ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2024.

Agram GROUP EUROHERC OSIGURANJE

Agram GROUP

Content

I.	Annual Business Report for the Year 2024.	4 - 15	
	I.1. Basic Company information	5	
	I.2. Organisation structure	6	
	I.3. Financial performance results	8	
	I.4. Additional information	12	
	I.5. Strategic goals of the Company	14	
	I.6. Obligations to the Supervisory board	14	
	I.7. Conclusion	14	
II.	Financial Statements for the year 2024.		16 - 125
	III.1. Responsibility of the Management board		
	III.2. Independent auditor's report		
	III.3. Statement of comprehensive income		
	III.4. Statement of financial position		
	III.5. Statement of changes in equity		
	III.6. Statement of cash flows		
	III.7. Notes to the financial statements		
	III.8. Appendix I. – Additional regulatory reports for HANFA		120 - 125

I. ANNUAL BUSINESS REPORT FOR THE YEAR 2024.

ZAGREB, April 2025.

I.1. BASIC COMPANY INFORMATION

EUROHERC osiguranje d.d. (hereinafter: EUROHERC or the Company) was established in 1992 in Makarska, as the first insurance company based on the private capital of Croatian citizens. Since its establishment, the company has recorded high growth rates of premium income, so that in terms of portfolio size, by 1998 it held second place on the non-life insurance market, which is maintained to the present day. For such a fast and sustainable development of a newly established company, it was necessary to meet a number of assumptions, from the selection of professional staff and their motivation, going public and entering the market with a recognizable personality, to opening a network of branches throughout the market. In 2000, EUROHERC changed the headquarters of the Company from Makarska to Zagreb, and the following year, 2001, it moved to a newly built facility at Ulica grada Vukovara 282, where it still operates today.

According to the size of premium income, EUROHERC is currently one of the leading Croatian insurance companies. In U 2024. with a premium income of € 253 million, it took second place in the ranking of companies. In the non-life insurance market, the Company maintains a firm hold on a second position in the market.

The Company is registered for performing business activities with regard to the following types of non-life insurance:

01 Personal accident insurance
02 Health insurance
03 Insurance of motor vehicles
04 Insurance of railway rolling stock
05 Insurance of aircraft
06 Insurance of vessels
07 Insurance of goods in transit
08 Insurance against fire and natural forces
09 Other property insurance
10 Motor vehicle liability insurance
11 Aircraft liability insurance
12 Vessel liability insurance
13 Other liability insurance
14 Credit insurance
15 Suretyship insurance
16 Insurance against miscellaneous financial losses
17 Legal protection insurance
18 Assistance and travel insurance.

The Company's equity amounts to € 7.930.260 and is divided into 305.010 registered shares with nominal value of 26 euros.

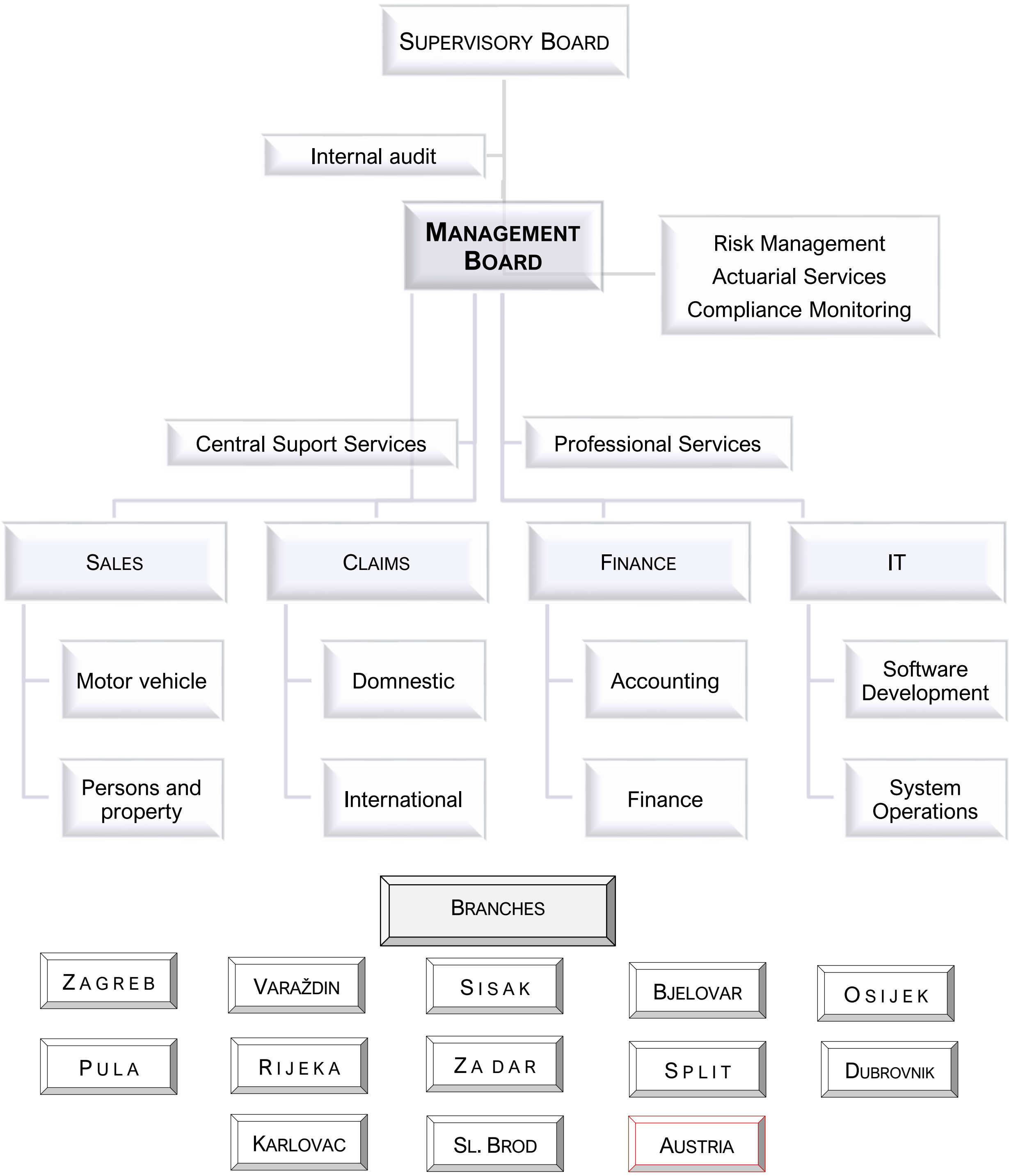
All shares are ordinary and registered in the name of the holder, each carrying a single vote at the General Assembly. They are dematerialised and fully paid-up.

The share ownership structure of EUROHERC is dispersed across a number of smaller stakes, with mid–and senior–level management among the shareholders, contributing to high motivation of management and professional staff.

I.2. ORGANISATION STRUCTURE

EUROHERC osiguranje d.d. has a hybrid organisation structure combining production, functional, territorial and project organisation units. Due to the complexity of the Company's business activity the Company's organisation structure is a combination of the aforementioned components, as no single model could independently achieve the desired results.

The Company operates through branches, which are established in a certain area, i.e. within a local market. At the same time, they operate as profit centres.



In addition to the geographical division, the Company is vertically subdivided into four sectors, based on basic functions or groups of business activities: Sales, Claims, Finance and IT.

Each sector is headed by a sector director, and for certain specialist areas within a sector, there are executive directors that report to sector director. The structure of each sector along the organizational vertical runs through every layer of the Company, from the Head Office down to each branch.

Geographically, EUROHERC is organized into 13 branches headed by branch directors. Since the branches mirror the same sectorial layout, each branch also has an appropriate sector director or head of department. The branches act as individual economic and profit centres, and the headquarters are located in all major Croatian cities (shown in the following diagram) as well in the Republic of Austria.

The branch network is complemented by wide web of representative offices and sales outlets throughout Croatia and the Republic of Austria. In this way ensuring fast and efficient communication with customers and maintaining EUROHERC's presence throughout entire Croatian and Austrian markets. Since late summer of 2020, the Company expanded its operations to the territory of Italy where it now operates under the freedom-of-services regime.

As at 31.12.2024. the Company had 1.174 employees, of which 1.077 were employed in the Republic of Croatia and 97 in the Republic of Austria.

As at 31.12. 2024. the Management consisted of a President and three members who collectively represent the Company.

COMPANY MANAGEMENT: President: Željko Kordić

Members: Darinko Ivković, Tomislav Čizmić, Tomislav Abramović

THE SUPERVISORY BOARD

Chairwoman: DR. SC. MLADENKA GRGIĆ

MEMBERS: Zlatko Lerota, Radoslav Pavlović, Grgo Dodig, Prof. Dr. Sc. Zvonimir Slakoper

I.3. Financial Performance Results

Features of reporting period: (i) growth of premium income; (ii) capital increase through profit generated in the business year; (iii) business consolidation in the Republic of Austria.

In 2024. the Company generated € 238 million in revenue from insurance contracts, of which € 253 relates to gross written insurance premiums. This amount includes a deduction for unearned premiums

Expenses from insurance contracts amounted to € 223 million, of which € 126 relates to gross settled claims. The Company's profit after tax amounts to € 15,5 million.

Prikaz 1. Statement of Comprehensive Income (in EUR thousands)

Position Description	2023.	2024.	Difference	Index
	Non-life	Non-life	2024. - 2023.	%
Revenue from insurance contracts	221.008	238.419	17.411	107,88%
Expenses from insurance contracts	-202.777	-222.934	-20.157	109,94%
Net result from (passive) reinsurance contracts	-3.833	-2.777	1.055	72,47%
Result from insurance contracts	14.398	12.707	-1.691	88,26%
Net investment result	6.824	9.443	2.619	138,38%
Net financial expense from insurance and reinsurance (passive) contracts	-1.698	-2.738	-1.040	161,24%
Other income	5.378	4.692	-686	87,24%
Other operating expenses	-4.752	-5.454	-702	114,78%
Profit before tax for the accounting period	20.150	18.650	-1.500	92,55%
Income tax	-3.535	-3.154	381	89,22%
Profit after tax for the accounting period	16.615	15.496	-1.119	93,26%
Other comprehensive income	19.093	8.316	-10.777	43,56%
Total comprehensive income	35.707	23.812	-11.896	66,69%

Source: The Company

At 31 December 2024. the total contracted gross written premium (direct insurance and co-insurance premium) amounted to € 253 million, which represents increase of € 24 million or 11% more than in the previous business year.

In the Republic of Austria, the Company recorded gross written premiums in the amount of € 21,8 million in 2024. In Italy, the Company contracted gross written premiums of € 27,2 million during the same period.

Table 2. Gross Written Premium by Markets (in EUR thousands)

EUROHERC	Gross written premium		Changes 2024. / 2023.	
	2023.	2024.	Amount	%
Total	228.841	252.941	24.100	111%
Market RH	*183.651*	*203.914*	20.262	111%
Market AT	*21.782*	*21.811*	29	100%
Market IT	*23.408*	*27.216*	3.808	116%

Source: The Company

Within the premium structure, the largest share of 56% relates to Motor Third Party Liability (MTPL) insurance, followed by Casco (vehicle damage) insurance with a 23% share, and fire and other property insurance with 8%.

Within the premium structure of the Company's premium generated in Republic of Austria, the largest share of 70% or 15 million relates to Motor Third Party Liability (MTPL), while Casco insurance holds a share of 24%.

In the Italian Republic, we exclusively deal with motor vehicle liability insurance and additional products related to this risk. Therefore, the insurance class 10 is dominant representing 95% or € 26 million.

Table 3. Gross Written Premium by Insurance Type – in EUR thousands

Code	Insurance Types / Year	COMPANY	HR	AT	IT	COMPANY	HR	AT	IT
		2023.	2023.	2023.	2023.	2024.	2024.	2024.	2024.
10	Motor vehicle liability	129.853	92.204	15.009	22.640	142.769	101.595	15.266	25.908
3	Insurance of motor vehicles	49.845	44.205	5.330	310	57.489	51.832	5.147	510
1	Personal Accident Insurance	15.450	14.889	454	107	15.678	14.973	385	320
08+09	Fire and Natural forces + Other Property Insurances	18.113	17.508	605	0	19.709	19.068	641	0
11+12+13	Other Liability Insurances	7.670	7.522	149	0	8.171	8.036	134	0
	OTHER	7.910	7.324	234	351	9.126	8.410	237	479
TOTAL Non-life		**228.841**	**183.651**	**21.782**	**23.408**	**252.941**	**203.914**	**21.811**	**27.216**

Source: Company

In 2024, net claim expenses amounted to € 126 million, with 269.023 claims settled, and € 126 million allocated for payments related to settled claims, which is 12,4 million more than in 2023.

Table 4. Settled Claims by Insurance Types – in EUR thousands

Code	Insurance Types / Year	COMPANY	HR	AT	IT	COMPANY	HR	AT	IT
		2023.	2023.	2023.	2023.	2024.	2024.	2024.	2024.
10	Motor vehicle liability	70.484	39.139	16.120	15.224	77.646	46.136	13.145	18.365
03	Insurance of motor vehicles	28.122	21.235	6.528	359	33.380	28.240	4.472	668
01	Personal Accident Insurance	925	917	8	0	930	930	0	0
08+09	Fire and Natural forces + Other Property Insurances	9.053	8.001	1.052	0	9.375	7.416	1.959	0
13	Other Liability Insurances	1.467	1.428	39	0	1.476	1.454	22	0
OTHER		3.627	3.255	149	223	3.276	2.879	103	294
TOTAL (Non-life classes 01 - 18)		**113.677**	**73.975**	**23.895**	**15.807**	**126.084**	**87.055**	**19.701**	**19.328**

Source: Company

The highest number of claims was recorded in the mandatory Motor Third Party Liability insurance segment, with 34.217 claims settled, amounting to € 77,6 million, which represents 61,6% of total. Of total number od Motor Third Party Liability claims settled 3.738 were related to Austria, and, 6.375 to Italy.

Table 5. Number of Claims in the Period from 2021. to 2024.

Code	Insurance Types	Number of Claims					
		Unresolved	Claims reported	Resolved Claims		Unresolved	In Litigation
		On 01.01.	During the Year	Settled	Denied	On 31.12.	(part of unresolved)
10	Motor vehicle liability	10.800	38.515	34.217	4.549	10.549	3.269
3	Insurance of motor vehicles	12.437	29.830	25.561	3.163	13.543	98
1	Personal Accident Insurance	444	2.244	2.002	380	306	36
08+09	Fire and Natural forces + Other Property Insurances	2.375	6.764	6.293	1016	1830	46
	OTHER	1.015	201.690	200.950	696	1.059	399
	TOTAL 2024.	**27.071**	**279.043**	**269.023**	**9.804**	**27.287**	**3.848**
	TOTAL 2023.	**23.957**	**269.884**	**255.883**	**10.887**	**27.071**	**3.890**
	TOTAL 2022.	**22.245**	**256.763**	**241.983**	**13.068**	**23.957**	**3.270**
	TOTAL 2021.	**19.093**	**242.521**	**228.111**	**11.258**	**22.245**	**3.110**

Source: Company

In parallel with a higher number of claims reported, the Company also recorded a decrease in the number of court proceedings. The Company's goal is to maintain a claims settlement efficiency rate above 75% relative to the total number of claims being processed, while minimizing the number of new lawsuits, as interest and legal cost incurred in lengthy court procedures significantly increase the average claims amount paid. Reinsurance participation in settled claims amounted to € 2,9 million.

Capital management – In 2024. as in previous years, the Company operated with high capital adequacy ratios. The Company's eligible capital as of 31. 12. 2024. amounted to € 330 million which is 280% more than the required Solvency Capital Requirement (SCR) of € 117,6 million and is 883% higher than Minimal Capital Requirement (MCR) of € 37,3 million.

Table 6. Capital requirement based on a standard formula – in EUR thousands

POSITION	2022.	2023	2024.
Assets	548.843	579.124	614.310
Technical provisions and other liabilities	243.503	252.949	262.898
Eligible own funds	286.597	306.650	329.689
Solvency Capital Requirement (SCR)	145.109	126.698	117.571
Excess own funds (Free surplus)	141.489	179.952	212.118
Solvency Capital Requirement Coverage (SCR)	198%	242%	280%
Minimum Capital Requirement (MCR)	36.277	34.465	37.337
Minimum Capital Requirement Coverage (MCR)	790%	890%	883%

Source: Company

In the Company's risk profile, market risk and non-life insurance are the most significant.

Table 7. Basic Solvency Capital Requirement – in EUR thousands

Capital Requirement	2022.	2023.	2024.	24-23	∆24/23
Market risk	141.237	112.141	95.496	-16.645	-14,84
Counterparty default risk	13.485	11.954	9.453	-2.500	-11,36
Helth underwriting risk	4.198	4.269	4.349	80	1,70
Non-life underwriting risk	55.831	62.700	68.568	5.868	12,30
Diversification	-43.762	-43.185	-41.737	1.448	-1,32
BSCR	**170.989**	**147.880**	**136.129**	**-11.751**	**-13,51**
Operational risk	5.973	6.630	7.250	620	10,99
Deferred tax adjustment	-31.853	-27.812	-25.808	2.004	-12,69
SCR	**145.109**	**126.698**	**117.571**	**-9.127**	**-12,69**

Source: Company

Within market risk, the most significant are, real estate price risk and market concentration risk, as shown below.

Table 8. Market Risk Structure – in EUR thousands

OPIS	2022.	2023.	2024.
Interest rate risk	1.635	2.112	2.222
Equity Risk	38.045	46.627	25.847
Real estate risk	47.062	47.542	48.327
Spread Risk	11.691	9.908	9.969
Concentration Risk	0	0	0
Concentration Risk	110.648	59.577	57.182
Diversification within market risk	-67.845	-53.625	-48.050
Market Risk	**141.237**	**112.141**	**95.496**

Source: Company

The Company has been a member of the Agram Group since 15 December 2017, based on Decision of Croatian Financial Services Supervisory Agency (HANFA) no. KLASA: UP/I 974-08/17-01/07 URBROJ: 326-01-660-662-17-47 of 15. 12. 2017.

I.4. ADDITIONAL INFORMATION

According to the publication of the Croatian National Bank, Croatia's economic growth accelerated in 2024 and is expected to remain relatively strong over the next two years, though at a slightly lower rate. The economic expansion that marked the first half of 2024 continued into the third quarter, and robust growth is anticipated at the end of the year, with real GDP for the full year expected to increase by 3.7%. The acceleration of economic growth primarily reflects strong domestic demand, supported by favourable labour market trends, highly stimulative fiscal policy, and strong private sector investment activity. Goods exports also strengthened, while service exports began to decline. Over the next two years, Croatia's real GDP is expected to continue growing at an average annual rate of slightly above 3%. This is expected to be driven by higher contributions from goods and services exports, in light of the gradual recovery in external demand and a projected decline in financing costs based on market expectations of further interest rate reductions. Domestic demand growth may weaken, particularly in terms of investment growth, which—after being strongly supported by EU funds over the past three years—may decelerate. Risks to the central projection of real growth in Croatia are balanced but remain pronounced due to geopolitical tensions, their potential escalation, and movements in commodity and energy prices. Protectionist trade measures could negatively affect Croatian goods exports by reducing external demand from key trading partners. Investment growth will depend on the effective use of EU funds, particularly by the public sector. Conversely, a potential easing of geopolitical tensions could increase external demand and positively impact exports. Strengthened consumer confidence could reduce the currently projected household savings rate, encouraging growth in personal consumption.

Following an expected slowdown in HICP-measured inflation to 4.0% in 2024, further deceleration—albeit at a weaker pace—is anticipated over the next two years (to 3.5% in 2025 and 2.5% in 2026). The inflation slowdown in the current year reflects a weakening of current inflationary pressures along with favourable base effects that contributed to the deceleration in the first eight months of 2024. By component, both core inflation and food price inflation slowed this year. However, core inflation could remain elevated due to strong domestic demand, a robust labour market, and high wage growth. Additionally, food price inflation could also remain elevated, as the second half of 2024 saw a noticeable increase in current pressures. Over the next two years, inflation is expected to continue slowing: in 2025 due to deceleration in core inflation, and in 2026 due to a broader slowdown across all major inflation components. Risks to the inflation forecast are generally balanced. Upside risks are mainly associated with geopolitical tensions that could lead to higher energy and raw material prices. Domestically, inflation could be higher if domestic demand grows more strongly than expected or if wage growth translates more significantly into consumer prices. On the other hand, weaker economic growth and thus weaker demand, stronger effects of restrictive monetary policy, and a more pronounced pass-through of falling global energy and raw material prices could lower inflation.

Employment in Croatia continued to grow in the second half of the year, driven by strong domestic economic activity. Over the projection horizon, employment growth is expected, along with a reduction in the unemployment rate to historically low levels and an increase in nominal and real wages—albeit at a more moderate pace than in 2024.

The current and capital account surplus in 2024 is expected to reach 1.1% of GDP, which is 2.2 percentage points less than in the previous year. This is primarily due to reduced use of EU funds following the conclusion of the multiannual financial framework during a record year, and the end of Solidarity Fund disbursements related to earthquake recovery. Adverse trends were also influenced by a widening trade deficit and, for the first time in several years, a deterioration in the net services export balance, due to strong import growth and stagnant service exports. On the other hand, negative balance of payments trends in 2024 were partly mitigated by an improvement in the primary income account, mainly due to increased central bank income from the management of non-monetary financial assets. The current and capital account surplus is expected to remain at a similar level through the end of the projection horizon.

🗐 Risk-Taking Impact Assessment - With respect to the insurance lines that the Company focuses on, which make up the majority of its portfolio (Motor Third Party Liability and Casco Insurance) premium income is expected to rise, positively impacting the technical result.

🗐 Liquidity Impact Assessment - The Company does not anticipate any threat to its liquidity. Given the Company's portfolio structure dominated by Motor Third Party Liability insurance—it can be compared to the 2008 crisis, during which experience showed that the MTPL portfolio was the most resilient, which is logical given the mandatory nature of this insurance.

🗐 Risk Management and Risk Profile Assessment - The Own Risk and Solvency Assessment (ORSA) is a comprehensive evaluation of all business risks to determine whether current and future capital is sufficient to ensure the Company's sustainable operations. As part of ORSA, the Company included stress tests and scenario analyses, accounting for adverse market developments affecting its assets and premium portfolio without isolating causes such as epidemics or pandemics.

In general, external events do not affect the Company's governance system. The Company continuously monitors all risks to which it is exposed and, where necessary, implements appropriate mitigation measures. It measures and manages risk using the standard formula to calculate the required solvency capital.

🗐 Solvency Impact Assessment - The Company assessed the impact of falling asset values due to adverse interest rate movements in financial markets, alongside the positive impact on the value of technical provisions. Given the high solvency ratio as of 31 December 2024 and completed stress scenarios, the Company remains adequately capitalized, with all capital requirements met.

Notably, the Company continued successful operations in the first quarter of 2025, achieving a profit. The Company continues to monitor external risks and their potential impact on its capital position. A full recalculation will be conducted for the reporting date of 31 March 2025, with no significant change in the solvency ratio expected.

I.5. STRATEGIC GOALS OF THE COMPANY

The Company's strategic goals remain to increase market share, continuously strengthen the sales infrastructure, maintain a diversified investment portfolio structure, actively and efficiently process claims, develop its own IT infrastructure and solutions, achieve positive financial results, ensure high-quality collection of insurance receivables, follow a conservative investment policy and apply active risk management.

The Company plans to grow its total own funds, maintain profitability by continuously retaining part of the profit in retained earnings, and invest in asset types that do not disproportionately increase capital requirements relative to the existing portfolio. Market risks are expected to continue to dominate - especially concentration risk and real estate price risk. The share of equity price risk is also expected to grow. Projected premium income growth will lead to a slight increase in non-life underwriting risk.

In making business decisions, the Management Board considers forward-looking risk assessments. If such assessments show that the Company's risk appetite is unsustainable, the Management Board undertakes adjustments to achieve the required solvency capital level within appropriate timeframes. To ensure effective risk management, the Company promotes a risk management culture across all management levels and employees.

I.6. OBLIGATIONS TO THE SUPERVISORY BOARD

Throughout 2024, the Management Board regularly, on a quarterly basis and in writing, informed the Supervisory Board of all matters significant to the Company's operations and management, in accordance with the Company's Articles of Association, the Insurance Act, and the Companies Act.

Reports submitted to the Supervisory Board were prepared conscientiously, truthfully, and in full.

The Management Board took into account all recommendations, remarks, and proposals of the Supervisory Board and used them to improve the Company's operations in the interest of its shareholders, fully complying with applicable laws and regulations.

I.7. CONCLUSION

EUROHERC osiguranje d.d. a privately-owned Croatian company, has despite intensified market competition achieved and maintained its position as the second-largest non-life insurer on the market. The Company duly meets all its obligations to shareholders, employees, and the state, and has consistently operated to the highest professional standards. Where feasible, the Company supports socially and humanitarian beneficial activities. It has built its own business infrastructure, branch network, and distribution channels, through which it now offers innovative new products to the market.

The Company has made significant progress on the Austrian insurance market and, in the fourth quarter of 2020, expanded operations to the Italian Republic, demonstrating its potential for further development beyond Croatian borders.

The Company is committed to continuously improving all departments and staff, particularly the sales network, based on professional standards, good business practices, and the specific features of the insurance market.

EUROHERC fosters an active, efficient, and fair approach to claims handling. It remains among the small group of insurers with the highest claims processing efficiency.

The Management Board will continue its conservative investment policy, aiming for high liquidity and investment security. The Company's investment risk policy supports diversification across both illiquid/less tradable assets and Agram Group-related assets. As of 31 December 2024, the Company holds a sufficient level of highly liquid assets compared to the five-year BE projection.

The Management Board aims to maintain the Company's current market position, increase its share in both total and non-life insurance markets, and strengthen its position in the mandatory motor insurance segment.

The Company's undisputed priority is to maintain high claims processing efficiency in the 75% to 80% range. It will continue to operate profitably and rationally in the coming years, further enhancing its capital strength and ensuring stable, secure operations.

Zagreb, 28. March 2025.

Management Board:

Željko Kordić, predsjednik

Darinko Ivković, član

Tomislav Čizmić, član

Tomislav Abramović, član

III. Financial Statements

For the Year Ended 31. December 2024.

Contents

	Page
Responsibility of the Management Board	18
Independent Auditor's Report	20
Statement of Comprehensive Income	28
Statement of Financial Position	30
Statement of Changes in Equity	31
Statement of Cash Flows	33
Notes to the Financial Statements	35
Appendix I - Additional Regulatory Reports for the Croatian Financial Services Supervisory Agency	120

III.1. Responsibility of the Management Board

In accordance with the Accounting Act of the Republic of Croatia, the Management Board of the Company is responsible for ensuring that both consolidated and non-consolidated financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards adopted by the European Union, which provide a true and fair view of the condition and results of the operations of the Group and the Company for the said period.

After conducting appropriate research, Management expects that the Company and the Group will have adequate resources in the foreseeable future, and therefore continues to adopt the going concern principle when preparing financial statements.

The responsibilities of the Company's Management in the preparation of financial statements include the following:

- selection and consistent application of appropriate accounting policies
- making reasonable and prudent judgments and estimates;
- complying with applicable accounting standards, disclosing and explaining all material departures in the financial statements; and
- preparing the financial statements on going concern basis, unless it is inappropriate to presume that the Company or Group will continue in business.

The Management Board is responsible for maintaining proper accounting records which at all times reasonably reflect the financial position of the Company and Group and for ensuring compliance with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and the Group, and, accordingly, for taking reasonable measures to prevent and detect fraud and other illegalities.

Zagreb, 28. March 2025.

