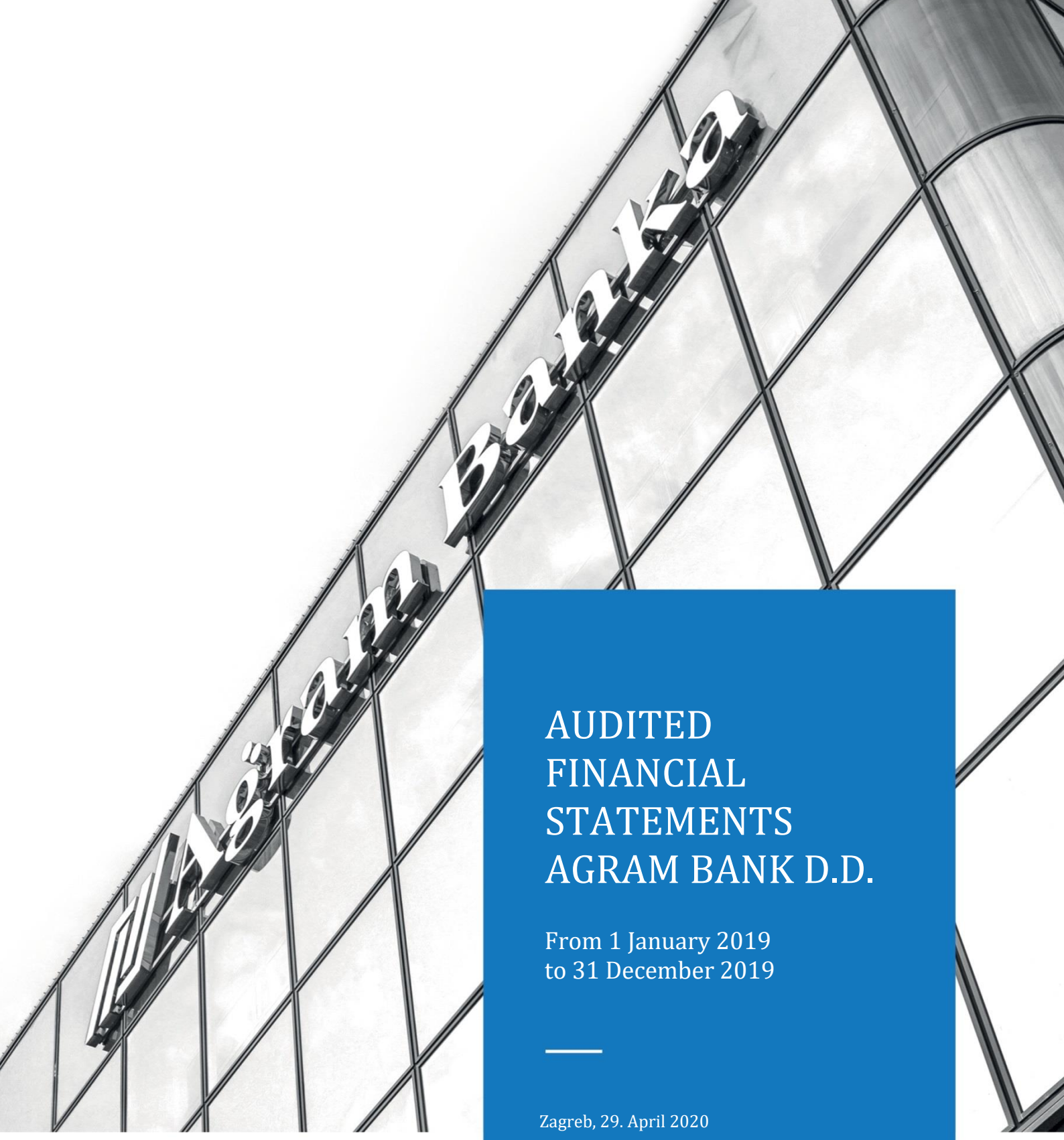

AUDITED FINANCIAL STATEMENTS AGRAM BANK D.D.

From 1 January 2019
to 31 December 2019

Zagreb, 29. April 2020

Agram Banka

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CORPORATE GOVERNANCE STATEMENT

Pursuant to the provisions of the Article 272.p of the Companies Act and Article 22 of the Accountancy Act, the Management Board of the Agram Banka d.d. declares that it voluntarily applies the Corporate Governance Code jointly prepared by the Croatian Agency for Supervision of Financial Services (HANFA) and the Zagreb Stock Exchange (ZSE), who published the Code on their web pages.

An integral part of this statement is the Annual survey for the business year 2018 (available on the web page of the Bank, www.agrambanka.hr and the web page of the Zagreb Stock Exchange www.zse.hr) which reflects the state and practices of the Bank's corporate governance in relation to the recommendations contained in the Corporate Governance Code with the explanations for certain exceptions. In particular, the Bank's corporate governance is achieved not only by entirely complying with regulatory claims, but it also derives from the well-established corporate culture and personal integrity of the management and employees.

In line with the consistent application of the Code's principles, the Bank develops and acts in compliance with good practices of corporate governance and tries to contribute to transparent and efficient business operations and high-quality connections with the business environment it operates in through its business strategy, policy, practice, and key by-laws.

In order to protect the interest of all investors, shareholders and other interested parties, the Bank established high-level standards of corporate governance.

Pursuant to the positive legal regulations, the Bank prepared the Corporate Governance Statement for 2018, by which it confirmed undertaking actions and developing pursuant to good practices of corporate governance in all business segments.

Pursuant to the Code principles and recommendations which are based on the "ACT OR EXPLAIN" principle, the Bank below provides parts of the Code it departs from together with explanations, as follows:

15	Are shareholders allowed to participate and vote in the Company's General Assembly by using modern communication technology means? (If not, explain)	NO	There was no need. The shareholders did not express the need for that type of voting.
18	Has the Management Board of the Company publicly disclose data on potential claims for contesting such decisions? (If not, explain)	NO	There were no such cases.
23	Is the reward or compensation the members of the Supervisory or Management Board receive entirely or partly determined pursuant to their contribution to Company performance? (If not, explain)	NO	The Supervisory Board member's fees are defined in a fixed amount.
25	Are detailed data on all compensations and other benefits of the Company and the Company's related persons of every individual member of the Management Board or CEOs, including the compensation structure, publicly disclosed (in the annual financial statement)? (If not, explain)	NO	We do not think this is necessary.
26.	Are detailed data on all compensations and other benefits of the Company and the Company's related persons of every individual member of the Supervisory Board or the Management Board, including the compensation structure, publicly disclosed (in the annual financial statement)? (If not, explain)	NO	We do not think this is necessary.
27	Does every member of the Supervisory or Management Board notify the Company of all changes concerning its acquisition, disposal	NO	The Supervisory Board does not own shares. If it becomes an owner of

	or the possibility to obtain voting rights over the Company's shares, no later than five trade days after the change occurs? (If not, explain)		shares, it will then act accordingly.
30	Were they previously approved by the Supervisory or the Management Board? (If not, explain)	NO	There were no such contracts.
31	Are all relevant elements of all such contracts or agreements contained in the annual report? (If not, explain)	NO	There were no such contracts.
35	Are the most of the Audit Committe members independent Supervisory Board members? (If not, explain)	NO	Članovi komisije revizorskog odbora su članovi Nadzornog odbora.
48	Are all forms of rewards for the Management and Supervisory Board members, including the options and other Management Board privileges, publicly disclosed per detail individual items and persons in the Company's annual report? (If not, explain)	NO	Nije bilo posebnih nagrađivanja Uprave i Nadzornog odbora izvan ugovorenih primanja te naknada.

Data on significant shareholders in the Company are listed in the ownership structure overview. Please find below the description of main elements of the internal controls system and risk management in relation to the financial reporting procedure.

AGRAM BANKA d.d.

Financial statements for the year ended 31 December 2019 together with the Independent Auditor's Report

Responsibility for the unconsolidated financial statements

Pursuant to the Croatian Accounting Act in force, the Management Board is obliged to ensure that the financial statements for every financial year are prepared in line with the legal accountancy regulations applicable to banks in the Republic of Croatia, so as to provide a truthful and objective image of the financial state and business results of Agram banka d.d. (the "Bank") for the given period.

The Management Board has a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank and must also ensure that the financial statements comply with the Croatian Accounting Law currently in force. The Management Board is also responsible for safeguarding the assets of the Bank in order to prevent and detect fraud and other irregularities.

Signed on behalf of and for the Management Board:

Boris Zadro
President of the Management Board

Agram Banka
1
AGRAM BANKA d.d.

Nataša Jakić Felić
Member of the Management Board

Agram banka d.d.
Ulica grada Vukovara 74
10000 Zagreb
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29 April 2020

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BDO Croatia d.o.o.
10000 Zagreb
Trg J. F. Kennedy 6b

INDEPENDENT AUDITOR'S REPORT

To the owners of Agram banke d.d., Zagreb

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Agram banka d.d. (the "Bank"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the legal requirements for banks accounting in the Republic of Croatia.

Basis for Opinion
We conducted our audit in accordance with the 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters
Key audit matters are matters that proved to be, in our professional judgement, of utmost importance for our audit of financial statements of the current period and include the identified significant risks of material misstatement due to error or fraud with the greatest impact on our audit strategy and the time spent by the engagement audit team. We tackled those matters in the context of our audit of financial statements as a whole, and while drawing up our opinion on the issues; therefore, we do not provide a separate opinion concerning those issues.

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

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How we addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers
As at 31 December 2019, gross loans and advances to customers in the financial statements amounted to HRK 2,254,640 thousand, while related provisions for impairment amounted to HRK 163,008 thousand (31 December 2018: gross loans and advances to customers: HRK 2,072,638 thousand, impairment provisions: HRK 192,236 thousand).</td></tr>
<tr><td>Key audit matter
Impairment represents the Management Board's best estimate of the risk of default and expected credit losses within the portfolio of loans and advances at the reporting date. We focused on this area as the amounts reported in the financial statements are significant, as well as due to the nature of the judgments and assumptions that management had to make.
IFRS require management to make judgments about the future and various items in the financial statements are subject to estimation uncertainty. The estimates required to reduce the value of loans and advances to customers represent significant estimates.
The main sources of uncertainty for estimates related to impairment of loans and advances to customers are the identification of deteriorating loans, the assessment of significant increases in credit risk, forecasting future cash flows, estimating collateral inflows and determining the expected credit loss for loans and advances to clients who are inherently uncertain.
Impairment is measured either as a 12-month expected credit loss or as a lifelong expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

Related disclosures in the accompanying annual financial statements
For additional information, see the notes to the annual financial statements: 3.2, 3.20, 10, and 15.</td><td>Audit procedures
Our audit procedures related to this area, among others, included:
review of the Bank's methodology for calculating expected credit loss and assessing compliance with the relevant requirements of IFRS 9,
understanding the process of determining the impairment of loans and advances, the IT applications used, the assumptions for the data used in the expected credit loss model,
assessment of the design, implementation and operational effectiveness of controls in credit risk management and lending business processes, testing of key controls related to the approval, recording, monitoring and subsequent measurement of loans and advances
checking, on the basis of a sample, whether the definition of default is consistently applied and checking the correctness of the allocation in certain phases of credit risk in accordance with the relevant policies,
an assessment of the overall model for calculating expected credit losses, including the calculation of major risk parameters and macroeconomic factors (default probability (PD), default loss (LGD) and default exposure (EAD),
we tested the adequacy of individual impairments, based on a sample of individual loans and borrowings, with a focus on exposures with the potentially greatest impact on the annual financial statements due to their size and risk and smaller exposures that we assessed as high risk based on our internal assessment,
we performed evidentiary testing on a selected sample to assess the correctness of the classification of loans and advances,
in certain cases, we used our own judgment to determine the parameters for calculating impairment losses on loans and advances and to compare our calculations with the impairment calculated by the Bank,
Assessing the accuracy and completeness of disclosures in the financial statements.</td></tr>
</table>

Other matters
The audit of the annual financial statements of the Bank for the year ended 31 December 2018 was performed by the auditing company Deloitte d.o.o. for audit, Zagreb, which in its Independent Auditor's Report dated **30 April 2019** expressed an unmodified opinion on these annual financial statements.

Other Information in the Annual Report
Management is responsible for other information. Other information includes the Introduction, Report of the Chairman of the Supervisory Board, Report of the Management Board for the Bank, Report of the Management Board for the Group, Macroeconomic developments in Croatia during 2019, Description of the Bank's operations and Statement on application of corporate governance codes which are an integral part of the Bank's Annual Report, but do not include the annual financial statements and our Independent Auditor's Report thereon.
Our opinion on the annual financial statements does not include other information, unless expressly stated in our report, and we do not express any form of conclusion expressing assurance about them.

In connection with our audit of the annual financial statements, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent with the annual financial statements or our audit findings or otherwise appears to be materially misstated. If, based on the work we have done, we conclude that there is a material misstatement of this other information, we are required to report that fact. In that sense, we have nothing to report.

The Management Board is responsible for compiling the Management Board's Report as an integral part of the Bank's Annual Report. Regarding the Management Board's Report to the Bank and the Statement on the Application of the Corporate Governance Code, we also carried out the procedures required by the Croatian Accounting Act (the "Accounting Act"). These procedures include considering:

- whether the Management Board's Report has been prepared in accordance with Articles 21 and 24 of the Accounting Act;
- whether the specific information in the Statement on the Application of the Corporate Governance Code required under Article 22, paragraph 1, items 3 and 4 of the Accounting Act ("relevant parts of the Statement on the Application of the Corporate Governance Code") has been prepared in accordance with Article 22. of the Accounting Act;
- • whether the Statement on the Application of the Corporate Governance Code includes disclosures in accordance with Article 22, paragraph 1, items 2, 5, 6 and 7 of the Accounting Act.

Based on the procedures required to be performed as part of our audit of the annual financial statements and the above procedures, in our opinion:

- The information contained in the Management Board's Report and the relevant parts of the Statement on the Application of the Corporate Governance Code for the financial year for which the financial statements were prepared is consistent, in all material respects, with the Bank's annual financial statements set out on pages 33 to 102 to which we have expressed an opinion as set out in the Opinion section above;
- The Management Board's report for the Bank and the relevant parts of the Statement on the Application of the Corporate Governance Code have been prepared, in all relevant respects, in accordance with Articles 21 and 22 of the Accounting Act;
- The statement on the application of the corporate governance code includes the information required by Article 22, paragraph 1, items 2, 5, 6 and 7 of the Accounting Act.

Furthermore, taking into account the knowledge and understanding of the Bank and the environment in which it operates, which we acquired during our audit, we are obliged to report whether we identified significant misstatements in the Introduction, Report of the Chairman of the Supervisory Board, Report of the Management Board, Macroeconomic developments in Croatia during 2019, the Bank's Business Description and the Statement on the Application of the Corporate Governance Code. In that sense, we have nothing to report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with statutory accounting requirements for Banks in Croatia and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

We were appointed as the statutory auditor of the Bank by the Bank's General Assembly on 26 June 2019 to perform the audit of accompanying financial statements.

For the first time, we have been appointed as the Bank's auditors in performing the legal audit of the Bank's annual financial statements for 2019.

In the audit of the Bank's annual financial statements for 2019, we determined the significance for the annual financial statements as a whole in the amount of HRK 10,600 thousand, which represents approximately 2.6% of the Bank's net assets for 2019.

We chose net assets as a measure of significance because we believe that this is the most appropriate measure according to which users most often evaluate the success of the Bank's operations, and it is also a generally accepted measure.

During the period between the starting date of the audited annual financial statements of the Bank for 2019 and the date of this Report, we did not provide prohibited non-audit services to the Bank and did not provide services for designing and implementing internal control or risk management procedures related to preparation and / or control of financial information or design and implementation of technological systems for financial information, and we have maintained our independence from the Bank in performing the audit.

Pursuant to the Decision of the Croatian National Bank on the structure and content of the annual financial statements of banks dated 9 May 2018 (OG 42/18), the Bank's Management Board prepared the forms shown on pages 103 to 109 ("Forms"). The financial information set out in the Forms is consistent with the information set out in the annual financial statements set out on pages 33 to 102 on which we have expressed an opinion as set out in the Opinion section above.

Report on Other Legal and Regulatory Requirements (continued)

Based on the obligation arising from the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19 and 47/20), the Bank presented the requested information on pages 108 and 109, which contains all the information prescribed Article 164 (1) The information presented is derived from the financial statements of the Bank set out on pages 33 to 102 on which we have expressed an opinion as set out in the Opinion section above.

Ivan Štimac, certified auditor, is a partner engaged in the audit of the Bank's annual financial statements for 2019, which results in this Independent Auditor's Report.

In Zagreb, 29 April 2020

BDO Croatia d.o.o.
Trg J. F. Kennedy 6b
10000 Zagreb

Vedrana Stipić, member of the Management Board

BDO CROATIA
BDO Croatia d.o.o.
za pružanje revizorskih, konzalting
i računovodstvenih usluga
Zagreb, J. F. Kennedy 6/b

Ivan Štimac, certified auditor

	Note	2019	2018
Interest and similar income	4	119,410	118,197
Interest and similar expenses	5	(28,937)	(33,475)
Net interest income		**90,473**	**84,722**
Fee and commission income	6	28,120	30,155
Fee and commission expenses	6	(8,649)	(7,519)
Net fee and commission income		**19,471**	**22,636**
Net gains from dealing in foreign currencies	7	7,251	8,153
Gain/loss from financial assets at fair value through profit or loss		10,093	7,544
Losses on financial assets that are not traded, which are measured at fair value		(5,527)	(906)
Calculated foreign exchange gains or losses	7	1,428	878
Other income	8	16,682	13,358
Operating income		**139,871**	**136,385**
Operating expenses	9	(78,907)	(77,358)
Impairment losses and provisions	10	(15,072)	(26,489)
Operating expenses		**(93,979)**	**(103,847)**
Profit before taxation		45,892	**32,538**
Corporate income tax	11	(8,408)	(6,070)
Net profit for the year		37,484	**26,468**
Net other comprehensive income reclassified in the future to profit or loss:			
Financial assets measured at fair value through other comprehensive income unrealized gains / losses	17	30,707	1,997
Other comprehensive income		**68,191**	**1,997**
Income tax relating to items that can be reclassified as profit or loss		(4,898)	-
Total comprehensive income		**63,293**	**28,465**
Earnings per share in HRK	28	**19,34**	**13,66**

Notes to the Financial Statements form an integral part of the Statement of the Statement of the Financial Position.

	Note	31/12/2019	31/12/2018
ASSETS			
Cash and balances with the Croatian National Bank	12	428,377	440,945
Placements with other banks	13	71,452	154,318
Assets that must be measured at fair value through profit and loss	14	36,735	41,315
Assets measured at fair value through other comprehensive income	17	925,622	777,826
Loans to customers	15	2,091,632	1,880,402
Debt securities at amortized cost	16	-	20,720
Intangible assets	18	23,008	23,956
Tangible assets	19,37	70,177	59,641
Investment property	20	25,384	21,451
Other assets	21	52,580	26,164
Total assets		**3,724,967**	**3,446,738**
LIABILITIES			
Deposits from customers	22	2,478,826	2,386,563
Borrowings	23	697,777	590,613
Subordinated instruments	25	84,076	84,076
Provisions	29	2,615	3,607
Other liabilities	24	52,751	28,521
Total liabilities		**3,316,045**	**3,093,380**
SHAREHOLDERS' EQUITY			
Share capital	26	193,775	193,775
Share premium	26	50,541	50,541
Unrealized gains on available-for-sale financial assets	17	52,848	27,038
Retained earnings	27	57,463	40,048
Legal reserves	27	16,811	15,488
Profit for the current year		37,484	26,468
Total shareholders' equity		**408,922**	**353,358**
Total liabilities and shareholders' equity		**3,724,967**	**3,446,738**

Notes to the Financial Statements form an integral part of the Statement of the Statement of the Financial Position.

