

KentBank d.d.

ANNUAL REPORT  
FOR THE YEAR 2025

This version of our annual report is a translation from the original, which was prepared in 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 of our report takes precedence over translation.

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## **Mission**

In order to contribute to our clients' success, we provide strategic consistency, solid and creative solutions and products and professional advisory through adopting and applying Suzer Group values.

## **Vision**

In KentBank we facilitate financial success of our clients in a way that through superior quality and knowledge of our advisors we provide simple, transparent and easily accessible financial and digital solutions.

## **Trust**

We rely on Words given and Actions taken.

## **Integrity**

We Transform Personal into Bank's Integrity.

## **Respect**

We Respect ALL.

## **Commitment**

We keep our Promises and make Promises we can keep.

## LETTER FROM THE CEO

Dear Stakeholders, Clients, and Colleagues,

I am proud to reflect on 2025 as a year in which KentBank's transformation moved from vision to measurable reality. In a market where change is accelerating and customer expectations are rising fast, we chose not to follow trends but to set them – with discipline, clarity and a genuine commitment to the people and businesses we serve.

### **Strong and Sustainable Financial Performance**

Our financial results in 2025 reflect the strength and consistency of our business model. Total assets grew by 13%, reaching €935 million, well above the sector average. Total loans expanded by 11% and deposits by 13%, demonstrating balanced and healthy growth across our balance sheet.

On the profitability front, 2025 marked the highest profit in the history of KentBank, a milestone that underscores our ability to create sustainable value. Even more notably, we significantly outperformed the market in total operating income; while the sector recorded a slight decline of 1%, KentBank achieved a robust 7% increase. This outperformance, achieved alongside a disciplined NPL ratio of 1.8%, is a clear reflection of our operational efficiency and the relevance of our services in a competitive landscape.

Our impact is also deeply visible in trade finance, where our market share in Letters of Guarantee reached 4.7%. For a bank with a natural market share of 1%, this nearly five-fold over-performance reflects the deep trust businesses place in us. To further support this momentum, we introduced our online LG service, allowing clients to initiate requests digitally and, in many cases, receive their guarantees within the same day. By combining such innovative tools with our expert advisory, we continue to shorten the path from a client's need to a concrete solution.

We see 1% overall market share as a confirmation of direction, not a finish line. The next goal is to maintain the quality of growth and raise the customer experience to a level where it is clear why customers choose us – and why they stay.

### **Digital-First, Always Human**

In 2025, we launched KentPro, our new mobile banking application, and with it we made a clear statement about what "digital-first" means to us. It does not mean digitising old complexity. It means simplifying processes and building the experience around the customer. Everyday tasks are handled quickly, clearly and without unnecessary steps. We believe that trust is built when customers feel everything works seamlessly and transparently.

And yet, "digital-first" must never mean "human-last." When something becomes important – a loan, an investment, a business decision, a complex situation – the customer gets a person who takes ownership and guides them to a solution. Digital is there to make daily banking easier; people are there for what truly matters. This balance is not a compromise; it is our competitive advantage. We don't try to be everything to everyone; we build relationship quality and depth in segments where context matters.

### **Supporting Ideas, Not Just Businesses**

In 2025, we continued our Festival of Ideas, KentBank's platform for supporting projects that can survive the real world – not just sound good. This year we focused on teams ready to turn an idea into a sustainable business, spanning advanced technologies, green energy and smart platforms. Our goal is to be a partner, not just a sponsor – and to support solutions that have a positive impact on sustainability, energy efficiency and quality of life in Croatia.

### **Experience, Agility and Long-Term Responsibility**

Operating in Croatia with the experience of dynamic international markets has taught us two things simultaneously: speed and discipline. Speed to recognise an opportunity and deliver a solution; discipline so that growth never comes at the expense of risk. Croatia is a stable environment, but changes in customer habits and technology are fast everywhere. That combination – agility with long-term responsibility – is at the core of how we make decisions.

Looking further ahead, the next generation of customers will have no patience for complexity or unnecessary formality. What they will demand is trust, transparency and a sense of control. They have grown up with the standards of tech platforms and will expect the same from their bank. We are building for them today.

### **Our People**

None of this is possible without our team. Every result we celebrate, every client relationship we build, every digital feature we launch – all of it comes to life through the dedication, expertise and integrity of people. Strategy and technology are tools; it is people who give them meaning. I am deeply grateful to every member of the KentBank team for their commitment and professionalism throughout 2025.

### **Looking Ahead**

Our vision remains clear: to facilitate the financial success of our clients by delivering simple, transparent and easily accessible financial and digital solutions. We will continue to shorten the path from a client's need to a solution, to invest in our people and technology, and to grow in a way that is sustainable, responsible and genuinely valuable to those we serve.

I extend my sincere gratitude to our clients for their trust, to our employees for their dedication and passion, and to our shareholders and partners for their continued support. Together, we are building a bank that is not only smarter and faster – but closer to the people and businesses that make Croatia's economy move forward.

Sincerely,

Hasan Ecesoy

President of Management Board



## MANAGEMENT BOARD REPORT

### ABOUT KENTBANK

In 1998, Štedionica Brod was founded which grew into Banka Brod d.d. in 2002 with its headquarters in Slavonski Brod.

In July 2011, the Süzer Holding took over Banka Brod d.d. and the name of the Bank was changed to Kentbank ("the Bank") and moved its headquarters to Zagreb. The Bank was repeatedly recapitalized throughout the years by the shareholder and the last increase of paid in capital was completed at the end of 2024 in the amount of EUR 27,000 thousand amounting to total capital of EUR 78,758 thousand. The Bank does not have its own treasury shares and the Bank does not have any subsidiaries.

### OPERATING ENVIRONMENT

2025 was marked with the continuation of interest rate cuts started in the second half of 2024 and rates came down to 2% for ECB and 3,50% - 3,75% range for FED.

In Croatia, the divergence from EU average for inflation continued like it was in the previous years. In 2025, Croatia experienced 3,8% increase in HICP having one of the highest rate in euro area which had an average of 2%. In terms of GDP growth, 2025 was another year of overperformance with growth around 3,0%, while real growth on EU level was around 1%. Unemployment rate at the end 2025 decreased to 4,6% from 5,0% at the end of last year. Additionally, in 2025 net salaries to employees in Croatia increased by around 10%.

In 2025, Croatia hit record highs with around 21.8 million arrivals and over 110.1 million overnight stays, which represents a 2 percent increase in arrivals and 1 percent in overnight stays compared to 2024.

## MANAGEMENT BOARD REPORT (CONTINUED)

### OUTLOOK

Kentbank's total assets reached highest ever level of €935 million with a 14% growth year-on-year resulting with 1,03% market share. Bank's Net Profit reached €9,9 million with a 4% growth year-on-year.

In 2025, like in the previous years Kentbank managed to keep overperformance vs. the market in certain indicator and continued to converge to market averages in others. 2025 was marked with the intensified cost pressure from Bank's new investment cycle in IT and digitalization whereas asset quality improved significantly with NPL ratio standing at 1,8%.

Values in 000 EUR	2023	2024	2025	25 vs.24
<b>Income Statement</b>	<b>1.1. - 31.12.</b>	<b>1.1. - 31.12.</b>	<b>1.1. - 31.12.</b>	<b>%</b>
Net interest income	19.522	22.073	21.943	-1%
Net fee&commission income	4.526	6.322	7.266	15%
Total operating income	24.801	29.361	31.490	7%
Operating expense	(16.286)	(17.236)	(19.470)	13%
Total impairment losses	(436)	(389)	(28)	-93%
Profit after tax	6.604	9.557	9.906	4%
<b>Balance Sheet</b>	<b>31.12.</b>	<b>31.12.</b>	<b>31.12.</b>	<b>%</b>
Loans to customers	338.016	370.256	411.576	11%
Deposits from financial inst.	32.130	47.046	51.863	10%
Deposits from customers	504.974	514.309	584.925	14%
Shareholder's equity	64.036	100.593	110.499	10%
Total assets	727.953	823.978	934.910	13%
<b>Key Ratios and Indicators</b>	<b>31.12.</b>	<b>31.12.</b>	<b>31.12.</b>	<b>%</b>
ROAE after tax (1)	11,2%	12,5%	9,9%	(-) 2.6 pp
Cost/ Income ratio	65,7%	58,7%	61,8%	3.1 pp
NPL ratio (2)	1,5%	2,8%	1,8%	(-) 1 pp
NPL coverage ratio (2)	69%	43%	56%	13 pp
Liquidity coverage ratio	220%	228%	199%	(-) 29.1 pp
Regulatory Capital (3)	72.962	98.662	107.082	9%
Total capital ratio (3)	19,64%	22,97%	20,68%	(-) 2.3 pp
<b>Other</b>	<b>31.12.</b>	<b>31.12.</b>	<b>31.12.</b>	<b>% / No</b>
Employees (FTE)	246	245	256	4%
Branches & business centers	17	17	17	-

(1) Net Profit / Monthly average regulatory capital

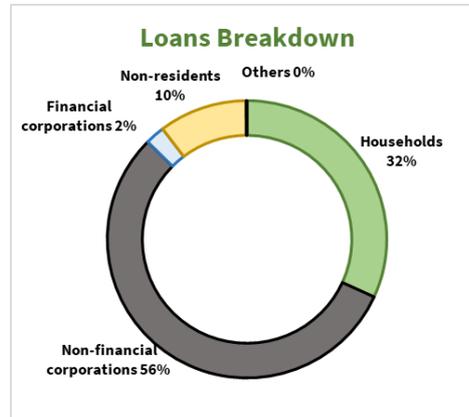
(2) NPL ratio based on EBA risk dashboard methodology but excluding deposit with central banks

(3) Audited - with retained earnings

## MANAGEMENT BOARD REPORT (CONTINUED)

### LOANS

Kentbank's total loans recorded a growth of 11% year-on-year amounting to €412 million and followed a similar trend like the market. Growth in 2025 was primarily driven by SME lending in line with the plans however Retail lending was slowed down due to the new regulations for consumer lending. (Market shares are based on Aggregate non-consolidated monthly statistical report of credit institutions)

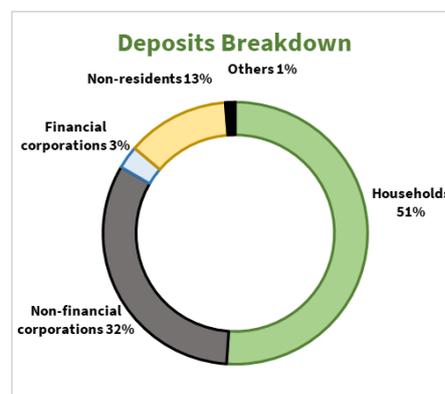


Loan Market Shares	2024	2025
Households	0,61%	0,53%
- Housing loans	0,45%	0,35%
- Any purpose cash loans	0,51%	0,43%
- Other loans	3,82%	3,71%
Non-financial corporations	1,36%	1,45%
Financial corporations	1,52%	1,29%
Non-residents	0,66%	1,00%
Others	0,01%	0,01%

### DEPOSITS

2025 was another year marked with customer deposits being the main source of Bank's growth in total assets. Year-on-year growth was 14% for deposits from customers. To achieve the strategic goal to acquire more clients and to capture market share, Kentbank continues to be one the active banks in this area.

In terms of the funding composition, share of avista deposits continues to be diverging from sector averages with 39% vs. 69%. Mentioned difference in funding composition continues to effect Bank's net interest margin, however it is mostly offset by the Bank's sound lending activities. Bank's strategic goal in this area is to converge to market average in the long run with customer oriented approach and continuously improved digital services. (Market shares are based on Aggregate non-consolidated monthly statistical report of credit institutions)



## MANAGEMENT BOARD REPORT (CONTINUED)

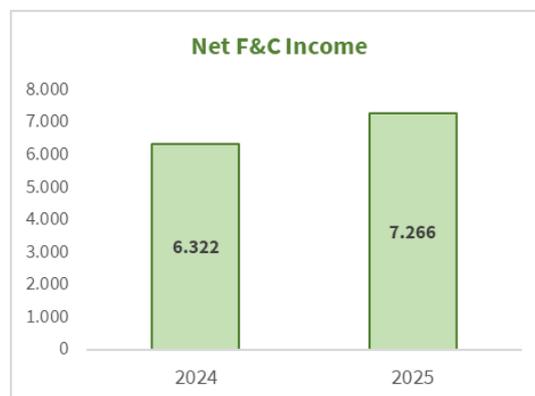
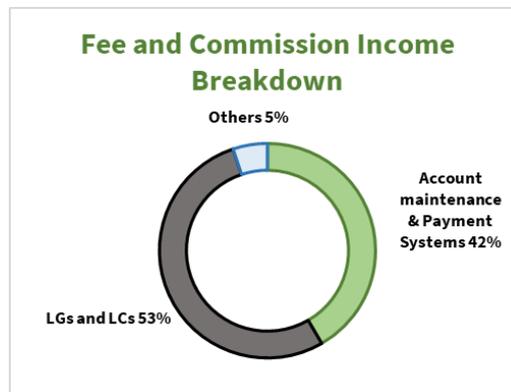
Market Share	2024	2025
Households	0,72%	0,79%
- <i>avista deposits</i>	0,31%	0,28%
- <i>time deposits</i>	1,59%	2,06%
Non-financial corporations	1,07%	1,13%
- <i>avista deposits</i>	1,01%	1,03%
- <i>time deposits</i>	1,21%	1,37%
Financial corporations	0,41%	0,52%
Non-residents	3,45%	3,11%
Others	0,27%	0,13%

### NET INTEREST MARGIN

ECB deposit interest rates started 2025 with 3% and ended the year with 2% in line with the expectations and pressuring the banking system's NIM. In addition to the mentioned factor, Kentbank's growth strategy also contributed to the downwards pressure in NIM bringing the yearly NIM from 3,26% to 2,99% by the end of 2025, still above the market average.

### NET FEES & COMMISSIONS

After consecutive years of growth above 40%, Kentbank still managed to grow by 15% in Net Fees and Commissions and this generated 23% of the total operating income. The slowdown in the growth rate was a natural outcome of bank's strong growth in previous years and the risk appetite in LG business which makes a significant portion of the total fee & commission income.



## MANAGEMENT BOARD REPORT (CONTINUED)

### OPERATING EXPENSES

Kentbank's operating expenses grew by 13% year-on-year amounting €19,5 million. Employee expenses continue to be the biggest component while the bigger part of the increase came from Non-HR costs. 2025 was marked with the launch of Kentbank's new mobile banking application which is considered as a milestone for the bank's new digitalization journey. Additionally, in 2025 Kentbank also signed an agreement to takeover the ownership of the core banking system and took the first steps of establishing an in-house software development team. Abovementioned developments as a part of Bank's long term strategy put pressure on operating expenses in 2025 and also expected in 2026.

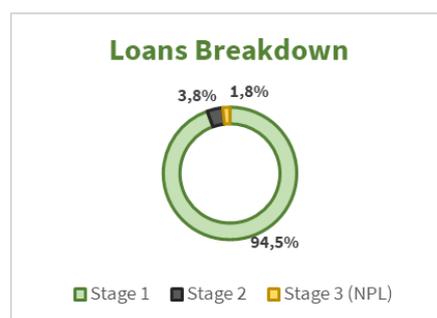
As a result of the cost pressures both on the NIM and operating expenses, Bank's C/I ratio increased by 3,1pp to 61,8% by the end of 2025.



### ASSET QUALITY & PROVISIONS

The bank constantly monitors the loan portfolio as it grows and acts in a proactive and prudent manner. Bank follows the performing loans under Stage-1 and Stage-2 and nonperforming loans under Stage-3.

After completing the first ever collective NPL sale in the Bank's history and reaching historically low share of Stage-3 loans with 1,5% in 2023, Bank's NPL ratio increased to 2,8% in 2024 in line with expectations. 2025 was marked with another significant improvement in the ratio with 1,8%, driven by collection activities and small amount of new NPL generation. Coverage of Stage-3 loans increased to 56% at the end 2025.



Total Coverage	2025
Stage 1	0,6%
Stage 2	3,3%
Stage 3	56,1%

## MANAGEMENT BOARD REPORT (CONTINUED)

### 2026 GUIDANCE

<b>Performing Loans Growth (YoY)</b>	High single digit
<b>Deposits Growth (YoY)</b>	High single digit
<b>Net Interest Margin</b>	Slightly downwards
<b>Net Fees and Comissions Growth (YoY)</b>	Low single digit
<b>OPEX Growth (YoY)</b>	13% - 15%
<b>C/I</b>	< 70%
<b>ROAE</b>	High single digit

We expect Croatian economy to outperform EU economy with around close to 3% GDP growth like the recent years. With the new regulations in 2025 for the consumer loans, we are expecting to see more slowdown on banking sector's lending activity and yet still expecting to see a mid single digit growth in total assets of the sector.

We are not expecting any major change in the interest rates and foresee ECB keeping the deposit rate in 1,75% - 2,00% range for 2026.

Kentbank aims to have high single digit growth rates in loans and deposits and gaining additional market share. While doing the mentioned, the Bank is expecting some slightly downwards trend in NIM due to the cost of new client acquisitions.

After a strong growth trend of 5 years in Net F&C income, Bank is expecting to have a low single digit growth in 2026 which is mainly due to coming to its natural limits with its niche positioning in LGs. With the planned digital transformation in the medium term, Bank is planning to accelerate the growth rate in Net F&C income starting with 2027 and onwards.

With the acquisition of the core banking system and starting in-house development which is expected to be a catalyst for the bank's future, Bank will face some cost pressure in 2026 which will result with deterioration in C/I.

In terms of profitability, Bank is expecting a decline compared to last years due to the mentioned reasons above and aiming to achieve return on equity in the range of 7%-9%. Bank sees 2026 as a transition year and expecting profitability to recover on a longer horizon.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **BUSINESS STRATEGY AND DEVELOPMENTS**

#### **BUSINESS LINES**

##### **RETAIL BANKING**

###### **Focus on service quality and modernization**

KentBank currently operates at 14 locations across Croatia, including three locations in Zagreb. The business network ensures the availability of services and professional support for all clients.

###### **Personal approach in business**

Personal contact remains key in dealing with clients, which is why visiting branches is encouraged to enable direct communication with employees. At the same time, support for everyday banking services has been further enhanced through the availability of digital channels, providing flexibility and convenience to customers who prefer digital platforms.

###### **Development of services and focus on specific client segments**

The bank pays great attention to the development of relations with owners and family members of small and medium-sized enterprises, as well as younger clients whose preferences are increasingly focused on digital communication. A personalized approach enables the offer to be adapted to the specific needs of each client, while at the same time encouraging cooperation between the retail sector and the legal entities sector. This integrated approach provides added value, as it enables the monitoring and support of the operations of entities, their owners, family members and employees.

###### **Innovations in lending and digitization**

Investments in IT infrastructure and digitization form an important part of the Bank's strategy. Application of the system for digital processing and loan approval (Underwriting tool) resulted in optimization of the process, increase in efficiency and improvement of user experience.

The development of new products, such as SEPA Instant payments and personalized offers of pre-approved loans, as well as the improvement of existing digital functionalities, confirms the Bank's focus on modernization and adaptation to market requirements.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **Digitalisation and Modernization**

In 2025, KentBank advanced the digitalisation and modernization of its services through the launch of KentPro, its new mobile banking platform. The launch marked an important step in strengthening client interaction and improving the accessibility of everyday banking services.

KentPro was introduced with a clear value proposition focused on simplicity, transparency, and convenience. Key elements of the launch included a unified overview of personal and business accounts, including those held with other banks, and an intuitive, frustration-free user experience designed to remove common pain points in daily banking.

As part of this proposition, the Bank introduced the KentPro Package, offering a transparent, zero-fee structure for account management, mobile banking, and payment transactions. The package reflects the Bank's approach to reducing complexity and delivering tangible value through digital channels.

Investments in digital marketing also enabled KentBank to communicate more closely and consistently with its clients through digital channels, strengthening engagement and supporting a more direct and accessible client relationship.

### **LEGAL ENTITIES BANKING**

KentBank is primarily focused on the segment of small and medium-sized family businesses, selected large clients, and management of residential building portfolios. Maintaining of existing business relationships and establishing new ones are part of the daily business activities of the Legal entities Division. Through cooperation with other organizational units of the Bank, procedures are defined for selecting target client groups, as well as for monitoring and developing the Bank's products tailored to client needs and the economic situation in the market.

Continuous education of the Bank's employees, along with intensive cooperation with the Croatian Bank for Reconstruction and Development (HBOR) and the Croatian Agency for SMEs, Innovation and Investments (HAMAG-BICRO), enables implementation of customized solutions to a growing number of clients.

The Bank continues its digital transformation of legal entities banking services, following modern trends in the financial market. The priority of the Bank will continue to be the improvement of the quality of services, expansion of the offer to clients and continuous education of employees.

### **Product development and disbursement**

The bank will focus on further development and marketing of the following products:

## MANAGEMENT BOARD REPORT (CONTINUED)

- **Transactional Accounts and Cooperation with Partners**

The focus is on opening new transactional accounts and expanding the client base through active campaigns, mainly within the small and medium-sized enterprise segment, by emphasizing fast answers and simple process.

Improvement of transactional services for legal entities through the KentPro application, which enables users to manage all personal and business accounts no matter if they are open in the Bank or other financial institutions.

Support for new entrepreneurs and foreign investors during opening of company, including the payment of share capital and providing of all necessary information on the Bank's business terms and conditions. The Bank establishes external partnerships, enabling clients to access integrated payment solutions as well as property insurance and loan repayment.

- **Deposits**

Diversification of the deposit portfolio through the acquisition of new clients, enabling more favorable funding through both term deposits and a vista funds. Visible deposit campaigns with the goal of attracting deposits and strengthening the KentBank brand within the legal entities banking segment. Cooperation with the Bank's Treasury in defining a competitive offers and simplified solutions for term deposits through individual agreements and FX transactions.

- **Loans**

Recognizing the overall financial needs of clients - a complete offer for legal entities, and additional services for their employees. The approval of individually tailored short-term and long-term loans from the Bank's own and external sources, including specialized financing, residential building financing, purchase of receivables, bills of exchange discounting, focused on small and medium-sized enterprises as well as selected large clients, is part of the Division's daily operations. Projects are financed independently or in cooperation with HBOR, HAMAG, various ministries, county and local authorities, and other institutions. In response to the challenges of modern banking, accent on fast loans for pre-selected clients through active campaigns, along with additional benefits within Legal entities packages.

- **Guarantees and Letters of Credit & Trade Finance**

Acquisition of new clients for further diversification of the off-balance sheet portfolio. Implementation of multi-purpose frameworks to support the business of legal entities, especially in targeting specific activities. Implementation of online submission of requests for the guarantee's issuance has provided clients with greater flexibility and further accelerated this process.

With the aim of unifying and standardizing guarantee and letter of credit operations, the Bank moved the Trade Finance department to the Business with Legal Entities Sector from the beginning of 2024. In this way, experience, knowledge and security in that part of the business will be concentrated in one place, while maintaining a quality level of service for the client.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

- **Programs in cooperation with development banks & HAMAG**

In accordance with the strategy, since 2021 the Bank intensified cooperation with the Croatian Bank for Reconstruction and Development (HBOR) and the Croatian Small Business Agency (HAMAG). The goal is to establish a solid foundation for long-term placements, especially through individual credit programs and framework lending, including liquidity loans offered by HBOR. It is also planned to further use the possibility of cooperation with the Croatian Small Business Agency, especially through participation in the Program of Individual Guarantees for Rural Development, Guarantee Program plus ESIF Guarantees (Individual, Portfolio guarantees, Subsidy of interest rates from NPOO -National Recovery and Resilience Plan).

