

20 MAY 2025

GENERAL ASSEMBLY

SUBJECT: REPORT ON THE STATE OF THE BANK IN 2024

1. Operating conditions and business performance of Slatinska banka d.d. in 2024

During 2024 year Slatinska Banka d.d. (hereinafter: The Bank) operated in conditions of less robust but stable economic growth, with significant global challenges and a gradual normalization of monetary policy in the euro area. The Croatian economy continued to show positive trends, although at a slower pace compared to previous years, with GDP growth driven by domestic demand, investment, tourism, and further use of EU funds, especially within the Recovery and Resilience Facility.

Inflationary pressures, although showing certain slowdown compared to previous years, continued to affect the standard of living for population of The Bank's major business presence, particularly through rising prices of energy and basic food products. The Bank paid special attention to adapting its products and services to preserve financial strength and stability of its clients.

Despite numerous macroeconomic and market challenges, The Bank as part of the Croatian financial sector, demonstrated a high level of resilience and operational adaptability during 2024. Preserved liquidity, maintained low level of NPLs and stable growth in the deposit base allowed The Bank to continue providing active support to the real economy, particularly to micro, small, and medium-sized enterprises – the economic backbone of The Bank's operative regional presence.

The Bank achieved historically the highest growth rates in loans activity during 2024 in the afore-mentioned market segment, thus confirming its role as a reliable financial partner to local entrepreneurs. The Bank further strengthened its position as a stable and preferable bank of choice for supporting both everyday operations and the investment plans of its clients via tailored loan products, individual approach and understanding the specific needs of local community.

Throughout 2024 The Bank continued with investment in digital transformation of banking services, reinforcing the cybersecurity and aligning business operations with regulatory ESG framework of sustainable financing (ESG). These processes represent long-term development opportunities for The Bank especially while investing in providing quality and available financial service in the market.

In 2024 The Bank undertook a significant strategic acquisition of Wuestenrot housing savings bank d.d. by acquiring 100% ownership of the only specialized housing savings bank in Croatia. The process began back in the summer of 2022, when the Austrian owner of the Wuestenrot housing savings bank d.d. announced its withdrawal from subsidiary markets, including Croatian market. This was followed by an extensive due diligence analysis of financial, tax and legal aspects, followed by final signing of the Share purchase agreement in May 2024.

In order to complete the transaction, it was necessary to obtain approvals from the Croatian National Bank and the European Central Bank, which was issued and granted in December 2024. Additionally, in September 2024 The Bank carried out a recapitalization in the amount of EUR 4,0mio through bonds issuance, thereby ensuring the stability and capital strength required for the successful completions of transaction.

The acquisition process was completed at the beginning of 2025, which for The Bank as the parent company of the new group of financial institutions, Slatinska banka d.d. Group (hereinafter: The Group), represents a significant business expansion, increase in stability and strengthening of competitiveness in the Croatian market. The consolidated assets of the two institutions amount to approximately EUR 550.0 mio, with capital of EUR 50.0 mio, loan portfolio of EUR 420.0 mio and deposits of EUR 480.0 mio, ranking The Group among leaders of the small banks peer group.

The Bank plans to maintain the existing business model of Wuestenrot housing savings bank d.d., aiming to further strengthen its position in housing financing through joint activities and using business synergies to improve stability and profitability of both institutions.

The Bank operates within the Croatian economic environment indicating relatively favourable macroeconomic situation compared to other neighbouring countries reflecting in higher economic growth than most of other EU members in 2024.

The macroeconomic indicators in Croatia for the end of 2024 are as follows:

- Real GDP 3.9%;
- Average annual inflation rate - Harmonized Index of Consumer Prices (HICP) 4.0%;
- Average annual inflation rate - Consumer Price Index (CPI) 3.0%;
- Continued decrease in the unemployment rate to 5.0%;
- Growth of nominal gross salary by 15.9%.

At the end of 2024 there were 19 banks and 1 housing savings bank operative in Croatian banking market.

According to the aggregated consolidated statistical report from 31 December 2024, the total assets of credit institutions amounted to EUR 84.16 billion (which is an increase of 7.13% compared to 2023).

