

SLATINSKA BANKA d.d.
Vladimira Nazora 2, SLATINA

**Annual Financial Statements as of
31 December 2025
together with
the Independent Auditor's Report**

This version of the Annual Financial Statements and Independent Auditor's Report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over translation.

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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 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% of the shares in Solvera 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 completing the transaction.

Following the change of ownership, the Bank and the Housing Savings Bank continue to operate as separate entities within the Group, in accordance with their respective business plans.

In its regular operations during 2025, the Bank continued its positive trend of profitable growth and achieved a net profit of EUR 1,333 thousand, which was 32.5% higher than the previous year, despite additional costs associated with the acquisition transaction and integration activities. Credit portfolio growth was recorded, particularly in the corporate segment, while maintaining a conservative approach to risk management. The increase in lending volume resulted from improved credit processes, the introduction of new products, and the focused work of the sales network, with an emphasis on small and medium-sized entrepreneurs, as well as on financing housing and investment projects.

In December 2025, the Bank initiated the process of purchasing a business property in Zagreb, which was completed in February 2026 through the acquisition of co-ownership shares, namely ½ owned by SLATINSKA BANKA d.d. and ½ owned by Solvera stambena štedionica d.d. This investment represents an important step in the Bank's development as it ensures modern working conditions for employees and strengthens the Bank's positioning in the business centre of the Republic of Croatia.

The Bank's business results in 2025 continued to derive primarily from deposit and lending operations, with further portfolio diversification by product types, sectors of activity and client segments. Growth in the deposit base of individuals and companies continued, confirming clients' trust in the Bank and the recognisability of its offering in the market. Loans and advances were approved in strict compliance with internal policies, regulatory requirements, and good banking practice, with an emphasis on the quality assessment of creditworthiness and the sustainability of the projects we finance.

Exposure to risks, with emphasis on credit, interest rate, liquidity and operational risk, is monitored continuously. The Bank will continue to invest in further improvements to the risk management system in the coming period, including integrating environmental and climate risks into the existing risk management framework, in line with regulatory expectations and best European practice. Particular focus remains on reducing the share of non-performing loans (NPLs) through careful approval of new exposures, active restructuring of sustainable clients and a proactive approach to debt collection.

During 2025, the Bank continued activities to improve collection processes and the management of acquired assets, thereby maintaining the multi-year trend of NPL reduction.

Internal processes and organisational structure within the collection segment were further enhanced, resulting in portfolio stabilisation and a reduction in the inflow of new non-performing exposures.

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

During 2025, the Bank continued to invest in the development of the IT system, digital channels and security infrastructure. The focus was on the introduction of instant payments, further development of internet and mobile banking, enhancing the customer experience, digitalisation of key business processes and support for the growing volume of transactions and services performed remotely by clients. This confirms that, although conservative in its business philosophy and focused on stability, the Bank also acts as a technologically advanced institution ready to meet the needs of modern clients

The Bank's Management recognises employees as a key factor of success and competitiveness. In 2025 as well, the Bank continued to invest in employee development through professional training, education and the development of managerial and professional competencies. The goal is to retain and attract high-quality staff, increase knowledge and motivation, and ensure the long-term sustainability of operations, in which employees are the primary drivers of service quality and client relations.

Our goal is the sustainable, long-term development of the Bank and the creation of value for clients, shareholders, employees, local communities, and society as a whole. In that sense, the acquisition of the Housing Savings Bank represents a strategic step by which the Bank enters a new, complementary activity of savings and housing finance, strengthens the client base and opens space for the development of integrated products and services for almost 150 thousand clients of the Housing Savings Bank and the Bank's existing clients.

SLATINSKA BANKA d.d. was founded on 9 October 1992 and is the only banking institution headquartered in Virovitičko-podravaska County, in Slavonska Slatina, Vladimira Nazora 2. As at 31 December 2025, the Bank operates through a developed business network in eastern and central Croatia and on the Adriatic, including branches in Virovitičko-podravaska, Osječko-baranjska, Požeško-slavonska, Brodsko-posavska, Bjelovarsko-bilogorska, Koprivničko-križevačka and Primorsko-goranska County and in the City of Zagreb, as well as a credit office in Split, and during the year, the process of optimisation and modernisation of the sales network continued. In addition to its own network, the Bank's products are also offered through the Housing Savings Bank's branches, which are more geographically dispersed and enable direct distribution of the Bank's products throughout Croatia.

DEVELOPMENT OF SLATINSKA BANKA d.d. SLATINA

In addition to providing services through its branch network, the Bank makes its products and services available to clients through the ATM network, EFTPOS devices, internet and mobile banking and other digital channels. The foundation of the business model remains the concept of a universal local bank – an institution that offers clients comprehensive financial services tailored to their personal and business needs, with a personal approach and good knowledge of the local environment.

The Bank is primarily focused on its operations with citizens, craftsmen, and small and medium-sized enterprises, as well as on the financial services for local and regional self-government units. Operations in the Corporate Sector focus on financing entrepreneurship and agriculture, both from own sources and through cooperation with HBOR and the use of credit lines in partnership with local government units.

In parallel with the development of lending and savings products, the Bank directs a significant portion of its activities towards increasing the collection of due receivables, arranging restructurings with sustainable clients, actively managing assets, and developing new products and services. The website and digital channels are continuously improved to enable clients to access the offer more easily, submit online loan applications, open accounts, and use other remote services. The Bank is also present on social networks, thereby further facilitating communication and the presentation of services to existing and potential clients.

New technologies and changes in client habits require rapid adaptation, to which the Bank responds by continuously improving business processes and employee education to raise the level of service and client satisfaction. Through the implementation of the described strategic project to acquire the Housing Savings Bank, the Bank continues to achieve the set strategic objectives.

ANALYSIS OF THE BANK'S OPERATIONS IN 2025

Table: Basic financial indicators of Bank's operations

	2025 (EUR '000)	2024 (EUR '000)	Index 2025/2024
ASSETS	321,504	292,780	109.81
STATEMENT OF PROFIT OR LOSS			
Net interest income	9,470	8,548	110.79
Net fee and commission income	1,936	1,732	111.78
Other operating income	124	388	31.96
Other operating expenses	-17	-68	25.00
Administrative operating expenses	-8,865	-8,413	105.37
Depreciation	-840	-719	116.83
Earnings before impairment and provisions	1,808	1,467	123.24
Impairment and provisions	-138	-200	69.00
Gross profit	1,670	1,268	131.70
Profit tax	-337	-262	128.63
Net profit	1,333	1,006	132.50
TOTAL CAPITAL	27,595	26,161	105.48
CAPITAL REQUIREMENT	28,357	27,902	101.63
TOTAL CAPITAL RATE	17.51%	18.59%	94.19
ROA	0.43%	0.38%	113.16
ROE	4.96%	3.92%	126.53
NUMBER OF EMPLOYEES	156	166	93.98

Statement of profit or loss

In 2025, the Bank achieved a net profit of EUR 1,333 thousand.

Compared to 2024, net interest income increased by 10.79%, or EUR 922 thousand, to EUR 9,470 thousand. The share of interest income in total income as at 31 December 2025 amounts to 82.62%, with interest income being the Bank's main revenue generator. Interest income rose by 9.15% in 2025, primarily due to corporate segment activities, while interest expenses rose by 4.50% due to strong competitive pressure.

Net fee and commission income amounted to EUR 1,936 thousand, which is 11.18% higher than in 2024. Compared to the same period in the previous year, fee and commission income was 12.11% higher, while fee and commission expenses rose by 13.39%. The growth in income was primarily the result of higher volumes of guarantees issued by the Bank during the previous year.

Other income amounted to EUR 124 thousand, EUR 264 thousand lower than in 2024, while other expenses were EUR 51 thousand lower.

General and administrative expenses increased by 5.37%, mainly due to inflationary pressures in 2025, as well as costs related to the share acquisition project in the housing savings bank. Depreciation expenses rose by 16.83% as a result of investments in tangible and intangible assets in the previous period.

Impairment and provisions expenses in 2025 amounted to EUR 138 thousand, EUR 62 thousand lower than in 2024. In line with its policies and procedures, the Bank conducts regular assessments of exposures and makes appropriate value adjustments for the relevant exposures.

Bank's Balance Sheet

The Bank's balance sheet total as at 31 December 2025 amounts to EUR 321,50 million, representing an increase of EUR 28,72 million, or 9.81%, compared to 2024.

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

Loans and advances account for 62.19% of the Bank's assets and are EUR 31,4 million higher at the end of 2025 compared to the end of 2024, primarily due to increased corporate lending.

Deposits, the primary source of funding, amount to EUR 285,36 million and have increased by EUR 26,89 million, or 10.41%, compared to 2024.

The sectoral structure of assets and liabilities is shown below:

Table: Sectoral structure of assets as of 31 December 2025

	(EUR '000)			
	2025	%	2024	%
CORPORATE	117,262	36%	88,774	30%
- companies	95,971		72,940	
- natural persons (craftsmen, family farms)	18,728		15,387	
- local self-governments units and civil society organisations	2,563		448	
RETAIL	75,058	23%	72,095	25%
FINANCIAL INSTITUTIONS	61,716	19%	80,485	27%
DEBT SECURITIES	42,471	14%	37,260	13%
OTHER PLACEMENTS AND ASSETS	24,997	8%	14,166	5%
TOTAL:	321,504	100%	292,780	100%

ASSET STRUCTURE AS OF 31 DECEMBER 2025

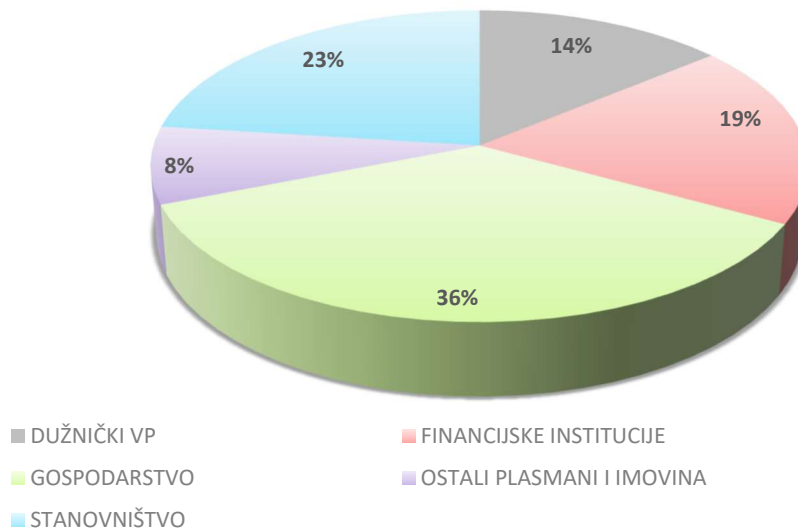
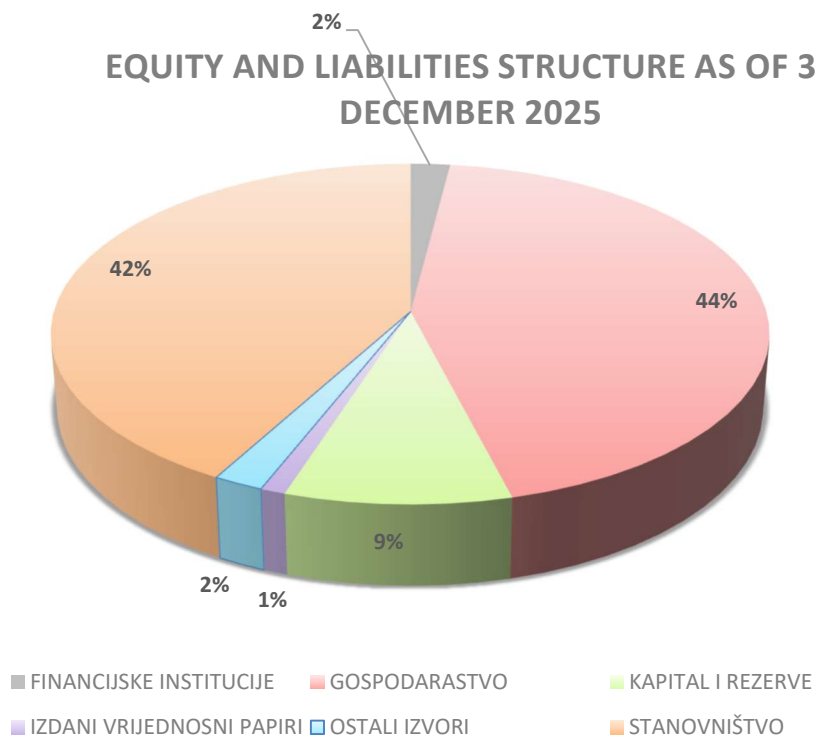


Table: Sectoral structure of equity and liabilities as of 31 December 2025 and 2024

	(EUR '000)			
	2025	%	2024	%
RETAIL	136,136	42%	127,994	44%
CORPORATE	142,811	44%	108,241	37%
- companies	111,262		89,321	
- natural persons (craftsmen, family farms)	24,390		10,746	
- local self-governments units and civil society organisations	7,159		8,174	
FINANCIAL INSTITUTIONS	5,685	2%	21,417	7%
ISSUED SECURITIES	4,000	1%	4,000	1%
OTHER SOURCES	5,277	2%	4,966	2%
CAPITAL AND RESERVES	27,595	9%	26,162	9%
TOTAL:	321,504	100%	292,780	100%

EQUITY AND LIABILITIES STRUCTURE AS OF 31 DECEMBER 2025



Corporate segment

Operations in the corporate segment primarily focus on financial services for micro, small, and medium-sized enterprises, craftsmen, and family farm holders (OPG), funded mainly from 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 Virovitičko-podravaska County, which also generated significant interest from existing and new Bank clients in 2025, mention should also be made of the Business Cooperation Agreement for financing farmers in Osječko-baranjska 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, Innovation and Investments (HAMAG-BICRO) to issue guarantees financed by European Structural and Investment Funds, aimed at enabling the realisation of investments in small businesses for entrepreneurs who are unable to provide quality collateral. Also, through business cooperation with the Croatian Bank for Reconstruction and Development (HBOR), a broader range of credit lines is made available to the Bank's clients through HBOR funding.

Credit placements in the corporate segment in 2025 increased by 32% year over year to a record high of EUR 117.3 million (EUR 88.8 million in 2024).

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

The Bank actively participates in financing local and regional self-government units, thereby helping to address infrastructure needs and create favourable conditions for further economic development in the areas in which 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 fees for payment transactions.

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

In developing and improving its operations, the Bank offers legal entities 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 the instant payment service, which enables the transfer of euro funds in just a few seconds, 24 hours a day, 7 days a week, including weekends and holidays.

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

Retail segment

During 2025, operations with individuals took place amid growing credit activity and a growing market deposit base, and the Bank followed this trend while maintaining a cautious approach to portfolio management and a focus on sustainable, quality growth. Operations focused on strengthening client relationships, improving the product offer, and further enhancing service availability and quality through sales and digital channels.

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

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

During the year, the development of the offer for citizens continued, with emphasis on developing new products and adapting existing solutions to client needs. At the same time, special focus was placed on technical and functional improvements to mobile banking, aimed at a simpler user experience, greater product availability, and a better customer experience. Such an approach is important not only for operational efficiency but also for the Bank's long-term competitiveness in the retail segment.

In 2025, additional value was generated through cooperation with Solvera štedionica, which opened opportunities to expand sales capacity, strengthen distribution channels, and develop operational synergies with individuals. Combined with continuous employee education and focus on the quality of advisory services, these activities provide a solid foundation for further growth in lending and deposit operations and for strengthening the Bank's market position in the retail segment.

Payment transactions

Payment transactions in the Republic of Croatia are conducted through the TARGET-HR, EuroNKS and EuroNKSInst systems. Several laws, regulations and European Union directives govern all processes.

The processing of payment transactions at Slatinska banka, both domestic, cross-border, and international, takes place through the Bank's branch network, FINA's branch network, ATMs, night safes, and digital channels used by the Bank's clients and other payment transaction participants.

The year 2025 brought several changes to the Croatian payment system, making it an operationally demanding year for Slatinska banka as well. Following the introduction of the euro as the national currency, all banks in Croatia were obliged to participate in SEPA instant payments, i.e., the EuroNKSInst system. This made transactions faster and more accessible, with an execution time of 10 seconds, and EuroNKSInst transactions are processed 24/7/365, i.e. every day of the year.

2025 also brought another novelty in SEPA payments: the Verification of Payee (VoP) service. The service is defined by EU Regulation 2016/679, which entered into force on 9 October 2025 in all European Union member states, including Croatia. This regulation introduces significantly stricter rules for executing payments, aimed at increasing security and reducing the risk of erroneous or fraudulent transactions. The key element of the regulation is the mandatory verification of the match between the payee's name and IBAN before approving each payment, which applies to all types of transactions – from salaries, pensions, and rents to social benefits and other financial transfers. The VoP system is designed to be intuitive and simple to use, based on a "traffic light" principle that visually displays the verification result: green for a match, yellow for suspicion, and red for a 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 by 8.33% for individuals. This confirms that an increasing number of clients are turning to digital channels for banking transactions rather than visiting the Bank's branches in person. The Bank positions itself on the market as a quality, accessible and flexible provider of transaction services, thereby 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 basis for providing payment services domestically and abroad. In 2025, changes also occurred in payments via the TARGET-HR system. All payment messages use the new ISO 20022 standards, and MT messages transitioned to the MX format as of October 2025. The purpose of the ISO 20022 standard is to harmonise systems for processing cross-border banking transactions and for exchanging messages between financial institutions, with numerous improvements to content, structure, and the standardisation of information exchange.

Thanks to continuous investment in new channels and methods of executing payment transactions, 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 the development of security systems to protect client operations to the greatest possible extent. In addition, the Bank continuously monitors payment transaction costs.

In the coming period, our priority is introducing new services for clients, further digitalisation of processes, and providing high-quality services while following market trends and maintaining the security and stability of the payment system and the Bank's overall operations.

Bank's IT

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

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

As part of the Bank's implementation of the DORA regulation, a new role, the ICT Risk Manager, has been introduced. Their task is to act as a link between the IT department and the Bank's Management, ensuring that technological risks do not jeopardise financial stability or client trust.

At the same time, the Bank is increasingly becoming a data-driven organisation. Through the structured and targeted application of digital tools, data-based 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 enable more timely and accurate decisions;
- in developing personalised forms of client interaction, turning knowledge about individual clients into a strong competitive advantage.

As we enter the digital age more deeply, the demand for IT professionals continues to grow. A particular challenge is retaining quality IT experts and maintaining IT team stability. In 2025, the IT sector was further strengthened by the addition of a new employee to the System Support Department.

In 2025, the Bank faced significant challenges and a strong focus in the area of transaction accounts and payment transactions, successfully implementing and launching new functionalities into production without major incidents:

- Successfully implemented instant payment inflows and outflows across all channels through which payment orders can be initiated.
- Successfully implemented payee verification (VoP) and EPR register across all channels and interfaces through which payment orders can be initiated.
- Successfully implemented user-level limits for instant payment liquidation channels.
- Successfully implemented the transition from MT to MX format (ISO 20022) for SWIFT messages.
- Successfully implemented the processing of all internal orders within 10 seconds.

Other important projects implemented in 2025:

- Current account packages – Fee-free package and free regulatory package
- Savings deposits – Solvera
- Digitisation of the archive for cash register documents
- OSR Portfolio query
- Migration to a new Exchange mail server and client PC migration to Office 365
- Replacement of Core SWITCHes
- Implementation of HNB Decision on consumer lending criteria

Regarding continuous and secure operational capability, we further emphasise the following:

- In 2025, there were no major incidents.
- The Bank did not find itself in a technological "dead end", i.e. it does not depend on outdated systems that are difficult to maintain.
- The Bank has vendor support for all its critical application systems.