Through special credit programs signed with the Croatian Bank for Reconstruction and Development, the Bank ensures entrepreneurs' access to more favorable financing.

### **INTERNATIONAL DEPARTMENT**

As a member of the Süzer Group, headquartered in Istanbul, KentBank systematically develops its international business activities with the aim of strengthening the connection between the Croatian economy and international markets. In this context, KentBank established the International Department as a specialized organizational unit of the Bank, focused on supporting foreign investors, international companies, and clients planning or already conducting business activities in the Republic of Croatia and the wider region.

The International Department provides clients with informational, advisory, and operational support related to daily banking operations, business and investment financing, and the execution of international trade transactions. Particular emphasis is placed on tailoring banking solutions to the specific needs of international clients.

The objective of the International Department is to establish long-term and sustainable business relationships and to encourage new investment and business opportunities between international partners and the Croatian economy. Through its expertise, international experience, and business network, KentBank aims to act as a link between global business interests and the local market, contributing to the stable growth and development of its clients' operations.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **TREASURY**

#### **Business Strategy and Development of the Bank's Treasury**

The Treasury and Financial Institutions Sector of the Bank (hereinafter: Treasury) plays a key role in ensuring the stability and profitability of the Bank, managing the Bank's positions in the money, foreign exchange and securities markets. Its main task includes liquidity management and compliance with the strategic guidelines of the ALCO Committee, while complying with all regulatory requirements of the Croatian National Bank (CNB). The focus is on ensuring an adequate level of liquidity, optimizing risks and achieving planned goals.

#### **LICO, ALCO, liquidity management**

The primary responsibility of the Treasury is to maintain an adequate level of liquidity and manage the Bank's market risks, both in normal and extraordinary market conditions. The Treasury organizes and participates in the meetings of the LICO and ALCO Committees, where key decisions related to the strategic management of the Bank's assets and liabilities are made. Through these meetings, the strategy for managing liquidity, risks and investments in accordance with the Bank's objectives is defined.

#### **Securities portfolio management**

The Treasury manages two main securities portfolios – the “Hold to Collect” and the “Trading” portfolios. The majority of investments belong to the “Hold to Collect” portfolio, which is focused on long-term holding of securities in order to generate stable interest income. On the other hand, the “Trading” portfolio serves to generate profits through active trading and short-term holding of positions, allowing the Treasury to take advantage of market opportunities and generate additional income.

The management of these portfolios is based on the analysis of market trends and interest rate projections, thus ensuring the optimal combination of safety and return. The Treasury regularly monitors market developments and adjusts the investment strategy to meet regulatory requirements and achieve the Bank's planned objectives.

#### **Management of open foreign exchange positions**

The Treasury plays an important role in managing open foreign exchange positions with the aim of optimizing returns with controlled risk. This involves daily monitoring of currency movements and the use of financial instruments to reduce exposure to currency risks. The aim is to achieve the highest possible return while minimizing the negative effects of exchange rate fluctuations. Strategies include a combination of spot and forward transactions, as well as the use of currency swap contracts to ensure a stable financial result.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **Interest rate risk management**

The Treasury also manages interest rate risk, which is carried out by monitoring the maturity of the Bank's receivables and liabilities. The aim is to reduce mismatches in the maturity of receivables and liabilities and optimize the Bank's interest income, while preserving economic value.

### **Repo transactions and additional liquidity**

The Treasury also has the ability to conduct repo transactions with other banks and the European Central Bank (ECB), which it has already been proven by successfully securing additional liquidity for the Bank. These transactions allow the Bank to quickly react to changes in liquidity needs and secure the necessary funds on more favorable terms. In the coming period, the Treasury will continue to use this possibility in order to optimize liquidity management and take advantage of favorable opportunities in the financial markets.

### **Correspondent banking and international cooperation**

In the context of international business, the Treasury plans to expand cooperation with foreign and domestic banks. Special focus will be on strengthening correspondent relations with banks in the European Union and Turkey, where the Bank has a representative office in Istanbul. This will enable the construction of a bridge between Turkish companies and the Bank, facilitating access to the Croatian market for Turkish investors and clients.

The representative office in Istanbul will also play an important role in supporting the International Desk initiative, which is aimed at strengthening business cooperation between Turkish and other international companies and the Bank. The Treasury will be an active mediator in communication with foreign and domestic banks, which will ensure the smooth execution of payment transactions and support the growth of business relations.

### **Role in dealing with clients**

Treasury not only manages the Bank's financial positions, but also provides key services to clients, including FX transactions (FX Sales). Treasury plays an important role in supporting other segments of the Bank, including businesses with legal entities and individuals. By providing expert advice and analyzing market trends, it enables better business decisions related to interest rate movements and currency risks.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **SOFTWARE ENGINEERING AND DIGITAL TRANSFORMATION**

In 2025, KentBank reached a significant milestone in its digital transformation journey with the launch of KentPro. The platform goes beyond infrastructure modernization by introducing a new approach to service delivery, where digital solutions are built around client journeys rather than traditional banking processes. This shift reflects the Bank's focus on designing digital experiences that are intuitive, accessible, and aligned with evolving client expectations.

A key differentiator of KentPro is its innovative use of PSD2-based account aggregation, enabling clients to securely connect and view their personal and business accounts, including those held with other banks, within a single application. This functionality allows KentPro to serve as a central financial hub, offering greater transparency and control over everyday finances. Also, at the end of the year, the Bank launched a pilot project whose aim is to provide existing users with a safe and simple platform for exchanging and digitally signing the documents necessary for a business relationship with the Bank.

In parallel, during 2025 the Bank decided to take over its core banking system and continue its development in-house. This strategic decision was taken to increase flexibility, shorten time-to-market, and respond more quickly to regulatory requests and changing customer needs in digital era. To support this shift, KentBank expanded and strengthened its development and digital transformation teams, reinforcing its internal capabilities and long-term control over critical infrastructure.

By investing in both technology and talent, the Bank reaffirmed its strategic ambition for future growth.

### **SOCIAL IMPACT**

KentBank strongly continued to support the cultural and social development of the community through a unique initiative – the Festival of Ideas 2025: Ideas That Matter in the Real World. From the very beginning, the Festival has brought together innovators, entrepreneurs, and artists, providing them with a platform for exchanging ideas, and in 2025 it further expanded opportunities for wider public presentation while offering targeted support to market-ready projects with a positive social, environmental, and economic impact. Through the competition, KentBank provided expert and financial support to projects in the fields of technology, agriculture (especially food and wine), and social impact, with the aim of fostering economic growth, creating new business opportunities, and developing sustainable solutions. The competition was open to companies and entrepreneurs with at least two years of continuous business operation, and the three best projects were awarded cash prizes along with media promotion, professional mentorship, and an assessment of market potential.

## MANAGEMENT BOARD REPORT (CONTINUED)

### HUMAN RESOURCES

#### **\*\*Employees as a Key Driver of Kent Bank's Sustainable Success\*\***

At Kent Bank, we consider our employees to be one of the most important drivers of the Bank's success and long-term development. For this reason, we continuously invest in their well-being, professional growth, and overall satisfaction. Our workplace culture is focused on building engaged and strong teams, while encouraging professional development, work-life balance, and a sense of belonging within the organisation.

The principles of our mission and vision are consistently reflected in our human resources management practices. We place particular emphasis on creating a supportive and inclusive working environment, promoting diversity and equal opportunities, and providing employees with ongoing support in their professional development. Through a responsible recruitment policy, we aim to attract and retain high-quality and talented individuals, while regular reviews of our remuneration system ensure gender equality and equal opportunities for career advancement for all employees.

Kent Bank's organisational culture is founded on the following core values:

- Trust – We stand behind our words and actions.
- Integrity – We act honestly, responsibly, and ethically.
- Respect – We treat everyone with consideration and dignity.
- Commitment – We honour our commitments and remain focused on achieving our goals.

In pursuing its strategic objectives, Kent Bank continuously contributes to the development of human resources management practices within the banking sector in the Republic of Croatia. Our activities are based on modern, inclusive, and data-driven approaches that reflect the Bank's values and corporate culture.

Our care for employees is further reflected in a range of benefits and initiatives, including health and well-being programmes, flexible working arrangements, and measures aimed at achieving a high-quality balance between private and professional life. Our commitment to creating a positive and supportive working environment has also been recognised through the "Best Employer" award, confirming our strong focus on employee satisfaction and well-being.

Kent Bank will continue to invest systematically in the development of its employees, strengthen organisational capabilities, and enhance service quality and innovation, thereby contributing to the Bank's long-term success and the creation of value for all stakeholders.

## MANAGEMENT BOARD REPORT (CONTINUED)

EMPLOYEE INDICATORS	2024	2025
Number of employees	264	276
Number of employees (FTE)	245	254,5
Ratio of women employees	64% (N=169)	63% (N=173)
Women in top management	2 (50%)	2 (50%)
Women in senior management	9 (47%)	11 (46%)
Employee turnover	16%	14%

Number of employees by age group	2024	2025
<30	26	30
30-39	86	80
40-49	111	117
>=50	41	49
<b>Total</b>	<b>264</b>	<b>276</b>

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **Financial risk management**

The operations of the Bank are exposed to various types of risks, which arise from the uncontrollable character of the financial market. The Bank tries to control and minimize them. The most significant types of financial risks to which the Bank is exposed are the credit risk, the liquidity risk, market risk and operational risk. The market risk includes the risk of change of interest rates, the risk of change of foreign exchange rates and the change of market value of securities.

#### **a) Credit risk**

Credit risk management is described in notes 25, 26 and 30b to the financial statements.

#### **b) Liquidity risk**

Liquidity risk management is described in notes 27 and 30c to the financial statements.

#### **c) Market risk**

Market risk management is described in notes 28, 29 and 30d to the financial statements.

#### **d) Operational risk management**

Operational risk management is described in note 30f to the financial statements.

## **MANAGEMENT BOARD REPORT (CONTINUED)**

### **Supervisory Board**

During 2025, there were no changes in the composition of the Supervisory Board of the Bank and the Board consisted of five members. Their term of office is two years and they may be reappointed.

The powers of the Supervisory Board are governed by the Articles of Association of the Bank and by the Operating Procedures Manual of the Supervisory Board, in accordance with the applicable provisions of the Companies Act and the Credit Institutions Act.

The members of the Supervisory Board are as follows:

Mehmet Gani Sonmez	President of the Supervisory Board
Nurgün Eyübođlu	Deputy President of the Supervisory Board
Zdenko Adrović	Supervisory Board Member
Gürol Balođlu	Supervisory Board Member
Aylin Surkultay	Supervisory Board Member

## MANAGEMENT BOARD REPORT (CONTINUED)

### Management Board

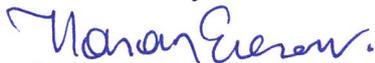
In accordance with the provisions of the Articles of Association of the Bank, the Management Board may consist of up to five (5) members. The members of the Management Board, including the President of the Management Board, may be appointed by the Supervisory Board for a term of up to five (5) years, with possibility of re-election. Only the person who meets the conditions prescribed by the Credit Institutions Act, the Companies Act and the Decision on Suitability of the Croatian National Bank (CNB) may be appointed member of the Management Board with prior approval from the Croatian National Bank.

The Management Board has rights, duties and obligations prescribed by the Companies Act, the Credit Institutions Act and the Articles of Association of the Bank. The Management Board manages the operations of the Bank and its assets and it has the responsibility and the powers to take all the actions and make all the decisions necessary for successful management of the operations of the Bank and its performance.

The members of the Management Board in office from 1 January 2025 to the date of issuance of these financial statements, are as follows:

Hasan Ecesoy	President of the Management Board
Damir Brkić	Management Board Member (end of appointment on 17 March 2025)
Aleksandra Cvetković	Management Board Member
Nikolina Cvitanović	Management Board Member
Ivan Babić	Management Board Member (appointed on 26 June 2025)

**Hasan Ecesoy**

  
President of the Management Board

**Nikolina Cvitanović**

Member of the Management Board



**Ivan Babić**

Member of the Management Board



**Kent  
Bank d.d.**  
Zagreb 11

**Responsibilities of the Management and Supervisory Boards for the preparation and approval of the annual report**

The Management Board of the Bank is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Bank and of the results of their operations and cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; making judgments and estimates that are reasonable and prudent; and preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Management Board is responsible for the submission to the Supervisory Board of its annual report on the Bank together with the annual financial statements for acceptance. If the Supervisory Board approves the annual financial statements, they are deemed confirmed by the Management Board and Supervisory Board.

The Management Board is also responsible for the preparation and content of the management report in accordance with the Croatian Accounting Act.

The Management Board is also responsible for the preparation and fair presentation of the supplementary information prepared in accordance with the Decision of the Croatian National Bank on the Structure and Content of the Annual Financial Statements of credit institutions, dated 26 April 2018 (Official Gazette 42/18), 9 November 2020 (Official Gazette 122/20), 5 November 2021 (Official Gazette 119/21), 8 September 2022 (Official Gazette 108/22) and 19 May 2025 (Official Gazette 80/25).

The financial statements as well as the schedules prepared in accordance with the Decision of the Croatian National Bank on the Structure and Content of the Annual Financial Statements of credit institutions, dated 26 April 2018 (Official Gazette 42/18), 9 November 2020 (Official Gazette 122/20), 5 November 2021 (Official Gazette 119/21), 8 September 2022 (Official Gazette 108/22) and 19 May 2025 (Official Gazette 80/25) with the reconciliation to statutory financial statements were authorized by the Management Board on 25 March 2026 for issue to the Supervisory Board and are signed below to signify this.

For and on behalf of KentBank d.d.

**Hasan Ecesoy**

President of the Management Board

**Nikolina Cvitanović**

Member of the Management Board

**Ivan Babić**

Member of the Management Board

**Kent  
Bank d.d.**  
Zagreb

## Financial statements

### Statement of financial position

As at 31 December 2025

	Notes	31 December 2025	31 December 2024
		EUR 000	EUR 000
<b>ASSETS</b>			
Cash and current accounts with banks	12	23,948	24,747
Financial assets at amortized cost	13a)	232,051	176,146
Financial assets held for trading	13b)	8,797	9,985
Loans to and receivables from customers	15	411,576	370,256
Placements with other banks	14	244,031	231,176
Property, plant and equipment	16a)	6,046	5,666
Right-of-use asset	16b)	2,385	1,930
Intangible assets	16c)	4,622	2,678
Foreclosed assets	17	74	81
Deferred tax asset	11a)	205	104
Other assets	18	1,175	1,209
<b>TOTAL ASSETS</b>		<b>934,910</b>	<b>823,978</b>
<b>LIABILITIES</b>			
Current accounts and deposits from banks and financial institutions	19a)	51,863	47,046
Current accounts and deposits from customers	19b)	584,925	514,309
Interest-bearing borrowings	19c)	175,630	150,575
Provisions for liabilities and charges	20	730	971
Income tax liability		308	906
Other liabilities	21	10,955	9,578
<b>Total liabilities</b>		<b>824,411</b>	<b>723,385</b>
<b>EQUITY</b>			
Ordinary share capital	22,22a)	78,758	78,758
Legal and capital reserves	22,22b)	1,435	957
Retained earnings	22	30,306	20,878
<b>Total equity</b>		<b>110,499</b>	<b>100,593</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>934,910</b>	<b>823,978</b>

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

## Financial statements (continued)

### Statement of changes in shareholders' equity

As at 31 December 2025

<i>EUR 000</i>	Ordinary share capital (Note 22a)	Legal and capital reserves (Note 22b)	Retained earnings (Note 22)	Total
<b>Balance at 1 January 2024</b>	<b>51,758</b>	<b>627</b>	<b>11,651</b>	<b>64,036</b>
Total other comprehensive income/(loss)	-	-	-	-
Profit for the year	-	-	<b>9,557</b>	<b>9,557</b>
<b>Total comprehensive income / (loss)</b>	-	-	<b>9,557</b>	<b>9,557</b>
<b>Transactions with owners recognized directly in equity:</b>				
Transfer to legal reserves	-	330	(330)	-
Increase in issued share capital (Note 22a)	<b>27,000</b>	-	-	<b>27,000</b>
<b>Balance at 31 December 2024</b>	<b>78,758</b>	<b>957</b>	<b>20,878</b>	<b>100,593</b>
<b>Balance at 1 January 2025</b>	<b>78,758</b>	<b>957</b>	<b>20,878</b>	<b>100,593</b>
Total other comprehensive income/(loss)	-	-	-	-
Profit for the year	-	-	<b>9,906</b>	<b>9,906</b>
<b>Total comprehensive income / (loss)</b>	-	-	<b>9,906</b>	<b>9,906</b>
<b>Transactions with owners recognized directly in equity:</b>				
Transfer to legal reserves	-	478	(478)	-
	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>78,758</b>	<b>1,435</b>	<b>30,306</b>	<b>110,499</b>

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

## Financial statements (continued)

### Income statement

For the year ended 31 December 2025

	Notes	2025 EUR 000	2024 EUR 000
Interest income and similar income	5	31,170	32,765
Interest expense and similar charges	6	(9,227)	(10,692)
<b>Net interest income</b>		<b>21,943</b>	<b>22,073</b>
Fee and commission income	8a)	8,166	7,090
Fee and commission expense	8b)	(900)	(768)
<b>Net fee and commission income</b>		<b>7,266</b>	<b>6,322</b>
Net gains on derecognition of financial assets measured through FVTPL	9a)	296	288
Net gains from derecognition of financial assets measured at amortised cost	9b)	1,398	-
Net gains from translation of monetary assets and liabilities and foreign exchange spot trading	9c)	375	602
Other income	9d)	212	76
		<b>2,281</b>	<b>966</b>
<b>Total income</b>		<b>31,490</b>	<b>29,361</b>
Depreciation and amortization	16a);16b);16c)	(2,426)	(2,070)
Staff costs	10a)	(11,267)	(10,426)
Other administrative expenses	10b)	(5,777)	(4,740)
<b>Total general and administrative expenses</b>		<b>(19,470)</b>	<b>(17,236)</b>
Impairment losses and provisions	7a	124	(339)
Provisions for court cases	7b	(152)	(50)
<b>PROFIT BEFORE TAX</b>		<b>11,992</b>	<b>11,736</b>
Income tax expense	11	(2,086)	(2,179)
<b>PROFIT FOR THE YEAR</b>		<b>9,906</b>	<b>9,557</b>
<b>Other comprehensive loss for the year</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9,906</b>	<b>9,557</b>

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

## Financial statements (continued)

### Cash flow statement

For the year ended 31 December 2025

	Note	2025 EUR 000	2024 EUR 000
<b><u>Cash flow from operating activities</u></b>			
<b>Profit before tax</b>		<b>11,992</b>	<b>11,736</b>
Depreciation and amortization	16a),16b),16c)	2,426	2,070
Impairment losses and provisions	7	28	389
Write off and sale of tangible and intangible assets	16a),16b),16c)	158	65
<i>Changes in operating assets and liabilities</i>			
(Increase) or decrease in placements with other banks		(12,856)	3,228
(Increase) or decrease in loans to and receivables from customers		(60,733)	(49,678)
(Increase) or decrease in other assets		(55)	18
Increase in deposits from banks and financial institutions		5,082	15,116
Increase in current accounts and deposits from customers		75,467	15,208
Increase in other liabilities and provisions		418	517
Income tax paid		(2,785)	(1,994)
Interest paid		(5,116)	(6,073)
Interest received		22,007	19,967
<b>Net cash from operating activities</b>		<b><u>36,033</u></b>	<b><u>10,570</u></b>
<b><u>Cash flow from investment activities</u></b>			
Payments for purchases of financial assets at amortized cost		(80,400)	(72,851)
Proceeds from redemption of financial investments at amortised cost		22,184	13,169
Payments for purchases of financial investments held for trading		(40,784)	(84,886)
Proceeds from sale of financial investments held for trading		41,972	79,242
Payments for purchase of property, plant and equipment and intangible assets	16a),16b),16c)	(3,953)	(1,924)
Proceeds from sale of property, plant and equipment		7	-
<b>Net cash from investment activities</b>		<b><u>(60,974)</u></b>	<b><u>(67,250)</u></b>
<b><u>Cash flow from financing activities</u></b>			
Receipts from issued share capital		-	16,948
Receipts from interest-bearing borrowings	19d)	955,886	288,318
Repayments of interest-bearing borrowings	19d)	(930,831)	(242,884)
Payments for the principal portion of the lease liability	21	(913)	(845)
Payments of subordinated liabilities		-	-
<b>Net cash from financing activities</b>		<b><u>24,142</u></b>	<b><u>61,537</u></b>
<b>Net (decrease) / increase of cash and cash equivalents</b>		<b>(799)</b>	<b>4,858</b>
<b>Cash and cash equivalents as at 1 January</b>		<b><u>24,747</u></b>	<b><u>19,889</u></b>
<b>Cash and cash equivalents as at 31 December</b>	12	<b><u>23,948</u></b>	<b><u>24,747</u></b>

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

## **Financial statements (continued)**

### **Notes to the financial statements**

#### **1. General information**

KentBank d.d. (hereinafter: the Bank), with its headquarters in Zagreb, Gundulićeva 1, was established in the Republic of Croatia and provides commercial banking services. The Bank is entered in the register of the Commercial Court in Zagreb. The Bank's parent company is SUZER HOLDING Anonim Sirketi and the majority stockholder is Mr. Mustafa Suzer.

#### **2. Basis for preparation of the financial statements**

##### **a) Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS").

The financial statements are prepared on a going concern basis which assumes the Bank will continue its business operations in the foreseeable future.

The principal accounting policies applied in the preparation of these financial statements are summarised below. The Bank has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Where specific accounting policies are aligned with accounting principles set out in International Financial Reporting Standards ("IFRS" or "Standards"), reference may be made to certain Standards in describing the accounting policies of the Bank. Unless otherwise stated, these references are to Standards as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("EU") applicable as at 31 December 2025.

These financial statements were approved by the Management Board on 24 March 2025 and submitted them to the Supervisory Board for adoption.

##### **Application of new and revised International Financial Reporting Standards**

Except for the changes below, the Bank has consistently applied the accounting policies as set out in the Notes below to all periods presented in these financial statements.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **2. Basis for preparation of the financial statements (*continued*)**

##### **I Effective standards, amendments to standards and implementations – adopted in 2025**

In 2025 the amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability came into force. The entry into force of these amendments did not have a significant impact on the Bank's financial statements.

#### **2. Basis for preparation of the financial statements (*continued*)**

##### **II Standards, amendments to standards and interpretations issued but not yet effective**

As at 31 December 2025 the following standards, amendments or interpretations applicable to reporting starting from 1 January 2026 have been endorsed by the European Commission:

- (i) Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7;
- (ii) Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7; and
- (iii) Annual Improvements to IFRS Accounting Standards - Volume 11.

With regard to the point (i) to manage the implementation of the Amendments, the Bank established a program to assess the impact on systems, processes and financial reporting. The Bank continues to assess the impact of adopting the Amendments on the Financial Statements.

Concerning points (ii) and (iii) the Bank considers that they will not significantly affect the Bank's financial statements.

The application of the following standards, amendments or interpretations of the existing accounting standards, issued by IASB, is subject to completion of the endorsement process by the competent bodies of the European Commission:

- (i) IFRS 18 Presentation and Disclosure in Financial Statements.
- (ii) IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- (iii) Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and introduces limited amendments to other standards that will become effective upon adoption of the new standard. This standard will be effective on 1 January 2027 and will be applied retrospectively with restatement of comparative periods. The Bank continues to assess the impact of adopting this standard on the Financial Statements.

