PRVA GROUP

AUDITED ANNUAL REPORT 2015

CONTENTS

1. INTRODUCTORY WORD FROM THE MANAGEMENT BOARD

Prva Group continued its traditional role of primarily engaging in pension insurance in Slovenia, Macedonia, Serbia and Kosovo also in 2015. Alongside pension insurance, life insurance marketed by our company in Slovenia, is becoming an increasingly important part of the Group's activities.

Supplementary pension markets in Macedonia and Slovenia are the most important parts the Group. KB Prvo penzisko društvo AD Skopje is one of the two providers on Macedonia's mandatory supplementary pension insurance market. In 2015 the Company grew in line with the market trend and managed to sustain its market share at 52%.

At the end of the year Prva osebna zavarovalnica obtained the last required permit for introduction of life-cycle funds in the voluntary supplementary pension insurance. This means that our insurants have the choice of various pension insurance saving schemes, depending on their age and have a say in the optimisation of yields with the aim of achieving higher pension from supplementary pension insurance. The Company in Slovenia, i.e. Prva osebna zavarovalnica, again recorded a significant growth in life insurances, which was above the market growth. Our main product remains Prva Varnost, and updating of this product in the last quarter of 2015 with a completely revised cover for critical illnesses, accident insurance and additional new covers where the premium grew by 10.6%.

All the companies in the Group reported profits at the end of the year, as well as an increase in the number of insurants, premiums and assets under management. In 2015, the Group reported EUR 5 million of gross profit. In addition, the volume of assets under management rose by almost EUR 70 million to EUR 659 million, which is 10.5% more than in 2014 Moreover, the total number of the Group's insurants surpassed the milestone of 400.000, as the Group ended the year with 437,822 insurants.

In organisational terms, our efforts in 2015 were focused on strengthening corporate governance function of the Group. Our objective was achieved by appointment of Botjan Škufca Zaveršek as a Member of the Management Board; in addition, a new Code of Conduct of the Prva Group was adopted by all the group companies.

In 2016, we expect to have over 450 thousand insurants and over EUR 700 million in Asset under management. We expect to further strengthen our efforts aimed at a closer interaction with customers to ensure increased customer satisfaction and improve sales, in line with our 2014-2018 strategy, aiming to secure 550 thousand insurants and over EUR 1 billion of Assets under management.

Boštjan Škufca Zaveršek
Member of the Management Board

Alenka Žnidaršič Kranjc
President of the Management Board

2. THE ACTIVITIES OF THE COMPANY AND THE GROUP AND ITS DEVELOPMENT

Prva Group - Skupina Prva, zavarovalniški holding, d.d. (formerly Prva pokojninska družba d.d.) is an insurance holding in which 3 pension companies, 1 insurance undertaking and 1 company in the process of acquiring licences for pension insurance of a sister company, operated in 2015.

The Company's activity includes holding operations in insurance and pension funds.

Ernst & Young was appointed the auditor of the Company.

Prva Group - Skupina Prva, insurance holding company, plc. is a public limited company set up for an indefinite period of time.

In 2015, the following enterprises operated within the Group: Prva osebna zavarovalnica d.d. in Slovenia, KB Prvo in Macedonia, DDOR Garant in Serbia, FSKP in Kosovo, and Prva zavarovalniško zastopniška družba, d.o.o. in Slovenia.

Prva Group - Skupina Prva, insurance holding company, plc. compiled consolidated financial statements under IFRS as adopted by the EU for the Group, which includes five subsidiaries. The consolidated financial statements are based on the original financial statements of the enterprises included in consolidation, inclusive of the necessary consolidation adjustments which, however, are not subject to posting in the financial statements of the enterprises included in consolidation. In the financial statements, subsidiaries are accounted for under the cost method. The report includes presentation of the operations of the long-term business funds managed by the subsidiaries.

Prva Group does not have any branch offices either in Slovenia or abroad.

In the Annual Report, Skupina Prva plc. is referred to as Skupina Prva, Prva Group or the Company, whereas Skupina Prva Group is referred to as Skupina Prva Group or the Group.

Prva plc. has not adopted any specific diversity policy in relation to the presentation in the governance or supervisory bodies regarding gender, age or education.

3. COMPANY BODIES

The Company's bodies consist of the General Meeting, the Supervisory Board, the Management Board, and the Audit Committee.

The General Meeting of the Prva Group is comprised of legal entities and natural persons possessing shares of the Prva Group.

The Supervisory Board consists of four members. All are representatives of the capital.

The Management Board represents and presents the Company. Dr Alenka Žnidaršič Kranjc is the President of the Company.

The owners of the Company have the right to change the financial statements after their approval by the Management Board.

The registered seat of the Company:

Skupina Prva d.d. (Prva Group plc.)
Ameriška ulica 8
1000 Ljubljana
Slovenia

3.1. Report on the work of the Supervisory Board and Audit Committee of Prva Group

The four-member Supervisory Board performed its duties and tasks in accordance with provisions of the Insurance Act, Companies Act, Articles of Association, and Rules of Procedure of the Supervisory Board in 2015.

SUPERVISORY BOARD

In 2015, the Supervisory Board consisted of Nicholas Andrew Lindsay Stuart (Chairman), Jože Mermal, Tanja Tuš and Andreea Moraru (until 18 June 2015) when she was replaced by Dariga Sambayeva.

SUPERVISORY BOARD'S TASKS

In 2015, the Supervisory Board monitored and discussed the operations of the Company and the work of the Management Board in two regular sessions and two conference calls. It carried out the legally prescribed supervision of the Company's operations and supervised the implementation of the resolutions adopted in previous sessions and at the General Meetings of the Company. In accordance with the Supervisory Board's decision, Boštjan Škufca Zaveršek was appointed Member of the Management Board for a four-year mandate.

In 2015, the work of the Supervisory Board further consisted of addressing the Annual Report of Prva Group, insurance holding company, plc., for 2014, forming the opinion of the Supervisory Board on the Annual Report for 2014, addressing the Auditor's Report for 2014, and Reports of the Audit Committee for 2015, drafting a proposal for the General Meeting to nominate the company's auditor for 2015, addressing and adopting the Business Plan for 2016, and ongoing supervision of all the Company's operations and the comparison of the objectives realised with those planned.

At its last session in 2015 and with an outlook on the future operations of the Company, the Supervisory Board adopted the Business Plan for 2016 and was informed of the plans of all the subsidiaries for 2016.

The Supervisory Board was informed about the decisions of the supervisory bodies in a timely fashion and monitored their implementation.

At the meeting on 10 May 2016, the Supervisory board will review the Annual Report of Prva Group for the year 2015.

AUDIT COMMITTEE

The Supervisory Board established a three-member Audit Committee which was,

on 6 August 2015, composed of the following:

- Nicholas Andrew Lindsay Stuart (Chairman),
- Andrea Moraru (Deputy Chairperson),
- Mojca Babnik (Independent member).

On 7 August 2015, the following were appointed members of the Audit Committee:

- Nicholas Andrew Lindsay Stuart (Chairman),
- Dariga Sambayeva (Deputy Chairperson),
- Mojca Babnik (Independent expert).

The tasks and competencies of the Audit Committee are laid down in the Companies Act, Rules of Procedure of the Audit Committee, Rules of Procedure of the Supervisory Board and decisions adopted by the Supervisory Board.

In 2015, the Audit Committee addressed the following topics in two regular sessions:

- risk management and internal control efficiency (monitoring of the relevance of risk management, provision of sufficient amount of capital and monitoring internal controls efficiency and performance);
- efficiency and performance of the internal audit services in subsidiaries (monitoring efficiency and performance of internal audit services in individual subsidiaries through six-monthly reports of internal auditors in subsidiaries or declarations made by internal auditors);

- financial statements and external audit (proposing appointment of external auditors, participating in drafting contracts between the auditor and the insurance undertaking, checking and monitoring auditor's independence, monitoring audit of the annual financial statements, cooperating with external auditors and assessing the annual report structure);
- integrity of financial information provided by the insurance undertaking (monitoring financial reporting procedures and their integrity);

At the meeting on 9 May 2015, the Audit committee will review the Annual Report of Prva Group for the year 2015.

3.2. Statement of the Responsibility of the Management Board

The Management Board approved the publication of the financial statements, accounting policies used and notes to the financial statements on 18.4.2016.

The Management Board is responsible for preparing the annual report which represents a true and fair view of the Company's and the Group's financial position and of their financial results for the year 2015.

Members of the Management Board and the Supervisory Board confirm that the Annual Report of Prva Group, insurance holding company, plc., and its integral parts, inclusive of the corporate governance statement, have been compiled and published in accordance with the Companies Act and International Financial Reporting Standards, as adopted by the EU.

The Management Board is responsible for the preparation of the annual report of Prva Group, insurance holding company, plc., including the financial statements and consolidated financial statements and notes thereto that give a true and fair presentation of the financial position of the Company and the Group.

The Management Board confirms that the financial statements of the Company and the Group have been compiled under the assumption of a going concern, that the appropriate accounting policies have been consistently applied, and that any changes in these have been disclosed, and that accounting estimates have been made based on the principle of prudence.

The Management Board is also responsible for the adoption of measures to secure the assets of Prva Group, insurance holding company, plc., and to prevent and detect fraud and other irregularities and/or illegal acts.

The Tax Authorities may, at any time within a period of 5 years after the end of the year for which a tax assessment was due, carry out an audit of the Company's operations, which may lead to assessment of additional tax liabilities, default interest, and penalties with regards to corporate income tax or other taxes and duties. The Management Board is not aware of any circumstances that may result in a significant tax liability.

Pursuant to Article 545 and 546 of the Companies Act, the management submitted a Report on transactions with the parent and other subsidiaries in the Group, confirming that in view of the circumstances known at the time these legal transactions were made, Prva plc. was not disadvantaged in transactions with the parent and its related parties. Furthermore, no legal transactions were undertaken in 2015 and no actions were either carried out or omitted, which could cause damage to the Company as a result of the influence imposed by the parent.

Ljubljana, 18.4.2016

Boštjan Škufca Zaveršek
Member of the Management Board

Alenka Žnidaršič Kranjc
President of the Management Board

3.3. Corporate Governance Statement

1. The Company applies the Corporate Governance Code for Public Limited Companies adopted by the Ljubljana Stock Exchange, the Association of Supervisory Board Members of Slovenia and the Association of Managers on 8 December 2009 and is available on the website of the Ljubljana Stock Exchange (www.ljse.si). While the application of the Corporate Governance Code for Public Companies is not obligatory, the Company is required to disclose the recommendations not complied with including explanation of the reasons for non-compliance. The Company did not voluntarily decide to apply any other governance codes.

2. The Company has adopted a decision to no longer follow any recommendations of the Corporate Governance Code for Public Companies (hereafter: "the Code") based on the following facts:

- The activity of the Company is limited to the management of participations in subordinated companies and generates revenue almost exclusively from dividends received from companies in which it holds equity shares. To ensure the relevant level of corporate governance in subordinated companies, in 2015 the Company adopted a corporate governance policy of the Prva Group plc., which is applicable to all subordinated companies
- In line with the Company's scope of operations, in 2015 the Company employed on average 2.2 members of staff.
- The share capital of the Company is divided into two classes of shares (regular shares with voting rights and preference shares without voting rights). However, only preference shares are quoted on the stock exchange (without voting rights and without the right to participation in the governance of the Company. For some time now the ownership structure of both classes of shares has been stable with relatively small number of shareholders and only minor movements in ownership.

Considering the limited scope of the Company's activities and very few staff, as well as relatively stable ownership, the Company made a study of costs associated with compliance with the recommendations of the Code and assessed that further compliance with the Code was not cost efficient and would not contribute to the maximisation of the Company's value. The Company does comply with all the binding provisions of the relevant legislation that directly refer to the corporate governance of public limited companies.

3. Within the framework of the internal control system and risk management related to the financial reporting process, special attention is devoted to:

- Identifying important business events that have a direct or significant impact on the financial reporting;
- Accounting categories and individual accounts and the related processes;
- Regular updating the documenting of the business processes flow;
- Assessing the results and eliminating the weaknesses identified in the planned or existing internal controls.

4. Company rules regarding appointment and replacement of members of the Management Board and the Supervisory Board are specified in the Articles of Association. All amendments to the Articles of Association may be adopted by a majority of no less than 81% of the share capital represented. The share capital's structure is explained in Section 4"Share capital and shareholders". The Company did not adopt any specific restrictions regarding voting rights other than in terms of preference shares which are, according to the Articles of Association, without voting rights. The Company rules regarding appointment and replacement of members of the Management Board and the Supervisory Board are specified in the Articles of Association. No other rules have been adopted. Members of the Management are not authorised for issuing or acquiring treasury shares.

5. The Management Board convenes the General Meeting of Shareholders at least one month in advance. Usually, it is convened at the head office of the Company. The competences of the General Meeting of Shareholders are stipulated in the Companies Act (ZGD-1). The General Meeting decides with a majority of votes cast by the share capital represented. Shareholders can exercise their rights at the General Meeting either in person or by proxy. Shareholders' rights are specified in the Articles of Association and applicable legislation.

6. The managing and corporate governance of the Company are conducted under a two-tier system. The Company's Management Board consists of Alenka Žnidaršič Kranjc, the Chairperson and, since 1 October 2015, also of Boštjan Škufca Zaveršek. The Management Board performs its duties in accordance with statutory provisions, Articles of Association, internal rules and the established and generally accepted good business practices. The same applies to the Supervisory Board whose composition and tasks as well as those of its Audit Committee, are described in detail in Section 3.1. "Report on the work of the Supervisory Board of Prva Group"

Ljubljana, 18.4.2016

Boštjan Škufca Zaveršek
Member of the Management Board

Alenka Žnidaršič Kranjc
President of the Management Board

4. SHARE CAPITAL AND SHAREHOLDERS

The Company's share capital amounts to EUR 13,386,247 and did not change in 2015. Individual capital elements are described in detail in Section 21. "Equity".

The owners of Prva Group, insurance holding company, plc. are successful Slovenian companies, a foreign bank, members of the Supervisory and Management Boards and other shareholders, as well as companies that have included their insurants in one of the pension schemes of Prva osebna zavarovalnica, d.d. The ultimate parent company of Prva Group, insurance holding company, plc. is A-Z Finance d.o.o.. A-Z Finance was founded in 1998 and is 100% owned by Alenka Žnidaršič Kranjc.

Table 1: Ten largest shareholders of ordinary and preference shares of Prva Group, plc. as at 31 December 2015

Name of shareholder/ordinary shares	Holding as at 31 December 2015 in %
DEJ d.o.o.	50.20%
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	20.00%
KYMAH LIMITED	12.22%
BTC d.d.	4.16%
ADRIATIC SLOVENICA D.D. KOPER, KRITNI SK	3.10%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS3	1.91%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS4	1.26%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS2	0.98%
OMEGAT d.o.o.	0.90%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS1	0.59%
10 MAJOR SHAREHOLDERS	**95.29%**
OTHER LEGAL ENTITIES	2.28%
OTHER NATURAL PERSONS	2.43%
TOTAL AT 31 DECEMBER 2015	**100.00%**

Name of shareholder/preference shares	Holding as at 31 December 2015 in %
PRVA OSEBNA ZAVAROVALNICA D.D. - KS3	15.02%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS4	11.28%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS1	11.26%
PRVA OSEBNA ZAVAROVALNICA D.D. - KS2	8.23%
CIMOS d.d.	7.35%
Alpen.SI, mešani fleksibilni podsklad	5.88%
FACTOR BANKA d.d.	5.88%
SKUPNA POKOJNINSKA DRUŽBA D.D., LJUBLJANA	4.61%
Sava Re d.d.	4.04%
SALONIT ANHOVO, d.d.	3.79%
10 MAJOR SHAREHOLDERS	**77.34%**
OTHER LEGAL ENTITIES	16.88%
OTHER NATURAL PERSONS	5.78%
TOTAL AT 31 DECEMBER 2014	**100.00%**

Source: The Share Register of Prva Group plc.

46 legal entities or natural persons are owners of class A ordinary shares. The largest shareholders among them are Dej d.o.o. with a 50.20% share, EBRD with a 20% share, Kymah Limited with a 12.22% share, and BTC with a 4.16% share. The others own a total of 13.42% of ordinary shares.

Class B shares are owned by 67 legal entities or natural persons. The largest stake is owned by Prva osebna zavarovalnica d.d. – KS3 in the amount of 15.02%, followed by Prva osebna zavarovalnica d.d. – KS4 with 11.28% stake, followed by Prva osebna zavarovalnica d.d. – KS1 with 11.26% stake and Prva osebna zavarovalnica d.d. – KS2 holding an 8.23% share. The others own a total of 54.21% of preference shares.

At the end of 2015, the Company does not possess any authorised capital for the payment of shares.

5. THE ECONOMIC ENVIRONMENT

5.1. MACROECONOMIC ENVIRONMENT

After several years of recession, we again noted signs of economic recovery in Europe, mostly on account of domestic demand and the aggressive policy of the European Central Bank (ECB), which has, as a result of its numerous measures, brought about positive expectations of investors, while an expansive monetary policy has among others resulted in improved credit facilities in the real sector, which has further stimulated continued investments and along with low prices of oil, increased private consumption. Another positive sign is the recovery of large peripheral member states such as Italy and Spain. Compared to the times before the financial crisis, in 2007 and 2008, economic growth remained at a rather low level in 2015, reaching only 1.5% of real GDP compared to the previous year. In addition to the over-indebtedness of EU member states, other reasons for such low economic growth include China and Russia whose demand, in the past, significantly drove the increase in European exports, while in 2015, the share of exports to both countries dropped significantly due to their internal problems. Europe was facing a major migration crisis in 2015, which drove increased consumption; the resolution of the migration crisis and the associated security issues is expected to somewhat loosen the pressure on compliance with public finance covenants in the coming financial year.

In the beginning of 2015, economic growth in the USA was slower than expected, followed by an overwhelming growth in the second quarter. By the end of the year, the USA economy registered 2.4% growth. In contrast to the ECB, for the first time since 2006, the FED raised its key interest rate by 0.25 percentage points, driven by optimistic economic forecasts and improved conditions on the labour market. We should not overlook the high appreciation rate of the US dollar, which did not push the USA economy into a recession as the economy is not export oriented. In 2015 the USA inflation was extremely low at 0.1%, mostly due to the impact of low prices of motor fuel, while the unemployment rate reached just over 5% at the end of 2015.

The country with a significant impact on the wider economic environment is of course China. After a decade of double-figure growth, the sustainability of China's economic growth became questionable as it dipped to below 7% in the third and fourth quarters of 2015; this in turn resulted in the steep drop in share prices on the Shanghai stock exchange which we witnessed in the summer. Nevertheless, world economists are confident that China possess relevant leverage in monetary and fiscal policies (loose monetary policy) to be able to sustain its economy and prevent its further fall. However, in order to support this, it is important we believe the data and figures reported by the country that plays a key role in promoting global economic growth.

In 2015, Japan mostly tried to resolve the consequences of prices increases from 2014 which were above the salary increase and which resulted in a drop in consumer spending. However, the measures implemented by Japan's central bank failed to bring any visible success. Inflation of 0.8% was far below the planned 2 percent and current forecast give no optimism that the inflation could rise to the 2% target rate in the future. As a consequence, the real interest rate remains at a high level, which in turn inhibits the economic activity of both companies and households. In future, the Central Bank of Japan will need to more closely follow its plans to demonstrate and confirm its integrity, or else 2016 may prove to be a rather demanding and uncertain.

The expectations that the UK's economy would stabilise and record a moderate GDP growth in 2015, proved to be false. At the beginning of the year, economist were confident that inflation would rise, to allow the central bank to gradually raise its interest rates. In reality, the expectations were deflated despite certain supportive indicators such as the drop in the unemployment rate. GDP fell throughout the entire year and other reason for concern was lower nominal GDP than the real GDP, which impacted public funding and points to potential deflation. Tax revenue rose by less than expected, which has and will in the future exacerbate borrowing conditions as well as aggravated and further strengthening scepticism concerning the planned budget surplus in the next years. Despite improvements in certain economic sectors (i.e. the recovery of the real estate sector resulting from artificial price increase supported by government aid), the economy is increasingly showing its fragility, which will require strict and well-thought measures to prevent further regression or stagnation.

In addition to China, other developing countries suffered mostly from low raw material prices, which affected net importers as well as net exporters. While on the one hand lower prices reduced the general price level and loosened the pressure imposed by the monetary policy, on the other hand the exporters suffered a reduction in revenue and reduced public consumption. Combined with flexible exchange rates in certain countries, this resulted in rapid depreciation in currencies and inflation growth. Geo-political risks increased by Russia's

intervention in the Ukraine and the annexation of Crimea, and later on also with military operations in Syria and the associated conflicts. This resulted in Russia's relationship with the USA being at the lowest level in the last decade. Brazil ran into recession driven by low raw material prices and poor and corrupted leadership of the state. The Brazilian real is one of the major losers of the last year as it lost around 30% of its value compared to the US$, inflation ran close to 10%, which resulted in a fall in the country's credit rating into a group outside the investment class and sharpened conditions of external borrowing. "Emerging" Europe gained most by the low prices of raw materials and as a result of European recovery as a whole. On the other hand, most states in the area are troubled by high indebtedness and a rapid increase in borrowings. Turkey recorded one of the fastest growing borrowing rates in the private sector and reduced economic growth, which resulted from the economic contraction in Russia, was noted also in South-East Europe (Bulgaria, Croatia and Serbia).
Current forecasts for global growth in 2015 are about 3.1%, while for 2016, the International Monetary Fund expects economic growth of 3.4%, followed by 3.6% in 2017. In general, experts agree that global growth will remain imbalanced in 2016. The acceleration of economic growth is expected in Europe and Japan, as well as in developing markets. In any case, a slow-down and consolidation of China's economy, lower energy prices and effect of major developing economies will have a noted impact on global growth in 2016. Brazil and Russia, who reached the very bottom of their economic growth in 2015, are expected to recover from recession in 2016, provided they can avoid any additional geo-political or economic shocks.

