

**SLATINSKA BANKA d.d. Group.  
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**Annual consolidated financial  
statements as at 31 December 2025,  
together with the Independent Auditor's  
Report**

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## MANAGEMENT REPORT

### MANAGEMENT REPORT ON FINANCIAL POSITION AND ANALYSIS OF BUSINESS RESULTS

**Dear shareholders, clients and employees,**

During 2025, Slatinska banka d.d. (hereinafter: the Bank) continued the intensive transformation cycle initiated in previous years, further strengthening its position as a modern universal bank with an increasingly pronounced presence on the national market. On 14 February 2025, the Bank paid the purchase price for the acquisition of 100% of the shares in Solver stambena štedionica d.d. (hereinafter: the Housing Savings Bank). The transfer of ownership of the shares was executed on 24 February 2025 via SKDD, thereby formally concluding the transaction.

Following the change of ownership, the Bank and the Housing Savings Bank continue to operate as separate entities within the Slatinska banka d.d. Group (hereinafter: the Group), in accordance with their respective business plans.

The Housing Savings Bank operates 21 branches across Croatia, divided into the South region (8 branches) and the North region (13 branches), with its headquarters in Zagreb. At the end of 2024, the Housing Savings Bank recorded net interest and fee income of EUR 8.6 million and net profit of EUR 1.9 million. The total assets of the Housing Savings Bank at the end of the previous year, as a standalone entity, amounted to EUR 296.4 million, while liabilities totalled EUR 273.0 million.

Following the transaction, an external auditor prepared a purchase price allocation report (PPA) in accordance with IFRS 3 and IFRS 13.

Consequently, the Slatinska banka d.d. Group achieved a consolidated net profit of EUR 24,142 thousand in 2025, including regular income and the recognised gain from the bargain purchase.

In December 2025, the Group commenced the process of acquiring a business property in Zagreb, which was completed in February 2026 through the acquisition of co-ownership shares, with 1/2 owned by Slatinska banka d.d. and 1/2 by Solver stambena štedionica d.d. This investment represents an important step in the Group's further development.

Exposure to risks, with an emphasis on credit, interest rate, liquidity, and operational risks, is continuously monitored at the Group level. The established risk management system is aligned with the business model, regulatory requirements and acceptable risk appetite.

Within the Group, following the transaction, a project to optimise the operations of Group segments is being implemented, including identifying and optimising synergies and related effects. Business optimisation activities and identification of potential synergies are being carried out within the Group, with effects to be monitored through regular joint reporting.

The Group monitors the needs of citizens, small and medium-sized entrepreneurs, and local communities in which it operates. Particular attention is devoted to financing agriculture, family farms, craftspeople, and entrepreneurs, and to participating in the financing of their development projects and investments. At the same time, as a responsible community member, the Group continues to support local associations, municipalities, cities and civil society organisations through donations, sponsorships and partnership projects.

During 2025, the Bank continued investing in the development of its information system, digital channels and security infrastructure. Focus areas included introducing instant payments, further developing internet and mobile banking, enhancing customer experience, digitising key business processes, and supporting the growing volume of transactions and services performed remotely by clients. This confirms that, while conservative in its business philosophy and focused on stability, the Bank also operates as a technologically advanced institution ready to meet the needs of modern clients.

Within the Group, employees are recognised as the key factor of success and competitiveness. In 2025, investments in employee development continued through professional training, education, and development of managerial and professional competencies. The goal is to retain and attract high-quality staff, increase knowledge and motivation, and ensure long-term business sustainability, with employees as the primary drivers of service quality and client relations.

Our goal is sustainable, long-term development and the creation of value for clients, shareholders, employees, local communities, and society as a whole. In this regard, the acquisition of the Housing Savings Bank represents a strategic step, introducing complementary savings and housing finance activities within the Group, strengthening the client base, and opening opportunities to develop integrated products and services for nearly 150 thousand Housing Savings Bank clients and the Bank's existing clients.

## **Analysis of the Bank's Operations in 2025**

### **Group Profit and Loss Account**

In 2025, the Group achieved a consolidated net profit of EUR 24,142 thousand, which includes, in addition to regular income, a bargain purchase gain of EUR 23,249 thousand.

The structure of operating income, totalling EUR 18,182 thousand, is as follows:

- Net interest income amounted to EUR 15,349 thousand.
- Net fee and commission income amounted to EUR 2,336 thousand.
- Gains or losses on financial assets and liabilities held for trading and foreign exchange differences amounted to EUR 97 thousand.
- Other operating income amounted to EUR 400 thousand.

The Group's operating expenses totalled EUR 16,759 thousand and consisted of:

- Administrative expenses of EUR 14,865 thousand,
- Depreciation expenses of EUR 1,579 thousand,
- Cash contributions to resolution funds (deposit insurance) of EUR 315 thousand,
- Fair value adjustments and provisions expenses of EUR -67 thousand.

### **Group Balance Sheet**

The Group's assets, after fair value adjustment for the Housing Savings Bank, amount to EUR 612,032 thousand and primarily consist of:

- Net loans and advances to clients of EUR 434,746 thousand,
- Debt securities of EUR 92,234 thousand,
- Cash, funds with central banks and other demand deposits of EUR 60,076 thousand.

The planned optimisation of funding sources, in line with the placement policy, is being implemented to achieve profitability while maintaining high liquidity and optimal capital allocation.

Loans and advances account for 71.03% of the Group's assets, while deposits, the primary source of funding, amount to EUR 548,258 thousand and represent 97.61% of the Group's liabilities.

### **Business Operations with the Corporate Sector**

Business operations in the corporate sector within the Group are conducted through the Bank and focus on providing financial support to micro, small, and medium-sized enterprises, craftspeople, and family farm holders (OPGs), primarily using their own funds and through credit lines in cooperation with local government units. In addition to the Business Cooperation Agreement for financing spring and autumn sowing in the Virovitica-Podravina County, which also generated significant interest from existing and new Bank clients in 2025, it is worth highlighting the Business Cooperation Agreement for financing farmers in the Osijek-Baranja County, which confirms the Bank's orientation towards agricultural sector lending, particularly in the Slavonia region.

The Bank has established a business cooperation with the Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO) to issue guarantees, financed by European structural and investment funds, to enable investment realisation for small business entrepreneurs who are unable to provide quality collateral. Additionally, through a business partnership with the Croatian Bank for Reconstruction and Development (HBOR), the Bank's clients are offered a wider range of credit lines utilising HBOR funding.

Credit placements in the corporate sector at the Bank in 2025 grew 32% from the previous year, reaching a record high of EUR 117.3 million (2024: EUR 88.8 million).

The highest levels of interest income were also achieved, at EUR 5.8 million (+34%/2024), and fee and commission income totalled EUR 1.8 million (+13%/2024).

The Bank actively participates in financing local and regional government units, thereby helping to address infrastructure needs and creating favourable conditions for further economic development in the areas where it operates.

In addition to lending, the Bank offers business entities the issuance of all types of guarantees, bid, performance and payment bonds, as well as competitive interest rates on term deposits and payment transaction fees.

Creditworthiness, quality development programmes and management expertise form the fundamental preconditions for client financial support. Our goal is to be recognised as a reliable partner for entrepreneurs in the local market, with an individual approach to each client and service quality and scope tailored to their needs and business objectives.

In developing and improving its operations, legal entities are offered additional services that enable faster, simpler, and more efficient business operations, including night safes, Visa Business Charge cards, SMS services, and, in particular, internet and mobile banking. Since last year, clients have also had access to instant payment services, enabling euro fund transfers in just a few seconds, 24 hours a day, 7 days a week, including weekends and holidays.

In the Bank's operations with business entities, core activities continue to focus on developing and enhancing the quality of services offered to entrepreneurs, and on further building mutual trust and partnership, adapted to modern business practices.

## **Operations with Retail Clients**

During 2025, operations with retail clients within the Group took place in an environment of growing credit activity and deposit base in the market. At the Group level, this trend was maintained while adopting a prudent approach to portfolio management and focusing on sustainable, high-quality growth. Operations were directed towards strengthening client relationships, improving product offerings, and further enhancing service availability and quality through sales and digital channels.

As at 31 December 2025, net retail loans amounted to EUR 75,058 thousand, while retail deposits totalled EUR 136,136 thousand. The credit portfolio's movement during the year shows a gradual upward trend, while the deposit base remained stable and strengthened, confirming client trust and a solid liquidity position.

In the retail deposits segment, stable growth was achieved during 2025, with a balanced deposit base structure across branches and products, and continued client confidence in the Group's operations.

Additional value in 2025 was generated by the inclusion of Solver stambena štedionica within the Group framework, opening further opportunities to expand sales capacity, strengthen distribution channels, and develop synergies in retail operations. Combined with the continuous training of employees and focus on quality advisory services, these activities provide a solid foundation for further growth in credit and deposit operations and strengthen the Bank's market position in the retail segment.

## **Payment Transactions**

Within the Group, payment transaction services are provided exclusively by the Bank. In the Republic of Croatia, payment transactions are conducted through the TARGET-HR, EuroNKS and EuroNKSInst systems. A series of laws, regulations and European Union directives govern all processes.

Payment transactions at Slatinska Banka - national, cross-border and international - are executed through the Bank's branch network, FINA branch network, ATMs, night safes, and digital channels used by Bank clients and other payment transaction participants.

2025 brought a series of changes to Croatia's payment system, making it an operationally demanding year for Slatinska Banka as well.

Following the introduction of the euro as the national currency, all Croatian banks were required to participate in SEPA instant payments, i.e., the EuroNKSInst system. This made transactions faster and more accessible. The execution time is 10 seconds, and EuroNKSInst transactions are processed 24/7/365, i.e., every day of the year.

2025 also introduced another innovation in SEPA payments - the Verification of Payee (VoP) service. The service is defined by Regulation (EU) 2024/886, effective from 9 October 2025 in all European Union member states, including Croatia. This regulation introduces stricter rules for executing payments to increase security and reduce the risk of erroneous or fraudulent transactions. A key element of the regulation is the mandatory verification of the payee's name against the IBAN before approving each payment, applicable to all types of transactions - from salaries, pensions, rent and social benefits to other financial transfers.

The VoP system is designed to be intuitive and user-friendly, based on a "traffic light" principle that visually displays the verification result: green for match, yellow for suspicion, and red for mismatch. The payer may proceed with the transaction despite the warning, but at their own risk.

In 2025, the digital transformation of operations continued, with an increase in the number and volume of transactions. The number of transactions initiated through digital channels increased by 7.99% for legal entities and 8.33% for individuals. This confirms that an increasing number of clients are turning to digital channels for banking transactions rather than visiting Bank branches in person. The Bank positions itself on the market as a quality, accessible and flexible provider of transactional services, ensuring business continuity.

The Bank has a developed network of correspondent banks. International foreign currency payments are executed via the SWIFT Alliance application. For payment transactions, the Bank uses its own software, which serves as the technical foundation for high-quality payment services domestically and internationally.

In 2025, changes also occurred in the TARGET-HR payment system. All payment messages now use the new ISO 20022 standards, with MT messages transitioning to MX format from October 2025. The purpose of the ISO 20022 standard is the global harmonisation of systems for processing cross-border banking transactions and for message exchange between financial institutions, with numerous improvements in the content, structure, and standardisation of information exchange.

Thanks to continuous investment in new channels and payment execution methods, we can offer our clients and other payment transaction participants an acceptable, quality and financially favourable service.

At the same time, the Bank pays close attention to developing security systems to protect client operations as much as possible. Additionally, the Bank continuously monitors payment transaction costs.

In the upcoming period, our priorities include introducing new client services, further digitalisation of processes, and delivering quality services while following market trends and maintaining the security and stability of the payment system and the Bank's overall operations.

## **Group IT Operations**

As we enter the digital age, the role of IT is becoming increasingly significant in the financial industry. Although banks and savings banks are inherently conservative institutions, they are also highly developed technological organisations that enable real-time banking through direct channels to clients. Security must be at the highest level to reconcile these seemingly opposing requirements.

In line with this, DORA (Digital Operational Resilience Act) represents the European Union's regulatory framework focused on the operational resilience of the financial sector against digital threats and risks. DORA requires financial institutions and associated service providers to secure their information systems, processes, and services against cyberattacks and other digital threats to maintain continuous and secure operational capability.

Through the structured and targeted application of digital tools, data-driven banking makes a decisive contribution to achieving important results:

- in defining risks, using richer and more comprehensive real-time information;
- in identifying new growth opportunities through insights that help make more timely and accurate decisions;
- in developing personalised forms of client interaction, turning knowledge about individual clients into a powerful competitive advantage.

## **OPERATING RISKS**

### **Risk management policy and strategies**

Risk is defined as the possibility of events occurring that may adversely affect the Group's capital, income, business sustainability or achievement of business objectives.

The risk management system encompasses the organisational structure, rules, processes, procedures, systems and resources for identifying, measuring, assessing, controlling, monitoring and reporting exposure to risks, i.e., for overall risk management. Such a system also implies establishing appropriate corporate governance and risk culture, and developing strategies, policies, and other internal measures for risk management.

Risk management represents a comprehensive process of identifying, assessing and monitoring risks, considering the Group's objectives, and taking necessary actions to reduce them.

### **The Risk Committee**

The Risk Committee is the central organisational body for overall risk management.

The Bank, as the parent credit institution, includes data from its subsidiary, Solver stambena štedionica d.d., in risk management monitoring. Data is tracked and analysed at both the individual and consolidated levels (hereinafter, the Group).

Through the defined reporting system, the Risk Committee continuously discusses all risks to which the Bank or the Group is exposed to define the Bank's or the Group's further business policy.

Within the Risk Committee, separate sub-committees are also organised (Sub-committee for ICAAP and ILAAP, Sub-committee for recovery plans and Sub-committee for operational risk).

### **Credit Risk Management Sector**

The Credit Risk Management Sector performs operational management of credit risk. It manages security instruments, including reviewing collateral assessments, monitoring collateral values, and providing opinions on collateral that the Bank accepts in the exposure approval process.

### **Risk sector**

Risk Sector performs operational management of all risks except credit risk, and monitors and measures all risks to which the Bank/Group is exposed. Within the functioning of the Risk Sector, the following positions participate:

- Senior professional associate for monitoring and measuring credit risks,
- Senior professional associate for monitoring and measuring market and other risks.
- The Director of the Risk Sector performs the risk control function.

## **Collection Sector**

The Collection Sector operationally manages all credit exposures with irregularities in the settlement of obligations. The Collection Sector undertakes all measures to collect receivables, both voluntary and compulsory. Cases in which the Bank cannot achieve contractual collection through regular means. In addition to the above, the Collection Sector also proposes restructuring exposures and selling part of the non-performing portfolio.

## **Risk exposure**

In its operations, the Group is exposed to the following risks:

1. Credit risk
  - Credit risk of the counterparty
  - Interest rate-induced credit risk
  - Currency-induced credit risk
2. Market risks
  - Position risk
  - Currency risk
  - Commodity risk
3. Interest rate risk in the Bank's book
4. Liquidity risk (liquidity funding risk, market liquidity risk)
5. Operational risk
6. Concentration risk
7. Excessive financial leverage risk
8. Exposures to shadow banking entities
9. Sustainability risk with emphasis on environmental, social and governance risks
10. Other risks (dilution risk, securitisation risk, management risk, model risk, credit valuation adjustment risk, free delivery risk, business risk, legal risk, migration risk, externalisation risk, profitability risk, real estate investment risk, information system risk, settlement risk, misconduct risk, compliance risk, country risk, strategic risk including new product risk, business line risk and other risks to which it is exposed or could be exposed in its operations).

The level of risk to which the Group is exposed depends on numerous factors, and not all the aforementioned risks affect all Group members in the same way. Detailed management of individual risks is prescribed in policies, rules and procedures for the aforementioned risks.

## **Risk profile**

The Bank/Group is not exposed to securitisation risk, as it does not conduct securitisation activities, nor will it enter into transactions that condition dilution risk, and therefore will not be exposed to it.

Likewise, the Bank/Group will not trade commodities on the market or derivative financial instruments related to commodities, and therefore will not be exposed to commodity risk.

The risk culture, including risk assumptions and management, is presented to all employees at all levels so they are clearly informed of the authorities assigned to them.

## **Risk management approach**

A systematic approach to risk management is a key element in establishing the Bank's/Group's risk management strategy.

The Bank's Management ensures that risk management is embedded across all business processes and organisational parts.

The goal of risk management is to achieve an optimal balance between profitability and risk. The Management and the Supervisory Board, in accordance with their competences, are ultimately and fully responsible for establishing, implementing and supervising the risk management system.

## **Risk management process**

The risk management process must be tailored to the type of risk it addresses. Each process must contain at least the following:

- risk assessment,
- risk measurement,
- risk management,
- risk monitoring and reporting,
- risk control.

## **Acceptable risk level**

The Bank/Group must ensure that, at all times, it has an amount of capital adequate to the types, scope, and complexity of the services it provides, and to the risks to which it is exposed or could be exposed in providing these services.

The Bank/Group must maintain an appropriate level of regulatory capital to ensure safe and stable operations and the fulfilment of its obligations to its creditors. The regulatory capital of a credit institution (Bank/Group) must not be less than the amount of basic capital prescribed by law, or the internal capital prescribed by the Decision.

The Bank/Group must operate in such a way that it is at all times capable of meeting its due financial obligations on time (liquidity principle) and that it is permanently capable of meeting all its obligations (solvency principle). In its risk policies, the Bank prescribes acceptable levels for defined risks.

## **Risk exposure reporting**

The Bank's Management Board and Supervisory Board are regularly informed on various risk aspects, including portfolio quality and Recovery Plan indicators. They are provided with all information necessary to assess the risks to which the Bank/Group is exposed. The report contains detailed information on exposures, risk assessments, concentrations and changes in the risk profile. The Risk Sector prepares additional reports that provide it with the necessary information for proactive risk management.

Control functions prepare individual and periodic reports in accordance with the Rules of Procedure of the Risk Control Function, the Rules of Procedure of the Compliance Monitoring Function, and the Rules of Procedure of the Internal Audit.

To adequately protect its exposures, the Bank contracts for receivables insurance instruments from which it can collect its claims if the Bank's debtor does not settle its obligations, i.e., to ensure minimum credit risk.

### **Credit risk**

Credit risk is the most significant risk in the Bank and the Group. Credit risk is the risk of loss arising from a debtor's failure to meet its monetary obligations to the Bank.

Currency-induced credit risk and interest-induced risk represent derivatives of credit risk, and the Bank assesses them separately. Since 1 January 2023, with the introduction of the euro as the official currency in the Republic of Croatia, CIKR has been assessed as immaterial.

Within the Group, Credit Risk Management Policies have been prescribed. The objective of the policies is to prescribe clear lines of authority and responsibility for credit risk management within Group members, methodology for determining and measuring or assessing credit risk to which a Group member is exposed or could be exposed, procedures for controlling and monitoring credit risk, including establishing appropriate limits, procedures and measures in case of crises.

### **Strategic Risk**

The Bank, as a Group member, has prescribed a Strategic Risk Management Policy whose objective is to define the strategic risk to which the Bank is exposed. Strategic risk represents the possibility of losses arising from the absence of a long-term development component of the Bank, wrong business decisions, poor implementation of adopted decisions or lack of sensitivity to market changes.

The risk control function is obliged to report semi-annually to the Bank's Management, the Risk and Audit Committee and the Bank's Supervisory Board on the achievement of the annual balance sheet plans.

Strategic risk is the risk of loss arising from making wrong business decisions, inability to adapt to changes in the economic environment, etc.

This risk relates to the Bank's strategic objectives, the business strategies developed to achieve them, the resources used to achieve those objectives, and the quality of implementation. The necessary resources to implement business strategies consist of material and intangible assets, including communication channels, operational systems, delivery networks and management capacities and capabilities. Through the measurement process, the Bank will determine the achievement of adopted plans, i.e., the level of deviation from them and from the Bank's strategic objectives, so that the reasons for deviations can be identified in a timely manner and activities initiated to achieve the Bank's strategic objectives.

### **Reputational Risk**

Within the Group, Reputational Risk Management Policies have been established to define how reputational risk will be managed. Reputational risk is the potential negative impact on profit and capital arising from adverse public opinion.

Continuous monitoring of threats to reputation in the context in which the Group is mentioned in the media, or appears in the form of customer complaints, respectively, through reporting of operational risk and through analyses.

### Reputation Risk Measurement System

Reputation is shaped by three factors: communication, media coverage (online and print), and customer and public experiences.

In accordance with the above, reputation risk is measured by performing the following:

- analysis of customer complaints,
- analysis of media headlines in whose context the Group is mentioned (positive and negative),
- analysis of reported reputational risks within operational risk.

Control is carried out through the successful application of analysis results, on the basis of which targeted actions were taken to eliminate negative reputation relating to the Group.

Overall compliance with the Policy's provisions is achieved through the risk control function, sectoral control departments, and internal audit, in accordance with the adopted annual plans. The risk control function, Sectoral control departments, and Internal Audit report to the Bank's Management, the Risk and Audit Committee, and the Supervisory Board after performing the controls.

The method of protecting against risk is to manage reputational risk by directing public opinion toward the Group or a Group member in the desired direction.

### **Interest Rate Risk**

Within the Interest Rate Risk Management Policy in the Trading Book, the interest rate risk management process is defined in accordance with the Decision on the Management System.

The interest rate risk management process in the trading book covers the identification, measurement, monitoring, control and reporting of interest rate risk.

Continuous measurement and monitoring of interest rate risk is carried out using the Interest Rate GAP Analysis method (repricing gap analysis); the method of standardised interest rate shock on net interest income within one year; monitoring and analysis of net interest income and interest margin; and analysis of achievement of net interest income plans and calculation of EVE changes according to prescribed shocks.

The Bank's Management is informed through the Risk Committee via the internal interest rate risk report, and quarterly to the regulator via the Report on Interest Rate Risk Management in the Trading Book. Based on the information from the report, the Bank's Management manages interest rate risk using interest rate risk management instruments.

Control of interest rate risk in the trading book is carried out through the quarterly Report on Interest Rate Risk Management in the Trading Book, the internal quarterly interest rate risk report, and the semi-annual Report on the Work of the Risk Control Function.

Overall compliance with the provisions of the adopted policies is carried out by the Risk Control Function, sectoral control departments, and Internal Audit in accordance with the adopted annual plans. The Risk Control Function, sectoral control departments, and Internal Audit report to the Bank's Management, Risk Committee, and Audit and Supervisory Board after performing the controls, and take specific measures as appropriate.

At the Group level, regulatory and internal limits have been set to avoid exceeding them in time. Exceeding the internal limit will occur if  $\Delta$  EVE against the base capital in the worst scenario exceeds 14%. In that case, measures need to be taken to reduce it. If the ratio exceeds 15%, the Bank is obliged to immediately notify the CNB (15% is also the regulatory limit). Also, exceeding the internal limit will occur if  $\Delta$  NII relative to the base capital in the worst-case of the six interest-rate shock scenarios exceeds 4.5%. In that case, measures need to be taken to reduce it. If the ratio exceeds 5% of the base capital, the Group is obliged to immediately notify the CNB (5% is also the regulatory limit).

The objective of interest rate risk management is to permanently and stably maintain an acceptable interest margin, i.e., increase it within possible limits to achieve satisfactory net interest income sufficient to meet planned profitability.

## **Operational Risk**

The risk management strategy prescribes managing all risks, including operational risk, and the entire process of identifying, assessing, and monitoring them, considering the Group's objectives and taking necessary actions to reduce risk. The risk management strategy defines acceptable risk levels and risk management responsibilities.

The Operational Risk Management Policy defines the operational risk management process, methods, and procedures for monitoring, identifying, assessing, controlling, and reporting on operational risks, as well as the associated responsibilities. The Policy is part of the Risk Management Strategy. Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

Overall compliance with the provisions of the adopted policies is achieved through the risk control function, sectoral control departments, and internal audit, in accordance with the annual plans. The risk control function, Sectoral control departments, and Internal Audit report to the Bank's Management, the Risk and Audit Committee, and the Supervisory Board after the controls are performed, and specific measures are taken depending on the situation.

Control of operational risk is carried out through the quarterly internal operational risk report and the semi-annual report on the Risk Control Function's work.

Operational risk management is carried out by encouraging employees at all levels to collect data on events that lead to operational risks, maintaining a register of operational risk data, integrating internal and external controls, conducting periodic assessments, and reporting regularly.

Risk assessment is carried out using the self-assessment method, applying open assessment methods. Assessment results are presented in a risk matrix defined by the amount and frequency of loss, and the risk margin.

In the event of a crisis, action will be taken in accordance with the Business Continuity Management Plan.

### **Crisis Action Plans and Business Continuity Plans**

At the Bank, the parent company has established a Subcommittee for Operational Risk Management. The main task of the Subcommittee for Operational Risk Management is to ensure business continuity and limit losses in cases of significant disruption or interruption of operations. Significant operational risk for the Group is defined as a possible financial loss exceeding 130,000 euros, while significant business disruption is defined as a loss exceeding the allocated operational risk capital requirement.

From the perspective of non-financial indicators, determining the significance of operational risk is based on the number of reported events that exceeds the usual number in historical periods for similar types of events.

A significant aspect of operational risk management is carried out through internal controls over business activities across sectors and branches, as well as control functions.

Internal practices appropriate for controlling operational risk include supervision of compliance with assigned limits; protection of access to assets and records; ensuring appropriate staff expertise; identifying business activities or services where profit appears not to align with realistic expectations; and regular verification and reconciliation of transactions and accounts.

With adequate control procedures (verification of policy compliance and a documented approval and authorisation system) that are integral to regular activities, quick responses to changing conditions and the avoidance of unnecessary costs are enabled, and the control culture promotes good risk management practices.

### **Currency Risk**

The Bank, as the parent company of the Group, prescribes the management of all risks, including currency risk, through the Risk Management Strategy, as well as the entire process of identifying, assessing, and monitoring risks, considering the Group's objectives and taking necessary actions to reduce them. The Risk Management Strategy defines acceptable risk levels and risk management responsibilities.

According to the definition of market risks, in addition to currency risk, position risk and commodity risk are also considered market risks.

The Market Risk Management Policy defines the identification, measurement, control, and management of currency risk, as well as monitoring, control, and reporting on currency risk and the acceptable level of currency risk. Compliance with the provisions of the adopted policies is monitored by the risk control function, sectoral control departments, and internal audit, in accordance with the adopted annual plans. The risk control function, sectoral control departments, and internal audit report to the Management, Risk and Audit Committee, and the Supervisory Board after the controls are performed, and specific measures are then taken based on the established situation.