Management Board

Željko Kordić, predsjednik Uprave

Darinko Ivković, član Uprave

Tomislav Čizmić, član Uprave

Tomislav Abramović, član Uprave

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Euroherc osiguranje d.d., Zagreb

Audit report on separate and consolidated annual financial statements

Opinion

We have audited the separate annual financial statements of Euroherc osiguranje d.d. ("the Company") and the consolidated annual financial statements of the Company and its subsidiary (together the "Group"), which comprise the separate and consolidated statements of financial position of the Company and the Group as at 31 December 2024, separate and consolidated statements of comprehensive income, separate and consolidated statements of changes in equity and separate and consolidated statements of cash flows of the Company and the Group for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, established by the European Union (the "IFRS).

Basis for opinion

We performed the audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the annual financial statements section of our Independent Auditor's report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code), as well as in accordance with ethical requirements that are relevant to our audit of the financial statements in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those which were, in our professional judgment, of the utmost importance for our audit of the separate and consolidated annual financial statements of the current period and include most significant recognized risks of significant misstatement as a result of error or fraud with the greatest impact on our audit strategy, the allocation of our available resources and the time spent by the engaged audit team. We have dealt with these matters in the context of our audit of the annual financial statements as a whole and in forming our opinion about them, and we do not give a separate opinion on these matters.

We have determined that the following matters were key audit matters which should be published in our Independent Auditor's report.

Key Audit Matters (continued)

Investment property valuation	
As of 31 December 2024, investments in property in the consolidated financial statements amount to EUR 141,595 thousand and represent 24% of the Group's total assets, and the Company's level EUR 137,481 thousand and represent 24% of total assets.	
Key audit matters	**How we addressed the key audit issue**
The Group and the Company use the fair value model when subsequently measuring investment property. During subsequent measurements, gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Assessments are conducted annually, in line with the IAS 40: Investment Property. In order to assess the investment property value, an independent assessor made a study of the complete portfolio owned by the Group and the Company. Investment property value assessments depend on certain key assumptions, level of rentals on the market, capitalisation rate and the property market value. We focused on this area due to the existence of significant estimation uncertainty, with the fact of a significant impact on the financial statements of the Company and the Group. The assessment of the value of the Group's property portfolio is subjective due to, inter alia, the individual nature of each property, its location and the expected future rental income of each property. **Related disclosures accompanying the annual financial statements** For additional information, see Note 3 (Significant Accounting Policies), Note 4 (Critical Accounting Judgments and Key Sources of Estimation Uncertainty) and Note 15 (Investment Property).	*Audit procedures* Our audit procedures related to this area included: • verification of the approach and valuation methodologies used for each property in accordance with professional valuation standards and appropriate regulations for property valuation; • an assessment of the qualifications and expertise of independent appraisers to determine whether there were any circumstances that could have affected their objectivity or that may have limited the scope of their work; • checking on a sample basis whether the information specific to certain properties provided by the Group to appraisers is contained in the Group's records of those properties; • checking, on the basis of a sample consisting of the largest properties in the portfolio and those properties where the assumptions used have changed significantly compared to the previous year, the appropriateness of the procedures performed and the acceptability of the assumptions used taking into account available and comparable market evidence; • considering the adequacy of management's estimates in terms of significant developments in valuations; • review of the accuracy and completeness of information published in the financial statements in connection with the publication of additional information on property valuation.

Key Audit Matters (continued)

Impairment of loans granted	
As of 31 December 2024, gross loans to other companies in the consolidated and separate financial statements amounted to 79,012 euros, and related provisions for impairment amounted to 466 thousand euros (31 December 2023: gross loans to other companies: 86,762 thousand euros, provisions for impairment: 1,203 thousand euros).	
Key audit matters	**How we addressed the key audit issue**
Loans are measured at amortized cost using the effective interest method, less impairment losses. In accordance with International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), impairment of financial assets, i.e. loans, is recognized according to the expected credit loss model. Impairment represents the Management Board's best estimate of the risk of default and expected credit losses within the loan portfolio at the reporting date. Impairment is measured either as a 12-month expected credit loss or as a lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. The main sources of uncertainty in loan impairment assessments are the identification of deteriorating loans, the assessment of a significant increase in credit risk, future cash flow forecasts, the assessment of inflows from the realization of collateral and the determination of expected credit losses. The loan portfolio holds of large individual loans, which then requires the Group and the Company to supervise the debtor's ability to pay the loan and the need to assess future cash flows based on the business operations of individual debtors and collaterals, for example, property. We focused on this area considering that the amounts shown in separate and consolidated are significant, as well as due to the nature of the judgments and assumptions that the Management Board had to make. **Related disclosures accompanying the annual financial statements** For additional information, see Note 3 (Accountancy Policies), Note 4 (Critical Accounting Judgments and Key Sources of Uncertainty of Estimates) and note 16 (Financial assets).	*Audit procedures* Our audit procedures related to this area included: • review of the Company's methodology for calculating expected credit loss and assessing compliance with the relevant requirements of IFRS 9; • understanding of policy, processes and key controls related to the approval, recording and monitoring of loans; • understanding the process of determining loan impairment, assumptions for data used in the model of expected credit losses; • assessment of procedures related to the identification of events that cause impairment and indications of impairment; • assess the reasonableness of the key assumptions used in estimating the required amount of impairment, as well as the consistency of the assumptions used; • assessment of expectations of the Company's Management regarding future cash flows, valuation of collateral, expected collection capacity and other sources of repayment, based on a sample of loans for which there was no repayment; • we have reviewed the amount of the provision required calculated based on expected future cash flows for loans secured by the collateral of the property, taking into account the fair value of the property; • for unsecured loans, based on a sample, we checked the debtor's free cash flow for loan repayment purposes • reviewing the accuracy and completeness of the information disclosed in the financial statements in terms of comprehensibility.

Key Audit Matters (continued)

Valuation of illiquid financial instruments	
As of 31 December 2024, 18% (107,106 thousand euros or 109,536 thousand euros) of total assets of the Group and of the Company stated at fair value were classified as Level 3, they were valued by methods in which determining prices for assets and liabilities for the calculation of which non-public inputs were used. Level 3 financial instruments predominantly comprise unquoted and quoted shares, but without significant trading.	
Key audit matters	**How we addressed the key audit issue**
Valuation of equity securities that are not actively traded in the markets used valuation models and techniques primarily based on market inputs based on market method concepts. Illiquid financial instruments are valued on the basis of discounted cash flow analysis or a comparative approach where peer groups are used to calculate multipliers. The assessment of the fair value of non-listed shares uses certain assumptions that are not supported by actual market prices or rates. We focused on this area due to the size and importance of valuation of financial instruments of the Group and the Company, especially shares of joint stock companies and companies not listed on the active market, as well as the complexity of assessment, adequacy of input data used by the Company when valuing financial instruments. **Related disclosures accompanying the annual financial statements** For additional information, see Note 3 (Accountancy Policies), Note 4 (Critical Accounting Judgments and Key Sources of Uncertainty of Estimates), note 16 (Financial assets) and note 28 (Financial instruments and risk management).	*Audit procedures* Our audit procedures related to this area included: • we checked the appropriateness of the valuation methodologies used in accordance with the requirements of International Financial Reporting Standard 13 - fair value measurement; • reviewing accounting estimates from previous periods and considering consistency in accounting estimates in the current period, as well as in the method for its creation in relation to the previous period; • testing the accuracy, completeness and relevance of the data on which the fair value estimate is based, and whether the estimate was correctly determined using those data and assumptions; • considering the sources, relevance and reliability of external data and information used in estimating fair value; • recalculating the valuation and reviewing information on the fair value estimate of the share; • assessing the reasonableness and critically reviewing the assumptions used by management in estimating fair value, and whether the assumptions adequately reflect observable market assumptions; • assessing the adequacy of disclosures related to fair value and exposure to financial risks in the financial statements and whether the Company and the Group are properly disclosed, in accordance with relevant financial reporting standards; • we assessed the fair value hierarchy policy with the requirements of International Financial Reporting Standard 13 - fair value measurement.

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Valuation of assets and liabilities from insurance contracts</th></tr>
<tr><td colspan="2">As of 31 December 2024 liabilities from insurance contracts amounted to 217,053 thousand euros, which represents 78% of the total liabilities of the Company and the Group (December 31, 2023: 197,822 thousand euros, or 76% of total liabilities).</td></tr>
<tr><th>Key audit matters</th><th>How we addressed the key audit matters</th></tr>
<tr><td>Insurance contracts represent the single most significant item in the financial statements of the Company and the Group. Valuation of assets and liabilities from insurance contracts is crucial because it directly affects the financial position and performance of the Company and the Group.

On January 1, 2023, International Financial Reporting Standard 17: Insurance Contracts ("IFRS 17") entered into force, replacing the previous International Financial Reporting Standard 4 Insurance Contracts ("IFRS 4") and introducing a new comprehensive framework for recognition, measurement and presentation of insurance contracts. The implementation of IFRS 17 brought significant changes and increased the complexity of measuring assets and liabilities from insurance contracts, which affect several items of financial statements.

involves significant management judgment in the development and use of input data within actuarial calculation models. Furthermore, there is a high degree of complexity due to the numerous assumptions and actuarial valuation models applied with key assumptions. The judgment relies on a variety of factors, including historical trends, future expectations, internal and external variables.

We focused on this area taking into account the complexities of the overall valuation process.

Related disclosures accompanying the annual financial statements

For additional information, see Note 3 (Accountancy Policies), Note 4 (Critical Accounting Judgments and Key Sources of Uncertainty of Estimates), note 23 (Insurance and reinsurance contracts) and note 29 (Insurance risk management).</td><td>Audit procedures

We used the work of actuarial experts in performing our audit procedures which included:

• acquiring an understanding of the process and relevant internal controls in the process of valuing assets and liabilities from insurance contracts;
• assessment of the reasonableness, appropriateness and appropriateness of the assumptions on which the applied Distributed Premium Model (PAA) is based;
• assessing the reasonableness of expected residual coverage obligations under the distributed premium approach;
• testing the reliability and accuracy of actuarial models used in the valuation of assets and liabilities from insurance contracts;
• verification of mathematical accuracy and appropriateness of used input data within actuarial calculation models.

Furthermore, we reviewed the information published in the financial statements of the Group and the Company in order to evaluate their sufficiency in terms of the comprehensibility of the transaction to the users of the financial statements.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises Annual Report, whose integral part is the Management report but does not include separate and consolidated annual financial statements and our Independent auditor's report on them.

Our opinion on the separate and consolidated annual financial statements does not include other information.

In relation with our audit of the separate and consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated annual financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Regarding the Management Board Report we have also performed the procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether the Management Report of the Company has been prepared in accordance with the requirements of Article 24 of the Accounting Act.

Based on the procedures performed, to the extent we are able to assess, we report that:

1. the information in the presented Management Report is consistent, in all material respects, with the attached financial statements; and
2. the presented Management Report has been prepared in accordance with Article 24 of the Accounting Act.

In light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Annual report. We have nothing to report in this respect.

Responsibilities of Management and those charged with Governance for the Annual Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Annual Financial Statements

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

Auditor's Responsibility for the Audit of the Annual Financial Statements (continued)

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

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

We communicate with those responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also give a statement to those charged with governance that we have acted in accordance with relevant ethical requirements regarding independence and that we will communicate with them on all relationships and other issues that can reasonably be considered to affect our independence as well as, where applicable, about related protections.

Among the matters we are communicating with those responsible for governance, we determine those matters that are of utmost importance in revising the current financial statements for the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless the law or regulations prevents public disclosure or when, in exceptionally rare circumstances, we decide that the matter should not be reported in our independent auditor's report as it can reasonably be expected that the negative effects of the announcement will surpass the welfare of public interest in such disclosure.

Report on other legal requirements

On 28 June 2024 we were appointed as auditors to conduct an audit of the separate and consolidated annual financial statements for 2024, by the General Assembly of the Company.

On the date of this Report, we are continuously engaged only to perform the Company's statutory audit, from the audit of the Company's annual separate and consolidated financial statements for 2019 to the audit of the Company's annual separate and consolidated financial statements for 2024, which totals six years.

In the audit of the separate and consolidated annual financial statements of the Company for 2024, we have determined materiality levels for the annual financial statements as a whole, as follows:

- for separate annual financial statements: 3 million euro
- for consolidated annual financial statements: 3 million euros

which represents approximately 1.5% insurance contract revenue of the Company or the Group for 2024.

We chose the insurance contract revenue as the benchmark because, in our view, it is the benchmark against which the performance of Company is commonly measured by users and is a generally acceptable benchmark.

Our audit opinion is consistent with the additional report for the Auditing Board of Company, prepared in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014.

During the period between the initial date of the audited separate and consolidated annual financial statements of the Company for the year 2024 and in the business year prior to the aforementioned period, we did not provide Company with prohibited non-assurance services, and did not provide services to designing and implementing internal control or risk managements and/or control of financial information or design and implementation of technological systems for financial information, and we have maintained independence in relation to Company during the performance of the audit.

Pursuant to the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (NN 20/2023 "Regulation") the Company's Management prepared forms presented on pages from 120 to 125 include a statement of comprehensive income, statement of financial position, statement in changes in equity and reserves, statement of cash flows and notes on compliance. These forms and the corresponding adjustments are the responsibility of the Management Board and do not form an integral part of the financial statements presented on pages 98 to 189 but are prescribed by the Ordinance.

The partner engaged in the audit of the Company's and Group annual financial statements for the year 2024 resulting in this Independent auditor's report is Angelina Nižić, certified auditor.

In Zagreb, 30 April 2025

BDO Croatia d.o.o.
Radnička cesta 180
10000 Zagreb

For signatures, please refer to the original Croatian auditor's report, which prevails.

Hrvoje Stipić, Chairman of the Board

Angelina Nižić, Certified Auditor

Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 December 2024

(all amounts in thousands of EUR)

	Notes	Group 2024	Company 2024	Group 2023	Company 2023
Insurance revenue	5	238,419	238,419	221,008	221,008
Insurance service expenses	6	(222,934)	(222,934)	(202,777)	(202,777)
Net result of (passive) reinsurance contracts		(2,777)	(2,777)	(3,833)	(3,833)
Result from insurance contracts		**12,707**	**12,707**	**14,398**	**14,398**
Income from investment property		4,237	4,313	2,884	2,961
Interest revenue calculated using the effective interest rate method		6,751	6,751	5,471	5,471
Dividend income		1,897	2,101	1,380	1,624
Net impairment/release of impairment of financial assets		15	15	(163)	(163)
Other income from investments		1,083	1,083	2,008	2,008
Other expenditure from investments		(4,820)	(4,820)	(5,077)	(5,077)
Net investment income	7	**9,163**	**9,443**	**6,503**	**6,824**
Net financial result from insurance contracts		(2,784)	(2,784)	(1,724)	(1,724)
Net financial result from (passive) reinsurance contracts		46	46	26	26
Net financial result from insurance and (passive) reinsurance contracts	8	**(2,738)**	**(2,738)**	**(1,698)**	**(1,698)**
Other income	9	5,370	4,692	6,013	5,378
Other operating expenses	10	(5,563)	(5,454)	(4,864)	(4,752)
Profit before tax		**18,939**	**18,650**	**20,352**	**20,150**
Profit tax	11	(3,203)	(3,154)	(3,579)	(3,535)
Profit for the year		**15,736**	**15,496**	**16,773**	**16,615**

The accompanying notes form an integral part of these financial statements.

(all amounts in thousands of EUR)

	Notes	Group 2024	Company 2024	Group 2023	Company 2023
Items that will not be reclassified in the Statement of Profit or Loss					
Net change in fair value of equity securities (OCI)		6,943	6,784	9,956	9,762
Change in fair value of property for own use, net of deferred tax		1,904	1,904	1,942	1,942
Items that can be subsequently recognised in profit or loss					
Net change in fair value of debt securities (OCI)		1,395	1,395	735	735
Net amount transferred to the profit and loss account		(12)	(12)	126	126
Net financial income/expenditure from insurance contracts		(852)	(852)	(3,228)	(3,228)
Net financial income/expenditure from (passive) reinsurance contracts		2	2	12	12
Other comprehensive (loss)/income for the year		**9,380**	**9,221**	**9,543**	**9,349**
Total comprehensive (loss)/income for the year		**25,116**	**24,717**	**26,316**	**25,964**
Profit attributable to:					
- Company shareholders		15,545	15,496	16,605	16,615
- Non-controlling interest		191	-	168	-
		15,736	**15,496**	**16,773**	**16,615**
Total comprehensive (loss)/income attributable to:					
- Company shareholders		24,875	24,717	26,086	25,964
- Non-controlling interest		241	-	230	-
		25,116	**24,717**	**26,316**	**25,964**
Earnings per share (EUR)		**51.59**	**50.80**	**54.99**	**54.47**

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2024

(all amounts in thousands of EUR)

	Note	Group 31/12/2024	Company 31/12/2024	Group 31/12/2023	Company 31/12/2023
Assets					
Goodwill	12	572	-	572	-
Intangible assets	13	552	552	640	640
Property and equipment	14	61,960	61,950	66,834	66,797
Investment property	15	141,595	137,481	131,606	127,416
Investments in subsidiaries, associates and participation in joint ventures		-	3,442	-	3,442
Assets from reinsurance contracts	23	3,549	3,549	3,383	3,383
Financial assets	*16*				
Financial assets at fair value through other comprehensive income	*16*	182,263	179,833	162,871	160,636
Financial assets at amortised cost	*16*	143,439	143,439	133,773	133,773
Other assets	17	36,528	36,219	41,256	41,053
Cash and cash equivalents	18	18,473	18,362	13,386	13,345
Total assets		**588,931**	**584,827**	**554,321**	**550,485**
Capital and reserves					
Subscribed share capital	19	7,930	7,930	7,930	7,930
Revaluation reserves for financial assets	20	35,182	34,083	27,001	26,011
Revaluation reserves for property for the activity	21	49,342	49,342	48,247	48,247
Financial reserve from the insurance contract		2,055	2,055	2,905	2,905
Reserves	22	23,072	23,072	23,072	23,072
Retained earnings		191,346	191,536	182,400	182,640
		308,927	**308,018**	**291,555**	**290,805**
To owners of non-controlling interests		2,161	-	2,088	-
Total capital and reserves		**311,088**	**308,018**	**293,643**	**290,805**
Liabilities					
Liabilities from insurance contracts	23	217,053	217,053	197,822	197,822
Financial liabilities at amortized cost	24	11,713	11,713	14,547	14,547
Provisions	25	844	844	1,011	1,011
Deferred tax liability	11	19,538	18,595	17,533	16,560
Current profit tax tax liability		-	-	1,103	1,103
Accounts payable and other liabilities	26	28,695	28,604	28,662	28,637
Total liabilities		**277,843**	**276,809**	**260,678**	**259,680**
Total capital, reserves and liabilities		**588,931**	**584,827**	**554,321**	**550,485**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

(all amounts in thousands of EUR)

GROUP

	Share capital	Revaluation reserves for financial assets	Revaluation reserves for property for the activity	Financial reserve from the insurance contract	Legal reserves	Retained earnings	Equity owner shares	To owners of non-controlling interests	Total
Balance at 31 December 2022	**8,096**	**4,561**	**47,067**	**6,121**	**22,906**	**171,414**	**260,165**	**2,031**	**262,196**
Effect of the first application of IFRS 9	-	11,685	-	-	-	558	12,243		12,243
Balance at 1 January 2023 (restated)	**8,096**	**16,246**	**47,067**	**6,121**	**22,906**	**171,972**	**272,408**	**2,031**	**274,439**
Net change in fair value	-	10,629	1,942	-	-	-	12,571	62	12,633
Net amount transferred to the profit and loss account	-	126	-	-	-	-	126	-	126
Net financial expenses/income from insurance and (passive) reinsurance contracts	-	-	-	(3,216)	-	-	(3,216)	-	(3,216)
Profit after tax	-	-	-	-	-	16,605	16,605	168	16,773
Total comprehensive income	**-**	**10,755**	**1,942**	**(3,216)**	**-**	**16,605**	**26,086**	**230**	**26,316**
Depreciation	-	-	(762)	-	-	762	-	-	-
Capital decrease due to currency conversion	(166)	-	-	-	166	-	-	-	-
Dividend payment	-	-	-	-	-	(6,939)	(6,939)	(173)	(7,112)
Balance at 31 December 2023	**7,930**	**27,001**	**48,247**	**2,905**	**23,072**	**182,400**	**291,555**	**2,088**	**293,643**
Net change in fair value	-	8,288	1,904	-	-	-	10,192	50	10,242
Net amount transferred to the profit and loss account	-	(12)	-	-	-	-	(12)	-	(12)
Net financial expenses/income from insurance and (passive) reinsurance contracts	-	-	-	(850)	-	-	(850)	-	(850)
Profit after tax	-	-	-	-	-	15,545	15,545	191	15,736
Total comprehensive income	**-**	**8,276**	**1,904**	**(850)**	**-**	**15,545**	**24,875**	**241**	**25,116**
Depreciation	-	-	(809)	-	-	809	-	-	-
Realization of equity securities	-	(95)	-	-		95	-	-	-
Dividend payment	-	-	-	-	-	(7,503)	(7,503)	(168)	(7,671)
Balance at 31 December 2024	**7,930**	**35,182**	**49,342**	**2,055**	**23,072**	**191,346**	**308,927**	**2,161**	**311,088**

Statement of Changes in Equity (continued)

for the year ended 31 December 2024.

(all amounts in thousands of EUR)

COMPANY

	Share capital	Revaluation reserves for financial assets	Revaluation reserves for property for the activity	Financial reserve from the insurance contract	Legal reserves	Retained earnings	Total
Balance at 31 December 2022	**8,096**	**3,703**	**47,067**	**6,121**	**22,906**	**171,644**	**259,537**
Effect of the first application of IFRS 9	-	11,685	-	-	-	558	12,243
Balance at 1 January 2023 (restated)	**8,096**	**15,388**	**47,067**	**6,121**	**22,906**	**172,202**	**271,780**
Net change in fair value	-	10,497	1,942	-	-	-	12,439
Net amount transferred to the profit and loss account	-	126	-	-	-	-	126
Net financial expenses/income from insurance and (passive) reinsurance contracts	-	-	-	(3,216)	-	-	(3,216)
Profit after tax	-	-	-	-	-	16,615	16,615
Total comprehensive income	***-***	***10,623***	***1,942***	***(3,216)***	***-***	***16,615***	***25,964***
Depreciation	-	-	(762)	-	-	762	-
Capital decrease due to currency conversion	(166)	-	-	-	166	-	-
Dividend payment	-	-	-	-	-	(6,939)	(6,939)
Balance at 31 December 2023	**7,930**	**26,011**	**48,247**	**2,905**	**23,072**	**182,640**	**290,805**
Net change in fair value	-	8,179	1,904	-	-	-	10,083
Net amount transferred to the profit and loss account	-	(12)	-	-	-	-	(12)
Net financial expenses/income from insurance and (passive) reinsurance contracts	-	-	-	(850)	-	-	(850)
Profit after tax	-	-	-	-	-	15,496	15,496
Total comprehensive income	**-**	**8,167**	**1,904**	**(850)**	**-**	**15,496**	**24,717**
Depreciation	-	-	(809)	-	-	809	-
Realization of equity securities	-	(95)	-	-	-	95	-
Dividend payment	-	-	-	-	-	(7,503)	(7,503)
Balance at 31 December 2024	**7,930**	**34,083**	**49,342**	**2,055**	**23,072**	**191,536**	**308,018**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2024.

(all amounts in thousands of EUR)

CASH FLOW FROM BUSINESS ACTIVITIES	**Group 2024**	**Company 2024**	**Group 2023**	**Company 2023**
Cash flow before changes in business assets and liabilities				
Profit before tax	**18,939**	**18,650**	**20,352**	**20,150**
Adjustments:				
Depreciation of property and equipment	4,169	4,169	3,821	3,821
Amortization of intangible assets	105	105	135	135
Income from dividends	(1,897)	(2,101)	(1,380)	(1,624)
Interest income	(6,751)	(6,751)	(5,471)	(5,471)
Interest expense	571	571	861	861
Profit/loss on sale of financial assets	(15)	(15)	163	163
Profits from the fair valuation of investment properties	(2,964)	(3,040)	(1,350)	(1,426)
Other adjustments	(785)	(804)	(2,094)	(2,122)
Cash flows before changes in business assets and liabilities	**11,372**	**10,784**	**15,037**	**14,487**
Change in assets and liabilities:				
(Increase) / decrease of financial assets at fair value through other comprehensive income	(9,172)	(9,172)	(26,488)	(26,488)
(Increase) / decrease in financial assets at amortized cost	(8,964)	(8,964)	(11,699)	(11,692)
Change of obligations from the insurance contract	18,379	18,379	11,775	11,775
Change of assets from the (passive) insurance contract	(164)	(164)	(663)	(663)
Increase in receivables and other assets	4,688	4,794	3,364	3,409
Increase / (decrease) in other liabilities	553	548	(4,761)	(4,753)
Changes in business assets and liabilities	**16,692**	**16,205**	**(28,472)**	**(28,412)**
Paid profit taxes	(4,882)	(4,837)	(3,740)	(3,696)
Receipt from dividends	1,937	2,141	1,377	1,621
Interest income	7,075	7,075	4,663	4,663
Interest paid	(571)	(571)	(861)	(861)
CASH FLOW FROM OPERATING ACTIVITIES	**20,251**	**20,013**	**(11,996)**	**(12,198)**

CASH FLOW FROM BUSINESS ACTIVITIES (continued)	**Group 2024**	**Company 2024**	**Group 2023**	**Company 2023**
Receipts from sale of investment real estate	1,800	1,800	-	-
Expenditures for acquisition of property and equipment	(3,623)	(3,623)	(1,570)	(1,570)
Expenditures for acquisition of intangible assets	(17)	(17)	(118)	(118)
Expenditures for acquisition of investment real estate	(930)	(930)	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES	**(2,770)**	**(2,770)**	**(1,688)**	**(1,688)**
Receipts from received loans	22,000	22,000	1,330	1,330
Repayment of received loans	(24,908)	(24,908)	(2,839)	(2,839)
Cash expenses for rent	(1,815)	(1,815)	(1,501)	(1,501)
Monetary expenses for the payment of dividends	(7,671)	(7,503)	(6,717)	(6,544)
CASH FLOW FROM FINANCIAL ACTIVITIES	**(12,394)**	**(12,226)**	**(9,727)**	**(9,554)**
Net increase/(decrease) in cash and cash equivalents	**5,087**	**5,017**	**(23,411)**	**(23,440)**
Cash and cash equivalents at the beginning of the year	**13,386**	**13,345**	**36,797**	**36,785**
Cash and cash equivalents at the end of the year	**18,473**	**18,362**	**13,386**	**13,345**

The notes below form an integral part of these financial statements.

1. GENERAL DATA

Euroherc osiguranje d.d., (hereinafter the "Company") and its dependent Company (collectively: the "Group") were founded in October 1992 in Makarska. Since 2000, the headquarters of the Company has been in Zagreb, Ulica grada Vukovara 282.

On June 30, 2017, the company bought a 68.12% stake in MTT d.o.o. for a fee of 3,44 million euros.

The group provides non-life insurance services, specializing in motor vehicle insurance. In addition to the Directorate, the Group also provides services through 13 branches. The company is regulated by the Croatian Financial Services Supervisory Agency ("HANFA").

As of December 31, 2024, the company employed 1,174 employees, which is 13 more than a year earlier.