In 2015, the macroeconomic picture in Slovenia showed beneficial movements, mostly due to growth in GDP. That said, in terms of structure and future expectations, the growth was rather fragile, resulting mostly from increased employment rather than greater productivity. The number of registered unemployed has been falling since April 2014; however it again showed a slight increase at the end of 2015. Corporate savings continued to be stronger than investments, which resulted in major surplus in the balance of payments, combined with rather hight growth in public sector investments. Net foreign demand remained one of the key drivers of the Slovene economic growth, which points to the continued inhibition of economic growth in the short-term due to increased uncertainty and problems faced by the major foreign trading partners. Supported by a flexible monetary policy and solid liquidity of banks, stable economic growth can be assured by deleveraging of corporate sector and a reduction in the vast number of bad loans in the balance sheet of banks, and a move towards increased equity financing.

Considering the latest data published in the beginning of February 2015, the economic forecast for Slovenia is slightly worse compared to data published in the autumn of 2015. One of the reasons for the reduced forecast of economic activity in Slovenia from 1.9% to 1.8% is the reduced forecast in economic growth of most key trading partners in the eurozone. Key factors of economic recovery in 2016 are again recovery of the labour market and private consumption, which is predicted to increase by 2.3%; public spending is forecast to grow by 1.8%, while unemployment should fall further to 8.8% in 2016. Public investments are forecast to decline, which will impact reduced growth mostly due to the transfer to the new European financial perspective.

Table 2: Selected indicators for Slovenia and forecasts:

	2012	2013	2014					2015 Assessment				2016 Forecast			
				4Q 14	*Q1 15*	*Q2 15*	*Q3 15*	UMAR	BS	MDS	EK	UMAR	BoS	IMF	EC
Real GDP (YoY in %)	-2.7	-1.0	3.0	*2.8*	*2.8*	*2.6*	*2.5*	2.7	2.6	2.3	2.6	2.3	1.9	1.8	1.9
Current account (% of GDP)	2.6	5.6	7.0	*7.8*	*6.7*	*7.1*	*7.7*	6.2	6.7	6.7	7.0	7.2	7.0	6.2	7.5
Debt/GDP	53.7	70.3	80.9	78.1	80.9	80.8	84.1				84.2				80.9
				09 15	*10 15*	*11 15*	*12 15*								
CPI (YoY in %)	2.6	1.8	0.2	*-0.1*	*0.0*	*0.1*	*-0.4*	-0.4	-0.6	-0.4	-0.6	0.8	1.0	0.7	0.8
Unemployment (%)	12.0	13.1	13.1	*11.5*	*11.7*	11.7		12.3		8.7	9.4	11.8		8.1	9.2
Budget (% of GDP)	-4.1	-15.0	-5.0								-2.9				-2.4

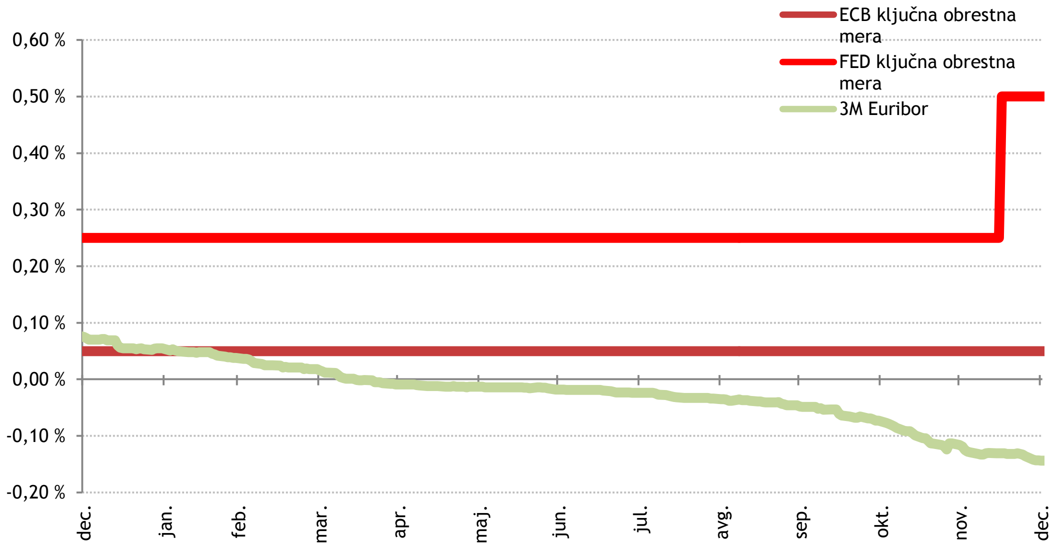
6. CAPITAL MARKETS

6.1. MONETARY MARKETS AND INTEREST RATES

In 2015, monetary policy affected mostly the USA and Europe, although the two policies are very much different. In December, the ECB reduced interest rate on open offer of border deposit by 10 base points to -0.30%, while interest rates on key funding and on open offer of border borrowings remained unaffected at 0.05% and 0.3%. In 2015, the ECB continued its widened programme of monthly purchases of securities amounting to €60 billion, which has continued since March. In December, it was announced that the bank will extend this until at least March 2016. On the other hand, fuelled by favourable economic data and reduction in unemployment, in the summer of 2015, the FED indicated a possible increase in the key interest rate, which has ranged from 0.00% to 0.25% since 2009. Accordingly, in December, the key interest rate rose to an interval ranging from 0.25% to 0.5%.

The USA is pursuing a stimulating monetary policy and market participants expect a further increase in key interest rate in line with the gradual and closely correlated economic movements.

Graph 1: Key interest rate trend of the ECB, FED and 3 M Euribor in 2015



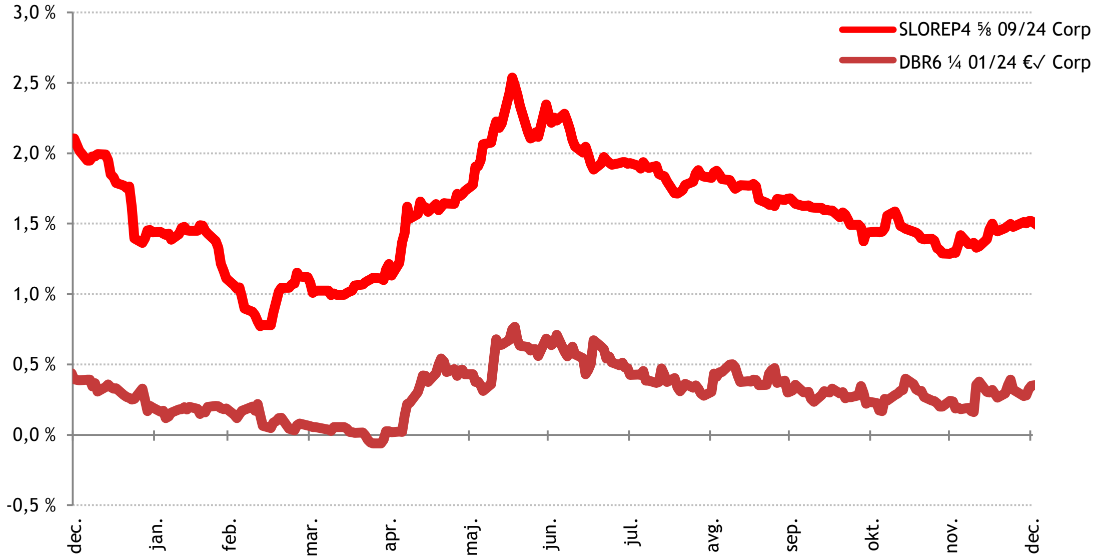
Source: Bloomberg

6.2. BOND MARKETS

2015 was a rather difficult year for European investment-grade corporate bonds. While at the beginning of the year these bonds were "supported" by the ECB's programme of bonds acquisition, certain problems such as those faced by Volkswagen and companies in the raw materials sector had their toll. When European corporate bonds are measured in terms of the Bloomberg Investment Grade European Corporate Bond Index, they recorded 0.51%, which is the first negative result since the index was first introduced in 2009. Judging from historical impact, a major difference occurred in 2015 between the return of 10-year eurozone bonds and of 10-year USA bonds. This may be interpreted as a consequence of the contrasting monetary policies described above, and as a consequence of a dip in prices of other energy resources, as explained below. In the beginning of 2015, the yield of 10-year reference USA bonds fell to the level recorded in May 2013 from 1.64%, followed by a a bounce-back, resulting in 2.3% annual yield at the end of 2015.

In January 2015, Moody's increased its rating of Slovenian government securities to A-, Fitch also improved its outlook but suck to the BBB+ rating, while in its December, S&P kept the short- and long-term country rating at A-. This came along with positive forecasts for the future.

Graph 2: Rate of return trend of Slovene and German 9-year state bonds in 2015



Source: Bloomberg

6.3. STOCK MARKETS

International stock markets recorded negative trends from April onwards, while in the last quarter of the year, most stock indices reported positive growth along with increased volatility. This trend was a result of expectations of future measures of individual central banks and positive quarterly operating results of primarily the technology sector. The DJ EuroStoxx index, which mirrors the growth of West-European stock indices, and S&P 500 both reported 6.5% and 6.3 growth respectively, Chinese HSI reported 5.1% growth, while due to major pressure on oil prices, Russian RTSI recorded a 4.1% dip. The Japanese stock market dominated and recorded the highest yield in the local currency and in the euro. In general, this conformed the fact that stock market movements closely follow the growth in monetary mass and studies have confirmed that quantitative easing is most effective when performed through the stock market transmission channel.

Most shares quoted on the Ljubljana stock exchange fell in value. The Slovenian SBI TOP lost 11.22 percent on a yearly basis and total turnover amounted to EUR 393.4 million.

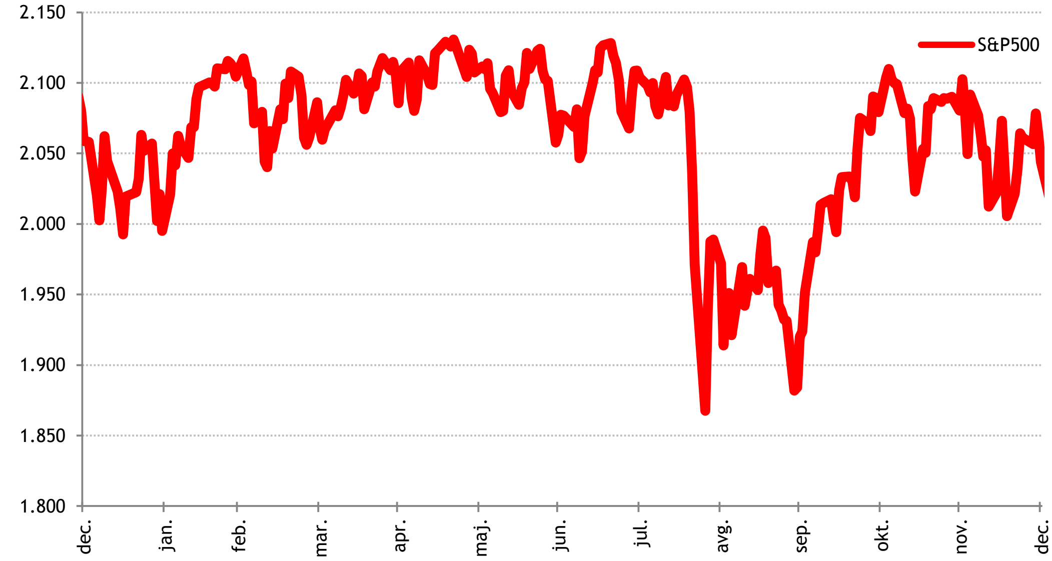
Graph 3: SBITOP index trend in 2015

Source: Bloomberg

Graph 4: DAX 30 index trend in 2015

Source: Bloomberg

Graph 5: S&P 500 index trend in 2015



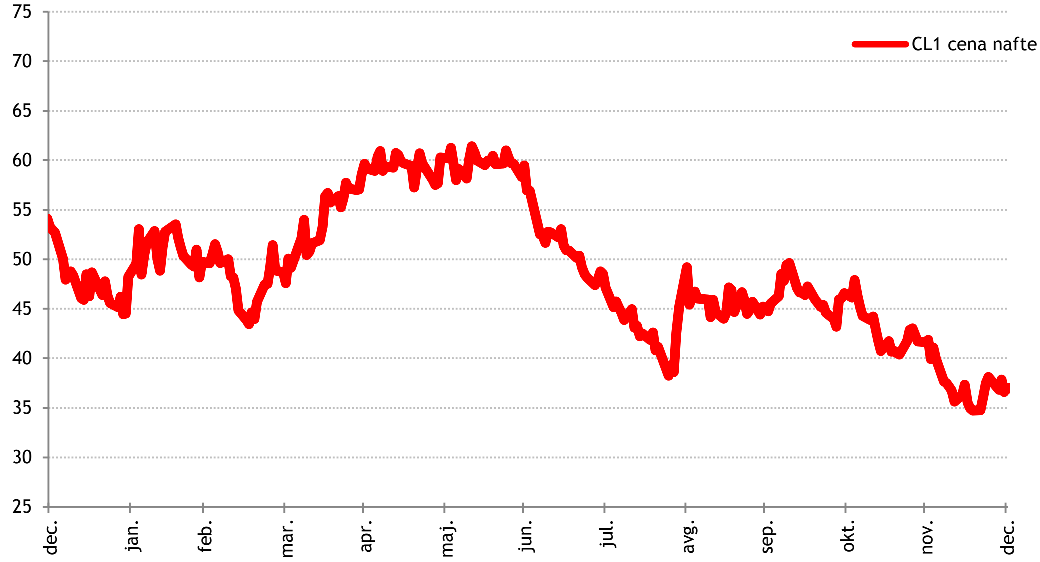
Source: Bloomberg

6.4. Commodity markets

Based on Bloomberg Commodity Index, commodity prices fell by a staggering 16.1% in 2015. Low oil prices prove challenging mostly to producers outside the OPEC countries since the effects of low oil prices have stronger impact on these, leading to reduced production, which is most likely reflected in a major reduction in investments by these producers. Brent prices mostly reduced as a result of forecasts of slow-down in the global economy and decision adopted by OPEC not to constrict the scope of oil production.

After gold recorded a loss of -0.3% at the end of 2014 expressed in the euro, in the beginning of 2015, this precious metal gained as a symbol of security due to rising fears of risks associated with China. In spite of the security of gold, the further development of stock prices will mean that gold as an investment will no longer be able to compete with high-yield USA government bonds and will lose its attraction.

Graph 6: Oil prices in 2015



Source: Bloomberg

7. FINANCIAL RESULT OF THE COMPANY AND THE GROUP

The Company ended the 2015 financial year with net profit of EUR 1,083,553 primarily as a result of the investment part of operations. The Group ended 2015 with net profit of EUR 5,028,218.

Table 3: Key financial indicators of Prva Group plc. and the Group

	Prva Group		The Group	
	2015	2014	2015	2014
Net premium income	0	0	12,857,675	11,368,005
Net claims costs	0	0	-4,745,911	-3,441,179
Costs of acquiring insurants	0	0	-2,950,038	-3,430,979
Profit before tax	1,143,753	1,105,841	5,495,811	4,090,845
Net profit	1,083,553	1,055,841	5,028,218	3,905,143
Income tax and other taxes	-60,200	-50,000	-467,594	-185,702
Assets under management*	-	-	659,377,277	589,543,883
Number of policyholders	-	-	437,822	412,938
Net increase in the number of policyholders	-	-	24,884	20,587
Average annual premium	-	-	195	180
Management fee	-	-	0.85%	0.87%
Yields of funds (attributed weighted average)	-	-	4.85%	7.70%
Equity				
ROE from operations			11.5%	8,0%
ROE from investments			6.1%	5,7%
Total ROE			17.6%	13.8%
Number of employees on the last day of the year			116	108

** Sum of balances in disclosure: Assets from financial contracts (Disclosure 18, table 36) in the amount of EUR 240,788,639; assets from pension annuities the amount of EUR 12,259,793; and in disclosure of off balance sheet liabilities of the Company (Disclosure 26, Table 53) in the amount of EUR 404,442,706; as well as assets where the insured assumes investment risk amounting to EUR 1,808,137 recognised in the statement of financial position).*

8. INFORMATION TECHNOLOGY

Through continued development and implementation of new information technology solutions, enterprises in the Group are successfully enhancing their business processes.

9. ORGANISATION AND PERSONNEL

Based on the hours worked, Prva Group, insurance holding company plc. had an average of 1.45 employees in 2015. The number of employees varies depending on the requirements in a specific period. As at the last day of 2015, 2.2 persons were employed in the Company. A total of 116 staff were employed by the entire Group at 31 December 2015 (2014: 108).

Table 4: The number of employees of Prva plc. by level of education as at 31 December 2015

Organisational unit	Headcount
Administration	1.2
Analysts	1
Total	**2.2**

Level of education	Headcount
PhD	0.1
University degree	2.1
Total	**2.2**

10. RISK MANAGEMENT

- Risk management is an integral part of all business process of the Group and the Company.
- A detailed description of the risk management process is included in Sections 28 to 30 of the financial report.

Risk management has become an integral part of all business process, based on clear and specific organisation and well-thought processes, responsibilities and authorisations of individual functions and committees. Risk management provides for the control and management of uncertainties stemming from business opportunities, which is of fundamental importance for superior business decisions and consequently improved performance results.

10.1. Management of capital and capital adequacy

The primary goal of capital management is to ensure sufficient and appropriate capital adequacy of all companies within the Group.

Pursuant to the current Slovene legislation, capital is measured in terms of its availability to comply with regulatory capital requirements at the level of individual insurance companies as well as at the level of the Group.

10.2. Financial risk

In managing assets of guarantee funds and financing operations we are exposed to the following core risks as part of the capital and capital adequacy management:

- Risk of changes in prices of securities and fluctuation of interest rates
- Credit risk and
- Liquidity risk.

When forming the investment policies of individual long-term business funds, we consider the nature and characteristics of an insurance company's liabilities as we aim to achieve optimum spread of assets and an optimum return.

10.3. Interest rate risk

Interest rate risk is the risk of fluctuating market interest rates impacting the value of interest-sensitive assets, bonds and other debt securities whose value is sensitive to the interest rate fluctuation. In the event of interest rates increase, the value of debt securities usually falls. On the other hand, in the event of a fall in interest rates, the value of debt securities usually increases. Interest sensitivity of debt securities is usually increased though prolonged maturity periods, reduced absolute level of interest rate in the economy, and lower instrument coupon.

Interest rate risk is managed primarily through balancing of investment maturities (debt financial instruments) restructuring of investments from debt financial instruments at fixed interest rate to debt financial instruments with variable rates of interest, maturity balancing, and average modified duration of debt financial instruments while considering anticipated changes in interest rates, and the use of derivatives.

10.4. Risk of changes in share prices

The Company and the Group manage the risk of changes in prices of its portfolio securities through setting limits of acceptable exposure and through spread of investments both geographically and industry-wise. The security portfolio is comprised primarily of debt securities and as a result of this diversification, the risk of changes in prices of securities is further mitigated. Another important factor affecting investment decisions is the liquidity of securities.

10.5. LIQUIDITY RISK

Liquidity risk is the risk that due to limited liquidity of investments on securities market, the Company or the Group will not be able to trade an individual investment or trade the investment at significantly unfavourable conditions (primarily pricing conditions) than those at which the investment was valued. The risk or threat of imbalanced liquidity or imbalances between maturities of assets and liabilities may result in liquidity issues i.e. lack of monetary assets needed for the settlement of liabilities on maturity.

Liquidity risk is minimised through balancing investments' liquidity (liquidity is measured in terms of the issue's volume and the gap between its cost and its selling price), considering individual capital market's liquidity, and regular monitoring of the dynamics of inflow and outflows of portfolio assets, as well as by balancing the required additional liquidity assets under the ALM principle.

10.6. CURRENCY RISK

Currency risk is the risk of changes in foreign currency exchange rates impacting the value of the local currency investments, which are denominated in a foreign currency.

Our exposure to currency risk is only minor as most of our assets are invested in the euro.

Of other currency exposures, major exposure risk derives from currencies of the former Yugoslav countries.

Currency risk is mitigated predominantly through balancing of the assets and liabilities currency structure, by selecting investments in foreign currencies whose exchange rates in comparison with the local currency on average fluctuate in opposite directions (appropriate currency spread), and by use of derivatives.

10.7. CREDIT RISK

Credit risk, as one of the most significant financial risks is the risk of the counter party or the issuer of a financial instrument held by long-term business funds or the Company, failing to fulfil its obligations in full amount either on maturity or subsequently. It also includes the risk of a reduction in the value of securities as a consequence of increased probability of default, which is usually reflected in the reduction of the credit rating of the issuer's debt instruments.

