



AUDITED FINANCIAL STATEMENTS AGRAM BANKA D.D.

For the period from 1 January
2025 to 31 December 2025

Zagreb, 27 March 2026

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STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

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

The annual questionnaire for the 2025 financial year will be available on the Bank's website, www.agrambanka.hr, and on the website of the Zagreb Stock Exchange, www.zse.hr, in accordance with the deadlines and obligations set out in the Ordinance on Data Related to Corporate Governance that issuers are required to submit to the Croatian Financial Services Supervisory Agency, as well as on the form, deadlines, and manner of submission ("Official Gazette", Nos. 59/2020 and 12/2023). The annual questionnaire reflects the status and practice of corporate governance in the Bank in relation to the recommendations contained in the Corporate Governance Code, including explanations and justifications of any deviations, should they occur.

Corporate governance in the Bank is implemented in full compliance with the legislative framework, and above all through an established corporate culture and the personal integrity of management and employees.

In line with the consistent application of the principles of the Code, the Bank develops and operates in accordance with good corporate governance practices and, through its business strategy, policies, key internal acts, and business practices, seeks to contribute to transparent and efficient operations and to stronger relationships with the business environment in which it operates.

With the aim of protecting the interests of all investors, shareholders, clients, employees, and other stakeholders, the Bank has established high standards of corporate governance.

The Bank's Articles of Association prescribe the rules governing the appointment, term of office, and dismissal of members of the Supervisory Board and the Management Board. The Management Board manages and conducts the Bank's operations, which includes undertaking all actions and decisions aimed at the successful conduct of business, while the Supervisory Board acts as the supervisory body to which the Management Board is accountable.

In accordance with applicable legal regulations, the Bank has prepared the Statement on the Application of the Corporate Governance Code for 2025, confirming its operations and development in line with good corporate governance practices across all segments of its business.

Information on significant shareholders of the Company is provided within the overview of the ownership structure. A description of the main elements of the internal control and risk management systems in relation to the financial reporting process, as well as information on the composition and activities of the Management Board and the Supervisory Board, is provided in the continuation of this Report.



MANAGEMENT REPORT ON THE BANK'S OPERATIONS IN 2025

Zagreb, 27 March 2026

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1. INTRODUCTION

Dear clients and business partners, esteemed shareholders and employees,
the Management Board of Agram banka d.d. is pleased to present this Management Report on the Bank's operations in 2025.

2. MANAGEMENT BORD AND SUPERVISORY BORD OF THE BANK



Veselko Čepo
Member of the
Management Board

Nataša Jakić Felić
President of the
Management Board

Dario Križić
Memeber of the
Management Board

MANAGEMENT BOARD

PRESIDENT: Nataša Jakić Felić
MEMBER: Veselko Čepo
MEMBER: Dario Križić

SUPERVISORY BOARD

PRESIDENT: Ante Penić
DEPUTY CHAIR: Ankica Čeko
MEMBERS: Branka Klopović , Prof.dr.sc. Silvije Orsag, Stojan Štironja

3. OPERATIONS OF AGRAM BANK D.D.

Agram banka d.d. (hereinafter referred to as the Bank) was established as a joint-stock company in accordance with the applicable legislation of the Republic of Croatia. It was registered with the Commercial Court in Zagreb in 1994 (as Kreditna banka Zagreb d.d., and on 28 December 2018 it changed its name to Agram banka d.d.). The Bank's registered office is in Zagreb, at Ulica grada Vukovara 74.

The Bank's core business includes all types of deposit and lending activities for legal and natural persons, domestic and international payment transactions, issuance of guarantees, avals and other forms of sureties, purchase of receivables with or without recourse, financial leasing, payment services in accordance with special laws, safe deposit box services, credit-related services such as data collection, analysis preparation, issuance and management of other payment instruments, custody services for financial instruments, trading in securities, investment and ancillary services and activities prescribed by the Capital Market Act, as well as other banking operations.

The Bank also performs insurance intermediation activities in accordance with the law governing insurance, specifically the part relating to insurance mediation services for banks, based on the approval dated 14 February 2007.

The Bank operates through 6 branches, i.e. a business network of 23 branch offices at the following locations:

Zagreb Branch

- Zagreb Branch, Ulica grada Vukovara 74
- Zagreb Branch, Koledinečka 1
- Zvijezda Branch, Zagreb, Marijana Čavića 1.
- Jastrebarsko Branch, Šetalište braće Kazića 2
- Velika Gorica Branch, Slavka Kolara 17A
- Karlovac Branch, Prilaz Većeslava Holjevca 2A
- Kutina Branch, Školska ulica 11
- Sisak Branch, Frane Lovrića 17A
- Zaprešić Branch, Mihovila Krušlina 14
- Varaždin Branch, Zagrebačka 63

Split Branch

- Split Branch, Varaždinska 54
- Split Branch, Matice Hrvatske 1
- Makarska Branch, Obala kralja Tomislava 15A
- Sinj Branch, Trg Dr. Franje Tuđmana 5

Zadar Branch

- Zadar Branch, Obala kneza Branimira 5

Rijeka Branch

- Rijeka Branch, Riva 8
- Poreč Branch, Ulica Alda Negria 3

Osijek Branch

- Osijek Branch, Vukovarska cesta 31
- Slavonski Brod Branch, Petra Svačića 1A
- Vinkovci Branch, Ulica bana Jelačića 3

Dubrovnik Branch

- Dubrovnik Branch, Dr. Ante Starčevića 20
- Opuzen Branch, Tisno b. b.

Agram Bank d.d. has no branches in EU Member States or third countries; it conducts its business exclusively within the territory of the Republic of Croatia.



3.1. BUSINESS ENVIRONMENT AND FINANCIAL RESULTS FOR 2025

Global economy in 2025 continued to grow at a moderate pace, accompanied by a gradual easing of inflationary pressures and the adjustment of monetary policies by leading central banks. Following a period of strong inflationary pressures in 2022 and 2023, and the initial easing of inflation during 2024, 2025 saw a continued trend of gradual convergence towards the target levels set by monetary authorities. However, inflation remained relatively elevated in certain sectors, particularly in the services sector and in the labour markets of advanced economies.

In such an environment, monetary policies of major global central banks gradually adjusted to new macroeconomic conditions. After initiating monetary policy easing cycles during 2024, central banks continued in 2025 with gradual reductions in interest rates, while maintaining a cautious approach to avoid renewed inflationary pressures. The European Central Bank continued adjusting monetary conditions to support economic growth in the euro area, while simultaneously safeguarding price stability and the financial system. A similar approach was taken by the United States Federal Reserve, which paid particular attention to labour market developments and inflation dynamics when making monetary policy decisions.

Financial markets in 2025 were characterized by gradual stabilization, but also by occasional periods of volatility caused by geopolitical tensions and uncertainty regarding economic developments. Investment activity gradually recovered, while financing costs remained higher compared to the period prior to the start of the interest rate hiking cycle.

The geopolitical environment continued to represent an important source of uncertainty for the global economy. The war in Ukraine during 2025 continued to affect Europe's security situation as well as the stability of energy and commodity markets. In addition, tensions in certain regions of the world, particularly the Middle East and relations between major global powers, continued to pose a potential source of instability in international markets. Such circumstances influenced corporate investment decisions and global capital flows.

The Croatian economy in 2025 continued to record stable economic growth, albeit at somewhat more moderate rates compared to the strong post-pandemic recovery period. GDP growth was primarily driven by strong domestic demand, favourable labour market developments, and continued investments in both the public and private sectors. Funds from the European Union played an especially important role in investment activity, contributing to projects in infrastructure, energy, digitalisation, and the green transition.

The labour market in Croatia remained strong in 2025, with a high level of employment and a relatively low unemployment rate. Wage growth, driven by labour shortages in certain sectors and increases in the minimum wage, further supported household consumption. At the same time, the shortage of skilled labour continued to represent one of the main structural challenges of the Croatian economy, particularly in tourism, construction, manufacturing, and information and communication technology sectors.

Tourism remained one of the key drivers of economic growth in Croatia during 2025. Tourist demand remained stable, with continued strong interest from foreign visitors in Croatia as a destination. Tourism revenues continued to make a significant contribution to economic activity and to the stability of the country's balance of payments.

Inflation in 2025 continued to gradually decelerate compared to previous years, supported by stabilisation of energy prices and a reduction in global inflationary pressures. Although inflation remained above the long-term price stability target, its dynamics were significantly more moderate than in the period immediately following the energy and inflation shock.

Fiscal indicators of the Republic of Croatia remained stable. The public debt-to-GDP ratio continued its gradual downward trend, further contributing to macroeconomic stability. Stable economic and fiscal trends supported the maintenance of Croatia's credit rating within the investment grade category by leading international credit rating agencies, thereby improving financing conditions for both the state and the economy.

The Croatian banking system continued to demonstrate a high level of stability and resilience in 2025. Banks operated profitably, with strong capital adequacy and liquidity levels. The quality of the loan portfolio remained stable, and the share of non-performing loans remained relatively low compared to previous periods.

Credit activity remained solid, particularly in household lending and corporate investment financing. The gradual reduction in interest rates during 2025 partially affected banks' interest income dynamics, but also contributed to increased demand for loans and investment activity in the economy.

Digital transformation of the banking sector remained one of the key development trends. Banks continued investing in digital distribution channels, process automation, and the implementation of advanced technologies, including data analytics and artificial intelligence. The objective of these investments was to enhance operational efficiency, improve customer experience, and strengthen market competitiveness.

At the same time, the banking sector faced increasing regulatory requirements, particularly in the areas of risk management, consumer protection, sustainable finance, and cybersecurity. Compliance with new regulatory standards requires continuous investment in risk management systems, IT infrastructure, and staff development.

Despite challenges arising from global economic developments and geopolitical uncertainties, the Croatian financial system remained stable and resilient in 2025 and continued to provide significant support to economic activity and the development of the real sector.

In the following part of this Report, we present a brief overview of Agram banka d.d.'s operations during 2025. The results achieved in 2025 give us grounds for satisfaction, as Agram banka d.d. once again exceeded its planned business targets. As this result represents an excellent achievement, we would like to thank all participants, our loyal clients, and especially our employees whose dedicated work contributed to this success.

During 2025, the Bank successfully managed its balance sheet in conditions of a changing global and local environment. Total assets increased slightly by 1.1% compared to the end of 2024, reaching a historical level of EUR 638.6 million. The strategic focus was directed towards strengthening liquidity and capitalisation. Funds raised were primarily used to build a portfolio of financial assets with acceptable credit risk, while simultaneously adjusting the structure of the loan portfolio in favour of smaller average exposures with acceptable returns, secured by adequate collateral instruments. This shift towards such exposures enabled the Bank to achieve an optimal return at a different level of credit risk compared to traditional lending operations, while at the same time preserving the stability of the loan portfolio, which remained at EUR 339 million. Although this approach temporarily placed pressure on margins, it ensured a higher level of stability and liquidity for the Bank, which is essential in a changing macroeconomic environment.

In the reporting period, operating income amounted to nearly EUR 22.7 million, representing a decrease of 2.2% compared to the same period of the previous year. On the other hand, total expenses increased by 8.9% compared to the previous year, reaching EUR 14.2 million. As a result, profit before tax amounted to EUR 8.5 million, while net profit for the current year reached EUR 7.1 million. Compared to 2024, this represents a decrease in net profit of approximately 19.4%. Although at first glance this reduction in net profit appears significant, it is in line with the business plan and fully reflects trends present across the Croatian banking system, characterised by stabilisation of interest rates and a significant increase in operating costs driven by rising labour costs and inflationary pressures.

Net interest income, which represents the largest share of income, amounted to EUR 16.2 million and decreased by 5.9%. This decline was driven by the expected market normalisation resulting from a general decrease in interest rates, which primarily affected the Bank's asset-side interest rates. At the same time, due to the extension and diversification of liabilities, the Bank's funding (liability-side) interest rates did not decrease to the same extent. Nevertheless, this decline remains above planned levels, as the 2025 business plan assumed a reduction in overnight and benchmark interest rates on the asset side, as well as a more successful stabilisation of liabilities through diversification and extension of maturities, in response to government securities issuances offered to retail investors, alongside a strategic focus on maintaining adequate liquidity and capitalisation through the formation of appropriately secured exposures under these changing macroeconomic conditions.

Net fee and commission income amounted to nearly EUR 4 million, representing a growth of 1.7%, thus making a positive contribution to the result.

Net trading income and other income and expenses amounted to just over EUR 2.5 million and recorded strong growth of 21.1%, mainly driven by gains on financial assets, which helped offset the decline in net interest income.

Impairment charges and provisions for losses amounted to EUR 1.4 million, increasing by nearly EUR 420 thousand compared to 2024. This increase is the result of the absence of positive effects in 2025, unlike 2024 when reversals of impairments and provisions positively impacted the result.

Profit from the sale of assets held for sale amounted to EUR 600 thousand, representing an increase of 45% compared to the previous year.

Summary of Indicators

in 000 EUR	31 Dec 2025
ASSETS	638,568
LOANS	338,915
DEPOSITS	522,187
REGULATORY CAPITAL	70,348
INCOME	32,234
PROFIT BEFORE TAX	8,542
BANK RANKING IN CROATIA (by total assets)*	11
BANK RANKING IN CROATIA (by net profit)*	10

* Source: CNB, data on credit institutions' operations, on December 31, 2025 (preliminary unaudited data)

STATEMENT OF FINANCIAL POSITION

total assets of the Bank at the end of 2025 amounted to EUR 638.6 million, representing a 1% increase compared to the end of 2024. During the year, the structure of assets remained stable, with certain changes in the allocation of liquid assets and investments in securities.

Loans to customers remained at approximately the same level as in the previous year, amounting to EUR 338.9 million, which represents 53% of the Bank's total assets. The stability of the loan portfolio is the result of a balanced approach to lending activity, while maintaining conservative credit risk management criteria.

The most significant relative increase on the asset side was recorded in financial assets measured at fair value through other comprehensive income, which increased by 69% to EUR 60.1 million. This growth primarily resulted from increased investments in debt securities with investment-grade ratings, further diversifying the Bank's asset structure and optimising liquidity management.

At the same time, placements with other banks decreased by 50%, from EUR 39.5 million to EUR 19.6 million, as a result of adjustments in the structure of liquid assets and the reallocation of part of the funds into securities with more favourable yields.

Funds held with the Croatian National Bank increased to EUR 116.7 million, or by 11% compared to the previous year, reflecting the maintenance of a stable liquidity position in line with regulatory requirements and liquidity risk management policy.

On the non-current assets side, property, plant and equipment and intangible assets remained stable at EUR 11.5 million, while investment property decreased to EUR 4.1 million, as a result of regular depreciation, portfolio management of real estate assets, and the sale of non-operational property.

ASSETS (in EUR '000)	2025	2024	Index 25/24
Cash and balances with the Croatian National Bank	116,687	105,101	111
Placements with other banks	19,593	39,455	50
Financial assets mandatorily measured at fair value through profit or loss	8,444	8,010	105
Assets measured at fair value through other comprehensive	60,143	35,652	169
Loans to customers	338,915	337,827	100
Debt securities measured at amortised cost	70,478	80,750	87
Tangible and intangible assets	11,549	11,353	102
Investment property	4,112	4,674	88
Other assets	8,647	8,568	101
Total assets	638,568	631,390	101

On the liabilities side of the balance sheet, customer deposits continue to hold the dominant position, amounting to EUR 522.2 million and representing 82% of the Bank's total funding sources. Compared to the end of 2024, deposits increased by 18%, which is in line with the Bank's plan and business policy, but also confirms strong client confidence and the stability of the deposit base.

At the same time, during 2025 there was a significant decrease in borrowings, which declined by EUR 74.4 million, to EUR 25.9 million. This change is the result of the Bank's strategy to optimise its funding structure, with a greater reliance on stable deposit-based sources of financing.

The reduction in reliance on external funding sources, together with the extension of maturities and diversification of funding sources, further contributes to the stability of liabilities and reduces refinancing risk.

Other liabilities amount to EUR 9.0 million, while provisions for potential liabilities decreased to EUR 1.5 million, reflecting stable management of potential exposures and assessed risks.

LIABILITES (in EUR '000)	2025	2024	Index 25/24
Deposits from customers	522,187	443,358	118
Borrowings	25,884	100,238	26
Issued subordinated and hybrid instruments	7,085	7,083	100
Other liabilities	9,043	8,738	103
Provisions for potential liabilities	1,502	1,652	91
Total liabilities	565,701	561,069	101

The total equity of the Bank at the end of 2025 amounted to EUR 72.9 million, representing an increase of 4% compared to 2024.

Share capital and capital surplus remained unchanged, while reserves and retained earnings increased by 16%, reaching EUR 33.8 million, primarily as a result of retaining part of the profit generated in previous periods.

Net profit for 2025 amounted to EUR 7.1 million, slightly lower than in the previous year. Accumulated other comprehensive income decreased to EUR 122 thousand due to negative changes in the valuation of financial assets measured through other comprehensive income.

The Bank's overall capital position remains stable and continues to provide a solid foundation for further business development and absorption of potential risks.

EQUITY (in EUR '000)	2025	2024	Index 25/24
Share capital	25,191	25,191	100
Share premium	6,708	6,708	100
Profit/loss for the current year	7,065	8,767	81
Reserves and retained earnings	33,781	29,181	116
Accumulated other comprehensive income	122	474	26
Total equity	72,867	70,321	104
Total equity and liabilities	638,568	631,390	101

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Bank's operating results in 2025 reflect trends in the macroeconomic environment, characterised by a gradual decrease in interest rates, inflationary pressures on operating costs, and changes in the structure of income.

Total income of the Bank in 2025 amounted to EUR 32.2 million. Interest income continues to dominate the income structure, accounting for 71% of total income and amounting to EUR 22.9 million. Compared to the previous year, interest income decreased by EUR 942 thousand, primarily due to lower income from deposits with the central bank as a result of declining benchmark interest rates. On the other hand, interest expenses slightly increased, amounting to EUR 6.8 million, or 1% more than in 2024. The combination of lower interest income and stable interest expenses resulted in a 6% decrease in net interest income, to EUR 16.2 million.

Fee and commission income continued its stable growth, amounting to EUR 5.8 million in 2025, representing a 5% increase compared to the previous year. The largest portion of these revenues is generated from corporate banking, payment services, and retail banking services. At the same time, fee and commission expenses grew somewhat faster, by 11%, mainly due to increased costs related to payment systems and the use of financial infrastructure. Despite this, net fee and commission income increased by 2% and amounted to EUR 3.95 million,

In 2025, the Bank recorded EUR 273 thousand in profit from foreign currency trading, while a significant increase was recorded in gains from financial assets mandatorily measured at fair value through profit or loss, which amounted to EUR 1.29 million, significantly higher than in the previous year. Total net income from core operations amounted to EUR 23.6 million, at the same level as the previous year. Total operating expenses in 2025 amounted to EUR 13.7 million, representing an increase of 11% compared to 2024.

The increase in expenses is primarily the result of inflationary pressures on operating costs, continuous growth in labour costs, and investments in process improvements and regulatory compliance.

Impairment losses and provisions amounted to EUR 1.4 million, which is EUR 420 thousand more than in the previous year, reflecting a conservative approach to credit risk assessment and potential losses.

Profit before tax in 2025 amounted to EUR 8.5 million, representing a 19% decrease compared to 2024. After income tax of EUR 1.48 million, the Bank's net profit for 2025 amounted to EUR 7.07 million.

Within other comprehensive income, a smaller impact from the revaluation of financial assets measured through other comprehensive income was recorded compared to the previous year, resulting in total comprehensive income of EUR 7.2 million for 2025.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (in EUR '000)	2025	2024	Index 25/24
Interest income and similar income	22,964	23,906	96
Interest expenses and similar expense	(6,755)	(6,687)	101
Net interest income	16,209	17,219	94
Fee and commission income	5,781	5,529	105
Fee and commission expenses	(1,834)	(1,649)	111
Net fee and commission income	3,947	3,880	102
Net profit from foreign currency trading	273	293	93
Net gain/loss on financial assets mandatorily measured at fair value through profit or loss	1,290	446	289
Profit/loss from foreign exchange differences	(21)	(10)	208
Other operating income	1,927	2,098	92
Net income from core operations	23,625	23,926	99
Operating expenses	(13,659)	(12,317)	111
Impairment losses and provisions	(1,423)	(1,003)	142
Profit/loss before tax	8,542	10,606	81
Income tax	(1,477)	(1,839)	80
Net profit/loss for the year	7,065	8,767	81
Unrealised gain from valuation of financial assets through other comprehensive income	122	474	26
Total comprehensive income	7,187	9,241	78

INTEREST INCOME (in EUR '000)	2025	2024	Index 25/24
Loans to corporates	8,925	9,870	90
Loans to households	7,973	6,980	114
Debts securities	2,972	2,824	105
Other entites	3,094	4,232	73
Total interest income	22,964	23,906	96

INTEREST EXPENSES (in EUR '000)	2025	2024	Index 25/24
Households	3,414	3,220	106
Corporates	1,580	1,634	97
Financial institutions	1,574	1,672	94
Other entites	44	35	126
Non-residnets	143	126	113
Total interest expenses	6,755	6,687	101

FEE AND COMMISSION INCOME (in EUR '000)	2025	2024	Index 25/24
Fees and commissions from corporates	3,008	2,920	103
Fees and commissions from households and entrepreneurs	1,303	1,280	102
Fees and commissions from financial institutions	1,470	1,329	111
Total fee and commission income	5,781	5,529	105

FEE AND COMMISSION EXPENSES (in EUR '000)	2025	2024	Index 25/24
Fee and commissions for payment system services in the country	1,236	1,190	104
Other fees and commissions	598	459	130
Total fee and commission expenses	1,834	1,649	111

3.2. EXPECTATIONS FOR 2026

Expectations for 2026 are marked by moderate optimism, while uncertainties in the global economic and geopolitical environment remain present. The global economy is expected to continue growing at a stable but moderate pace, accompanied by a gradual easing of inflationary pressures and further adjustments in the monetary policies of leading central banks.

Inflation in most advanced economies is expected to continue its stabilisation trend during 2026, gradually approaching the target levels set by monetary authorities. Such developments would provide central banks with additional room for a gradual easing of monetary policy, while maintaining a cautious approach to prevent a renewed build-up of inflationary pressures.

In the euro area, a gradual recovery of investment activity and consumption is expected, supported by stabilising financial conditions and improving confidence among consumers and businesses. At the same time, economic growth may continue to be affected by geopolitical risks, changes in global trade relations, and uncertainties in energy markets.