Apart from IFRS 18, remaining standards, amendments or interpretations, are not expected to have a significant impact on the Bank's financial statements.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **2. Basis for preparation of the financial statements (*continued*)**

##### **a) Statement of Compliance (*continued*)**

#### **II Standards, amendments to standards and interpretations issued but not yet effective (*continued*)**

#### **2. Basis for preparation of the financial statements (*continued*)**

##### **a) Statement of Compliance (*continued*)**

#### **II Standards, amendments to standards and interpretations issued but not yet effective (*continued*)**

#### **2. Basis for preparation of the financial statements (*continued*)**

##### **b) Basis of measurement**

These financial statements are prepared on an amortized or historical cost basis except for financial assets recognized on the fair value through profit and loss.

##### **c) Judgments and estimates**

In preparing the financial statements, the Management Board has made judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, disclosure of commitments and contingencies at the reporting date, as well as amounts of income and expense for the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and information available at the date of the preparation of the financial statements, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are 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 recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgments of management in the implementation of standards which have a risk of significant adjustment in the following year are described in Note 4.

##### **d) Functional and reporting currency**

The financial statements are presented in euro ("EUR") which is the Bank's functional and presentational currency. Amounts are rounded to the nearest thousand, unless indicated otherwise.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **3. Accounting policies**

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

##### **a) Interest income and expense**

Interest income and expenses are recognized in the income statement for all interest-bearing instruments using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank does not consider future credit losses. The calculation includes all fees and percentage points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is recognized depending on the degree of credit risk of a financial instrument and for financial assets classified in Stage 1 and Stage 2 (performing) - when calculating interest income, the EIR is applied to the gross carrying amount of financial assets, and for financial assets allocated to Stage 3 the interest is suspended. Suspended interest represents an already charged interest on an asset for which an individual impairment has been recognized (non-performing). At the time of reclassification into uncollectable receivables, the Bank impairs the full amount of accrued uncovered interest at the expense of the income statement and suspends further calculation in the balance sheet and keeps the suspended interest off-balance until the debtor makes a cash payment.

For purchased or originated credit-impaired financial assets decreased for credit losses - POCIs, the EIR adjusted for credit risk at the amortized cost of the POI assets is applied in the calculation of interest income.

##### **b) Fee and commission income and expense**

Fee and commission income and expense are recognized in the income statement when the related service is provided. Fee and commission income and expense mainly comprise fees receivable for guarantees and letters of credit issued by the Bank on behalf of customers, and fees for domestic and foreign payment transactions.

##### **c) Defined contribution pension plans**

The Bank pays contributions to obligatory pension funds on a mandatory contractual basis calculated as percentage of gross salaries. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as staff costs in profit or loss as they accrue.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **d) Short term and long term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability for bonus is recognized in the amount expected to be paid under short-term cash bonuses based on the Company's formal plan and when past practice has created a valid expectation by management/key employees that they will receive a bonus as a result of past service provided by the employee and the obligation can be estimated reliably.

The Bank also recognized a liability for other employees' benefits in the amount expected to be paid under jubilee awards based on the management decision.

##### **e) Foreign currencies**

Transactions in foreign currencies are translated into euro ("EUR") at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are re-measured at each reporting date at the official mid spot foreign exchange rate of the Croatian National Bank ruling on the reporting date or at the Bank's selling rate if the placement is contracted accordingly.

Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated in EUR at the foreign exchange rates ruling at the dates when the fair values were determined. Non-monetary assets and items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated at the reporting date. Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of at fair value through other comprehensive income equity instruments, which are recognized in other comprehensive income (refer below).

Changes in the fair value of monetary (debt) securities denominated in or linked to foreign currency classified as asset recognized through fair value in other comprehensive income are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences are recognized in income as a part of the foreign exchange gains or losses on the revaluation of monetary assets and liabilities presented within financial income or financial expense in the profit or loss. Other changes in the carrying amounts are recognized in other comprehensive income.

Official mid spot exchange rates effective as at 31 December 2025 were:

1.1757 = 1 USD;  
0.9293 = 1 CHF.

Official mid spot exchange rates effective as at 31 December 2024 were:

1.0440 = 1 USD;  
0.9435 = 1 CHF.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **f) Financial instruments**

###### ***Classification***

On initial recognition, financial assets are classified as assets at amortized cost, assets at fair value through other comprehensive income (FVOCI) and assets at fair value through profit and loss (FVTPL)

Financial assets are measured at amortized cost if they meet both of the following conditions and if they are not designated at fair value through profit and loss (FVTPL):

- The purpose of a business model is to hold assets in order to collect contractual cash flows (HTC);
- The contractual terms of a financial asset presume cash flows that are solely principal and interest payments (SPPI), at specific dates.

A debt instrument is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and if it is not designated at fair value through profit and loss account (FVTPL):

- The purpose of the business model is the holding of assets for the purpose of collecting contractual cash flows and the sale of financial assets (HTC&S); and
- contractual terms of financial assets presume cash flows that are solely principal and interest repayment (SPPI), at specific dates.

In the initial recognition of an investment in equity instruments that are not held for trading, the Bank may irrevocably decide to display subsequent changes in fair value through other comprehensive income. This choice is made on the basis of a particular investment.

All other financial assets are classified as measured at fair value through profit or loss (FVTPL).

In addition, at initial recognition, the Bank may irrevocably designate financial assets at fair value through profit or loss (FVTPL), although it meets the measurement requirements at amortized cost or at fair value through other comprehensive income (FVOCI), if this eliminates or substantially reduces the accounting mismatch that would arise if contrary.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **f) Financial instruments (continued)**

###### ***Business Model Assessment***

The Bank determines the objective of the asset's business model because it best represents the way in which assets are managed and the Bank's management is reported. Information considered includes:

- management policies and portfolio objectives and implementation of these policies in practice;
- assessing the performance of the portfolio and reporting to the management of the Bank;
- risks affecting the performance of the business model (and financial assets within that business model) and the risk management strategy; and
- frequency, volume and time of sales in previous periods, reasons for the sale and expectations of future sales activities.

Financial assets held for trading and whose performance is assessed on the basis of fair value are measured at fair value through profit and loss account, as it is not held for the purpose of collecting the contracted cash flows nor for collecting contractual cash flows and for sale. The Bank's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Bank in a separate portfolio for long-term yield. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows until maturity. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

###### ***Assessment of whether contractual cash flows are solely principal and interest payments***

In order to assess whether contractual cash flows are solely payments of principal and interest, the principal is defined as the fair value of financial assets at initial recognition. Interest is defined as compensation for the time value of money and credit risk associated with the outstanding principal amount over a specified period of time and for other basic risks and costs of lending (e.g. liquidity risk and administrative costs) and as a profit margin. When assessing whether the contractual cash flows are solely principal and interest payments (SPPI), the Bank considers the contractual terms of the instrument. This includes assessing whether a financial asset contains a contractual term that could change the time or amount of contractual cash flows so that it would not meet the SPPI requirement. When assessing, the Bank considers:

- potential events that would change the amount and time of cash flows;
- terms of prepayment and extension; and
- features that alter the consideration of the time value of money (e.g. periodic interest rate reset).

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **f) Financial instruments (continued)**

###### ***Loans and advances to customers***

The “Loans and advances to customers” caption in the statement of financial position includes loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank’s financial statements.

###### ***Financial assets measured at amortised cost***

Financial investments measured at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity. These include debt securities.

###### ***Other financial liabilities***

Other financial liabilities comprise all financial liabilities which are not designated at fair value through profit or loss. Other financial liabilities include current accounts and deposits from financial institutions and customers and various payables.

###### ***Reclassification***

Financial assets are not reclassified after initial recognition, except in the period after the change in the financial model for the financial asset management.

If the Bank reclassifies financial assets, it is obliged to apply the reclassification from the date of reclassification. The Bank does not restate previously recognized profit, loss (including profit or loss due to impairment) or interest.

If the Bank reclassifies a financial asset from the category at fair value through other comprehensive income to the category at amortized cost, the financial asset is reclassified at its fair value on the reclassification date. However, cumulative gains or losses previously recognized in other comprehensive income are removed from equity and adjusted to the fair value of the financial asset at the date of reclassification. Consequently, financial assets are measured at the date of reclassification as if they had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses are not adjusted due to the reclassification.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **f) Financial instruments (continued)**

##### ***Reclassification (continued)***

According to IFRS 9 – B4.4.1, reclassifications are expected to be:

- very infrequent,
- are determined by the entity's senior management,
- result from external or internal changes,
- must be significant to the entity's operations,
- demonstrable to external parties and
- will occur only when an entity either begins or ceases to perform an activity that is significance to its operations.

The Bank performed reclassification of financial assets out of FV through OCI as of 31 of October 2022.

##### ***Recognition and derecognition***

The Bank derecognises a financial asset, such as a loan to customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI (Purchased or originated credit-impaired).

When assessing whether or not to derecognise a loan to a customer, amongst others, apart from quantitative factors, the bank considers the following: change in currency of the loan, introduction of an equity feature, change in counterparty, whether the modification is such that the instrument no longer meets the SPPI criterion.

##### ***Derecognition of financial assets other than for substantial modification***

A financial asset (or, a portion thereof or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as “pass-through” arrangements that result in derecognition if the Bank: (i) has no obligation to make payments unless it collects equivalent amounts from the assets, (ii) is prohibited from selling or pledging the assets and (iii) has an obligation to remit any cash it collects from the assets without material delay.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **3. Accounting policies (*continued*)**

##### **f) Financial instruments (*continued*)**

###### ***Recognition and derecognition (*continued*)***

###### ***Derecognition of financial liabilities***

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. If the terms of a financial liability are significantly modified, the Bank will cease recognising that liability and will instantaneously recognise a new financial liability, with new terms and conditions. Realised gains and losses from the disposal of financial instruments are calculated by using the weighted average cost method.

###### ***Initial and subsequent measurement***

Financial assets and liabilities are recognized initially at their fair value plus, except from the financial assets at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. After initial recognition, the Bank measures financial assets valued at fair value through other comprehensive income at their fair value. Loans and receivables, investments measured at amortized cost and other financial liabilities are measured at amortized cost.

###### ***Gains and losses***

Gains and losses from a change in the debt instruments at fair value through other comprehensive income are recognized directly in a fair value reserve within equity and are disclosed in the statement of changes in equity and reserves.

Impairment losses, foreign exchange gains and losses, interest income, amortization of premium or discount on an effective-interest-rate basis on monetary assets are recognised in the income statement. Foreign exchange differences on non-monetary equity instruments classified as assets valued at fair value through other comprehensive income are recognised in other comprehensive income.

Dividend income is recognized in the income statement when the right to receive has been established. Upon sale or other derecognition of assets valued at fair value through other comprehensive income, any cumulative gains or losses on the instrument are transferred to the income statement.

Gains or losses arising from financial assets and financial liabilities carried at amortised cost may also arise, and are included in the income statement when a financial instrument is derecognised or when its value (in the case of assets) is impaired.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **f) Financial instruments (continued)**

###### ***Determination of fair value of financial instruments***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability also reflects its non-performance risk

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The Bank recognises the transfer between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

###### ***Offsetting of financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **g) Impairment of financial assets**

The Bank recognizes loss allowances for "expected credit losses" (hereinafter: ECL) on the following financial instruments that are not measured at fair value through profit or loss (FVTPL):

- debt instruments;
- financial guarantee contracts issued;
- loan commitments issued and
- loans and advances to customers.

The Bank measures impairment losses at an amount equal to lifetime expected credit losses (ECL), except for the following, for which they are measured as 12-month expected credit loss (ECL):

- debt securities for which it was determined to have a low credit risk at the reporting date; and
- other financial instruments for which credit risk has not significantly increased since their initial recognition.

12-month expected credit losses (ECL) are the portion of expected credit loss (ECL) that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month expected credit loss (ECL) is recognized are referred to as "Stage 1 financial instruments".

Life-time expected credit losses (ECL) are the expected credit losses (ECL) that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime expected credit loss (ECL) is recognized but which are not credit-impaired are referred to as "Stage 2 financial instruments" Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **3. Accounting policies (*continued*)**

##### **g) Impairment of financial assets (*continued*)**

###### ***Measurement of ECL***

For the calculation of impairment, the Bank has been aligned with Decision on the classification of the exposures into risky groups and the manner on determining credit losses. Based on the CNB Decision, the Bank adopted the Rulebook on the classification of the exposure of the Bank into risk categories defining the rules for assessing the deterioration of credit risk and for determining 12-month and lifetime expected credit losses, factoring in macroeconomic projections reflecting the credit cycle (such as GDP growth rate and unemployment rate). New models had been developed based on statistical segmentation of the portfolio and creation of homogeneous clusters of clients according to their underlying risk .

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **3. Accounting policies (*continued*)**

##### **g) Impairment of financial assets (*continued*)**

###### ***Credit-impaired financial assets***

At each reporting date, the Bank assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness and
- The country's ability to access the capital markets for new debt issuance.

If there is objective evidence that an impairment loss on loans and receivables or financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate or in accordance with the percentage prescribed by the CNB in certain eligible circumstances. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For exposures classified as Stage 1, expected credit loss (ECL) is calculated as the product of 12-month probability of default (PD) multiplied with the loss given default (LGD) and the exposure at default (EAD).

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **g) Impairment of financial assets (continued)**

For exposures classified as Stage 2, lifetime expected credit loss (ECL) is calculated as the product of the corresponding multi-annual probability of default (i.e. the corresponding PD for the remaining years of loan repayment) multiplied by the loss given default (LGD) and the exposure at default (EAD). If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement. When a loan is uncollectible, it is written off against the related impairment allowance account. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognized as reversals of impairment losses in the income statement.

When possible, the Bank implements loan restructuring rather than initiate enforcement action. This may include the extension of repayment period and other changes in credit conditions. After changing conditions, any further impairment calculation is made with the original effective interest rate applicable prior to changing conditions. The management continuously monitors restructured loans with regards to the fulfilment of the new conditions and security of future payments. These loans are subject to further regular testing of impairment on an individual or group basis (if they are not individually assessed as impaired or if they belong to the portfolio of collectively provisioned loans) using the original effective interest rate.

##### **h) Specific financial instruments**

###### *Placements with other banks*

Placements with other banks are classified as loans and receivables and are carried at amortised cost less any impairment losses.

###### *Loans to customers*

Loans and advances are presented net of impairment allowances to reflect the estimated recoverable amounts.

###### *Current accounts and deposits from banks and customers*

Current accounts and deposits from banks and customers are classified as other liabilities and stated at amortised cost.

###### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

## Financial statements (*continued*)

### Notes to the financial statements (*continued*)

#### 3. Accounting policies (*continued*)

##### i) Property and equipment

Property and equipment are held for use in the supply of services or administrative purposes.

Items of property and equipment are shown at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Bank capitalizes the cost of replacing part of such an item when it is probable that future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other expenditures on repairs and maintenance are expensed as incurred.

Depreciation is calculated on a straight-line basis to write down the cost of such assets to their residual values over their estimated useful life. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

	<b>2025 years</b>	<b>2024 years</b>
Buildings	10-50	10-50
Electronic equipment and computers	4-5	4-5
Other equipment	2-10	2-10
Furniture and vehicles	4-6	4-6

The residual value of assets, depreciation method and useful lives are reviewed and adjusted, if necessary, at each reporting date. The net carrying value of an asset is immediately impaired to the recoverable amount if the carrying value of the asset is higher than the estimated recoverable amount. Gains and losses from sale are measured as the difference between the collected amount and the net carrying value, and recognised in the income statement.

##### j) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight- line basis to write down the cost of assets to their residual values over their estimated useful life.

The estimated useful lives are as follows:

	<b>2025 years</b>	<b>2024 years</b>
Software and licences	4-5	4-5
Leasehold improvements	up to 5	up to 5

Leasehold improvements are amortised over the shorter of the life of the lease or 5 years. Costs incurred in order to enhance or extend the benefits of computer software programmes beyond their original specifications and lives which can be measured reliably are capitalised to the original cost of the software. All other maintenance is expensed as incurred.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **k) Impairment of non-financial assets**

The recoverable amount of non-financial assets, other than deferred tax assets is the higher of the asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest groups of assets that generate separately identifiable cash inflows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

##### **l) Foreclosed assets**

Foreclosed assets are stated at lower of the net recoverable value of property and the value of the related receivables. The carrying value of these assets approximates their market value.

##### **m) Leases**

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (5.000\$) and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Bank elected the option to recognize the costs for short-term leases (less than 12 months) and low-value leases on a straight-line basis in the amount of lease payments.

##### *Right-of-use assets*

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold 5 to 10 years
- Motor vehicles and other equipment 2 to 5 years

The right-of-use assets are presented within Note 16b.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **m) Leases (continued)**

###### Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

##### **n) Provisions for liabilities and charges**

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The management determines the sufficiency of provisions on the basis of insight into specific items, current economic circumstances, risk characteristics of certain transaction categories, as well as other relevant factors. If the outflow of economic benefits to settle the obligations is no longer probable, the provision is reversed.

##### **o) Off-balance-sheet commitments and contingent liabilities**

In the ordinary course of business, the Bank enters into credit-related commitments which are recorded in off-balance sheet accounts, such as guarantees, commitments to extend credit and letters of credit and undrawn loan commitments. 'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. The Bank has issued no loan commitments that are measured at FVTPL. Liabilities arising from financial guarantees and loan commitments are included within provisions.

##### **p) Income tax**

The income tax charge is based on taxable profit for the year and comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income/equity, in which case it is recognised in other comprehensive income/equity. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **3. Accounting policies (continued)**

##### **p) Income tax (continued)**

Deferred taxes are calculated by using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured by using the tax rates expected to apply to taxable profit in the period in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the reporting date.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and/or liabilities in the statement of financial position. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each reporting date, the Bank reassesses unrecognised potential deferred tax assets and the carrying amount of recognised deferred tax assets.

##### **r) Ordinary share capital and reserves**

Ordinary share capital is denominated in EUR at its nominal value. The amounts paid for repurchase of ordinary share capital, including direct costs, are recognised as a decrease in equity and classified as treasury shares.

##### **s) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, current accounts with banks and amounts due from banks on demand or with an original maturity of three months or less.

##### **t) Treasury shares**

Acquisition of treasury shares is conducted in cases envisaged by the Companies Act, in order to eliminate contingent losses. Redeemed treasury shares are recognised at acquisition cost. Any positive difference created by the sale of treasury shares at a price higher than the acquisition cost is recognised as a capital gain, and any negative difference generated below the cost of acquisition is recognised as a capital loss.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **4. Significant accounting estimates and judgments**

##### **Accounting estimates and judgments**

The Bank makes estimates and assumptions about uncertain events, including estimates and assumptions about the future. The estimation of impairment losses in the Bank's credit risk portfolio represents the major source of estimation uncertainty. This and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Significant judgments made in determining the most appropriate methodology for estimating the fair value of financial instruments carried at fair value are also described below.

##### **Classification of exposures in risk categories and determination of impairment losses**

The Bank shall classify portfolio in risk categories according to the credit risk in accordance with IFRS 9 for the following types of instruments:

- Financial assets carried at amortized costs,
- Financial assets carried at fair value through other comprehensive income except for equity instruments and
- Loan commitments and financial guarantees.

Throughout the whole contract period the Bank observes and estimates customers' creditworthiness and classifies it into risk categories based on all three indicators:

- i. Customer's creditworthiness;
- ii. Customer's ability to meet the obligations towards the Bank;
- iii. Collaterals quality per each exposure.

##### *Risk categories "A-1" and "A-2"*

Classification for risk category A (performing exposures) is only for those customers who are not in the status of default. Risk category A has following risk subcategories:

- i. A-1 (Stage 1) if after the initial recognition of customers' exposure credit risk has not increased significantly;
- ii. A-2 (Stage 2) if after the initial recognition of customers' exposure credit risk has increased significantly

The Bank has taken the orderliness of the debtor in settling due obligations as a mandatory indicator; if the debtor is late for paying its due exposures to the Bank for longer than 30 days, but still within the deadlines not exceeding 90 days, the Bank shall classify it to the risk subcategory A-2. Additional indicators are used for the requirements of determining the significantly increased credit risk:

- i. The debtor has been assigned WL2 monitoring status.
- ii. Deterioration of the internal and external credit rating/quality.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **4. Significant accounting estimates and judgments (continued)**

##### **Classification of exposures in risk categories and determination of impairment losses (continued)**

For exposures classified as A-1 (stage 1), expected credit loss (ECL) is calculated as the product of 12-month probability of default (PD) multiplied with the loss given default (LGD) and the exposure at default (EAD). For exposures classified as A-2 (stage 2), lifetime expected credit loss (ECL) is calculated as the product of the corresponding multi-annual probability of default (i.e. the corresponding PD for the remaining years of loan repayment) multiplied by the loss given default (LGD) and the exposure at default (EAD). The calculation of PD is based on statistical segmentation of the portfolio and creation of homogeneous clusters of clients according to their underlying credit risk. The segments in question are Retail and Corporate/SME. The structure of the models and the overall modelling process is largely similar for both segments. The segmentation is divided depending on the debtors internal rating, level of income, industry, product and collateral.

The model consists of two parts. The first part entails modelling PD values, while the second parts consists of modelling the FLI adjustments for the PD values.

The first part consists of several steps. The first step for both segments is the creation of homogeneous clusters according to their underlying risk. This clustering is conducted based on a set of predefined variables. Those variables are then sliced into bins and each variable is judged for its predictivity. If the variable's predictivity is high enough, the variable enters the final model. Once all the predictive variables are isolated, clusters are determined based on those variables and their respective binning. The next step is estimation of Through the Cycle (TtC) PD values. For the Retail segment, TtC PD values have been estimated as the long-term average default rates. Due to the low number of observations, and especially defaults in the Corporate/SME segment, a Bayesian model was used. Lifetime PD should reflect all relevant factors that affect this probability, i.e. in addition to including historical data based on PD and DR (default rate) statistics, it is necessary to include macroeconomic forecasts in the future period, all with the aim of making ECL projections as realistic as possible. In order to introduce the concept of forward looking information (FLI), the Bank converts the calculated PD from TTC (Through-the-Cycle) to PIT PD (Point-in-Time). This is done by introducing macroeconomic variables. The Bank used available data sources at the time of initial model development to project the values of macroeconomic variables for the next three years. The bank chose three scenarios and assigned the probability of occurrence to the basic scenario 50%, the pessimistic one 45%, and the optimistic one 5%. If significantly changed circumstances occur, it is necessary to recalibrate the FLI assessment, i.e. the value of the macroeconomic variables and/or the probability of the scenario occurring, without delay. The adequacy of all estimates for PD parameters is evaluated by the Bank at least once a year when the bank's management board decides whether the existing models best reflect the credit risk of the portfolio or whether the models need to be updated. Below are shown scenarios and macroeconomic variables that were used to test the estimates of PD parameters, and the ones that were used in the actual PD models and that were in implementation as of 31 December 2025.

