.119.445.377	979.170.688	2.098.616.055
1.2 Other	017	0	0	0	0	0	0
2 Financial assets available for sale (ADP 019 to 022)	018	1.804.243.754	2.731.918.505	4.536.162.259	1.889.233.611	3.210.039.432	5.099.273.043
2.1 Equity financial instruments	019	29.250.178	506.883.850	536.134.038	74.535.593	748.142.253	822.677.846
2.2 Debt financial instruments	020	1.718.133.233	2.089.821.103	3.807.954.336	1.730.209.865	2.208.856.778	3.939.066.643
2.3 Units in investment funds	021	56.860.343	135.213.542	192.073.885	84.488.153	253.040.401	337.528.554
2.4 Other	022	0	0	0	0	0	0
3 Financial assets at fair value through statement of profit or loss (ADP 024 to 028)	023	318.108	20.984.620	21.302.728	1.258.418	30.525.612	31.784.030
3.1 Equity financial instruments	024	0	17.187.511	17.187.511	0	23.985.336	23.985.336
3.2 Debt financial instruments	025	0	0	0	0	0	0
3.3 Derivative financial instruments	026	318.108	3.797.109	4.115.217	1.258.418	6.540.275	7.798.694
3.4 Units in investment funds	027	0	0	0	0	0	0
3.5 Other	028	0	0	0	0	0	0
4 Loans and receivables (ADP 030 to 032)	029	226.617.792	792.317.117	1.018.934.909	119.710.414	643.482.452	763.192.866
4.1 Deposits with credit institutions	030	175.737.297	317.322.719	493.060.016	77.685.735	220.351.028	298.036.763
4.2 Loans	031	47.414.600	301.235.373	348.649.973	41.967.318	275.328.187	317.295.505
4.3 Other	032	3.465.895	173.759.025	177.224.920	57.361	147.803.237	147.860.598
IV Deposits with cedants	033	0	0	0	0	0	0
D) INVESTMENTS FOR THE ACCOUNT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	034	400.250.132	0	400.250.132	387.514.920	0	387.514.920
E) REINSURANCE AMOUNT IN TECHNICAL PROVISIONS (ADP 036 to 042)	035	12.263	474.856.240	474.868.503	38.415	438.890.394	438.928.809
1 Provisions for unearned premiums, reinsurance amount	036	0	58.699.359	58.699.359	10.507	118.049.959	118.060.466
2 Mathematical provision, reinsurance amount	037	12.263	0	12.263	27.908	0	27.908
3 Claims outstanding, reinsurance amount	038	0	416.156.881	416.156.881	0	320.840.435	320.840.435
4 Provisions for bonuses and rebates, reinsurance amount	039	0	0	0	0	0	0
5 Equalization provision, reinsurance amount	040	0	0	0	0	0	0
6 Other technical provisions, reinsurance amount	041	0	0	0	0	0	0
7 Special provisions for life assurance where policyholders bear the investment risk, reinsurance amount	042	0	0	0	0	0	0
F) DEFERRED AND CURRENT TAX ASSETS (ADP 044 +045)	043	1.777.335	65.691.032	67.468.367	1.777.335	98.244.172	100.021.507
1 Deferred tax assets	044	1.777.335	65.691.032	67.468.367	1.777.335	65.691.032	67.468.367
2 Current tax assets	045	0	0	0	0	32.553.140	32.553.140
G) RECEIVABLES (ADP 047+050+051)	046	622.575	741.344.470	741.967.045	1.277.022	978.700.114	979.977.136
1 Receivables arising from insurance business (ADP 048+049)	047	234.219	486.139.957	486.374.185	233.895	680.731.309	680.965.205
1.1 From policyholders	048	0	485.689.766	485.689.766	0	680.162.332	680.162.332
1.2 From insurance agents or insurance brokers	049	234.219	450.201	684.420	233.896	588.977	802.873
2 Receivables arising from reinsurance business	050	415	59.037.982	59.038.397	876	116.244.834	116.245.710
3 Other receivables (ADP 052 to 054)	051	387.941	196.165.521	196.554.482	1.042.250	181.723.971	182.766.221
3.1 Receivables arising from other insurance operations	052	0	164.158.334	164.158.334	0	132.952.769	132.952.769
3.2 Receivables for investment income	053	277.889	756.947	1.034.336	334.430	400.333	734.763
3.3 Other receivables	054	110.552	31.251.240	31.361.792	707.820	48.370.869	49.079.689
H) OTHER ASSETS (ADP 056+060+061)	055	62.420.478	450.515.458	512.935.936	111.769.578	524.543.548	636.312.126
1 Cash at bank and in hand (ADP 057 to 059)	056	62.420.478	450.515.458	512.935.936	111.769.578	524.543.036	636.312.514
1.1 Funds in the business account	057	0	450.515.458	450.515.458	0	524.543.036	524.543.036
1.2 Funds in the account of assets covering mathematical provisions	058	62.420.478	0	62.420.478	111.769.578	0	111.769.578
1.3 Cash in hand	059	0	0	0	0	0	0
2 Fixed assets held for sale and termination of business operations	060	0	0	0	0	0	0
3 Other	061	0	512	512	0	512	512
I) PREPAYMENTS AND ACCRUED INCOME (ADP 063 to 065)	062	0	260.751.069	260.751.069	0	249.764.732	249.764.732
1 Deferred interest and rent	063	0	10.000	10.000	0	0	0
2 Deferred acquisition costs	064	0	208.349.670	208.349.670	0	215.792.398	215.792.398
3 Other prepayments and accrued income	065	0	52.391.399	52.391.399	0	33.972.334	33.972.334
J) TOTAL ASSETS (ADP 001+004+008+034+035+043+046+055+062)	066	3.580.064.270	8.020.173.083	11.600.237.353	3.632.039.223	8.663.871.753	12.295.910.976
K) OFF-BALANCE SHEET ITEMS	067	368.537.309	2.681.501.745	3.050.039.054	203.310.597	2.717.552.142	2.920.872.839