Table: Data on the operations of credit institutions as of 31 December 2024.

in '000 EUR and %

No.	Name	Total assets	Share in total assets in %	Total capital rate %
1.	Addiko Bank d.d.	2.343.771	2,78	33,97
2.	Agram banka d.d.	631.390	0,75	20,03
3.	Banka Kovanica d.d.	256.951	0,31	17,63
4.	Croatia banka d.d.	292.012	0,35	21,42
5.	Erste&Steiermärkische Bank d.d.	15.113.280	17,96	24,45
6.	Hrvatska poštanska banka d.d.	7.882.599	9,37	21,13
7.	Imex banka d.d.	173.664	0,21	17,39
8.	Istarska kreditna banka Umag d.d.	787.353	0,94	22,69
9.	J&T banka d.d.	64.230	0,08	34,98
10.	Karlovačka banka d.d.	505.842	0,60	29,17
11.	KentBank d.d.	823.990	0,98	22,97
12.	OTP banka d.d.	8.546.198	10,15	20,81
13.	Partner banka d.d.	319.987	0,38	17,69
14.	Podravska banka d.d.	723.071	0,86	20,56
15.	Privredna banka Zagreb d.d.	16.990.108	20,19	26,12
16.	Raiffeisenbank Austria d.d.	6.848.660	8,14	20,52
17.	Samoborska banka d.d.	97.700	0,12	33,10
18.	Slatinska banka d.d.	292.780	0,35	18,59
19.	Wüstenrot stambena štedionica d.d.	296.357	0,35	16,70
20.	Zagrebačka banka d.d.	21.171.224	25,16	25,01
UKUPNO ZA SVE KREDITNE INSTITUCIJE		84.161.168	100,00	23,95

Source: Croatian National Bank

2. Business performance indicators in 2024

The Bank achieved the following performance indicators in 2024:

- gross profit in the amount of EUR 1,268 thousand;
- net profit in the amount of EUR 1,006 thousand;
- total assets in the amount of EUR 292,780 thousand;
- total equity of EUR 26,162 thousand;
- Tier 1 / regulatory capital was EUR 23,902 thousand;
- regulatory capital rate (capital adequacy) was 18,59%;
- net interest income was EUR 8,548 thousand
- ROA indicator was 0,38%;
- ROE indicator was 3,92%.

The Bank did not repurchase its own shares in 2024.

3. Statement of profit or loss

In 2024, the Bank achieved a net profit of EUR 1,006 thousand, which is an increase of 11.78% compared to EUR 900,0 thousand as of 31.12.2023.

Table: Statement of profit or loss (in '000 EUR)

STATEMENT OF PROFIT OR LOSS	2024. EUR	2023. EUR	indeks 2024/2023
- Net interest income	8.548	8.821	96,91
- Net income from commissions and fees	1.732	1.337	129,54
- Other operating income	388	106	366,04
- Other operating expenses	-68	-34	200,00
- Administrative expenses	-8.413	-7.600	110,70
- Depreciation	-719	-596	120,64
Result before impairment and provisions	1.467	2.033	72,16
- Impairment and provisions	-200	-747	26,77
Gross profit	1.268	1.286	98,60
- Profit tax	-262	-386	67,88
Net profit	1.006	900	111,78

Source: Annual report of Slatinska banka d.d. Slatina

As of 31 December 2024, the share of interest income in total income was 81.38% are the main generator of Bank's income. Interest income grew by 18.68% in 2024, while interest expenses

increased by 226.49% because of the fundraising campaign and strong impact of competition. Interest expenses account for 32.10% of total expenses.

Due to the above indicators net interest income resulted in EUR 8,548 thousand, which is a decrease by 3.09% in comparison to YE 2023 (EUR 273 thousand).

Net income from commissions and fees resulted in the amount of EUR 1,732 thousand, which is an increase by 29.54% compared to 2023. This significantly higher result is generated by increased income from commissions and fees by 20.20%, while expenses from commissions and fees decreased by 2.87%, all in comparison to figures for the same period of the previous year.

Other income amounts to EUR 388 thousand and it increased by EUR 282 thousand compared to 2023, while other expenses are lower by EUR 34 thousand.

General and administrative expenses increased by 10.70%, mostly due to inflationary pressures during 2024, but also due to hiring experienced and professional staff to continue improving the quality of the Bank's business management and the costs of the project to acquire a stake in a Wuestenrot housing savings. Depreciation costs increased by 20.64% due to increased investments in IT infrastructure and other assets.