Management and Supervisory Board

Management Board

Željko Kordić, Chairman of the Board

Darinko Ivković, Member of the Board

Tomislav Čizmić, Member of the Board

Tomislav Abramović, Member of the Board

Supervisory Board

Mladenka Grgić, President of the Supervisory Board

Grgo Dodig, deputy President of the Supervisory Board

Zlatko Lerota, Member of the Supervisory Board

Radoslav Pavlović, Member of the Supervisory Board

Zvonimir Slakoper, Member of the Supervisory Board

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1. Declaration of conformity

The company prepares financial statements in accordance with the Insurance Act, the Accounting Act and in accordance with the International Financial Reporting Standards adopted in the European Union (IFRS).

2.2. Basis of preparation

The financial statements are prepared according to the principle of historical cost, with the exception of certain financial instruments that are stated in revalued amounts. The financial statements have been prepared under the assumption of going concern.

Financial statements are presented in euros, rounded to the nearest thousand.

The preparation of financial statements in accordance with IFRS requires the Management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and with the information available at the date of preparation of the financial statements, the result of which forms the basis for making judgments about the value of assets and liabilities that are not apparent from other source. Actual results may differ from these estimates. Estimates and related assumptions are continuously reviewed. Changes in accounting estimates are recognized in the period in which the estimate was changed and in future periods, if the change also affects them.

2.3. Changes in accounting policies and comparative data

Established accounting policies are applied consistently from year to year, and are changed in accordance with IAS 8 if:

- changes conditioned by legal regulations, including changes in international accounting standards
- changes conditioned by the Agency's regulations,
- new business circumstances occur, in which the application of certain existing accounting policies would make it difficult to objectively present the Company's financial condition and operating results.

If, due to the reasons from the previous paragraph, there is a change in an individual accounting policy, this fact is published in the annual report for the year in which the change occurred and in the notes to the reports, the impact of the changed policies on the business results is quantified. In order to fully understand the Company's financial statements, it is necessary to publish comparative information for the previous period for all amounts published in the financial statements. Comparative amounts must be reclassified in cases of changes in the presentation and/or classification of items, except in cases where the same is not feasible.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4. Functional and presentational currency

Financial statements are presented in the currency of the primary economic environment in which the Company and the Group operate ("functional currency"), euros ("EUR") and are rounded to the nearest thousand.

2.5. Basis for consolidation

The consolidated financial statements include the Company and its subsidiaries (together the "Group")

Business mergers

The Group recognizes business combinations using the acquisition method when control is actually transferred to the Group. As a rule, the consideration for the acquisition is measured at fair value, as well as the acquired net assets that can be separately recognized. Goodwill arising from the acquisition is checked for impairment once a year. Negative goodwill that arises in the case of a favourable purchase is recognized immediately in the income statement. Transaction costs are recognized at the time of occurrence in the income statement, except when they relate to the issuance of debt or equity securities. The transferred compensation does not include amounts related to the settlement of relationships that existed before the acquisition date. As a rule, such amounts are recognized in the profit and loss account.

Any potential consideration is measured at fair value on the acquisition date. If an obligation to pay contingent consideration, which meets the definition of a financial instrument, is classified as an equity instrument, then it is not remeasured and the settlement is recognized in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized through profit or loss.

Subsidiaries

Subsidiaries are all companies controlled by the Group. The group controls another company, when it is exposed to, or has rights to, variable returns on its investment and has the ability to influence returns through its control of the other company. The financial statements of subsidiaries are included in the consolidated financial statements using the full consolidation method from the date when control is transferred to the Group and are excluded from the date control ceases.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any corresponding impairment, if necessary.

2. TEMELJ ZA SASTAVLJANJE FINANCIJSKIH IZVJEŠTAJA (CONTINUED)

2.5. Basis for consolidation (continued)

Loss of control

When the Group loses control, the Group ceases to recognize the assets and liabilities of the subsidiary, minority shareholders' shares and other elements of capital and reserves related to the subsidiary. Any surplus or deficit resulting from the cessation of control is recognized through profit or loss. If the Group retains a stake in a former subsidiary, that stake is stated at fair value on the day control ceases. After that, it is reported as an investment valued using the equity method or in accordance with the Group's accounting policy for financial instruments, depending on the level of retained influence.

Investments in entities that are reported using the equity method

The group's shares in entities that are reported using the equity method refer to shares in the subsidiary company.

Subsidiaries are entities in which the Group has significant influence, but neither control nor joint control over the financial and business policies of that entity.

Shares in subsidiaries are calculated using the equity method. For the first time, they are booked using the cost method, which includes transaction costs. After the first recording, the Group's shares in profits and losses and other comprehensive income of entities calculated using the equity method are reported in the consolidated financial statements until the date of cessation of significant influence or joint control.

The group's shares in entities that are reported using the equity method refer to shares in the subsidiary company.

Subsidiaries are entities in which the Group has significant influence, but neither control nor joint control over the financial and business policies of that entity.

Shares in subsidiaries are calculated using the equity method. For the first time, they are booked using the cost method, which includes transaction costs. After the first posting, the Group's shares in profits and losses and other comprehensive income of entities calculated using the equity method are reported in the consolidated financial statements until the date of cessation of significant influence or joint control.

In the Company's separate financial statements, the investment in the subsidiary is stated at cost less any corresponding impairment, if necessary.

Transactions eliminated during consolidation

Balances and transactions between Group members and all unrealized income and expenses from transactions between Group members are eliminated when preparing consolidated financial statements. Unrealized gains from transactions between the Group and its subsidiaries are eliminated up to the amount of the Group's share in the subsidiary. Unrealized losses are also eliminated, just like unrealized gains, but only if there are no indicators of impairment.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

2.6. Adoption of new and amended International Financial Reporting Standards ("IFRS")

First application of new amendments to existing standards in force for the current reporting period

First application of new amendments to existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 "Statement of Cash Flows" & IFRS 7 "Financial Instruments: Disclosures")
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 "Leases") valid for the period starting on or after 1 January 2024 (Amendments to IAS 16 "Leases")
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 "Presentation of Financial Statements")
- Non-current Liabilities with Covenants (Amendments to IAS 1 "Presentation of Financial Statements")

The adoption of these amendments to existing standards did not lead to significant changes in the Company and Group financial statements.

Standards, amendments to existing standards and interpretations issued by the IASB and adopted in the European Union, but not yet effective

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates")

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

IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, the adoption of which the European Union has not yet decided on (date of entry into force set out below relate to IFRSs issued by the IASB):

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures")

The following standards are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- FRS 19 Subsidiaries without Public Accountability: Disclosures.

Company and Group are currently assessing the effect of these new accounting standards and amendments..

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors: Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Insurance contracts

An insurance contract is a contract based on which one party (the insurer) assumes a significant insurance risk from another party (the policyholder) and agrees to pay the policyholder compensation if the policyholder suffers damage due to a certain uncertain future event (the insured event).

Grouping level

Under IFRS 17, insurance contracts are grouped for measurement purposes and the groups are determined by first identifying portfolios of contracts, each of which contains contracts subject to similar risks and which are jointly managed. Insurance contracts within a certain line of business will be exposed to similar risks and if they are jointly managed, they will be in the same portfolio. Each portfolio is then divided into groups of contracts for which recognition and measurement requirements are applied in accordance with IFRS 17. During initial recognition, the Company separates contracts into annual cohorts according to the year of issuance, and each annual cohort is classified into one of the following groups:

- a group of contracts that are harmful [unprofitable] at initial recognition,
- a group of contracts for which, upon initial recognition, there is no significant possibility that they will subsequently become harmful (unprofitable),
- other contracts (if any).

When the contract is recognized, it is added to the existing group of contracts. After the initial recognition, the classification of the contract in the insurance group is no longer changed. To determine the level of aggregation, the Company identifies the insurance contract as the smallest unit of account. In doing so, the Company assesses whether a number of contracts can be treated together when making a profitability assessment based on reasonable and substantiated information, or whether one contract contains components that should be separated and treated as independent contracts. As such, what is treated as an insurance contract for accounting purposes may differ from what is treated as a contract for other purposes (i.e., legal or management). Also, no group for aggregation purposes may contain contracts issued more than a year apart.

The company has defined portfolios of issued insurance contracts based on its product lines. The expected profitability of these portfolios at initial recognition is determined based on existing actuarial valuation models that take into account existing and new business. The level of grouping in accordance with IFRS 17 limits the netting of gains on groups of profitable contracts, through deferred recognition of contractual service margin (CSM), with losses on groups of harmful contracts, which are recognized immediately.

Recognition of insurance contracts

The company recognizes groups of insurance contracts that it enters into at the earliest of the following:

- Beginning of the contract group coverage period,
- The due date of the first payment from the insurance policyholder in the group or when the first payment was received if there is no due date,
- For a group of unprofitable contracts, as soon as the facts and circumstances show that the group is unprofitable.

3.1. Insurance contracts (continued)

Contract limits

measurement of a group of insurance contracts, the Company includes all future cash flows within the boundary of each contract in the group. Cash flows are within the limit of the insurance contract if they arise from material rights and obligations that exist during the reporting period in which the Company can collect the insurance premium from the policyholder or in which the Company has a material obligation to provide the policyholder with services arising from the insurance contract.

The material obligation to provide services from the insurance contract ends:

- when the Company has a practical opportunity to reassess the risks of a specific policyholder and, as a result, can determine a price or benefit level that fully reflects these risks: or
- when both of the following criteria are met:

1) when the Company has a practical possibility to reassess the risks of the portfolio of insurance contracts containing that contract and, as a result, can determine a price or level of benefit that fully reflects the risk of that portfolio:
2) when determining the prices of premiums up to the date of risk reassessment, risks related to periods after the date of reassessment are not taken into account

The Company does not recognize as a liability or asset amounts related to expected premiums or expected damages beyond the limits of the insurance contract. These amounts refer to future insurance contracts.

Diskontne stope

The Company will use the "bottom up" method to determine the discount interest rate curve. The "bottom up" method implies that the risk-free interest rate curve is used as the base value, for which the Company has decided to use the risk-free interest rate yield curve that it calculates and publishes publicly:

- Croatian Insurance Office (hereinafter: HUO), for the portfolio in the Republic of Croatia
- European Supervisory Authority for Insurance and Occupational Pension Insurance (hereinafter EIOPA) for the portfolio outside the Republic of Croatia. The EIOPA risk-free yield curve without adjustment for volatility for the EUR currency is used.

HUO calculates the risk-free interest curve at the level of the Croatian market using a methodology based on the EIOPA methodology for determining risk-free interest curves from yields on government bonds without adjustment for volatility. The company uses the "Stable outlook" curve. A premium for the illiquidity of the insurance contract is added to the base value, which depends on the liquidity characteristics of the cash flows for the obligations from the insurance contract.

Measurement

The choice of measurement method depends on the characteristics of the insurance contract. If the criteria for the simplified approach are met, then the premium distribution approach is used, otherwise the General Measurement Model is used.

3.1. Insurance contracts (continued)

General Measurement Model (GMM)

Initial recognition

During initial recognition, the Company measures a group of contracts using the general measurement model (GMM). The general measurement model measures a group of insurance contracts as the sum of:

- total cash flows from the execution of the contract, which include estimates of future cash flows, adjustments to reflect the time value of money and financial risks associated with future cash flows if financial risks are not already included in estimates of future cash flows, value correction for non-financial risk,
- total margin for contracted services (CSM - Contractual service margin), which represents the unearned profit that the Company will recognize during the period in which it provides services from the insurance contract in that group.

Contract performance cash flows comprise unbiased probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus an adjustment for non-financial risk.

Cash flows from the execution of a group of contracts do not reflect the risk of the Company defaulting on its obligations. The estimate of the value of future cash flows is calculated as the present value of future gross expenses (fees and costs) minus the present value of future gross income (gross 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 cash flow characteristics and, where appropriate, the liquidity characteristics of the contract.

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

When estimating future cash flows, the Company includes all cash flows that are within the limits of the contract, including:

- Premiums and related cash flows
- Damages and benefits from insurance, including reported but unpaid damages, incurred but not reported damages and expected future damages
- Payments to policyholders resulting from built-in purchase options of insurance contracts,
- Insurance acquisition costs that can be attributed to the portfolio to which the insurance contract belongs,
- Costs related to the liquidation of damages,
- Insurance contract administration costs, including commissions expected to be paid to insurance distributors,
- Distribution of fixed and variable administrative costs that can be directly attributed to the execution of the insurance contract.

3.1. Insurance contracts (continued)

The Company incorporates in an unbiased manner all reasonable and substantiated information available without undue cost and effort regarding the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on the information obtained, including:

- Information about damages that have already been reported,
- Other information on known or estimated characteristics of the insurance contract
- Historical data on the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions
- Current information on determining the price list of premiums, if available.

The measurement of cash flows for the fulfilment of insurance contracts includes the cash flows of the acquisition of insurance that are distributed as part of the premium in profit or loss (through insurance income). The company will not attribute interest on the cash flows of insurance acquisition. The CSM of the group of contracts represents the unallocated profit that the Company will recognize when it provides services from the insurance contract in the future.

On initial recognition of a group of contracts, the group of contracts is not detrimental if the sum of the following represents a net inflow:

- Cash flows from contract execution,
- All cash flows arising from contracts in that group on that date
- Any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows associated with the group of contracts.

In the case of a net outflow, the group of contracts represents harmful contracts and the net outflow is recognized as a loss in the income statement. The company determines the loss compensation component as part of the obligation for the remaining coverage for the harmful group by showing the losses recognized in accordance with the above. The loss compensation component determines the amounts that are shown in the profit and loss account as reversals of losses of harmful groups and are, therefore, excluded from the determination of insurance income.

Subsequent measurements

Subsequently, the book value of the statutory technical reserves of the group of contracts on the reporting date is the sum of:

- Liabilities for remaining coverage (LRC) which includes the cash flows from the performance of the contract related to the services to be provided under the contract in future periods and ceased to be part of the CSM or loss compensation component at that reporting date,
- Liabilities for incurred damages (LIC), which includes cash flows from contract performance for incurred damages and expenses that have not yet been paid, including damages that have occurred but not yet been reported.

The contract performance cash flows are measured at the reporting date using the current estimate of future cash flows, the current discount rate and the current estimate of the allowance for non-financial risk.

3.1. Insurance contracts (continued)

Changes in cash flows are recognized as follows:

- Changes related to future services - are adjusted as part of CSM or recognized as part of income from insurance contracts in the profit and loss account in the case of harmful contracts,
- Changes related to current or past services – are recognized as part of income from insurance contracts in the income statement,
- Effects of time value of money, financial risk and changes in estimated future cash flows – are recognized as part of net financial income/expenses from insurance contracts.

CSM is subsequently adjusted only for changes in contract performance cash flows related to future services and other specified amounts and is recognized in the income statement as the services are rendered. CSM at the reporting date represents profits in a group of contracts that have not yet been recognized in the income statement because they relate to future services. If during the coverage period a group of insurance contracts becomes unprofitable, the Company recognizes a loss in the profit or loss account for the net amount, resulting in the carrying amount of the liability for the group equal to the settlement cash flows. The Company determines the loss recovery component of the liability for residual coverage for the unprofitable group of contracts that reflect recognized losses.

Premium Allocation Model (PAA)

The premium allocation model (PAA) is a simplified measurement model in IFRS 17 if the following criteria are met:

- the Company can expect that this simplification will lead to the measurement of the residual coverage obligation for that group so that it does not differ materially from the measurement that would be applied in accordance with the general measurement model or
- the coverage period of each contract in the group (including services from the insurance contract resulting from all received premiums within the limits of the contract) lasts a maximum of one year.

If, when forming the group, the Company expects considerable volatility of cash flows from the execution of the contract, which would affect the measurement of the obligation for the remaining coverage during the period before the occurrence of claims, the criterion for the applicability of the PAA is not met.

Upon initial recognition, the Company calculates the liability for remaining coverage as follows:

- premiums received at initial recognition, if any:
- reduced by all cash flows of insurance acquisition on that day
- increased or decreased by all amounts resulting from derecognition on that day: assets for cash flows from the acquisition of insurance, any other assets or liabilities previously recognized for cash flows associated with the group of contracts.

3.1. Insurance contracts (continued)

At the end of each subsequent reporting period, the book value of the liability is the book value at the beginning of the reporting period:

- increased by the premiums received in that period,
- reduced by cash flows from the acquisition of insurance,
- increased by all amounts related to amortization of cash flows from the acquisition of insurance recognized as an expense in that reporting period; unless the Company decides to recognize cash flows from obtaining insurance as expenses,
- increased for all adjustments of the financial component,
- reduced by the amount recognized as insurance income for services rendered in that period and
- reduced by the paid component of the investment or transferred to liabilities for damages incurred.

If the insurance contracts in the group have a significant financing component, the Company adjusts the carrying amount of the liability for the remaining coverage to reflect the time value of money and the effect of financial risk by applying discount rates determined at initial recognition.

The Company may elect not to adjust the carrying amount of the residual coverage liability to reflect the time value of money and the effect of financial risk if, upon initial recognition, the Company expects that no more than a year will elapse between the provision of each portion of services and the due date of the associated premium.

The company recognizes the liability for the resulting damages of the group of contracts in the amount of cash flows from the performance of the contract that relate to the resulting damages, and future cash flows are discounted. Exceptionally, if the Company expects these cash flows to be paid or received within a maximum of one year from the date of claims, as permitted by IFRS 17, the Company does not adjust future cash flows to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period facts and circumstances indicate that the insurance contract has become unprofitable, the Company calculates the difference between:

- the book value of the liability for the remaining coverage and
- cash flows from the execution of contracts related to the remaining coverage of the group.

If the cash flows of the execution of the contract exceed the book value, the Company recognizes a loss in the profit and loss account and increases the obligation for the remaining coverage (the so-called loss compensation component).

Reinsurance

The company submits premiums to reinsurance as part of regular business with the purpose of limiting its net potential loss through risk diversification. Reinsurance contracts do not deprive the Company of its direct obligations to policyholders. Ceded premiums and reimbursable amounts are presented through the statement of comprehensive income and the statement of financial position of the Company in accordance with this Note. Only contracts resulting from a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognized in the same year as the related damage. Reinsurance commission and profit commission include commissions received or receivable from reinsurers and profit shares based on reinsurance contracts.

3.1. Insurance contracts (continued)

Commissions for reinsurance of non-life insurance are calculated in accordance with the provisions of the reinsurance conditions, in a manner consistent with acquisition costs in non-life insurance (the percentage defined in the reinsurance contract is applied to the reinsurance premium).

The company applies IFRS 17 to the reinsurance contracts it concludes with the purpose of managing and minimizing the assumed insurance risks. A reinsurance contract is a contract that the Company enters into with a reinsurer (reinsurance contract held) in order to receive compensation for paid damages resulting from the consequences of one or more concluded insurance contracts (underlying contracts). The company does not enter into active insurance contracts, but only passive ones (reinsurance contracts that it holds).

Recognition

For reinsurance contracts, cash flows are within the limits of the contract if they arise from material rights and obligations that exist during the reporting period in which the Company is forced to pay amounts to the reinsurer or has a material right to receive services from the reinsurer. The material 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 benefit level that fully reflects those reassessed risks;
- has the material right to terminate coverage.

Measurement

Regarding the reinsurance contracts held, the Company applies the same accounting policies as when measuring a group of insurance contracts.

Measurement model based on premium distribution

The company can and does apply a model based on premium distribution. The model is adjusted to reflect characteristics of reinsurance contracts held that differ from written insurance contracts (for example, creating expenses or reducing expenses instead of income) to simplify the measurement of a group of reinsurance contracts held if at founding of the group:

- The company reasonably expects that the resulting measurement will not significantly differ from the results of applying the requirements or,
- the coverage period of each contract in the group of reinsurance contracts held (including the insurance coverage resulting from all premiums within the contract limits determined on that date) lasts a maximum of one year.

If, upon recognition of the group, the Company expects significant variability of cash flows from the execution of the contract, which would affect the measurement of assets for remaining coverage during the period before the occurrence of damage, it cannot apply the measurement model based on the distribution of the premium.

3.1. Insurance contracts (continued)

Cessation of recognition

The company stops recognizing the insurance contract only in the following situations:

- when it ceases to be valid, i.e. when the obligation specified in the insurance contract expires or when it is fulfilled or cancelled,
- the contract is amended such that the amendment results in a change in the measurement model or the applicable standard for measuring a component of the contract. In such cases, the Company ceases to recognize the initial contract and recognizes the amended contract as a new contract.

Cash flows of insurance acquisition

Insurance acquisition cash flows are cash flows arising from the costs of selling insurance, taking risks and forming a group of insurance contracts (issued or expected to be issued) that can be directly attributed to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows directly attributable to individual contracts or groups of insurance contracts in that portfolio. The Company will recognize all acquisition cash flows as costs (or expenses) when incurred. Cash flows from insurance acquisition are allocated to groups of insurance contracts using a systematic and rational method:

- insurance acquisition cash flows that can be directly attributed to a group of insurance contracts: to that group of insurance contracts, to groups of contracts that include insurance contracts that are expected to result from the extension of insurance contracts in that group
- insurance acquisition cash flows that can be directly attributed to the portfolio of insurance contracts, except for those from the point above, to groups of contracts in the portfolio.

Presentation

In the report on the financial position, the Company separately presents the book value of the portfolio:

- issued insurance contracts that constitute property,
- issued insurance contracts that constitute liabilities
- reinsurance contracts that are held and that constitute assets,
- reinsurance contracts that are held and that constitute liabilities.

The Company includes all assets for recognized cash flows from the acquisition of insurance in the book value of the related portfolios of insurance contracts issued and all assets or liabilities for cash flows related to the portfolios of reinsurance contracts held in the book value of the portfolios of reinsurance contracts held. The Company breaks down the amounts recognized in the profit and loss statements and other statements of comprehensive income into:

- the result from the insurance contract, which consists of income from the insurance contract and expenses from the insurance contract,
- financial income or expenses from insurance contracts.

The Company does not break down the change in value for non-financial risk between results from insurance contracts and financial income or expenses from insurance contracts.

3.2. Net income and expenses from investments

Income from investments includes income from profit shares or dividends, income from land and construction facilities, interest income, income from the increase in the value of investments, realized and unrealized net gains and other investment income.

Dividend income is recognized in the Company's profit and loss account on the day of the decision on the voted dividend. Interest income is recognized in the statement of comprehensive income as it arises for all interest-bearing financial instruments that are measured at amortized cost, and for available-for-sale debt securities using the effective interest rate method, i.e. the rate that discounts expected future cash flows to the net present value throughout the duration of the contract in question or the currently valid variable interest rate.

Financial expenses include interest expenses, which are recognized using the effective interest rate method, net negative exchange differences from the reduction of monetary assets and liabilities at the exchange rate at the reporting date.

Financial expenses also include net losses from changes in the fair value of financial assets at fair value through the profit and loss account and net realized losses on derecognition of available-for-sale financial assets.

3.3. Business expenses

Acquisition costs

Within acquisition costs, direct acquisition costs and other acquisition costs are distinguished. Direct acquisition costs include the costs of the commission for concluding an insurance contract and the costs of employees directly and exclusively employed in the acquisition of insurance, i.e. in the case of employees who perform multiple jobs, a proportional part of the costs of that employee for the part of the working time that he spends on average annually on direct and exclusive insurance acquisition tasks. Other acquisition costs are the costs of issuing insurance documents or including insurance contracts in the portfolio, as well as indirect costs such as advertising costs or administrative costs related to processing the offer and issuing the policy. In the context of IFRS 17, i.e. the division of costs into costs that can be allocated to insurance contracts and those that cannot be allocated, acquisition costs almost entirely represent costs that can be allocated to insurance contracts. The Company has defined sponsorship and donation costs from this group as costs that cannot be assigned to insurance contracts. All other expenses are classified and reported in the profit and loss account as "Other expenses related to the sale of insurance“.

Costs of materials and services

In this group, material costs of operations are presented (costs of materials, energy costs, costs of services and costs of depreciation of tangible and intangible assets) and costs of provisions for pensions and other liabilities, costs of provisions for taxes and contributions and costs of provisions for liabilities whose settlement may follow as a result of initiated court cases against the company. In the context of IFRS 17, that is, the division of costs into costs that can be allocated to insurance contracts and those that cannot be allocated, within this group the Company uses different keys, depending on the nature of the cost, to allocate them to costs that are assigned and those that are not assign to insurance contracts. The keys used by the Company for the allocation of costs include the ratio of new insurance policies in the reporting period in relation to the total number of policies on the reporting date, the ratio of salaries and the number of employees depending on their tasks and responsibilities, etc. The Company prescribes the cost allocation methodology in more detail in internal acts.

3.3. Business expenses (continued)

Other business expenses

Other business expenses refer to other business expenses incurred in the reporting period, which are not listed in the previous groups, such as per diem expenses for official trips and travel expenses, representation expenses, expenses from business fees according to contracts, insurance premium expenses, banking service expenses , contributions and membership fees, taxes that do not depend on the result, expenses from the sale of tangible assets that are used for the direct performance of insurance activities, and other business expenses - tangible and intangible. The principle of allocation of this category of costs corresponds to the principle stated in the framework of the previous categories.

Staff expenses

In personnel costs, the Company reports the gross cost of salaries and other benefits to personnel (employees), including taxes, contributions to and from wages. The principle of allocation of this category of costs corresponds to the principle stated in the framework of the previous categories.

Other expenses from the provision of services

Expenses for prevention, expenses for the guarantee fund, expenses for the financing of the Croatian Agency for the Supervision of Financial Services and the Croatian Insurance Office and other unmentioned expenses from the provision of services are reported. In the context of the IFRS 17 standard, this group of costs belongs entirely to the costs that can be allocated and is reported in the income statement under the item "Other expenses from the provision of insurance services“. Operating costs that the Company determines, using a defined, meaningful and consistent methodology, that can be assigned to insurance contracts are allocated to groups of insurance contracts and are reported under insurance results in the profit and loss account.

Other costs that cannot be assigned to insurance contracts are reported separately from the items of the technical result or the insurance result.

3.4. Damages incurred

The total incurred damages of the financial period consist of liquidated damages minus recourses, costs of processing damages liquidated during the accounting period.

Liquidated claims are recorded at the time of claim liquidation and are recognized (determined) as the amount that will be paid to settle the claim and are increased by the costs of claim processing. Charged damages recoverable from third parties and damages recoverable from third parties reduce liquidated damages (regressions). The reinsurance share in liquidated claims for reinsured policies is calculated based on the gross liquidated claims of those policies in accordance with the terms of the reinsurance contract.

Liabilities for incurred claims represent the estimated final cost of settlement of all claims, including direct and indirect settlement costs, arising from events that occurred up to the date of the statement of financial position. These liabilities include a reserve for reported but unpaid claims, a reserve for incurred but not reported claims, a reserve for the cost of claims processing, a reserve for bonuses and discounts, and a non-financial risk adjustment component.

Claims reserves are assessed by reviewing individual reported claims and forming a reserve for incurred but unreported claims, taking into account internal and external foreseeable events, such as changes in claims processing procedures, inflation, court trends, legislative changes, and historical experience and trends.

3.4. Net financial income and expenses from insurance

Financial income or expenses from insurance include a change in the book value of a group of insurance contracts resulting from:

- the effect of the time value of money and changes in the time value of money,
- the effect of financial risk and changes in financial risk: but excluding such changes for groups of insurance contracts with direct profit participation features for which the CSM is adjusted, except in the case when the group of contracts is unprofitable. They are then included in the expenses of the insurance contract.

When the Company reduces the effect of financial risk by using derivative instruments or non-derivative financial instruments measured at fair value through the income statement, financial income or insurance expenses resulting from the purpose of risk reduction are included in the income statement.

Furthermore, in accordance with IFRS (items 88 and 89), it applies to all other financial income or insurance expenses the accounting policy of breaking down financial income or insurance expenses for the period in order to include in the profit and loss account the amount determined by the systematic distribution of the expected total financial income or insurance expenses during the validity of the contract group.

The Company includes in other comprehensive income the difference between financial income or insurance expenses based on the discount curve used at initial recognition and the current discount curve and total financial income or insurance expenses for that period.