Control of currency risk is carried out through the quarterly internal currency risk report and through the semi-annual report on the work of the risk control function. Continuous monitoring of exchange rate movements is carried out within the Treasury and Liquidity Sector, which reports on it to the Liquidity Committee. All significant changes are reported without delay to the Management and the Liquidity Committee.

Reporting on currency risk is carried out quarterly using the following methods or approaches:

- gap report – basic currency risk measurement model that contrasts currency items of assets and liabilities and calculates the Bank's open positions in different currencies;
- measurement of the Bank's exposure to currency risk based on COREP reports.

The Group is obliged to calculate the capital requirement for currency risk if the total open foreign exchange position, including the net gold position, exceeds 2% of regulatory capital.

Control and management of currency risk is carried out by planning the currency structure of the Group's assets and liabilities and continuous monitoring of exchange rate movements of individual currencies and assessment of their impact on the Bank's operations, through the annual plan, monthly liquidity plan and analysis of monthly exchange rate movements within the quarterly report.

Based on the established plans and submitted reports, the Management and the Liquidity Committee take specific measures to improve the quality of currency risk management.

### **Liquidity risk**

The Bank, as a Group member, has established a liquidity risk management process and adopted internal acts aligned with the relevant provisions of applicable regulations in this area of business. The internal acts relating to the aforementioned area are:

- Liquidity Risk Management Policy,
- Rules of Procedure of the Liquidity Committee,
- Liquidity Crisis Action Plan.

The liquidity risk management process consists of identification, measurement, control, monitoring, and reporting.

The Treasury and Liquidity Sector reports daily, weekly and monthly to the Liquidity Committee on the Group's liquidity position.

The liquidity risk reporting system includes:

- Monitoring compliance with adopted policies, internal acts and limits,
- Monitoring liquidity position in euros,
- Monitoring stress test resilience results.

### **Concentration risk**

The Concentration Risk Management Policy, an integral part of the Risk Management Strategy, prescribes procedures and methods for identifying, measuring, assessing, controlling, and monitoring concentration risk.

Concentration risk is any individual, direct or indirect, exposure to one person or group of connected persons or a set of exposures that connect common risk factors, such as the same economic sector, geographical area, type of product or activity, etc., whereby such exposure may lead to losses that could jeopardise the continuation of the Group's operations or significantly affect its financial position.

The risk control function is carried out within the Risk Sector, where the Senior Specialist for Credit Risk Management conducts independent analysis and monitoring of concentration risk. The Risk Sector reports quarterly to the Management on concentration risk. In addition, concentration risk is analysed through semi-annual reports on the risk control function's work, as well as through other regular and ad hoc reports as needed.

The Bank/Group manages concentration risk in five ways:

1. Exposure to the economic sector (excluding exposure to the population, credit institutions, the Republic of Croatia and the Croatian National Bank) is measured by the ratio between exposure to the economic sector and the Bank's total exposure and by the ratio of value adjustments in the total exposure of an individual economic sector. The economic sector represents activities according to the NKD.
2. The ratio between exposure to an individual investment fund and regulatory capital measures exposure to investment funds.
3. The ratio between such secured exposures and regulatory capital measures exposure to collateral providers and credit protection providers;
4. Exposure according to the Herfindahl-Hirschman Index is measured in three ways:
  - a) ratio of exposure to the fifty largest clients and their connected persons and total exposure,
  - b) ratio of net individual exposure of activities (except financial institutions) and total exposure by activities,
  - c) ratio of the sum of large exposures, after application of exemptions and CRM, and regulatory capital;

Exposure to groups of connected persons is measured by identifying and quantifying concentrations for individual persons and groups.

The Concentration Risk Management Policy sets the maximum exposure to economic sectors, investment funds, collateral providers, and credit protection providers, as well as measures to reduce it.

## **Country Risk**

The Country Risk Management Policy, an integral part of the Risk Management Strategy, establishes the policies and procedures for identifying, measuring, controlling, monitoring, and reporting country risk.

Country risk is determined based on the assessment of the probability of non-fulfilment of obligations of the other contracting party with headquarters or residence outside the Republic of Croatia due to political, economic or other events in the country in which that other contracting party operates or has residence.

For the purpose of monitoring country risk, the Treasury and Liquidity Sector is obliged to monitor changes in the country's credit rating or in the credit rating of the institution where a Group member has an open account or has placed funds.

The Treasury and Liquidity Sector is obliged to submit a report to the Credit Committee on the creditworthiness of legal entities in which a Group member has an open account or has placed funds, and to monitor their creditworthiness regularly.

## **Risk of high financial leverage**

Risk of high financial leverage refers to the risk arising from the institution's vulnerability to financial leverage or potential financial leverage, which may lead to unwanted changes in its business plan, including the forced sale of assets, resulting in losses or adjustments to the valuation of its remaining assets.

The financial leverage ratio is calculated by dividing the institution's capital measure by its total exposure measure and expressed as a percentage.

The financial leverage ratio is calculated at the Group level on the reporting reference date. The capital measure is the basic capital.

The total exposure measure is the sum of the exposure values of:

1. assets,
2. derivatives,
3. increases for counterparty credit risk in repo transactions, securities lending or commodity lending transactions to the counterparty or from the counterparty, long settlement transactions and other margin loans
4. off-balance sheet items.

### **Risks arising from exposure to shadow banking entities**

Risks arising from exposure to shadow banking entities reflect risks in the credit intermediation system, which includes entities and activities outside the regulated banking system.

The Group, by defining credit intermediation activities, has focused on all entities that engage in banking-like activities, are exposed to similar risks, but are not subject to a comparable regulatory framework. Such exposures will be identified and defined as exposures to shadow banking.

When processing the Request for Exposures of Group members to a client, it is necessary to determine whether the request involves shadow banking entities, which is to be done by the credit officer / Treasury and Liquidity Sector officer processing the request. The Senior Professional Associate prepares the control as an opinion for Credit Risk Management. If, in the client's assets, there is an item given loans and/or in the profit and loss account, financial income, such a client must be processed in more detail to determine whether it involves shadow banking entities. Process in a way to determine the share of given loans, deposits in total assets and the share of financial income in total income.

Summary of the procedure for assessing the adequacy of internal capital

Methodology for measuring the materiality of risk of the Group

Significant risk	Assessment of risk significance	Explanation of significance assessment	Treatment in ICAAP	
			Qualitative	Quantitative
			(YES/NO)	(YES/NO)
Credit risk	4	<i>The risk profile regarding current and future exposure has been assessed as medium (3). The risk has been assessed as high risk (5) on an economic basis and based on expert opinion, while concerning RDG, it has also been assessed as high (5). In line with all the aforementioned assessments, the final materiality rating is medium-high (4).</i>	NO	YES
Concentration risk	2	<i>The risk profile regarding current and future exposure has been assessed as insignificant (1). The risk has been assessed as medium (3) from an economic perspective and low (2) from the RDG perspective. Based on expert opinion, it has been assessed as medium (3). In line with all the aforementioned assessments, the final materiality rating is low (2)</i>	NO	YES
Management risk	3	<i>The risk has been assessed from a qualitative perspective as medium (3), and the final materiality rating of the risk has been assessed as medium (3) based on the HNB SREP decision from 12/2025 and because the Group is still in the process of</i>	YES	NO

		<i>implementing full consolidation. Within the ICAAP, it is classified as other risks.</i>		
Currency-induced credit risk	1	<i>The risk has been assessed as insignificant (1) based on expert opinion, and the final materiality rating is also insignificant (1).</i>	YES	NO
Interest rate risk in the Banks books that is not traded	3	<i>The risk profile regarding current and future exposure has been assessed as low (2). The risk has been assessed as medium (3) from an economic perspective, and low (2) from the RDG perspective. Based on expert opinion, the rating is medium-high (4). In line with all the aforementioned assessments, the final materiality rating is medium (3)</i>	NO	YES
Currency risk	1	<i>The risk profile regarding current and future exposure has been assessed as insignificant (1). The risk has been assessed as insignificant (1) from an economic perspective, from the RDG perspective and based on expert opinion. In line with all the aforementioned assessments, the final materiality rating is insignificant (1).</i>	NO	YES
Liquidity risk, including the possibility of raising additional capital	2	<i>The risk profile for current exposure has been assessed as insignificant (1), and for future exposure as low (2). The risk has been assessed as insignificant (1) from an economic perspective, while from the RDG perspective it has been assessed as low (2). Based on expert opinion, it has been assessed as medium (3). In line with all the aforementioned assessments, the final materiality rating is low (2).</i>	YES	NO
Operational risk	2	<i>The risk profile regarding current and future exposure has been assessed as low (2). The risk has been assessed as medium (3) from an economic perspective, and as low (2) from the RDG perspective. Based on expert opinion, it has been assessed as low (2). In line with all the aforementioned assessments, the final materiality rating is low (2)</i>	NO	YES
Strategic risk	3	<i>The risk has been assessed from a qualitative perspective as medium (3) based on the HNB SREP decision from 12/2025, and because the Group is still in the process of implementing full consolidation (particularly considering the different business models of institutions and different operational systems and established processes). Therefore, the final materiality rating of the risk has been assessed as medium (3). Within the ICAAP, it is classified as other risks.</i>	YES	NO
Risk of excessive financial leverage	2	<i>The risk has been assessed from a qualitative perspective as low risk (2), and the final materiality rating of the risk has been assessed as low (2). The Group will monitor and control the risk of excessive financial leverage, based on the desired risk profile and planned growth, to supervise disproportionate growth in exposure relative to regulatory capital. Within the ICAAP, it is classified as other risks.</i>	YES	NO
Influence of external factors	2	<i>The risk has been assessed from a qualitative perspective as low risk (2), and the final materiality rating of the risk has been assessed as low (2). Within the ICAAP, it is classified as other risks.</i>	YES	NO
Country risk	2	<i>The risk has been assessed from a qualitative perspective as low risk (2), and the final materiality rating of the risk has been assessed as low (2). The quantification itself is carried out through basic credit risk (standardised approach).</i>	YES	NO
Residual risk	1	<i>The risk has been assessed qualitatively as insignificant (1), and its final materiality rating is also insignificant (1). The Bank has analysed movements in real estate values and reached the same conclusion: there is no need to allocate a separate internal capital requirement for the aforementioned risk. Within the ICAAP, it is classified as other risks.</i>	NO	YES
Shadow banking	1	<i>The risk has been assessed qualitatively as insignificant (1), and its final materiality rating is also insignificant (1). Within the ICAAP, it is classified as other risks.</i>	YES	NO

Compliance risk (Risk of violation of regulations and conflicts of interest, compliance with internal acts due to the pandemic)	2	<i>The risk has been assessed from a qualitative perspective as low risk (2), and the final materiality rating of the risk has been assessed as low (2). Within the ICAAP, it is classified as other risks.</i>	YES	NO
The risk of non-purpose cash loans to households	2	<i>The risk profile regarding current and future exposure has been assessed as low (2). The risk has been assessed as low (2) from an economic and RDG perspective. Based on expert opinion, it has been assessed as low (2). In line with all the aforementioned assessments, the final materiality rating is low (2).</i>	NO	YES
Reputational risk	2	<i>The risk has been assessed from a qualitative perspective as low risk (2), and the final materiality rating of the risk has been assessed as low (2). Within the ICAAP, it is classified as other risks.</i>	YES	NO

### **Prevention of money laundering and terrorist financing**

Financial institutions, due to their key role in financial transactions and cash flow management, are particularly exposed to the risks of money laundering and terrorist financing. In that context, they have an important moral, social, and legal obligation to participate in preventing and detecting such activities actively and to help preserve the stability and integrity of the financial system.

International standards in the area of preventing money laundering and terrorist financing are based on recommendations issued by the Financial Action Task Force (hereinafter: FATF), an international body that defines global standards and promotes the effective implementation of legal, regulatory, and operational measures to combat money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction.

Based on the FATF recommendations, countries and international organisations implement appropriate measures into their own legal systems, adapting them to national institutional and regulatory frameworks.

The Republic of Croatia has aligned its legal framework with the relevant European Union law on preventing money laundering and terrorist financing. It has implemented the provisions of European directives into national legislation by enacting the Act on the Prevention of Money Laundering and Terrorist Financing, along with associated subordinate legislation and regulatory guidelines.

### **Role of the Group in the Money Laundering Prevention System**

Group members, as obliged entities under the regulations on the prevention of money laundering and terrorist financing, actively contribute to the national system for the prevention and detection of illegal activities and continuously strengthen internal controls and monitoring mechanisms.

Group members continuously develop and enhance their anti-money laundering and counter-terrorist financing system and carry out activities aimed at timely identification, assessment and mitigation of risks.

Within their risk management system, Group members may, where justified by a risk assessment, apply stricter measures than those prescribed by law and subordinate regulations.

### **Risk Management**

The risk management strategy defines the risk management vision, the level of risk tolerance, the organisational framework and the required control mechanisms for the effective management of money laundering and terrorist financing risks.

The objective of the strategy is to ensure that all relevant risks are identified, understood, and monitored in a timely manner, and that appropriate control mechanisms are established to manage them.

The risk appetite statement, as an integral part of the risk management framework, defines the level of risk that each Group member is willing to accept in achieving its business objectives.

### **Employee training in the AML/CTF area**

The Group ensures regular and systematic employee training in anti-money laundering and counter-terrorist financing, in accordance with applicable regulations and internal acts.

The training programme particularly includes:

- familiarisation of employees with applicable legal and regulatory requirements
- recognition of suspicious activities and transactions
- application of procedures for enhanced customer due diligence
- implementation of restrictive measures and sanctions screening.

Training is conducted at least once a year and, in addition, when there are changes to the regulatory framework or internal procedures. Appropriate records are maintained of completed trainings.

In performing its duties, the AML/CTF function pays particular attention to preserving the reputation of Group members and ensuring that business operations comply with applicable regulations and internal acts.

### **STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE**

Governance provides the framework for our organisational processes and decision-making. To create long-term value for shareholders and the Group, high ethical and professional standards have been adopted, promoted and adhered to, and their implementation is ensured through the Code of Business Conduct and Ethics, the Conflict-of-Interest Management Policy, the Gifting and Receiving Policy, the Diversity Policy, the Corporate Governance Policy and other acts.

In accordance with the provisions of Article 272.p of the Companies Act and Article 22 of the Accounting Act, the Management Board of the parent company of Slatinska banka d.d. Group declares that the Group voluntarily applies the Corporate Governance Code jointly prepared by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange (ZSE), which is published on their websites.

The annual corporate governance questionnaire will be available on the Bank's website, [www.slatinska-banka.hr](http://www.slatinska-banka.hr), and on the website of the Zagreb Stock Exchange [www.zse.hr](http://www.zse.hr). All Group members follow and apply the prescribed corporate governance measures, with explanations of individual exceptions within the questionnaire where appropriate.

In line with the consistent application of the Code's principles, the Group develops and operates in accordance with good corporate governance practice and strives, through its business strategy, business policy, key internal acts and business practice, to contribute to transparent and efficient operations and better-quality relations with the business environment in which it operates. To protect the interests of all investors, shareholders, clients, employees, and other stakeholders, the Group has established high corporate governance standards.

Group members have established an internal control system implemented through the parallel operation of four mutually independent functions: the risk control function, the compliance monitoring function, the internal audit function and the anti-money laundering and counter-terrorist financing function. The main characteristics of the internal control system are reflected in the independent holders of control functions responsible for identifying, assessing and managing risks, including risk control and the compliance function. In contrast, the internal audit oversees the Group's entire business.

Data on the implementation of internal oversight and risk management, as well as data on the Group's shareholders, are contained in the Notes to the Financial Statements.

The Group's most significant individual shareholder is CSET d.o.o.

Slatinska banka d.d. Group has at its disposal a wide range of diverse methods by which it can manage conflicts of interest effectively, including the following:

- the organisational structure (organisational segregation and separate reporting lines), systems, controls, policies and procedures designed to prevent the occurrence of situations involving a conflict of interest and/or to mitigate the risk arising from them;
- the obligation to report identified actual or potential conflicts of interest;
- the obligation to document all cases;
- the obligation to exclude and/or avoid a service, situation or activity where it is not possible to prevent or manage a conflict of interest effectively.

Management for the purpose of separating organisational lines and reporting lines

Effective controls are in place to manage the exchange of information among employees engaged in business activities that involve a conflict-of-interest risk.

Information barriers also include the separation of premises, personnel, reporting lines, files and IT systems.

To ensure independent operations, the Group has a clear structural separation of responsibilities and a division of business activities by sector and back-office units.

The supervisory functions are also separated from other business units.

The Group has adopted a Code of Business Conduct and Ethics. All Group activities should be conducted in accordance with applicable law and the corporate values contained in the Code. Within Slatinska banka d.d. Group, in the event of a breach of the standards set out in the Code (whether intentional or due to negligence), the Group applies a zero-tolerance policy.

Slatinska banka d.d. Group, as the controller of clients' personal data, informs clients on its website about their rights regarding the processing of personal data and the manner in which it processes such data. <https://www.slatinska-banka.hr/informacije-o-obradi-podataka/>.

In processing personal data, the Group ensures that such data are processed in accordance with applicable laws and that the rights of the Group's clients are respected.

All personal data obtained by a Group member from clients is protected by law as confidential information (banking secrecy), and a Group member will process personal data only if it is necessary for the provision of the requested service, if the processing is required by law, if there is a legitimate interest or if consent has been given. In this context, and to ensure the best possible service, Group members cooperate with partners acting as: a. controller; b. processor or c. joint controller. Thus, each Group member will provide personal data to third parties to whom it is obliged to provide such data (e.g. the Tax Administration) or will be provided to persons with whom the Group member has a contractual relationship (e.g. outsourced functions).

The Group has appointed a data protection officer whom you can contact via [szop@slatinska-banka.hr](mailto:szop@slatinska-banka.hr).

The Group has a system for receiving and handling complaints. If anyone wishes to file a complaint regarding the operations of Slatinska banka d.d. Slatina Group, please contact Group staff and, in a face-to-face conversation, try to find a solution or obtain an answer. If your complaint cannot be resolved through a personal conversation or you are not satisfied with the employee's response, please submit the complaint in writing: In writing, you may submit a complaint: on a form available at the Bank's business premises as a member of the Group; on the address of the Bank "Slatinska banka d.d.", V. Nazora 2, 33520 Slatina with the notation "complaint"; by e-mail to [prigovori-potrosaca@slatinska-banka.hr](mailto:prigovori-potrosaca@slatinska-banka.hr); and by sending the complaint by fax; 033/637-029. The complaint must contain a detailed description of the event/situation, as well as evidence from which it is clear how your complaint is substantiated. If the description of the event/situation and/or the evidence is incomplete, the Group may request that you supplement it. Please state your personal data (name, address, OIB) in the complaint. The Group will respond to your complaint within the following deadlines:

a) within 10 (ten) days from the date of receipt of a consumer complaint relating to products and services regulated by the Payment Services Act and the Act on the Implementation of the European Union Payment Services Legislation – all types of transaction accounts, deposits, payment services, payment instruments (cards, internet banking, mobile banking, SMS) and others.

b) within 15 (fifteen) days from the date of receipt of a consumer complaint relating to other banking and financial products and services (loans, guarantees, letters of credit, exchange transactions and others) applying the provisions of the Consumer Protection Act. If the complaint is complex and requires more time to resolve, we will inform you thereof within the statutory deadline. If the Group does not receive the requested supplementation, explanation, or response within the following 30 days for reasons you cannot provide, we may consider that you have withdrawn your complaint. The Group is not obliged to respond to anonymous reports. If you are not satisfied with the decision regarding your request, you may submit a complaint or appeal to the Croatian National Bank or, if the matter concerns a complaint regarding the provision of investment services and the performance of investment activities and the provision of ancillary services, to the Croatian Financial Services Supervisory Agency, as the competent authority. The Croatian National Bank and the Croatian Financial Services Supervisory Agency, in their response to a complaint or appeal, may refer you to the possibility of mediation proceedings before the Mediation Centre of the Croatian Chamber of Economy or to the possibility of initiating civil proceedings. The Mediation Centre is an institution of the

Croatian Chamber of Economy that provides parties with services to organise mediation proceedings. Its seat is in Zagreb, Rooseveltov trg 2, and regional Mediation Centres operate within the county chambers in Split, Rijeka, Pula, Osijek, Varaždin and Koprivnica. The website address is [www.hgk.hr/centar-za-mirenje/](http://www.hgk.hr/centar-za-mirenje/). Judicial protection may be exercised before the regular courts of general jurisdiction in the Republic of Croatia by filing a civil action.

Conflict of interest management is one of the key obligations in the Group's financial services operations. Group members must be able to identify potential or actual conflicts of interest and manage them appropriately. The Management Board is responsible for establishing the framework, adopting policies, and implementing the systems, controls, and procedures through which existing and potential conflicts of interest are identified, assessed, resolved, mitigated, or prevented. However, each employee is responsible for understanding the expectations and obligations regarding the identification and escalation of potential or actual conflicts of interest, and for managing and resolving them adequately. The Conflict-of-Interest Management Policy intends to identify the circumstances that may result in a conflict of interest. It also aims to define the procedures to be followed and introduce measures to address such conflicts of interest. The Bank is fully committed to achieving the highest level of integrity.

### **Management and Supervisory Board**

The powers of the Board of Directors and the Supervisory Board of the Bank, as the parent company of the Group of related entities, are regulated by applicable legal provisions and the Bank's Articles of Association. The procedure for the appointment, election and removal of members of the Board of Directors and the Supervisory Board is prescribed by the Companies Act, the Credit Institutions Act and the Bank's Articles of Association. The Bank is the sole shareholder of Štedionica, which holds 100% of its shares and operates as a dependent company within the Group.

### **Management Board**

In accordance with the provisions of the Bank's Articles of Association, the Management Board consists of two to five members.

The Bank's Supervisory Board adopts the decision on the number of members of the Management Board.

The President and the members of the Management Board of the Bank are appointed by the Bank's Supervisory Board, with the prior consent of the Croatian National Bank, for a term of office of four years.

The members of the Management Board of the Bank must meet the requirements for holding the position of a member of the Management Board prescribed by the Companies Act, the Credit Institutions Act and relevant by-laws and internal acts of the Bank (suitability, good repute, required professional knowledge and abilities, requirement for continuous education, experience, avoidance of conflicts of interest and devotion to performing duties). The members of the Management Board must collectively possess the professional knowledge, abilities, and experience necessary for the independent and autonomous management of the Bank's business as the Group's parent company.

The suitability of an individual member of the Bank's Management Board for holding the respective position reflects the extent to which that person possesses the characteristics and fulfils the prescribed conditions that ensure the business is conducted lawfully, safely and on a stable basis.

The Rules of Procedure of the Management Board govern the responsibilities of its members. The Management Board adopts its decisions and resolutions at meetings.

The members of the Management Board of the Bank are employed with the Bank on a full-time basis. The decision on the revocation of the appointment of a member of the Management Board is made by the Supervisory Board in accordance with the Companies Act and the Labour Act.

As of 31 December 2025, the Management Board's duties are performed by 3 members (the President of the Management Board and two members of the Management Board).

Members of the Management Board during 2025:

Andrej Kopilaš, President of the Management Board (since 27 July 2017)  
Oliver Klesinger, Member of the Management Board (since 15 November 2019)  
Damir Kaluđer, Member of the Management Board (since 12 October 2023)

As of the date of signing this report, the members of the Management Board are:  
Andrej Kopilaš, President of the Management Board (since 27 July 2017)  
Oliver Klesinger, Member of the Management Board (since 15 November 2019)  
Damir Kaluđer, Member of the Management Board (since 12 October 2023)

### **Supervisory Board**

The Supervisory Board supervises the management of the Bank's business as the parent company of the Group. It is obliged to perform the duties set out in the Companies Act, the Credit Institutions Act, the Bank's Statute and the Rules of Procedure of the Supervisory Board, including the appointment, with the prior consent of the Croatian National Bank, and the removal of members of the Management Board of the Bank.

The members of the Supervisory Board of the Bank must meet the requirements for holding the position of a member of the Supervisory Board prescribed by the Companies Act, the Credit Institutions Act and relevant by-laws and internal acts of the Bank.

The members of the Supervisory Board must collectively have the professional knowledge, abilities and experience required for the independent and autonomous supervision of the Bank's and the Group's business, and in particular for understanding the business and significant risks of the Bank and the dependent company. The suitability of an individual member of the Bank's Supervisory Board for holding the respective position reflects the extent to which that person possesses the characteristics and fulfils the prescribed conditions that ensure they will perform the duties within their competence professionally, lawfully, safely, and on a stable basis.

The Bank's Supervisory Board has an established Risk and Audit Committee. At the same time, the functions of the Gifting Committee and the Appointments Committee are performed by the Supervisory Board itself. The scope and mode of operation of the committees are regulated by the committees' Rules of Procedure, in accordance with the relevant legal provisions.

Members of the Supervisory Board during 2025 and on the date of signing this Report:

Domagoj Petrinović, President of the Supervisory Board (since 1 July 2022)  
Anita Zelić, Member of the Supervisory Board (since 1 July 2022),  
Domagoj Karačić, Member of the Supervisory Board (since 26 August 2020)

## **General Assembly**

The shareholders of the Bank exercise their rights at the Bank's General Assembly. The General Assembly of the Bank decides on the matters specified by law and the Bank's Statute. The Management Board of the Bank convenes the General Assembly of the Bank, which must be convened when requested by the Supervisory Board, the Management Board of the Bank, or the shareholders, in accordance with the law. Each ordinary share entitles the holder to one vote at the Bank's General Assembly.

## **Statute Amendments**

The decision on amendments and supplements to the Statute is adopted by the General Assembly of the Bank in accordance with the law and the Statute, by votes representing at least three-quarters of the subscribed capital represented at the General Assembly when the decision is adopted.

The Supervisory Board may propose amendments and supplements to the Statute, the Management Board and the shareholders.

## **Shares of the Members of the Supervisory Board and the Management Board of the Bank**

As at 31 December 2025, the members of the Supervisory Board did not hold any shares of the Bank, while the President of the Supervisory Board held 38,050 shares of the Bank.

As at 31 December 2025, the President of the Management Board held 30,936 shares of the Bank, and a member of the Management Board held 19,229 shares of the Bank.