The ROA indicator (net profit to average assets) in 2024 was 0,38%, and remained at a similar level as in 2023 when it showed 40,0%. Provisions and impairment costs in 2024 total EUR 200,0 thousand and are lower by EUR 547,0 thousand compared to 2023.

In accordance with its policies and procedures, the Bank performs regular exposure assessments and makes adequate value adjustments to the relevant exposures.

4. Assets and liabilities

As of 31 December 2024, The Bank's balance sheet amounted to EUR 292.78 million, which is an increase of EUR 57.91 million or 24.66% compared to 2023.

The planned optimization of assets sources, in accordance with the planned placement policy, is carried out with the aim of achieving profitability, while maintaining a high level of liquidity with the best possible capital allocation.

Loans and advances make up 57.55% of the Bank's assets and in 2024 they increased by EUR 32.52 million compared to 2023, mostly due to increased placements to corporate clients.

Deposits, which are the primary source of financing, together with received loans, amount to EUR 257.65 million and were increased by EUR 51.76 million (25.14%) due to the growth of sight and term deposits.

The following is a presentation of assets structure and equity and liabilities structure:

Table: Structure of assets by division as of 31 December 2024 (in '000 EUR)

	2024	%	2023	%
CORPORATE	88,774	30%	63,792	27%
- companies	72,940		51,882	
- natural persons (craftsmen, family farms)	15,387		10,548	
- local self-governments units and civil society organisations	448		1,362	
RETAIL	72,105	25%	67,105	29%
FINANCIAL INSTITUTIONS	80,485	27%	56,612	24%
DEBT SECURITIES	37,260	13%	33,727	14%
OTHER PLACEMENTS AND ASSETS	14,165	5%	13,634	6%
TOTAL:	292,780	100%	234,871	100%

Source: Slatinska banka d.d. Slatina

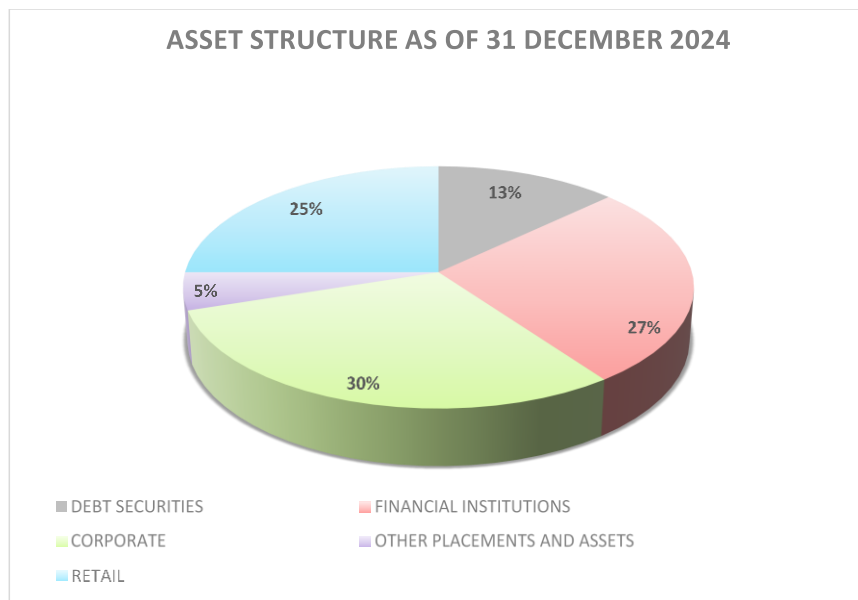
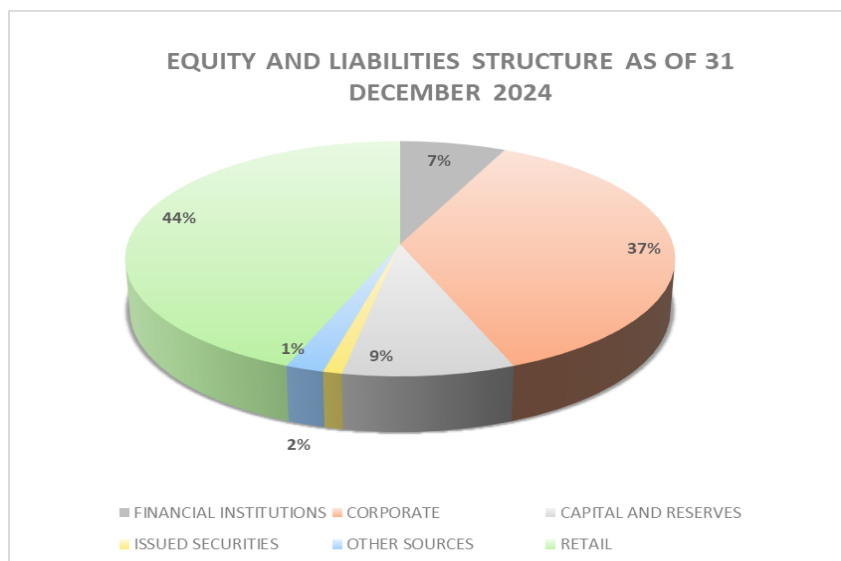