The Croatian economy is expected to continue its stable growth in 2026, with ongoing contributions from private consumption, investment, and the tourism sector. Investments financed by European Union funds are expected to continue playing an important role in stimulating economic activity, particularly in infrastructure, energy, digitalisation, and the green transition.

The labour market is expected to remain relatively stable, with high employment levels and continued wage growth, although the pace of growth may gradually slow. At the same time, labour shortages in certain sectors may continue to pose a challenge to economic development.

In the banking sector, continued stable operations are expected, with the maintenance of high levels of capital adequacy and liquidity. A gradual reduction in interest rates could affect banks' net interest income dynamics, but is also expected to stimulate credit activity and investment in the economy.

Digital transformation of the banking sector will remain one of the key development trends. Banks will continue investing in digital services, process automation, and the application of new technologies aimed at increasing operational efficiency and improving customer experience.

At the same time, the regulatory framework for the financial sector will continue to evolve, particularly in the areas of sustainable finance, risk management, and cybersecurity. Compliance with new regulatory requirements will require continuous investment in risk management systems, technology, and human resource development.

The Bank will continue in 2026 to implement its strategy focused on sustainable and stable business growth, with an emphasis on responsible risk management, further development of digital services, and strengthening client relationships. A particular focus will be placed on supporting client investments, project financing, and improving the quality and availability of financial services.

Taking into account expected macroeconomic developments and regulatory changes, the Bank will continue to adapt its business activities to market conditions, while maintaining financial stability and long-term value creation for its clients, employees, and shareholders.

4. BUSINESS RISKS

The most significant types of financial risks to which the Bank is exposed are credit risk, liquidity risk, market risk, interest rate risk, and operational risk.

The Bank has developed a comprehensive risk management system through the implementation of policies and procedures, as well as the establishment of limits for risk levels acceptable to the Bank. Methods and models for managing operational risks have also been developed.

A) KREDIT RISK

By granting loans, the Bank is exposed to credit risk, which represents the possibility that a borrower will become unable to fully meet its obligations when due.

The Bank manages credit risk by setting limits within which it accepts risk for individual borrowers or groups of borrowers. The Bank regularly monitors risks and reviews them at least annually or more frequently.

In order to manage the level of credit risk, the Bank regularly assesses borrowers' creditworthiness and uses collateral instruments to mitigate credit risk.

Exposure to credit risk is particularly monitored in relation to limits defined against the Bank's recognised capital.

By analysing borrowers' creditworthiness, the Bank identifies potentially risky clients in a timely manner and manages client relationships in a structured and targeted way in order to maximise the effectiveness of collection of receivables.

In accordance with legal provisions governing the internal control system, during credit approval the Bank has established decision-making levels, guided by the principle that when decisions are not made by the Management Board in line with its authorisations, and when the exposure exceeds internally defined thresholds, at least two persons are always involved in the decision-making process. In such cases, a person from the sales function makes the decision, while approval is granted by a person from the risk control function. Furthermore, before the

decision is made, when exposure exceeds certain internally defined thresholds, the proposal from the sales function is reviewed by the risk control function.

In addition, the Bank also monitors and analyses the structure and quality of its loan portfolio through various indicators that signal improvements or deterioration in the quality of the Bank's assets. This enables the Bank to manage credit risk more effectively and to take timely actions aimed at reducing credit risk. Furthermore, for internal capital management purposes, the Bank monitors and analyses the level of concentration of exposures by industry sectors and by the largest single client exposures, using the HHI (Herfindahl-Hirschman Index) methodology.

By assuming credit risk, the Bank ensures the availability of funds according to client needs. Lending commitments represent revocable commitments. Irrevocable commitments exist in respect of undrawn portions of loans or approved overdrafts, as they arise from contractual loan agreements. Guarantees and approved letters of credit are irrevocable guarantees that the Bank will make payments in the event that a client is unable to meet its obligations to third parties, and they carry the same credit risk as loans. By issuing documentary and commercial letters of credit, the Bank assumes written obligations on behalf of clients, under which a third party has the right to request payment from the Bank up to the agreed amount, in accordance with the contractual terms and deadlines.

Letters of credit are secured by collateral in the form of goods for which they are issued, and therefore represent a significantly lower risk than direct lending.

Credit risk is managed in accordance with the Bank's policies and procedures, as well as the regulatory requirements of the Croatian National Bank.

When determining whether there has been a significant increase in credit risk since initial recognition of a financial instrument, the Bank considers both quantitative and qualitative information and analysis. Criteria for determining a significant increase in credit risk have been defined in order to ensure proper allocation of performing exposures into "Stage 1" or "Stage 2".

In accordance with the regulations of the Croatian National Bank and the provisions of IFRS 9, exposures are classified into risk categories A, B, and C.

Risk category A includes exposures that are not in default status.

Such exposures are further classified into subcategories:

A-1 if, since initial recognition, the credit risk of an individual exposure has not increased significantly (STAGE 1)

A-2 if, since initial recognition, the credit risk of an individual exposure has increased significantly (STAGE 2)

Risk categories B and C (Stage 3) include exposures that are in default status.

Regarding the monitoring of credit quality, significant efforts have been made to conduct timely analysis of the credit quality of each individual relationship in order to determine any potential “significant deterioration” since the date of initial recognition, and the resulting need for classification into “Stage 2”, as well as the conditions for returning from “Stage 2” to “Stage 1”.

The criteria for assessing a significant increase in credit risk are defined at an appropriate level of segmentation and differ depending on the category of exposure at origination.

In conclusion, as described above, credit risk, as the key and most significant risk in the Bank’s portfolio, is classified as a high-importance risk.

B) LIQUIDITY RISK

The Bank is exposed to daily outflows of demand amounts, which it settles using available cash sources. These sources include overnight deposits, current account balances, maturing deposits, and drawdowns of credit facilities.

Matching and controlled mismatch of maturities and interest rates of assets and liabilities is of fundamental importance for Bank management. Full matching is not common for banks, as operations are often diverse and conducted under uncertain conditions. A mismatch may potentially increase profitability, but also increase the risk of losses.

The maturity of assets and liabilities, as well as the ability to replace interest-bearing liabilities upon maturity at an acceptable cost, are important factors in assessing the Bank’s liquidity and its exposure to interest rate and foreign exchange risk. Liquidity required to meet payments under issued guarantees and letters of credit on demand is significantly lower than the amount of committed exposures, as the Bank does not expect third parties to draw the full contracted amounts.

The Bank manages liquidity risk through gap analysis, in which maturities of assets and liabilities are divided into several time bands and differences within individual time buckets are monitored in order to ensure timely alignment of assets and liabilities.

In addition, the Bank monitors and analyses liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), both in terms of regulatory requirements and internal limits, as well as the recovery plan. In the event that either LCR or NSFR falls below internally defined limits, the Risk Control Department informs the Assets and Liabilities Committee and the Bank’s Management Board in order to take appropriate measures.

C) MARKET RISK

Market risk includes foreign exchange risk, interest rate risk, and the risk of changes in market prices of listed equity or debt securities.

Most available-for-sale instruments are exposed to market risk, meaning that future market changes may reduce their value. These instruments are measured at fair value, and all market changes directly affect net trading income. The Bank manages trading instruments in response to changing market conditions.

Limits are set according to the Bank's needs and strategy, in line with senior management risk policy decisions.

Exposure to market risk is formally managed in accordance with limits approved by senior management, and is reviewed at least annually. Exposure indicators and limit utilisation are reported daily to the Treasury Department. In addition, the Risk Control Department performs second-level control and, in the event of limit breaches, informs the Bank's Management Board.

D) INTEREST RATE RISK

The Bank is exposed to various risks associated with the impact of changes in market interest rates on its financial position and cash flows.

The Bank monitors and analyses exposure to interest rate risk through a standard interest rate shock, a methodology prescribed by regulatory requirements, under which interest rate risk arising from banking book positions is assessed through changes in economic value of equity relative to regulatory capital under six standardised interest rate shock scenarios. At the same time, the Bank measures and monitors the impact of interest rate risk in the banking book on net interest income. In addition to regulatory limits, the Bank has established internal limits monitored by the Risk Control Department.

E) FOREIGN EXCHANGE RISK

The Bank is exposed to risk related to the impact of changes in foreign exchange rates on its financial position and cash flows. The Bank sets exposure limits for each currency, as well as for total overnight and intraday positions.

In addition to daily monitoring of foreign exchange risk and open currency positions in accordance with regulatory requirements, the Bank also analyses the impact of exchange rate movements through stress testing based on defined assumptions.

Following the entry of the Republic of Croatia into the euro area, there has been a significant reduction in foreign exchange exposure monitoring requirements. From the Bank's perspective, this represents a benefit in terms of foreign exchange risk management. Specifically, transactions in currencies other than EUR are significantly lower in volume compared to EUR, which has become the domestic currency.

F) PRICE RISK FOR EQUITY SECURITIES

Price risk is the risk of fluctuations in market prices of equity securities, which would affect the fair value of investments and other derivative financial instruments.

The Bank's primary exposure to price risk arises from its portfolio of equity securities classified as available for sale. The Bank is not actively engaged in trading equity securities.

G) ESG RISK

At Agram Bank d.d., we are aware of our (direct and indirect) impact and the role we have in sustainable development of society. For this reason, in the recent period we have conducted analyses of our clients' portfolios with the aim of assessing carbon footprint, which provides a solid basis for modelling.

This represents a significant change in the business model, which will inevitably be accompanied (and is already partially accompanied) by adjustments to business processes and internal acts describing such processes, all with the ultimate goal of reducing the carbon footprint of the Bank and the client base that the Bank finances.

The dynamics of adapting the Bank's business model are fully aligned with regulatory recommendations and the legal framework within the defined timelines.

5. INFORMATION ON THE REPURCHASE OF OWN SHARES

During 2025, there were no treasury share repurchase activities.

6. EVENTS AFTER THE BALANCE SHEET DATE

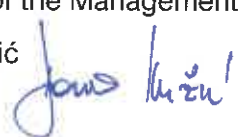
After the balance sheet date, there were no events that would have a significant impact on the Bank's annual financial statements for 2025, and which would therefore require disclosure.

Zagreb, 27 March 2026

President of the Management Board

Nataša Jakić Felić 

Member of the Management Board

Dario Križić 

Member of the Management Board

Veselko Čepo 

*Agram Bank is your reliable business partner you can
always count on — a bank that advises you and adapts
to your needs as much as possible...
Your Bank, tailored to your needs!*

AGRAM BANK d.d.

**Financial statements for the year ended
31 December 2025
Together with the independent auditor's report**

Responsibility for the financial statements

Pursuant to the applicable Croatian Accounting Act, the Management Board is required to ensure that the financial statements for each financial year are prepared in accordance with the statutory accounting regulations applicable to banks in the Republic of Croatia, so that they present a true and fair view of the financial position and operating results of Agram banka d.d. ("the Bank") for that period.

The Management Board reasonably expects that the Bank has adequate resources to continue its operations in the foreseeable future. For this reason, the Management Board continues to apply the going concern principle in the preparation of the financial statements.

In preparing the financial statements, the Management Board is responsible for:

- selecting and consistently applying appropriate accounting policies;
- ensuring that judgments and estimates are reasonable and prudent;
- applying applicable accounting standards, and disclosing and explaining any material departures in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to assume that the Bank will continue its operations.

The Management Board is also responsible for the preparation and content of the Management Report on the Bank's operations, the Statement on the application of the Corporate Governance Code, and other information in accordance with the provisions of the Accounting Act (NN 78/15, 134/15, 120/16, 116/18, 42/20, 47/20, 114/22, 82/23, 84/24, 145/24, 151/25).

The Management Board is responsible for maintaining proper accounting records that, at any time with reasonable accuracy, reflect the financial position of the Bank, as well as for ensuring compliance with the applicable Croatian Accounting Act. The Management Board is also responsible for safeguarding the Bank's assets and therefore for taking reasonable measures to prevent and detect fraud and other irregularities on behalf of and in the name of the Management Board.

Nataša Jakić Felić
President of the
Management Board



Dario Križić
Member of the
Management Board



Veselko Čepo
Member of the
Management Board



Agram bank d.d.

Ulica grada Vukovara 74
10000 Zagreb
Republika of Croatia

27 March 2026

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Agram bank d.d., Zagreb

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of Agram banka d.d. ("the Bank"), which comprise the statement of financial position (balance sheet) of the Bank as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended, as well as the notes to the annual financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of public interest entities, together with the ethical requirements relevant to our audit of financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current-period financial statements. 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.

We have determined that the matter described below is a key audit matter that should be disclosed in our Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)

Key audit matter	How we addressed the key audit matter
Impairment of loans and advances to customers As at 31 December 2025, gross loans and advances to customers reported in the financial statements amounted to EUR 356,457 thousand, while related impairment allowances amounted to EUR 17,542 thousand, and impairment expense amounted to EUR 1,126 thousand (31 December 2024: gross loans and advances to customers: EUR 358,132 thousand, impairment allowances: EUR 20,305 thousand, and impairment expense: EUR 291 thousand).	
Key audit matter Impairment represents management's best estimate of the risk of default and expected credit losses within the loans and advances portfolio at the reporting date. We focused on this area due to the significant amounts recognised in the financial statements, as well as the nature of the judgments and assumptions required by Management. International Financial Reporting Standards ("IFRS") require Management to make forward-looking judgements, and various items in the financial statements are subject to estimation uncertainty. The estimates required for the impairment of loans and advances to customers represent significant estimates. The main sources of estimation uncertainty related to the impairment of loans and advances include the identification of credit-impaired loans, assessment of significant increase in credit risk, forecasting of future cash flows, estimation of recoveries from collateral realisation, and determination of expected credit losses for loans and advances, all of which are inherently uncertain. Impairment is measured either as a 12-month expected credit loss or as lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. Related disclosures in the annual financial statements For additional information, see Notes to the annual financial statements: 3.2, 3.21, 10, and 16.	Audit procedures Our audit procedures in relation to this area included, among others: • reviewing the Bank's methodology for calculating expected credit losses and assessing its compliance with the relevant requirements of IFRS 9, • gaining an understanding of the impairment process for loans and advances, the IT applications used, and the assumptions underlying data used in the expected credit loss model, • assessing the design, implementation and operating effectiveness of controls in credit risk management and lending processes, and testing key controls related to loan approval, recording, monitoring, and subsequent measurement of loans and advances, • testing, on a sample basis, whether the definition of default is consistently applied and whether the allocation into credit risk stages is appropriate in accordance with relevant policies, • evaluating the overall expected credit loss model, including the calculation of key risk parameters and macroeconomic factors (Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), • testing individual impairment allowances on a sample of loans and advances, with a focus on exposures with potentially the highest impact on the annual financial statements due to their size and risk profile, as well as smaller exposures that we assessed as high risk based on our internal judgment, • performing substantive testing on a selected sample in order to assess the correctness of loan and advance classification, • in certain cases, applying our own judgment to determine parameters for calculating impairment losses on loans and advances, and comparing our calculations with the impairment amounts calculated by the Bank, • assessing the accuracy and completeness of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other matters

The financial statements of the Bank for the year ended 31 December 2024 were audited by another audit firm, BDO Croatia d.o.o., which expressed an unmodified opinion on those financial statements on 25 March 2025.

Other information

Management is responsible for the other information. Other information comprises the Management Report and the Statement on the Application of the Corporate Governance Code, but does not include the financial statements and our Independent 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. Uprava je odgovorna za ostale informacije.

With respect to the Management Report and the Statement on the Application of the Corporate Governance Code, we have also performed procedures required by the Accounting Act. These procedures include assessing whether the Management Report is prepared in accordance with Article 24 of the Accounting Act and whether the Statement on the Application of the Corporate Governance Code is prepared in accordance with Article 25 of the Accounting Act.

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

1. the information in the accompanying Management Report and the Statement on the Application of the Corporate Governance Code is consistent, in all material respects, with the accompanying financial statements;
2. the accompanying Management Report has been prepared in accordance with Article 24 of the Accounting Act; and
3. the accompanying Statement on the Application of the Corporate Governance Code has been prepared in accordance with Article 25 of the Accounting Act.

Based on our knowledge and understanding of the Bank and its environment obtained during the audit of the annual financial statements, we are required to report if we have identified material misstatements in the accompanying Management Report and Statement on the Application of the Corporate Governance Code. In this respect, we have nothing to report.

Responsibilities of management and those charged with governance for the financial statements

The Management Board is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal controls as management determines are 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 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.

INDEPENDNET AUDITOR'S REPORT (CONTINUED)

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 Independent 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 ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement, 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.
- obtain an understanding of internal controls 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 controls.
- 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 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.
- evaluate the overall presentation, structure and content of the financial statements, including 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 identified during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, as well as 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 and are therefore the key audit matters. We describe these matters in our Independent Auditor's Report, unless law or regulation prevents public disclosure or, in extremely rare circumstances, we determine that a matter should not be communicated because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on other legal and regulatory requirements

1. On 6 June 2025, we were appointed by the Bank's General Assembly to perform the audit of the financial statements for 2025.
2. As of the date of this report, we have been continuously engaged as statutory auditors of the Bank for a period of one year.
3. For the audit of the 2025 financial statements, we determined materiality for the financial statements as a whole at EUR 1,457 thousand, representing approximately 2% of the Bank's net assets. We selected net assets as the benchmark as it is considered the most appropriate measure commonly used by users to assess the Bank's performance.
4. Our audit opinion is consistent with the additional report to the Bank's Audit Committee prepared in accordance with Article 11 of EU Regulation No. 537/2014.
5. During the period between the initial date of the audited financial statements of the Bank for 2025 and the date of this Report, we did not provide the Bank with prohibited non-audit services, and in the financial year preceding the aforementioned period we did not provide services related to the design and implementation of internal control procedures or risk management systems related to the preparation and/or control of financial information, nor the design and implementation of information technology systems for financial information. In performing the audit, we have maintained our independence from the Bank.

On the basis of the Decision of the Croatian National Bank on the structure and content of annual financial statements of banks dated 9 May 2018 (OG 42/18), the Management Board of the Bank prepared the forms presented on pages 106 to 112 ("Forms"). The financial information presented in the Forms is consistent with the information presented in the annual financial statements shown on pages 32 to 105, on which we have expressed our opinion as stated in the Opinion section above.

On the basis of the obligation arising from the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20, 151/22 and 145/24), the Bank has presented the required information on pages 113 and 114, which contains all information prescribed by Article 164(1). The presented information is derived from the Bank's financial statements shown on pages 32 to 105, on which we have expressed our opinion as stated in the Opinion section above.

The engagement partner in the audit of the Bank's annual financial statements for 2025, which resulted in this Independent Auditor's Report, is Paško Anić-Antić, certified auditor.

Zagreb, 27 March 2026

Russell Bedford Croatia – Audit Ltd.
Selska cesta 90B
10000 Zagreb



Russell Bedford
Croatia-revizija d.o.o.
Selska cesta 90b/2.kat
10000 Zagreb - Hrvatska / Croatia



Paško Anić-Antić, director

Paško Anić-Antić, certified auditor

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025
(all amounts are expressed in thousands of euros)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Interest income	4	22,964	23,906
Interest expense	5	(6,755)	(6,687)
Net interest income		16,209	17,219
Fee and commission income	6	5,781	5,529
Fee and commission expense	6	(1,834)	(1,649)
Net fee and commission income		3,947	3,880
Net gain on foreign currency trading	7	273	293
Gains on financial assets not held for trading measured at fair values through profit or loss		1,290	446
(Loss) on foreign exchange revaluation differences	7	(21)	(10)
Other income	8	1,999	2,098
Operating income		23,697	23,926
Operating expenses	9	(13,732)	(12,317)
Impairment losses and provisions	10	(1,423)	(1,003)
Operating expenses		(15,155)	(13,320)
Profit before tax		8,542	10,606
Income tax	12	(1,477)	(1,839)
Net profit for the year		7,065	8,767
Unrealised loss on remeasurement of financial assets measured at fair value through other comprehensive income	17	122	474
Other comprehensive income		122	474
Income tax relating to items that may be reclassified to profit or loss		-	-
Total comprehensive income		7,187	9,241
Earnings per share (in EUR)	28	27.47	34.09

The notes form an integral part of these financial statements.

Balance sheet

on December 31, 2025

(all amounts are expressed in thousands of euros)

	<u>Note</u>	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
ASSETS			
Cash and balances with the Croatian National Bank	13	116,687	105,101
Placements with other banks	14	19,593	39,455
Assets mandatorily measured at fair value through profit or loss	15	8,444	8,010
Assets measured at fair value through other comprehensive income	17	60,143	35,652
Loans and advances to customers	16	338,915	337,827
Debt securities measured at amortised cost	16	70,478	80,750
Intangible assets	18	2,702	2,579
Property and equipment	19,36	8,847	8,774
Investment property	20	4,112	4,674
Other assets	21	8,647	8,568
Total assets		638,568	631,390
LIABILITIES			
Customer deposits and current accounts	22	522,187	443,358
Borrowings	23	25,884	100,238
Issued subordinated instruments	25	7,085	7,083
Provisions	29	1,502	1,652
Other liabilities	24	9,043	8,738
Total liabilities		565,701	561,069
Equity			
Share capital	26	25,191	25,191
Capital gain	26	6,708	6,708
Unrealised gain/(loss) on financial assets measured at fair value through other comprehensive income	17	122	474
Retained earnings	27	30,586	25,986
Statutory reserves	27	3,195	3,195
Profit for the current year		7,065	8,767
Total equity		72,867	70,321
Total liabilities and equity		638,568	631,390

The notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2025

(all amounts are expressed in thousands of euros)

	Share capital	Capital gain	Accumulated other comprehensive income	Retained earnings and reserves	Profit for the year	Total
Balance at 1 January 2024	25,191	6,708	-	24,869	8,187	64,955
Dividend payment	-	-	-	(3,875)	-	(3,875)
Transfer to reserves	-	-	-	-	-	-
Transfer of profit to retained earnings	-	-	-	8,187	(8,187)	-
<i>Total transactions with owners</i>	<i>25,191</i>	<i>6,708</i>	<i>-</i>	<i>29,181</i>	<i>-</i>	<i>61,080</i>
Unrealised loss on financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Net profit for the year	-	-	-	-	8,767	8,767
Total comprehensive income	-	-	474	-	8,767	9,241
Balance at 31 December 2024	25,191	6,708	474	29,181	8,767	70,321
Balance at 1 January 2025	25,191	6,708	474	29,181	8,767	70,321
Dividend payment	-	-	-	-	(4,167)	-
Transfer to reserves	-	-	-	-	-	-
Transfer of profit to retained earnings	-	-	-	4,600	(4,600)	-
<i>Total transactions with owners</i>	<i>25,191</i>	<i>6,708</i>	<i>474</i>	<i>33,781</i>	<i>-</i>	<i>66,154</i>
Unrealised loss on financial assets measured at fair value through other comprehensive income	-	-	(352)	-	-	(352)
Net profit for the year	-	-	-	-	7,065	7,065
Total comprehensive income	-	-	122	-	7,065	7,187
Balance at 31 December 2025	25,191	6,708	122	33,781	7,065	72,867

The notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2025

(all amounts are expressed in thousands of euros)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,542	10,606
<i>Adjustments:</i>		
Depreciation and impairment	1,149	1,157
Impairment losses and provisions	1,423	1,003
Net gains on securities measured at fair value through profit or loss	1,290	446
Income from sale of property and equipment – net	(601)	(411)
Non-cash movements through equity	(3,984)	(2,443)
Cash flows from operating activities before changes in working capital	7,819	10,358
Increase in balances with the Croatian National Bank	(2)	(5)
(Increase) in loans and advances to customers	(1,088)	(871)
(Increase) in deposits with other banks	(16)	(6)
Increase in customer deposits	78,829	17,585
Decrease in other assets	1,756	1,424
(Decrease)/Increase in other liabilities	157	(457)
Income tax prepayments paid	(1,835)	(1,678)
Net cash generated from operating activities	77,801	15,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, intangible assets and investment property	(783)	(731)
(Increase) in debt securities	(14,219)	(8,893)
Increase) in equity securities	(434)	(1,923)
Dividends received	64	50
Net cash used in investing activities	(15,372)	(11,497)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings/(Repayment of borrowings)	(74,354)	8,050
Dividends paid	(4,167)	(3,875)
Net cash used in financing activities	(78,521)	4,175
Net increase/(decrease) in cash and cash equivalents	(8,273)	19,028
Cash and cash equivalents at the beginning of the year	144,090	125,072
Effect of foreign exchange rate changes	(21)	(10)
Cash and cash equivalents at the end of the year	135,796	144,090

The notes form an integral part of these financial statements.

