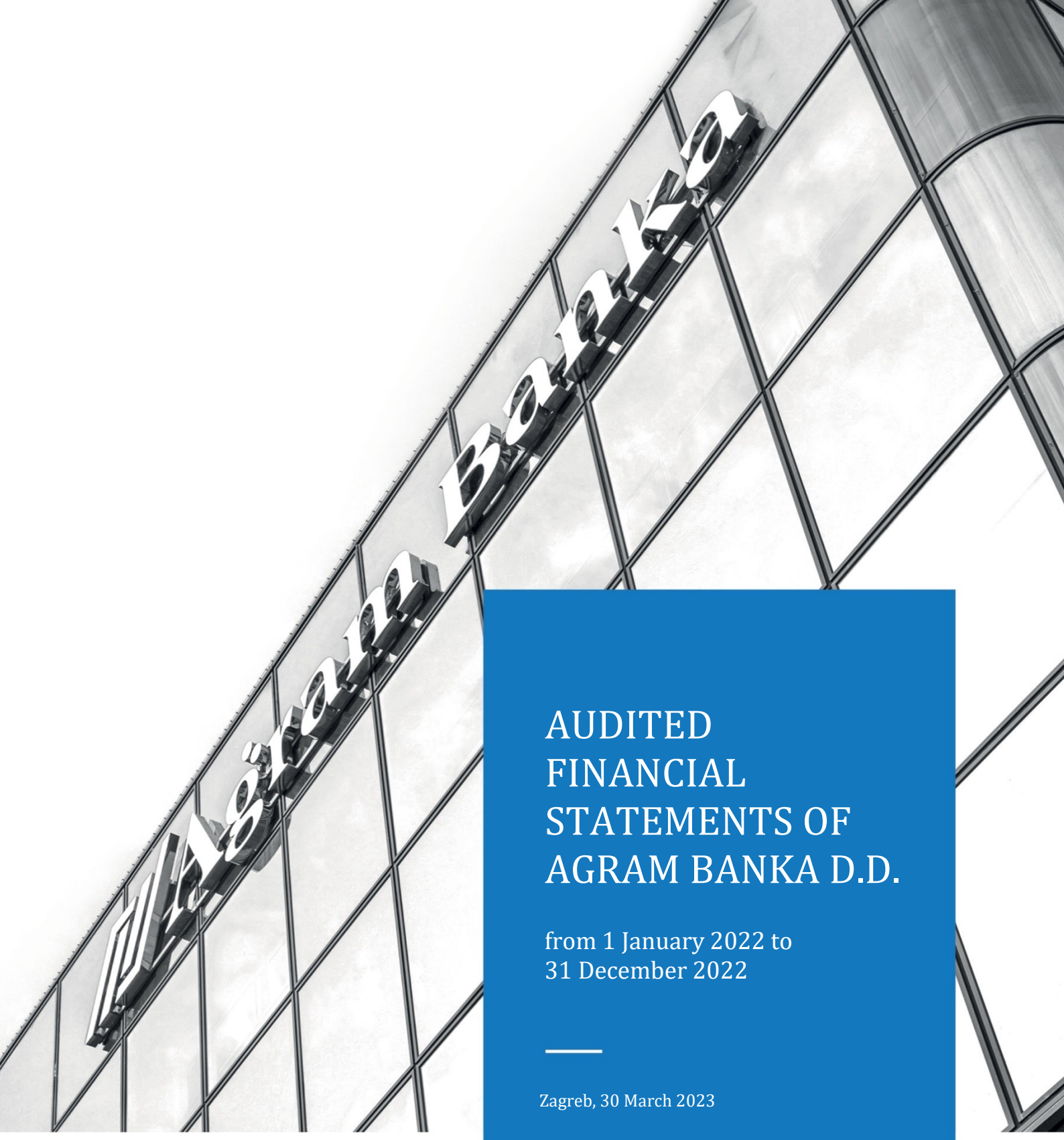


# AUDITED FINANCIAL STATEMENTS OF AGRAM BANKA D.D.

from 1 January 2022 to
31 December 2022

Zagreb, 30 March 2023

Agram Banka

Disclaimer: *The report in PDF format is an unofficial report. The official report is publicly available in the European Single Electronic Format.*

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**THE STATEMENT ON THE IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE**

In accordance with provisions of Article 272.p of the Companies Act and Article 22 of the Accountancy Act, the Management Board of Agram Banka d.d. states that Bank voluntarily applies the Corporate Governance Code jointly drafted by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange (ZSE) which is available on their websites.