A subgroup of the credit risk is the settlement risk, which is the risk of loss due to the process of payments between two or more parties in the settlement systems failing to proceed as expected or as agreed. This occurs mostly on exchange of assets when one of the parties to the settlement fails to settle its liabilities to one or several creditors after they had already fulfilled their individual obligations.

Credit risk is measured through daily monitoring of the issuers' operations or those of counter parties, to which the funds or the Company are exposed to in the form of deposits or receivables on account of derivative financial instruments. As part of the business performance monitoring, credit ratings, direction of changes in credit ratings, the volume of share capital of these entities, their performance result etc. are monitored particularly closely.

In addition, the basis for determining the risk of counter party default includes the contractual relationship between the Company and its counter party or the issuer, regulatory provisions, Rules of Procedures of the Central Securities Clearing Corporation in relation to transaction settlement, and rules on compliance with obligations on organised markets on which financial instruments are traded.

Settlement risk is managed by following high quality standards of business partners, their services and payment discipline, which are monitored during the business relationship duration.

10.8. OPERATIONAL RISK

Operational risk is the risk of a loss, including a legal risk, arising due to the following circumstances:

- inadequate or inaccurate performance of internal processes
- other inappropriate conduct of persons belonging to the internal business sphere of the legal entity
- inadequate or inaccurate operation of systems belonging to the internal business sphere of the entity, or
- other external events or actions.

Examples of operational risks include: external criminal activities, strategic risk, natural disasters, internal control system, process management, terrorist attacks and war, information technology infrastructure, software applications, legal risk, risk of loss of reputation, human error etc. Operational risk is managed through well-defined investment process including internal and external controls, which minimise the likelihood of losses arising from operational risk. In the event that in spite of a well establishes system of preventative measures and rules a loss event occurs stemming from operational risk, the Company applies a system of specific corrective measures, aimed at mitigating and annulling the loss at the earliest opportunity.

10.9. FUTURE PLANS

In the coming years the Group will closely follow its vision of becoming the major provider of pension insurance products in the region with a minimum 25% market share on all the markers where the Group operates. To leverage our comparative advantage through the growth in pension insurances, we will widen our offerings to include life insurance and other saving products on the markets where we are already present with pension insurance. Development of life insurance products will be based on the growth of pension annuities and innovative products, which are available to a wider circle of individuals.

Thus the Group is expecting to have over 450 thousand insurants by the end of 2016, total Assets under management in excess of EUR 700 million and over EUR 85 million of premium; consolidated profit in 2016 is expected to reach EUR 4.3 million. In line with the strategy adopted for 2014-2018 period, in the next five years we are expecting to reach nearly 550 thousand insurants and a record-breaking EUR 1 billion of Assets under management.

Our efforts in the next few years will be focused on the existing markets. The highest increase in Assets under management is expected in KB Prvo, Macedonia, as in addition to the growth in the second pillar, we are also expecting an increase in voluntary pension insurance. Further increase in sales of traditional life insurance products is expected in Prva osebna zavarovalnica d.d. Slovenia, along with an increase in the share of the entire operations. DDOR Garant in Serbia and FSKP Kosovo are planning stable growth and an increase in profits.

We will strengthen our activities aimed at a closer customer interaction to improve customer satisfaction and thus increase our sales.

10.10. SIGNIFICANT SUBSEQUENT EVENTS

In November 2015 Prva pokojninska zavarovalnica obtained all the relevant permits for management of life-cycle funds, and consequently all existing pension schemes were terminated. The new Supplementary pension insurance schemes PRVA and PRVA+ took effect. In accordance with the new pension scheme, all the assets and liabilities of funds 1, 2, 3 and 4 were on 1 January 2016 transferred to the Prva Zajamčeni and Prva Zajamčeni+ funds, the two life-cycle pension funds Prva and Prva+, which are administered by the Group.

Along with introduction of the new pension scheme and a group of life-cycle funds, at 31 December 2015 the trustee contract with NLB bank was terminated and a new trustee contract with Abanka was agreed on 1 January 2016. Accordingly, all the assets in trust with NLB bank were in January 2016 transferred to the new trustee Abanka.

11. INDEPENDENT AUDITOR'S REPORT

Building a better working world

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the owners of Prva Group d.d.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of Prva Group d.d. and the consolidated financial statements of Group Prva Group, which comprise the statement of financial position and consolidated statement of financial position as of December 31, 2015, and the income statement and consolidated income statement, statement of other comprehensive income and consolidated statement of other comprehensive income, statement of changes in shareholder's equity and consolidated statement of changes in shareholder's equity and cash flow statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of separate and consolidated financial statements accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

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

Opinion
In our opinion the separate and consolidated financial statements present fairly, in all material respects, the financial position of Prva Group d.d. and Group Prva Group as of December 31, 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements
Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited separate and consolidated financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the separate and consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited separate and consolidated financial statements.

Ljubljana, April 18, 2016

Janez Uranič
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Simon Podvinski
Certified Auditor

12. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

12.1. INCOME STATEMENT

EUR	Notes	Prva Group		The Group	
		2015	2014	2015	2014
Net premium income	1.1		0	12,208,790	11,368,005
Other insurance income	1.2	281,911	344,100	7,802,653	7,342,899
Revenue from financial assets					
Interest income	2.1	85,134	68,240	1,495,955	1,415,870
Interest expense	2.2		0	-183	-697
Dividend income	3	1,184,961	1,231,002	34,649	161,618
Net foreign exchange differences	4		0	5,000	133,039
Net gains/losses from disposal of investments	4	20,365	-140,043	544,278	61,211
Revaluation financial income (net)	4			32,875	49,715
Impairment loss	4	-134,005	-128,756	-134,007	-133,815
Net claims costs	5.1		0	-4,745,911	-3,441,179
Change of technical provisions	5.2		0	-2,476,333	-3,654,201
Operating costs					
Costs of acquiring insurants	6		0	-2,950,038	-3,430,979
Employee benefit costs	7	-173,833	-107,692	-3,162,577	-2,855,580
Amortisation and depreciation	12,13	-24,868	-39,513	-270,507	-359,336
Other costs	8	-99,895	-123,356	-2,463,234	-2,001,000
Other revenue	9.1	3,983	1,858	111,932	173,615
Other expenses	9.1		0	-537,529	-738,340
Profit before tax		**1,143,753**	**1,105,841**	**5,495,811**	**4,090,845**
Income tax and deferred tax	10	-60,200	-50,000	-467,594	-185,702
Net profit		**1,083,553**	**1,055,841**	**5,028,218**	**3,905,143**
- attributable to equity holders of the parent				*4,328,638*	*3,242,905*
- non controlling interest				*699,580*	*662,238*
Net/diluted earnings per share	11	-	-	13.47	9.75

The notes on pages 28 through 76 are an integral part of the financial statements.

12.2. STATEMENT OF COMPREHENSIVE INCOME OF THE COMPANY AND THE GROUP

Total		Notes	Prva Group 2015	Prva Group 2014	The Group 2015	The Group 2014
I.	**NET PROFIT/LOSS FOR THE YEAR**		1,083,553	1,055,841	**5,028,218**	**3,905,143**
II.	**OTHER COMPREHENSIVE INCOME AFTER TAX (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)**		-24,402	64,687	**-774,794**	**573,074**
4	Net gains/losses on re-measurement of AFS financial assets		-24,402	40,782	-870,224	906,201
4.1.	Gains / (losses) recognised in the revaluation reserve		-11,207	-155,732	-338,916	955,990
4.2.	Transfer of gains / (losses) from the revaluation reserve to profit or loss		-13,195	196,514	-531,307	-49,789
5	Exchange rate differences		0	0	-12,477	-181,204
6	Tax on other comprehensive income	10		-23,905	107,906	-151,923
III.	**NET COMPREHENSIVE INCOME FOR THE PERIOD (I + II)**		**1,059,151**	**1,120,528**	**4,253,423**	**4,478,216**
	attributable to equity holders of the parent		-	-	3,559,625	3,980,958
	non-controlling interest		-	-	693,799	497,258

The notes on pages 28 through 76 are an integral part of the financial statements.

12.3. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

EUR	Notes	Prva Group		The Group	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS					
Property, plant and equipment	12	45,023	18,214	649,590	642,847
Intangible assets	13	1,088	21,240	591,189	563,126
Deferred tax assets	10	289,581	339,581	553,514	705,437
Investments in subsidiaries	14.1	16,660,326	16,660,326	-	-
Financial assets					
Assets attributable to unit holders	15		-	1,808,137	1,458,080
Investments in securities		2,242,177	1,453,377	37,550,876	31,936,479
1. Held-to-maturity	16.1		-		-
2. Available-for-sale	16.2	2,242,177	1,453,377	36,677,178	31,175,836
3. Measured at fair value through profit or loss	16.3	-	-	873,698	760,643
Short-term deferred costs and accrued revenue	17	1,110	1,098	252,125	254,371
Assets from financial contracts	18		-	240,788,639	237,782,319
Issued loans and deposits	19	1,273,848	1,972,416	8,235,180	7,721,494
Other receivables	17	18,591	188,144	2,098,900	1,676,928
Cash and cash equivalents	20	41,606	41,782	653,785	1,510,462
TOTAL ASSETS		**20,573,349**	**20,696,178**	**293,181,935**	**284,251,543**

EUR	Notes	Prva Group 31.12.2015	Prva Group 31.12.2014	The Group 31.12.2015	The Group 31.12.2014
EQUITY and LIABILITIES					
Equity					
1. Issued share capital		13,386,247	13,386,247	13,386,247	13,386,247
2. Reserves		6,021,220	6,021,220	6,021,220	6,021,220
3. Revaluation reserve		-76,429	-52,028	-397,148	371,865
4. Retained earnings		1,201,359	1,320,344	9,832,085	6,705,854
5. Treasury shares		-1,110	-1,110	-1,110	-1,110
6. Non-controlling interest			-	3,691,078	3,162,907
Total equity	21	**20,531,287**	**20,674,673**	**32,532,372**	**29,646,983**
Technical provisions	22		**-**	**17,076,402**	13,718,867
Of that: gross provisions in favour of unit-linked insurance underwriters			-	1,808,137	1,378,104
Liabilities from financial contracts	23		-	240,788,638	237,435,509
Financial liabilities from borrowings	24		-	9,476	-
Other liabilities	25	38,049	16,369	2,009,348	1,502,476
Deferred tax liabilities			-	117,167	177,258
Other provisions	25		-	59,698	110,014
Short-term accrued costs and deferred revenue	25	4,014	5,136	588,834	1,660,437
TOTAL EQUITY AND LIABILITIES		**20,573,349**	**20,696,178**	**293,181,935**	**284,251,543**

The notes on pages 28 through 76 are an integral part of the financial statements.

12.4. CASH FLOW STATEMENT OF THE COMPANY AND THE GROUP

EUR	Prva Group		The Group	
	2015	2014	2015	2014
Cash flow from operating activities				
Profit or loss before taxes	1,143,753	1,105,841	6,457,581	5,189,137
Adjustments for:	**-1,090,857**	**-941,869**	**-1,057,469**	**-998,162**
Profit/loss from investments measured at	0	0	-1,358	-15,889
Net interest income	-85,134	-67,240	-1,254,827	-1,423,513
Dividend income	-1,184,961	-1,231,002	-34,649	-161,618
Impairment of investment	134,005	174,642	134,007	228,411
Depreciation of fixed assets	24,868	39,513	170,254	365,250
Gains/losses from disposal of investments	20,365	142,218	20,365	142,218
Net foreign exchange differences	0	0	-91,262	-133,021
Profit from operating activities prior to changes in working capital	**52,896**	**163,972**	**5,400,113**	**4,190,975**
Increase in receivables/liabilities	1,392,636	-658,338	1,822,856	2,589,615
Cash flow from operations	**1,445,532**	**-494,366**	**7,222,969**	**6,780,590**
Interest income	85,963	88,969	3,437,518	2,219,417
Interest paid	0	0		-1,254
Tax paid	0	0		-12,929
Net cash from operating activities	**1,531,495**	**-405,397**	**10,660,487**	**8,985,824**
Cash flows from investing activities				
Proceeds/disbursements to acquire property, plant and equipment	-40,896	-1428,1	-116,056	-156,335
Proceeds/disbursements to acquire intangible assets	0	0	5,907	131,150
Proceeds/disbursements from disposal of AFS financial assets	646,875	1,880,732	646,875	2,395,848
Disbursements to acquire financial assets measured at fair value	-1,651,489	-1247157	-9,515,209	-8,967,207
Proceeds/disbursements for non-current investments	0	0	-20,809	-14,958
Proceeds/disbursements for non-current HTM investments	0	0	-794,573	-34,666
Net receipts from repayments and expenditure for issued loans and deposits	711,567	556,963	-384,946	-666,439
Proceeds/disbursements for the establishment of new entities, payment of additional capital	0	0	0	0
Dividends received	4,811	3,135	29,688	77,712
Net cash from investing activities	**-329,132**	**1,192,244**	**-10,149,123**	**-7,234,895**
Cash flows from financing activity				
Payment of preference and ordinary dividends and repayment of capital	-1,202,538	-800,260	-1,202,538	-800,260
Dividends paid to minority interests	0	0	-165,629	-572,808
Net cash flow from financing activity	**-1,202,538**	**-800,260**	**-1,368,167**	**-1,373,068**
Net cash from financing activities	**-175**	**-13,413**	**-856,803**	**377,861**
Net foreign exchange differences	0	0	125	-1536,253
Cash and cash equivalents as at 1 January	41,782	55,195	1,510,462	1,134,137
Closing balance of cash and cash equivalents at 31 December	**41,607**	**41,782**	**653,784**	**1,510,462**

The notes on pages 28 through 76 are an integral part of the financial statements.

12.5. Statement of changes in equity of Prva Group

EUR	Share capital	Share premium	Treasury shares	Other profit reserves	Revaluation reserve	Retained earnings	Total equity
Opening balance at 1 January 2014	**13,386,247**	**6,017,833**	**-1,110**	**3,386**	**-116,715**	**1,064,764**	**20,354,405**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**64,687**	**1,055,841**	**1,120,528**
a.) Net profit	0	0	0	0	0	1,055,841	**1,055,841**
b.) Other comprehensive income	0	0	0	0	64,687	0	**64,687**
Ordinary share dividends	0	0	0	0	0	-399,364	**-399,364**
Preference share dividends	0	0	0	0	0	-400,897	**-400,897**
Capital increase from own assets	0	0	0	0	0	0	**0**
Payment of capital	0	0	0	0	0	0	**0**
Acquired treasury shares	0	0	0	0	0	0	**0**
Closing balance at 31 December 2014	**13,386,247**	**6,017,833**	**-1,110**	**3,386**	**-52,028**	**1,320,344**	**20,674,673**
Opening balance at 1 January 2015	**13,386,247**	**6,017,833**	**-1,110**	**3,386**	**-52,028**	**1,320,344**	**20,674,673**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**-24,402**	**1,083,553**	**1,059,151**
a.) Net profit	0	0	0	0	0	1,083,553	**1,083,553**
b.) Other comprehensive income	0	0	0	0	-24,402	0	**-24,402**
Ordinary share dividends	0	0	0	0	0	-1,202,538	**-1,202,538**
Preference share dividends	0	0	0	0	0	0	**0**
Capital increase from own assets	0	0	0	0	0	0	**0**
Payment of capital	0	0	0	0	0	0	**0**
Acquired treasury shares	0	0	0	0	0	0	**0**
Closing balance at 31 December 2015	**13,386,247**	**6,017,833**	**-1,110**	**3,386**	**-76,429**	**1,201,359**	**20,531,286**

The notes on pages 28 through 76 are an integral part of the financial statements.

12.6. STATEMENT OF CHANGES IN EQUITY OF THE GROUP

EUR	Share capital	Share premium and other profit reserves	Revaluation reserve	Net profit and retained earnings	Total attributable to equity holders of the parent	Equity attributable to minority shareholders	Total
Opening balance at 1 January 2014	**13,386,247**	**6,020,110**	**-366,189**	**4,263,210**	**23,303,379**	**3,238,458**	**26,541,836**
Comprehensive income for the period	**0**	**0**	**738,054**	**3,242,905**	**3,980,958**	**497,258**	**4,478,216**
a) Net profit	0	0	0	3,242,905	3,242,905	662,238	**3,905,143**
b) Other comprehensive income	0	0	738,054	0	738,054	-164,980	**573,074**
Ordinary share dividends - The Group	0	0	0	-399,364	-399,364	0	**-399,364**
Preference share dividends - The Group	0	0	0	-400,897	-400,897	0	**-400,897**
Dividends paid to minority interests	0	0	0	0	0	-572,808	**-572,808**
Equity repayments - The Group	0	0	0	0	0	0	**0**
Closing balance at 31 December 2014	**13,386,247**	**6,020,110**	**371,865**	**6,705,854**	**26,484,076**	**3,162,908**	**29,646,984**
Opening balance at 1 January 2015	**13,386,247**	**6,020,110**	**371,865**	**6,705,854**	**26,484,076**	**3,162,908**	**29,646,984**
Comprehensive income for the period	**0**	**0**	**-782,207**	**4,328,638**	**3,546,431**	**693,799**	**4,478,216**
a) Net profit	0	0	0	4,328,638	4,328,638	699,580	**3,905,143**
b) Other comprehensive income	0	0	-782,207	0	-782,207	-5,782	**573,074**
Ordinary share dividends - The Group	0	0	0	-801,581	-801,581	0	**-399,364**
Preference share dividends - The Group	0	0	0	-400,825	-400,825	0	**-400,897**
Dividends paid to minority interests	0	0	0	0	0	-165,629	**-572,808**
Equity repayments - The Group	0	0	0	0	0	0	**0**
Closing balance at 31 December 2015	**13,386,247**	**6,020,110**	**-410,342**	**9,832,086**	**28,828,101**	**3,691,078**	**32,519,178**

The notes on pages 28 through 76 are an integral part of the financial statements.

13. NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

13.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Management Board confirms its responsibility for the preparation of the separate and consolidated financial statements of the Company and the Group. The financial statements of Prva Group, insurance holding company, plc. and the Group for the year ended 31 December 2015, were approved by the Management Board on 15 April 2016. Prva Group, insurance holding company, plc., is a public limited company, established in the Republic of Slovenia. Preference shares of the Company are listed on the free market of the Ljubljana Stock Exchange.

In line with the Insurance Act, Prva Group, insurance holding company, plc., is a mixed-activity insurance holding company since it holds a significant share in at least one insurance company. In line with its activities, the Company performs holding activities in its subsidiary companies. At the end of 2015, the Company employed 2.2 persons (2014: 1.2).

The Company is a legal successor of Prva pokojninska družba, which modified its status in 2007. A new entity Prva osebna zavarovalnica d.d. was established to which all activities of optional additional retirement insurance were transferred as from 1 September 2007. Prva Group, insurance holding company, plc., changed the name of the company (formerly Prva pokojninska družba, d.d.) and its activities.

In addition to the Prva Group, insurance holding company, plc. the Group includes:

Prva osebna zavarovalnica d.d.

The company was established in 2007 when the insurants from supplementary pension insurance were transferred from Prva pokojninska družba d.d.. Prva Group, insurance holding company, plc, is the 100% owner of Prva osebna zavarovalnica d.d. The operations of Prva osebna zavarovalnica, d. d. in 2014 were predominantly related to supplementary pension insurance within the framework of the third pillar in Slovenia. Beside supplementary pension insurance, which belongs to the insurance group with proceeds capitalization, the company started in 2009 to promote accident insurance, life insurance (class of insurance 19), life insurance with investment risk (class of insurance 21) and health insurance. Prva osebna zavarovalnica is currently a manager of four pension funds, three funds of unit-linked insurance with different investment policies, four long-term business funds belonging to other classes of insurance, and a business fund portfolio. In 2015 the Company offered seven pension schemes in four unit-linked funds. On 19 November 2015, the panel of the Insurance Supervision Agency issued a decision to Prva osebna zavarovalnica, giving its consent to the PRVA life-cycle unit-linked fund rules and to the PRVA+ life-cycle unit-linked rules. Thus PRVA osebna zavarovalnica gained the last required licence for trading in investment policy of life-cycle funds. On 31 December 2015, the Company had 64 members of staff in full-time employment (2014: 56).

KB Prvo penzisko društvo AD Skopje

The operations of KB Prvo penzisko društvo AD Skopje relate to the second and third pillar supplementary pension insurance in Macedonia. The company was established in 2005.

Prva Group, insurance holding company, plc., is a 51% owner of KB Prvo penzisko društvo AD Skopje. The remaining 49% stake is owned by the largest Macedonian bank, the Komercijalna banka a.d. Skopje. On 31 December 2015, the Company had 29 members of staff in full-time employment (2014: 31).

DDOR-GARANT društvo za upravljnanje dobrovoljnim penzijskim fondom AD Beograd

The operations of DDOR-GARANT AD Beograd relate to the third pillar supplementary pension insurance in Serbia.

In 2015, Prva Group, insurance holding company, plc., held a 60% interest in the company, which was established in May 2006. On 31 December 2015, the company had 17 members of staff in full-time employment (2014: 15).

Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristhine Kosovo

The operations of Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristhine Kosovo relate to supplementary pension insurance of the third pillar in Kosovo.

Prva Group, insurance holding company, plc., holds a 67.4% interest in the company, which was established on 4 September 2006. The remaining 32.6% of the company is owned by Dukagjini Sh.p.k.. The company started to perform pension insurance transactions in 2007. On 31 December 2015, the company had 4 members of staff in full-time employment (2014: 5).