1. General information

Agram Bank d.d. (the "Bank") was established as a joint-stock company in accordance with the applicable legislation of the Republic of Croatia. It was registered with the Commercial Court in Zagreb in 1994. The Bank's registered office is in Zagreb, Ulica grada Vukovara 74.

From its establishment until 27 December 2018, the Bank operated under the name Kreditna banka Zagreb d.d. Pursuant to a resolution of the General Assembly and the decision of the Commercial Court dated 28 December 2018, the Bank has operated under its current name, Agram Bank d.d.

The Bank's principal activity is the provision of all types of deposit-taking and lending services to corporate and retail clients, execution of domestic and international payment transactions, issuance of guarantees, avals and other forms of sureties, trading in securities and other banking services. The Bank operates exclusively in the banking sector and within the market of the Republic of Croatia, through a network of 23 branches.

The Bank also performs insurance intermediation activities in accordance with the law governing insurance, specifically in the part relating to insurance distribution activities for banks, since 14 February 2007.

Management Board

Nataša Jakić Felić	President of the Management Board
Dario Križić	Member of the Management Board
Veselko Čepo	Member of the Management Board

Supervisory Borad

Ante Penić	President of the Supervisory Board
Ankica Čeko	Deputy Chair of the Supervisory Board
Branka Klopović	Member of the Supervisory Board
Prof.Dr.Sc.Silvije Orsag	Member of the Supervisory Board
Stojan Štironja	Member of the Supervisory Board

Audit Committe

Ante Penić	President of the Supervisory Board
Ankica Čeko	Deputy Chair of the Supervisory Board
Branka Klopović	Member of the Supervisory Board
Prof.Dr.Sc.Silvije Orsag	Member of the Supervisory Board
Stojan Štironja	Member of the Supervisory Board

2. Basis of preparation

2.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), applying the going concern principle.

In the financial statements for the year ended 31 December 2025, the Bank changed its financial reporting framework by transitioning from reporting in accordance with statutory accounting regulations applicable to banks in the Republic of Croatia to reporting in accordance with IFRS.

The Bank did not present a third statement of financial position in the financial statements for the year ended 31 December 2025 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, as it determined that the change in the financial reporting framework does not have a material impact on the Bank's financial statements.

The principal accounting policies applied in the preparation of these financial statements are summarised below.

2.2. Basis of preparation of the financial statements

Items included in the Bank's financial statements are measured in the currency of the primary economic environment in which the Bank operates (functional currency). As the Republic of Croatia introduced the euro as its official currency on 1 January 2023, in accordance with the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia, the euro has also been the Bank's functional currency since 1 January 2023.

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities measured at fair value in accordance with IFRS 9 Financial Instruments: Recognition and Measurement.

The financial statements have been prepared under the accrual basis of accounting and the going concern assumption.

2.2.1. Changes in accounting policies and disclosures

During the year, the Bank adopted the following new and amended IFRS standards and IFRIC interpretations endorsed by the EU. Where the application of a standard or interpretation has had an impact on the financial statements or results of the Bank, such impact is disclosed.

First-time adoption of new amendments effective for the current reporting period

For the period beginning 1 January 2025, the following amendments to existing standards issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union are effective:

- Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The amendments to IAS 21 introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. If a currency is determined to be non-exchangeable, entities are required to estimate a spot exchange rate. The amendments also introduce additional disclosure requirements. These changes are effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

2.2.1. Changes in accounting policies and disclosures (continued)

The adoption of the above amendments did not result in significant changes in the Bank's financial statements.

New standards and amendments issued but not yet endorsed by the European Union

IFRSs currently endorsed in the European Union do not differ significantly from those issued by the IASB, except for the following new standards and amendments which have not yet been endorsed by the EU as of the reporting date (effective dates refer to IFRSs issued by the IASB):

The following amendments are effective for annual periods beginning on 1 January 2026:

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)
- Annual Improvements to IFRS Accounting Standards – Volume 11 (IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7)

The following standard is effective for annual periods beginning on 1 January 2027.:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Disclosure – Translation into a Hyperinflationary Presentation Currency

The following amendment for which the effective date has not yet been determined:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Bank is currently assessing the impact of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB in April 2024, replaces IAS 1 and will result in significant consequential amendments to IFRS accounting standards, including IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (renamed from Basis of Preparation of Financial Statements). Although IFRS 18 will not affect the recognition and measurement of items in the separate financial statements, it is expected to have a significant impact on the presentation and disclosure of certain items. These changes include the classification and subtotals in the statement of profit or loss, aggregation and disaggregation of information, labelling of items, and disclosure of management-defined performance measures.

The Bank does not expect to be eligible to apply IFRS 19.

3. Summary of significant accounting policies

The following is a summary of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

3.1. Financial assets and financial liabilities

Financial assets and financial liabilities recorded in the statement of financial position include cash and cash equivalents, trading securities, receivables and payables, long-term loans, and deposits and investments. The accounting methods for these instruments are set out in the relevant accounting policies. The Bank recognises financial assets and financial liabilities in its statement of financial position only when it becomes a party to the contractual provisions of the instruments. The Bank's financial assets are classified into portfolios depending on the Bank's intention at the time of acquisition of the financial asset and in accordance with the Bank's investment strategy.

Financial assets are classified into the following measurement categories:

- Financial assets measured at amortised cost,
- Financial assets mandatorily measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income.

The fundamental difference between these categories lies in the measurement approach and the recognition of fair value changes in the financial statements, as explained further below.

Financial liabilities are any obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions, or contracts that will or may be settled in the entity's own equity instruments. The Bank's financial liabilities are measured at amortised cost.

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

All regular-way purchases and sales of financial instruments are recognised in the statement of financial position on the settlement date. Under settlement date accounting, changes in fair value of the underlying asset or liability are recognised from the trade date. On initial recognition, the Bank measures financial assets or financial liabilities at fair value plus, in the case of financial assets, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability..

3. Summary of significant accounting policies (continued)

3.2. Financial assets and financial liabilities- recognition and measurement

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets, and which pass the SPPI test, are classified as financial assets measured at fair value through other comprehensive income. This category includes debt securities. One of the objectives is the placement of the Bank's temporary surplus funds and the generation of income, including interest income and, in the case of sale, gains arising from price differences.

Financial assets measured at fair value through other comprehensive income are measured at fair value at each reporting date.

Subsequent measurement at fair value recognises all gains or losses in revaluation reserves within equity until the asset is sold or otherwise disposed of, at which point cumulative gains or losses previously recognised in equity are reclassified to profit or loss.

Interest income and dividends from this portfolio are recognised in profit or loss, as well as expected credit losses. For equity instruments, fair value is based on market prices at the reporting date, without deduction of transaction costs.

Financial assets are measured at amortised cost if both of the following conditions are met:

- a) the objective of the business model is to hold financial assets in order to collect contractual cash flows;
- b) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets measured at amortised cost comprise financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank has originated by providing cash, goods or services directly to the debtor.

This category primarily includes loans and advances granted, deposits placed, and receivables originated by the Bank. Debt securities are also classified in this category if the Bank has both the intention and ability to hold them to maturity.

The Bank may sell these financial assets before maturity in accordance with applicable International Financial Reporting Standards without changing the business model, if:

- there is a need for liquidity,
- the maturity is close,
- there is a change in the tax system,
- due to significant internal restructuring or business combinations,
- there are concerns regarding the collectability of contractual cash flows (e.g. an increase in credit risk).

3. Summary of significant accounting policies (continued)

3.2. Financial assets and financial liabilities- recognition and measurement (continued)

Financial assets mandatorily measured at fair value through profit or loss include other financial assets that are not classified into the previous two categories and are allocated as follows:

- a) Debt securities and other financial instruments measured at fair value through profit or loss and not actively traded;
- b) Debt securities and other financial instruments that are mandatorily measured at fair value through profit or loss.

In this category, the Bank classifies all financial instruments held for trading, i.e. those acquired with the intention of generating short-term profit based on price or margin fluctuations, as well as all equity instruments mandatorily measured at fair value, and derivatives, except those designated as hedging instruments in hedge accounting. Financial instruments that the Bank initially classifies as instruments measured at fair value through profit or loss are subsequently measured exclusively at fair value. Fair value changes are recognised in profit or loss for the period in which they arise.

Measurement of expected credit loss (ECL)

Expected credit losses represent an estimate of credit losses based on the probability of default occurring over a 12-month period or over the lifetime of a financial instrument.

Expected credit loss is calculated as the product of: PD (Probability of Default), LGD (Loss Given Default), and EAD (Exposure at Default).

For the calculation of expected credit losses on exposures classified in sub-category A-1 (Stage 1), a discounted 12-month PD is used at the reporting date, while for exposures classified in sub-category A-2 (Stage 2), a discounted lifetime PD is applied.

For exposures classified in risk category A (Stage 1 and Stage 2), the Bank calculates expected credit losses using an internal model.

For exposures that are in default status, the Bank calculates expected credit losses in accordance with internal procedures for the calculation of provisions and the classification of exposures.

The Bank recognises expected credit losses in the statement of profit or loss within impairment losses and provisions expense.

3. Summary of significant accounting policies (continued)

3.2. Financial assets and financial liabilities- recognition and measurement (continued)

Measurement of expected credit loss (ECL) (continued)

The Bank initially recognizes financial assets in the statement of financial position on the trade date. Upon initial recognition, financial assets measured at amortized cost and those measured at fair value through other comprehensive income are measured at their fair value, including any transaction costs incurred..

At the reporting date, these financial instruments are reviewed to determine whether there is objective evidence of impairment. If such indicators exist, the Bank assesses the recoverable amount.

Loans and advances are presented at their net amount after impairment allowances, which are estimated based on historical loss patterns, borrowers' credit ratings, and reflect the economic environment in which the borrowers operate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the reversal of expected credit losses is recognized in the profit or loss account.

Loans originated by the Bank by directly providing funds to borrowers are presented as loans granted by the Bank and are carried at amortized cost using the effective interest rate method, net of expected credit losses. Third-party costs, such as legal fees incurred in obtaining collateral instruments, are treated as part of transaction costs, as are client fees. Loan origination fees for facilities that are likely to be drawn down are deferred, together with all directly related costs, and recognized as an adjustment to the effective yield of the loan, thereby adjusting interest income. All loans and advances are recognized at the moment of disbursement to borrowers.

An allowance for expected credit losses is established when there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the allowance is determined as the difference between the carrying amount and the recoverable amount, which represents the present value of expected future cash flows, including recoverable amounts from guarantees and other collateral, discounted at the loan's original effective interest rate.

The allowance for expected credit losses also covers losses that, based on objective evidence, already exist in the loan portfolio at the reporting date. These losses are assessed based on historical losses in a given portfolio segment, the borrower's creditworthiness, and taking into account the economic environment in which borrowers operate, in accordance with prescribed methodologies under applicable regulations governing the supervision of credit institutions.

Impairment losses on exposures are recognized in profit or loss as an expense of the Bank in the period in which the losses are identified, with a corresponding credit to the allowance for impairment of the respective exposures. If, after the initial impairment of placements, a subsequent reassessment results in an increase in the loss due to changed circumstances, the additional loss is recognized as an increase in impairment expense in profit or loss and in the statement of financial position as an increase in the allowance for partially recoverable placements.

If the loss decreases, the amount of the decrease is recognized in profit or loss as income from the reversal of impairment and in the statement of financial position as a reduction in the allowance for partially recoverable doubtful and disputed receivables.

If you want, I can also adjust the wording to match IFRS-style standard phrasing or a specific bank's reporting tone.

3. Summary of significant accounting policies (continued)

3.2. Financial assets and financial liabilities- recognition and measurement (continued)

Measurement of expected credit loss (ECL) (continued)

Losses on fully unrecoverable exposures are recognized in the Bank's accounting records as an impairment expense in the profit or loss for the period in which the loss is identified, and in the statement of financial position as a 100% impairment allowance on such exposures. Uncollectible loans are written off in full, and any subsequent recoveries are recognized in profit or loss.

Provisions for identified losses on contingent liabilities are recognized as an expense in profit or loss for the period in which the loss is determined, and in the statement of financial position as separate provisions for losses on contingent liabilities, in accordance with the applicable Rulebook.

The Bank regularly assesses its financial assets to determine whether there has been a significant increase in credit risk or objective evidence of impairment, applying the general approach under which credit risk is allocated into three stages:

- Stage 1 – exposures for which credit risk has not significantly increased since initial recognition;
- Stage 2 – exposures for which credit risk has significantly increased since initial recognition;
- Stage 3 – exposures that are credit-impaired (default status).

For the purposes of reporting to the Croatian National Bank (CNB), all Bank exposures are classified into the following categories:

- Risk category A, comprising subcategories A-1 (Stage 1) and A-2 (Stage 2);
- Risk category B, comprising subcategories B-1, B-2 and B-3 (Stage 3);
- Risk category C (Stage 3).

Only exposures to debtors that are not in default are classified within risk category A. In accordance with IFRS 9, the Bank recognizes impairment and provisions for exposures in amounts equal to:

- expected credit losses based on 12-month expected credit losses, representing a portion of lifetime expected credit losses that result from default events possible within the next 12 months, for subcategory A-1;
- lifetime expected credit losses for subcategory A-2.

For the purpose of identifying a significant increase in a borrower's credit risk and transfer from subcategory A-1 to A-2, the Bank applies internally defined criteria. Credit risk is considered to have significantly increased depending on the borrower's internal rating, adverse indicators from financial statements, delays in payment of due obligations exceeding 30 days in materially significant amounts, continuous account blockage lasting between 15 and 60 days, pre-bankruptcy settlement proceedings, and restructured exposures for which the Bank has assessed that they will not result in a reduction of the financial obligation and that the borrower will fully meet its obligations.

3. Summary of significant accounting policies (continued)

3.2. Financial assets and financial liabilities- recognition and measurement (continued)

Measurement of expected credit loss (ECL) (continued)

Exposures to a borrower that are in default are classified by the Bank into risk subcategory B-1 or lower, and appropriate impairment and provisioning are applied. The impairment level for risk subcategory B-1 is at least 2%.

Depending on the level of impairment and provisioning, exposures to borrowers in default are allocated to the following subcategories:

- B-1, if the level of impairment and provisioning does not exceed 30% of the exposure amount;
- B-2, if the level of impairment and provisioning exceeds 30% but is not higher than 70% of the exposure amount;
- B-3, if the level of impairment and provisioning exceeds 70% but is less than 100% of the exposure amount;
- C, if the level of impairment and provisioning amounts to 100% of the exposure, and the conditions for write-off have not yet been met.

An exposure or a borrower is considered to be in default when payments are overdue by more than 90 days in a materially significant amount, or when it is unlikely that the borrower will fully meet its obligations to the Bank without the Bank taking enforcement actions. In accordance with internal criteria, the Bank also classifies an exposure and/or the entire borrower as being in default in cases of account blockage exceeding 60 days, bankruptcy proceedings, pre-bankruptcy settlement, and restructuring of exposures for which the Bank has assessed that they may result in a reduction of the borrower's financial obligation and that the borrower will not fully meet its obligations.

3.3. Financial assets and financial liabilities – derecognition

The Bank derecognizes a financial asset, or a portion thereof, when the contractual rights to the cash flows from the financial asset (or part thereof) expire, or when the Bank transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or when the asset has been fully impaired and written off.

Loans and receivables are derecognized on the date when the Bank transfers its rights, while assets carried at amortized cost to maturity are derecognized at maturity.

When financial assets held for trading or within the fair value portfolio are sold, they are derecognized on the trade date, i.e. when the Bank commits to sell the asset.

Financial liabilities are derecognized when they are settled or otherwise extinguished.

3. Summary of significant accounting policies (continued)

3.4. Interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest rate method, which includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows, including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts, over the expected life of the financial asset or a shorter period, where appropriate.

Loan commitment fees are deferred, together with related direct origination costs, and recognized as an adjustment to the effective yield of the loan, thereby adjusting interest income or expense.

Loans that have been impaired are written down to their recoverable amount. Interest on exposures classified as partially or fully unrecoverable is recorded in off-balance sheet accounts, and such income is neither calculated nor recognized in profit or loss until collected, at which point it is recognized in profit or loss.

Interest accrued and recorded in off-balance sheet records is recognized in profit or loss only upon collection. Other fees are recognized when earned. Dividend income is recognized once declared.

3.5. Fee and commission income and expense

Fee and commission income mainly consists of fees from legal entities for loan origination, guarantees and other banking services, commissions for asset management of legal entities and individuals, as well as fees for domestic and foreign payment transactions.

Fees are recognized as income when the related service is performed.

3.6. Foreign currency transactions

Income and expenses arising from transactions in foreign currencies are translated into euros at the official exchange rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the Croatian National Bank's middle exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation are recognized in profit or loss for the period to which they relate.

3. Summary of significant accounting policies (continued)

3.7. Employee contributions

In accordance with domestic legislation, the Bank is obliged to pay contributions to pension and health insurance funds. This obligation relates to employees under employment contracts, and the employer is required to pay contributions at specified percentages based on gross salary:

	2025	2024
Pension insurance contribution	20%	20%
Health insurance contribution	16,5%	16,5%

Contributions on behalf of employees and on behalf of the employer are recognized as an expense in the period in which they are incurred.

3.8. Income tax

Income tax expense represents the sum of current tax liability and deferred taxes.

Current tax liability is based on taxable profit for the year. Taxable profit differs from net profit reported in the statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years, as well as items that are never taxable or deductible. The Bank's current tax liability is calculated using tax rates that are enacted or substantively enacted at the reporting date.

Deferred tax represents the amounts expected to be payable or recoverable in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized. Deferred tax is recognized in profit or loss, except when it relates to items recognized directly in equity, in which case deferred tax is also recognized in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank is subject to various indirect taxes, which are included within administrative expenses.

3. Summary of significant accounting policies (continued)

3.9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, balances with the Croatian National Bank (CNB), balances on giro accounts, and time deposits with other banks with original maturities of up to three months from the date of acquisition.

Repurchase and Reverse Repurchase Transactions

Securities sold under repurchase agreements (repo transactions) are included in the financial statements, while the related liability to the counterparty is included within amounts due to banks or amounts due to customers, as appropriate. Securities purchased under agreements to resell are recorded as placements with other banks or loans to customers. The difference between the sale and repurchase price is recorded as interest and is accrued on a straight-line basis over the period to maturity using the effective interest rate method.

Reclassification of Financial Assets

The Bank shall reclassify financial assets only when, and only when, there is a change in the business model for managing financial assets that were initially recognized.

Following such a change, the Bank is required to reclassify all affected financial assets.

3.10. Property, equipment and intangible assets

Property and equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price and all costs directly attributable to bringing the asset to working condition for its intended use. Costs of day-to-day servicing and repairs, replacements, and minor maintenance are recognized as an expense when incurred.

3. Summary of significant accounting policies (continued)

3.10. Property, equipment and intangible assets (continued)

Depreciation is calculated using the straight-line method, whereby the cost of an asset is written off over its estimated useful life according to the following annual rates:

	2025	2024
Description	%	%
Buildings	2.50 - 5	2.50 - 5
Investment property	2.50 - 5	2.50 - 5
Computer hardware	15 - 50	15 - 50
Furniture and equipment	10 - 25	10 - 25
Motor vehicles	10 - 20	10 - 20
Computer software	10 - 50	10 - 50
Leasehold improvements	10 - 20	10 - 20

Land is not depreciated.

Management periodically assesses whether there are any indicators of impairment of property, plant and equipment and intangible assets. If the carrying amount of an asset exceeds its estimated recoverable amount, it is written down to the recoverable amount. Gains and losses arising from the disposal of non-current assets are determined based on their carrying amount and are recognized in profit or loss within other income. Repair and investment maintenance costs are charged to profit or loss when incurred.

3.11. Investment property

Investment property relates to properties held for the purpose of earning rental income and/or capital appreciation (including assets under construction for such purposes). Investment property is initially measured at cost, including transaction costs, and subsequently measured at amortized cost. An asset is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition of investment property (calculated as the difference between net disposal proceeds and the carrying amount of the asset) are recognized in profit or loss in the period in which the asset is derecognized.

Depreciation is calculated using the straight-line method, whereby the cost of the asset is written off over its estimated useful life according to the annual rates presented in Note 3.10.

3.12. Assets acquired in exchange for non-performing receivables

The Bank acquires real estate in exchange for uncollected receivables from loans and advances that are subject to enforcement proceedings. Such properties are recognized in the Bank's ownership upon a final court decision on settlement, and are recorded at the value stated in the court ruling or at their appraised value, whichever is lower. Income or expenses arising from the sale of repossessed properties are recognized in profit or loss.