The annual questionnaire for the business year 2022 shall be available on the Bank's website, www.agrambanka.hr and the website of the Zagreb Stock Exchange www.zse.hr all in accordance with the terms and conditions prescribed by the By-law on information concerning corporate governance that the issuers are obliged to file to the Croatian Financial Services Supervisory Agency and on the form, terms and manner of their filing ("Official gazette"/"Narodne novine" number 59/2020 and 12/2023). The annual questionnaire 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 and arguments for certain exceptions if some.
The Bank's corporate governance is achieved by complying with all the legal requirements and more particularly by maintaining a 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 by its business strategy, policy, key internal acts, and business practices tries to contribute to transparent and efficient business operation and high-quality connections within the business environment it operates.
To protect the interest of all investors, shareholders, clients, employees and other interested parties, the Bank has established high-level standards of corporate governance.

The Bank's Statute lays down the rules on appointment, the term of a mandate and revocation of members of the Management and Supervisory Board. The Management Board manages the operation of the Bank which implies undertaking all the actions and making all decisions needed for the Bank's successful operation, whereas the Supervisory Board acts as a regulatory body to which the Management Board reports.

Pursuant to the legal regulation in force, the Bank has prepared the Statement on the implementation of the Corporate Governance Code for 2022, by which it confirmed taking actions and further Bank's development in line with good practices of corporate governance in all business segments.

Data on significant shareholders of the company are listed within the ownership structure overview. Description of key elements of the internal controls system and risk management in relation to the financial reporting procedure, as well as information on the structure and activities of the Management Board, Bank and Supervisory Board, shall be provided further in this Statement.

# REPORT OF THE MANAGEMENT BOARD ON THE OPERATION OF THE BANK FOR 2022

Zagreb, 30 March 2023

Agram Banka

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## 1. INTRODUCTION

Ladies and gentlemen, esteemed business partners, respected shareholders, dear employees, Management Board of Agram banka d.d. with great pleasure provides you with this Report of the Management Board on the operation of the Bank for 2022.

## 2. MANAGEMENT AND SUPERVISORY BOARD OF THE BANK

Nataša Jakić Felić
Board Member

Boris Zadro
Chairman of the Board

**MANAGEMENT BOARD**

CHAIRMAN: Boris Zadro

MEMBER: Nataša Jakić Felić

**SUPERVISORY BOARD**

CHAIRMAN: Ante Penić

DEPUTY CHAIRMAN: Ankica Čeko

MEMBERS: Branka Klopović, Silvije Orsag, Stojan Štironja

## 3. OPERATION OF AGRAM BANKA D.D.

Agram banka d.d. (hereinafter: the "Bank") is incorporated as a public limited liability company in accordance with the applicable laws of the Republic of Croatia. It was registered at the Commercial Court in Zagreb in 1994 (as Kreditna banka Zagreb d.d. while on 28 December 2018 changed the name into Agram banka d.d.). The Bank's registered office is in Zagreb, Ulica grada Vukovara 74.

The 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, factoring, financial leasing, payment services in accordance with separate laws, safe custody services, credit reference services such as collection of information, development of analysis, issuance and management of other payment instruments , custodianship over financial instruments, purchase of securities, investment and ancillary services and activities prescribed by a separate law regulating capital market and other banking services.

Based on the Approval of 14 February 2007, the Bank performs insurance agency activities in accordance with the insurance laws in the part relating to bank insurance agency activities.