## **SHARES INFORMATION**

In 2025, the Group did not repurchase its own shares.

The share of repurchased own shares in the subscribed capital amounts to 2.31%

## **Organisation of Governance**

The duties, responsibilities and powers of the members of the Management Board and the Supervisory Board are regulated by the Companies Act and further elaborated in the Bank's Statute and the Rules of Procedure. The Management Board meets once a week, and the Supervisory Board meets as required, but at least once per quarter.

## **Employees**

The number of employees as of 31 December 2025 was 156.

The audited annual financial statements will be presented to shareholders at the General Assembly.

## **ESG reporting**

### *Sustainable investment*

Slatinska banka d.d. Group accepts its responsibility and role in supporting the green transition, i.e., the shift towards a low-carbon, more sustainable, resource-efficient, and circular economy, in line with the Sustainable Development Goals. We are aware that sound

governance, responsibility towards employees, the community and the environment are fundamental prerequisites for sustainability, long-term stability and profitability. Financial institutions play a significant role, as they can direct capital towards industries that deliver benefits in line with environmental, social and governance (ESG) criteria. In this report, the Group informs the public about its activities in socially responsible and sustainable business.

Our efforts are directed towards setting business objectives that contribute to economic sustainability. The Group has identified ESG and sustainable development as a business priority. It has integrated ESG criteria into the Bank's operations to ensure the achievement of long- to medium-term objectives in a manner that makes the impact of business activities and initiatives measurable, transparent and responsible. For the successful implementation of the ESG framework, the Group has established an ESG team comprising different organisational units whose objective is to manage ESG risks within business activities and promote a culture of awareness of ESG risks: environmental (E), social (S) and governance (G) risks.

The Group conducts qualitative and quantitative assessments of ESG risks and defines material significance as the sensitivity of key risk indicators to environmental changes.

- Environmental factors relate to the direct or indirect impact of business operations on the natural environment (examples: climate change, environmental pollution, use of natural resources, waste disposal, energy efficiency, etc.).
- Social factors relate to the direct or indirect impact of business operations on stakeholders in respect of universal values (examples: working conditions, relations with the community, human rights, diversity, etc.).
- Governance factors refer to the processes, regulations and institutions that influence the management, administration and control of the company (examples: remuneration and incentive policies and practices, independence in the appointment of members of the Management Board, etc.).

### Environmental goals

We strive to maintain a business model that does not harm the environment, and we seek to expand activities that protect it and natural resources. We are committed to carbon neutrality, the circular economy, and renewable energy, in particular through goals to reduce energy consumption and generate our own energy (we have already installed solar panels on the headquarters building in Slatina, so we produce our own renewable energy). We are working on the gradual replacement of the vehicle fleet to reduce emissions, waste, and plastic use, and to improve waste separation and recycling.

### Social impact

We are committed to empowering our employees and creating a motivating workplace where all clients and employees are put first.

We provide education and training for employees and pay particular attention to health and safety. In addition to other training, we invest in employees' sustainability knowledge, including education on waste management. The Group ensures systematic medical check-ups for all employees once a year and consistently implements occupational health and safety provisions.

We strive to ensure that everyone has equal opportunities for professional development and equal access to training. In that regard, we promote inclusiveness, meaning that employees are included in business processes within their respective areas of responsibility.

Additional days of annual leave are provided to employees who are parents of a child with developmental difficulties, single parents of a young child, parents of a child under seven years of age and similar cases.

Parents returning from maternity and parental leave work half-time during the first month, with this work being treated as full-time employment. In addition, employees have the right to special leave days for care-related circumstances, including serious illness, relocation, in the event of remediation of damage caused by natural disasters such as fire, flood or earthquake affecting the building where they live, marriage or registered partnership, attendance at childbirth, the birth of a child, death of a close family member, each blood donation, pregnant employees for prenatal examinations, the first day of school for a child, a child's entry into kindergarten, victims of harassment at the workplace, preparation for professional exams and the acquisition of diplomas and certificates important for performing their job, and for systematic medical check-ups.

Through the Gifting and Receiving Policy, the Group establishes a framework for transparent total remuneration for employees, designed to attract and retain qualified staff and to ensure the achievement of the Bank's objectives, in line with the Bank's strategy, long-term goals and risk profile. In designing the remuneration system, the Group respects the principle of equal treatment for women and men.

Remuneration systems are continuously reviewed, improved and aligned with prevailing local and European regulatory requirements that promote sound and effective risk management and do not encourage risk-taking beyond levels acceptable to the Bank.

The Group applies diversity standards when selecting members of the Management Board and the Supervisory Board, as prescribed by the Bank's policies.

In the context of initial, regular, and extraordinary suitability assessments of candidates for the Management Board, the Group will consider alignment with the target for the number of members from the underrepresented gender.

The Group has also introduced monitoring of gender-related pay gaps.

## Responsibility for the annual financial statements

The Management Board of Slatinska banka d.d. (hereinafter: the "Bank") is required to prepare annual financial statements for each business year, which give a true and fair view of the Bank's financial position and the results of its operations and cash flows, in accordance with the Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the European Union, and is responsible for maintaining appropriate accounting records that enable the preparation of annual financial statements at any time.

The Management Board is responsible for selecting appropriate accounting policies in accordance with applicable accounting standards and for their consistent application, making reasonable and prudent judgments and estimates, and preparing annual financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Management Board is also responsible for the preparation and content of the Management Board Report for the Bank and other information in accordance with the requirements of the Accounting Act (Official Gazette 85/24, 145/24 and 151/25), and for the preparation and fair presentation of supplementary information prepared in accordance with the Decision on the structure and content of annual financial statements of banks of the Croatian National Bank (Official Gazette No. 80/2025).

The Management Board is obliged to submit the Bank's Annual Report, including the annual financial statements and other information, to the Supervisory Board for approval. If the Supervisory Board approves the annual financial statements, they are hereby approved by the Management Board and the Supervisory Board of the Bank.

The Management Board is responsible for taking steps that are reasonably available to it to enable it to safeguard the assets of the Bank, for taking justified measures to prevent and detect fraud and other illegalities.

The annual consolidated financial statements set out on pages 46 to 114, the supplementary financial statements for the Croatian National Bank and the reconciliation to the statutory financial statements set out on pages 79 to 89, and the Management Report, the Statement on the application of the Corporate Governance Code and other information accompanying these Annual Financial Statements, were approved by the Management Board of the Bank on 30 March 2026 and submitted to the Supervisory Board for acceptance. In confirmation, the annual financial statements have been signed by the authorised persons as follows:

Andrej Kopilaš

Oliver Klesinger

Damir Kaluđer

President of the  
Management Board

Member of the Management  
Board

Member of the Management  
Board

Slatinska banka d.d.  
Vladimira Nazora 2  
33520 Slatina  
Croatia  
In Slatina, 30 March 2026

# Independent Auditor's Report to the Shareholders of Slatinska banka d.d., Slatina

## Report on the Audit of the Annual Consolidated Financial Statements

### OPINION

We have audited the annual consolidated financial statements for the year ended 31 December 2025 of Slatinska banka d.d., Slatina, V. Nazora 2 (hereinafter “the Bank”) and its subsidiary (together “the Group”). The annual consolidated financial statements comprise the consolidated statement of financial position (balance sheet) as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and the notes to the annual consolidated financial statements, including significant information on accounting policies.

In our opinion, the accompanying annual consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, the consolidated financial performance and the consolidated cash flows of the Group for the year then ended, in accordance with the International Financial Reporting Standards adopted in the European Union (IFRS).

### BASIS FOR OPINION

We have conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in our Auditor’s Report in the section “Auditor’s responsibilities for the audit of the annual consolidated financial statements”.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) (IESBA Code), including the International Standards on Independence for Auditing, as applicable to the audits of annual consolidated financial statements of entities of public interest, together with the ethical requirements relevant to our audit of the annual consolidated financial statements of entities of public interest in the Republic of Croatia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER

We draw attention to Notes 1.2 and 9 to the annual consolidated financial statements, which disclose that the Bank acquired 100% ownership of the subsidiary during the current year and, for the first time, prepared the annual consolidated financial statements in accordance with the International Financial Reporting Standards. Accordingly, the comparative figures for the previous year are not fully comparable, as they were not prepared on a consolidated basis. Our opinion is not modified in respect of this matter.

**PKF FACT revizija d.o.o.**

[www.pkf-fact.hr](http://www.pkf-fact.hr)

**Zagreb:** Zadarska 80, 10 000 Zagreb; **Karlovac:** Marmontova aleja 31, 47000 Karlovac **OIB:** 66538066056 **MBS:** 050001274 **E:** ured@pkf.hr

PKF FACT revizija d.o.o. upisana u registar Trgovačkog suda pod br. MBS – 050001274. Temeljni kapital 8.680,00 EUR, uplaćen u cijelosti.

Uprava: Jeni Krstičević, predsjednik Uprave i Ljiljana Lalić Dubravčić, član Uprave.

Privredna Banka Zagreb d.d., IBAN HR8123400091100068593, SWIFT: PBZGHR2X; Slatinska banka d.d., IBAN HR9324120091139006395, SWIFT: SBSLHR2X

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## Report on the Audit of the Annual Consolidated Financial Statements (continued)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were most important to our audit of the current period's annual financial statements. We addressed these matters during our audit of the annual financial statements as a whole. When forming our opinion thereon, we do not provide a separate opinion on them.

Key audit matter	How we addressed the key audit matter
<p><i>Impairment of loans and advances to clients</i></p> <p>In Note 18/ii/ Loans and advances to customers to the Group's annual consolidated financial statements, gross loans and advances amounted to EUR 442,631 thousand, the related impairment allowance for loans amounted to EUR 11,952 thousand, and the reversal of impairment on financial assets not measured at fair value through profit or loss amounted to EUR 406 thousand as presented in Note 13 (compared with 31 December 2024 gross amount of EUR 174,236 thousand, related impairment allowance for loans of EUR 11,563 thousand, and impairment of financial assets not measured at fair value through profit or loss of EUR 143 thousand).</p> <p>This area was identified as a key audit matter because credit risk is the most significant financial risk to which the Group is exposed, directly affects capital preservation, and requires significant management judgment to determine the amount of impairment.</p> <p>Determining the appropriate impairment involves subjective assumptions and judgment in estimating the amount of impairment provisions required by the Bank's Management, relating to the timing of recognition of impairment and the amount of that impairment.</p> <p>Management assessed the entire portfolio using the expected credit loss model (hereinafter "ECL") for individual loans in accordance with the requirements of International Financial Reporting Standard 9 – Financial Instruments (hereinafter "IFRS 9").</p> <p>When determining the timing and amount of required impairment for loans and advances to customers, Management used subjective judgments in the following significant areas of estimation:</p>	<p>Audit procedures performed in response to the key audit matter included</p> <ul style="list-style-type: none"> <li>• Review of the business model for credit management, review of loan groups, methods of credit management and their valuation;</li> <li>• Verification of credit classification into performing loans, loans with significant increase in credit risk, and loans requiring impairment, in accordance with IFRS 9 and the Decision on Classification of Placements and Off-Balance Sheet Liabilities of Credit Institutions;</li> <li>• Obtaining an understanding of the functioning of internal control systems related to the impairment assessment process for loans and advances to customers established by Management, and testing their effectiveness;</li> <li>• Review and evaluation of the appropriateness of the ECL provision recognition methodology, including estimates of probability of default (PD), loss given default (LGD), and exposure at default (EAD);</li> <li>• Verification of the quality and accuracy of historical financial information used, assessment of the appropriateness of collateral value estimates, appropriateness of assumptions used, review of circumstances and events related to the financial asset, and use of macroeconomic forward-looking information that necessitate impairment due to ECL;</li> <li>• Assessment of the appropriateness of disclosures in relation to International Financial Reporting Standards.</li> </ul>

## Report on the Audit of the Annual Consolidated Financial Statements (continued)

### KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How we addressed the key audit matter
<ul style="list-style-type: none"> <li>• Level of reliance on historical data in the process of determining risk parameters,</li> <li>• Allocation of credit risk to the appropriate stage for individual and total exposure,</li> <li>• Assessment of changes indicating significant deterioration requiring a change in credit risk stage and related ECL over the instrument's lifetime,</li> <li>• Assessment of expected future cash flows from operations,</li> <li>• Assessment of collateral value and timing of its realisation.</li> </ul> <p>The Group continuously adjusts model parameters, which also requires our heightened attention during the audit.</p> <p>Due to uncertainties related to expected cash flows, the financial significance of impairment provisions, their impact on annual unconsolidated and consolidated financial statements, the intensity of using subjective assumptions and judgments in estimating the amount of required impairment provisions, and the complexity of the estimation models used, we concluded that the impairment allowance resulting from impairment provisions and related loans and advances to customers is our key audit matter in the audit of the Group's annual consolidated financial statements for the year ended 31 December 2025.</p> <p><i>Related disclosures in the respective annual consolidated financial statements</i></p> <p>See notes: 3.10. Financial assets, 13. Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss, 18. Loans and advances to customers and 36. Credit risk.</p>	<p>For impairments determined on an individual basis:</p> <ul style="list-style-type: none"> <li>• Selected a sample of loans, specifically those with the highest amounts and highest risk by individual characteristic groups of placements;</li> <li>• Verified the appropriateness of criteria used to determine significant deterioration in credit risk, accuracy of financial information for identifying loans requiring impairment, recalculation or critical review of the assessment of financial position and business performance, expected future cash flows, time required for collection, appropriateness of collateral valuation, and assessment of financial impact from collateral realisation.</li> </ul> <p>For impairments determined on a collective basis:</p> <ul style="list-style-type: none"> <li>• Reviewed the appropriateness of assumptions used for calculating probability of default over the instrument's lifetime (PD) and loss given default (LGD);</li> <li>• Reviewed the appropriateness of measuring required impairment for ECL through critical review of the client's financial position and business performance, assessment of expected future cash flows, time required for exposure collection, appropriateness of collateral valuation, and assessment of financial impact from using collateral for collection of unpaid exposures;</li> <li>• Assessed the appropriateness of exposure classification and ECL calculation for individual exposures as at the Balance Sheet date, as well as their compliance with CNB requirements;</li> <li>• We performed substantive testing on a selected sample of loans and related receivables to assess the correctness of loan classification and valuation</li> </ul>

## Report on the Audit of the Annual Consolidated Financial Statements (continued)

### **OTHER INFORMATION**

Management is responsible for the other information. Other information comprises information included in the Annual Report but excludes the annual unconsolidated and consolidated financial statements and our auditor's report thereon. Our opinion on the annual unconsolidated and consolidated financial statements does not cover other information.

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

Regarding the Management Report, we have also performed procedures prescribed by the Accounting Act. Those procedures include verifying whether the Management Report is consistent with Article 24 of the Accounting Act.

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

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

Based on our knowledge and understanding of the Group's business and its environment obtained as part of the audit of the annual consolidated financial statements, we are required to report if we have identified material misstatements in Other Information (excluding the Sustainability Report). In this regard, we have nothing to report.

### **RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the annual consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of annual unconsolidated and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Report on the Audit of the Annual Consolidated Financial Statements (continued)

### **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

## Report on the Audit of the Annual Consolidated Financial Statements (continued)

### **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

We also provide a statement to those charged with governance that we have complied with relevant ethical requirements regarding independence, and that we will communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

Based on matters communicated with those charged with governance, we determine the most significant matters in the audit of the annual consolidated financial statements for the current period, which are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public-interest benefits of such communication.

## Report on other legal and regulatory requirements

1. On 30 September 2025, the Bank's General Assembly appointed us, based on the proposal of the Supervisory Board, to perform the audit of the annual consolidated financial statements for 2025, which represents our first year of engagement.
2. Our audit opinion is consistent with the additional report to the Bank's audit committee prepared in accordance with the provisions of Article 11 of Regulation (EU) No 537/2014.
3. During the period between the beginning of the audited annual consolidated financial statements of the Group for 2025 and the date of this report, we did not provide the Group with prohibited non-audit services. We did not provide services in the business year preceding the aforementioned period related to the design and implementation of internal control or risk management procedures linked to the preparation and/or control of financial information, or to the design and implementation of IT systems for financial information. We have maintained our independence from the Group in performing the audit.
4. In addition to the statutory audit, we provided the Bank with a limited assurance engagement service regarding the determination of profit for the period from 1 January to 30 September 2025. We issued a report thereon on 23 December 2025.

### **REPORT BASED ON THE REQUIREMENTS OF THE ACCOUNTING ACT**

In accordance with the Decision on the Structure and Content of Annual Consolidated Financial Statements of Credit Institutions (Official Gazette 80/25, hereinafter "Decision"), Management has prepared the templates presented on pages 117 to 123 under the headings Statement of Financial Position (Balance Sheet) as at 31 December 2025, Income Statement, Statement of Cash Flows and Changes in the Group's Equity for the year then ended, together with information on compliance with the Group's annual consolidated financial statements.



## Report on other legal and regulatory requirements (continued)

### **REPORT BASED ON THE REQUIREMENTS OF THE ACCOUNTING ACT (CONTINUED)**

Management is responsible for preparing these templates and information on reconciliations with the Group's annual consolidated financial statements, which do not form an integral part of those statements but contain information prescribed by the Decision. The financial information in the templates is based on the audited annual consolidated financial statements of the Group, prepared in accordance with statutory requirements for banking accounting in the Republic of Croatia, presented on pages 117 to 123, and adjusted to meet the requirements of the Decision.

The engagement partner responsible for this Independent Auditor's Report is Jeni Krstičević.

In Zagreb, 30 March 2026

PKF FACT revizija d.o.o.

Zadarska 80

10000 Zagreb

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Jeni Krstičević,  
President of the Management  
Board

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Jeni Krstičević,  
Certified Auditor

**Consolidated Statement of Comprehensive Income**  
**for the period from 1 January to 31 December 2025**

<b>POSITION</b>	<b>Note</b>	<b>2025</b> EUR '000	<b>2024</b> EUR '000
Interest income	4	23,520	11,566
Interest expense	5	(8,171)	(3,018)
<b>Net interest income</b>		<b>15,349</b>	<b>8,548</b>
Fee and commission income	6	3,554	2,259
Fee and commission expense	7	(1,218)	(527)
<b>Net fee and commission income</b>		<b>2,336</b>	<b>1,732</b>
Net gains (losses) on financial assets and liabilities held for trading	8(a)	97	26
Net exchange rate gains	8(b)	(5)	7
Other operating income	9	23,720	355
Other operating expenses	10	(65)	(68)
<b>Gross margin (Net trading profit and other income)</b>		<b>41,432</b>	<b>10,600</b>
Administrative expenses	11	(14,865)	(8,370)
Contributions to the resolution fund	10(a)	(315)	0
Amortisation	12	(1,579)	(719)
<b>Operating expenses</b>		<b>(16,759)</b>	<b>(9,089)</b>
<b>Profit before impairment and other provisions</b>		<b>24,673</b>	<b>1,511</b>
Provisions (Provisions or reversals of provisions)		(241)	(92)
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss		308	(151)
Impairment and provision expenses	13	67	(243)
<b>Profit before tax</b>		<b>24,740</b>	<b>1,268</b>
Profit tax liability	14	(629)	(310)
Deferred tax expense		31	48
<b>Tax expense</b>		<b>(598)</b>	<b>(262)</b>
<b>Net profit for the year</b>		<b>24,142</b>	<b>1,006</b>
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of equity instruments measured at fair value through other comprehensive income, net of tax		47	132
<b>Items that can be reclassified to profit or loss</b>		<b>(53)</b>	<b>0</b>
<b>Other comprehensive income</b>		<b>(6)</b>	<b>132</b>
<b>Total Other Comprehensive Income for the Current Year</b>		<b>24,136</b>	<b>1,138</b>

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

**Consolidated Statement of Financial Position  
as at 31 December 2025.**

<b>POSITION</b>	<b>Note</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
		EUR '000	EUR '000
<b>ASSETS</b>			
Cash and cash equivalents	15	60,076	78,985
Financial assets at fair value through OCI	16	14,726	1,296
Financial assets at amortised cost	17	80,555	36,467
Loans and receivables from banks	18	4,068	5,830
Loans and advances from customers	18	430,679	162,673
Property, plant and equipment	19	16,921	4,159
Intangible assets	20	3,683	2,918
Deferred and current tax assets	21	788	193
Other assets	22	537	260
<b>Total assets</b>		<b>612,033</b>	<b>292,781</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Current accounts and deposits from clients and banks	24(a)	536,305	247,329
Loans received	24(b)	11,952	11,031
Liabilities for issued securities	24(c)	5,577	4,058
Lease liabilities – IFRS 16 and other financial liabilities	25	858	1,252
Provisions for liabilities and expenses	26	1,155	777
Current tax liability	27	666	0
Other liabilities	28	5,169	2,172
<b>Total liabilities</b>		<b>561,682</b>	<b>266,619</b>
<b>EQUITY</b>			
	29		
Share capital		11,947	11,947
Share premium		20	20
Fair value reserve		26	180
Other reserves		1,823	1,772
Reserves for treasury shares		(465)	(465)
Retained earnings		12,858	11,702
Profit for the current period		24,142	1,006
<b>Total equity</b>		<b>50,351</b>	<b>26,162</b>
<b>Total equity and liabilities</b>		<b>612,033</b>	<b>292,781</b>

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

**Consolidated Statement of Changes in Equity  
for the period from 1 January to 31 December 2025**

	Share capital	Own shares	Accumulated other comprehensive income (loss)	Capital gain	Legal reserves	Reserves for own shares	Other reserves	Retained earnings	Profit/loss of the current year	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Balance as of 31 January 2023</b>	<b>11,947</b>	<b>(875)</b>	<b>48</b>	<b>20</b>	<b>878</b>	<b>1,108</b>	<b>941</b>	<b>10,187</b>	<b>900</b>	<b>25,154</b>
Profit allocation for 2023	0	0	0	0	0	0	0	900	(900)	0
Other increase or decrease in equity instruments	0	410	0	0	0	(616)	(539)	615	0	(130)
Other comprehensive income of the current year	0	0	132	0	0	0	0	0	0	132
Profit for the current year	0	0	0	0	0	0	0	0	1,006	1,006
<b>Balance as of 31 December 2024</b>	<b>11,947</b>	<b>(465)</b>	<b>180</b>	<b>20</b>	<b>878</b>	<b>492</b>	<b>402</b>	<b>11,702</b>	<b>1,006</b>	<b>26,162</b>
Profit allocation for 2024	0	0	0	0	0	0	0	1,006	(1,006)	0
Other increase or decrease in equity instruments	0	0	(148)	0	0	0	51	150	0	53
Other comprehensive income of the current year	0	0	(6)	0	0	0	0	0	0	(6)
Profit for the current year	0	0	0	0	0	0	0	0	24,142	24,142
<b>Balance as of 31 December 2025</b>	<b>11,947</b>	<b>(465)</b>	<b>26</b>	<b>20</b>	<b>878</b>	<b>492</b>	<b>453</b>	<b>12,858</b>	<b>24,142</b>	<b>50,351</b>

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

**Consolidated Statement of Cash Flows  
for the period from 1 January to 31 December 2025**

<b>P O S I T I O N</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
<b>Operating activities and adjustments</b>		
Profit before tax	1,096	1,268
Impairment and provisions	327	243
Depreciation	1,579	719
Interest paid	2,938	(46)
Interest collected	23,784	8,200
Profit tax paid	(598)	(453)
Other non-cash items	22,766	(503)
Changes in assets and liabilities from operating activities		
Financial assets at fair value through OCI	(13,430)	(1,172)
Financial assets at amortised cost	(44,088)	(2,401)
Receivables from the Croatian National Bank	0	4
Loans and receivables from banks	1,762	(4,296)
Loans and advances from clients	(291,790)	(36,530)
Other assets from operating activities	(872)	906
Increase/(decrease) in operating liabilities		
Current accounts and deposits from clients and banks	286,038	52,316
Provisions for liabilities and expenses	378	91
Tax liability	666	(141)
Other liabilities	3,595	681
<b>A) Net cash flows from operating activities</b>	<b>(5,849)</b>	<b>18,886</b>
<b>Investing activities</b>		
Expenditures for the purchase of tangible and intangible assets	(15,106)	(1,612)
<b>B) Net cash flows from investing activities</b>	<b>(15,106)</b>	<b>(1,612)</b>
<b>Financing activities</b>		
Net decrease in loans received	921	(258)
Net increase in lease liabilities - IFRS 16	(394)	654
Increase in liabilities for debt securities issued	1,519	4,058
<b>C) Net cash flows from financing activities</b>	<b>2,046</b>	<b>4,454</b>
<b>D) Net increase in cash and cash equivalents</b>	<b>(18,909)</b>	<b>21,728</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>78,985</b>	<b>57,257</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>60,076</b>	<b>78,985</b>

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

## **1. GENERAL INFORMATION**

### **1.1. Legal framework and activities**

SLATINSKA BANKA d.d. SLATINA ("the Bank") is registered with the Commercial Court in Bjelovar under the entity registration number MBS 010000576 PIN 42252496579. The Bank's registered office is in Slatina, Vladimira Nazora 2.

The Bank is registered to carry out transactions with foreign means of payment in the country, perform monetary intermediation, receive all types of deposits, grant all types of loans, open documentary letters of credit, issue guarantees and bank guarantees, perform transactions with bills of exchange, checks, lend, sell and buy for its own account or for the account of its clients, perform transactions with securities for its own account or the account of other persons, issue and manage means of payment, perform financial leasing and factoring operations, provide information on the creditworthiness of clients at their request, perform credit transactions with abroad and payment transactions with abroad, perform payment transactions in the country, provide representation services in the sale of insurance policies, provide other financial services.

The Bank's share capital as of 31 December 2025 amounts to EUR 11,947 thousand and comprises 918,972 shares with a nominal value of EUR 13.

### **1.2. Business combinations**

During 2025, Slatinska banka d.d. (hereinafter: the Bank) continued the intensive transformation cycle started in previous years and further strengthened its position as a modern universal bank with an increasingly pronounced presence on the national market. On 14 February 2025, the Bank paid the purchase price for the acquisition of 100% ownership interest in Solvera stambena štedionica d.d. (hereinafter: Housing Savings Bank). The transfer of ownership of the shares was executed on 24 February 2025 through SKDD, thereby formally completing the transaction.

Following the change of ownership, the Bank and the Housing Savings Bank continue to operate as separate entities within the Group Slatinska banke d.d. (hereinafter: the Group), in line with their respective business plans.