Prva zavarovalniško zastopniška družba d.o.o., Slovenia

The company was established at the end of 2010 and is in the 100% ownership of Prva Group plc. The company's core activity is the sale of insurance services and products of Prva osebna zavarovalnica d.d. to current and new clients, as well as the increase of market shares of Prva osebna zavarovalnivca d.d. within the personal insurance group. At 31 December 2015 the company had no staff (2014: 0).

Table 5: Investments into subsidiary and associated companies as at 31 December 2015

EUR	Ownership	Carrying amount	Total equity of the Company	Profit/loss for 2014
Subsidiaries				
Prva osebna zavarovalnica d.d.	100%	12,730,000	20,714,681	3,662,018
Ameriška ulica 8, 1000 Ljubljana				
KB Prvo penzisko društvo AD Skopje	51%	918,272	6,157,166	1,293,111
Blv.Ilinden 1, 1000 Skopje				
Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo	67.40%	511,985	446,790	26,482
Rr.UCK, nr.50/2, 10000 Prishtine				
DDOR Garant Beograd	60%	2,435,768	1,321,032	143,307
Maršala Birjuzova 3-5, 11000 Beograd				
PRVA zavarovalniško zastopniška družba, d.o.o.	100%	64,300	6,816	-253
Ameriška ulica 8, 1000 Ljubljana				
Total		**16,660,326**	**28,646,485**	**5,124,664**

Ultimate parent

A-Z Finance d.o.o.

The ultimate parent of Prva Group plc. is A-Z Finance d.o.o. based at Devinska 1, Ljubljana. A-Z Finance was founded in 1998 and is 100% owned by Alenka Žnidaršič Kranjc. The company holds a 62.5% interest in DEJ d.o.o., which holds a 50.20% stake in Prva Group plc. A-Z Finance compiles a consolidated annual report, which can be obtained at the head office of the company. DEJ d.o.o. does not prepare a consolidated annual report and is included in the consolidated annual report of A-Z Finance d.o.o.

Summary of significant accounting policies

Statement of compliance

The enclosed separate and consolidated financial statements of Prva Group plc. and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations adopted by the IFRS Interpretations Committee, as endorsed by the European Union.

On the balance sheet date, in terms of the EU's standard confirmation process, there are no discrepancies in the accounting policies of Prva Group, and the International Financial Reporting Standards (IFRS) adopted by the EU.

The financial statements have been compiled in accordance with the current regulations governing reporting requirements of insurance and pension companies applicable in the financial year 2015.

Basis of preparation

The financial statements of Prva Group plc. and the Group are prepared on the basis of accounting policies shown below.

The accounting policies used are consistent with those applied in previous years, except for the newly adopted standards and interpretations effective for periods beginning on or after 1 January 2015 as presented below.

Basic Policies

The consolidated financial statements of the Group and the separate financial statements of the Company are prepared under historical cost convention, except for the assets measured at fair value through profit or loss, and available-for-sale assets at fair value through OCI. The financial statements are presented in euros. All values are rounded to one euro, except when specifically indicated otherwise.

Significant accounting assumptions and estimates

Significant accounting estimates

The preparation of financial statements requires the management to make certain estimates and assumptions that affect the carrying amounts of assets and liabilities of the Company and the Group, disclosure of potential liabilities on the reporting date and the amounts of revenues and expenses of the Company and the Group for the period ending on the reporting date.

Management estimates include but are not limited to: depreciation period and the residual value of intangible assets and property, plant and equipment, allowances for inventories and doubtful receivables, and claims arising from lawsuits. Future events and their effects cannot be determined with certainty. Accordingly, the accounting estimates made require the exercise of judgement and those used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Actual results may differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investment property - pension funds

Investment property (land and buildings) are carried separately from all other items of property, plant and equipment. The following qualifying criteria applies for classification of real estate in the group of investment property:

- Investment property generates economic benefits Investment property is held for the purpose of lease to bring rental income or increase its cost
- The asset is not designated for sales in the immediate future during ordinary course of business.
- The asset's cost can be estimated reliably.

On its acquisition, an item of investment property is measured at cost comprising transaction costs; after initial recognition, they are measured at fair value. Fair value of investment property is its market price on the reporting date, determined by application of established valuation techniques for market values of real estate (comparable market prices, most recent transaction prices). Revaluation of investment property is made at least at the end of the financial year or, in the event of major market changes, it can also be made during the financial year as and when necessary.

Non-marketable investments - pension funds

Fair value of financial assets whose price cannot be determined on an active capital market is assessed in consideration of a number of assumptions. Potential changes in these assumptions are reflected in the amount and potentially also in the impairment of these assets. As a result of the financial crisis, uncertainty associated with the assessment of the fair value is even greater.

If no active market exists for a financial instrument, its fair value is determined using one of the valuation techniques. Valuation techniques use the most recent transactions between willing and well informed parties if available, comparison of the current fair value of an instrument with similar characteristics, consideration of discounted cash flows, and techniques used for pricing of options. When a valuation technique is most frequently used by market participants to determine prices of financial instruments and the technique has been proven reliable in assessment of prices achieved in actual market transaction, the insurance undertaking applies this particular technique.

The discounted cash flow method uses management's assessment of future cash flows and discount rate that reflects interest rates of comparable financial instruments.

When fair value cannot be determined, financial instruments are measured at cost (the amount paid or received) increased by the cost of transaction.

Technical provisions - Prva osebna zavarovalnica d.d.

Technical provisions are set aside according to the Insurance Act and its implementing regulations, and provisions of IFRS 4.

The Company and the Group recognise technical provisions for coverage of future liabilities from insurance contracts as well as losses incurred as a result of risks stemming from insurance contracts.

The Company and the Group set aside provisions for unearned premium, provisions for claims outstanding and mathematical provisions in accordance with provisions of the Insurance Act and the Regulation on Detailed Rules and Minimum Standards for Calculation of Technical Provisions. The Company sets aside special provisions that have a status of mathematical provisions for unit-linked insurance contracts where investment risk stems from changes in the value of investment funds' units.

Adequacy of the amount of technical provisions that provides assurance that the insurance undertaking will be able to fulfil all of its obligations stemming from insurance contracts, their compliance with relevant regulations, as well as the accuracy of insurance premium calculation, are checked and approved by the appointed certified actuary.

Significant assumptions include mortality tables, cancellations, discount factors, loss ratios and other assumptions, which were not changed in 2015 as compared to the previous year, and which comply with the actuarial principles, with exception of technical interest rate which in terms of certain products changed from 2.75% to 1.75%.

Significant management assumptions

In the process of applying the accounting policies, management had made the following judgements apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statement.

The most significant assumptions relate to:

- The classification of financial instruments, namely the division between financial instruments the Company intends to hold to maturity and those available for trading or sale.
- Technical provisions Technical provisions are calculated based on insurance contracts, considering past development of claims events and expectations for the future.
- Fair value of financial assets and their impairment: Fair value of financial assets whose price cannot be determined on an active capital market is assessed in consideration of a number of assumptions. Potential changes in these assumptions are reflected in the amount and potentially also in the impairment of these assets. As a result of the financial crisis, uncertainty associated with the assessment of the fair value is even greater.

Investments into subsidiaries and associated companies in the separate financial statements of Prva Group, plc.

Investments into subsidiaries and associated companies are recognised at cost less impairment losses. Subsidiaries are those companies over which the parent maintains a controlling interest. Investments in associated companies refer to enterprises where although the parent has a significant influence, they are s not subsidiaries of the parent.

Consolidation bases

The consolidated financial statements comprise the financial statements of Prva Group, insurance holding company, plc., and its subsidiaries as at 31 December 2015 and comparable data as at 31 December 2014.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as those of the parent company using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, as well as intra-group dividends, are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary during the financial year, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative exchange rate differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Bases for consolidation before 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the carrying amount of the share of the net assets acquired was recognised in equity.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding commitment to cover these. Losses incurred prior to 1 January 2010 were not allocated between NCI and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained as its proportionate share of net assets at the date control was lost. The carrying value of such investments at 1 January 2010 have not been restated.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in the general administrative costs.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages (step acquisitions), the acquisition date fair value of the acquirer's previously held interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. When contingent consideration is recognised in equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating unit that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investments in associates and joint ventures

Investments in associated companies and joint-ventures are recognised using the equity method. An associated company is a company where the parent company has a considerable influence but the company is neither a subsidiary nor a joint-venture. A joint-venture is an investment in jointly controlled enterprises in line with the founding contract. Financial statements of associated companies and joint-ventures provide the basis for the use of the equity method. The reporting date of associated companies and joint-ventures is the same as for the Group. Associated companies and joint-ventures use the same accounting policies as the Group.

Investments in associated companies and joint-ventures are recognised in the statement of financial position at acquisition cost plus changes (after the purchase) in the capital of an associate company or a joint-venture, less potential impairment losses. A share of the result of an associated company or a joint-venture is reported in the income statement. If changes are recognised in the statement of comprehensive income or the capital of the associated company or a joint-venture, the Group recognises the share of these changes and discloses significant differences in the statement of comprehensive income or statement of changes in equity.

Foreign currency translation

The financial statements of the Company and the Group are presented in euro (EUR), which is the functional and reporting currency of the parent company and its subsidiaries in Slovenia. Transactions in a foreign currency are translated at the exchange rate of the European Central Bank prevailing on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate of the functional currency on the reporting date. All differences arising from the translation of foreign currency are recognised in the profit or loss. Non-monetary assets and liabilities, recognised in terms of historical cost in a foreign currency, are translated using the exchange rate on the day of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate prevailing on the day when the fair value was determined.

The functional currencies of the foreign subsidiaries are as follows:

- Macedonian denar for KB Prvo penzisko drustvo Skopje
- euro for Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristhine Kosovo,
- Serbian dinar for DDOR GARANT Beograd

On the reporting day, the financial statements of the aforementioned subsidiaries were translated into the reporting currency of the consolidated financial statements. The exchange rate of the European Central Bank on the reporting day was used for the statement of financial position, while the average exchange rate for the financial year was used for the income statement.

Exchange rate differences arising from the translation of the functional currencies into the reporting currency are recognised directly in the statement of comprehensive income until the sale of a subsidiary when the exchange rate differences are transferred to the income statement.

Land, buildings and equipment

Equipment is recognised at cost, which includes direct costs of acquisition, less accumulated depreciation and impairment losses. The Company and the Group use the straight-line depreciation method over the estimated useful life of the assets. The depreciation rates did not change in 2015 and are identical to those used in 2014.

Assets	Depreciation rate in %
Land and buildings	2.5%
Equipment	10 – 33.33

Impairment test of carrying amounts of equipment is performed when events and changes in the circumstances show that the carrying amount exceeds the recoverable amount. If events occur which show that the book value of an asset exceeds its estimated recoverable value, the asset is impaired to its recoverable value. The recoverable value of an asset is the net sales value or value in use, namely the higher of the two. The value in use is determined by discounting expected future cash flows to the net current value using pre-tax discount rates, which reflect the current market estimate of the time value of money and potential risks associated with each individual asset. For assets whose future cash flows are also dependent on the remaining assets in individual cash-generating units, the value in use is calculated on the basis of future cash flows of this cash-generating unit. Impairment losses are recognised as an item of operating expenses from revaluation.

Derecognition of equipment is carried out when the asset is sold or when economic benefits are no longer expected from the continued use of the individual asset. Gains and losses on derecognition of an asset are reported in the profit or loss in the year the individual asset is deleted from the books.

Residual value of assets, assessed on the basis of their useful life or the amortisation method are reviewed or changed if necessary on an annual basis prior to the preparation of the annual financial statements.

Subsequent expenditure that increases future economic benefits of the asset, increases the value of an item of property, plant and equipment.

Borrowing costs

Borrowing costs comprise interest and other costs incurred by the Company and the Group in relation to the borrowing of financial assets. Borrowing costs may also include interest on overdrawn accounts at banks and interest on borrowings raised, foreign exchange differences from borrowings raised in foreign currency, and financial lease costs. Borrowing costs are recognised in the period to which they pertain as expenses associated with financial assets and liabilities.

Intangible assets

Intangible assets acquired individually are recognised at cost while intangible assets acquired on the basis of a business combination are recognised at fair value on the day of the takeover. After initial recognition the historical cost method is used. The value in use of an individual intangible asset is limited. Amortisation of an item of intangible assets is recognised through profit or loss.

Intangible assets are amortised according to the straight-line amortisation method over their estimated useful lives using annual amortisation rates ranging from 10.0% to 33.3%.

Intangible assets created within the Group are not capitalised. The costs represent expenses in the period in which they arise.

Intangible assets are tested on an annual basis for impairment individually or as a portion of the cash-generating unit. The useful life of an individual intangible asset is assessed once a year and adjusted as required.

Subsequent expenditure that increases future economic benefits of the asset, increases the value of an item of intangible assets.

Investments

The Company and the Group classify investments into the following categories:

- Investments at fair value through profit or loss
- Available-for-sale investments,
- Investments held to maturity,
- Issued loans and receivables.

The classification is based on the purpose of their acquisition.

Recognition of financial assets

The Company and the Group initially recognise all investments, except for investments classified at fair value through profit or loss, at fair value, which includes the purchase costs that are directly attributable to the acquisition. Investments classified at fair value through profit or loss are recognised at fair value (direct costs of acquisition are not included in the acquisition value).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value. Realised gains and losses on investments classified at fair value through profit or loss are recognised directly in the profit or loss.

The fair value of investments in debt and equity securities quoted on organized markets is their quoted price at the end of trading on the balance sheet date. If the financial instruments are not listed on the stock exchange, the fair value is determined on the basis of a similar instrument or, the fair value may be determined as the net current value of future cash flows which the Company or the Group expect from the financial investment.

Acquisition and sale of individual financial investments classified at fair value through profit or loss are recognised on the trading day, which is the day the Company or the Group commit to purchase or sell an individual asset.

Available-for-sale investments

After the initial recognition, all investments which the Company or the Group classify as available-for-sale are stated at fair value. Gains or losses from available-for-sale investments are recognised in the statement of comprehensive income as net unrealised gains or losses on available-for-sale investments until the investment is sold or otherwise divested. If the investment is impaired, the impairment is recognised in the profit or loss.

The acquisition and sale of individual financial assets classified as available-for-sale are recognised on the trading day; this is the day the Company or the Group commit to purchase or sell an individual asset.

On the reporting date the Company assesses whether there is objective evidence that an impairment loss on available-for-sale financial assets has been incurred. Financial assets available for sale are assessed for any important and long term decrease in fair value which means that the assets are overestimated. In assessing the prolonged decrease of fair value of equity securities below their cost, the Company checks whether the period from the first decrease of fair value of an equity instrument below its cost exceeds 9 months and if the decrease was below cost for the whole duration of the nine month period. An important decrease of fair value is considered at least 40-percent decrease in fair value of an assets compared to its cost.

If any such signs of impairment of available-for-sale investments are present, the cumulative loss, measured as the difference between the estimated costs and the present fair value, less impairment losses previously recognised in profit or loss, is recognised and the expenses are recognised in the profit or loss.

Investments held to maturity

The Company or the Group recognise financial assets with fixed or determinable payments and fixed maturities which are not derivative instruments, as financial investments held to maturity, if the Company has a positive intention and ability to hold the investment until maturity. Investments which the Company maintains for an indefinite period of time are not classified into this group.

Investments which are recognised as held-to-maturity are carried at amortised cost using the effective interest rate method. The amortised cost is calculated by allocation of the premium or the discount on acquisition over the period until the maturity of the investment. Gains and losses on investments carried at amortised cost are recognised in the profit or loss (disposal, impairment or effects of the discount / premium amortisation).

Investments classified as held-to-maturity financial assets are recognised on the transaction date.

Loans and receivables

Loans and receivables are financial assets with fixed and determinable payments which are not traded on the organised market. This group includes both loans and receivables obtained by the Company, as well as loans and receivables originating from the Company. Loans and receivables are carried at amortised cost using the effective interest rate method. Investments classified into loans and receivables are recognised on the transaction date.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value of an asset or a liability considers the asset's or liability's characteristics assuming exchange of an asset or a liability in an ordinary transaction in current market conditions, on the principal market or the most advantageous market for the asset or liability.

In the fair value measurement of non-financial assets, the ability of market participants to generate economic benefits from the highest and best use of the asset or from the asset's sale to another market participant who would use the asset to its highest and best use, is considered.

Fair value of financial instruments traded on organised financial markets is their quoted price on the reporting date. If the price is not quoted on an active market, the stockbrokers' bid price is used as the reference price. If no active market exists for a financial instrument, the Company and the Group determine its fair value based on one of the valuation techniques. Valuation techniques use the most recent transactions between willing and well informed parties if available, comparison of the current fair value of an instrument with similar characteristics, consideration of discounted cash flows, and techniques used for pricing of options. When a valuation technique is most frequently used by market participants to determine prices of financial instruments and the technique has been proven reliable in assessment of prices achieved in actual market transaction, the Company and the Group apply this particular technique.

The discounted cash flow method uses management's assessment of future cash flows and discount rate that reflects interest rates of comparable financial instruments.

When fair value cannot be determined, financial instruments are measured at cost (the amount paid or received) increased by the cost of transaction.

The following fair value hierarchy is used to disclose fair value measurement of financial assets:

Level 1: quoted prices in active markets for identical assets (quoted prices).

Level 2 comparable market inputs (other than quoted inputs of identical assets) obtained directly or indirectly for identical or similar assets inclusive of generic prices from the Bloomberg system.

Level 3: the use of valuation models using mostly unobservable market inputs.

Derecognition of financial instruments

A financial asset is written-off when the risks and benefits and the control over contractual rights related to financial instruments are transferred. A financial liability is derecognised once it has been paid, extinguished or has become statute-barred.

Investment property - pension funds

Investment property (land and buildings) are carried separately from all other items of property, plant and equipment. The following qualifying criteria applies for classification of real estate in the group of investment property:

1. Investment property generates economic benefits Investment property is held for the purpose of lease to bring rental income or increase its cost
2. The asset is not designated for sales in the immediate future during ordinary course of business.
3. The asset's cost can be estimated reliably.

On its acquisition, an item of investment property is measured at cost comprising transaction costs; after initial recognition, they are measured at fair value. Fair value of investment property is measured at market prices on the reporting date, determined by application of established valuation techniques used in measurement of real estate's market values (comparable market prices, most recent transaction prices). Revaluation of investment property is made at least at the end of the financial year or, in the event of major market changes, it can also be made during the financial year as and when necessary.

Operating and other receivables

Operating receivables are recognised in the amounts arising from invoices issued less any bad debt allowances. The assessed bad debt allowances are based on the reasonable expectation of the Company that payment is no longer probable either in full or in a certain amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and cash in hand as well as deposits with maturity of up to three months.

Equity

The equity of the Company consists of ordinary and preference shares.

Direct additional costs of issuing new shares less tax effects are recognised in equity. In the event that any of the Group companies purchase shares of the parent, the payment including the direct transaction costs less tax effects is recognised in equity as treasury shares until these shares are reissued, sold or withdrawn. In the event of a subsequent sale or reissue of these shares, all effects of the sale or issue are included in the equity.

Ordinary shares

An ordinary share entitles its owner to a voting right and, based on the decision of the General Meeting, to dividends.

Preference shares

Preference shares are cumulative shares without voting rights which entitle their owners to a fixed 6% dividend per annum. The General Meeting adopts decisions on the payment of dividends at its sessions upon the proposal of the Management Board. Preference shares are considered as a part of equity, since holders of ordinary shares decide at the General Meeting whether dividends will be paid out to preference shareholders or not.

Borrowings

All borrowings are initially recognised at fair value less the cost of acquisition. At initial recognition, borrowings are recognised at amortised cost using the effective interest rate method through profit or loss, taking into consideration the costs of acquisition and any discount or premium upon acquisition.

Upon elimination of these liabilities, gains or losses are recognised in the profit or loss.

Employee benefits

Employee benefits include salaries and other allowances in accordance with the collective employment agreement. Contributions to the pension fund at the national level, social security, health insurance and unemployment insurance are recognised by the Company as expenses of the period. The Company also recognises any potential future costs arising from the collective agreement in connection to employees in accordance with IAS 19. The aforementioned expenses are calculated in accordance with the actuarial method and are recognised over the entire employment period for individual employees for whom the collective agreement applies.

In the calculation, the following assumptions are used:

- Full mortality table for Slovenia 2007,
- Retirement age and pension qualifying years in accordance with ZPIZ-2
- 1.5% salary increase,
- Amount of termination benefit on retirement pursuant to the law, which is equal to the value of two average salaries of an employee or two average salaries in Slovenia, whichever is the highest,
- Amount of jubilee awards and solidarity assistance pursuant to the Decree,
- Discounted interest rate of 1.9%

Assumptions used in 2015 are the same as those used in 2014, except for discount interest rate and salary increase, which in 2015 amount to 1.9% and 1.5% respectively (2014: 2.54% and 2.5%). The Company or the Group do not recognise actuarial gains or losses from changes in each significant actuarial assumptions used in calculation of provisions for termination benefits on retirement in the equity, as prescribed by the amended IAS 19, since the impact on the financial position of the Company or the Group would be insignificant. For the same reason the Company or the Group do not provide additional disclosures pursuant to requirements of the amended IAS 19.

Operating and finance lease

A lease is a contractual relationship in which the lessor transfers to the lessee the right to use of an asset for a set period of time in exchange for payment.