The Bank performs its activities through 6 branches i.e. a business network of 23 branch offices situated at the following addresses:

Branch Zagreb

- Branch office Zagreb, Ulica grada Vukovara 74
- Branch office Zagreb, Koledinečka 1
- Branch office Zvijezda, Zagreb, Marijana Čavića 1.
- Branch office Jastrebarsko, Šetalište braće Kazića 2
- Branch office Velika Gorica, Slavka Kolara 17A
- 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 Split

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

Branch Zadar

- Branch office Zadar, Obala kneza Branimira 5

Branch Rijeka

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

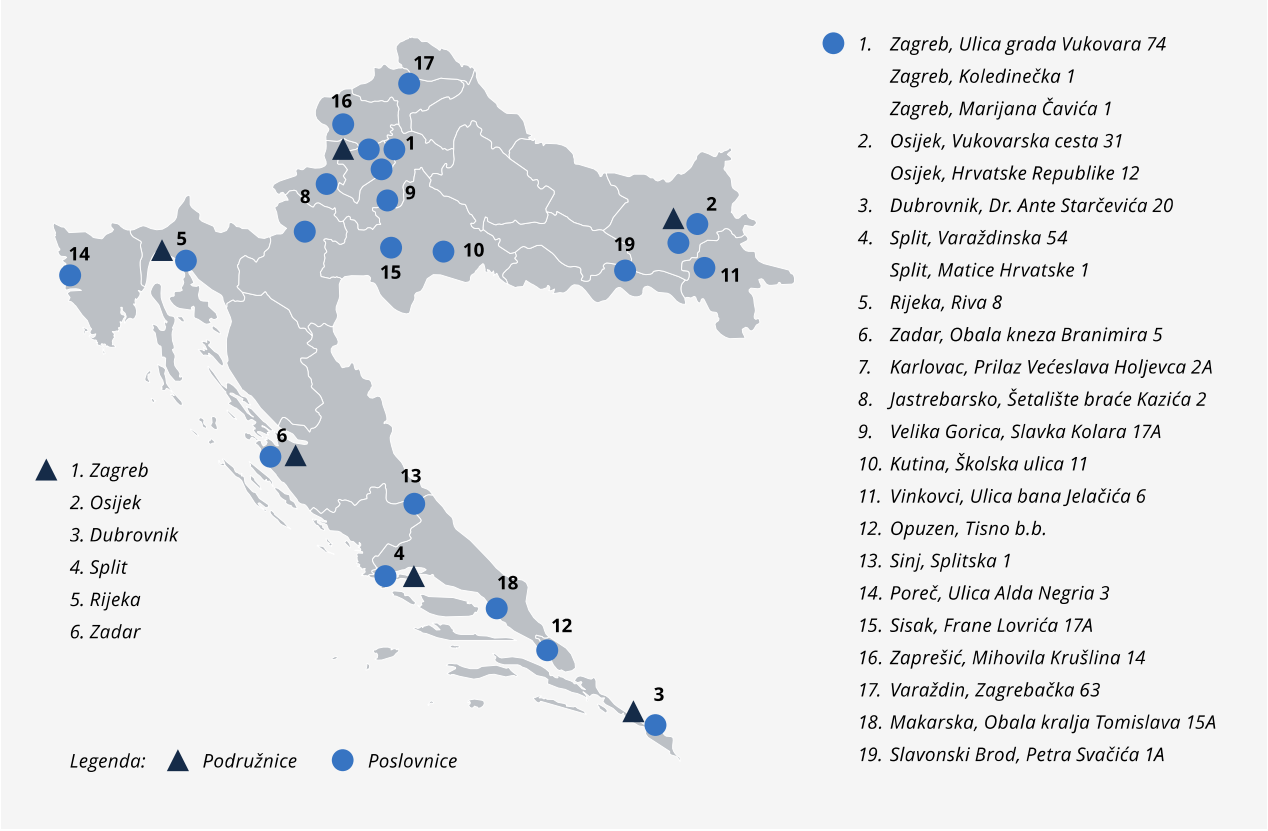
Branch Osijek

- 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 Dubrovnik

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

Agram banka d.d. does not have branches/branch offices in the EU member states or in the third countries, i.e. performs its activities solely in the territory of the Republic of Croatia.



### 3.1. BUSINESS ENVIRONMENT AND FINANCIAL RESULTS FOR 2022

Despite the expression „it's been an extremely challenging year" is a common introductory phrase in reports like this one, this time it accurately reflects the actual situation. When we brought the COVID-19 pandemic and all its negative effects under control and when world economies started to recover (however with different speeds of recovery, but as a rule started to recover), Russia-Ukraine conflict began which caused a new global wave of negative effects.