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at: 30.9.2021

in HRK

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		Life	Non-life	Total	Life	Non-life	Total
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LIABILITIES							
A) CAPITAL AND RESERVES (ADP 069+072+073+077+081+084)	068	453.763.909	3.080.075.801	3.533.839.710	458.759.920	3.479.856.520	3.938.616.440
1 Subscribed capital (ADP 070 to 071)	069	44.288.720	545.037.080	589.325.800	44.288.720	545.037.080	589.325.800
1.1 Paid in capital - ordinary shares	070	44.288.720	545.037.080	589.325.800	44.288.720	545.037.080	589.325.800
1.2 Paid in capital - preference shares	071	0	0	0	0	0	0
2 Premium on shares issued (capital reserves)	072	0	681.482.525	681.482.525	0	681.482.525	681.482.525
3 Revaluation reserves (ADP 074 to 076)	073	144.192.801	326.931.603	471.124.404	127.141.790	462.686.979	589.828.769
3.1 Land and buildings	074	0	49.173.638	49.173.638	0	48.854.284	48.854.284
3.2 Financial assets available for sale	075	144.192.801	277.757.965	421.950.766	127.141.790	413.832.695	540.974.485
3.3 Other revaluation reserves	076	0	0	0	0	0	0
4 Reserves (ADP 078 to 080)	077	85.295.937	316.742.639	402.038.576	85.295.937	316.742.639	402.038.576
4.1 Legal reserves	078	2.214.436	27.864.354	30.078.790	2.214.436	27.864.354	30.078.790
4.2 Statutory reserve	079	7.581.501	139.638.995	147.220.496	7.581.501	139.638.499	147.220.000
4.3 Other reserves	080	75.500.000	149.239.290	224.739.290	75.500.000	149.239.786	224.739.786
5 RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082 + 083)	081	157.219.337	1.003.059.796	1.160.279.133	179.986.450	1.210.271.410	1.390.257.860
5.1 Retained profit	082	157.219.337	1.003.059.796	1.160.279.133	179.986.450	1.210.271.410	1.390.257.860
5.2 Loss brought forward (-)	083	0	0	0	0	0	0
6 PROFIT OR LOSS FOR THE CURRENT ACCOUNTING PERIOD (ADP 085+086)	084	22.767.114	206.822.158	229.589.272	22.047.023	263.635.887	285.682.910
6.1 Profit for the current accounting period	085	22.767.114	206.822.158	229.589.272	22.047.023	263.635.887	285.682.910
6.2 Loss for the current accounting period(-)	086	0	0	0	0	0	0
B) SUBORDINATE LIABILITIES	087	0	0	0	0	0	0
C) MINORITY INTEREST	088	0	0	0	0	0	0
D) TECHNICAL PROVISIONS (ADP 090 to 095)	089	2.654.028.927	3.980.977.359	6.635.006.286	2.708.306.727	4.095.888.917	6.804.195.644
1 Provisions for unearned premiums, gross amount	090	5.022.484	1.143.856.246	1.148.878.730	5.104.218	1.352.220.945	1.357.325.163
2 Mathematical provisions, gross amount	091	2.554.176.172	11.308.894	2.565.485.066	2.621.309.849	7.505.882	2.628.815.731
3 Claims outstanding, gross amount	092	94.830.271	2.810.611.741	2.905.442.012	81.892.660	2.705.743.103	2.787.635.763
4 Provisions for bonuses and rebates, gross amount	093	0	7.213.900	7.213.900	0	19.029.254	19.029.254
5 Equalization provision, gross amount	094	0	7.055.533	7.055.533	0	7.055.533	7.055.533
6 Other technical provisions, gross amount	095	0	931.045	931.045	0	4.334.200	4.334.200
E) SPECIAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK, gross amount	096	400.250.132	0	400.250.132	387.514.920	0	387.514.920
F) OTHER PROVISIONS (ADP 098 + 099)	097	2.570.940	87.002.391	89.573.331	4.027.933	79.123.635	83.151.568
1 Provisions for pensions and similar obligations	098	2.570.940	83.967.933	86.538.873	3.937.460	76.535.618	80.473.078
2 Other provisions	099	0	3.034.458	3.034.458	90.473	2.588.017	2.678.490
G) DEFERRED AND CURRENT TAX LIABILITIES (ADP 101 + 102)	100	31.652.078	76.140.059	107.792.137	32.149.565	150.328.304	182.477.869
1 Deferred tax liability	101	31.652.078	71.795.993	103.448.071	27.909.173	101.570.979	129.480.152
2 Current tax liability	102	0	4.344.066	4.344.066	4.240.392	48.757.325	52.997.717
H) DEPOSITS HELD UNDER BUSINESS CEDED	103	0	0	0	0	0	0
I) FINANCIAL LIABILITIES (ADP 105 to 107)	104	1.528.948	282.748.677	284.277.625	719.936	335.311.863	336.031.799
1 Loan liabilities	105	0	0	0	0	0	0
2 Liabilities for issued financial instruments	106	0	0	0	0	0	0
3 Other financial liabilities	107	1.528.948	282.748.677	284.277.625	719.936	335.311.863	336.031.799
J) OTHER LIABILITIES (ADP 109 to 112)	108	9.389.826	253.603.410	262.993.236	12.006.304	261.206.323	273.212.627
1 Liabilities from direct insurance business	109	3.266.164	76.576.333	79.842.497	2.143.457	89.078.811	91.222.268
2 Liabilities from reinsurance and reinsurance business	110	10.330	90.279.328	90.289.658	31.373	106.978.742	107.010.115
3 Liabilities for disposal and discontinued operations	111	0	0	0	0	0	0
4 Other liabilities	112	6.113.332	86.747.749	92.861.081	9.831.474	65.148.770	74.980.244
K) ACCRUALS AND DEFERRED INCOME (ADP 114+115)	113	26.879.510	259.625.386	286.504.896	28.553.918	262.156.191	290.710.109
1 Deferred reinsurance commission	114	0	0	0	0	13.673.978	13.673.978
2 Other accruals and deferred income	115	26.879.510	259.625.386	286.504.896	28.553.918	248.482.213	277.036.131
J) TOTAL LIABILITIES (ADP 068+087+088+089+096+097+100+103+104+108+113)	116	3.580.064.270	8.020.173.083	11.600.237.353	3.632.039.223	8.663.871.753	12.295.910.976
M) OFF-BALANCE SHEET ITEMS	117	368.537.309	2.681.501.745	3.050.039.054	203.310.697	2.717.562.142	2.920.872.839