When the Company or the Group appears as a lessor, the lease is classified as a finance lease if substantially all of the risks and benefits associated with the ownership of an asset are transferred. When an asset is subject to a finance lease, the present value of the lease is recognised as a receivable and reported under the item “Loans”. The difference between the gross amount and the receivable's present value is recognised as a financial income. Lease income is recognised over the duration of the lease using the net investment method (before tax) that reflects fixed periodical rate of earnings and is reported as the interest income.

When the Company or the Group appears as a lessee, the item of property, plant and equipment obtained under finance lease is reported at the lower of fair value or present amount of minimum lease payments until the end of the lease, less accumulated depreciation and accumulated impairment losses. These assets are depreciated over their useful life. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Ally leases other than finance leases are considered operating leases. In operating lease, the book value of the leased asset is increased by initial costs of the operating lease and recognised on a straight-line basis over the lease term much like the lease income. Rental income is recognised when received.

Insurance contracts classification

Classification of insurance contracts of subsidiary Prva osebna zavarovalnica is consistent with:

- International Financial Reporting Standard 4 (IFRS 4)
- International Actuarial Standard of Practice 3 (IASP 3)

An insurance contract is a contract under which one party (the insurer) accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

IFRS 4 states that uncertain event is when at the time of agreeing the contract it is not clear:

- Whether the insured event will happen,
- When will it happen and
- What the policy benefit will be.

The insurance risk is deemed significant if an insured event could cause the policyholder to pay significant extra amounts by whatever scenario other than those that do not include market component (they do not affect the economy of business). If under a scenario that includes a market component, significant extra amounts must be paid, condition specified in the previous sentence may be fulfilled even when there is an extremely low probability that the insured event will occur or when the expected (i.e. probability-weighted) present value of conditional cash flows accounts for a minor share of expected present value of all remaining cash flows.

The insurer assesses the importance of insurance risk in each individual case rather than based on the importance of financial statements. Therefore, the insurance risk is important also when there is a minimal probability of material claim for the whole group of contracts. Such assessment of individual contracts facilitates their classification as insurance contracts. However, when a relatively homogeneous group of contracts is comprised of contracts that transfer insurance risks, the insurer does not need to verify each individual contract in the group to identify a few contracts that transfer an insignificant insurance risk.

Prva osebna zavarovalnica d.d. and the Group classify insurance contracts into homogeneous groups for which the insurance company estimates the significance of insurance risk. Contracts in individual groups have common characteristics such as the class of insurance, insurance conditions, type of cover and premium payment method (one time premium or regular payments of a premium).

Insurance contracts that bear significant risk are accounted for in line with IFRS 4. If the insurance contracts do not have significant insurance risk, they are accounted for as financial contracts in line with IAS 39.

Detailed accounting treatments of individual categories stated above are explained below.

Liabilities for insurance contracts – technical provisions

Long term technical provisions for insurance contracts are set aside according to the Insurance Act and its implementing regulations, as well as in compliance with IFRS 4.

For all insurance transactions, Prva osebna zavarovalnica d.d. and the Group have to make adequate technical provisions which are designed to cover future liabilities from insurances and risk losses arising from insurance transactions. The insurance company is required to set aside the following technical provisions:

- Provision for unearned premiums
- Provisions for bonuses, rebates and reversals
- Claim reserves
- Other technical provisions
- Mathematical provisions
- Provisions for unit–linked insurances

Technical provisions are set aside based on the balances as at the last day of the accounting period or financial year.

At least once a year Prva osebna zavarovalnica and the Group assess the adequacy of the technical provisions. In case they are not adequate, additional provisions are formed and charged to the profit for the period.

Revenue and expenses from investments are recognised in the profit or loss. Written premium and written gross claims are also included in the profit or loss of the insurance company. The same applies to entry, exit and management fees.

Accounting treatment of technical provisions is classified by type of provision as specified in the chart of accounts of insurance companies.

Assets and liabilities from financial contracts

These represent pension funds' assets, which guarantee the fulfilment of liabilities to the insurants. The subsidiary Prva osebna zavarovalnica manages four pension funds in accordance with the Pension and Disability Insurance Act (ZPIZ-2).

The assets comprise investments and cash. Investments in funds are categorised into:

- Investments at fair value through profit or loss
- Investments held to maturity,
- Loans and receivables
- Investment property.

Revenues and expenditures in respect of investments are recognised directly to insurants. Payment of premiums, realised and unrealised capital gains or losses are also included under this item rather than in the income statement of the Company. Entry, exit and management fees are included in the profit or loss of the Group as revenues.

Liabilities in respect of voluntary supplementary pension insurance are mathematical provisions, which are divided into mathematical provisions for net premium paid, and provisions for guaranteed return and excess over the guaranteed return. All pension schemes of the Company contain guaranteed yield which ranges from 40% to 60% of the guaranteed yield in line with ZPIZ-1.

Net liabilities to pension policyholders represent mathematical provisions which are managed separately for each individual pension fund. Mathematical provisions must comply with the Decision on Detailed Rules and Minimum Standards to be Applied in the Calculation of Technical Provisions and at any time equal at least the amount of the redemption value of the insurance. Thus, provisions are formed for each individual pension fund and comprise the guaranteed funds on the personal account of policyholders and provisions for returns exceeding the guaranteed return.

The guaranteed value of the fund consists of the net premium paid and the prescribed guaranteed return. Under the Slovenian legislation, the Company is liable for guaranteed liabilities and guaranteed yields.

Mathematical provisions from voluntary supplementary pension insurance are not reinsured with any unit-linked fund.

Reinsurance

With reinsurance the insurance company transfers part of the risk to the Reinsurance Company and pays reinsurance fee.

Prva osebna zavarovalnica plc. draws up reinsurance calculation at the end of each quarter of the year. Reinsurance premium is recognised as a liability towards Reinsurance Company. At each quarter-end, claim calculation is drawn up and reinsurance claims are recognised as a receivable from Reinsurance Company. Changes in unearned premium reinsured and changes in outstanding claim reserve reinsured are determined by Prva osebna zavarovalnica at the end of every month when calculating unearned premium and claim reserve.

The reinsurance part of technical provisions in the statement of financial position is stated as an item of the insurance company's assets.

Revenue

Revenues are recognised if it is likely that the Company will acquire economic benefits from them and if such benefits can be reliably measured. Revenues originate from services offered by the Company to its subsidiary companies, namely services relating to investment, internal auditing, and lease of hardware and software.

The majority of revenues of the Group originate from

- ***share in the unearned premium.***
  Net revenues from insurance premiums are calculated as gross insurance premiums less the reinsurers' share adjusted for the change in gross unearned premium, which is further adjusted by the reinsurance undertaking's share in the unearned premium. The written gross insurance premium in insurance contracts is the insurance premium written in a period.
  Gross insurance premiums are recognised in accounting records on the day of settlement of account rather than on the day of payment.
- ***Fee and commission income***
  - *Entry fees*

  The Group, in performing its activity in accordance with the pension schemes, and general terms and conditions, charges an entry fee, meaning that the collected assets transferred into an individual long-term business fund are decreased by the amount of the entry fees and the fund is managed with assets which represent net premiums. The entire amount of revenue from entry fees is recognised when statements of account are made.
  - *Management fees*

  The Group manages twelve long-term business funds, for which it charges a management fee, meaning that the monthly value of assets in individual long-term business funds is decreased by the amount of the management fee.
  - *Exit fees*

  The Group is entitled to an exit fee in accordance with the pension schemes, meaning that the redemption value is decreased by the exit fee and this net value is then received by the individual terminating the insurance.

Interest

Interest income is calculated and recognised on the basis of the effective interest rate.

Dividends

Dividends are recognised when the Company or the Group obtain the right to issue dividend pay-outs.

Other financial income

Income from changes in fair value of financial assets arise on subsequent re-measurement of fair value of financial assets designated at fair value through profit or loss. Gains on disposal arise on derecognition of financial assets other than financial assets measured at fair value through profit or loss. Gains on disposal is the difference between the asset" carrying amount and its selling price.

Costs and expenses

Net claims costs

Net expenses for claims are gross claims (compensation and appraisal expenses), deducted for reinsured part and amended for the change in gross claim reserves, which are adjusted for the share of reinsurance in these reserves. Appraisal expenses include external and internal expenses for assessing the eligibility of claims for loss events.

Net operating expenses and acquisition costs

Net operating expenses comprise of direct and indirect acquisition costs as well as other operating expenses such as depreciation, payroll, costs of natural persons not engaged in activity and other operating expenses which are not included under other items of costs.

Neither IFRS nor BC 116 prohibits or requires the deferral of acquisition costs. The standard does not state which costs can be deferred, the period of the deferral or the method of depreciation. Majority of direct and indirect acquisition costs are the costs of the period, whereas the direct costs of of the insurances which are marketed via external network, are deferred over a prolonged period of time. Deferred costs are recognised as an asset in the statement of financial position, whereas the change between the opening and closing balance of the period is stated as a separate item of acquisition costs in the income statement. The depreciation rate is set by actuary based on the dynamics of the utilisation of future corresponding premiums collected.

Financial expenses

Financial expenses comprise expenses arising as a result of fair value changes, loss on disposal of financial assets, impairment losses and other financial expense.

Expenses resulting from fair value changes of financial assets arise on subsequent re-measurement of fair value of financial assets designated at fair value through profit or loss.

Gains on disposal arise on derecognition of financial assets other than financial assets designated at fair value through profit or loss. Loss on disposal is the difference between the asset's carrying amount and its selling price.

Tax

Current tax

Current tax assets or liabilities for current and past periods are measured at amounts the Company or the Group expect to pay or at amounts of tax credits. Current tax assets or liabilities are measured using tax rates valid on the reporting date.

Deferred tax

Deferred tax assets and liabilities are accounted for using the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised.

Deferred tax assets are also recognised for unused tax losses and unused tax credits which are carried over into the following period if it is probable that the relevant amount of taxable profits will be available in future periods against which unused tax losses may be utilised.

Deferred tax assets are reviewed on the reporting date and are impaired for that portion of the assets for which it is no longer probable that a sufficient taxable profit will be available against which the unused tax losses could be utilised.

Deferred tax assets and liabilities are recognised using the tax rate applicable when the asset is expected to be realised or liabilities settled. The tax rates (and tax regulations) valid on or substantially valid on the reporting date are used.

Deferred tax is recognised directly in the statement of comprehensive income if it refers to items recognised directly in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when the Company:

- has a legal right to offset assessed tax assets and assessed tax liabilities, and
- deferred tax assets and deferred tax liabilities relate to the same tax authority in relation to
    - the same taxable unit, or to
    - different taxable units who intend to either settle the assessed tax liabilities and assessed tax assets with the difference, or simultaneously recover tax assets and settle tax liabilities in each of the future financial periods in which significant amounts of deferred tax assets or liabilities are expected to be either recovered or settled.

Impairments

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. When objective evidence exist that an available-for-sale financial asset is impaired, the accrued impairment loss transitionally recognised in other comprehensive income, is reclassified to profit or loss. Objective evidence of equity securities' impairment includes statutory changes of the issuer (bankruptcy, liquidation), significant reduction in fair value of securities (a reduction in of 40 percent or more), or a prolonged reduction in the securities fair value that continues over a period of more than 9 months. Objective evidence of debt securities' impairment includes statutory changes of the issuer (bankruptcy, liquidation), delay in repayments, or other significant negative events that impact the issuer's creditworthiness.

Reversals of impairment on equity securities classified as available for sale financial assets, is recognised in other comprehensive income.

Impairment loss incurred on a financial asset recognised at amortised cost is the difference between its carrying amount and present value of future cash flows, determined using the effective interest rate method.

For financial assets measured at amortised cost and available-for-sale financial assets that are debt instruments, the impairment reversal is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Investment property is checked annually for any indication of impairment. When an item of investment property has been impaired, its recoverable amount is assessed. The asset's recoverable amount is the higher of its net selling amount less cost of sales and its value in use. When the net carrying amount of investment property exceeds its recoverable amount, the difference is recognised as an impairment loss.

Amendments to standards and interpretations

The accounting policies adopted and applied in the preparation of the separate and consolidated financial statements for the year ended 31 December 2015, are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Company as of 1 January 2015 and are presented in continuation.

Newly adopted standards and interpretations effective from 1 January 2015

Amendments to IAS 19 "Employee Benefits"- Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

The amendments to the standard had no significant impact on the separate or consolidated financial statements of the Company or the Group.

Annual improvements 2010–-2012 *Cycle*

Amendments to IFRS 8 Operating Segments
The amendments are applied prospectively and clarify that:

- an entity must disclose the judgements made by the management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are similar and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosures for segment liabilities.

The amendments to the standard had no significant impact on the reporting of the Company or the Group.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

The amendments to the standard had no significant impact on the separate or consolidated financial statements of the Company or the Group since neither revalue their assets under the revaluation model.

Amendments to IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

The amendments to the standard had no significant impact on the reporting of the Company or the Group.

Annual improvements 2011—-2013 *Cycle*

Amendments to IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement regardless of whether they qualify for recognition as financial assets or liabilities or not.

The amendments to the standard had no significant impact on the reporting of the Company or the Group.

Amendments to IAS 40 Investment Properties
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

The amendments to the standard had no significant impact on the reporting of the Company or the Group.

Standards and Interpretations not yet effective

The following new and amended standards have not come into effect by the financial statements' date and will be applied in future periods. The Company and the Group will apply the new and revised standards and interpretations when they are adopted.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the requirements of all individual phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard is applied for annual periods beginning on or after 1 January 2018, with early adoption permitted. The amendments are to be applied retrospectively, however presentation of comparative data is not obligatory. Early adoption of the previous versions of IFRS 9, published in 2009, 2010 and 2013 is permitted providing, the entity has made a transfer to IFRS at any time before 1 February 2015. The standard has not yet been endorsed by the EU.

The Company and the Group is currently assessing the impact of the new standard on their financial statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014 the the IASB issued IFRS 15 which establishes a five-step model that will apply to revenue earned from a contract with a customer. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The standard has not yet been endorsed by the EU.

The Company and the Group are currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendment is effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted. These amendments have not yet been endorsed by the EU.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments of IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in their separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendment is effective for annual periods beginning on or after 1 January 2016; early application is permitted. These amendments will not have any impact on the Group’s consolidated financial statements and neither is the Company planning a change in its recognition of investments in subsidiaries in its separate financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. These amendments are effective for annual periods beginning on or after 1 January 2016; early application is permitted.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

Annual improvements 2012-2014 Cycle

The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016, but can be applied earlier.

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The new standard becomes effective for annual periods beginning on or after 1 January 2016.

The amendments introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments

- state that: such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and
- assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

IFRS 7 Financial Instruments: Disclosures relating to the service contracts and application of amendments in separate financial statements with consequential impact on amendments to IFRS 1
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. Paragraph 42C(c) of IFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement for the purposes of the transfer disclosure requirements.

Applicability of the amendments to IFRS 7 offsetting disclosure to condensed interim financial statements

Amendments to IFRS 7 were made to remove uncertainty as to whether the disclosure requirements on offsetting financial assets and financial liabilities in condensed interim financial statements.

Amendments to IFRS 7 were made to remove uncertainty as to whether the disclosure requirements on offsetting financial assets and financial liabilities (Introduced in on December 2011 and effective for periods beginning on or after 1 January 2013) should be included in condensed interim financial statements, and if so, whether in all Interim financial statements after 1 January 2013 or only in the first year.

The amendments apply retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

Amendments to IAS 19 "Employee Benefits"- : (discount rate: regional market issue)
These amendments clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period. The amendments apply for annual periods beginning on or after 1 January 2016.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

Amendments to IAS 34 Interim Financial Reporting (disclosure of information "elsewhere in the interim financial report")
The amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The amendments apply retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

Amendments to IAS 1: *Disclosure Initiative*
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements, and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The Company and the Group do not expect the amendment will have an impact on their financial statements.

13.2. ADDITIONAL DISCLOSURES OF THE STATEMENT OF FINANCIAL POSITION AND THE INCOME STATEMENT ITEMS

Disclosures which the Company is obliged to include in its annual report in compliance with the Companies Act and International Financial Reporting Standards are presented under separate headings and under the items to which they correspond.

13.3. SEGMENT REPORTING

1. GEOGRAPHICAL SEGMENTS

The Group operates or has operated in two main geographic areas: Main geographic area of the Group is Slovenia. In addition, the Group is present in other non-member countries of the south-eastern Europe.

The following table displays revenues, data on profits, assets and certain liabilities broken down by geographical segments.

Table 6: Geographical segments

Year Ended on 31 December 2015	*Slovenia*	*Third countries*	*Total*
Revenues by segment in 2015	**19,343,123**	**4,397,148**	**23,740,271**
Other data by segment			
Assets by segment	**301,510,045**	**8,317,289**	**309,827,334**
Financing:			
Property, plant and equipment	**97,896**	**43,400**	**141,295**
Intangible assets	**484,268**	**13,911**	**498,178**
Total financing	**582,164**	**57,310**	**639,474**

* before consolidation entries

Year Ended on 31 December 2014	*Slovenia*	*Third countries*	*Total*
Revenues by segment in 2014	**18,134,480**	**4,098,071**	**22,232,551**
Other data by segment			
Assets by segment	**277,123,495**	**7,216,979**	**284,340,474**
Financing:			
Property, plant and equipment	80,152	72,033	152,184
Intangible assets	219,611	26,913	246,525
Total financing	**299,763**	**98,946**	**398,709**

Revenues earned in Slovenia by individual segment relate to income generated by Prva Osebna zavarovalnica d.d., companies in the Group, and Prva zavarovalno zastopniška družba. Amounts earned by segments in third countries relate to subsidiaries in Kosovo, Macedonia and Serbia. The amounts presented are exclusive of consolidation entries.

2. OPERATING SEGMENTS

Primary operating segments of the Group include:

- Non-life insurance,
- Life assurance,
- Other

Table 7: Operating segments

Year Ended on 31 December 2015	Non-life insurance	Life insurance	Other	Total
Revenues by segment	709,515	13,781,336	1,226,849	15,717,700
Net profit or loss for the period	506,857	4,199,058	1,482,973	6,188,887
Total assets	4,493,027	277,273,918	28,084,345	309,851,290

* before consolidation entries

Year Ended on 31 December 2014	Non-life insurance	Life insurance	Other	Total
Revenues by segment	2,023,216	18,704,178	1,505,157	22,232,551
Net profit or loss for the period	257,956	3,689,421	1,055,841	5,003,218
Total assets	3,768,497	276,536,125	4,035,852	284,340,474

Non-life insurance represents amounts earned by Prva osebna zavarovalnica; Other relates to income generated by the Group, Life insurance relates to amounts earned by Prva osebna zavarovalnica from sale of life insurance and the remaining amount relates to other pension funds included in the consolidation. The amounts presented are exclusive of consolidation entries.

13.4. NOTES TO THE INCOME STATEMENT

1. OPERATING INCOME

Operating income of the Company refers only to services the Company charges to subsidiary companies for services rendered. These incomes are eliminated from the consolidated revenues.

Income of the Group consists of:

- Net income from insurance premiums
- Other insurance income

1.1 Net premium income

Table 8: Net income from insurance premiums

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Gross insurance premiums written	0	0	12,857,675	11,963,190
Premiums written re-insured	0	0	-637,104	-587,216
Change of unearned premium	0	0	-11,781	-7,969
Total	**0**	**0**	**12,208,790**	**11,368,005**

1.2 Other insurance income

Other insurance income is composed from:

- entry fees
- management fees
- exit fees
- other services.

Table 9: Other insurance income

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Entry fees	0		1,971,717	1,896,892
Management fee	0		5,651,279	5,253,286
Exit fees	0		179,657	182,288
Revenues from operations	281,911	344,100	0	10,433
Total	**281,911**	**344,100**	**7,802,654**	**7,342,899**

Main part of other insurance income represents entry and management fees from supplementary pension insurance.

The entry fees are charged from paid-in premiums, not exceeding 2.95% of the paid-in premium at the year-end (2014: 2.95%).

The Group also charges annual management fee ranging from 1.0% to 1.5% for the administration and management of all pension funds (2014: 1.0% to 1.5%).

Upon the termination of the supplementary pension insurance, the administrator is entitled to an exit fee in the amount of 1% of the redemption value upon termination of the insurance contract (2014: 1%).

2. Interest income and expense

Interest income include interest from bank deposits and interest from investments earned in 2015.

2.1 Interest income

Table 10: Interest income

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Financial assets	85,134	66,953	1,330,604	1,374,221
1. Held to maturity	0	0	0	0
2. Available-for-sale	85,789	66,953	1,308,713	1,346,536
3. Measured at fair value through profit or loss	0	0	21,891	27,685
Loans and deposits	0	1,287	165,351	41,145
Other	0	0	0	504
Total interest income	**85,134**	**68,240**	**1,495,955**	**1,415,870**

2.2 Interest expense

Table 11: Interest expense

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Other interest expense	0	0	-183	-697
Total	**0**	**0**	**-183**	**-697**

3. Dividend income

Table 12: Dividend income

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Dividend income on available-for-sale financial assets	1,184,961	1,231,002	34,649	161,618
Total	**1,184,961**	**1,231,002**	**34,649**	**161,618**

4. NET GAINS/LOSSES ON INVESTMENTS

Table 13: Net gains/losses from investments

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Net gains from revaluation of investments measured at fair value through profit or loss	0	0	32,875	49,715
Net gains/losses from disposal of securities	20,365	-140,043	544,279	61,211
Impairment of investments not measured at fair value through profit or loss	-134,005	-128,756	-134,007	-133,815
Net foreign exchange differences	0	0	5,000	133,039
Total	**- 113,640**	**- 268,800**	**448,147**	**110,150**

Net gains from revaluation and net gains from investments relate to various bonds of the Company and the Group.