3.5. Taxation

Profit tax expense is the sum of current tax liability and deferred taxes.

Profit tax

Accounting profit is the net profit or loss before taxes. Taxable profit [loss] is the tax base, determined in accordance with the Profit Tax Act, according to which the accounting profit is increased by non-deductible expenses and reduced by non-taxable income. Profit tax consists of current and deferred tax. Profit tax expense is reported in the statement of comprehensive income with the exception of profit tax related to items recognized directly in equity and reserves, when profit tax is recognized in equity and reserves. Current tax represents the expected tax liability calculated on the taxable profit for the year, using the tax rates that were in force or were essentially valid at the reporting date and all tax liability adjustments from previous periods.

Deferred tax liability

Deferred tax liability represents the amount of tax that will be collected in future periods due to the existence of taxable temporary differences. Deferred tax is recognized using the statement of financial position method, reflecting temporary differences between the book value of assets and liabilities for financial reporting purposes

3.6. Taxation (continued)

Deferred tax liability

Deferred tax liability represents the amount of tax that will be collected in future periods due to the existence of taxable temporary differences. Deferred tax is recognized using the statement of financial position method, reflecting temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for tax calculation. Deferred tax is calculated using the tax rates expected to apply to the temporary differences when they are offset or settled, based on the regulations in effect or substantially in effect at the date of the statement of financial position. Deferred tax assets are recognized up to the amount for which it is probable that future taxable profit will be sufficient for the use of temporary differences. The deferred tax liability is reviewed at each reporting date and is reduced if it is no longer likely that the related tax benefit will be realized. Deferred tax assets and liabilities are not discounted and are reported as long-term assets and/or long-term liabilities.

3.7. Fixed assets

Long-term tangible assets are assets that the Company owns for the purpose of providing services or for other administrative purposes and that are used for more than one period, i.e. more than 1 year.

Long-term tangible assets include:

- land,
- buildings,
- plant and equipment,
- apartments, furniture, means of transport and the like,
- tangible asset.

Non-current assets are assets whose useful life is longer than one year and which are intended for use on a continuous basis.

Short-term tangible assets are assets whose acquisition cost does not exceed the minimum amount defined as long-term tangible assets in the Profit Tax Act or whose useful life is less than one year, and includes small inventory, office supplies and other short-term tangible assets.

Long-term assets that the Company rents out and from which it will generate future economic benefits are classified as Investments in property and are managed in accordance with the provisions of IAS 40.

Recognition and measurement

Construction facilities, plants, equipment, office inventory, furniture and other similar tangible assets that the company uses in its business process are initially reported at investment (procurement) costs. The Company recognizes the cost of acquisition of long-term tangible assets as an asset if it is likely that the Company will have future economic benefits and if the cost of acquisition can be reliably determined.

3.7. Fixed assets (continued)

The cost of acquiring individual property, plant and equipment includes:

- purchase price (including customs duties, import duties, non-refundable taxes, and after deducting the trade discount);
- all costs that can be directly attributed to bringing the assets to the location and in working condition for the intended use (transportation, insurance, site preparation, installation and assembly);
- initially estimated costs of dismantling, removal of the asset and restoration of the place where the asset is located in circumstances when the asset is not used for its intended use, and the obligation for dismantling arises when the asset is acquired,
- subsequent costs that are likely to increase the future economic benefits of the recognized fixed asset and that can be reliably measured.

Borrowing costs (interest) can only be capitalized for those assets that require a significant period of time to be ready for intended use or sale. Acquisition costs can be capitalized or included only those borrowing costs that can be directly attributed to the acquisition, construction or production of a certain asset. Subsequent expenses related to the maintenance and repair of assets are recognized as an expense of the period in which they were incurred, and expenses that are extended useful life or increases the capacity (functionality) of assets are capitalized, that is, the value of that asset is added.

Depreciation and subsequent measurements

The amount of long-term tangible assets as well as any losses arising from the reduction of the asset's value are depreciated for each individual type of asset during its useful life. The Company does not depreciate land, works of art and similar tangible assets. Long-term tangible assets under preparation are depreciated after they are put into use starting the following month. The amount of depreciation is recognized as an expense of the period in which it was calculated. Depreciation of long-term tangible assets is performed on an individual basis through the estimated useful life using the linear calculation method, and the rates are determined up to tax-allowable rates. Depreciation methods and the estimated useful life are reviewed and revised if necessary.

Estimated life and depreciation rates are given below:

	2024	**2023**
Buildings	40 years	40 years
Vehicles	4 years	4 years
Other	10 years	10 years

In the subsequent valuation of buildings and land that the Company uses for its own use, it will apply the revaluation model according to IAS 16, with the effects of revaluation shown in revaluation reserves.

After reconciliation, buildings and land are reported at the revalued amount, which is the fair value on the revaluation date less any accumulated depreciation and impairment losses calculated later.

In accordance with the tax regulations, the calculated depreciation of the revaluation increase in value is not recognized as tax expenses.

3.7. Fixed assets (continued)

Further revaluation of the value, in accordance with point 34 of IAS 16, will be carried out in case of finding out that the fair value of the revalued asset is significantly different from its book value, and with the prior decision of the Management Board. If the estimated recoverable value of the asset is reduced below the book value, a reduction is first reported for the previously booked reserves, and if the reduction in value is greater than the reserves, the difference is booked as an expense. The fair value model is applied to the subsequent measurement of investment in property. Properties classified as investment properties according to IAS 40 are not amortized. Changes in the value of these assets resulting from use are included in the calculation of fair value.

Reconciliation of book value with fair value is carried out at the end of each business year. The method and methodology of determining the fair value are prescribed by the Company in more detail in a separate internal act that governs the company's investments. Depreciation of other tangible assets will be calculated using the proportional method according to the individually determined depreciation rate, but at most up to the amount of the tax-deductible rate. Assets under finance leases are depreciated over the term of the lease agreement or over the estimated useful life, whichever is shorter.

Property, plant and equipment that is withdrawn from active use and held for sale is stated at book value or at fair value on the day the assets are withdrawn from active use, depending on which value is lower. Assets are excluded from the balance sheet when they are permanently withdrawn from use or when they are disposed of. Gains or losses recognized in the income statement are determined as the difference between the proceeds from the sale and the book value of the asset disposed of.

3.8. Intangible assets

Separately acquired intangible assets are stated at acquisition cost less value adjustments and accumulated impairment losses. Depreciation is calculated using the straight-line method over the estimated useful life. The estimated useful life, residual value and depreciation method are reviewed at the end of each year, whereby the effects of any changes in estimates are calculated prospectively.

3.9. Investment in property

Investment property, i.e. property owned for the purpose of earning income from rents and/or capital appreciation (including assets in preparation for these purposes), are initially valued at purchase value, which includes transaction costs, and thereafter at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the profit and loss of the period in which they arose.

3.10. Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, identifiable incurred and unforeseeable liabilities of the subsidiary. Goodwill is initially recognized as an asset at cost and subsequently measured at cost adjusted for accumulated impairment losses. At the time of the merger of the subsidiary company with the acquiring company, the value of goodwill determined at the time of acquisition is recorded in the financial statement of the acquiring company. For impairment testing, goodwill is allocated to each cash-generating unit of the Group that is expected to benefit from synergies arising from the merger. Cash-generating units to which goodwill is allocated are tested for impairment annually or more frequently if there are indications of possible impairment of the cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated by reducing the carrying amount of the goodwill allocated to the unit and then proportionately to the other assets of the cash-generating unit based on the carrying amount of each asset in the generating units. Once recognized, a goodwill impairment loss is no longer reversed in subsequent periods.

3.11. Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible fixed assets to determine whether there are any indications of impairment losses. If such indications exist, the recoverable amount of the asset is estimated in order to be able to determine possible losses caused by impairment. If the recoverable amount of an asset cannot be estimated. The Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If it is possible to determine a realistic and consistent basis for allocation, the assets of the companies are also allocated to individual cash-generating units or, if this is not possible, to the smallest group of cash-generating units for which it is possible to determine a realistic and consistent basis for allocation.

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment once a year and every time there is an indication of a possible impairment of the asset. The recoverable amount is the higher of the fair value less costs to sell and the asset's value in use. For the purposes of assessing value in use, the estimated future cash flows are discounted to present value by applying a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to that asset for which the estimates of future cash flows were not harmonized.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the book value, the book value of that asset (cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognized immediately as an expense, except for an asset expressed in a revalued amount, in which case the impairment loss is recognized as a decrease in value resulting from the revaluation of the asset. In case of subsequent reversal of an impairment loss, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated recoverable amount of that asset in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if there had been no recognized impairment losses on to that asset (cash- generating units). The reversal of the impairment loss is immediately recognized as income, unless the asset in question is reported at a revalued amount, in which case the reversal of the impairment loss is reported as a revaluation gain.

3.12. Leases

All leases are calculated by recognizing assets with the right of use and lease obligations, except for:

- Low value leases; and
- Leases whose lease period ends within a period of 12 months from the date of first application or less.

The lease liability is recognized according to the present value of the agreed future payments to the lessor during the term of the lease, discounted at a discount rate that is determined in relation to the rate inherent in the lease, unless it is easy to determine, in which case the Company's incremental borrowing rate at the beginning of the lease is used . Variable lease payments are included in the calculation of lease liabilities, only if they depend on an index or rate. In this case, the initial calculation of the lease liability assumes that the variable element will remain unchanged for the term of the lease. Other variable lease payments represent an expense in the period to which it relates.

On the date of initial recognition, the carrying amount of lease liabilities includes:

- amounts expected to be paid by the lessee under residual value guarantees;
- the price of exercising the purchase option if it is certain that the lessee will use this option; and
- payment of lease termination penalties if the lease period reflects that the lessee will exercise the option to terminate the lease.

Right-of-use assets are initially measured at the amount of lease obligations, less any lease incentives received and increased by:

- all lease payments made on or before the lease commencement date;
- all initial direct costs; and
- the amount of the reservation recognized in the case when the Company contractually bears the costs of dismantling, removal or reconstruction of the place where the property is located.

After initial measurement, the lease liability is increased to reflect the interest on the lease obligations and decreased to reflect the lease payments made. Right-of-use assets are reduced by accumulated depreciation, which is calculated linearly over the duration of the lease, or the remaining economic life of the asset, if it is considered to be shorter than the lease term. The lease liability is subsequently measured when there is a change in future lease payments resulting from a change in the index or rate, or when there is a change in the estimate of the term of any lease.

The group as a lessor

The Group leases certain assets classified as investment properties. The property is subject to an operating lease, and the properties are included in the Group's financial position statement based on the nature of the property. Interest income is recognized on a straight-line basis over the life of the lease.

3.13. Financial instruments

A financial instrument is a contract on the basis of which a financial asset of one business entity and a financial liability or capital of another business entity arise. Financial instruments include primary instruments, such as receivables, liabilities and securities, and derivative instruments - derivatives.

Financial instruments with which the Company most often encounters are:

- Debt and equity securities,
- Deposits,
- Claims and liabilities for loans,
- Financial lease (leasing),
- Cash,
- Derivative financial instruments.

Financial instruments and their constituent parts are initially classified as:

- Financial assets,
- Financial liability,
- Ownership document.

A financial instrument is an ownership document if it does not contain a contractual obligation:

- Payments of money or other financial assets to another entity,
- Exchanges of financial assets or financial liabilities with another entity on potentially unfavourable terms.

A financial liability is any liability that is:

- A contractual obligation to deliver money or other financial assets to another business entity
- A contractual obligation to exchange financial assets or liabilities under potentially unfavourable conditions.

Derived financial instrument - a derivative is an instrument whose value or price is derived from the price of another financial instrument or related asset and which has all three of the following characteristics:

- its value changes depending on a change in a certain interest rate, the price of another financial instrument, the price of a commodity, the exchange rate of a foreign currency, a price index, a credit rating or some other dependent variable,
- does not require an initial investment, or this investment is less than the investment in another contract that would respond similarly to a change in the same dependent variable and
- is settled at some future date.

Derivative financial instruments include interest rate/currency forward contracts, interest rate swap contracts, and currency swap contracts. The company uses these contracts as protection against currency risk.

3.13. Financial instruments (continued)

Derivatives are initially recognized in the balance sheet at cost (including transaction costs), and subsequently remeasured at fair value. Fair values are determined based on quoted market prices, using a discounted cash flow model or an option valuation model, whichever is appropriate. All derivatives are reported as an asset when the fair value is positive, or as a liability when the fair value is negative. Changes in the fair value of derivative financial instruments that do not qualify as hedge accounting are recognized in the income statement at the time of occurrence. Subordinated financial instruments are financial documents issued by the Company, which represent financial obligations.

Treasury shares are their own ownership document, which in case of redemption is subtracted from the capital.

The fair value of a financial instrument is the amount for which an asset can be exchanged or a liability settled between known and willing parties in a pre-contractual transaction.

The effective interest rate is the rate that discounts the estimated future monetary receipts and expenditures during the expected existence of the financial instrument to its net book value. The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and the distribution of interest income and expenses over a certain period.

Classification and recognition of financial assets

The company makes a decision on the classification and measurement of financial assets based on two criteria:

- Business model of financial asset management,
- Contractual characteristics of cash flows of financial assets.

The business model of financial asset management is determined based on the goal of its management. In this sense, IFRS 9 distinguishes between three business models:

- hold to collect" – a business model whose goal is to hold a financial asset due to the collection of contractual cash flows during the lifetime of the financial asset.
- „hold to sell"- a business model whose goal is to hold a financial asset due to the collection of contractual cash flows during the life of the financial asset and due to sale,
- "held for trading" - a business model whose goal is to hold financial assets in order to collect cash flows from sales.

The contractual characteristics of cash flows of financial assets are determined based on an assessment of whether the cash flows of a particular financial asset are only payments of principal and interest on the outstanding amount of principal (SPPI test - Solely Payments of Principal and Interest). The company conducts the SPPI test at the level of an individual contract in order to be able to assess the contractual characteristics of cash flows of financial assets and, depending on the business model, makes a decision on the classification of individual financial assets.

3.13. Financial instruments (continued)

Further to the above, the Company classifies financial assets into the following categories:

- Financial assets measured at amortized cost (until maturity - AC),
- Financial assets measured at fair value through other comprehensive income (FVOCI),
- Financial assets measured at fair value through the profit and loss account (FVPL).

The decision on the classification of financial assets and financial liabilities is made upon initial recognition and, for those categories where appropriate, is assessed at each reporting date. Financial assets are measured at amortized cost if both of the following conditions are met:

- The purpose of the business model within which financial assets are held is to collect contracted cash flows and
- on the basis of the contractual terms of the financial asset, cash flows arise that are only the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost are all financial assets with fixed or determinable payments, which are not quoted on an active market and which the Company created by placing money, goods or services directly to the debtor. This group primarily consists of loans, deposits and receivables. Debt securities can also be classified in this category if the Company has the intention and ability to hold them until maturity. Such financial assets can be sold before the maturity date in accordance with the applicable international financial reporting standards, without changing the business model in cases when:

- there is a liquidity need,
- the due date is close,
- there is a change in the taxation system,
- significant internal restructuring or business combinations,
- the existence of concerns related to the collectability of contractual cash flows (an increase in credit risk).

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

- is kept within the framework of a business model whose goal is achieved by collecting contracted cash flows and selling financial assets and
- on the basis of the contractual terms of the financial asset, cash flows arise that are only the payment of principal and interest on the outstanding principal amount.

The company purchases debt and equity securities that it intends to hold for profit in the form of interest or dividends and that it can sell if the conditions for the same are met are classified in this category of financial assets.

3.13. Financial instruments (continued)

All other financial assets that are not allocated to the previous two categories are allocated to financial assets that are measured at fair value through the profit and loss account. In this category, the Company will classify those financial instruments it holds for trading purposes, i.e. those acquired with the purpose of short-term profit acquisition based on price changes or margins. Likewise, all possible derivatives contracted by the Company will be classified into this category, except for those that would serve as a protective accounting instrument (hedging).

Financial instruments that are initially classified in the category of instruments valued at fair value through the profit and loss account are subsequently valued exclusively at fair value. The results of valuation at fair value are included in the net profit or loss of the period in which they arose.

Interest earned on securities classified in this category is reported as net trading result. Financial instruments classified in this category may not be subsequently classified in other categories.

Initial recognition

The company initially recognizes financial assets in the balance sheet on the date of purchase.

Upon initial recognition of financial assets at amortized cost and assets at fair value through other comprehensive income, the Company measures the asset in question at its fair value including all incurred transaction costs.

Other financial assets classified at fair value through the profit and loss account are initially stated at fair value.

Subsequent measurement

Financial assets measured at amortized cost are stated at amortized cost (using the effective interest rate method) less impairment losses through the profit and loss account.

The premium or discount is included in the book value of the instrument and amortized based on the instrument's effective interest rate and is recognized as interest income in the profit and loss account.

Financial assets measured at fair value through other comprehensive income are reported at fair value on the last calendar day of the month.

Subsequent measurement at fair value includes all gains or losses in revaluation reserves in equity and reserves, until the asset is sold or otherwise disposed of, at which point the cumulative gains or losses previously recognized in equity and reserves are included in net profit or loss periods. Interest, interest income according to the effective interest rate method, exchange rate differences and dividends from this portfolio are recognized in the profit and loss account less impairment losses (expected credit losses).

Upon initial recognition of an equity instrument that is not held for trading, the Company may make an irrevocable decision to present subsequent changes in fair value in other comprehensive income. Investments in equity securities under the option of fair value through other comprehensive income are initially recognized at fair value plus transaction costs.

3.13. Financial instruments (continued)

After initial recognition, the Company values equity securities at fair value, and losses and gains resulting from changes in fair value are recognized in other comprehensive income. Gains and losses on equity instruments are never reclassified to profit or loss, and impairment is not recognized in the income statement. Dividends are recognized in the income statement unless they clearly represent a return of part of the investment cost, in which case they are recognized in other comprehensive income. Cumulative gains and losses recognized in other comprehensive income are transferred to retained earnings after the sale of the investment.

For all other financial assets that are initially measured at fair value, all effects of subsequent measurements, interest, impairment and exchange rate differences go through the profit and loss account.

Principles of fair value measurement

The fair value of financial instruments is based on the market price on the balance sheet date, without deduction for transaction costs. For debt securities that are actively traded on regulated markets, the fair value is defined based on the last price available on the relevant stock exchange for the date of valuation of the security. For equity securities that are actively traded on a regulated market, the fair value is defined based on the last price realized on the issuer's home stock exchange or the stock exchange that is defined as the primary source of the security's price.

The company has defined the criteria for dividing the active and inactive market depending on the type of financial asset as follows:

- For equity securities - an active market is considered a market where equity securities were traded for a minimum of 30 trading days in a three-month period.
- For debt securities and money market instruments, an active market is considered to be a market where the specified instruments were traded for a minimum of 15 trading days in a three-month period.

For financial derivatives, an active market is considered to be a market where at least one of the following criteria is met:

a) there are active offers to buy and/or sell or;

b) traded for a minimum of 10 consecutive business days in a three-month period.

In addition to the above criteria, the Company has defined additional criteria for determining transactions whose price does not represent fair value, i.e. transactions that will not be considered relevant when calculating the number of trading days, namely:

- fictitious trading where up to 5 pieces are traded
- the Company's own assessment regarding a specific transaction that could be excluded from the analysis of market activity with a written explanation of the reasons for which the transaction will be excluded.

3.13. Financial instruments (continued)

The above data is checked via the websites of the relevant stock exchange, i.e. via the Bloomberg financial information service (for debt securities on the HP ("historical price") display, where the price source is BGN (Bloomberg Generic prices), while for equity securities, financial derivatives and commodities on the HP display with adjusted parameters: Market - Last Price). For those markets where data on the number of transactions with the security in question is not available (e.g. Croatian bonds issued on foreign markets, Croatian corporate bonds issued on foreign markets), each day on which the price is different compared to the previous day will be considered relevant when calculating number of trading days. At the time of evaluation of a financial instrument, which has been listed on regulated markets for a period of less than three months, the company will appropriately apply the aforementioned provisions in proportion to the period of listing of the financial instrument. At least at the end of the calendar quarter, the company assesses whether the financial instrument meets the aforementioned conditions. In the event that the financial instrument does not meet the criteria of an active market, the Company applies the fair value of the financial instruments determined by valuation techniques.

Impairment loss

On the balance sheet date, all financial instruments are reviewed, in order to establish the existence of objective reasons for impairment. If there are such indicators, the Company estimates the recoverable amount. For all claims based on the insurance premium, a value correction (value adjustment) is carried out for all unpaid claims within 180 days from the day when they should have been collected according to the insurance contracts. Postings of value adjustments are carried out at the expense of business expenses. The value correction (value adjustment) of claims based on the insurance premium can be carried out in terms longer than those specified. In these cases, the extension of the deadline for the correction of the value of receivables is determined by the director of the branch and the director of sales with the consent of the Management. Impairment of financial assets is recognized according to the expected credit loss model. The expected credit loss model is an impairment model that requires that the possible loss due to the impairment of the financial instrument is estimated when the financial instrument is acquired, based on available relevant information, and is recognized immediately upon initial recognition of the asset. The basic characteristics of the model are that when measuring the loss, it takes into account all available information, which includes information on losses from past periods, information on the current situation and information related to expectations in future periods and enables the recognition of impairment losses in a timelier manner. The provision for credit losses represents the best estimate of default risk and expected credit losses (ECL) on financial assets.

This model applies to all financial instruments that are subject to impairment requirements, regardless of the type of instrument or the measurement category to which the instrument is assigned.

3.13. Financial instruments (continued)

According to IFRS 9, the scope of requests for impairment includes:

- Financial assets measured at amortized cost,
- Financial assets measured at fair value through other comprehensive income (except equity instruments),
- Other debt instruments within the framework of IFRS 9 requirements for impairment (receivables based on lease agreements, receivables from customers, contractual assets)
- Obligations based on loans (according to approved unused loans)
- Obligations under financial guarantee contracts

The expected credit loss model is based on the classification of exposure in 3 stages based on the change in credit quality from the moment of initial recognition, financial assets are classified into:

- Stage 1 - if there was no significant increase in the credit risk of the financial asset, and the 12-month expected credit loss is applied to it.
- Stage 2 - if there has been a significant increase in the credit risk of the financial asset, and the lifetime expected credit loss is applied to it.
- Stage 3 - if there is evidence of impairment of financial assets, and expected credit losses during the lifetime are applied to it. Defaulted assets in default status are classified in Stage 3.

Expected credit losses for the twelve-month period refer to the part of expected credit losses throughout the entire period of the instrument, which represent expected credit losses as a result of the occurrence of default status in the period of 12 months from the reporting period. Expected credit losses during the lifetime refer to expected credit losses throughout the life of the instrument, which represent expected credit losses as a result of the occurrence of all possible default statuses during the life of the financial instrument. For financial instruments to which this impairment model is applied, upon initial recognition, the Company always recognizes, in the profit and loss account, the amount of expected credit losses for the twelve-month period. Expected credit losses during the lifetime of the 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 during initial recognition (POCI assets - Purchased or originated credit-impaired financial assets), estimated expected credit losses are included in the initial fair value of the asset. For such assets in the reporting period, only the cumulative change in expected credit losses over the entire lifetime of the financial asset compared to initial recognition is recognized. Such assets are not subject to phasing based on changes in credit quality. If over time there is a positive change in relation to the initial recognition, the change is carried out through the book value of the asset, and in case of a negative change, the Company forms a reservation for impairment.

3.13. Financial instruments (continued)

Cessation of recognition

The Company ceases to recognize a financial asset or part of it when the contractual rights that include the financial asset [or some part of it] expire or if it transfers the financial asset and all the risks and benefits of ownership to another entity or they are completely corrected and written off. Loans and receivables are derecognized on the day the Company transfers its rights, while assets that are carried at amortized cost until maturity are derecognized upon maturity. When a financial asset held for trading or a fair value portfolio is sold, its recognition ceases on the trading day when the Company assumes the obligation to sell the asset.

Reclassification of financial assets

The company will reclassify investments in debt financial assets in the event of a change in the business model of financial asset management. The reclassification takes effect from the first day of the reporting period following the decision. After a change in the management model, i.e. after a decision on reclassification, the Company is obliged to reclassify all assets affected by the change. Equity securities classified as financial assets at fair value through other comprehensive income cannot be subsequently reclassified by the Company. Also, the Company cannot reclassify any financial instrument that was initially classified as a financial asset at fair value through the profit and loss account.

Write-off of financial assets

The company writes off financial assets in the event of objective information about difficulties in the business of the issuer of financial assets, that is, when there is no realistic possibility of return on investment. Such cases are, for example, liquidation or bankruptcy proceedings. In the case of a collection for a previously written-off financial asset, it is recognized in the profit and loss account.

Set-off

Financial assets and liabilities are offset and are reported in the net amount in the statement of financial position in the case when there is a legally enforceable right to set off recognized amounts and there is an intention to settle on a net basis or to simultaneously acquire assets and settle liabilities.

Income and expenses are recognized on a net basis when this is permitted by accounting standards or when gains and losses arise from a group of similar transactions.

Financial obligations

Obligations can be classified as:

- at the amortized cost resulting from a business transaction based on a contract and/or other authentic document on the origination of the obligation.
- at the fair value of liabilities arising from trading and included here according to the definition of liabilities arising from derivative transactions.

3.13. Financial instruments (continued)

Financial obligations can be divided into:

- loans received,
- issued debt securities,
- other obligations

Within liabilities, provisions for potential liabilities are also shown, which are charged to the cost of the period in which they arose, and refer to provisions for assumed off-balance sheet liabilities, provisions for court cases and other provisions for other potential liabilities. Financial liabilities are derecognized when they are paid or otherwise cease to exist.

3.13. Financial guarantees

Agreements on financial guarantees are agreements that require the issuer to make specific payments in order to compensate the holder for the loss that occurs when the debtor does not meet the due payments in accordance with the terms of the debt instrument. Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee is given. After initial recognition, the Group's obligations under such guarantees are measured at their original valuation, less depreciation, which is calculated in order to recognize in the income statement income from fees realized by applying the straight-line method over the lifetime of the guarantee and the best estimate of the cost required to settle any financial obligations at the balance sheet date, whichever is greater. These estimates are determined on the basis of experience with similar transactions and historical losses, taking into account the judgments of the Management Board.

3.14. Other obligations and reservations

Trade payables and other liabilities are initially recognized at fair value and subsequently at amortized cost. The Company recognizes provisions when it has a present legal or derivative obligation that can be reliably estimated and it is likely that funds will be required to settle such obligations.

3.15. Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are voted.

3.16. Capital

The Company's capital consists of the following items:

Share capital represents the nominal value of paid-up ordinary shares classified in the position of capital and reserves and is denominated in EUR.

Statutory reserves and other reserves represent accumulated transfers from retained earnings of previous years and are formed in accordance with the provisions of the relevant laws. Legal and other reserves can be used to cover losses incurred in previous periods, which cannot be covered from the current year's profit or when there are no other reserves.

Other reserves are formed and used based on the decision of the Company's Assembly and can be used to increase the capital stock, pay dividends, cover losses or other purposes.

Revaluation reserves include unrealized net gains and losses from changes in the fair value of available-for-sale financial assets, less deferred tax.

In accordance with IFRS 17, the Company made a decision to recognize the effect of financial income or expenses through other comprehensive income (OCI option), less deferred tax. The amount included in this position represents the difference between the total insurance financial income/expense and the amount of financial income/expense recognized in profit or loss. The position represents the effect (income and expenses) of the change in the discount rate in relation to the discount rate used during the initial recognition of the present value of the cash flows associated with the execution of a group of insurance contracts.