STATEMENT OF CHANGES IN EQUITY

For the period: 1.1.2021 - 30.9.2021

Item	ADP code	Attributable to owners of the parent								Attributable to non-controlling interest	Total capital and reserves (9+10)
		Paid in capital (ordinary and preference shares)	Premium on shares issued	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or loss brought forward	Profit or loss for the year	Total capital and reserves (3 to 8)			
1	2	3	4	5	6	7	8	9	10	11	
I Balance on the first day of the previous business year	1	589.325.800	681.482.525	516.655.694	402.038.576	865.830.400	293.130.713	3.348.463.708	0	3.348.463.708	
Change in accounting policies	2	0	0	0	0	0	0	0	0	0	
Correction of errors from prior periods	3	0	0	0	0	0	0	0	0	0	
II Balance on the first day of the previous business year (restated)	4	589.325.800	681.482.525	516.655.694	402.038.576	865.830.400	293.130.713	3.348.463.708	0	3.348.463.708	
III Comprehensive income or loss for the same period of the previous year (ADP 006 + ADP 007)	5	0	0	-44.450.514	0	0	229.589.272	185.138.758	0	185.138.758	
Profit or loss for the period	6	0	0	0	0	0	229.589.272	229.589.272	0	229.589.272	
2 Other comprehensive income or loss for the same period of the previous year (ADP 006 to ADP 11)	7	0	0	-44.450.514	0	0	0	-44.450.514	0	-44.450.514	
Unrealised gains or losses on tangible assets (land and buildings)	8	0	0	-216.511	0	0	0	-216.511	0	-216.511	
Unrealised gains or losses on financial assets available for sale	9	0	0	7.374.940	0	0	0	7.374.940	0	7.374.940	
Realised gains or losses on financial assets available for sale	10	0	0	-51.501.622	0	0	0	-51.501.622	0	-51.501.622	
Other changes in equity unrelated to owners	11	0	0	-107.321	0	0	0	-107.321	0	-107.321	
IV Transactions with owners (previous period)	12	0	0	-1.080.776	0	294.448.733	-293.130.713	237.244	0	237.244	
Increase/decrease in subscribed capital	13	0	0	0	0	0	0	0	0	0	
Other contributions by owners	14	0	0	0	0	0	0	0	0	0	
Payment of share in profit/dividend	15	0	0	0	0	0	0	0	0	0	
Other distribution to owners	16	0	0	-1.080.776	0	294.448.733	-293.130.713	237.244	0	237.244	
V Balance on the last day of the previous business year reporting period	17	589.325.800	681.482.525	471.124.404	402.038.576	1.160.279.133	229.589.272	3.533.839.710	0	3.533.839.710	
VI Balance on the first day of the current business year	18	589.325.800	681.482.525	471.124.404	402.038.576	1.160.279.133	229.589.272	3.533.839.710	0	3.533.839.710	
Change in accounting policies	19	0	0	0	0	0	0	0	0	0	
Correction of errors from prior periods	20	0	0	0	0	0	0	0	0	0	
VII Balance on the first day of the current business year (restated)	21	589.325.800	681.482.525	471.124.404	402.038.576	1.160.279.133	229.589.272	3.533.839.710	0	3.533.839.710	
VIII Comprehensive income or loss for the year	22	0	0	119.023.720	0	0	285.682.910	404.706.630	0	404.706.630	
Profit or loss for the period	23	0	0	0	0	0	285.682.910	285.682.910	0	285.682.910	
Other comprehensive income or loss for the year	24	0	0	119.023.720	0	0	0	119.023.720	0	119.023.720	
Unrealised gains or losses on tangible assets (land and buildings)	25	0	0	0	0	0	0	0	0	0	
Unrealised gains or losses on financial assets available for sale	26	0	0	141.700.193	0	0	0	141.700.193	0	141.700.193	
Realised gains or losses on financial assets available for sale	27	0	0	-22.790.246	0	0	0	-22.790.246	0	-22.790.246	
Other changes in equity unrelated to owners	28	0	0	113.773	0	0	0	113.773	0	113.773	
Transactions with owners (current period)	29	0	0	-319.355	0	229.978.727	-229.589.272	70.100	0	70.100	
Increase/decrease in subscribed capital	30	0	0	0	0	0	0	0	0	0	
Other contributions by owners	31	0	0	0	0	0	0	0	0	0	
Payment of share in profit/dividend	32	0	0	0	0	0	0	0	0	0	
Other transactions with owners	33	0	0	-319.355	0	229.978.727	-229.589.272	70.100	0	70.100	
Balance on the last day of the current year reporting period	34	589.325.800	681.482.525	589.828.769	402.038.576	1.390.257.860	285.682.910	3.938.616.440	0	3.938.616.440	