According to the final purchase price allocation analysis (PPA) performed by Deloitte (Valuation date: 31 January 2025), the fair value of the net assets acquired of the Housing Savings Bank amounted to EUR 28,349 thousand, resulting in a bargain purchase gain (negative goodwill) of EUR 23,249 thousand, recognised in the Group's Income Statement under "Other income".

Key adjustments to fair value of net assets (in thousands of EUR):

<b>Item</b>	<b>Carrying amount</b>	<b>FV difference</b>	<b>Fair value</b>
Total assets	295,680	-7,925	287,755
Total liabilities	273,719	-14,313	259,406
Net assets	21,961	6,388	28,349
Purchase price			5,100
<b>Bargain purchase gain</b>			<b>23,249</b>

The most significant adjustments: securities (+EUR 1,858 thousand), loans (-EUR 9,783 thousand), customer deposits (-EUR 12,784 thousand), borrowed funds (-EUR 1,529 thousand). No additional intangible assets identified beyond book value.

The gain was recognised immediately on the acquisition date in accordance with IFRS 3, after remeasurement of the fair value of all identified assets/liabilities (DCF discount approach for portfolios, market prices for securities)

### **1.3. Bank's governing bodies**

The Bank's governing bodies are the Management Board, the Supervisory Board and the General Assembly. The Management Board of the Bank in 2025 consisted of:

1. Andrej Kopilaš - President of the Management Board from 10 April 2018 for a term until 20 July 2028
- Member of the Management Board (from 20 July 2017 to 10 April 2018); represents the Bank individually and independently by decision of the Supervisory Board of 16 January 2018; President of the Management Board from 10 April 2018 for a term until 20 July 2028)
2. Oliver Klesinger, member of the Management Board (from 14 November 2019 for a term until 20 July 2028)
3. Damir Kaluđer, member of the Management Board (from 10 October 2023 to 20 July 2028)

Members of the Supervisory Board are:

1. Domagoj Petrinović – President of the Supervisory Board (member since 1 July 2022)
2. Domagoj Karačić – Member of the Supervisory Board (member since 16 August 2020)
3. Anita Zelić – Member of the Supervisory Board (member since 1 July 2022)

As of 31 December 2025, the Group had 299 employees.

### **1.4. Risk assessment of Slatinska banka d.d.'s operations by the Croatian National Bank**

The Croatian National Bank conducted an assessment of the risk profile of the Slatinska banka d.d. Group as part of the regular SREP process and, given that the Group's risk profile has not changed significantly compared to the previous year and that the additional capital requirements established by the SREP Decision EROFF-21-091/25-RS-BV of 23 December 2025, which requires the Bank to continuously maintain, on an individual and consolidated basis starting from 1 January 2026, additional regulatory capital higher than required to achieve a total capital ratio at least 1.98 percentage points higher than that prescribed by Article 92(1)(c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.06.2013.) and Chapter VII of the Act, are assessed as adequate. In this cycle, the CNB issued a decision, and the Bank is obliged to maintain the aforementioned ratio, or together with buffer requirements, a total capital ratio of 15.48%

The rate of the Group's total capital as of 31 December 2025 is 17.51%

## **2. BASIS OF PREPARATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**

### **2.1. Statement of compliance and basis of preparation**

The annual consolidated financial statements have been prepared in accordance with the statutory accounting regulations for banks in the Republic of Croatia. The Bank's operations are subject to the Credit Institutions Act (Official Gazette 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20, 151/22 and 145/24), in accordance with which the Croatian National Bank ("CNB"), the central supervisory authority of the Croatian banking system, determines the Bank's financial reporting. The regulatory financial statements have been prepared in accordance with the aforementioned banking regulations.

The CNB's accounting regulations are based on International Financial Reporting Standards (IFRS), which include International Accounting Standards (IAS), their supplements and related interpretations, and International Financial Reporting Standards (IFRS), their supplements and related interpretations, as adopted by the European Commission.

The main differences in reclassification between CNB accounting regulations and IFRS recognition and measurement requirements are not materially significant, have been accepted as Management estimates, and relate to:

- CNB requires banks to recognise impairment losses in the Statement of Comprehensive Income at the prescribed minimum rate for exposures measured at amortised cost and for off-balance sheet exposures. In its annual financial statements, the Bank has recognised these provisions as a substitute for expected losses calculated in accordance with the requirements of IFRS 9 – Financial Instruments

### **2.1. Statement of compliance and basis of preparation (continued)**

- CNB prescribes minimum amounts of impairment provisions for certain exposures in default of contractual obligations that may differ from those required under IFRS;
- CNB prescribes minimum impairment values and minimum collection periods for certain exposures (repossessed assets) in default of contractual obligations whose collection is expected from collateral realisation, which may differ from those required under IFRS.

### **2.2. Basis of measurement**

The annual consolidated financial statements have been prepared using fair value for financial assets and liabilities measured at fair value through profit or loss, and for financial assets measured at fair value through other comprehensive income. Other financial assets and liabilities are stated at amortised cost or historical cost.

### **2.3. Uncertainty of estimates and the impact of judgments**

In preparing the annual consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the Group's assets and liabilities, the Group's revenues and expenses, and the disclosure of the Group's contingent liabilities. Future events and their effects cannot be determined with certainty so that actual results may differ from estimates. Estimates used in preparing the annual consolidated financial statements are subject to change due to new events, additional experience, receipt of additional information and knowledge, and changes in the environment in which the Group operates.

## **2. BASIS OF PREPARATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **2.3. Uncertainty of estimates and the impact of judgments (continued)**

The Group identifies the main sources of estimation uncertainty as:

- Credit and receivable losses,
- Income tax, and
- Provisions for litigation.

Estimates and associated assumptions are reviewed regularly, and the effects are recognised in the period in which they change if they affect only that period, or in the period to which the change relates if it also affects future periods.

Key estimates used in applying accounting policies when preparing the annual consolidated financial statements relate to the calculation of the amortisation of long-term intangible and tangible assets, the impairment of assets, the allowance for receivables and provisions, and the disclosure of contingent liabilities.

The annual consolidated financial statements are presented in a format commonly used and internationally accepted for the publication of annual financial statements by banks and similar financial institutions.

### **2.4. New and amended standards and interpretations effective in the current period**

The accounting policies adopted are consistent with those applied in the previous financial year, except for standards, amendments to standards and interpretations that became effective after 1 January 2025. Only the new standard, its amendments and interpretations that are material to the Group's operations are presented below:

- Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates: The amendment defines that a currency is considered exchangeable into another currency if an entity can access that other currency within a time frame that includes the usual administrative delay through a market or exchange mechanism in which the transaction would result in enforceable rights and obligations. When a currency is not exchangeable, an entity must estimate the spot exchange rate on the measurement date. The amendment also provides guidance on determining the exchange rate in such circumstances, as well as prescribed related disclosures in cases where the market rate is not available. The amendments contain guidance for determining situations when a currency is exchangeable and how to determine the rate when it is not.

This amendment to the standard has no material impact on the Group's annual consolidated financial statements.

**2. BASIS OF PREPARATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

**2.5. Standards and amendments to existing standards issued by the IASB and adopted in the European Union, but not yet effective, which the Group does not apply**

New standards and amendments to standards have been issued that are not yet effective (applicable to periods beginning on 1 January 2026 or later):

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Contracts relating to electricity dependent on natural factors.
- Annual Improvements – Cycle 11 – includes certain amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7

No material impact on the Group's annual consolidated financial statements is expected from these amendments and supplements.

New standards and amendments to standards have been issued that are not yet effective, nor have they been endorsed by the EU (applicable to periods beginning on 1 January 2027 or later):

- IFRS 18 Presentation and Disclosure in Financial Statements: Issued in April 2024 and replaces IAS 1 and will result in significant consequential amendments to IFRS accounting standards, including IAS 8 Presentation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Although IFRS 18 will have no impact on the recognition and measurement of items in the annual separate/consolidated financial statements, it is expected to have a significant impact on the presentation and disclosure of certain items. These changes include categorisation and subtotals in the profit or loss statement, aggregation/disaggregation and labelling of information, and disclosure of performance measures defined by management.
- IFRS 19 Non-Publicly Accountable Associates: Disclosures and amendments
- Amendments to IAS 21 – exchange rates in the case of hyperinflationary currencies

Management is still assessing the impacts of the new and amended standards. Apart from the impacts of IFRS 18, which will have a significant impact on presentation, primarily of business performance, the new standards and interpretations are not expected to have a material effect on the Group's annual consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies adopted in preparing the annual consolidated financial statements is set out below. The policies have been applied consistently to all periods included in these statements unless otherwise stated.

#### **3.1. Basis of presentation**

The annual consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value. These statements are prepared on the accrual basis and under the going concern assumption

The Group maintains its accounting records and prepares its statutory financial statements in accordance with the regulations and decisions of the Croatian National Bank ("CNB"). The attached annual consolidated financial statements are prepared based on the Group's accounting records and include appropriate adjustments and reclassifications necessary for a true and fair presentation in accordance with the statutory accounting regulations applicable to banks in Croatia.

#### **Functional and reporting currency**

The annual consolidated financial statements are presented in thousands of euros, as the euro is the Bank's functional and reporting currency.

As of 1 January 2023, the Republic of Croatia changed its currency from the Croatian kuna to the euro. The euro became the functional and presentation currency from 2023 onwards

#### **3.2. Critical accounting estimates and key sources of uncertainties**

The preparation of the Group's annual consolidated financial statements in accordance with IFRS requires the Bank's Management to make estimates and assumptions that affect the amounts presented in these annual consolidated financial statements and the accompanying notes.

These estimates and related assumptions are based on historical experience and various other factors believed to be reasonable under the existing circumstances and available information as at the date of preparation of the financial statements, and the results of which form the basis for judging the carrying amounts of assets and liabilities not readily determinable from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period in which they arise if they affect only that period, or in the period in which they arise and in future periods if they affect both current and future periods.

The estimation of provisions for credit losses represents management's best estimate of the risk of default and the expected credit losses on financial assets, both for on-balance-sheet positions and for interest receivables recognised off-balance sheet. On-balance-sheet and off-balance-sheet exposures are included in the Group's total exposure to the client. The Group's loans are secured primarily by collateral, with real estate as the most significant.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2. Critical accounting estimates and key sources of uncertainties (continued)**

Estimation of real-estate values represents management's best judgment, but is inherently subject to uncertainty. Historical transactions have shown that real-estate values realised in enforcement proceedings were higher than the appraisals used by management in line with HNB regulations and recognised in the financial statements.

The Group pays particular attention to the timing of a significant increase in credit risk. Given that the Group's loan portfolio is predominantly oriented towards individuals, credit risk is assessed on an individual basis for each significant exposure. Indicators for possible impairment are based on days past due and internal credit-risk ratings (incorporating historical, current, and forward-looking information) and are adjusted for macroeconomic indicators and expectations.

The required valuation adjustment or provision is determined based on the measured expected credit loss, calculated as the product of (i) the probability of default, (ii) the expected loss given default and (iii) the exposure at default over the remaining expected life of the financial instrument, discounted at the effective interest rate as at the balance-sheet date.

Exposures classified as "Stage 1" measure expected credit loss over the next 12 months, whereas exposures classified as "Stage 2" measure expected credit loss over the entire remaining expected life of the financial instrument and relate to exposures with a significant increase in credit risk. On this basis, at the balance-sheet date, the Bank had no negative net effect on valuation adjustments or on an increase in provisions.

#### **3.3. Interest income and expense**

Interest income on fully recompensated loans is recognised in the statement of profit or loss, using the effective interest rate, for all interest-bearing financial instruments. The effective interest rate is the interest rate that discounts the expected future cash outflows or inflows over the expected life of the financial instrument or a shorter period. The effective interest method involves calculating the amortised cost of the financial asset or liability and allocating interest over the appropriate period, up to the gross carrying amount of the asset or the amortised cost of the liability. The calculation of the effective interest rate includes all fees paid or received between the contracting parties that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For a financial asset, when calculating the effective interest rate adjusted for expected credit risk, the future cash flows are based on the contractual terms of the financial instrument, but do not include expected credit losses. In the calculation of interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset or to the amortised cost of the liability.

For a financial asset purchased or recognised at a reduced value, the effective interest rate is adjusted for credit risk, and the contractual terms of the financial instrument, including credit loss, are considered when calculating future cash flows. In calculating interest income and expense, the effective interest rate is applied to the amortised cost of the financial asset or liability. If, upon subsequent remeasurement, the asset is no longer reduced for credit losses, the income calculation will again be based on the asset's gross carrying amount.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.3. Interest income and expense (continued)**

These income and expenses are presented in the statement of profit or loss as interest income or interest expense. Interest income and interest expense also include fees and commissions related to loans granted and receivables from customers and banks, borrowings, finance leases, and issued debt securities, as well as the amortisation of premiums or discounts and other adjustments between the initial carrying amount of the interest-bearing financial instrument and its amount at maturity, which are recognised using the effective interest method. Interest income on debt securities measured at fair value through profit or loss is recognised at the stated nominal interest rate and included in interest income. If the instrument is written down due to an expected credit loss, or to the extent of its estimated recoverable amount, interest income is recognised based on the interest rate used to discount future cash flows for the measurement of the recoverable amount.

Interest income on partially recompensated and non-recompensated loans (Stage 3) is recognised in the statement of profit or loss when cash is collected, or if cash is collected.

#### **3.4. Fee and commission income and expense**

Income from fees and commissions comprises the Bank's fees for guarantees and other services provided by the Bank; commissions for asset management on behalf of and for the benefit of legal entities and individuals; surety and guarantee transactions; asset management services; and commissions on domestic and foreign payment transactions. Fees and commission income are recognised based on invoiced realisation upon completion of the banking service in the period in which they are earned, i.e. on the accrual basis and during the period in which the service is performed, except in cases where they are included in the calculation of the effective interest rate.

#### **3.5. Net gains and losses on financial instruments at fair value through profit or loss and result from foreign exchange transactions and exchange differences arising from the translation of monetary assets and liabilities**

This category includes gains from foreign-exchange trading; realised and unrealised profits and losses on debt and equity securities held for trading; other financial instruments measured at fair value through profit or loss; and net gains or losses from exchange-rate differences arising from the retranslation of monetary assets and liabilities denominated in foreign currencies.

Within this category are also included the effects of the disposal or sale of financial instruments measured at fair value through other comprehensive income, whereby amounts previously recognised in other comprehensive income are reclassified and recognised in the statement of profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.6. Employee benefits**

##### Pension benefits and employee benefits

The Bank does not operate defined-benefit post-employment benefit plans for its employees and managers in Croatia. It therefore does not maintain any provisions for such costs, as the system in the Republic of Croatia does not allow this. The Bank is obligated to pay contributions to pension and health-insurance funds in Croatia in accordance with applicable regulations. This obligation applies to all persons employed under an employment contract or a work contract. Contributions deducted from and paid on salary are included in taxable income from dependent employment at the following rates:

	<b>2025</b>	<b>2024</b>
Pension insurance contribution	20.0%	20.0%
Health insurance contribution	16.5%	16.5%

The contributions and taxes calculated for employees are withheld from their gross salary. In contrast, the employer-side contribution is calculated and paid by the Bank in its own name and for its own account. Contributions payable by the employee and by the employer are recognised as an expense of the period in which they arise.

##### Severance pay and jubilee awards

The Bank pays jubilee awards and one-time severance payments to its employees upon retirement. The obligation is recognised at the present value of estimated future cash outflows, discounted using a rate similar to the interest rate on Croatian government bonds traded on the market whose currency and maturity are consistent with the currency and the estimated duration of the obligation to pay these benefits.

The Bank pays its employees certain long-service benefits (jubilee awards) and severance payments on retirement, up to the amount of tax-allowable payments

#### **3.7. Conversion of foreign payment instruments**

Transactions in foreign currencies are converted into the functional currency using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are translated into the functional currency at the average exchange rate of the Central Bank of Croatia (CNB) applicable on the balance-sheet date. Monetary assets and liabilities denominated in foreign means of payment are retranslated into kuna (or euro, if the functional currency is euro) at the exchange rate valid on the balance-sheet date. Exchange-rate differences arising from the retranslation of foreign-currency monetary items are recognised in the statement of profit or loss. Non-monetary items expressed in a foreign currency that are measured at fair value are translated into kuna at the exchange rate applicable on the date the fair value is determined. Non-monetary items expressed in a foreign currency and measured at historical cost are presented using the exchange rate of the foreign currency on the date of the transaction. Gains and losses arising from the retranslation of foreign currencies and foreign-exchange trading are presented in the statement of profit or loss for the respective year.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.8. Profit tax**

Profit tax represents the aggregate amount of current tax liability and deferred taxes.

##### Current taxes

Current tax liability is based on the taxable profit for the year. Taxable profit differs from the net profit for the period presented in the statement of profit or loss by amounts that are not included in the tax base, as well as by amounts of expenses that are not tax-recognised. The Bank's current tax liability is calculated by applying the tax rates that are in force, or effective, on the balance-sheet date.

Management periodically reviews the Bank's tax filing positions in circumstances where applicable tax laws are subject to interpretation, and the Bank makes provisions where this is considered possible.

##### Deferred tax

Deferred tax is calculated using the liability method. It reflects the tax effects of all significant timing differences between the tax base, assets and liabilities and the amounts reported in the financial statements.

#### **3.9. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, current accounts with banks and cash receivables from central banks.

#### **1.10. Financial assets**

Financial assets are those assets that are:

- (a) cash;
- (b) a contractual right to receive cash or another financial asset from another party;
- (c) a contractual right to exchange financial instruments with another party under potentially favourable conditions;
- (d) equity instruments of another party

##### Classification of financial assets

The Bank's financial assets, in accordance with IFRS 9, are classified into the following basic categories:

- (a) Financial assets measured at amortised cost
- (b) Financial assets measured at fair value through other comprehensive income
- (c) Financial assets mandatorily measured at fair value through profit or loss

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

The fundamental difference between the categories lies in how financial assets are measured in the financial statements. All regular transactions in financial instruments are recognised in the balance sheet on the trade date or settlement date. Under the settlement date method of recognition, in which the underlying asset or liability is not recognised until the settlement date, changes in its fair value are recognised in the balance sheet from the trade date. On initial recognition, the Bank measures a financial asset or financial liability at its fair value, plus, in the case of a financial asset, transaction costs directly attributable to the acquisition or delivery of the asset or liability.

##### **(a) Financial assets measured at amortised cost**

The portfolio of financial assets measured at amortised cost includes financial assets and financial liabilities measured at amortised cost in accordance with IFRS 9 - Financial Instruments (items 4.1.2. and 4.2.1.).

A financial asset is measured at amortised cost if both of the following conditions are met:

- financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows, or a business model for collection,
- based on the contractual terms of the financial asset, cash flows arise on specific dates that are solely payments of principal and interest on the outstanding principal amount.

Financial assets measured at amortised cost are primarily loans, deposits and receivables originated by the Bank. They are financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank originated by placing money, goods or services directly with the debtor.

Purchased debt securities that the Bank has the intention and ability to hold to maturity are also classified in this category.

##### **(b) Financial assets measured at fair value through other comprehensive income**

Financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through other comprehensive income in accordance with IFRS 9 - Financial Instruments (point 4.1.2.A).

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset, i.e., a business model for collection and sale,
- based on the contractual terms of the financial asset, cash flows arise on specific dates that are solely payments of principal and interest on the outstanding principal amount.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

Financial assets that are both purchased debt and equity securities, which the Bank intends to hold to earn interest or dividend income but may also sell if conditions arise, are classified in this category.

##### **(c) Financial assets measured at fair value through profit or loss**

The portfolio of financial assets measured at fair value through profit or loss includes:

- (a)** financial assets that do not meet the condition that the related cash flows consist solely of payments of principal and interest on the outstanding principal amount and which are, consequently, measured at fair value through profit or loss in accordance with IFRS 9 - Financial Instruments (item 4.1.4).

Financial assets are measured at fair value through profit or loss unless measured at amortised cost or at fair value through other comprehensive income. This category includes purchased debt and equity securities that the Bank intends to trade, as well as all derivative financial instruments.

##### Recognition and measurement of financial assets

The Bank has identified the criteria for classification of financial instruments into the new categories envisaged by the standard, based on the business model and characteristics of the associated contractual cash flows, and has applied the identified criteria in classifying the existing portfolio (corporate and retail clients), whereby the business model analysis was conducted by mapping business areas to which specific business models were assigned.

The “hold to collect” and “hold to collect and sell” business models were assigned to business areas relating to the Bank’s banking portfolio. In contrast, the “other” business model was assigned to the Bank’s trading portfolio, reflecting the intention to trade. For the purpose of classifying financial assets under IFRS 9 categories, the business model analysis was supplemented by an analysis of contractual cash flows (the “SPPI test”).

The Bank has developed processes to analyse the securities and loans portfolio to assess whether the characteristics of the contractual cash flows allow measurement at amortised cost (“hold to collect” portfolio) or at fair value through other comprehensive income (“hold to collect and sell” portfolio). This analysis was performed at the level of individual contracts or groups of exposures where possible. Equity instruments will be measured at fair value through profit or loss or other comprehensive income, depending on their characteristics and the purpose of acquisition.

The model for calculating expected credit loss (ECL) on a collective basis is calculated using the following formula:

$$ECL = \sum_{t=1}^t EAD_t * MPD_t * LDG_t * DF_t$$

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

For exposures in risk group A-1, the loss is calculated over 12 months, while for risk group A-2, the credit loss is calculated over the entire lifetime of the exposure.

For risk groups B and C (Stage 3), credit loss is determined by discounting either the estimated cash flows per exposure or the value of collateral instruments.

Exposures are divided into the following homogeneous groups:

- Economy (trading companies, sole proprietors, and other natural persons engaged in registered activity),
- Natural persons,
- Financial institutions, and
- Central government and local self-government.

MPD is the abbreviation for Marginal Probability of Default, i.e., it represents the marginal probability of default status occurrence for a given financial asset for a given period (t). The MPD estimate over the lifetime of the asset should consider all relevant factors affecting this probability; that is, in addition to incorporating historical data, it is necessary also to include macroeconomic forecasts for the future period.

The MPD model uses a basic approach to calculating the probability of default based on Markov chain transition matrices, after which macroeconomic forecasts are produced using the z-shift model. The time dimension is obtained by simple multiplication of the appropriate matrices based on projections for future periods. The Bank uses a 5-year look-back period and assigns a priority to each year such that the most recent year receives the highest priority of 50%, the previous year receives a priority of 20%, and the three oldest years each receive a priority of 10%

When preparing transition matrices, the end of one period (usually the previous year) is compared to the end of the current period or the observation period. The following macroeconomic indicators are used in the calculation:

- Gross domestic product
- Unemployment rate
- Inflation rate

Determination of LGD (English abbreviation for Loss Given Default) represents the estimated percentage of losses for a particular financial instrument.

The Bank has defined the estimated loss percentage for a specific financial instrument depending on the segment and the existence of collateral per claim as follows:

1. Economy segment – 50%
2. Natural persons segment:
  - a) Financial instrument secured by collateral – 40%
  - b) Financial instrument without collateral security – 80%
3. Segment – Financial institutions – 45%
4. Segment – Central government and local self-government – 45%

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

##### Derecognition and subsequent measurement of financial assets

Financial assets are initially recognised at acquisition cost, including transaction costs. Acquisition cost represents the fair value of the consideration given for a financial asset or received for a financial liability.

After initial recognition, all financial assets measured at fair value through other comprehensive income and those mandatorily measured at fair value through profit or loss are measured at fair value at the balance sheet date.

Financial assets that are measured at amortised cost are stated at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the instrument's carrying amount and amortised over its effective interest rate. The fair value of a financial asset is based on the daily market price, without any deduction for transaction costs.

If the discounted cash flow method is used, the estimated future cash receipts are based on management's best estimate, and the discount rate is the market rate valid at the balance sheet date for an instrument with similar characteristics and terms.

The fair value of derivative instruments that are not traded on a regulated market is estimated based on the amount of receipts or payments the Bank would have if the contract were terminated at the balance sheet date, considering current market conditions and the counterparty's credit risk. Gains or losses on financial assets classified at fair value are recognised in the statement of profit or loss.

Gains or losses on financial assets measured at fair value through other comprehensive income are recognised directly in equity, except for impairment losses and foreign exchange differences, until the instruments are derecognised, at which point the cumulative gains and losses previously recognised in equity are recognised in the statement of profit or loss.

##### Loss from the impairment of financial assets

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of an impairment loss. If such an indication exists, the asset's recoverable amount is estimated.

The recoverable amount of financial assets measured at amortised cost is calculated as the present value of expected future cash flows, discounted by the instrument's original effective interest rate. If future cash flows are expected within a year of the balance sheet date, they do not need to be discounted.

The recoverable amount of the Bank's investment in securities measured at amortised cost is calculated as the present value of expected future cash receipts and expenditures, discounted at the original effective interest rate for the asset, as explained in the policies for impairment of financial instruments.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

A recognised impairment loss related to securities or receivables measured at amortised cost is recognised as income if a subsequent increase in the recoverable amount can be objectively linked to an event that occurred after the recognition of the impairment loss. The proceeds cannot exceed the value of the original loss.

##### Derecognition of financial assets

Financial assets are derecognised when the Bank loses control over the contractual rights relating to that asset, i.e., when those rights have been realised, expired, or transferred.

A financial liability is derecognised when the contractual obligation is discharged, cancelled or expires.

When assets measured at fair value through other comprehensive income, mandatorily measured at fair value through profit or loss, and held for trading are sold, their recognition ceases, and the corresponding receivables from customers are recognised on the settlement date of the sold receivable. Assets measured at amortised cost are derecognised on the date when the Bank loses control over them.

The Bank decided to change the business model for debt securities, effective from 1 January 2023, from the “hold to collect and sell” model measured at fair value through other comprehensive income to the “hold to collect” model measured at amortised cost.

##### Special financial instruments

###### ***Investments in debt securities***

Debt securities include bills of exchange, written records, and bonds with variable or fixed interest rates, and other instruments that acknowledge indebtedness regardless of the issuer. Debt securities are registered or bearer securities and are issued in series (i.e., multiple securities with the same characteristics).

Debt securities can be classified into any of the existing categories of financial assets upon acquisition, depending on the specifics of the debt security and in accordance with the previously mentioned classification criteria. Debt securities classified as financial assets measured at fair value through other comprehensive income, those mandatorily measured at fair value through profit or loss, and those held for trading are adjusted to estimated or fair value at the balance sheet date. For debt securities for which a quoted price is published on an active market, fair value is determined based on the price applicable on the day.