	Share capital	Share premium	Unrealized gains on available-for-sale financial assets	Retained earnings and reserves	Profit/loss for the year	Total
Balance at 1 January 2018	**193,775**	**50,541**	**25,041**	**46,236**	**20,765**	**336,358**
The effect of applying IFRS 9	-	-	-	3,336	-	3,336
Transfer to reserves	-	-	-	20,765	(20,765)	-
Dividends paid				(9,689)		(9,689)
Unrealized loss on equity securities	-	-	-	(5,112)		(5,112)
Total transactions with owners	*193,775*	*50,541*	-	*55,536*	-	*324,893*
Net profit for the current year	-	-	-	-	26,468	26,468
Unrealized gains on available-for-sale financial assets			1,997			1,997
Total comprehensive income	-	-	*1,997*	-	-	*28,465*
Balance at 31 December 2018	**193,775**	**50,541**	**27,038**	**55,536**	**26,468**	**353,358**
Balance at 1 January 2019	**193,775**	**50,541**	**27,038**	**55,536**	**26,468**	**353,358**
Dividends paid	-	-	-	(12,595)	-	(12,595)
Transfer to reserves	-	-	-	1,324	(26,468)	(25,144)
Transfer of profit to retained earnings	-	-	-	25,144	-	25,144
Total transactions with owners	*193,775*	*50,541*	*27,038*	*69,409*	-	*340,763*
Other changes through other comprehensive income				4,865		4,865
Net profit for the current year	-	-	-	-	37,484	
Total comprehensive income	-	-	*25,810*	-	*37,484*	*63,294*
Balance at 31 December 2019	**193,775**	**50,541**	**52,848**	**74,274**	**37,484**	**408,922**

Notes to the Financial Statements form an integral part of the Statement of the Statement of the Financial Position.

	Bilješka	2019.	2018.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		45,892	32,538
Adjustments:			
Depreciation and value adjustment	9	8,377	8,482
Release of reservations	10	15,072	26,489
Net (gains) / losses on securities at fair value through P/L		(5,527)	(906)
Net interest income		(90,473)	(84,722)
Net fee and commission income		(19,471)	(22,636)
Non-monetary items through equity movements		(1,301)	906
Cash flow from operating activities before working capital changes		**(47,431)**	**(39,849)**
Decrease in receivables from CNB		114,923	100,804
Increase in loans and advances to customers		(211,230)	(104,226)
(Decrease)/increase in deposits from other banks		82,866	(61,462)
Increase in deposits from customers	22	92,263	43,834
Decrease / (Increase) in debt securities	17	(147,796)	133,690
Decrease / Increase in equity securities	14	4,580	(29,000)
Reduction of bills of exchange	16	20,720	8,454
Interest paid		(2,773)	(9,690)
Interest charged		113,938	120,296
Received dividends		142	165
Fees and commissions paid		(8,649)	(7,519)
Charged fees and commissions		19,823	23,487
Decrease in other assets		(20,566)	2,425
Increase in other liabilities		35,833	2,259
Paid advances for income tax	11	(5,850)	(4,238)
Net cash flow used in operating activities		**141,905**	**219,278**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets		(21,582)	(945)
Net cash flow from investing activities		**(21,582)**	**(945)**
CASH FLOW FROM FINANCING ACTIVITIES			
(Repaid) / received loans		107,163	(9,238)
Paid dividends		(12,595)	(9,689)
Net cash flow (used) / realized from financial activities		**94,568**	**(18,927)**
Net increase / (decrease) in cash and cash equivalents		**(116,350)**	**159,556**
The effect of foreign currency exchange rate fluctuations		1,428	878
Cash and cash equivalents at the beginning of year	32	418,065	257,631
Cash and cash equivalents at the end of year	32	**303,143**	**418,065**

Notes to the Financial Statements form an integral part of the Statement of Cash flow.

1. General data

Agram banka d.d. (the "Bank") was incorporated as a public limited liability company in accordance with applicable laws of the Republic of Croatia. It was registered at the Commercial Court in Zagreb in 1994. The Bank's registered office is in Zagreb, Ulica grada Vukovara 74.
Since its founding until the 27 December 2018 the Bank operated under the name Kreditna banka Zagreb d.d.
By the decision of the General Assembly, and the related Commercial Court decision of 28 December 2018 it operates under a new name, Agram banka d.d.
The principal activities of the Bank include all types of corporate and retail deposit and lending operations, domestic and foreign payment transactions, issuance of guarantees, bills of exchange and other forms of guarantees, securities trading and other banking services. The Bank operates only in the banking sector through 24 local offices on the Croatian market.

The Bank performs insurance agency operations in accordance with the insurance laws, in the part that relates to bank insurance activities, based on the license dated 14 February 2007.

Management Board

Boris Zadro	President of the Management Board
Nataša Jakić Felić	Member of the Management Board

Supervisory Board

Ante Penić	President of the Supervisory Board
Ankica Čeko	Vice President of the Supervisory Board
Branka Klopović	Member of the Supervisory Board
Silvije Orsag	Member of the Supervisory Board
Stojan Štironja	Member of the Supervisory Board

Audit Committee

Ante Penić	President of the Supervisory Board
Ankica Čeko	Vice President of the Supervisory Board
Branka Klopović	Member of the Supervisory Board
Silvije Orsag	Member of the Supervisory Board
Stojan Štironja	Member of the Supervisory Board

2. Basis for preparation

2.1. Compliance with legal requirements for banks' accounting in Croatia

The financial statements have been prepared in accordance with statutory accounting requirements for banks in in the Republic of Croatia. The Bank's operations in the Republic of Croatia are subject to the Credit Institutions Law, in accordance with which the Bank's financial reporting is regulated by the Croatian National Bank ("the CNB") which is the central monitoring institution of the banking system in the Republic of Croatia. These financial statements have been prepared in accordance with these banking regulations.

Accounting regulations for banks in the Republic of Croatia are based on the International Financial Reporting Standard (IFRS) adopted in the European Union adapted to the specific accounting rules adopted by the CNB. The main difference between IFRS requirements and accounting rules of the CNB relates to recognition and measurement in the following:

- According to the Decision, minimum impairment allowances and provisions for exposures classified in the A1 and A2 risk classes of a minimum of 0.8% of the gross book value of exposure in these risk subgroups are prescribed in accordance with the Decision on the Classification of Exposures to Risk Groups and the Method of Determining Credit Losses, except for financial assets measured at fair value through other comprehensive income
- the minimum amounts of impairment and provisions for exposures that are in the status of non-fulfillment of obligations and the increase of impairment for an additional 5% of the receivables per principal for each further 180 days are stipulated when the payment has not been made within two years of the date on which the non-fulfillment status liabilities that may be different from impairment losses calculated in accordance with IFRS 9,
- If exposure is not secured by an adequate collateral and future cash flows for a given exposure can not be reliably estimated, minimum impairment percentages are prescribed, depending on the number of delays in settling the liability. The minimum percentages established are:
    - if the borrower is late in settling the obligation for more than 90 days to 180 days, the minimum percentage of impairment is 2% of the exposure,
    - if the borrower is late to settle the obligation for more than 180 days to 270 days, the minimum percentage of impairment is 30% of the exposure,
    - if the borrower is late to settle the obligation for more than 270 days to 365 days, the minimum percentage of impairment is 70% of the exposure,
    - if the borrower is late in settling the obligation for more than 365 days, the impairment is equal to 100% of the exposure.
- In accordance with the regulations of the CNB, when the exposure that has been classified as non-performing (Stage 3) meets the criteria for classification in the income (Stage 1 or Stage 2), it must be a period of at least three months from the date of fulfillment of the return criterion exposure before exposure is classified as revenue. Over a three-month period, exposure at all times must meet the criteria for classification in revenue-generating exposures.

2. Basis for preparation (continued)

2.1. Compliance with legal requirements for banks' accounting in Croatia (continued)

Provisions for outstanding legal disputes against the Bank are recorded based on internal procedures which comply with the CNB's Decision which is in force. They can differ from impairment calculated in accordance with the IFRS 9, since the CNB prescribes the minimum levels of provisions.

2.2. Basis for preparation of financial statements

The financial statements are presented in Croatian kuna ("HRK"), which is the primary currency of the economic environment in which the Bank operates (the functional currency) and are rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities carried at fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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

2.2.1. Changes in accounting policies and disclosures

The Bank has adopted the following new and amended IFRS and IFRIC interpretations during the year which were endorsed by the EU. When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Bank, its impact is described below.

Initial application of new amendments to the existing standards effective for the current reporting period

The Bank applied IFRS 16 Leases for the first time from January 1st 2019.
As of January 1st 2019 other new standards are also applicable, but do not have a significant impact on the Bank's financial statements.

Leases

The Bank applied IFRS 16 using a modified retrospective approach, which does not affect the amount of retained earnings on January 1st 2019. Accordingly, the comparative information presented for 2018 has not been restated, ie it has been presented, as previously reported, in accordance with IAS 17 and related interpretations. Details of changes in accounting policies are set out below. In addition, the disclosure requirements in IFRS 16 have not generally been applied to comparable information.

i) Definition of lease

Previously, at the inception of the contract, the Bank determined whether or not the agreement contained a lease within the meaning of IFRIC 4 - *Determining whether the Agreement Contains a Lease*. The Bank now assesses whether an agreement is a lease or contains it on the basis of the definition of leases, as explained in Note 4 (s).
In transitioning to IFRS 16, the Bank has chosen to apply practicality to the old assessment of lease transactions. The Bank has applied IFRS 16 only to contracts previously defined as leases. Contracts that are not established as leases in accordance with IAS 17 and IFRIC 4 have not been reassessed in terms of whether the leases are in accordance with IFRS 16.

2. Osnove pripreme (nastavak)

2.2.1. Changes in accounting policies and disclosures (continued)

ii) As a lessee

As a lessee, the Bank rents some branch and office premises and rents official vehicles. Previously, the Bank classified these leases into operating leases in accordance with IAS 17, based on an assessment of whether the lease transferred to the Bank all the risks and rewards of ownership of the assets in question. Under IFRS 16, the Bank recognizes the right to use assets and liabilities from leases of branch and office space and official vehicles, ie. these leases are shown in the balance sheet.

Upon commencement or modification of a lease agreement, the Bank allocates contractual payments for each portion of the lease based on its relative independent cost.

During the transition, liabilities for these leases are measured at the present value of the remaining lease payments, discounted at the incremental rate at which the Bank may borrow on January 1st 2019.

The right to use the asset is measured at an amount equal to the lease liability adjusted for the amounts of advances or accrued lease payments recognized in the statement of financial position immediately before the date of first application.

In applying IFRS 16, the Bank has used a number of practical purposes for leases under IAS 17 classified as operating leases. In addition to this, the Bank:

- relied on its own assessment of lease disadvantages under the provisions of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, immediately prior to the date of first application, as an alternative to conducting an impairment review;
- has not recognized the right to use assets and liabilities for leases that expire within 12 months from the date of first application;
- did not recognize the right to use assets and liabilities for leases of low-value assets;
- did not take into account the initial direct costs of measuring the right to use the property on the date of first application; and
- the lease term was determined empirically.

ii) As a landlord

The bank rents out certain facilities. The Bank has allocated these leases as follows:

- Financial real estate leases: see Note 37; and
- Operating leases for investment property: see Note 20. In transitioning to IFRS 16, the Bank did not have to make any adjustments to leases in which it appears as a lessor.

For the allocation of payments in leases and the non-lease component, the Bank has applied IFRS 15 - Revenue from Contracts with Customers.

iii) Impact on the financial statements

Impact during implementation:

Upon transition to IFRS 16, the Bank recognized additional rights to use assets in the amount of HRK 1,840 thousand and additional lease liabilities in the same amount.

In measuring lease liabilities for leases classified as operating, the Bank has reduced lease payments to present value at an incremental rate at which the Bank may borrow on January 1st 2019.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

3.1. Financial assets and financial liabilities

The Bank's financial assets and financial liabilities recorded on the balance sheet include cash and cash equivalents, marketable securities, trade and other receivables and payables, long-term loans, deposits and investments. The accounting principles for these items are disclosed in the respective accounting policies. The Bank recognizes financial assets and liabilities on its balance sheet when, and only when, it becomes a party to the contractual provisions of the instrument. Financial assets held by the Bank are categorized into portfolios in accordance with the Bank's intent upon acquisition of a financial asset and pursuant to the Bank's investment strategy.

Financial assets are classified as:

- Financial assets valued at amortized cost,
- Financial assets that are valued at fair value through profit or loss,
- Financial assets valued at fair value through other comprehensive income.

The principal difference among the portfolios relates to the measurement of financial assets and the recognition of their fair values in the financial statements as described below.

Financial liabilities are any type of liabilities for which the obligation to deliver funds or other financial assets to another business entity has been contracted. This contractual obligation refers to the exchange of financial assets and liabilities with other business entities under potentially unfavorable financial conditions, and contracts which will or might be settled with the shares of the business entity. Financial liabilities of the Bank are recorded and measured at amortized cost.

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

All routine financial instrument transactions are recognized at the date when the instruments are transferred (settlement date). Under the settlement date accounting, the underlying asset or liability is not recognized until the settlement date, with the changes in fair value of the underlying asset or liability being recognized starting from the trade date. When a financial asset or financial liability is recognized initially, the Bank measures it at its fair value plus transaction costs, in the case of financial assets, that are directly attributable to the acquisition or issue 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 conditions are met:

a) Holds within the business model the goal of which is through the collection of contracted cash flows and the sale of financial assets and
b) based on the contractual terms of the financial asset, cash flows are generated, which are only the payment of principal and interest on the outstanding principal amount.

Financial assets from the business model for collecting and selling the business that met the SPPI test is classified into the category of financial assets that are measured at fair value through other comprehensive income.
This category includes debt securities and one of the objectives is to issue the current surplus of the Bank and to generate certain revenues that include interest income and, in the case of sale of financial assets and income realized in a price differential. The Bank uses this business model to meet regulatory obligations in accordance with the Minimum Requirements for Foreign Currency Claims and the Mandatory Reserve Decision and to manage daily liquidity needs for foreign and domestic currency.
Financial assets measured at fair value through other comprehensive income are stated at fair value on the last calendar day of the month.
Subsequent measurement at fair value of all gains or losses is included in the revaluation reserves in the equity and reserves, until the assets are sold or alienated in another way, at which point accumulated gains or losses previously stated in equity and reserves are included in the net gains or losses of the period.
Interest and dividends from this portfolio are recorded in the income statement as well as expected losses. For equity securities, the fair value of financial instruments is based on the market price at the reporting date, without any reduction in transaction costs.

Fixed assets measured at fair value through profit or loss are financial assets that are not classified in the previous two categories and are allocated to:

a) Securities and other financial instruments that are measured at fair value through profit or loss and are not actively traded
b) Securities and other financial instruments that are measured at fair value through profit or loss

In this category, the Bank classifies all financial instruments held for trading, that is, acquired by the Bank for the purposes of short-term gains on the basis of price or margin changes. This category also classifies all equity securities that are legally measured at fair value and derivatives other than those that would serve as hedging instruments.
The financial instruments originally classified by the Bank into the category of instruments that are measured at fair value through profit or loss are subsequently measured at fair value. The fair value measurement results are included in net profit or loss for the period in which they arise.
Financial assets are measured at amortized cost if both of the following conditions are met:

a) The purpose of the business model within which the financial asset is held is the collection of contracted cash flows and

3. Summary of significant accounting policies (continued)

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

b) based on the contractual terms of the financial asset, cash flows are generated, which are only the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost are all financial assets with fixed payments or payments that can be determined which are not quoted in the active market and which the Bank has created by placing money, goods or services directly on the debtor.

This group primarily consists of loans, deposits and receivables issued by the Bank.

Debt securities for which the Bank intends and holds up to maturity are classified in this category.

Expected Credit Loss Measurement (ECL)

Expected loan losses represent a credit loss estimate based on the probability of a default in the twelve-month period or during the life of the financial instrument.

Expected credit loss is accounted for as a multiplication of the PD (likelihood of a non-fulfillment of obligations), a loss due to the non-fulfillment of obligations (LGDs) and exposures in the status of non-fulfillment of obligations (EAD).

When calculating the expected credit losses for exposures deployed in the A-1 subgroup (level 1), the discounted 12-month PD is used on the reporting date and the discounted PD for the entire lifetime of the A-2 subgroup (Stage 2) is discounted.

For placements classified in risk category A (Stages 1 and 2), the Bank performs the expected loss calculation using an internal model. The total amount of expected credit loss, other than financial assets measured at fair value through other comprehensive income, is compared with a regulated minimum amount (minimum 0.80% of the gross book value of exposure in risk category A (Stages 1 and 2), which does not take into account financial assets measured at fair value through other comprehensive income).

If the total amount of expected credit loss is obtained by an internal model, for all assets other than for financial assets measured by comprehensive income, is less than 0.80% of the gross book value of exposure in risk category A (Stages 1 and 2), the Bank as a total impairment of exposures classified in risk category A (portfolio in the status of fulfillment of contractual obligations), for all assets except for financial assets measured by comprehensive income, determines the amount at the level of 0.80% of the gross book value of exposure in risk category A (Stage 1 and Stage 2).

For exposures that are in the status of default, the Bank calculates the expected losses in the manner prescribed in the internal procedures for the calculation of the provision and the determination of the exposure classification.

The Bank recognizes the expected credit loss in the income statement within the cost of impairment and provisions.

3. Summary of significant accounting policies (continued)

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

Expected Credit Loss Measurement (ECL) (continued)

The Bank initially recognizes financial assets in the balance sheet on the day of purchase. At initial recognition of financial assets at amortized cost and fair value through other comprehensive income, the Bank measures at its fair value including all resulting transaction costs.

At the balance sheet date, all financial instruments are reconsidered in order to establish the existence of objective reasons for impairment. If there are such indicators, the Bank estimates the recoverable amount.

Loans and advances are shown net of impaired allowances, estimated on the basis of historical loss pattern, credit rating of borrowers and reflecting the economic environment in which borrowers are doing business. If, in the later period, the impairment loss is reduced and the reduction can be objectively associated with an event that occurs after impairment, the abolition of impairment provisions is recognized in the income statement.

Loans created by the Bank by giving money directly to the Borrower are presented as loans approved by the Bank and are stated at amortized cost using the effective interest rate method, less any impairment allowance. Third party costs, such as legal fees resulting from obtaining credit insurance instruments, are treated as part of the transaction cost as well as client fees. Credit approval fees for which the funds are likely to be withdrawn shall be postponed, together with all related direct costs, recognized as an adjustment to the effective yield on the loan and adjusted for interest income. All loans and advances are recognized at the time of loan repayment, ie advances to borrowers.

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

The impairment allowance for expected loan losses also covers losses that, by objective evidence, already exist in the loan portfolio at the balance sheet date. These losses are estimated on the basis of past losses on a particular component of the portfolio, the creditworthiness of the creditor and the economic environment in which the borrowers operate, in accordance with the prescribed positive cash flow methodologies.
Impairment losses are charged to the income statement at the expense of the bank's expense for the period in which the losses are determined, with the approval of the exposure value adjustments to which those adjustments relate.
If, after the first impairment of placements, the revaluation loss increases due to the changed circumstances, the amount of the increase in the loss is recognized as an increase in the cost of the provision in the income statement and in the balance sheet as a write-off of the partially recoverable placements.
If the loss is reduced, the amount of the decrease is recognized in the income statement as the revenue from the reversal of the provision and in the balance sheet as a decrease in the write-off of the partially recoverable doubtful and contingent claims.

3. Summary of significant accounting policies (continued)

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

Expected Credit Loss Measurement (ECL) (continued)

Loss per fully irrecoverable placements is posted in the Bank's accounting books as the cost of provisions in the income statement for the period in which the loss was determined and in the balance sheet as a one-time correction for placements.

Non-recoverable loans are written off in full and all subsequent recoveries are credited to the income statement.

The amount of provisions for identified losses on contingent liabilities is recognized as an expense in the income statement for the period in which the loss is determined and in the liability as separate reserve for contingent liabilities in accordance with the current Regulations.

The Bank regularly reviews loans and receivables to assess whether there is objective evidence of impairment. The Bank applies a general approach according to which the credit risk is divided into three stages:

- Stage 1 - covers the exposure of the Bank where credit quality after initial recognition has not significantly deteriorated;
- Stage 2 - covers the exposure of the Bank where the credit quality after the initial recognition deteriorated significantly;
- Stage 3 - exposure to the status of non-fulfillment of contractual obligations.

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

- the risk group A, which consists of risky subgroups A-1 (Stage 1) and A-2 (Stage 2);
- a risk group B, consisting of risky subgroups B-1, B-2 and B-3 (Stage 3);
- a risk group C (Stage 3).

Only an exposure to a debtor that is not classified in non-fulfillment of liabilities group is allocated to the risk category A. In accordance with the requirements of IFRS 9, the Bank performs the appropriate impairment and provision of exposure in the amount equal to:

- expected credit losses that could arise from 12-month expected credit losses that are part of the lifelong expected credit losses that would occur if default status occurs in the next 12 months for risk subgroup A-1,
- expected credit losses over the life of the risk subgroup A-2.