STATEMENT OF CASH FLOWS – indirect method

For the period: 1.1.2021 - 30.9.2021

Item	ADP code	Same period of the previous year	Current business period
1	2	3	4
I Cash flow from operating activities (ADP 002+013+031)	001	268.260.840	22.278.227
1 Cash flow before changes in operating assets and liabilities (ADP 003+004)	002	170.113.707	163.298.938
1.1 Profit/loss before tax	003	257.719.947	335.123.196
1.2 Adjustments: (ADP 005 to 012)	004	-87.606.240	-171.824.258
1.2.1 Depreciation of property and equipment	005	29.620.543	24.722.146
1.2.2 Amortization of intangible assets	006	13.372.159	17.655.429
1.2.3 Impairment and gains/losses on fair valuation	007	10.505.311	-28.776.656
1.2.4 Interest expenses	008	7.253.025	7.130.970
1.2.5 Interest income	009	-136.565.584	-127.782.873
1.2.6 Share in profit of associates	010	0	0
1.2.7 Profit/loss from the sale of tangible assets (including land and buildings)	011	523.052	-324.692
1.2.8 Other adjustments	012	-12.314.746	-64.448.582
2 Increase/decrease in operating assets and liabilities (ADP 014 to 030)	013	138.528.610	-107.680.937
2.1 Increase/decrease in financial assets available for sale	014	-67.098.201	-373.919.829
2.2 Increase/decrease in financial assets at fair value through statement of profit or loss	015	16.893.823	5.233.629
2.3 Increase/decrease in loans and receivables	016	67.748.333	209.039.622
2.4 Increase/decrease in deposits with cedants	017	0	0
2.5 Increase/decrease in investments for the account of life assurance policyholders who bear the investment risk	018	12.360.450	12.735.212
2.6 Increase/decrease in reinsurance amount in technical provisions	019	-117.261.007	35.939.694
2.7 Increase/decrease in tax assets	020	-32.043.499	-32.553.140
2.8 Increase/decrease in receivables	021	-107.476.351	-215.425.926
2.9 Increase/decrease in other assets	022	0	0
2.10 Increase/decrease in prepayments and accrued income	023	-8.905.415	10.986.337
2.11 Increase/decrease in technical provisions	024	328.504.744	169.189.359
2.12 Increase/decrease in special provisions for life assurance where policyholders bear the investment risk	025	-12.360.450	-12.735.212
2.13 Increase/decrease in tax liabilities	026	31.015.741	32.553.140
2.14 Increase/decrease in deposits held under reinsurance business ceded	027	0	0
2.15 Increase/decrease in financial liabilities	028	66.747.034	41.313.300
2.16 Increase/decrease in other liabilities	029	-25.714.080	5.757.664
2.17 Increase/decrease in accruals and deferred income	030	-13.882.512	4.205.213
3 Income tax paid	031	-40.381.477	-33.339.774
II CASH FLOW FROM INVESTING ACTIVITIES (ADP 033 to 046)	032	214.337.112	92.860.528
1 Cash receipts from the sale of tangible assets	033	78.115	40.442
2 Cash payments for the purchase of tangible assets	034	-7.004.246	-9.701.323
3 Cash receipts from the sale of intangible assets	035	0	0
4 Cash payments for the purchase of intangible assets	036	-48.967.433	-41.164.303
5 Cash receipts from the sale of land and buildings not occupied by an undertaking for its own activities	037	80.614.594	4.460.642
6 Cash payments for the purchase of land and buildings not occupied by an undertaking for its own activities	038	-24.282.527	-2.648.458
7 Increase/decrease of investments in branches, associates and joint ventures.	039	-97.029.427	-1.936.115
8 Cash receipts from financial assets held to maturity	040	371.674.724	132.237.067
9 Cash payments for financial assets held to maturity	041	-102.751.198	-102.489.801
10 Cash receipts from the sale of financial instruments	042	0	0
11 Cash payments for investments in financial instruments	043	0	0
12 Cash receipts from dividends and share in profit	044	13.168.826	41.561.977
13 Cash receipts from repayments of short-term and long-term loans given	045	71.645.363	88.863.910
14 Cash payments for short-term and long-term loans	046	-42.809.679	-16.363.510
III CASH FLOW FROM FINANCING ACTIVITIES (ADP 048 to 052)	047	-15.079.700	-17.270.188
1 Cash receipts resulting from the increase of initial capital	048	0	0
2 Cash receipts from short-term and long-term loans received	049	0	0
3 Cash payments for the repayment of short-term and long-term loans received	050	-15.079.700	-15.310.188
4 Cash payments for the redemption of treasury shares	051	0	0
5 Cash payments of share in profit (dividend)	052	0	-1.960.000
NET CASH FLOW (ADP 001 + 032 + 047)	053	467.518.252	97.868.567
IV EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	054	-45.574.489	25.508.111
V NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (053+054)	055	421.943.763	123.376.678
Cash and cash equivalents at the beginning of period	056	125.320.335	512.936.448
Cash and cash equivalents at the end of period (ADP 055 + 056)	057	547.264.098	636.313.126