Debt securities measured at amortised cost are stated at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Discounts and premiums, including initial transaction costs, are included in the carrying amount of the instrument and amortised over the effective interest rate, and recognised as interest income or interest expense. In the business books, principal, discount or premium, and corresponding interest are recorded separately for each security.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

##### ***Investments in equity securities***

Equity securities include shares or interests in trading companies. Equity securities entitle the Bank to participate in the company's profits and assets after the rights of creditors and other providers of financial resources have been satisfied.

Equity securities are classified as financial assets measured at fair value through other comprehensive income and at fair value through profit or loss.

Equity securities classified as financial assets measured at fair value through other comprehensive income and at fair value through profit or loss are adjusted at the balance sheet date to fair value. For equity securities quoted in an active market, fair value is determined based on the closing price on the same day. If an equity security is not quoted in an active market, it may be stated at fair value if the fair value can be measured reliably.

It is considered that fair value can be reliably measured if:

- The change in value within a reasonable range of fair value estimates for the instrument is not significant, or
- The uncertainty of the different estimates within the range of estimates can be reasonably estimated and used in estimating fair value.

If the range of reasonable estimates of the fair value of an equity instrument is significant and the certainty of the different estimates cannot be reasonably estimated, such an instrument is not measured at fair value but at cost.

The sale of a portion of a portfolio of a particular equity security is recorded at the carrying amount of the investment. On the sale of an investment, the difference between the net proceeds from the investment and the carrying amount of the investment is recognised as a gain or loss on sale.

##### ***Loans to banks and clients***

Loans include short-term and long-term receivables arising from:

- Approved loans and advances
- Payments made under guarantees and other securities
- Used framework loans

If loans become permanently impaired due to objective evidence that the claim will not be settled in full, value adjustment (provisioning) is made for loans where potential losses have been identified on an individual basis. Depending on the degree of collectability and quality of security, the Bank's on-balance sheet and off-balance sheet receivables are classified into the appropriate groups A1, A2, B and C in accordance with the provisions of the Decision on the Classification of Placements and Off-Balance Sheet Liabilities of Credit Institutions and in accordance with IFRS 9.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10. Financial assets (continued)**

Provisions or impairment of placements from the previous paragraph are carried out at the expense of provision expenses.

If the loan is uncollectible, all legal procedures have been completed, and the final amount of the loss is known, the loan is written off. If, in the following period, the amount of the impairment loss decreases due to collections, the collected amount is recognised in the statement of profit or loss.

Classification and measurement of financial instruments, as well as the adjustment of carrying amounts, are based on the measurement category.

#### **3.11. Fair value of financial instruments**

The fair value of financial instruments traded in active markets is determined at each reporting date in relation to the quoted market price or the dealer's quoted price without deduction for transaction costs.

For financial instruments not traded in an active market, fair value is determined using appropriate valuation techniques. Such techniques may include the use of a recent unbiased market transaction, considering the current fair value of another instrument that is essentially the same, discounted cash flow analysis or other valuation models

#### **3.12. Property, plant and equipment**

Plant and equipment are stated at purchase value less accumulated depreciation and/or accumulated impairment losses, and are tangible assets if their useful life is longer than one year. The purchase price includes the purchase price, the cost of spare parts for plant and equipment, borrowing costs for long-term construction projects, and other dependent costs, as well as the estimated future dismantling costs if the conditions for recognition have been met. At the same time, the liability is recorded as a commission.

Property is recorded at cost less accumulated property depreciation and asset impairment losses recognised after the revaluation date, based on periodic appraisals by professional appraisers.

Depreciation is calculated so that the purchase value of the asset, except for land and investments under construction, is written off during the estimated useful life of the asset using the straight-line method at the following rates:

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.12. Property, plant and equipment (continued)**

<b>DESCRIPTION</b>	<b>2025</b>	<b>2024</b>
	<b>Estimated useful life</b>	<b>Estimated useful life</b>
Buildings	40-50	40-50
Computer equipment	4	4
Furniture	5	5
Passenger vehicles	2,5	2,5
Other equipment	4-10	4-10

Depreciation is calculated for individual assets until their complete write-off. Property, plant and equipment and every significant part thereof, are derecognised upon complete write-off or when no future economic benefits are expected from their use.

Gains or losses arising from the sale or disposal of an asset are determined as the difference between the sale proceeds and the asset's carrying amount. They are recognised as a debit or charge against income.

Residual (present) value, useful life and depreciation methods are reviewed at the end of each financial year and adjusted, if appropriate.

#### **3.13. Intangible assets**

Intangible assets relate to IT programs and investments in third-party assets, which are initially measured at cost and amortised on a straight-line basis over their estimated useful lives. Separately acquired intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is measured at fair value as of the acquisition date.

After initial recognition, intangible assets are recorded at cost less amortisation and any accumulated impairment losses. Employee expenses that arise directly from preparing an acquired intangible asset for its intended use will be attributed to separately acquired intangible assets in accordance with IAS 38. The useful lives of intangible assets are assessed as either finite (definite) or indefinite (indefinite).

Intangible assets with finite useful lives are amortised over their estimated useful lives and are impaired when conditions are met. The amortisation period and amortisation method for intangible assets with finite lives are reviewed at least at the end of each financial year. For compiling these financial statements, the Bank calculated the depreciation of intangible assets at the following rates:

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.13. Intangible assets (continued)**

	<b>2025</b>	<b>2024</b>
	<b>Estimated useful life</b>	<b>Estimated useful life</b>
Software	4-10	4-10
Other intangible assets	2-5	2-5

The amortisation expense of intangible assets with a finite useful life is recognised in the statement of profit or loss as an expense in accordance with the use of the intangible asset. Intangible assets with an indefinite useful life are not amortised, but are assessed for impairment on an annual basis, either individually or at the cash generation level.

#### **3.14. Foreclosed tangible assets**

Tangible assets foreclosed in exchange for unpaid receivables from placements are recorded at the lower of the net carrying value or net marketable value based on the assessment.

#### **3.15. Share capital and reserves**

Share capital represents the non-distributable capital of the Group. Profit, after allocation to legal reserves and payment of dividends, is transferred to reserves. Reserves include the Group's legal reserves, retained earnings and other reserves prescribed by the Statute or the Decision of the General Assembly.

#### **3.16. Contingent liabilities and commitments**

During its operations, the Group has recorded contingent liabilities and commitments in off-balance-sheet records, including issuing guarantees and letters of credit, granting loans that were not fully utilised, and other contingent liabilities. These financial instruments are recorded on the balance sheet when the Bank settles the underlying obligation. Provisions for possible losses on contingent liabilities and commitments are maintained at a level that the Bank's Management Board considers sufficient to absorb possible future losses. The Management Board determines the sufficiency of the provisions based on insight into individual items, current economic circumstances, the risk characteristics of different categories of transactions, and other appropriate factors.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.17. Operating segments**

Operating segments are presented in accordance with internal reporting to the main business decision maker. The main business decision-maker, i.e. the function responsible for allocating resources and evaluating the performance of operational segments, is the Management Board, which makes strategic decisions.

The Group has identified four main segments: corporate, retail, banks/credit institutions and others. Segment information is based on information provided to the Management Board for management purposes. Where possible, the positions of the balance sheet and statement of comprehensive income are shown by the specified segments.

#### **3.18. Foreign currency translation**

Items included in the Group's financial statements are stated in the currency of the primary economic environment in which the Group operates, which is its functional and presentation currency. Transactions in foreign currencies are translated into euros at the exchange rates ruling on the date of the transaction. Monetary items in foreign currencies are retranslated into euros at the corresponding spot rates ruling at the balance sheet date. Non-monetary items in foreign currencies measured at fair value are translated using the exchange rate ruling at the date the fair value was determined. Non-monetary items in foreign currencies measured at historical cost are not retranslated at the balance sheet date. Exchange differences arising on the settlement of monetary items and their retranslation are recognised in Net financial profit/loss for the period. Exchange differences arising on the translation of non-monetary assets carried at fair value are recognised in the statement of profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary assets available for sale, for which gains and losses are recognised directly in equity. For this category of non-monetary items, any gain or loss arising on translation is also recognised directly in equity.

Amounts are rounded to the nearest million (unless otherwise stated).

The exchange rates of the most significant currencies as of 31 December 2025 were: USD 1 = EUR 0.95748755 (31 December 2024: USD 1 = EUR 0.85060241)

#### **3.19. Off-balance-sheet financial instruments**

In the ordinary course of business, the Group has recorded contingent and committed liabilities in off-balance-sheet records by issuing guarantees and letters of credit, and by approving credit lines that have not been fully utilised. These financial instruments are recorded in the Group's balance sheet when the Group settles the liability.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.20. Provisions**

The Group recognises a provision when it has a present obligation as a result of a past event, an outflow of resources embodying economic benefits is probably required to settle the obligation, and the amount can be reliably estimated. Management determines the amount of the provision based on a review of individual items and past loss experience, considering current economic conditions, the risk characteristics of the various categories of transactions, and other relevant factors as of the balance sheet date. If the effect is material, the provision is discounted to its present value.

#### **3.21. Derivative financial instruments**

Derivative financial instruments, including forward contracts in foreign currencies, are initially recognised in the balance sheet at fair value and subsequently measured at fair value. Fair values are determined using stock market prices or, if applicable, pricing models. All derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial instruments include contracts with a one-way currency clause. The contractual value is initially recognised in off-balance-sheet records and, as a loan, in the balance sheet with a one-way currency clause. Subsequent measurement is performed at amortised cost, as for all other placements that carry credit risk in the balance sheet. The increase in the exchange rate (fair value of the embedded derivative) above the contracted value is recorded in the balance sheet as an embedded derivative, and a gain or loss on embedded derivatives is recognised in the statement of profit or loss. The Bank's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the statement of profit or loss as net trading income. However, gains and losses arising from changes in the fair value of derivative instruments managed together with financial assets or financial liabilities are reported within 'net income from financial assets at fair value'.

#### **3.22. Managed funds for and on behalf of third parties**

The Group manages the assets of legal entities and citizens and charges a fee. As these amounts do not represent the Group's assets, they are excluded from the corresponding balance sheet.

#### **3.23. Reclassification**

Certain amounts from the annual consolidated financial statements for the previous year have been reclassified to be consistent with the presentation of the current year.

#### **3.24. Offsetting financial instruments**

Financial assets and liabilities are offset and reported in the balance sheet at net amounts if there is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.25. Leases**

IFRS 16 introduces a single accounting model for lessees, requiring the recognition of assets and liabilities for all leases, with possible options to exempt leases with a term of 12 months or less, or when the subject asset is of low value. The lessee recognises a right-of-use asset representing the right to use the asset subject to the lease, and a lease liability representing the obligation to make lease payments. IFRS 16 generally retains the lessor accounting under IAS 17 while maintaining the distinction between operating and finance leases. The Group does not have any significant leases in which it acts as a lessor.

IFRS 16 supersedes IAS 17 Leases and IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Following the adoption of IFRS 16, the Group recognised a right-of-use asset and a lease liability for office space and company cars that were previously classified as operating leases.

The lease liability is measured at the present value of the remaining lease payments, discounted using the interest rate specified in the lease agreement, i.e. the Group's incremental borrowing rate. The Group's incremental borrowing rate is the rate at which a similar lease could be contracted by an independent lessor under comparable terms and conditions. The weighted average rate applied was 5%.

Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments.

Details on leases are provided in notes 19 and 32.

#### **3.26. Regulatory environment**

The Group is subject to the regulations of the Croatian National Bank. The regulations include limits and other restrictions related to the minimum level of capital adequacy, the classification of loans and off-balance-sheet commitments, and the determination of provisions for credit, liquidity, interest rate, and currency risk. At the end of the year, the Group complied with all regulatory requirements.

**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

**4. Interest income**

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Corporate	5,109	3,635
Retail and craftsmen	15,165	5,003
Credit institutions	171	286
Other	3,075	2,642
<b>Total</b>	<b>23,520</b>	<b>11,566</b>

Interest income, depending on the type of financial instrument on which it was generated, is presented as follows:

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Financial assets not held for trading that are mandatorily measured at fair value through profit or loss	0	0
Financial assets at fair value through other comprehensive income	112	0
Financial assets-debt securities at amortised cost	2,281	849
Financial assets-loans and advances at amortised cost	20,255	9,061
Other assets	872	1,656
<b>Total</b>	<b>23,520</b>	<b>11,566</b>

**5. Interest expenses**

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Corporate	1,049	1,032
Retail and craftsmen	6,418	1,799
Credit institutions	573	38
Other	131	149
<b>Total</b>	<b>8,171</b>	<b>3,018</b>

Interest expenses - analysis by type of financial instrument:

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Interest expense on lease liabilities	52	27
Financial liabilities at amortised cost	8,119	2,991
<b>Total</b>	<b>8,171</b>	<b>3,018</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)**

**6. Fee and commissions income**

	<b>2025</b>	<b>2024</b>
<b>Description</b>	EUR '000	EUR '000
Corporate	1,186	1,025
Retail	1,863	946
Other	505	288
<b>Total</b>	<b>3,554</b>	<b>2,259</b>

**7. Fee and commission expenses**

	<b>2025</b>	<b>2024</b>
<b>Description</b>	EUR '000	EUR '000
Commission for FINA services	321	298
Foreign institutions	66	33
Domestic banks and clients	696	196
Other	135	0
<b>Total</b>	<b>1,218</b>	<b>527</b>

**8. a Net gain (losses) on financial assets and liabilities at fair value through profit or loss**

	<b>2025</b>	<b>2024</b>
<b>Description</b>	EUR '000	EUR '000
Net exchange differences arising from the sale and purchase of foreign currencies	97	26
<b>Total</b>	<b>97</b>	<b>26</b>

**8. b Net income from exchange differences**

	<b>2025</b>	<b>2024</b>
<b>Description</b>	EUR '000	EUR '000
Net exchange differences arising from restatement of balance sheet foreign currency positions to the exchange rate	(5)	7
<b>Total</b>	<b>(5)</b>	<b>7</b>

**9. Other operating income**

	<b>2025</b>	<b>2024</b>
<b>Description</b>	EUR '000	EUR '000
Income from the sale of property, plant and equipment	17	34
Recognition of deferred income	86	213
Other	368	108
Negative goodwill recognised in profit or loss	23,249	0
<b>Total</b>	<b>23,720</b>	<b>355</b>

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)

9. Other operating income (continued)

Negative goodwill recognised in profit or loss calculated for a business combination (in thousands of EUR):

Item	Carrying amount	FV difference	Fair value (FV)
Total assets	295,680	-7,925	287,755
Total liabilities	273,719	-14,313	259,406
Net assets	21,961	6,388	28,349
Purchase price			5,100
<b>Gain from a bargain purchase</b>			<b>23,249</b>

10. Other operating expenses

Description	2025	2024
	EUR '000	EUR '000
Losses on sale of fixed tangible assets	2	49
Other expenses	63	19
<b>Total</b>	<b>65</b>	<b>68</b>

10. a) Cash contributions to reconstruction committees and deposit guarantee schemes

Description	2025.	2024.
	EUR '000	EUR '000
Contributions in cash to resolution committees and deposit insurance schemes	315	0
<b>Total</b>	<b>315</b>	<b>0</b>

11. Administrative expenses

Description	2025	2024
	EUR '000	EUR '000
Employee expenses /i/	9,952	5,337
Compensation expenses for Supervisory Board members	158	39
Other administrative expenses /ii/	4,755	2,994
<b>Total</b>	<b>14,865</b>	<b>8,370</b>

The number of employees is shown as follows:

Description	2025	2024
Number of employees as of 31 December	299	166
Number of employees based on full-time equivalent (paid hours)	295	162
Number of employees based on full-time equivalent	267	133

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)**

**11. Administrative expenses (continued)**

/i/ Employee expenses are presented as follows:

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Net wages	5,322	2,799
Contribution expenses from and on wages	2,983	1,337
Tax and surtax expenses from wages	567	559
Other employee expenses	1,080	642
<b>Total</b>	<b>9,952</b>	<b>5,337</b>

/ii/ / Other administrative expenses are presented as follows:

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Costs of materials and similar expenses	1,095	237
Costs of services	3,038	2,442
Costs of entertainment, advertising and publicity	468	225
Other	154	90
<b>Total</b>	<b>4,755</b>	<b>2,994</b>

**12. Depreciation**

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Depreciation of leased assets (Note 19)	423	344
Depreciation of property, plant and equipment (Note 19)	378	104
Amortisation of intangible assets (Note 20)	778	271
<b>Total</b>	<b>1,579</b>	<b>719</b>

**13. Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss**

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
<b>Value adjustment of financial assets:</b>	<b>(308)</b>	<b>151</b>
- financial assets measured through other comprehensive income (Note 16)	2	0
- financial assets measured at amortised cost / held to maturity (Note 18)	14	(15)
- financial assets measured at amortised cost/loans and advances (CNB, credit institutions, customers) and cash	(315)	166
- Cash (Note 15)	(5)	(21)
- Loans and advances (Note 18)	(406)	143
- Write-offs	96	44
- Recoveries of previously written-off receivables	(9)	0
		63

**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)**

<b>Provisions or reversals of provisions</b>	<b>241</b>	<b>92</b>
Provisions for legal disputes (Note 26)	123	22
Provisions for contingent liabilities (Note 26)	118	70
<b>Total</b>	<b>(67)</b>	<b>243</b>

**14. Profit tax**

The calculation of corporate profit tax for the specified period is shown below:

<b>Description</b>	<b>2025</b>	<b>2024</b>
	EUR '000	EUR '000
Accounting profit before tax	3,037	1,268
Items that increase the tax base	682	545
Items that reduce the tax base	(226)	(90)
<b>Profit/loss after increase and decrease</b>	<b>3,493</b>	<b>1,723</b>
Profit tax base	3,493	1,723
Profit tax rate	18	18
<b>Profit tax liability</b>	<b>(629)</b>	<b>(310)</b>
Deferred tax expense	31	48
<b>Tax expense</b>	<b>(598)</b>	<b>(262)</b>

Profit tax is calculated in accordance with Croatian regulations. The profit tax rate on taxable profit is 18% (2024: 18%). As of 31 December 2025, the profit tax payable amounts to EUR 598 thousand.

Deferred tax asset arising from deferred income from allocation of fees on loans and securities as of 31 December 2025, amounts to EUR 31 thousand.

The Tax Administration of the Republic of Croatia has not audited profit tax returns for years for which the relevant statute of limitations has not expired. In accordance with tax regulations, the Tax Administration may at any time review books and records for a period of three years after the end of the year in which the tax liability was reported. It may impose additional tax liabilities and penalties.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

15. Cash and cash equivalents

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Giro account	3,062	2,137
Cash in the cash register:		
- local currency	4,157	4,342
- foreign currency	106	80
Cash in foreign currency in the current accounts of foreign banks	248	554
Cash in foreign currency in the current accounts of domestic banks	7,718	1,949
Other deposits with the CNB	44,800	69,943
<b>Total</b>	<b>60,091</b>	<b>79,005</b>
Impairment	(15)	(20)
<b>Total</b>	<b>60,076</b>	<b>78,985</b>

Value adjustments for financial assets without an increase in credit risk after initial recognition (Stage 1):

<b>Balance as of 1 January, 2024</b>	<b>(41)</b>
Changes in credit risk (net) - Note 13	21
<b>Balance as of 31 December, 2024</b>	<b>(20)</b>
Changes in credit risk (net) - Note 13	5
<b>Balance as of 31 December 2025</b>	<b>(15)</b>

16. Financial assets at fair value through other comprehensive income

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Equity instruments - Investments in equity securities /i/	314	19
Investments in investment funds /ii/	2,734	1,277
<b>Total equity instruments</b>	<b>3,048</b>	<b>1,296</b>
Debt instruments - Bonds of the Republic of Croatia	11,680	0
<b>Total debt instruments</b>	<b>11,680</b>	<b>0</b>
<b>Related impairment for expected credit losses</b>	<b>(2)</b>	<b>0</b>
<b>Total</b>	<b>14,726</b>	<b>1,296</b>

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**16. Financial assets at fair value through other comprehensive income (continued)**

/i/ Equity instruments

Equity instruments measured at fair value through other comprehensive income amount to EUR 314 thousand as at 31 December 2025.

/ii/ Debt instruments

Investments in investment funds amount to EUR 2,734 thousand as at 31 December 2025.

At the beginning of 2024, Slatinska Banka changed its securities management policy, which is explained in more detail in the section on significant policy changes. Value adjustments for financial assets without an increase in credit risk after initial recognition (Stage 1):

<b>Balance as of 1 January 2024</b>	<b>(19)</b>
Changes in credit risk (net) - Note 13	19
<b>Balance as of 31 December 2024</b>	<b>0</b>
Changes in credit risk (net) - Note 13	(-2)
<b>Balance as of 31 December 2025</b>	<b>(2)</b>

**17. Debt securities valued at amortised cost**

<b>Description</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR '000	EUR '000
Bonds of the Republic of Romania	4,433	0
Bonds of the Republic of Croatia	74,807	36,463
Corporate Bonds	1,347	22
Impairment	(32)	(18)
<b>Total</b>	<b>80,555</b>	<b>36,467</b>

Debt securities in the portfolio of financial assets measured at amortised cost include bonds of the Republic of Croatia, bonds of the Republic of Romania, a bond of Solver Residential Savings Bank, and bonds of trading companies intended to be held to maturity.

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**17. Debt securities valued at amortised cost (continued)**

Changes in value adjustments for financial assets at amortised cost – debt securities are presented as follows:

<b>Description</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR '000	EUR '000
Balance as of 1 January	(18)	(33)
Net impairment - Stage 1	(14)	15
<b>Balance as of 31 December</b>	<b>(32)</b>	<b>(18)</b>

Changes in value adjustments for financial assets at amortised cost – debt securities by stages are presented as follows:

<b>Impairments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance as of 1 January 2024	<b>(33)</b>	<b>0</b>	<b>0</b>	<b>(33)</b>
Changes in credit risk (net) – Note 13	15	0	0	15
Balance as of 31 December 2024	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>(18)</b>
Changes in credit risk (net) – Note 13	(14)	0	0	(14)
Balance as of 31 December 2025	<b>(32)</b>	<b>0</b>	<b>0</b>	<b>(32)</b>

**18. Loans and receivables from banks; loans and advances to customers.**

<b>Description</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR '000	EUR '000
Placements to credit institutions /i/	4,068	5,830
Loans and advances to clients /ii/	430,679	162,673
<b>Total</b>	<b>434,747</b>	<b>168,503</b>

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**18. Loans and receivables from banks; loans and advances to customers (continued)**

/i/Placements with credit institutions are shown as follows:

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>O p i s</b>	EUR '000	EUR '000
Short-term deposits with domestic banks	3,123	5,338
Short-term deposits with foreign banks	553	479
Receivables from card operations	14	14
Other	384	5
<b>Total</b>	<b>4,074</b>	<b>5,836</b>
Impairment	(6)	(6)
<b>Total</b>	<b>4,068</b>	<b>5,830</b>

/ii/ Loans and advances to customers are presented as follows:

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>D e s c r i p t i o n</b>	EUR '000	EUR '000
Corporate	97,814	77,140
Retail and craftsmen	338,579	96,228
Other	6,238	868
Loan impairment	(11,952)	(11,563)
<b>Total</b>	<b>430,679</b>	<b>162,673</b>

The concentration of risk by economic sector in the customer loan portfolio is shown as follows:

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>D e s c r i p t i o n</b>	EUR '000	EUR '000
Manufacturing	18,951	18,864
Trade	6,605	4,795
Tourism	16,427	7,630
Agriculture	5,142	5,690
Construction	8,204	6,257
Services	42,485	33,904
Retail	338,579	96,228
Other	6,238	868
<b>Total</b>	<b>442,631</b>	<b>174,236</b>
Impairment and loan loss provisions	(11,952)	(11,563)
<b>Total</b>	<b>430,679</b>	<b>162,673</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

18. Loans and receivables from banks; loans and advances to customers (continued)

- *Financial assets at amortised cost - loans and advances by stages 31 December 2025:*

<b>Gross carrying value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Credit institutions	4,070	0	4	4,074
Corporate	89,644	861	9,066	99,571
Retail	323,337	3,532	11,710	338,579
Other	4,481	0	0	4,481
<b>Total</b>	<b>421,532</b>	<b>4,393</b>	<b>20,780</b>	<b>446,705</b>
<b>Impairment</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Credit institutions	(2)	0	(4)	(6)
Corporate	(705)	(40)	(2,536)	(3,281)
Retail	(784)	(89)	(7,788)	(8,661)
Other	(6)	0	(4)	(10)
<b>Total</b>	<b>(1,497)</b>	<b>(129)</b>	<b>(10,333)</b>	<b>(11,958)</b>

- *Financial assets at amortised cost - loans and advances by stages 31 December 2024:*

<b>Gross carrying value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Credit institutions	5,831	0	5	5,836
Corporate	64,765	2,475	9,900	77,140
Retail	87,001	729	8,498	96,228
Other	836	27	5	868
<b>Total</b>	<b>158,433</b>	<b>3,231</b>	<b>18,408</b>	<b>180,072</b>
<b>Impairment</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Credit institutions	(3)	0	(3)	(6)
Corporate	(407)	(64)	(3,259)	(3,730)
Retail	(791)	(94)	(6,940)	(7,825)
Other	(5)	0	(3)	(8)
<b>Total</b>	<b>(1,206)</b>	<b>(158)</b>	<b>(10,205)</b>	<b>(11,569)</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

18. Loans and receivables from banks; loans and advances to customers (continued)

Changes in value adjustments for financial assets at amortised cost - loans and advances are presented as follows:

Impairments	Stage 1	Stage 2	Stage 3	Total
<b>Balance as of 1 January 2024</b>	<b>(1,215)</b>	<b>(146)</b>	<b>(11,068)</b>	<b>(12,429)</b>
Changes in credit risk (net) – note 13	(310)	(39)	206	(143)
Write-offs	319	27	657	1003
<b>Balance as of 31 December 2024</b>	<b>(1,206)</b>	<b>(158)</b>	<b>(10,205)</b>	<b>(11,569)</b>
Changes in credit risk (net) – note 13	197	103	106	406
Increases due to origination and acquisition	(1,188)	(273)	(252)	(1,714)
Write-offs	273	6	639	918
<b>Balance as of 31 December 2025</b>	<b>(1,924)</b>	<b>(322)</b>	<b>(9,712)</b>	<b>(11,959)</b>

Changes after allowance for possible loan losses are presented as follows:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
<b>Balance as of 1 January</b>	<b>(11,569)</b>	<b>(12,429)</b>
Net impairment - Stage 1	(718)	9
Net impairment - Stage 2	(164)	(12)
Net impairment - Stage 3	493	863
<b>Balance as of 31 December</b>	<b>(11,958)</b>	<b>(11,569)</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**19. Property, plant and equipment**

Description	Land	Buildings	Buildings leased – IFRS 16	Equipment	Furniture and transport vehicles	Furniture and transport vehicles leased – IFRS 16	Tangible assets under construction	Total property, plant and equipment
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Purchase value</b>								
<b>As of 1 January 2024</b>	115	4,573	895	2,410	857	166	124	9,140
Direct additions	0	0	678	0	0	75	273	1,026
Transfer from assets under construction	0	20	236	356	15	0	(357)	270
Disposal and sale	(1)	0	0	(8)	(37)	0	0	(46)
<b>As of 31 December 2024</b>	114	4,593	1,809	2,758	835	241	40	10,390
Direct additions	0	0	1,472	1,765	0	35	13,428	16,700
Transfer from assets under construction	0	0	3	201	19	0	(207)	16
Disposal and sale	(4)	(158)	(883)	(43)	(26)	(51)	0	(1,165)
<b>As of 31 December 2025</b>	110	4,435	2,401	4,681	828	225	13,261	25,941
<b>Impairment</b>								
<b>As of 1 January 2024</b>	0	2,588	438	1,953	810	13	0	5,802
Depreciation for 2024	0	100	79	218	17	34	0	448
Disposal and sale	0	0	0	(9)	(10)	0	0	(19)
<b>As of 31 December 2024</b>	0	2,688	517	2,162	817	47	0	6,231
Depreciation for 2025	0	81	1,286	1,691	6	39	0	3,103
Disposal and sale	0	(73)	(172)	(43)	(26)	0	0	(314)
<b>As of 31 December 2025</b>	0	2,696	1,631	3,810	797	86	0	9,020
<b>Net carrying value</b>								
<b>As of 1 January 2024</b>	115	1,985	457	457	47	153	124	3,338
<b>As of 31 December 2024</b>	114	1,905	1,292	596	18	194	40	4,159
<b>As of 31 December 2025</b>	110	1,739	770	871	31	139	13,261	16,921

Leasehold properties are also reported under Property, plant and equipment in accordance with IFRS 16.