5. NET EXPENSES FOR CLAIMS AND CHANGES IN TECHNICAL PROVISIONS

5.1 Net expenses for claims

Table 14: Net expenses for claims

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Gross claims charged	0	0	-4,611,578	-3,208,964
Re-insurance share of gross claims	0	0	254,962	132,075
Change of provisions for outstanding claims	0	0	-717,577	-570,277
Change of provisions for outstanding claims re-insured	0	0	328,282	205,986
Total	**0**	**0**	**-4,745,911**	**-3,441,179**

5.2 Changes in technical provisions

Table 15: Changes in technical provisions

	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Change of gross mathematical provisions	0	0	0	0
Life insurance guarantee fund	0	0	-2,474,583	-3,297,745
Non-life insurance guarantee fund	0	0	-1,750	-356,456
Total	**0**	**0**	**-2,476,333**	**-3,654,202**

6. COSTS OF ACQUIRING INSURANTS

Commissions to agents and marketing promotion costs directly attributed to the acquisition of insurants are included under costs of acquiring insurance. Commissions to agents refer to fees which are paid to outside contractors as an award for the successful acquisition of insurants. The presented item comprises also changes in deferred insurance acquiring costs.

Table 16: Costs of acquiring insurants

EUR	FY 2015	FY 2014	FY 2015	FY 2014
Commissions to agents costs	0	0	-2,792,609	-3,092,949
Marketing campaigns costs	0	0	-157,429	-338,030
Total	0	0	**-2,950,038**	**-3,430,979**

7. EMPLOYEE BENEFIT COSTS

Salaries, holiday pay, reimbursements for meals and transportation to work, employer contributions and taxes for remitted salaries and payments of supplementary pension insurance are included under labour costs for 2015.

Prva Group plc. had 2.2 employees at the end of 2015 (2014: 1.2), while there were 116 persons employed in the Group at the end of 2015 (2014: 108).

Table 17: Employee benefit costs

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Employee salaries	-145,202	-91,079	-2,365,613	-2,272,918
Holiday pay	-800	-800	-56,569	-53,129
Reimbursements for meals and transportation to work	-1,818	-832	-104,449	-119,864
Employer's contributions and taxes on salaries paid	-24,104	-14,499	-513,728	-314,370
- Pension insurance contributions	-13,254	-7,974	254,487	-149,109
- Social security contributions	-10,850	-6,526	-259,240	-165,261
Payments to employees for supplementary pension insurance	-1,910	-378	-94,779	-81,684
Other labour costs	0	-103	-27,440	-13,615
Total	**-173,833**	**-107,692**	**-3,162,577**	**-2,855,580**

8. OTHER COSTS

Other costs comprise the cost of services by individual persons, material operating costs, service operating costs, marketing costs, supervisory board costs, rental costs, deferred employee liabilities and other costs.

Table 18: Other costs

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Reimbursement of work-related costs	-1,185	-11,092	-112,132	-142,180
Costs of intellectual and personal services	-19,154	-40,070	-499,482	-381,824
Cost of rent	-15,291	-11,841	-398,834	-422,196
Costs of other services	-62,544	-49,589	-610,818	-533,148
Other costs	-1,719	-10,764	-1,170,251	-578,252
Revenues from reinsurance	0	0	328,282	56,600
Total	**-99,893**	**-123,356**	**-2,463,234**	**-2,001,000**

Table 19: Audit fees

EUR	Prva Group		The Group	
	FY 2015	FY 2014	FY 2015	FY 2014
Audit of the annual report	7,017	-8,540	-68,359	52,880
Other non-auditing services	0	0	0	0
Other auditing services	0	0	0	0
Tax advisory services	0	0	0	0
Total	7,017	-8,540	-68,359	52,880

9. Other revenue and expenses

9.1 Other revenue

The majority of other revenue of the Group represent fee and commission received for acquiring of insurances in 2015 amounting to EUR 111,932 (2014: EUR 173,615).

9.2 Other expenses

Table 20: Other expenses

EUR	FY 2015	FY 2014	FY 2015	FY 2014
Other expenses	0	0	-537,529	-738,340
Total	0	0	-537,529	-738,340

Other expenses were incurred by Prva osebna zavarovalnica plc., These costs are charged to the Company and cannot be included under any other profit or loss item.

10. Deferred and current tax

Table 21: Deferred tax of Prva Group

	Balance sheet		Recognised in statement of comprehensive income	Recognised in profit or loss
EUR	31.12.2015	31.12.2014	FY 2015	FY 2015
Deferred income tax assets				
Revaluation of HTM investments	0	0	0	0
Fixed asset depreciation	0	0	0	0
Impairment of investments and receivables	117,682	117,682	0	0
Provisions for employees	0	0	0	0
Unutilised tax losses	171,899	221,899	0	-50,000
Revaluation of AFS investments to fair value	0	0	0	0
Total deferred income tax assets (+)/liabilities (-)	289,581	339,581	0	-50,000

Table 22: Deferred tax – The Group

EUR	Balance sheet		Recognised in statement of comprehensive income	Recognised in profit or loss
	31.12.2015	31.12.2014	FY 2015	FY 2015
Deferred income tax assets	**553,514**	**705,437**	**47,816**	**-199,738**
Fixed asset depreciation	3,358	5,966	0	-2,607
Impairment of investments and receivables	149,313	117,682	47,816	-65,162
Provisions for employees	3,465	2,542	0	924
Unutilised tax losses	397,377	579,247	0	-132,892
Deferred income tax liabilities	**117,167**	**177,258**	**-60,090**	**0**
Revaluation of AFS investments to fair value	117,167	177,258	-60,090	0
Total deferred income tax assets (+)/liabilities (-)	436,347	528,179	107,906	-199,738

As at 31 December 2015, deferred tax amounts were restated using tax rates effective at the time the Company expects to utilise these tax assets i.e. at the rate of 17% (2014: 17%).

Table 23: Reconciliation of tax and accounting profit multiplied by the tax rate applicable in Slovenia

EUR	Prva Group		The Group	
	2015	2014	2015	2014
Profit for the year before tax	1,143,753	1,105,841	5,495,811	4,090,845
Net increase/decrease in the tax basis	-1,043,472	-1,011,437	-932,334	-1,075,644
Expenses not recognised for tax purposes	136,695	141,488	173,979	205,695
Tax relief	14,578	0	62,058	103,074
Tax loss utilised	74,577	0	744,286	103,074
Deduction of foreign tax	0	0	0	0
Deferred tax	-50,000	-50,000	-199,738	-47,384
Income tax	-10,200	0	-267,856	-138,318
Total tax	-60,200	-50,000	-467,594	-185,702
Effective tax rate	5.26%	4.52%	8.51%	4.54%

In the financial year under review, the Company /the Group accounted for the amount of current income tax payable using the applicable tax rate of 17% (2014: 17%).

11. Net earnings per share

The basic earnings per share is calculated by dividing the net profit for the financial period belonging to ordinary shareholders by the weighted average number of outstanding ordinary shares in the financial period. The weighted average number of outstanding ordinary shares is calculated using data on the number of outstanding ordinary shares while taking into consideration eventual purchases and sales within the period and the period in which the shares participated in the generating of profit. The adjusted earnings per share also take into account all potential ordinary shares. The Company does not have any potential ordinary shares, therefore the net earnings per share equals to the adjusted earnings per share.

Table 24: Earnings per share

EUR	The Group	
	2015	2014
Net profit for the year attributable to the Company/Group	4,328,638	3,242,905
Less dividends paid out to owners of preference shares	-400,897	-400,897
Net profit attributable to ordinary equity holders of the parent (EUR)	3,927,741	2,842,008
Weighted average number of ordinary shares for basic earnings per share	291,484	291,484
Earnings per share (in EUR)	13.47	9.75

13.5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

12. PROPERTY, PLANT AND EQUIPMENT

Table 25: Movement in property, plant and equipment in 2015

EUR	Equipment	TOTAL	Buildings and equipment	TOTAL
COST				
At 31 Dec 2014	152,283	152,283	1,591,390	1,591,390
Additions	41,051	41,051	141,295	141,295
Disposals	-28,986	-28,986	-71,688	-71,688
At 31 Dec 2015	164,348	164,193	1,660,998	1,660,998
ACCUMULATED DEPRECIATION				
At 31 Dec 2014	134,069	134,069	948,543	948,543
Depreciation in 2015	4,716	4,716	113,023	113,023
Disposals	-19,615	-19,615	-50,157	-50,157
At 31 Dec 2015	119,170	119,170	1,011,408	1,011,408
CARRYING AMOUNT				
At 31 Dec 2014	18,214	**18,214**	642,848	**642,848**
At 31 Dec 2015	45,023	**45,023**	649,590	**649,590**

The Company has not pledged any items of property, plant and equipment as collateral for borrowings.

Table 26: Movement in property, plant and equipment in 2014

	Prva Group		The Group	
EUR	Equipment	TOTAL	Buildings and equipment	TOTAL
COST				
At 31 Dec 2013	166,521	166,521	1,524,031	1,524,031
Additions	0	0	152,184	152,184
Disposals	-14,238	-14,238	-11,513	-11,513
At 31 Dec 2014	152,283	152,283	1,591,390	1,591,390
ACCUMULATED DEPRECIATION				
At 31 Dec 2013	142,421	142,421	889,445	889,445
Depreciation in 2014	5,886	5,886	110,121	110,121
Disposals	-14,238	-14,238	-17,472	-17,472
At 31 Dec 2014	134,069	134,069	948,543	948,543
CARRYING AMOUNT				
At 31 Dec 2013	24,100	**24,100**	634,585	**634,585**
At 31 Dec 2014	18,214	**18,214**	642,848	**642,848**

13. INTANGIBLE ASSETS

Table 27: Movement in intangible assets in 2015

	Prva Group				The Group			
EUR	Software applications	Investments in progress	Long-term deferred acquisition costs	TOTAL	Software applications	Investments in progress	Long-term deferred acquisition costs	TOTAL
COST								
At 31 Dec 2014	178,858	0	0	178,858	1,676,305	27,426	126,215	1,829,945
Additions	0	0	0	0	159,878	220,814	117,487	498,178
Transfer	0	0	0	0	44,286	-232,965	-146,004	-334,683
Disposals	0	0	0	0	0	0	0,00	0
At 31 Dec 2015	178,858	0	0	178,858	1,880,469	15,275	97,698	1,993,441
ACCUMULATED AMORTISATION								
At 31 Dec 2014	157,618	0	0	157,618	1,244,771	0	0	1,244,771
Amortisation in 2015	20,152	0	0	20,152	156,921	0	560	157,481
Disposals	0	0	0	0	0	0	0	0
At 31 Dec 2015	177,770	0	0	177,770	1,401,692	0	560	1,402,252
CARRYING AMOUNT								
At 31 Dec 2014	21,240	0	0	21,240	494,039	41,140	202,330	563,124
At 31 Dec 2015	1,088	0	0	1,088	478,777	15,275	97,138	591,189

Table 28: Movement in intangible assets in 2014

EUR	Prva Group: Software applications	Prva Group: Investments in progress	Prva Group: Long-term deferred acquisition costs	Prva Group: TOTAL	The Group: Software applications	The Group: Investments in progress	The Group: Long-term deferred acquisition costs	The Group: TOTAL
COST								
At 31 Dec 2013	178,858	0	0	178,858	1,830,647	7,360	169,126	2,007,132
Additions	0	0	0	0	90,743	78,479	77,304	246,525
Transfer	0	0	0	0	58,412	-58,412	-108,336	-108,336
Disposals	0	0	0	0	-303,497	0	-11,879	-315,376
At 31 Dec 2014	178,858	0	0	178,858	1,676,305	27,426	126,215	1,829,945
ACCUMULATED AMORTISATION								
At 31 Dec 2013	122,562	0	0	122,562	1,193,777	0	0	1,193,777
Amortisation in 2014	35,056	0	0	35,056	250,659	0	22,050	272,709
Disposals	0	0	0	0	-199,666	0	0	-199,666
At 31 Dec 2014	157,618	0	0	157,618	1,244,771	0	0	1,266,821
CARRYING AMOUNT								
At 31 Dec 2013	56,296	0	0	56,296	636,870	7,360	169,126	813,356
At 31 Dec 2014	21,240	0	0	21,240	494,039	41,140	202,330	563,124

14. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

14.1 Interests in subsidiaries

Interests in subsidiaries represent investments of Prva Group plc. in the following companies: Prva osebna zavarovalnica d.d., KB Prvo penzisko društvo AD, Skopje, Fondi Slloveno-Kosovar I Pensioneve sh.A Pristhine Kosovo, DDOR GARANT Beograd, PRVA zavarovalniško zastopniška družba, d.o.o.. These companies and the parent company Prva Group plc. form the Group.

Table 29: Interests in subsidiaries

EUR	Ownership	Prva Group 31.12.2015	Prva Group 31.12.2014
Prva osebna zavarovalnica d.d.	100%	12,730,000	12,730,000
KB Prvo penzisko društvo AD Skopje	51%	918,272	918,272
Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo	67%	511,985	511,985
DDOR Garant Beograd	60%	2,435,768	2,435,768
PRVA zavarovalniško zastopniška družba, d.o.o.	100%	64,300	64,300
Total		**16,660,326**	**16,660,326**

In 2014 Prva Group plc. recognised impairment of its investment in DDOR GARANT Beograd in the amount of EUR 45,886. The impairment loss was recognised based on the assessment of expected future cash flows. No additional changes occurred in 2015.

Voting rights in subsidiaries are equal to the ownership share.

15. Assets of unit-linked policy holders

Table 30: Assets of unit-linked policy holders

EUR	Prva Group 31.12.2015	31.12.2014	The Group 31.12.2015	31.12.2014
Assets of unit-linked policy holders	0	0	1,808,137	1,458,080
Total	**0**	**0**	1,458,080	1,043,151

16. Investments in securities

Investments in securities represent investments in shares and bonds.

Table 31: Investments in securities

EUR	Prva Group 31.12.2015	31.12.2014	The Group 31.12.2015	31.12.2014
Investments into securities held-to-maturity	0	0	0	0
Investments into securities available for sale	2,242,177	1,453,377	36,677,178	31,175,836
Investments into securities designated at fair value through profit or loss	0	0	873,698	760,643
Total	**2,242,177**	**1,453,377**	**37,550,876**	**31,936,479**

Table 32: Structure of securities based on type of interest rate

EUR	Prva Group 31.12.2015	31.12.2014	The Group 31.12.2015	31.12.2014
Investments into securities held to maturity:	0	0	0	0
- debt securities at fixed rate of interest	0	0	0	0
- debt securities at variable rate of interest	0	0	0	0
Investments into securities available for sale	2,242,177	1453377	36,677,178	31,175,836
- debt securities at fixed rate of interest	1,801,454	1453377	36,236,456	31,175,836
- debt securities at variable rate of interest	440,722	0	440,722	0
- equity securities	0	0	0	0
Investments into securities designated at fair value through profit or loss	0	0	0	760,643
- debt securities at fixed rate of interest	0	0	873,698	760,643
- debt securities at variable rate of interest	0	0	0	0
- equity securities	0	0	0	0
Total	**2,242,177**	**1,453,377**	**37,550,876**	**31,936,479**

The effective interest rate for securities ranges from 1.1% to 6.9% (2014: from 1.0 to 7.6%)

16.1 Investments in securities held to maturity

At 31 December 2015 or 31 December 2014, the Group reports no held-to-maturity investments.

16.2 Investments in securities, available for sale

Table 33: Investments in securities, available for sale

EUR	Prva Group 31.12.2015	Prva Group 31.12.2014	The Group 31.12.2015	The Group 31.12.2014
Investments traded on the organised market	2,242,177	1,453,377	37,550,876	31,175,836
Investments not traded on the organised market	0	0		0
Total	**2,242,177**	**1,453,377**	**37,550,876**	**31,175,836**

Investments traded on the organised market are valued on the basis of market prices.

16.3 Investments in securities measured at fair value through profit and loss

Table 34: Investments in securities measured at fair value through profit and loss

EUR	Prva Group 31.12.2015	Prva Group 31.12.2014	The Group 31.12.2015	The Group 31.12.2014
Investments traded on the organised market	0	0	873,698	760,643
Investments not traded on the organised market	0	0	0	0
Total	**0**	0	873,698	760,643

Investments traded on the organised market are valued on the basis of market prices.

17. Other receivables and short-term deferred costs and accrued income

Table 35: Other receivables and short-term deferred costs and accrued income

EUR	Prva Group 31.12.2015	Prva Group 31.12.2014	The Group 31.12.2015	The Group 31.12.2014
Receivables arising out of insurance operations	0	0	1,066,006	221,612
Short-term trade receivables	16,600	50,224	438,388	380,330
Short-term advance payments	1,312	1,312	2,890	1,312
Income tax assets	0	0	27,950	0
Other receivables and assets	679	136,609	563,667	1,073,675
Deferred expenses and accrued income	1,110	1,098	252,125	254,371
Total	**19,700**	**189,242**	**2,351,026**	**1,931,299**

18. Assets from financial contracts

Assets from financial contracts relate to the Prva osebna zavarovalnica d.d. pension funds. Assets from financial contracts abroad are recognised in the off balance sheet accounts.

Table 36: Assets from financial contracts

EUR	Carrying amount		Market value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Investment into securities:	183,244,827	186,255,383	183,244,827	186,255,383
1. Held to maturity	0	0	0	0
2. Available for sale	0	0	0	0
3. Measured at fair value through profit or loss	183,244,827	186,255,383	183,244,827	186,255,383
Investment property	17,547,954	17,531,795	17,547,954	17,531,795
Issued loans and deposits	35,938,832	31,338,557	35,938,832	31,338,557
Trade receivables (insurants)	0	0	0	0
Other receivables (assets)	730,586	671,392	730,586	671,392
Cash and cash equivalents	3,326,440	1,985,193	3,326,440	1,985,193
Total assets	**240,788,639**	**237,782,319**	**240,788,639**	**237,782,319**
Technical provisions	240,453,955	237,435,508	240,453,956	237,435,509
Operating liabilities	334,683	346,810	334,683	346,810
Total liabilities	**240,788,637**	**237,782,319**	**240,788,638**	**237,782,319**

Table 37: Investments on accounts of pension insurants

		31.12.2015	31.12.2014
	Investments into securities held-to-maturity	0	0
	Investments in securities measured at fair value	19,660,031	19,738,979
	Issued loans and deposits	6,881,446	6,969,396
	Investment property	1,595,950	1,594,981
Pension fund 1	Cash and cash equivalents	1,012,116	300,937
	Investments into securities held-to-maturity	0	0
	Investments in securities measured at fair value	44,868,058	43,009,989
	Issued loans and deposits	8,184,094	6,249,723
	Investment property	3,672,228	3,671,420
Pension fund 2	Cash and cash equivalents	530,239	439,968
	Investments into securities held-to-maturity	0	0
	Investments in securities measured at fair value	71,107,682	71,567,271
	Issued loans and deposits	12,075,716	10,407,631
	Investment property	7,124,953	7,116,551
Pension fund 3	Cash and cash equivalents	1,050,063	584,724
	Investments into securities held-to-maturity	0	0
	Investments in securities measured at fair value	47,609,056	51,939,144
	Issued loans and deposits	8,797,576	7,711,807
	Investment property	5,154,822	5,148,844
Pension fund 4	Cash and cash equivalents	734,022	659,565

Investments of pension funds in deposits with banks and savings banks represent long-term and short-term deposits, denominated in euros. The interest rates on deposits range from 1.30% - 8.20% annually (2014: 1.40% to 8.20%).

Investments in held-to-maturity securities represent bonds of the Republic of Slovenia, EC/OECD countries and other countries, and corporate bonds from the organised markets of the Republic of Slovenia and EC and OECD countries, as well as other countries.

Investments in securities designated at fair value through profit or loss represent shares traded on the securities market, shares not traded on the securities market, and corporate bonds from the organised markets of the Republic of Slovenia and EC and EOCD countries, as well as other countries.

Investments in property are investments in investment property measured at fair value. No changes in values occurred in 2015.

Table 38: Movement in investments on accounts of pension insurants

EUR	2015	2014
At 1 January	237,110,927	219,289,521
Increase	79,720,897	41,578,349
Revaluation	5,516,497	22,644,508
Decrease	-82,290,269	-46,401,451
At 31 December	**240,058,052**	**237,110,927**

Table 39: Structure of securities based on type of interest rate on accounts of pension insurants

EUR	31.12.2015	31.12.2014
Debt securities	170,186,433	180,303,925
- Fixed interest rate	167,809,574	178,835,420
- Variable interest rate	2,376,859	1,468,505
Equity securities	13,058,394	5,951,457
Total	**183,244,827**	**186,255,383**

The effective interest rate on securities of pension funds ranges from 0.7 to 8.2% (2014: from 0.1 to 10.29%)

19. ISSUED LOANS AND DEPOSITS

Table 40: Issued loans and deposits

EUR	Prva Group		The Group	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Issued loans and deposits	1,273,848	1,972,416	8,235,180	7,721,494
Total	**1,273,848**	**1,972,416**	**8,235,180**	**7,721,494**

Issued loans and deposits of Prva Group plc. represent deposits in banks. The interest rate for new deposits amounts to an average 1,3 – 1,8% nominal interest rate. The interest rates on deposits are fixed.