3. Summary of significant accounting policies (continued)

3.13. Foreign currency translation

The financial statements are presented in the functional currency, EUR, and amounts are rounded to the nearest thousand. The exchange rate applied at the end of the reporting period against the US dollar was as follows:

31 December 2025	1 EUR = 1.1757 USD
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31 December 2024	1 EUR = 1.0444 USD
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Transactions in foreign currencies are translated into EUR at the exchange rates prevailing on the transaction date. Monetary assets and monetary liabilities denominated in foreign currencies and those subject to currency clauses are translated into EUR at the middle exchange rate of the Croatian National Bank prevailing at the reporting date. Exchange differences arising from translation into EUR are recognized in profit or loss.

3.14. Off-balance sheet financial Instruments

In the normal course of business, the Bank issues guarantees, letters of credit, and undrawn committed credit facilities, which are recorded as contingent and committed liabilities in off-balance sheet records. These financial instruments are recognized in the statement of financial position when the Bank settles the related due obligation.

3.15. Custody operations

The Bank manages assets under custody on behalf of legal entities and individuals and charges fees for these services. Since these amounts do not represent the Bank's assets or liabilities, they are excluded from the statement of financial position presented in this report (Note 31), except for transit custody accounts holding third-party funds.

3.16. Sale and repurchase agreements

If a financial asset is sold under an agreement to repurchase it at a fixed price or at the sale price plus a lender's return, or if it is lent under an agreement to return the asset to the transferor, it is not derecognized because the Bank retains substantially all risks and rewards of ownership. Securities sold under repurchase agreements ("repo agreements") are presented within balance sheet items in accordance with their original classification, or are reclassified within the Bank's statement of financial position. The related liability to the counterparty is presented under "Borrowings".

3. Summary of significant accounting policies (continued)

3.17. Leases

Lease classification is performed at the inception of the lease, and leases are classified as either finance leases or operating leases.

A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred.

Where the Bank acts as lessor in a finance lease, the leased asset is initially recognized as a receivable at an amount equal to the net investment in the lease. Initial direct costs incurred in negotiating and arranging a finance lease are added to the carrying amount of the lease receivable.

Where the Bank acts as lessee in a finance lease, at the commencement of the lease term it recognizes an asset and a liability in the statement of financial position at amounts equal to the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. The present value is determined using the interest rate implicit in the lease, or, if this is not practicable, the incremental borrowing rate. Initial direct costs directly attributable to negotiating the lease (e.g. intermediary fees) are added to the cost of the recognized leased asset. During the lease term, the Bank depreciates leased assets in the same manner as for owned assets of the same type. However, if it is not reasonably certain that the Bank will obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over the shorter of the lease term or its useful life.

An operating lease is any lease other than a finance lease, and is classified as such when substantially all risks and rewards incidental to ownership are not transferred.

Where the Bank acts as lessor under an operating lease, the leased asset is recognized in the statement of financial position according to the nature of the asset. Lease income is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are deferred and recognized as an expense over the lease term in the same pattern as lease income.

During the lease term, the Bank depreciates and tests leased assets for impairment in the same manner as for owned assets of the same type. The Bank also performs impairment testing on leased assets in accordance with the same principles applied to owned assets.

During the finance lease term, the Bank treats lease receivables as a repayment of principal and finance income. Finance income is recognized so as to reflect a constant periodic rate of return on the net investment outstanding in the finance lease.

Where the Bank acts as lessee in an operating lease, the lease is recognized on-balance sheet in accordance with IAS 16 requirements.

3. Summary of significant accounting policies (continued)

3.17. Leases (continued)

- A lease liability (liabilities – long-term obligations) is recognized at the present value of the contractual lease payments for the lease term under the operating lease agreement.
- A right-of-use asset (assets – non-current assets) is recognized at the amount of the initially measured lease liability, increased by any lease payments made at or before the commencement date (prepaid lease payments), and by any initial direct costs incurred by the lessee (processing costs).
- After the commencement date, the lessee measures the right-of-use asset using the cost model. Under the cost model, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. The recognized asset is depreciated on a monthly basis.

The lease liability is initially measured at the present value of lease payments over the lease term, determined using the interest rate implicit in the lease, if readily determinable. If this is not possible, the Bank applies its incremental borrowing rate (the market borrowing rate under similar conditions or with similar collateral).

Interest calculated on the operating lease liability represents an expense for the period to which it relates and is not included in the long-term liability.

As an exception to this accounting treatment, leases with a term of up to one year or leases of low-value assets are not considered leases for recognition purposes but are treated as services and are recognized monthly as lease expense over the contract term.

3.19. Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented in net amounts in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.20. Accounting for financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred when a debtor fails to meet its payment obligations in accordance with the terms of a debt instrument. Such financial guarantees are provided to banks, financial institutions, and other entities on behalf of customers for the purpose of securing loans, overdrafts, and other banking products.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee is issued. The initial fair value is amortized over the term of the financial guarantee. Subsequently, guarantee obligations are measured at amortized cost or at the present value of expected payments (when a payment under the guarantee is probable), whichever is higher. Financial guarantees are included in other liabilities.

Any increase in the guarantee liability is recognized in profit or loss.

3. Summary of significant accounting policies (continued)

3.21. Significant accounting estimates and judgements

In applying accounting policies, Management is required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and associated assumptions are based on past experience and other factors considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the change occurs if the change affects only that period, or in both the current and future periods if the change affects both.

The key assumptions concerning the future and other major sources of estimation uncertainty at the reporting date, which carry a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year, are set out below.

Although the Bank may incur losses in certain periods, which are generally proportional to impairment allowances on loans, Management has assessed that loan loss allowances are adequate to cover potential losses on risk assets.

In the normal course of business, several legal proceedings and claims have been initiated against the Bank. Management believes that any final obligations arising from these proceedings will not have any additional material adverse impact—after provisions recognized up to the date of this report—on the Bank's financial position or future operating results.

Credit risk estimates

The Bank's Management defines, through its business model, the objective of managing financial assets, which is determined based on whether financial assets are held to collect contractual cash flows, to collect contractual cash flows and sell financial assets, or solely for trading. The Bank pursues these objectives through three main business segments: corporate banking, retail banking, and treasury.

In defining business models, the Bank considers past experience in how cash flows are generated for each business segment and at the business model level. It also analyses the performance of the business model in achieving its objectives and the reporting provided to Bank management in this regard. The primary risks affecting the performance of the business model and how these risks are managed are also assessed. The frequency and significance of financial asset sales in previous periods, the reasons for such sales, and expected future sales activity are also considered when defining the business model.

At least quarterly, the Bank reviews its credit portfolio for the purpose of assessing expected credit losses. The Bank has established internal indicators for determining a significant increase in credit risk, which are used for the transfer of exposures from risk subcategory A-1 to A-2. The Bank has also defined internal criteria for determining default status.

The criteria for assessing a significant increase in credit risk used for transferring exposures from subcategory A-1 to A-2 are defined at the appropriate customer level and differ depending on whether the exposure relates to retail or corporate customers.

3. Summary of significant accounting policies (continued)

3.21. Significant accounting estimates and judgements (continued)

The criteria include changes in the internal credit risk rating, a default indicator where contractual payments are continuously past due in materially significant amounts for more than 30 days, failure to meet certain financial ratios, the implementation of restructuring measures, and consecutive account blockage of more than 15 days as at the reporting date.

Credit risk is considered to have significantly increased since initial recognition when any of the above criteria are met.

Only exposures to a borrower that are not in default are classified within risk category A.

In accordance with IFRS 9, the Bank applies appropriate impairment and provisioning for exposures in amounts equal to:

- 12-month expected credit losses, representing the portion of lifetime expected credit losses that would result if default occurs within the next 12 months, for risk subcategory A-1;
- lifetime expected credit losses for risk subcategory A-2.

Exposures to borrowers in default are classified into risk subcategory B-1 or lower, and appropriate impairment and provisioning are applied.

The calculation of expected credit loss (ECL) rates is based on standard credit risk parameters:

- PD (Engl. Probability of Default) – probability of default event occurrence;
- LGD (Engl. Loss Given Default) – loss given default;
- EAD (Engl. Exposure at Default) – exposure at the time of default.

The Bank calculates PD rates depending on the exposure category in which each client is classified (according to ESA sector classification), whereby PD for each exposure category is calculated as a weighted annual average based on historical data for each year.

LGD rates are calculated depending on the exposure category of each client (according to ESA sector classification) and whether the exposure is secured or unsecured, based on historical data on default entries, recoveries, and exits from default status.

Exposure at default (EAD) represents the total exposure amount for which impairment allowances are calculated.

For off-balance sheet exposures, the Bank applies a conversion factor of 1.

Expected credit losses (ECL) for exposures for which no significant increase in credit risk has been identified since initial recognition are measured as 12-month expected credit losses, representing the portion of lifetime expected credit losses arising from possible default events within the next 12 months (risk subcategory A-1 – Stage 1). For exposures for which a significant increase in credit risk has been identified at the reporting date, lifetime expected credit losses are calculated (risk subcategory A-2 – Stage 2).

For exposures in risk categories B and C (Stage 3), expected credit losses are calculated using the standard discounted cash flow (DCF) method, i.e. the present value of estimated future cash flows discounted using the effective interest rate.

3. Summary of significant accounting policies (continued)

3.22. Segment reporting

Operating segments are reported in accordance with internal reports prepared by organizational units, i.e. departments, which are regularly prepared and presented to the Bank's Management as the chief operating decision-maker.

In accordance with International Financial Reporting Standard 8: Operating Segments ("IFRS 8"), the Bank has identified three main segments: corporate banking, retail banking, and treasury.

The Bank operates exclusively within the territory of the Republic of Croatia; therefore, total assets and the majority of its clients are located in Croatia. A description of the operating segments and their financial overview is presented in Note 11 of these financial statements.

4. Interest income

	<u>2025</u>	<u>2024</u>
a) Analysis by sector		
Loans to corporate entites	8,925	9,870
Loans to households	7,973	6,980
Debt securities	2,972	2,824
Croatian National Bank	2,277	3,509
Other entites	817	723
	<u>22,964</u>	<u>23,906</u>

b) Analysis by product

	<u>2025</u>	<u>2024</u>
Loans to customers	17,298	17,145
Placements with banks	2,694	3,937
Debt securities	2,972	2,824
	<u>22,964</u>	<u>23,906</u>

5. Interest expense and similar expenses

	<u>2025</u>	<u>2024</u>
a) Analysis by sector		
Households	(3,414)	(3,220)
Corporate entites	(1,580)	(1,634)
Banks	(1,574)	(1,672)
Other entites	(44)	(35)
Non-residents	(143)	(126)
	<u>(6,755)</u>	<u>(6,687)</u>

b) Analysis by product

	<u>2025</u>	<u>2024</u>
Deposits	(6,555)	(6,440)
Borrowings	(200)	(247)
	<u>(6,755)</u>	<u>(6,687)</u>

6. Fee and commission income and expense

	<u>2025</u>	<u>2024</u>
Fee and commission income		
Fee income from corporate entities	3,008	2,920
Fee income from households and craftsmen	1,211	1,188
Fee income from banks	1,470	1,329
Fee income from non-residents	92	92
	<u>5,781</u>	<u>5,529</u>
Fee and commission expense		
Domestic payment transaction fees	(1,236)	(1,190)
Other fees and commissions	(598)	(459)
	<u>(1,834)</u>	<u>(1,649)</u>

7. Net trading income

	<u>2025</u>	<u>2024</u>
a)		
Net foreign exchange trading income	273	293
Gain/(loss) from financial assets at fair value through profit or loss	1,290	446
	<u>1,563</u>	<u>739</u>
b)		
Foreign exchange revaluation differences	(21)	(10)

8. Other income

	<u>2025</u>	<u>2024</u>
Rental income	263	294
Other operating income	1,736	1,804
	<u>1,999</u>	<u>2,098</u>

Other operating income mainly relates to the sale of tangible assets, redemption of expired employee insurance policies, dividend income, re-invoicing of shared costs, prior-year income, and other similar items.

9. Operating expenses

	<u>2025</u>	<u>2024</u>
Staff costs (Note 9.1)	5,969	5,265
Materials and services	5,447	5,108
Depreciation and amortisation (Notes 18, 19 and 20)	1,149	1,157
Administration and marketing expenses	288	193
Insurance premiums	186	1
Taxes and contributions	246	218
Other expenses	447	375
	<u>13,732</u>	<u>12,317</u>

The Materials and services line item mainly consists of costs of ongoing maintenance, security and property insurance costs, rental expenses for business premises and ATMs, as well as telecommunications and other service costs.

9.1 Staff costs

	<u>2025</u>	<u>2024</u>
Net salaries and wages	3,165	2,758
Taxes and contributions from salaries	1,320	1,117
Employer contributions	698	598
Other employee-related costs	786	792
	<u>5,969</u>	<u>5,265</u>

The Bank capitalises a portion of salaries of business and development team employees related to internal software development, which amounted to EUR 303 thousand in 2025 (2024: EUR 283 thousand). As at 31 December 2025, the Bank had 196 employees (31 December 2024: 187 employees).

10. Impairment losses and provisions

Movements in expected credit loss allowances

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Loans and receivables from customers	15	(5,228)	(4,703)
Placements with financial institutions	13	(385)	(366)
Debt securities measured at amortized cost	16	(41)	(28)
Other assets	21	(742)	(272)
Expected losses for contingent liabilities		(739)	(1,616)
Other provisions		(3)	(5)
		<u>(7,138)</u>	<u>(6,990)</u>
<i>Less: collected and released amounts</i>			
Loans and receivables from customers	15	4,102	4,412
Placements with financial institutions	13	393	361
Debt securities measured at amortized cost	16	42	21
Other assets	21	242	165
Other provisions	29	181	-
Expected losses for contingent liabilities		755	1,028
		<u>5,715</u>	<u>5,987</u>
Total impairment losses and provisions		<u>(1,423)</u>	<u>(1,003)</u>

Detailed movements in expected credit loss allowances are presented in the respective notes referenced above.

The total impairment level for exposures classified in risk subcategories A-1 and A-2 for the period ended 31 December 2025 amounted to 0.47% (2024: 0.39%) of the gross carrying amount of exposures in those risk subcategories.

11. Segment reporting

In accordance with the requirements of IFRS 8, the Bank has identified and presents its operating segments in line with internal reporting provided to the Bank's Management Board.

Since the Bank does not allocate general and administrative expenses to segments, segment profitability is not presented. Furthermore, the Bank does not apply internal transfer pricing in determining the performance of individual operating segments.

Operating segments

The Bank monitors its operations by types of services provided through three main operating segments:

- **Corporate Banking** includes lending and guarantee activities, deposit operations, card services, and other transactions with corporate clients
- **Retail Banking** includes lending and deposit activities with individuals, payment services, card operations, and distribution channels
- **Treasury** includes liquidity and foreign exchange risk management, securities and other financial instruments, term deposits with financial institutions, and securities custody services.

11. Segment reporting (continued)

Information on Operating Segments for the year ended 31 December 2025:

	Corporate Banking	Retail Bankong	Treasury	Other	Total
Net interest income	7,845	4,191	4,172	-	16,209
Net fee and commission income	4,494	1,061	(1,608)	-	3,947
Trading and investment income	-	-	1,563	-	1,563
Other income	58	1,077	(1,092)	1,867	1,910
Operating income	12,397	6,328	3,036	1,867	23,628
General and administrative expenses	-	-	-	12,514	12,514
Depreciation	-	-	-	1,149	1,149
Expected credit losses on loans and receivables from customers	969	641	(9)	-	1,601
Other provisions	-	-	-	(178)	(178)
Operating expenses	969	641	(9)	13,485	15,086
Profit before tax	-	-	-	-	8,542
Income tax	-	-	-	-	(1,477)
Profit for the year	-	-	-	-	7,065
Segment assets	167,377	170,988	275,895	-	614,260
Unallocated assets	-	-	-	24,308	24,308
Total assets	167,377	170,988	275,895	24,308	638,568
Segment liabilities	85,053	272,692	199,506	8,450	565,701
Unallocated equity and reserves	-	-	-	72,867	72,867
Total liabilities, equity and reserves	85,053	272,692	199,506	81,317	638,568

11. Segment reporting (continued)

Information on Operating Segments for the year ended 31 December 2025:

	Corporate Banking	Retail Banking	Treasury	Other	Total
Net interest income	8,773	3,426	5,020	-	17,219
Net fee and commission income	4,825	1,039	(1,444)	-	3,880
Trading and investment income	-	-	739	-	739
Other income	53	(495)	483	2,047	2,088
Operating income	13,111	3,970	4,798	2,047	23,926
General and administrative expenses	-	-	-	11,160	11,160
Depreciation	-	-	-	1,157	1,157
Expected credit losses on loans and receivables from customers	684	300	14	-	998
Other provisions	-	-	-	5	5
Operating expenses	684	300	14	12,322	13,320
Profit before tax	-	-	-	-	10,606
Income tax	-	-	-	-	(1,839)
Profit for the year	-	-	-	-	8,767
Segment assets	176,615	160,392	269,788	-	606,795
Unallocated assets	-	-	-	24,595	24,595
Total assets	176,615	160,392	269,788	24,595	631,390
Segment liabilities	70,352	250,329	231,845	8,543	561,069
Unallocated equity and reserves	-	-	-	70,321	70,321
Total liabilities, equity and reserves	70,352	250,329	231,845	78,864	631,390

12. Income tax

Income tax is calculated at a rate of 18% on taxable profit.

Income Tax Reconciliation:

	<u>2025</u>	<u>2024</u>
Current income tax	1,477	1,839
	<u>1,477</u>	<u>1,839</u>

Tax returns remain open and subject to tax authority review for a period of at least three years. Management believes that adequate tax provisions have been recognized in these financial statements. However, there remains a risk that the tax authorities may adopt a different interpretation of applicable regulations.

During 2025, the Bank paid advance income tax instalments in the total amount of EUR 1,835 thousand (2024: EUR 1,678 thousand).

Deferred tax assets relate to deferred fee income for loan usage over the life of the loan and to impairment of property, plant and equipment. For 2025, the effect of deferred tax amounts to EUR 69 thousand (2024: EUR 22 thousand).

Deferred Tax Assets:

	<u>Office building</u>	<u>Deferred income</u>	<u>Total</u>
Net deferred tax			
Balance at 31 December 2024	<u>(565)</u>	<u>(344)</u>	<u>(909)</u>
Recognised in profit and loss	21	49	69
Balance at 31 December 2025	<u>(544)</u>	<u>(295)</u>	<u>(840)</u>

Current Tax Reconciliation:

	<u>2025</u>	<u>2024</u>
Accounting profit before tax	<u>8,542</u>	<u>10,606</u>
Items increasing tax base	62	69
Items decreasing tax base	(398)	(456)
Taxable base for the year	8,206	10,219
Tax at 18%	1,477	1,839
Current income tax	<u>(1,477)</u>	<u>(1,839)</u>
Effective tax rate	<u>17.29%</u>	<u>17.34%</u>

Non-deductible expenses mainly relate to entertainment expenses and unrealised losses.

13. Cash and balances with the Croatian National Bank

	31 Dec 2025	31 Dec 2024
Cash in hand	12,765	11,894
Total cash	12,765	11,894
Current account with the Croatian National Bank	18,823	611
Other deposits with the CNB	85,124	92,624
Expected credit losses	(25)	(28)
Total balances with the Croatian National Bank	103,922	93,207
Total cash and balances with the Croatian National Bank	116,687	105,101

On 20 October 2022, EU Decision 2022/2071 on transitional provisions for the application of minimum reserve requirements by the European Central Bank following the introduction of the euro in Croatia (ECB/2022/36) was adopted. Based on balance sheet positions, banks are required to maintain minimum reserves on the TARGET account with the Croatian National Bank. The maintenance period for minimum reserves for financial institutions at the end of 2025 runs from 23 December 2025 to 10 February 2026. For the Bank, the required minimum reserve for this period amounts to EUR 4,674 thousand.

All balances with the Croatian National Bank are considered fully recoverable and are classified as Stage 1 exposures.

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amount are expressed in thousand of euros)

14. Placements with other banks

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Current accounts with other banks	1,401	634
Loans and term deposits with other banks	<u>18,197</u>	<u>38,833</u>
Total placements with other banks, gross	<u>19,598</u>	<u>39,467</u>
Expected credit losses	<u>(5)</u>	<u>(12)</u>
Total placements with other banks, net	<u>19,593</u>	<u>39,455</u>

Of the total amount of loans and term deposits with other banks, EUR 457 thousand relates to a guarantee deposit with Erste Bank with an original maturity of more than three months, and is therefore not included in cash equivalents.

All placements with other banks are considered fully recoverable and are classified as Stage 1 exposures.

Geographical analysis

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Germany	8,117	378
Italy	55	55
Croatia	11,285	38,872
Austria	26	71
United States	84	52
Spain	<u>27</u>	<u>27</u>
	<u>19,593</u>	<u>39,455</u>

All foreign placements are with banks rated between A+ and BBB+.

15. Financial assets mandatorily measured at fair value through profit or loss

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Equity securities		
Units in investment funds	4,506	4,231
Shares	3,259	2,652
Equity interests and depositary receipts	679	1,127
Convertible bonds	<u>-</u>	<u>-</u>
Total	<u>8,444</u>	<u>8,010</u>

The Bank classifies within the portfolio mandatorily measured at fair value through profit or loss equity securities, including shares, equity interests and units in open-ended investment funds.

The price or value of units in investment funds is determined by the respective investment fund management company. These units are not listed on a stock exchange; however, information on unit values is publicly available on the management company's website. Data on the unit value as of the last day of each month are provided on a monthly basis.

16. Financial assets measured at amortised cost

Loans and receivables from customers

Analysis of loan portfolio by sector

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Households	184,835	172,600
Corporates	164,907	175,843
Other entities	2,424	3,168
Financial institutions	<u>4,291</u>	<u>6,521</u>
Gross loans	<u>356,457</u>	<u>358,132</u>
Expected credit losses	<u>(17,542)</u>	<u>(20,305)</u>
Total loans and receivables from customers	<u>338,915</u>	<u>337,827</u>

Loans and receivables from customers are carried as financial assets measured at amortised cost.

Loans are secured by appropriate collateral, including real estate of adequate value, deposits, guarantees, securities, insurance policies and other forms of collateral.