II. QUARTERLY MANAGEMENT REPORT

CROATIA osiguranje d.d. is still the leading company on the market of the Republic of CROATIA with a total market share of 26.9 percent.

In the period observed, CROATIA osiguranje d.d. reported profit before tax in the amount of HRK 335.1m and profit after tax in the amount of HRK 285.7m which represents an increase of 30 percent and 34.3 percent, respectively, compared to the same period of the previous year.

Earned premium, which represents 84.6 percent of total revenues, amounted to HRK 1,959.8m and increased by 4.7 percent compared to the same period of the previous year. Total gross written premium increased by 5.5 percent and amounted to HRK 2,336.2m. Gross written premium of non-life insurance amounted to HRK 1,977.9m and increased by 6.2 percent compared to the same period of the previous year. Gross written premium of the life insurance amounted to HRK 358.3m representing an increase of 1.4 percent.

Investments recorded income in the amount of HRK 307.6m, representing a decrease of 2.4 percent compared to the same period of the previous year. Income from investments represents 13.3 percent of total revenues. Expenses from investments amounted to HRK 72.7m, representing a decrease of 10.7 percent compared to the same period of the previous year. Expenses from investments represent 3.7 percent of total expenses.

Net claims incurred represent 56.8 percent of total expenses and amounted to HRK 1,125.2m, representing a decrease of 11.2 percent compared to the same period of the previous year, while claims settled amounted to HRK 1,147.7m, representing a decrease of 4.4 percent compared to the same period of the previous year primarily due to the absence of claims arising from earthquake insurance risks that were recorded in the comparable period.

Acquisition and administration expenses amounted to HRK 681.3m, increasing by 9.6 percent compared to the same period of the previous year.

Total assets of the Company as at 30 September 2021 amounted to HRK 12.3 billion, which represents an increase of 6 percent compared to 31 December 2020.

Technical reserves as at 30 September 2021 amounted to HRK 6.8 billion, representing an increase of 2.5 percent compared to 31 December 2020.

The quarterly report contains the following key indicators that the Company monitors as alternative performance measures and, together with other measures defined by International Financial Reporting Standards, provides useful information regarding the Company's operational performance.

Key performance indicators	30 September 2020	30 September 2021	Change in percentage points (p.p.)
Claims ratio (non-life) *	56.3%	52.2%	-4.1%
Cost ratio (non-life) **	37.7%	40.0%	2.3%
Combined ratio (non-life)	94.0%	92.2%	-1.8%

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

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

The combined ratio represents the sum of the claims ratio and the cost ratio and is the most important indicator of operational success in the non-life insurance segment. It is usually expressed as a percentage and a ratio below 100% means that the insurance result is profitable, and above 100% that it is not profitable. The combined ratio amounted to 92.2 percent for the observed period, which is an improvement of 1.8 percentage points compared to the same period of 2020.

Unaudited unconsolidated financial statements for the third quarter of the 2021 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

General Assembly of CROATIA osiguranje d.d. passed the Decision on the use of the profit of CROATIA osiguranje d.d. achieved in 2020 on 18 June 2021. A dividend was voted for 8,750 preferred shares in the amount of HRK 112.00 per share for 2020 and HRK 112.00 per share for 2019, ie in the amount of HRK 980,000.00 for the year ended 31 December 2020 and in the amount of HRK 980,000.00 for the year ended 31 December 2019. The dividend was paid on 16 July 2021.

The Governing Board of the Croatian Financial Services Supervisory Agency (HANFA) held a session on July 14, 2021 and issued a decision approving Željko Lovrinčević to perform the function of a member of the Supervisory Board of CROATIA osiguranje d.d. for a term starting from September 20, 2021 to September 20, 2025.

Regarding the impact of COVID-19 on operations, due to the further course of the COVID-19 pandemic, the Company continues to closely monitor the situation and possible impacts on operations, with no significant negative impacts on the Company's operations.

The longer-term financial difficulties caused by the COVID-19 pandemic could be reflected in the deteriorating credit quality of non-financial companies and households as well as weakened repayment

capacity of existing loans, which could have negative effects on banking institutions and the wider economy. The results for the financial year 2020 mainly show an increase of non-performing loans in most banks and a decrease in profit.

The effects of the pandemic in this regard can be expected in 2021 and later, when the ability of companies and households to repay existing loans and the ability of banks to absorb emerging risks will be demonstrated.

Therefore, in the coming period, the Company will place special emphasis on monitoring the financial results and public announcements of companies to which it has identified credit exposure.