OPERATING RISKS

Risk management policy and strategies

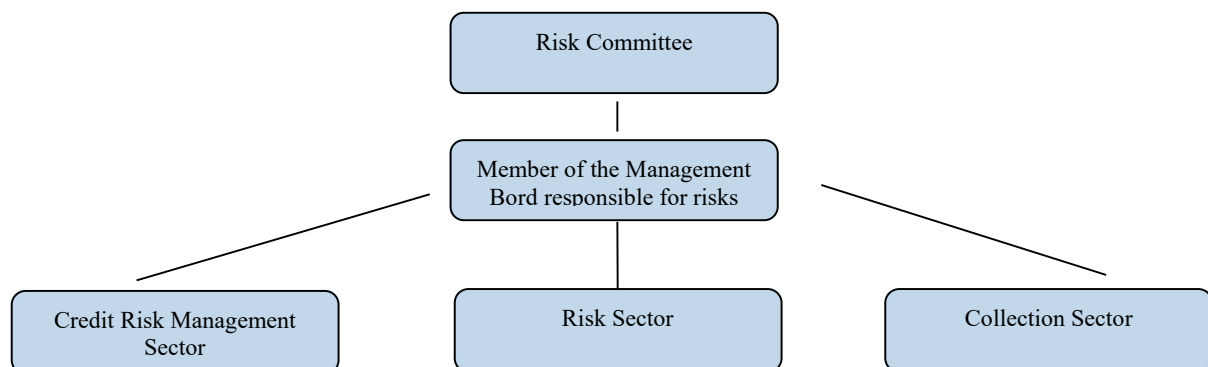
Risk is defined as the possibility of events that may adversely affect the Bank's capital, income, sustainability, and the achievement of its objectives.

The risk management system is the comprehensiveness of the organisational structure, rules, processes, procedures, systems and resources for identifying, measuring, assessing, controlling, monitoring and reporting on risk exposure or risk management as a whole and implies the establishment of appropriate corporate governance, risk culture and the adoption of a strategy, policy and other internal acts for risk management.

Risk management is the overall process of identifying, assessing, and monitoring risks, considering the Bank's objectives, and taking the necessary actions to reduce them.

Risk management organisation

The Credit Risk Management Sector and the Risk Sector are responsible for risk management at the Bank. The Collection Sector also participates in the credit risk management segment. Also, risk management is carried out in all business segments through the established internal control system.



Risk Committee

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

As the parent credit institution, the Bank includes data from its subsidiary (Solvera stambena štedionica d.d.) in monitoring risk management. Data is monitored (tracked and analysed) at a consolidated level (hereinafter, the Group).

Through the defined reporting system, the Risk Committee continuously discusses all risks to which the Bank/Group is exposed, thereby defining the Bank/Group's business policy.

Within the Risk Committee, separate sub-committees are also organised (ICAAP & ILAAP Sub-committee, Recovery Plans Sub-committee, Operational Risk Sub-committee).

Credit risk management sector

The Credit Risk Management Sector performs operational credit risk management. It performs collateral management tasks, including reviewing collateral valuations, monitoring collateral values, and providing opinions on collateral accepted by the Bank for exposure approval.

The following positions participate in the functioning of the Credit Risk Management Sector:

- Senior Expert Associate for Credit Risk Management and Credit Risk Related Risks
- Senior Expert Associate for Credit Risk Management.

Risk sector

The Risk Sector manages all operational risks except credit risks, and monitors and measures all risks to which the Bank is exposed. The following positions participate in the work of the Risk Sector:

- Senior Expert Associate for Monitoring and Measuring Credit Risks
- Senior Expert Associate for Monitoring and Measuring Market and Other Risks

The Director of the Risk Sector performs risk control.

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 coercive (cases in which the Bank cannot achieve an agreed 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 Bank is exposed to the following risks

- 1) Credit risk:
 - Credit risk of the counterparty,
 - Currency-induced credit risk
 - Currency-induced credit risk

- 2) Market risks:
 - Position risk,
 - Currency risk,
 - Commodity risk
- 3) Interest rate risk in the book of non-traded positions
- 4) Liquidity risk (liquidity financing risk, market liquidity risk):
- 5) Operational risk
- 6) Concentration risk
- 7) Risk of excessive leverage
- 8) Exposures to shadow banking entities
- 9) Sustainability risk with emphasis on environmental, social and governance risks
- 10) Other risks (dilution risk, securitization risk, management risk, model risk, credit valuation adjustment risk, free delivery risk, business risk, legal risk, migration risk, externalization risk, profitability risk, real estate investment risk, information system risk, settlement risk, risk of misconduct, compliancy risk, residual risk, country risk, strategic risk, including new product risk, and business lines and other risks to which it is exposed or could be exposed in its operations).

The level of risk to which the Bank is exposed depends on numerous factors, and not all the above risks affect the Bank in the same way. Detailed management of individual risks is prescribed in the policies, regulations and procedures.

Risk profile

The Bank is not exposed to securitisation risk, as it does not perform securitisation transactions, nor will it enter into transactions that entail dilution risk; therefore, it will not be exposed to it.

Also, the Bank will not trade commodities or derivative financial instruments related to commodities, i.e., it 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 setting the Bank's risk management strategy.

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

Risk management aims to achieve an optimal level of profitability while maintaining an acceptable level of risk.

The Management Board and the Supervisory Board, in accordance with their responsibilities, are ultimately and fully responsible for the establishment, implementation and supervision of 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 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 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 must not be less than the amount of share capital prescribed by law, or the internal capital prescribed by the Decision.

The Bank 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 about various aspects of risk, including portfolio quality and Recovery Plan indicators. They are provided with all the information necessary to assess the risks to which the Bank is exposed. The report contains detailed information on exposures, risk assessments, concentration and changes in the risk profile. The Risk Sector also prepares additional reports that provide 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 against exposure, the Bank contracts for collateral that it can use to recover its receivables if the Bank's debtor does not settle its obligations, thereby minimising credit risk.

Credit risk

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

Currency-induced credit risk and interest rate-induced risk represent derivatives of credit risk, which the Bank considers separately. Since 1 January 2023, with the introduction of the euro as the official currency in the Republic of Croatia, currency-induced credit risk (VIKR) has been assessed as immaterial.

The Bank has prescribed a Credit Risk Management Policy. The objective of the policy is to define clear lines of authority and responsibility for credit risk management within the Bank, the methodology for determining, measuring and assessing credit risk to which the Bank is or could be exposed, procedures for controlling and monitoring credit risk, including the establishment of appropriate limits, procedures and measures in the event of crises.

The process of monitoring individual exposures includes assessing the debtor's creditworthiness, the group of related persons associated with the debtor, the timeliness of settlement of obligations, and the quality of collateral instruments securing the claim during the legal relationship constituting the exposure.

The Senior Risk Monitoring and Measurement Specialist prepares the credit portfolio analysis. The analysis is conducted quarterly following value adjustments and is presented to the Risk Committee.

Credit risk is measured through the process of monitoring placements and analysing the credit portfolio in accordance with the Placement Monitoring and Credit Portfolio Analysis Policy, and through the process of classifying placements according to risk levels, as prescribed by the Regulation on the Classification of Exposures into Risk Groups and the Method of Determining Credit Losses.

Compliance with the provisions of the Policy is ensured through the risk control function, sectoral control departments, and Internal Audit, in accordance with the adopted annual plans. Following the controls performed, 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.

Protection against credit risk is achieved through continuous monitoring of individual placements, enabling the timely implementation of appropriate measures to reduce credit risk in the event of deterioration in the debtor's creditworthiness or the provider of the collateral instrument.

Throughout the duration of the contractual relationship, the Bank assesses the credit quality of exposures and classifies those exposures into appropriate risk groups based on the following criteria:

- 1) debtor's creditworthiness,
- 2) timeliness of the debtor's obligation settlement to the credit institution and other creditors, and
- 3) quality of collateral instruments per individual exposure.

In accordance with IFRS 9 requirements, three categories of value adjustment calculations have been prescribed:

- STAGE 1 (S1) – calculation of expected 12-month credit losses on a collective basis,
- STAGE 2 (S2) – calculation of expected lifetime credit losses on a collective basis,
- STAGE 3 (S3) – calculation of expected credit losses on an individual basis.

The main criteria/relevant data for classifying exposures into risk groups are:

- Days past due,
- Claim status – Restructured placements,
- Account blockage,
- Internal creditworthiness rating,
- Deceased person status.

Indicators suggesting that the debtor will not fully settle its obligations are considered to be:

- 1) evident significant financial difficulties of the debtor,
- 2) breach of contract, such as failure to meet obligations or delays in paying interest and/or principal or failure to meet other contract terms,
- 3) existence of a realistic probability of initiating bankruptcy proceedings or taking other legal action (financial reorganisation) caused by the debtor's poor financial position,
- 4) based on the analysis of the Early Warning System for increased credit risk and qualitative indicators in the legal entities placement portfolio with early detected increased credit risk: client reputation, negative experiences regarding the delivery of information to the Bank and initiated court proceedings.

Definition of default status

The default status of an individual debtor is created by the fulfilment of one or both of the following conditions:

- (a) The Bank considers it probable that the Borrower will not fully settle its obligations to the Bank, its parent company or any of its subsidiaries, without considering the possibility of collection from collateral;
- (b) The Borrower has failed to meet its due obligation under any material credit obligation to the Bank, its parent company or any of its subsidiaries for more than 90 days.

Reversal of default status is possible when all causes of the default have been eliminated for at least 3 months. It is necessary to analyse the criteria that led to an improvement in the debtor's financial condition, allowing for full and timely repayment of credit obligations, and to determine whether debt repayment is probable. The Bank needs to be convinced that the improvements in credit quality are real and permanent, and that the debtor's financial condition is satisfactory to warrant a change in default status. Based on this, changes in the status of debtors or products that will default will be monitored and analysed shortly after the reversal of default status to review the policy on the reclassification of exposures.

Criteria for classification and exposure reduction in risk group A

Only exposures to debtors who are not in default can be assigned to risk group A.

The Bank must allocate exposures to risk subgroups:

- 1) A-1 if, after the initial recognition, the credit risk of an individual debtor's exposure did not increase significantly,
- 2) A-2 if, after the initial recognition, the credit risk of an individual debtor's exposure has increased significantly.

In accordance with the provisions of IFRS 9, the Bank must implement appropriate impairment and provision for exposures in an amount equal to:

- 1) expected credit losses over twelve months for risk subgroup A-1,
- 2) expected credit losses over the lifetime for risk subgroup A-2.

General requirements for methods of estimating expected credit losses

The indicators for determining the increased credit risk of the debtor used for the transition of exposure from risk subgroup A-1 to risk subgroup A-2 are:

1. days in default,
2. account preservation,
3. deterioration of the credit rating,
4. death of natural persons,
5. appearing on the Watch list and the System for the early detection of increased credit risk

The Bank uses the debtor's regularity in settling due obligations as a mandatory indicator. If the debtor is in arrears on his due exposures to the Bank for more than 30 days but remains within terms of up to 90 days, the Bank must assign him to risk subgroup A-2.

Model for calculation of expected credit loss (ECL) on an aggregate basis

$$ECL = \sum_{n=1}^r (EAD_n * MPD_n * LGD_n * DF_n)$$

EAD

The exposure at default (EAD) is the exposure at the time of customer/receivable default. Discounted cash flows are considered, as are potential additional withdrawals from credit lines.

MPD model

The basic approach of calculating the probability of default is applied with the MPD model. It is based on transition matrices using Markov chains, after which macroeconomic forecasts are implemented using the z-shift model. The time dimension is obtained by simply multiplying appropriate matrices based on projections for future periods.

LGD

The Bank defined the loss given default of a financial asset depending on the segment and the existence of collateral for the claim.

DF

Discount Factor represents a discount factor for a given period based on the initial effective interest rate. DF is calculated based on the size of the effective interest rate, the maturity of the exposure, and the delay in the payment or application of the expected credit loss.

Strategic risk

The Bank has adopted a Strategic Risk Management Policy to define the strategic risks to which it is exposed. Strategic risk represents the possibility of losses arising from the absence of a long-term development component within the Bank, poor business decisions, poor decision implementation, or a lack of sensitivity to market changes.

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

Strategic risk is the risk of loss arising from improper business decisions, an inability to adapt to changes in the economic environment, and similar factors.

This risk relates to the Bank's strategic objectives, the business strategies developed to achieve them, the resources used to achieve them, and the quality of their implementation. The resources needed to implement business strategies include tangible and intangible assets, such as communication channels, operational systems, delivery networks, and management capacities and capabilities. Through the measurement process, the Bank will assess the achievement of its adopted plans and the extent of deviation from them and from its strategic objectives, enabling it to identify deviations in a timely manner and initiate activities to achieve them.

Protection against strategic risk is a set of guidelines, strategies, methods and activities that clearly define what the Bank wants and how to achieve it, i.e., how to exclude or mitigate certain deviations. In the process of mastering strategic risk, the Bank can engage external institutions.

Reputational risk

The Bank has prescribed a Reputational Risk Management Policy to define its approach to reputational risk management. Reputational risk is the potential negative impact on profits and capital arising from negative public opinion.

Continuous monitoring of reputational threats in the context in which the Bank is mentioned in the media, or occurs in the form of client complaints, or through operational risk reporting and analysis.

Reputational risk measurement system

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

In accordance with the above, we measure reputational risk by performing the following:

- analysis of client complaints,
- analysis of media captions where the Bank is mentioned (positive and negative),
- analysis of reported reputational risks within operational risk.

The control is carried out through the success of the analyses' results, on which targeted actions were taken to remove the negative reputation associated with the Bank.

Overall compliance with the Policy's provisions is carried out through the risk control function, sector 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 Board, the Risk and Audit Committee and the Supervisory Board after the controls have been carried out.

The way to protect against risk is to manage reputational risk to shape public opinion of the Bank in the desired way.

Interest rate risk

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

The interest rate risk management process in the banking book encompasses the identification, measurement, monitoring, management, 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 standardised interest rate shock method on net interest income within one year; monitoring and analysis of net interest income and interest margin; and analysis of net interest income plan achievement and calculation of EVE changes under prescribed shocks.

The Bank's Management is informed of the internal interest rate risk report by the Risk Committee and, quarterly, of the Report on Interest Rate Risk Management in the Banking Book to the regulator. Based on the reports, the Bank's Management manages interest rate risk using instruments.

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

Compliance with the adopted policies is ensured through the Risk Control Function, sectoral control departments, and Internal Audit, in accordance with the annual plans. Following the controls performed, the Risk Control Function, sectoral control departments and Internal Audit report to the Bank's Management, Risk Committee, Audit and Supervisory Board, and specific measures are taken depending on the situation.

In addition to regulatory limits, the Bank has set internal limits to detect and prevent potential breaches in a timely manner. A breach of the internal limit occurs if ΔEVE against base capital under the worst-case scenario exceeds 14%. In that case, measures must be taken to reduce it. If the aforementioned ratio exceeds 15% of base capital, the Bank is obliged to immediately notify the HNB (15% is also the regulatory limit). Likewise, a breach of the internal limit occurs if ΔNII relative to base capital under the worst-case six-interest-rate shock scenarios exceeds 4.5%. In that case, measures must be taken to reduce it. If the aforementioned ratio exceeds 5% of base capital, the Bank is obliged to immediately notify the HNB (5% is also the regulatory limit).

Based on the Interest Rate GAP Analysis, the Bank's exposure to interest rate risk arising from changes in the prices of placements or funding sources is determined. It is necessary to ensure that the maximum cumulative gap between total net interest-earning assets and total net interest-bearing liabilities for maturities up to 12 months under the impact of a 1% increase in interest rates does not exceed the limit of 12% of net interest income.

By prescribing and determining the annual plan (through which the Bank determines planned placement and funding amounts by individual products and the dynamics of their achievement, and absolute sizes of assets on which the Bank has the contractual right to charge interest versus liabilities on which the Bank has the contractual obligation to pay interest); Interest Rate Decisions (which influence the level of interest rates, variability of interest rates or the possibility of contracting variable interest rates, method and manner of interest rate calculation); Credit Policies (which influence the sectoral structure of placements, structure of

placements by individual credit lines); and Asset and Liability Management Policy (which influence the structure of the Bank's assets and liabilities), the impact of interest rate risk is taken into account, thereby reducing interest rate risk.

The objective of interest rate risk management is the permanent and stable maintenance of an acceptable interest margin, i.e., its increase within permitted limits, to achieve satisfactory net interest income sufficient for the Bank's planned profitability.

Operational risk

Slatinska banka d.d., in its Risk Management Strategy, has prescribed the management of all risks, including operational risk, and the entire process of identifying, assessing, and monitoring risks, in line with the Bank's objectives, and taking the necessary actions to reduce them. The Risk Management Strategy defines acceptable risk levels and risk management responsibilities.

The operational risk management policy defines the process for managing operational risk, including methods, means, and procedures for monitoring operational risks; identification, assessment, and control; responsibilities; and reporting on operational risks. The policy is part of the Risk Management Strategy. Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems, as well as from external events, including legal risks.

Overall compliance with the provisions of adopted policies is achieved through the Risk Control function, Sectoral Control Departments, and Internal Audit, in accordance with the annual plans. After the controls have been carried out, the Risk Control function, Sectoral Control Departments, and Internal Audit report to the Management Board, the Risk and Audit Committee, and the Supervisory Board, and concrete measures are adopted based on the situation.

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

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 risks, integrating internal and external controls, conducting periodic evaluations, and providing regular reporting.

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

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

Action plans in crises and business continuity plans

The Bank has established an Operational Risk Management Committee. The main task of the Operational Risk Management Committee is to ensure business continuity and limit losses in the event of significant disruptions or operational interruptions. Significant operational risk for Slatinska banka is defined as a potential financial loss exceeding one million HRK, while significant operational disruption is defined as a loss exceeding the allocated Capital Requirement for Operational Risk. From a non-financial perspective, the significance of

operational risk is measured by the number of reported events that exceed typical historical levels for similar event types.

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

Internal practices that are appropriate for controlling operational risk include: monitoring compliance with assigned limits; protecting access to funds and records; ensuring appropriate staff expertise; identifying business activities or services whose profits do not appear to be in line with realistic expectations; and regularly verifying and reconciling transactions and accounts.

Adequate control procedures (policy compliance controls, a system of documented approvals and authorisations) that are an integral part of regular activities enable rapid responses to changing conditions and eliminate unnecessary costs. At the same time, a control culture also promotes good risk management practices.

Currency risk

Slatinska banka d.d. prescribed in its Risk Management Strategy the management of all risks, including currency risk and the entire process of identifying, assessing and monitoring risks, considering the Bank's goals, and taking the necessary actions to reduce risks. The Risk Management Strategy defines acceptable risk levels and risk management responsibilities.

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

The market risk management policy defines the determination or identification, measurement, control, and management of currency risk, as well as the monitoring, control, and reporting on currency risk, and an acceptable level of currency risk. Overall compliance with the provisions of adopted policies is achieved through the Risk Control function, Sectoral Control Departments, and Internal Audit, in accordance with the annual plans. After the controls have been carried out, the Risk Control function, Sectoral Control Departments, and Internal Audit report to the Bank's Management Board, the Risk and Audit Committee, and the Supervisory Board, and concrete measures are adopted based on the situation.

Currency risk control is carried out through the quarterly internal report on currency risk and in 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 and reported to the Liquidity Committee. All significant changes are reported to the Bank's Management Board and the Liquidity Committee without delay.