For determining the increased credit risk of debtors moving from risk subgroup A-1 to A-2, the Bank uses internal internally prescribed criteria. The credit risk is considered to have increased considerably depending on the internal rating of the debtor, the unfavorable financial statements, the delay in payment of overdue debt for more than 30 days in a material amount, a blockage over 15 up to 60 days, a prepayment settlement, restructured exposure for which the Bank has estimated that will not result in a reduction in the financial liability and that the borrower will fully meet his obligations.

Exposure to the fulfillment of contractual obligations meets the minimum requirements prescribed by the CNB.

3. Summary of significant accounting policies (continued)

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

Expected Credit Loss Measurement (ECL) (continued)

Exposures to a debtor that are in the status of non-fulfillment of obligations shall be classified by the Bank into a risk subgroup B-1 or lower, and performs appropriate impairment and provisioning. The impairment in the risk subgroup B-1 is at least 2%.

Depending on the level of impairment and provisions for exposures to debtors in the status of non-fulfillment, the liabilities are allocated to the following sub-groups:

- B-1, if the level of impairment and provisions does not exceed 30% of the exposure amount;
- B-2, the level of impairment and provisions exceeds 30% and not more than 70% of the exposure amount;
- B-3, the level of impairment and provisions exceeds 70% and less than 100% of the exposure amount;
- C, the level of impairment and provisions is 100% of the exposure amount and the conditions have not been met for the write-off of receivables.

Exposure or debtor is in the status of default if it is overdue for more than 90 days of materially significant amount or when it is unlikely that the borrower will be fully able to settle its liabilities to the Bank without taking any measures of enforced collection. In accordance with the internal criteria, the Bank classifies the exposure and / or entire debtor as a defaulting status and for blocking the account for more than 60 days, bankruptcy, performance of pre-installment, restructurings for which the Bank has estimated that it could result in a reduction of the borrower's financial liability to fully comply with its obligations.

3.3. Financial assets and financial liabilities – derecognition

The Bank derecognizes the financial asset or part of it when contractual rights that include financial assets [or any part of it] expire or when it transfers financial assets and all risks and rewards of ownership to another entity or have been completely corrected and written off.

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

When a financial asset held for trading or in a fair value portfolio is sold, its recognition ceases on the day of trading when the Bank assumes the obligation to sell the asset.

Financial liabilities are derecognized when they are paid or otherwise ceased to exist.

3. Summary of significant accounting policies (continued)

3.4. Interest income and expense

Interest income and expense are accounted for on an accrual basis at the effective interest rate, which includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity, calculated on an effective interest rate basis.

The effective interest rate method represents a method used for calculating the depreciated cost of the financial asset and distributing the interest income throughout the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts, including all paid or received fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial asset, or, where appropriate, a shorter period.

Loan origination fees are deferred, together with related direct costs, and recognized as an adjustment to the effective yield on the loan and as such adjust interest income or expense.

When loans become impaired, they are written down to their recoverable amounts. The calculation of interest on placements classified in the group of partially and completely non-recoverable placements is recorded in off-balance sheet accounts and the income is not accounted for and is not recognized in the income statement until the time of collection when recognized in profit or loss.

Interest charged and recorded on off-balance sheet accounts is recognized in the income statement only on the basis of the bill. Other fees receivable are recognized when earned. Dividend income is recognized when the right to receive payment is established.

3.5. Fee and commission income and expense

Fee and commission income is comprised mainly of fees receivable from enterprises for loans and guarantees granted and other services provided by the Bank, together with commissions from managing funds on behalf of legal entities and individuals and fees for foreign and domestic payment transactions.

Fees and commissions are recognized on an accrual basis.

3.6. Foreign means of payment

Income and expenses arising from transactions in foreign currencies are translated into HRK at the official rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into HRK at the middle exchange rate of the CNB on the last day of the accounting period. Gains and losses resulting from foreign currency translation are included in the income statement for the year.

3. Summary of significant accounting policies (continued)

3.7. Staff contributions

According to national legislation, the Bank is obliged to pay contributions to pension and health insurance funds. This obligation relates to all employees and provides for paying contributions in the amount of certain percentages determined on the basis of the gross salary as follows:

	2019	2018
Pension contributions	20%	20%
Health insurance contributions	16,5%	15%
Contribution to the Croatian Employment Service	-	1,7%
Occupational injuries	-	0,5%

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

3.8. Corporate income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.
Current tax liability is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable based on 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, calculated using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed on every reporting date of the financial statement and reduced if it is no longer probable that a sufficient taxable profit amount for the return of all tax assets or a part of tax assets will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax is recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the deferred tax is also recognized directly in equity.

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

The Bank is liable to pay various indirect taxes which have been presented under administrative expenses.

3. Corporate income tax (continued)

3.9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, balances with the CNB, balances with banks on giro accounts and term deposits with other banks with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents exclude the obligatory reserves with the CNB as these funds are not available for the Bank's day to day operations. The obligatory reserve with the CNB is a required reserve to be held by all commercial banks licensed in Croatia and the calculation of expected credit losses is applied to the offsetting amount.

Sale and repurchase agreements

Securities sold under sale and repurchase agreements (repos) are retained in the financial statements and the counterparty is included in due to banks or customers as appropriate. Securities purchased under agreements to resell (reverse repo) are recorded as placements with other banks and loans to customers as appropriate. The difference between the sale and repurchase price is treated as interest and accrued on a straight-line basis over the life of the agreements at the effective interest rate.

Reclassification of financial assets

The Bank will reclassify financial assets if and only if the business model of financial asset management initially recognized is changed.

After the change, the Bank is obliged to cover all the financial assets affected by this reclassification.

3.10. Tangible and intangible assets

Property and equipment are initially carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and all costs directly attributable to bringing the asset to working condition for its intended use. Maintenance and repairs, replacements and improvements of minor scale are expensed when incurred. Items of tangible and intangible assets with a unit value less than HRK 2,000 are expensed when put into use.

3. Summary of significant accounting policies (continued)

3.10. Tangible and intangible assets (continued)

Depreciation and amortization are computed under the straight-line method over the estimated useful life of the assets according to the following annual rates:

	2019	2018
Description	**%**	**%**
Buildings	2,50 - 5	2,50 - 3,03
Real estate investments	2,50 - 5	2,50 - 3,03
Computer hardware	15 - 50	15
Furniture and equipment	10 - 25	10
Motor vehicles	10 - 20	20
Computer software	10 - 50	10
Investment in third-party assets	10 - 20	10

Land is not depreciated.

The Management Board periodically tests whether there are circumstances indicating the impairment of tangible and intangible assets. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposal of non-current assets are determined by reference to their carrying amount and are recognized in the profit and loss account. Repairs and maintenance are charged to the income statement when the expenditure is incurred.

3.11. Investment property

Investment property is property kept with the purpose to obtain income from lease and/or increase in value of capital assets (including the assets prepared for that purpose). Investment property is measured at cost, including transaction fees. Investment property is de-recognized during disposal or final withdrawal of the investment property from use and without any future economic benefits from disposal being expected. Gains or losses incurred due to property de-recognition (calculated as the difference between net gains from disposal and the carrying amounts of assets) are recognized in the profit and loss account in the period when the assets stop being recognized.

3.12. Assets taken in exchange for uncollected receivables

The Bank takes over property in exchange for unpaid claims on loans and advances that are the subject of enforcement proceedings. Such property is recognized in the ownership of the bank by virtue of a final court settlement decision, and the value of the property is recorded by the Bank at the value of the Solvency or at the estimated value. The bank evaluates the assets taken over every two years, and in the case of a lower estimated value, the Bank records the impairment. Income or expense on sale of acquired real estate is recognized in the income statement.

3. Summary of significant accounting policies (continued)

3.13. Foreign currency translation

The financial statements are presented in Croatian kuna ("HRK") and rounded to the nearest thousand. The year-end exchange rates were as follows:

31 December 2019	1 EUR = 7,442580 kn	1 USD = 6,649911 kn
31 December 2018	1 EUR = 7,417575 kn	1 USD = 6,469192 kn

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and monetary liabilities in foreign currencies and linked to foreign currencies are translated at the middle exchange rates of the Croatian National Bank valid on the balance sheet date. Foreign currency differences arising on translation are recognized in the income statement.

3.14. Off-balance sheet financial instruments

In the ordinary course of business, the Bank disclosed in its off-balance-sheet records contingent liabilities and commitments, comprising primarily guarantees, letters of credit and undrawn loan commitments. Such financial instruments are recognized in the Bank's balance sheet if and when they become payable.

3.15. Derivative financial instruments

Derivative financial instruments include contracts with one-way currency clause whose reference exchange rate, placement date and contracted value are recognized initially in off-balance-sheet records and as a loans given with a one-way currency clause in the balance sheet. Increase in exchange rates (fair value of the embedded one-way currency clause) above the contracted rate is recorded in the balance sheet as an embedded derivative and recognized within profit or loss from embedded derivatives in the profit and loss account.

3.16. Custody operations

The Bank manages funds through custody for and on behalf of corporate and retail customers, for which it charges a fee. As these amounts do not represent the Bank's assets and liabilities, they are excluded from the accompanying balance sheet (Note 31), other than the temporary custody account with third party funds.

3.17. 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 loaned under an agreement to return it to the transferor, it is not derecognised as the Bank retains substantially all the risks and rewards of ownership.
Securities sold under sale and repurchase agreements ("repos") are recorded in the balance sheet items in line with the original classification of assets or the Bank reclassifies them in its balance sheet. The liability to the counterparty is included within "Borrowings".

3. Summary of significant accounting policies (continued)

3.18. Financial assets netting

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

3.19. 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 it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking products.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The initial fair value is amortized over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortized amount or the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.
Any increase in guarantee liabilities is recognised in profit or loss.

3.20. Significant accounting estimates and judgments

In the process of applying the Bank's accounting policies, the Management Board is required to make judgments, assessments and perform assumptions about the carrying amount of assets and liabilities that need not be obvious from other sources. Estimates and associated assumptions are based on past experience and other factors considered relevant. The results obtained may differ from the estimated.

The estimates and assumptions on which they are derived are continually revised. Changes in accounting estimates are recognized in the change period if the change only affects that period, and both in the change period and in future periods if the change affects both current and future periods.

The following are the baseline assumptions concerning the future and other key sources of estimation uncertainty on the reporting date that carry significant risk, which may lead to materially significant adjustments to the carrying amount of assets and liabilities in the next financial year.

Although the Bank may suffer losses for a certain period, which is largely proportional to the impairment allowance, the Management has estimated that loan loss adjustments are adequate to cover losses that may arise from risk assets.

As part of its regular business, several court disputes and complaints have been initiated against the Bank. The Bank's management believes that any eventual final obligation of the Bank after the termination of the dispute will not have additional material adverse impacts - after the provisions have been made up to the date of compilation of this report - on the financial position or future results of the Bank's business.

3. Summary of significant accounting policies (continued)

3.20. Significant accounting estimates and judgments (continued)

The Bank's management through a business model determines the financial asset management goal, which is defined on the basis of an assessment of whether financial assets are held for the purpose of collecting contractual cash flows, collecting contractual cash flows and selling financial assets or just for sale. The Bank seeks to achieve its objectives through three main business groups: business banking, citizenship and treasury.
When defining business models, the Bank looks at past experience in the way of cash flow for each business group and then at the business model level. It also analyzes the success of a business model in achieving the goals, as well as reporting to the Bank's management on the same. Primary risks that affect the success of a business model and how these risks are managed are also considered. The frequency and significance of the sale of financial assets in previous periods, the reasons for such sale and the expected future sales activity are also being considered when defining a business model.

The Bank reviews its loan portfolio at least once every three months for the purpose of estimating expected credit losses. In its internal acts, the Bank has prescribed indicators for determining the increased credit risk of debtors used to switch exposure from risk subgroup A1 to risk subgroup A2. Similarly, internal acts prescribed criteria for determining the status of non-fulfillment of obligations.

Criteria for assessing significant increases in credit risk used to transition exposure from risk subgroup A1 to risk subgroup A2 are defined at the appropriate client level and differ depending on whether exposure to the population or exposure to legal entities is concerned.
Criteria include related changes in the determination of the internal credit rating, the hedging measure for non-fulfillment of obligations if the contractual payments have matured continuously, in amounts exceeding the threshold of material significance, for more than 30 days, failure to meet certain financial indicators, implementation of restructuring measures, consecutive blockade of the client longer than 15 days on report date.
Credit risk has significantly increased from the initial recognition when one of the above criteria has been met.

Only exposure to a debtor not in the status of non-fulfillment of liabilities is allocated to the risk category A. In accordance with the provisions of IFRS 9, the Bank performs the appropriate impairment and provision of exposure in the amount equal to:

- expected loan losses that may arise on the basis of 12-month expected credit losses that represent part of life-long expected credit losses that would occur if the default status of the obligation within the next 12 months for the risk subgroup A-1,
- expected credit losses over the life of the risk subgroup A-2.

Exposures to a debtor who are in the status of non-fulfillment of obligations shall be classified by the Bank into a risk subgroup B-1 or lower, and performs appropriate impairment and provisioning.
Calculating the percentage value of expected credit losses is based on standard credit risk parameters:

- PD (Engl. Probability of Default) – likelihood of occurrence of non-fulfillment of financial obligations,
- LGD (Engl. Loss Given Default) – loss due to the non-fulfillment of obligations,
- EAD (Engl. Exposure at Default)

The PDs are calculated by the Bank depending on the exposure category in which each customer is classified (according to the ESA sector), so that the PD for each individual exposure category is calculated as a weighted annual average based on the data for each individual year.

3. Summary of significant accounting policies (continued)

3.20. Significant accounting estimates and judgments (continued)

Loss rates in the event of non-fulfillment of the obligation (LGD) The Bank has calculated, depending on the exposure category in which the individual customer is classified (according to the ESA sector), and whether the placement is secured or unsecured on the basis of data on default in the status of default, billing and withdrawals from a non-fulfillment status.

Exposure at default (EAD) represents the total exposure amount for which value adjustments are to be calculated.

The Bank applies conversion factor 1 to estimate provisions for off-balance sheet items.

Expected Credit Losses (ECL) for exposures where after the initial recognition no significant increase in credit risk has been identified from the initial recognition, is accounted for as a 12-month expected credit loss that represents the part of the expected life-expectancy loss losses that would occur (risk subgroup A1 - Stage 1), while exposures where, after initial recognition, a significant increase in credit risk is identified at the reporting date, the expected lifetime credit losses (risk subgroup A2 - Stage 2).
For Exposure to Substantial Group B and C (Stage 3) Expected Credit Losses are calculated using the standard DCF method (the present value method of estimated future cash flows discounted using the effective interest rate).

3.21. Reporting per segments

Business segments are shown in compliance with internal reports which the organization units, i.e. sectors, prepare and present to the Management Board of the Bank as the key business decision-maker.

Pursuant to the IFRS 8, the Bank identified three main segments: commercial banking, retail banking, and the treasury.
The Bank exclusively operates in the territory of the Republic of Croatia, so the total assets and most of the clients are located in Croatia.
The description of business segments and their financial overview is presented in the Note 33 of these financial statements.

4. Interest income

	2019	2018
a) Analysis by sectoral division		
Loans to corporate clients	61,573	59,514
Loans to retail clients	34,287	32,862
Placements with other banks	4	9
Debt securities	20,365	20,839
Other companies	3,181	4,975
	119,410	**118,197**

b) Analysis by product

	2019	2018
Loans to customers	99,041	97,350
Placements with banks	4	9
Debt securities	20,365	20,839
	119,410	**118,197**

From the position of interest income excludes interest income on interest on arrears, which are included within other income.

5. Interest and similar expenses

	2019	2018
a) Analysis by sectoral division		
Retail clients	14,878	18,775
Companies	1,863	1,919
Banks	9,929	10,510
Other companies	419	388
Non-residents	1,848	1,883
	28,937	**33,475**

b) Analysis by product

	2019	2018
Deposits	23,669	27,557
Borrowings	5,268	5,918
	28,937	**33,475**

6. Fee and commission income and expense

	2019	2018
Fee and commission income		
Commission income from corporate clients	13,555	16,290
Commission income from retail clients and crafts	5,767	5,649
Commission income from banks	8,367	7,378
Commission income from non-residents	432	838
	28,120	**30,155**
Fee and commission expense		
Commission for domestic payments	(6,157)	(5,261)
Other fees and commissions	(2,492)	(2,258)
	(8,649)	**(7,519)**

7. Net profit from financing activities

	2019	2018
a)		
Net gains from dealing in foreign currencies	7,251	8,158
Loss from financial assets at fair value through profit or loss	(5,527)	(906)
Gain on financial assets measured at fair value through other comprehensive income	10,093	7,544
	11,817	**14,796**
b)		
Calculated foreign exchange gains	**1,428**	**878**

8. Other income

	2019	2018
Lease income	1,867	1,543
Other operating income	10,610	2,842
Interest income on interest on arrears	4,205	9,427
	16,682	**13,812**

Other operating income predominantly refers to income from surrender of insurance policies, income from collected written off receivables, income from previous years, and income from sales of tangible acquired assets. Other income includes interest income on tangible income, which is excluded from the interest income position.

9. Operating expenses

	2019	2018
Staff costs (Note 9.1)	27,430	26,284
Material and services	33,510	31,960
Depreciation and amortization (Note 18.,19. i 20.)	8,377	8,482
Administration and marketing expenses	1,511	1,179
Insurance premiums	5,315	5,591
Taxes and contributions	697	434
Other expenses	2,068	3,426
	78,907	**77,358**

In the Cost of material and services position, the largest items refer to the maintenance costs, asset safeguarding and insurance costs, business facilities and cash machine lease costs, and telecommunications and other services costs.

Staff expenses

	2019	2018
Net salaries	15,486	14,901
Taxes and contributions from salaries	6,510	6,339
Contributions on salaries	3,589	3,674
Other employee costs	1,846	1,370
	27,431	**26,284**

On 31 December 2019 the Bank had 195 employees (31 December 2018: 189).

10. Impairment losses and provisions

Movements in impairment of expected credit losses in accordance with IFRS 9

	Note	2019	2018
Loans and receivables to customers	15	(84,913)	(72,091)
Placements to financial institutions	13	(1,104)	(4,201)
Debt securities at amortized cost	16	(750)	(3,512)
Other assets	21	(2)	(1)
Expected losses for contingent liabilities		(6,519)	(12,506)
Other provisions		(901)	(581)
		(94,186)	**(92,892)**
Less: amounts collected and reversed			
Loans and receivables to customers	15	60,186	51,796
Placements to financial institutions	13	1,132	4,917
Debt securities at amortized cost	16	9,090	210
Other assets	21	1,368	4,305
Expected losses for contingent liabilities		7,339	9,021
Other provisions		-	459
		79,114	**66,403**
Total impairment losses and provisions costs		**(15,072)**	**(26,489)**

A detailed breakdown of expected impairment movements in expected credit losses in accordance with IFRS 9 can be found in the reference notes above.

The total impairment by exposures classified in risk subgroups A1 and A2 in the period up to 31 December 2019 amounted to 1.1858% of the gross carrying amount of exposures in these risk subgroups, except for financial assets measured at fair value through other comprehensive income.
Therefore, Article 21 of the Decision on the classification of exposures into risk groups and the method of determining credit losses did not affect the calculation of expected losses in the Bank.

11. Corporate income tax

Income tax is determined by applying the rate of 18% to taxable profits.

Reconciliation of income tax:

	2019	2018
Current corporate income tax	(8,408)	(6,070)
Deferred tax	(2,058)	(2,078)
	(10,466)	**(8,148)**

Tax returns remain open and subject to tax audit at least over a three-year period. The Management Board believes that the Bank has made adequate provisions for tax liabilities in the accompanying financial statements. However, the risk remains that the relevant authorities could take a different view with regard to the interpretation of the applicable provisions.

During 2019, the Bank paid a total of HRK 5,850 thousand in corporate income tax advances.

Deferred tax assets exclusively refer to the balance of deferred fees for the use of loans during the term of the loan, the stated losses on equity for financial assets that are measured at fair value through other comprehensive income, and the amount of impairment of property in fixed assets. In 2019, deferred tax assets in the amount of HRK 2,058 thousand in income was recognized (2018: HRK 2,078 thousand).