## Financial statements (continued) Notes to the financial statements (continued)

### 4. Significant accounting estimates and judgments (continued)

#### Classification of exposures in risk categories and determination of impairment losses (continued)

Scenarios and macroeconomic variables used in PD models as of 31 December 2025 are presented below:

Scenario	Scenario - weight	Macro variable	2025	2026	2027
optimistic	5%	gdp_yoy	3,6%	3,2%	3,1%
		unemployment	5,8pp	5,5pp	5,3pp
baseline	50%	gdp_yoy	3,2%	2,8%	2,7%
		unemployment	6,0pp	5,7pp	5,5pp
pessimistic	45%	gdp_yoy	-2,3%	0,0%	0,7%
		unemployment	8,1pp	6,6pp	6,7pp

Below is a sensitivity analysis if there is a change in the assumptions in the scenario:

		2025	2026	2027
Optimistic scenario	GDP growth	3,60%	3,20%	3,10%
	Unemployment rate	5,8pp	5,5pp	5,3pp
Pessimistic scenario	GDP growth	-2,30%	0,00%	0,70%
	Unemployment rate	8,1pp	6,6pp	6,7pp

In case the bank implemented two above shown scenarios in forward looking element within PD models, the effect on provisions would be shown as in the table below:

	Total		Retail		Legal Entities	
	Relative change of provisions	Absolute change of provisions (in ths EUR)	Relative change of provisions	Absolute change of provisions (in ths EUR)	Relative change of provisions	Absolute change of provisions (in ths EUR)
Optimistic scenario	-11,10%	-404	-8,39%	-75	-11,99%	-328
Pessimistic scenario	11,62%	423	8,19%	73	12,75%	349

Bearing in mind the complexity of the IFRS 9 standard in terms of LGD model development on the one hand, as well as the size of the Bank, the relatively simple portfolio structure and a small number of data on the other hand, the Bank uses the LGD parameters defined by the Basel Framework. In accordance with its estimate of LGD parameters, the Bank adds a conservative factor of 5 pp.

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **4. Significant accounting estimates and judgments (*continued*)**

##### **Classification of exposures in risk categories and determination of impairment losses (*continued*)**

The values of LGD parameters used by the Bank are as follows:

- Retail collateralized - 40%
- Retail uncollateralized - 80%
- Legal entities - 50%
- Banks - 45%
- Sovereigns - 45%
- Loans secured with a special-purpose deposit - 15%, and those fully secured by deposit – 0%

The exposure at default (EAD) is gross book value of exposure at the reporting date, with the Credit Conversion Factor (CCF) of 20% and 50% for guarantees (in line with Regulation 575/2013). The Bank performed analysis of called payments under guarantees during previous ten years, and the amount that converted from off-balance sheet items to balance sheet items is significantly less than implemented CCFs.

##### **Classification in risk categories in line with regulatory requirements**

###### *Risk groups "B" and "C"*

Exposure to the customers classified as in default are classified in risk subcategory B-1 or worse and appropriate impairment is recognized. Impairment according to the risk subcategory B-1 must be at least 2%.

Exceptionally, the Bank may estimate that impairment of exposure to a customer in the status of default in risk subgroup B-1 is less than 2%, but the Bank shall take into account the likelihood or probability of credit loss in a way that reflects the probability of the credit loss and likelihood of a lack of credit loss, even if the likelihood of credit loss is very small.

Risk category B – partly recoverable exposure which are classified into three subcategories, depending on the percentage of the impairment losses recognized in relation to the nominal carrying amount:

B1 – when the level of impairment and provisions does not exceed 30% of the exposure amount;

B2 – when the level of impairment and provisions amounts to more than 30% (minimum 30.01%) and not more than 70% of the exposure amount;

B3 – when the level of impairment and provisions is more than 70% (minimum 70.01%) and less than 100% of the exposure amount.

The Bank classifies its exposures into two groups: small loan portfolio (group of related exposures below 66 thousand EUR) and individually significant exposures (group of related exposures exceeding 66 thousand EUR). Impairment of small loan portfolio is assessed for impairment on collectively basis.

## Financial statements (continued)

### Notes to the financial statements (continued)

#### 4. Significant accounting estimates and judgments (continued)

##### Classification in risk categories in line with regulatory requirements (continued)

In accordance with Decision on the classification of the exposures into risk categories and the method of determining credit losses (Official Gazette 114/2017,110/2018) the Bank is assessing credit risk or recovery of placements on a small loan portfolio basis and act in accordance with the criteria of days-past due buckets applicable to partially recoverable placements on an individual basis.

##### Classification and impairment levels for small loan portfolio

RISK GROUP	IMPAIRMENT	NUMBER OF DAYS
B 1	10%	91-120
B 1	20%	121-180
B 2	30%	181-210
B 2	40%	211-230
B 2	50%	231-250
B 2	60%	251-270
B 3	70%	271-300
B 3	80%	301-330
B 3	90%	331-365
C	100%	More than 365

The level of impairment of individually significant exposures classified into risk categories B and C is determined as a probability weighted difference between the gross carrying amount of an individual exposure and the present value of estimated debtor's future cash flows discounted by applying the effective interest rate.

The Management Board believes that both individual and collective impairment losses and provisions are sufficient.

##### Legal cases

The Bank performs a risk classification of lawsuits taking into consideration the following principles: legal grounds of the claim; prior legal practice; opinions of relevant outsourced attorneys and other independent legal or other experts. Lawsuits are classified into two groups: where the Bank expects a fully successful outcome and where the Bank expects to lose the case. The Management Board believes that the provisions for legal cases are sufficient at the reporting date.

##### Taxation

The Bank provides for tax liabilities in accordance with the tax laws of the Republic of Croatia. Tax returns are subject to the approval of the tax authorities which are entitled to carry out subsequent inspections of a taxpayer's records.

##### Fair value hierarchy

Fair value hierarchy is presented in Note 31.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**5. Interest income and similar income**

**a) Interest income analyzed by product:**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<i>Interest income calculated using the effective interest method</i>		
Interest income from loans to and receivables from customers	20,733	20,704
Interest income from financial investments at amortized cost	7,212	5,838
Interest income from deposits	2,961	5,781
	<b>30,906</b>	<b>32,323</b>
<i>Other interest income</i>		
Interest income from financial investments held for trading	264	442
	264	442
<b>TOTAL</b>	<b>31,170</b>	<b>32,765</b>

**b) Interest income analyzed by sectors:**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Companies	13,602	13,776
Financial institutions	4,605	7,197
Individuals (retail)	6,984	6,800
Central government and local authorities	5,967	4,988
Other	12	4
<b>TOTAL</b>	<b>31,170</b>	<b>32,765</b>

**6. Interest expense and similar charges**

**a) Interest expense analyzed by product:**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Interest expense from term deposits	7,464	9,468
Interest expense from demand deposits	296	333
Interest expense from borrowings	1,414	858
Other	53	33
<b>TOTAL</b>	<b>9,227</b>	<b>10,692</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**6. Interest expense and similar charges (continued)**

**b) Interest expense analyzed by sector:**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Interest expense to individuals (retail)	4,213	4,458
Interest expense to financial institutions	2,426	2,337
Interest expense to companies	1,702	2,120
Interest expense to non-residents	796	1,407
Other	90	370
<b>TOTAL</b>	<b>9,227</b>	<b>10,692</b>

**7. Impairment losses and provisions**

**a) Impairment losses and provisions**

	<b>2025</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Impairment of loans to and receivables from customers (Note 15c)	(129)	171	72	114
Impairment of placements with other banks (Note 14a)	(1)	-	-	(1)
Impairment of other assets (Note 18a)	-	2	(94)	(92)
Impairment of financial investments at amortized cost (Note 13a)	169	-	-	169
Provisions for off-balance-sheet exposure to credit risk (Note 20b)	153	27	(306)	(126)
Other impairment (Note 20c)	60	-	-	60
<b>TOTAL</b>	<b>252</b>	<b>200</b>	<b>(328)</b>	<b>124</b>

	<b>2024</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Impairment of loans to and receivables from customers (Note 15c)	155	601	(903)	(147)
Impairment of placements with other banks (Note 14a)	32	-	-	32
Impairment of other assets (Note 18a)	-	1	(44)	(43)
Impairment of financial investments at amortized cost (Note 13a)	(264)	27	-	(237)
Provisions for off-balance-sheet exposure to credit risk (Note 20b)	(113)	12	158	57
Other impairment (Note 20c)	-	-	-	-
<b>TOTAL</b>	<b>(190)</b>	<b>641</b>	<b>(789)</b>	<b>(339)</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**7. Impairment losses and provisions (continued)**

**b) Provisions for court cases**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
	<b>Total</b>	<b>Total</b>
Provisions for court cases (Note 20a)	(152)	(50)
<b>TOTAL</b>	<b>(152)</b>	<b>(50)</b>

**8. Fee and commission income and expense**

**a) Fee and commission income**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Letter of credit and guarantee fees	4,344	3,473
Payment transaction fees	3,400	3,211
Other banking services	422	406
<b>TOTAL</b>	<b>8,166</b>	<b>7,090</b>

**b) Fee and commission expenses**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Payment transaction	336	339
Card business	273	237
Domestic banks	251	174
Domestic clients	21	14
Croatian National Bank	19	4
<b>TOTAL</b>	<b>900</b>	<b>768</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**9a. Net gains on derecognition of financial assets measured through FVTPL**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Domestic sovereign bonds	56	26
Domestic corporate bonds	-	29
Foreign sovereign bonds	240	233
<b>TOTAL</b>	<b>296</b>	<b>288</b>

**9b. Net gains on derecognition of financial assets measured at amortised cost**

In order to comply with the regulatory thresholds in force from 1 January 2026 (CNB Decision on Large Exposures from September 2024) and to manage the risk of large exposure, during 2025 the bank realized a profit from the sale of foreign government bonds.

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Foreign sovereign bonds	1,398	-
<b>TOTAL</b>	<b>1,398</b>	<b>-</b>

**9c. Net gains from translation of monetary assets and liabilities and foreign exchange spot trading**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Net gains/(losses) from translation of monetary assets and liabilities		
- items denominated in foreign currency	(5)	64
- items linked to foreign currency	(2)	2
Net gain from foreign exchange spot trading	382	536
<b>TOTAL</b>	<b>375</b>	<b>602</b>

**9d. Other income**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Income from invoiced notaries expenses	19	18
Net gain/(loss) from sale of assets	175	(6)
Income from operating lease	1	1
Other	17	63
<b>TOTAL</b>	<b>212</b>	<b>76</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**10. Staff costs and other administrative expenses**

**a) Staff costs**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
- Net salaries to employees	6,081	5,543
- Contributions, taxes and surtaxes from salaries	2,771	2,568
- Contributions on salaries	1,387	1,253
- Other	1,028	1,062
<b>TOTAL</b>	<b>11,267</b>	<b>10,426</b>

Staff costs include EUR 1,711 thousand (2024: EUR 1,536 thousand) of defined pension contributions payable into obligatory pension plans.

During 2025, average number of employees was 270 (2024: 264).

**b) Other administrative expenses**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Maintenance expenses	1,389	1,028
Other services	977	893
Intellectual services	641	664
Material costs and similar charges	318	301
Mail and phone expenditure	269	258
Marketing and advertisement expenditure	474	240
Rent expenses	247	194
Costs of deposit insurance	198	-
Insurance and protection expenses	159	148
Other expenditure	1,105	1,014
<b>TOTAL</b>	<b>5,777</b>	<b>4,740</b>

In 2025 audit services amounted to EUR 89 thousand (2024: EUR 151 thousand) and refer to the audit of annual report and review of semi-annual report. Audit fee for 2025 amounts to EUR 69 thousand (2024: EUR 66 thousand).

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**11. Income tax expense**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Current income tax expense	2,187	2,006
Deferred income tax credit	(101)	173
<b>Total Income tax expense</b>	<b>2,086</b>	<b>2,179</b>
<b>Accounting profit before tax</b>	<b>11,992</b>	<b>11,736</b>
Income tax at 18% (2024: 18%)	2,159	2,112
Non-deductible expenses	140	254
Non-taxable income	(213)	(187)
<b>Income tax for the year</b>	<b>2,086</b>	<b>2,179</b>
<b>Income tax expense recognised in profit or loss</b>	<b>2,086</b>	<b>2,179</b>
<b>Effective income tax rate</b>	<b>17%</b>	<b>19%</b>

**a) Changes in deferred tax asset**

	<b>2025</b>		
	<b>EUR 000</b>		
	Opening balance 1 January	Recognised in profit or loss	Closing balance 31 December
FVTPL financial assets	(3)	(1)	(4)
Deferred fees	(47)	(123)	(170)
Accrued expenses	(54)	23	(31)
<b>TOTAL</b>	<b>(104)</b>	<b>(101)</b>	<b>(205)</b>

	<b>2024</b>		
	<b>EUR 000</b>		
	Opening balance 1 January	Recognised in profit or loss	Closing balance 31 December
FVTPL financial assets	(4)	1	(3)
Deferred fees	(237)	190	(47)
Accrued expenses	(36)	(18)	(54)
<b>TOTAL</b>	<b>(277)</b>	<b>173</b>	<b>(104)</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**12. Cash and current accounts with banks**

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	<b>EUR 000</b>			<b>EUR 000</b>		
	EUR	Foreign currency	Total	EUR	Foreign currency	Total
Current accounts with the CNB	12,609	-	12,609	4,740	-	4,740
Current accounts with other banks	391	3,797	4,188	1,946	13,447	15,393
Cash in hand	7,010	215	7,225	4,499	115	4,614
ECL allowance	(74)	-	(74)	-	-	-
<b>TOTAL</b>	<b>19,936</b>	<b>4,012</b>	<b>23,948</b>	<b>11,185</b>	<b>13,562</b>	<b>24,747</b>

In 2025, the Bank placed all surplus in liquidity (EUR 234 million) in an overnight deposit with the CNB (2024: EUR 230 million).

**13. Financial investments**

**a) Financial investments at amortized cost**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Domestic sovereign bonds	70,351	51,431
Foreign sovereign bonds	119,928	99,410
Foreign corporate bonds	4,944	5,568
Factoring – receivables from companies	1,285	375
Factoring – receivables from state and local authorities	6	12
Forfaiting – financial institutions	27,216	11,348
Bills of exchange – companies	8,662	8,532
ECL allowance	(341)	(530)
<b>TOTAL</b>	<b>232,051</b>	<b>176,146</b>

During 2025 the Bank sold Romanian and Hungarian bonds in the nominal amount of EUR 32,1 million in order to comply with the regulatory thresholds in force from 1 January 2026.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**13. Financial investments (continued)**

**a) Financial investments at amortized cost (continued)**

In 2022, the Bank reassessed the business model of managing the securities portfolio and came to the conclusion that there had been a change in the business model. The aforementioned changes were mainly driven by Croatia's entry into the Eurozone in 2023, regulatory changes, but also changes in the organizational structure of the Bank, including changes to the planning, monitoring and organization of the Treasury.

At 31.10.2022, the Bank moved all securities from the HTC&S portfolio to the HTC portfolio. The aforementioned decision was considered in the context of meeting the criteria for changing the business model in accordance with the requirements of IFRS 9. The securities were reclassified at their fair value adjusted for the amount in the reserve recognized in equity, and as a result the value of the bonds was changed prospectively as if they were always measured at amortized cost.

If the reclassification process was not performed as of 31.10.2022, total FV of HTC&S portfolio and amounts recognized in OCI would have been:

	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2025
FV	60,491	49,585	38,835	27,649
OCI	(4,019)	(2,080)	(864)	(680)

Movement in impairment allowance against financial investments at amortised cost:

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<b>Balance at 1 January</b>	<b>530</b>	<b>301</b>
(Release) / charge for the year (Note 7)	(169)	237
Write off	(20)	(8)
<b>Balance at 31 December</b>	<b>341</b>	<b>530</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**13. Financial investments (continued)**

**b) Financial assets held for trading**

	<b>31 December 2025 EUR 000</b>	<b>31 December 2024 EUR 000</b>
Domestic sovereign bonds	4,265	-
Foreign sovereign bonds	4,532	9,985
<b>TOTAL</b>	<b>8,797</b>	<b>9,985</b>

**14. Placements with other banks**

	<b>31 December 2025 EUR 000</b>	<b>31 December 2024 EUR 000</b>
Placements with other domestic banks - in EUR	242,615	231,188
Placements with other domestic banks - in foreign currency with original maturity over 3 months	1,420	-
ECL allowance	(4)	(12)
<b>TOTAL</b>	<b>244,031</b>	<b>231,176</b>

**a) Movement in impairment allowance against placements with other banks in EUR:**

	<b>2025 EUR 000</b>	<b>2024 EUR 000</b>
<b>Balance at 1 January</b>	<b>12</b>	<b>46</b>
Charge / (Release) recognized in profit or loss (note 7)	1	(32)
Write off	(9)	(2)
<b>Balance at 31 December</b>	<b>4</b>	<b>12</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**15. Loans to and receivables from customers**

**a) Analysis according to types of loans**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Short-term loans:		
Companies	43,715	41,553
Retail customers	2,517	2,868
Other customers	911	5,854
<b>Total short-term loans</b>	<b>47,143</b>	<b>50,275</b>
Long-term loans:		
Companies	202,953	162,689
Retail customers	147,966	147,425
Other customers	20,692	17,423
<b>Total long-term loans</b>	<b>371,611</b>	<b>327,537</b>
<b>Total short-term and long-term loans</b>	<b>418,754</b>	<b>377,812</b>
Impairment allowance	(7,178)	(7,556)
<b>TOTAL</b>	<b>411,576</b>	<b>370,256</b>

The classification above is based on original contractual maturity, while the remaining contractual maturities are analysed in Note 27. Other loans include financial and non-profit institutions.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**15. Loans to and receivables from customers (continued)**

**b) Loans by industry/product**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Services	86,213	77,365
Manufacturing	70,498	58,381
Trade	19,212	14,869
Construction	49,169	40,851
Tourism	18,927	12,427
Agriculture	8,834	9,264
Other	5,152	5,179
<b>Gross corporate</b>	<b>258,005</b>	<b>218,336</b>
Cash loans	50,128	52,833
Housing loans	50,526	55,191
Tourist loans	13,582	13,953
Overdraft	900	802
Mortgage loans	159	250
Credit card receivables	660	665
Other	34,533	26,533
<b>Retail gross</b>	<b>150,488</b>	<b>150,227</b>
<b>Other gross</b>	<b>10,261</b>	<b>9,249</b>
<b>Total gross</b>	<b>418,754</b>	<b>377,812</b>
Impairment allowance	(7,178)	(7,556)
<b>TOTAL</b>	<b>411,576</b>	<b>370,256</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**15. Loans to and receivables from customers (continued)**

**c) Impairment allowance for loans and receivables from customers**

	<b>2025</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at 1 January 2025</b>	<b>342,170</b>	<b>24,614</b>	<b>11,028</b>	<b>377,812</b>
New assets originated or purchased	135,152	346	536	136,034
Assets derecognised or repaid (excluding write offs)	(49,810)	(5,619)	(2,669)	(58,098)
Transfers to Stage 1	2,213	(2,193)	(20)	-
Transfers to Stage 2	(4,098)	4,405	(307)	-
Transfers to Stage 3	(515)	(371)	886	-
Collection	(31,790)	(3,631)	(1,159)	(36,580)
Amounts written off	-	-	(414)	(414)
<b>At 31 December 2025</b>	<b>393,322</b>	<b>17,551</b>	<b>7,881</b>	<b>418,754</b>

	<b>2024</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at 1 January 2024</b>	<b>314,105</b>	<b>25,772</b>	<b>5,564</b>	<b>345,441</b>
New assets originated or purchased	129,475	6,381	31	135,887
Assets derecognised or repaid (excluding write offs)	(67,990)	(6,174)	(505)	(74,669)
Transfers to Stage 1	7,857	(7,857)	-	-
Transfers to Stage 2	(10,996)	11,177	(180)	1
Transfers to Stage 3	(4,732)	(1,922)	6,654	-
Collection	(25,549)	(2,763)	(439)	(28,751)
Amounts written off	-	-	(97)	(97)
<b>At 31 December 2024</b>	<b>342,170</b>	<b>24,614</b>	<b>11,028</b>	<b>377,812</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**15. Loans to and receivables from customers (continued)**

**c) Impairment allowance for loans and receivables from customers**

	<b>2025</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL allowance as at 1 January 2025</b>	<b>2,146</b>	<b>751</b>	<b>4,659</b>	<b>7,556</b>
New assets originated or purchased	802	3	285	<b>1,090</b>
Assets derecognised or repaid (excluding write offs)	(360)	(47)	(916)	<b>(1,323)</b>
Transfers to Stage 1	214	(168)	(46)	-
Transfers to Stage 2	(12)	111	(99)	-
Transfers to Stage 3	-	(20)	20	-
Net Increase / (Reversal) of provisions	(515)	(50)	685	<b>120</b>
Amounts written off	-	-	(265)	<b>(265)</b>
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2025</b>	<b>2,275</b>	<b>580</b>	<b>4,323</b>	<b>7,178</b>

	<b>2024</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL allowance as at 1 January 2024</b>	<b>2,301</b>	<b>1,352</b>	<b>3,772</b>	<b>7,425</b>
New assets originated or purchased	980	91	4	<b>1,075</b>
Assets derecognised or repaid (excluding write offs)	(664)	(168)	(345)	<b>(1,177)</b>
Transfers to Stage 1	1,408	(322)	(1,086)	-
Transfers to Stage 2	(66)	337	(271)	-
Transfers to Stage 3	-	(18)	18	-
Net Increase / (Reversal) of provisions	(1,813)	(521)	2,583	<b>249</b>
Amounts written off	-	-	(16)	<b>(16)</b>
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2024</b>	<b>2,146</b>	<b>751</b>	<b>4,659</b>	<b>7,556</b>

Net impairment charge for loans to and receivables from customers is included in the analysis within Note 7 Impairment losses and provisions and is recognized in profit or loss.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets**

**a) Movement in property, plant and equipment in thousand EUR**

	Land	Buildings	Equipment	Furniture and vehicles	Assets under construction	<b>Total</b>
<b>Cost</b>						
Balance as at 1 January 2025	1	5,607	3,303	1,286	86	10,283
Additions	-	11	659	101	437	1,208
Transfer	-	-	511	-	(511)	-
Write-off and disposals	-	(216)	(553)	(38)	-	(807)
<b>Balance as at 31 December 2025</b>	<b>1</b>	<b>5,402</b>	<b>3,920</b>	<b>1,349</b>	<b>12</b>	<b>10,684</b>
<b>Depreciation</b>						
Balance as at 1 January 2025	-	1,641	2,284	692	-	4,617
Charge for the year	-	147	452	129	-	728
Write-off and disposals	-	(119)	(550)	(38)	-	(707)
<b>Balance as at 31 December 2025</b>	<b>-</b>	<b>1,669</b>	<b>2,186</b>	<b>783</b>	<b>-</b>	<b>4,638</b>
<b>Net carrying amount 1 January 2025</b>	<b>1</b>	<b>3,966</b>	<b>1,019</b>	<b>594</b>	<b>86</b>	<b>5,666</b>
<b>Net carrying amount 31 December 2025</b>	<b>1</b>	<b>3,733</b>	<b>1,734</b>	<b>566</b>	<b>12</b>	<b>6,046</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets (continued)**

**a) Movement in property, plant and equipment in thousand EUR (continued)**

	Land	Buildings	Equipment	Furniture and vehicles	Assets under construction	Total
<b>Cost</b>						
Balance as at 1 January 2024	1	5,596	2,922	1,232	-	9,751
Additions	-	11	522	87	86	706
Transfer	-	-	-	-	-	-
Write-off and disposals	-	-	(141)	(33)	-	(174)
<b>Balance as at 31 December 2024</b>	<b>1</b>	<b>5,607</b>	<b>3,303</b>	<b>1,286</b>	<b>86</b>	<b>10,283</b>
<b>Depreciation</b>						
Balance as at 1 January 2024	-	1,493	2,089	566	-	4,148
Charge for the year	-	148	336	159	-	643
Write-off and disposals	-	-	(141)	(33)	-	(174)
<b>Balance as at 31 December 2024</b>	<b>-</b>	<b>1,641</b>	<b>2,284</b>	<b>692</b>	<b>-</b>	<b>4,617</b>
<b>Net carrying amount 1 January 2024</b>	<b>1</b>	<b>4,103</b>	<b>833</b>	<b>666</b>	<b>-</b>	<b>5,603</b>
<b>Net carrying amount 31 December 2024</b>	<b>1</b>	<b>3,966</b>	<b>1,019</b>	<b>594</b>	<b>86</b>	<b>5,666</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets (continued)**