Table: Structure of liabilities on 31 December 2024 (in '000 EUR)

	2024	%	2023	%
RETAIL	127,994	44%	121,559	52%
CORPORATE	108,242	37%	72,966	31%
- companies	89,322		53,701	
- natural persons (craftsmen, family farms)	10,746		9,937	
- local self-governments units and civil society organisations	8,174		9,329	
FINANCIAL INSTITUTIONS	21,417	7%	11,366	5%
ISSUED SECURITIES	4,000	1%	0	0%
OTHER SOURCES	4,966	2%	3,826	2%
CAPITAL AND RESERVES	26,162	9%	25,154	11%
TOTAL:	292,730	100%	234,871	100%



5. Risk management

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

The risk management system within organizational structure is comprising of rules, processes, procedures, systems and resources for identifying, measuring or 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, with the aim of reducing risks. Risk management in the Bank is carried out by the Credit risk management division, Collection division and Risk division.

Also, risk management is carried out in all business segments through an established system of internal controls.

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

- 1) Credit risk:
- 2) Market risks:
- 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 an emphasis on environmental, social and management risks,

- 11) 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, sustainability risk with emphasis on environmental and climate risks compliance risk, residual risk, state risk, strategic risk, including new product risk, and business lines and other risks to which it is exposed or could be exposed in its business).

Total exposure and contingent liabilities classified increased from EUR 254.937 thousand as of 31.12.2023. onto total of EUR 317,139 thousand in 2024.

Overall, impairments for losses on exposures and contingent liabilities decreased from EUR 12,690 thousand onto EUR 11,865 thousand as follows by risk stage:

- Stage 1 reduced from EUR 1,463,000 to EUR 1,438,000
- Stage 2 increased from EUR 149,000 onto EUR 160,000
- Stage 3 reduced from EUR 11,077 to EUR 10,260

The share of NPLs by exposures classified as of 31 December 2024 is 5.95%, while it was 8.07% as of 31 December 2023.

The coverage of total placements in Stage 3 on 31 December 2024 was 54.42%, while on 31 December 2023 it was 53.85%.

The share of NPL by loan principal on 31 December 2024 was 7.60%, while on 31 December 2023 it was 10.28%.

Loan coverage in Stage 3 on 31 December 2024 was 36.41%, while on 31 December 2023 it was 37.97%.

The Bank's liquidity measured by the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) is at high levels. As of YE 2024 the Bank was meeting the prescribed minimum liquidity requirements of 100%, with the required LCR ratio being twice higher than prescribed level at 239.97%, and the NSFR at 133.83%.

6. Disputes against the Bank

As of 31 December 2024, several court cases of lesser value are pending against the Bank, except for the case initiated by Jugobanka a.d. in bankruptcy, Belgrade.

In October 2016, the Bank received Resolution from High Commercial Court of the Republic of Croatia, No. Pž-8979/2013-2 of 15 September 2016 which denied the appeal of Jugobanka a.d. in bankruptcy, Belgrade, and confirmed the judgment of the Commercial court in Bjelovar No. P-9/13-33 of 1 August 2013 which rejected the entire plaintiff's claim for damages. Jugobanka a.d. in bankruptcy, Belgrade, submitted a request for revision to the Supreme Court of the Republic of Croatia against the specified judgment. On the plaintiff's revision, the Bank submitted a response which denies all the audit states, the audit has not been resolved until the day of the adoption of the financial statements.