Significant events after the end of the reporting date

The Croatian Financial Services Supervisory Agency (HANFA), at its meeting of the Governing Board held on 7 October 2021, issued a resolution authorising Zoran Barac to act as a member of the Supervisory Board of CROATIA osiguranje d.d. for a term of 4 years, with the beginning of the term from the date of receipt of the decision of HANFA, ie from 11 October 2021.

Company branch

As at 30 September 2021 the Company has one registered branch (Branch Ljubljana). In its legal transactions, the branch operates as CROATIA osiguranje d.d. branch Ljubljana, in the Croatian language, and as CROATIA ZAVAROVANJE d.d. branch Ljubljana, in the Slovenian language.

Purchase of treasury shares

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

Expected development in the future

Given the very good tourist season, which shows signs that it could outperform a record 2019, the insurance market is experiencing strong growth of 9% compared to the previous year. Rising real estate prices and low interest rates, as well as penalties for holding higher amounts of cash in banks, contribute to the further growth of insurance products that rely on the bank channel (credit insurance and life insurance). Currently, the only negative effects relate to the delay in deliveries of new vehicles, due to a global problem in supply chains, which will begin to negatively affect the sale of insurance related to motor vehicles.

Numerous transformation initiatives launched in 2019 and 2020 have led to the optimization of business processes and increased business efficiency. The preparation phase of the new transformation cycle started at the beginning of this year has been completed, the implementation of which should lead to further premium growth and more efficient cost management in the second part of the year.

In accordance with the above, the company will in the coming period improve and refine digital communication channels:

- development of a new company website
- new functionalities of the mobile application Moja Croatia
- remote damage reporting
- additional emphasis on digital communication (delivery of IDD documentation by e-mail, digital signatures, delivery of invoices by e-mail, „pay-by-link“...)

Furthermore, the earthquakes in city of Zagreb and Banija county left long-term consequences on people's lives and property, but also opened the door to raising awareness of the need to insure property. In the coming period, the company will try to raise awareness of the need for insurance through various campaigns and will simplify the conditions for accepting certain insurance conditions.

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

Research and development activities

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

During 2021, strong support for the introduction of Laqo insurance continued, both in marketing and functional terms. The LaqoPrevent program is part of the offer of Croatia's LAQO insurance, the first fully digital insurance solution in this area. LaqoPrevent promotes safe driving and responsible traffic behavior by using an advanced telematics technology solution, available as part of the LAQO application.

In cooperation with Swiss RE, one of the largest reinsurers in the world, Croatia osiguranje also launched the first crop insurance product against lack of soil moisture (drought). Thanks to this high-tech product, Croatia osiguranje has so far paid HRK 12.6m in compensation for drought damage. Index moisture protection in the soil is the most modern product of its kind on the market, which uses advanced technology for measuring soil moisture via satellite, and the payment of damages takes place automatically, without the need for an appraiser to go to the field. So far, more than 1,000 farmers have received the payment, and 90% of the compensation has been paid in just two weeks. According to estimates, Croatia osiguranje will pay out a total of HRK 13.7m to insured farmers.

The specialist postgraduate study *Products, Digital Innovations and Technologies in Insurance (Insurtech)* developed in cooperation with the Faculty of Electrical Engineering and Computing in Zagreb continues with work. The aim of the study is to further improve the insurance profession through the education of experts who will handle the development of industry in Croatia and the region.

Education of employees in the field of artificial intelligence has begun. More than 200 employees enrolled in the "*Elements of AI*" training. The goal is to use new knowledge and ideas to improve various business processes and services to ensure and increase the satisfaction of both customers and employees of the company.

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 2020, in the period observed there were no significant changes in relation to the risks to which the Company is exposed in the course of its business, except as described in the note *Significant business events in the reporting period*.

Zagreb, 28 October 2021

Member of the Management Board
Luka Babic



President of the Management Board
Davor Tomašković

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III. NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD I-IX 2021

1. GENERAL INFORMATION ON THE COMPANY

CROATIA osiguranje d.d., Zagreb, Vatroslava Jagića 33 (the 'Company') is registered in the Court Register of the Commercial Court in Zagreb, 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 and reinsurance business in the non-life insurance group.

The Company, within the scope of its business, also performs the following tasks::

- activities of offering the investment fund shares and activities of offering pension programs of voluntary pension funds and pension insurance companies in accordance with the provisions of the law governing the offering of shares of investment funds and the offer of pension programs,
- insurance distribution activities for other insurance companies,
- activities that are directly or indirectly related to insurance activities,
- credit intermediation operations in accordance with the regulations governing credit intermediaries.

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

The company is majorly owned by ADRIS GRUPE d.d., Rovinj and is included in the consolidated financial statements of ADRIS GRUPE d.d. which are available on the website of ADRIS GROUP d.d..

The average number of employees of the Company during the current period is 2,285.

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
Željko Lovrinčević, PhD	Vice President
Vitomir Palinec	Member
Hrvoje Patajac	Member
Vlasta Pavličević	Member

Members of the Management Board are:

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

Basis of preparation of financial statements

Financial statements are prepared in accordance with the Company's Act (Official Gazette 65/18, 17/20, 83/21), International Accounting Standard 34 – *Interim Financial Reporting*, the Rules of 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 Company's annual financial statements as at 31 December 2020. The 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 2020, for the purpose of understanding the information published in the notes to the financial statements prepared for the third quarter of the 2021, 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.