Deferred tax:	Business premises	Financial asset measured at fair value	Deferred income
Balance at 31 December 2018	**(5,194)**	**4,867**	**(1,751)**
Shown through profit and loss	155	31	(166)
Balance at 31 December 2019	**(5,039)**	**4,898**	**(1,917)**

Reconciliation of current tax:

	2019	2018
Accounting profit/(loss) before tax	**45,892**	**32,538**
Effect of non-taxable income	1,022	1,413
Effect of non-deductible expenses	(204)	(227)
Taxable profit	46,710	26,468
Utilized tax losses carried forward	46,710	26,468
Income tax base for the year	8,408	6,070
Tax at a rate of 18% (in 2016, 20%).	**(8,408)**	**(6,070)**
Current corporate income tax	**18.32%**	**18.66%**

Non-deductible expenses mostly relate to the entertainment costs, costs of personal transportation, write-offs of receivables, non-deductible costs of property valuation and other non-deductible expenses.

12. Cash and balances with the Croatian National Bank

	31/12/2019	31/12/2018
Cash in cashier	78,026	72,639
Total cash	**78,026**	**72,639**
Giro account with the Croatian National Bank	157,032	194,409
Obligatory reserve in HRK	193,446	174,031
Allowance for impairment losses	**(127)**	**(134)**
Total assets with the Croatian National Bank	**428,504**	**368,306**
Total cash and balances with the Croatian National Bank	**428,377**	**440,945**

The CNB determines the requirement for banks to calculate an obligatory reserve, which is required to be deposited with the CNB and held in the form of other liquid receivables.

The legal reserve requirement ratio in 2019 amounted to 12%, same as in 2018.

On 31 December 2019, the required rate of maintenance of the HRK obligatory reserve with the CNB amounted to 70% (on 31 December 2018, 70%), while the remaining 30% (on 31 December 2018, 30%) had to be held in the form of other liquid receivables. This includes the part of the foreign currency obligatory reserve required to be held in HRK.

All funds with the Croatian National Bank are considered fully recoverable and are classified in Stage 1.

13. Placements with other banks

	31/12/2019	31/12/2018
Current accounts with other banks	68,085	151,017
Loans and time deposits with other banks	3,399	3,387
Total placements with other banks	**71,484**	**154,404**
Allowance for impairment losses	(32)	(87)
Total placements with other banks, net	**71,452**	**154,317**

Of the total amount of loans and time deposits with other banks, HRK 3,399 thousand relates to Erste Bank's guarantee liabilities with original maturity over 3 months and are not included in cash equivalents.

All placements with other banks are considered to be fully recoverable placements and are classified in Stage 1.

Geographical analysis:

	31/12/2019	31/12/2018
Germany	18,147	22,208
Italy	4,016	27,719
Croatia	22,902	16,632
Austria	12,767	16,632
United States of America	6,329	4,555
Spain	7,291	51,615
	71,452	**154,317**

All foreign placement are kept with banks with credit ratings from A+ to BBB+.

14. Financial assets at fair value through profit or loss

	31/12/2019	31/12/2018
Equity securities		
Shares in investment funds	27,666	35,366
Shares	6,913	5,781
Business shares	566	168
Convertible bonds	1,590	-
Total financial assets at fair value through profit or loss	**36,735**	**41,315**

In the valuation portfolio that is obligatorily valued at fair value through profit or loss, the Bank discloses equity securities, which are shares, business units and units in open-end investment funds. Within the business shares, there are also depository receipts of Forten Group Stak Stichting in the amount of HRK 397 thousand.
In the valuation portfolio that is obligatorily valued at fair value through profit or loss, the Bank discloses equity securities, which are shares, business units and units in open-end investment funds. Within the business shares, there are also depository receipts of Forten Group Stak Stichting in the amount of HRK 397 thousand. The new convertible bond instruments and the depository certificate were issued as a result of the Settlement in the Extraordinary Management Procedure over the company Agrokor d.d. and its subsidiaries that make up the group. On April 1, 2019, a new corporate structure of the Agrokor Group was established in order to continue operating (under a new name: "Forten Group"). The new corporate structure of the Agrokor Group consists of Aisle STAK, Aisle Dutch TopCo, Aisle Dutch HoldCo and Aisle HoldCo (together "Holding companies"), as well as Croatian and foreign operating subsidiaries (operating companies of the new Forten Group). According to the Settlement, Banka Kap Ovlaštenik, ie the creditor of the new instruments, received a set of new equity instruments issued by Aisle STAK and Aisle Dutch TopCo (ie the Holding Company), namely: I. equity ("Depository Certificates") and II. convertible bonds. Upon initial measurement, the Bank has classified them in the portfolio of financial assets measured at fair value through profit or loss. They are not listed on the capital market, and their value is determined by the valuation method.

In its portfolio of at fair value through profit or loss, the Bank values shares in an open investment fund with a public offering. The price/value of the share is established in the Investment Fund Management Company, and the shares are not listed in the stock exchange; however, the information of the value of shares are publicly accessible on their internet pages. Share value on the last day of the month is submitted on a monthly basis.

15. Financial assets at amortized cost

Loans and receivables to customers

Analysis of lending portfolio by sector affiliation

	31/12/2019	31/12/2018
Retail clients	699,759	601,500
Companies	1,397,373	1,303,588
Other companies	70,720	33,708
Financial institutions	86,788	133,842
Gross loans	**2,254,640**	**2,072,638**
Less impairment allowance	(163,008)	(192,236)
Total loans to customers	**2,091,632**	**1,880,402**

Loans and receivables to customers are treated as financial assets measured at amortized cost.

Loans are secured by special insurance on real estate of adequate value, deposits, guarantees, securities, insurance policies and other types of insurance.

Interest rates for corporate loans ranged from 3.50% to 9.90% in the period from 1 January 2019 to 31 December 2019 (2018: from 3.50% to 9.90%), on loans households from 2.01% to 8.00% (2018: from 2.51% to 9.70%), while for financial institutions interest rates ranged from 0.01% to 2.80% during 2019 (2018: from 0.30% to 2.20%).

a) Movement in provisions for expected credit losses of loans and receivables from customers:

	Expected credit losses
Balance at 31 December 2018	**192,236**
New impairment allowances (Note 10)	67,435
Amounts collected (Note 10)	(53,238)
Write-off	(43,758)
Foreign exchange differences	332
Balance at 31 December 2019	**163,008**

In 2019, the Bank performed the final write-off of the fully irrecoverable placements the options for whose collection of receivables have all been exhausted.

16. Financial assets at amortized cost

Debt securities

	31/12/2019	31/12/2018
Bills of exchange	-	34,997
Allowance for impairment losses	-	(14,277)
Total held-to-maturity financial assets	**-**	**20,720**

In 2019 the Bank no longer has debt securities held at amortized cost, while in the previous year it had company bills of exchange that were returned and some of them were written off.

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

Analysis by the product	31/12/2019	31/12/2018
Treasury bills of the Ministry of Finance	148,852	77,885
Bonds	777,940	695,620
Commercial bills	4,886	4,877
	926,678	**778,382**
Impairment	(1,056)	(556)
	925,622	777,826
Listed on the stock exchange	751,190	680,816
Not listed on the stock exchange	20,718	97,010

Analysis by sectoral affiliation

	31/12/2019	31/12/2018
Commercial bills of other companies	4,862	4,858
Bonds and treasury bills of the Republic of Croatia	660,650	674,273
State corporate bonds	36,456	35,698
Other corporate bonds	28,660	18,415
Bank bonds	18,788	19,079
Foreign government bonds	27,354	25,503
	771,908	**777,826**
Listed on the stock exchange	751,190	680,816

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

Unrealized gains/losses on financial assets at fair value through other comprehensive income

	2019	2018
Balance at 1 January	**27.038**	**25.041**
Financial assets at fair value	35.902	9.541
Accumulated profit from the sale of the financial assets transferred to other comprehensive income	(10.093)	(7.544)
Balance at 31 December	**52.847**	**27.038**

Unrealized profit/loss from the value of financial assets that are valued through other comprehensive income arise from accumulated gains and losses and adjustments of those assets at fair value within other comprehensive income and are reduced by the amount of realized gain or loss on sale or impairment of the financial asset through other comprehensive income.

Total expected losses of financial assets at fair value through other comprehensive income amount to HRK 1,056 thousand (2018: HRK 556 thousand), of which HRK 471 thousand is in Stage 1 (2018: HRK 484 thousand) and HRK 585 thousand in Stage 2 (2018: HRK 72 thousand).

18. Intangible assets

	External software and other rights	Internally developed software S3	Other intangible assets	Intangible assets under construction	Total intangible assets Cost
Cost					
Balance at 31 December 2017	**12,975**	**18,163**	**8,669**	**6,366**	**46,173**
Increases	-	-	483	1,725	2,208
Transfer from investments in progress	127	1,438	-	(1,565)	0
Write-offs/disposals	(842)	-	(20)	-	(862)
Balance at 31 December 2018	**12,260**	**19,601**	**9,132**	**6,526**	**47,519**
Increases	-	-	-	2,404	2,404
Transfer from investments in progress	477	2,773	79	(3,329)	0
Write-offs/disposals	(104)	-	-	-	(104)
Balance at 31 December 2019	**12,633**	**22,374**	**9,211**	**5,600**	**49,817**
Depreciation and amortization					
Balance at 31 December 2017	**7,817**	**5,476**	**7,850**	**-**	**21,143**
Annual cost	1,206	1,852	1,852	-	3,279
Disposal/expenses	(840)	-	(19)	-	(859)
Balance at 31 December 2018	**8,183**	**7,328**	**8,052**	**-**	**23,563**
Annual cost	1,138	1,971	242	-	3,351
Disposal/expenses	(104)	-	-	-	(104)
Balance at 31 December 2019	**9,217**	**9,299**	**8,294**	**-**	**26,810**
Net carrying amount					
At 31 December 2018	**4,077**	**12,273**	**1,080**	**6,526**	**23,956**
At 31 December 2019	**3,416**	**13,075**	**917**	**5,600**	**23,008**

19. Tangible assets

	Land	Buildings	IT and other equipment	Furniture, vehicles and similar assets	Other tangible assets	Tangible assets under construction	Total
Balance at 31 December 2017	**15,130**	**86,347**	**11,167**	**7,928**	**6,115**	**8,477**	**135,164**
Increase in ongoing investments	-	-	-	-	653	2,247	2,900
Transfer from ongoing investments	-	-	233	84	606	-	923
Decrease/sales	-	(75)	-	-	-	-	(75)
Write-offs/disposals	-	-	(1,057)	(1,350)	(1,112)	-	(3,519)
Balance at 31 December 2018	**15,130**	**86,272**	**10,343**	**6,662**	**6,262**	**10,724**	**135,393**
Increase in ongoing investments	-	-	-	-		17,965	17,965
Transfer from ongoing investments	-	4,657	1,850	188	511	(15,423)	(8,218)
Decrease/sales	-	-	-	(274)	-	-	(274)
Write-offs/disposals	-	-	(945)	(81)	(504)	-	(1,529)
Balance at 31 December 2019	**15,130**	**90,929**	**11,249**	**6,495**	**6,269**	**13,266**	**143,338**
Depreciation and amortization							
Balance at 31 December 2017	**-**	**51,942**	**4,364**	**6,142**	**6,171**	**6,965**	**75,585**
Annual cost	-	1,532	1,033	569	899	-	4,033
Disposal/sales	-	-	(967)	(1,274)	(1,112)	-	(3,353)
Balance at 31 December 2018	**-**	**53,474**	**4,430**	**5,437**	**5,959**	**6,965**	**76,265**
Annual cost	-	1,666	2,949	588	(1,209)	-	3,993
Increase/adjust		3,411					3,411
Disposal/sales	-	-	(736)	(355)	(504)	(6,965)	(8,559)
Balance at 31 December 2019	**-**	**58,551**	**6,643**	**5,670**	**4,246**	**-**	**75,110**
Net carrying amount at 31 December 2018	**15,130**	**32,798**	**5,913**	**1,225**	**816**	**3,759**	**59,641**
at 31 December 2019	**15,130**	**32,378**	**4,606**	**825**	**2,023**	**13,266**	**68,228**

As at 31 December 2019, there is no pledge over the buildings and depreciation is calculated at a rate of 2,50-3,03%.

The amount of Real Estate and Equipment also includes small inventory and stocks of office supplies in the amount of HRK 425 thousand (in 2018: HRK 514 thousand).

20. Investment property

Investment property is stated at purchase value, including transaction fees. After the initial recognition, investment property are carried at purchase value less the accumulated depreciation and impairment losses. Investment property is depreciated by using the straight-line method in the period from 33 to 40 years (in 2016, 33 to 40 years). Investment property is de-recognized during disposal. Gains and losses from investment property disposal are recognized in the profit and loss account for the period.

	31/12/2019	31/12/2018
Investment property	9,530	5,110
Repossessed investment property	15,855	16,341
Total investment property	**25,384**	**21,451**

Investment property amounts to HRK 25,384 thousand (in 2018, HRK 21,451 thousand) and are separately stated in the Bank's balance sheet and comprise the Bank's property investment with the intent to earn rentals. The estimated fair value of real estate investments from own assets is HRK 19,011 thousand, and investments in real estate from foreclosed assets is HRK 17,630 thousand.

Amortization rates on assets in the portfolio Real estate investment ranges from 2,50 to 3,03%. The income made from business premises rentals amount to HRK 1,867 thousand (in 2018, HRK 1,543 thousand). Lease contracts defined that the price of the lease entails operational costs, except for one contract in which the lessee pays for those expenses which amounted to HRK 66 thousand in 2019, and HRK 62 thousand in 2018.

Investment property movement

	Buildings	Repossessed assets	Total
Balance at 31 December 2017	**9,869**	**11,110**	**20,979**
Increases	-	6,766	6,766
Transfer from investment in progress	(2,453)	-	(2,453)
Balance at 31 December 2018	**7,416**	**17,876**	**25,292**
Transfer from investment in progress	8,209	-	8,209
Impairment	(3,555)		(3,555)
Balance at 31 December 2019	**12,071**	**17,876**	**29,947**
Depreciation and amortization			
Balance at 31 December 2017	**1,998**	**-**	**1,998**
Annual cost	308	1,535	1,843
Balance at 31 December 2018	**2,306**	**1,535**	**3,841**
Annual cost	235	486	721
Balance at 31 December 2019	**2,541**	**2,021**	**4,562**
Net carrying amount			
At 31 December 2018	**5,110**	**16,341**	**21,451**
At 31 December 2019	**9,530**	**15,855**	**25,385**

21. Other assets

	31/12/2019	31/12/2018

Non-financial assets		
Deferred tax assets	7,005	7,124
Repossessed assets	29,726	6,875
Planned future costs	4,501	7,910
Total non-financial assets	**41,232**	**21,909**
Financial assets		
Current tax assets	11,076	4,054
Other receivables transitional items	275	202
Total financial assets	**11,350**	**4,256**
Total other assets before impairment	**52,582**	**26,165**
Less impairment allowance:	(2)	(1)
Total other assets	**52,580**	**26,164**

The aforementioned funds of other financial assets are due within a period of one year, which is related to prepayments of income tax and final payment, and the transient items refer to the funds in the calculation.

The largest item of other assets is fixed assets taken over through court enforcement proceedings in exchange for uncollected receivables, and the same is classified for resale. During 2019, the total value of sold assets amounted to HRK 27,955 thousand, while new assets were taken over in the amount of HRK 50,806 thousand (in 2018 they were sold in the amount of HRK 19,923 thousand, while HRK 9,224 thousand were taken over).

All assets intended for resale are immediately available, and are continuously advertised for sale.

22. Deposits from banks and customers

	31/12/2019	31/12/2018
A vista deposits		
Banks and financial institutions	98,018	73,256
Retail clients	337,006	278,616
Companies	246,803	173,151
Other companies	13,623	14,500
Total a vista deposits	**695,450**	**539,523**
Term deposits		
Banks and financial institutions	56,885	63,775
Retail clients	1,519,282	1,615,462
Companies	175,509	145,738
Other companies	31,701	22,065
Total term deposits	**1,783,377**	**1,847,040**
Total amounts due to customers	**2,478,826**	**2,386,563**

The interest rate on demand deposits for legal entities was 0.01% during 2019 (2018: from 0.01% to 0.05%), as well as for households.

The interest rate on time deposits of households ranged from 0,01% to 5,80% during 2018, ie the same as in 2018, while for time deposits of legal entities and other companies the interest rate in 2019 was from 0,05% to 1,30% (during 2018 from 0,05% to 1,60%), and for financial institutions it ranged from 0,01% to 1,60% during 2019 (2018: from 0,10% to 1,20%).

23. Borrowings

	31/12/2019	31/12/2018
Long-term loans	15,610	18,400
Repo loans	682,167	572,213
Total borrowings	**697,777**	**590,613**

	31/12/2019	31/12/2018
Denominated in HRK	534,409	375,872
Denominated in foreign currency	163,368	214,741
Total borrowings	**697,777**	**590,613**

23. Borrowings (continued)

Borrowings comprise in the following table:

	31/12/2019	31/12/2018
Croatian National Bank	361,793	357,474
Croatian Bank For Reconstruction And Development (HBOR)	15,610	18,399
Financial institutions	320,374	214,740
	697,777	**590,613**

Borrowings from the Croatian Bank for Reconstruction and Development (HBOR) relate to borrowings placed by HBOR through the Bank in accordance with its financing programs. The relationship between the Bank and HBOR is the subject of a separate agreement. The interest rate on HRK borrowings from HBOR ranged from 0% to 3%, while for the end user of these borrowings the interest rate ranged from 1% to 4% in 2019 (in 2018, from 1% to 6%). Other borrowings from financial institutions were set at an interest rate of 0,01% to 1,20% (2018: from 0.01% to 1.20%).

On 31 December 2019, the bank has loans secured by financial assets received from the CNB in the amount of HRK 355 million, with a fixed interest rate of 1,20% a loan amounting to HRK 170 million matures in November 2022, and a loan of HRK 185 million maturesin December 2023.

The Bank pledged government bonds for the relevant loans, and most of them are bonds of the Ministry of Finance of the Republic of Croatia denominated in HRK and foreign currency. Other liabilities refer to received short-term repo loans which mature in January 2020, with fixed interest rates which range from 0,01% to 0,30%.

24. Other liabilities

	31/12/2019	31/12/2018
Trade payables	8,737	4,753
Liabilities for credit card operations	3,206	4,397
Liabilities for salaries	2,257	2,111
Liabilities for taxes	13,548	11,077
Other liabilities	25,003	6,143
Total liabilities	**52,751**	**28,521**

Other stated short-term liabilities are set in the short-term, not longer than one month.

25, Subordinated instruments

	31/12/2019	31/12/2018
Subordinated bonds	84,076	84,076
	84,076	**84,076**

Subordinated instruments are issued with a fixed interest rate of 6% and maturity date of 31 July 2022.

Interest on subordinated bonds is paid on a semi-annual basis.

26. Equity

As at 31 December 2019, the Company's share capital amounts to HRK 193,775,300 (in 2018, HRK 193,775,300) and is divided among 1,937,753 ordinary shares (KBZ-R-A) with a nominal value of HRK 100 per share.

The following shareholders owned more than a 5% share in the Bank as at 31 December 2019 and 31 December 2018:

Shareholders	**Holding in share capital (%)**	
	31/12/2019	**31/12/2018**
Euroherc osiguranje d,d,	18,83	18,83
Jadransko osiguranje d,d,	19,98	19,98
Agram life osiguranje d,d,	18,72	18,72
Euroleasing d,o,o,	8,86	8,86
Euroagram Tis d,o,o,	9,54	8,67
HPB d,d,	7,43	-
Euro Daus d,d,	2,80	7,30
Others	13,84	17,64
Total share capital	**100,00**	**100,00**

Share premium

In 2019, there were no changes in the share premium.

Dividends

Based on the decision of the General Assembly on 26 June 2019, the net profit for 2018 amounting to HRK 26,468 thousand was transferred to retained earnings amounting to HRK 12,549 thousand and the legal reserves amounting to HRK 1,324 thousand. Furthermore, pursuant to the decision of the General Assembly, a dividend was paid to shareholders in the amount of HRK 12,595 thousand.