Of total deposits of the Company, 71% matures in 2016, while 59% of total deposits of the Group matures within 12 months.

All of the Company's deposits are denominated in euros. Within the Group, 5,5% of the deposits are denominated in the Macedonian denar; all other deposits are denominated in euro.

20. CASH AND CASH EQUIVALENTS

Table 41: Cash and cash equivalents

EUR	Prva Group		The Group	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash on hand	0	0	510	322,13128
Cash on current accounts (local currency)	2,993	1,582	201,884	111,492
Cash on current accounts (foreign currency)	0	0	8,639	8,234
Deposits with up to 3-month maturity at banks	38,613	40,199	442,751	1,390,414
Total	**41,606**	**41,782**	**653,785**	**1,510,462**

Deposits with up to three month maturity are disclosed inclusive of related interest as accrued in accordance with contractual terms. These funds are intended for the current coverage of costs and current placements.

21. EQUITY

At 31 December 2015, the share capital of the Company amounted to EUR 13,386,247, of which EUR 6,704,638 relates to ordinary shares, with the difference in the amount of EUR 6,681,609 relating to preference shares.

The capital of the Group represents the capital of Prva Group plc. and the capital of a non-controlling interest.

Table 42: Share capital

EUR	31.12.2015	31.12.2014
Approved share capital (ordinary shares with a face value of EUR 23.00)	6,704,638	6,704,638
Approved share capital (preference shares with a face value of EUR 33.00)	6,681,609	6,681,609
Share capital (ordinary shares with a face value of EUR 23.00)	6,704,638	6,704,638
Share capital (preference shares with a face value of EUR 33.00)	6,681,609	6,681,609
Total share capital (issued and paid-up shares)	13,386,247	13,386,247

Table 43: Number of issued and paid-up shares

EUR	Ordinary shares		Preference shares	
	2015	2014	2015	2014
At 1 January	291,420	275,006	202,372	191,012
Issued	64	16,414	65	11,360
At 31 December	291,484	291,420	202,437	202,372

The Company/the Group owns 18 ordinary and 51 preference treasury shares on 31 December 2015

21.1 Reserves

Share premium comprises the surplus of capital paid (payments above the minimum emission values of shares or stakes) in the amount of EUR 6,017,833 (2014: EUR 6,017,833) and cannot be distributed. Other profit reserves amount to EUR 3,386 the same as in 2014.

Exchange rate differences arising from the translation of the functional currencies into the reporting currency are recognised directly in the statement of comprehensive income until the sale of a subsidiary when the exchange rate differences are transferred to the profit or loss. These reserves cannot be distributed.

Retained earnings have not been earmarked for any specific purpose and can be used to finance dividend payments in subsequent years.

Table 44: The structure and movement of reserves in 2015

	Prva Group				The Group			
	Share premium and other profit reserves	Revaluation reserve	Retained earnings	**Total**	Share premium and other profit reserves	Revaluation reserve	Retained earnings	**Total**
1.1.2015	**6,020,110**	**-52,028**	**1,320,343**	**7,288,425**	**6,020,110**	**371,865**	**6,705,854**	**13,097,830**
Change	0	-24,401	-118,984	-143,385	0	-769,013	3,126,231	2,357,218
31.12.2015	**6,020,110**	**-76,429**	**1,201,359**	**7,145,040**	**6,020,110**	**-397,148**	**9,832,085**	**15,455,047**

Table 45: The structure and movement of reserves in 2014

	Prva Group				The Group			
	Share premium and other profit reserves	Revaluation reserve	Retained earnings	**Total**	Share premium and other profit reserves	Revaluation reserve	Retained earnings	**Total**
1.1.2014	6,020,110	-116,715	1,064,763	6,968,158	6,020,110	-366,189	4,263,210	9,917,132
Change	0	64,687	255,580	320,267	0	738,054	2,442,644	3,180,697
31.12.2014	**6,020,110**	**-52,028**	**1,320,343**	**7,288,425**	**6,020,110**	**371,865**	**6,705,854**	**13,097,830**

21.2 Dividends proposed and paid

At 31 December 2015, the distributable profit of Prva Group plc. amounts to EUR 1,201,359 and is comprised of retained earnings of EUR 117,806 and of the current year's profit amounting to EUR 1,083,553.

The Company intends to pay dividends to ordinary and preference shareholders for the 2015 financial year in total amount of EUR 1.2 million and the proposal will be submitted for approval to the General Meeting which will be held in June 2016. Dividends, which are announced after the reporting period, are not included in the liabilities item in the statement of financial position.

Dividends were paid out also in previous years. In 2015, a total of EUR 1.2 million of dividends was paid to holders of preference and ordinary shares.

22. TECHNICAL PROVISIONS

Table 46: Technical provisions

EUR	31.12.2015	31.12.2014
Non-life insurance	**821,884**	**489,302**
Gross unearned premiums	89,622	86,873
Gross provision for outstanding claim	718,505	390,421
Gross mathematical provisions	13,757	12,008
Life insurance	**16,184,565**	**13,229,565**
Gross unearned premiums	83,722	74,691
Gross mathematical provisions	12,981,816	10,855,376
Provisions for deficit determined on checking the amount of provisions made	78,000	0
Gross provisions in favour of unit-linked insurance underwriters	1,808,137	1,378,104
Gross provision for outstanding claim	1,310,889	921,395
Total	**17,084,449**	**13,718,867**

23. LIABILITIES FROM FINANCIAL CONTRACTS

While Prva Group plc. does not have any liabilities from financial contracts, its subsidiaries do. Only Prva osebna zavarovalnica recognised these liabilities in the statement of financial position in accordance with IFRS.

Table 47: Liabilities from financial contracts

EUR	31.12.2015	31.12.2014
Other liabilities from PDPZ	334,683	346,810
Net liabilities to pension policyholders	240,453,956	237,435,509
Total	**240,788,638**	**237,782,319**

Liabilities from financial contracts of the Group companies abroad, members of the Prva Group are reported in the off balance sheet records in accordance with IFRS. Furthermore, these liabilities are reported in the off balance sheet records also in the consolidated financial statements as required by IFRS.

Prva osebna zavarovalnica reports its financial contracts in the statement of financial position in accordance with IFRS and consequently, these are reported also in the consolidated statement of financial position.

Table 48: Other liabilities from financial contracts

EUR	31.12.2015	31.12.2014
Liabilities from insurance operations	315,794	314,191
Other liabilities	18,889	32,619
Total	**334,683**	**346,810**

Liabilities from insurance operations are liabilities for fees and commission and liabilities to insurants of Prva osebna zavarovalnica d.d.

Table 49: Net liabilities to pension policyholders

EUR	Pension fund 1	Pension fund 2	Pension fund 3	Pension fund 4	Total
Guaranteed value of mathematical provisions					
in 2014	28,315,175	48,952,482	82,513,954	60,198,564	219,980,174
in 2015	28,894,391	53,219,576	84,843,303	57,654,342	224,611,611
Value of mathematical provisions not guaranteed					
in 2014	391,087	4,468,120	7,278,299	5,317,829	17,455,335
in 2015	371,805	4,100,993	6,644,756	4,724,791	15,842,345
Total mathematical provisions					
in 2014	28,706,261	53,420,602	89,792,253	65,516,393	237,435,509
in 2015	29,266,196	57,320,569	91,488,059	62,379,132	240,453,956

Net liabilities to pension policyholders represent mathematical provisions which are managed separately by the subsidiary Prva osebna zavarovalnica and the Group for each individual long term business fund.

Mathematical provisions must comply with the Decision on Detailed Rules and Minimum Standards to be Applied in the Calculation of Technical Provisions and at any time equal at least the amount of the redemption value of the insurance.

Thus, provisions are formed for each individual pension fund and comprise the guaranteed funds on the personal account of policyholders and provisions for returns exceeding the guaranteed return. The guaranteed value of the fund consists of the payment of the net premium and prescribed guaranteed return. Mathematical provisions are not reinsured.

Table 50: Movement in liabilities due to pension insurance policyholders in 2015 and 2014

EUR	Pension fund 1	Pension fund 2	Pension fund 3	Pension fund 4	Total
At 1 Jan 2015	28,706,261	53,420,602	89,792,253	65,516,393	237,435,508
Payments	2,916,534	6,122,952	7,332,765	3,307,211	19,679,461
Redemption and net transfers	-3,562,193	-2,939,729	-2,819,010	-6,525,210	-7,212,591
Net result from investments	938,343	1,376,582	2,495,740	1,870,783	6,681,448
Fees	-355,213	-780,557	-1,607,489	-1,102,663	-3,845,922
At 31 Dec 2015	29,266,196	57,320,569	91,488,059	62,379,132	240,453,956

EUR	Pension fund 1	Pension fund 2	Pension fund 3	Pension fund 4	Total
At 1 Jan 2014	28,564,128	47,960,333	83,049,372	60,117,164	219,690,996
Payments	2,959,430	5,973,154	7,543,490	5,005,149	21,481,222
Redemption and net transfers	-3.562.193	-5,364,429	-8,410,960	-5,237,889	-22,575,470
Net result from investments	1,109,968	5,611,274	9,144,949	6,720,151	22,586,343
Fees	-365,073	-759,730	-1,534,597	-1,088,181	-3,747,581
At 31 Dec 2014	**28,706,261**	**53,420,602**	**89,792,253**	**65,516,393**	**237,435,509**

24. Financial liabilities from borrowings

The Company and the Group do not have any financial liabilities from borrowings.

25. Other liabilities, other provisions and short-term accrued costs and deferred income

Table 51: Liabilities

EUR	Prva Group		The Group	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Other provisions	0	0	59,698	110,014
Other liabilities	38,049	16,369	2,009,348	1,502,476
Short-term accrued costs and deferred revenue	4,014	5,136	588,834	1,660,437
Total	**42,062**	**21,505**	**2,657,880**	**3,272,927**

The Group companies settle their liabilities on maturity. Only larger companies i.e. KB Prvo, Macedonia and Prva osebna zavarovalnica, Slovenia have open liabilities above EUR 100,000. These are accounts payable to suppliers, to employees and liabilities relating to the purchase of securities. Short-term accrued and deferred items of the Group represent deferred income from insurance premiums.

26. Off balance liabilities of the Company

The Company's and the Group's off balance sheet liabilities refer to liabilities arising from the lease contract for business premises and pension funds of subsidiaries abroad.

Table 52: Movements in rent liabilities (EUR)

Maturity	Prva Group		The Group	
	2014	2013	2014	2013
In one year	15.291	11.832	265.207	254.898
In one to five years	23.711	5.136	1.023.373	977.400
In more than 5 years	0	0	0	0
TOTAL	39.002	16.968	1.288.580	1.232.298

In accordance with IFRS, liabilities from financial contracts of subsidiaries abroad are carried in the off balance sheet records.

Table 53: Assets of long-term business funds of subsidiaries abroad recognised in the off balance sheet items (Group disclosure)

EUR	31.12.2014	31.12.2013
Fondi Kosovo	6.054.148	5.775.240
KB Prvo Makedonija	354.017.523	291.259.746
DDOR Garant Srbija	44.371.036	37.367.330
Total	**404.442.706**	**334.402.316**

13.6. OTHER DISCLOSURES TO THE FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

27. REMUNERATIONS OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD, AND RELATED PARTY TRANSACTIONS

In 2015, a total of EUR 128,817 was paid to the Management Board and members of the Supervisory Board of Prva Group plc. (2014: EUR 78,567), which is a 64% increase over the amount paid in 2014.

Table 54: Costs of the Management and Supervisory Boards (including attendance fees of subsidiaries) for Prva Group

	FY 2015	FY 2014
Management Board	114,703	67,311
Supervisory Board	14,114	11,256
Total payouts	**128,817**	**78,567**

In 2015, Prva Group did not provide members of its Management or Subsidiary boards with any prepayments or loans, nor did it assume any liabilities on their behalf. Remunerations made in 2015 are presented below.

Table 55: Remunerations to members of the Management and Supervisory Boards of Prva Group plc. in 2014

	Salary	Pension insurance	Benefits	Holiday pay	Attendance fee	Bonus	Total
Alenka Žnidaršič Kranjc	36,000	0	306	0	0	60,000	96,306
Boštjan Škufca Zaveršek	17,000	470	927	0	0	0	18,397
Total	**53,000**	**470**	**1,233**	**0**	**0**	**60,000**	**114,703**

Members	Function	Attendance fee	Total gross	Personal income tax	Net	Contr. for pension and disability ins. 8.85% + 0.53% flat contrib.
Tanja Tuš	2,500	716	3,216	672	2,544	302
Jože Mermal	2,500	716	3,216	672	2,544	302
Lindsay Stuart	3,750	716	4,466	934	3,532	419
Total	**8,750**	**3,400**	**10,898**	**2,279**	**11,354**	**1,022**

Table 56: Remunerations to members of the Management and Supervisory Boards of Prva Group plc. in 2014

	Salary	Pension insurance	Benefits	Holiday pay	Attendance fee	Bonus	Total
Alenka Žnidaršič Kranjc	31,000	0	311	0	0	36,000	67,311
Total	31,000	0	311	0	0	36,000	67,311

Members	Function	Attendance fee	Total gross	Personal income tax	Net	Contr. for pension and disability ins. 8.85% + 0.53% flat contrib.
Tanja Tuš	1,250	358	1,608	336	1,272	151
Jože Mermal	2,500	716	3,216	672	2,544	302
Lindsay Stuart	2,500	716	3,216	672	2,544	302
Andreja Moraru - EBRD	3,216	-	-	-	-	-
Total	**9,466**	**1,790**	**8,040**	**1,681**	**6,359**	**754**

The following other entities are considered related to Prva Group plc. and the Group:

- A-Z Finance d.o.o.
- EBRD, United Kingdom
- Dej d.o.o.
- Druga d.o.o
- Makrofin d.o.o.
- Deos, d.d.

Table 57: Transactions of Prva Group plc. with subsidiaries in 2015

PG - related parties	Costs - purchases from related parties	Revenue - sales to related parties	Receivables due from subsidiaries	Liabilities to subsidiaries
POZ	20,809	77,999	0	1,607
KB Prvo	0	165,000	13,750	0
DDOR	0	40,977	2,850	0
FONDI	0	12,000	0	0

PG - related parties	Dividend income	Interest income	Interest expense
POZ	1,000,000	0	0
KB Prvo	120,709	0	0
DDOR	59,291	0	0
FONDI	0	0	0

The Company, the Group and individual subsidiaries recorded no other significant related-party transactions in 2015.

The parent charged to its subsidiaries fees for investment management and internal audit services, as well as rent for hardware and software.

All transactions with subsidiaries have been carried out under market conditions.

28. Financial instruments and risk management

28.1 Insurance risk management

Each insurance contract is exposed to uncertainties whether insurance event will appear, when it will appear and what the repayment will be. By nature, the insurance risks that arise from insurance contrast are coincidental and thus unpredictable.

Insurance risks relate to uncertainty of the insurance transactions. The most important components of insurance risks are:

- Risk of unsuitable amount of premium (premium risk) and
- Risk of inappropriate amount of technical provisions (provision risk)

Premium risk is the risk that costs and claims will be higher than written premiums. This can occur when the frequency or the amount of claims is higher than expected. Claim events are random variables and therefore actual numbers and amounts vary from statistical average. Provision risk is the risk of inappropriate amount of technical provisions set aside.

Experiences show that portfolio size and spread decrease these variances. Prva osebna zavarovalnica has implemented a process of accepting insurances that differentiates among different types of risks and aims to achieve appropriate portfolio size risks in order to decrease variability of expected claims.

The insurance company manages risks with the help of criteria set for accepting insurances which depends on the amount of the sum insured and the type of risk. Furthermore, the insurance company manages these risks through appropriate development of products, pricing and reinsurance.

28.2 Financial risk management

The basic financial instruments of the Company and the Group comprise financial investments in securities, money deposits and cash on accounts at banks. The main purpose of these financial instruments is to attain the long-term yields of the insurance company. The Company and Group also have other financial instruments such as trade receivables and payables which arise upon the Company and Group carrying out transactions.

The main types of risk originating from the financial instruments of the insurance company include market risk, liquidity risk and credit risk. The Management Board regularly reviews and approves risk management policies.

28.3 Capital management

Prva Group manages its capital with the aim of ensuring both smooth and continued operations of the Company and maximum profitability for its shareholders, through optimal balance between borrowings and capital.

The Group monitors capital balances of its subsidiaries to ensure adequate amount of capital. All of the subsidiaries fully comply with the relevant capital adequacy requirements.

29. CREDIT RISK

The Company and the Group operate only with well established, trustworthy clients. They are exposed to credit risk in terms of investments in securities, issued loans and deposits, cash and other receivables The main exposure presents the risk of the other counter party default due to insolvency; the maximum exposure equals the carrying amount of the financial instruments.

Securities presented in the table below have been classified to different groups according to their credit rating. In determining individual investment's credit rating, the credit ratings issued by Moody's, S&P and Fitch are taken into account. When credit rating has been issued by more than one agency, the second best credit rating is applied. The table shows investments in securities, issued loans and deposits, cash and other receivables. Equity securities and real estate are not included in the analysis as they carry no direct credit risk.

Table 58: The credit quality of the financial assets of Prva Group

Prva Group plc.	31.12.2015	%	31.12.2014	%
1. Rating - AAA	0	0.00%	0	0.00%
2. Rating - AA	0	0.00%	0	0.00%
3. Rating - A	0	0.00%	279,857	7.66%
4. Rating - BBB	718,722	20.10%	631,450	17.27%
5. Below BBB	673,603	18.84%	814,881	22.29%
6. No rating	2,183,896	61.07%	1,929,531	52.78%
Total	**3,576,221**	**100.00%**	**3,655,719**	**100.00%**

In the rating group below BBB in 2015 we can see mainly investments in securities issued by domestic entities of the Company and its subsidiaries and deposits of local banks with credit ratings. In the rating group without rating there are mainly deposits of local banks without rating and securities issued by domestic entities of the Company and its subsidiaries.

Table 59: The credit quality of the financial assets of the Group

EUR	31.12.2015	%	31.12.2014	%
1. Rating - AAA	0	0.0%	20,693	0.1%
2. Rating - AA	542,231	1.4%	626,116	1.9%
3. Rating - A	2,221,680	5.9%	5,747,214	17.4%
4. Rating - BBB	16,242,794	43.4%	15,444,473	46.9%
5. Below BBB	15,171,229	40.5%	9,782,161	29.7%
6. No rating	13,487,109	36.0%	10,464,063	31.8%
Total	**47,665,043**	**127.2%**	**42,084,720**	**127.69%**

The following table presents the investment structure in terms of financial instruments used, which are presented in the above table of credit risk analysis.

Table 60: Investment structure in terms of financial instrument of Prva Group

EUR	31.12.2015	31.12.2014
Investments:	3,516,024	3,425,793
• in loans and deposits	1,273,848	1,972,416
• held to maturity	0	0
• available for sale	2,242,177	1,453,377
• at fair value through profit or loss	0	0
Receivables and other assets	18,591	188,144
Cash and cash equivalents	41,606	41,782
Total	**3,576,221**	**3,655,719**

Table 61: Investment structure in terms of financial instrument of the Group

EUR	31.12.2015	31.12.2014
Investments:	44,912,358	38,897,330
• in loans and deposits	8,235,180	7,721,494
• held to maturity	0	0
• available for sale	36,677,178	31,175,836
• at fair value through profit or loss	873,698	760,643
Receivables and other assets	2,098,900	1,676,928
Cash and cash equivalents	653,785	1,510,462
Total	**47,665,043**	**42,084,720**

Due to high investment dispersion, neither the Company nor the Group are significantly exposed to a single issuer. No investments have been pledged as collateral.

Table 62: The credit quality of the financial investments of pension funds

EUR	31.12.2015	%	31.12.2014	%
1. Rating - AAA	0	0.0%	20.693	0.1%
2. Rating - AA	542.231	1.4%	626.116	1.9%
3. Rating - A	2.221.680	5.9%	5.747.214	17.4%
4. Rating - BBB	16.242.794	43.4%	15.444.473	46.9%
5. Below BBB	15.171.229	40.5%	9.782.161	29.7%
6. No rating	13.487.109	36.0%	10.464.063	31.8%
Total	**47.665.043**	**127.2%**	**42.084.720**	**127.69%**

In accordance with the Insurance Act, investments are spread, therefore long term business funds are not significantly exposed to one individual issuer. The "no rating" class includes mainly investments in cash deposits held at Slovenian banks and debt securities of Slovenian issuers. Class 5 "Below BBB" includes mainly the bonds of Slovenian issuers and bonds of companies engaged in cyclical industries, whose credit rating deteriorated due to the economic crisis. Equity securities and real estate are not included in the analysis as they carry no direct credit risk.

The Company and pension funds have no outstanding receivables. None of the investments are pledged as collateral.

The Company and the Group regularly assess credit risk arising from deposits at banks and by following a conservative investments policy invest any surplus assets in deposits of local banks for which the Company and the Group believe there is no risk of default on repayment i.e. no significant credit risk.