Interest rates on corporate loans ranged from 2.00% to 7.99% in 2025 (2024: 2.25% to 7.99%), on retail loans from 3.49% to 6.79% (2024: 4.39% to 7.99%), while interest rates on financial institutions ranged from 0.05% to 4.53% during 2025 (2024: 0.20% to 5.45%).

a) Movement in allowance for expected credit losses on loans and receivables from customers:

	<u>Expected credit losses</u>
Balance at 31 December 2024	<u>20,305</u>
New impairment charges (Note 10)	6,163
Amounts collected (Note 10)	(4,538)
Write-off of fully uncollectible loans	(4,398)
Foreign exchange differences	<u>10</u>
Balance at 31 December 2025	<u>17,542</u>

In 2025, the Bank also carried out final write-offs of fully uncollectible exposures for clients for which all collection actions had been exhausted and for which there was no further possibility of recovery through impairment allowances, in the amount of EUR 4,398 thousand (2024: EUR 385 thousand).

Debt securities

Analysis by product

	31 Dec 2025	31 Dec 2024
Bonds	70,512	75,550
Treasury bills MF	-	4,972
Bills of exchange	-	271
	70,512	80,793
Impairment allowance	(34)	(43)
TOTAL	70,478	80,750

Debt securities measured at amortised cost – analysis by sector

	31 Dec 2025	31 Dec 2024
Bonds and treasury bills of the Republic of Croatia	50,522	68,568
Bonds of state-owned enterprises	1,253	1,252
Bonds of other corporate entities	5,246	5,188
Bonds of financial and similar institutions	1,487	1,487
Bonds of foreign governments	12,004	4,027
	70,512	80,522

17. Financial assets measured at fair value through other comprehensive income

Analysis by product

	31 Dec 2025	31 Dec 2024
Treasury bills MF	3,970	9,840
Bonds	56,191	25,823
	60,161	35,663
Impairment allowance	(18)	(11)
TOTAL	60,143	35,652
Listed on stock exchange	56,191	25,823

Analysis by sector

	31 Dec 2025	31 Dec 2024
Republic of Croatia bonds	41,507	22,203
Foreign government bonds	14,684	3,619
	56,191	25,823
Listed on stock exchange	56,191	25,823

During 2025, the Bank remeasured new investments in debt securities (bonds) at fair value through other comprehensive income, in line with positive developments in capital market prices.

Unrealised gain/(loss) on remeasurement of financial assets measured at fair value through other comprehensive income

	2025	2024
Balance at 1 January	474	-
Changes in portfolio of financial assets		
Fair value of financial assets	(352)	474
Cumulative gain on disposal of financial assets through other comprehensive income	-	-
Balance at 31 December	122	474

18. Intangible assets

	External software and other rights	Internally developed softwareS3	Other intangible assets	Intangible assets under development	Total intangible assets
Purchase value					
Balance at 31 December 2023	2,030	3,393	494	1,391	7,308
Increases	-	-	-	463	463
Transfers from investment in progress	200			(200)	-
Write off/ expense	-	-	-	-	-
Balance at 31 December 2024	2,230	3,393	494	1,654	7,771
Increases				630	630
Transfers from investment in progress	125	-	-	(125)	-
Write off/ expense	-	-	-	-	-
Balance at 31 December 2025	2,355	3,393	494	2,159	8,401
Accumulated depreciation					
Balance at 31 December 2023	1,677	2,538	449	-	4,664
Expense for the year	180	339	9	-	528
Derecognition/ expense	-	-	-	-	-
Balance at 31 December 2024	1,856	2,878	458	-	5,192
Expense for the year	160	339	8	-	507
Derecognition/ expense	-	-	-	-	-
Balance at 31 December 2024	2,016	3,217	466	-	5,699
Net book value					
At 31 December 2024	374	515	36	1,654	2,579
At 31 December 2025	339	176	28	2,159	2,702

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amount are expressed in thousand of euros)

19. Property and equipment

	Land	Buildings	IT and other equipment	Furniture, vehicles and similar assets	Other tangible assets	Tangible assets under development	Total
Balance at 31 December 2023	2,008	12,366	1,814	1,085	1,710	2,205	21,188
Increase in investment in progress	-	-	-	-	-	17	17
Transfer from investment in progress	-	1	409	110	29	(109)	440
Decrease/sale	-	-	-	-	-	-	-
Write-off/expense	-	-	(18)	-	(26)	-	(44)
Balance at 31 December 2024	2,008	12,367	2,205	1,195	1,713	2,113	21,601
Increase in investment in progress	-	-	-	-	-	330	330
Transfer from investment in progress	-	12	39	315	139	(214)	291
Decrease/sale	-	-	-	-	-	-	-
Write-off/expense	-	-	(22)	(10)	(6)	-	(38)
Balance at 31 December 2025	2,008	12,379	2,222	1,500	1,846	2,229	22,184
Accumulated depreciation							
Balance at 31 December 2023	-	8,720	1,336	823	1,377	-	12,336
Expense for the year	-	240	154	79	42	-	515
Derecognition-write off/sale	-	-	(17)	-	(7)	-	(24)
Balance at 31 December 2024	-	8,960	1,473	982	1,412	-	12,827
Expense for the year	-	240	154	79	42	-	515
Derecognition-write off/sale	-	-	(17)	-	(7)	-	(24)
Balance at 31 December 2025	-	9,201	1,618	1,060	1,415	-	13,337
Net book value							
31 December 2024	2,008	3,407	732	213	301	2,113	8,774
31 December 2025	2,008	3,178	604	440	388	2,229	8,847

19. Property and equipment (continued)

As at 31 December 2025, there are no registered encumbrances on buildings, and depreciation is calculated at rates of 2.50%–3.33%. The amount of property, plant and equipment also includes low-value assets and office supplies inventories, which amount to EUR 24 thousand net (2024: EUR 27 thousand).

20. Investment property

Investment property is initially recognized at acquisition cost, including transaction costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property is depreciated on a straight-line basis over a period of 33 to 40 years (2024: 33 to 40 years). Investment property is derecognized upon disposal.

Gains or losses arising from the disposal of investment property are recognized in profit or loss in the period in which the asset is derecognized.

	31 Dec 2025	31 Dec 2024
Ulaganja u imovinu iz vlastite imovine	3,554	2,866
Ulaganja u imovinu iz preuzete imovine	558	1,808
Ukupno ulaganja u nekretnine	4,112	4,674

Investment property amounts to EUR 4,112 thousand (2024: EUR 4,674 thousand) and is separately presented in the Bank's statement of financial position. It includes the Bank's investments in real estate held for the purpose of generating rental income. The estimated fair value of property originating from own assets amounts to EUR 4,657 thousand (2024: EUR 2,549 thousand), while the estimated fair value of assets acquired through foreclosure amounts to EUR 2,093 thousand (2024: EUR 7,995 thousand).

Depreciation rates applied to investment property range from 2.50% to 3.03%. Rental income from leased business premises amounts to EUR 263 thousand (2024: EUR 294 thousand). Lease agreements stipulate that rental prices include operating expenses, except for one agreement where the lessee bears these costs, which amounted to EUR 10.4 thousand in 2025 (2024: EUR 9 thousand).

Movement in investment property

	Buildings	Foreclosed assets	Total
Balance at 31 December 2023	2,465	3,593	6,058
Transfer from investment in progress	960	37	997
Impairment	-	(1,349)	(1,349)
Balance at 31 December 2024	3,425	2,281	5,706
Transfer from investment in progress	732	-	732
Derecognition/sale	-	(1,668)	(1,668)
Balance at 31 December 2025	4,157	613	4,770

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amount are expressed in thousand of euros)

Movement in investment property (continued)

Depreciation

Balance at 31 December 2023	515	586	1,101
Expense for the year	44	70	114
Derecognition/sale	-	(183)	(183)
Balance at 31 December 2024	559	473	1,032
Expense for the year	44	56	100
Derecognition/sale	-	(474)	(474)
Balance at 31 December 2025	603	55	658
Neto book value			
31 December 2024	2,866	1,808	4,674
31 December 2025	3,554	558	4,112

21. Other assets

	31 Dec 2025	31 Dec 2024
Intangible assets		
Deferred tax assets	841	911
Assets acquired in exchange for non-performing receivables	4,405	4,529
Prepaid expenses and deferred charges	1,686	1,438
Total intangible assets	6,932	6,878
Financial assets		
Current tax asset	1,683	1,686
Other receivables and settlement items	33	6
Total financial assets	1,716	1,692
Total other assets before impairment	8,648	8,570
Less expected credit losses:	(1)	(1)
Total other assets	8,647	8,569

These financial assets are predominantly due within one year, mainly relating to income tax prepayments and final tax settlements, while settlement items relate to clearing accounts. The largest component of other assets consists of non-current assets acquired through enforcement proceedings in exchange for non-performing receivables, which are classified as held for sale. During 2024, the total value of sold assets amounted to EUR 1,321 thousand, and there were no new acquisitions (in 2024, assets acquired amounted to EUR 108 thousand, while assets sold amounted to EUR 383 thousand). All assets held for sale are immediately available and are continuously marketed for sale.

22. Deposits from banks and customers

	31 Dec 2025	31 Dec 2024
Demand deposits		
Banks and financial institutions	30,956	14,753
Households	101,252	96,405
Corporates	102,891	98,813
Other entites	2,189	2,604
Total demand deposits	237,289	212,575
Term deposits		
Banks and financial institutions	29,409	8,366
Households	174,948	157,016
Corporates	77,838	63,703
Other entites	2,704	1,698
Total term deposits	284,898	230,783
Total liabilites to customers	522,187	443,358

Interest rates on demand deposits for legal entities ranged from 0.01% to 2.94% during 2025 (2024: 0.01% to 3.00%), while for retail customers they were 0.01% (2024: 0.01%).

Interest rates on term deposits for retail customers ranged from 0.01% to 2.50% in 2025 (2024: 0.01% to 3.00%). For corporate and other entities, rates ranged from 0.01% to 3.00% in 2025 (2024: 0.01% to 3.30%). For financial institutions, interest rates ranged from 1.90% to 2.45% in 2025 (2024: 0.30% to 4.00%).

23. Borrowings

	31 Dec 2025	31 Dec 2024
Long-term borrowings	11,483	4,226
Repo borrowings	14,401	96,012
Total borrowings	25,884	100,238
	31 Dec 2025	31 Dec 2024
Denominated in domestic currency	25,884	100,238
Total borrowings	25,884	100,238

23. Borrowings (continued)

Borrowings include loans presented in the following table:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Croatian National Bank	-	72,499
HBOR	11,483	4,226
Financial institutions	14,401	23,513
	<u>25,884</u>	<u>100,238</u>

Loans received from the Croatian Bank for Reconstruction and Development (HBOR) relate to funds disbursed through the Bank in accordance with HBOR's financing programs. The relationship with HBOR is governed by a separate agreement. The interest rate on loans received from HBOR ranged from 0.00% to 3.00%, while for end users of these loans the interest rate ranged from 1.00% to 4.50% during 2025 (2024: 1.00%–4.50%).

Other liabilities relate to short-term repo borrowings maturing in January 2025 with fixed interest rates ranging from 2.20% to 2.25% (2024: 0.25%–4.25%).

24. Other liabilities

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Account payables	582	553
Card payment liabilities	1,076	812
Salary liabilities	487	401
Tax liabilities	1,480	1,847
Operating lease liabilities IFRS 16	369	160
Deferred income	3,878	4,086
Other liabilities	1,171	880
Total liabilities	<u>9,043</u>	<u>8,739</u>

These other short-term liabilities are settled within a short period not exceeding one month and mainly relate to advance and unallocated payments on loans.

25. Issued subordinated instruments

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Subordinated bonds	7,085	7,083
	<u>7,085</u>	<u>7,083</u>

The subordinated instrument KBZ-O-316A was issued in 2021 with a fixed interest rate of 4% and a maturity date of 28 June 2031.

Interest on the issued subordinated bond is paid on a semi-annual basis.

26. Equity

As at 31 December 2025, share capital amounts to EUR 25,190,789 (31 December 2024: EUR 25,190,789) and is divided into 1,937,753 ordinary shares, ticker KBZ-R-A, with a nominal value of EUR 13.00 per share (2024: EUR 13.00).

The following shareholders held more than 5% of the Bank's share capital as at 31 December 2025 and 31 December 2024:

Shareholders	Ownership (%)	
	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Euroherc osiguranje d.d.	21.13	19.97
Adriatic osiguranje d.d.	19.98	19.98
Agram life osiguranje d.d.	19.86	19.73
Intermod d.o.o.	9.98	7.61
Agramleasing d.o.o.	8.86	8.86
Agram Tis d.o.o.	7.67	7.67
Other	12.52	16.18
Total share capital	<u>100.00</u>	<u>100.00</u>

Kapital gain

During 2025, there were no changes in capital gain.

26. Equity (continued)

Dividends

The General Assembly of the Company held on 6 June 2025 approved the distribution of the prior year's profit as follows: EUR 4,600 thousand was allocated to retained earnings, while shareholders were paid dividends in the total amount of EUR 4,166 thousand.

Regulatory capital

In accordance with the legal provisions based on EU Directive 575/2013, the regulatory capital was calculated as at 31 December 2025 and 31 December 2024 as follows:

	31 Dec 2025	31 Dec 2024
Regulatory capital of the Bank		
Common equity	31,899	31,899
Legal and statutory reserves and retained earnings excluding current year result	33,781	29,180
Deductions: Intangible assets(-)	(2,702)	(2,579)
Accumulated other comprehensive income	122	474
Other transitional adjustments to common equity	227	57
Prudential filters adjustment	(59)	(35)
Total common equity	63,268	58,996
Supplementary capital of the bank		
Subordinated instruments	7,081	7,081
Gross supplementary capital of the bank	7,081	7,081
Deductions	-	-
Total deductions from supplementary capital		
Total supplementary capital (gross supplementary capital minus deductions)	7,081	7,081
Gross regulatory capital	70,349	66,077
Risk-weighted assets		
Credit risk-weighted exposures	257,898	289,656
Other risk-weighted assets	27,480	40,160
Total risk-weighted assets	285,378	329,816
Capital adequacy ratio	24.65%	20.03%

27. Retained earnings and statutory reserves

Retained earnings include accumulated profits from previous years, as well as statutory and legal reserves. In 2025, retained earnings increased by EUR 4,600 thousand and amounted in total to EUR 33,781 thousand (in 2024, they amounted to EUR 29,181 thousand).

The statutory reserve was established in accordance with Croatian legislation, which requires that 5% of the annual profit be transferred to this reserve until it reaches 5% of issued share capital. The Bank has reached this level relative to its issued share capital; therefore, no allocation to this reserve was made in 2025.

28. Earnings per share

For the calculation of earnings per share, profit for the current year (profit after tax) attributable to holders of ordinary shares is used, after deducting amounts relating to preference dividends. The reconciliation of profit after tax and earnings per share is presented below:

	2025	2024
Profit for the year (EUR)	7,065,278	8,766,522
Weighted average number of ordinary shares during the year	257,184	257,184
Earnings per ordinary share (EUR)	27.4.7	34.09

29. Other provisions and impairments

The Bank is involved in a number of legal proceedings in which it is the defendant. The Bank recognises provisions in accordance with the Decision of the Croatian National Bank on the obligation to set aside provisions for legal disputes against credit institutions. No significant losses are expected from pending legal disputes against the Bank.

At year-end, the Bank also recognises provisions for unused annual leave of employees, which are utilised by the end of January of the following year.

Other provisions relate to impairment of expected losses on contingent liabilities under IFRS 9 and provisions under IFRS 37.

	31 Dec 2025	31 Dec 2024
Provisions for legal proceedings against the Bank	145	144
Provision for employee annual leave	65	70
Other provisions – inactive retail accounts	187	316
Provisions for contingent liabilities IFRS 9	581	580
Provisions for contingent IFRS 37	524	542
Total	1,502	1,652

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amount are expressed in thousand of euros)

29. Other provisions and impairments (continued)

Changes in provisions for other provisions

	<u>2025</u>	<u>2024</u>
Balance at 1 January	1,652	1,049
New provisions	792	2,343
Decreases	(942)	(1,742)
Balance at 31 December	1,502	1,652

30. Off-balance sheet contingent liabilities

The total amount of issued guarantees, letters of credit, undrawn committed credit facilities and other off-balance sheet risk exposures was as follows:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Issued guarantees and letters of credit	30,018	34,926
Undrawn committed credit	26,213	17,190
Other risk-bearing standard off-balance sheet items	30,535	15,201
Total contingent liabilities	86,766	67,317

Movement of off-balance sheet contingent liabilities under IFRS 9 by stage during 2025

	Guarantees and letters of credit	Undrawn credit	Other off- balance sheet risk items	Total
Stage 1	28,624	25,910	28,701	83,234
Stage 2	0	238	1,424	1,662
Stage 3	1,394	65	411	1,870
Total off-balance sheet contingent liabilities IFRS 9				86,766

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amount are expressed in thousand of euros)

30. Off-balance sheet contingent liabilities (continued)

Expected credit losses for contingent liabilities under IFRS 9

	Guarantees and letters of credit	Undrawn credit	Other off- balance sheet risk items	Total
Stage 1	96	164	72	333
Stage 2	0	2	4	6
Stage 3	28	35	179	242

**Total expected credit losses for
contingent liabilities under IFRS 9**

581

31. Custody services

The Bank manages assets on behalf of and for the account of legal entities and individuals under custody operations. Income and expenses related to these operations are borne by the principal, and the Bank does not assume any liability. Net assets and sources related to custody operations on behalf of and for the account of third parties are presented as follows:

	31 Dec 2025	31 Dec 2024
Assets		
Households	10,965	10,170
Corporates	5,041	5,371
Non-residents	3,419	3,454
Financial institutions	26,123	15,130
Total assets	45,548	34,125
Liabilities/sources		
Households	10,965	10,170
Corporates	5,041	5,371
Non-residents	3,419	3,454
Financial institutions	26,123	15,130
Total liabilities/sources	45,548	34,125

The custody account balance held on behalf of third parties amounted to EUR 29 thousand as at 31 December 2025 (2024: EUR 64 thousand).

32. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include the following amounts with original maturity of up to 90 days:

	<u>31 Dec 2025</u>	<u>31 Dec 2024</u>
Current account and funds with the Croatian National Bank (Note 13)	103,923	93,211
Cash in hand (Note 13)	12,765	11,894
Total placements with other banks (Note 14)	<u>19,108</u>	<u>38,985</u>
Total cash and cash equivalents	<u>135,796</u>	<u>144,090</u>

The Bank has established primary and secondary liquidity reserves.

33. Risk management

This note presents details of the Bank's exposure to risks and describes the methods used by management to control those risks. The most significant types of financial risks to which the Bank is exposed are credit risk, liquidity risk, market risk, and operational risk. Market risk includes foreign exchange risk, interest rate risk, and the risk of changes in market prices of equity or debt securities listed on the market.

The Bank has developed a comprehensive risk management system through the implementation of policies and procedures, as well as by establishing limits for risk levels acceptable to the Bank. Methods and models for managing operational risk are continuously being developed.

a) Credit risk

By granting loans, the Bank is exposed to credit risk, which represents the possibility that a borrower may become unable to meet its obligations in full when due.

The Bank manages credit risk by setting limits on the amount of risk it is willing to accept in relation to individual borrowers or groups of borrowers. The Bank regularly monitors risks and reviews them at least annually, or more frequently if required. To manage the level of credit risk, the Bank regularly assesses the creditworthiness of borrowers and obtains collateral instruments to mitigate credit risk.

Special attention is given to monitoring exposure to credit risk in relation to limits set based on the Bank's eligible capital. Through creditworthiness analysis, the Bank identifies potentially risky clients in a timely manner and manages relationships with clients in a structured and targeted way to maximise the recovery of receivables. In accordance with legal requirements governing the internal control system, the Bank has defined decision-making levels in the loan approval process. As a rule, when the Management Board is not the decision-maker and the client's exposure exceeds internally defined thresholds, at least two persons must be involved in the approval process: a person from the sales function proposes the decision, which must be approved by a person from the risk control function.

Furthermore, prior to decision-making, in cases where exposure exceeds certain internally defined thresholds, the proposal of the sales function is reviewed by the risk control function.

In addition, the Bank monitors and analyses the structure and quality of its credit portfolio using various indicators that signal improvements or deterioration in asset quality, enabling better credit risk management and timely actions to reduce credit risk. The Bank also monitors and analyses the level of concentration of exposures by industry sectors and largest client exposures using the HHI (Herfindahl-Hirschman Index) methodology.

Loan commitments

The primary purpose of these instruments is to ensure the availability of funds to meet clients' needs. Loan commitments represent revocable obligations. Irrevocable commitments arise from undrawn portions of approved loans or overdraft facilities, as they result from terms defined in loan agreements.

33. Risk management (continued)

a) Credit risk (continued)

Guarantees and issued letters of credit represent irrevocable commitments of the Bank to make payments in the event that a client is unable to meet its obligations to third parties, and therefore carry the same level of credit risk as loans. By issuing documentary and commercial letters of credit, the Bank undertakes written obligations on behalf of its clients, under which a third party has the right to request payment from the Bank up to the agreed amount, in accordance with the agreed terms and conditions. Letters of credit are secured by collateral in the form of the underlying goods for which they are issued, and therefore represent significantly lower risk compared to direct lending.

The Bank manages credit risk in accordance with its adopted policies and procedures, as well as regulatory requirements of the Croatian National Bank.

When determining whether the risk of default on a financial instrument has significantly increased since initial recognition, the Bank considers both quantitative and qualitative information and performs detailed analysis. Criteria have been defined to identify a significant increase in credit risk for the purpose of proper allocation of performing exposures to Stage 1 or Stage 2.

Credit risk is considered to have significantly increased since initial recognition when at least one of the prescribed criteria is met.

In accordance with Croatian National Bank regulations, exposures are classified into risk groups A, B and C.

Risk group A includes exposures that are not in default status.

These are further classified into:

- A-1 – where credit risk has not significantly increased since initial recognition (Stage 1),
- A-2 – where credit risk has significantly increased since initial recognition (Stage 2)

Risk groups B and C (Stage 3) include exposures that are in default, in accordance with the Decision on classification of exposures into risk groups and the method of determining credit losses..

Significant efforts have been made in monitoring credit quality through timely analysis of each individual relationship in order to identify any “significant deterioration” since initial recognition, and the resulting need for classification into Stage 2, as well as conditions for returning exposures from Stage 2 to Stage 1.

Criteria for assessing a significant increase in credit risk are defined at an appropriate level of segmentation and vary depending on the category of exposure at origination. Accordingly, credit risk—as the key and most significant risk in the Bank’s portfolio—is classified as a high-significance risk.