3.17. Assets from reinsurance contracts

Assets from reinsurance contracts represent the sum of assets for residual coverage (ARC) and assets for claims incurred (AIC) of the reinsurance portfolio, respectively according to reinsurance contracts. Similar to the insurance portfolio on the liability side, assets for residual coverage represent the amount of assets (claims receivables) based on existing reinsurance contracts for reinsured events that have not yet occurred (that is, claims for the portion of reinsurance coverage that has not expired) and the amount of claims based on existing reinsurance contracts relating to services from reinsurance contracts that have not yet been provided.

Claims assets represent the amount of claims for reinsured events that have already occurred, including events that have occurred but for which no claims have been reported, as well as other reinsurance income generated. The company uses the effect of the time value of money when calculating assets for incurred damages.

3.18. Cash and cash equivalents

Cash and cash equivalents are funds available on the Company's current accounts, cash in hand, demand deposits and other highly liquid instruments with a short collection period. Cash and cash equivalents are measured at amortized cost.

3.19. Prepaid expenses

Expenditures for the payment of costs related to future periods and overdue revenue collection are recorded as active accruals.

3.20. Deferred payment of expenses and future period income

Liabilities for expenses incurred in the current period whose payment is deferred for the next period and accrued income whose recognition is deferred for the next period are recorded as deferred income.

3.21. Staff expenses

Employee benefits

The Group is obliged to pay contributions to state funds for pension and health insurance in accordance with legal regulations. The Group's obligation ends when the contributions are settled. Contributions are recognized as an expense in the income statement as incurred.

Short-term employee remuneration

Obligations based on the system of short-term remuneration of employees are reported on an undiscounted basis and are recognized as an expense at the time of rendering the corresponding service. A liability is recognized in the amount that is expected to be paid based on a short-term cash bonus payment system or profit sharing when the Group has a present legal obligation to pay that amount as compensation for the service that the employee performed in the past, and that obligation can be reliably estimated.

Other employee benefits

Obligations based on long-term employee benefits, such as jubilee awards and severance pay, are reported in the net amount of the present value of the defined benefit obligation on the reporting date. The projected unit credit method is used to calculate the present value of the liability.

3.22. Statutory technical reserves

In connection with all the insurance operations it performs, the company must form appropriate statutory technical reserves for non-life insurance intended to cover obligations from non-life insurance contracts. on insurance and reinsurance contracts, and which obligations are divided into:

- liability for incurred coverage (LIC),
- liability for remaining coverage (LRC).

Liability for incurred coverage (LIC)

The amount of obligations of justified compensation claims for insured events that have already occurred, including events that have occurred but for which no claims have been reported, and other incurred insurance expenses and the payment of amounts related to services from the insurance contract that have already been provided or any investment components or other amounts that are not related to the provision of services under the insurance contract and that are not in liabilities for remaining coverage.

Liability for remaining coverage (LRC)

The amount of the obligations of justified compensation claims based on existing insurance contracts for insured events that have not yet occurred (that is, the obligation related to the part of the insurance coverage that has not expired) and the payment of amounts based on existing insurance contracts related to services from the contract of insurance that has not yet been provided (i.e. obligations related to the future provision of services from the insurance contract) or all investment components or other amounts that are not related to the provision of services from the insurance contract and which have not been transferred to liabilities for incurred coverage.

3.23. Contract classification

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The company concludes insurance contracts as its main activity, in which it assumes a significant insurance risk from the policyholder. The risk is significant only if the insured event can result in significant additional amounts for the insurer in any scenario. An insurance contract is a contract based on which one party (the insurer) assumes a significant insurance risk from another party (the policyholder) and agrees to pay the policyholder compensation if the policyholder suffers damage due to a certain uncertain future event (the insured event). In accordance with the above, the Company determines whether the contracts it concludes are insurance contracts according to the criteria of significance and uncertainty. Therefore, when concluding an insurance contract, at least one of the following elements is uncertain:

- the probability of occurrence of the insured event;
- the time of occurrence of the insured event or
- the amount that the subject will have to pay in the event of the insured event.

When classifying insurance contracts, when determining the contracts that are within the scope of IFRS 17, the Company must assess whether it is necessary to treat a certain set of contracts as one contract and also whether it is necessary to separate and calculate any embedded derivatives, investment components and components of goods and services according to another standard. In non-life insurance, the principles used to determine the significance of the insurance risk are identical to the IFRS 4 standard, and the following cash flows are compared for significance:

- cash flows in the event of the occurrence of the insured event and
- cash flows in all the other scenarios.

The company defines a significant insurance risk if the damage compensation (cash flows in the event of the occurrence of the insured event) is at least 5% compared to the total cash flows. In the event that the insurance risk of a group of contracts is at a lower level, that group is not covered by the scope of IFRS 17.

Separation of the components of the insurance contract

An insurance contract may contain one or more components that would be covered by another standard if they were separate contracts. For example, an insurance contract may include an investment component or a non-insurance service component (or both). The company in such cases:

- applies IFRS 9 to determine whether there is an embedded derivative that needs to be separated, and if so, how to account for it and
- separates the investment component from the underlying insurance contract only if that investment component is different.

The Company applies IFRS 9 to account for the separate investment component, unless it is an investment contract with features of discretionary participation covered by the scope of IFRS 17. IFRS 17 is applied to all remaining components of the basic insurance contract.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in the application of accounting policies

The Group estimates and makes assumptions that affect the values of assets and liabilities for the next financial year. Estimates and assumptions are continuously re-evaluated and are based on the principle of experience and other factors, including realistic expectations of future events.

Obligations from insurance contracts

Estimates related to the Group's financial statements refer to the formation of obligations from insurance contracts. The Group has a reasonably cautious approach to the formation of statutory technical reserves in accordance with HANFA regulations. The group employs authorized actuaries. The basic assumptions used in the valuation of liabilities from insurance contracts are described in the Note 3.1, while liabilities from insurance contracts are analysed in notes 23 and 29.

Fair value of financial instruments

The Group uses an appropriate valuation method for financial instruments that are not listed on the active market, selecting them based on its own judgment, using the usual valuation methods. Other financial instruments are valued based on the analysis of discounted cash flows or a comparative approach based on assumptions about market prices or rates if they exist. In estimating the fair value of shares that are not listed on the stock exchange, certain assumptions are used that are not supported by actual market prices or rates. The assumptions used and the results of the sensitivity analysis of the assumptions are set out in notes 16 and 28.

Fair value of property

The Group revalued its land and construction facilities classified as property and equipment and as property investments based on an independent appraisal. The assessments were made based on an on-site inspection of the condition of the property as well as control and inspection/measurement of the location and dimensions of the property, then inspection of the submitted and available documentation.

Impairment of goodwill

The prospective determination of whether goodwill has been impaired requires an assessment of the value in use of the cash-generating units to which the goodwill has been allocated. When calculating the value in use, the Management should estimate the future cash flows expected from the cash-generating unit and the appropriate discount rate for calculating the present value.

Estimated property values

Valuation of property was done through one or more recognized methods, and each individual property is analysed separately, and according to the available data and the real situation, the method or methods to be evaluated are selected. The fair value assumptions used are listed in notes 14 and 15.

The useful life of property and equipment

The Group reviews the estimated useful lives of property and equipment at the end of each annual reporting period. During the year, the useful life of property and equipment was unchanged.

(all amounts in thousands of EUR)

5. REVENUE FROM INSURANCE CONTRACTS – PREMIUM DISTRIBUTION MODEL (PAA)

	Group 2024.	**Company 2024**	**Group 2023**	**Company 2024**
Contracts measured by the premium distribution model	238,419	238,419	221,008	221,008
	238,419	**238,419**	**221,008**	**221,008**

Insurance income by type of insurance is presented as follows:

Premium Distribution Model (PAA)	**Group and Company 2024**	**Group and Company 2023**
Liability insurance for the use of motor vehicles	134,520	124,128
Other motor vehicle insurances	52,542	47,663
Fire insurance and other property insurance	18,949	17,726
Income protection insurance	15,346	15,650
Other liability insurance	7,294	6,976
Insurance assistance (assistance)	3,722	3,717
Various financial loss insurance	3,076	2,654
Other insurances	2,970	2,494
	238,419	**221,008**

Overview of Company and Group revenues by geographic area:

GROUP AND THE COMPANY

2024	**Croatia**	**Austria (through a branch office)**	**Italia (direct business)**	**Total 2024**
Liability insurance for the use of motor vehicles	97,685	13,789	23,046	134,520
Other motor vehicle insurances	48,042	4,097	402	52,542
Fire insurance and other property insurance	18,344	605	-	18,949
Income protection insurance	14,838	382	126	15,346
Other liability insurance	7,156	138	-	7,294
Help insurance (assistance)	3,194	85	443	3,722
Various financial loss insurance	2,993	83	-	3,076
Other insurances	2,917	54	-	2,970
	195,169	**19,233**	**24,017**	**238,419**

(all amounts in thousands of EUR)

5. REVENUE FROM INSURANCE CONTRACTS – PREMIUM DISTRIBUTION MODEL (PAA) (CONTINUED)

Overview of Company and Group revenues by geographic area (continued)

GROUP AND THE COMPANY

2023	Croatia	Austria (through a branch office)	Italia (direct business)	Total 2023
Liability insurance for the use of motor vehicles	86,357	16,552	21,219	124,128
Other motor vehicle insurances	41,111	6,294	258	47,663
Fire insurance and other property insurance	16,991	735	-	17,726
Income protection insurance	15,019	515	116	15,650
Other liability insurance	6,816	160	-	6,976
Help insurance (assistance)	3,272	110	335	3,717
Various financial loss insurance	2,536	118	-	2,654
Other insurances	2,415	79	-	2,494
	174,517	**24,563**	**21,928**	**221,008**

(all amounts in thousands of EUR)

6. EXPENSES FROM THE INSURANCE CONTRACT

	Group 2024	Company 2024	Group 2023	Company 2024
Claims incurred	126,084	126,084	113,677	113,677
Commissions	12,009	12,009	10,867	10,867
Other expenses related to the sale of insurance (i)	30,786	30,786	30,870	30,870
Other expenses from the provision of insurance services (ii)	46,963	46,963	45,299	45,299
Change of obligations for damages	7,092	7,092	2,064	2,064
	222,934	**222,934**	**202,777**	**202,777**

(i) Other expenses related to the sale of insurance are presented as follows:

	Group 2024	Company 2024	Group 2023	Company 2024
Sales staff salary costs	23,534	23,534	21,049	21,049
Promotions	5,859	5,859	5,874	5,874
Media	766	766	636	636
Policy issuance costs	281	281	293	293
Other acquisition costs	346	346	3,018	3,018
	30,786	**30,786**	**30,870**	**30,870**

(ii) Other expenses from the provision of insurance services are as follows:

	Group 2024	Company 2024	Group 2023	Company 2023
Salaries, taxes and contributions from and to salaries (other)	9,947	9,947	9,024	9,024
Material costs	2,433	2,433	2,226	2,226
Energy consumed	2,027	2,027	2,138	2,138
Service costs	11,398	11,398	11,600	11,600
Insurance premiums	2,319	2,319	2,476	2,476
Banking services and payments fees	2,266	2,266	2,057	2,057
Employee benefits	3,274	3,274	3,057	3,057
Depreciation of property and equipment	4,273	4,273	3,957	3,957
Daily allowances for official travel and travel expenses	756	756	673	673
Representation	1,083	1,083	1,146	1,146
Fees to regulatory authorities	239	239	320	320
HZZO compensation	2,249	2,249	1,963	1,963
Guarantee Fund of the Croatian Insurance Office	804	804	489	489
Firefighting contribution	82	82	77	77
Premium refunds	1,799	1,799	1,801	1,801
Reservations	186	186	(1,138)	(1,138)
Other costs and expenses	1,828	1,828	3,433	3,433
	46,963	**46,963**	**45,299**	**45,299**

(all amounts in thousands of EUR)

7. NET INVESTMENT RESULT

	Group 2024	Company 2024	Group 2023	Company 2023
Property investment gains (i)	4,237	4,313	2,884	2,961
Interest income calculated using the method of effective interest rate (ii)	6,751	6,751	5,471	5,471
Dividend income	1,897	2,101	1,380	1,624
Realized losses on financial assets (iii)	15	15	(163)	(163)
Other investment income (iv)	1,083	1,083	2,008	2,008
Other investment expenses (v)	(4,820)	(4,820)	(5,077)	(5,077)
	9,163	**9,443**	**6,503**	**6,824**

(i) Gains from investment in property are presented as follows:

	Group 2024	Company 2024	Group 2023	Company 2023
Revenues from rentals	4,562	4,562	4,478	4,478
Change in the fair value of property investments	2,964	3,040	1,349	1,426
Other investment costs	(3,289)	(3,289)	(2,943)	(2,943)
	4,237	**4,313**	**2,884**	**2,961**

Other investment costs refer to the overhead costs of investment properties, as shown below.

	Group 2024	Company 2024	Group 2023	Company 2023
Investment property costs	2,540	2,540	2,365	2,365
Property insurance on investments	749	749	578	578
	3,289	**3,289**	**2,943**	**2,943**

(ii) Interest income calculated using the effective interest rate method

	Group 2024	Company 2024	Group 2023	Company 2023
Financial assets at amortized cost	4,662	4,662	3,921	3,921
Financial assets at fair value through other comprehensive income	2,089	2,089	1,550	1,550
	6,751	**6,751**	**5,471**	**5,471**

(all amounts in thousands of EUR)

7. NET INVESTMENT RESULT (CONTINUED)

(iii) Realized gains/(losses) from financial assets that are carried at fair value through other comprehensive income:

	Group 2024	Company 2024	Group 2023	Company 2023
Debt securities	15	15	(163)	(163)
	15	**15**	**(163)**	**(163)**

(iv) Other investment income

	Group 2024	Company 2024	Group 2023	Company 2023
Release of financial asset impairment	1,083	1,083	1,988	1,988
Other income	-	-	20	20
	1,083	**1,083**	**2,008**	**2,008**

(v) Other investment expenses

	Group 2024	Company 2024	Group 2023	Company 2023
Insurance on investments	(3,723)	(3,723)	(3,726)	(3,726)
Personnel costs - investments	(526)	(526)	(490)	(490)
Interest expenses	(571)	(571)	(861)	(861)
	(4,820)	**(4,820)**	**(5,077)**	**(5,077)**

8. NET FINANCIAL RESULT FROM INSURANCE AGREEMENT AND PASSIVE REINSURANCE

	Group 2024	Company 2024	Group 2023	Company 2023
Net financial result from the insurance contract	(2,784)	(2,784)	(1,724)	(1,724)
Net financial result from (passive) reinsurance contracts	46	46	26	26
	(2,738)	**(2,738)**	**(1,698)**	**(1,698)**

(all amounts in thousands of EUR)

9. OTHER INCOME

	Group 2024	Company 2024	Group 2023	Company 2023
Business income (Transport offices – Zulassungstelle)	2,054	2,054	1,877	1,877
Cash value of life insurance policies	1,415	1,415	2,127	2,127
Other income - border insurance and processing fee	664	664	644	644
Other revenues	1,237	559	1,365	730
	5,370	**4,692**	**6,013**	**5,378**

10. OTHER BUSINESS EXPENSES

	Group 2024	Company 2024	Group 2023	Company 2023
Business expenses (Transport offices – Zulassungstelle)	3,027	3,027	3,290	3,290
Contributions and membership fees	2,248	2,248	1,289	1,289
Other expenses	288	179	285	173
	5,563	**5,454**	**4,864**	**4,752**

(all amounts in thousands of EUR)

11. PROFIT TAX

Profit tax is calculated in accordance with Croatian regulations. The tax rate on taxable profit is 18%. The total income tax expense is adjusted to the accounting profit as follows:

	Group 2024	Company 2024	Group 2023	Company 2023
Total tax expense				
Current tax on profit	(3,171)	(3,122)	(4,249)	(4,206)
Deferred tax expense	(32)	(32)	670	670
The tax expense recognized in the profit and loss statement	**(3,203)**	**(3,154)**	**(3,579)**	**(3,535)**
Profit before tax	**18,939**	**18,650**	**20,352**	**20,150**
Income tax at the rate of 18% (2022: 18%)	(3,409)	(3,357)	(3,663)	(3,627)
Non-taxable costs at the rate of 18% (2022:18%)				
50% of representation costs	(102)	*(102)*	*(122)*	*(122)*
Depreciation above the prescribed rates	(185)	*(185)*	*(173)*	*(173)*
Write-off of receivables	(18)	*(18)*	*(22)*	*(22)*
Other increases	(39)	*(39)*	*(1,016)*	*(1,016)*
Profit reductions at the rate of 18% (2022: 18%)				
Dividend income	378	*378*	*292*	*292*
The other	204	*201*	*455*	*462*
Current tax on profit	**(3,171)**	**(3,122)**	**(4,249)**	**(4,206)**

The tax expense of the subsidiary was 29 thousand euros, which does not represent a materially significant amount for the Group.

(all amounts in thousands of EUR)

11. PROFIT TAX (CONTINUED)

GROUP

2024 Deferred tax liabilities	Opening balance	Realized through other comprehensive income	Realized through the profit and loss statement	Account balance
Revaluation reserves for financial assets	(6,266)	(1,500)	-	(7,766)
Revaluation reserves for property	(11,251)	(418)	178	(11,491)
Financial reserve from the insurance contract	(638)	187	-	(451)
	(18,155)	**(1,731)**	**192**	**(19,708)**
Deferred tax assets				
Value adjustment for loans and receivables	217	-	(217)	-
Leases (IFRS 16)	57	-	7	64
Adjustment of value of financial assets at fair value	348	(242)	-	106
Net deferred tax liability	**(17,533)**	**(1,973)**	**(32)**	**(19,538)**

COMPANY

2024 Deferred tax liabilities	Opening balance	Realized through other comprehensive income	Realized through the profit and loss statement	Account balance
Revaluation reserves for financial assets	(5,947)	(1,530)	-	(7,477)
Revaluation reserves for property	(10,597)	(418)	178	(10,837)
Financial reserve from the insurance contract	(638)	187	-	(451)
	(17,182)	**(1,760)**	**178**	**(18,765)**
Deferred tax assets				
Value adjustment for loans and receivables	217	-	(217)	-
Leases (IFRS 16)	57	-	7	64
Adjustment of value of financial assets at fair value	348	(242)	-	106
Net deferred tax liability	**(16,560)**	**(2,002)**	**(32)**	**(18,595)**

(all amounts in thousands of EUR)

11. PROFIT TAX (CONTINUED)

GROUP

2023 **Deferred tax liabilities**	**Opening balance**	**Effect of the first application of IFRS 9**	**Realized through other comprehensive income**	**Realized through the profit and loss statement**	**Account balance**
Revaluation reserves for financial assets	(1,785)	(2,637)	(1,844)	-	(6,266)
Revaluation reserves for property	(10,992)	-	(426)	167	(11,251)
Financial reserve from the insurance contract	(2,338)	-	706	994	(638)
	(15,115)	**(2,637)**	**(1,564)**	**1,161**	**(18,155)**
Deferred tax assets					
Value adjustment for loans and receivables	614	-	-	(397)	217
Leases (IFRS 16)	51	-	-	6	57
Adjustment of value of financial assets at fair value	906	72	(530)	(100)	348
Net deferred tax liability	**(13,544)**	**(2,565)**	**(2,094)**	**670**	**(17,533)**

COMPANY

2023 **Deferred tax liabilities**	**Opening balance**	**Effect of the first application of IFRS 9**	**Realized through other comprehensive income**	**Realized through the profit and loss statement**	**Account balance**
Revaluation reserves for financial assets	(1,509)	(2,637)	(1,802)	-	(5,948)
Revaluation reserves for property	(10,337)	-	(426)	167	(10,596)
Financial reserve from the insurance contract	(2,338)	-	706	994	(638)
	(14,184)	**(2,637)**	**(1,522)**	**1,161**	**(17,182)**
Deferred tax assets					
Adjustment of value for loans and receivables	614	-	-	(397)	217
Leases (IFRS 16)	51	-	-	6	57
Value adjustment for financial assets at fair value	906	72	(530)	(100)	348
Net deferred tax liability	**(12,613)**	**(2,565)**	**(2,052)**	**670**	**(16,560)**

The tax administration can at any time review business books and records within 3 years after the end of the year in which the tax liability for the reporting year was determined and can calculate additional tax liabilities and fines. The Group's management is not aware of any circumstances that could create a material potential liability in the aforementioned sense.

(all amounts in thousands of EUR)

12. GOODWILL

	Group 31/12/2024	Group 31/12/2023	Company 31/12/2024	Company 31/12/2023
Expense	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Opening balance	**572**	**572**	**-**	**-**
Increase	-	-	-	-
Account balance	**572**	**572**	**-**	**-**
Accumulated impairment				
Opening balance	**-**	**-**	**-**	**-**
Impairment of value	**-**	**-**	**-**	**-**
Account end balance	**-**	**-**	**-**	**-**
Book value				
Opening balance	**572**	**572**	**-**	**-**
Account end balance	**572**	**572**	**-**	**-**

In 2017, the Group recognized goodwill upon the purchase of the company MTT d.o.o. Rijeka, in the amount of 572 thousand euros. On June 29, 2017, the company bought a 68.12% stake in MTT d.o.o. for compensation of 3,442 thousand euros. The difference between the net assets of the acquired Company and the acquisition consideration is shown as goodwill.

(all amounts in thousands of EUR)

13. INTANGIBLE ASSETS

GROUP AND COMPANY

	Investments in property owned by others	Software	Total
Purchase value			
Balance as of January 1, 2023	**2,621**	**771**	**3,392**
Increases	104	14	118
Balance as of December 31, 2023	107	-	107
Increases	**2,832**	**785**	**3,617**
Transfer into use	-	17	17
Balance as of December 31, 2024	-	(1)	(1)
Purchase value	**2,832**	**801**	**3,633**
Accumulated depreciation			
Balance as of January 1, 2023	**2,089**	**753**	**2,842**
Cost for the year	122	14	135
Balance as of December 31, 2023	**2,211**	**767**	**2,977**
Cost for the year	94	11	105
Sales and expenditure	-	(1)	(1)
Balance as of December 31, 2023	**2,305**	**777**	**3,081**
Net present value			
Balance as of January 1, 2023	**532**	**18**	**550**
Balance as of December 31, 2023	**621**	**18**	**640**
Balance as of December 31, 2024	**527**	**24**	**552**

(all amounts in thousands of EUR)

14. PROPERTY AND EQUIPMENT

GROUP

	Land	Buildings	Equipment	Other tangible assets	Ongoing investments	Total
Purchase value or revaluation						
Balance as of January 1, 2024	**7,919**	**80,333**	**22,702**	**2,386**	**14,379**	**127,719**
Increases	-	337	2,304	-	2,872	5,513
Change in fair value	380	1,941	-	-	-	2,321
Transfer into use	1,118	5,164	-	-	(6,282)	-
Transfer to property investment	-	-	-	-	(8,155)	(8,155)
Sales and expenditure	-	(209)	(1,259)	-	-	(1,468)
Balance as of December 31, 2024	**9,417**	**87,566**	**23,747**	**2,386**	**2,814**	**125,930**
Accumulated depreciation						
Balance as of January 1, 2024	**-**	**38,801**	**19,698**	**2,386**	**-**	**60,885**
Cost for the year	-	2,549	1,620	-	-	4,169
Sales and expenditure	-	(192)	(892)	-	-	(1,084)
Balance as of December 31, 2024	**-**	**41,158**	**19,426**	**2,386**	**-**	**63,970**
Net book value						
Balance as of December 31, 2023	**7,919**	**41,532**	**3,004**	**-**	**14,379**	**66,834**
Balance as of December 31, 2024	**9,417**	**46,408**	**3,321**	**-**	**2,814**	**61,960**

(all amounts in thousands of EUR)

14. PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

	Land	Property	Equipment	Other tangible assets	Ongoing investments	Total
Balance as of January 1, 2024	**7,919**	**80,333**	**22,665**	**2,386**	**14,379**	**127,682**
Increases	-	337	2,304	-	2,872	5,513
Change in fair value	380	1,941	-	-	-	2,321
Transfer into use	1,118	5,164	-	-	(6,282)	-
Transfer to property investment	-	-	-	-	(8,155)	(8,155)
Sales and expenditure	-	(209)	(1,232)		-	(1,441)
Balance as of December 31, 2024	**9,417**	**87,566**	**23,737**	**2,386**	**2,814**	**125,920**
Accumulated depreciation						
Balance as of January 1, 2024	**-**	**38,801**	**19,698**	**2,386**	**-**	**60,885**
Cost for the year	-	2,549	1,620	-	-	4,169
Sales and expenditure	-	(192)	(892)	-	-	(1,084)
Balance as of December 31, 2024	**-**	**41,158**	**19,426**	**2,386**	**-**	**63,970**
Net book value						
Balance as of December 31, 2023	**7,919**	**41,532**	**2,967**	**-**	**14,379**	**66,797**
Balance as of December 31, 2024	**9,417**	**46,408**	**3,311**	**-**	**2,814**	**61,950**

(all amounts in thousands of EUR)

14. PROPERTY AND EQUIPMENT (CONTINUED)

GROUP

	Land	Property	Equipment	Other tangible assets	Ongoing investments	Total
Purchase value or revaluation						
Balance as of January 1, 2023	**7,893**	**78,037**	**22,776**	**2,386**	**13,851**	**124,943**
Increases	-	168	1,762	-	1,061	2,991
Change in fair value	25	2,343	-	-	-	2,368
Transfer into use	-	44	-	-	(44)	-
Transfer to property investment	-	-	-	-	(382)	(382)
Transfer to intangible assets	-	-	-	-	(107)	(107)
Sales and expenditure	-	(258)	(1,836)	-	-	(2,094)
Balance as of December 31, 2023	**7,919**	**80,333**	**22,702**	**2,386**	**14,379**	**127,719**
Accumulated depreciation						
Balance as of January 1, 2023	**-**	**36,590**	**20,093**	**2,386**	**-**	**59,069**
Cost for the year	-	2,409	1,412	-	-	3,821
Sales and expenditure	-	(197)	(1,807)	-	-	(2,004)
Balance as of December 31, 2023	**-**	**38,801**	**19,698**	**2,386**	**-**	**60,885**
Net book value						
Balance as of December 31, 2022	**7,893**	**41,447**	**2,683**	**-**	**13,851**	**65,875**
Balance as of December 31, 2023	**7,919**	**41,532**	**3,004**	**-**	**14,379**	**66,834**

(all amounts in thousands of EUR)

14. PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

	Land	Buildings	Equipment	Other tangible assets	Ongoing investments	Total
Balance as of January 1, 2023	**7,893**	**78,037**	**22,716**	**2,386**	**13,851**	**124,883**
Increases	-	168	1,762	-	1,061	2,991
Change in fair value	25	2,343	-	-	-	2,368
Transfer into use	-	44	-	-	(44)	-
Transfer to property investment	-	-	-	-	(382)	(382)
Transfer to intangible assets	-	-	-	-	(107)	(107)
Sales and expenditure	-	(258)	(1,813)	-	-	(2,071)
Balance as of December 31, 2023	**7,919**	**80,333**	**22,665**	**2,386**	**14,379**	**127,682**
Accumulated depreciation						
Balance as of January 1, 2023	**-**	**36,590**	**20,093**	**2,386**	**-**	**59,069**
Cost for the year	-	2,409	1,412	-	-	3,821
Sales and expenditure	-	(197)	(1,807)	-	-	(2,004)
Balance as of December 31, 2023	**-**	**38,801**	**19,698**	**2,386**	**-**	**60,885**
Net book value						
Balance as of December 31, 2022	**7,893**	**41,447**	**2,623**	**-**	**13,851**	**65,814**
Balance as of December 31, 2023	**7,919**	**41,532**	**2,967**	**-**	**14,379**	**66,797**

(all amounts in thousands of EUR)

14. PROPERTY AND EQUIPMENT (CONTINUED)

Under property and equipment on December 31, 2024, assets with the right to use based on concluded lease agreements in the total amount of 4,051 thousand euros were reported. Assets with the right of use are shown as follows:

	Buildings	Equipment	Total
Balance as of January 1, 2024	**2,441**	**1,566**	**4,007**
Increase	334	1,556	1,890
Reduction	(17)	(303)	(320)
Amortization	(567)	(959)	(1,526)
Balance as of December 31, 2024	**2,191**	**1,860**	**4,051**

If land and property were valued using the cost method less accumulated depreciation, the values would be as follows:

GROUP AND COMPANY

	31 Dec 2024	31 Dec 2023
Purchase value	52,737	46,327
Accumulated depreciation	(22,158)	(20,787)
Net book value	**30,579**	**25,540**

On December 31, 2024, revaluation reserves for property and equipment amount to 20,702 thousand euros. The amount of 28,640 thousand euros refers to revaluation reserves for investment property that were reclassified from property and equipment in previous years.