**b) Movement in right-of-use assets thousand EUR**

	Buildings	Motor vehicles	<b>Total</b>
<b>Cost</b>			
Balance as at 1 January 2025	4,258	386	4,644
Additions	1,335	77	1,412
Disposal	(374)	(29)	(403)
<b>Balance as at 31 December 2025</b>	<b>5,219</b>	<b>434</b>	<b>5,653</b>
<b>Depreciation</b>			
<b>Balance as at 1 January 2025</b>	<b>2,513</b>	<b>201</b>	<b>2,714</b>
Charge for the year	821	77	899
Disposal	(325)	(20)	(345)
<b>Balance 31 December 2025</b>	<b>3,009</b>	<b>258</b>	<b>3,268</b>
<b>Net carrying amount 1 January 2025</b>	<b>1,745</b>	<b>185</b>	<b>1,930</b>
<b>Net carrying amount 31 December 2025</b>	<b>2,210</b>	<b>176</b>	<b>2,385</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets (continued)**

**b) Movement in right-of-use assets thousand EUR**

	Buildings	Motor vehicles	<b>Total</b>
<b>Cost</b>			
Balance as at 1 January 2024	4,293	396	4,689
Additions	157	-	157
Disposal	(192)	(10)	(202)
<b>Balance as at 31 December 2024</b>	<b>4,258</b>	<b>386</b>	<b>4,644</b>
<b>Depreciation</b>			
Balance as at 1 January 2024	1,922	131	2,053
Charge for the year	723	74	797
Disposal	(132)	(4)	(136)
<b>Balance 31 December 2024</b>	<b>2,513</b>	<b>201</b>	<b>2,714</b>
<b>Net carrying amount</b>			
<b>1 January 2024</b>	<b>2,371</b>	<b>265</b>	<b>2,636</b>
<b>Net carrying amount</b>			
<b>31 December 2024</b>	<b>1,745</b>	<b>185</b>	<b>1,930</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets (continued)**

**c) Movement in intangible assets in thousand EUR**

	Leasehold improvements	Software	Assets under construction	Total
<b>Cost</b>				
Balance as at 1 January 2025	2,225	2,992	1,056	6,273
Additions	793	412	1,540	2,745
Transfer	91	938	(1,029)	-
Write off	-	-	-	-
<b>Balance as at 31 December 2025</b>	<b>3,109</b>	<b>4,342</b>	<b>1,567</b>	<b>9,018</b>
<b>Amortisation</b>				
Balance as at 1 January 2025	1,464	2,131	-	3,595
Charge for the year	329	472	-	801
Write off	-	-	-	-
<b>Balance as at 31 December 2025</b>	<b>1,793</b>	<b>2,603</b>	<b>-</b>	<b>4,396</b>
<b>Net carrying amount</b>				
<b>1 January 2025</b>	<b>761</b>	<b>861</b>	<b>1,056</b>	<b>2,678</b>
<b>31 December 2025</b>	<b>1,316</b>	<b>1,739</b>	<b>1,567</b>	<b>4,622</b>

Assets under construction is related to Core system improvements and investment into software application.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**16. Property, plant and equipment and intangible assets (continued)**

**c) Movement in intangible assets in thousand EUR (continued)**

	Leasehold improvements	Software	Assets under construction	Total
<b>Cost</b>				
Balance as at 1 January 2024	2,370	2,655	192	5,217
Additions	8	286	923	1,217
Transfer	9	51	(59)	-
Write off	(162)	-	-	(162)
<b>Balance as at 31 December 2024</b>	<b>2,225</b>	<b>2,992</b>	<b>1,056</b>	<b>6,273</b>
<b>Amortisation</b>				
Balance as at 1 January 2024	1,355	1,772	-	3,127
Charge for the year	271	359	-	630
Write off	(162)	-	-	(162)
<b>Balance as at 31 December 2024</b>	<b>1,464</b>	<b>2,131</b>	<b>-</b>	<b>3,595</b>
<b>Net carrying amount</b>				
<b>1 January 2024</b>	<b>1,015</b>	<b>883</b>	<b>192</b>	<b>2,090</b>
<b>Net carrying amount</b>				
<b>31 December 2024</b>	<b>761</b>	<b>861</b>	<b>1,056</b>	<b>2,678</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**17. Foreclosed assets**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Properties acquired in exchange for uncollectible receivables	74	81
<b>TOTAL</b>	<b>74</b>	<b>81</b>

The book value of the foreclosed assets approximates the fair value of these assets.

**18. Other assets**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Receivables for fees and commissions	696	674
Prepaid expenses	347	278
Receivables for advances	76	96
Receivables from customers	8	10
Other receivables	248	285
Impairment allowance	(201)	(134)
<b>TOTAL</b>	<b>1,175</b>	<b>1,209</b>

**a) Movement in impairment allowance against other assets**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<b>Balance at 1 January</b>	<b>134</b>	<b>94</b>
Charge	117	60
Reversal	(25)	(17)
<i>Net charge recognized in profit or loss (Note 7)</i>	92	43
Write off	(25)	(3)
<b>Balance at 31 December</b>	<b>201</b>	<b>134</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**19. Current accounts and deposits and interest-bearing borrowings**

**a) Current accounts and deposits from banks and financial institutions**

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	EUR	Foreign currency	<b>Total</b>	EUR	Foreign currency	<b>Total</b>
Current accounts	5,237	7	<b>5,244</b>	7,941	7	<b>7,948</b>
Term deposits	46,619	-	<b>46,619</b>	39,098	-	<b>39,098</b>
<b>TOTAL</b>	<b>51,856</b>	<b>7</b>	<b>51,863</b>	<b>47,039</b>	<b>7</b>	<b>47,046</b>

**b) Current accounts and deposits from customers**

*ba) Current accounts from customers*

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	EUR	Foreign currency	<b>Total</b>	EUR	Foreign currency	<b>Total</b>
Corporate	126,570	4,266	<b>130,836</b>	120,337	4,268	<b>124,605</b>
Retail	99,913	7,140	<b>107,053</b>	87,372	6,159	<b>93,531</b>
State and other institutions	2,278	-	<b>2,278</b>	2,092	-	<b>2,092</b>
<b>Total current accounts</b>	<b>228,761</b>	<b>11,406</b>	<b>240,167</b>	<b>209,801</b>	<b>10,427</b>	<b>220,228</b>

*bb) Term deposits from customers*

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	EUR	Foreign currency	<b>Total</b>	EUR	Foreign currency	<b>Total</b>
Retail	240,283	18,447	<b>258,730</b>	203,416	22,912	<b>226,328</b>
Corporate	79,744	427	<b>80,171</b>	62,230	1,921	<b>64,151</b>
State and other institutions	5,857	-	<b>5,857</b>	3,602	-	<b>3,602</b>
<b>Total term deposits</b>	<b>325,884</b>	<b>18,874</b>	<b>344,758</b>	<b>269,248</b>	<b>24,833</b>	<b>294,081</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**19. Current accounts and deposits and interest-bearing borrowings (continued)**

**b) Current accounts and deposits from customers (continued)**

*bc) Total current accounts and term deposits from customers*

	31 December 2025			31 December 2024		
	EUR	Foreign currency	Total	EUR	Foreign currency	Total
Retail	340,196	25,587	<b>365,783</b>	290,788	29,071	<b>319,859</b>
Corporate	206,315	4,693	<b>211,008</b>	182,567	6,189	<b>188,756</b>
State and other institutions	8,134	-	<b>8,134</b>	5,694	-	<b>5,694</b>
<b>TOTAL</b>	<b>554,645</b>	<b>30,280</b>	<b>584,925</b>	<b>479,049</b>	<b>35,260</b>	<b>514,309</b>

**c) Interest-bearing borrowings**

	31 December 2025	31 December 2024
	EUR 000	EUR 000
Repo loan		122,995
Borrowings from Croatian Bank for Reconstruction and Development	34,967	27,580
<b>TOTAL</b>	<b>175,630</b>	<b>150,575</b>

Long term repo loan in the amount EUR 50,067 is contracted with original maturity up to 3 years with variable interest rate 3M EURIBOR + 0.65%. Foreign sovereign bonds are used as collateral with fair value in the amount of EUR 55,3 million. Short term repo loans with original maturity up to 1 month are contracted with interest rate 1.95%-2.35%. Domestic and foreign sovereign bonds are used as collateral.

**d) Net cash from financing activities**

	1 January 2025	Inflow	Outflow	Foreign exchange movement	Changes in fair values	Other	31 December 2025
Short-term loans	97,786	647,822	(680,643)	-	-	-	64,965
Long-term loans	52,789	308,064	(250,188)	-	-	-	110,665
Lease liabilities	2,010	-	(913)	-	-	1,360	2,457
<b>Total liabilities</b>	<b>152,585</b>	<b>955,886</b>	<b>(931,744)</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>178,087</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**19. Current accounts and deposits and interest-bearing borrowings (continued)**

**d) Net cash from financing activities (continued)**

	1 January 2024	Inflow	Outflow	Foreign exchange movement	Changes in fair values	Other	31 December 2024
Short-term							
loans	104,776	188,249	(195,239)	-	-	-	97,786
Long-term loans	365	100,069	(47,645)	-	-	-	52,789
Lease liabilities	2,700	-	(845)	-	-	155	2,010
<b>Total liabilities</b>	<b>107,841</b>	<b>288,318</b>	<b>(243,729)</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>152,585</b>

**20. Provisions for liabilities and charges**

	31 December 2025 EUR 000	31 December 2024 EUR 000
Provisions for off-balance-sheet exposure to credit risk (Note 24)	711	819
Provisions for legal cases initiated against the Bank	19	92
Other provisions	-	60
<b>TOTAL</b>	<b>730</b>	<b>971</b>

Movements in provisions are included in the analysis in Note 7 Impairment losses and provisions and are recognized in profit or loss. Other provisions comprise provisions recognised in connection with the disposal of non-performing loan exposures.

**a) Movements in provisions for legal cases initiated against the Bank:**

	2025 EUR 000	2024 EUR 000
<b>Balance at 1 January</b>	<b>92</b>	<b>42</b>
Increase in provisions	152	51
Release of unused amounts	-	(1)
<i>Net charge recognized in profit or loss (Note 7b)</i>	<i>152</i>	<i>50</i>
Used during year	(225)	-
<b>Balance at 31 December</b>	<b>19</b>	<b>92</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**20. Provisions for liabilities and charges (continued)**

**b) Movements in provisions for identified losses on off-balance-sheet exposure to credit risk**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<b>Balance at 1 January</b>	<b>819</b>	<b>875</b>
Charge (Release) for off-balance sheet provisions recognised in profit or loss (Note 7a)	126	(57)
Write offs	(234)	-
<b>Balance at 31 December</b>	<b>711</b>	<b>819</b>

**c) Movements in other provisions**

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<b>Balance at 1 January</b>	<b>60</b>	<b>60</b>
(Release) recognised in profit or loss (Note 7a)	(60)	-
Write offs	-	-
<b>Balance at 31 December</b>	<b>0</b>	<b>60</b>

**21. Other liabilities**

	<b>31 December</b>	<b>31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Liabilities for loan prepayments	1,731	1,226
Liabilities for leasing	2,457	2,010
Liabilities for closed accounts	2,997	2,051
Liabilities to employees	1,236	1,310
Liabilities to suppliers	383	588
Liabilities for taxes and contributions	60	50
Other liabilities	2,091	2,343
<b>TOTAL</b>	<b>10,955</b>	<b>9,578</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**21. Other liabilities (continued)**

Liabilities for closed accounts represents accounts that are being closed due to customers death or closed accounts without turnover due to expired risk evaluation (according to Anti-Money Laundering Act). The most significant items of other liabilities refer to collected revenues from fees for overdraft facilities in the amount of EUR 485 thousand and card liabilities in the amount of EUR 321 thousand.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
<b>Balance at 1 January</b>	<b>2,010</b>	<b>2,700</b>
Additions	1,370	183
Interest	50	33
Payments	(913)	(845)
Disposals	(60)	(61)
<b>Balance at 31 December</b>	<b>2,457</b>	<b>2,010</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**22. Equity**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Ordinary share capital (Note 22a)	78,758	78,758
Legal and capital reserves (Note 22b)	1,435	957
Retained earnings	30,306	20,878
<b>TOTAL</b>	<b>110,499</b>	<b>100,593</b>

**a) Ordinary share capital**

In 2024, the Bank's shareholder made a decision to increase the Bank's share capital from EUR 51,757,776 by the amount of EUR 27,000,288 to a total amount of EUR 78,758,064 of which EUR 17,000,422 relates to the increase of share capital by cash transfer, and EUR 9,999,864 by the conversion of subordinated loan.

Ordinary share capital amounts to EUR 78,758 thousand (31 December 2024: EUR 78,758 thousand) and is divided into 156,266 ordinary shares (31 December 2024: 156,266 shares) with a nominal value of EUR 504,00 each.

The shareholder structure was as follows:

Shareholder	ISIN	Number of ordinary shares at 31 December 2025	% of the ordinary share capital	Number of ordinary shares at 31 December 2024	% of the ordinary share capital
SÜZER HOLDING A.S.	BRBA-R-A	156,266	100.00	156,266	100.00
<b>TOTAL</b>		<b>156,266</b>	<b>100.00</b>	<b>156,266</b>	<b>100.00</b>

**b) Legal and capital reserves**

Legal reserves represent accumulated transfers from retained earnings in accordance with the Croatian Company Law, which stipulates that a minimum of 5% of current profits is transferred to undistributable legal reserves, until such reserves along with other capital reserves reach a minimum of 5% of the issued capital. The legal reserve can be used for covering losses from previous years if the losses are not covered from the profit of the current year, or if there are no other available reserves.

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Legal reserves	1,393	915
Capital reserves	42	42
<b>TOTAL</b>	<b>1,435</b>	<b>957</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**23. Related parties transactions**

The Bank considers that it has an immediate related-party relationship with its key shareholders and their direct and indirect subsidiaries, the Supervisory Board members, Management Board members and other executive management (together "key management personnel"), close family members of key management personnel, and entities controlled by key management personnel or their close family members, in accordance with the definitions contained in International Accounting Standard 24 "Related Party Disclosures".

The majority owner of the Bank is Süzer Holding Anonim Sirketi which is headquartered in Turkey. The Bank entered into banking transactions with the majority owner during the year, generating income and expense for the year, and assets and liabilities at year end.

Related party transactions as at and for the year ended 31 December 2025 and 31 December 2024 were as follows:

<b>SÜZER HOLDING</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Loans to and receivables from customers	-	-
Other receivables	56	-
	<b>56</b>	<b>-</b>
<b>Received deposits</b>		
Current accounts	62	403
Term deposits	6,189	4,467
Subordinated liabilities	-	-
Other liabilities (off balance for credit cards)	320	320
<b>TOTAL</b>	<b>6,571</b>	<b>5,190</b>
<b>SÜZER HOLDING</b>	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Interest income on loans to and receivables from customers	7	103
Other income	3	5
	<b>10</b>	<b>108</b>
<b>Expenses on received deposits</b>		
Current accounts	-	(1)
Term deposits	(191)	(852)
<b>TOTAL</b>	<b>(191)</b>	<b>(853)</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**23. Related parties transactions (continued)**

<b>Key management personnel</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Loans to and receivables from customers	561	372
Other receivables	-	-
	<b>561</b>	<b>372</b>
<b>Received deposits</b>		
Current accounts	297	232
Term deposits	455	471
Other liabilities (Off balance for credit cards)	91	61
<b>TOTAL</b>	<b>843</b>	<b>764</b>
	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Interest income on loans to and receivables from customers	17	14
Other income	3	2
	<b>20</b>	<b>16</b>
<b>Expenses on received deposits</b>		
Term deposits	(11)	(14)
<b>TOTAL</b>	<b>(11)</b>	<b>(14)</b>

Compensation to key management personnel was:

	<b>2025</b>	<b>2024</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Net salaries to key management personnel	1,581	1,446
Contributions, taxes and surtaxes from salaries	856	826
Contributions on salaries	376	349
Other	79	49
<b>TOTAL</b>	<b>2,892</b>	<b>2,670</b>

The key management personnel in the Bank are the members of the Management Board, procurators and executive directors and other senior management. The expense of contributions paid to mandatory pension funds in the year ended 31 December 2025 for key management personnel amounted to EUR 397 thousand (for year ended 31 December 2024: EUR 359 thousand).

Total amount of management compensation is related to salary paid and benefit in kind on the monthly basis and it does not include long-term or bonus arrangements or termination rights.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**24. Contingencies and commitments**

Commitments include guarantees and unused overdraft facilities on current accounts of retail customers.

	<b>31 December 2025</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Issued guarantees and letter of intent	242,723	3,760	1,619	248,102
Issued letters of credit	4,337	-	-	4,337
Unused overdraft facilities	49,067	847	8	49,922
<b>TOTAL</b>	<b>296,127</b>	<b>4,607</b>	<b>1,627</b>	<b>302,361</b>
Provisions for off-balance-sheet exposure to credit risk (Note 20)	(590)	(22)	(99)	(711)
<b>TOTAL</b>	<b>295,537</b>	<b>4,585</b>	<b>1,528</b>	<b>301,650</b>

	<b>31 December 2024</b>			
	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Issued guarantees and letter of intent	234,866	299	3,096	238,261
Issued letters of credit	50	-	-	50
Unused overdraft facilities	29,409	396	12	29,817
<b>TOTAL</b>	<b>264,325</b>	<b>695</b>	<b>3,108</b>	<b>268,128</b>
Provisions for off-balance-sheet exposure to credit risk (Note 20)	(743)	(10)	(66)	(819)
<b>TOTAL</b>	<b>263,582</b>	<b>685</b>	<b>3,042</b>	<b>267,309</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**25. Maximum exposure to credit risk and concentration of credit risk**

**a) Maximum exposure to credit risk**

	Note	31 December 2025 EUR 000	31 December 2024 EUR 000
Current accounts with the CNB and other banks	12	16,723	20,133
Placements with other banks	14	244,031	231,176
Financial investments at amortised cost	13a)	232,051	176,146
Financial assets held for trading	13b)	8,797	9,985
Loans to and receivables from customers	15a)	411,576	370,256
Other assets	18	828	931
<b>Total exposure to credit risk from balance-sheet items</b>		<b>914,006</b>	<b>808,627</b>
Exposure to credit risk from off balance sheet items is as follows:			
Guarantees and letters of intent	24	247,720	237,677
Letters of credit	24	4,337	50
Unused overdraft facilities	24	49,624	29,583
<b>Total exposure to credit risk from off-balance-sheet items</b>		<b>301,681</b>	<b>267,310</b>
<b>TOTAL</b>		<b>1,215,687</b>	<b>1,075,937</b>

**b) Concentration of credit risk**

*Concentration of credit risk towards State and local authorities*

	Note	31 December 2025 EUR 000	31 December 2024 EUR 000
Current account with the CNB	12	12,609	4,740
Financial investments at amortised cost	13a)	70,357	51,443
Other receivables		64	52
Impairment allowance		(88)	(12)
<b>TOTAL</b>		<b>82,942</b>	<b>56,223</b>

## **Financial statements (*continued*)**

### **Notes to the financial statements (*continued*)**

#### **25. Maximum exposure to credit risk and concentration of credit risk (*continued*)**

The impairment allowance presented in the above table relates to expected credit losses calculated on the related balances, which is in these financial statements offset against loans to and receivables from customers and is presented for illustrative purpose only.

Apart from exposures towards state and local authorities, the maximum exposure to credit risk towards one customer (including groups of related parties) at the end of 2025 amounted to EUR 17,270 thousand (2024: EUR 16,392 thousand).

#### **26. Credit portfolio quality**

The Bank applies an internal system of assessment of portfolio quality based on the assessment system prescribed by the CNB. The tables below present the credit quality by class of financial asset and ageing analysis of due outstanding receivables.

##### ***Collateral and other security instruments***

The amount and type of the necessary collateral depends on the assessment of counterparty credit risk. The Bank has defined guidelines for acceptance of the type of collateral and evaluation of collateral.

Basic types of collateral are:

- Deposits
- Mortgages over real estate
- Charges over movable property
- Guarantees.

In the following tables, category other customers and companies from note 15 are included within corporate.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**26. Credit portfolio quality (continued)**

*As at 31 December 2025*

	Neither past due nor impaired				Total
	Low-risk grades	Standard and sub-standard grades	Past due but not impaired	Specifically impaired	
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Current accounts with banks (Note 12)	-	16,723	-	-	16,723
Financial investments at amortised cost (Note 13a)	119,912	112,139	-	-	232,051
Financial assets held for trading (Note 13b)	-	8,797	-	-	8,797
Placements with other banks (Note 14)	-	244,031	-	-	244,031
Loans to and receivables from customers (Note 15a)	63,093	342,585	2,339	3,559	411,576
* retail	-	144,326	1,255	1,249	146,830
* corporate and other	63,093	198,259	1,084	2,310	264,746
Other assets	-	828	-	-	828
<b>TOTAL</b>	<b>183,005</b>	<b>725,103</b>	<b>2,339</b>	<b>3,559</b>	<b>914,006</b>

*As at 31 December 2024*

	Neither past due nor impaired				Total
	Low-risk grades	Standard and sub-standard grades	Past due but not impaired	Specifically impaired	
	EUR 000	EUR 000	EUR 000	EUR 000	EUR 000
Current accounts with banks (Note 12)	-	20,133	-	-	20,133
Financial investments at amortised cost (Note 13a)	66,164	109,982	-	-	176,146
Financial assets held for trading (Note 13b)	-	9,985	-	-	9,985
Placements with other banks (Note 14)	-	231,176	-	-	231,176
Loans to and receivables from customers (Note 15a)	57,280	304,579	2,028	6,369	370,256
* retail	-	142,683	1,151	2,099	145,933
* corporate and other	57,280	161,896	877	4,270	224,323
Other assets	-	931	-	-	931
<b>TOTAL</b>	<b>123,444</b>	<b>676,787</b>	<b>1,959</b>	<b>6,427</b>	<b>808,628</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**26. Credit portfolio quality (continued)**

**31 December 2025**

<b>Gross exposure (per Stages)</b>	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Current accounts with the CNB and other banks	16,735	-	-	<b>16,735</b>
Placements with other banks	243,979	-	-	<b>243,979</b>
Financial investments at amortised cost	232,392	-	-	<b>232,392</b>
Financial assets held for trading	8,655	-	-	<b>8,655</b>
Loans to and receivables from customers	<b>393,320</b>	<b>17,552</b>	<b>7,882</b>	<b>418,754</b>
Other assets	830	15	221	<b>1,066</b>
<b>Total exposure to credit risk from balance-sheet items</b>	<b>895,911</b>	<b>17,567</b>	<b>8,103</b>	<b>921,581</b>
Exposure to credit risk from off balance sheet items is as follows:				
Guarantees and letters of intent	242,723	3,760	1,619	<b>248,102</b>
Letters of credit	4,337	-	-	<b>4,337</b>
Unused overdraft facilities	49,067	847	8	<b>49,922</b>
<b>Total exposure to credit risk from off balance-sheet items</b>	<b>296,127</b>	<b>4,607</b>	<b>1,627</b>	<b>302,361</b>
<b>Total exposure to credit risk from balance and off balance-sheet items</b>	<b>1,192,038</b>	<b>22,174</b>	<b>9,730</b>	<b>1,223,942</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**26. Credit portfolio quality (continued)**

**31 December 2024**

<b>Gross exposure (per Stages)</b>	<b>EUR 000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Current accounts with the CNB and other banks	20,135	-	-	<b>20,135</b>
Placements with other banks	231,188	-	-	<b>231,188</b>
Financial investments at amortised cost	176,676	-	-	<b>176,676</b>
Financial assets held for trading	9,939	-	-	<b>9,939</b>
Loans to and receivables from customers	<b>342,168</b>	<b>24,615</b>	<b>11,029</b>	<b>377,812</b>
Other assets	888	13	164	<b>1,065</b>
<b>Total exposure to credit risk from balance-sheet items</b>	<b>780,994</b>	<b>24,628</b>	<b>11,193</b>	<b>816,815</b>
Exposure to credit risk from off balance sheet items is as follows:				
Guarantees and letters of intent	234,866	299	3,096	<b>238,261</b>
Letters of credit	50	-	-	<b>50</b>
Unused overdraft facilities	29,409	396	12	<b>29,817</b>
<b>Total exposure to credit risk from off balance-sheet items</b>	<b>264,325</b>	<b>695</b>	<b>3,108</b>	<b>268,128</b>
<b>Total exposure to credit risk from balance and off balance-sheet items</b>	<b>1,045,319</b>	<b>25,323</b>	<b>14,301</b>	<b>1,084,943</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**26. Credit portfolio quality (continued)**

**Collateral and other credit enhancements held**

The table below sets out the carrying amount of secured exposures and the value of identifiable collateral (mainly residential and commercial property) held against loans and advances to customers measured at amortised cost. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against:

	Carrying amount EUR 000	Collateral EUR 000	31 December 2025		31 December 2024	
			Unsecured EUR 000	Carrying amount EUR 000	Collateral EUR 000	Unsecured EUR 000
<b>Loans and advances to customers at amortised cost</b>						
<i>Corporate</i>						
Stage 1 and Stage 2	210,129	107,196	30,846	168,092	74,110	28,970
Stage 3	2,150	880	160	4,270	3,020	-
	<b>212,279</b>	<b>108,076</b>	<b>31,006</b>	<b>172,362</b>	<b>77,130</b>	<b>28,970</b>
<i>Retail</i>						
Stage 1 and Stage 2	122,692	75,262	22,884	118,945	75,779	24,889
Stage 3	982	766	267	1,791	911	308
	<b>123,674</b>	<b>76,028</b>	<b>23,151</b>	<b>120,736</b>	<b>76,690</b>	<b>25,197</b>
<i>Other customers</i>						
Stage 1 and Stage 2	526	44	20,939	583	129	22,407
Stage 3	-	-	-	-	-	-
	<b>526</b>	<b>44</b>	<b>20,939</b>	<b>583</b>	<b>129</b>	<b>22,407</b>
<b>Total</b>	<b>336,479</b>	<b>184,148</b>	<b>75,096</b>	<b>293,682</b>	<b>153,947</b>	<b>76,574</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**26. Credit portfolio quality (continued)**

**Collateral and other credit enhancements held (continued)**

*The table below show the market value of collateral:*

Type of collateral	Market value of collateral	
	31.12.2025	31.12.2024
<b>EUR 000</b>		
Commercial property	92,269	74,727
Cash deposits	6,801	8,037
Movable property	2,947	2,040
Other types of collateral	12,737	10,542
Residential property	69,395	58,474
<b>Total</b>	<b>184,149</b>	<b>153,820</b>

**Assets obtained by taking possession of collateral**

Bank did not realize any new repossessions in 2025 (2024: 0 EUR).