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33. Risk management (continued)

b) Liquidity risk

The Bank is exposed to daily calls on its available cash resources from current accounts, overnight deposits, maturing deposits, and drawdowns of loan facilities. These outflows are managed using available funding sources.

The matching and controlled mismatch of maturities and interest rates of assets and liabilities is fundamental to the management of the Bank.

Complete matching is not typical for banks, as business activities are diverse and conducted under uncertain conditions. A mismatch position can potentially enhance profitability but may also increase the risk of losses.

The maturity structure of assets and liabilities, as well as the ability to replace interest-bearing liabilities upon maturity at an acceptable cost, are important factors in assessing the Bank's liquidity and its exposure to changes in interest rates and foreign exchange rates. Liquidity required to settle obligations arising from guarantees and letters of credit on demand is significantly lower than the total contracted amounts, as the Bank generally does not expect third parties to fully utilise these commitments.

The Bank manages liquidity risk through gap analysis, whereby maturities of assets and liabilities are allocated into time bands and differences between them are monitored to ensure timely alignment of assets and liabilities. The Bank also monitors and analyses the Liquidity Coverage Ratio (LCR) in accordance with regulatory requirements as well as internally defined limits. If the LCR falls below internal thresholds, the Risk Control Department informs the Asset and Liability Committee (ALCO) and the Management Board in order to initiate appropriate measures.

The total contractual amount of loan commitments at the reporting date does not necessarily represent future cash outflows, as many of these commitments may expire or be terminated without being drawn.

Liquidity risk is presented through the maturity analysis of assets and liabilities as at 31 December 2025 and 31 December 2024.

c) Interest rate risk

The Bank is exposed to various risks associated with the impact of changes in market interest rates on its financial position and cash flows. The table showing sensitivity to interest rate mismatches summarises the Bank's exposure to interest rate risk. Assets and liabilities in the table are presented at their carrying amounts and classified according to the remaining period to the next contractual repricing date.

The Bank monitors and analyzes its exposure to interest rate risk also through a standard interest rate shock, a methodology prescribed by secondary regulations, under which it observes interest rate risk in the banking book through the indicator of changes in the economic value of the banking book relative to its regulatory capital, as well as the impact of interest rate risk on net interest income, and in addition to regulatory limits, the Bank has established internal limits monitored by the Risk Control Department, which informs the Asset and Liability Committee and the Management Board in case of any breaches.

33. Risk management (continued)

d) Foreign exchange risk

The Bank is exposed to risks related to the effects of changes in foreign exchange rates on its financial position and cash flows, and it sets exposure limits for each currency as well as overall limits for overnight and intraday positions.

In addition to monitoring foreign exchange risk and open FX positions on a daily basis, in line with secondary regulations, the Bank also assesses the impact of changes in foreign exchange risk through stress testing under certain assumptions, and is in the process of introducing monitoring based on VAR methodology.

Tables presenting the foreign currency sub-balance and FX risk show the Bank's exposure as at 31 December 2025 and 31 December 2024, with assets and liabilities stated at carrying amounts and classified by domestic and foreign currency.

e) Market risk

Most available-for-sale instruments are exposed to market risk, i.e. the risk that future changes in the market could reduce the value of the instruments. The instruments are recognized at fair value and all market changes directly affect net trading income. The Bank manages market instruments in response to changes in market conditions.

Limits are determined according to the Bank's needs and strategy, in accordance with the provisions of senior management regarding risk policy.

Exposure to market risk is formally monitored in accordance with limits approved by senior management and is determined at least once a year. Indicators on exposure and utilization of limits are provided daily to the Treasury Department. Control of limits is also performed by the Risk Control Department as a second line of control, which in case of breaches of individual market risk limits informs the Bank's Management Board.

f) Equity price risk

Equity price risk is the risk of fluctuations in market prices of equity securities, which may affect the fair value of investments and other derivative financial instruments.

The Bank's primary exposure to equity price risk arises from its portfolio of equity securities classified as available for sale. The Bank is essentially not active in trading equity securities.

33. Risk management (continued)

a) Credit risk

Total exposure to credit risk – on-balance and off-balance sheet

This overview presents the Bank's maximum exposure to credit risk without taking into account collateral instruments for collection. With regard to on-balance sheet and off-balance sheet exposure, the exposure shown below is based on the gross carrying amount of each placement and the present value of estimated cash flows.

At 31 December 2025

	Gross exposures	Expected credit losses	Net exposures
A. On-balance sheet exposure			
Cash at the Croatian National Bank (Note 13)	88,635	26	88,609
Placements with other banks (Note 14)	19,565	6	19,559
Debt securities measured at amortised cost (Note 16)	69,960	34	69,926
Financial assets at fair value through other comprehensive income (Note 17)	60,161	18	60,143
Loans and receivables from customers (Note 15)	372,388	17,542	354,846
- of which : Stage 1 i Stagej 2 (fully recoverable)	332,187	2,604	329,583
- of which : Stage 3 (partially recoverable and fully non-recoverable)	40,202	14,938	25,264
Total on-balance sheet exposure	610,709	17,626	593,084
B. Off-balance sheet exposure			
Client			
- Stage 1 i Stage 2 (fully recoverable)	83,663	370	83,293
- Stage 3 (partilly recoverable and fully non-recoverable)	3,104	212	2,893
Total off-balance sheet exposure	86,767	581	86,185
TOTAL EXPOSURE (A+B)	697,476	18,207	679,269

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amounts are expressed in thousands of euros)

33. Risk management (continued)

a) Credit risk (continued)

Total exposure to credit risk – on-balance and off-balance sheet (continued)

At 31 December 2024

	Gross exposures	Expected credit losses	Net exposures
A. On-balance sheet exposure			
Cash at the Croatian National Bank (Note 12)	93,211	(28)	93,183
Placements with other banks (Note 13)	39,442	(12)	39,430
Debt securities measured at amortised cost (Note 16)	80,015	(44)	79,971
Financial assets at fair value through other comprehensive income (Note 17)	35,663	(11)	35,652
Loans and receivables from customers (Note 15)	358,966	(20,305)	338,661
- Stage 1 i Stage 2 (fully recoverable)	310,470	(2,067)	308,403
- Stage 3 (partially recoverable and fully non-recoverable)	48,496	(18,238)	30,258
Total on-balance sheet exposure	607,296	(20,400)	586,897
B. Off-balance sheet exposure			
Clients			
- Stage 1 i Stage 2 (fully recoverable)	62,019	(276)	61,743
- Stupanj 3 (partially recoverable and fully non-recoverable)	5,298	(304)	4,994
Total off-balance sheet exposure	67,317	(580)	66,737
TOTAL EXPOSURE (A+B)	674,614	(20,980)	653,634

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amonut are expressed in thousands if euros)

33. Risk management (continued)

a) Credit risk (continued)

Transition of total expected credit losses under IFRS 9 during 2025 is presented in the following table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	1,273	888	18,238	-	20,400
Transfers:					
From Stage 1 to Stage 2	(19)	117	-	-	98
From Stage 1 to Stage 3	(35)	-	421	-	386
From Stage 2 to Stage 1	86	(238)	-	-	(152)
From Stage 2 to Stage 3	-	(46)	261	-	215
From Stage 3 to Stage 1	50	-	(582)	-	(532)
From Stage 3 to Stage 2	-	57	(207)	-	(150)
Changes in PD/LGD/EAD	5	85	(3,425)	-	(3,335)
Placements in default status	-	-	-	-	-
Created financial assets	215	249	232	-	696
Uncollected amounts during the year					
Balance at 31 December 2025	1,575	1,112	14,938	-	17,626

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amounts are expressed in thousands of euros)

33. Risk management (continued)

a) Credit risk (continued)

The transition of total expected credit losses during 2024 is presented in the following table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	1,051	884	18,541	-	20,476
Transfers:					
From Stage 1 to Stage 2	(47)	165	-	-	118
From Stage 1 to Stage 3	(37)	-	486	-	449
From Stage 2 to Stage 1	64	(296)	-	-	(232)
From Stage 2 to Stage 3	-	(99)	574	-	475
From Stage 3 to Stage 1	37	-	(868)	-	(831)
From Stage 3 to Stage 2	-	46	(272)	-	(226)
Changes in PD/LGD/EAD	(16)	(60)	(723)	-	(799)
Placements in default status	-	-	-	-	-
Created financial assets	221	248	501	-	970
Uncollected amounts during the year	-	-	-	-	-
Balance at 31 December 2024	1,458	1,039	17,903	-	20,400

33. Risk management (continued)

a) Credit risk (continued)

Past due receivables

Past due receivables include the total gross amounts of placements by aging of overdue and related non-overdue principal, at the level of an individual placement, including unpaid and not yet due interest as well as other income related to principal. Other past due receivables include unpaid and not yet due interest as well as written-off receivables for which collection procedures are still ongoing. The total amount of an individual placement is classified into the maturity range of the oldest unpaid part of the placement, regardless of whether it relates to principal or interest. The report does not include impairment allowances for placements and other receivables.

At 31 December 2025	Past due up 30 days	Past due 31 – 90 days	Past due 91 – 180 days	Past due 181– 365 days	Past due 1 - 2 years	Past due 2 - 3 years	Past due over 3 years
Financial assets at amortised cost							
a) Loans to customers	155,358	2,783	479	906	3,116	5,397	4,210
b) Receivables from income and other receivables	16,837	32	11	55	79	240	298
c) Debt securities at amortised cost	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Total past due receivables	172,194	2,815	490	961	3,195	5,637	4,508

Notes to the Financial Statements

for the year ended 31 December 2025 (continued)

(all amounts are expressed in thousand of euros)

At 31 December 2024	Past due to 30 days	Past due 31 - 90 days	Past due 91 – 180 days	Past due 181– 365 days	Past due 1- 2 years	Past due 2 - 3 years	Past due over 3 years
Financial assets at amortised cost							
a) Loans to customers	153,715	5,522	1,282	3,082	5,613	1,222	7,347
b) Receivables from income and other receivables	981	46	22	50	271	92	429
c) Debt securities at amortised cost	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Total past due receivables	154,696	5,568	1,304	3,132	5,884	1,314	7,776

Collateral coverage of exposures

At 31 December 2025	Deposit	Residential mortgage	Commercial mortgage	Other instruments	Without instruments
A. On-balance sheet exposure					
Cash at the Croatian National Bank	-	-	-	-	88,609
Placements with other banks	-	-	-	-	19,559
Loans and receivables from customers	7,582	160,583	101,446	85,235	-
Debt securities at amortised cost	-	-	-	-	69,926
Total on-balance sheet exposure	7,582	160,583	101,446	85,235	238,237
B. Off-balance sheet exposure					
Guarantees and letters of credit	1,849	563	1,570	26,036	-
Undrawn credit lines and other off-balance sheet exposures	-	-	-	56,748	-
Total off-balance sheet exposure	1,849	563	1,570	82,784	-
Total exposure (A+B)	9,431	161,146	103,016	168,019	238,237

Notes to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amounts are expressed in thousand of euros)

At 31 December 2024	Deposit	Residential mortgage	Commercial mortgage	Other instruments	Without instruments
A. On-balance sheet exposure					
Cash at the Croatian National Bank	-	-	-	-	93,183
Placements with other banks					39,430
Loans and receivables from customers	11,517	152,836	102,264	72,044	-
Debt securities at amortised cost	-	-	-	-	79,971
Total on-balance sheet exposure	11,517	152,836	102,264	72,044	212,584
B. Off-balance sheet exposure					
Guarantees and letters of credit	1,748	507	4,256	28,415	-
Undrawn credit lines and other off-balance sheet exposures	-	-	-	32,391	-
Total off-balance sheet exposure	1,748	507	4,256	60,806	-
Total exposure (A+B)	13,265	153,343	106,520	132,850	212,584

Share of provisions in loans to customers

	31 Dec 2025		31 Dec 2024	
	Loans to customers (%)	Share of provisions in loans (%)	Loans to customers (%)	Share of provisions in loans (%)
Stage 1 i 2 (fully recoverable)	89.20	0.80	86.49	0.7
Stage 3 (partially recoverable)	8.12	16.50	9.69	13
Stage 3 (fully non-recoverable)	2.67	100	3.82	100
Total	100.00		100.00	

33. Upravljanje rizicima (nastavak)

b) Rizik likvidnosti

Iznos ukupnih sredstava i obveza analiziran je prema najrazboritijoj procjeni preostalog dospjeća od izvještajnog datuma do ugovornog dospjeća te prikazujemo nediskontirane ugovorne novčane tijekove, dok Banka upravlja rizikom likvidnosti na temelju očekivanih nediskontiranih novčanih priljeva.

Na dan 31. prosinca 2025. godine	0- 30 dana	1-3 mj.	3-12 mj.	1 - 2 god.	2 - 3 god.	Preko 3 god.	Ukupno
Sredstva							
Gotovina i sredstva kod HNB-a	116,687	-	-	-	-	-	116,687
Plasmani drugim bankama	19,136	457	-	-	-	-	19,593
Zajmovi i potraživanja od klijenata	15,696	15,572	42,215	34,785	30,143	200,504	338,915
Dužnički vrijednosni papiri po amortiziranom trošku	2,028	-	13,606	-	12,934	41,910	70,478
Financijska imovina kojom se ne trguje koja se obvezno mjeri po fer vrijednosti kroz dobit ili gubitak	-	-	-	-	-	8,444	8,444
Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit	-	1,992	10,475	10,198	1,613	35,865	60,143
Ostala imovina	1,682	-	2,561	-	-	4,404	8,647
Ukupno sredstva	155,229	18,020	68,857	44,983	44,691	291,127	622,907
Obveze							
Depoziti klijenata i uzeti zajmovi	326,920	53,255	133,776	9,587	7,445	17,087	548,071
Ostale obveze	3,108	19	5,646	90	90	91	9,043
Podređeni instrumenti	-	-	2	-	-	7,085	7,085
Ukupno obveze	330,028	53,274	139,424	9,677	7,535	24,263	564,200
Neusklađenost ročne strukture	(174,799)	(35,254)	(70,567)	35,306	37,155	266,864	58,707

33. Risk management (continued)

b) Liquidity risk (continued)

At 31 December 2024	0- 30 days	1-3 months	3-12 months	1 - 2 years	2 - 3 years	Over 3 years	Total
Assets							
Cash and balances with the CNB	105,101	-	-	-	-	-	105,101
Placements with other banks	38,998	457	-	-	-	-	39,455
Loans and receivables from customers	18,862	13,995	42,298	39,665	28,660	194,347	337,827
Debt securities at amortised cost	-	17,934	269	13,826	601	48,120	80,750
Financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	8,010	8,010
Financial assets at fair value through other comprehensive income	-	-	11,728	1,434	-	22,490	35,652
Other assets	1,686	-	2,349	-	-	4,533	8,568
Total assets	164,647	32,386	54,296	54,925	29,260	277,500	615,363
Liabilities							
Customer deposits and borrowed funds							
	261,252	100,883	151,312	16,801	2,979	10,368	543,596
Other liabilities	2,370	13	6,266	41	27	21	8,738
Subordinated instruments	-	-	2	-	-	7,081	7,083
Total liabilities	263,622	100,896	157,580	16,842	3,006	17,471	559,418
Maturity mismatch	(98,975)	(68,509)	(103,285)	38,082	26,255	260,029	55,946

33. Risk management (continued)

c) Interest rate risk

The following table presents an estimate of the Bank's exposure to interest rate risk as at 31 December 2025 and 31 December 2024. The table shows a certain sensitivity of the Bank's earnings to changes in interest rates. Earnings will also be affected by the currency structure of assets and liabilities.

At 31 December 2025	0 - 30 days	1-3 months	3- 12 months	1 - 3 years	Over 3 years	Interest- free	Total
Assets							
Cash and balances with the CNB	103,922	-	-	-	-	12,765	116,687
Placements with other banks	19,593	-	-	-	-	-	19,593
Loans and receivables from customers	338,068	-	-	-	-	847	338,915
Debt securities at amortised cost	70,478	-	-	-	-	-	70,478
Financial assets at fair value through other comprehensive income	60,143	-	-	-	-	-	60,143
Financial assets not held for trading, mandatorily measured at fair value through profit or loss	-	-	-	-	-	8,444	8,444
<i>Of which assets with fixed interest rate</i>	<i>376,145</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>376,415</i>
Total assets	592,204	-	-	-	-	22,056	614,260
Liabilities							
Customer deposits	522,187	-	-	-	-	-	522,187
Borrowings	14,401	-	10	254	11,012	207	25,884
Subordinated instruments	-	-	-	7,083	-	-	7,083
<i>Of which liabilities with fixed interest rate</i>	<i>258,753</i>			<i>7,339</i>	<i>11,012</i>		<i>277,104</i>
Total liabilities	536,588	-	10	7,339	11,012	207	555,156

Note to the Financial Statements
for the year ended 31 December 2025 (continued)
(all amounts are expressed in thousands of euros)

33. Risk management (continued)

c) Interest rate risk (continued)

At 31 December 2024	0 - 30 days	1-3 months	3-12 months	1 - 3 years	Over 3 years	Interest- free	Total
Assets							
Cash and balances with the CNB	93,207	-	-	-	-	11,894	105,101
Placements with other banks	39,455	-	-	-	-	-	39,455
Loans and receivables from customers	335,468	-	-	-	-	2,359	337,827
Debt securities at amortised cost	80,750	-	-	-	-	-	80,750
Financial assets at fair value through other comprehensive income	35,652	-	-	-	-	-	35,652
Financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	8,010	8,010
<i>Of which assets with fixed interest rate</i>	<i>391,718</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>391,718</i>
Total assets	584,532	-	-	-	-	22,263	606,795
Liabilities							
Customer deposits	443,358	-	-	-	-	-	443,358
Borrowings	25,166	47,117	24,554	-	3,402	-	100,238
Subordinated instruments	-	-	-	7,083	-	-	7,083
<i>Of which liabilities with fixed interest rate</i>	<i>296,326</i>			<i>7,083</i>	<i>3,402</i>		<i>306,811</i>
Total liabilities	468,524	47,117	24,554	7,083	3,402	-	550,680

The concentration of assets, as well as the multiple coverage of liabilities with shorter maturities, suggests resilience to potential external shocks, as well as the ability to recalibrate the duration of the portfolio in the event of sudden changes in the yield curve.

33. Risk management (continued)

c) Interest rate risk (continued)

In the following, the sensitivity of the Bank's assets and liabilities carrying variable interest rates to changes in interest rates is presented. To calculate the impact of interest rate changes on the profit and loss account, the Bank assumed an interest rate increase of 1%, except for balances with the Croatian National Bank and other assets. If the same percentages were applied to an interest rate decrease, the result would be an interest income of the same amount.

	Assumed interest rate increase	Impact on profit and loss account 2025	Impact on profit and loss account 2024
Assets			
Balances with the CNB	%	-	-
Deposits placed	1.00%	196	394
Loans and receivables	1.00%	3,527	3,549
Other assets	1.00%	1,466	1,167
Liabilities			
Deposit liabilities	1.00%	5,197	4,416
Borrowings	1.00%	259	994
Other liabilities	%	-	-
Impact on net interest income		(267)	(300)

33. Risk management (continued)

d) Currency risk

The Bank had the following foreign currency position as at 31 December 2025.

	USD	Other foreign currencies	Total foreign currencies	EUR	Total
Assets					
Cash and balances with the CNB	104	100	204	116,483	116,687
Placements with other banks	7,153	1,617	8,770	10,823	19,593
Financial assets not held for trading, mandatorily measured at fair value through profit or loss	-	-	-	8,444	8,444
Assets measured at fair value through other comprehensive income	1,608	-	1,608	58,535	60,143
Loans and receivables from customers	-	-	-	338,915	338,915
Financial assets at amortised cost	829	-	829	69,649	70,478
Total assets	9,694	1,717	11,411	602,849	614,260
Liabilities					
Customer deposits	9,681	1,782	11,463	510,724	522,187
Borrowings			-	25,884	25,884
Subordinated instruments			-	7,085	7,085
Total liabilities	9,681	1,782	11,463	543,693	555,156
Net foreign currency position	13	(65)	(52)	59,156	59,104
Contingent and off-balance sheet liabilities	-	-	-	86,767	86,767

33. Risk management (continued)

d) Currency risk (continued)

The Bank had the following foreign currency position as at 31 December 2024.

	USD	Other foreign currencie s	Total foreign currencies	EUR	Total
Assets					
Cash and balances with the CNB	142	84	226	104,875	105,101
Placements with other banks	6,721	1,966	8,687	30,768	39,455
Financial assets not held for trading, mandatorily measured at fair value through profit or loss	-	-	-	8,010	8,010
Loans and receivables from customers	61	-	61	337,766	337,827
Financial assets at amortised cost	917	-	917	79,833	80,750
Total assets	11,452	2,050	13,502	593,293	606,795
Liabilities					
Customer deposits	10,602	2,073	12,675	430,683	443,358
Borrowings			-	100,238	100,238
Subordinated instruments			-	7,083	7,083
Total liabilities	10,602	2,073	12,675	538,004	550,679
Net foreign currency position	850	(23)	827	55,289	56,116
Contingent and off-balance sheet liabilities	-	-	-	67,317	67,317

33. Risk management (continued)

d) Currency risk (continued)

The table below shows the sensitivity of the Bank's net assets to changes in the average exchange rate of the Croatian National Bank, i.e. an increase in the exchange rate, and the resulting impact on the profit and loss account. If the same assumed percentage decrease in the average CNB exchange rate were applied, the impact on the profit and loss account for each currency on a net basis would be the same but in the opposite direction. The result of exchange rate movements in the profit and loss account is reflected as income or expense from foreign exchange differences.

Currency at 31 December 2025	Assumed increase in CNB mid exchange rate	Impact on profit and loss account	Impact on profit and loss account	Impact on profit and loss account
		Assets of the Bank	Liabilities of the Bank	Net
USD	0.75%	(71)	115	44
Other currencies		(9)	(14)	6

Currency at 31 December 2024	Assumed increse in CNB mid exchange rate	Impact on profit and loss account	Impact profit and loss account	Impact profit and loss account
		Assets of the Bank	Liabilities of the Bank	Net
USD	0.71%	81	75	6
Other currencies		11	(11)	0

34. Fair value of financial assets and liabilities

Fair value represents 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. This price is sometimes referred to as the exit price. Financial assets at fair value through profit or loss and financial assets available for sale are measured at fair value at the end of each reporting period. The Bank classifies fair value measurements into levels in accordance with the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

Observable inputs are data that are obtained using market data, such as publicly available information on current events or transactions that reflect the assumptions market participants would use when valuing a particular asset or liability.