To calculate the market value of property, the appraiser used the income and comparative method. The calculation uses data published by competent institutions, data on current trends in property values for the location in question and the equivalent facility. The valuation method was not changed during the year. However, the estimated fair values do not necessarily indicate the amounts that the Group could realize in an actual transaction.

The following is information on the fair value hierarchy as of December 31, 2024 and 2023:

	1st level	2nd level	3rd level	Fair value in 2024
Business facilities	-	-	53,634	53,634

	1st level	2nd level	3rd level	Fair value in 2024
Business facilities	-	-	47,010	47,010

During the year, there were no items that would have been reclassified according to the hierarchy of fair value measures.

14. PROPERTY AND EQUIPMENT (CONTINUED)

The following is fair value information that uses significant parameters that are not available in the market:

Description	Fair value Valuation method	Significant parameters that are not available on the market	Range of significant parameter	The relationship of the significant parameter in relation to the fair value
Business facilities	Income method	Risk of loss of rent	6%-11%	The higher it is, the lower the fair value
		Investment maintenance costs	1%-5,5%	The higher it is, the lower the fair value
		Assumed rent	1,54 – 20,28 EUR/m2	The higher it is, the lower the fair value
		Assumed yield	0,82%-8,1%	The higher it is, the lower the fair value
Business facilities	Comparative method	Estimated price	3.367 EUR/m2	The higher it is, the lower the fair value

(all amounts in thousands of EUR)

15. INVESTMENT PROPERTY

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Fair value of investment properties - land	20,429	18,522	18,248	16,341
Fair value of investment properties - buildings	121,166	118,959	113,359	111,075
	141,595	**137,481**	**131,606**	**127,416**

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Opening balance	**131,606**	**127,416**	**129,873**	**125,606**
Acquisitions	930	930	-	-
Transfer	8,155	8,155	384	384
Sales	(2,060)	(2,060)	-	-
Change in fair value	2,964	3,040	1,349	1,426
Closing balance	**141,595**	**137,481**	**131,606**	**127,416**

The fair value of the land and buildings as of December 31, 2024 and 2023 was determined according to the assessment made on that date by the independent appraiser Centar Akcija d.o.o. The fair value is determined using the income method, which indicates the market value of property based on the present value of the cash flows that can be expected to be generated by renting the property in the future. Part of the property was valued using the comparative method, which uses the achieved prices for comparable property. The following is information about the Group's property investments and the hierarchy of fair value measures as of December 31, 2024 and December 2023.

COMPANY:

	1st level	2nd level	3rd level	Fair value 2024
Business facilities	-	-	137,481	137,481

	1st level	2nd level	3rd level	Fair value 2023
Business facilities	-	-	127,416	127,416

During the year, there were no items that would have been reclassified according to the hierarchy of fair value measures.

GROUP:

	1st level	2nd level	3rd level	Fair value 2024
Business facilities	-	-	141,595	141,595

	1st level	2nd level	3rd level	Fair value 2023
Business facilities	-	-	131,606	131,606

(all amounts in thousands of EUR)

15. INVESTMENTS IN PROPERTY (CONTINUED)

The following is fair value information that uses significant parameters that are not available in the market:

Description	Assessment method	Significant parameters that are not available on the market	Range of significant parameter	The relationship of the significant parameter in relation to the fair value
Business facilities	Income method	Risk of loss of rent	6%-11%	The higher it is, the lower the fair value
		Investment maintenance costs	1%-5,5%	The higher it is, the lower the fair value
		Assumed rent	1,54 – 20,28 EUR/m2	The higher it is, the lower the fair value
		Assumed yield	0,82%-8,1%	The higher it is, the lower the fair value
Business facilities	Comparative method	Estimated price	3.367 EUR/m2	The higher it is, the lower the fair value
Stations for technical inspection	Income method	Risk of loss of rent	7%-16%	The higher it is, the lower the fair value
		Investment maintenance costs	2%-7%	The higher it is, the lower the fair value
		According to the number of technical inspections	6,87-22,27 EUR/m2	The higher it is, the lower the fair value
		Assumed yield	6,28%-9,11%	The higher it is, the lower the fair value

The Group's rental income for 2024 was realized in the amount of 4,562 thousand euros (2023: 4,478 thousand euros) and recognized in Investment income (note 7). Operating costs (which include repairs and maintenance) resulting from property investments in 2024 amounted to 3,289 thousand euros, while in 2023 they amounted to 2,943 thousand euros.

On December 31, 2024, the Company recognized a gain from the fair valuation of investment properties in the amount of 3,040 thousand euros (2023: 1,426 thousand euros), while the Group recognized a gain from the fair valuation of investment properties in the amount of 2,964 thousand euros (2023: 1,349 thousand euros) which is recognized in the Statement of Profit or Loss within the item Investment costs (note 7).

(all amounts in thousands of EUR)

16. FINANCIAL ASSETS

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2024
Financial assets at fair value through other comprehensive income (i)	182,263	179,833	162,871	160,636
Financial assets at amortized cost (ii)	143,458	143,458	133,773	133,773
	325,721	**323,291**	**296,644**	**294,409**

(i) The investment structure is shown as follows:

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Financial assets at fair value through other comprehensive income				
Equity securities	109,560	107,130	100,747	98,512
Debt securities	67,637	67,637	60,247	60,247
Investment funds	5,066	5,066	1,877	1,877
	182,263	**179,833**	**162,871**	**160,636**

Equity securities

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Listed	59,562	57,132	59,576	57,341
Unlisted	49,998	49,998	41,171	41,171
	109,560	**107,130**	**100,747**	**98,512**

Debt securities

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Government bonds	64,868	64,868	59,673	59,673
Corporate bonds	2,769	2,769	574	574
	67,637	**67,637**	**60,247**	**60,247**

As of December 31, 2024, the Group has no investments in bonds that were given as a pledge for the repo loan received (note 24).

	Number of shares on 31 Dec 2024	Number of shares on 31 Dec 2023	31 Dec 2024	31 Dec 2023
Investment funds	From 7,2% to 37,5%	From 7,64% to 38,39%	5,066	1,877
			5,066	**1,877**

(all amounts in thousands of EUR)

16. FINANCIAL ASSETS (continued)

(ii) The investment structure is shown as follows:

GROUP AND COMPANY

	31 Dec 2024	31 Dec 2023
Financial assets at amortized cost		
Loans (i)	78,546	85,559
Deposits with credit institutions (ii)	64,893	48,214
	143,439	**133,773**

(i) Loans

	31 Dec 2024	31 Dec 2023
Gross carrying amount	79,012	86,762
Expected credit losses	(466)	(1,203)
	78,546	**85,559**

The trend in the value of assets, i.e. the change in expected credit losses for loans, is as follows:

	2024	2023
Opening balance	**1,203**	**4,154**
The impact of applying IFRS 9	346	118
Impairment release	(1,083)	(1,988)
Derecognition of financial assets during the year	-	(1,081)
Closing balance	**466**	**1,203**

Loans are mainly secured by liens on business premises. The unsecured part of the entire loan portfolio is 23,9%.

Overview of loans as of December 31, 2024:

GROUP AND COMPANY

Loans granted	Date of contract	Interest rate	Maturity	2024
Total loans secured by lien	From 1 July 2017 to 14 Nov. 2024	3,4% to 5,0%	14 Nov. 2025 to 1 July 2037	59,789
Total loans without lien security	From 5 Jan. 2017 to 31 Dec. 2024	2.8% to 6,0%	2. Jan 2025 to 1 July 2037	18,757

(all amounts in thousands of EUR)

16. FINANCIAL ASSETS (continued)

Overview of loans as of December 31, 2023:

GROUP AND COMPANY

Loans granted	**Date of contract**	**Interest rate**	**Maturity**	**2023**
Total loans secured by lien	From 9 March to 31 Dec. 2023	3,4% to 4,75%	31 Dec. 2023 to 1 July 2037	62,109
Total loans without lien security	From 5 Jan 2017 to 31 Dec. 2023	3,3% to 6,0%	2 Jan. 2024 to 1 July 2037	23,450

(ii) Deposits of credit institutions

	31 Dec 2024	**31 Dec 2023**
Gross carrying amount	64,912	48,229
Expected credit losses	(19)	(15)
	64,893	**48,214**

(all amounts in thousands of EUR)

17. OTHER ASSETS

	Group 31 Dec 2024	Group 31 Dec 2024	Group 31 Dec 2023	Group 31 Dec 2023
Repurchased receivables under leasing contracts	3,829	3,829	6,637	6,637
Credit card claims	5,848	5,848	5,735	5,735
Lease receivables	2,374	2,374	2,487	2,487
Recourse receivables	1,786	1,786	1,655	1,655
Receivables from the state and other institutions	1,551	1,551	1,251	1,251
Security deposits under lease agreements	718	718	922	922
Claims under administrative bans	585	585	633	633
Advances paid to suppliers	340	340	839	839
Prepaid costs	8,496	8,496	7,942	7,942
Other claims	11,001	10,692	13,155	12,952
	36,528	**36,219**	**41,256**	**41,053**

As of December 31, 2024, the Company has 399 active contracts based on purchased leasing contracts and claims on them are due in the period from 2025 to June 2030.

18. CASH AND CASH EQUIVALENTS

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Bank accounts	18,466	118,355	13,377	13,336
Cash register	12	12	13	13
Expected credit losses	(5)	(5)	(4)	(4)
	18,473	**18,362**	**13,386**	**13,345**

19. SHARE CAPITAL

The Company's share capital as of December 31, 2024 amounts to 7,930 thousand euros (December 31, 2023.: amount of 7,930 thousand euros), and the stated position is aligned with the registration in the Commercial Court. The Company reduced its share capital by 166 thousand euros due to compliance with the provisions of the Companies Act due to the change of the official currency from kuna to euro. The amount of reduction of the share capital of 166 thousand euros was transferred to the Company's reserves. The Company's share capital is divided into 305,010 shares with a nominal amount of 26 euros. All shares are regular and registered, and each gives the right to 1 vote in the Company's Assembly. They were issued in dematerialized form and fully paid.

Structure of shareholders as of December 31 by number of shares and participation in share:

	2024		2023	
	Number of shares	Equity share %	Number of shares	Equity share %
Grgić Dubravko	45,750	15.00	45,750	15.00
Adriatic osiguranje d.d.	30,192	9.90	30,192	9.90
Kordić Ante	0	0	18,300	6.00
Agram life osiguranje d.d.	17,718	5.81	17,718	5.81
Grgić Mladenka	30,470	9.99	13,070	4.29
Rubić Josip	10,130	3.32	10,130	3.32
Erkapić Mate	10,130	3.32	10,130	3.32
Kordić Zlatko	10,130	3.32	10,130	3.32
Agram Tis d.o.o.	12,780	4.19	9,290	3.05
Galić Drago	7,576	2.48	7,576	2.48
Kurtović Husnija	7,576	2.48	7,576	2.48
Lerota Zlatko	7,576	2.48	7,576	2.48
	190,028	**62.30**	**187,438**	**61.45**
Other	114,982	37.70	117,572	38.55
Total	**305,010**	**100.00**	**305,010**	**100.00**

	Group	Company	Group	Company
	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023
Profit after tax (in thousands of euros)	15,736	15,496	16,773	16,615
Profit distributed to shareholders (in thousands of euros)	15,736	15,496	16,773	16,615
The number of ordinary shares for the calculation of basic earnings per share	305,010	305,010	305,010	305,010
Earnings per share (in euros and cents)	**51.59**	**50.80**	**54.99**	**54.47**

(all amounts in thousands of EUR)

20. REVALUATION RESERVES FOR FINANCIAL ASSETS

GROUP

	2024	2023
Opening balance	**27,001**	**4,561**
Effect of the first application of IFRS 9, net	**-**	**11,685**
Effect of the first application of IFRS 9	-	14,250
Recognize deferred tax	-	(2,565)
Change in fair value of financial assets, net	**8,338**	**10,691**
Change in fair value of financial assets	10,168	13,037
Recognized deferred tax in comprehensive income	(1,830)	(2,346)
Other comprehensive income attributable to minority interest	**(50)**	**(62)**
Realization of equity securities	**(95)**	-
The amount transferred to the profit and loss account	(116)	-
Cancellation of deferred tax liability	21	-
The net amount transferred to the profit and loss account	***(12)***	***126***
The amount transferred to the profit and loss account	(15)	154
Cancellation of deferred tax liability	3	(28)
Closing balance	**35,182**	**27,001**

COMPANY

	2024	2023
Opening balance	**26,011**	**3,703**
Effect of the first application of IFRS 9, net	**-**	**11,685**
Effect of the first application of IFRS 9	-	14,250
Recognize deferred tax	-	(2,565)
Change in fair value of financial assets, net	**8,179**	**10,497**
Change in fair value of financial assets	9,975	12,801
Recognized deferred tax in comprehensive income	(1,796)	(2,304)
Realization of equity securities	**(95)**	**-**
The amount transferred to the profit and loss account	(116)	-
Cancellation of deferred tax liability	21	-
The net amount transferred to the profit and loss account	***(12)***	***126***
The amount transferred to the profit and loss account	(15)	154
Cancellation of deferred tax liability	3	(28)
Closing balance	**34,083**	**26,011**

(all amounts in thousands of EUR)

21. REVALUATION RESERVES BY PROPERTY

	GROUP AND COMPANY 2024	GROUP AND COMPANY 2023
Opening balance	**48,247**	**47,067**
Change in fair value of property, net	***1,903***	***1,942***
Change in fair value of property	2,321	2,368
Recognize deferred tax in comprehensive income	(418)	(426)
Release of revaluation reserve	**(808)**	**(762)**
Closing balance	**49,342**	**48,247**

22. LEGAL RESERVES

	GROUP AND COMPANY 31 Dec 2024	GROUP AND COMPANY 31 Dec 2023
Legal reserves	23,072	23,072
	23,072	**23,072**

Legal reserves refer to reserves determined by the Insurance Act, formed before January 1, 2006, representing allocations of 1/3 of the net profit of each business year ending on December 31, 2005. The company established legal reserves in accordance with the Companies Act and can use them to pay dividends or cover losses in accordance with the Companies Act. The amount of reduction of share capital of 166 thousand euros, as a result of compliance with the provisions of the Companies Act due to the change of the official currency from kuna to euro, was transferred to the Company's reserves.

23. INSURANCE AND REINSURANCE CONTRACTS

	GROUP AND COMPANY 31 Dec 2024	GROUP AND COMPANY 31 Dec 2023
Insurance contracts (non-life)		
Obligations from the insurance contract	217,053	197,822
	217,053	***197,822***
Reinsurance contracts (non-life)		
Assets from reinsurance contracts	3,549	3,383
	3,549	**3,383**

Movement of insurance and reinsurance contracts

The following shows the reconciliation of the book amounts of insurance contracts and reinsurance contracts between two reporting dates as a result of cash flows and recognized amounts in the statement of comprehensive income (income statement and other comprehensive income).

(all amounts in thousands of EUR)

23. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Analysis of trends in liabilities from the insurance contract (liability for remaining coverage and liability for incurred claims)

GROUP AND COMPANY

	31 December 2024					
	Liabilities for remaining coverage		Liabilities for incurred claims			TOTAL
			Contracts not under PAA	Contracts under PAA		
in 000 EUR	**Excluding loss component**	**Loss component**		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities – as at 1 January	**81,707**	**-**	**-**	**110,187**	**5,928**	**197,822**
Changes in the statement of profit or loss and OCI						
Insurance service income	**(238,419)**	**-**	**-**	**-**	**-**	**(238,419)**
Incurred claims and other insurance service expenses	89,758	-	-	123,186	2,898	**215,842**
Amortization of insurance acquisition costs	-	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	9,292	(2,200)	**7,093**
Insurance service expenses	**89,758**	**-**	**-**	**132,478**	**698**	**222,934**
Insurance service result	**(148,661)**	**-**	**-**	**132,478**	**698**	**(15,485)**
Net finance income/expenses from insurance contracts		-	-	3,824	-	**3,824**
Total changes in the statement of profit or loss and OCI	**(148,661)**	**-**	**-**	**136,302**	**698**	**(11,660)**
Cash flows						
Premiums received	246,733	-	-	-	-	**246,733**
Claims and other insurance service expenses paid	(77,749)	-	-	(126,084)	-	**(203,833)**
Insurance acquisition cash flows	(12,009)	-	-		-	**(12,009)**
Total cash flows	**156,975**	**-**	**-**	**(126,084)**	**-**	**30,891**
Liabilities from insurance contracts as at 31 December	**90,021**	**-**	**-**	**120,406**	**6,626**	**217,053**

(all amounts in thousands of EUR)

23. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	31 December 2023					
	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		TOTAL
in 000 EUR	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities – as at 1 January	**73,720**	**-**	**-**	**102,634**	**5,756**	**182,111**
Changes in the statement of profit or loss and OCI						
Insurance service income	(221,008)	-	-	-	-	**(221,008)**
Incurred claims and other insurance service expenses	87,035	-	-	110,935	2,742	**200,713**
Amortization of insurance acquisition costs	-	-	-	-	-	**-**
Losses and reversals of losses on onerous contracts	-	-	-	-	-	**-**
Adjustments to liabilities for incurred claims	-	-	-	4,634	(2,570)	**2,064**
Insurance service expenses	**87,035**	**-**	**-**	**115,570**	**172**	**202,777**
Insurance service result	**(133,973)**	**-**	**-**	**115,570**	**172**	**(18,231)**
Net finance income/expenses from insurance contracts	-	-	-	5,660	-	**5,660**
Total changes in the statement of profit or loss and OCI	**(133,973)**	**-**	**-**	**121,230**	**172**	**(12,571)**
Cash flows						
Premiums received	228,995	-	-	-	-	**228,995**
Claims and other insurance service expenses paid	(76,169)	-	-	(113,677)	-	**(189,846)**
Insurance acquisition cash flows	(10,867)	-	-	-	-	**(10,867)**
Total cash flows	**141,960**	**-**	**-**	**(113,677)**	**-**	**28,282**
Liabilities from insurance contracts as at 31 December	**81,707**	**-**	**-**	**110,187**	**5,928**	**197,822**

(all amounts in thousands of EUR)

23. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reinsurance contracts for the non-life portfolio

Analysis of trends in assets from the insurance contract (liability for remaining coverage and liability for incurred claims)

	31 December 2024			
		Assets for incurred claims		
u 000 EUR	**Assets for remaining coverage excluding loss component**	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	**TOTAL**
Assets from insurance contracts – as at 31 December	**1,839**	**1,499**	**44**	**3,383**
Changes in the statement of profit or loss and OCI				
Reinsurance contracts expenses	(5,409)	-	-	**(5,409)**
Share of reinsurance in incurred claims	-	2,888	-	**2,888**
Change in liabilities for incurred claims - share of reinsurance	-	(252)	(4)	**(256)**
Reinsurance service result	**(5,409)**	**2,636**	**(4)**	**(2,777)**
Net finance income/expenses from insurance contracts	-	46	-	**49**
Total changes in the statement of profit or loss and OCI	**(5,409)**	**2,685**	**(4)**	**(2,728)**
Cash flows				
Premiums surrendered to reinsurance, net of commission	5,782	-	-	**5,782**
Payments received from reinsurers	-	(2,888)	-	**(2,888)**
Total cash flows	**5,782**	**(2,888)**	**-**	**2,895**
Assets from insurance contracts – as at 31 December	**2,213**	**1,297**	**40**	**3,549**

(all amounts in thousands of EUR)

23. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Reinsurance contracts for the non-life portfolio

Analysis of trends in assets from the insurance contract (liability for remaining coverage and liability for incurred claims)

	31 Dec 2023			
		Assets for incurred claims		
in 000 EUR	**Assets for remaining coverage excluding loss component**	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	**TOTAL**
Assets from insurance contracts – as at 1 January	**1,729**	**943**	**33**	**2,705**
Changes in the statement of profit or loss and OCI				
Reinsurance contracts expenses	(5,206)	-	-	**(5,206)**
Share of reinsurance in incurred claims	-	845	-	**845**
Change in liabilities for incurred claims - share of reinsurance	-	517	11	**528**
Net reinsurance service result	**(5,206)**	**1,362**	**11**	**(3,833)**
Net finance income/expenses from insurance contracts	-	40	-	**40**
Total changes in the statement of profit or loss and OCI	**(5,206)**	**1,402**	**11**	**(3,793)**
Cash flows				
Premiums surrendered to reinsurance, net of commission	5,316	-	-	**5,316**
Payments received from reinsurers	-	(845)	-	**(845)**
Total cash flows	**5,316**	**(845)**	**-**	**4,471**
Assets from insurance contracts – as at 31 December	**1,839**	**1,499**	**44**	**3,383**

(all amounts in thousands of EUR)

24. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	GROUP 31 Dec 2024	COMPANY 31 Dec 2024	GROUP 31 Dec 2023	COMPANY 31 Dec 2023
Credits and loans	11.713	11.713	14.547	14.547
	11.713	**11.713**	**14.547**	**14.547**

Austrian Anadi Bank AG, FN 245157 a, Domgasse 5, A - 9020 Klagenfurt am Wörthersee on June 19, 2018 approved a loan at 1.8% interest for the purchase of an office building in Klagenfurt, Austria. Instalment maturity: quarterly, start of loan repayment on 1 January 2019, duration of the contract is until 30 September 2026. The balance of the contract as of December 31, 2024 is 2 million euros.

Vorarlberger Landes und Hypothekenbank AG Austria approved dedicated long-term loans for the purchase of property in the Republic of Austria in May 2017 (repayment in May 2032 with an interest rate of 2.125%).

The Company has concluded a loan agreement with Agram life insurance d.d. in the amount of 1,938 thousand euros with the application of the middle exchange rate of the CNB. with the application of the middle exchange rate of the CNB. The contract is in nature from the redemption value of the life insurance policy, with all the rights that belong to it from the policies. The agreed interest rate is 4.50%, calculated monthly and added to the principal of the loan. The extension of the term of the loan until December 31, 2025 was approved by the addendum to the contract.

	Currency	Maturity	Intertest rate %	GROUP 31 Dec 2024	COMPANY 31 Dec 2024
Long-term loans	€	2032	2.125	3,372	3,372
Long-term loans	€	2026	1.8	2,021	2,021
Long-term loans	€	2025	4.5	1,938	1,938
				7,331	**7,331**
Lease obligations	€			4,382	4,382
				11,713	**11,713**

	Currency	Maturity	Intertest rate %	GROUP 31 Dec 2023	COMPANY 31 Dec 2023
Long-term loans	€	2032	2.125	3,602	3,602
Long-term loans	€	2026	1.8	3,369	3,369
Long-term loans	€	2024	4.5	1,938	1,938
Short-term loans	€	2024	3.3	1,330	1,330
				10,239	**10,239**
Lease obligations	€	2024/2032	2.0 /8.0	4,308	4,308
				14,547	**16,136**

(all amounts in thousands of EUR)

PROVISIONS

	GROUP AND COMPANY 31 Dec 2024	GROUP AND COMPANY 31 Dec 2023
Provisions for liabilities	844	1,011
	844	**1,011**

The movement of provisions for expenses is as follows:

	Group 2024	Company 2024	Group 2023	Company 2023
Opening balance	**1,011**	**1,011**	**1,206**	**1,206**
Revenue	(200)	(200)	(206)	(206)
New provisions	33	33	11	11
Ending balance	**844**	**844**	**1,011**	**1,011**

25. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	Group 31 Dec 2024	Company 31 Dec 2024	Group 31 Dec 2023	Company 31 Dec 2023
Liabilities based on share in the result	1,752	1,752	1,186	1,186
Premium tax	14,842	14,842	15,524	15,524
Liabilities to Croatian Insurance Office	3,751	3,751	4,053	4,053
Liabilities for advance payments	233	233	13	13
Liabilities for claims from coinsurance and reinsurance	759	759	6	6
Accounts payable	2,853	2,853	3,003	3,003
Liabilities due to employees	2,295	2,295	2,261	2,261
Reinsurance liabilities	715	715	962	962
Liabilities for commissions	1,143	1,143	941	941
Other liabilities	352	261	713	688
	28,695	**28,604**	**28,662**	**28,637**

26. CAPITAL ADEQUACY

Solvency II, legislative and regulatory framework of the total business operations of the insurance and reinsurance companies in the European Union entered into force on 1 January 2017. The new system, Solvency II, has thoroughly changed the way solvency capital is calculated, and assets and liabilities valued, as well as introduced a series of new risk management requirements. In order to manage risks in a systematic manner, the Company devised and adopted risk management policies, own risk and solvency assessment (ORSA) and risk management for all risk categories.

Capital management aims, policies and approach

The main aims of Solvency II are the protection of policy holders, setting solvency margins which would represent total risk exposure, anticipating market changes, solvency based on principles, not strict rules, and maintaining financial stability. Achieving the Solvency II aims is possible through the risk management process. The risk management process entails precise identification, assessment, measurement and control of risks the Group is exposed to or could be exposed to in the future in order to efficiently manage them, all in order to protect the policy holders, achieve the planned financial results and increase the economic and market value of the Group's assets and equity.

The main traits of the organisation's risk management system also constitute its advantages:

- better understanding of key risks and implications,
- better resource management,
- higher probability of achieving targets,
- faster reaction to internal and external changes,
- increase in the Company's profitability,
- comprehensive and more concise reporting on risk management.

The Company's operations are subject to regulatory requirements stipulated by the Croatian Financial Services Supervisory Agency, which also supervises the implementation of those requirements. Such regulations not only stipulate the approval of activities and their monitoring, but also impose restrictive provisions in order to minimise the insurance companies' insolvency risk in terms of meeting contingent liabilities once they incur. Based on preliminary calculations, on 31 December 2024, the Company complied with requirements concerning the calculation of capital adequacy, pursuant to the Solvency II regulations.

Solvency is calculated pursuant to rules stipulated by the European Insurance and Occupational Pensions Authority (EIOPA). Solvency II introduced economic/market assets and liabilities valuation based on the total balance sheet approach, meaning that it is necessary to establish the market value all risks balance sheet positions are exposed to.

27. CAPITAL ADEQUACY (CONTINUED)

Capital management aims, policies and approach (continued)

ORSA is one of the Solvency II requirements. ORSA is defined as a series of processes which form a decision making and strategic analyses tool. Its aim and task is to identify, assess, monitor, manage and report on short-term and long-term risks the insurance company is exposed to or might be exposed to in the future, as well as to assess own funds necessary for the company's constant solvency, i.e. for it to be able to cover all needs and liabilities.