Reporting related to currency risk is done quarterly using the following methods or approaches:

- gap report - the basic model for measuring currency risk. It contrasts currency items of assets and liabilities and off-balance sheet items, and calculates the Bank's open positions in different currencies;
- measuring the Bank's exposure to currency risk based on the COREP report.

The Bank must calculate the capital requirement for currency risk if the total open foreign exchange position, including the net position in gold, exceeds 2% of the regulatory capital.

Mastering and managing currency risk is carried out by planning the currency structure of the Bank's assets and liabilities, and by continuously monitoring the exchange rate movements of individual currencies and forecasting their movements and impact on the Bank's operations in the following ways: Annual plan, Monthly liquidity plan, Analysis of monthly exchange rate movements (in the quarterly report).

Based on established plans and submitted reports, the Bank's Management Board and the Liquidity Committee adopt concrete measures to better manage currency risk.

Liquidity risk

The Bank has established a liquidity risk management process and adopted internal acts that are harmonised with the relevant provisions of the applicable regulations in this business segment. Internal acts related to the mentioned area are:

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

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

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

The liquidity risk reporting system includes:

- Monitoring compliance with adopted policies, internal acts and limits,
- Monitoring the liquidity position in euros,
- Monitoring the results of stress resistance testing.

Concentration risk

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

Concentration risk is any individual, direct or indirect, exposure to one person, or a group of related persons, or a set of exposures linked by common risk factors such as the same economic sector, or geographical area, similar businesses or goods, or the application of credit risk reduction techniques, which may lead to such losses that could jeopardise the continuation of the Bank's operations.

Risk control is performed in the Risk Department, where the Senior Credit Risk Management Associate conducts an independent analysis of concentration and credit risk and provides a written opinion on the credit proposal for individually significant exposures.

The Risk Department reports on concentration risk to the Management Board quarterly. Concentration risk is also analysed through semi-annual reports from the Risk Control Department, which oversees all significant risks to which the Bank is exposed. These reports are submitted to the Supervisory Board, the Risk and Audit Committee, and the Management Board.

The Bank manages concentration risk in five ways:

1. Exposure to economic sectors (excluding exposure to individuals, credit institutions, the Republic of Croatia and the Croatian National Bank) is measured by the ratio between exposure to the economic sector and the total exposure of the Bank and the ratio of value adjustments to the total exposure of each economic sector. The activity codes represent economic sectors according to the NCA.
2. The ratio between exposure to an individual investment fund and regulatory capital measures exposure to investment funds.
3. Exposure to collateral providers and credit protection providers is measured by the ratio between exposures secured in this way and regulatory capital.
4. Exposure according to the Herfindahl-Hirschman Index is measured in three ways:
 - a) the ratio of exposure to the fifty largest clients and their related persons and total exposure,
 - b) the ratio of net individual exposure of activities (except for financial institutions) and total exposure by activities,
 - c) the ratio of the sum of the large exposure, and after the application of the exemption of both CRM and regulatory capital;
5. Exposure to groups of related persons by identifying and measuring concentrations relating to individual persons and groups of related persons.

The concentration risk management policy prescribes permissible exposure limits for the economic sector, investment funds, collateral providers, and credit protection providers, as well as measures to reduce concentration risk.

Country risk

The Country Risk Management Policy, which is an integral part of the Risk Management Strategy, prescribes the policies and procedures for identifying, measuring, monitoring, and controlling the risks of the country in which the debtor has its seat or residence.

Country risk is determined based on the assessment of the probability of default of the other contracting party with headquarters or residence outside the Republic of Croatia, arising from economic and political factors that are specific to a particular country, and an assessment of the feasibility of the contract based on which a particular placement was created and the possibility of cashing out collaterals according to the legislation of a particular country in a certain period.

To monitor country risk, the Treasury and Liquidity Sector must monitor the country or the credit institution in which the free foreign currency funds are placed, the credit rating and report to the Bank's Management Board. For credit institutions without a credit rating, the creditworthiness of the selected external institution for credit risk assessment is determined.

The Treasury and Liquidity Sector must submit a report to the Bank's Credit Committee on the creditworthiness of legal entities with whom the Bank has invested funds abroad. Based on the submitted reports, the Credit Committee will propose individual maximum exposure limits for legal entities with their registered office or residence outside the Republic of Croatia, considering country risk and business profitability.

Risk of high financial leverage

Excessive leverage risk is the risk arising from an institution's vulnerability to leverage or potential leverage, which may lead to undesirable changes to its business plan, including forced asset sales that may result in losses or adjustments to the valuation of its remaining assets.

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

The Bank calculates the leverage ratio as of the reporting reference date.

The capital measure is the core capital.

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

- 1) assets,
- 2) derivative,
- 3) increases for the credit risk of the other contracting party in repo transactions, securities or goods in lending transactions to or from the other contracting party, transactions with a long settlement period and other margin loans,
- 4) off-balance sheet items.

Risks arising from exposure to shadow banking entities

It represents a risk from the credit intermediation system, including entities and activities outside the regulated banking system.

By defining credit intermediation activities, the Bank has emphasised that all entities that engage in activities similar to banking are exposed to similar risks and are not subject to a comparable regulatory framework. Such exposures will be identified and defined as shadow banking exposures.

When processing the Bank's Request for exposures to a client, the credit officer and the Treasury and Liquidity Sector officer must determine whether the client is a shadow banking entity. The Senior Expert Associate prepares a control opinion for Credit Risk Management. If there is an item "loans granted" in the client's assets and/or "financial income" in the statement of profit or loss, the client must be processed in greater detail to determine whether they are shadow banking entities. The process is performed to determine the share of loans granted, the share of 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 Risk Materiality 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	The risk profile, considering current and future exposure, was assessed as medium (3). The risk was rated as high risk (5) from an economic perspective and based on expert opinion, while from an RDG perspective, it was also rated as high (5). In line with all the aforementioned ratings, the final materiality rating is medium-high (4)	NO	YES
Concentration risk	2	The risk profile, considering current and future exposure, was assessed as immaterial (1). The risk was rated as medium (3) from an economic perspective and low (2) from a P/L aspect. Based on expert opinion, it was assessed as medium (3). In line with all the aforementioned ratings, the final materiality rating is low (2).	NO	YES
Management risk	3	The risk was assessed from a qualitative perspective as medium (3), and the final risk materiality rating was assessed as medium (3) based on the HNB SREP decision from 12/2025, as well as the fact that the Group is still in the process of implementing full consolidation. It was classified as an other risk under ICAAP.	YES	NO
Currency-induced credit risk	1	The risk was assessed as insignificant (1) based on expert opinion, and the final significance rating is (1).	YES	NO
Interest rate risk in the Banks books that is not traded	3	The risk profile, considering current and future exposure, was assessed as low (2). The risk was rated as medium (3) from an economic perspective, while from an RDG aspect, the rating is low (2). Based on expert opinion, the rating is medium-high (4). In line with all the aforementioned ratings, the final materiality rating is medium (3).	NO	YES
Currency risk	1	The risk profile, considering current and future exposure, was assessed as immaterial (1). The risk was rated as immaterial (1) from an economic perspective, from an RDG aspect, and based on expert opinion. In line with all the aforementioned ratings, the final materiality rating is immaterial (1).	NO	YES

Liquidity risk, including the possibility of raising additional capital	2	The risk profile considering current exposure was assessed as immaterial (1), while considering future exposure, it was assessed as low (2). The risk was rated as immaterial (1) from an economic perspective, while from an RDG aspect it was rated as low (2). Based on expert opinion, it was assessed as medium (3). In line with all the aforementioned ratings, the final materiality rating is low (2).	YES	NO
Operational risk	2	The risk profile, considering current and future exposure, was assessed as low (2). The risk was rated as medium (3) from an economic perspective, while from an RDG aspect it was rated as low (2). Based on expert opinion, it was assessed as low (2). In line with all the aforementioned ratings, the final materiality rating is low (2).	NO	YES
Strategic risk	3	The risk was assessed from a qualitative perspective as medium (3) based on the HNB SREP decision from 12/2025, as well as the fact that the Group is still in the process of implementing full consolidation (particularly considering the different business models of the institutions as well as the different operational systems and established processes), and therefore the final risk materiality rating was assessed as medium (3). It was classified as an other risk under ICAAP.	YES	NO
Risk of excessive financial leverage	2	The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). The Group will monitor and track the risk of excessive financial leverage, based on the desired risk profile and planned growth, as a tool for supervising disproportionate growth in exposure relative to regulatory capital. It was classified as an other risk under ICAAP.	YES	NO
Influence of external factors	2	The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified as an other risk under ICAAP.	YES	NO
Country risk	2	The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). The quantification itself is conducted through basic credit risk (standardised approach)	YES	NO

Residual risk	1	The risk was assessed from a qualitative perspective as immaterial (1), and the final risk materiality rating was assessed as immaterial (1). The Bank analysed movements in real estate values and concluded that no separate internal capital requirement is needed for the aforementioned risk. It was classified as an other risk under ICAAP.	NO	YES
Shadow banking	1	<i>The risk was assessed from a qualitative perspective as immaterial (1), and the final risk materiality rating was assessed as immaterial (1). It was classified under other risks as part of ICAAP</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 was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified as an other risk under ICAAP.</i>	YES	NO
The risk of non-purpose cash loans to households	2	<i>The risk profile, considering current and future exposure, was assessed as low (2). The risk was rated as low (2) from an economic and RDG perspective. Based on expert opinion, it was assessed as low (2). In line with all the aforementioned ratings, the final materiality rating is low (2).</i>	NO	YES
Reputational risk	2	<i>The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified as other risk under the ICAAP.</i>	YES	NO

Methodology for Measuring Risk Materiality of the Bank

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, considering current exposure, was marked as medium-high (4), while considering future exposure, it was marked as medium (3). The risk was rated as high risk (5) from an economic and P/L perspective, as well as based on expert opinion. In line with all the aforementioned ratings, the final materiality rating is medium-high (4).</i>	NO	YES
Concentration risk	3	<i>The risk profile, considering current and future exposure, was assessed as medium (3). The risk was rated medium (3) from both economic and RDG perspectives. Based on expert opinion, it was assessed as medium (3). In line with all the aforementioned ratings, the final materiality rating is medium (3). These ratings are in line with the HNB SREP decision 12/2025, which stated that the state (MF and HNB) must also be included in the calculation, having the greatest impact on increasing materiality</i>	NO	YES
Management risk	3	<i>The risk was assessed from a qualitative perspective as medium (3), and the final risk materiality rating was assessed as medium (3) based on the HNB SREP</i>	YES	NO

		<i>decision from 12/2025, as well as the fact that the Group is still in the process of implementing full consolidation. It was classified as other risk under ICAAP.</i>		
Currency-induced credit risk	1	<i>The risk was assessed as an immaterial risk (1) based on expert opinion, and the final materiality rating is immaterial (1).</i>	YES	NO
Interest rate risk in the Banks books that is not traded	3	<i>The risk profile, considering current and future exposure, was assessed as medium (3). The risk was rated as medium (3) from economic and RDG perspectives. Based on expert opinion, the rating is medium-high (4). In line with all the aforementioned ratings, the final materiality rating is medium (3)</i>	NO	YES
Currency risk	1	<i>The risk profile, considering current and future exposure, was assessed as immaterial (1). The risk was rated as immaterial (1) from an economic perspective, from a P/L aspect, and based on expert opinion. In line with all the aforementioned ratings, the final materiality rating is immaterial (1)</i>	NO	YES
Liquidity risk, including the possibility of raising additional capital	2	<i>The risk profile considering current exposure was assessed as immaterial (1), while considering future exposure, it was assessed as low (2). The risk was rated as immaterial (1) from an economic perspective, while from a P/L aspect it was rated as low (2). Based on expert opinion, it was assessed as medium (3). In line with all the aforementioned ratings, the final materiality rating is low (2)</i>	YES	NO
Operational risk	2	<i>The risk profile, considering current and future exposure, was assessed as low (2). The risk was rated as low (2) from an economic perspective, while from an RDG aspect it was rated as immaterial (1). Based on expert opinion, it was assessed as low (2). In line with all the aforementioned ratings, the final materiality rating is low (2).</i>	NO	YES
Strategic risk	3	<i>The risk was assessed from a qualitative perspective as medium (3) based on the HNB SREP decision from 12/2025, as well as the fact that the Group is still in the process of implementing full consolidation (particularly considering the different business models of the institutions as well as the different operational systems and established processes), and therefore the final risk materiality rating was assessed as medium (3). It was classified under other risks as part of ICAAP</i>	YES	NO
Risk of excessive financial leverage	2	<i>The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). The Bank will monitor and track 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. It was classified as other risk under ICAAP.</i>	YES	NO
Influence of external factors	2	<i>The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified as other risk under ICAAP.</i>	YES	NO
Country risk	2	<i>The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified under other risks as part of ICAAP</i>	YES	NO
Residual risk	1	<i>The risk was assessed from a qualitative perspective as immaterial (1), and the final risk materiality rating was assessed as immaterial (1). The Bank analysed real estate value movements and concluded that no separate internal capital requirement is required for the aforementioned risk. It was classified as other risk under ICAAP.</i>	NO	YES
Shadow banking	1	<i>The risk was assessed from a qualitative perspective as immaterial (1), and the final risk materiality rating was assessed as immaterial (1). It was classified as other risk under ICAAP.</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 was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified under other risks as part of ICAAP</i>	YES	NO
The risk of non-purpose cash loans to households	3	<i>The risk profile, considering current and future exposure, was assessed as low (2). The risk was rated as low (2) from an economic and RDG perspective. Based on expert opinion, it was assessed as medium-high (4) based on the HNB SREP decision 12/2025, which stated that this risk is underestimated in the calculation. In line with all the aforementioned ratings, the final materiality rating is medium (3)</i>	NO	YES
Reputational risk	2	<i>The risk was assessed from a qualitative perspective as low risk (2), and the final risk materiality rating was assessed as low (2). It was classified as other risk under ICAAP.</i>	YES	NO

Prevention of money laundering and terrorist financing

Financial institutions, due to their key role in conducting financial transactions and managing cash flows, 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 Bank in the Money Laundering Prevention System

Slatinska banka d.d. Slatina (hereinafter: the Bank), in its capacity as an obliged entity for the application of regulations in the area of preventing money laundering and terrorist financing, actively contributes to the national system for combating these phenomena by aligning its own internal policies and procedures with the provisions of the Act on the Prevention of Money Laundering and Terrorist Financing and the Act on Restrictive Measures, as well as with relevant European Union regulations and United Nations resolutions.

The Bank continuously develops and improves its system to prevent money laundering and terrorist financing and conducts activities to raise employees' awareness, knowledge, and compliance culture.

Within the framework of its risk management system, the Bank may, where justified by the risk assessment, apply stricter measures than those minimally prescribed by legal and regulatory requirements.

Risk Management

The Management Board of Slatinska banka d.d. Slatina (hereinafter: the Bank) has approved the risk management strategy, which defines the vision of risk management, the level of risk tolerance, the organisational framework and the necessary capacities for effective management of all material risks to which the Bank is exposed.

The objective of the strategy is to ensure that all relevant risks are promptly identified, understood, and monitored. That appropriate control mechanisms are established to protect the Bank, its clients, shareholders, and employees, and to preserve the stability of the financial system and the Bank's reputation.

The Risk Appetite Statement, as an integral part of the risk management framework, defines the level of risk the Bank is prepared to assume to achieve its business objectives, considering the possible outcomes of implementing its business strategy and plans.

Bank's Internal Acts

The Rules of the Prevention of Money Laundering and Terrorist Financing (hereinafter: the Rules) and the Rules on the Implementation of Restrictive Measures are based on the provisions of:

- Act on the Prevention of Money Laundering and Terrorist Financing
- Act on Restrictive Measures
- relevant European Union regulations on the implementation of international sanctions
- United Nations Security Council resolutions
- subordinate legislation and rules of the Ministry of Finance
- guidelines of supervisory and regulatory bodies
- guidelines and recommendations of competent European Union bodies.

The aforementioned rules represent the fundamental internal acts by which the Bank establishes principles, defines the organisational and control framework, and regulates key processes for preventing and detecting money laundering and terrorist financing, including customer due diligence procedures, business relationship monitoring, identification of suspicious activities, and the implementation of restrictive measures.

Money Laundering and Terrorist Financing Prevention Function (AML/CTF)

The Money Laundering and Terrorist Financing Prevention Function (AML/CTF) in the Bank is established as an independent control function that ensures the effective implementation of legal and internal requirements to prevent money laundering and terrorist financing.

The AML/CTF participates in:

- preparation and amendment of operational procedures and internal acts of the Bank
- establishment and improvement of the money laundering and terrorist financing prevention system
- monitoring and coordination of activities of the Bank's organisational units in this area
- collection and analysis of results of internal and external controls
- development of information and analytical support for the identification and monitoring of suspicious activities
- education of Bank employees

The AML/CTF also coordinates the implementation of the Bank's policies and procedures to prevent money laundering and terrorist financing, and ensures their consistent application across all organisational units of the Bank.

Employee Education

The Bank ensures regular, systematic employee education on preventing money laundering and terrorist financing in accordance with the provisions of the Act on the Prevention of Money Laundering and Terrorist Financing.

The education program particularly covers:

- familiarising employees with applicable legal and regulatory requirements
- identification of suspicious activities and transactions
- application of customer due diligence procedures
- implementation of restrictive measures and sanctions screening.

Education is conducted at least once a year and, in the event of changes to the regulatory framework or internal procedures. Appropriate records are kept of the conducted education.

In performing its tasks, the Money Laundering and Terrorist Financing Prevention Function pays special attention to preserving the Bank's reputation and ensuring compliance with applicable regulations, regulatory expectations, and ethical principles. In that sense, the Money Laundering and Terrorist Financing Prevention Function acts independently of the business interests of the Bank's individual organisational units and is not guided by market or commercial objectives.

STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

Governance provides the framework for our organisational and decision-making processes. To create long-term value for shareholders and the Bank, the Bank has adopted, promoted, and adhered to high ethical and professional standards, and its implementation is ensured through the Code of Business Conduct and Ethics, Conflict of Interest Management Policy, Remuneration Policy, Diversity Policy, Corporate Governance Policy, and other Bank documents.

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

The annual corporate governance questionnaire will be available on the Bank's website at www.slatinska-banka.hr and on the Zagreb Stock Exchange's website at www.zse.hr. The Bank follows and applies the prescribed corporate governance measures, with explanations of individual exceptions within the questionnaire where appropriate.

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

The Bank has established an internal control system achieved through the parallel operation of four mutually independent functions: the risk control function, the compliance monitoring function, the internal audit function, and the function for preventing money laundering and terrorist financing. The main features of the Bank's internal control system are reflected in the independent holders of control functions responsible for identifying, assessing and managing risks, including the risk control and compliance function, while internal audit oversees all of the Bank's operations.

Information on the implementation of internal control and risk management, as well as on the Bank's shareholders, is contained in the Notes to the financial statements.

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

The Bank has at its disposal a wide range of diverse methods to effectively manage conflicts of interest, including the following:

- organisational structure (organisational separation and separate reporting channels), systems, controls, policies and procedures that prevent the occurrence of cases involving conflicts of interest and/or 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 effectively manage a conflict of interest.

Management for the purpose of separating organisational and reporting channels

There are effective controls in place to manage the exchange of information between employees engaged in jobs that involve a risk of conflict of interest.

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

To ensure the independent conduct of business, the Bank has a clear structural separation of tasks and division of activities by sectors and back-office units.

Supervisory functions are also separated from other business units.