26. Equity (continued)

Regulatory capital

In accordance with legal requirements arising from Directive EU 575/2013, regulatory capital was calculated as at 31 December 2019 and 31 December 2018 as follows:

	31/12/2019 HRK`000	31/12/2018 HRK`000
Regulatory capital		
Regular basic capital	244,316	244,316
Legal and statutory reserves and retained earnings less		
for the current year	74,275	55,536
Recognized profit or loss	-	-
Deductions: Intangible assets (-)	(23,008)	(23,955)
Unrealized loss from impairment of available-for-sale financial assets	57,745	27,038
Adjustments for prudential filters	(926)	(778)
Total share capital	**352,402**	**302,157**
Supplementary capital		
Subordinated instruments	42,347	58,738
Gross supplementary capital	**42,347**	**58,738**
Deductions	-	-
Total deductions from supplementary capital	-	-
Total supplementary capital (gross supplementary capital less deductions)	**42,347**	**58,738**
Gross regulatory / guarantee capital	**394,749**	**360,895**
Weighted risk assets		
Credit risk weighted exposure	2,092,882	1,962,147
Other weighted assets	250,837	248,553
Total weighted risk assets	**2,343,719**	**2,210,700**
Capital adequacy ratio	**16,84%**	**16,32%**

27. Retained earnings and legal reserves

Retained earnings entail accumulated profits from prior years, less the legal reserves which amount to 5%.
Retained earnings were increased by the Bank in 2019 by the amount of deferred tax liabilities and deferred tax assets on unrealized gains/losses on financial assets at fair value accumulated through other comprehensive income, this adjustment relates to the previous 2018 after the first application of IFRS9.
The legal reserve was created in accordance with Croatian law, which requires that 5% of the profit for the year be transferred to this reserve until it reaches 5% of the issued share capital. The legal reserve, in the amount of up to 5% of the issued share capital, can be used to cover losses of the current and previous years.
From the net profit realized in 2018, the amount of HRK 12,549 thousand and legal reserves in the amount of HRK 1,324 thousand were allocated to retained earnings.

28. Earnings per share

For the purposes of calculating earnings per share, earnings are calculated as the profit (after tax) for the year attributable to equity holders of ordinary shares after deducting amounts relating to preference dividends. For the reconciliation of profit after tax which is distributed to ordinary shareholders please see below:

	2019	2018
Profit for the current year in HRK	37,483,851	26,467,502
Weighted average number of ordinary shares in issue	1,937,753	1,937,753
Earnings per ordinary share in HRK	**19,34**	**13,66**

29. Other provisions and impairment

There are several outstanding legal cases against the Bank.
The Bank records provisions in accordance with the decision of the CNB about the obligation to reserve funds for litigation against a credit institution. Unresolved disputes still pending are not expected to lead to significant losses.
On the last day of the year the Bank records reservations for the unused vacations of employees that have been utilized by the end of January of the current year
Other provisions relate to impairment of expected losses on the Bank's contingent liabilities.

	31/12/2019	31/12/2018
Provisions for legal disputes against the Bank	35	81
Provisions for unused vacations of employees	142	269
Provisions for contingent liabilities	2,438	3,257
Total	**2,615**	**3,607**

29, Other provisions and impairment (continued)

Movement in provisions for contingent liabilities

	2019,	2018,
Balance at 1 January	**3,607**	**2,090**
New provisions (Note 9)	6,689	12,596
Impairment (Note 9)	(7,681)	(11,079)
Balance at 31 December	**2,615**	**3,607**

30. Off-balance sheet contingent liabilities

The total amount of guarantees issued, letters of credit and unused framework loans was as follows:

	31/12/2019	31/12/2018
Guarantees issued	142,548	165,723
Unutilized framework loans	179,027	160,863
Total contingent liabilities	**321,575**	**326,586**

Movement of off-balance sheet contingent liabilities by Stages during 2019

	Guarantees	Unused loans	Total
Stage 1	125,906	143,738	269,644
Stage 2	15,890	35,089	50,979
Stage 3	752	200	952
Total off-balance sheet contingent liabilities			**321,575**

Expected loan losses for potential liabilities

	Guarantees issued	Unused loans
Stage 1	(477)	(822)
Stage 2	(93)	(985)
Stage 3	(15)	(46)
Total	**(585)**	**(1,853)**

31. Custody operations

The Bank manages funds for and on behalf of legal entities and citizens with respect to custodian activities. The related income and expense are charged to the customer, and the Bank does not bear any liabilities.

Net assets and liabilities from operations in the name and on behalf of third parties are as follows:

	31/12/2019	31/12/2018
Assets		
Retail clients	8,840	11,437
Companies	15,392	45,783
Non-residents	76,799	436,437
Financial institutions	53,485	18,691
Total assets	**154,516**	**512,348**
Sources		
Retail clients	8,840	11,437
Companies	15,392	45,783
Non-residents	76,799	436,437
Financial institutions	53,485	18,691
Total sources	**154,516**	**512,348**

32. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	31/12/2019	31/12/2018
Giro account at Croatian National Bank (Note 12)	157,032	194,409
Cash in cashier (Note 12)	78,026	72,639
Total placements with other banks (Note 13)	68,085	151,017
Total cash and cash equivalents	**303,143**	**418,065**

The Bank has significant reserves of primary and secondary liquidity.

33. Reporting per segments

Pursuant to the IFRS 8 requirements, the Bank set the business segments and reports them in line with the internal reporting rules of the Bank's Management Board.

Since the Bank does not distribute general and administrative costs per segments, the segment profitability has not been stated. Furthermore, the Bank does not apply internal transfer prices when determining the successfulness of an individual business segment.

Business segments

The Bank monitors its business operation by the types of services it provides through its main three business segments:

- **Commercial banking -** entails loan-guarantees and deposit operations, card operations, and other transactions with clients who are legal entities
- **Retail banking** - entails loan and deposit operations with individuals, payment transaction services, card operations and distribution channels
- **Treasury** - entails liquidity and foreign exchange risk management operations, transactions with securities and other financial instruments, operations concerning financial institutions' term deposits, and custody of securities

33. Reporting per segments (continued)

Information on individual business segments for the year ended on 31 December 2019 are given below:

	Commercial banking	Retail banking	Treasury	Other	Total
Net interest income	63,223	15,139	12,109	-	90,471
Net income from fees and commissions	19,552	5,458	(5,539)	-	19,471
Trading and investment income	-	-	11,818	-	11,818
Other income	(6,092)	(5,243)	(4,928)	12,334	18,111
Operating income	**88,866**	**15,354**	**23,316**	**12,334**	**139,871**
General and administrative expenses	-	-	-	(70,531)	(70,531)
Depreciation and amortization	-	-	-	(8,377)	(8,377)
Impairment losses of loans to customers and other assets	(7,412)	(3,842)	(307)	(895)	(12,456)
Other provisions	(2,615)	-	-	-	(2,615)
Operating expenses	**(7,412)**	**(3,842)**	**(307)**	**(79,803)**	**(93,979)**
Profit before taxation	**-**	**-**	**-**	**-**	**45,892**
Corporate income tax	-	-	-	-	(8,408)
Annual income	**-**	**-**	**-**	**-**	**37,484**
Segment asset	1,376,926	644,809	1,532,083	-	3,553,818
Unallocated assets	-	-	-	171,149	171,149
Total assets	**1,376,926**	**644,809**	**1,532,083**	**171,149**	**3,724,967**
Segment liabilities	255,547	1,848,998	1,083,642	127,857	3,316,045
Unallocated equity and provisions	-	-	-	408,922	408,922
Total equity and liabilities and provisions	**255,547**	**1,848,998**	**1,083,642**	**536,779**	**3,724,967**

33. Reporting per segments (continued)

Information on individual business segments for the year ended on 31 December 2018 are given below

	Commercial banking	Retail banking	Treasury	Other	Total
Net interest income	61,307	9,225	13,352	-	83,884
Net income from fees and commissions	21,321	5,505	(4,190)	-	22,636
Trading and investment income	-	-	14,797	-	14,797
Other income	(1,377)	11,948	(92)	4,590	15,068
Operating income	**81,251**	**26,678**	**23,867**	**4,590**	**136,385**
General and administrative expenses	-	-	-	(68,876)	(68,876)
Depreciation and amortization	-	-	-	(8,482)	(8,482)
Impairment losses of loans to customers and other assets	15,304	6,892	686	-	(22,882)
Provisions for liabilities and costs	3,607	-	-	-	(3,607)
Operating expenses	**(18,911)**	**(6,892)**	**(686)**	**(77,358)**	**(103,847)**
Profit before taxation	**-**	**-**	**-**	**-**	**32,538**
Corporate income tax	-	-	-	-	(6,070)
Annual income	**-**	**-**	**-**	**-**	**26,468**
Segment asset	1,222,460	550,555	1,542,511	-	3,315,526
Unallocated assets	-	-	-	131,212	131,212
Total assets	**1,222,460**	**550,555**	**1542,511**	**131,212**	**3,446,738**
Segment liabilities	230,337	1,885,810	884,366	92,868	3,093,380
Unallocated equity and provisions	-	-	-	353,358	353,358
Total equity and liabilities and provisions	**230,337**	**1,885,810**	**884,366**	**446,226**	**3,446,738**

34. Risk management

This note provides details of the Bank's exposure to risk and describes the methods used by management to control risk. The most significant types of financial risk to which the Bank is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate risk and debt and equity quoted securities price risk.

The Bank has established an integrated system of risk management by introducing a set of policies and procedures and establishing the limits of risk levels acceptable to the Bank. The methodology and models for managing operational risk have been developed.

a) Credit risk

The Bank takes on exposure to credit risk which is the risk upon that the counter party will be unable to pay amounts in full when due.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

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

It specifically monitors credit risk exposure in relation to the limits established in relation to the Bank's recognized capital.

By analyzing the creditworthiness of borrowers, the Bank identifies potential risk clients in a timely manner and structured and targeted management of the business relationship with the clients in order to maximize the performance of the receivables.

In accordance with the legal provisions governing the internal control system, when approving loans the Bank has established decision-making levels governed by the principle that when the loan approval decision is not made by the Bank's Management Board and the amount of client exposure exceeds the internally specified amounts of client exposure, at least two persons should participate, whereby the person with the sales function makes a decision which is approved by the person in charge of the risk control function.

Also, prior to making a decision in case when the client's exposure exceeds certain internally established exposure amounts, the draft decision of the sales function is subject to a review by the risk control function.

In addition the Bank monitors and analyses the structure and quality of its loan portfolio through different indicators pointing to the improvement or deterioration in asset quality of the Bank, thus enabling the Bank a better credit risk management as well as timely actions in order to reduce credit risk. Also, the Bank monitors and analyses the degree of concentration of loans by sector and the largest client exposures using the HHI index methodology.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Lending obligations represent recall obligations, Irrevocable liabilities exist on the basis of unused portions of the loan or approved overdrafts, since they arise on the basis of the terms set out in the loan agreements.

34. Risk management (continued)

a) Credit risk (continued)

Guarantees and standby letters of credit represent irrevocable assurance that the Bank will make payments in the event that customer cannot meet its obligations to third parties and carry the same credit risks as loans given. Documentary and commercial letters of credit are written undertakings on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. Letters of credit are secured by collateral in the form of goods to which they relate, in which regard they represent a significantly lower risk of immediate lending.

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

When determining whether the risk of non-fulfillment of financial liability obligations has increased significantly with respect to initial recognition, the Bank takes into account both quantitative and qualitative information and analyses. Criteria have been defined for determining a significant increase in credit risk for the purpose of proper allocation of income exposures in Stage 1 or Stage 2.

Credit risk has increased considerably from the initial recognition when one of the prescribed criteria has been met.

According to the regulations of the Croatian National Bank, placements are classified into risk groups A and risk groups B and C.

Placements that are not in the status of non-fulfillment of liabilities are allocated to risk group A.

Such placements are arranged by the Bank into risk subgroups:

- A-1 if after the initial recognition the credit risk of a particular borrower's exposure did not increase considerably (Stage 1).
- A-2 if after the initial recognition credit risk of a particular borrower's exposure increased considerably (Stage 2)

Risks Group B and C (Stage 3) allocate placements that are in the status of non-fulfillment of obligations in accordance with the Decision on Classification of Exposure to Risk Groups and the Method of Determining Credit Losses.

Significant efforts in carrying out timely analysis of each individual relationship have been made in the monitoring of the credit quality in order to determine the possible "significant deterioration" from the date of initial recognition and the consequent need for classification in Stage 2 and the conditions for return to Stage 1 of Stage 2.

Criteria for assessing significant increases in credit risk are defined at the appropriate segmentation level and differ depending on the exposure category at the time of occurrence. Therefore, credit risk, as the key and most significant risk in the Bank's portfolio, is marked as a high risk.

b) Liquidity risk

The Bank is exposed to daily calls which it settles through available cash resources, which include overnight deposits, current account funds, maturing deposits and loan drawdowns.
The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank.

34. Risk management (continued)

b) Liquidity risk (continued)

It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types, An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates, Liquidity requirements to support guarantee payments and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

The Bank carries out its liquidity risk management through a gap analysis in which the maturity of assets and liabilities are divided into several time categories and differences are observed in certain time categories in order to timely harmonize its assets and liabilities. Furthermore, the Bank monitors and analyses the movement of the liquidity coverage ratio in terms of legislation and established internal limits. In the case that the liquidity coverage ratio falls below the internally prescribed limits, the Risk Control Department shall inform the Assets and Liabilities Commission as well as the Bank's Management Board in order to take measures.

The total outstanding contractual amount of commitments to extend credit at the balance sheet date does not necessarily represent future cash flows, since many of these commitments will expire or be terminated without being funded.
Liquidity risk is presented in the maturity analysis of assets and liabilities as at 31 December 2018 and 31 December 2017.

c) Interest rate risk

The Bank is exposed to various risks associated with the effect of changes in market interest rates on its financial position and cash flows. The interest rate gap table summarizes the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

The Bank carries out the control and analysis of interest rate risk exposure via a standard interest rate shock, a methodology prescribed by by-laws and according to which the interest rate risk in the banking book is viewed as a change in the value of banking book in relation to its regulatory capital and the influence of the interest rate risk in the banking book on the net interest income. In addition to legal limits, the Bank prescribed internal limits that are monitored by the Risk Control Department and in case they are exceeded, it notifies the Assets and Liabilities Commission as well as the Management Board of the Bank.

d) Foreign exchange risk

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows,.The Bank sets limits on the level of exposure by currency and in total for both overnight and intra-day positions.

34. Risk management (continued)

d) Foreign exchange risk

In addition to monitoring currency risk and open foreign currency position on a daily basis, in accordance with the by-laws, the Bank monitors and analyses the impact of the currency risk on the basis of stress tests under certain conditions. Monitoring with the use of the VAR indicators methodology is in preparation.

Foreign currency balance sheet and foreign exchange risk table summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December 2018 and 31 December 2017. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by domestic currency and foreign currency.

e) Market risk

The majority of available-for-sale instruments are subject to market risk, the risk that future changes in market conditions may impair the value of the instrument. The instruments are recognized at fair value, and all changes in market conditions directly affect net trading income. The Bank manages its use of trading instruments in response to changing market conditions.

The limits are defined following the needs and strategy of the Bank and in accordance with the senior management risk policy provisions.

The exposure to market risk is formally managed in accordance with the risk limits approved by the senior management and revised at least annually. The exposure figures and limit utilization are delivered to the Treasury Division on a daily basis. In addition, limit control is performed by the Risk Control Department as a second level of control, which in the case of exceeding certain limits of market risk notifies the Management Board.

f) Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments and other derivative instruments.

The primary exposure to equity prices arises from the Bank's holding of equity instruments available for sale. The Bank does not actively trade in equity securities.

34. Risk management (continued)

a) Credit risk

Total credit risk exposure - balance sheet and off-balance-sheet

This overview shows the Bank's maximum exposure to credit risk, not taking into account the collateral. Considering the balance and off-balance sheet, the exposure stated below was based on the gross carrying amount of an individual placement and current value of the estimated cash flows.

As at 31 December 2019	Gross placements	Impairment allowance	Net placements
A. Balance sheet exposure			
Cash and balances with Croatian National Bank (Note 12)	350,478	127	350,351
Placements with other banks (Note 13)	71,484	32	71,452
Debt securities at amortized cost (Note 16)	-	-	-
Financial assets at fair value through other comprehensive income (Note 17)	926,677	1,056	925,622
Loans to customers (Note 15)	**2,254,644**	**163,008**	**2,091,636**
- Stage 1 and Stage 2 (fully recoverable)	1,915,186	28,259	1,886,927
- Stage 3 (partially recoverable and fully irrecoverable)	339,458	134,748	204,710
Total balance sheet exposure	**3,603,283**	**164,222**	**3,439,061**
B. Off-balance sheet exposure			
Customers	**321,575**	**2,438**	**319,137**
- Stage 1 and Stage 2 (fully recoverable)	320,623	2,377	318,246
- Stage 3 (partially recoverable and fully irrecoverable)	952	61	891
Total off-balance-sheet exposure	**321,575**	**2,438**	**319,137**
TOTAL EXPOSURE (A+B)	**3,924,858**	**166,660**	**3,758,198**

34. Risk management (continued)

a) Credit risk (continued)

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

At 31 December 2018	Gross placements	Impairment allowance	Net placements
A. Balance sheet exposure			
Cash and balances with Croatian National Bank (Note 12)	368,440	133	368,306
Placements with other banks (Note 13)	154,405	87	154,318
Debt securities at amortized cost (Note 16)	34,997	14,277	20,720
Financial assets at fair value through other comprehensive income (Note 17)	778,382	556	777,826
Loans to customers (Note 15)	**2,081,558**	**201,156**	**1,880,402**
- Stage 1 and Stage 2 (fully recoverable)	1,576,715	20,499	1,556,216
- Stage 3 (partially recoverable and fully irrecoverable)	504,843	180,657	324,186
Total balance sheet exposure	**3,417,782**	**216,210**	**3,201,573**
B. Off-balance sheet exposure			
Customers	**326,586**	**3,257**	**323,329**
- Stage 1 and Stage 2 (fully recoverable)	323,064	3,097	319,967
- Stage 3 (partially recoverable and fully irrecoverable)	3,523	160	3,363
Total off-balance-sheet exposure	**326,586**	**3,257**	**323,329**
TOTAL EXPOSURE (A+B)	**3,744,369**	**219,467**	**3,524,902**

34. Risk management (continued)

a) Credit risk (continued)

The transition of the expected total credit losses during 2019 is presented in the following table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2019	**7,356**	**16,754**	**194,309**	**1,048**	**219,467**
Transfers:					
From Stage 1 to Stage 2	-702	1,846			1,144
From Stage 1 to Stage 3	-251		1,807		1,556
From Stage 2 to Stage 1	443	(2,612)			(2,169)
From Stage 2 to Stage 3		(194)	470		276
From Stage 3 to Stage 1	58		(55,770)		(55,712)
From Stage 3 to Stage 2		2,146	(1,275)		871
Changes of PD/LGD/EAD	(1,314)	(3,463)	(8,425)		(13,202)
Placements in the status of non-fulfillment of contractual obligations				30	30
Created financial assets	3,179	8,497	2,723		14,399
Unrecovered amount during the year					
Balance at 31 December 2019	**8,769**	**22,974**	**133,839**	1,078	**166,660**

34. Risk management (continued)

a) Credit risk (continued)

The transition of the expected total credit losses during 2018 is presented in the following table:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2018	**4,235**	**8,814**	**162,954**	-	**176,002**
Transfers:					
From Stage 1 to Stage 2	(564)	2,318	-	-	1,753
From Stage 1 to Stage 3	(55)	-	1,726	-	1,671
From Stage 2 to Stage 1	1,308	(3,284)	-	-	(1,976)
From Stage 2 to Stage 3	-	(3,796)	9,659	-	5,863
From Stage 3 to Stage 1	4	-	(147)	-	(143)
From Stage 3 to Stage 2	-	69	(134)	-	(64)
Changes of PD/LGD/EAD	(614)	1,952	-	-	1,339
Placements in the status of non-fulfillment of contractual obligations	-	-	-	1,048	1,048
Created financial assets	3,042	10,681	10,920	-	24,643
Unrecovered amount during the year	-	-	9,331	-	9,331
Balance at 31 December 2018	**7,356**	**16,754**	**194,309**	**1,048**	**219,467**

34. Risk management (continued)

a) Credit risk (continued)

Uncollected past due receivables

Uncollected past due receivables include gross receivables based on maturity of both due and not due principal, on an individual basis, including due but uncollected interest and other income related to the principle. Other past due receivables include uncollected interest not past due and receivables written off whose collection is still in progress. The total amount of individual placement is allocated to the maturity class of the oldest uncollected receivable, relating to either principal or the interest, The financial statements do not include the impairment of loans and other receivables.