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**20. Intangible assets**

Description	Software	Intangible assets under construction	Total intangible assets
	EUR '000	EUR '000	EUR '000
<b>Purchase value</b>			
As of 1 January 2024	<b>3,898</b>	<b>1,236</b>	<b>5,134</b>
Direct increases	0	450	450
Transfer from assets under construction	580	(580)	0
<b>As of 31 December 2024</b>	<b>4,478</b>	<b>1,106</b>	<b>5,584</b>
Direct increases	3,290	698	3,988
Writings 2025	(275)	0	(275)
Transfer from assets under construction	408	(408)	0
<b>As of 31 December 2025</b>	<b>7,901</b>	<b>1,396</b>	<b>9,297</b>
<b>Value adjustment</b>			
<b>As of 1 January 2024</b>	<b>2,409</b>	<b>0</b>	<b>2,409</b>
Depreciation for 2024	257	0	257
<b>As of 31 December 2024</b>	<b>2,666</b>	<b>0</b>	<b>2,666</b>
Depreciation 2025	(275)	0	(275)
Depreciation for 2025	3,223	0	3,223
<b>As of 31 December 2025</b>	<b>5,614</b>	<b>0</b>	<b>5,614</b>
<b>Net carrying value</b>			
<b>As of 1 January 2024</b>	<b>1,489</b>	<b>1,236</b>	<b>2,725</b>
<b>As of 31 December 2024</b>	<b>1,812</b>	<b>1,106</b>	<b>2,918</b>
<b>As of 31 December 2025.</b>	<b>4,678</b>	<b>1,396</b>	<b>3,683</b>

The increase in intangible assets in 2025 relates to the upgrade of the application system. Intangible assets in progress as at 31 December 2025 relate to investments in application software of EUR 3,683 thousand.

**21. Deferred and current tax assets**

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Current tax assets	0	40
Deferred tax assets based on fees and other	788	153
<b>Total</b>	<b>788</b>	<b>193</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

22. Other assets

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Description</b>	EUR '000	EUR '000
Advances paid and deferred income	392	140
Assets foreclosed in exchange for uncollected receivables //	134	109
Other	11	11
<b>Total</b>	<b>537</b>	<b>260</b>

Assets foreclosed in exchange for uncollected receivables are shown as follows:

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Description</b>	EUR '000	EUR '000
Land	34	35
Buildings	100	74
<b>Total</b>	<b>134</b>	<b>109</b>

Changes in assets foreclosed in exchange for uncollected receivables are shown as follows:

	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Description</b>	EUR '000	EUR '000
<b>Balance as of 1 January</b>	<b>109</b>	<b>982</b>
<b>Increase</b>		
- Transfer tax on real estate	36	0
<b>Decrease</b>		
- sale	(11)	(873)
<b>Balance as of 31 December</b>	<b>134</b>	<b>109</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

24. Current accounts and deposits from customers and banks, liabilities under received loans and issued securities

Description	31.12.2025 EUR '000	31.12.2024 EUR '000
Demand deposits /i/	177,891	154,655
Time deposits /ii/	358,414	92,674
Liabilities for received loans /iii/	11,952	11,031
Liabilities for issued securities /iv/	5,577	4,058
<b>Total</b>	<b>553,834</b>	<b>262,418</b>

/i/ Demand deposits are shown as follows

Description	31.12.2025 EUR '000	31.12.2024 EUR '000
<b>Demand deposits retail</b>		
- domestic currency	77,375	58,251
- foreign currency	1,312	1,393
<b>Total retail</b>	<b>78,687</b>	<b>59,644</b>
<b>Demand deposits corporate</b>		
- domestic currency	88,563	65,167
- foreign currency	76	23
<b>Total corporate</b>	<b>88,639</b>	<b>65,190</b>
<b>Demand deposits of financial institutions /a/</b>		
- domestic currency	565	16,535
- foreign currency	2	3
<b>Total financial institutions</b>	<b>567</b>	<b>16,538</b>
<b>Demand deposits of state and other institutions</b>		
- domestic currency	7,297	9,058
- foreign currency	0	0
<b>Total state and other institutions</b>	<b>7,297</b>	<b>9,058</b>
<b>Limited deposits</b>		
- domestic currency	339	367
- foreign currency	9	11
<b>Total limited deposits</b>	<b>348</b>	<b>378</b>
<b>Demand deposits of foreign persons</b>		
- domestic currency	2,318	3,814
Deposits of foreign companies	1,501	3,316
Retail deposits	817	498
- foreign currency	35	33
Retail deposits	35	33
<b>Total foreign persons</b>	<b>2,353</b>	<b>3,847</b>
<b>Total</b>	<b>177,891</b>	<b>154,655</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**24. Current accounts and deposits from customers and banks, liabilities under received loans and issued securities (continued)**

/ii/ Term deposits are presented as follows:

<b>Description</b>	<b>31.12.2025</b> EUR '000	<b>31.12.2024</b> EUR '000
<b>Deposits retail</b>		
- domestic currency	331,546	77,101
- foreign currency	593	421
<b>Total retail</b>	<b>332,139</b>	<b>77,522</b>
<b>Deposits corporate</b>		
- domestic currency	15,878	11,754
<b>Total corporate</b>	<b>15,878</b>	<b>11,754</b>
<b>Deposits of financial institutions</b>		
- domestic currency	8,200	585
<b>Total financial institutions</b>	<b>8,200</b>	<b>585</b>
<b>Deposits of government and other institutions</b>		
- domestic currency	1,490	1,704
<b>Total government and other institutions</b>	<b>1,490</b>	<b>1,704</b>
- domestic currency		
Deposits of foreign companies	13	16
Deposits of individuals	694	1,063
- foreign currency		
Deposits of individuals	0	30
<b>Total foreign persons</b>	<b>707</b>	<b>1,109</b>
<b>Total</b>	<b>358,414</b>	<b>92,674</b>

/iii/ Liabilities for loans received are shown as follows:

<b>Description</b>	<b>31.12.2025</b> EUR '000	<b>31.12.2024</b> EUR '000
Liabilities to CBRD /a/	11,952	965
Liabilities to CNB /b/	0	10,066
<b>Total</b>	<b>11,952</b>	<b>11,031</b>

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**24. Current accounts and deposits from customers and banks, liabilities under received loans and issued securities (continued)**

/a/ Liabilities to HBOR as at 31 December 2025 amounted to EUR 11,952 thousand. These sources are designated for granting loans to legal and natural persons in accordance with HBOR's programmes. Depending on the purpose of the loans, interest rates ranged from 0% to 3%.

/b/ Liabilities to HNB as at 31 December 2025 amount to EUR 0 thousand (31 December 2024: EUR 10,066 thousand) and relate to HNB's structural operations and bonds of the Republic of Croatia

/iv/ Liabilities from issued securities:

<b>Description</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR '000	EUR '000
Issued securities – principal	5,500	4,000
Issued securities - interest	77	58
<b>Total</b>	<b>5,577</b>	<b>4,058</b>

On 30 September 2024, Slatinska banka conducted the subscription, through the Central Clearing and Depository Corporation d.d. Zagreb, of a subordinated instrument, namely Bonds, which, following HNB approval, was included in the calculation of additional capital. The subordinated bond, designation SNBA-O-319A, was issued in dematerialised form, registered (to order), with a total issue amount of EUR 4,000,000.00, a nominal value of EUR 100,000.00, settlement currency EUR, a fixed interest rate of 5.75% per annum, and semi-annual interest payments.

An amount of EUR 1,500,000 relates to the issued additional capital of Solvera Stambena štedionica (Solvera issued a total of EUR 2,000,000, with EUR 500,000 of additional capital held by Slatinska banka).

**25. Lease liabilities – IFRS 16 and other financial liabilities**

<b>Description</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR '000	EUR '000
Lease liabilities	784	1,236
Other financial liabilities	74	16
<b>Total</b>	<b>858</b>	<b>1,252</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

26. Provisions for liabilities and expenses

	Legal and tax proceedings in progress and other provisions	Provisions for commitments and guarantees	Total
<b>Balance as of 1 January 2024</b>	<b>497</b>	<b>188</b>	<b>685</b>
Net charge in the statement of profit or loss - Note 13	22	70	92
<b>Balance as of 31 December 2024</b>	<b>519</b>	<b>258</b>	<b>777</b>
Net charge in the statement of profit or loss - Note 13	110	131	241
Increases due to acquisitions	137	0	137
<b>Balance as of 31 December 2025</b>	<b>766</b>	<b>389</b>	<b>1,155</b>

Provisions for assumed obligations and guarantees, and ongoing legal and tax proceedings (litigation), and other provisions based on estimates are recognised within other impairment losses and provisioning in the statement of profit or loss (note 13).

Provisions for assumed obligations and assumed financial guarantees:

Impairment	Stage 1	Stage 2	Stage 3	Total
<b>Balance as of 1 January 2024</b>	<b>175</b>	<b>3</b>	<b>10</b>	<b>188</b>
Changes in credit risk (net) - Note 13	18	(1)	53	70
<b>Balance as of 31 December 2024</b>	<b>193</b>	<b>2</b>	<b>63</b>	<b>258</b>
Changes in credit risk (net) - Note 13	9	(1)	123	131
<b>Balance as of 31 December 2025</b>	<b>202</b>	<b>1</b>	<b>186</b>	<b>389</b>

27. Current tax liability

	31.12.2025	31.12.2024
Description	EUR '000	EUR '000
Current liabilities for income tax	666	0
<b>Total</b>	<b>666</b>	<b>0</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**28. Other liabilities**

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Liabilities for overpayments on loans	724	863
Liabilities to suppliers	601	359
Liabilities towards employees	1,290	382
Liabilities for compensation for members of the SB	18	3
Deferred interest income and deferred expenses	1,048	186
Real estate transfer tax liabilities	500	0
Liabilities for value-added tax	1	2
Other liabilities	987	377
<b>Total</b>	<b>5,169</b>	<b>2,172</b>

**29. Capital**

The Group's share capital as at 31 December 2025 amounts to EUR 11,947 thousand and comprises 918,972 shares with a nominal value of EUR 13 per share.

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Share capital	11,947	11,947
Share premium	20	20
Fair value reserve	26	180
Other reserves	1,823	1,772
Reserves on treasury shares	(465)	(465)
Retained earnings	12,858	11,702
Profit for the current year	24,142	1,006
<b>Total</b>	<b>50,351</b>	<b>26,162</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**29. Capital (continued)**

As at 31 December 2025, the shareholders of the Group, with respect to the top ten positions (data obtained from www.skdd.hr), are presented as follows:

Name	31.12.2025 Balance	Percent age of shares	Name	31.12.2024 Balance	Percentag e of shares
CSET D.O.O. (1/1)	84,759	9.22	CSET D.O.O. (1/1)	84,759	9.22
AU79 CAPITAL KORLATOLT FELELOSSEGU TARSASAG (1/1)	84,758	9.22	AU79 CAPITAL KORLATOLT FELELOSSEGU TARSASAG (1/1)	84,758	9.22
INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ 2M CONSULTING D.O.O. (1/1)	83.8 84	9.13	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ 2M CONSULTING D.O.O. (1/1)	83,884	9.13
KOPIĆ VLATKO (1/1)	81,228	8.84	KOPIĆ VLATKO (1/1)	81,228	8.84
SOKAČIĆ DRAGUTIN (1/1)	75,467	8.21	SOKAČIĆ DRAGUTIN (1/1)	75,467	8.21
AGRAM BROKERI D.D./ EUROHERC OSIGURANJE D.D. (1/1)	69,998	7.62	AGRAM BROKERI D.D./ EUROHERC OSIGURANJE D.D. (1/1)	69,998	7.62
ČAJKO DALIBOR (1/1)	42,526	4.63	ČAJKO DALIBOR (1/1)	42,526	4.63
PETRINOVIĆ DOMAGOJ (1/1)	38,050	4.14	PETRINOVIĆ DOMAGOJ (1/1)	38,050	4.14
KOPILAŠ ANDREJ (1/1)	30,936	3.37	KOPILAŠ ANDREJ (1/1)	30,936	3.37
GALIĆ JOSIP (1/1)	29,962	3.26	GALIĆ JOSIP (1/1)	29,962	3.26
OTHER	297,404	32.36	OTHER	297,404	32.36
<b>TOTAL 1.358 SHAREHOLDERS</b>	<b>918,972</b>	<b>100</b>	<b>TOTAL 1.358 SHAREHOLDERS</b>	<b>918,972</b>	<b>100</b>

**30. Earnings per share**

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Profit for the year	1,333	1,006
Number of shares	918,972	918,972
Earnings per share	<b>1.45</b>	<b>1.09</b>
<b>Profit for the year</b>	1,333	1,006
Number of shares after deduction for ordinary treasury shares	847,598	847,598
<b>Basic earnings per share (expressed in EUR per share)</b>	<b>1.57</b>	<b>1.19</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

31. Contingent liabilities and commitments

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Guarantees	13,260	14,114
Revolving loans	554	569
Framework loans and financing liabilities	17,046	11,311
<b>Total</b>	<b>30,860</b>	<b>25,994</b>
Provisions for contingent liabilities	(389)	(258)
<b>Total</b>	<b>30,471</b>	<b>25,736</b>

Contingent liabilities and commitments as of 31 December 2025:

	Stage 1	Stage 2	Stage 3	Total
Guarantees	13,069	0	191	13,260
Revolving loans	546	0	8	554
Framework loans and financing liabilities	16,955	34	57	17,046
<b>OFF-BALANCE SHEET LIABILITIES</b>	<b>30,570</b>	<b>34</b>	<b>256</b>	<b>30,860</b>
<b>Total provisions for off-balance sheet liabilities</b>	<b>(202)</b>	<b>(1)</b>	<b>(186)</b>	<b>(389)</b>

Contingent liabilities and commitments as of 31 December 2024:

	Stage 1	Stage 2	Stage 3	Total
Guarantees	13,886	48	180	14,114
Revolving loans	564	0	5	569
Framework loans and financing liabilities	10,976	60	275	11,311
<b>OFF-BALANCE SHEET LIABILITIES</b>	<b>25,426</b>	<b>108</b>	<b>460</b>	<b>25,994</b>
<b>Total provisions for off-balance sheet liabilities</b>	<b>(194)</b>	<b>(2)</b>	<b>(62)</b>	<b>(258)</b>

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**32. Managed funds for and on behalf of third parties**

Managed funds:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Total sources	205	311
Less: assets	0	106
Unspent funds	<b>205</b>	<b>417</b>

In 2025, the Bank managed funds in the name of and on behalf of third parties. These funds were booked separately from the Bank's assets. Revenues and expenses relating to these funds were booked to the credit or debit of the respective sources. For its services, the Bank charged a fee which was debited against these funds.

**33. Leases**

When calculating the lease liability for operating leases, the Group discounted lease payments at a rate of 5%. For all leases, except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach. The Group recognises lease liabilities and right-of-use assets, which represent the right to use the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the time the lease agreement is entered into (i.e., when the asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the recognised lease liability, initial direct costs and lease payments made on or before the date of the agreement. Right-of-use assets are depreciated on a straight-line basis over the lease term. The Group leases offices and business premises, as well as passenger vehicles.

Right-of-use assets are disclosed in Note 19 Property, plant and equipment. Leases are typically 5-10 years, with the option to renew after expiration. For leases without a defined term, the Group recognises right-of-use assets based on an estimate of the asset's expected useful life. Certain leases provide for changes in payments based on changes in local price indices. The Group also leases certain equipment and business premises on a short-term basis and/or for low-value assets. The Group does not recognise the right to use the asset under this type of lease.

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

33. Leases (continued)

The right-of-use assets are shown below and include leased offices and business premises, as well as passenger vehicles.

Description	Buildings	Vehicles	Total property, plant and equipment
	EUR '000	EUR '000	EUR '000
<b>Purchase price</b>			
<b>As of 1 January 2024</b>	<b>895</b>	<b>166</b>	<b>1,061</b>
Increases	914	75	989
Disposals and sales	0	0	0
<b>As of 31 December 2024</b>	<b>1,809</b>	<b>241</b>	<b>2,050</b>
Increases	1,475	35	1,510
Disposals and sales	(883)	(51)	(934)
<b>As of 31 December 2025</b>	<b>2,401</b>	<b>225</b>	<b>2,626</b>
<b>Impairment</b>			
<b>As of 1 January 2024</b>	<b>438</b>	<b>13</b>	<b>451</b>
Depreciation for 2024	79	34	113
Disposals	0	0	0
<b>As of 31 December 2024</b>	<b>517</b>	<b>47</b>	<b>564</b>
Depreciation for 2025	1,286	40	1,326
Disposals	(172)	0	(172)
<b>As of 31 December 2025</b>	<b>1,631</b>	<b>87</b>	<b>1,718</b>
<b>Net carrying value</b>			
<b>As of 1 January 2024</b>	<b>457</b>	<b>153</b>	<b>610</b>
<b>As of 31 December 2024</b>	<b>1,292</b>	<b>194</b>	<b>1,486</b>
<b>As of 31 December 2025</b>	<b>770</b>	<b>138</b>	<b>908</b>

Lease liabilities

When entering into a lease agreement, the Group recognises lease liabilities measured at the present value of future payments over the term of the agreement. Lease payments include fixed payments, variable payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

Lease payments may also include the value of a purchase option that is reasonably certain to be exercised and the payment of a penalty for terminating the lease, if the terms of the agreement provide for a termination option. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that determines the payment occurs.

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

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**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**33. Leases (continued)**

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	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR '000</b>	<b>EUR '000</b>
Maturity Analysis – Contractual Undiscounted Cash Flows		
Up to One Year	130	161
Between One and Two Years	129	169
Between Two and Three Years	113	164
Between Three and Four Years	94	143
Between Four and Five Years	79	125
Beyond Five Years	239	473
<b>Total</b>	<b>784</b>	<b>1,235</b>
Discounting Effect	25	31
<b>Total Discounted Lease Liabilities of 31 December</b>	<b>759</b>	<b>1,204</b>

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**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**34. Transactions with persons in a special relationship with the Group and persons related to them, as well as with other related parties**

Persons in a special relationship with the credit institution are:

1. the Bank's shareholders who hold 5 per cent or more of the Bank's shares with voting rights in the General Assembly of the credit institution, including funds holding shares of the credit institution,
2. members of the Management Board and Supervisory Board and procurators of the Bank,
3. persons responsible for the work of the control function, persons responsible for operations with the corporate sector, persons for retail work, persons responsible for treasury operations, an authorised person for the prevention of money laundering,
4. a legal entity in which a credit institution has a participating interest,
5. a legal entity in which a member of the Management Board, a member of the Supervisory Board or a procurator of the credit institution has a qualifying interest,
6. a legal entity in which a member of the Management Board, a member of the Supervisory Board or a procurator of the credit institution is a member of senior management or is a member of the Management Board, Supervisory Board, board of directors or executive directors.
7. a legal entity whose member of the Management Board, Supervisory Board, board of directors or executive director or procurator is simultaneously a member of the Management Board or a member of the Supervisory Board or procurator of a credit institution,
8. a legal entity whose member of the Management Board holds 10% or more of the Bank's shares with voting rights in the Bank's General Assembly,
9. a member of the management board, a member of the supervisory board and a procurator of a company which is, directly or indirectly, the parent company of a credit institution or which is a subsidiary of a credit institution,
10. a third party acting on behalf of the person referred to in points 1 to 9 of this paragraph in connection with transactions which would create or increase the Bank's exposure

Persons in a special relationship with a credit institution are also considered to be persons related to them, which are defined as follows: Related persons are two or more legal or natural persons and members of their immediate families who, unless proven otherwise, are a risk for the credit institution because:

1. one of them has, directly or indirectly, control over the other or others, or
2. are interconnected in such a way that there is a high probability that the deterioration or improvement in the economic and financial situation of one person will lead to the deterioration or improvement in the economic and financial situation of one or more other persons, in particular if there is a possibility of transferring losses, profits, creditworthiness between them or if difficulties in the sources of financing or the settlement of the obligations of one person may cause difficulties in the sources of financing or the settlement of the obligations of one or more other persons. Members of the immediate family of a related person are
3. a spouse or a person who, under a special law, has a position equivalent to that in a marital union or a person with whom they have entered into a life partnership in accordance with the law regulating life partnerships of persons of the same sex,
4. a parent, son, adopted son, daughter or adopted daughter of that person
5. a son, adopted son, daughter or adopted daughter of the person referred to in sub-item 1 of this item
6. another person who does not have full legal capacity and who has been placed under the guardianship of that person.

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**34. Transactions with persons in a special relationship with the Group and persons related to them, as well as with other related parties (continued)**

A credit institution may enter into a legal transaction with a person in a special relationship with the Bank and a person related to them only if such transaction is contracted on terms that are no more favourable than the usual terms and conditions of the credit institution.

This note also includes key management personnel in accordance with the provisions of International Accounting Standard 24, "Related Party Disclosures" ("IAS 24").

In the ordinary course of business, banking transactions are entered into with related parties, including the granting of loans and the acceptance of deposits. Transactions with related parties are carried out on an arm's length basis. Applicable interest rates and other terms (including maturity dates and collateral) reflect market terms. The total amounts of transactions with related parties, open items at the end of the year and related expenses and income for the year are presented as follows:

<b>Description</b>	<b>2025</b> EUR '000	<b>2024</b> EUR '000
<b>Loans and advances to clients, Securities</b>		
Management Board	1,264	818
Supervisory Board and related persons	362	638
Other	225	129
<b>Total loans and advances to clients</b>	<b>1,851</b>	<b>1,586</b>
<b>Contingent liabilities</b>		
Shareholders holding 5 per cent or more of the voting shares	0	2
Management Board	5	5
Other	5	5
<b>Total contingent liabilities</b>	<b>10</b>	<b>12</b>
<b>Description</b>	<b>2025</b> EUR '000	<b>2024</b> EUR '000
<b>Demand deposits</b>		
Shareholders holding 5 per cent or more of voting shares	0	1
Management Board	8	83
Supervisory Board and related persons	76	10
<b>Term deposits</b>	80	23
Management Board	<b>164</b>	<b>117</b>
Supervisory Board and related persons		
<b>Term deposits</b>	255	91
Management Board	0	100
Other	150	0
<b>Total term deposits</b>	<b>405</b>	<b>191</b>
<b>Other liabilities</b>		
Supervisory Board and related persons	3	3
Other	43	0
<b>Total other liabilities</b>	<b>46</b>	<b>3</b>

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

34. Transactions with persons in a special relationship with the Bank and their related persons and other related parties (continued)

Description	2025	2024
	EUR '000	EUR '000
<b>Income</b>		
Supervisory Board and related persons	12	25
Management Board	44	25
Others	4	6
<b>Total income</b>	<b>60</b>	<b>56</b>
<b>Expenses</b>		
Supervisory Board and related persons	2	1
Management Board	5	0
<b>Total expenses</b>	<b>7</b>	<b>1</b>

The Management Board's income is shown as follows:

Description	2025	2024
	EUR '000	EUR '000
Net wages	631	424
Taxes and contributions - for wages	425	283
Taxes - for other income	0	97
<b>Total</b>	<b>1,056</b>	<b>804</b>

35. Fair value of financial assets and liabilities

Fair value represents the amount at which assets could be exchanged or liabilities settled in the best interests of all parties. Given that market prices for most of the Group's financial assets and liabilities are unavailable, the fair value of these items is based on the Management Board's estimates by asset and liability type. According to the Management Board's assessment, market values do not differ significantly from the carrying values of all categories of assets and liabilities.