The Bank has adopted a Code of Business Conduct and Ethics. All activities of the Bank should be carried out in accordance with applicable law and the corporate values contained in the

Code, and Slatinska Banka d.d. acts in accordance with a zero-tolerance policy regarding violations of the standards provided for in the Code (intentional and/or negligent violations)

SLATINSKA BANKA d.d., as the controller of clients' personal data, informs clients about their rights regarding the processing of personal data, as well as the way it processes personal data on its website: <https://www.slatinska-banka.hr/informacije-o-obradi-podataka/>

When processing personal data, the Bank ensures compliance with applicable laws and respects all of its clients' rights.

All personal data obtained from clients is protected by law as confidential information (bank secrecy), and the Bank will process personal data only if it is necessary for the implementation of the requested service, if the processing is legally required, if there is a legitimate interest in it or if consent has been given. In this regard, and to ensure the best possible service, the Bank cooperates with partners in the function of: a. controller, b. processor or c. joint controller. Thus, the Bank will provide personal data to third parties to whom it is obliged to provide such data (e.g., FINA) or to persons with whom the Bank has a contractual relationship (e.g., outsourced functions).

All persons who, due to the nature of their work with or for the Bank, have access to personal data are equally obliged to keep such data as bank secret in accordance with the Credit Institutions Act and other regulations regulating data confidentiality.

The Bank has a designated personal data protection officer who can be contacted via szop@slatinska-banka.hr.

The Bank has a system for receiving and resolving complaints. If someone wishes to file a complaint about the Bank's operations, they can contact the Bank's employees to seek a solution or receive a verbal response. If they are unable to resolve the complaint through verbal contact or are not satisfied with the response from the Bank's employees, they can submit the complaint in writing: You can file a complaint in writing: - on a form that you can obtain at the Bank's business premises - to the Bank's address "Slatinska banka d.d." V. Nazora 2, 33520 Slatina with the note "complaint" - by e-mail to prigovori-potrosaca@slatinska-banka.hr - by sending the complaint to fax number 033/637-029. The complaint must contain a detailed description of the event/situation, as well as evidence showing that your complaint is well-founded. If the submitted description of the event/situation and/or evidence is incomplete, the Bank may request that you supplement the above. Please include your personal information in the complaint (name and surname, address, PIN). The Bank 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 System Act and the Act on the implementation of EU regulations governing payment systems – 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 operations and others) applying the provisions of the Consumer Protection Act. If the complaint is complex and will take longer to resolve, we will inform you of the above within the legal deadline. If submitting a complaint requires a certain supplement, the Bank will request it from you. If the Bank does not receive the requested supplement, explanation, or a response that you cannot provide the above for certain reasons within the next 30 days, we may consider that you have abandoned the complaint. The Bank is not obliged to respond to anonymous reports. If you do not agree with the Bank's decision regarding the request, you may file a

complaint or objection with the Croatian National Bank or, in the case of a complaint regarding the provision of investment services and the performance of investment activities and the provision of ancillary services, with the Croatian Financial Services Supervisory Agency, as the competent authority. In their response to the complaint or objection, the Croatian National Bank and the Croatian Financial Services Supervisory Agency may refer you to the possibility of conducting a mediation procedure at the Mediation Centre of the Croatian Chamber of Economy or to the possibility of initiating a civil lawsuit. The Mediation Centre is an institution within the Croatian Chamber of Economy that provides parties with services to organise mediation procedures. Its headquarters are in Zagreb, Rooseveltov trg 2, and the regional Mediation Centres in the county chambers in Split, Rijeka, Pula, Osijek, Varaždin and Koprivnica also operate as integral parts of the Centre. Website address: www.hgk.hr/centar-za-mirenje/ Judicial protection can be sought before a regular court of general jurisdiction in the Republic of Croatia by filing a civil lawsuit.

Conflict of interest management is a key obligation within the Bank's operations as a financial services provider. The Bank must be able to identify potential or actual conflicts of interest and manage them appropriately. The Management Board is responsible for establishing a framework, adopting policies, and implementing systems, controls, and procedures to identify, assess, resolve, mitigate, or prevent existing and potential conflicts of interest. 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 adequately managing and resolving them. Under the Conflict-of-Interest Management Policy, we aim to identify circumstances that may give rise to a conflict of interest. We also aim to determine the procedures to follow and adopt measures to resolve such conflicts of interest. The Bank is committed to achieving the highest level of integrity. The Bank's employees are expected to be impartial and honest in their dealings with one another, as well as in their dealings with the Bank and external organisations. As a rule, employees, as well as members of the Supervisory Board and Management Board, are obliged to avoid and disclose any ethical, legal, financial, or other conflicts of interest involving the Bank and/or its clients and/or third parties.

The Bank has established an early warning system for reporting irregularities/whistleblowing, and has implemented a whistleblower protection policy.

Management and Supervisory Board

The powers of the Bank's Management Board and Supervisory Board are regulated by applicable laws and the Bank's Statute. The procedure for appointing, electing, and recalling members of the Management Board and the Supervisory Board is prescribed by the Companies Act, the Credit Institutions Act, and the Bank's Statute.

Management Board

In accordance with the provisions of the Bank's Statute, the Management Board shall consist of two to five members.

The Bank's Supervisory Board shall determine the number of Management Board members.

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

The members of the Bank's Management Board must meet the requirements for holding the position of Management Board member prescribed by the Companies Act, the Credit Institutions Act and relevant bylaws and internal acts of the Bank (suitability, good reputation, necessary professional knowledge and ability, requirement for continuous education, experience, avoidance of conflicts of interest and requirement for dedication to fulfilling duties). The members of the Management Board must collectively have the professional knowledge, abilities and experience required for the independent and autonomous management of the credit institution's business.

The suitability of an individual member of the Bank's Management Board for holding the relevant position is the extent to which that person possesses the qualities and meets the prescribed conditions that ensure they will conduct the business legally, safely and stably.

The competence of the Management Board's members is set out in the Management Board's Rules of Procedure. The Management Board makes decisions and conclusions at its meetings.

The members of the Bank's Management Board are employed by the Bank full-time. The Supervisory Board decides on the revocation of a member of the Management Board's appointment 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. It is obliged to perform the tasks stipulated 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 dismissal of members of the Bank's Management Board.

The members of the Bank's Supervisory Board must meet the requirements for serving as a member of the Supervisory Board prescribed in the Companies Act, the Credit Institutions Act, and relevant bylaws, as well as the Bank's internal acts.

The members of the Supervisory Board must collectively possess the professional knowledge, skills, and experience necessary for independent and autonomous supervision of the Bank's business and for understanding the Bank's business and significant risks. The suitability of an individual member of the Bank's Supervisory Board for performing the relevant function is the extent to which that person has the qualities and meets the prescribed conditions that ensure they will professionally, legally, safely, and stably perform the tasks within their competence.

The Bank's Supervisory Board has established a Risk and Audit Committee. At the same time, the functions of the Remuneration Committee and the Nomination Committee are performed by the Supervisory Board itself. The scope and manner of the committee's work are regulated by its rules of procedure, in accordance with applicable legal regulations.

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)

Diversity policy

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

The Bank strives to ensure equal representation of underrepresented genders – women – in the Supervisory and Management Boards of the Bank. To increase the number of underrepresented genders, the Bank will strive to have at least 1/3 of the members of the Supervisory Board and Management Board, in the next five years, relative to the total number of Supervisory Board and Management Board members. Among the key standards and responsibilities of all involved functions and employees is the continuous striving to increase the number of women in management positions. That is why the promotion of women's roles in management bodies is carried out, as well as the monitoring and reporting on women's representation in corporate governance processes.

As of 31 December 2025, the Supervisory Board comprises 3 members: 2 men and 1 woman, while the Management Board comprises 3 men.

The standards of professional and age diversity are also reflected in the assessment and selection of members of the Management Board and Supervisory Board, as well as in the evaluation of business experience.

General Assembly

The Bank's shareholders exercise their rights in the Bank's General Assembly. The General Assembly decides on issues determined by law and the Bank's Statute. The Bank's Management Board convenes the General Assembly when requested by the Supervisory Board, the Bank's Management Board, or shareholders, in accordance with the law. Each ordinary share gives the right to one vote in the General Assembly.

Amendments to the Statute

The decision on amendments is made by the Bank's General Assembly in accordance with the law and the Statute, with votes representing at least three-quarters of the share capital represented at the General Assembly required to make the decision.

The Supervisory Board proposes amendments to the Statute, the Management Board and the Bank's shareholders.

Shares of members of the Bank's Supervisory Board and the Management Board

As of 31 December 2025, the members of the Supervisory Board held no shares in the Bank, while the President of the Supervisory Board held 38,050 shares.

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

INFORMATION ON SHARES

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

The share of repurchased own shares in the share capital totals 2.31%.

Management organisation

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 Rules of Procedure. The Management Board meets once a week, and the Supervisory Board meets as needed, but at least once every 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

The Bank accepts its responsibility and role in supporting the green transition, i.e. the transition to a low-carbon, more sustainable, resource-efficient and circular economy in line with the goals of sustainable development. We are aware that quality management, responsibility towards workers, the community and the environment are fundamental prerequisites for sustainability, long-term stability and profitability. Financial institutions play a significant role by directing capital to industries that offer advantages aligned with environmental, social, and governance criteria. In this report, the Bank informs the public about its activities in the socially responsible and sustainable business segment.

Our efforts focus on setting business goals that contribute to the economy's sustainability. The Bank has set 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 goals, with the impact of business activities and initiatives measurable, transparent, and accountable. For the successful implementation of the ESG framework, the Bank has established an ESG team that brings together various organisational units to implement ESG risk management across business activities and promote a culture of awareness of ESG risks: environmental (E), social (S), and governance (G).

The Bank conducts qualitative and quantitative assessments of ESG risks and defines materiality as the degree to which key risk indicators are sensitive to environmental changes.

- Environmental factors are related to the direct or indirect impact of business on the natural environment (examples: climate change, environmental pollution, exploitation of natural resources, waste disposal, energy efficiency, etc.).

- Social factors are related to the direct or indirect impact of business on stakeholders in terms of universal values (examples: working conditions, community relations, human rights, diversity, etc.).
- Governance factors refer to the processes, regulations and institutions that influence the management, administration and control of the company (examples: salary and reward policies and practices, independence of the election of management members, etc.).

Environmental goals

We strive to have a business with no negative environmental impacts and to increase activities that protect the environment and natural resources. We are committed to carbon neutrality, circular economy, renewable energy especially through the goals of reducing energy consumption, producing our own energy (we have already installed solar panels on the headquarters building in Slatina, so that we already produce our own renewable energy), we are working on the gradual change of the vehicle fleet to reduce emissions, reduce waste, reducing the use of plastic and separating and recycling waste.

Social impact

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

We provide employee education and training, with a particular focus on health and safety. In addition to other training, we invest in our employees' sustainability knowledge, and we have held training on waste disposal. The Bank provides medical examinations for all employees once a year and consistently implements occupational health and safety provisions at the workplace.

We ensure everyone has equal opportunities for professional development and equal rights to education, and we emphasise inclusiveness: that employees are involved in business processes within their scope of responsibility.

An additional number of days of annual leave is provided to workers who are parents of a child with developmental disabilities, single parents of a minor child, parents with a child under 7, etc.

After returning from parental leave, parents work half-time for the first month, which is counted as full-time. Employees are also entitled to days off for care in the event of a serious illness, relocation, in the event of the need to repair a natural disaster, fire, flood or earthquake that has hit the building in which they live, entering into marriage and life partnership, attending childbirth, the birth of a child, in cases of death of close relatives, for each blood donation, pregnant women for a prenatal check-up, for the child's first day of school, for the child's entry into kindergarten, for victims of assault at the workplace, for preparation for professional exams and obtaining diplomas and certificates important for performing the job, for a medical check-up.

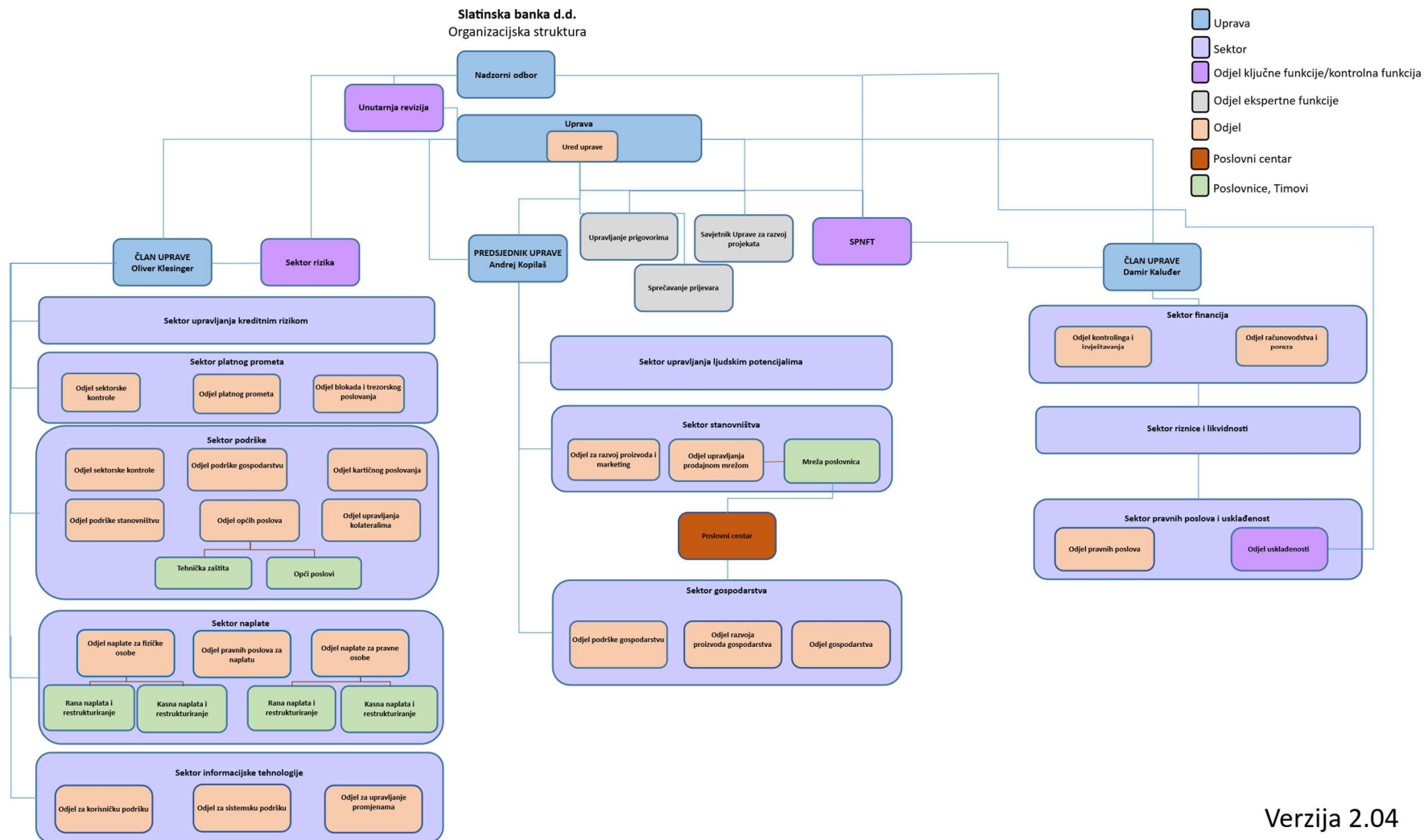
Through the Remuneration Policy, the Bank provides a framework for transparent total employee remuneration that attracts and retains quality employees and ensures the achievement of the Bank's goals, in accordance with its strategy, long-term goals, and risks. When establishing the remuneration system, the Bank respects the rule of equality for women and men.

Remuneration systems are continuously reviewed, improved and aligned with applicable national and European regulatory requirements that promote appropriate and effective risk management and do not encourage risk-taking that exceeds the level acceptable to the Bank.

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

The Bank will, as part of the initial, regular, and extraordinary assessments of the suitability of candidates for a Management Board membership, review compliance with the target for the number of members from underrepresented genders.

The Bank has also introduced monitoring of gender pay gaps.



Verzija 2.04

Business network of Slatinska banka d.d.

OFFICE ZAGREB Trg žrtava fašizma 2, 10 000 Zagreb Phone: 01/645-9020	BRANCH SLATINA – BANK'S HEADQUARTERS V.Nazora 2, 33520 Slatina phone: 033/637-011
BRANCH ZAGREB Tomašićeva 2, 10000 Zagreb phone: 01/645-9005	BRANCH OSIJEK Županijska 13, 31000 Osijek phone: 031/628-205
BRANCH RIJEKA Jelačićev trg 2, 51000 Rijeka phone: 051/563-505	BRANCH VIROVITICA Trg kralja Tomislava 6, 33000 Virovitica phone: 033/637-185
BRANCH VALPOVO Trg kralja Tomislava 6, 31550 Valpovo phone: 031/628-165	BRANCH DARUVAR Kralja Tomislava 22, 43500 Daruvar phone: 043/638-305
BRANCH DONJI MIHOLJAC Vukovarska 4, 31540 D.Miholjac phone: 031/628-185	BRANCH POŽEGA Kamenita vrata 4, 34000 Požega phone: 034/638-505
BRANCH NAŠICE Trg Izidora Kršnjavog 3, 31500 Našice phone: 031/628-145	BRANCH ORAHOVICA Kralja Zvonimira 9, 33515 Orahovica phone: 033/637-145
BRANCH ĐAKOVO Stjepana Radića 9, 31400 Đakovo phone: 031/628-455	BRANCH KOPRIVNICA Dr. Željka Selinger 2a, 48000 Koprivnica phone: 048/617-105
BRANCH SLAVONSKI BROD Petra Krešimira IV 13, 35000 Slavonski Brod phone:035/637-005	CREDIT OFFICE SPLIT Poljička cesta 16 21000 Split phone: 095/369-1635

SLATINSKA BANKA d.d.
Vladimira Nazora 2, 33520 Slatina
Phone:033/637-000
Fax:033/637-019
Website: www.slatinska-banka.hr
E-mail address: slatinska-banka@slatinska-banka.hr

Responsibility for the annual financial statements

The Management Board of Slatinska banka d.d. (hereinafter: the Bank) is obliged to prepare annual financial statements for each business year, which truly and fairly present the financial position of the Bank and the results of operations and cash flows, in accordance with the Accounting Act and International Financial Reporting Standards (IFRS) adopted by the European Union. It 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 that are consistent with applicable accounting standards and for their consistent application, making reasonable and prudent judgments and estimates, and preparing annual financial statements based on the going concern principle, unless the assumption that the Bank will continue operating is inappropriate.

The Management Board is also responsible for compiling and the content of the Management 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), as well as for preparing and fairly presenting supplementary information prepared in accordance with the Decision on the Structure and Content of the 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 to the Supervisory Board for approval, including the annual financial statements and other information. If the Supervisory Board approves the annual financial statements, they are thereby confirmed by the Management Board and the Supervisory Board of the Bank.

The Management Board is responsible for taking steps reasonably available to it to preserve the Bank's assets and for taking justified measures to prevent and detect fraud and other illegalities.

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

On behalf of and for Slatinska banka d.d.:

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, 30 March 2026

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

Report on the Audit of the Annual Financial Statements

OPINION

We have audited the annual financial statements for the year ended 31 December 2025 of Slatinska banka d.d., Slatina, V. Nazora 2 (hereinafter „the Bank”), which include the Statement of Financial Position (Balance Sheet) as of 31 December 2025, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, as well as the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements present, in all significant respects, a true and fair view of the Bank's financial position as of 31 December 2025, its financial performance and the cash flows for the year then ended, in accordance with International Financial Reporting Standards (hereinafter "IFRS") established by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including the International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code), as well as the ethical requirements relevant to our audit of the annual financial statements 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.