As at 31 December 2019	Past due up to 30 days	Past due from 31 to 90 days	Past due from 91 to 180 days	Past due from 181 to 365 days	Past due from 1 to 2 years	Past due from 2 to 3 years	Past due over 3 years
Financial assets at amortized cost							
a) Loans to customers	820,632	31,662	10,856	2,331	42,947	8,067	108,137
b) Receivables based on income and other receivables	6,639	182	62	295	1,189	140	7,422
c) Debt securities at amortized cost	-	-	-	-	-	-	-
Total uncollected past due receivables	**827,270**	**31,844**	**10,919**	**2,626**	**44,136**	**8,208**	**115,559**

As at 31 December 2018	Past due up to 30 days	Past due from 31 to 90 days	Past due from 91 to 180 days	Past due from 181 to 365 days	Past due from 1 to 2 years	Past due from 2 to 3 years	Past due over 3 years
a) Loans to customers	872,957	18,964	38,420	35,459	14,544	73,220	115,418
b) Receivables based on income and other receivables	5,032	295	910	460	379	830	8,554
c) Debt securities at amortized cost	-	-	-	-	32,706	-	-
Total uncollected past due receivables	**877,990**	**19,259**	**39,330**	**35,920**	**47,628**	**74,050**	**123,972**

34. Risk management (continued)

a) Credit risk (continued)

Placements secured by collateral

As at 31 December 2019	Deposit	Housing mortgages	Commercial mortgages	Other instruments	No collateral
A. Balance sheet exposure					
Cash and balances with Croatian National Bank	-	-	-	-	350,351
Placements with other banks	-	-	-	-	71,452
Loans to and receivables from customers	141,691	545,301	895,192	509,449	-
Debt securities at amortized cost	-	-	-	-	-
Total balance sheet exposure	**141,691**	**545,301**	**895,192**	**509,449**	**421,803**
B. Off-balance sheet exposure					
Guarantees	6	246	74	142,222	-
Letters of credit	-	-	-	-	-
Unused lines of credit	-	-	-	179,027	-
Total off-balance-sheet exposure	**6**	**246**	**74**	**321,249**	**-**
Total exposure (A+B)	**141,697**	**545,547**	**895,266**	**830,698**	**421,803**

As at 31 December 2018	Deposit	Housing mortgages	Commercial mortgages	Other instruments	No collateral
A. Balance sheet exposure					
Cash and balances with Croatian National Bank	-	-	-	-	368,306
Placements with other banks	-	-	-	-	154,318
Loans to and receivables from customers	197,755	385,915	764,359	532,372	-
Debt securities at amortized cost	-	-	20,720	-	-
Total balance sheet exposure	**197,755**	**385,915**	**785,079**	**532,372**	**522,624**
B. Off-balance sheet exposure					
Guarantees	11	337	97	164,799	-
Letters of credit	-	-	-	-	-
Unused lines of credit	-	-	-	158,085	-
Total off-balance-sheet exposure	**11**	**337**	**97**	**164,799**	**-**
Total exposure (A+B)	**197,766**	**386,252**	**785,177**	**855,256**	**522,624**

34. Risk management (continued)

a) Credit risk (continued)

Provisions ratio in loans to customers

	At 31/12/2019		At 31/12/2018	
	Loans to customers (%)	Allowances ratio in loans (%)	Zajmovi klijentima (%)	Udio rezervacija u zajmovima (%)
Stage 1 and 2 (fully recoverable)	84,94	1,5	75,75	1,3
Stage 3 (partially recoverable)	11,46	20,7	19,75	21,2
Stage 3 (fully irrecoverable)	3,60	100,00	4,50	100,00
Total	**100,00**		**100,00**	

b) Liquidity risk

The amount of the total assets and liabilities was analyzed according to the most conservative assumption of the remaining maturity from the balance sheet date to the contractual maturity, and we show undiscounted cash flows while the Bank manages the liquidity risk based on the expected undiscounted cash inflows.

As at 31 December 2019	0-30 days	1-3 months	3-12 months	1 - 2 years	2 - 3 years	Over 3 years	Total
Assets							
Cash and balances with Croatian National Bank	305,288	13,235	55,589	14,231	22,751	17,283	428,377
Placements with other banks	71,452	-	-	-	-	-	71,452
Loans to and receivables from customers	289,081	110,646	226,828	243,073	170,196	1,051,808	2,091,632
Non-trading financial assets that are obligatorily measured at fair value through profit or loss	-	-	-	-	-	36,736	36,736
Financial assets at fair value through other comprehensive income	-	-	177,431	137,872	82,453	527,866	925,622
Total assets	**665,821**	**123,881**	**459,848**	**395,176**	**275,399**	**1,633,692**	**3,553,818**
Liabilities							
Deposits from customers	901,550	169,599	712,316	182,353	291,530	221,464	2,478,811
Borrowings	253,790	47,741	200,511	51,331	82,063	62,340	697,777
Subordinated instruments	-	-	-	-	84,076	-	84,076
Total liabilities	**1,155,340**	**217,340**	**912,827**	**233,684**	**457,669**	**283,804**	**3,260,664**
Maturity gap	**(471,441)**	**(93,459)**	**(452,979)**	**161,492**	**(182,270)**	**1,502,959**	**464,303**

34. Risk management (continued)

b) Liquidity risk (continued)

At 31 December 2018	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 Croatian National Bank	320,467	13,333	53,346	21,291	8,624	23,886	440,945
Placements with other banks	154,318	-	-	-	-	-	154,318
Loans to and receivables from customers	365,527	58,667	225,638	301,313	199,302	1,093,711	2,244,158
Debt securities at amortized cost	18,446	-	2,274	-	-	-	20,720
Financial assets at fair value through other comprehensive income	-	77,853	18,275	23,161	139,148	519,389	777,826
Total assets	**858,757**	**149,853**	**299,532**	**345,765**	**347,074**	**1,636,986**	**3,637,967**
Liabilities							
Deposits from customers	742,090	186,910	747,232	303,152	126,440	328,174	2,433,999
Borrowings	181,742	45,248	181,040	72,254	29,268	81,061	590,613
Subordinated instruments	-	-	-	-	-	101,694	101,694
Total liabilities	**946,349**	**238,162**	**928,272**	**375,406**	**155,708**	**510,929**	**3,154,827**
Maturity gap	**(87,592)**	**(88,309)**	**(628,740)**	**(29,641)**	**191,366**	**1,126,056**	**483,140**

34. Risk management (continued)

c) Interest rate risk

The following table is the Management Board's estimate of the interest rate risk for the Bank at 31 December 2019 and 31 December 2018. The table provides some indication of the sensitivity of the Bank's earnings to movements in interest rates. Earnings will also be affected by the currency of the assets and liabilities.

As at 31 December 2019	0-30 days	1-3 months	3-12 months	1-3 years	Over 3 years	Interest free	Total
Assets							
Cash and balances with Croatian National Bank	350,351	-	-	-	-	78,026	428,377
Placements with other banks	71,452	-	-	-	-	-	71,452
Loans to and receivables from customers	2,044,347	23,468	23,817	-	-	-	2,091,632
Debt securities at amortized cost	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	925,622	-	-	-	-	-	925,622
Non-trading financial assets that are measured at fair value through profit or loss	-	-	-	-	-	36,735	36,735
Of which assets at fixed interest rate	*1,754,041*						*1,754,041*
Total assets	**3,391,772**	**23,468**	**23,817**	**-**	**-**	**114,761**	**3,724,967**
Liabilities							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	2,478,811	-	-	-	-	-	2,478,811
Borrowings	697,777	-	-	-	-	-	697,777
Subordinated instruments	-	-	-	-	84,076	-	84,076
Of which liabilities at fixed interest rate	*1,930,560*				*82,000*		*2,012,560*
Total liabilities	**3,176,588**	**-**	**-**	**-**	**84,076**	**-**	**3,260,664**

34. Risk management (continued)

c) Interest rate risk (continued)

As at 31 December 2018	0-30 days	1-3 months	3-12 months	1-3 years	Over 3 years	Interest free	Total
Assets							
Cash and balances with Croatian National Bank	368,306	-	-	-	-	72,639	440,945
Placements with other banks	154,318	-	-	-	-	-	154,318
Loans to and receivables from customers	1,846,067	13,174	21,161	-	-	-	1,880,402
Debt securities at amortized cost	777,826	-	-	-	-	-	777,826
Financial assets at fair value through other comprehensive income	-	-	-	-	-	41,315	41,315
Non-trading financial assets that are measured at fair value through profit or loss	20,720	-	-	-	-	-	20,720
Of which assets at fixed interest rate	*1,607,927*						*1,607,927*
Total assets	**3,167,237**	**13,174**	**21,161**	**-**	**-**	**113,954**	**3,315,526**
Liabilities							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	2,386,563	-	-	-	-	-	2,386,563
Borrowings	590,613	-	-	-	-	-	590,613
Subordinated bonds	-	-	-	-	84,076	-	84,076
Of which liabilities at fixed interest rate	*1,928,894*				*82,000*		*2,010,894*
Total liabilities	**2,977,176**	**-**	**-**	**-**	**84,076**	**-**	**3,061,252**

The concentration of assets as well as multiple coverage of current liabilities suggests resistance to possible shocks from the environment as well as the possibility of recalibration of the portfolio maturity during sudden yield curve changes.

34. Risk management (continued)

c) Interest rate risk (continued)

The table below shows the sensitivity of interest-bearing assets and liabilities on changes in interest rates. For the calculation of the interest rate sensitivity on the income statement, the Bank used the assumption of an interest rate increase by 1% except for cash and balances at the Croatian National Bank and other assets. If the interest rates would have decreased by the same percentage, the result would have been interest income in the same amount,

	Assumed interest rate growth	Effect on income statement for 2019	Effect on income statement for 2018
Assets			
Cash and balances with Croatian National Bank	%	-	-
Deposits given	1,00%	715	1,544
Loans and receivables	1,00%	22,318	20,531
Other assets	1,00%	9,316	9,672
Liabilities			
Liabilities arising from deposits	1,00%	24,502	23,587
Borrowings	1,00%	6,910	5,881
Other liabilities	-%	-	-
Impact on net interest income		**937**	**2,279**

34. Risk management (continued)

d) Foreign exchange risk

As at 31 December 2019, the Bank had the following foreign exchange position:

	EUR	USD	Other foreign currencies	Total foreign currencies	HRK	Total
Assets						
Cash and balances with Croatian National Bank	97,482	1,594	1,059	100,135	328,242	428,377
Placements with other banks	40,089	13,952	603	54,644	16,808	71,452
Non-trading financial assets that are measured at fair value through profit or loss	29,681	-	-	29,681	7,054	36,735
Financial assets at fair value through other comprehensive income	312,720	63,779	-	376,499	549,123	925,622
Loans to and receivables from customers	1,151,619	13,557	-	1,165,176	926,456	2,091,632
Debt securities at amortized cost	-	-	-	-	-	-
Total assets	**1,631,591**	**92,882**	**1,662**	**1,726,135**	**1,827,683**	**3,553,818**
Liabilities						
Deposits from customers	1,429,569	-	17,866	1,447,435	1,031,376	2,478,811
Borrowings	178,752	-	-	178,752	519,025	697,777
Subordinated instruments	-	-	-	-	84,076	84,076
Total liabilities	**1,608,321**	**-**	**17,866**	**1,626,187**	**1,634,477**	**3,260,664**
Net foreign exchange position	**23,270**	**92,882**	**(16,204)**	**99,948**	**193,206**	**293,154**
Contingent liabilities and commitments	17,919	-	-	17,919	303,656	321,575

34. Risk management (continued)

d) Foreign exchange risk (continued)

As at 31 December 2018, the Bank had the following foreign exchange position:

	EUR	USD	Other foreign currencies	Total foreign currencies	HRK	Total
Assets						
Cash and balances with Croatian National Bank	42,118	2,657	1,038	45,813	395,132	440,945
Placements with other banks	123,950	5,194	6,460	135,604	18,714	154,318
Non-trading financial assets that are measured at fair value through profit or loss	27,391	-	-	27,391	13,924	41,315
Financial assets at fair value through other comprehensive income	243,463	73,256	-	316,719	461,107	777,826
Loans to and receivables from customers	1,229,252	15,725	-	1,244,977	635,425	1,880,402
Debt securities at amortized cost	18,446	-	-	18,446	2,274	20,720
Total assets	**1,684,620**	**96,832**	**7,498**	**1,788,950**	**1,526,576**	**3,315,526**
Liabilities						
Deposits from customers	1,431,170	-	19,752	1,450,922	935,641	2,386,563
Borrowings	232,845	-	-	232,845	357,768	590,613
Subordinated instruments	-	-	-	-	84,076	84,076
Total liabilities	**1,664,015**	**-**	**19,752**	**1,683,767**	**1,377,485**	**3,061,252**
Net foreign exchange position	**20,605**	**96,832**	**(12,254)**	**105,183**	**149,091**	**254,274**
Contingent liabilities and commitments	52,860	-	-	52,860	273,726	326,586

34. Risk management (continued)

d) Foreign exchange risk (continued)

The table below presents the sensitivity of the Bank's net assets and profit or loss to fluctuations in the CNB's middle exchange rate. If the same assumed percentage would have been applied to the decrease in the middle exchange rate of the CNB, the impact on profit or loss by individual currency on a net basis would have been equal and opposite, that is, the total impact on all currencies would have been charged to 2019. The result of the exchange rate changes is reflected in the income statement as foreign exchange gains or losses.

As at 31 December 2019	Assumed increase in CNB's middle exchange rate	Effect on income statement Assets	Effect on income statement Liabilities	Effect on income statement Net
EUR	0,13%	5,525	3,102	2,423
USD	0,70%	650	1,519	(869)
Other foreign currencies		107	316	(209)

Currency as at 31 December 2018	Assumed increase in CNB's middle exchange rate	Effect on income statement Assets	Effect on income statement Liabilities	Effect on income statement Net
EUR	0,15%	2,529	3,554	(1,025)
USD	0,82%	772	1,674	(902)
Other foreign currencies		182	365	(183)

35. Fair values of financial assets and liabilities

The fair value is the price which would be achieved through the sale of an asset item or paid for the transfer of a liability in a regular transaction among market participants on the measurement date. This price is sometimes mentioned as the exit price.

Financial assets at fair value through profit or loss and available-for-sale financial assets are measured at fair value at the end of every reporting period. The Bank categorizes fair values by levels in line 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 (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

35. Fair values of financial assets and liabilities (continued)

Input which can be indirectly or directly monitored are the data collected through the use of market data, such as publicly available information on current events or transactions which reflect the assumptions which the market participants would use for certain assets and liabilities valuation.

Input which cannot be monitored is data for which there is no data available in the market, i.e. data gathered through the use of best available information the market participant would use for certain assets and liabilities valuation. The fair value of assets and liabilities is entirely measured in one out of three levels based on the lowest entry level relevant for certain assets or liabilities being evaluated.

The following table provides information on the way for determining the fair value, i.e. financial assets valuation methods measured at fair value.

Financial assets at fair value through profit or loss

Financial assets	31/12/2019	31/12/2018	Fair value hierarchy	Valuation method and input
Equity securities	7,369	13,951	Level 1	Prices available on the active market on the last trading day of the month in which the valuation is carried out
Equity securities	29,256	27,364	Level 3	Equity securities are not quoted on the market and their fair value can not be reliably determined and valued at the cost of acquisition or at a fixed price by the fund-managed company
Total	**36,625**	**41,315**		

Financial assets at fair value through other comprehensive income

Financial assets	31/12/2019	31/12/2018	Fair value hierarchy	Valuation method and input
Debt securities (bonds)	842,868	695,083	Level 1	Prices available on the active market
Debt securities (treasury bills and commercial papers)	82,754	82,743	Level 2	At amortized cost, by applying the real yield method

35. Fair values of financial assets and liabilities (continued)

Loans

The fair value of loans is calculated based on discounted expected future principal and interest cash flows. Loan repayments are assumed to occur at contractual repayment dates, where applicable. For loans that do not have fixed repayment dates repayments are estimated based on experience from previous periods when interest rates were at levels similar to current levels, adjusted for any differences in interest rate expectation. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of loans, such as residential mortgage loans, are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The estimated fair values of loans reflect changes in credit status since the loans were originated and changes in interest rates in the case of fixed rate loans. As the Bank has a very limited portfolio of loans with fixed rates and longer-term maturity, the fair value of loans is not significantly different from their carrying value.

Deposits from banks and customers

For a vista deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the balance sheet date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The length of relationship with depositors is not taken into account in estimating the fair value. As most of the Bank's deposits are given at variable rate, there is no significant difference between the fair value of these deposits and their carrying amount.

Borrowings

As most of the Bank's long-term borrowings carry a variable interest rate, there is no significant difference between their carrying and fair value.

36. Related party transactions

Related parties are parties able to control the other party or parties which significantly affect the other party when making financial or business decisions.

Transactions and outstanding balances among related parties within a group are published in the subject’s financial statement.

Pursuant to the definition of IAS 24 and IFRS 10, a group consists of a parent company and subsidiary.

Since a parent company does not exist, the Company may not publish the name of the parent company or the ultimate entity with control over the Company, i.e. there are no transactions which could be considered intra-group transactions.

Transactions with related parties are reported based on the Resolution of the Croatian National Bank of 21 April 2015. The Bank carried out all measures prescribed by the regulator within the prescribed deadlines.

36, Related party transactions (continued)

The table below shows transactions with related parties and the Bank's Management Board:

	Management Board		Affiliates	
Type of transaction	**2019**	**2018**	**2019**	**2018**
Given loans				
Status of loans given at 1 January	**265**	**407**	**218,296**	**245,443**
Increases	5	481	46,802	497,505
Loan repayments	(180)	(623)	(108,194)	(524,652)
Status of loans given at 31 December	**90**	**265**	**156,904**	**218,296**
Interest income	6	11	6,947	8,523
Deposits and loans received				
Status of deposits and loans received at 1 January	**52**	**2**	**116,690**	**101,987**
New deposits received	31	189	43,101	278,151
Deposits returned	-	(139)	(3,533)	(263,448)
Status of deposits and loans received at 31 December	**83**	**52**	**156,258**	**116,690**
Interest expenses	1	1	3,850	3,710
Fee and other income	1	4	16,710	10,449
Fee and other expenses	4	1	14,331	14,257
Paid salaries cost	(759)	(787)	-	-
Total income	**10**	**15**	**23,657**	**18,972**
Total expenses	**2**	**2**	**18,181**	**17,967**
Paid dividends			**10,503**	**8,627**
Fees and other receivables	**5**	**5**	**2,904**	**1,540**
Interest and fees receivables	1	4	785	834
Other receivables	4	1	2,119	706
Liabilities	**-**	**-**	**4,481**	**7,610**
Interest liabilities	-	-	1,337	1,403
Trade payables	**-**	**-**	282	2,774
Liabilities for credit card operations	-	-	2,862	3,433
Off-balance sheet contingent items	**91**	**59**	**8,712**	**10,495**
Guarantees issued	-	-	5,801	8,081
Lines of credit	91	59	2,912	2,414

In the period from 1 January to 31 December 2019, remunerations to the Supervisory Board were paid in the amount of HRK 370 thousand (in 2018: 317 thousand).

37, Commitments for operating lease of vehicles and office space

As at 31 December 2019, the Bank has 25 operating lease agreements for vehicles (2018: 20 lease agreements), while for operating real estate rental the Bank has concluded 2 agreements, Annual commitments under operating leases were concluded for terms longer than one year, and in 2019 they were implemented in the Bank's business books in accordance with the new IFRS 16 Standard, which entered into force on 1 January 2019.

37, Commitments for operating lease of vehicles and office space (continued)

The right to use the property

The right to use the property refers to branches and business offices for rent, as well as vehicles and is shown within property and equipment (note 19).

Maturity analysis - contractual undiscounted cash flows

	2019
Within 1 year	508
From 1 to 2 years	505
From 2 to 3 years	492
From 3 to 4 years	148
From 4 to 5 years	95
From 5 years	92
	1,840
Impact of discounting	(316)
Total net discounted lease liabilities as at 31 December	**1,524**

Amounts recognized through profit or loss

	2019
Leases under IFRS 16	473
Interest on lease obligations	68
Depreciation per operating lease	316
Costs related to low value leases, excluding short-term leases of small value	95
Costs related to short-term leases	9,988
	10,940

38, Auditor's fees

Auditors of the Bank's annual financial statements provided services in the amount of HRK 200 thousand in 2019 (2018 amounted to HRK 213 thousand). These services included revision of the annual financial statements, audits for the needs of the CNB and HANFA.