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

Financial statements for the third quarter of the 2021 have not been audited.

Presentation currency

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

Use of estimates and judgements

Preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and information available at the date of preparation of financial statements, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are

not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes of accounting estimates are recognised from the period in which an estimate is revised 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 2020.

Related party transactions

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

Seasonality of business activities

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

Segment reporting

The Company's reporting segments comprise the life insurance segment and the non-life insurance segment. The description of segments as well as allocation of costs between segment of life insurance and non-life insurance, capital and reserves and assets described in the annual financial statements for 2020, have not changed. There were no significant intersegmental revenues and expenses in the period observed.

Fair value

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

	30 September 2021			31 December 2020		
	Net book value	Fair value	Difference	Net book value	Fair value	Difference
	in HRK	in HRK	in HRK	in HRK	in HRK	in HRK
Debt securities	2,098,616,065	2,315,826,095	217,210,030	2,082,334,573	2,339,164,612	256,830,039
Loans	464,856,103	481,886,497	17,030,394	510,903,668	525,898,879	14,995,211
Deposits	298,336,763	299,239,108	902,345	508,031,241	509,434,854	1,403,613
	2,861,808,931	3,096,951,700	235,142,769	3,101,269,482	3,374,498,345	273,228,863

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 Company's assets measured at fair value as at 30 September 2021 are presented as follows:

	Level 1 in HRK	Level 2 in HRK	Level 3 in HRK	Total in HRK
<i>Property for own use</i>	-	-	195,164,009	195,164,009
<i>Investment property</i>	-	-	518,617,383	518,617,383
Equity securities	792,823,843	-	29,854,003	822,677,846
Debt securities	2,124,479,973	1,812,744,019	1,842,651	3,939,066,643
Investment funds	153,231,323	184,166,258	130,973	337,528,554
<i>Available-for-sale financial assets</i>	3,070,535,139	1,996,910,277	31,827,627	5,099,273,043
Equity securities	23,985,336	-	-	23,985,336
Debt securities	-	-	-	-
Investment funds	387,514,920	-	-	387,514,920
Foreign currency forward contracts	-	7,798,694	-	7,798,694
<i>Financial assets at fair value through profit or loss</i>	411,500,256	7,798,694	-	419,298,950
Total assets at fair value	3,482,035,395	2,004,708,971	745,609,019	6,232,353,385

The Company's assets measured at fair value as at 31 December 2020 are presented as follows:

	Level 1 in HRK	Level 2 in HRK	Level 3 in HRK	Total in HRK
<i>Property for own use</i>	-	-	264,388,018	264,388,018
<i>Investment property</i>	-	-	456,652,567	456,652,567
Equity securities	505,893,358	-	30,240,680	536,134,038
Debt securities	3,028,770,077	777,054,585	2,129,674	3,807,954,336
Investment funds	60,338,215	128,706,694	3,028,976	192,073,885
<i>Available-for-sale financial assets</i>	3,595,001,650	905,761,279	35,399,330	4,536,162,259
Equity securities	17,187,511	-	-	17,187,511
Debt securities	-	-	-	-
Investment funds	400,250,132	-	-	400,250,132
Foreign currency forward contracts	-	4,115,217	-	4,115,217
<i>Financial assets at fair value through profit or loss</i>	417,437,643	4,115,217	-	421,552,860
Total assets at fair value	4,012,439,293	909,876,496	756,439,915	5,678,755,704

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

Financial liabilities are recorded at amortised cost. 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 insurance receivables and other receivables 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 insurance receivables and other receivable.

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

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

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.

Information on measurements of the fair value of investment property using significant inputs that are not available on the market (Level 3) is published in the financial statements for 2020.

Intangible assets

In the period observed, intangible assets increased by HRK 27m, primarily due to additional investments in the new Core IT system. The Company capitalized the costs of net salaries in the amount of HRK 3.9m, the costs of contributions from salaries in the amount of HRK 1.1m, the costs of taxes and surcharges from salaries in the amount of HRK 0.8m, the costs of contributions to salaries in the amount of HRK 0.9m and other employee costs in the amount of HRK 0.8m.

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

In the period observed Company's investments in land and buildings not occupied by an undertaking for its own activities have increased in the amount of HRK 61.9 m which is mostly due to reclassification of assets from the position of Land and buildings occupied by an undertaking for its own activities to the mentioned position due to a change in the purpose of specific property.

Financial assets and financial liabilities

The Company's structure of financial assets as at 30 September 2021 and 31 December 2020 was as follows:

	30 September 2021				
	Held-to-maturity investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss - for trading	Loans and receivables	Total
	in HRK	in HRK	in HRK	in HRK	in HRK
Shares					
Shares, listed	-	756,437,482	23,985,336	-	780,422,818
Shares, not listed	-	66,240,364	-	-	66,240,364
	-	822,677,846	23,985,336	-	846,663,182
Debt securities					
Government bonds	2,054,484,042	3,546,346,086	-	-	5,600,830,128
Corporate bonds	44,132,023	392,720,557	-	-	436,852,580
	2,098,616,065	3,939,066,643	-	-	6,037,682,708
Derivative financial instruments					
Foreign currency forward contracts	-	-	7,798,694	-	7,798,694
	-	-	7,798,694	-	7,798,694
Investment funds					
Open-ended investment funds	-	337,528,554	-	-	337,528,554
Open-ended investment funds - assets for coverage of unit-linked products	-	-	387,514,920	-	387,514,920
	-	337,528,554	387,514,920	-	725,043,474
Loans and receivables					
Deposits with credit institutions	-	-	-	298,336,763	298,336,763
Loans	-	-	-	464,856,103	464,856,103
	-	-	-	763,192,866	763,192,866
	2,098,616,065	5,099,273,043	419,298,950	763,192,866	8,380,380,924