Unobservable inputs are data for which no market data is available, i.e. data that is obtained using the best available information that market participants would use when valuing a particular asset or liability. The fair value of an asset or liability is measured in its entirety within one of the three levels, based on the lowest level of input that is significant to the valuation of that asset or liability.

The following table presents information on the determination of fair value, i.e. valuation methods used for financial assets measured at fair value.

Financial assets mandatorily measured at fair value through profit or loss

Financial assets	31 Dec 2025	31 Dec 2024	Fair value hierarchy	Valuation method and inputs
Equity securities	228	188	Level 1	Prices available in an active market on the last trading day of the month in which valuation is performed
Equity securities	8,216	7,822	Level 3	Equity instruments are not listed on a market and their fair value cannot be reliably determined; they are measured at cost or at a price determined by the fund management company
Debt securities	-	-	Level 3	Convertible bonds are not listed on a market and their fair value cannot be reliably determined; they are measured at acquisition cost
Total	8,444	8,010		

Financial assets at fair value through other comprehensive income

Financial assets	31 Dec 2025	31 Dec 2024	Fair value hierarchy	Valuation method and inputs
Debt securities (bonds)	56,174	25,812	Level 1	Prices available in an active market
Debt securities (treasury and commercial papers)	3,969	9,840	Level 2	Measured at amortised cost using the effective interest method
Debt securities (bonds)	-	-	Level 3	Prices cannot be reliably determined
Total	60,143	35,652		

34. Fair value of financial assets and liabilities (continued)

Loans

The fair value of loans is calculated based on discounted expected future cash flows of principal and interest. Loan repayments are assumed at contractual dates where applicable. For loans without a fixed repayment date, repayment is estimated based on experience from prior periods in which interest rates were similar to current rates, adjusted for any differences in expected interest rate movements. Expected future cash flows are estimated taking into account credit risk and any indicators of impairment. Expected future cash flows for homogeneous categories of loans, such as residential mortgage loans, are assessed on a portfolio basis and discounted using current rates applicable to similar loans granted to new customers with similar credit profiles. Estimated fair values of loans reflect changes in credit status since the loans were granted, as well as changes in interest rates in the case of fixed-rate loans. Given that the Bank has a very limited portfolio of fixed-rate loans with longer maturities, the fair value of loans does not differ significantly from their carrying amount.

Deposits from banks and customers

For demand deposits and deposits without defined maturity, the fair value is the amount payable on demand at the reporting date. The estimated fair value of deposits with fixed maturities is based on expected cash flows discounted at currently applicable interest rates for deposits with similar remaining maturities. The value of long-term relationships with depositors is not taken into account in estimating fair value. Since most of the Bank's deposits bear variable interest rates, there is no significant difference between their fair value and their carrying amount.

Borrowings

Most of the Bank's long-term borrowings carry variable interest rates; therefore, there is no significant difference between their carrying amount and fair value.

35. Related party transactions

Related parties are those parties that have the ability to control another party or exercise significant influence over another party in making financial or operating decisions. Transactions and outstanding balances between related parties within a group are disclosed in the entity's financial statements.

In accordance with the definitions of IAS 24 and IFRS 10, a group consists of a parent and its subsidiaries.

As there is no parent company, the Company cannot disclose the name of the parent or the ultimate controlling party, and there are no transactions that would be considered intra-group transactions. Related party transactions are reported in accordance with the Decision of the Croatian National Bank dated 21 April 2015.

Notes to the Financial Statements
for the year ended 31 December 2024
(all amounts are expressed in thousands of euros)

35. Related party transactions (continued)

The table below presents transactions with the above-mentioned related parties and the Bank's Management Board:

Type of transaction	Management		Related companies	
	2025	2024	2025	2024
<i>Loans granted</i>				
Balance of loans granted as at 1 January	34	55	9,581	11,607
Increases	225	183	14,514	13,986
Loan repayments	(107)	(204)	(13,870)	(16,012)
Balance of loans granted as at 31 December	152	34	10,225	9,581
Interest income earned	3	3	629	498
<i>Deposits and borrowings received</i>				
Balance of deposits and borrowings received as at 1 January	62	92	30,584	41,848
New deposits received	381	336	449,138	761,054
Deposits repaid	(321)	(366)	(439,859)	(772,318)
Balance of deposits and borrowings received as at 31 December	122	62	39,863	30,584
Interest expense incurred	(2)	(2)	(1,365)	(1,510)
Fee and commission income	1	1	2,098	1,722
Fee and commission expense	-	-	(5)	(3)
Other expenses	-	-	(3,686)	(3,532)
Staff costs (salaries paid)	(247)	(229)	-	-
Total income	4	4	2,727	2,220
Total expenses	(249)	(231)	(5,056)	(5,045)
Dividends paid			3,875	3,875
Receivables for fees and other receivables	3	1	210	185
Receivables for interest and fees	1	-	101	99
Other receivables	2	1	109	86
Liabilities			675	675
Interest liabilities	-	-	10	57
Account payables	-	-	326	162
Liabilities from card operations	-	-	716	456
Off-balance sheet contingent items	26	25	2,983	3,004
Guarantees issued	-	-	902	658
Credit lines	26	25	2,081	2,345

During the period from 1 January to 31 December 2025, remuneration paid to the Supervisory Board amounted to EUR 48 thousand (2024: EUR 48 thousand).

36. Lease liabilities for operating leases of vehicles and business premises

As at 31 December 2025, the Bank has 41 operating lease agreements for vehicles (2024: 39 lease agreements), while for operating leases of real estate the Bank has entered into 1 agreement (2024: 1 agreement). Operating lease contracts are concluded for periods longer than one year and are recognized in the Bank's accounting records in accordance with IFRS 16.

Right-of-use assets

Right-of-use assets relate to leased branches and business premises, as well as vehicles, and are presented within property and equipment (Note 19).

Maturity analysis – contractual undiscounted cash flows

	<u>2025</u>	<u>2024</u>
Up to one year	98	70
Between one and two years	90	47
Between two and three years	90	27
Between three and five years	91	21
Total	<u>369</u>	<u>159</u>
Impact of discounting	(98)	(98)
Total undiscounted lease liabilities as at 31 December	271	61

Amounts recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Leases under IFRS 16	89	79
Interest on lease liabilities	8	10
Depreciation of right-of-use assets	80	73
Expenses related to low-value leases, excluding short-term low-value leases	24	21
Expenses related to short-term leases	1,215	1,288
Total	<u>1,416</u>	<u>1,471</u>

37. Auditors' fees

The auditors of the Bank's annual financial statements provided services in 2025 amounting to EUR 32.5 thousand (2024: EUR 36.2 thousand). These services included the audit of the annual financial statements, as well as audits for the purposes of the Croatian National Bank (CNB) and HANFA.

38. Events after the reporting date

After the balance sheet date, there were no events that would have a significant impact on the Bank's annual financial statements for 2025 and that would therefore require disclosure.

39. Approval of the financial statements

These financial statements were approved by the Management Board on 27 March 2026.

Signed on behalf of the Management Board:

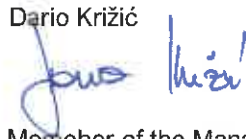
President of the Management Board

Nataša Jakić Felić



Member of the Management Board

Dario Križić



Member of the Management Board

Veselko Čepo



At 31 December 2025

Statement of Financial Position (Balance Sheet)
Balance at 31 December 2025

Form
BAN-BIL

Amounts in euros and cents

Entitiy: 70663193635; AGRAM BANK D.D.				
Item description	AOP code	Note No.	Previous year (net)	Current year (net)
1	2	3	4	5
Assets				
1. Cash in banks and on hand	001		105,101,096.42	101,399,082.98
2. Treasury bills and other short-term securities eligible for refinancing with central banks (AOP 003+004)	002		14,807,901.88	3,968,908.97
2.1. treasury bills and similar securities	003		14,807,901.88	3,968,908.97
2.2. other short-term securities	004		0.00	0.00
3. Loans and advances to credit institutions (AOP 006+007)	005		39,614,051.54	19,789,007.00
3.1. on demand	006		941,898.55	6,744,612.00
3.2. other loans and advances	007		38,672,152.99	13,044,395.00
4. Loans and advances to customers	008		337,673,552.58	354,040,127.93
5. Debt securities, including fixed-income securities (AOP 010+011)	009		101,593,987.35	126,651,575.45
5.1. issued by public sector entities	010		93,417,900.54	118,681,775.78
5.2. other debt securities	011		8,176,086.81	7,969,799.67
6. Shares and other variable-yield securities	012		8,010,393.72	8,444,426.72
7. Participating interests	013		0.00	0.00
8. Investments in related undertakings	014		0.00	0.00
9. Intangible assets	015		2,578,924.05	2,702,149.09
10. Tangible assets (AOP 017+018)	016		13,447,962.94	12,959,459.29
10.1. property, plant and equipment	017		8,774,028.63	8,847,716.99
10.2. investment property	018		4,673,934.31	4,111,742.30
11. Tax assets (AOP 020+021)	019		2,596,879.47	2,523,384.07
11.1. current tax assets	020		1,686,105.93	1,682,096.18
11.2. deferred tax assets	021		910,773.54	841,287.89
12. Other assets	022		0.00	0.00
13. Prepayments and accrued income	023		1,437,707.62	1,685,919.09
14. Non-current assets held for sale and discontinued operations	024		4,527,843.97	4,404,261.87
15. TOTAL ASSETS (AOP 001+002+005+008+009+012 do 016+019+022 do 024)	025		631,390,301.54	638,568,302.46
Liabilities and equity				
16. Liabilities to credit institutions (AOP 027+028)	026		91,556,625.90	35,330,857.23
16.1. on demand	027		0.00	0.00
16.2. with agreed maturity date or notice period	028		91,556,625.90	35,330,857.23
17. Liabilities to customers (AOP 030+033)	029		452,039,967.13	512,739,454.66
17.1. Insured deposits (AOP 031+032)	030		416,224,886.80	457,727,016.25
a) on demand	031		196,433,285.93	205,247,571.87
b) with an agreed maturity date or notice period	032		219,791,600.87	252,479,444.38

Notes to the Financial Statements

for the year ended 31 December 2024

(all amounts are expressed in thousands of euros)

17.2. Other liabilities to customers (AOP 034+035)	033		35,815,080.33	55,012,438.41
<i>a) on demand</i>	034		15,739,737.72	31,887,481.03
<i>b) with agreed maturity date or notice period</i>	035		20,075,342.61	23,124,957.38
18. Issued debt securities	036		7,083,083.38	7,085,404.97
19. Other liabilities	037		6,880,696.47	7,592,537.79
20. Deferred income and accrued expenses	038		0.00	0.00
21. Provisions (AOP 040+041)	039		1,581,731.62	1,437,656.51
21.1. provisions for pensions and similar obligations	040		0.00	0.00
21.2. other provisions	041		1,581,731.62	1,437,656.51
22. Tax liabilities (AOP 043+044)	042		1,928,342.26	1,515,355.73
22.1. current tax liabilities	043		1,926,571.21	1,513,742.54
22.2. deferred tax liabilities	044		1,771.05	1,613.19
23. Liabilities included in disposal groups classified as held for sale	045		0.00	0.00
24. Subordinated liabilities	046		0.00	0.00
25. Capital (AOP 048+049)	047		25,190,789.00	25,190,789.00
25.1. paid-in capital	048		25,190,789.00	25,190,789.00
25.2. unpaid capital called for payment	049		0.00	0.00
26. Share premium	050		6,707,882.64	6,707,882.64
27. Other capital items	051		0.00	0.00
28. (-)Treasury shares	052		0.00	0.00
29. Reserves (AOP 054 do 057)	053		3,195,147.51	3,195,147.51
29.1. legal reserves	054		0.00	0.00
29.2. statutory reserves	055		0.00	0.00
29.3. reserves for own shares	056		0.00	0.00
29.4. other reserves	057		3,195,147.51	3,195,147.51
30. Revaluation reserves	058		0.00	0.00
31. Accumulated other comprehensive income	059		473,631.80	121,703.12
32. Retained earnings	060		25,985,881.78	30,586,234.88
33. Profit or loss for the current year	061		8,766,522.05	7,065,278.42
34. Minority interests	062		0.00	0.00
35. TOTAL LIABILITIES AND EQUITY (AOP 026+029+036 do 039+042+045 do 047+050 do 053+058 do 062)	063		631,390,301.54	638,568,302.46
Off-balance sheet items				
36. Undrawn loan commitments	064		18,137,889.46	27,307,989.36
37. Financial guarantees issued	065		35,466,870.04	30,544,933.56
38. Other commitments	066		14,253,661.96	29,440,967.39
39. TOTAL OFF-BALANCE SHEET ITEMS (AOP 064 do 067)	067		67,858,421.46	87,293,890.31

Profit and Loss Statement
for the period 1 January 2025 to 31 December 2025

Form
BAN-RDG

Amounts in euros and cents

Entity: 70663193635; AGRAM BANK D.D.				
Item description	AOP code	Note No.	Previous year	Current year
1	2	3	4	5
1. Interest income and similar income	068		25,010,315.41	24,330,334.95
1.1. of which: income from fixed-income securities	069		2,791,762.21	2,943,847.55
2. Interest expenses and similar charges	070		7,791,307.47	8,121,157.07
3. Income from securities (AOP 072 do 074)	071		50,354.20	64,028.00
3.1. income from shares and other variable-yield securities	072		50,354.20	64,028.00
3.2. income from participating interests	073		0.00	0.00
3.3. income from shares in related companies	074		0.00	0.00
4. Fee and commission income	075		5,529,474.19	5,781,425.56
5. Fee and commission expenses	076		1,648,541.32	1,834,292.38
6. Net profit or loss from financial activities	077		293,496.53	272,795.81
7. Other operating income	078		2,643,930.39	3,296,638.28
7.1. of which: gains and losses resulting from derecognition of financial assets measured at amortised cost	079		0.00	0.00
8. General administrative expenses (AOP 081+082)	080		12,216,268.63	13,390,014.25
8.1. staff expenses	081		5,313,520.60	6,016,857.15
8.2. other administrative expenses	082		6,902,748.03	7,373,157.10
9. Impairment or reversal of impairment of intangible and tangible assets	083		0.00	0.00
10. Other operating expenses	084		259,408.37	430,215.73
11. Provisions or reversal of provisions (AOP 086+087)	085		591,557.09	-220,030.51
11.1. provisions for commitments and guarantees	086		586,907.85	-43,998.25
11.2. other provisions	087		4,649.24	-176,032.26
12. Impairment or reversal of impairment of loans and advances	088		406,035.99	1,647,231.10
13. Impairment or reversal of impairment of securities, participating interests and shares in related companies	089		8,440.19	-147.01
14. Profit or loss before tax from continuing operations (AOP 068-070+071+075-076+077+078-080-083-084-085-088-089)	090		10,606,011.66	8,542,489.59
15. Tax expense or income related to profit or loss from continuing operations	091		1,839,489.61	1,477,211.17
16. PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS (AOP 090-091)	092		8,766,522.05	7,065,278.42
17. Profit or (-) loss before tax from discontinued operations	093		0.00	0.00
18. Tax expense or (-) income related to discontinued operations	094		0.00	0.00
19. PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS (AOP 093-094)	095		0.00	0.00
20. PROFIT OR LOSS FOR THE CURRENT YEAR (AOP 092+095)	096		8,766,522.05	7,065,278.42
21. Attributable to minority interests (non-controlling interests)	097			
22. Attributable to owners of the parent company	098			
STATEMENT OF OTHER COMPREHENSIVE INCOME				

Notes to the Financial Statements

for the year ended 31 December 2024

(all amounts are expressed in thousands of euros)

1. Profit or (-) loss for the current year	099		8,766,522.05	7,065,278.42
2. Other comprehensive income (AOP 101+113)	100		473,631.80	-351,928.68
3. Items that will not be reclassified to profit or loss (AOP 102 do 108+111+112)	101		0.00	0.00
4. Tangible assetS	102		0.00	0.00
5. Intangible assets	103		0.00	0.00
6. Actuarial gains or (-) losses on employer-sponsored pension plans	104		0.00	0.00
7. Non-current assets and disposal groups held for sale	105		0.00	0.00
8. Share of other recognised income and expenses of entities accounted for using the equity method	106		0.00	0.00
9. Changes in fair value of equity instruments measured at fair value through other comprehensive income	107		0.00	0.00
10. Gains or (-) losses from hedge accounting of equity instruments measured at fair value through other comprehensive income, net	108		0.00	0.00
11. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	109		0.00	0.00
12. Changes in fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)	110		0.00	0.00
13. Changes in fair value of financial liabilities measured at fair value through profit or loss attributable to changes in credit risk	111		0.00	0.00
14. Income tax relating to items that will not be reclassified	112		0.00	0.00
15. Items that may be reclassified to profit or loss (AOP 114 do 121)	113		473,631.80	-351,928.68
16. Net investment hedge in foreign operations (effective portion)	114		0.00	0.00
17. Foreign currency translation differences	115		0.00	0.00
18. Cash flow hedge reserve (effective portion)	116		0.00	0.00
19. Hedging instruments (ineffective portion)	117		0.00	0.00
20. Debt instruments at fair value through other comprehensive income	118		473,631.80	-351,928.68
21. Non-current assets and disposal groups held for sale	119		0.00	0.00
22. Share of other recognised income and expenses from subsidiaries, joint ventures and associates	120		0.00	0.00
23. Income tax relating to items that may be reclassified to profit or (-) loss	121		0.00	0.00
24. Total comprehensive income for the current year (AOP 099+100)	122		9,240,153.85	6,713,349.74
25. Attributable to minority interests (non-controlling interests)	123			
26. Attributable to owners of the parent company	124			

CASH FLOW STATEMENT – Indirect method**For the period 1 January 2025 to 31 December 2025****Form
BAN-NTI****Amounts in euros and cents**

Entity: 70663193635; AGRAM BANK D.D.				
Item description	AOP code	Note No.	Previous year	Current year
1	2	3	4	5
Operating activities and adjustments				
1. Profit / loss before tax	001		10,606,011.66	8,542,489.59
2. Impairment losses and provisions	002		1,002,785.23	1,423,377.24
3. Depreciation	003		1,157,242.22	1,148,949.67
4. Net unrealised gain/loss on financial assets and liabilities at fair value through profit or loss	004		445,572.09	1,289,968.94
5. Gain/loss on sale of tangible assets	005		-411,620.77	-601,019.23
6. Other non-cash items	006		-6,318,701.57	-3,984,395.96
Changes in assets and liabilities from operating activities				
7. Cash reserves with the CNB	007		-4,990.13	-2,287.17
8. Deposits with financial institutions and loans to financial institutions	008		-6,215.65	-14,714.12
9. Loans and advances to customers	009		-22,055,866.18	-19,843,485.83
10. Securities and other financial instruments at fair value through other comprehensive income	010		-35,652,118.08	-24,490,555.37
11. Securities and other financial instruments held for trading	011		0.00	0.00
12. Securities and other financial instruments not held for trading but measured at fair value through profit or loss	012		0.00	0.00
13. Securities and other financial instruments mandatorily measured at fair value through profit or loss	013		-1,923,206.72	-434,033.00
14. Securities and other financial instruments measured at amortised cost	014		26,759,537.85	10,271,960.18
15. Other operating assets	015		1,755,269.79	295,962.83
Increase/decrease in operating liabilities				
16. Deposits from financial institutions	016		-10,394,293.44	37,250,609.97
17. Transaction accounts of other customers	017		25,512,135.46	9,448,873.73
18. Savings deposits of other customers	018		-2,542,853.18	-937,746.96
19. Term deposits of other customers	019		4,487,978.38	32,331,679.41
20. Derivative financial liabilities and other trading liabilities	020		0.00	0.00
21. Other operating liabilities	021		6,675,183.35	3,349,401.03
22. Interest received from operating activities	022		20,852,545.37	20,424,469.68
23. Dividends received from operating activities	023		0.00	0.00
24. Interest paid from operating activities	024		-2,562,285.00	-3,498,020.35
25. Income tax paid	025		-1,677,566.64	-1,834,692.48
A) Net cash flows from operating activities (AOP 001 do 025)	026		15,704,544.04	70,136,791.80
Investing activities				
1. Proceeds from sale / payments for purchase of tangible and intangible assets	027		-730,952.21	-783,671.06
2. Proceeds from sale / payments for the purchase of investments in subsidiaries, joint ventures and associates	028		0.00	0.00

Notes to the Financial Statements

for the year ended 31 December 2024

(all amounts are expressed in thousands of euros)

3. Proceeds from collection / payments for the purchase of securities and other financial instruments from investing activities	029		0.00	0.00
4. Dividends received from investing activities	030		50,354.20	64,028.00
5. Other proceeds / payments from investing activities	031		0.00	0.00
B) Net cash flows from investing activities (AOP 027 do 031)	032		-680,598.01	-719,643.06
Financing activities				
1. Net increase / decrease in borrowings from financing activities	033		7,879,388.17	-73,525,501.00
2. Net increase / decrease in issued debt securities	034		0.38	2,321.59
3. Net increase / decrease in subordinated capital instruments	035		0.00	0.00
4. Increase in share capital	036		0.00	0.00
5. Dividends paid	037		-3,875,506.00	-4,166,448.97
6. Other proceeds / payments from financing activities	038			0.00
C) Net cash flows from financing activities (AOP 033 do 038)	039		4,003,882.55	-77,689,628.38
D) Net increase / decrease in cash and cash equivalents (AOP 026+032+039)	040		19,027,828.58	-8,272,479.64
Cash and cash equivalents at the beginning of the year	041		125,071,511.00	144,089,585.88
Effect of foreign exchange rate changes on cash and cash equivalents	042		-9,753.70	-20,818.82
Cash and cash equivalents at the end of the year (AOP 040+041+042)	043		144,089,585.88	135,796,287.42

STATEMENT OF CHANGES IN EQUITY
For the period 1 January 2025. to 31 December 2025