The Bank has made provisions for aforesaid case in accordance with Article 8 of the Decision on obligatory provisions of assets for court claims against credit institutions (OG 1/09, 75/09, 2/10 and 139/22). Provisions for damage claims are going to remain in place until the Bank receives a final judgment in its favour, or judgment by which plaintiff's claim would be legally rejected in its entirety as unfounded.

7. Business network and employees

After expanding to Splitsko-dalmatinska county by opening a Credit office in Split The Bank operated through a business network of 15 branches as of 31 December 2024, being presents in the counties of: Virovitica-Podravina, Osijek-Baranja, Požega-Slavonija, Slavonski Brod-Posavina, Bjelovar-Bilogora, Koprivnica-Križevci, Primorje-Gorski Kotar and the City of Zagreb.

In addition to providing services to clients through branches network, banking services are available through ATM network and other distribution channels such as Internet banking, mobile banking and the network of EFTPOS devices.

As of 31 December 2024, bank employees totalled in 167, in comparison to 179 by YE 2023.

The Bank's Management recognizes employees as a key element of the institution's development and success. As in previous years, the Management Board of Slatinska banka d.d. Slatinska ensures and implements continuous professional development and training of the Bank's employees, and considerable funds are invested in the area of human resources management.

Following EBA and CNB guidelines, The Bank is working on new models for rewarding employees and monitoring their performance.

8. General Assembly and Supervisory Board

The Supervisory Board examined The Bank's Annual Financial Statements for 2024, the Bank's Status Report and the Proposal for a decision on the allocation of profit achieved in 2024 delivered by the Management Board of The Bank.

The Supervisory Board had no objections to the submitted reports and determined that the Annual Financial Statements (statement of profit or loss, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements) were made in accordance with the business accounts and that they show accurate assets and operations status of the Bank, which was confirmed by the external auditor Moore Audit Croatia d.o.o., Zagreb, which audited the financial statements for the year 2024.

The Supervisory Board accepted the Management Board's report on the state of The Bank and agreed that the profit achieved in 2024 in the amount of EUR 1,005,643 should be allocated to retained earnings.

9. Work of the Management Board

In accordance with the provisions of the Bank's Statute, it is prescribed that the Management Board consists of two to five members.

The decision on the number of members of the Management Board is made by the Supervisory Board of the Bank.

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.

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.

Suitability of an individual member of the Management Board of the Bank represents requirements of qualities and prescribed conditions to ensure that he or she will perform the business legally, safely and firmly for holding the relevant position.

Competence per member of the Management Board is regulated by Rules of conduct for the Management Board of the Bank. Decisions and conclusions are made while holding the Management Board sessions.

Members of the Bank's Management Board are fully employed by The Bank. Decision on revocation a Management Board member is made by the Supervisory Board in accordance with the Companies Act, the Credit Institutions Act and Labour Act.

As of 31 December 2024, there were three members (President of the Management Board and two members of the Management Board).

During 2024 and as per signing this report the Management Board members were:

Andrej Kopilaš, President of the Management Board

Oliver Klesinger, member of the Management Board

Damir Kaluđer, member of the Management Board

10. Business plan for 2025

Considering that the Bank successfully completed the acquisition process of Wuestenrot housing savings bank and became the parent company of the group of financial institutions, the Bank opted for a strategy of concentrated diversification as it assessed that this entails entering into a new business activity (the housing savings market), connecting activities between the two credit

institutions, better differentiation and more efficient coordination of the entire joint business which enabled:

- More efficient business cost management by consolidating and utilizing joint back-office services;
- Better and more efficient use of internal control systems;
- Greater potential for investment in IT support and IT infrastructure;
- Linking banking products and services to the large customer base of the housing savings bank;
- Using sales channels in a more efficient way for selling products of both financial institutions;

Focusing on these main goals, the Management of the Bank has defined the fundamental objectives and tasks to be focused on in 2025, which are:

- improvement of profitability;
- growth of net interest income cost coverage;
- stability of the balance sheet with controlled growth;
- maintenance of the planned level of highly liquid assets;
- growth of the equity base by retaining the net profit of the current year;
- controlled growth of loans to households and corporate segment;
- reduction of concentration risk in loans to corporate clients with the goal of maximum dispersion;
- improvement of portfolio quality in terms of risk and profitability;
- development of the internal control system aimed at covering the entire operation of the Bank.