Within that context, the energy dependence of the European economies, and their general dependence on import of raw materials and finished products from eastern markets, became crystal clear to everyone. The growth of the industrial production in the euro area started to slow down during the year as a consequence of the latter.

As expected, Croatian economy could not stay immune to described events despite it applied mitigating measures through further development of the EU-sponsored infrastructure projects. The total level of investments financed with the EU instruments reached nearly 3 billion euros corresponding to almost 5% of GDP. At least the same pace is expected for 2023.

The significance of the tourist season for the Croatian economy is a well-known fact. In that respect, the revenue from tourism surpassed 2019 levels whereby other measuring indicators also suggest the 2019 revenue levels are nearly reached.

Realised income transfer is an expected consequence of the price increase which in the tourism sector is even higher than the recorded inflation rate. According to Croatian Bureau of Statistics the average inflation rate in the Republic of Croatia for the whole 2022 amounted to 10,8 % whereas the highest inflation rise was recorded in the category food and non-alcoholic beverages (19%) following by the category restaurants and hotels (17,1%).

Inflation growth and consequential reduction of real wages led to reduction of consumption which is not in line with the labour market developments (to which we were accustomed). The employment rate in Croatia still has sinusoidal motion connected to the tourist season, however the total number of unemployed has decreased below 100 thousand. Moreover, domestic labour market became attractive for foreign work force (mainly coming from the third world countries) and the number of such employees also approached the level of 100 thousand.

During 2022, the budget expenditures management was more than challenging. Due to those circumstances, particularly affected citizens and economic entities needed help. Hence, the Government approved aid packages on two occasions (spring and autumn aid package) that aimed to mitigate energy price increase.

When direct and indirect impacts are considered (reduction in income and increase in expenditure), we are talking about the total amount of nearly 6% of GDP. Nevertheless, due to strong GDP growth (over 6% in 2022) the mentioned will not result in the growth of general government debt-to-GDP ratio which dropped to the level of approximately 70%.

Expected consequence of the described trends, especially the need to limit the high inflation rate, to a significant extent affected (and shall affect) the interest rates rise. Recorded interest rates rise effected all types of clients, including the central government which was the reason domestic and foreign bonds were issued with higher yield.

This growth would surely be more pronounced on the domestic market should it not been amortised through positive effects of the accession to the monetary union. The Republic of Croatia as of 1 January 2023 replaced the prior kuna with euro as the new national currency and thereby became the 20th member of the monetary union.

The later largely affected the operation of Croatian banks. Along the Croatian National Bank, the banks were the main drivers of this highly important project. The project involved a comprehensive change in operation which necessarily entailed great engagement of available resources of banks.

Since the banks were well prepared, the migration process from kuna to euro was completed without significant problems.

Even under such pressure, Croatian banks operated successfully. Along the asset growth ocurred the increase in asset quality, reduction in absolute amount of non-performing exposures and reduction of impairment losses, which consequently affected profit and loss accounts resulting in improved return on equity ratio.

A brief overview of the operation of Agram banka during 2022 will be provided further in this Report.

The year behind us did not lack business and related challenges with which economic entities coped more or less successfully i.e. related to which they adapted their operation.

Agram banka indisputably falls within the category of corporations that operated successfully in 2022. Moreover, it will be remembered as the year in which our operation was far more profitable than in any other year since its incorporation.

The total gross profit for 2022 amounted to 55,8 million kunas which is a result of enhanced business performances in almost all significant business segments. Insignificant growth of the bank's assets was recorded corresponding to 4,32 billon kunas at the end of the year, however, significant changes occurred in its structure.

The Bank recorded the growth both in corporate lending activities (rise of exposure of approximately 4%) and retail lending activities (rise of exposure of approximately 13%). The total credit portfolio during 2022 grew by 10,27%.

In such circumstances the Bank gained interest income of 115,4 million kunas which in comparison with the previous year represents a slight decrease (or if those *off* effects of the previous business year are taken into account, it can be said that the level of interest income has stayed the same) which in circumstances of the fall in interest rates (recorded in most of 2022) is considered a very good result.