ASSETS	31.12.2025		
	Stage 1	Stage 2	Stage 3
<b>Financial assets at fair value through other comprehensive income</b>	<b>11,973</b>	<b>2,734</b>	<b>19</b>
Equity instruments	294	2,734	19
Debt securities	11,680	0	0

ASSETS	31.12.2024		
	Stage 1	Stage 2	Stage 3
<b>Financial assets at fair value through other comprehensive income</b>	<b>0</b>	<b>1,227</b>	<b>19</b>
Equity instruments	0	1,277	19

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**35. Fair value of financial assets and liabilities (continued)**

Fair value of financial assets as of 31 December 2025:

<b>Financial assets at fair value</b>	<b>Fair value as of 31.12.2025 EUR</b>	<b>Fair value hierarchy</b>	<b>Valuation method and main data inputs</b>
<b>Equity instruments</b>			
ŽITO D.D. shares	294	Stage 1	Market price – average daily price on an active market on the valuation date
Share in the INSPIRE DELTA fund	2,734	Stage 2	Market price – average daily price on an active market on the valuation date or on the last trading day preceding the valuation
Share in the company HROK d.o.o.	19	Stage 3	Carrying amount at acquisition cost
<b>Debt securities</b>			
Bonds of the Republic of Croatia	11,680	Stage 1	Market price – average daily price on an active market on the valuation date

Fair value of financial assets as of 31 December 2024

<b>Financial assets at fair value</b>	<b>Fair value as of 31.12.2024 EUR</b>	<b>Fair value hierarchy</b>	<b>Valuation method and main data inputs</b>
<b>Equity instruments</b>			
Share in the INSPIRE DELTA fund	1,277	Stage 2	Market price – average daily price on an active market on the valuation date or on the last trading day preceding the valuation
Share in the company HROK d.o.o.	19	Stage 3	Carrying amount at acquisition cost
<b>Loans and advances</b>			
Participation in an alternative investment fund of venture capital with a private offering	0	Stage 2	Market price – published price of the share on the valuation date

## **FINANCIAL RISK MANAGEMENT**

This note provides details of the Group's exposure to risks arising from the unpredictability of the financial markets and briefly describes the methods used by management to identify, measure, and manage these risks. The Bank strives to control these risks, i.e. to reduce them to the lowest possible level. The most significant types of financial risks to which the Bank is exposed are credit risk, operational risk, interest rate risk, liquidity risk, and market risk. Market risk includes the risk of interest rate changes, exchange rate changes and price risk (changes in the prices of equity and debt securities).

The risk management system is continuously improved at the Bank level by introducing policies and procedures for assessing, measuring, controlling, and managing risks, and setting risk exposure limits in line with the legal framework and the Group's risk profile.

The Management Board bears ultimate responsibility for identifying and controlling risks. Within the Group's organisational structure, separate units and bodies are responsible for managing and controlling individual risks.

The Group is exposed to credit risk, which is the risk that the other party will be unable to settle its obligations in full upon maturity. The Group classifies credit risk by setting limits on the amount of risk it expects to arise in connection with a single borrower, a group of borrowers, or particular economic sectors. The Group regularly monitors and reviews these risks annually or more frequently.

The Group manages credit risk through regular analysis of the ability of existing and potential borrowers to repay their principal and interest obligations and by adjusting credit limits as needed. In addition, the Group partially manages its credit risk exposure by obtaining collateral and corporate and personal guarantees.

The primary purpose of credit commitments is to ensure the availability of funds according to clients' needs. Guarantees, which are irrevocable undertakings by the Bank to make payment if a client cannot settle its obligations to third parties, carry the same credit risk as loans.

In its operations, the Group is exposed to liquidity risk, the risk that it will not be able to meet expected and unexpected current and future cash needs and collateral requirements without affecting its regular daily operations or financial results.

Part of the monitoring and reporting on liquidity risk is done through maturity-matching analysis of assets and liabilities, which involves determining the maturity alignment of asset and liability positions on a net basis and identifying gaps relative to specific maturity dates. Based on the analyses performed and projections of expected outflows, financial liabilities are presented (Note 40).

**FINANCIAL RISK MANAGEMENT (continued)**

**36. Credit risk**

Credit commitments represent unused approved amounts in the form of loans or guarantees. In relation to credit risk associated with credit commitments, the Group is potentially exposed to loss equal to the total unused credit commitments. However, the likely loss is less than the total unused credit commitments because most credit commitments are linked to clients' maintenance of specific credit standards. Slatinska banka and Solvera monitor the maturity period of credit commitments, since longer-maturity commitments generally represent greater credit risk than shorter-term ones.

Maximum exposure to credit risk before collateral or other risk mitigation instruments as at 31 December 2025 is shown as follows:

<b>The credit risk exposure relating to on-balance sheet assets is as follows:</b>	<b>Gross placements</b>	<b>Reserves STAGE 1</b>	<b>Reserves STAGE 2</b>	<b>Reserves STAGE 3</b>	<b>Net placements</b>
Cash	60,091	(15)	0	0	60,076
Financial assets at fair value through other comprehensive income	14,728	(2)	0	0	14,726
Financial assets-debt securities at amortised cost	80,587	(32)	0	0	80,555
Financial assets-loans and advances at amortised cost	446,711	(1,501)	(129)	(10,334)	434,747
Claims on the Croatian National Bank	0	0	0	0	0
Placements with credit institutions	4,074	(4)	0	(2)	4,068
Loans and advances to clients	442,637	(1,497)	(129)	(10,332)	430,679
Investment in an associated company	0	0	0	0	0
Property, plant and equipment	16,921	0	0	0	16,921
Intangible assets	3,683	0	0	0	3,683
Current tax assets	788	0	0	0	788
Other assets	537	0	0	0	537
<b>Total on-balance sheet exposure</b>	<b>624,046</b>	<b>(1,550)</b>	<b>(129)</b>	<b>(10,334)</b>	<b>612,033</b>
The credit risk exposure relating to off-balance sheet assets is as follows:					
Guarantees	13,260	(84)	(1)	(180)	12,995
Assumed credit and other liabilities	17,599	(118)	0	(6)	17,475
<b>Total off-balance sheet exposure:</b>	<b>30,860</b>	<b>(202)</b>	<b>(1)</b>	<b>(186)</b>	<b>30,471</b>
<b>Total as of 31 December 2025</b>	<b>654,906</b>	<b>(1,752)</b>	<b>(130)</b>	<b>(10,520)</b>	<b>642,504</b>

**FINANCIAL RISK MANAGEMENT (continued)**

**36. Credit risk (continued)**

Maximum exposure to credit risk before collateral or other risk mitigation instruments as at 31 December 2024 is shown as follows:

<b>The credit risk exposure relating to on-balance sheet assets is as follows:</b>	<b>Gross placements</b>	<b>Reserves STAGE 1</b>	<b>Reserves STAGE 2</b>	<b>Reserves STAGE 3</b>	<b>Net placements</b>
Cash	79,005	(20)	0	0	78,985
Financial assets at fair value through other comprehensive income	1,296	0	0	0	1,296
Financial assets-debt securities at amortised cost	36,484	(18)	0	0	36,467
Financial assets-loans and advances at amortised cost	180,072	(1,206)	(158)	(10,205)	168,503
- Placements with credit institutions	5,836	(3)	0	(3)	5,830
- Loans and advances to clients	174,236	(1,203)	(158)	(10,202)	162,673
Property, plant and equipment	4,159	0	0	0	4,159
Intangible assets	2,918	0	0	0	2,918
Current tax assets	193	0	0	0	193
Other assets	260	0	0	0	260
<b>Total on-balance sheet exposure</b>	<b>304,388</b>	<b>(1,244)</b>	<b>(158)</b>	<b>(10,205)</b>	<b>292,781</b>
The credit risk exposure relating to off-balance sheet assets is as follows:					
Guarantees	14,114	(92)	(1)	(54)	13,967
Assumed credit and other liabilities	11,880	(102)	(1)	(8)	11,769
<b>Total off-balance sheet exposure:</b>	<b>25,994</b>	<b>(194)</b>	<b>(2)</b>	<b>(62)</b>	<b>25,736</b>
<b>Total as of 31 December 2024</b>	<b>330,382</b>	<b>(1,438)</b>	<b>(160)</b>	<b>(10,267)</b>	<b>318,517</b>

**FINANCIAL RISK MANAGEMENT (continued)**

**36. Credit risk (continued)**

**Received collateral instruments and a reduction of credit risk**

The overview of received security instruments is presented as follows:

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<b>31.12.2025</b>	
<b>Loans and advances to clients</b>	
<b>Loans and advances to clients</b>	<b>434,747</b>
Secured loans:	
Deposits	11,388
Guarantees	841
Residential real estate	283,894
Commercial real estate and other	64,838
Movable property	8,039
<b>TOTAL</b>	<b>369,000</b>
<b>Share of loans with collateral</b>	<b>84.88%</b>

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<b>31.12.2024</b>	
<b>Loans and advances to clients</b>	
<b>Loans and advances to clients</b>	<b>168,503</b>
Secured loans:	
Deposits	1,998
Guarantees	1,365
Residential real estate	33,492
Commercial real estate and other	47,406
Movable property	8,476
<b>TOTAL</b>	<b>92,737</b>
<b>Share of loans with collateral</b>	<b>55.04%</b>

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**FINANCIAL RISK MANAGEMENT (continued)**

**36. Credit risk (continued)**

- Reprogrammed and restructured loans**

Restructuring of placements is carried out for clients where the focus has shifted from the goal of generating profit to reducing losses arising from credit exposure, at a stage when legal proceedings for loss reduction are not yet necessary. The aim is to identify clients on time for whom restructuring can enable the continuation of business and mitigate and prevent further losses.

An overview of restructured loans is presented as follows:

31.12.2025		Stage 1 and 2		Stage 3		
Restructured exposures	Total gross carrying value	Total provisions for impairment of restructured loans	Gross Carrying Value	Provisions for impairment of restructured loans	Gross Carrying Value	Provisions for impairment of restructured loans
Loans and advances						
Corporate	1,301	(283)	655	(4)	646	(279)
Retail	1,567	(252)	289	(3)	1,278	(249)
<b>Total</b>	<b>2,868</b>	<b>(535)</b>	<b>944</b>	<b>(7)</b>	<b>1,924</b>	<b>(528)</b>

31.12.2024		Stage 1 and 2		Stage 3		
Restructured exposures	Total gross carrying value	Total provisions for impairment of restructured loans	Gross Carrying Value	Provisions for impairment of restructured loans	Gross Carrying Value	Provisions for impairment of restructured loans
Loans and advances						
Corporate	2,393	(1,052)	709	(4)	1,684	(1,048)
Retail	718	(160)	252	(3)	466	(157)
<b>Total</b>	<b>3,111</b>	<b>(1,212)</b>	<b>961</b>	<b>(7)</b>	<b>2,150</b>	<b>(1,205)</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
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**FINANCIAL RISK MANAGEMENT (continued)**

**37. Interest rate risk**

The following table shows the Bank's assets and liabilities at carrying value, classified by contractual repricing or maturity, whichever is earlier, as of 31 December 2025.

	Insensitive to interest rate changes	Up to 1 month	From 1 – 3 months	From 3 – 12 months	From 1 – 3 years	Over 3 years	TOTAL
<b>ASSETS</b>							
Cash and cash equivalents	5,919	54,157	0	0	0	0	60,076
Financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Financial assets at fair value through OCI	3,046	0	0	0	11,680	0	14,726
Financial assets at amortised cost	0	589	26	6,136	8,644	65,160	80,555
Receivables from the Croatian National Bank (CNB)	0	0	0	0	0	0	0
Loans and receivables from banks	946	3,020	102	0	0	0	4,068
Loans and advances from clients	576	10,400	15,032	133,453	35,665	235,553	430,679
Property, plant and equipment	16,921	0	0	0	0	0	16,921
Intangible assets	3,683	0	0	0	0	0	3,683
Deferred tax assets	788	0	0	0	0	0	788
Other assets	537	0	0	0	0	0	537
<b>Total assets</b>	<b>32,416</b>	<b>68,166</b>	<b>15,160</b>	<b>139,589</b>	<b>55,989</b>	<b>300,713</b>	<b>612,033</b>
<b>LIABILITIES</b>							
Current accounts and deposits from clients and banks	3,041	107,141	16,200	63,655	53,714	292,554	536,305
Liabilities for loans received	0	111	45	94	191	11,511	11,952
Liabilities for issued securities	77	0	0	0	0	5,500	5,577
Lease liabilities - IFRS 16 and other financial liabilities	858	0	0	0	0	0	858
Provisions for liabilities and expenses	1,155	0	0	0	0	0	1,155
Current tax liability	666	0	0	0	0	0	666
Other liabilities	5,169	0	0	0	0	0	5,169
<b>Total liabilities</b>	<b>10,966</b>	<b>107,252</b>	<b>16,245</b>	<b>63,749</b>	<b>53,905</b>	<b>309,565</b>	<b>561,682</b>
<b>EQUITY</b>							
Total equity	50,351	0	0	0	0	0	50,351
<b>Total liabilities and equity</b>	<b>61,317</b>	<b>107,252</b>	<b>16,245</b>	<b>63,749</b>	<b>53,905</b>	<b>309,565</b>	<b>612,033</b>
<b>NET ASSETS / LIABILITIES AND EQUITY</b>	<b>(28,901)</b>	<b>(39,086)</b>	<b>(1,085)</b>	<b>75,840</b>	<b>2,084</b>	<b>(8,852)</b>	<b>(0)</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
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**FINANCIAL RISK MANAGEMENT (continued)**

**37. Interest rate risk (continued)**

The following table shows the Bank's assets and liabilities at carrying value, classified by contractual repricing or maturity, whichever is earlier, as of 31 December 2024.

	Insensitive to interest rate changes	Up to 1 month	From 1 – 3 months	From 3 – 12 months	From 1 - 3 years	Over 3 years	TOTAL
<b>ASSETS</b>							
Cash and cash equivalents	6,021	72,964	0	0	0	0	78,985
Financial assets at fair value through OCI	1,296	0	0	0	0	0	1,296
Financial assets at amortised cost	542	602	9,981	100	10,442	14,800	36,467
Loans and receivables from banks	708	0	20	102	5,000	0	5,830
Loans and advances from clients	775	5,859	12,298	99,675	16,584	27,482	162,673
Property, plant and equipment	4,159	0	0	0	0	0	4,159
Intangible assets	2,918	0	0	0	0	0	2,918
Deferred tax assets	193	0	0	0	0	0	193
Other assets	260	0	0	0	0	0	260
<b>Total assets</b>	<b>16,872</b>	<b>79,425</b>	<b>22,299</b>	<b>99,877</b>	<b>32,026</b>	<b>42,282</b>	<b>292,781</b>
<b>LIABILITIES</b>							
Current accounts and deposits from clients and banks	2,676	65,736	15,277	81,199	31,821	50,620	247,329
Liabilities for loans received	109	7	4,819	5,429	242	425	11,031
Liabilities for issued securities	58	0	0	0	0	4,000	4,058
Lease liabilities - IFRS 16	1,252	0	0	0	0	0	1,252
Provisions for liabilities and expenses	777	0	0	0	0	0	777
Other liabilities	2,172	0	0	0	0	0	2,172
<b>Total liabilities</b>	<b>7,044</b>	<b>65,743</b>	<b>20,096</b>	<b>86,628</b>	<b>32,063</b>	<b>55,045</b>	<b>266,619</b>
<b>EQUITY</b>							
Total equity	26,162	0	0	0	0	0	26,162
<b>Total liabilities and equity</b>	<b>33,206</b>	<b>65,743</b>	<b>20,096</b>	<b>86,628</b>	<b>32,063</b>	<b>55,045</b>	<b>292,781</b>
<b>NET ASSETS / LIABILITIES AND EQUITY</b>							
	<b>(16,334)</b>	<b>13,682</b>	<b>2,203</b>	<b>13,249</b>	<b>(37)</b>	<b>(12,763)</b>	<b>0</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**38. Concentration of assets, liabilities and off-balance sheet items**

Description	31 December 2025			31 December 2024		
	Assets	Liabilities	Off-balance sheet items	Assets	Liabilities	Off-balance sheet items
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Geographical region</b>						
Republic of Croatia	606,783	530,387	30,466	291,737	261,033	25,736
Europe	5,246	3,057	4	1,044	5,532	0
Other countries	4	643	1	0	54	0
Other	0	27,595	0	0	26,162	0
<b>Total geographical region</b>	<b>612,033</b>	<b>561,682</b>	<b>30,471</b>	<b>292,781</b>	<b>292,781</b>	<b>25,736</b>
<b>Sector</b>						
Central government-Croatia	95,281	7,837	1,316	35,263	9,050	420
Croatian National Bank	47,648	1	0	72,065	10,067	0
Trade	6,605	19,987	1,261	4,029	13,193	1,413
Finance	34,398	13,813	158	22,987	26,713	49
Tourism	16,427	1,977	133	7,485	1,304	350
Agriculture, fisheries	5,141	31,360	2,274	6,143	19,108	44
Industry	27,154	10,253	10,653	18,313	7,055	8,675
Natural persons (including craftsmen and other self- employed)	337,376	389,736	8,866	88,032	139,578	8,004
Non-residents	5,234	1,615	7	1,598	5,479	0
Other	36,769	135,454	5,803	36,866	61,234	7,131
<b>Total sectoral analysis</b>	<b>612,033</b>	<b>612,033</b>	<b>30,471</b>	<b>292,781</b>	<b>292,781</b>	<b>25,736</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**39. Currency risk**

Foreign currency assets and liabilities of the Group as at 31 December 2025, are presented as follows:

	USD	Other currencies	Total foreign currency equivalents	EUR	Total
<b>ASSETS</b>					
Cash and cash equivalents	216	1,360	1,576	58,500	60,076
Financial assets at fair value through profit or loss	0	0	0	0	0
Financial assets at fair value through OCI	0	0	0	14,726	14,726
Financial assets at amortised cost	0	0	0	80,555	80,555
Receivables from the Croatian National Bank (CNB)	0	0	0	0	0
Loans and receivables from banks	554	0	554	3,514	4,068
Loans and advances from clients	0	0	0	430,679	430,679
Property, plant and equipment	0	0	0	16,921	16,921
Intangible assets	0	0	0	3,683	3,683
Deferred tax assets	0	0	0	788	788
Other assets	0	0	0	537	537
<b>Total assets</b>	<b>770</b>	<b>1,360</b>	<b>2,130</b>	<b>609,903</b>	<b>612,033</b>
<b>LIABILITIES</b>					
Current accounts and deposits from clients and banks	764	1,265	2,029	534,276	536,305
Liabilities for loans received	0	0	0	11,952	11,952
Liabilities for issued securities	0	0	0	5,577	5,577
Lease liabilities - IFRS 16 and other financial liabilities	0	0	0	858	858
Provisions for liabilities and expenses	0	0	0	1,155	1,155
Current tax liability	0	0	0	666	666
Other liabilities	2	2	4	5,165	5,169
<b>Total liabilities</b>	<b>766</b>	<b>1,267</b>	<b>2,033</b>	<b>559,649</b>	<b>561,682</b>
<b>EQUITY</b>					
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,351</b>	<b>50,351</b>
<b>Total equity and liabilities</b>	<b>766</b>	<b>1,267</b>	<b>2,033</b>	<b>610,000</b>	<b>612,033</b>
<b>NET ASSETS/EQUITY AND LIABILITIES</b>	<b>4</b>	<b>93</b>	<b>97</b>	<b>(97)</b>	<b>(0)</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**39. Currency risk (continued)**

Foreign currency assets and liabilities of the Group as at 31 December 2024, are presented as follows:

	USD	Other currencies	Total foreign currency equivalents	EUR	Total
<b>ASSETS</b>					
Cash and cash equivalents	184	1,515	1,699	77,286	78,985
Financial assets at fair value through other comprehensive income	0	0	0	1,296	1,296
Financial assets at amortised cost - debt securities	0	0	0	36,467	36,467
Financial assets at amortised cost - loans and advances	480	0	480	168,023	168,503
Placements with banks	480	0	480	5,350	5,830
Loans and advances to clients	0	0	0	162,673	162,673
Tangible assets	0	0	0	4,159	4,159
Intangible assets	0	0	0	2,918	2,918
Tax assets	0	0	0	193	193
Other assets	0	0	0	260	260
<b>Total assets</b>	<b>664</b>	<b>1,515</b>	<b>2,179</b>	<b>290,602</b>	<b>292,781</b>
<b>LIABILITIES</b>					
Current accounts and deposits from clients and banks	598	1,315	1,913	245,416	247,329
Liabilities for loans received	0	0	0	11,031	11,031
Liabilities for issued securities	0	0	0	4,058	4,058
Lease liabilities	0	0	0	1,252	1,252
Provisions for liabilities and expenses	0	0	0	777	777
Other liabilities	2	2	4	2,168	2,172
<b>Total liabilities</b>	<b>600</b>	<b>1,317</b>	<b>1,917</b>	<b>264,702</b>	<b>266,619</b>
<b>EQUITY</b>					
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,162</b>	<b>26,162</b>
<b>Total equity and liabilities</b>	<b>600</b>	<b>1,317</b>	<b>1,917</b>	<b>290,864</b>	<b>292,781</b>
<b>NET ASSETS/EQUITY AND LIABILITIES</b>	<b>64</b>	<b>198</b>	<b>262</b>	<b>(262)</b>	<b>0</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**40. Liquidity risk**

The remaining maturity of the Group's assets and liabilities as at 31 December 2025, is presented as follows:

	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
<b>ASSETS</b>						
Cash and cash equivalents	60,076	0	0	0	0	60,076
Financial assets at fair value through OCI	0	0	0	11,680	3,046	14,726
Financial assets at amortised cost - debt securities	173	26	6,195	9,709	64,452	80,555
Receivables from Croatian National Bank	0	0	0	0	0	0
Loans and receivables from banks	3,966	102	0	0	0	4,068
Loans and advances to clients	14,253	9,875	38,247	61,713	306,591	430,679
Property, plant and equipment	0	0	0	0	16,921	16,921
Intangible assets	0	0	0	0	3,683	3,683
Deferred tax assets	127	0	44	6	611	788
Other assets	537	0	0	0	0	537
<b>Total assets</b>	<b>79,132</b>	<b>10,003</b>	<b>44,486</b>	<b>83,108</b>	<b>395,304</b>	<b>612,033</b>
<b>LIABILITIES</b>						
Current accounts and deposits from clients and banks	199,321	22,815	66,545	14,731	232,893	536,305
Liabilities from received loans	0	108	4	78	11,762	11,952
Liabilities for issued securities	0	0	0	0	5,577	5,577
Lease liabilities - IFRS 16	10	21	120	221	486	858
Current tax liability	0	0	666	0	0	666
Provisions	896	73	123	52	11	1,155
Other liabilities	3,360	453	56	670	630	5,169
<b>Total liabilities</b>	<b>203,587</b>	<b>23,470</b>	<b>67,514</b>	<b>15,752</b>	<b>251,359</b>	<b>561,682</b>
<b>EQUITY</b>						
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,351</b>	<b>50,351</b>
<b>Total equity and liabilities</b>	<b>203,587</b>	<b>23,470</b>	<b>67,514</b>	<b>15,752</b>	<b>301,710</b>	<b>612,033</b>
<b>NET ASSETS/EQUITY AND LIABILITIES</b>	<b>(124,455)</b>	<b>(13,467)</b>	<b>(23,028)</b>	<b>67,356</b>	<b>93,594</b>	<b>0</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**40. Liquidity risk (continued)**

The remaining maturity of the Group's assets and liabilities as at 31 December 2024, is presented as follows:

	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
<b>ASSETS</b>						
Cash and cash equivalents	78,985	0	0	0	0	78,985
Financial assets at fair value through OCI	0	0	0	0	1,296	1,296
Financial assets at amortised cost - debt securities	66	33	10,231	4,313	21,824	36,467
Loans and receivables from banks	494	21	52	5,263	0	5,830
Loans and advances from clients	12,340	6,129	28,809	36,522	78,873	162,673
Property, plant and equipment	0	0	0	0	4,159	4,159
Intangible assets	0	0	0	0	2,918	2,918
Deferred tax assets	151	0	17	14	11	193
Other assets	260	0	0	0	0	260
<b>Total assets</b>	<b>92,296</b>	<b>6,183</b>	<b>39,109</b>	<b>46,112</b>	<b>109,081</b>	<b>292,781</b>
<b>LIABILITIES</b>						
Current accounts and deposits from clients and banks	162,522	21,283	43,129	18,201	2,194	247,329
Liabilities for loans received	0	125	4,754	5,606	546	11,031
Liabilities for issued securities	0	0	0	0	4,058	4,058
Lease liabilities	0	26	53	271	902	1,252
Provisions	571	16	78	89	23	777
Other liabilities	2,172	0	0	0	0	2,172
<b>Total liabilities</b>	<b>165,265</b>	<b>21,450</b>	<b>48,014</b>	<b>24,167</b>	<b>7,723</b>	<b>266,619</b>
<b>EQUITY</b>						
<b>Total Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,162</b>	<b>26,162</b>
<b>Total Equity and Liabilities</b>	<b>165,265</b>	<b>21,450</b>	<b>48,014</b>	<b>24,167</b>	<b>33,885</b>	<b>292,781</b>
<b>NET ASSETS/EQUITY AND LIABILITIES</b>	<b>(72,969)</b>	<b>(15,267)</b>	<b>(8,905)</b>	<b>21,945</b>	<b>75,196</b>	<b>0</b>

**Notes to the Annual Consolidated Financial Statements (continued)  
for the period from 1 January to 31 December 2025**

**FINANCIAL RISK MANAGEMENT (continued)**

**41. Capital management**

Description	Basel III	Basel III
	31.12.2025	31.12.2024
	EUR '000	EUR '000
Ordinary shares paid-in	11,947	11,947
Own/treasury shares	(465)	(465)
<b>Regular and non-cumulative preferred shares</b>	<b>11,482</b>	<b>11,482</b>
Reserves	1,823	1,772
Capital profit from the purchase and sale of own shares	20	20
Retained earning	13,508	12,561
<b>Reserves and retained earnings</b>	<b>15,351</b>	<b>14,353</b>
Intangible assets	(2,469)	(2,084)
Accumulated other comprehensive income	21,732	180
Other transitional adjustments	0	183
Insufficient coverage for non-performing exposures	(236)	(212)
Adjustments to regulatory capital due to credit risk filters	(15)	(1)
Other deductions	(52)	0
<b>TOTAL CAPITAL</b>	<b>45,793</b>	<b>23,901</b>
<b>TIER 1 CAPITAL</b>	<b>45,793</b>	<b>23,901</b>
Capital instruments recognised as additional capital	5,500	4,000
<b>REGULATORY CAPITAL</b>	<b>51,293</b>	<b>27,901</b>
<b>CAPITAL ADEQUACY RATE</b>	<b>18.06%</b>	<b>18.59%</b>

**42. EVENTS AFTER THE REPORTING DATE**

/i/ The Israeli-American attack on Iran, which began on 28 February 2026, represents a significant geopolitical escalation and, given the early stage of the event's development and the high level of uncertainty, the Company is currently unable to reliably assess its potential impact on its financial position, financial results, and cash flows in future periods.