Table 63: The credit quality of the financial investments of pension funds

	31.12.2015	31.12.2014
Investments:	206,125,264	211,642,483
• in loans and deposits	35,938,831	31,338,557
• held to maturity	0	0
• available for sale	170,186,433	180,303,926
Receivables and other assets	730,586	671,392
Cash and cash equivalents	3,326,440	1,985,193
Total	**210,182,290**	**214,299,067**

Table 64: Maturity structure of receivables

Gross receivables	Prva Group		The Group	
(EUR)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Not matured	18,591	188,144	1,995,351	1,622,296
Up to 90 days		0	110,220	85,086
More than 90 days		0	42,926	29,840
Total		188,144	2,148,497	1,737,222

Receivable allowances	Prva Group		The Group	
(EUR)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Not matured	0	0		0
Up to 90 days	0	0	29,341	33,878
More than 90 days	0	0	20,256	26,416
Total	0	**0**	49,597	**60,294**

Carrying amount of receivables	Prva Group		The Group	
(EUR)	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Not matured	18,591	188,144	1,995,351	1,622,296
Up to 90 days		0	80,879	51,208
More than 90 days		0	22,670	3,424
Total		188,144	2,098,900	1,676,928

30. LIQUIDITY RISK

The Company and the Group manage liquidity risk through cash flow forecasting. The Company uses cash flow forecasts to take into account the maturity of financial investment including planned outflows which relate to the Company's operations.

Financial investments of the Company and the Group are financed with the Company's capital. At the end of the year, the Company and the Group report only liabilities for running costs with maturity of up to 3 months. The following tables represent the structure of assets and liabilities according to maturities.

Table 65: Overview of the contractual maturity of the financial assets and liabilities of Prva Group plc.

EUR	31.12.2015			31.12.2014		
	TOTAL	Maturity up to 12 months	Maturity above 12 months	TOTAL	Maturity up to 12 months	Maturity above 12 months
ASSETS						
Investments	20,217,956	1,151,595	19,066,361	18,113,702	232,240	17,881,462
Investments in subsidiaries	16,660,326	0	16,660,326	16,660,326	0	16,660,326
Share in associated company	0	0	0	0	0	0
Investments in securities	2,242,177	208,501	2,033,675	1,453,377	232,240	1,221,137
1. Held to maturity	0	0	0	0	0	0
2. Available for sale	2,242,177	208,501	2,033,675	1,453,377	232,240	1,221,137
Issued loans and deposits	1,273,848	901,488	372,360	1,972,416	1,142,416	830,000
Cash and cash equivalents	41,606	41,606	0	41,782	41,782	0
Other receivables	18,591	18,591	0	188,144	188,144	0
Assets from financial contracts	0	0	0	0	0	0
TOTAL ASSETS	20,236,547	1,170,186	19,066,361	20,316,044	1,604,582	18,711,462
LIABILITIES						
Other liabilities	38,049			16,369	16,369	0
TOTAL LIABILITIES				16,369	16,369	0

Table 66: Overview of the contractual maturity of the financial assets and liabilities of the Group.

EUR	31.12.2015			31.12.2014		
	TOTAL	Maturity up to 12 months	Maturity above 12 months	TOTAL	Maturity up to 12 months	Maturity above 12 months
ASSETS						
Investments	39,359,013	7,112,327	32,246,686	33,394,559	**5,524,768**	**27,869,791**
Share in associated company	0	0	0	0	0	0
Assets of unit-linked insurants	1,808,137	0	1,808,137	1,458,080	0	1,458,080
Investments in securities	37,550,876	7,112,327	30,438,549	31,936,479	5,524,768	26,411,711
1. Held to maturity	0	0	0	0	0	0
2. Available for sale	36,677,178	7,087,502	29,589,676	31,175,836	5,492,203	25,683,633
3. Measured at fair value through profit or loss	873,698	24,825	848,873	760,643	32,565	728,078
Issued loans and deposits	8,235,180	4,842,752	3,392,428	7,721,494	3,757,948	3,963,546
Cash and cash equivalents	653,785	653,785	0	1,510,462	1,510,462	0
Other receivables	2,098,900	2,098,900	0	1,676,928	1,676,928	0
Assets from financial contracts	240,788,639	47,986,435	192,802,204	237,782,319	51,049,833	186,732,486
TOTAL ASSETS	**291,135,517**	**62,694,199**	**228,441,318**	**282,085,763**	**63,519,939**	**218,565,824**
LIABILITIES						
Other liabilities	2.009.348	2.009.348	0	1.502.476	1.502.476	0
Liabilities from financial contracts	240.788.639	15.358.419	225.430.220	237.435.509	19.060.403	218.375.106
TOTAL LIABILITIES	**242.797.987**	**17.367.767**	**225.430.220**	**222.394.067**	**20.164.347**	**202.229.720**

Table 67: Overview of the structure of liabilities of Prva Group considering expected non-discounted cash flow in 2015

Prva Group	31.12.2015					
EUR	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities with no maturity	Total	Carrying amount
ASSETS						
Deferred tax assets	0	289,581	0	0	0	289,581
Investments in securities	1,032,479	2,737,514	204,500	0	3,974,493	2,242,177
1. Held-to-maturity	0	0	0	0	0	0
2. Available-for-sale	1,032,479	2,737,514	204,500	0	3,974,493	2,242,177
3. Measured at fair value through profit or loss	0	0	0	0	0	0
Short-term deferred costs and accrued revenue	1,110	0	0	0	1,110	1,110
Assets from financial contracts	0	0	0	0	0	0
Issued loans and deposits	905,598	380,139	0	0	1,285,737,09	1,273,848
Other receivables	18,591	0	0	0	18,591	18,591
Cash and cash equivalents	0	0	0	41,606	41,606	41,606
TOTAL ASSETS	**1,957,777**	**3,407,235**	**204,500**	**41,606**	**5,321,537**	**3,866,912**
LIABILITIES						
Other liabilities and short-term accrued costs and deferred income						4,013
TOTAL LIABILITIES	**4,013**	**0**	**0**	**0**	**4,013**	**4,013**

Table 68: Overview of the structure of assets and liabilities of Prva Group considering expected non-discounted cash flow in 2014

Prva Group	31.12.2014					
EUR	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities with no maturity	Total	Carrying amount
ASSETS						
Deferred tax assets	0	339,581	0	0	339,581	339,581
Investments in securities	108,997	1,222,794	118,019	0	1,449,809	1,453,377
1. Held-to-maturity	0	0	0	0	0	0
2. Available-for-sale	108,997	1,222,794	118,019	114,749	1,564,558	1,453,377
3. Measured at fair value through profit or loss	0	0	0	0	0	0
Short-term deferred costs and accrued revenue	1,098	0	0	0	1,098	1,098
Assets from financial contracts	0	0	0	0	0	0
Issued loans and deposits	1,155,739	849,112	0	0	2,004,852	1,972,416
Other receivables	188,144	0	0	0	188,144	188,144
Cash and cash equivalents	0	0	0	41,782	41,782	41,782
TOTAL ASSETS	**1,793,559**	**2,071,906**	**118,019**	**156,531**	**4,140,015**	**3,996,398**
LIABILITIES						
Other liabilities and short-term accrued costs and deferred income	16,369	0	0	0	16,369	16,369
TOTAL LIABILITIES	**16,369**	**0**	**0**	**0**	**16,369**	**16,369**

Table 69: Overview of the structure of assets and liabilities of the Group considering expected non-discounted cash flow in 2015

The Group EUR	31.12.2015 Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	No maturity /on demand	Total	Carrying amount
ASSETS						
Investments in securities	7,112,327	22,009,257	12,665,826	0	41,787,411	37,550,876
1. Held to maturity	0	0	0	0	0	0
2. Available for sale	7,087,502	21,930,924	12,623,406	0	41,641,833	36,677,178
3. Held for trading	24,825	78,333	42,420	0	145,578	873,698
Assets of unit-linked insurants	0	0	1,808,137	0	1,808,137	1,808,137
Issued loans and deposits	4,842,752	3,492,438	0	0	8,335,190	8,235,180
Cash and cash equivalents	653,785	0	0	0	653,785	653,785
Other receivables	2,098,900	0	0	0	2,098,900	2,098,900
Assets from financial contracts	47,986,435	117,060,354	75,069,846	672,004	240,788,639	240,788,639
TOTAL ASSETS	**46,540,386**	**163,845,260**	**72,099,526**	**31,843,246**	**295,472,062**	**291,135,517**
LIABILITIES						
Other liabilities	2.009.348	0	0	0	2.009.348	2.009.348
Liabilities from financial contracts	15.358.419	30.115.051	195.314.878	0	240.788.348	240.788.348
TOTAL LIABILITIES	**17.367.767**	**30.115.051**	**195.314.878**	**0**	**242.797.696**	**242.797.696**

Table 70: Overview of the structure of assets and liabilities of the Group considering expected non-discounted cash flow in 2014

The Group EUR	Maturity up to 1 year	Maturity from 1 to 5 years	31.12.2014 Maturity more than 5 years	No maturity /on demand	Total	Carrying amount
ASSETS						
Investments in securities	5,579,690	15,084,095	7,542,048	5,843,409	34,049,242	31,936,479
1. Held to maturity	0	0	0	0	0	0
2. Available for sale	5,547,125	14,999,426	7,499,713	5,192,109	33,238,373	31,175,836
3. Held for trading	32,565	84,669	42,335	651,300	810,869	760,643
Assets of unit-linked insurants	0	0	1,458,080	0	1,458,080	1,458,080
Issued loans and deposits	3,795,528	4,003,182	0	0	7,798,709	7,721,494
Cash and cash equivalents	1,510,462	0	0	0	1,510,462	1,510,462
Other receivables	1,676,928	0	0	0	1,676,928	1,676,928
Assets from financial contracts	33,977,778	144,757,983	63,099,398	25,999,837	267,834,996	237,782,319
TOTAL ASSETS	**46,540,386**	**163,845,260**	**72,099,526**	**31,843,246**	**314,328,418**	**282,085,763**
LIABILITIES						
Other liabilities	1,502,476	0	0	0	1,502,476	1,502,476
Liabilities from financial contracts	19,060,403	30,869,009	187,506,097	0	237,435,509	237,435,509
TOTAL LIABILITIES	**20,562,879**	**30,869,009**	**187,506,097**	**0**	**238,937,985**	**238,937,985**

31. Interest rate risk

The Company and Group's exposure to changes in market interest rates is very low as they did not have investments with variable interest rate on 31 December 2015 or 31 December 2014).

At the reporting date, modified duration of market-sensitive portion of the assets amounted to 3.35.

The Company and the Group adopt decisions for mitigating interest risk on the basis of active monitoring of the development of events on international capital markets. At the same time, interest rate risk of funds managed by Prva osebna zavarovalnica relates to guaranteed return which a fund must ensure to policyholders in line with the pension schemes. Through active management of investments, the Group mitigates its interest rate risk.

Table 71: Interest rate risk - pension funds

Change in market interest rate	FY 2015 Impact on technical provisions (EUR)	FY 2014 Impact on technical provisions (EUR)
+/-10 bt	2,377	3,362

32. Currency risk

The Group's liabilities and receivables are converted according to the reference exchange rate of the European Central Bank at 31 December 2015. Due to regulating exposure by currencies on individual level of subsidiaries, the Group is not exposed to major currency risk. Foreign currency translation reserves arising due to exchange rates are recognised through statement of comprehensive income.

Table below represents sensitivity to changes in important currencies to which the Group is exposed given that all other parameters remain the same.

The MKD currency represents the volatility in the assets of the Macedonian subsidiary. The same applies to bonds denominated in RSD which are included in the portfolio of the Belgrade subsidiary.

Table 72: Currency risk of the Group

	2015		2014	
Currency	Exchange rate change	Impact on pre-tax income	Exchange rate change	Impact on pre-tax income
BAM	5%	0	5%	0
	-5%	0	-5%	0
MKD	5%	27,865	5%	22,508
	-5%	-27,865	-5%	-22,508
RSD	5%	1,849	5%	2,728
	-5%	-1,849	-5%	-2,728

As at 31 December 2015, the Company's does not have any financial assets denominated in foreign currencies.

Table 73: Values of foreign currency balances in the Group

EUR	31.12.2015	31.12.2014
MKD	557,301	450,154
RSD	36,982	54,556

33. THE RISK OF CHANGES TO THE MARKET PRICES OF SECURITIES

The Company is exposed to the risk of changes to the market prices of securities in the case of equity securities quoted on financial markets. As at 31 December 2015, the Company reports EUR 124,718 of such investments (2014: EUR 114,758).

Table 74: The effect of changes to the market prices of equity securities - Prva Group

	Index change in %	FY 2015 Impact on capital (EUR) (EUR)	FY 2014 Impact on capital (EUR) (EUR)
Other	+/-10	12,472	11,476

The Group is exposed to the risk of changes to the market prices of securities in relation to equity securities quoted on financial markets. As at 31 December 2015, the Group reports EUR 124,718 of such investments (2014: EUR 410,078).

Table 75: The effect of changes to the market prices of equity securities - the Group

	Index change in %	FY 2015 Impact on capital (EUR) (EUR)	FY 2014 Impact on capital (EUR) (EUR)
Other	+/-10	12,472	41,008

The Company and the Group are also exposed to the risk of changes of market prices of securities due to their exposure to fixed income securities. If the market interest rate was to grow by 100 bp, the market value of the Company's portfolio would fall by EUR 71,008 and the capital of the Group would fall by EUR 1,495,737 as shown by the following table.

Table 76: The effect of changes of market prices of securities sensitive to market interest rates - Prva Group

Change in market interest rate	FY 2015 Impact on capital (EUR)	FY 2014 Impact on capital (EUR)
+/-100 bt	71,008	45,601

Table 77: The effect of changes of market prices of securities sensitive to market interest rates - The Group

Change in market interest rate	FY 2015 Impact on capital (EUR)	FY 2014 Impact on capital (EUR)
+/-100 bt	1,495,737	1,226,058

Neither of the illustrations above includes securities of the long-term business fund carrying investment risk, with respect to which the insurance company is not exposed to market risk as a result of the management arrangement.

34. Fair value

Table 78: Overview of the carrying and fair value of financial instruments of the Company

EUR	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total financial assets	**6,515,497**	**6,515,497**	**6,515,497**	**6,515,497**
Investment into securities:	2,242,177	1,453,377	2,242,177	1,453,377
1. Held to maturity	*0*	*0*	0	*0*
2. Available for sale	*2,242,177*	*1,453,377*	2,242,177	*1,453,377*
Issued loans and deposits	1,273,848	1,972,416	1,273,848	1,972,416
Trade receivables (insurants)	0	0	0	0
Other receivables (assets)	18,591	188,144	18,591	188,144
Cash and cash equivalents	41,606	41,782	41,606	41,782
Assets on accounts of pension insurance holders	0	0	0	0

Table 79: Overview of the carrying and fair value of financial instruments held by the Group

EUR	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total financial assets	**291,135,518**	**282,085,763**	**291,135,518**	**282,085,763**
Investment into securities:	37,550,876	31,936,479	37,550,876	31,936,479
1. Held to maturity	0	0	0	0
2. Available for sale	36,677,178	31,175,836	36,677,178	31,175,836
3. Measured at fair value through profit or loss	873,698	760,643	873,698	760,643
Issued loans and deposits	8,235,180	7,721,494	8,235,180	7,721,494
Trade receivables (insurants)	438,388	145,589	438,388	145,589
Other receivables (assets)	1,660,513	1,531,339	1,660,513	1,531,339
Cash and cash equivalents	653,785	1,510,462	653,785	1,510,462
Investments in favour of unit-linked insurants	1,808,137	1,458,080	1,808,137	1,458,080
Assets on accounts of pension insurance holders	240,788,639	237,782,319	240,788,639	237,782,319
Total financial liabilities	**240,788,638**	**238,813,613**	**240,788,638**	**238,813,613**
Liabilities from financial contracts	240,788,638	237,435,509	240,788,638	237,435,509
Technical provisions in favour of unit-linked insurants	0	1,378,104	0	1,378,104

34.1 Assets and liabilities according to fair value hierarchy

In fair value measurement of assets and liabilities, the Company and the Group followed the following fair value hierarchy:

- ***Level 1:*** quoted prices in active markets for identical assets (quoted prices)
- ***Level 2*** comparable market inputs (other than quoted inputs of identical assets) obtained directly or indirectly for identical or similar assets and generic prices from the Bloomberg system.
- ***Level 3:*** the use of valuation models using mostly unobservable market inputs.

Table 80: Assets and liabilities of the Company in terms of fair value hierarchy in 2015

EUR	Level 1	Level 2	Level 3	Total
ASSETS at fair value				
Investments	2,242,177	0	0	2,242,177
Investments in securities	2,242,177	0	0	2,242,177
Held for sale	2,242,177	0	0	2,242,177
ASSETS whose fair value is disclosed				
Receivables	0	0	18,591	18,591
Issued loans and deposits	0	0	1,273,848	1,273,848
Cash and cash equivalents	41,606	0	0	41,606
LIABILITIES whose fair value is disclosed				
Other liabilities	38,049	0	0	38,049

There were no transfers from level 1 to level 2 or 3 in 2015.

Table 81: Assets and liabilities of the Company in terms of fair value hierarchy in 2014

EUR	Level 1	Level 2	Level 3	Total
ASSETS at fair value				
Investments	1,453,377	0	0	1,453,377
Investments in securities	1,453,377	0	0	1,453,377
Held for sale	1,453,377	0	0	1,453,377
ASSETS whose fair value is disclosed				
Receivables	0	0	188,144	188,144
Issued loans and deposits	0	0	1,972,416	1,972,416
Cash and cash equivalents	41,782	0	0	41,782
LIABILITIES whose fair value is disclosed				
Other liabilities	16,369	0	0	16,369

Table 82: Assets and liabilities of the Group in terms of fair value hierarchy in 2015

EUR	Level 1	Level 2	Level 3	Total
ASSETS at fair value	**6,358,818**	**27,382,988**	**17,762**	**33,759,568**
Investments	6,358,818	27,382,988	17,762	33,759,568
Assets of unit-linked policyholders	1,709,984	80,391	17,762	1,808,137
Investments in securities	4,648,834	27,302,597	0	31,951,431
Designated at fair value through profit or loss	0	873,698	0	873,698
Held for sale	4,648,834	27,519,855	4,508,489	36,677,178
ASSETS whose fair value is disclosed	17,192,994	165,857,962	68,237,225	251,288,181
Receivables	0	0	2,098,900	2,098,900
Assets from financial contracts	16,783,165	164,767,006	59,238,468	240,788,639
Issued loans and deposits	0	0	8,235,180	8,235,180
Cash and cash equivalents	653,785	0	0	653,785
LIABILITIES whose fair value is disclosed	0	0	260,806,266	260,806,266
Technical provisions	0	0	17,076,402	17,076,402
Technical provisions in favour of unit-linked insurants	0	0	1,808,137	1,808,137
Other liabilities	0	0	2,009,348	2,009,348
Liabilities from financial contracts	0	0	240,788,639	240,788,639

In order to reach the required return, to manage liquidity requirements and due to asset liability management the Group sold / reclassified part of the securities in 2014, which it had previously classified as held-to-maturity (HTM). Given the significance of sales / reclassification, the Group had to reclassify complete HTM portfolio and marked it to market in accordance with IFRS. Since the Group values certain investments at BGN model (®Bloomberg) they had to be transferred to level 2. A total EUR 22,665,546 of securities was transferred to level 2. There were no other transfers between the levels.

Table 83: Assets and liabilities of the Group in terms of fair value hierarchy in 2014

EUR	Level 1	Level 2	Level 3	Total
ASSETS at fair value	**5,969,891**	**27,412,151**	**12,517**	**33,394,559**
Investments	5,969,891	27,412,151	12,517	33,394,559
Assets of unit-linked policyholders	522,942	922,621	12,517	1,458,080
Investments in securities	5,446,948	26,489,530	0	31,936,479
Designated at fair value through profit or loss	760,643	0	0	760,643
Held for sale	2,341,284	24,456,164	0	26,797,448
ASSETS whose fair value is disclosed	11,886,392	172,734,702	64,070,110	248,691,204
Receivables	0	0	1,676,928	1,676,928
Assets from financial contracts	10,375,931	172,734,702	54,671,687	237,782,319
Issued loans and deposits	0	0	7,721,494	7,721,494
Cash and cash equivalents	1,510,462	0	0	1,510,462
LIABILITIES whose fair value is disclosed	0	0	254,034,957	254,034,957
Technical provisions	0	0	13,718,867	13,718,867
Technical provisions in favour of unit-linked insurants	0	0	1,378,104	1,378,104
Other liabilities	0	0	1,502,476	1,502,476
Liabilities from financial contracts	0	0	237,435,509	237,435,509

Table 84: Level 3 valuation technique

Investments into securities - Level 3	Valuation technique	Significant assumptions	Valuation technique's sensitivity to inputs and market value impact
Non-marketable equity securities	The model takes into account the median of the ratio between the market and carrying price (P/B ratio) and the median of the ratio between the total value of the company, its market price, and earnings per share (P/E ratio) for comparable entities.	Inputs from entities in the comparable sector are based on the latest available business information (annual reports for 2014).	
		Liquidity discount for non-marketable securities of between 10 and 20% is considered.	
		Changes in prices and/or valuation of comparable entities and subsequent change in the P/E and P/B ratios.	In the event of a 20% fall in stock markets or share prices and subsequent reduction in ratios, the market value of total portfolio would on average fall by 0.3% assuming that all other parameters remain unchanged.

35. Other details

Prva Group had not issued any participation rights instruments, convertible bonds or similar securities or issued rights.

36. Significant subsequent events

No events or circumstances occurred after the reporting date that would impact the financial statements for the year ended 31 December 2015.

14. INDEX OF TABLES

15. INDEX OF DIAGRAMS