BASIC ASSUMPTIONS OF THE PLAN:

- Organic growth of both credit institutions in the coming year with an emphasis on further growth in the corporate segment;
- Maintenance and strengthening of the Bank's equity base;
- The Bank's further development while adhering to the principles of liquidity, stability and profitability;
- Increasing the efficiency and operability of institutions in a demanding regulatory environment;
- Growth in the coverage of operating costs by net interest income and fee income;
- Increasing the sale of other products and services of institutions with the aim of strengthening cross-selling;
- Improving the exposure quality with greater risk control in order to increase interest income;

In the end, this transaction is a logical continuation of the transformation process initiated by the Bank's Management in their previous nomination terms, primarily by strengthening middle level and senior management, modernizing and improving all business processes in the Bank to create the necessary conditions for the implementation of such an acquisition, and especially to

ensure a stable and fully compliant business operation of The Bank and Wuestenrot housing savings bank in accordance with positive regulations.

In comparison end of 2024 year, a growth of 9.0% in total loan placements to clients is planned, which would amount to EUR 175.0 million by end of 2025. Total assets are planned to reach EUR 273.0 million by the end of 2025. Additionally, it is expected that customer deposits will reach EUR 240.6 million at planned annual growth rate of 9.7% during 2025.

The Bank's profit before tax for the end of 2025 is planned to amount EUR 1,500.0 thousand.

11. Statement on the application of the Corporate Governance Code

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

The Bank has established an internal control system that is achieved through the parallel operation of four mutually independent functions: the risk control function, the compliance monitoring function, the internal audit function and the Anti-money laundering and terrorist financing prevention function. 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 overall bank's operations.

Information on the implementation of internal control and risk management and information on The Bank's shareholders are contained in the Notes to the financial statements.

Most significant shareholders of The Bank as of 20.05.2025. are listed below:

SB-S D.O./REDOVNA DIONICA SNBA-R-A

	Vlasnik/nositelj računa/Suovlaštenik/imatelj VP	Stanje	Vrijednost	Valuta	[%]
1.	CSET D.O.O. (20416045697)	84.759,0000	1.508.710,20	EUR	9,22
2.	AU79 CAPITAL KORLATOLT FELELOSSEGU TARSASAG (07493097393)	84.758,0000	1.508.692,40	EUR	9,22
3.	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O. (68481874507)/ZM CONSULTING D.O.O. (95048303968)	83.884,0000	1.493.135,20	EUR	9,13
4.	KOPIĆ VLATKO (08497786541)	81.228,0000	1.445.858,40	EUR	8,84
5.	SOKAČIĆ DRAGUTIN (57453085196)	75.467,0000	1.343.312,60	EUR	8,21

The powers of the bank's Management Board and Supervisory Board are regulated by the relevant legal regulations and Statute of The Bank. Nomination, election or revocation procedure for members of the Management and 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 decision on the number of Management Board members shall be made by the bank's Supervisory Board. The President and members of the Management Board shall be appointed by bank's Supervisory Board, with the prior consent of the Croatian National Bank, for a term of four years.

Members of the Bank's Management Board must comply with 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 business.

Suitability of an individual member of the Management Board of the Bank represents requirements of qualities and prescribed conditions to ensure that he or she will perform the business legally, safely and firmly for holding the relevant position.

Competence per member of the Management Board is regulated by Rules of conduct for the Management Board of the Bank. Decisions and conclusions are made in Management Board sessions. Members of the Bank's Management Board are fully employed by The Bank. Decision on revocation a Management Board member is made by the Supervisory Board in accordance with the Companies Act, the Credit Institutions Act and Labour Act.

As of 31 December 2024, there were three members of The Bank Management Board (President of the Management Board and two members of the Management Board).