39, Events after the balance sheet day

The outbreak of the COVID-19 pandemic and the response measures adopted in many countries around the world and in the European Union (EU), including various forms of restricting population movements, have significant economic consequences. In particular, many companies and individuals affected by the crisis will certainly face a lack of liquidity and difficulties in paying their financial and other obligations on time. This, in turn, could have an impact on credit institutions, as delays in repayment of credit obligations lead to more commitments and increased own funds requirements for credit institutions.

In these circumstances, in order to reduce the medium and long-term economic effects of the efforts made to stop the COVID-19 pandemic, the Republic of Croatia in whose territory the Bank operates has implemented a wide range of support measures. These measures include several forms of credit deferral in order to support the short-term operational and liquidity challenges faced by beneficiaries.

Agram banka d.d. has harmonized its operations with the recommendations of the Civil Protection Headquarters, and also with the circulars and guidelines of the competent authorities, especially in the part of contracting changes in the dynamics of loan repayment.

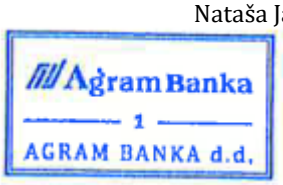
40, Approval of financial statements

These financial statements were approved by the Management Board on 29 April 2020.

Signed on behalf of the Management Board:

President of the Management Board

Boris Zadro



Member of the Management Board

Nataša Jakić Felić

Navigacija	Naslovna	RefStr	Bilanca	RDG	PodDop	NT_I	NT_D	PK	Kont

Izvještaj o financijskom položaju (Bilanca)

stanje na dan 31.12.2019.

Obrazac BAN-BIL

Obveznik: ; ;

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4	5
Imovina				
1. Novčana sredstva. novčana potraživanja od središnjih banaka i ostali depoziti po viđenju (AOP 002 do 004)	**001**		595.263.145	499.828.932
1.1. Novac u blagajni	**002**		72.638.835	78.025.991
1.2. Novčana potraživanja od središnjih banaka	**003**		368.306.352	350.351.221
1.3. Ostali depoziti po viđenju	**004**		154.317.958	71.451.720
2. Financijska imovina koja se drži radi trgovanja (AOP 006 do 009)	**005**		0	0
2.1. Izvedenice	**006**		0	0
2.2. Vlasnički instrumenti	**007**		0	0
2.3. Dužnički vrijednosni papiri	**008**		0	0
2.4. Krediti i predujmovi	**009**		0	0
3. Financijska imovina kojom se ne trguje koja se obvezno mjeri po fer vrijednosti kroz dobit ili gubitak (AOP 011 do 013)	**010**		41.314.715	36.734.580
3.1. Vlasnički instrumenti	**011**		41.314.715	36.734.580
3.2. Dužnički vrijednosni papiri	**012**		0	0
3.3. Krediti i predujmovi	**013**		0	0
4. Financijska imovina po fer vrijednosti kroz dobit ili gubitak (AOP 015 + 016)	**014**		0	0
4.2. Dužnički vrijednosni papiri	**015**		0	0
4.3. Krediti i predujmovi	**016**		0	0
5. Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit (AOP 018 do 020)	**017**		777.826.215	925.621.812
5.1. Vlasnički instrumenti	**018**		0	0
5.1. Dužnički vrijednosni papiri	**019**		777.826.215	925.621.812
5.2. Krediti i predujmovi	**020**		0	0
6. Financijska imovina po amortiziranom trošku (AOP 022+023)	**021**		1.901.122.136	2.091.632.362
6.1. Dužnički vrijednosni papiri	**022**		20.720.115	10.644.729
6.2. Krediti i predujmovi	**023**		1.880.402.021	2.080.987.633
7. Izvedenice – računovodstvo zaštite	**024**		0	0
8. Promjene fer vrijednosti zaštićenih stavki u zaštiti portfelja od kamatnog rizika	**025**		0	0
9. Ulaganja u društva kćeri, zajedničke pothvate i pridružena društva	**026**		0	0
10. Materijalna imovina	**027**		81.092.457	95.561.121
11. Nematerijalna imovina	**028**		23.955.651	23.008.279
12. Porezna imovina	**029**		11.177.235	18.078.570
13. Ostala imovina	**030**		8.111.305	4.775.944
14. Dugotrajna imovina i grupe za otuđenje klasificirane kao namijenjene za prodaju	**031**		6.875.297	29.725.645
15. UKUPNA IMOVINA (AOP 001 + 005 + 010 + 014 + 017 + 021 + 024 do 031)	**032**		3.446.738.156	3.724.967.245
Obveze				
16. Financijske obveze koje se drže radi trgovanja (AOP 034 do 038)	**033**		0	0
16.1. Izvedenice	**034**		0	0
16.2. Kratke pozicije	**035**		0	0
16.3. Depoziti	**036**		0	0
16.4. Izdani dužnički vrijednosni papiri	**037**		0	0
16.5. Ostale financijske obveze	**038**		0	0
17. Financijske obveze po fer vrijednosti kroz dobit ili gubitak (AOP 040 do 042)	**039**		0	0
17.1. Depoziti	**040**		0	0
17.2. Izdani dužnički vrijednosni papiri	**041**		0	0
17.3. Ostale financijske obveze	**042**		0	0
18. Financijske obveze mjerene po amortiziranom trošku (AOP 044 do 046)	**043**		3.061.274.064	3.260.716.829
18.1. Depoziti	**044**		2.977.176.192	3.176.602.655
18.2. Izdani dužnički vrijednosni papiri	**045**		84.075.836	84.075.836
18.3. Ostale financijske obveze	**046**		22.036	38.338
19. Izvedenice – računovodstvo zaštite	**047**		0	0
20. Promjene fer vrijednosti zaštićenih stavki kod zaštite portfelja od kamatnog rizika	**048**		0	0
21. Rezervacije	**049**		3.607.151	2.615.071
22. Porezne obveze	**050**		11.116.545	13.547.918
23. Temeljni kapital koji se vraća na zahtjev	**051**		0	0
24. Ostale obveze	**052**		17.382.790	39.165.140
25. Obveze uključene u grupe za otuđenje klasificirane kao namijenjene za prodaju	**053**		0	0
26. UKUPNE OBVEZE (AOP 033 + 039 + 043 + 047 do 053)	**054**		3.093.380.550	3.316.044.958
Kapital				
27. Temeljni kapital	**055**		193.775.300	193.775.300
28. Premija na dionice	**056**		50.540.542	50.540.542
29. Izdani vlasnički instrumenti osim kapitala	**057**		0	0
30. Ostali vlasnički instrumenti	**058**		0	0
31. Akumulirana ostala sveobuhvatna dobit	**059**		27.038.398	52.847.711
32. Zadržana dobit	**060**		40.047.688	57.463.443
33. Revalorizacijske rezerve	**061**		0	0
34. Ostale rezerve	**062**		15.488.059	16.811.440
35. Trezorske dionice	**063**		0	0
36. Dobit ili gubitak koji pripadaju vlasnicima matičnog društva	**064**		26.467.619	37.483.851
37. Dividende tijekom poslovne godine	**065**		0	0
38. Manjinski udjeli (nekontrolirajući udjeli)	**066**		0	0
39. UKUPNO KAPITAL (AOP 055 do 066)	**067**		353.357.606	408.922.287
40. UKUPNO OBVEZE I KAPITAL (AOP 054+067)	**068**		3.446.738.156	3.724.967.245

Navigacija	Naslovna	RefStr	Bilanca	RDG	PodDop	NT_I	NT_D	PK	Kont

Račun dobiti i gubitka

za razdoblje 01.01.2019. do 31.12.2019.

Obrazac BAN-RDG

Obveznik: _____; _____; _____

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tekuća godina
1	2	3	4	5
1. Kamatni prihodi	**069**		127.624.071	123.615.544
2. Kamatni rashodi	**070**		33.475.276	28.937.253
3. Rashodi od temeljnoga kapitala koji se vraća na zahtjev	**071**		0	0
4. Prihodi od dividende	**072**		165.000	141.718
5. Prihodi od naknada i provizija	**073**		30.154.668	28.119.912
6. Rashodi od naknada i provizija	**074**		7.519.166	8.648.890
7. Dobici ili gubici po prestanku priznavanja financijske imovine i financijskih obveza koje nisu mjerene po fer vrijednosti kroz dobit ili gubitak, neto	**075**		7.544.364	10.092.875
8. Dobici ili gubici po financijskoj imovini i financijskim obvezama koje se drže radi trgovanja, neto	**076**		8.153.438	7.251.791
9. Dobici ili gubici po financijskoj imovini kojom se ne trguje koja se mjeri po fer vrijednosti kroz dobit ili gubitak, neto	**077**		0	0
10. Dobici ili gubici po financijskoj imovini i financijskim obvezama po fer vrijednosti kroz dobit ili gubitak, neto	**078**		-905.580	-5.526.807
11. Dobici ili gubici od računovodstva zaštite, neto	**079**		0	0
12. Tečajne razlike (dobit ili gubitak), neto	**080**		877.778	1.428.076
13. Dobici ili gubici po prestanku priznavanja nefinancijske imovine, neto	**081**		0	0
14. Ostali prihodi iz poslovanja	**082**		4.221.600	12.334.053
15. Ostali rashodi iz poslovanja	**083**		8.015.358	6.493.133
16. UKUPNI PRIHODI IZ POSLOVANJA, NETO (AOP 069 - 070 - 071 + 072 + 073 - 074 + 075 do 082 - 083)	**084**		128.825.539	133.377.886
17. Administrativni rashodi	**085**		60.857.103	64.037.544
18. Amortizacija	**086**		8.482.464	8.376.639
19. Dobici ili gubici zbog promjena, neto	**087**		0	0
20. Rezervacije ili ukidanje rezervacija	**088**		3.613.055	-8.339.173
21. Umanjenje vrijednosti ili ukidanje umanjenja vrijednosti financijske imovine koja nije mjerena po fer vrijednosti kroz dobit ili gubitak	**089**		23.300.972	22.511.002
22. Umanjenje vrijednosti ili ukidanje umanjenja vrijednosti ulaganja u društva kćeri, zajedničke pothvate i pridružena društva	**090**		0	0
23. Umanjenje vrijednosti ili ukidanje umanjenja vrijednosti nefinancijske imovine	**091**		34.000	900.233
24. Negativan goodwill priznat u dobiti ili gubitku	**092**		0	0
25. Udjel dobiti ili gubitka od ulaganja u društva kćeri. zajedničke pothvate i pridružena društva obračunatih metodom udjela	**093**		0	0
26. Dobit ili gubitak od dugotrajne imovine i grupe za otuđenje klasificirane kao namijenjene za prodaju koje nisu kvalificirane kao poslovanje koje se neće nastaviti	**094**		0	0
27. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA IZ POSLOVANJA KOJE ĆE SE NASTAVITI (AOP 084 - 085 - 086 + 087 - 088 do 091+ 092 do 094)	**095**		32.537.945	45.891.641
28. Porezni rashodi ili prihodi povezani s dobiti ili gubitkom iz poslovanja koje će se nastaviti	**096**		6.070.327	8.407.790
29. DOBIT ILI GUBITAK NAKON OPOREZIVANJA IZ POSLOVANJA KOJE ĆE SE NASTAVITI (AOP 095 - 096)	**097**		26.467.618	37.483.851
30. Dobit ili gubitak nakon oporezivanja iz poslovanja koje se neće nastaviti (AOP 099 - 100)	**098**		0	0
30.1. Dobit ili gubitak prije oporezivanja iz poslovanja koje se neće nastaviti	**099**		0	0
30.2. Porezni rashodi ili prihodi povezani s poslovanjem koje se neće nastaviti	**100**		0	0
31. DOBIT ILI GUBITAK TEKUĆE GODINE (AOP 097 + 098; 102 + 103)	**101**		26.467.618	37.483.851
32. Pripada manjinskom udjelu (nekontrolirajući udjeli)	**102**		0	0
33. Pripada vlasnicima matičnog društva	**103**		26.467.618	37.483.851

IZVJEŠTAJ O OSTALOJ SVEOBUHVATNOJ DOBITI				
1. Dobit ili gubitak tekuće godine (AOP 101)	**104**		26.467.618	37.483.851
2. Ostala sveobuhvatna dobit (AOP 106 + 118)	**105**		1.997.977	25.809.313
2.1. Stavke koje neće biti reklasificirane u dobit ili gubitak (AOP 107 do 113 + 116 + 117)	**106**		0	0
2.1.1. Materijalna imovina	**107**		0	
2.1.2. Nematerijalna imovina	**108**		0	
2.1.3. Aktuarski dobici ili gubici na mirovinskim planovima pod pokroviteljstvom poslodavca	**109**		0	
2.1.4. Dugotrajna imovina i grupe za otuđenje namijenjene za prodaju	**110**		0	
2.1.5. Udjel ostalih priznatih prihoda i rashoda od subjekata koji se obračunava metodom udjela	**111**		0	
2.1.6. Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit	**112**		0	
2.1.7. Dobici ili gubici od računovodastva zaštite vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit, neto	**113**		0	
2.1.8. Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit (zaštićena stavka)	**114**		0	
2.1.9. Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit (instrument zaštite)	**115**		0	
2.1.10. Promjene fer vrijednosti financijskih obveza mjerenih po fer vrijednosti kroz dobit ili gubitak koje se pripisuju promjenama u kreditnom riziku	**116**		0	
2.1.11. Porez na dobit koji se odnosi na stavke koje neće biti reklasificirane	**117**		0	
2.2. Stavke koje je moguće reklasificirati u dobit ili gubitak (AOP 119 do 126)	**118**		1.997.977	25.809.313
2.2.1 Zaštita neto ulaganja u inozemno poslovanje (efektivni udjel)	**119**		0	
2.2.2. Preračunavanje stranih valuta	**120**		0	
2.2.3. Zaštite novčanih tokova (efektivni udjel)	**121**		0	
2.2.4. Instrumenti zaštite od rizika (elementi koji nisu određeni)	**122**		0	
2.2.5. Dužnički instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit	**123**		1.997.977	30.707.024
2.2.6. Dugotrajna imovina i grupe za otuđenje namijenjene za prodaju	**124**		0	0
2.2.7. Udjel ostalih priznatih prihoda i rashoda od ulaganja u društva kćeri, zajedničke pothvate i pridružena društva	**125**		0	0
2.2.8. Porez na dobit koji se odnosi na stavke koje je moguće reklasificirati u dobit ili gubitak	**126**		0	-4.897.711
3. Ukupna sveobuhvatna dobit tekuće godine (AOP 104 + 105 i AOP 128 + 129)	**127**		28.465.595	63.293.164
4. Pripada manjinskom udjelu (nekontrolirajući udjel)	**128**		0	0
5. Pripada vlasnicima matičnog društva	**129**		28.465.595	63.293.164

Navigacija	Naslovna	RefStr	Bilanca	RDG	PodDop	NT_I	NT_D	PK	Kont

IZVJEŠTAJ O NOVČANIM TOKOVIMA - Indirektna metoda

u razdoblju 01.01.2019. do 31.12.2019.

Obrazac BAN-NTI

Obveznik: _____; _____;

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tekuća godina
1	2	3	4	5
Poslovne aktivnosti i usklađenja				
1. Dobit / gubitak prije oporezivanja	**001**		32.537.946	45.891.641
2. Umanjenja vrijednosti i rezerviranja	**002**		26.488.801	15.072.062
3. Amortizacija	**003**		8.482.464	8.376.639
4. Neto nerealizirana dobit/gubitak od financijske imovine i obveza po fer vrijednosti kroz RDG	**004**		-905.580	-5.526.807
5. Dobit/gubitak od prodaje materijalne imovine	**005**		370.261	-115.358
6. Ostale nenovčane stavke	**006**		-41.999.199	1.310.162
Promjene u imovini i obvezama iz poslovnih aktivnosti				
7. Sredstva kod HNB-a	**007**		87.236.078	-19.478.481
8. Depoziti kod financijskih institucija i krediti financijskim institucijama	**008**		-742.257	-97.037
9. Krediti i predujmovi ostalim komitentima	**009**		-98.149.067	-200.585.612
10. Vrijednosni papiri i drugi financijski instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit	**010**		133.689.683	-147.795.597
11. Vrijednosni papiri i drugi financijski instrumenti koji se drže radi trgovanja	**011**		0	0
12. Vrijednosni papiri i drugi financijski instrumenti kojima se aktivno ne trguje, a vrednuju se prema fer vrijednosti kroz RDG	**012**		-29.000.006	0
13. Vrijednosni papiri i drugi financijski instrumenti koji se obvezno vode po fer vrijednosti kroz račun dobiti i gubitka	**013**		0	4.580.135
14. Vrijednosni papiri i drugi financijski instrumenti koji se vode po amortiziranom trošku	**014**		8.453.639	10.075.386
15. Ostala imovina iz poslovnih aktivnosti	**015**		490.461	-18.971.931
Povećanje/smanjenje poslovnih obveza				
16.Depoziti od financijskih institucija	**016**		24.792.797	17.913.762
17. Transakcijski računi ostalih komitenata	**017**		61.021.997	99.804.094
18. Štedni depoziti ostalih komitenata	**018**		25.821.463	31.360.196
19. Oročeni depoziti ostalih komitenata	**019**		-68.321.000	-57.590.112
20. Izvedene financijske obveze i ostale obveze kojima se trguje	**020**		0	0
21. Ostale obveze	**021**		29.139.723	41.024.578
22. Neplaćene kamate iz poslovnih aktivnosti	**022**		365.699	132.980
23. Primljene dividende iz poslovnih aktivnosti	**023**		0	0
24. Plaćene kamate iz poslovnih aktivnosti	**024**		-9.690.454	-2.773.276
25. Plaćeni porez na dobit	**025**		-4.238.241	-7.444.391
A) Neto novčani tokovi iz poslovnih aktivnosti (AOP 001 do 025)	**026**		185.845.208	-184.836.967
Ulagačke aktivnosti				
1. Primici od prodaje / plaćanja za kupnju/ materijalne i nematerijalne imovine	**027**		-9.703.566	-21.897.931
2. Primici od prodaje / plaćanja za kupnju/ ulaganja u društva kćeri, zajedničke pothvate i pridružena društva	**028**		0	0
3. Primici od naplate / plaćanja za kupnju/ vrijednosnih papira i drugih financijskih instrumenata iz ulagačkih aktivnosti	**029**		0	0
4. Primljene dividende iz ulagačkih aktivnosti	**030**		165.000	141.718
5. Ostali primici / plaćanja/ iz ulagačkih aktivnosti	**031**		0	0
B) Neto novčani tokovi iz ulagačkih aktivnosti (AOP 027 do 031)	**032**		-9.538.566	-21.756.213
Financijske aktivnosti				
1. Neto povećanje / smanjenje/ primljenih kredita iz financijskih aktivnosti	**033**		-7.061.453	102.838.285
2. Neto povećanje / smanjenje/ izdanih dužničkih vrijednosnih papira	**034**		0	0
3. Neto povećanje/smanjenje instrumenata dopunskoga kapitala	**035**		0	0
4. Povećanje dioničkoga kapitala	**036**		0	0
5. Isplaćena dividenda	**037**		-9.688.765	-12.595.395
6. Ostali primici / plaćanja iz financijskih aktivnosti	**038**		0	0
C) Neto novčani tokovi iz financijskih aktivnosti (AOP 033 do 038)	**039**		-16.750.218	90.242.890
D) Neto povećanje / smanjenje novca i novčanih ekvivalenata (AOP 026+032+039)	**040**		159.556.424	-116.350.290
Novac i novčani ekvivalenti na početku godine	**041**		257.631.110	418.065.299
Učinak promjene tečaja stranih valuta na novac i novčane ekvivalente	**042**		877.765	1.428.076
Novac i novčani ekvivalenti na kraju godine (AOP 040+041+042)	**043**		418.065.299	303.143.085

Navigacija	Naslovna	RefStr	Bilanca	RDG	Dodatni	NT_I	NT_D	PK	Kont

PROMJENE KAPITALA

za razdoblje od 01.01.2019. do 31.12.2019.