/ii/ In December 2025, the process of acquiring a business property in Zagreb commenced, and the process was completed in February 2026 (after the reporting period) by acquiring ownership of the said property, with ½ share by SLATINSKA BANKA d.d. and ½ share by Solver stambena štedionica d.d.

#### **43. LEGAL DISPUTES AND CONTINGENT LIABILITIES**

As of December 31, 2025, several low-value lawsuits are pending against the Bank, except for the lawsuit initiated by Jugobanka a.d. in bankruptcy, Belgrade.

In October 2016, the Bank received a judgment from the High Commercial Court of the Republic of Croatia, no. PŽ-8979/2013-2, dated September 15, 2016, which rejected the appeal of Jugobanka a.d. in bankruptcy, Belgrade, and confirmed the judgment of the Commercial Court in Bjelovar no. P-9/13-33, dated August 1, 2013, in the part where all the plaintiff's claims for damages were rejected. Jugobanka a.d. in bankruptcy, Belgrade, filed an extraordinary review appeal (revizija) against the aforementioned judgment with the Supreme Court of the Republic of Croatia. The Bank submitted a response to the plaintiff's review appeal, challenging all grounds raised in the review, and the review remains unresolved as of the date the financial statements were approved.

The Bank has reserved funds for the aforementioned lawsuit in accordance with Article 8 of the Decision on the Obligation to Reserve Funds for Lawsuits Pending Against a Credit Institution (OG 1/09, 75/09, 2/10, and 139/22), until the Bank obtains a final judgment in its favour regarding the claim for damages, i.e., a final judgment that fully rejects the plaintiff's claim as unfounded. The reserved funds for the lawsuit are presented in Note 25 of this Report.

The aforementioned status of lawsuits remains unchanged from 31 December 2025, while the reserve amount is continuously adjusted.

#### **44. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual consolidated financial statements were approved by the Management Board and authorised for issue on 30 March 2026.

For and on behalf of the Management Board:

Andrej Kopilaš

President of the Management  
Board

Oliver Klesinger

Member of the Management  
Board

Damir Kaluđer

Member of the Management  
Board

Slatinska banka d.d.  
Vladimira Nazora 2  
33520 Slatina  
Croatia

In Slatina, on 30 March 2026

The Group publishes the other requirements in accordance with Article 164 of the Credit Institutions Act:

	<b>2025</b>
	<b>EUR '000</b>
Total income	27,641
Profit before tax	3,493
Profit tax	(598)
Number of workers as of 31 December 2025	299
Number of workers based on full-time equivalent (paid hours) in 2025	295
Number of workers based on full-time equivalents in 2025	267

The cost of the audit of the annual financial statements and the related audit for the Croatian National Bank amounted to EUR 28.5 thousand plus VAT. The cost of the Auditor's engagement in the verification procedures of the determined profit of the individual financial statements for the period 01.01.-30.09.2025 amounted to EUR 5.4 thousand plus VAT. During 2025 and the two years preceding the audit year, the Auditor did not perform any other services for the Bank.

Off-balance sheet items:

<b>1</b>	<b>OFF-BALANCE SHEET ITEMS</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
2	Guarantees	13,260,455	14,114,180
3	Uncovered letters of credit	0	0
4	Promissory note guarantees	0	0
5	Accepted bills of exchange	0	0
6	Revolving credit lines	553,514	569,277
7	Margin credit lines	0	0
8	Other credit lines and financing commitments	17,045,714	11,310,672
9	Other risky classic off-balance sheet items	0	0
10	Total classic off-balance sheet items	30,859,683	25,994,129

**IN ACCORDANCE WITH THE ACCOUNTING ACT AND THE DECISION ON THE STRUCTURE AND CONTENT OF ANNUAL FINANCIAL REPORTS OF CREDIT INSTITUTIONS**

The annual financial statements have been prepared in accordance with the Decision of the Croatian National Bank ("CNB") on the structure and content of the annual financial statements of credit institutions.

Credit institutions are required to prepare annual financial statements pursuant to Article 18 of the Accounting Act ("Official Gazette", Nos. 85/2024; 145/2024 and 151/2025) according to the structure and content of the Instructions for the application of the Decision on the structure and content of the annual financial statements of credit institutions and in accordance with the provisions of International Financial Reporting Standards.

Data in the Statement of Financial Position (Balance Sheet), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity are presented in Euro (EUR) for the current year and in Euro (EUR) for the current and previous year.

The Bank's annual financial statements for the period ended 31 December 2025, and the accompanying accounting policies and notes as their integral part, were signed and approved by the Bank's Management Board on 30 March 2026.

**Statement of financial position (Balance Sheet)**  
**Balance as of 31 December 2025**

**Form**  
**BAN-BIL**

Amounts in euros and cents

Reporting entity: 42252496579; SLATINSKA BANKA D.D.				
Position	AOP code	Note no.	Previous year (net)	Current year (net)
1	2	3	4	5
<b>Assets</b>				
<b>1. Cash at bank and in hand</b>	<b>001</b>		78,984,659.88	60,076,281.37
<b>2. Treasury bills and other short-term securities eligible for refinancing with central banks (AOP 003+004)</b>	<b>002</b>		0.00	0.00
2.1. Treasury bills and similar securities	<b>003</b>		0.00	0.00
2.2. Other short-term securities	<b>004</b>		0.00	0.00
<b>3. Loans and advances to credit institutions (AOP 006+007)</b>	<b>005</b>		5,829,362.59	4,067,568.84
3.1. On demand	<b>006</b>		230,626.83	394,169.86
3.2. Other loans and advances	<b>007</b>		5,598,735.76	3,673,398.98
<b>4. Loans and advances to clients</b>	<b>008</b>		162,673,444.12	430,679,089.32
<b>5. Debt securities, including fixed-income securities (AOP 010+011)</b>	<b>009</b>		36,466,920.55	80,554,939.85
5.1. Issued by government bodies	<b>010</b>		36,455,128.00	78,711,511.89
5.2. Other debt securities	<b>011</b>		11,792.55	1,843,427.96
<b>6. Shares and other variable-yield securities</b>	<b>012</b>		1,296,051.75	14,726,072.79
<b>7. Participating interests</b>	<b>013</b>		0.00	0.00
<b>8. Investments in associates</b>	<b>014</b>		0.00	0.00
<b>9. Intangible assets</b>	<b>015</b>		2,917,718.89	3,683,381.04
<b>10. Tangible assets (AOP 017+018)</b>	<b>016</b>		4,159,209.73	16,920,851.00
10.1. Property, plant and equipment	<b>017</b>		4,159,209.73	16,920,851.00
10.2. Investment property	<b>018</b>		0.00	0.00
<b>11. Tax assets (AOP 020+021)</b>	<b>019</b>		193,158.83	788,419.41
11.1. Short-term tax assets	<b>020</b>		40,551.28	423,157.01
11.2. Deferred tax assets	<b>021</b>		152,607.55	365,262.40
<b>12. Other assets</b>	<b>022</b>		259,796.18	499,770.40
<b>13. Prepaid expenses and other deferred income</b>	<b>023</b>		0.00	0.00
<b>14. Non-current assets held for sale and discontinued operations</b>	<b>024</b>		0.00	36,312.96
<b>15. TOTAL ASSETS (AOP 001+002+005+008+009+012 to 016+019+022 to 024)</b>	<b>025</b>		292,780,322.52	612,032,686.98
<b>Liabilities and capital</b>				
<b>16. Liabilities to credit institutions (AOP 027+028)</b>	<b>026</b>		20,272,337.44	22,337,163.90
16.1. On demand	<b>027</b>		5,001,890.55	5,923.48
16.2. With agreed maturity or period of notice	<b>028</b>		15,270,446.89	22,331,240.42
<b>17. Liabilities to clients (AOP 030+033)</b>	<b>029</b>		238,087,610.51	525,920,476.14
17.1. Insured deposits (AOP 031+032)	<b>030</b>		132,825,121.27	386,040,477.06
<i>a) on demand</i>	<b>031</b>		70,190,207.83	75,919,310.07
<i>b) with agreed maturity or period of notice</i>	<b>032</b>		62,634,913.44	310,121,166.99

## Appendix 2 – The Bank's annual financial statements (in EUR) prepared in accordance with the Decision on the structure and content of annual financial statements of credit institutions

17.2. Other liabilities to clients (AOP 034+035)	033		105,262,489.24	139,879,999.08
<i>a) on demand</i>	034		70,116,206.51	92,760,633.15
<i>b) with agreed maturity or period of notice</i>	035		35,146,282.73	47,119,365.93
<b>18. Issued debt securities</b>	<b>036</b>		4,058,131.85	5,577,223.45
<b>19. Other liabilities</b>	<b>037</b>		3,423,253.98	6,026,009.84
<b>20. Deferred tax liabilities and other passive deferred income</b>	<b>038</b>		0.00	0.00
<b>21. Provisions (AOP 040+041)</b>	<b>039</b>		777,166.44	1,154,141.52
21.1. Provisions for pensions and similar obligations	040		0.00	117,632.80
21.2. Other provisions	041		777,166.44	1,036,508.72
<b>22. Tax liabilities (AOP 043+044)</b>	<b>042</b>		0.00	666,314.41
22.1. Current tax liabilities	043		0.00	666,314.41
22.2. Deferred tax liabilities	044		0.00	0.00
<b>23. Liabilities included in disposal groups classified as held for sale</b>	<b>045</b>		0.00	0.00
<b>24. Subordinated liabilities</b>	<b>046</b>		0.00	0.00
<b>25. Capital (AOP 048+049)</b>	<b>047</b>		11,946,636.00	11,946,636.00
25.1. Paid-in capital	048		11,946,636.00	11,946,636.00
25.2. Called-up capital not paid in	049		0.00	0.00
<b>26. Share premium</b>	<b>050</b>		19,725.26	19,725.26
<b>27. Other capital items</b>	<b>051</b>		0.00	0.00
<b>28. (-) Treasury shares</b>	<b>052</b>		-465,263.41	-465,263.41
<b>29. Reserves (AOP 054 to 057)</b>	<b>053</b>		1,772,324.48	1,823,245.53
29.1. Legal reserves	054		877,920.72	877,920.72
29.2. Statutory reserves	055		0.00	0.00
29.3. Reserves for own shares	056		492,468.64	492,468.64
29.4. Other reserves	057		401,935.12	452,856.17
<b>30. Revaluation reserves</b>	<b>058</b>		0.00	0.00
<b>31. Accumulated other comprehensive income</b>	<b>059</b>		180,525.17	26,876.02
<b>32. Retained earnings</b>	<b>060</b>		11,702,231.05	12,857,950.11
<b>33. Profit or loss for the current year</b>	<b>061</b>		1,005,643.75	24,142,188.21
<b>34. Minority interests</b>	<b>062</b>		0.00	0.00
<b>35. TOTAL LIABILITIES AND CAPITAL</b> (AOP 026+029+036 to 039+042+045 to 047+050 to 053+058 to 062)	<b>063</b>		292,780,322.52	612,032,686.98
<b>Off-balance sheet items</b>				
<b>36. Contingent liabilities from loans</b>	<b>064</b>		569,276.57	553,513.84
<b>37. Contingent financial guarantees assumed</b>	<b>065</b>		14,114,179.61	13,260,454.52
<b>38. Other contingent liabilities</b>	<b>066</b>		11,310,671.75	17,045,714.16
<b>39. TOTAL OFF-BALANCE SHEET ITEMS (AOP 064 to 067)</b>	<b>067</b>		25,994,127.93	30,859,682.52

**Statement of profit or loss**  
For the period 1 January to 31 December 2025

<b>Form BAN-RDG</b>
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Amounts in euros and cents

Reporting entity: 42252496579; SLATINSKA BANKA D.D.			
Position	AOP code	Previous year	Current year
1	2	4	5
<b>1. Interest and similar income</b>	<b>068</b>	11,565,806.63	23,520,190.34
1.1. thereof: income from fixed-income securities	<b>069</b>	839,009.45	2,399,927.21
<b>2. Interest and similar expenses</b>	<b>070</b>	3,017,811.80	8,171,440.41
<b>3. Income from securities (AOP 072 to 074)</b>	<b>071</b>	0.00	0.00
3.1. income from shares and other variable-yield securities	<b>072</b>	0.00	0.00
3.2. income from participating interests	<b>073</b>	0.00	0.00
3.3. income from shares in associates	<b>074</b>	0.00	0.00
<b>4. Commission income</b>	<b>075</b>	2,258,938.54	3,554,454.57
<b>5. Commission expenses</b>	<b>076</b>	527,278.23	1,217,521.06
<b>6. Net profit or loss from financial activities</b>	<b>077</b>	33,557.61	92,549.40
<b>7. Other operating income</b>	<b>078</b>	354,572.77	23,718,895.94
7.1. thereof: gains and losses from derecognition of financial assets measured at amortised cost	<b>079</b>	0.00	0.00
<b>8. General administrative expenses (AOP 081+082)</b>	<b>080</b>	8,369,947.96	15,179,364.74
8.1. staff costs	<b>081</b>	5,375,923.05	10,110,148.08
8.2. other administrative expenses	<b>082</b>	2,994,024.91	5,069,216.66
<b>9. Impairment or reversal of impairment of intangible and tangible assets</b>	<b>083</b>	719,129.30	1,578,556.86
<b>10. Other operating expenses</b>	<b>084</b>	67,701.99	66,380.32
<b>11. Provisions or reversal of provisions (AOP 086+087)</b>	<b>085</b>	93,152.99	240,862.11
11.1. provisions for contingent liabilities and guarantees	<b>086</b>	72,116.65	117,145.43
11.2. other provisions	<b>087</b>	21,036.34	123,716.68
<b>12. Impairment or reversal of impairment of loans and advances</b>	<b>088</b>	165,204.19	-338,009.89
<b>13. Impairment or reversal of impairment of securities, participating interests and shares in associates</b>	<b>089</b>	-14,894.73	30,060.26
<b>14. Profit or loss before tax from continuing operations (AOP 068-070+071+075-076+077+078-080-083-084-085-088-089)</b>	<b>090</b>	1,267,543.82	24,739,914.38
<b>15. Tax expense or income relating to profit or loss from continuing operations</b>	<b>091</b>	261,900.07	597,726.17
<b>16. PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS (AOP 090-091)</b>	<b>092</b>	1,005,643.75	24,142,188.21
<b>17. Profit or (-) loss before tax from discontinued operations</b>	<b>093</b>	0.00	0.00
<b>18. Tax expenses or (-) income related to discontinued operations</b>	<b>094</b>	0.00	0.00
<b>19. PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS (AOP 093-094)</b>	<b>095</b>	0.00	0.00
<b>20. PROFIT OR LOSS FOR THE CURRENT YEAR (AOP 092+095)</b>	<b>096</b>	1,005,643.75	24,142,188.21
<b>21. Attributable to minority interest (non-controlling interests)</b>	<b>097</b>	0.00	0.00

## Appendix 2 – The Bank's annual financial statements (in EUR) prepared in accordance with the Decision on the structure and content of annual financial statements of credit institutions

<b>22. Attributable to owners of the parent company</b>	<b>098</b>	1,005,643.75	24,142,188.21
<b>1. Profit or (-) loss for the current year</b>	<b>099</b>	1,005,643.75	24,142,188.21
<b>2. Other comprehensive income (AOP 101+113)</b>	<b>100</b>	131,860.77	-5,556.32
<b>3. Items that will not be reclassified to profit or loss (AOP 102 to 108+111+112)</b>	<b>101</b>	131,860.77	47,340.66
4. Tangible assets	<b>102</b>	0.00	0.00
5. Intangible assets	<b>103</b>	0.00	0.00
6. Actuarial gains or (-) losses from employer-sponsored pension plans	<b>104</b>	0.00	0.00
7. Non-current assets and disposal groups held for sale	<b>105</b>	0.00	0.00
8. Share of other recognised income and expenses of entities accounted for using the equity method	<b>106</b>	0.00	0.00
9. Changes in fair value of equity instruments measured at fair value through other comprehensive income	<b>107</b>	131,860.77	47,340.66
10. Gains or (-) losses from hedge accounting of equity instruments measured at fair value through other comprehensive income, net	<b>108</b>	0.00	0.00
11. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	<b>109</b>	0.00	0.00
12. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	<b>110</b>	0.00	0.00
13. Changes in fair value of financial liabilities measured at fair value through profit or loss attributable to changes in credit risk	<b>111</b>	0.00	0.00
14. Income tax relating to items that will not be reclassified	<b>112</b>	0.00	0.00
<b>15. Items that may be reclassified to profit or loss (AOP 114 to 121)</b>	<b>113</b>	0.00	-52,896.98
16. Hedge of net investment in foreign operation (effective portion)	<b>114</b>	0.00	0.00
17. Exchange differences	<b>115</b>	0.00	0.00
18. Cash flow hedge reserve (effective portion)	<b>116</b>	0.00	0.00
19. Risk hedging instruments (ineffective elements)	<b>117</b>	0.00	0.00
20. Debt instruments at fair value through other comprehensive income	<b>118</b>	0.00	-52,896.98
21. Non-current assets and disposal groups held for sale	<b>119</b>	0,00	0.00
22. Share of other recognised income and expenses from investments in subsidiaries, joint ventures and associates	<b>120</b>	0.00	0.00
23. Income tax relating to items that may be reclassified to profit or (-) loss	<b>121</b>	0.00	0.00
<b>24. Total comprehensive income for the current year (AOP 099+100)</b>	<b>122</b>	1,137,504.52	24,136,631.89
<b>25. Attributable to minority interest (non-controlling interest)</b>	<b>123</b>	0.00	0.00
<b>26. Attributable to owners of the parent company</b>	<b>124</b>	1,137,504.52	24,136,631.89

**STATEMENT OF CASH FLOWS – Indirect method**

In the period from 1 January 2025 to 31 December 2025

Form  
BAN-NTI

Amounts in euros and cents

Reporting entity: 42252496579; SLATINSKA BANKA D.D.				
Position	AOP code	Note no.	Previous year	Current year
1	2	3	4	5
<b>Operating activities and adjustments</b>				
1. Profit/loss before tax	001		1,267,543.82	3,037,696.63
2. Impairment and provisions	002		243,462.45	625,477.11
3. Depreciation	003		719,129.30	1,615,759.13
4. Net unrealised gain/loss on financial assets and liabilities at fair value through profit or loss	004		0.00	32,800.00
5. Gain/loss on sale of tangible assets	005		0.00	0.00
6. Other non-cash items	006		-502,878.01	-605,529.28
<b>Changes in assets and liabilities from operating activities</b>				
7. Balances with the CNB	007		0.00	0.00
8. Deposits with and loans to financial institutions	008		-4,185,520.36	2,000,000.00
9. Loans and advances to other clients	009		-39,296,591.60	-44,317,240.32
10. Securities and other financial instruments at fair value through other comprehensive income	010		-1,277,444.42	-1,750,389.43
11. Securities and other financial instruments held for trading	011		0.00	0.00
12. Securities and other financial instruments that are not actively traded and are measured at fair value through profit or loss	012		0.00	0.00
13. Securities and other financial instruments that are mandatorily carried at fair value through profit or loss	013		0.00	0.00
14. Securities and other financial instruments carried at amortised cost	014		-2,401,001.45	-3,350,542.04
15. Other assets from operating activities	015		907,416.00	497,804.87
<b>Increase/decrease in operating liabilities</b>				
16. Deposits from financial institutions	016		10,334,815.99	-9,581,065.44
17. Transaction accounts of other clients	017		40,600,718.04	33,426,996.55
18. Savings deposits of other clients	018		-1,550,618.21	399,973.15
19. Term deposits of other clients	019		2,660,446.69	19,292,649.17
20. Derivative financial liabilities and other liabilities that are traded	020		0.00	0.00
21. Other liabilities	021		547,606.43	352,271.45
22. Unpaid interest from operating activities	022		10,966,020.40	24,593,859.79
23. Received dividends from operating activities	023		0.00	0.00
24. Interest paid from operating activities	024		78,364.64	-3,128,074.87
25. Profit tax paid	025		453,213.78	-6,297.69
<b>A) Net cash flows from operating activities (AOP 001 to 025)</b>	<b>026</b>		<b>19,564,683.49</b>	<b>23,136,148.78</b>
<b>Investing activities</b>				

## Appendix 2 – The Bank's annual financial statements (in EUR) prepared in accordance with the Decision on the structure and content of annual financial statements of credit institutions

1. Proceeds from sales/payments for purchases / tangible and intangible assets	027		-1.613.387,26	-14.067.025,03
2. Proceeds from sales/payments for purchases/investments in subsidiaries, joint ventures and associates	028		0,00	-5.100.000,00
3. Proceeds from collection/payments for purchases/securities and other financial instruments from investing activities	029		0,00	-11.986.796,55
4. Dividends received from investing activities	030		0,00	0,00
5. Other proceeds/payments / from investing activities	031		0,00	0,00
<b>B) Net cash flows from investing activities (AOP 027 to 031)</b>	<b>032</b>		-1.613.387,26	-31.153.821,58
<b>Financing activities</b>				
1. Net increase/decrease / of received loans from financial activities	033		-281.635,95	-10.152.534,86
2. Net increase/decrease / of issued debt securities	034		4.058.131,86	0,00
3. Net increase/decrease in supplementary capital instruments	035		0,00	-500.000,00
4. Increase in share capital	036		0,00	0,00
5. Dividend paid	037		0,00	0,00
6. Other receipts/payments from financial activities	038		0,00	-238.170,85
<b>C) Net cash flows from financing activities (AOP 033 to 038)</b>	<b>039</b>		3.776.495,91	-10.890.705,71
<b>D) Net increase/decrease in cash and cash equivalents (AOP 026+032+039)</b>	<b>040</b>		21.727.792,14	-18.908.378,51
<b>Cash and cash equivalents at the beginning of the year</b>	<b>041</b>		57.256.867,74	78.984.659,88
<b>The effect of changes in foreign exchange rates on cash and cash equivalents</b>	<b>042</b>		0,00	0,00
<b>Cash and cash equivalents at the end of the year (AOP 040+041+042)</b>	<b>043</b>		78.984.659,88	60.076.281,37

SLATINSKA BANKA d.d., Slatina

Appendix 2 – The Bank's annual financial statements (in EUR) prepared in accordance with the Decision on the structure and content of annual financial statements of credit institutions

CHANGES IN EQUITY

For the period from 1 January 2025 to 31 December 2025

Form  
BAN-PK

Form  
BAN-PK

Reporting entity: SLATINSKA BANKA D.D.

Position	AOP code	Note no.	Distributable to equity holders of the parent											Minority interest		Total
			Capital	Share premium	Issued equity instruments other than capital	Other equity shares	Accumulated other comprehensive income	Retained earnings	Revaluation reserves	Other reserves	Treasury shares	Profit/loss attributable to owners of the parent	Dividends during the business year	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17 (4 to 16)
<b>1. Opening balance (before restating)</b>	<b>01</b>		11,946,636.00	19,725.26	0.00	0.00	180,525.17	11,702,231.05	0.00	1,772,324.48	-465,263.41	1,005,643.75	0.00	0.00	0.00	26,161,822.30
2. Effect of corrections of errors	02		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Effect of changes in accounting policies	03		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Opening balance (current period) (AOP 01 to 03)</b>	<b>04</b>		11,946,636.00	19,725.26	0.00	0.00	180,525.17	11,702,231.05	0.00	1,772,324.48	-465,263.41	1,005,643.75	0.00	0.00	0.00	26,161,822.30
5. Issuance of ordinary shares	05		0.00	0.00				0.00	0.00	0.00					0.00	0.00
6. Issuance of preference shares	06		0.00	0.00	0.00			0.00	0.00	0.00					0.00	0.00
7. Issuance of other equity instruments	07				0.00			0.00	0.00	0.00					0.00	0.00
8. Exercise or expiration of other equity instruments issued	08				0.00			0.00	0.00	0.00					0.00	0.00
9. Conversion of debt into equity instruments	09		0.00	0.00	0.00	0.00		0.00	0.00	0.00					0.00	0.00
10. Capital reduction	10		0.00	0.00				0.00	0.00	0.00	0.00	0.00			0.00	0.00
11. Dividends	11		0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00		0.00	0.00
12. Purchase of treasury shares	12							0.00	0.00	0.00	0.00			0.00	0.00	0.00
13. Sale or cancellation of treasury shares	13							0.00	0.00	0.00	0.00			0.00	0.00	0.00
14. Reclassification of financial instruments from equity instruments to liabilities	14		0.00	0.00	0.00	0.00									0.00	0.00
15. Reclassification of financial instruments from liabilities to equity instruments	15		0.00	0.00	0.00	0.00									0.00	0.00
16. Transfers between components of equity instruments	16				0.00	0.00	0.00	1,005,643.75	0.00	0.00		-1,005,643.75	0.00	0.00	0.00	0.00
17. Increase or decrease in equity instruments because of a business combination	17		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00	0.00
18. Share-based payments	18		0.00	0.00		0.00					0.00				0.00	0.00
19. Other increase or decrease in equity instruments	19				0.00	0.00	148,092.83	150,075.31	0.00	50,921.05	0.00	0.00	0.00	0.00	0.00	52,903.53
<b>21. Closing balance (current period) (AOP 04 to 20)</b>	<b>20</b>						-5,556.32	0.00	0.00	0.00		24,142,188.21		0.00	0.00	24,136,631.89
<b>21. Closing balance (current period) (AOP 04 to 20)</b>	<b>21</b>		11,946,636.00	19,725.26	0.00	0.00	26,876.02	12,857,950.11	0.00	1,823,245.53	-465,263.41	24,142,188.21	0.00	0.00	0.00	50,351,357.72

***Reconciliation of annual financial statements and supplementary reports for the Croatian National Bank***

The reconciliations between the annual financial statements and GFI-BAN consist exclusively of splitting certain positions that are significant in the front part of the annual financial statements into multiple positions that sum to the same amount.

The reconciliations consist exclusively of splitting certain cash flow positions; there are no reconciliations in other reports.

In the cash flow statement, there are no differences in total for the three main activities