Interest expense is lower by over 3,5 million kunas in relation to the previous year thus the total net interest income is over 1 million kunas higher.

Higher absolute and relative increase is recorded in the category of fee and commission income which are 2,5 million kunas higher than in relation to 2021. This is primarily a consequence of continuous acquisitions and increased volume of payment transaction services provided through platforms of the Bank.

During 2022 the Bank successfully managed other assets which influenced other net non-interest income corresponding to nearly 15,9 million kunas.

Despite the increase of administrative costs which is mostly generated by the increase in employee costs, accumulated effect of all earlier mentioned is reflected in increase of the operative profit by over 62,2 million kunas which is 7,9 million kunas higher than in relation to 2021.

During 2022 the Bank made 6,3 million kunas of new impairment losses which is a growth of 2,4 million kunas in comparison with the same period of the previous year.

Given the scope of the project and its impact on regular operation of Agram banka, we must also mention the Euro project.

The conversion process in Agram banka was completed in line with the previously mentioned plan. The Bank achieved the target of availability and minimal accommodation of clients (minimal discontinuity of services) and already on 2 January 2023 worked full time, with full range of products and services.

All mentioned, and all done, which cannot fit in the report of this format, could not be achieved without exceptional contribution of our worthy team of associates. We use this opportunity to express our gratitude for their contribution, especially for making themselves available for the project and employer even on days that are traditionally reserved only for family.

Summary of indicators

| **in HRK 000** | **31 12 2022** |
|---|---|
| **ASSETS** | **4,318,300** |
| **LOANS** | **2,330,913** |
| **DEPOSITS** | **3,168,286** |
| **REGULATORY CAPITAL** | **427,912** |
| **INCOME** | **169,234** |
| **PROFIT BEFORE PROVISIONS** | **55,822** |
| **THE BANK'S RANK in CROATIA (according to the assets criteria) *** | **11** |
| **THE BANK'S RANK in CROATIA (according to the gained profit criteria) *** | **9** |

** Source: CNB, information on operation of credit institutions as of 31 December 2022. (Interim unaudited)*

## BALANCE SHEET

At the end of the year the total assets of the Bank amounted to 4,3 billion kunas, higher by 1% in relation to 2021. Loans to clients grew by 8% in relation to the previous year and amount to 2,33 billion kunas constituting 54 % of the Bank's total assets.

Liabilities of the bank mainly include deposits of clients (3,16 billion kunas) which constitute 81 % of the balance, and are higher by 2% in relation to the end of 2021.

| **ASSETS (in HRK 000)** | **2022** | **2021** | **Index** 22/21 |
|---|---|---|---|
| Cash and balances with Croatian National Bank | 890,625 | 1,004,048 | 89 |
| Placements with other banks | 99,861 | 112,113 | 89 |
| Financial Assets that must be measured at fair value through profit and loss | 45,944 | 46,402 | 99 |
| Assets measured at fair value through other comprehensive income | 752,878 | 786,627 | 96 |
| Loans to customers | 2,330,913 | 2,161,116 | 108 |
| Debt securities at amortized cost | 6,455 | 0 | |
| Tangible and intangible assets | 90,200 | 89,766 | 100 |
| Investments into property | 44,447 | 30,700 | 145 |
| Other assets | 56,977 | 62,668 | 91 |
| **Total assets** | **4,318,300** | **4,293,440** | **101** |

| **LIABILITIES (in 000 HRK)** | **2022** | **2021** | **Index** 22/21 |
|---|---|---|---|
| Customer deposits | 3,168,286 | 3,120,893 | 102 |
| Borrowings | 610,574 | 563,566 | 108 |
| Issued subordinated and hybrid instruments | 53,367 | 82,737 | 65 |
| Other liabilities | 68,295 | 60,111 | 114 |
| Provisions | 7,102 | 4,808 | 148 |
| **Total liabilities** | **3,907,624** | **3,832,115** | **102** |

| SHAREHOLDERS' EQUITY (in HRK 000) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Equity capital | 193,775 | 193,775 | 100 |
| Capital gains | 50,541 | 50,541 | 100 |
| Profit/loss for the current year | 45,406 | 41,148 | 110 |
| Provisions and retained earnings | 160,625 | 140,017 | 115 |
| Unrealised loss/gains from assets held for sale | (39,671) | 35,844 | (111) |
| **Total shareholders' equity** | **410,676** | **461,325** | **89** |
| **Total shareholder's equity and liabilities** | **4,318,300** | **4,293,440** | **101** |

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All of the circumstances described in the introductory part of this report are identifiable and reported in the Bank's statement of profit or loss.