Report on the audit of the annual 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 and in forming our opinion thereon, and we do not give 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 Bank's annual financial statements, gross loans and advances amounted to EUR 206,526 thousand, the related impairment allowance for loans amounted to EUR 10,640 thousand, and the reversal of impairment on financial assets not measured at fair value through profit or loss amounted to EUR 5 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 Bank's most significant financial risk and directly affects capital preservation. It requires significant management judgment in determining 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><i>Audit procedures</i></p> <p>Auditors' procedures performed in response to the key audit matter included:</p> <ul style="list-style-type: none"> • understanding the Bank's credit management business model, reviewing loan portfolios, credit administration practices and their valuation; • testing the classification of loans as performing loans, loans with a significant increase in credit risk, and impaired loans, in accordance with IFRS 9 and the Decision on the classification of placements and off-balance sheet liabilities of credit institutions; • obtaining an understanding of the operation of internal controls related to the process of assessing the required impairment of loans and advances to customers established by Management, and testing their effectiveness; • reviewing and assessing the appropriateness of the methodology for recognising ECL allowances, including estimates of probability of default (PD), loss given default (LGD) and exposure at default (EAD); • testing the quality and accuracy of the historical financial information used, assessing the appropriateness of the related collateral valuation estimates, the appropriateness of the assumptions used, testing circumstances and events related to the financial assets, and the macroeconomic forward-looking information used that gives rise to impairment under ECL; • assessing the appropriateness of disclosures in relation to International Financial Reporting Standards. <p>For impairment determined on an individual basis:</p>

Report on the audit of the annual financial statements (continued)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How we addressed the key audit matter
<ul style="list-style-type: none"> • The level of reliance on historical data in the process of determining risk parameters; • Allocation of credit risk to the appropriate level for individual and overall exposures; • Assessment of changes indicating a significant deterioration, requiring a change in credit risk level and the related lifetime ECL; • Assessment of the expected future cash flow from operations; • Assessment of the value of collateral and the period required for its realisation. <p>The Bank continuously adjusts the model parameters, which also requires our enhanced attention during the audit.</p> <p>Due to the uncertainty associated with expected cash flows, the financial significance of impairment allowances, their impact on the financial statements, the extent of the use of subjective assumptions and judgments in estimating the amount of required impairment allowances, and the complexity of the valuation models used, we concluded that impairment allowances arising from recognized impairment losses, and the related loans and advances to customers, were our key audit matter in the audit of the Bank's financial statements for the year ended 31 December 2025.</p> <p>Related disclosures in the accompanying annual financial statements</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>	<ul style="list-style-type: none"> • We selected a sample of loans, specifically those with the largest amounts and highest risk within individual characteristic groups of placements; • We verified the appropriateness of the criteria used to determine a significant increase in credit risk, the accuracy of financial information for identifying loans requiring impairment, recalculated or critically reassessed the assessment of financial position and business performance, expected future cash flows, time required for collection, appropriateness of collateral valuation, and assessment of the financial impact from collateral realisation. <p>For impairments determined on a collective basis:</p> <ul style="list-style-type: none"> • We reviewed the appropriateness of assumptions used for calculating the lifetime probability of default (PD) and loss given default (LGD); • We reviewed the appropriateness of ECL impairment measurement by critically assessing the client's financial position and business performance, estimating expected future cash flows, time required for exposure collection, appropriateness of collateral valuation, and assessment of financial impact from using collateral for recovery of unpaid exposures; • We evaluated 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; • We performed substantive testing on a selected sample of loans and related receivables to assess the correctness of loan classification and valuation



Report on the audit of the annual financial statements (continued)

EMPHASIS OF MATTER

The annual financial statements of the Company for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those annual financial statements on 28 March 2025

OTHER INFORMATION

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

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

Regarding the Management Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include verifying whether the Management Report has been prepared in accordance 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 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 Bank's business and its environment, obtained as part of the audit of the annual financial statements, we are required to report any material misstatements in the 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 FINANCIAL STATEMENTS

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

In preparing the annual financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Report on the audit of the annual financial statements (continued)

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF ANNUAL FINANCIAL STATEMENTS

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

As an integral part of auditing in accordance with ISAs, we make professional judgments and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements due to fraud or error; design and perform audit procedures in response 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 due to fraud is greater than the risk arising from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or circumvention of internal controls.
- Gain an understanding of internal controls 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 Bank's internal controls.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the accounting basis of going concern used by the Management Board and, based on the audit evidence obtained, we conclude whether there is significant uncertainty about events or circumstances that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that there is significant uncertainty, we are required to draw attention to it in our Independent Auditor's Report to the related disclosures in the annual financial statements or, if such disclosures are not appropriate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our Independent Auditor's Report. However, future events or conditions may cause the Bank to discontinue its operations.
- Evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, and whether the annual financial statements reflect the transactions and events on which they are based in a way that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and important audit findings, including significant deficiencies in internal controls identified during our audit.

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

Report on the audit of the annual financial statements (continued)

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

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

Report on other legal and regulatory requirements

On 30 September 2025, the Bank's General Assembly, upon the Supervisory Board's proposal, appointed us to audit the 2025 annual financial statements, which mark our first year of engagement.

Our audit opinion is consistent with the additional report to the Bank's audit committee, which was prepared in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014.

During the period between the initial date of the Bank's 2025 audited annual financial statements and the date of this report, we did not provide the Bank with prohibited non-audit services. In the business year before the aforementioned period, we did not provide services related to the design and implementation of internal control or risk management procedures associated with the preparation and/or control of financial information, or the design and implementation of IT systems for financial information. We have maintained our independence from the Bank in performing the audit.

In addition to the statutory audit, we provided the Bank with a limited assurance engagement to determine profit for the period from 1 January to 30 September 2025. We issued a report on this on 23 December 2025.

REPORT BASED ON THE REQUIREMENTS OF THE ACCOUNTING ACT

Pursuant to the Decision on the Structure and Content of Annual Financial Statements of Credit Institutions (Official Gazette 80/25, hereinafter the "Decision"), Management prepared the forms 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 Bank's Equity for the year then ended, together with information on the consistency with the Bank's annual 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 forms and the information on reconciliations with the Bank's annual financial statements, which do not form an integral part of those financial statements but do contain the information prescribed by the Decision. The financial information in the forms is based on the Bank's audited annual financial statements prepared in accordance with the statutory requirements for bank 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

Jeni Krstičević,
President of the Management
Board

Jeni Krstičević,
Certified Auditor

Statement of Comprehensive Income

for the period from 1 January to 31 December 2025

POSITION	Note	2025	2024
		EUR '000	EUR '000
Interest income	4	12,624	11,566
Interest expense	5	(3,154)	(3,018)
Net interest income		9,470	8,548
Fee and commission income	6	2,533	2,259
Fee and commission expense	7	(597)	(527)
Net fee and commission income		1,936	1,732
Net gains (losses) on financial assets and liabilities held for trading	8(a)	64	26
Net exchange rate gains	8(b)	(5)	7
Other operating income	9	64	355
Other operating expenses	10	(17)	(68)
Gross margin (Net trading profit and other income)		11,512	10,600
Administrative expenses	11	(8,664)	(8,370)
Contributions to the resolution fund	10(a)	(104)	0
Depreciation and amortisation	12	(840)	(719)
Operating expenses		(9,608)	(9,089)
Profit before impairment and other provisions		1,904	1,511
Provisions (Provisions or reversals of provisions)		(156)	(92)
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss		(78)	(151)
Impairment and provision expenses	13	(234)	(243)
Profit before tax		1,670	1,268
Profit tax liability	14	(373)	(310)
Deferred tax expense		36	48
Tax expense		(337)	(262)
Net profit for the year		1,333	1,006
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments measured at fair value through other comprehensive income, net of tax		47	132
Items that can be reclassified to profit or loss			
Debt instruments at fair value through other comprehensive income, net of tax		47	132
Other comprehensive income		1,380	1,138

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

Statement of financial position

as of 31 December 2025

POSITION	Note	31.12.2025	31.12.2024
		EUR '000	EUR '000
ASSETS			
Cash and cash equivalents	15	59,874	78,985
Financial assets at fair value through OCI	16	3,046	1,296
Financial assets at amortised cost	17	39,817	36,467
Loans and receivables from banks	18	4,068	5,830
Loans and advances from customers	18	195,886	162,673
Property, plant and equipment	19	10,144	4,159
Intangible assets	20	3,137	2,918
Deferred and current tax assets	21	188	193
Other assets	22	244	260
Investments in subsidiaries, joint ventures and associates	23	5,100	0
Total assets		321,504	292,781
EQUITY AND LIABILITIES			
LIABILITIES			
Current accounts and deposits from clients and banks	24(a)	284,478	247,329
Loans received	24(b)	767	11,031
Liabilities for issued securities	24(c)	4,058	4,058
Lease liabilities – IFRS 16 and other financial liabilities	25	802	1,252
Provisions for liabilities and expenses	26	933	777
Current tax liability	27	66	0
Other liabilities	28	2,805	2,172
Total liabilities		293,909	266,619
EQUITY			
	29		
Share capital		11,947	11,947
Share premium		20	20
Fair value reserve		79	180
Other reserves		1,823	1,772
Reserves for treasury shares		(465)	(465)
Retained earnings		12,858	11,702
Profit for the current period		1,333	1,006
Total equity		27,595	26,162
Total equity and liabilities		321,504	292,781

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

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
Balance as of 31 January 2023	11,947	(875)	48	20	878	1,108	941	10,187	900	25,154
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
Balance as of 31 December 2024	11,947	(465)	180	20	878	492	402	11,702	1,006	26,162
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	47	0	0	0	0	0	0	47
Profit for the current year	0	0	0	0	0	0	0	0	1,333	1,333
Balance as of 31 December 2025	11,947	(465)	79	20	878	492	453	12,858	1,333	27,595

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

Statement of Cash Flows

for the period from 1 January to 31 December 2025

POSITION	2025	2024
	EUR '000	EUR '000
Operating activities and adjustments		
Profit before tax	1,670	1,268
Impairment and provisions	234	243
Depreciation	840	719
Interest paid	(25)	(46)
Interest collected	9,925	8,200
Profit tax paid	(337)	(453)
Other non-cash items	(471)	(503)
Changes in assets and liabilities from operating activities		
Financial assets at fair value through OCI	(1,750)	(1,172)
Financial assets at amortised cost	(3,350)	(2,401)
Receivables from the Croatian National Bank	0	4
Loans and receivables from banks	1,762	(4,296)
Loans and advances from clients	(43,138)	(36,530)
Other assets from operating activities	21	906
Increase/(decrease) in operating liabilities		
Current accounts and deposits from clients and banks	37,174	52,316
Provisions for liabilities and expenses	156	91
Tax liability	66	(141)
Other liabilities	970	681
A) Net cash flows from operating activities	3,747	18,886
Investing activities		
Expenditures for the purchase of tangible and intangible assets		
B) Net cash flows from investing activities	(12,144)	(1,612)
	(12,144)	(1,612)
Financing activities		
Net decrease in loans received	(10,264)	(258)
Net increase in lease liabilities - IFRS 16	(450)	654
Increase in liabilities for debt securities issued	0	4,058
C) Net cash flows from financing activities	(10,714)	4,454
D) Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	(19,111)	21,728
Cash and cash equivalents at the end of the year	78,985	57,257
Operating activities and adjustments	59,874	78,985

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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 at Vladimira Nazora 2, Slatina.

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 each.

1.2. 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:

Domagoj Petrinović – President of the Supervisory Board (member since 1 July 2022)

Domagoj Karačić – Member of the Supervisory Board (member since 16 August 2020)

Anita Zelić – Member of the Supervisory Board (member since 1 July 2022)

As of 31 December 2025, the Bank had 156 employees (31 December 2024, 166 employees)

1.3. Risk assessment of Slatinska banka d.d.'s operations by the Croatian National Bank

The Croatian National Bank conducted an assessment of the riskiness of Slatinska banka d.d.'s operations as part of the regular SREP process and following the fact that the Bank's risk profile has not changed significantly compared to the previous year and that the additional capital requirements set out in SREP Decision EROFF-21-091/25-RS-BV of 23 December 2025, which ordered the Bank to continuously maintain, on both individual and consolidated basis starting from 01 January 2026, additional regulatory capital higher than the required one, to achieve a minimum 1.98 percentage points higher total capital ratio than that prescribed in Article 92, Paragraph 1, Point 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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

1. GENERAL INFORMATION (continued)

Regulation (EU) No. 648/2012 (OJ L 176, 27.06.2013.) and Chapter VII of the Act, were assessed as adequate. In this cycle, the HNB issued a decision, and the Bank is obliged to maintain the above-mentioned rate. That is, together with protective layers, the total capital rate is 15.48%.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Statement of compliance and basis of preparation

The annual financial statements have been prepared in accordance with the statutory accounting regulations for credit institutions in the Republic of Croatia. The Bank's operations are subject to the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20, 151/22 and 145/24). The Bank's financial reporting is determined by the Croatian National Bank ("the CNB"), the central supervisory institution for Croatia's banking system. The regulatory financial statements have been prepared in accordance with the banking regulations.

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

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

- The CNB requires banks to recognise impairment losses in the Statement of Comprehensive Income at a 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
- The CNB prescribes minimum amounts of impairment provisions for individual exposures in default status, which may differ from those required under IFRS;
- The CNB prescribes minimum impairment values and minimum collection periods for individual exposures (foreclosed assets) in default status, the collection of which is expected from the liquidation of collateral, which may differ from those required under IFRS

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.2. Basis of measurement

The annual financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss, and for financial assets at fair value through other comprehensive income. Other financial assets and liabilities are stated at amortised cost or at historical cost.

2.3. Uncertainty of estimates and the impact of judgments

In preparing the annual financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of the Bank's assets and liabilities, the Bank's income and expenses, and the disclosure of the Bank's contingent liabilities. Future events and their effects cannot be predicted with certainty, and actual results may differ from those estimated. The estimates used in preparing the annual financial statements are subject to change as new events occur, experience is gained, and the environment in which the Bank operates changes. The Bank recognises the following key sources of estimation uncertainty:

- Losses on loans and receivables,
- Profit tax, and
- Provisions for litigation.

Estimates and related assumptions are regularly reviewed, and their effects are recognised in the period in which they change if they affect only that period, or in the period affected if they also apply to future periods.

Key estimates used in applying accounting policies when preparing the annual financial statements include depreciation for intangible and tangible fixed assets, impairment of assets, adjustments to receivables and provisions, and disclosure of contingent liabilities.

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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

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

The adopted accounting policies are the same as those applied in the previous financial year, except for standards, amendments to standards and interpretations that came into effect after 1 January 2025. Only the new standard, its amendment and interpretation that are relevant to the Company's operations are presented below:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: The amendment defines that a currency is considered exchangeable into another currency if the entity can obtain that other currency within a time frame that includes normal 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, the entity must estimate the spot rate at the measurement date. The amendment also provides guidance on determining the rate in such circumstances, as well as prescribed related disclosures when the market rate is unavailable. The amendments provide guidance on when a currency is exchangeable and how to determine the rate when it is not.

This amendment to the standard has no significant impact on the Company's annual financial statements.

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

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

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

The Company does not expect these amendments and supplements to have a significant impact on the Company's annual financial statements.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

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

- IFRS 18 Presentation and Disclosure in Financial Statements: Issued in April 2024 and replaces IAS 1 and will result in major consequential amendments to IFRS accounting standards, including IAS 8 Basis of Preparation of Annual Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Although IFRS 18 will not affect the recognition and measurement of items in annual separate/consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and subtotals in the statement of profit or loss, aggregation and disaggregation of information, and disclosure of performance measures defined by management.
 - IFRS 19 Subsidiaries without Public Accountability: 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 effect on presentation, primarily on business performance, the new standards and interpretations are not expected to significantly affect the Company's annual financial statements.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Basis of accounting

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

The Bank 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 financial statements have been prepared from the Bank's accounting records and include the necessary adjustments and reclassifications to provide a true and fair view in accordance with the statutory accounting regulations applicable to banks in Croatia.

Functional and reporting currency

The annual financial statements are presented in thousands of euros, as the euro is the Bank's functional and presentation 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 in 2023. The change of functional and presentation currency in 2023 has no significant impact on these annual financial statements.

The Government of the Republic of Croatia issued the Decision on the Announcement of the Introduction of the Euro as the Official Currency in the Republic of Croatia (Official Gazette 85/2022). By this Decision, the euro became the official currency and legal tender in the Republic of Croatia as of 1 January 2023. The fixed exchange rate is 7.5345 kuna per euro. The introduction of the euro as the Republic of Croatia's official currency represents a change in the Bank's functional currency.

3.2. Critical accounting estimates and key sources of uncertainties

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

These estimates and the related assumptions are based on historical experience and various other factors believed to be reasonable under the existing circumstances and the information available at the date of preparation of the financial statements, the results of which form the basis for judging the carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The real estate valuation represents Management's best estimate, but it is subject to uncertainty. Historical transactions, as well as transactions in 2023, have confirmed that the realised values of real estate in foreclosures exceeded Management's estimates, which are aligned with CNB regulations and recognised in the financial statements.

The Bank specifically considers the point at which credit risk increases significantly. As the Bank's loan portfolio is primarily focused on individuals, credit risk is assessed on an individual basis for each significant exposure. Indicators of possible impairment are based on days past due, internal credit risk ratings informed by historical, current, and forward-looking information, and macroeconomic indicators and expectations.

The required value adjustment or provision is determined based on the measured expected credit loss calculated as the product of the probability of default, the extent of expected loss given default and the exposure to clients who are in default during the remaining expected life of the financial instrument and discounted at the effective interest rate at the balance sheet date.

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

3.3. Interest income and expense

Interest income on fully performing loans is recognised in the profit or loss account using the effective interest rate method for all interest-bearing financial instruments. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period.

The effective interest rate method involves calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period to achieve 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 parties that are integral to the effective interest rate, transaction costs, and all other premiums or discounts.

For financial assets, when calculating the effective interest rate adjusted for expected credit risk, the contractual terms of the financial instrument are used to calculate future cash flows, but not expected credit losses. The effective interest rate for the calculation of interest income and expense is calculated on the gross carrying amount of the financial asset or on the amortised cost of the liability.

For purchased or originated credit-impaired financial assets, the effective interest rate is adjusted for credit risk, and the contractual terms of the financial instrument, including the credit loss, are considered for the calculation of future cash flows. The effective interest rate for the calculation of interest income and expense is calculated on the amortised cost of the financial asset or liability. If the asset is no longer credit-impaired upon subsequent remeasurement, the income calculation will again be based on the financial asset's gross carrying amount.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3. Interest income and expense (continued)

These incomes and expenses are presented in the statement of profit or loss as interest income or interest expense. Interest income and expense also include income and expenses from fees and commissions relating to overdue loans and receivables from clients and banks, taken loans, finance leases, and issued debt securities, amortisation of premiums or discounts, as well as other fees between the initial carrying amount of the interest-bearing financial instrument and its maturity amount, which are recognised using the effective interest rate method. Interest income on debt securities at fair value through profit or loss is recognised at the nominal interest rate and included in interest income. If a credit is value-adjusted due to expected credit loss, i.e. to the amount 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 performing and non-performing loans (Stage 3) is recognised in the profit or loss account when collected or if collected.