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**27. Maturity profile of assets and liabilities**

Assets and liabilities are allocated within time buckets according to their remaining contractual maturity period.

**As at 31 December 2025**

**EUR 000**

<b>ASSETS</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Cash and current accounts with banks	23,948	-	-	-	-	<b>23,948</b>
Financial investments at amortised cost	12,694	8,382	27,982	182,993	-	<b>232,051</b>
Financial investments held for trading	-	1,707	-	5,124	1,966	<b>8,797</b>
Loans to and receivables from customers	36,029	13,851	68,858	106,440	186,398	<b>411,576</b>
Placements with other banks	243,474	70	486	-	-	<b>244,031</b>
Property, plant and equipment	-	-	-	-	6,046	<b>6,046</b>
Right of use assets	73	107	414	837	954	<b>2,385</b>
Intangible assets	-	-	-	-	4,622	<b>4,622</b>
Foreclosed assets	-	-	-	-	74	<b>74</b>
Deferred tax asset	-	-	205	-	-	<b>205</b>
Other assets	1,175	-	-	-	-	<b>1,175</b>
<b>TOTAL ASSETS</b>	<b>317,393</b>	<b>24,117</b>	<b>97,946</b>	<b>295,394</b>	<b>200,060</b>	<b>934,910</b>
<b>LIABILITIES</b>						
Current accounts and deposits from banks and financial institutions	44,054	612	7,197	-	-	<b>51,863</b>
Current accounts and deposits from customers	284,615	50,124	222,812	16,819	10,555	<b>584,925</b>
Interest-bearing borrowings	90,806	1,021	4,380	61,212	18,211	<b>175,630</b>
Provisions for liabilities and charges	-	-	-	-	730	<b>730</b>
Income tax liability	-	-	308	-	-	<b>308</b>
Lease liability	74	106	411	848	1,018	<b>2,457</b>
Other liabilities	8,498	-	-	-	-	<b>8,498</b>
<b>TOTAL LIABILITIES</b>	<b>428,047</b>	<b>51,863</b>	<b>235,108</b>	<b>78,879</b>	<b>30,514</b>	<b>824,411</b>
<b>EQUITY</b>						
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,499</b>	<b>110,499</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>428,047</b>	<b>51,863</b>	<b>235,108</b>	<b>78,879</b>	<b>141,013</b>	<b>934,910</b>
<b>MATURITY GAP</b>	<b>(110,654)</b>	<b>(27,746)</b>	<b>(137,162)</b>	<b>216,515</b>	<b>59,047</b>	<b>-</b>
Issued guarantees and letter of intent	100,133	26,162	51,752	44,827	25,228	<b>248,102</b>
Issued letters of credit	962	49	1,694	1,632	-	<b>4,337</b>
Unused overdraft facilities	21,235	688	6,960	9,561	11,478	<b>49,922</b>
<b>TOTAL OFF-BALANCE SHEET</b>	<b>122,330</b>	<b>26,899</b>	<b>60,406</b>	<b>56,020</b>	<b>36,706</b>	<b>302,361</b>

## Financial statements (continued)

### Notes to the financial statements (continued)

#### 27. Maturity profile of assets and liabilities (continued)

As at 31 December 2024

EUR 000

ASSETS	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
Cash and current accounts with banks	24,747	-	-	-	-	24,747
Financial investments at amortised cost	2,151	10,060	18,577	145,358	-	176,146
Financial investments held for trading	-	-	9,985	-	-	9,985
Loans to and receivables from customers	32,590	10,157	57,975	88,574	180,960	370,256
Placements with other banks	230,665	70	300	141	-	231,176
Property, plant and equipment	-	-	-	-	5,666	5,666
Right of use assets	62	124	558	778	408	1,930
Intangible assets	-	-	-	-	2,678	2,678
Foreclosed assets	-	-	-	-	81	81
Deferred tax asset	-	-	104	-	-	104
Other assets	1,209	-	-	-	-	1,209
<b>TOTAL ASSETS</b>	<b>291,424</b>	<b>20,411</b>	<b>87,499</b>	<b>234,851</b>	<b>189,793</b>	<b>823,978</b>
<b>LIABILITIES</b>						
Current accounts and deposits from banks and financial institutions	30,645	13,818	2,583	-	-	47,046
Current accounts and deposits from customers	263,893	62,950	162,559	16,095	8,812	514,309
Interest-bearing borrowings	89,380	11,482	26,652	7,645	15,416	150,575
Provisions for liabilities and charges	-	-	-	-	971	971
Income tax liability	-	-	906	-	-	906
Lease liability	64	128	576	795	447	2,010
Other liabilities	7,568	-	-	-	-	7,568
<b>TOTAL LIABILITIES</b>	<b>391,550</b>	<b>88,378</b>	<b>193,276</b>	<b>24,535</b>	<b>25,646</b>	<b>723,385</b>
<b>EQUITY</b>						
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,593</b>	<b>100,593</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>391,550</b>	<b>88,378</b>	<b>193,276</b>	<b>24,535</b>	<b>126,239</b>	<b>823,978</b>
<b>MATURITY GAP</b>	<b>(100,126)</b>	<b>(67,967)</b>	<b>(105,777)</b>	<b>210,316</b>	<b>63,554</b>	<b>-</b>
Issued guarantees and letter of intent	54,926	27,258	45,887	74,620	35,570	238,261
Issued letters of credit	-	-	50	-	-	50
Unused overdraft facilities	9,456	649	13,296	2,557	3,859	29,817
<b>TOTAL OFF-BALANCE SHEET</b>	<b>64,382</b>	<b>27,907</b>	<b>59,233</b>	<b>77,177</b>	<b>39,429</b>	<b>268,128</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**27. Maturity profile of assets and liabilities (continued)**

The table above is based on contractual maturity of financial instruments. Although there is a significant gap up to 1 year, the bank expects that substantial part of demand deposit will remain stable, based on internal model with which the bank defines "stable" and "unstable" deposits. When determining "stable" and "unstable" deposits, the balance of demand deposits at the end of the month in the period of the last 5 years is observed. For each year, the monthly minimum and maximum balance during the year is calculated separately. After calculating the minimum and maximum balances during the year, they are put in the ratio (MIN/MAX). From the obtained ratios for the last 5 years, the average is taken, which represents "stable" deposits. The obtained average is "rounded" to a smaller number of multiples of 5 (or in some cases even more) for a more conservative approach and easier distribution of deposits over a period of up to 5 years. Stable deposits are then distributed over a period of 1 to 5 years, while unstable deposits are distributed from 0 to 1 year.

Analysis of undiscounted cash flow of financial liabilities by remaining contracted amounts:

**As at 31 December 2025**

**EUR 000**

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	<b>Total</b>
<b>LIABILITIES</b>						
Current accounts and deposits from banks and financial institutions	44,054	614	7,244	-	-	<b>51,912</b>
Current accounts and deposits from customers	284,805	50,368	224,209	16,970	10,608	<b>586,960</b>
Interest-bearing borrowings	90,881	1,125	4,906	62,470	19,623	<b>179,005</b>
Provisions for liabilities and charges	-	-	-	-	730	<b>730</b>
Income tax liability	-	-	308	-	-	<b>308</b>
Lease liability	78	114	442	905	1,018	<b>2,557</b>
Other liabilities	8,498	-	-	-	-	<b>8,498</b>
<b>TOTAL LIABILITIES</b>	<b>428,316</b>	<b>52,221</b>	<b>237,109</b>	<b>80,345</b>	<b>31,979</b>	<b>829,970</b>
<b>OFF-BALANCE SHEET</b>	<b>122,330</b>	<b>26,899</b>	<b>60,406</b>	<b>56,020</b>	<b>36,706</b>	<b>302,361</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**27. Maturity profile of assets and liabilities (continued)**

*As at 31 December 2024*

*EUR 000*

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	<b>Total</b>
<b>LIABILITIES</b>						
Current accounts and deposits from banks and financial institutions	30,673	13,955	2,597	-	-	<b>47,225</b>
Current accounts and deposits from customers	264,196	63,495	163,482	16,262	8,862	<b>516,297</b>
Interest-bearing borrowings	89,469	11,557	27,156	8,760	16,836	<b>153,778</b>
Provisions for liabilities and charges	-	-	-	-	971	<b>971</b>
Income tax liability	-	-	906	-	-	<b>906</b>
Lease liability	67	134	601	832	458	<b>2,092</b>
Other liabilities	7,568	-	-	-	-	<b>7,568</b>
<b>TOTAL LIABILITIES</b>	<b>391,973</b>	<b>89,141</b>	<b>194,742</b>	<b>25,854</b>	<b>27,127</b>	<b>728,837</b>
<b>OFF-BALANCE SHEET</b>	<b>64,383</b>	<b>27,907</b>	<b>59,233</b>	<b>77,177</b>	<b>39,429</b>	<b>268,129</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**28. Exposure to foreign currency risk**

Foreign currency structure of the balance sheet is presented in the following tables:

**As at 31 December 2025**

**EUR 000**

<b>ASSETS</b>	<b>EUR (and EUR linked)</b>	<b>USD</b>	<b>CHF</b>	<b>Other currencies</b>	<b>Total</b>
Cash and current accounts with banks	19,872	418	519	3,139	<b>23,948</b>
Financial investments at amortised cost	215,003	15,250	1,798	-	<b>232,051</b>
Financial investments held for trading	5,368	3,429	-	-	<b>8,797</b>
Loans to and receivables from customers	400,547	11,029	-	-	<b>411,576</b>
Placements with other banks	244,031	-	-	-	<b>244,031</b>
Property, plant and equipment	6,046	-	-	-	<b>6,046</b>
Right of use assets	2,385	-	-	-	<b>2,385</b>
Intangible assets	4,622	-	-	-	<b>4,622</b>
Foreclosed assets	74	-	-	-	<b>74</b>
Deferred tax asset	205	-	-	-	<b>205</b>
Other assets	1,175	-	-	-	<b>1,175</b>
<b>TOTAL ASSETS</b>	<b>899,328</b>	<b>30,126</b>	<b>2,317</b>	<b>3,139</b>	<b>934,910</b>
<b>LIABILITIES</b>					
Current accounts and deposits from banks and financial institutions	51,856	5	-	2	<b>51,863</b>
Current accounts and deposits from customers	554,647	25,479	1,876	2,923	<b>584,925</b>
Interest-bearing borrowings	175,630	-	-	-	<b>175,630</b>
Provisions for liabilities and charges	730	-	-	-	<b>730</b>
Income tax liability	308	-	-	-	<b>308</b>
Lease liability	2,457	-	-	-	<b>2,457</b>
Other liabilities	8,498	-	-	-	<b>8,498</b>
<b>TOTAL LIABILITIES</b>	<b>794,126</b>	<b>25,484</b>	<b>1,876</b>	<b>2,925</b>	<b>824,411</b>
<b>EQUITY</b>					
<b>TOTAL EQUITY</b>	<b>110,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,499</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>904,625</b>	<b>25,484</b>	<b>1,876</b>	<b>2,925</b>	<b>934,910</b>
<b>NET ASSETS/ LIABILITIES AND EQUITY</b>	<b>(5,297)</b>	<b>4,642</b>	<b>441</b>	<b>214</b>	<b>-</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**28. Exposure to foreign currency risk (continued)**

*As at 31 December 2024*

*EUR 000*

<b>ASSETS</b>	<b>EUR (and EUR linked)</b>	<b>USD</b>	<b>CHF</b>	<b>Other currencies</b>	<b>Total</b>
Cash and current accounts with banks	10,738	13,509	316	184	<b>24,747</b>
Financial investments at amortised cost	158,623	9,268	8,255	-	<b>176,146</b>
Financial investments held for trading	9,985	-	-	-	<b>9,985</b>
Loans to and receivables from customers	358,872	11,384	-	-	<b>370,256</b>
Placements with other banks	231,176	-	-	-	<b>231,176</b>
Property, plant and equipment	5,666	-	-	-	<b>5,666</b>
Right of use assets	1,930	-	-	-	<b>1,930</b>
Intangible assets	2,678	-	-	-	<b>2,678</b>
Foreclosed assets	81	-	-	-	<b>81</b>
Deferred tax asset	104	-	-	-	<b>104</b>
Other assets	1,209	-	-	-	<b>1,209</b>
<b>TOTAL ASSETS</b>	<b>781,062</b>	<b>34,161</b>	<b>8,571</b>	<b>184</b>	<b>823,978</b>
<b>LIABILITIES</b>					
Current accounts and deposits from banks and financial institutions	47,039	7	-	-	<b>47,046</b>
Current accounts and deposits from customers	479,051	33,181	1,767	310	<b>514,309</b>
Interest-bearing borrowings	144,152	-	6,423	-	<b>150,575</b>
Provisions for liabilities and charges	971	-	-	-	<b>971</b>
Income tax liability	906	-	-	-	<b>906</b>
Lease liability	2,010	-	-	-	<b>2,010</b>
Other liabilities	7,568	-	-	-	<b>7,568</b>
<b>TOTAL LIABILITIES</b>	<b>681,697</b>	<b>33,188</b>	<b>8,190</b>	<b>310</b>	<b>723,385</b>
<b>EQUITY</b>					
<b>TOTAL EQUITY</b>	<b>100,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,593</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>782,290</b>	<b>33,188</b>	<b>8,190</b>	<b>310</b>	<b>823,978</b>
<b>NET ASSETS/ LIABILITIES AND EQUITY</b>	<b>(1,228)</b>	<b>973</b>	<b>381</b>	<b>(126)</b>	<b>-</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**28. Exposure to foreign currency risk (continued)**

**Sensitivity of profit and loss to exchange rate fluctuations**

The table below represents sensitivity of the profit or loss to exchange rate fluctuations. The effect of exchange rate fluctuations is presented using highest daily EUR/USD volatility and calculating the impact on the biggest long and short open EUR currency position, as follows:

<b>Currency risk</b>	<b>2025</b>
Maximum overall open foreign currency position including options (% of the regulatory capital)	4.65%
Open FX position including options in USD (% of the regulatory capital)	3.91%
Impact (loss) of the highest daily EUR/USD volatility (in thousands EUR)	(52)
<b>Currency risk</b>	<b>2024</b>
Maximum overall open foreign currency position including options (% of the regulatory capital)	5.34%
Open FX position including options in USD (% of the regulatory capital)	5.10%
Impact (loss) of the highest daily EUR/USD volatility (in thousands EUR)	(73)

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**29. Exposure to interest-rate risk**

The following table shows sensitivity of Bank equity (economic value) to reasonable interest rate movements (parallel shift), on condition that all other variables are constant. The sensitivity presented below is prepared based on methodology used to prepare sensitivity report "IRRBB" as reported to regulator (Croatian National Bank).

<b>Key risk indicators - banking book (EUR '000)</b>	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>Reg limit</b>
Δ EVE under worst scenario	-5,373	-7,674	
Δ EVE ratio under worst scenario	-5.27%	-8.20%	15%
Δ NII under worst scenario	-45	-2,432	

<b>EVE under baseline and supervisory shock scenarios</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Parallel up	-5,040	-7,674
Parallel down	-1,105	1,778
Steepener	2,651	1,518
Flattener	-5,026	-3,764
Short up	-5,373	-5,224
Short down	1,725	1,736
Max negative effect	-5,373	-7,674
Max negative effect / T1 capital	-5.27%	-8.20%

**Average effective interest rates**

The average effective interest rates for interest-earning financial assets and interest-bearing financial liabilities during the year calculated on average quarterly balances for the Bank are as follows:

	<b>2025</b>	<b>2024</b>
	<b>Effective interest rate</b>	<b>Effective interest rate</b>
Cash and current accounts with banks	0.00%	0.00%
Placements with other banks	0.05%	0.05%
Financial assets at amortised cost	3.63%	3.97%
Financial investments held for trading	2.08%	3.88%
Loans to and receivables from customers	5.24%	5.71%
Current accounts and deposits from banks and financial institutions	1.93%	3.40%
Current accounts from customers	0.13%	0.16%
Term deposits from customers	2.16%	2.84%
Interest-bearing borrowings	0.81%	0.69%
Subordinated liabilities	0.00%	6.25%

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **30. Risk and capital management**

Note 30 complements notes 25 to 29, whereby note 30 provides general risk management policies and principles, notes 25 to 29 provide quantitative disclosures of exposure to various risks.

##### **a) Financial risk management**

The operations of the Bank are exposed to various types of risk, which arise from the uncontrollable character of the financial market. The Bank tries to control and minimize the risks. The most significant types of financial risk to which the Bank is exposed are credit risk, liquidity risk and market risk. Market risk includes the risk of change of interest rates, risk of change of foreign exchange rates and change of market value of securities.

##### **b) Credit risk**

Credit risk is the most significant type of risk to which the Bank is exposed in its operations. Credit risk arises from the inability of the other party to service their liabilities as they fall due. The Bank monitors the exposure to credit risk and the quality of the portfolio on a regular basis.

Credit risk management is principally implemented through the selection of customers with good credit-standing and seeking adequate collateral.

In granting placements, the quality, i.e. creditworthiness of the customer, is the main criteria. The Bank additionally reduces exposure to credit risk by securing placements with collateral. The Bank has established a Risk Assessment and Measurement Unit (in charge of regular credit risk management and monitoring). Risk Management Department also participates in the process of granting all significant placements, as well as in the process of approving the Bank's lending policies.

In measurement of credit risk of loans and advances to customers and banks, the Bank uses three major factors:

- (i) the creditworthiness;
- (ii) regular settlement of contractual obligations;
- (iii) the quality of collateral, as explained below.

i) The Bank assesses creditworthiness through the calculation of the Debt service coverage ratio (DSCR), which represents the ratio of the available cash for the repayment of financial liabilities and amount of financial liabilities to be repaid on a monthly and/or annual basis.

In the context of creditworthiness assessment internal rating, calculated through an internal rating tool based on key financial indicators, is used as indicator of the Client's quality.

ii) Settlement of obligations means payment of all obligations within contractual maturities, without establishing a new receivable.

(iii) The quality of the collateral is determined by marketability, protection of legal documentation and the possibility of enforcing collection.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**30. Risk and capital management (continued)**

**b) Credit risk (continued)**

The Bank structures the levels of credit risk by placing limits on the amount of risk accepted in relation to one borrower and a group of related parties, and industrial segments. Limits on the level of credit risk by industry sectors are regularly reviewed.

Exposure to credit risk is also managed by regular analysis of the ability of borrowers and potential borrowers to meet all obligations to the Bank and by changing lending limits where appropriate. The assessment of possible losses is monitored on a regular basis to enable timely identification of such placements and calculation of impairment losses.

**The following table sets out the credit analysis for non-trading financial assets measured at amortised cost:**

	PD	31 December 2025 Carrying amount EUR 000	PD	31 December 2024 Carrying amount EUR 000
<b>Loans and advances to customers</b>				
<i>Corporate</i>				
Grades 1-4: Strong	0.00-0.03	63,093	0.00-0.03	57,280
Grades 5-8: Higher Risk	0.03-0.12	112,196	0.03-0.12	91,969
Grades 9: Substantial Risk	0.13-0.16	6,657	0.13-0.16	14,184
No rating		82,800		60,890
		<b>264,746</b>		<b>224,323</b>
<i>Retail</i>				
		146,830		145,933
		<b>146,830</b>		<b>145,933</b>
<b>Total</b>		<b>411,576</b>		<b>370,256</b>

**The following table sets out the credit quality of debt securities. The analysis has been based on combination external rating (Fitch, S&P, Moody's):**

	PD	31 December 2025 Carrying amount EUR 000	PD	31 December 2024 Carrying amount EUR 000
Government bonds and treasury bills				
AAA - A3	0.0000-0.0006	119,912	0.0000-0.0006	66,164
BAA 1-3	0.0002-0.001	61,396	0.0002-0.001	8,861
BA1 and below	0.002-0.0322	8,889	0.002-0.0316	85,640
<b>Total</b>		<b>190,197</b>		<b>160,665</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**30. Risk and capital management (continued)**

**b) Credit risk (continued)**

		<b>31 December 2025</b>		<b>31 December 2024</b>
	<b>PD</b>	<b>Carrying amount EUR 000</b>	<b>PD</b>	<b>Carrying amount EUR 000</b>
Corporate bonds				
AAA - A3	0.0000-0.0006	-	0.0000-0.0006	-
BAA 1-3	0.0002-0.001	-	0.0002-0.001	-
BA1 and below	0.002-0.0322	4,925	0.002-0.0316	5,489
<b>Total</b>		<b>4,925</b>		<b>5,489</b>

**c) Liquidity risk**

Liquidity risk represents the risk that the Bank will not be able to settle its liabilities as they fall due, and finance or liquidate assets on the basis of acceptable prices.