Supervisory Board

The Supervisory Board supervises the management of The Bank's business and 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, which include the appointment (with the prior consent of the Croatian National Bank) and revocation of members of the bank's Management Board. Members of the Bank's Supervisory Board must meet the requirements for performing the function of a member of the Supervisory Board prescribed in the Companies Act, the Credit Institutions Act and relevant bylaws, as well as bank's internal acts.

The members of the Supervisory Board must collectively have 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. Professional suitability of an

individual member of the Bank's Supervisory Board for performing the relevant function represents the extent to which that person has the qualities and meets the prescribed conditions that ensure that he or she will professionally, legally, safely and firmly perform the tasks within his or her competence.

The Supervisory Board of the Bank has established a Risk and Audit Committee, while the functions of the Remuneration Committee and the Nomination Committee are performed by the Supervisory Board itself. The scope and manner of work of the Committee is regulated by the Rules of procedure of the Committee, in accordance with relevant legal regulations.

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 General Assembly is convened by the Bank's Management Board and must be convened 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 owners represented at the General Assembly when making the decision.

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

As of 31 December 2024, the members of the Supervisory Board did not own any shares of the Bank, while the President of the Supervisory Board owned 38,050 shares of the Bank.

As of 31 December 2024, the President of the Management Board owned 30,936 shares of the Bank, and a member of the Management Board owned 19,229 shares of the Bank.

INFORMATION ON SHARES

In 2024, the Bank did not repurchase its own shares.

Repurchased own shares in the share capital total in 2.31%.

Employees

The number of employees as of 31 December 2024 was 166.

ESG reporting

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 employees, community and environment are fundamental prerequisites for sustainability, long-term stability and profitability. Financial institutions play a significant role since they can direct assets towards those industries that bring advantages according to environmental, social and

governance criteria. Within the framework of this report, the Bank informs the public about its activities in the segment of socially responsible and sustainable business. Our efforts are focused on setting business goals to contribute to the sustainability of the economy. The Bank has set ESG and sustainable development as a business priority and has integrated ESG criteria into the Bank's operations, to ensure the achievement of long to medium-term goals in a way that the impact of business activities and initiatives is measurable, transparent and accountable. For the successful implementation of the ESG framework, the Bank has established an ESG team that brings together various organizational units with the aim of implementing ESG risk management within business activities and promoting a culture of awareness of ESG risks: environmental (E), social (S) and governance (G) risks.

The Bank conducts a qualitative and quantitative assessment of ESG risks and defines material importance as a degree of key risk indicators sensitivity 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, independent election of management board members, etc.).

Environmental goals

We strive to have a business that does not produce negative effects on the environment, and we strive to increase those activities that contribute to the protection of 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 with the aim of reducing emissions, reducing 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 education and trainings to our employees, and we especially take care of health and safety, and in addition to other educations, we invest in familiarising our employees with the sustainability goals, and thus we organised education on waste disposal management. The Bank has provided medical examinations for all employees once a year, and consistently implements conditions related to meeting the occupational health and safety at the workplace regulations.

We strive to allowing everyone with equal opportunities for professional development, equal rights to education, therefore we believe we could declare that employees are involved in business processes within their scope of responsibility.

An additional number of days of annual leave is allowed to employees having a child with developmental disabilities, single parents of a minor child, parents with a child under the age of 7, and other benefits.

Parents returning from parental leave work half-time for the first month, which is administrated as if they had worked full-time. Employees are also entitled to days off for providing care in the event of a serious illness, relocation, in the event of a post-natural disaster repairs, fire, flood or earthquake damaging building in which they live, in the events of entering into marriage and life partnership, attending childbirth and a childbirth event, 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, 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 and for a medical examination.

Through the Remuneration Policy, The Bank provides a framework for transparent total employee remuneration that would attract and retain high-quality employees and ensure the achievement of bank goals, in accordance with the bank strategy, long-term goals and risk management. 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 Supervisory Board, which are prescribed by the Bank's policies.

The Bank will, as part of the initial, regular and extraordinary assessment of the suitability of candidates for a Management Board member, review compliance with the target relating to the number of members of the underrepresented gender.

The Bank has also introduced monitoring of gender pay gaps.

President of the
Management Board
Andrej Kopilaš

Member of the
Management Board
Oliver Klesinger

Member of the
Management Board
Damir Kaluđer