3.4. Fee and commission income and expense

Fee and commission income consists of the Bank's fees for guarantees and other services provided by the Bank; fees for managing funds on behalf of, and for the account of, legal entities and individuals; guarantee transactions; asset management; and fees for domestic and international payment transactions. Fee and commission income is recorded on an invoiced basis upon the provision of banking services in the period in which they are earned, i.e. on an accrual basis, i.e. during the provision of services, except for cases when 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

The category includes earnings from the purchase and sale of currencies, realised and unrealised gains and losses from debt and equity securities held for trading, other financial instruments valued at fair value through profit or loss, as well as net gains or losses from exchange rate differences arising from the translation of monetary assets and liabilities expressed in foreign currency.

This category also includes the effects of the realisation or sale of financial instruments measured at fair value through other comprehensive income, whereby the effects recognised in other comprehensive income are recognised in the statement of profit or loss.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6. Employee benefits

Pension benefits and employee benefits

The Bank does not manage defined benefit plans for its employees and managers in Croatia. It has no provisions for these expenses, as the system in the Republic of Croatia does not allow for this. The Bank is obliged to pay contributions to pension and health insurance funds in Croatia in accordance with legal regulations. This obligation applies to all persons employed under employment contracts and service contracts. Contributions from and to salary are paid into taxable income from employment according to the following percentages:

	2025	2024
Pension insurance contribution	20.0%	20.0%
Health insurance contribution	16.5%	16.5%

Calculated contributions and taxes on behalf of and for the account of the employee are withheld from their gross salary, while the contribution to the salary is calculated and withheld by the Bank on its own behalf and for its account. Contributions on behalf of the employee and on behalf of the employer are calculated as an expense in the period in which they are incurred.

Severance pay and jubilee awards

The Bank pays employees jubilee awards and one-time severance payments upon retirement. The obligation is determined at the present value of estimated future cash outflows by applying a discount rate that is similar to the interest rate on government bonds in the Republic of Croatia that are listed on the market and whose currencies and maturities are in accordance with the currencies and estimated duration of the obligation to pay benefits.

The Bank pays its employees certain long-service benefits (jubilee awards) and severance payments upon retirement, in amounts that are tax-allowable.

3.7. Conversion of foreign payment instruments

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the transaction date. Monetary assets and liabilities are translated into the functional currency at the CNB's mid-exchange rate prevailing on the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate prevailing on the balance sheet date. Exchange differences arising from the translation of foreign currencies are recognised in the profit or loss account. Non-monetary items denominated in foreign currency and measured at fair value are translated into euros using the exchange rate prevailing on the date the fair value was determined. Non-monetary items denominated in foreign currency and measured at cost are translated at the exchange rate on the transaction date. Gains and losses arising from the translation of foreign currencies and from foreign exchange trading are presented in the profit or loss account for the respective period.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 taxable profit for the year. Taxable profit differs from net profit for the period reported in the Statement of Comprehensive Income for amounts that are not included in the tax base and for amounts of tax-deductible expenses. The Bank's current tax liability is calculated using the tax rates in force as of the balance sheet date.

The Management Board periodically assesses tax return positions in situations where applicable tax laws are subject to interpretation, and the Bank makes provisions where 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 and the amounts reported in the financial statements for assets and liabilities.

3.9. Cash and cash equivalents

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

3.10 Financial assets

A financial asset is an asset that is:

- (a) money;
- (b) a contractual right to receive money or other financial assets from another entity;
- (c) a contractual right to exchange financial instruments with another entity under terms that are potentially more favourable;
- (d) equity instruments of another entity.

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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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. At 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 financial asset.

(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.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Financial assets (continued)

Purchased debt and equity securities are classified into this category. These instruments the Bank intends to hold to earn interest in the form of interest or dividends, but can, if the conditions for this are met, be sold.

(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, while 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, the business model analysis was supplemented by an analysis of contractual cash flows (“SPPI test”).

The Bank has developed processes to analyse the securities and loan 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:

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

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 remaining life of the exposure.

For risk groups B and C (stage 3), credit losses are determined by discounting either the estimated cash flows for the exposure or the values of the hedging instruments.

Exposures are divided into the following homogeneous groups:

- Economy (trading companies, sole proprietors and other individuals carrying out registered activities),
- Individuals,
- 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 occurring for a given financial instrument for a given period (t). The MPD estimate for the instrument's lifetime should consider all relevant factors affecting this probability; in addition to incorporating historical data, it is necessary to include macroeconomic forecasts in the future period.

The MPD model applies a basic approach to calculating the probability of default based on Markov chain transition matrices, followed by macroeconomic forecasts using the z-shift model. The time dimension is obtained by multiplying appropriate matrices based on projections for future periods. The Bank uses a 5-year backward period and assigns priority to each year so that the most recent year receives 50%, the year before 20%, and the other three oldest years 10% each.

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. Individuals segment:
 - a) financial instrument secured by collateral - 40%
 - b) financial instrument not secured by collateral – 80%

Financial institutions segment – 45%

Central government and local self-government segment - 45%

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Financial assets (continued)

Derecognition and subsequent measurement of financial assets

Financial assets are initially measured at cost, including transaction costs. 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 that are measured at fair value through other comprehensive income and that are required to be measured at fair value through profit or loss are measured at fair value at the balance sheet date.

Financial assets 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 the instrument's effective life using the instrument's 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 expenses the Bank would incur if it terminated the contract 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 applicable to the asset, as explained in the policies for impairment of financial instruments.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 refer to promissory notes, entries and bonds with variable or fixed interest rates and other instruments evidencing indebtedness regardless of the issuer. Debt securities are registered or bearer and issued in series (a larger number of securities with identical characteristics).

Upon acquisition, debt securities may be classified into any of the existing financial asset categories, depending on the specifics of the debt security and in accordance with the aforementioned classification criteria. Debt securities classified as financial assets measured at fair value through other comprehensive income, mandatorily measured at fair value through profit or loss and held for trading are adjusted to estimated or fair value at the balance sheet date. For debt securities with quoted prices in an active market, fair value is determined by the price prevailing on that date.

Debt securities measured at amortised cost are presented 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 using the effective interest rate, and presented as interest income or expense. In the business books, principal, discount or premium, and related interest are recorded separately for each security.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Financial assets (continued)

Investments in equity securities

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

Fair value is measured reliably 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, a value adjustment (provisioning) is made for loans with individually identified potential losses. 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.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 using a recent, unbiased market transaction; considering the current fair value of another instrument that is essentially the same; conducting a discounted cash flow analysis; or using 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 depreciation, with 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:

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12. Property, plant and equipment (continued)

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

Individual assets depreciate until 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 a specific asset are measured as the difference between the sale price and the asset's carrying amount and are recognised as a debit or a 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 include 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:

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.13. Intangible assets (continued)**

	2025	2024
	Estimated useful life	Estimated useful life
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 Bank. Profit, after allocation to legal reserves and payment of dividends, is transferred to reserves. Reserves include the Bank'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 Bank 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.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 Bank 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 Bank's financial statements are stated in the currency of the primary economic environment in which the Bank 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 = 0,95748755 EUR (31 December 2024: USD 1 = EUR 0.85060241).

3.19. Off-balance-sheet financial instruments

In the ordinary course of business, the Bank 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 on the Bank's balance sheet when the Bank settles the liability.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20. Provisions

The Bank recognises a provision when it has a present obligation arising from 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 based on stock market prices or, if applicable, using 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 the 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 on 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 bank manages the assets of legal entities and citizens and charges a fee. As these amounts do not represent the Bank's assets, they are excluded from the corresponding balance sheet.

3.23. Reclassification

Certain amounts in the annual financial statements for the previous year have been reclassified to align with the current-year presentation.

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.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 optional exemptions for leases with a term of 12 months or less or for low-value subject assets. 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 Bank 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 Bank 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 Bank's incremental borrowing rate. The Bank'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 Bank 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 Bank complied with all regulatory requirements.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**4. Interest income**

Description	2025	2024
	EUR '000	EUR '000
Corporate	5,109	3,635
Retail and craftsmen	5,468	5,003
Credit institutions	101	286
Other	1,946	2,642
Total	12,624	11,566

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

Description	2025	2024
	EUR '000	EUR '000
Financial assets-debt securities at amortised cost	939	849
Financial assets-loans and advances at amortised cost	10,813	9,061
Other assets	872	1,656
Total	12,624	11,566

5. Interest expenses

Description	2025	2024
	EUR '000	EUR '000
Corporate	1,049	1,032
Retail and craftsmen	1,887	1,799
Credit institutions	94	38
Other	124	149
Total	3,154	3,018

Interest expenses - analysis by type of financial instrument:

Description	2025	2024
	EUR '000	EUR '000
Interest expense on lease liabilities	50	27
Financial liabilities at amortised cost	3,104	2,991
Total	Total	Total

Notes to the 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**

Description	2025	2024
	EUR '000	EUR '000
Corporate	1,186	1,025
Retail	1,025	946
Other	322	288
Total	2,533	2,259

7. Fee and commission expenses

Description	2025	2024
	EUR '000	EUR '000
Commission for FINA services	305	298
Foreign institutions	65	33
Domestic banks and clients	227	196
Total	597	527

8. a Net gains and losses on financial assets and financial liabilities held for trading are presented as follows:

Description	2025	2024
	EUR '000	EUR '000
Net exchange rate differences arising from the purchase and sale of foreign currency	64	26
Total	64	26

8. b Net income from exchange rate differences is presented as follows:

Description	2025.	2024.
	EUR '000	EUR '000
Net exchange rate differences due to the reduction of foreign exchange balance positions in the exchange rate	(5)	7
Total	(5)	7

9. Other operating income

Description	2025.	2024.
	EUR '000	EUR '000
Proceeds from the sale of tangible assets	17	34
Recognition of deferred income	14	213
Other	33	108
Total	64	355

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)**10. Other operating expenses**

Description	2025	2024
	EUR '000	EUR '000
Losses on sale of fixed tangible assets	2	49
Other expenses	15	19
Total	17	68

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	104	0
Total	104	0

11. Administrative expenses

Description	2025	2024
	EUR '000	EUR '000
Employee expenses /i/	5,802	5,337
Compensation expenses for Supervisory Board members	39	39
Other administrative expenses /ii/	2,823	2,994
Total	8,664	8,370

The number of employees is shown as follows:

Description	2025	2024
Number of employees as of 31 December 2025	156	166
Number of employees based on full-time equivalent (paid hours) in 2024	153	162
Number of employees based on full-time equivalent in 2025	126	133

/i/ Employee expenses are presented as follows:

Description	2025	2024
	EUR '000	EUR '000
Net wages	3,072	2,799
Contribution expenses from and on wages	1,500	1,337
Tax and surtax expenses from wages	539	559
Other employee expenses	691	642
Total	5.802	5.337

Notes to the 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)**

/iii/ Other administrative expenses are presented as follows:

Description	2025	2024
	EUR '000	EUR '000
Costs of materials and similar expenses	194	237
Costs of services	2,266	2,442
Costs of entertainment, advertising and publicity	229	225
Other	134	90
Total	2,823	2,994

12. Depreciation

Description	2025	2024
	EUR '000	EUR '000
Depreciation of leased assets (Note 19)	329	344
Depreciation of property, plant and equipment (Note 19)	167	104
Amortisation of intangible assets (Note 20)	344	271
Total	840	719

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

Description	2025	2024
	EUR '000	EUR '000
Value adjustment of financial assets:	78	151
- financial assets measured through other comprehensive income (Note 16)	2	0
- financial assets measured at amortised cost / held to maturity (Note 18)	(1)	(15)
- <i>financial assets measured at amortised cost/loans and advances (CNB, credit institutions, customers) and cash</i>	86	166
- - Cash (Note 15)	(5)	(21)
- - Loans and advances (Note 18)	(5)	143
- - Write-offs	96	44
- Recoveries of previously written-off receivables	(9)	0
Provisions or reversals of provisions	156	92
Provisions for legal disputes (Note 26)	30	22
Provisions for contingent liabilities (Note 26)	126	70
Total	234	243

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)**14. Profit tax**

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

Description	2025	2024
	EUR '000	EUR '000
Accounting profit before tax	1,670	1,268
Items that increase the tax base	424	545
Items that decrease the tax base	(23)	(90)
Profit after increase and decrease	2,071	1,723
Tax loss carried forward		
	2,071	1,723
Tax base	18	18
Profit tax rate	(373)	(310)
Profit tax liability		
	36	48
Deferred tax expense	(337)	(262)

Profit tax is calculated in accordance with Croatian regulations. The tax rate on taxable income is 18% (2024: 18%). As of 31 December 2025, the profit tax liability amounts to EUR 373 thousand (as of 31 December 2024, it amounted to EUR 310 thousand).

Deferred tax assets based on deferred income from accrual of fees on loans and securities as of 31 December 2025 amount to EUR 36 thousand (as of 31 December 2024, it amounted to EUR 48 thousand), and as of 31 December 2025, the Bank has no deferred tax assets based on unrealized losses on financial assets at fair value through profit or loss (as of 31 December 2024, the Bank had no deferred tax assets based on unrealized losses on financial assets at fair value through profit or loss).

The Tax Administration of the Republic of Croatia has not audited the Bank's income 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 the Bank's books and records within a period of three years after the end of the year in which the tax liability was stated and may impose additional tax liabilities and penalties. The Bank's Management is not aware of any circumstances that could lead to potential significant liabilities in this regard.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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	2,860	2,137
Cash in the cash register:		
- local currency	4,156	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	7,719	1,949
Other deposits with the CNB	44,800	69,943
Total	59,889	79,005
Impairment	(15)	(20)
Total	59,874	78,985

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

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

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 other assets/ii/	2,734	1,277
Total	3,048	1,296
<i>Related impairment for expected credit losses</i>	(2)	0
Total	3,046	1,296

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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 as at 31 December 2025 amount to EUR 314 thousand (as at 31 December 2024, they amounted to EUR 19 thousand)

/ii/ Debt instruments

Investments in investment funds as at 31 December 2025 amount to EUR 2,734 thousand (as at 31 December 2024, they amounted to EUR 1,277 thousand).

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

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

17. Debt securities valued at amortised cost

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Bonds of the Republic of Romania	4,433	0
Solvera bond	506	0
Bonds of the Republic of Croatia	33,548	36,463
Corporate Bonds	1,346	22
Impairment	(16)	(18)
Total	39,817	36,467

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 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 by stages are presented as follows:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Balance as of 1 January	(18)	(33)
Net impairment - Stage 1	1	15
Balance as of 31 December	(17)	(18)

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

Impairments	Stage 1	Stage 2	Stage 3	Total
Balance as of 1 January 2024	0	0	0	0
Changes in credit risk (net) – Note 13	15	0	0	15
Balance as of 31 December 2024	15	0	0	15
Changes in credit risk (net) – Note 13	1	0	0	1
Balance as of 31 December 2025	16	0	0	16

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Placements to credit institutions /i/	4,068	5,830
Loans and advances to clients /ii/	195,886	162,673
Total	199,954	168,503

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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:

Description	31.12.2025	31.12.2024
	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
Total	4,074	5,836
Impairment	(6)	(6)
Total	4,068	5,830

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Corporate	97,815	77,140
Retail and craftsmen	102,582	96,228
Other	6,129	868
Loan impairment	(10,640)	(11,563)
Total	195,886	162,673

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

Description	31.12.2025	31.12.2024
	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	102,582	96,228
Other	6,130	868
Total	206,526	174,236
Impairment and loan loss provisions	(10,640)	(11,563)
Total	195,886	162,673

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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:

Gross carrying value	Stage 1	Stage 2	Stage 3	Total
Credit institutions	4,070	0	4	4,074
Corporate	89,644	861	9,066	99,571
Retail	93,547	563	8,472	102,583
Other	4,372	0	0	4,372
Total	191,633	1,424	17,542	210,600

Impairment	Stage 1	Stage 2	Stage 3	Total
Credit institutions	(2)	0	(4)	(6)
Corporate	(705)	(40)	(2,536)	(3,281)
Retail	(617)	(50)	(6,682)	(7,349)
Other	(6)	0	(4)	(10)
Total	(1,330)	(90)	(9,226)	(10,646)

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

Gross carrying value	Stage 1	Stage 2	Stage 3	Total
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
Total	158,433	3,231	18,408	180,072

Impairment	Stage 1	Stage 2	Stage 3	Total
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)
Total	(1,206)	(158)	(10,205)	(11,569)

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
Balance as of 1 January 2024	(1,215)	(146)	(11,068)	(12,429)
Changes in credit risk (net) – note 13	(310)	(39)	206	(143)
Write-offs	319	27	657	1003
Balance as of 31 December 2024	(1,206)	(158)	(10,205)	(11,569)
Changes in credit risk (net) – note 13	(398)	62	340	04
Write-offs	273	06	640	919
Balance as of 31 December 2025	(1,331)	(90)	(9,225)	(10,646)

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Balance as of 1 January	(11,569)	(12,429)
Net impairment - Stage 1	(125)	09
Net impairment - Stage 2	68	(12)
Net impairment - Stage 3	980	863
Balance as of 31 December	(10,646)	(11,569)

Notes to the 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
Purchase value								
As of 1 January 2024	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)
As of 31 December 2024	114	4,593	1,809	2,758	835	241	40	10,390
Direct additions	0	0	359	0	0	35	6,885	7,279
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)
As of 31 December 2025	110	4,435	1,288	2,916	828	225	6,718	16,520
Impairment								
As of 1 January 2024	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)
As of 31 December 2024	0	2,688	517	2,162	817	47	0	6,231
Depreciation for 2025	0	81	92	240	6	40	0	459
Disposal and sale	0	(72)	(172)	(43)	(27)	0	0	(314)
As of 31 December 2025	0	2,697	437	2,359	796	87	0	6,376
Net carrying value								
As of 1 January 2024	115	1,985	457	457	47	153	124	3,338
As of 31 December 2024	114	1,905	1,292	596	18	194	40	4,159
As of 31 December 2025	110	1,738	851	557	32	138	6,718	10,144

As of 31 December 2025, the Bank had no pledged assets with other legal entities.

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

Notes to the 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
Purchase value			
As of 1 January 2024	3,898	1,236	5,134
Direct increases	0	450	450
Transfer from assets under construction	580	-580	0
As of 31 December 2024	4,478	1,106	5,584
Direct increases	198	341	539
Write-offs 2025.	-275	0	0
Transfer from assets under construction	408	-408	0
As of 31 December 2025	4,809	1,039	5,848
Impairment			
As of 1 January 2024	2,409	0	2,409
Depreciation for 2024	257	0	257
As of 31 December 2024	2,666	0	2,666
Write-offs 2025.	-275	0	-275
Depreciation for 2025	320	0	320
As of 31 December 2025	2,711	0	2,711
Net carrying value			
As of 1 January 2024	1,489	1,236	2,725
As of 31 December 2024	1,812	1,106	2,918
As of 31 December 2025	2,098	1,039	3,137

The increase in intangible assets in 2025 relates to the upgrade of the application system. Intangible assets under development as at 31 December 2025 relate to investments in application software amounting to EUR 1,039 thousand and are lower compared to 2024 due to the transfer of acquired programmes into use.

The Bank's assets are not encumbered by liens.

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	188	153
Total	188	193

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**21. Deferred and current tax assets (continued)**

Description	31.12.2025
	EUR '000
Balance as of 1 January	153
<i>Increase in profit for other income</i>	188
<i>Tax rate in %</i>	18
Increase in deferred tax assets	35
Balance as of 31 December	188

22. Other assets

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Advances paid and deferred income	135	140
Assets foreclosed in exchange for uncollected receivables //	98	109
Other	11	11
Total	244	260

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Land	34	35
Buildings	64	74
Total	98	109

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Balance as of 1 January	109	982
Decrease		
- sale	(11)	(873)
Balance as of 31 December	98	109

23. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are shown as follows:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Investments in subsidiaries, joint ventures and associates	5,100	0
Total	5,100	0

On 14 February 2025, the Bank made the payment of the agreed purchase price for the acquisition of 100% stake in Solvera stambena štedionica d.d. (formerly Wüstenrot stambena štedionica d.d.)