Total income of the Bank amounts to 169 million kunas. When analysing the income structure, it can be concluded that the majority of the income comes from interest corresponding to 68% , while it amounted to 74% in 2021.

In 2022 interest income amounted to 115 million kunas and has decreased by 2,5 million kunas in comparison with 2021.

In 2022 the net interest income increased by 2 % percent in relation to the previous year and amounted to 104 million kunas. This is a result of reduction in interest expenses by 28 % compared with the prior year. In this year, interest expenses amount to 11,8 million kunas.

Fee and commission income was increased by 13 % in relation to the previous year and amounts to 36 million kunas. Fee and commission expenses were also increased by 16 % compared with the year before, which consequently led to a growth in the net fee and commission income of 11%. Gained net fee and commission income in 2022 amounted to 25 million kunas which is by 2,5 million kunas higher than in relation to the last year.

Total expenses in 2022 amounted to 113 million kunas which is a decrease of almost 4 million kunas compared with the previous year. Interest expenses are reduced by 4,6 million kunas due to a drop in interest rates on clients' deposits.

Administrative and general costs increased by 4 million kunas while the biggest increase refers to employee expenses and paid insurance premiums. Expenses of impairment losses and provisions have increased in relation to the previous year by 35% and amount to 6,4 million kunas.

Therefore, the amount of impairment charges and provisions in the total expenses amount to 6% while they were 4% in 2021.

The operating expenses constitute over 74 % of all the expenses while the interest and fee costs, as well as the costs deriving from the regular operation constitute 20 % of the total costs, as in the previous year.

Profit before taxation for 2022 amounts to 55,8 million kunas which is 11 % higher than the profit gained in 2021.

The net income amounts to 45,6 million kunas and is 10% higher than the net income gained in the previous year.

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (in HRK 000) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Interest and similar income | 115,373 | 117,876 | 98 |
| Interest and similar expenses | (11,785) | (16,383) | 72 |
| **Net interest income** | **103,588** | **101,493** | **102** |
| | | | |
| Fee and commission income | 35,929 | 31,920 | 113 |
| Fee and commission expenses | (10,875) | (9,347) | 116 |
| **Net fee and commission income** | **25,054** | **22,573** | **111** |
| | | | |
| Net gains from foreign currency trading | 5,733 | 4,434 | 129 |
| Net gains/losses from non-trading financial assets which are mandatorily measured at fair value through profit or loss | (596) | (211) | 282 |
| Net gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss | (43) | 86 | -50 |
| Calculated foreign exchange gains or losses | (269) | 273 | -99 |
| Other income | 12,704 | 5,580 | 228 |
| **Net operating income** | **146,171** | **134,228** | **109** |
| | | | |
| Operating expenses | (83,969) | (79,873) | 105 |
| Impairment losses and provisions costs | (6,380) | (4,117) | 155 |
| **Profit/loss before taxation** | **55,822** | **50,238** | **111** |
| | | | |
| Corporate income tax | (10,416) | (9,090) | 115 |
| **Net profit/loss for the year** | **45,406** | **41,148** | **110** |
| | | | |
| Unrealized gains from financial assets measured at fair value through other comprehensive income | (75,515) | (8,767) | 861 |
| **Total comprehensive income** | **(30,109)** | **32,381** | **(93)** |

| INTEREST INCOME (in HRK 000) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Loans to corporate clients | 55,153 | 60,978 | 82 |
| Loans to retail clients | 42,065 | 39,772 | 118 |
| Debt securities | 14,705 | 15,769 | 79 |
| Other companies | 3,450 | 1,357 | 217 |
| **Total interest income** | **115,373** | **117,876** | **94** |