Pursuant to applicable laws, ORSA entails the following three elements:

- own assessment of the total solvency need;
- uninterrupted assessment of compliance with capital requirements and technical provisions requirements;
- assessment of the significance of deviation of the insurance company’s risk profile from the assumptions for the calculation of the necessary solvency capital pursuant to the standard formula.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Significant Accounting Policies

Significant accounting policies and adopted methods, including the recognition criteria, valuation basis, and the basis for recognising profit and losses for all classes of financial assets, financial liabilities and equity instruments are stated in detail in Note 3 of the financial statements.

Financial instruments and risk management are analysed on the level of the Company, which represents the Group's exposure to financial instruments and relevant risks, since the subsidiary is not exposed to them.

Market risk

The Company's exposure to market risks, including the currency and interest rate risk, is limited due to the assets and liabilities structure.

In order to actively manage assets, the Company uses approaches the aim of which is to balance quality, diversify and harmonise assets and liabilities, liquidity and return on assets. The aim of the investment process is to optimise income and total return on investment, risk-adjusted and after taxation, ensuring that the assets and liabilities are managed based on cash flows and duration. The management periodically reviews and approves target portfolios, sets guidelines for investment and investment limits, and monitors the asset management process. Due consideration is given to compliance with rules stipulated in the Insurance Act .

Currency risk management

The company has no significant assets and liabilities in foreign currencies. The following table shows the accounting amounts of the Company's monetary assets and monetary liabilities in foreign currency as of the reporting date.
Foreign currency account – Agram Banka d.d. = USD 10.795 = EUR 10.109

Interest rate risk management

The Company has no significant exposure to interest rate risk, there are no assets with variable interest. Changes in interest rates cannot significantly affect the Company's operations, since the total interest expenses on loans (note 7) in the amount of 571 thousand euros (in 2023: 861 thousand euros) represent 3.4% of the total net profit for the year ending on December 31, 2024 (in 2023.: 5%). The Management Board estimated that a change of 50 basis points would not have a materially significant impact on the Company's operations.

Other price risks

A certain number of equity instruments classified in the "available for sale" category is not quoted on the market. The Company assessed the influence of the price change of securities which are actively traded on the stock market, and it is not relevant considering that the total share of these securities is not significant.

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk refers to the default risk of the other contracting party, which would lead to substantial financial losses of the Company. The Company adopted the policy of doing business with only creditworthy parties and obtaining sufficient insurance instruments in order to mitigate the financial loss risk due to default. The Company's exposure and the credit rating of the parties it cooperates with is continuously monitored, and the total value of concluded transactions is allocated to approved clients. An assessment of creditworthiness for claims is carried out continuously and, where appropriate, insurance coverage for credit guarantees is obtained.

The Company assesses the debtor's creditworthiness based on the debtor's capital, debtor's assets, including his ability to achieve future cash flows for the payment of debt, the debtor's liquidity and profitability, the debtor's cash flows from the past period and expected future cash flows, general operating conditions and the debtor's prospective and position on the market of the debtor's activities.

Maximum credit risk exposure

	31 Dec 2024	31 Dec 2023
Bonds and treasury notes	67,637	60,247
Loans	78,546	85,559
Guarantee deposit for lease contracts	718	922
Bank deposits	64,893	48,214
Premium receivables	42,186	41,003
Assets from reinsurance cotracts	3,549	3,383
Credit cards receivables	5,848	5,735
Purchased receivables under leasing contracts	3,829	6,637
Other receivables	10,692	12,952
Cash at bank and in hand	18,362	13,345
	296,260	**277,997**

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

Credit quality of financial assets

The credit quality of undue or not impaired financial assets may be assessed by referring to external credit rating (if available) or historical information on the credit quality of the other contracting party. The historical data may be divided into the following groups:

Group 1 – new partners / subsidiaries (less than 6 months)

Group 2 – existing partners (over 6 months) with no past payment delays

Group 3 – existing partners (over 6 months) with slight past payment delays. All delays have been fully paid.

	31 Dec 2024	31 Dec 2023
BB – government bonds and treasury bills	64,868	59,673
Group 1 – corporate bonds	2,769	574
Group 2 – investment funds	5,066	1,877
Total securities at fair value through other comprehensive income	**72,703**	**62,124**
Group 2	78,503	85,509
Group 3	43	50
Total loans	**78,546**	**85,559**
Group 2	718	922
Total guarantee deposits under lease agreements	**718**	**922**
Group 2	64,893	48,214
Total deposits in banks	**64,893**	**48,214**
Group 1	3,126	2,806
Group 2	38,204	37,396
Group 3	856	801
Total claims on premiums	**42,186**	**41,003**
Group 2	18,362	13,345
Total cash and cash equivalents	**18,362**	**13,345**

Liquidity risk

The Management Board is responsible for risk management and has set a high-quality framework for management of liquidity risk for short, medium and long positions of the Company and defined the requisites which refer to liquidity management. The Company manages its liquidity by maintaining adequate provisions, which it calculates pursuant to the Insurance Act in order to cover its potential claims liabilities. The actuarial calculation of technical provisions is done on a quarterly basis, in order to ensure the existence of sufficient amounts of provisions. The Company also needs to ensure additional investment funds in order to cover its provisions pursuant to the Insurance Act. On 31 December 2024 and 31 December 2023, the Company was operating pursuant to those requirements.

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Remaining contractual maturity of assets and liabilities

2024	Less than 1 year	From 1 to 5 years	From 5 to 10 years	From 10 to 15 years	From 15 to 20 years	More than 20 years	Total
Investments in subsidiaries	-	-	-	-	-	3,442	3,442
Reinsurance contracts assets	3,549	-	-	-	-	-	3,549
Financial assets at fair value through other comprehensive income	129,379	14,464	32,756	3,324	-	-	179,833
Financial assets at amortized cost	77,296	15,286	35,598	15,258	-	-	143,439
Other assets	27,853	6,748	1,618	-	-	-	36,220
Cash and cash equivalents	18,362	-	-	-	-	-	18,362
	256,439	**36,498**	**69,973**	**18,492**	**-**	**3,442**	**384,844**
Liabilities from direct insurance business	139,338	41,102	17,081	5,255	1,300	12,978	217,053
Financial liabilities at amortized cost (Long-term loans)	3,513	1,672	2,146	-	-	-	7,331
Financial liabilities at amortized cost (Lease liabilities)	1,377	2,768	238	-	-	-	4,382
Provisions	844	-	-	-	-	-	844
Deferred tax liability	7,988	-	-	-	-	10,597	18,595
Current income tax liability	-	-	-	-	-	-	-
Accounts payable and other liabilities	28,604	-	-	-	-	-	28,604
	181,673	**45,542**	**19,465**	**5,255**	**1,300**	**23,574**	**276,809**

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Remaining contractual maturity of assets and liabilities

2023	**Less than 1 year**	**From 1 to 5 years**	**From 5 to 10 years**	**From 10 to 15 years**	**From 15 to 20 years**	**More than 20 years**	**Total**
Investments in subsidiaries	-	-	-	-	-	3,442	3,442
Reinsurance contracts assets	3,383	-	-	-	-	-	3,383
Financial assets at fair value through other comprehensive income	112,897	22,183	20,495	7,296	-	-	162,871
Financial assets at amortized cost	61,688	21,088	35,540	15,457	-	-	133,773
Other assets	30,392	9,126	1,535	-	-	-	41,053
Cash and cash equivalents	13,345	-	-	-	-	-	13,345
	221,705	**52,397**	**57,570**	**22,753**	**-**	**3,442**	**357,867**
Liabilities from direct insurance business	131,024	41,102	17,081	5,255	1,300	2,060	197,822
Financial liabilities at amortized cost (Long-term loans)	4,746	3,155	2,338	-	-	-	10,239
Financial liabilities at amortized cost (Lease liabilities)	1,386	2,424	498	-	-	-	4,308
Provisions	607	82	92	89	141	-	1,011
Deferred tax liability	5,963	-	-	-	-	10,597	16,560
Current income tax liability	1,103	-	-	-	-	-	1,103
Accounts payable and other liabilities	28,637	-	-	-	-	-	28,637
	173,466	**46,763**	**20,009**	**5,344**	**1,441**	**12,657**	**259,680**

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments

The fair value of financial instruments is determined based on prices of securities quoted in the market (Note 18) or comparative valuation methods (Note 18) if relevant and reliable market prices are not available. The assumption used when determining the fair value is explained in Note 4. The Management Board believes that the Company's assets and liabilities carried at amortised cost reflect the fair value of these securities.

The following table provides an analysis of financial instruments which have been stated at fair value after their first recognition and classified into three groups depending on the availability of fair value indicators:

- Indicator level 1 – fair value indicators have been derived from (unaligned) prices quoted in active markets for identical assets and liabilities;
- Indicator level 2 – fair value indicators have been derived from other assets and liabilities data which are not quoted Level 1 prices and are obtained directly (i.e. from their prices) or indirectly (i.e. derived from their prices); and
- Indicator level 3 – indicators established through the application of valuation methods whose input is asset or liabilities data which is not based on available market data (unavailable input).

31 Dec 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities	2,792	-	104,337	107,130
Bonds	64,868	-	2,769	67,637
Investment funds	5,066	-	-	5,066
Total securities at fair value through other comprehensive income	**72,726**	**-**	**107,106**	**179,833**

31 Dec 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities	4,618	-	93,894	98,512
Bonds	59,673	-	574	60,247
Investment funds	1,877	-	-	1,877
Total securities at fair value through other comprehensive income	**66,168**	**-**	**94,468**	**160,636**

There was no reclassification between levels during the period.

Valuations of equity securities that are not actively traded on the markets used valuation models and techniques primarily based on market inputs based on the concepts of the market method where comparable companies (peer group) were used to calculate multipliers.

The estimated values of the companies, i.e. their shares, thus represent the fair value with the assumption of continuous (going concern) operations, i.e. by comparison with companies of similar business activities through the observation of beta coefficients.

(all amounts in thousands of EUR)

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

In 2024, the PEER method of comparable companies and DDM was used for part of the valuations. The valuation method based on the value of a group of comparable companies is carried out by selecting comparable companies grouped according to multiple criteria - activity, geographical area in which they operate, size and the like. The above methods were used because we believe it best reflects the fair value of the above companies. Equity securities valued using this method have a total value of 99,255 thousand euros.

The Company's Management Board believes that the estimated values of the companies represent their fair and objective values.

The following is fair value information that uses significant parameters that are not available in the market:

Description	Fair value 2024	Assessment method	Relevant parameters not available on the market	Relevant parameter scope	Relationship of relevant parameters to fair velue
Equity securities	99,255	Method of compa-rable com-panies /DDM	*Non-liquidity discount*	10.9%	The higher the parameter, the lower the fair value
			Discount rate	6.97-7.47%	*The higher the parameter, the lower the fair value*
			Residual growth rate	2.49%	*The higher the parameter, the lower the fair value*
			Beta	0.8-1.09	*The higher the parameter, the lower the fair value*

Description	Fair value 2023	Assessment method	Relevant parameters not available on the market	Relevant parameter scope	Relationship of relevant parameters to fair velue
Equity securities	88,655	Method of compa-rable com-panies /DDM	*Non-liquidity discount*	10.9%	The higher the parameter, the lower the fair value
			Discount rate	8.09%-9.30%	*The higher the parameter, the lower the fair value*
			Residual growth rate	3.53%	*The higher the parameter, the lower the fair value*
			Beta	0.83-1.05	*The higher the parameter, the lower the fair value*

29. INSURANCE RISK MANAGEMENT

The Company is exposed to actuarial risk and underwriting risk which derive from a vast offer of products of all types of non-life insurance (Motor Vehicle Insurance, Accident Insurance, Property insurance, Liability Insurance, Vessel Insurance, Aircraft Insurance, and Transport Insurance).

Insurance risk refers to insurance uncertainty. The most relevant insurance risk components are premium risk and provision risk. They refer to the adequacy of premium tariffs and adequacy of provisions in relation to insurance liabilities and the capital basis.

The premium risk is present in the moment of the policy issuance before the claim is incurred. There is a risk that the costs and claims incurred exceed the received premiums. The provision risk is the risk of mis-estimation of the absolute level of technical provisions or risk of the value of real claims varying around the statistical medium value.

The underwriting risk also entails the disaster risk, which derives from outstanding events which have not been sufficiently covered by the premium risk or the provision risk.

Risk Management

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

The aim of the underwriting strategy is to achieve a variety which will ensure a balanced portfolio, based on a large portfolio of similar risks during several years, which will lead to a decrease in result variability. Considering the nature of non-life insurance, the underwriters have the right to refuse a contract extension or change the contract conditions upon its renewal.

The Company reinsures a part of the risk it underwrites in order to control the exposure to losses and protect the capital basis. The Company purchases a proportional property insurance contract (property surplus treaty) and disproportionate XL Green Card and earthquake reinsurance contracts (Green Card reinsurance and CAT XL reinsurance).

The ceded reinsurance contains a credit risk and such insurance receivables are stated after the impairment of non-recoverable amounts. The Company monitors the reinsurer’s financial situation and cautiously enters into reinsurance contracts. The Company controls and limits the relevant risk by selecting and maintaining the best possible business relations with European reinsurers of high credit rating. The Company decreases this risk by dispersing the reinsurance coverage on several partners. This brings the reinsurer’s credit risk to the minimum.

(all amounts in thousands of EUR)

29. INSURANCE RISK MANAGEMENT (CONTINUED)

Insurance Concentration Risk

The key aspect of the reinsurance risk the Company is exposed to is the level of the insurance concentration risk which sets the level by which a certain event or a series of events may affect the Company's liabilities. Such concentration may derive from an individual insurance contract or multiple contracts. An important aspect of insurance concentration risk is that it may derive from the accumulation of risk through different types of insurance.

Concentration risk may derive from rare events with great consequences such as natural disasters, in situations when the Company is exposed to unexpected trend changes; for example, when significant court or regulatory risks result in great individual losses or substantially impact a great number of contracts.

Risks the Company underwrites are primarily located in the Republic of Croatia.

The Company has no significant concentration exposures to any group of policy holders according to social, professional, generational, and similar criteria.

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

- geographical accumulation measurements,
- assessment of the largest potential losses,
- reinsurance of excess earthquake claims.

Insurance concentration risk before and after reinsurance in relation to the type of accepted insurance risk is shown below with reference to the carrying amount of fees and claims (gross and net of reinsurance) incurred based on the insurance contract:

For the year ended 31 December 2024

GROUP AND COMPANY

2024.	**Gross**	**Share of reinsurance**	**Net of reinsurance**
Liability insurance for the use of motor vehicles	150,182	(114)	150,068
Other motor vehicle insurances	35,141	-	35,141
Fire insurance and other property insurance	12,265	(2,586)	9,679
Income protection insurance	9,064	(205)	8,859
Other liability insurance	5,935	(294)	5,641
Help insurance (assistance)	362	-	362
Insurance of various financial losses	1,615	(58)	1,556
Marine insurance, aircraft insurance and transport insurance	1,784	(292)	1,492
Medical expense insurance	215	-	215
Credit insurance and guarantee insurance	454	-	454
Legal expenses insurance	35	-	35
	217,053	**(3,549)**	**213,503**

(all amounts in thousands of EUR)

29. INSURANCE RISK MANAGEMENT (CONTINUED)

Insurance risk concentration (continued)

For the year ended 31 December 2023

GROUP AND COMPANY

2023	Gross	Share of reinsurance	Net of reinsurance
Liability insurance for the use of motor vehicles	134,178	(109)	134,069
Other motor vehicle insurances	32,124	(1)	32,123
Fire insurance and other property insurance	11,775	(2,444)	9,331
Income protection insurance	9,067	(237)	8,830
Other liability insurance	6,048	(290)	5,758
Help insurance (assistance)	383	-	383
Insurance of various financial losses	1,891	(60)	1,831
Marine insurance, aircraft insurance and transport insurance	1,564	(242)	1,322
Medical expense insurance	245	-	245
Credit insurance and guarantee insurance	499	-	499
Legal expenses insurance	48	-	48
	197,822	**(3,383)**	**194,439**

(all amounts in thousands of EUR)

29. INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development

Analysis of claims trends as of December 31, 2024

Development of cumulative claims for non-life insurance on a gross basis (before reinsurance)

	in 000 EUR				
Assessment of undiscounted cumulative damages (gross, only contracts valued according to the PAA model)	**Before 2022**	**2022**	**2023**	**2024**	**Total**
Assessment of cumulative damages at the end of the accident year	-	104,979	119,685	120,661	
1 year later	-	105,090	122,637	-	
2 years later	-	105,835	-	-	
Assessment of accumulated claims at the end of the period	**-**	**105,835**	**122,637**	**120,661**	**349,133**
Accumulated payments	-	93,091	102,782	64,421	**260,295**
Remaining estimated damages by years of damage occurrence	-	12,744	19,855	56,239	**88,838**
Remaining estimated damages for previous years of damage occurrence	44,401	-	-	-	**44,401**
Effect of discounting	-	-	-	-	**(12,834)**
Increase to adjust for non-financial risk	-	-	-	-	**6,626**
Value recognised in the statement of financial position					**127,032**

29. INSURANCE RISK MANAGEMENT (CONTINUED)

Main assumptions which have the greatest effect on the insurance estimates uncertainty

The main source of uncertainty in insurance operations arise from the uncertainty of estimating future cash flows. In estimating future cash flows, all reasonable and reliable information available without undue cost and effort regarding the amount, timing and uncertainty of those future cash flows is included in an objective manner at the reporting date. This information includes both internal and external historical claims data and other experience data, updated to reflect current expectations of future events.

The main source of uncertainty that affects the amount and timing of future cash flows stems from the uncertainty of the occurrence of future damages as well as the uncertainty related to their amounts. Given that there is no product in non-life insurance that guarantees unlimited coverage, the maximum amount for which the insurer can be liable under an individual policy due to the occurrence of a single adverse event is always limited by the contracted insurance amount. An exception is car liability insurance for damages in green card system countries that have unlimited coverage. The Company transfers this risk through reinsurance of excess damage above 1.5 million euros.

When estimating future cash flows, current expectations of events that could affect cash flows are taken into account. However, expectations of future changes in legislation that would alter or terminate a current obligation or create new obligations under existing contracts are not taken into account until the change in legislation is actually enacted.

Cash flows within the limits of the contract are those directly related to the performance of the contract, including those for which the Group has discretion as to amount and timing. This includes premiums, payments to the policyholder (or on his behalf), cash flows from the acquisition of insurance and other costs incurred in the performance of the contract. Cash flows from the acquisition of insurance and other costs arising from the performance of the contract include direct costs and the distribution of fixed and variable general costs that can be directly attributed to the performance of the insurance contract (so-called allocable costs).

Cash flows of costs are allocated to groups of contracts using systematic and meaningful methods that are consistently applied to all costs with similar characteristics.

Other costs that are not allocable are not allocated to groups of insurance contracts and are reported in the financial statements separately from the items of the technical result, i.e. the result from the insurance contract.

On the reporting date, a calculation is made of the best estimate of the final cost of settlement of all incurred damages resulting from events that occurred up to that date together with the corresponding costs of claims processing, minus the amounts already paid.

The liability for reported claims is estimated separately for each individual claim taking into account the circumstances of the claim, available information from assessors and historical evidence of similar claim amounts. Individual claims are regularly reviewed and the reserve is regularly updated when new information appears. The obligation for reported claims is part of the set of input data that is used when determining the total amount of the best estimate of the final cost of settlement of the incurred claims.

29. INSURANCE RISK MANAGEMENT (CONTINUED)

Main assumptions which have the greatest effect on the insurance estimates uncertainty (continued)

Depending on the characteristics of a particular type of insurance, the Group's portfolio and the form and quality of the available data, the best estimate of the final cost of settlement of incurred damages is determined by the most suitable actuarial method and the calculation is done by homogeneous risk groups.

A key method is the chain ladder method, which uses historical data to estimate the share of previously incurred and unreported claims in the final cost of claims.

The actual lump sum or actuarial method or combination of methods used depends on the year of occurrence of the claim being considered, the type of insurance and the observed historical development of claims.

To the extent that these methods use historical claims development, it is assumed that the historical claim development pattern will repeat itself in the future. There are reasons why this may not be the case, which, to the extent they can be determined, have been taken into account through the adjustment of methods. Such reasons include:

- economic, legal, political and social trends (which cause a different level of inflation compared to the expected one);
- changes in the combination of types of insurance contracts that are obtained;
- random variations, including the impact of large damages.

Discount rates

The Group discounts cash flows from non-life insurance contracts that are measured in accordance with the general measurement model and for which the premium distribution model is applied, cash flows from the execution of contracts related to claims are also discounted. Applicable discount rates are determined as previously stated in note 3.1..

Value adjustment for non-financial risk

The correction or value adjustment for non-financial risk is determined to reflect the compensation the Group requires for bearing the non-financial risk and its degree of risk aversion. In accordance with accounting policies, the cost of capital method is used to calculate the allowance for non-financial risk. The risk measurement approach is aligned with the Solvency II methodology. The company uses a cost of capital rate of 6% per year. According to the method, the adjustment for non-financial risk is determined by applying the stated rate to the present value of the projected capital related to the non-financial risk. The default confidence level of the non-financial risk adjustment is 99.5%.

Sensitivity analysis

The components that have the greatest impact on insurance obligations in non-life insurance relate to court cases, mainly from automobile liability insurance, which is the "long tail" insurance. They are subject to economic, legal, judicial, political and social trends, as a result of which obligations related to legal damages are also sensitive to them. The Management Board has qualified that it is not feasible to quantify the sensitivity of non-life insurance to changes in these variables.

(all amounts in thousands of EUR)

30. RELATED PARTY TRANSACTIONS

Related parties are parties able to control the other party or parties which significantly affect the other party when making financial or business decisions. Transactions and outstanding balances among related parties within a group are published in the subject's financial statements.

The fees paid to key managers:

GROUP AND COMPANY

	2024	2023
Wages and benefits	444	427

According to the definition in IAS-24 "Related Party Disclosures" and IFRS-10 "Consolidated Financial Statements", the Group consists of the parent company and its subsidiaries. Since there is no parent company, the Company cannot disclose the name of the parent company or the ultimate entity that has control over the Company, i.e. there are no transactions that could be considered intragroup transactions in accordance with the requirements of IFRS.

Independent of IFRS, the Croatian Financial Services Supervisory Agency, by Decision CLASS: UP / I 974-08 / 17-01 / 07 REGISTRATION NUMBER: 326-01-660-662-17-47 from 15 December 2017, qualified the Company as a participating company in a "group of companies within the meaning of the provisions of the Insurance Act". By the decision of the Administrative Court Usl-162 / 18-25 of 4 January 2021, the Company was obliged to report separately to the Agency in terms of meeting the solvency requirements in accordance with the Insurance Act and Directive 2009/138 / EC of the European Parliament and of the Council (Solvency II), which the Company duly fulfils.

Although stated without prejudice to the presentation of financial statements prepared in accordance with IFRS, for reasons of transparency, the following is an overview of assets, receivables, liabilities, income and expenses in relations with entities in accordance with the Decision of the Agency:

	2024		2023.	
	Income	**Expenses**	**Income**	**Expenses**
Other related companies	19,347	24,723	18,010	24,868
	19,347	**24,723**	**18,010**	**24,868**

	31 Dec 2024		31 Dec 2023	
	Receivables	**Liabilities**	**Receivables**	**Liabilities**
Other related companies	91,869	5,395	110,316	4,579
	91,869	**5,395**	**110,316**	**4,579**

As of 31 December 2024, shares in associates amounted to 105,387 thousand euros (2023.: 94,930 thousand euros).

(all amounts in thousands of EUR)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Company	31 Dec 2024			
	Receivables	Liabilities	Income	Expenses
Adriatic osiguranje d.d. Zagreb	-	2,797	3,611	5,057
Agram life d.d.	-	1,937	2,826	3,743
Agram banka Zagreb d.d.	7,840	23	2,007	832
Agram TIS d.o.o.	38,079	214	4,326	8,566
Auto -Dubrovnik d.d.	7	-	23	166
Autoslavonija d.d.	3,105	12	152	144
Euro daus d.d.	26,735	-	2,220	1,587
Agram invest d.d.	1,642	28	568	-
Agramleasing d.o.o.	9,722	-	356	2,102
Agram brokeri d.d.	-	2	2	65
Specijalna bolnica Agram	228	-	1,320	-
Autocentar Agram d.d.	122	-	63	299
Agram Yachting d.o.o.	144	30	105	46
Autoservisni centar d.d.	1	2	54	72
Strukturiranja d.o.o. Zagreb	-	18	2	18
MEDORA hoteli i ljetovališta d.d.	650	-	409	4
MTT d.o.o. Rijeka	1	2	361	17
Agram d.d. Ljubuški	-	-	106	-
Agram nekretnine d.d. Mostar	61	-	8	-
Agram Invest d.o.o. Mostar	-	-	6	-
Adriatic osiguranje d.d. Sarajevo	-	20	154	133
Autocentar Vrbovec d.o.o.	-	5	121	206
Euroherc osiguranje d.d. Sarajevo	-	299	275	838
Adriatic Makler GmbH	290	6	12	-
Euroagram GmbH	744	-	55	822
KFZ Adriatic Zulassungen GmbH	2,366	-	74	4
Krivić d.o.o.	133	-	133	-
TOTAL	**91,869**	**5,395**	**19,347**	**24,723**

(all amounts in thousands of EUR)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Company	31 Dec 2023			
	Receivables	Liabilities	Income	Expenses
Adriatic osiguranje d.d. Zagreb	-	1,930	3,384	5,271
Agram life d.d.	25	1,938	3,112	4,027
Agram banka Zagreb d.d.	15,487	26	1,467	790
Agram TIS d.o.o.	42,408	-	4,446	7,918
Auto -Dubrovnik d.d.	62	1	30	175
Autoslavonija d.d.	-	81	124	133
Euro daus d.d.	27,660	3	2,239	1,503
Agram invest d.d.	18	28	41	-
Agramleasing d.o.o.	15,709	-	584	2,055
Agram brokeri d.d.	-	5	1	53
Specijalna bolnica Agram	223	-	1,127	1
Autocentar Agram d.d.	270	-	78	281
Agram Yachting d.o.o.	150	-	104	230
Autoservisni centar d.d.	39	12	34	114
Strukturiranja d.o.o. Zagreb	-	20	2	27
MEDORA hoteli i ljetovališta d.d.	1,530	-	118	10
MTT d.o.o. Rijeka	1	1	371	17
Agram d.d. Ljubuški	-	-	140	-
Agram nekretnine d.d. Mostar	61	-	8	-
Agram Invest d.o.o. Mostar	-	-	6	-
Adriatic osiguranje d.d. Sarajevo	-	58	5	283
Autocentar Vrbovec d.o.o.	10	-	120	139
Euroherc osiguranje d.d. Sarajevo	-	476	204	840
Adriatic Makler GmbH	405	-	15	7
Euroagram GmbH	767	-	28	983
KFZ Adriatic Zulassungen GmbH	2,475	-	86	11
Krivić d.o.o.	3,015	-	136	-
TOTAL	**110,316**	**4,579**	**18,010**	**24,868**

31. CONTINGENT LIABILITIES

There are several pending legal disputes against the Group and Company on 31 December 2024, there are no reserves for contingent liabilities, as there are no new cash outflows expected.

(all amounts in thousands of EUR)

32. OFF-BALANCE SHEET RECORDS

	31.12.2024	**31 Dec 2023**
Guarantees received	7,021	6,050
Guarantees given	1,429	1,636
	8,450	**7,686**

33. EVENTS AFTER THE REPORTING PERIOD

After December 31, 2024, no additional business events or transactions occurred that would have a significant impact on the financial statements as of or for the period then ended.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management Board and authorized for issue on 28 March 2025.