In order to ensure the quality of funding sources, the Bank funds itself from various sources: deposits of retail customers and legal entities, special participations, and share capital, which reduces dependence on only one source, and consequently liquidity risk.

The Bank prepares strategies in order to ensure that the needs of the Bank for cash funds in certain currencies are covered. The Bank's strategy is oriented towards ensuring adequate liquidity level which meets both estimated and unforeseen needs for cash funding. In case of an unforeseen need for cash funds, the Bank could take actions such as control of the Bank's credit activity, withdrawal of the available lines of credit and other necessary measures,

The Bank manages its assets and sources of funding taking into consideration financial flows, cash flows and concentrations, all with the aim of matching the cash inflows and outflows of the Bank. Such management includes the identification of known, expected and potential cash outflows and making different strategies of assets and liabilities management in order to ensure the needs of the Bank for cash inflows. Accordingly, liquidity risk management system includes: assessment and measurement of liquidity risk exposure, setting and monitoring limits as well as reporting on their utilization.

Liquidity risk management is achieved by operational short-term liquidity management and long-term liquidity management.

The Management Board of the Bank is responsible for liquidity risk management.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **30. Risk and capital management (continued)**

##### **d) Market risk**

- *Foreign currency risk* mainly arises from transactions in USD and CHF, or linked to USD, CHF and to a lesser extent, other currencies.

Control and mitigation of foreign currency risk is implemented by monitoring foreign currency deposit and simultaneous contracting of loans with foreign currency clause. Foreign currency risk is controlled on a daily basis, according to regulatory, but also internally determined limits of certain currencies. The Bank directs its business activities trying to minimize gaps between assets and liabilities denominated in foreign currency directly or with foreign currency clauses. The Bank manages its assets and liabilities by matching certain foreign currency assets with liabilities in order to optimize the risk and profitability relationship due to currency movements. With introduction of euro in 2023, this risk has significantly decreased.

- *Interest rate risk* is the risk of change of the prices of financial assets as a result of the changes in interest rates. Interest rate risk is controlled through monitoring the interest rate sensitivity of assets and liabilities.

Risk management activities are mainly carried out in the context of the Bank's sensitivity to interest rate changes. Exposure to interest rate risk is the result of mismatch between assets and liabilities, which carry variable and /or fixed rates and / or reprice at a different time and it is monitored using the analysis of mismatch between assets and liabilities.

The objective of interest rate risk management is to ensure an optimal and stable net interest margin. In accordance with its asset and liability management policy, the Bank monitors the mismatch between assets and liabilities in the statement of financial position, using various criteria for possible change of interest rate. The calculation represents the amount of changes in the value of equity resulting from simultaneous changes in interest rates by 200 basis points. The above amount should be within 15% change of economic value of regulatory capital and at 31st December represents 5.27%.

- *Price risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than fluctuations resulting from currency and interest rate), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

##### **e) Capital management**

The primary goals of the Bank related to capital management are alignment with all legal capital requirements, by concurrently retaining sufficient capital adequacy for the purpose of supporting business activity, in order to maximise the value for shareholders.

The Bank manages the structure of equity and risks arising from its business activity.

The Bank's regulatory capital requirements were based on EU Regulation No 575/2013.

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**30. Risk and capital management (continued)**

**e) Capital management (continued)**

The table below summarises the composition of regulatory capital and ratios of the Bank (risk weighted assets have been unaudited as of the date of the issuance of these financial statements):

	<i>Unaudited</i> <b>31 December</b> <b>2025</b> <b>EUR 000</b>	<i>Audited</i> <b>31 December</b> <b>2024</b> <b>EUR 000</b>
<b>Regulatory capital</b>		
Issued ordinary share capital and preference shares	78,758	78,758
Reserves – legal	1,435	957
Retained earnings	25,130	20,878
Adjustment for intangible assets	(3,305)	(1,917)
Value adjustments due to the requirements for prudent valuation	(9)	(10)
Insufficient coverage for non-performing exposures	(126)	(3)
<b>Total regulatory capital</b>	<b>101,883</b>	<b>98,662</b>
<b>Risk-weighted assets</b>		
Credit risk-weighted assets	485,059	391,554
Exposure to operational risk	36,622	38,035
<b>Total risk weighted assets</b>	<b>521,681</b>	<b>429,589</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>19.53%</b>	<b>22.97%</b>
<b>Tier 1 capital ratio</b>	<b>19.53%</b>	<b>22.97%</b>
<b>Total capital adequacy ratio</b>	<b>19.53%</b>	<b>22.97%</b>

Prescribed minimal capital ratios in accordance with Article 92 of EU Regulation No 575/2013 are as follows:

- Common Equity Tier 1 capital ratio of 4.5% of the total risk exposure amount,
- Tier 1 capital ratio of 6% of the total risk exposure amount,
- Total capital ratio of 8% of the total risk exposure amount,

In addition to regulatory prescribed minimal capital adequacy ratios and in accordance with Articles 117 and 130 of CNB's Credit Institutions Act and Articles 129 and 133 of CRD IV, the Bank is also obliged to maintain specifically set capital buffers.

**f) Operational risk management**

Operational risk represents risk of loss due to inadequate or unsuccessful internal processes, employees or due to external events.

Responsibility for the implementation of operational risk management system and control of operational risk management at the level of the Bank is assigned to the Risk control function.

## **Financial statements (continued)**

### **Notes to the financial statements (continued)**

#### **31. Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

#### **Cash and balances with Croatian National Bank**

The carrying value of cash and balances with the CNB approximate their fair value due to short-term maturity of these financial instruments.

#### **Placements with other banks**

Placements with other banks are stated at amortized cost. The fair value calculated by discounting the expected future cash flows of principal and interest is not significantly different from their book values in light of their short-term maturities.

#### **Loans and advances**

Fair value is based on a discounted cash flows using currently applicable interest rates on loans for similar terms or similar credit characteristics. Using the discounting method of cash flows and interest (assuming that the loan is repayable according to the agreed terms and taking into account the existing specific provisions), there is a difference between the fair value of the loan portfolio and the carrying amount. The fair value of loans to non-performing customers is estimated on the basis of a discounted cash flow analysis or the estimated value of the underlying security instrument. Estimated fair value of loans and advances to customers represents the discounted amount of expected future cash receipts. Expected future cash inflows are discounted using the market interest rate. Fair value of loans to customers as at 31 December 2025 amounted to EUR 411 million (31 December 2024: EUR 370 million). The fair value of loans and advances is based on valuation models and is categorised as Level 3.

#### **Financial investments at amortised cost**

The fair value of financial investments at amortised cost has at 31 December 2025 amounted to EUR 194 million (31 December 2024: EUR 155 million).

#### **Deposits from banks and customers**

For demand deposits, fair value is taken to be the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The value of long-term relationships with depositors is not taken into account in estimating fair values. There is no significant difference between the fair value of these deposits and their carrying value.

#### **Interest-bearing borrowings**

The fair value of interest – bearing borrowings has at 31 December 2025 amounted to EUR 149 million (31 December 2024: EUR 123 million).

## Financial statements (continued)

### Notes to the financial statements (continued)

#### 31. Fair values (continued)

##### Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly (indicative prices in active markets)
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between levels in 2025 and 2024.

	<b>31 December 2025</b>			
<b>Financial assets</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>
<b>Financial assets held for trading</b>				
Foreign sovereign bonds	8,797	-	-	8,797
<b>Total</b>	<b>8,797</b>	<b>-</b>	<b>-</b>	<b>8,797</b>

	<b>31 December 2024</b>			
<b>Financial assets</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>
<b>Financial assets held for trading</b>				
Foreign sovereign bonds	9,985	-	-	9,985
<b>Total</b>	<b>9,985</b>	<b>-</b>	<b>-</b>	<b>9,985</b>

	<b>31 December 2025</b>	<b>31 December 2025</b>
<b>Financial assets</b>	<b>Book value</b>	<b>Fair value</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Loans to and receivables from customers	411,576	410,601
<b>Total</b>	<b>411,576</b>	<b>410,601</b>

	<b>31 December 2024</b>	<b>31 December 2024</b>
<b>Financial assets</b>	<b>Book value</b>	<b>Fair value</b>
	<b>EUR 000</b>	<b>EUR 000</b>
Loans to and receivables from customers	370,256	369,985
<b>Total</b>	<b>370,256</b>	<b>369,985</b>

**Financial statements (continued)**  
**Notes to the financial statements (continued)**

**31. Fair values (continued)**

**Determination of fair value and fair value hierarchy (continued)**

	<b>31 December 2025</b>	<b>31 December 2025</b>
	<b>Book value</b>	<b>Fair value</b>
<b>Financial liabilities</b>	<b>EUR 000</b>	<b>EUR 000</b>
Current accounts and deposits from customers	584,925	584,154
<b>Total</b>	<b>584,925</b>	<b>584,154</b>

	<b>31 December 2024</b>	<b>31 December 2024</b>
	<b>Book value</b>	<b>Fair value</b>
<b>Financial liabilities</b>	<b>EUR 000</b>	<b>EUR 000</b>
Current accounts and deposits from customers	514,309	513,292
<b>Total</b>	<b>514,309</b>	<b>513,292</b>



*This is an English translation of the Independent Auditor's Report on the financial statements originally issued in Croatian. In the event of any differences, the Croatian original prevails. This report should be read in conjunction with the complete set of financial statements issued in Croatian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.*

# Independent Auditor's Report

To the owners of KentBank d.d.

## Audit Report on the Financial Statements

### Opinion

We have audited the financial statements of KentBank d.d. ("the Bank"), which comprise:

- the statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the income statement;

the statement of changes in shareholders' equity;

the cash flow statement;

and

- notes, comprising material accounting policies and other explanatory information

("the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Bank in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment of loans to and receivables from customers

As at 31 December 2025, gross loans to and receivables from customers: EUR 418,754 thousand, related impairment allowance: EUR 7,178 thousand and release of impairment recognised in the income statement: EUR 114 thousand (31 December 2024, gross loans to and receivables from customers: EUR 377,812 thousand, impairment allowance: EUR 7,556 thousand and impairment loss recognised in the income statement: EUR 147 thousand).

Refer to Note 3 Accounting policies (Financial instruments), Note 4 Significant accounting estimates and judgements (Classification of exposures in risk categories and determination of impairment losses), Note 26 Credit portfolio quality and Note 15 Loans to and receivables from customers and Note 7a Impairment losses and provisions.

The key audit matter	How the matter was addressed in our audit
<p>Impairment allowances represent the Management Board's best estimate of the expected credit losses ("ECLs") within the loans and advances at the reporting date. We focused on this area as the determination of impairment allowances requires a significant judgment from the Management Board.</p> <p>The Bank calculates allowances for credit losses in accordance with IFRS 9 Financial Instruments, based on the ECL model with dual-measurement approach, under which the impairment allowance is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether or not there has been a significant increase in credit risk since initial recognition.</p> <p>The impairment allowances for the performing exposures (Stage 1 and Stage 2 in the IFRS 9 hierarchy) are determined by modelling techniques ("collective impairment allowance") relying on key parameters, including the probability of default (PD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant deterioration in credit quality, forward-looking information and management judgment incorporated into the model assumptions.</p> <p>Expected credit losses for non-performing exposures (Stage 3) exceeding EUR 66 thousand individually and individually non-significant exposures secured by hard collateral (as defined by the Croatian National Bank ("the CNB")), are determined on an individual basis by means of a discounted cash flow analysis. The process involves reliance on a number of significant subjective assumptions, including those in respect of the probable sale proceeds from the related collateral and minimum period for collateral disposal.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>Inspecting the Bank's ECL impairment provisioning methods and models, and assessing its compliance with the relevant regulatory and financial reporting framework;</li> <li>Making relevant inquiries of the Bank's risk management and information technology (IT) personnel to update our understanding of the loan impairment process, IT applications used therein, as well as key data sources and assumptions in the ECL model. Also, testing of IT control environment for data security and access, assisted by our own IT specialists;</li> <li>Testing the design, implementation and operating effectiveness of selected key controls over the approval, recording and monitoring of loans and advances, including those over the identification of loss events and default, appropriateness of classification of exposures into performing and non-performing, calculation of days past due and calculation of the impairment allowances;</li> </ul> <p>In addition, for loss allowances calculated on a collective basis:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the key internal rating models for corporate loans, and assessing the relevance and reliability of the key data used therein;</li> <li>Obtaining the relevant forward-looking information and key macroeconomic forecasted variables used in the Bank's ECL assessment. Independently assessing the information by means of corroborating inquiries of the Management Board and by reference to publicly available sources;</li> <li>Assessing whether the definition of significant increase in credit risk and an event of default are appropriate and whether the staging criteria were consistently applied;</li> <li>Challenging selected key parameters within the collective ECL model, such as the probability of</li> </ul>

<p>Due to the above factors, including the significantly higher estimation uncertainty stemming from the current volatile economic outlook, slowing economic growth and rising inflation we considered impairment of loans to be associated with a significant risk of material misstatement in the financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<p>default (PD) and loss given default (LGD) by reference to, among other things, our own analysis of the Bank's data on past default occurrence and realized losses on those defaults.</p> <p>For impairment allowances calculated individually:</p> <ul style="list-style-type: none"> <li>• For a risk-based sample of exposures critically assessing the existence of any triggers for classification to Stage 2 or Stage 3, by reference to the underlying evidence (loan files), through inquiries of the loan officers and credit risk management personnel and by considering business operations of the respective customers as well as market conditions and historical debt service;</li> <li>• For exposures with Stage 3 triggers identified, challenging key assumptions applied in the estimates of future cash flows used in the impairment calculation, such as discount rates, collateral values and realization period, and performing respective independent recalculations, where relevant.</li> </ul> <p>For all impairment allowances:</p> <ul style="list-style-type: none"> <li>• Critically assessing the overall reasonableness of the impairment allowances, including both the share of the gross non-performing exposure in total gross exposure and the non-performing loans provision coverage;</li> <li>• Evaluating the accuracy and completeness of the financial statement disclosures relating to expected credit losses against the requirements of the relevant financial reporting framework.</li> </ul>
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### Other Information

Management is responsible for the other information. The other information comprises the Management Board Report included in the Annual Report of the Bank, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With regard to the Management Board Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Board Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Board Report has been prepared, in all material respects, in accordance with applicable legal requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Pursuant to the Decision of the Croatian National Bank on the Structure and Content of the Annual Financial Statements of credit institutions (Official Gazette 80/25), the Management of the Bank has prepared the schedules ("the Schedules"), which comprise an alternative presentation of the statement of financial position as of 31 December 2025 and of the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a reconciliation ("the Reconciliation"), set out on pages 109 to 119. The Management of the Bank is responsible for the Schedules and the Reconciliation. The financial information in the Schedules is derived from the financial statements of the Bank set out on pages 24 to 103 on which we have expressed an unmodified opinion as set out above.

## Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

### *Appointment of Auditor and Period of Engagement*

We have been appointed to audit the annual financial statements of the Bank by resolution of those charged with governance dated 27 March 2025. Our period of total uninterrupted engagement is five years, covering the periods ended 31 December 2021 to 31 December 2025.

### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion is consistent with the additional report to the Audit Committee.

### *Non-audit Services*

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament of the Council and Article 44 of the Audit Act were provided and that we remained independent in conducting the audit.

25 March 2026

## KPMG Croatia d.o.o. za reviziju

Croatian Certified Auditors  
Eurotower, 17th floor  
Ivana Lučića 2a  
10000 Zagreb  
Croatia

*Signed on the Croatian original*

*Member of the Management Board, Croatian Certified Auditor*

## Appendix 1 – Supplementary schedules for CNB

Croatian National Bank adopted on 10 May 2018 the Decision on the Structure and Content of the Financial Statements of Banks (Official Gazette 42/2018, 122/20, 119/21, 108/22, 80/25, 107/25).

Supplementary schedules for the CNB prepared pursuant to the above Decision are presented below along with the reconciliation of the supplementary schedules for CNB with the statutory financial statements, prepared in accordance with IFRS EU.

### INCOME STATEMENT for the period 01.01.2025. to 31.12.2025.

Amounts in EUR

Position name	AOP code	Previous period	Current period
1	2	4	5
<b>1. Interest income and similar income</b>	<b>068</b>	<b>33.833.580</b>	<b>31.410.256</b>
1.1. of which: income from fixed-income securities	069	5.696.248	6.592.566
<b>2. Interest expenses and similar expenses</b>	<b>070</b>	<b>11.751.512</b>	<b>9.450.677</b>
<b>3. Income from securities (AOP 072 to 074)</b>	<b>071</b>		
3.1. income from shares and other variable-yield securities	072		
3.2. income from participating interests	073		
3.3. income from shares in associated undertakings	074		
<b>4. Fee and commission income</b>	<b>075</b>	<b>7.083.445</b>	<b>8.160.083</b>
<b>5. Fee and commission expenses</b>	<b>076</b>	<b>769.886</b>	<b>911.346</b>
<b>6. Net profit or loss from financial activities</b>	<b>077</b>	<b>823.555</b>	<b>2.077.254</b>
<b>7. Other operating income</b>	<b>078</b>	<b>133.704</b>	<b>317.361</b>
7.1. of which: gains and losses arising from derecognition of financial assets measured at amortised cost	079		
<b>8. General administrative expenses (AOP 081+082)</b>	<b>080</b>	<b>17.176.168</b>	<b>19.327.351</b>
8.1. staff costs	081	10.733.495	11.697.863
8.2. other administrative expenses	082	6.442.673	7.629.488
<b>9. Impairment or reversal of impairment of intangible and tangible assets</b>	<b>083</b>		
<b>10. Other operating expenses</b>	<b>084</b>	<b>65.358</b>	<b>261.934</b>
<b>11. Provisions or reversal of provisions (AOP 086+087)</b>	<b>085</b>	<b>-26.976</b>	<b>-84.277</b>
11.1. provisions for assumed liabilities and guarantees	086	-77.015	-175.964
11.2. other provisions	087	50.039	91.687
<b>12. Impairment or reversal of impairment of loans and advances</b>	<b>088</b>	<b>402.262</b>	<b>106.055</b>
<b>13. Impairment or reversal of impairment of securities and participating interests and shares in associated undertakings</b>	<b>089</b>		
<b>14. Profit or loss before tax from continuing operations</b>	<b>090</b>	<b>11.736.072</b>	<b>11.991.869</b>
<b>15. Tax expense or income related to profit or loss from continuing operations</b>	<b>091</b>	<b>2.178.848</b>	<b>2.085.648</b>
<b>16. PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>092</b>	<b>9.557.225</b>	<b>9.906.221</b>
<b>17. Profit or (-) loss before tax from discontinued operations</b>	<b>093</b>		
<b>18. Tax expenses or (-) income related to discontinued operations</b>	<b>094</b>		
<b>19. PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS</b>	<b>095</b>		
<b>20. PROFIT OR LOSS FOR THE CURRENT YEAR (AOP 092+095)</b>	<b>096</b>	<b>9.557.225</b>	<b>9.906.221</b>
<b>21. Attributable to minority interests (non-controlling interests)</b>	<b>097</b>		
<b>22. Attributable to owners of the parent company</b>	<b>098</b>	9.557.225	9.906.221

## Appendix 1 – Supplementary schedules for CNB

BALANCE SHEET AS AT 31.12.2025.

Amounts in EUR

Position name	AOP code	Previous period	Current period
1	2	4	5
<b>Assets</b>			
<b>1. Cash in bank and in hand</b>	<b>001</b>	<b>239.324.401,17</b>	<b>247.101.832,16</b>
<b>2. Treasury bills and other short-term securities eligible for refinancing with central banks (AOP 003+004)</b>	<b>002</b>	<b>0,00</b>	<b>0,00</b>
2.1. Treasury bills and similar securities	003		
2.2. Other short-term securities	004		
<b>3. Loans and advances to credit institutions (AOP 006+007)</b>	<b>005</b>	<b>41.931.662,08</b>	<b>58.726.274,07</b>
3.1. On demand	006	15.383.699,90	4.192.016,51
3.2. Other loans and advances	007	26.547.962,18	54.534.257,56
<b>4. Loans and advances to customers</b>	<b>008</b>	<b>357.065.015,91</b>	<b>402.652.889,99</b>
<b>5. Debt securities, including fixed-income securities (AOP 010+011)</b>	<b>009</b>	<b>174.563.062,01</b>	<b>212.475.017,18</b>
5.1. Issued by government bodies	010	160.698.991,61	198.993.320,85
5.2. Other debt securities	011	13.864.070,40	13.481.696,33
<b>6. Shares and other variable-yield securities</b>	<b>012</b>		
<b>7. Participating interests</b>	<b>013</b>		
<b>8. Investments in associated undertakings</b>	<b>014</b>		
<b>9. Intangible assets</b>	<b>015</b>	<b>1.917.271,37</b>	<b>3.305.003,44</b>
<b>10. Tangible assets (AOP 017+018)</b>	<b>016</b>	<b>8.356.521,19</b>	<b>9.747.955,37</b>
10.1. Property, plant and equipment	017	8.356.521,19	9.747.955,37
10.2. Investment property	018		
<b>11. Tax assets (AOP 020+021)</b>	<b>019</b>	<b>104.305,99</b>	<b>204.547,10</b>
11.1. Current tax assets	020		
11.2. Deferred tax assets	021	104.305,99	204.547,10
<b>12. Other assets</b>	<b>022</b>	<b>466.682,32</b>	<b>384.274,32</b>
<b>13. Prepaid expenses and other accrued income</b>	<b>023</b>	<b>260.808,17</b>	<b>330.405,73</b>
<b>14. Non-current assets and disposal groups classified as held for sale</b>	<b>024</b>		
<b>15. TOTAL ASSETS (AOP 001 + 005 + 010 + 014 + 017 + 021 + 024 to 031)</b>	<b>025</b>	<b>823.989.730,21</b>	<b>934.928.199,36</b>
<b>Liabilities and equity</b>			
<b>16. Liabilities to credit institutions (AOP 027+028)</b>	<b>026</b>	<b>148.075.011,44</b>	<b>144.656.287,38</b>
16.1. On demand	027	6.743.913,51	4.472.968,25
16.2. With agreed maturity date or notice period	028	141.331.097,93	140.183.319,13
<b>17. Liabilities to customers (AOP 030+033)</b>	<b>029</b>	<b>563.855.282,85</b>	<b>667.762.922,16</b>
17.1. Secured deposits (AOP 031+032)	030	563.855.282,85	667.762.922,16
a) on demand	031	220.868.781,27	240.394.980,88
b) with agreed maturity date or notice period	032	342.986.501,58	427.367.941,28
17.2. Other liabilities to customers (AOP 034+035)	033	0,00	0,00
a) on demand	034		
b) with agreed maturity date or notice period	035		
<b>18. Issued debt securities</b>	<b>036</b>		
<b>19. Other liabilities</b>	<b>037</b>	<b>8.974.844,57</b>	<b>10.351.965,28</b>
<b>20. Accrued expenses and deferred income</b>	<b>038</b>	<b>503.958,15</b>	<b>534.647,08</b>
<b>21. Provisions (AOP 040+041)</b>	<b>039</b>	<b>1.081.937,32</b>	<b>815.549,24</b>
21.1. Provisions for pensions and similar obligations	040		
21.2. Other provisions	041	1.081.937,32	815.549,24
<b>22. Tax liabilities (AOP 043+044)</b>	<b>042</b>	<b>905.673,77</b>	<b>307.585,40</b>
22.1. Current tax liabilities	043	905.673,77	307.585,40
22.2. Deferred tax liabilities	044		
<b>23. Liabilities included in disposal groups classified as held for sale</b>	<b>045</b>		
<b>24. Subordinated liabilities</b>	<b>046</b>		
<b>25. Equity (AOP 048+049)</b>	<b>047</b>	<b>78.758.064,00</b>	<b>78.758.064,00</b>
25.1. Paid-in capital	048	78.758.064,00	78.758.064,00
25.2. Called-up capital unpaid	049		
<b>26. Share premium</b>	<b>050</b>		
<b>27. Other equity items</b>	<b>051</b>		
<b>28. (-) Treasury shares</b>	<b>052</b>		
<b>29. Reserves (AOP 054 to 057)</b>	<b>053</b>	<b>957.137,30</b>	<b>1.434.998,53</b>
29.1. Legal reserves	054	915.098,72	1.392.959,95
29.2. Statutory reserves	055		
29.3. Reserves for treasury shares	056		
29.4. Other reserves	057	42.038,58	42.038,58
<b>30. Revaluation reserves</b>	<b>058</b>		
<b>31. Accumulated other comprehensive income</b>	<b>059</b>		
<b>32. Retained earnings</b>	<b>060</b>	<b>11.320.596,17</b>	<b>20.399.959,58</b>
<b>33. Profit or loss for the current year</b>	<b>061</b>	<b>9.557.224,64</b>	<b>9.906.220,71</b>
<b>34. Minority interests</b>	<b>062</b>		
<b>35. TOTAL LIABILITIES AND EQUITY (AOP 026+029+036 to 039+042+045 to 047+050 to 053+058 to 062)</b>	<b>063</b>	<b>823.989.730,21</b>	<b>934.928.199,36</b>
<b>Off-balance-sheet items</b>			
<b>36. Loan commitments</b>	<b>064</b>	<b>29.840.641,59</b>	<b>49.963.698,44</b>
<b>37. Financial guarantees given</b>	<b>065</b>	<b>238.311.322,77</b>	<b>252.439.734,57</b>
<b>38. Other commitments</b>	<b>066</b>		
<b>39. TOTAL OFF-BALANCE-SHEET ITEMS (AOP 064 to 067)</b>	<b>067</b>	<b>268.151.964,36</b>	<b>302.403.433,01</b>