| INTEREST EXPENSES (in HRK 000) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Retail clients | 4,074 | 6,766 | 38 |
| Companies | 1,195 | 2,035 | 63 |
| Banks | 5,849 | 6,198 | 66 |
| Other companies | 228 | 362 | 78 |
| Non-residents | 439 | 1,022 | 24 |
| **Total interest expenses** | **11,785** | **16,383** | **50** |

| FEE AND COMMISSION INCOME (in HRK 000) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Commission income from corporate clients | 19,586 | 16,496 | 135 |
| Commission income from retail clients and crafts | 7,582 | 6,704 | 127 |
| Commission income from banks | 8,761 | 8,720 | 103 |
| **Total fee and commission income** | **35,929** | **31,920** | **124** |

| FEE AND COMMISSION EXPENSES (in 000 HRK) | 2022 | 2021 | Index 22/21 |
|---|---|---|---|
| Fees and commissions for domestic payments | 7,900 | 6,257 | 133 |
| Other fees and commissions | 2,975 | 3,090 | 118 |
| **Fee and commission expenses** | **10,875** | **9,347** | **129** |

### 3.2. EXPECTATIONS FOR 2023

We live in tenuous times and are exposed to strong inflation pressures which are primarily evoked by the energy crisis and interest rate increase as one of the key tools for supressing the same. Central banks have therefore been forced to tighten the monetary policy by operating with more dynamics and faster than expected, which ended the stage of low or even negative interest rate.

Reduced availability of resources often triggers a recession. Even with differing opinions, leading economist agree that the global recession would come as a surprise in 2023. Moreover, the term „technical recession“ is also rarely mentioned when talking about the following period predictions.

When it comes to domestic situation, the situation in the Republic of Croatia is rather specific due to fact that we are still using benefits from entering into monetary union which is the reason we have not been hit hard by the effect of the earlier mentioned circumstances. Even though recorded inflation rate is higher than the EU average, interest rate increase does not correlate to such trend. Recorded and expected economic growth is expected from the projects largely (co)financed by the EU funds, hence a slowdown of an investment cycle shall be slightly milder than in relation to comparable economies.

Fitch therefore defined the odds for the growth of Croatian GDP arround 1% in 2023 (slightly lower than the CNB's projection) even though the public investments should grow in line with greater absorption from the EU funds. It is expected inflation will gradually ease to average 6 % in 2023 and 3% in 2024 stimulated by base effects and economic slowdown.

Furthermore, insignificant decrease of nominal wage growth is expected so that with the lower expected inflation, the wages will start to grow, especially in the second half of the following year. Unemployment rate could even decrease, despite the slower growth.

As we are already accustomed, we are facing particularly challenging and difficult period, however, we are convinced that by applying our best knowledge and experience, we will achieve defined business objectives and remain the leader in the group of banks we belong to.

Operation of Agram banka shall remain to be legal, with the aim of achieving further increase in efficiency and appropriate business results.

## 4. BUSINESS RISKS

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

The Bank has developed an integrated system of risk management by introducing and implementing policies and procedures and determining the limits of risk levels acceptable to the Bank. The Bank has also developed methods and models of operational risk management.

### A) CREDIT RISK

By granting a loan, the Bank becomes exposed to a credit risk which implies a possibility the debtor shall not be able to settle his obligations in full upon their maturity.

The Bank manages the credit risk by setting limits within which undertakes risk per each borrower or groups of borrowers. The Bank assesses the risks on a regular basis and examines them at least once a year or frequently.

In order to manage the level of credit risk, the Bank regularly assesses borrowers' creditworthiness and obtains collaterals for the purpose of reducing the credit risk.

The Bank specifically monitors credit risk exposure concerning the limits set in relation to the Bank's recognized capital.

By analysing the borrowers' creditworthiness, the Bank timely identifies potentially risky clients and in a structured and targeted manner manages the business relationship with the clients to maximize successful collection of claims.

In accordance with the legal provisions governing the internal control system, the Bank established decision-making levels which need to be followed when approving loans. In doing so, the Bank is guided by the principle determining that when a loan approval decision is not made by the Bank's Management Board and the amount of the client exposure exceeds the internally specified amounts of the client exposure, at least two persons should participate in the decision-making, whereby the person with the sales function shall make a decision in relation to which the person in charge of the risk control function shall give his/her approval.