Amounts in euros and cents

Form
BAN-PK

Obveznik: 70663193635; AGRAM BANKA D.D.																
Opis pozicije	AOP oznaka	Rbr. bilješke	Raspodjeljivo imateljima kapitala matice											Manjinski udjel		Ukupno
			Kapital	Premija na dionice	Izdani vlasnički instrumenti osim kapitala	Druge stavke kapitala	Akumulirana ostala sveobuhvatna dobit	Zadržana dobit	Revalorizacijske rezerve	Ostale rezerve	(-) Trezorske dionice	Dobit / gubitak koji pripada vlasnicima matičnog društva	(-) Dividende tijekom poslovne godine	Akumulirana ostala sveobuhvatna dobit	Ostale stavke	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17 (4 do 16)
1. Početno stanje (prije prepravljanja)	01		25.190.789,00	6.707.882,64			473.631,80	25.985.881,78		3.195.147,51		8.766.522,05				70.319.854,78
2. Učinak ispravaka pogrešaka	02															0,00
3. Učinci promjena računovodstvenih politika	03															0,00
4. Početno stanje (tekuće razdoblje) (AOP 01 do 03)	04		25.190.789,00	6.707.882,64	0,00	0,00	473.631,80	25.985.881,78	0,00	3.195.147,51	0,00	8.766.522,05	0,00	0,00	0,00	70.319.854,78
5. Izdavanje redovnih dionica	05															0,00
6. Izdavanje povlaštenih dionica	06															0,00
7. Izdavanje drugih vlasničkih instrumenata	07															0,00
8. Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata	08															0,00
9. Pretvaranje potraživanja u kapital	09															0,00
10. Redukcija kapitala	10															0,00
11. Dividende	11							-4.166.168,95								-4.166.168,95
12. Kupnja trezorskih dionica	12															0,00
13. Prodaja ili poništenje trezorskih dionica	13															0,00
14. Reklasifikacija financijskih instrumenata iz kapitala u obveze	14															0,00
15. Reklasifikacija financijskih instrumenata iz obveza u kapital	15															0,00
16. Prijenosi između komponenata kapitala	16							8.766.522,05				-8.766.522,05				0,00
17. Povećanje ili smanjenje kapitala kroz poslovna spajanja	17															0,00
18. Plaćanja temeljena na dionicama	18															0,00
19. Ostala povećanja ili smanjenja kapitala	19											7.065.278,42				7.065.278,42
20. Ukupna sveobuhvatna dobit tekuće godine	20							-351.928,68								-351.928,68
21. Završno stanje (tekuće razdoblje) (AOP 04 do 20)	21		25.190.789,00	6.707.882,64	0,00	0,00	121.703,12	30.586.234,88	0,00	3.195.147,51	0,00	7.065.278,42	0,00	0,00	0,00	72.867.035,57

Under Article 164 of the Credit Institutions Act, the Bank is required to disclose the following information:

The Bank's registered activities are defined in Article 4 of the valid Statute of the Bank:

- accepting deposits or other repayable funds from the public and granting loans from those funds for its own account,
- accepting deposits or other repayable funds,
- granting loans and advances, including consumer loans and mortgage loans, where permitted by special law, and financing commercial transactions, including export financing through the purchase at a discount and without recourse of long-term unmatured receivables secured by financial instruments (forfaiting),
- purchasing receivables with or without recourse (factoring),
- financial leasing,
- issuing guarantees or other forms of surety,
- trading for own account or for the account of clients in:
 - o money market instruments,
 - o transferable securities,
 - o foreign means of payment, including foreign exchange operations,
 - o financial futures and options,
 - o foreign exchange and interest rate instruments,
- payment services in accordance with special regulations,
- credit-related services such as data collection, analysis preparation, and providing information on the creditworthiness of legal and natural persons who independently perform economic activity,
- issuing and managing other payment instruments, where such services are not considered payment services under special law,
- safe deposit box rental,
- intermediation in money market transactions,
- custody services for financial instruments and related services in accordance with capital market regulations,
- investment and ancillary services and activities under the Capital Market Act, including:
 - o reception and transmission of orders in relation to one or more financial instruments,
 - o safekeeping and administration of financial instruments for client accounts, including custody and related services such as cash management and collateral management,
 - o granting loans or credit to investors to enable them to carry out transactions in one or more financial instruments, provided that the lending institution is involved in the transaction,
- insurance distribution activities in accordance with insurance regulations.

The Bank carries out its business activities through a network of branches, as follows:

- Branch Zagreb, Ulica grada Vukovara 74,
- Branch Zagreb, Koledinečka 1,
- Branch Zvezda, Zagreb, Marijana Čavića 1,
- Branch Jastrebarsko, Šetalište braće Kazića 2,
- Branch Velika Gorica, Slavka Kolara 17A,
- Branch Karlovac, Prilaz Većeslava Holjevca 2A,
- Branch Kutina, Školska ulica 11,
- Branch Sisak, Frane Lovrića 17a,
- Branch Zaprešić, Mihovila Krušlina 14,
- Branch Varaždin, Zagrebačka 63,
- Branch Split, Varaždinska 54,
- Branch Split, Matice Hrvatske 1,
- Branch Sinj, Trg dr. Franje Tuđmana 5,
- Branch Makarska, Obala kralja Tomislava 15a,
- Branch Zadar, Obala kneza Branimira 5,
- Branch Rijeka, Riva 8,
- Branch Poreč, Ulica Alda Negria 3,
- Branch Osijek, Vukovarska cesta 31,
- Branch Slavonski Brod, Petra Svačića 1a,
- Branch Vinkovci, Ulica bana Jelačića 3 ,
- Branch Dubrovnik, Dr Ante Starčevića 20,
- Branch Opuzen, Tisno bb.

Total income earned by Agram banka d.d. in 2025 amounts to EUR 32,307 thousand.

The number of employees on a full-time equivalent basis is 174 employees.

Gross profit for the financial year 2025 amounts to EUR 8,542 thousand, current income tax liability amounts to EUR 1,477 thousand, and deferred tax effects amount to EUR 840 thousand.

Agram banka d.d. does not have branches in EU Member States or third countries and conducts its business exclusively within the territory of the Republic of Croatia.

Reconciliation of Annual Financial Statements and Supplementary Reports for the Croatian National Bank
Appendix 2

For year ended on December 31st 2025

STATEMENT OF FINANCIAL POSITION ON 31.12.2025.

Godišnji financijski izvještaj	u tis eur	BAN - BIL	u tis eur	Razlika	Obrazloženje
IMOVINA		IMOVINA			
Gotovina i sredstva kod HNB	116.687	Novac u blagajni i blagajni	101.399	15.288	U godišnjem izvješću sredstva za Instant payment prikazana su u ovoj stavci dok su u BAN-BIL poziciji prikazana u stavci Zajmovi i potraživanja klijentima.
		Trezorski zapisi i drugi kratkoročni vrijednosni papiri prihvatljivi za refinanciranje kod središnjih banaka	3.969	(3.969)	U godišnjem izvješću prikazano pod stavkom Financijska imovina po fer vrijednosti kroz račun dobiti i gubitka
Plasmani drugim bankama	19.593	Ostali depoziti po viđenju	19.789	(196)	Razlika se odnosi na potraživanja s osnove kartičnog poslovanja koja su u godišnjem izvješću prikazana pod stavkom Ostala imovina.
Imovina kojom se ne trguje, a koja se obavezno mjeri po fer vrijednosti kroz račun dobiti i gubitka	8.444	Dionice i drugi vrijednosni papiri s promjenjivim prinosom	8.444	-	
Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit	60.143	Dužnički vrijednosni papiri, uključujući papire s fiksnim prinosom	56.174	3.969	U BAN-BIL prikazano pod stavkom Trezorski zapisi i drugi kratkoročni vrijednosni papiri prihvatljivi za refinanciranje kod središnjih banaka
					U BAN-BIL unutar pozicija Kredita i predujmova prikazane su stavke prolaznih računa i plaćene akontacije poreza na dobit, dok su u Godišnjem izvješću te stavke unutar pozicije Ostala imovina. Također, sredstva za Instant payment prikazana su u ovoj stavci dok su ista u Godišnjem izvješću prikazana u stavci Gotovina i sredstva kod HNB.
Zajmovi i potraživanja klijenata	338.915	Kredit i predujmovi klijentima	354.040	(15.125)	
Dužnički vrijednosni papiri po amortiziranom trošku	70.478	Dužnički vrijednosni papiri, uključujući papire s fiksnim prinosom	70.478	-	
Nekretnine i oprema	8.847	Materijalna imovina	12.959	(4.112)	U BAN-BIL stavka Materijalne imovine uključuje i Ulaganja u nekretnine, dok su u godišnjem izvješću te dvije stavke zasebno prikazane
Nematerijalna imovina	2.702	Nematerijalna imovina	2.702	-	
Ulaganje u nekretnine	4.112			4.112	U BAN-BIL Ulaganja u nekretnine prikazuju se unutar stavke Materijalna imovina
		Porezna imovina	2.523		
Ostala imovina	8.647	Unaprijed plaćeni troškovi i ostala aktivna vremenska razgraničenja	1.687		
		Dugotrajna imovina i grupe za otuđenje klasificirane kao namijenjene za prodaju	4.404	33	U BAN-BIL u su zasebno prikazane stavke porezne, ostale i dugotrajne imovine namijenjene za prodaju, dok su navedene stavke u godišnjem izvješću zajedno prikazane u stavci Ostala imovina
UKUPNO IMOVINA	638.568	UKUPNO IMOVINA	638.568	-	
OBEVEZE					
Depoziti klijenata	522.187			522.187	
Uzeti zajmovi	25.884			25.884	
		Obveze prema kreditnim institucijama	35.331	(35.331)	Prikazano na različitim stavkama u promatranim obrascima.
		Obveze prema klijentima	512.740	(512.740)	
Izdani podređeni instrumenti	7.085	Izdani dužnički vrijednosni papiri	7.085	-	
Rezerviranja	1.502	Rezervacije	1.438	64	U Godišnjem izvješću rezervacije za godišnje odmire zaposlenika prikazuju se pod Ostalim obvezama
		Porezne obveze	1.515		
Ostale obveze	9.043	Ostale obveze	7.592	(64)	U BAN-BIL zasebno su prikazane stavke Porezne obveze i Ostale obveze, dok su godišnjem izvješću prikazane zajedno u stavci Ostale obveze
UKUPNO OBEVEZE	565.701	UKUPNO OBEVEZE	565.701	-	
DIONIČKA GLAVNICA					
Dionički kapital	25.191	Temeljni kapital	25.191	-	
Kapitalna dobit	6.708	Premija na dionice	6.708	-	
Nerealizirani dobitak od financijske imovine mjerene kroz ostalu sveobuhvatnu dobit	122	Akumulirana ostala sveobuhvatna dobit	122	-	
Zadržana dobit	30.586	Zadržana dobit	30.586	-	
Zakonske rezerve	3.195	Ostale rezerve	3.195	-	
Dobit tekuće godine	7.065	Dobit ili gubitak koji pripadaju vlasnicima	7.065	-	
UKUPNO DIONIČKA GLAVNICA	72.867	UKUPNO KAPITAL	72.867	-	
UKUPNO OBEVEZE I DIONIČKA GLAVNICA	638.568	UKUPNO OBEVEZE I KAPITAL	638.568	-	

Reconciliation of Annual Financial Statements and Supplementary Reports for the Croatian National Bank

Appendix 2

For year ended on December 31st 2025

STATEMENT OF PROFIT OR LOSS FOR PERIOD 01.01.2025. - 31.12.2025.

Godišnji financijski izvještaj	u tis eur	BAN - RDG	u tis eur	Razlika	Obrazloženje
Kamatni prihodi	22.964	Kamatni prihodi	24.330		U BAN-RDG izvještaju prihodi po obvezama prikazani su u stavci - Kamatni prihodi dok su u godišnjem izvještaju prikazani u stavci Kamatni rashodi (kao umanjeње rashoda)
Kamatni rashodi	(6.755)	Kamatni rashodi	(8.121)		
		Prihodi od dividendi	64	(64)	U godišnjem izvješću ova stavka prikazana je unutar Ostalih prihoda.
Prihodi od naknada i provizija	5.781	Prihodi od provizija i naknada	5.781	-	
Rashodi od naknada i provizija	(1.834)	Troškovi provizija i naknada	(1.834)	-	
Neto dobit od trgovanja stranim valutama	273	Neto dobit ili gubitak od financijskih aktivnosti	273	-	
Dobitak po prestanku priznavanja financijske imovine mjerene po fer vrijednosti kroz ostalu sveobuhvatnu dobit	1.290			1.290	U BAN-RDG izvještaju prikazano u stavci ostali prihodi iz poslovanja.
Dobitak ili gubitak od obračunatih tečajnih razlika	(21)			(21)	U BAN-RDG izvještaju prikazano u stavci ostali prihodi iz poslovanja.
Ostali prihodi	1.999	Ostali prihodi iz poslovanja	3.297	(1.298)	U BAN-RDG izvještaju efekt odgođene porezne imovine prikazan je prometno (dugovno-trošak, potražno-prihod) dok je u godišnjem izvješću taj efekt prikazan na neto principu, u ovom slučaju u Troškovima poslovanja.
Neto prihodi iz redovitog poslovanja	23.697	Ukupno prihodi iz poslovanja, neto	23.790	(93)	
Troškovi poslovanja	(13.732)	Opći administrativni rashodi	(13.390)		U BAN-RDG izvještaju efekt odgođene porezne imovine prikazan je prometno (dugovno-trošak, potražno-prihod) dok je u godišnjem izvješću taj efekt prikazan na neto principu, u ovom slučaju u Troškovima poslovanja.
		ostali rashodi iz redovnog poslovanja	(430)	88	
Troškovi umanjenja vrijednosti i rezerviranja	(1.423)	Rezerviranja ili ukidanje rezerviranja	220		
		Umanjenje vrijednosti ili ukidanje vrijednosti kredita i predujmova	(1.648)	5	U Godišnjem izvješću pozicija troškova umanjenja vrijednosti i rezerviranja prikazana je u skupnoj stavci, dok su u BAN-RDG ti troškovi/prihodi podijeljeni u više pozicija. Rezervacije i ukidanje rezervacija za godišnje odmomore zaposlenika u Godišnjem izvješću idu pod troškove poslovanja.
Rashodi iz redovitog poslovanja	(15.155)		(15.248)	93	
Dobit prije oporezivanja	8.542	Dobit prije oporezivanja	8.542	93	
Porez na dobit	(1.477)	Porezni rashodi	(1.477)	-	
Neto dobit za godinu	7.065		7.065	-	
IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI					
Stavke koje je moguće reklasificirati u dobit ili gubitak		Stavke koje je moguće reklasificirati u dobit ili gubitak			
Financijska imovina mjerena po fer vrijednosti kroz ostalu sveobuhvatnu dobit	122	Dužnički instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit	122	-	
Ukupna sveobuhvatna dobit tekuće godine	7.187		7.187		

Reconciliation of Annual Financial Statements and Supplementary Reports for the Croatian National Bank

Appendix 2

For year ended on December 31st 2025

STATEMENT OF CASH FLOWS FOR PERIOD 01.01.2025. - 31.12.2025.

Naziv pozicije	Godišnje financijsko izvješće	BAN-NTI	Razlika	Obrazloženje
				Razlike se odnose na različitu metodologiju prikaza stavaka novčanih tokova pozicija prije poslovnih aktivnosti i usklađenja, te ukupne razlike u odnosu na tretman pojedinih pozicija bilance u smislu poslovnih/ financijskih/investicijskih aktivnosti
Dobit / gubitak prije oporezivanja	8.542	8.542	-	
Amortizacija	1.149	1.149	-	
Umanjenja vrijednosti i rezerviranja za gubitke	1.423	1.423	-	
Neto nerealizirane dobiti/gubitak od financijske imovine po fer vrijednosti kroz rdg	1.290	1.290	-	
Dobit / gubitak od prodaje materijalne imovine	(601)	(601)	-	
Ostale nenovčane stavke	(3.984)	(3.984)	-	
Novčani tijek ostvaren iz poslovanja prije promjena u obrtnom kapitalu	7.819	7.819		
Smanjenje/(povećanje) potraživanja od HNB-a	(2)			Razlike se odnose na različitu metodologiju u prikazu stavaka BAN-NTI koji ne prikazuje razlike u novcu i novčanim ekvivalentima, nego se isti prikazuju unutar poslovnih aktivnosti prije poslovnih promjena
Depoziti kod financijskih institucija i krediti kod fin.institucija	(16)	(16)		
Sredstva kod HNB-a		(2)		
Povećanje zajmova i predujmova klijentima	(1.088)		(1.088)	U metodologiji novčanog toka u BAN-NTI pozicija Zajmova i predujmova klijentima uključuje i naplaćene kamate, dok se one u Godišnjem izvješću ne prikazuju
Kredit i predujmovi ostalim komitentima		(19.843)	19.843	
Vrijednosni papiri i dr.fin.instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit		(24.490)	(24.491)	U BAN-NTI su promjene vrijednosnih papira i drugih financijskih instrumenata prikazane unutar poslovnih aktivnosti, dok su u godišnjem izvješću skupne promjene po vrijednosnim papirima prikazane unutar investicijskih aktivnosti neovisno o portfelju i vrednovanju.
Vrijednosni papiri i dr.fin.instrumenti po fer vrijednosti koji se obavezno vode po fer vrijednosti kroz RDG		(434)	(434)	
Vrijednosni papiri i dr. fin. instrumenata koji se vode po amortiziranom trošku		10.272	10.272	
Ostala imovina iz poslovnih aktivnosti	1.756	296	1.460	
Povećanje depozita klijenata	78.829		78.829	U BAN-NTI su promjene po depozitima i primljenim kreditima iskazane u zasebnim pozicijama po vrstama depozita, dok su u Godišnjem izvješću isti sumarno prikazani u poziciji depozita klijenata .
Povećanje ostalih obveza	157		157	
Plaćeni predujmovi poreza na dobit	(1.835)		(1.835)	
Neto novčana sredstva ostvarena iz poslovnih aktivnosti	77.801			
Depoziti od financijskih institucija		37.251	(37.251)	U BAN-NTI su promjene po depozitima i primljenim kreditima iskazane u zasebnim pozicijama po vrstama depozita, dok su u Godišnjem izvješću isti sumarno prikazani u poziciji depozita klijenata .
Transakcijski računi ostalih komitenata		9.449	(9.449)	
Štedni depoziti		(938)	938	
Oročeni depoziti		32.332	(32.332)	
Ostale obveze		3.349	(3.349)	U metodologiji novčanog toka u BAN-NTI pozicija Ostale obveze uključuje i plaćene kamate, dok se u Godišnjem izvješću one ne prikazuju
Naplaćene kamate		20.424	(20.424)	U metodologiji novčanog toka u BAN-NTI zasebno se prikazuju naplaćene kamate, dok se u Godišnjem izvješću one ne prikazuju
Plaćene kamate		(3.497)	3.497	U metodologiji novčanog toka u BAN-NTI zasebno se prikazuju plaćene kamate, dok se u Godišnjem izvješću one ne prikazuju
Plaćeni porez na dobit		(1.835)	1.835	
Promjene u imovini i obvezama iz poslovnih aktivnosti		70.137		
Neto novčani tijek iz investicijskih / ulagačkih aktivnosti				
Primici od prodaje/plaćanja za kupnju materijalne i nematerijalne imovine	(783)	(783)	-	
(Povećanje)/ Smanjenje dužničkih vrijednosnih papira	(14.219)		(14.219)	
Smanjenje /povećanje vlasničkih vrijednosnih papira	(434)		(434)	U BAN-NTI su promjene po vrijednosnim papirima i drugim financijskim instrumentima prikazane pod poslovnim aktivnostima
Primljene dividende iz investicijskih aktivnosti	64	64	-	
Neto novčana sredstva iz investicijskih aktivnosti	(15.372)	(719)		
FINANCIJSKE AKTIVNOSTI				
Povećanje primljenih kredita	(74.354)	(73.526)	(828)	BAN-NTI stavka ne uključuje obračunate kamate koje su prikazane unutar stavke Ostale obveze
Neto (Povećanje)/ Smanjenje izdanih dužničkih vrijednosnih papira		2	(2)	Promjena po kamati.
Ispłaćena dividenda	(4.167)	(4.167)	-	
Neto novčani tijek iz financijskih aktivnosti	(78.521)	(77.691)	-	
Neto povećanje / smanjenje gotovine i ekvivalenata gotovine	(8.273)	(8.273)	-	
Učinci promjene tečaja stranih valuta na gotovinu i ekvivalente gotovine	(21)	(21)	-	
Gotovina i ekvivalenti gotovine na početku godine	144.090	144.090	-	
Gotovina i ekvivalenti gotovine na kraju godine	135.796	135.796	-	

For year ended on December 31st 2025

STATEMENT OF CHANGES IN EQUITY 01.01.2025. - 31.12.2025.

Opis pozicije	AOP oznaka	Raspodjeljivo imateljima kapitala matice											Manjinski udjel		Ukupno
		Kapital	Premija na dionice	Izdani vlasnički instrume nti osim kapitala	Ostali vlasnički udjeli	Akumulirane ostale sveobuhvatne dobiti	Zadržane dobiti	Revalorizacijske rezerve	Ostale rezerve	Trezorske dionice	Dobit / gubitak koji pripada vlasnicima matičnog društva	Dividende tijekom poslovne godine	Akumulirane ostale sveobuhvatne dobiti	Ostale stavke	
1. Početno stanje (prije prepravljanja)	1	25.191	6.708	0	0	474	25.986	0	3.195	0	8.767	0	0	0	70.321
2. Učinak ispravaka pogrešaka	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Učinci promjena računovodstvenih politika	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Početno stanje (tekuće razdoblje) (AOP 01 do 03)	4	25.191	6.708	0	0	474	25.986	0	3.195	0	8.767	0	0	0	70.321
5. Izdavanje redovnih dionica	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Izdavanje povlaštenih dionica	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Izdavanje ostalih vlasničkih instrumenata	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Pretvaranje dugovanja u vlasničke instrumente	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Redukcija kapitala	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Dividende	11	0	0	0	0	0	-4.167	0	0	0	0	0	0	0	-4.167
12. Kupnja trezorskih dionica	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Prodaja ili poništenje trezorskih dionica	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Reklasifikacija financijskih instrumenata iz vlasničkih instrumenata u obveze	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Reklasifikacija financijskih instrumenata iz obveza u vlasničke instrumente	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16. Prijenosi između komponenata vlasničkih instrumenata	16	0	0	0	0	0	8.767	0	0	0	-8.767	0	0	0	0
17. Povećanje ili smanjenje vlasničkih instrumenata kao posljedica poslovnih kombinacija	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Plaćanja temeljena na dionicama	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19. Ostalo povećanje ili smanjenje vlasničkih instrumenata	19	0	0	0	0	0	0	0	0	0	7.065	0	0	0	7.065
20. Ukupna sveobuhvatna dobit tekuće godine	20	0	0	0	0	-352	0	0	0	0	0	0	0	0	-352
21. Završna (tekuće razdoblje) (AOP 04 do 20)	21	25.191	6.708	0	0	122	30.586	0	3.195	0	7.065	0	0	0	72.867

There are no essential differences in the presentation of the Report on changes in capital.