## Appendix 1 – Supplementary schedules for CNB

### CASH FLOW STATEMENT - Indirect method in the period from 01.01.2025. to 31.12.2025.

Amounts in EUR

Position name	AOP code	Previous period	Current period
1	2	4	5
<b>OPERATING ACTIVITIES AND ADJUSTMENTS</b>			
1. Profit / (loss) before tax	001	9.557.225	9.906.221
2. Impairment	002	402.262	-84.277
3. Depreciation	003	10.273.792	2.426.529
4. Net unrealised profit/(loss) from financial assets and liabilities at fair value through income statement	004		0
5. (Gains) / losses from sale of tangible assets	005		160.883
6. Other non-monetary items	006		
<b>Change from assets and liabilities from operating activities</b>			
7. Deposits with CNB	007	0	0
8. Deposits at financial institution and loans to financial institutions	008		
9. Loans to other clients	009	-23.141.584	-62.298.209
10. Financial assets at fair value through other comprehensive income	010	0	-37.911.955
11. Financial assets held for trading	011	-5.644.656	0
12. Non-trading financial assets mandatorily at fair value through profit or loss	012	2	0
13. Financial assets designated at fair value through profit or loss	013	0	0
14. Financial assets at amortised cost	014	0	0
15. Other assets from operating activities	015	-7.093.100	-3.797.483
<b>Net increase/(decrease) in operating liabilities</b>			
16. Deposits with banking institutions	016	0	11.573.607
17. Current accounts	017	23.449.420	17.255.254
18. Saving accounts	018	92	62
19. Time deposits	019	-9.344.538	46.618.774
20. Derivative financial liabilities and other financial liabilities held for sale	020	0	0
21. Other liabilities	021	-1.490.589	3.593.699
22. Unpaid interest from operating activities	022	0	0
23. Dividends received	023	0	0
24. Paid interest from operating activities	024	0	0
25. Paid income tax	025	1.994.328	-2.783.978
<b>A) Net cash inflow / (outflow) from operating activities (AOP001 do 025)</b>	<b>026</b>	<b>-1.037.346</b>	<b>-15.340.873</b>
<b>INVESTMENT ACTIVITIES</b>			
1. Cash receipts from (payments to acquire) tangible and intangible assets	027	-2.832.884	-1.922.914
2. Cash receipts from the disposal of (payments for the investment in) subsidiaries, associates and joint ventures	028	0	0
3. Cash receipts from sales of (cash payments to acquire) securities and other financial instruments from investment activities	029	-45.847.546	0
4. Dividends received	030	0	0
5. Other receipts from (payments for) investments	031	-691.414	0
<b>B) Net cash inflow / (outflow) from investment activities (AOP 027 do 031)</b>	<b>032</b>	<b>-49.371.844</b>	<b>-1.922.914</b>
<b>FINANCIAL ACTIVITIES</b>			
1. Net increase / (decrease) in received loans	033	45.527.609	25.041.218
2. Net increase / (decrease) of issued debt securities	034	0	0
3. Net increase / (decrease) of subordinated and hybrid instruments	035	0	0
4. Proceeds from issue of share capital	036	27.000.288	0
5. (Dividends paid)	037	0	0
6. Other proceeds (payments) from financing activities	038	0	0
<b>C) Net cash inflow / (outflow) from financial activities (AOP 033 do 038)</b>	<b>039</b>	<b>72.527.897</b>	<b>25.041.218</b>
<b>D) Net increase / (decrease) of cash and cash equivalents (AOP 026+032+039)</b>	<b>040</b>	<b>22.118.707</b>	<b>7.777.431</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>041</b>	<b>232.589.394</b>	<b>239.324.401</b>
<b>Effect of currency exchange rate conversion on cash and cash equivalents</b>	<b>042</b>		
<b>Cash and cash equivalents at the end of the year (AOP 040+041+042)</b>	<b>043</b>	<b>254.708.101</b>	<b>247.101.832</b>

## Appendix 1 – Supplementary schedules for CNB

STATEMENT OF CHANGES IN EQUITY in the period from 1.1.2025. to 31.12.2025.

Amounts in EUR

Position name	AOP code	Atributable to shareholders of the Bank											Minority interest		Total equity and reserves
		Share capital	Share premium	Equity instruments issued except capital	Other equity holdings	Accumulated other comprehensive income	Retained earnings/loss	Revaluation reserves	Other reserves	Treasury shares	Profit / loss attributable to owners of the parent company	Dividends during the business year	Accumulated other comprehensive income	Other items	
1	2	4	5	6	7	8	9	10	11	12	13	14	15	16	17 (4 to16)
<b>1. Balance at 1 January 2025</b>	<b>01</b>	78.758.064,00	0,00	0,00	0,00	0,00	20.877.820,81	0,00	957.137,30	0,00	0,00	0,00	0,00	0,00	100.593.022,11
2. Effect of error correction	02														0,00
3. Changes in accounting policies	03														0,00
<b>4. Restated balance at 1 January 2025 (001+002)</b>	<b>04</b>	78.758.064,00	0,00	0,00	0,00	0,00	20.877.820,81	0,00	957.137,30	0,00	0,00	0,00	0,00	0,00	100.593.022,11
5. Issuance of ordinary shares	05														0,00
6. Issuance of Preferred Shares	06														0,00
7. Issuance of other equity instruments	07														0,00
8. Execution or expiration of other issued equity instruments	08														0,00
9. Converting Debt to Owners instruments	09														0,00
10. Reduction of capital	10	0,00													0,00
11. Dividends	11														0,00
12. Purchase of treasury shares	12														0,00
13. Sale or cancellation of treasury shares	13														0,00
14. Reclassification of Financial Instruments from equity instruments in liabilities	14														0,00
15. Reclassification of Financial Instruments from liabilities to equity instruments	15														0,00
16. Transfers between components of equity instruments	16						-477.861,23		477.861,23						0,00
17. Increase or decrease in ownership instruments as a result of business combination	17														0,00
18. Share-based payments	18														0,00
19. Other increase or decrease in ownership instruments	19														0,00
20. Total comprehensive income for the current year	20					0,00	9.906.220,71								9.906.220,71
<b>Balance at 31 December 2025 (003+010+011+012+013+016)</b>	<b>21</b>	78.758.064,00	0,00	0,00	0,00	0,00	30.306.180,29	0,00	1.434.998,53	0,00	0,00	0,00	0,00	0,00	110.499.242,82

## Appendix 1 – Supplementary schedules for CNB

Statutory financial statements		Supplementary schedules for CNB				
Position name	Amount in EUR '000	Position name	AOP code	Amount in EUR '000	Difference	Explanation of difference
Interest and similar income	31.170	1. Interest income and similar income	068	31.410	- 240	Note 1,2,11
		1.1. of which: income from fixed-income securities	069	6.593		
Interest expense and similar charges	- 9.227	2. Interest expenses and similar expenses	070	- 9.451	224	Note 2 and 3
		3. Income from securities (AOP 072 to 074)	071	-		
		3.1. income from shares and other variable-yield securities	072	-		
		3.2. income from participating interests	073	-		
		3.3. income from shares in associated undertakings	074	-		
Fee and commission income	8.166	4. Fee and commission income	075	8.160	6	Note 1 and 11
Fee and commission expense	- 900	5. Fee and commission expenses	076	- 911	11	Note 3 and 11
Net gains/(losses) on derecognition of financial assets measured at amortised cost	1.398	6. Net profit or loss from financial activities	077	2.077		
Net gains from translation of monetary assets and liabilities, fixing of CHF rate and foreign exchange spot trading	375				- 8	Note 4 and 11
Net gains/(losses) on derecognition of financial assets measured through FV/TPL	296					
Other income	212	7. Other operating income	078	317	- 105	Note 5, Note 4, Note 8, Note 10 and Note 11
		7.1. of which: gains and losses arising from derecognition of financial assets measured at amortised cost	079	-	-	
Statutory financial statements		Supplementary schedules for CNB				
Position name	Amount in EUR '000	Position name	AOP code	Amount in EUR '000	Difference	Explanation of difference
		8. General administrative expenses (AOP 081+082)	080	- 19.327		
Staff costs	- 11.267	8.1. staff costs	081	- 11.698	431	Note 5, Note 7 and Note 11
Other administrative expenses	- 5.777	8.2. other administrative expenses	082	- 7.629	- 574	Note 6, Note 7 and Note 11
Depreciation and amortisation	- 2.426					
		9. Impairment or reversal of impairment of intangible and tangible assets	083			
		10. Other operating expenses	084	- 262	262	Note 6 and Note 8
Impairment losses and provisions	- 28	11. Provisions or reversal of provisions (AOP 086+087)	085	84		
		11.1. provisions for assumed liabilities and guarantees	086	-		
		11.2. other provisions	087	- 176	134	Note 9 and 10
		12. Impairment or reversal of impairment of loans and advances	088	- 92		
		13. Impairment or reversal of impairment of securities and participating interests and shares in associated undertakings	089	106		
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>11.992</b>	14. Profit or loss before tax from continuing operations	090	11.992	-	
Income tax expense	- 2.086	15. Tax expense or income related to profit or loss from continuing operations	091	-2.086	-	
<b>PROFIT FOR THE YEAR</b>	<b>9.906</b>	16. PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	092	9.906	-	

Note 1: Difference of EUR -7 thousand of Interest income from placements to non-banking financial institutions is presented within Fees nad commision income for CNB reporting

Note 2: Difference of EUR -234 of Cancellation interest with premature deliverance of deposit is presented in interest expense in financial statmenets

Note 3: Difference of EUR -10 thousand of Expenses based on commissions/fees for banking services of residents is presented within Fees nad commision expense for CNB reporting

Note 4: Diference in EUR -7 thousand of foreign exchange differences in relation to dealing with foreign currencies reclassified to Exchange differences [gain or (-) loss], net for CNB reporting

Note 5: Difference in income from reversal of unused vacation day provision (EUR -110 thousand) included in staff costs in statutory financial statements

Note 6: Difference of EUR 253 thousand of other expenses is presented in other administrative expenses in financial reporting

Note 7: Difference of EUR 320 thousand of other expenses is presented in other administrative expenses in financial reporting

Note 8: Difference of EUR 9 thousand of Net book value of disposed (or sold) property, plant and equipment is presented in Other Income financial statmenets

Note 9: Difference of EUR -50 of provisions and reversal of provisions for court cases

Note 10: Difference of EUR 6 of write off provision are presented in Impairment losses and provisions in Financial statements

Note 11: Rounding difference

## Appendix 1 – Supplementary schedules for CNB

Statutory financial statements		Supplementary schedules for CNB				
Name of line	Amount in EUR '000	Name of position	AOP code	Amount in EUR '000	Difference	Explanation of difference
<b>ASSETS</b>		<b>ASSETS</b>				
Cash and current accounts with banks	23.948	<b>1. Cash in bank and in hand</b>	<b>001</b>	<b>247.102</b>	-223.154	Note 1, Note 4, Note 5 and Note 6
Placements with other banks	244.031				244.031	Note 1, Note 2 and Note 3
		2. Treasury bills and other short-term securities eligible for refinancing with central banks (AOP 003+004)	<b>002</b>	0		
		2.1. Treasury bills and similar securities	<b>003</b>	0		
		2.2. Other short-term securities	<b>004</b>	0		
		<b>3. Loans and advances to credit institutions (AOP 006+007)</b>	<b>005</b>	<b>58.726</b>	-58.726	Note 2, Note 4, Note 7, Note 8, Note 9 and Note 10
		3.1. On demand	<b>006</b>	<b>4.192</b>		
		3.2. Other loans and advances	<b>007</b>	<b>54.534</b>		
Loans to and receivables from customers	411.576	<b>4. Loans and advances to customers</b>	<b>008</b>	<b>402.653</b>	8.923	Note 3, Note 5, Note 9, Note 11, Note 12, Note 13 and Note 23
Financial investments held for trading	8.797	<b>5. Debt securities, including fixed-income securities (AOP 010+011)</b>	<b>009</b>	<b>212.475</b>	28.373	Note 7, Note 8 and Note 11
Financial assets at fair value through other comprehensive income	-	5.1. Issued by government bodies	<b>010</b>	<b>198.993</b>		
Financial investments at amortised cost	232.051	5.2. Other debt securities	<b>011</b>	<b>13.482</b>		
		<b>6. Shares and other variable-yield securities</b>	<b>012</b>	<b>0</b>		
		<b>7. Participating interests</b>	<b>013</b>	<b>0</b>		
		<b>8. Investments in associated undertakings</b>	<b>014</b>	<b>0</b>		
Intangible assets	4.622	<b>9. Intangible assets</b>	<b>015</b>	<b>3.305</b>	1.317	Note 14
Property, plant and equipment	6.046	<b>10. Tangible assets (AOP 017+018)</b>	<b>016</b>	<b>9.748</b>	-1.317	Note 14
Right of use assets	2.385	10.1. Property, plant and equipment	<b>017</b>	<b>9.748</b>		
		10.2. Investment property	<b>018</b>	<b>0</b>		
Deferred tax asset	205	<b>11. Tax assets (AOP 020+021)</b>	<b>019</b>	<b>205</b>	0	
		11.1. Current tax assets	<b>020</b>	<b>0</b>		
		11.2. Deferred tax assets	<b>021</b>	<b>205</b>		
Other assets	1.175	<b>12. Other assets</b>	<b>022</b>	<b>384</b>	791	Note 6, Note 10, Note 12, Note 15, Note 16 and Note 23
Foreclosed assets	74				74	Note 15
		<b>13. Prepaid expenses and other accrued income</b>	<b>023</b>	<b>330</b>	-330	Note 16
		<b>14. Non-current assets and disposal groups classified as held for sale</b>	<b>024</b>	<b>0</b>	0	
<b>TOTAL ASSETS</b>	<b>934.910</b>	<b>15. TOTAL ASSETS (AOP 001 + 005 + 010 + 014 + 017 + 021 + 024 to 031)</b>	<b>025</b>	<b>934.928</b>	-18	

## Appendix 1 – Supplementary schedules for CNB

Statutory financial statements		Supplementary schedules for CNB			Difference	Explanation of difference
Name of line	Amount in EUR '000	Name of position	AOP code	Amount in EUR '000		
<b>LIABILITIES</b>		<b>LIABILITIES</b>				
Current accounts and deposits from banks and financial institutions	51.863	<b>16. Liabilities to credit institutions (AOP 027+028)</b>	<b>026</b>	144.656	-92.793	Note 17 and Note 19
		16.1. On demand	027	4.473		
		16.2. With agreed maturity date or notice period	028	140.183		
Interest-bearing borrowings	175.630				175.630	Note 17, Note 18 and Note 23
Current accounts and deposits from customers	584.925	<b>17. Liabilities to customers (AOP 030+033)</b>	<b>029</b>	667.763	-82.838	Note 18 and Note 19
		17.1. Secured deposits (AOP 031+032)	030	667.763		
		a) on demand	031	240.395		
		b) with agreed maturity date or notice period	032	427.368		
		17.2. Other liabilities to customers (AOP 034+035)	033	0		
		a) on demand	034	0		
		b) with agreed maturity date or notice period	035	0		
		<b>18. Issued debt securities</b>	<b>036</b>	0		
Other liabilities	10.955	<b>19. Other liabilities</b>	<b>037</b>	10.352	603	Note 20 and Note 21
		<b>20. Accrued expenses and deferred income</b>	<b>038</b>	535	-535	Note 13 and Note 20
Provisions for liabilities and charges	730	<b>21. Provisions (AOP 040+041)</b>	<b>039</b>	816	-86	Note 21
		21.1. Provisions for pensions and similar obligations	040	0		
		21.2. Other provisions	041	816		
Income tax liability	308	<b>22. Tax liabilities (AOP 043+044)</b>	<b>042</b>	308	0	
		22.1. Current tax liabilities	043	308		
		22.2. Deferred tax liabilities	044	0		
		<b>23. Liabilities included in disposal groups classified as held for sale</b>	<b>045</b>	0		
		<b>24. Subordinated liabilities</b>	<b>046</b>	0		
Issued share capital	78.758	<b>25. Equity (AOP 048+049)</b>	<b>047</b>	78.758	0	
		25.1. Paid-in capital	048	78.758		
		25.2. Called-up capital unpaid	049	0		
		<b>26. Share premium</b>	<b>050</b>	0		
		<b>27. Other equity items</b>	<b>051</b>	0		
		<b>28. (-) Treasury shares</b>	<b>052</b>	0		
Legal and other reserves	1.435	<b>29. Reserves (AOP 054 to 057)</b>	<b>053</b>	1.435	0	
Fair value reserve	-	29.1. Legal reserves	054	1.393		
		29.2. Statutory reserves	055	0		
		29.3. Reserves for treasury shares	056	0		
		29.4. Other reserves	057	42		
		<b>30. Revaluation reserves</b>	<b>058</b>	0		
		<b>31. Accumulated other comprehensive income</b>	<b>059</b>	0		
Accumulated loss	30.306	<b>32. Retained earnings</b>	<b>060</b>	20.400	9.906	Note 22
		<b>33. Profit or loss for the current year</b>	<b>061</b>	9.906	-9.906	Note 22
		<b>34. Minority interests</b>	<b>062</b>	0		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>934.910</b>	<b>35. TOTAL LIABILITIES AND EQUITY (AOP 026+029+036 to 039+042+045 to 047+050 to 053+058 to 062)</b>	<b>063</b>	<b>934.928</b>	-18	

## Appendix 1 – Supplementary schedules for CNB

Note 1: Difference of EUR 233,666 thousand placements to other banks is presented in Financial statements in Placemnets with other banks

Note 2: Difference of EUR 9,686 thousand placements to other banks is presented in Financial statements in Loans and advances to credit institutions

Note 3: Difference of EUR 679 thousand placements to other banks is presented in Financial statements in Loans and advances to customers

Note 4: Difference of EUR -10,517 thousand cash and current accounts with banks is presented in Loans and advances to credit institutions in CNB reporting

Note 5: Difference of EUR 6 thousand cash and current accounts with banks is presented in Loans and advances to customers in CNB reporting

Note 6: Difference of EUR -1 thousand cash and current accounts with banks is presented in Other assets in CNB reporting

Note 7: Difference of EUR 27.155 thousand of Forfating and reservation is presented in Debt securities, including fixed-income securities in CNB reporting

Note 8: Difference of EUR -67 thousand of Financial investments helld for trading is presented Loans and advances to credit institutions in CNB reporting

Note 9: Difference of EUR 11,029 thousand of Loans to credit institutions is presented in Financial statements in Loans and advances to customers

Note 10: Difference of EUR 406 thousand of Receivables from credit cards and garanties is presented in Financial statements in Other assets

Note 11: Difference of EUR 1,285 thousand of Factoring and reservation is presented in Financial statements Financial investments at amortised cost

Note 12: Difference of EUR 131 thousand of Other receivables is presented in Financial statements Other Assets

Note 13: Difference of EUR 18 thousand of deferred income is presented in Accrued expenses and deferred income in CNB reporting

Note 14: Difference of EUR 1,317 thousand of investment in rented roperties is presented in Intangible assets in CNB reporting

Note 15: Difference of EUR 74 thousand of Foreclosed assets is Presented in Other assets in CNB reporting

Note 16: Difference of EUR -330 thousand of Prepaid expenses is Presented in Prepaid expenses and other accrued income in CNB reporting

Note 17: Difference of EUR 110,273 thousand thousand of Interest-bearing borrowings is presented in Liabilities to credit institutions in CNB reporting

Note 18: Difference of EUR 65,358 thousand of Interest-bearing borrowings is presented in Liabilities to customers in CNB reporting

## **Appendix 1 – Supplementary schedules for CNB (continued)**

Note 19: Difference of EUR 17,480 thousand of Liabilities to nonbanking institutions is presented in Liabilities to customers in CNB reporting

Note 20: Difference EUR 517 Accrued expenses and deferred income is presented in Financial statements as Other liabilities

Note 21: Difference EUR 86 of Unused vacations is presented as Provisions in CNB reporting

Note 22: Difference EUR 9.906 Profit for the year is a separate line of equity for CNB reporting

Note 23: Rounding Difference

## Appendix 2

### Disclosures in accordance with Article 164 of the Credit Institutions Act

Pursuant to Article 164 of the Credit Institutions Act, the Bank discloses following information:

- 1) The Bank is licensed for the following services:
  - receiving deposits or other repayable funds,
  - lending, including consumer lending, mortgage loans and, where permitted under a special law, financing of commercial transactions, including export finance based on the purchase at a discount without recourse of long-term, non-matured receivables collateralized with a financial instrument (forfeiting),
  - repurchase of receivables with or without recourse (factoring),
  - issuance of guarantees or other sureties,
  - payment services in accordance with special laws,
  - services related to lending, such as collecting data, making analyzes and providing information on the creditworthiness of legal and natural persons who independently perform the activity,
  - renting safety deposit boxes,
  - intermediary services in money market transactions,
  - receiving deposits or other repayable funds from the public and approving loans from these funds, for the Bank's own account
  - issuing other payment instruments and managing them if the providing of these services is not considered as providing of payment services in accordance with special laws,
  - issuing of electronic money,
  - representing in insurance
  - trading for its own account or for a client's account in:
    - money market instruments,
    - transferable securities,
    - foreign payment transactions, including exchange transactions,
    - financial terms and options,
    - currency and interest instruments
- 2) The total revenue of the Bank in 2025 amounted to EUR 31,490 thousand;
- 3) The Bank employs 276 full-time employees;
- 4) Profit before tax in 2025 amounted to EUR 11,992 thousand;
- 5) Income tax in 2025 amounted to EUR 2,086 thousand;
- 6) During 2025, the Bank did not receive public subsidies.