Obrazac BAN-PK

Obrazac BAN-PK

Obveznik: _____; _____; _____

Opis pozicije	AOP oznaka	Rbr. bilješke	Raspodjeljivo imateljima kapitala matice											Manjinski udjel		Ukupno
			Kapital	Premija na dionice	Izdani vlasnički instrumenti 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	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**		193.775.300	50.540.542	0	0	27.038.398	40.047.688	0	15.488.059	0	26.467.619	0	0	0	353.357.606
2. Učinak ispravaka pogrešaka	02															0
3. Učinci promjena računovodstvenih politika	03															0
4. Početno stanje (tekuće razdoblje) (AOP 01 do 03)	**04**		193.775.300	50.540.542	0	0	27.038.398	40.047.688	0	15.488.059	0	26.467.619	0	0	0	353.357.606
5. Izdavanje redovnih dionica	05															0
6. Izdavanje povlaštenih dionica	06															0
7. Izdavanje ostalih vlasničkih instrumenata	07															0
8. Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata	08															0
9. Pretvaranje dugovanja u vlasničke instrumente	09															0
10. Redukcija kapitala	10															0
11. Dividende	11							-12.595.395								-12.595.395
12. Kupnja trezorskih dionica	12															0
13. Prodaja ili poništenje trezorskih dionica	13															0
14. Reklasifikacija financijskih instrumenata iz vlasničkih instrumenata u obveze	14															0
15. Reklasifikacija financijskih instrumenata iz obveza u vlasničke instrumente	15															0
16. Prijenosi između komponenata vlasničkih instrumenata	16							25.144.238		1.323.381		-26.467.619				0
17. Povećanje ili smanjenje vlasničkih instrumenata kao posljedica poslovnih kombinacija	17															0
18. Plaćanja temeljena na dionicama	18															0
19. Ostalo povećanje ili smanjenje vlasničkih instrumenata	19							4.866.912								4.866.912
20. Ukupna sveobuhvatna dobit tekuće godine	20						25.809.313					37.483.851				63.293.164
21. Završna (tekuće razdoblje) (AOP 04 do 20)	**21**		193.775.300	50.540.542	0	0	52.847.711	57.463.443	0	16.811.440	0	37.483.851	0	0	0	408.922.287

Pursuant to the Article 164 of the Credit Institutions Act, the Bank is required to disclose the following data:

The registered activity of the Bank is defined in the Article 4 of the Bank's current by-law:

- receiving deposits or other repayable funds from the public and approving loans from those amounts, on its account,
- receiving deposits or other repayable funds,
- approving credits and loans, including consumer credits and loans, and mortgage credits and loans, if it is allowed pursuant to the special act, and financing commercial operations, excluding export financing based on discounted repayment and forfeiting,
- factoring,
- leasing,
- issuing guarantees,
- trading for its own or client's purposes:
    - money market instruments,
    - transferable securities,
    - transactions in foreign currencies, including foreign exchange operations,
    - financial futures and options,
    - foreign exchange and interest instruments,
- payment services in line with the relevant laws,
- services connected to credit operations, such as collecting data, analysis and providing information on the creditworthiness of legal entities and natural persons, which perform their activities independently,
- issuing other payment instruments and their management if the provision of such services is not considered the provision of payment services in line with the relevant law,
- rental of safes,
- mediation in arranging commercial transactions in the money market,
- custody of financial instruments and custody-related services in line with the Capital Market Act,
- investment and ancillary services and activities stipulated in the Capital Market Act, in particular:
    - reception and transmission of orders in relation to one or more financial instruments,
    - safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management,
    - granting credits or loans to an investor to allow him/her/it to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction,
- insurance policies sales operations in line with insurance regulations,

The Bank performs its operations through a business network of branch offices and local offices:

- Branch office Zagreb, Ulica grada Vukovara 74
- Branch office Zagreb, Koledinečka 1
- Branch office Zagreb, Marijana Čavića 1,
- Branch office Jastrebarsko, Šetalište braće Kazića 2
- Branch office Velika Gorica, Slavka Kolara 17 A
- Branch office Karlovac, Prilaz Većeslava Holjevca 2A
- Branch office Kutina, Školska ulica 11
- Branch office Sisak, Frane Lovrića 17A
- Branch office Zaprešić, Mihovila Krušlina 14
- Branch office Varaždin, Zagrebačka 63
- Branch office Split, Varaždinska 54
- Branch office Split, Matice Hrvatske 1
- Branch office Split, Domovinskog rata 60
- Branch office Sinj, Splitska 1
- Branch office Makarska, Obala kralja Tomislava 15A
- Branch office Zadar, Obala kneza Branimira 5
- Branch office Rijeka, Riva 8
- Branch office Poreč, Ulica Alda Negria 3
- Branch office Osijek, Vukovarska cesta 31
- Branch office Osijek, Hrvatske Republike 12
- Branch office Slavonski Brod, Petra Svačića 1A
- Branch office Vinkovci, Ulica bana Jelačića 3
- Branch office Dubrovnik, Dr, Ante Starčevića 20
- Branch office Opuzen, Tisno bb

The total income of Agram banka d,d, in 2019 amount to HRK 191,323 thousand.

The number of full-time employees amounts to 176.

The gross income for the business year 2019 amounts to HRK 45,892 thousand, the current liabilities for the income tax amount to HRK 8,408 thousand, and the effect of deferred tax amount to HRK 2,058 thousand.

Agram banka d.d. has no subsidiaries in EU .member states or in third countries, i,e, its activity is performed solely in the territory of the Republic of Croatia

IZVJEŠTAJ O FINANCIJSKOM POLOŽAJU NA DAN 31.12.2019. GODINE					
Godišnji financijski izvještaj	**u tis kn**	**GFI BAN**	**u tis kn**	**Razlika**	**Obrazloženje**
IMOVINA		**IMOVINA**			
Gotovina i sredstva kod HNB	428.377	Novac u blagajni	78.026	-	U GFI BAN pozicija Novac je prikazana zasebno, dok je u godišnjem izvješću ona unutar pozicije Gotovina i sredstva kod HNB
		Novčana potraživanja od središnjih banaka	350.351	-	
Plasmani drugim bankama	71.452	Ostali depoziti po viđenju	71.452	-	
Imovina kojom se ne trguje, a koja se obavezno mjeri po fer vrijednosti kroz račun dobiti i gubitka	36.735	Imovina kojom se ne trguje, a koja se obavezno mjeri po fer vrijednosti kroz račun dobiti i gubitka	36.735	-	
Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit	925.622	Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit	925.622	-	
Zajmovi i potraživanja klijenata	2.091.632	Krediti i predujmovi klijentima po amortiziranom trošku	2.080.988	-	
		Dužnički vrijednosni papiri po amortiziranom trošku	10.644		
Nematerijalna imovina	23.008	Materijalna imovina	95.561	-	U GFI BAN pozicija materijalne imovine uključuje i Ulaganja u nekretnine, dok su u godišnjem izvješću pozicije zasebno prikazane
Nekretnine i oprema	70.177	Nematerijalna imovina	23.008	-	
Ulaganje u nekretnine	25.384	Porezna imovina	18.078	-	
Ostala imovina	52.580	Ostala imovina	4.776		U GFI BANu su zasebno prikazane pozicije porezne, ostale i dugotrajne imovine namijenjene za prodaju, dok u godišnjem izvješću je to prikazano u jednoj poziciji ostale imovine
		Dugotrajna imovina i grupe za otuđenje klasificirane kao namijenjene za prodaju	29.726		
UKUPNO IMOVINA	**3.724.967**	**UKUPNO IMOVINA**	**3.724.967**	**-**	
OBVEZE					
		Financijske obveze mjerene po amortiziranom trošku		-	U GFI BAN pod poozicijom Depoziti uključena su sva deponirana sredstva kao i primljeni krediti, dok su u godišnjem izvještaju te pozicije prikazane odvojeno
Depoziti klijenata	2.478.826	Depoziti	3.176.603		
Uzeti zajmovi	697.777				
Izdani podređeni instrumenti	84.076	Izdani dužnički vrijednosni papiri	84.076	-	
Rezerviranja	2.615	Rezervacije	2.615	-	
		Ostale financijske obveze	38		U GFIBAN zasebno su prikazane pozicije porezne obveze, ostale financijske i ostale obveze, dok u godišnjem izvješću je to prikazano u jednoj poziciji
		Porezne obveze	13.548	-	
Ostale obveze	52.751	Ostale obveze	39.165		
UKUPNO OBVEZE	**3.316.045**	**UKUPNO OBVEZE**	**3.316.045**	**-**	
DIONIČKA GLAVNICA					
Dionički kapital	193.775	Temeljni kapital	193.775	-	
Kapitalna dobit	50.541	Premija na dionice	50.541	-	
Nerealizirani dobitak od financijske imovine mjerene kroz ostalu sveobuhvatnu dobit	52.848	Akumulirana ostala sveobuhvatna dobit	52.848	-	
Zadržana dobit	57.463	Zadržana dobit	57.463	-	
Zakonske pričuve	16.811	Ostale rezerve	16.811	-	
Dobit tekuće godine	37.484	Dobit ili gubitak koji pripadaju vlasnicima	37.484	-	
UKUPNO DIONIČKA GLAVNICA	**408.922**	**UKUPNO KAPITAL**	**408.922**	**-**	
UKUPNO OBVEZE I DIONIČKA GLAVNICA	**3.724.967**	**UKUPNO OBVEZE I KAPITAL**	**3.724.967**	**-**	

RAČUN DOBITI I GUBITKA ZA RAZDOBLJE OD 01.01.2019. - 31.12.2019. GODINE

Godišnji financijski izvještaj	u tisućama kuna	GFI - BAN	u tisućama kuna	Razlika	Obrazloženje
Kamatni prihodi	119.410	Kamatni prihodi	123.616		U godišnjem izvješću prihodi od zateznih kamata prikazuju se unutar pozicije Ostali prihodi, dok u GFI BAN zatezne kamate su prikazane unutar
Kamatni rashodi	(28.937)	Kamatni rashodi	(28.937)	(4.206)	pozicije Kamatnih prihoda
		Prihodi od dividendi	142	(142)	U godišnjem izvješću ova pozicija je unutar ostalih prihoda
Prihodi od naknada i provizija	28.120	Prihodi od provizija i naknada	28.120		
Rashodi od naknada i provizija	(8.649)	Troškovi provizija i naknada	(8.649)	-	
Neto dobit od trgovanja stranim valutama	7.251	Dobit/gubitak od financijske imovine koje se drže radi trgovanja	7.251	-	
Dobitak po prestanku priznavanja financijske imovine mjerene po fer vrijednosti kroz ostalu sveobuhvatnu dobit	10.093	Dobit / gubitak po prestanku priznavanja financijske imovine/obveza koje nisu mjerene po fer vrijednosti kroz rdg, neto	10.093	-	
Gubici od financijske imovine kojom se ne trguje, a koja se obavezno mjeri kroz rdg	(5.527)	Dobici/(gubici) od financijske imovine po fer vrijednosti kroz rdg	(5.527)	-	
Dobitak ili gubitak od obračunatih tečajnih razlika	1.428	Tečajne razlike (dobit ili gubitak), neto	1.428	-	
Ostali prihodi	16.682	Ostali prihodi iz poslovanja	12.334	4.348	U godišnjem izvješću prikazane zatezne kamate i prihodi od dividendi unutar Ostalih prihoda
Neto prihodi iz redovitog poslovanja	**139.871**				
		Ostali rashodi iz poslovanja	(6.493)		
Troškovi poslovanja	(78.907)				
Troškovi umanjenja vrijednosti i rezerviranja	(15.072)	Adiminstrativni rashodi	(64.038)	-	
Rashodi iz redovitog poslovanja	**(93.979)**	Amortizacija	(8.376)		
		Rezervacije ili ukidanje rezervacija	8.339		U Godišnjem izvješću pozicija troškova umanjenja vrijednosti i rezerviranja prikazani u skupnoj stavci, dok u GFI BAN ti troškovi podijeljeni u više pozicija
		Umanjenje vrijednosti ili ukidanje umanjenja vrijednosti financijske imovine koja nije mjerena po fer vrijednosti kroz rdg	(22.511)	-	
		Umanjenje vrijednosti nefinancijske imovine	(900)		
Dobit prije oporezivanja	**45.892**	**Dobit prije oporezivanja**	**45.892**		
Porez na dobit	(8.408)	Porezni rashodi	(8.408)	-	
Neto dobit za godinu	**37.484**		**37.484**		
IZVJEŠTAJ O OSTALOJ SVEOBUHVATNOJ 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	30707	*Dužnički instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit*	30707	-	
Porez na dobit koji se odnosi na stavke financijska imovina mjerena po fer vrijednosti kroz ostalu sveobuhvatnu dobit	(4.898)	*Porez na dobit koji se odnosi na stavke koje je moguće reklasificirati u dobit ili gubitak*	(4.898)	-	
Ukupna sveobuhvatna dobit tekuće godine	**63.293**		**63.293**		

Napomena: Za potrebe ove usporedbe neto rashodi/troškovi u GFI - BAN-u prikazani su sa negativnim predznakom.

IZVJEŠTAJ O NOVČANOM TIJEKU za razdoblje od 01.01.2019. - 31.12.2019. godine	**Godišnje financijsko izvješće**	**GFI BAN**	**Razlika**	**Obrazloženje**
				Razlike se odnose na različitu metodologiju prikaza stavaka unutar pozicija prije poslovnih aktivnosti i usklađenja
Dobit / gubitak prije oporezivanja	45.892	45.892	-	
Amortizacija	8.377	8.377	-	
Umanjenja vrijednosti i rezerviranja za gubitke	15.072	15.072	-	
Neto nerealizirane dobiti/gubitak od financijske imovine po fer vrijednosti kroz rdg	(5.527)	(5.527)		
Dobit / gubitak od prodaje materijalne imovine		(115)		
Neto prihodi od kamata	(90.473)			
Neto prihodi od naknada i provizija	(19.471)			
Ostale nenovčane stavke kretanja kapitala	(1.301)	1.310		
Novčani tijek ostvaren iz poslovanja prije promjena u obrtnom kapitalu	**(47.431)**			
Smanjenje potraživanja od HNB-a	(114.923)			Razlike se odnose na različitu metodologiju u prikazu stavaka GFI BANa 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		(97)	(95.445)	
Sredstva kod HNB-a		(19.478)		
Smanjenje depozita kod bankarskih institucija	82.866			
Povećanje zajmova i predujmova klijentima	(211.230)			U GFI BAN su dužnički financijski instrumenti prikzani u posebnoj poziciji, dok u Godišnjem izvješću isti su unutar pozicija Zajmova i predujmova klijentima po amortiziranom trošku
Krediti i predujmovi ostalim komitentima		(200.585)	(10.645)	
Vrijednosni papiri i dr.fin.instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit		(147.796)	-	
Povećanje dužničkih vrijednosnih papira	(147.796)		-	
Smanjenje vlasničkih vrijednosnih papira	4.580	4.580	-	
Smanjenje vrijednosnih papira i dr. fin. instrumenata koji se vode po amortiziranom trošku	20.720	10.075	10.645	
Plaćene kamate	(2.773)			U GFI BANu ova pozicija se iskazuje unutar neto novčanih tokovia iz poslovnih akivnosti
Naplaćene kamate	113.938			
Primljena dividenda	(142)		122.197	
Plaćene naknade i provizije	(8.649)			
Naplaćene naknade i provizije	19.823			
Povećanje ostale imovine	(20.566)	(20.566)	-	
Povećanje depozita klijenata	92.263			U GFI BAN su promjene po depozitima iskazani u zasebnim raščlanjenim pozicijama po vrstama depozita, dok u Godišnjem izvješću su isti prikazani u jednoj poziciji depozita klijenata
Povećanje ostalih obveza	35.834			U GFI BANu ova pozicija se iskazuje unutar tokova poslovnih aktivnosti
Plaćeni predujmovi poreza na dobit	(5.850)			U GFI BANu ova pozicija se iskazuje unutar tokova poslovnih aktivnosti
Neto novčana sredstva ostvarena iz poslovnih aktivnosti	**(141.905)**			
Depoziti od financijskih institucija		17.914		
Transakcijski računi ostalih komitenata		99.803		
Štedni depoziti		31.360		
Oročeni depoziti		(57.590)		
Ostale obveze		36.699		
Neplaćene kamate		133		
Plaćene kamate		(2.773)		
Plaćeni porez na dobit		(5.850)		
Neto novčani tokovi iz poslovnih aktivnosti		**(189.162)**		

Neto novčani tijek iz investicijskih / ulagačkih aktivnosti				
Izdaci za materijalnu i nematerijalnu imovinu i ulaganja u nekretnine	(21.582)	(21.898)	316	U GFI BANu je stavka umanjena i za amortizaciju i dobiti od prodaje imovine prikazana unutar poslovnih usklađenja prije poslovnih aktivnosti
Primljene dividende iz ulagačkih aktivnosti		142	(142)	U godišnjem izvješću stavka prikazana u poziciji poslovnih aktivnosti
Neto novčana sredstva iz investicijskih aktivnosti	**(21.582)**	**(21.756)**		
FINANCIJSKE AKTIVNOSTI				
Povećanje primljenih kredita	107.163	107.163	-	U GFI BANu stavka nije uključivala obračunate kamate u prethodnom razdoblju koje su bile prikazane unutar ostalih obveza, dok u godišnjem izvješću one su bile prikazane i u prethodnom razdoblju
Isplaćena dividenda	(12.595)	(12.595)		
Neto novčani tijek iz financijskih aktivnosti	**94.568**	**94.568**		
Neto povećanje / smanjenje gotovine i ekvivalenata gotovine	**(116.350)**	**(116.350)**		
Učinci promjene tečaja stranih valuta na gotovinu i ekvivalente gotovine	1.428	1.428		
Gotovina i ekvivalenti gotovine na početku godine	**418.065**	**418.065**		
Gotovina i ekvivalenti gotovine na kraju godine	**303.143**	**303.143**		

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

Prilog 2

on 31 December 2019

IZVJEŠTAJ O PROMJENAMA KAPITALA 01.01.2019. - 31.12.2019. U HRK															
Opis pozicije	**AOP oznaka**	**Raspodjeljivo imateljima kapitala matice**											**Manjinski udjel**		**Ukupno**
		Kapital	**Premija na dionice**	**Izdani vlasnički instrumenti 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**	**193.775.300**	**50.540.542**	**0**	**0**	**27.038.398**	**40.047.688**	**0**	**15.488.059**	**0**	**26.467.619**	**0**	**0**	**0**	**353.357.606**
2. Učinak ispravaka pogrešaka	2														0
3. Učinci promjena računovodstvenih politika	3														0
4. Početno stanje (tekuće razdoblje) (AOP 01 do 03)	**4**	**193.775.300**	**50.540.542**	**0**	**0**	**27.038.398**	**40.047.688**	**0**	**15.488.059**	**0**	**26.467.619**	**0**	**0**	**0**	**353.357.606**
5. Izdavanje redovnih dionica	5														0
6. Izdavanje povlaštenih dionica	6														0
7. Izdavanje ostalih vlasničkih instrumenata	7														0
8. Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata	8														0
9. Pretvaranje dugovanja u vlasničke instrumente	9														0
10. Redukcija kapitala	10														0
11. Dividende	11						-12.595.395								-12.595.395
12. Kupnja trezorskih dionica	12														0
13. Prodaja ili poništenje trezorskih dionica	13														0
14. Reklasifikacija financijskih instrumenata iz vlasničkih instrumenata u obveze	14														0
15. Reklasifikacija financijskih instrumenata iz obveza u vlasničke instrumente	15														0
16. Prijenosi između komponenata vlasničkih instrumenata	16						25.144.238		1.323.381		-26.467.619				0
17. Povećanje ili smanjenje vlasničkih instrumenata kao posljedica poslovnih kombinacija	17														0
18. Plaćanja temeljena na dionicama	18														0
19. Ostalo povećanje ili smanjenje vlasničkih instrumenata	19						4.866.912								4.866.912
20. Ukupna sveobuhvatna dobit tekuće godine	20					25.809.313					37.483.851				63.293.164
21. Završna (tekuće razdoblje) (AOP 04 do 20)	**21**	**193.775.300**	**50.540.542**	**0**	**0**	**52.847.711**	**57.463.443**	**0**	**16.811.440**	**0**	**37.483.851**	**0**	**0**	**0**	**408.922.287**
Nema suštinskih razlika u prikazu Izvještaja o promjenama kapitala															