Signed on behalf of and for the Management Board:

Željko Kordić, *President of the Management Board*

Tomislav Čizmić, *Member of the Management Board*

Darinko Ivković, *Member of the Management Board*

Tomislav Abramović, *Member of the Management Board*

Statement of Comprehensive Income

Position number	Elements of the sum	Item number	Item	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002 + 003 + 004	**I**	**Income from insurance contracts**		**221.008.278**	**221.008.278**		**238.419.235**	**238.419.235**
002		1	General measurement model						
003		2	Variable fee approach						
004		3	Premium allocation approach		221.008.278	**221.008.278**		238.419.235	**238.419.235**
005	006+007+….+012	**II**	**Expenditure from insurance contracts**		**-202.777.178**	**-202.777.178**		**-222.934.444**	**-222.934.444**
006		1	Claims incurred		-113.677.338	**-113.677.338**		-126.083.666	**-126.083.666**
007		2	Commissions		-10.866.612	**-10.866.612**		-12.009.093	**-12.009.093**
008		3	Other expenses related to the sale of insurance		-30.870.027	**-30.870.027**		-30.785.724	**-30.785.724**
009		4	Other insurance service expenses		-45.298.779	**-45.298.779**		-46.963.358	**-46.963.358**
010		5	Depreciation of insurance acquisition costs						
011		6	Losses and reversal of losses on onerous contracts						
012		7	Change in liabilities for claims incurred		-2.064.423	**-2.064.423**		-7.092.603	**-7.092.603**
013	014 + 015	**III**	**Net result of (passive) reinsurance contracts**		**-3.832.613**	**-3.832.613**		**-2.777.317**	**-2.777.317**
014		1	Income from (passive) reinsurance contracts		2.061.564	**2.061.564**		3.899.458	**3.899.458**
015		2	Expenditure from (passive) reinsurance contracts		-5.894.177	**-5.894.177**		-6.676.775	**-6.676.775**
016	001 + 005 + 013	**IV**	**Result from insurance contracts**		**14.398.487**	**14.398.487**		**12.707.474**	**12.707.474**
017	018 + 023 + 024 + 025 + 026 + 027 + 031 + 032 + 033 +034	**V**	**Net investment result**		**6.823.824**	**6.823.824**		**9.442.935**	**9.442.935**
018	019 + 020 + 021 + 022	1	Net result from investment in land and buildings		2.960.733	2.960.733		4.312.879	4.312.879
019		1.1.	Rental gains/losses (net)		4.478.389	4.478.389		4.561.945	4.561.945
020		1.2.	Realised gains/losses (net) from property not for own use		-2.943.985	-2.943.985		-3.425.297	-3.425.297
021		1.3.	Unrealised gains/losses (net) from property not for own use		1.426.329	1.426.329		3.176.231	3.176.231
022		1.4.	Depreciation of land and buildings not occupied by an undertaking for its own activities						
023		2	Interest revenue calculated using the effective interest rate method		5.471.203	5.471.203		6.750.756	6.750.756
024		3	Other interest income						
025		4	Dividend income		1.624.482	1.624.482		2.100.658	2.100.658
026		5	Unrealised gains/losses (net) from financial assets at fair value through profit or loss						
027	028 + 029 + 030	6	Realised gains/losses		-162.598	-162.598		15.553	15.553
028		6.1.	Realised gains/losses (net) from financial assets at fair value through profit or loss						
029		6.2.	Realised gains/losses (net) from financial assets at fair value through other comprehensive income		-162.598	-162.598		15.553	15.553
030		6.3.	Other realised gains/losses (net)						
031		7	Net impairment / reversal of impairment of investments						
032		8	Net exchange rate differences						
033		9	Other income from investments		2.007.524	2.007.524		1.083.287	1.083.287
034		10	Other expenditure from investments		-5.077.521	-5.077.521		-4.820.198	-4.820.198
035	036 + 037 + 038	**VI**	**Net financial expenditure from insurance and (passive) reinsurance contracts**		**-1.698.333**	**-1.698.333**		**-2.738.370**	**-2.738.370**
036		1	Net financial income/expenditure from insurance contracts		-1.723.837	-1.723.837		-2.784.497	-2.784.497
037		2	Net financial income/expenditure from (passive) reinsurance contracts		25.504	25.504		46.127	46.127
038		3	Change of liability for investment contracts						
039		**VII**	**Other income**		**5.377.888**	5.377.888		**4.691.664**	**4.691.664**
040		**VIII**	**Other operating expenses**		**-4.751.584**	-4.751.584		**-5.453.816**	**-5.453.816**
041		**IX**	**Other financial expenses**						
042		**X**	**Share of profit of companies consolidated using equity method, net of tax**						
043	016+017+035+039+ 040+041+042	**XI**	**Profit or loss of the accounting period before tax (+/-)**		**20.150.281**	**20.150.281**		**18.649.886**	**18.649.886**
044	045 + 046	**XII**	**Tax on profit or loss**		-3.535.447	-3.535.447		-3.154.240	-3.154.240
045		1	Current tax expense		-4.205.861	-4.205.861		-3.122.112	-3.122.112
046		2	Deferred tax expense/ income		670.414	670.414		-32.128	-32.128
047	043+ 044	**XIII**	**Profit or loss of the accounting period after tax (+/-)**		**16.614.834**	**16.614.834**		**15.495.646**	**15.495.646**
048		1	Attributable to owners of the parent						
049		2	Attributable to non-controlling interest						
050	051 + 056	**XIV**	**Other comprehensive income**		**19.092.602**	**19.092.602**		**8.315.977**	**8.315.977**
051	052 + 053 + 054 + 055	1	Items that will not be reclassified to statement of profit or loss		**21.446.930**	**21.446.930**		**6.689.763**	**6.689.763**
052		1.1.	Net change in fair value of equity securities (OCI)		26.119.451	**26.119.451**		7.956.477	**7.956.477**
053		1.2.	Actuarial gains/losses on defined benefit pension plans						
054		1.3.	Other		35.342	**35.342**		201.771	**201.771**
055		1.4.	Tax		-4.707.863	**-4.707.863**		-1.468.485	**-1.468.485**
056	057 + 058 + ...+ 063	2	Items that are, or may be, reclassified to statement of profit or loss		-2.354.328	-2.354.328		1.626.214	1.626.214
057		2.1.	Net change in fair value of debt securities (OCI)		1.050.755	**1.050.755**		1.685.387	**1.685.387**
058		2.2.	Exchange rate differences from translation of foreign operations						
059		2.3.	Effects of hedging instruments						
060		2.4.	Net financial income/expenditure from insurance contracts		-3.936.425	**-3.936.425**		-1.039.941	**-1.039.941**
061		2.5.	Net financial income/expenditure from (passive) reinsurance contracts		14.538	**14.538**		2.900	**2.900**
062		2.6.	Other					1.334.842	**1.334.842**
063		2.7.	Tax		516.804	**516.804**		-356.974	**-356.974**
064	047+ 050	**XV**	**Total comprehensive income**		**35.707.436**	**35.707.436**		**23.811.623**	**23.811.623**
065		1	Attributable to owners of the parent						
066		2	Attributable to non-controlling interest						
067		**XVI**	**Reclassification adjustments**						

Statement of financial position

Position number	Elements of the	Item number	Item	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	**I**	**INTANGIBLE ASSETS**		**18.285**	**18.285**		**24.112**	**24.112**
002		1	Goodwill						
003		2	Other intangible assets		18.285	**18.285**		24.112	**24.112**
004	005+006+007	**II**	**TANGIBLE ASSETS**		**67.418.665**	**67.418.665**		**62.477.589**	**62.477.589**
005		1	Land and buildings occupied by an undertaking for its own activities		63.829.530	**63.829.530**		55.825.249	**55.825.249**
006		2	Equipment		2.967.817	**2.967.817**		3.311.109	**3.311.109**
007		3	Other tangible assets and inventories		621.319	**621.319**		3.341.232	**3.341.232**
008	009+010+014	**III**	**INVESTMENTS**		**425.399.881**	**425.399.881**		**464.213.564**	**464.213.564**
009		**A**	**Investments in land and buildings not occupied by an undertaking for its own activities**		**127.415.663**	**127.415.663**		**137.480.771**	**137.480.771**
010	011+012+013	**B**	**Investments in subsidiaries, associates and joint ventures**		**3.442.166**	**3.442.166**		**3.442.166**	**3.442.166**
011		1	Shares and holdings in subsidiaries		3.442.166	**3.442.166**		3.442.166	**3.442.166**
012		2	Shares and holdings in associates						
013		3	Shares and holdings in joint ventures						
014	015+020+025	**C**	**Financial assets**		**294.542.052**	**294.542.052**		**323.290.627**	**323.290.627**
015	016 + 017 + 018 + 019	**1**	**Financial assets at amortised cost**		**133.906.473**	**133.906.473**		**143.458.065**	**143.458.065**
016		1.1	Debt financial instruments						
017		1.2	Deposits with credit institutions		48.227.826	**48.227.826**		64.912.530	**64.912.530**
018		1.3.	Loans		85.678.647	**85.678.647**		78.545.535	**78.545.535**
019		1.4.	Other						
020	021 + 022 + 023 + 024	**2**	**Financial assets at fair value through other comprehensive income**		**160.635.579**	**160.635.579**		**179.832.561**	**179.832.561**
021		*2.1*	Equity financial instruments		98.511.752	**98.511.752**		107.129.643	**107.129.643**
022		*2.2*	Debt financial instruments		60.246.952	**60.246.952**		67.636.799	**67.636.799**
023		*2.3.*	Units in investment funds		1.876.875	**1.876.875**		5.066.119	**5.066.119**
024		*2.4.*	Other						
025	026 + 027+.... +030	**3**	**Financial assets at fair value through profit and loss account**						
026		*3.1*	Equity financial instruments						
027		*3.2*	Debt financial instruments						
028		*3.3.*	Units in investment funds						
029		*3.4.*	Derivative financial instruments						
030		*3.5*	Other						
031	032 + 036 +040	**IV**	**ASSETS FROM INSURANCE CONTRACTS**						
032	034+035+036	1	General measurement model						
033		1.1.	- Assets for remaining coverage						
034		1.2.	- Assets for insurance acquisition cash flows						
035		1.3.	- Assets from claims incurred						
036	037+038+039	2	Variable fee approach						
037		2.1.	- Assets for remaining coverage						
038		2.2.	- Assets for insurance acquisition cash flows						
039		2.3.	- Assets from claims incurred						
040	041 +042 +043	3	Premium allocation approach						
041		3.1.	- Assets for remaining coverage						
042		3.2.	- Assets for insurance acquisition cash flows						
043		3.3.	- Assets from claims incurred						
044		**V**	**ASSETS FROM REINSURANCE CONTRACTS**		**3.382.876**	**3.382.876**		**3.549.133**	**3.549.133**
045	046 +047	**VI**	**DEFERRED AND CURRENT TAX ASSETS**		**621.804**	**621.804**		**170.070**	**170.070**
046		1	Deferred tax assets		621.804	**621.804**		170.070	**170.070**
047		2	Current tax assets						
048		**VII**	**OTHER ASSETS**		**54.890.439**	**54.890.439**		**54.829.722**	**54.829.722**
049	050 +051 +052	**1**	**CASH AT BANK AND IN HAND**		**13.349.093**	**13.349.093**		**18.367.546**	**18.367.546**
050		*1.1*	*Funds in the business account*		13.335.596	**13.335.596**		18.355.251	**18.355.251**
051		*1.2*	*Funds in the account of assets covering liabilities from life insurance contracts*						
052		*1.3*	*Cash in hand*		13.497	**13.497**		12.295	**12.295**
053		**2**	**Fixed assets held for sale and discontinued operations**						
054		**3**	**Other**		**41.541.346**	**41.541.346**		**36.462.176**	**36.462.176**
055	001+004+008+031+044+045+048	**VIII**	**TOTAL ASSETS**		**551.731.952**	**551.731.952**		**585.264.190**	**585.264.190**
056		**IX**	**OFF-BALANCE SHEET ITEMS**		**7.685.788**	**7.685.788**		**8.449.724**	**8.449.724**

Statement of financial position (continued)

Position number	Elements of the	Item number	Item	Previous year			Current year		
				Life	Non-life	Total	Life	Non-life	Total
057	058+061+062+066+067+071+074	**X**	**CAPITAL AND RESERVES**		**290.805.841**	**290.805.841**		**308.017.732**	**308.017.732**
058	059 +060	**1**	**Subscribed capital**		**7.930.260**	**7.930.260**		**7.930.260**	**7.930.260**
059		*1.1*	*Paid in capital - ordinary shares*		7.930.260	**7.930.260**		7.930.260	**7.930.260**
060		*1.2*	*Paid in capital - preference shares*						
061		**2**	**Premium on shares issued (capital reserves)**						
062	063 +064 +065	**3**	**Revaluation reserves**		**74.258.872**	**74.258.872**		**83.425.223**	**83.425.223**
063		*3.1*	*Land and buildings*		48.247.479	**48.247.479**		49.342.050	**49.342.050**
064		*3.2*	*Financial assets*		26.011.393	**26.011.393**		34.083.173	**34.083.173**
065		*3.3*	*Other revaluation reserves*						
066		**4**	**Financial reserves from insurance contracts**		**2.905.025**	**2.905.025**		**2.054.651**	**2.054.651**
067	068+069+070	**5**	**Reserves**		**23.072.103**	**23.072.103**		**23.072.103**	**23.072.103**
068		*5.1.*	*Legal reserves*		5.181.960	**5.181.960**		5.181.960	**5.181.960**
069		*5.2.*	*Statutory reserve*		17.890.143	**17.890.143**		17.890.143	**17.890.143**
070		*5.3.*	*Other reserves*						
071	072+073	**6**	**Retained profit or loss brought forward**		**166.024.747**	**166.024.747**		**176.039.849**	**176.039.849**
072		*6.1.*	*Retained profit*		166.024.747	**166.024.747**		176.039.849	**176.039.849**
073		*6.2.*	*Loss brought forward (-)*						
074	075+076	**7**	**Profit or loss for the current accounting period**		**16.614.834**	**16.614.834**		**15.495.646**	**15.495.646**
075		*7.1.*	*Profit for the current accounting period*		16.614.834	**16.614.834**		15.495.646	**15.495.646**
076		*7.2.*	*Loss for the current accounting period (-)*						
077		**XI**	**SUBORDINATE LIABILITIES**						
078		**XII**	**MINORITY INTEREST**						
079	080+084+088	**XIII**	**LIABILITIES FROM INSURANCE CONTRACTS**		**197.821.985**	**197.821.985**		**217.052.623**	**217.052.623**
080	081+082+083	1	General measurement model						
081		1.1.	- Liabilities for remaining coverage						
082		1.2.	- Assets for insurance acquisition cash flows						
083		1.3.	- Liabilities for claims incurred						
084	085+086+087	2	Variable fee approach						
085		2.1.	- Liabilities for remaining coverage						
086		2.2.	- Assets for insurance acquisition cash flows						
087		2.3.	- Liabilities for claims incurred						
088	089 +090 +091	3	Premium allocation approach		197.821.985	197.821.985		217.052.623	217.052.623
089		3.1.	- Liabilities for remaining coverage		81.707.032	**81.707.032**		90.020.629	**90.020.629**
090		3.2.	- Assets for insurance acquisition cash flows						
091		3.3.	- Liabilities for claims incurred		116.114.954	**116.114.954**		127.031.995	**127.031.995**
092		**XIV**	**LIABILITIES FROM REINSURANCE CONTRACTS**						
093		**XV**	**LIABILITY FOR INVESTMENT CONTRACTS**						
094	095+096	**XVI**	**OTHER PROVISIONS**		**1.150.972**	**1.150.972**		**870.862**	**870.862**
095		1	Provisions for pensions and similar obligations		1.150.972	**1.150.972**		870.862	**870.862**
096		2	Other provisions						
097	098+099	**XVII**	**DEFERRED AND CURRENT TAX LIABILITIES**		**18.284.765**	**18.284.765**		**18.765.208**	**18.765.208**
098		1	Deferred tax liability		17.181.815	**17.181.815**		18.765.208	**18.765.208**
099		2	Current tax liability		1.102.949	**1.102.949**			
100	101+102+…+105	**XVIII**	**FINANCIAL LIABILITIES**		**15.732.074**	**15.732.074**		**13.465.087**	**13.465.087**
101		1	Loan liabilities		10.238.689	**10.238.689**		7.330.670	**7.330.670**
102		2	Liabilities for issued financial instruments						
103		3	Liabilities for derivative financial instruments						
104		4	Liability for unpaid dividend		1.185.570	**1.185.570**		1.751.971	**1.751.971**
105		5	Other financial liabilities		4.307.814	**4.307.814**		4.382.447	**4.382.447**
106	107+108+109	**XIX**	**OTHER LIABILITIES**		**27.936.315**	**27.936.315**		**27.092.677**	**27.092.677**
107		1	Liabilities for disposal and discontinued operations						
108		2	Accruals and deferred income		484.825	**484.825**		240.708	**240.708**
109		3	Other liabilities		27.451.491	**27.451.491**		26.851.969	**26.851.969**
110	057+077+078+079+092+093+094+097+100+106	**XX**	**TOTAL LIABILITIES**		**551.731.952**	**551.731.952**		**585.264.190**	**585.264.190**
111		**XXI**	**OFF-BALANCE SHEET ITEMS**		**7.685.788**	**7.685.788**		**8.449.724**	**8.449.724**

Statement of cash flows

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**	**14.474.661**	**-13.644.250**
002	003+004	**1**	**Cash flow before changes in operating assets and liabilities**	**6.994.500**	**-7.259.995**
003		1.1	Profit/loss of the accounting period	18.649.886	20.150.281
004	005+006+….. +017	1.2	Adjustments:	-11.655.386	-27.410.276
005		*1.2.1*	*Depreciation of property and equipment*	4.262.965	3.942.265
006		*1.2.2*	*Amortization of intangible assets*	10.274	13.791
007		*1.2.3*	*Loss from impairment of intangible assets*	0	0
008		*1.2.4*	*Other financial cost*	0	0
009		*1.2.5*	*Impairment and gains/losses on fair valuation*	-9.166.351	-24.238.263
010		*1.2.6*	*Interest expenses*	282.906	253.706
011		*1.2.7*	*Interest income*	-6.750.756	-5.471.203
012		*1.2.8*	*Profit from the sale of branch*	0	0
013		*1.2.9*	*Share in profit of associates*	0	0
014		*1.2.10*	*Equity-settled share-based payment transactions*	0	0
015		*1.2.11*	*Cost of income tax*	0	0
016		*1.2.12*	*Profit/loss from the sale of tangible assets (including land and buildings)*	-198.222	-162.598
017		*1.2.13*	*Other adjustments*	-96.202	-1.747.974
018	019+020+…+ 034	**2**	**Increase/decrease in operating assets and liabilities**	**5.566.139**	**-8.158.501**
019		2.1	Increase/decrease in financial assets at fair value through other comprehensive income	-8.071.780	-22.308.549
020		2.2	Increase/decrease in financial assets at fair value through statement of profit or loss	0	0
021		2.3	Increase/decrease in financial assets at amortised cost	-9.551.592	-13.873.473
022		2.4	*Increase/decrease in assets/liabilities from insurance contracts*	19.230.638	15.711.334
023		2.5	*Increase/decrease in assets/liabilities from reinsurance contracts*	-166.256	-678.135
024		2.6	Increase/decrease in tax assets	0	0
025		2.7	Increase/decrease in receivables	-533.145	12.311.052
026		2.8	Increase/decrease in investments in real estate	0	-1.180.607
027		2.9	Increase/decrease in property for own use	0	0
028		2.10	Increase/decrease in other assets	1.889.786	1.451.246
029		2.11	*Increase/decrease in liabilities from investment contracts*	0	0
030		2.12	*Increase/decrease in other provisions*	0	0
031		2.13	Increase/decrease in tax liabilities	2.623.893	-2.028.649
032		2.14	Increase/decrease in financial liabilities	0	0
033		2.15	Increase/decrease in other liabilities	-599.521	2.967.088
034		2.16	Increase/decrease in accruals and deferred income	744.117	-529.808
035		**3**	**Income tax paid**	**-4.836.734**	**-3.696.958**
036		**4**	**Interest received**	**6.750.756**	**5.471.203**
037		**5**	**Dividend received**	**0**	**0**
038	039+040+…+ 045	**II**	**CASH FLOW FROM INVESTING ACTIVITIES**	**0**	**-2.070.665**
039		1	Cash receipts from the sale of tangible assets	0	0
040		2	Cash payments for the purchase of tangible assets	0	-1.672.966
041		3	Cash receipts from the sale of intangible assets	0	0
042		4	Cash payments for the purchase of intangible assets	0	-14.170
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	0	0
045		7	Cash receipts and payments based on other investing activities	0	-383.529
046	047+048+… +057	**III**	**CASH FLOW FROM FINANCING ACTIVITIES**	**-9.456.208**	**-7.721.460**
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	1.330.000
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	-2.908.019	-2.839.402
054		8	Cash payments for the redemption of own shares	0	0
055		9	Cash payments for interest	-282.906	-253.706
056		10	Cash payments for dividend	-6.265.283	-5.958.351
057		11	Cash payments for rental obligations	0	0
058	001+038+046	**IV**	**NET CASH FLOW**	**5.018.453**	**-23.436.375**
059		**V**	**EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS**	**0**	**0**
060	058+059	**VI**	**NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS**	**5.018.453**	**-23.436.375**
061		1	Cash and cash equivalents at the beginning of period	13.349.093	36.785.468
062	**060+061**	**2**	**Cash and cash equivalents at the end of period**	**18.367.546**	**13.349.093**

Statement of changes in equity

Item number	Item	Attributable to owners of the parent company								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**	**8.096.357**	**0**	**50.769.716**	**6.120.972**	**22.906.006**	**154.264.890**	**17.379.551**	**259.537.491**	**0**	**259.537.491**
1.	Change in accounting policies	0	0	0	0	0	0	0	0	0	0
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)**	**8.096.357**	**0**	**50.769.716**	**6.120.972**	**22.906.006**	**154.264.890**	**17.379.551**	**259.537.491**	**0**	**259.537.491**
III.	**Comprehensive income or loss for the previous year**	**0**	**0**	**23.489.156**	**-3.215.947**	**0**	**11.759.858**	**-764.717**	**31.268.350**	**0**	**31.268.350**
1.	Profit or loss for the period	0	0	0	0	0	0	16.614.834	16.614.834	0	16.614.834
2.	**Other comprehensive income or loss for the previous year**	**0**	**0**	**23.489.156**	**-3.215.947**	**0**	**11.759.858**	**-17.379.551**	**14.653.516**	**0**	**14.653.516**
2.1.	Unrealised gains or losses on tangible assets (land and buildings)	0	0	1.180.607	0	0	0	0	1.180.607	0	1.180.607
2.2.	Unrealised gains or losses on financial assets at fair value through other comprehensive income	0	0	22.308.549	0	0	0	0	22.308.549	0	22.308.549
2.3.	Realised gains or losses on financial assets at fair value through other comprehensive income	0	0	0	0	0	11.759.858	-17.379.551	-5.619.693	0	-5.619.693
2.4.	Net financial income/expenditure from insurance contracts	0	0	0	0	0	0	0	0	0	0
2.5.	Net financial income/expenditure from (passive) reinsurance contracts	0	0	0	0	0	0	0	0	0	0
2.6.	Other changes in equity unrelated to owners	0	0	0	-3.215.947	0	0	0	-3.215.947	0	-3.215.947
IV.	**Transactions with owners (previous period)**	**-166.097**	**0**	**0**	**0**	**166.097**	**0**	**0**	**0**	**0**	**0**
1.	Increase/decrease in subscribed capital	-166.097	0	0	0	166.097	0	0	0	0	0
2.	Other contributions by owners	0	0	0	0	0	0	0	0	0	0
3.	Payment of share in profit/dividend	0	0	0	0	0	0	0	0	0	0
4.	Other distribution to owners	0	0	0	0	0	0	0	0	0	0
V.	**Balance on the last day of the previous year reporting period**	**7.930.260**	**0**	**74.258.872**	**2.905.025**	**23.072.103**	**166.024.747**	**16.614.834**	**290.805.841**	**0**	**290.805.841**
VI.	**Balance as at 1 January of the current year**	**7.930.260**	**0**	**74.258.872**	**2.905.025**	**23.072.103**	**166.024.747**	**16.614.834**	**290.805.841**	**0**	**290.805.841**
1.	Change in accounting policies	0	0	0	0	0	0	0	0	0	0
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)**	**7.930.260**	**0**	**74.258.872**	**2.905.025**	**23.072.103**	**166.024.747**	**16.614.834**	**290.805.841**	**0**	**290.805.841**
VIII.	**Comprehensive income or loss for the year**	**0**	**0**	**9.166.351**	**-850.373**	**0**	**10.015.102**	**-1.119.188**	**17.211.892**	**0**	**17.211.892**
1.	Profit or loss for the period	0	0	0	0	0	0	15.495.646	15.495.646	0	15.495.646
2.	**Other comprehensive income or loss for the year**	**0**	**0**	**9.166.351**	**-850.373**	**0**	**10.015.102**	**-16.614.834**	**1.716.246**	**0**	**1.716.246**
2.1.	Unrealised gains or losses on tangible assets (land and buildings)	0	0	1.094.570	0	0	0	0	1.094.570	0	1.094.570
2.2.	Unrealised gains or losses on financial assets at fair value through other comprehensive income	0	0	8.071.780	0	0	0	0	8.071.780	0	8.071.780
2.3.	Realised gains or losses on financial assets at fair value through other comprehensive income	0	0	0	0	0	10.015.102	-16.614.834	-6.599.732	0	-6.599.732
2.4.	Net financial income/expenditure from insurance contracts	0	0	0	0	0	0	0	0	0	0
2.5.	Net financial income/expenditure from (passive) reinsurance contracts	0	0	0	0	0	0	0	0	0	0
2.6.	Other changes in equity unrelated to owners	0	0	0	-850.373	0	0	0	-850.373	0	-850.373
IX.	**Transactions with owners (current period)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
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	0	0
3.	Payment of share in profit/dividend	0	0	0	0	0	0	0	0	0	0
4.	Other transactions with owners	0	0	0	0	0	0	0	0	0	0
X.	**Balance on the last day of the current year reporting period**	**7.930.260**	**0**	**83.425.223**	**2.054.651**	**23.072.103**	**176.039.849**	**15.495.646**	**308.017.732**	**0**	**308.017.732**

Differences between the financial statements prepared in accordance with the International Financial Reporting Standards and additional regulary reports refer to the following business events:

Statement of Financial Position

The guarantee deposits for leasing contracts, premium receivables, credit cards and checks receivables, other receivables, and cash and cash equivalents given in the financial statement prepared in accordance with the IFRS are recorded in the financial statement within the item 049 (Receivables) and 064 (Other assets).

Investments in property owned by others are recorded in the financial statements prepared according to the IFRS within the item Intangible assets and in the additional regulary reports within the item Property and equipment.

Liabilities from direct insurance and liabilities from reinsurance are presented in the financial statements prepared according to the IFRS within the following items:

- 103 – Deferred tax liabilities
- 110 – Other financial liabilities
- 111 – Other liabilities.

Interests for loans in financial statements prepared in accordance with the IFRS are classified as credits and receivables whereas in the additional regulary reports they are classified as other receivables. Provisions on a group basis for loans in a financial statement prepared in accordance with the IFRS are classified as impairment of loss, whereas in the additional regulary reports they are classified as other receivables.

Deferred tax liabilities in financial statements prepared in accordance with the IFRS are presented in the net amount.

Statement of Comprehensive Income

The Underwriting costs and Administrative costs positions stated in the financial statements prepared in accordance with the IFRS are presented within the item 051 of the financial statement (Business expenses (Activity performance expenses), net).

Other business expenses in financial statements prepared in accordance with the IFRS are presented within the item 068 (Other technical expenses, net of reinsurance) and 023 (Other investment income).