31 December
2020

	Held-to-maturity investments	Available-for-sale financial assets	Financial assets at fair value through profit or loss - for trading		Loans and receivables	Total
			in HRK	in HRK		
			in HRK	in HRK		
Shares						
Shares, listed	-	534,217,547	17,187,511	-	551,405,058	
Shares, not listed	-	1,916,491	-	-	1,916,491	
	-	536,134,038	17,187,511	-	553,321,549	
Debt securities						
Government bonds	2,038,397,745	3,638,449,387	-	-	5,676,847,132	
Corporate bonds	43,936,828	169,504,949	-	-	213,441,777	
	2,082,334,573	3,807,954,336	-	-	5,890,288,909	
Derivative financial instruments						
Foreign currency forward contracts	-	-	4,115,217	-	4,115,217	
	-	-	4,115,217	-	4,115,217	
Investment funds						
Open-ended investment funds	-	192,073,885	-	-	192,073,885	
Open-ended investment funds - assets for coverage of unit-linked products	-	-	400,250,132	-	400,250,132	
	-	192,073,885	400,250,132	-	592,324,017	
Loans and receivables						
Deposits with credit institutions	-	-	-	508,031,241	508,031,241	
Loans	-	-	-	510,903,668	510,903,668	
	-	-	-	1,018,934,909	1,018,934,909	
	2,082,334,573	4,536,162,259	421,552,860	1,018,934,909	8,058,984,601	

The structure of financial liabilities as at 30 September 2021 and 31 December 2020 was as follows:

	30 September 2021		31 December 2020
	in HRK	in HRK	in HRK
Lease liabilities	269,573,679	261,999,244	
Liabilities for repo transactions	47,574,658	-	
Derivative financial instruments	2,518,561	7,425,656	
Preference shares	12,250,000	12,250,000	
Other financial liabilities	4,114,901	2,602,725	
	336,031,799	284,277,625	

Share capital and shares

The Company's share capital with a nominal value of 601,575,800 as at 30 September 2021 is divided among 429,697 shares with a nominal value of HRK 1,400, The shares are marked as follows:

Number of shares	Nominal amount:
307,598 ordinary shares I, emission with ticker CROS-R-A/CROS	430,637,200
113,349 ordinary shares II, emission with ticker CROS-R-A/CROS	158,688,600
TOTAL OF ORDINARY SHARES	589,325,800
8,750 preference shares I, emission with ticker CROS-P-A/CROS2	12,250,000
TOTAL OF PREFERENCE SHARES	12,250,000

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,

Liabilities

The structure of liabilities as at 30 September 2021 and 31 December 2020 was as follows:

	30 September 2021			
	No later than 1 year	1-5 years	More than 5 years	Total
Other provisions	13,630,438	48,969,462	20,551,668	83,151,568
Financial liabilities	68,689,618	52,263,333	215,078,848	336,031,799
Liabilities arising from insurance contracts, other liabilities and deferred income	523,340,272	26,693,942	13,888,522	563,922,736
Total	605,660,328	127,926,737	249,519,038	983,106,103

	31 December 2020			
	No later than 1 year	1-5 years	More than 5 years	Total
Other provisions	8,993,146	59,672,549	20,907,636	89,573,331
Financial liabilities	16,398,657	52,902,823	214,976,145	284,277,625
Liabilities arising from insurance contracts, other liabilities and deferred income	507,654,960	29,519,175	12,323,997	549,498,132
Total	533,046,763	142,094,547	248,207,778	923,349,088

Deferred taxes

The company has recognized deferred tax assets and liabilities as at 30 September 2021. There were no significant changes in deferred tax assets compared to 31 December 2020 while the movement of deferred tax liability is shown in the note below:

	Land and buildings		Total
	occupied by an undertaking for its own activities	Financial assets available for sale	
	in HRK	in HRK	in HRK
1 January 2021	10,794,213	92,653,858	103,448,071
Utilization through retained earnings	(70,102)	-	(70,102)
Change in fair value of available-for-sale investments through other comprehensive income		26,102,183	26,102,183
30 September 2021	10,724,111	118,756,041	129,480,152

Commitments

As at 30 September 2021, the Company's contractual obligations for future investments amount to HRK 519m based on binding bids for investments in alternative investment funds.

MANAGEMENT BOARD STATEMENT

Pursuant to article 20 of the Articles of Association of the Company from 9 September 2021 and article 468 of the Capital Market Law (Official Gazette 65/18, 17/20, 83/21), the Management Board provides this

STATEMENT

That to the best of our knowledge:

- the set of quarterly unaudited unconsolidated financial statements of the issuer for the period 1 January – 30 September 2021 prepared by using applicable financial reporting standards, gives a true and fair view of assets and liabilities, the financial position and profit or loss of the issuer,
- the management report presents an objective view of the development and business results and position of the issuer with description of significant risks and uncertainties to which the issuer is exposed,

Zagreb, 28 October 2021

Member of the Management Board

Luka Babić

President of the Management Board

Davor Tomašković