Notes to the 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**

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Demand deposits /i/	177,891	154,655
Time deposits /ii/	106,587	92,674
Liabilities for received loans /iii/	767	11,031
Liabilities for issued securities /iv/	4,058	4,058
Total	289,303	262,418

/i/ Demand deposits are shown as follows:

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

Notes to the 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:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Deposits retail		
- domestic currency	79,719	77,101
- foreign currency	593	421
Total retail	80,312	77,522
Deposits corporate		
- domestic currency	15,878	11,754
Total corporate	15,878	11,754
Deposits of financial institutions		
- domestic currency	8,200	585
Total financial institutions	8,200	585
Deposits of government and other institutions		
- domestic currency	1,490	1,704
Total government and other institutions	1,490	1,704
- domestic currency		
Deposits of foreign companies	13	16
Deposits of individuals	694	1,063
- foreign currency		
Deposits of individuals	0	30
Total foreign persons	707	1,109
Total	106,587	92,674

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

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Liabilities to CBRD /a/	767	965
Liabilities to CNB /b/	0	10,066
Total	767	11,031

Notes to the 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)

/a/ Liabilities to CBRD as at 31 December 2025 amounted to EUR 767 thousand (31 December 2024: EUR 965 thousand). These funds are intended for granting loans to legal and natural persons in accordance with HBOR programmes. Depending on the purpose of the loans, interest rates ranged from 0% to 3%.

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

/iv/ Liabilities from issued securities:

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Issued securities – principal	4,000	4,000
Issued securities - interest	58	58
Total	4,058	4,058

On 30 September 2024, the Bank registered a subordinated instrument, namely a Bond, with the Central Depository and Clearing Company Inc., Zagreb, which was included in the calculation of supplementary capital following approval by the Croatian National Bank. The subordinated bond, SNBA-O-319A, was issued in dematerialised and registered form, with a total issue amount of EUR 4,000,000.00, nominal value of EUR 100,000.00, settlement currency EUR, a fixed interest rate of 5.75% per annum, and semi-annual payments.

25. Lease liabilities – IFRS 16 and other financial liabilities

Description	31.12.2025	31.12.2024
	EUR '000	EUR '000
Lease liabilities	784	1,236
Other financial liabilities	18	16
Total	802	1,252

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
Balance as of 1 January 2024	497	188	685
Net charge in the statement of profit or loss - Note 13	22	70	92
Balance as of 31 December 2024	519	258	777
Net charge in the statement of profit or loss - Note 13	30	126	156
Balance as of 31 December 2025	549	384	933

Provisions for commitments and guarantees, pending legal and tax proceedings (litigation), and other provisions based on estimates are recognised within other impairment losses and provisions in the statement of profit or loss (Note 13).

Provisions for commitments and financial guarantees:

Impairment	Stage 1	Stage 2	Stage 3	Total
Balance as of 1 January 2024	175	3	10	188
Changes in credit risk (net) - Note 13	18	(1)	53	70
Balance as of 31 December 2024	193	2	63	258
Changes in credit risk (net) - Note 13	3	(1)	124	126
Balance as of 31 December 2025	196	1	187	384

27. Current tax liability

	31.12.2025	31.12.2024
Description	EUR '000	EUR '000
Current tax liability	66	0
Total	66	0

Notes to the 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	276	359
Liabilities towards employees	908	382
Liabilities for compensation for members of the SB	3	3
Deferred interest income and deferred expenses	108	186
Real estate transfer tax liabilities	191	0
Liabilities for value-added tax	1	2
Other liabilities	594	377
Total	2,805	2,172

29. Capital

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 each.

The Decision of the General Assembly of 29 June 2006 on the abolition of the preferential rights of preferred shares determined that the Bank's share capital of EUR 11,947 thousand was divided into 172,412 dematerialized registered shares, of which 114,662 were regular dematerialized shares of series A with a nominal value of EUR 79.63 (HRK 600) each, and 57,750 preferred dematerialized registered shares of series B with a nominal value of EUR 53.10 (HRK 400), and by this Decision, the preference is abolished in its entirety, so the aforementioned shares become regular dematerialized registered shares, with a nominal value of EUR 53.10 (HRK 400) each.

By the decision of the General Assembly of 29 June 2006 on the division of shares, one ordinary share of the Bank with a nominal value of EUR 79.63 (HRK 600) was divided into 6 ordinary shares of the Bank with a nominal value of EUR 13.27 (HRK 100), and one previous preferred share of the Bank with a nominal value of EUR 53.10 (HRK 400) was divided into 4 ordinary shares of the Bank with a nominal value of EUR 13.27 (HRK 100).

The Bank has adjusted its share capital in accordance with the Companies Act and amended its Articles of Association following the euro conversion. The previous share value of EUR 13.27 (HRK 100) has been adjusted to EUR 13 per share.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

29. Capital (continued)

The Bank's shareholders as of 31 December 2025, according to the ten largest positions (data taken from www.skdd.hr), are shown 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			AU79 CAPITAL KORLATOLT		
FELELOSSEGU TARSASAG (1/1)	84,758	9.22	FELELOSSEGU TARSASAG (1/1)	84,758	9.22
INTERKAPITAL VRIJEDNOSNI PAPIRI	83,8		INTERKAPITAL VRIJEDNOSNI		
D.O.O./ 2M CONSULTING D.O.O. (1/1)	84	9.13	PAPIRI D.O.O./ 2M CONSULTING		
KOPIĆ VLATKO (1/1)	81,228	8.84	D.O.O. (1/1)	83,884	9.13
SOKAČIĆ DRAGUTIN (1/1)	75,467	8.21	KOPIĆ VLATKO (1/1)	81,228	8.84
AGRAM BROKERI D.D./			SOKAČIĆ DRAGUTIN (1/1)	75,467	8.21
EUROHERC OSIGURANJE D.D.			AGRAM BROKERI D.D./ EUROHERC		
(1/1)	69,998	7.62	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 SHAREHOLDERS	297,404	32.36	OTHER SHAREHOLDERS	297,404	32.36
TOTAL 1.358 SHAREHOLDERS	918,972	100	TOTAL 1.358 SHAREHOLDERS	918,972	100

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	1.45	1.09
Profit for the year	1,333	1,006
Number of shares after deduction for ordinary treasury shares	847,598	847,598
Basic earnings per share (expressed in EUR per share)	1.57	1.19

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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	14,977	11,311
Total	28,791	25,994
Provisions for contingent liabilities	(383)	(258)
Total	28,408	25,736

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	14,886	34	57	14,977
OFF-BALANCE SHEET LIABILITIES	28,501	34	256	28,791
Total provisions for off-balance sheet liabilities	(196)	(1)	(186)	(383)

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
OFF-BALANCE SHEET LIABILITIES	25,426	108	460	25,994
Total provisions for off-balance sheet liabilities	(194)	(2)	(62)	(258)

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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	205	417

In 2025, the Bank managed funds in the name and for the account of third parties. These assets are recorded separately from the Bank's assets. Income and expenses from these funds are credited or debited to their respective sources. The Bank charged a fee for its services, which was debited to these funds.

33. Leases

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

Right-of-use asset

The Bank 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 Bank 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 Bank 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 Bank also leases certain equipment and business premises on a short-term basis and/or for low-value assets. The Bank does not recognise the right to use the asset under this type of lease.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
<i>Purchase price</i>			
As of 1 January 2024	895	166	1,061
Increases	914	75	989
Disposals and sales	0	0	0
As of 31 December 2024	1,809	241	2,050
Increases	362	35	397
Disposals and sales	(883)	(51)	(934)
As of 31 December 2025	1,288	225	1,513
<i>Impairment</i>			
As of 1 January 2024	438	13	451
Depreciation for 2024	79	34	113
As of 31 December 2024	517	47	564
Depreciation for 2025	92	40	132
Disposals	(172)	0	(172)
As of 31 December 2025	437	87	524
<i>Net carrying value</i>			
As of 1 January 2024	457	153	610
As of 31 December 2024	1,292	194	1,486
As of 31 December 2025	851	138	989

Lease liabilities

When entering into a lease agreement, the Bank 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 financial statements (continued)

for the period from 1 January to 31 December 2025

NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**33. Leases (continued)**

	31.12.2025	31.12.2024
	EUR '000	EUR '000
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
Total	784	1,235
Discounting Effect	25	31
Total Discounted Lease Liabilities of 31 December	759	1,204

The costs associated with operating leases are shown below:

	31.12.2025	31.12.2024
	EUR '000	EUR '000
Depreciation expense on leased assets		
Buildings	92	65
Vehicles	40	43
Depreciation expense on leased assets	132	108
Expenses on lease liabilities		
Interest expenses on lease liabilities	50	27
Expenses related to short-term leases	0	157
Expenses related to low-value leases, excluding low-value short-term leases	243	24
Tax expense on long-term operating leases	34	27
Expenses on lease liabilities	327	235

The total cash flows for leases are shown below:

Cash flow	31.12.2025	31.12.2024
	EUR '000	EUR '000
Cash payments for the principal of lease liabilities	130	130
Cash payments for the interest on lease liabilities	50	27
Tax-related payments	34	21
Short-term lease payments, lease payments for low-value assets	24	24
Total lease payments	238	202

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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

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 financial statements (continued)

for the period from 1 January to 31 December 2025

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)**

A credit institution may enter into a legal transaction with a person in a special relationship with the Bank and its related party 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, outstanding items at the year-end and related expenses and income for the year are presented as follows:

Description	2025	2024
	EUR '000	EUR '000
Loans and advances to clients, Securities		
Management Board	1,264	818
Supervisory Board and related persons	362	638
Solvera stambena štedionica	5,606	0
Other	225	129
Total loans and advances to clients	7,457	1,586
Contingent liabilities		
Shareholders holding 5 per cent or more of the voting shares	0	2
Management Board	5	5
Solvera stambena štedionica	50	0
Other	5	5
Total contingent liabilities	60	12
Demand deposits		
Shareholders holding 5 per cent or more of voting shares	0	1
Management Board	8	83
Supervisory Board and related persons	76	10
Solvera stambena štedionica	2	0
Others	80	23
Total demand deposits	166	117
Term deposits		
Management Board	255	91
Supervisory Board and related persons	0	100
Solvera stambena štedionica	4,000	0
Other	150	0
Total term deposits	4,405	191
Other liabilities		
Supervisory Board and related persons	3	3
Solvera stambena štedionica	4	0
Other	43	0
Total other liabilities	50	3
		100

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
Income		
Supervisory Board and related persons	12	25
Management Board	44	25
Others	4	6
Total income	60	56
Expenses		
Supervisory Board and related persons	2	1
Management Board	5	0
Total expenses	7	1

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
Total	1,056	804

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 Bank's financial assets and liabilities are unavailable, the fair value of these items is estimated by the Management Board 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
Financial assets at fair value through other comprehensive income	294	2,734	19
Equity instruments	294	2,734	19

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

Notes to the 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:

Financial assets at fair value	Fair value as of 31.12.2025 EUR	Fair value hierarchy	Valuation method and main data inputs
Equity instruments			
ŽITO D.D. shares	294	Stage 1	Market price - average daily price on the active market on the valuation date
Share in the INSPIRE DELTA fund	2,734	Stage 2	Market price - average daily price on the 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 value at acquisition cost
Loans and advances			
Participation in an alternative investment fund of venture capital with a private offering	0	Stage 2	Market price - published share price on the valuation date

Fair value of financial assets as of 31 December 2024

Financial assets at fair value	Fair value as of 31.12.2024 EUR	Fair value hierarchy	Valuation method and main data inputs
Equity instruments			
Share in the INSPIRE DELTA fund	1,277	Stage 2	Market price - average daily price on the 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 value at acquisition cost
Loans and advances			
Participation in an alternative investment fund of venture capital with a private offering	0	Stage 1	Market price - published share price on the valuation date

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

FINANCIAL RISK MANAGEMENT

This note provides details of the Bank's exposure to risks arising from the unpredictability of financial markets. Briefly, it describes the methods the Management Board uses 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 by setting risk exposure limits in line with the legal framework and the Bank's risk profile.

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

The Bank is exposed to credit risk, which is the risk that the other party may be unable to settle obligations in full when due. The Bank classifies credit risk by setting limits on the amount of risk it expects to incur for a single borrower or group of borrowers, and for individual economic sectors. The Bank regularly monitors these risks and reviews them annually or more frequently.

The Bank manages credit risk by regularly analysing the ability of existing and potential borrowers to repay their principal and interest liabilities and by changing credit limits as necessary. In addition, it partially manages its exposure to credit risk by obtaining collateral, as well as corporate and personal guarantees.

The primary purpose of loan commitments is to ensure the availability of funds to meet clients' needs. Guarantees, which represent irrevocable guarantees that the Bank will make a payment if the client cannot meet its obligations to third parties, carry the same credit risk as loans.

In its operations, the Bank is exposed to liquidity risk, which is 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 its financial results.

Part of the monitoring and reporting of liquidity risk is carried out through analysis of the maturity matching of assets and liabilities, which involves determining the maturity matching of asset and liability positions on a net basis and identifying gaps by maturity. Financial liabilities are reported based on the conducted analyses and projections of expected outflows (Note 39).

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

FINANCIAL RISK MANAGEMENT (continued)**36. Credit risk**

Commitments to lend represent unused amounts committed as loans or guarantees. In relation to the credit risk associated with commitments to lend, the Bank is potentially exposed to a loss equal to the total unused commitments. However, the probable amount of loss is less than the total amount of unused commitments, as most commitments relate to clients' maintenance of specific credit standards. The Bank monitors the maturity of commitments because such commitments with longer terms generally represent a higher credit risk than those with shorter terms.

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

The credit risk exposure relating to on-balance sheet assets is as follows:	Gross placements	Reserve S STAGE 1	Reserve S STAGE 2	Reserve S STAGE 3	Net placements
Cash	59,888	(14)	0	0	59,874
Financial assets at fair value through other comprehensive income	3,048	(2)	0	0	3,046
Financial assets-debt securities at amortised cost	39,833	(16)	0	0	39,817
Financial assets-loans and advances at amortised cost	210,599	(1,329)	(90)	(9,226)	199,954
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	206,525	(1,323)	(90)	(9,224)	195,888
Investment in an associated company	0	0	0	0	0
Property, plant and equipment	10,144	0	0	0	10,144
Intangible assets	3,137	0	0	0	3,137
Current tax assets	188	0	0	0	188
Other assets	244	0	0	0	244
Investments in subsidiaries, joint ventures and associates	5,100	0	0	0	5,100
Total on-balance sheet exposure	327,083	(1,361)	(90)	(9,226)	321,504
The credit risk exposure relating to off-balance sheet assets is as follows:					
Guarantees	13,260	(83)	(1)	(179)	12,997
Assumed credit and other liabilities	15,529	(111)	(1)	(6)	15,411
Total off-balance sheet exposure:	28,789	(194)	(2)	(185)	28,408
Total as of 31 December 2025	355,872	(1,555)	(92)	(9,411)	349,912

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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:

The credit risk exposure relating to on-balance sheet assets is as follows:	Gross placements	Reserves STAGE 1	Reserves STAGE 2	Reserves STAGE 3	Net placements
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
Total on-balance sheet exposure	304,388	(1,244)	(158)	(10,205)	292,781
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
Total off-balance sheet exposure:	25,994	(194)	(2)	(62)	25,736
Total as of 31 December 2024	330,382	(1,438)	(160)	(10,267)	318,517

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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:

31.12.2025	
Loans and advances to clients	
Loans and advances to clients	199,954
Secured loans:	
Deposits	1,361
Guarantees	841
Residential real estate	49,913
Commercial real estate and other	64,838
Movable property	8,039
TOTAL	124,992
Share of loans with collateral	62.51%

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

- **Sale of receivables**

In 2025, the Bank sold gross receivables of EUR 495.11 thousand (net receivables of EUR 45.77 thousand) to third parties for EUR 102.28 thousand, resulting in the release of impairment allowances of EUR 449.34 thousand.

In 2024, the Bank sold gross receivables of EUR 1,271.57 thousand (net receivables of EUR 50.62 thousand) to third parties for EUR 252.92 thousand, resulting in the release of impairment allowances of EUR 1,220.95 thousand.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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			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	1,023	(229)	289	(3)	734	(226)
Total	2,324	(512)	961	(7)	2,150	(1,205)

31.12.2024		Stage 1			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)
Total	3,111	(1,212)	961	(7)	2,150	(1,205)

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
ASSETS							
Cash and cash equivalents	5,717	54,157	0	0	0	0	59,874
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	0	0	3,046
Financial assets at amortised cost	0	416	0	6,074	8,644	24,683	39,817
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	8,571	12,239	125,491	16,878	32,131	195,886
Property, plant and equipment	10,144	0	0	0	0	0	10,144
Intangible assets	3,137	0	0	0	0	0	3,137
Deferred tax assets	188	0	0	0	0	0	188
Other assets	244	0	0	0	0	0	244
Investments in subsidiaries, joint ventures and associates	5,100	0	0	0	0	0	5,100
Total assets	29,098	66,164	12,341	131,565	25,522	56,814	321,504
LIABILITIES							
Current accounts and deposits from clients and banks	3,041	106,615	14,950	58,591	39,605	61,676	284,478
Liabilities for loans received	0	111	45	94	191	326	767
Liabilities for issued securities	58	0	0	0	0	4,000	4,058
Lease liabilities - IFRS 16 and other financial liabilities	802	0	0	0	0	0	802
Provisions for liabilities and expenses	933	0	0	0	0	0	933
Current tax liability	66	0	0	0	0	0	66
Other liabilities	2,805	0	0	0	0	0	2,805
Total liabilities	7,705	106,726	14,995	58,685	39,796	66,002	293,909
EQUITY							
Total equity	26,162	0	0	0	0	0	26,162
Total liabilities and equity	35,300	106,726	14,995	58,685	39,796	66,002	321,504
NET ASSETS / LIABILITIES AND EQUITY	(6,202)	(40,562)	(2,654)	72,880	(14,274)	(9,188)	0

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

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
ASSETS							
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
Total assets	16,872	79,425	22,299	99,877	32,026	42,282	292,781
LIABILITIES							
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
Total liabilities	7,044	65,743	20,096	86,628	32,063	55,045	266,619
EQUITY							
Total equity	26,162	0	0	0	0	0	26,162
Total liabilities and equity	33,206	65,743	20,096	86,628	32,063	55,045	292,781
NET ASSETS / LIABILITIES AND EQUITY							
	(16,334)	13,682	2,203	13,249	(37)	(12,763)	0

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

FINANCIAL RISK MANAGEMENT (continued)

37. Interest rate risk (continued)

The table below summarises the current average interest rates for assets and liabilities:

	2025	2024
	%	%
Assets		
Placements with credit institutions	5.0	5.1
Loans and advances to clients	5.8	6.0
Liabilities		
Demand deposits	0.79	0.41
Term deposits	2.02	2.43
Loan liabilities	0.25	0.35

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
Geographical region						
Republic of Croatia	316,254	290,209	28,403	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
Total geographical region	321,504	321,504	28,408	292,781	292,781	25,736
Sector						
Central government-Croatia	40,264	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)	102,582	162,721	6,803	88,032	139,578	8,004
Non-residents	5,234	1,615	7	1,598	5,479	0
Other	36,051	71,940	5,803	36,866	61,234	7,131
Total sectoral analysis	321,504	321,504	28,408	292,781	292,781	25,736

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

FINANCIAL RISK MANAGEMENT (continued)**39. Currency risk**

The Bank's foreign exchange assets and liabilities as of 31 December 2025 are presented as follows:

	USD	Other currencies	Total foreign currency equivalents	EUR	Total
ASSETS					
Cash and cash equivalents	216	1,360	1,576	58,298	59,874
Financial assets at fair value through profit or loss	0	0	0	0	0
Financial assets at fair value through OCI	0	0	0	3,046	3,046
Financial assets at amortised cost	0	0	0	39,817	39,817
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	195,886	195,886
Property, plant and equipment	0	0	0	10,144	10,144
Intangible assets	0	0	0	3,137	3,137
Deferred tax assets	0	0	0	188	188
Other assets	0	0	0	244	244
Investments in subsidiaries, joint ventures and associates	0	0	0	5,100	5,100
Total assets	770	1,360	2,130	319,374	321,504
LIABILITIES					
Current accounts and deposits from clients and banks	764	1,265	2,029	282,449	284,478
Liabilities for loans received	0	0	0	767	767
Liabilities for issued securities	0	0	0	4,058	4,058
Lease liabilities - IFRS 16 and other financial liabilities	0	0	0	802	802
Provisions for liabilities and expenses	0	0	0	933	933
Current tax liability	0	0	0	66	66
Other liabilities	2	2	4	2,801	2,805
Total liabilities	766	1,267	2,033	291,876	293,909
EQUITY					
Total equity	0	0	0	27,595	27,595
Total equity and liabilities	766	1,267	2,033	319,471	321,504
NET ASSETS/EQUITY AND LIABILITIES	4	93	97	(97)	0

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

FINANCIAL RISK MANAGEMENT (continued)**39. Currency risk (continued)**

The Bank's foreign exchange assets and liabilities as of 31 December 2024 are presented as follows:

	USD	Other currencies	Total foreign currency equivalents	EUR	Total
ASSETS					
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
Total assets	664	1,515	2,179	290,602	292,781
LIABILITIES					
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
Total liabilities	600	1,317	1,917	264,702	266,619
EQUITY					
Total equity	0	0	0	26,162	26,162
Total equity and liabilities	600	1,317	1,917	290,864	292,781
NET ASSETS/EQUITY AND LIABILITIES	64	198	262	(262)	0

Notes to the 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 Bank's assets and liabilities as of 31 December 2025 is shown as follows:

	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
ASSETS						
Cash and cash equivalents	59,874	0	0	0	0	59,874
Financial assets at fair value through OCI	0	0	0	0	3,046	3,046
Financial assets at amortised cost - debt securities	0	0	6,133	8,578	25,106	39,817
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	12,424	7,082	30,285	42,926	103,169	195,886
Property, plant and equipment	0	0	0	0	10,144	10,144
Intangible assets	0	0	0	0	3,137	3,137
Deferred tax assets	127	0	44	6	11	188
Other assets	244	0	0	0	0	244
Investments in subsidiaries, joint ventures and associates	0	0	0	0	5,100	5,100
Total assets	76,635	7,184	36,462	51,510	149,713	321,504
LIABILITIES						
Current accounts and deposits from clients and banks	198,795	21,565	61,481	623	2,015	284,478
Liabilities from received loans	0	108	4	78	576	767
Liabilities for issued securities	0	0	0	0	4,058	4,058
Lease liabilities - IFRS 16	10	21	120	221	430	802
Current tax liability	0	0	66	0	0	66
Provisions	674	73	123	52	11	933
Other liabilities	2,024	27	56	67	630	2,805
Total liabilities	201,503	21,795	61,850	1,041	7,720	293,909
EQUITY						
Total equity	0	0	0	0	27,595	27,595
Total equity and liabilities	201,503	21,795	61,850	1,041	35,315	321,504
NET ASSETS/EQUITY AND LIABILITIES	(124,868)	(14,610)	(25,388)	50,469	114,397	0

Notes to the 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 Bank's assets and liabilities as of 31 December 2024 is shown as follows:

	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
ASSETS						
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	0
Total assets	92,296	6,183	39,109	46,112	109,081	292,781
LIABILITIES						
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
Total liabilities	165,265	21,450	48,014	24,167	7,723	266,619
EQUITY						
Total Equity	0	0	0	0	26,162	26,162
Total Equity and Liabilities	165,265	21,450	48,014	24,167	33,885	292,781
NET ASSETS/EQUITY AND LIABILITIES	(72,969)	(15,267)	(8,905)	21,945	75,196	0

Notes to the 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)
Regular and non-cumulative preferred shares	11,482	11,482
Reserves	1,823	1,772
Capital profit from the purchase and sale of own shares	20	20
Retained earnings	13,508	12,560
Reserves and retained earnings	15,351	14,352
Intangible assets	(2,354)	(2,084)
Accumulated other comprehensive income	79	180
Other transitional adjustments	0	183
Insufficient coverage for non-performing exposures	(146)	(212)
Adjustments to regulatory capital due to credit risk filters	(3)	(1)
Other deductions	(52)	0
TOTAL CAPITAL	24,357	23,901
TIER 1 CAPITAL	24,357	23,901
Capital instruments recognised as additional capital	4,000	4,000
REGULATORY CAPITAL	28,357	27,901
CAPITAL ADEQUACY RATE	17.51%	18.59%

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.

/iii/ 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.

Notes to the financial statements (continued)

for the period from 1 January to 31 December 2025

43. LEGAL DISPUTES AND CONTINGENT LIABILITIES

As at 31 December 2025, several low-value legal proceedings are pending against the Bank, in addition to the proceedings initiated by Jugobanka a.d. in bankruptcy, Belgrade.

In October 2016, the Bank received the judgment of the High Commercial Court of the Republic of Croatia, ref. PŽ-8979/2013-2 dated 15 September 2016, which dismissed the appeal of Jugobanka a.d. in bankruptcy, Belgrade, and upheld the judgment of the Commercial Court in Bjelovar No. P-9/13-33 dated 1 August 2013 in the part rejecting all claims by the claimant for damages. Jugobanka a.d. in bankruptcy, Belgrade, filed a revision against the aforementioned judgement with the Supreme Court of the Republic of Croatia. The Bank filed a response to the claimant's revision, disputing all revision claims, and the revision remains unresolved as of the date of adoption of the financial statements.

The Bank has made provisions for this dispute in accordance with Article 8 of the Decision on the obligation to make provisions for legal proceedings brought against a credit institution (NN 1/09, 75/09, 2/10 and 139/22), until the Bank obtains a final judgement in its favour with respect to the claim for damages, or a judgement by which the claimant's claim is finally dismissed in its entirety as unfounded. The provision for the court proceedings is presented in Note 25 of this Report.

The status of legal proceedings remains unchanged compared to 31 December 2025, while the provision amount is continuously adjusted.

44. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

These financial statements were signed and authorised for issuance by the Management Board 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 Bank hereby announces other requirements in accordance with Article 164 of the Credit Institutions Act:

	2025
	EUR '000
Total income	15,285
Profit before tax	1,670
Profit tax	(337)
Number of workers as of 31 December 2025	156
Number of workers based on full-time equivalent (paid hours) in 2025	153
Number of workers based on full-time equivalents in 2025	126

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.

In 2025, the Bank did not receive any public subsidies.

Off-balance sheet items:

1	OFF-BALANCE SHEET ITEMS	31.12.2025	31.12.2024
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	14,976,994	11,310,672
9	Other risky classic off-balance sheet items	0	0
10	Total classic off-balance sheet items	28,790,962	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) and Croatian Kuna (HRK) 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
Assets				
1. Cash at bank and in hand	001		78,984,659.88	59,873,431.88
2. Treasury bills and other short-term securities eligible for refinancing with central banks (AOP 003+004)	002		0,00	0.00
2.1. Treasury bills and similar securities	003		0,00	0.00
2.2. Other short-term securities	004		0,00	0.00
3. Loans and advances to credit institutions (AOP 006+007)	005		5,829,362.59	4,067,568.84
3.1. On demand	006		230,626.83	394,169.86
3.2. Other loans and advances	007		5,598,735.76	3,673,398.98
4. Loans and advances to clients	008		162,673,444.12	195,885,210.95
5. Debt securities, including fixed-income securities (AOP 010+011)	009		36,466,920.55	39,817,462.59
5.1. Issued by government bodies	010		36,455,128.00	37,974,034.63
5.2. Other debt securities	011		11,792.55	1,843,427.96
6. Shares and other variable-yield securities	012		1,296,051.75	3,046,441.18
7. Participating interests	013		0.00	0.00
8. Investments in associates	014		0.00	5,100,000.00
9. Intangible assets	015		2,917,718.89	3,137,404.10
10. Tangible assets (AOP 017+018)	016		4,159,209.73	10,144,294.96
10.1. Property, plant and equipment	017		4,159,209.73	10,144,294.96
10.2. Investment property	018		0.00	0.00
11. Tax assets (AOP 020+021)	019		193,158.83	188,352.39
11.1. Short-term tax assets	020		40,551.28	0.00
11.2. Deferred tax assets	021		152,607.55	188,352.39
12. Other assets	022		259,796.18	243,339.41
13. Prepaid expenses and other deferred income	023		0.00	0.00
14. Non-current assets held for sale and discontinued operations	024		0.00	0.00
15. TOTAL ASSETS (AOP 001+002+005+008+009+012 to 016+019+022 to 024)	025		292,780,322.52	321,503,506.30
Liabilities and capital				
16. Liabilities to credit institutions (AOP 027+028)	026		20,272,337.44	9,789,247.23
16.1. On demand	027		5,001,890.55	5,923.48
16.2. With agreed maturity or period of notice	028		15,270,446.89	9,783,323.75
17. Liabilities to clients (AOP 030+033)	029		238,087,610.51	275,455,992.58
17.1. Insured deposits (AOP 031+032)	030		132,825,121.27	140,994,607.35
<i>a) on demand</i>	031		70.190.207,83	75.919.310,07
<i>b) with agreed maturity or period of notice</i>	032		62.634.913,44	65.075.297,28

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	134,461,385.23
a) on demand	034		70,116,206.51	92,760,633.15
b) with agreed maturity or period of notice	035		35,146,282.73	41,700,752.08
18. Issued debt securities	036		4,058,131.85	4,058,131.85
19. Other liabilities	037		3,423,253.98	3,606,306.18
20. Deferred tax liabilities and other passive deferred income	038		0.00	0.00
21. Provisions (AOP 040+041)	039		777,166.44	932,737.58
21.1. Provisions for pensions and similar obligations	040		0.00	0.00
21.2. Other provisions	041		777,166.44	932,737.58
22. Tax liabilities (AOP 043+044)	042		0.00	65,636.79
22.1. Current tax liabilities	043		0.00	65,636.79
22.2. Deferred tax liabilities	044		0.00	0.00
23. Liabilities included in disposal groups classified as held for sale	045		0.00	0.00
24. Subordinated liabilities	046		0.00	0.00
25. Capital (AOP 048+049)	047		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
26. Share premium	050		19,725.26	19,725.26
27. Other capital items	051		0.00	0.00
28. (-) Treasury shares	052		-465,263.41	-465,263.41
29. Reserves (AOP 054 to 057)	053		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
30. Revaluation reserves	058		0.00	0.00
31. Accumulated other comprehensive income	059		180,525.17	79,773.00
32. Retained earnings	060		11,702,231.05	12,857,950.11
33. Profit or loss for the current year	061		1,005,643.75	1,333,387.60
34. Minority interests	062		0.00	0.00
35. TOTAL LIABILITIES AND CAPITAL (AOP 026+029+036 to 039+042+045 to 047+050 to 053+058 to 062)	063		292,780,322.52	321,503,506.30
Off-balance sheet items				
36. Contingent liabilities from loans	064		569,276.57	553,513.84
37. Contingent financial guarantees assumed	065		14,114,179.61	13,260,454.52
38. Other contingent liabilities	066		11,310,671.75	14,976,993.62
39. TOTAL OFF-BALANCE SHEET ITEMS (AOP 064 to 067)	067		25,994,127.93	28,790,961.98

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

Form
BAN-RDG

Amounts in euros and
cents

Reporting entity: 42252496579; SLATINSKA BANKA D.D.			
Position	AOP code	Previous year	Current year
1	2	4	5
1. Interest and similar income	068	11,565,806.63	12,624,412.41
1.1. thereof: income from fixed-income securities	069	839,009.45	939,798.07
2. Interest and similar expenses	070	3,017,811.80	3,153,516.92
3. Income from securities (AOP 072 to 074)	071	0.00	0.00
3.1. income from shares and other variable-yield securities	072	0.00	0.00
3.2. income from participating interests	073	0.00	0.00
3.3. income from shares in associates	074	0.00	0.00
4. Commission income	075	2,258,938.54	2,532,523.02
5. Commission expenses	076	527,278.23	597,868.66
6. Net profit or loss from financial activities	077	33,557.61	59,749.40
7. Other operating income	078	354,572.77	63,846.05
7.1. thereof: gains and losses from derecognition of financial assets measured at amortised cost	079	0.00	0.00
8. General administrative expenses (AOP 081+082)	080	8,369,947.96	8,768,354.88
8.1. staff costs	081	5,375,923.05	5,841,148.01
8.2. other administrative expenses	082	2,994,024.91	2,927,206.87
9. Impairment or reversal of impairment of intangible and tangible assets	083	719,129.30	839,795.18
10. Other operating expenses	084	67,701.99	16,783.88
11. Provisions or reversal of provisions (AOP 086+087)	085	93,152.99	155,571.14
11.1. provisions for contingent liabilities and guarantees	086	72,116.65	125,005.43
11.2. other provisions	087	21,036.34	30,565.71
12. Impairment or reversal of impairment of loans and advances	088	165,204.19	60,443.66
13. Impairment or reversal of impairment of securities, participating interests and shares in associates	089	-14,894.73	17,700.72
14. Profit or loss before tax from continuing operations (AOP 068-070+071+075-076+077+078-080-083-084-085-088-089)	090	1,267,543.82	1,670,495.84
15. Tax expense or income relating to profit or loss from continuing operations	091	261,900.07	337,108.24
16. PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS (AOP 090-091)	092	1,005,643.75	1,333,387.60
17. Profit or (-) loss before tax from discontinued operations	093	0,00	0,00
18. Tax expenses or (-) income related to discontinued operations	094	0,00	0,00
19. PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS (AOP 093-094)	095	0,00	0,00
20. PROFIT OR LOSS FOR THE CURRENT YEAR (AOP 092+095)	096	1.005.643,75	1.333.387,60
21. Attributable to minority interest (non-controlling interests)	097		
22. Attributable to owners of the parent company	098		

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. Profit or (-) loss for the current year	099	1,005,643.75	1,333,387.60
2. Other comprehensive income (AOP 101+113)	100	131,860.77	47,340.66
3. Items that will not be reclassified to profit or loss (AOP 102 to 108+111+112)	101	131,860.77	47,340.66
4. Tangible assets	102	0.00	0.00
5. Intangible assets	103	0.00	0.00
6. Actuarial gains or (-) losses from employer-sponsored pension plans	104	0.00	0.00
7. Non-current assets and disposal groups held for sale	105	0.00	0.00
8. Share of other recognised income and expenses of entities accounted for using the equity method	106	0.00	0.00
9. Changes in fair value of equity instruments measured at fair value through other comprehensive income	107	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	108	0.00	0.00
11. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	109	0.00	0.00
12. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	110	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	111	0.00	0.00
14. Income tax relating to items that will not be reclassified	112	0.00	0.00
15. Items that may be reclassified to profit or loss (AOP 114 to 121)	113	0.00	0.00
16. Hedge of net investment in foreign operation (effective portion)	114	0.00	0.00
17. Exchange differences	115	0.00	0.00
18. Cash flow hedge reserve (effective portion)	116	0.00	0.00
19. Risk hedging instruments (ineffective elements)	117	0.00	0.00
20. Debt instruments at fair value through other comprehensive income	118	0.00	0.00
21. Non-current assets and disposal groups held for sale	119	0.00	0.00
22. Share of other recognised income and expenses from investments in subsidiaries, joint ventures and associates	120	0.00	0.00
23. Income tax relating to items that may be reclassified to profit or (-) loss	121	0.00	0.00
24. Total comprehensive income for the current year (AOP 099+100)	122	1,137,504.52	1,380,728.26
25. Attributable to minority interest (non-controlling interest)	123		
26. Attributable to owners of the parent company	124		

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
Operating activities and adjustments				
1. Profit/loss before tax	001		1,267,543.82	1,670,495.84
2. Impairment and provisions	002		243,462.45	233,715.52
3. Depreciation	003		719,129.30	839,795.18
4. Net unrealised gain/loss on financial assets and liabilities at fair value through profit or loss	004		0.00	0.00
5. Gain/loss on sale of tangible assets	005		0.00	0.00
6. Other non-cash items	006		-502,878.01	-470,579.57
Changes in assets and liabilities from operating activities				
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	-45,968,255.65
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	21,263.21
Increase/decrease in operating liabilities				
16. Deposits from financial institutions	016		10,334,815.99	-5,578,684.95
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	8,883,889.65
20. Derivative financial liabilities and other liabilities that are traded	020		0.00	0.00
21. Other liabilities	021		547,606.43	-555,125.36
22. Unpaid interest from operating activities	022		10,966,020.40	12,518,282.57
23. Received dividends from operating activities	023		0.00	
24. Interest paid from operating activities	024		78,364.64	557,821.52
25. Profit tax paid	025		453,213.78	307,216.29
A) Net cash flows from operating activities (AOP 001 to 025)	026		19,564,683.49	3,185,872.48
Investing activities				
1. Proceeds from sales/payments for purchases / tangible and intangible assets	027		-1,613,387.26	-7,044,565.62

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

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	0,00
4. Dividends received from investing activities	030		0,00	0,00
5. Other proceeds/payments / from investing activities	031		0,00	0,00
B) Net cash flows from investing activities (AOP 027 to 031)	032		-1,613,387.26	-12,144,565.62
Financing activities				
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	0,00
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	0,00
C) Net cash flows from financing activities (AOP 033 to 038)	039		3,776,495.91	-10,152,534.86
D) Net increase/decrease in cash and cash equivalents (AOP 026+032+039)	040		21,727,792.14	-19,111,228.00
Cash and cash equivalents at the beginning of the year	041		57,256,867.74	78,984,659.88
The effect of changes in foreign exchange rates on cash and cash equivalents	042		0,00	0,00
Cash and cash equivalents at the end of the year (AOP 040+041+042)	043		78,984,659.88	59,873,431.88

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										Form BAN-PK		Form BAN-PK				
For the period from 1 January 2025 to 31 December 2025																
Reporting entity: SLATINSKA BANKA D.D.																
Position	AO P 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)
1. Opening balance (before restating)	01		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
4. Opening balance (current period) (AOP 01 to 03)	04		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
20. Total comprehensive income for the current year	20						47,340.66	0.00	0.00	0.00		1,333,387.60		0.00	0.00	1,380,728.26
21. Closing balance (current period) (AOP 04 to 20)	21		11,946,636.00	19,725.26	0.00	0.00	79,773.00	12,857,950.11	0.00	1,823,245.53	-465,263.41	1,333,387.60	0.00	0.00	0.00	27,595,454.09

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

Reconciliations between annual financial statements and GFI-BAN consist exclusively of dividing significant individual positions in the annual financial statements into multiple positions that sum to the same amount.

Reconciliations consist exclusively of dividing individual cash flow positions, while there are no reconciliations in other reports.

There are no differences in total cash flow across the three main activities.