Also, prior deciding in the event the client's exposure exceeds certain internally defined exposure amounts, the draft decision made by 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 towards the improvement or deterioration in the Bank's asset quality, therefore enabling the Bank a better credit risk management as well as timely actions aimed at reducing credit risk. Also, for the purpose of internal capital management, the Bank monitors and analyses the degree of concentration of loans per sectors and largest exposures of clients using the HHI index methodology.

**CREDIT RELATED COMMITMENTS**

The main purpose of these instruments is to ensure the funds are available towards the customers' needs. Lending obligations are obligations that can be revoked. Irrevocable liabilities exist in the event of unused portions of loans or approved overdrafts, since they occur from the terms set out in the loan agreements. Guarantees and approved letters of credit represent irrevocable assurance the Bank will make payments in the event the client is not able to settle his claims towards the third parties and carry the same credit risk as loans. By issuing documentary and commercial letters of credit the Bank on behalf of a client undertakes obligation in writing upon which the third party is entitled to demand payments from the Bank up to the contracted amount all in accordance with the stipulated terms and deadlines.

Letters of credit are secured by collaterals in the form of goods for which they are issued and therefore imply significantly lower risk than the one deriving from direct lending.

The Bank manages credit risks in line with the implemented policies and procedures and regulatory requirements of the Croatian National Bank.

When determining whether the risk of default on a financial instrument has increased significantly since its initial recognition, the Bank considers both quantitative and qualitative information and analyses. Criteria for determining significant increase of credit risks are defined for the purpose of proper allocation of performing exposures in "Stage 1" or "Stage 2".

The credit risk is considerably increased from the initial recognition when one of the prescribed criteria is met.

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

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

Such placements are divided by the Bank into the following risk subgroups:

A-1 if after the initial recognition the credit risk of a particular debtor's exposure has not increased considerably (Stage 1)
A-2 if after the initial recognition the credit risk of a particular debtor's exposure has increased considerably (Stage 2)
The placements that are in the status of non-fulfilment of obligations are allocated to the Risk Group B and C (Stage 3).

As per the credit quality monitoring, significant efforts have been made in conducting the timely credit quality analysis of each individual credit relationship for the purpose of identifying any "significant deterioration" from the date of initial recognition and the consequent need for classification in Stage 2, as well as the conditions for returning to Stage 1 from Stage 2.

Criteria for assessing if the credit risk has significantly increased are being defined at the appropriate segmentation level and differ depending on the exposure category at the time of occurrence.

Therefore, the 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 sources, which include overnight deposits, current account funds, maturing deposits and loan drawdowns.

The matching and controlled mismatching of the maturities and interest rates on assets and liabilities is of fundamental significance to the management of the Bank. Complete matching is not usual for banks since business is often diverse and is performed under uncertain conditions. A mismatched position can potentially enhance profitability, but also increase the risk of losses.

Maturities of assets and liabilities and the ability to replace interest-bearing liabilities at an acceptable cost 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 required for supporting guarantee payments and standby letters of credit is considerably lower than the amount of the undertaken obligations because the Bank generally does not expect the third party to draw funds under the concluded contracts.

The Bank carries out its liquidity risk management through a gap analysis in which the maturity of assets and liabilities is divided into several time categories and observes differences in certain time categories in order to timely harmonize its assets and liabilities.

Furthermore, the Bank monitors and analyses the movements of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) taking into account legal regulations and established internal limits and recovery plans. If either LCR or NSFR falls below the internally prescribed limits, the Risk Control Department informs the Assets and Liabilities Commission as well as the Bank's Management Board so they could take appropriate measures.

**c) MARKET RISK**

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

The limits are defined following the needs and strategy of the Bank and in line 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 is revised at least once per year. The indicators of exposure and limit utilization are delivered daily to the Treasury Division. In addition, the limit control is performed by the Risk Control Department as a second level of control and if certain limits of market risk are exceeded, it notifies the Management Board. As described in point 6 of this Report (a part in which we describe events after the balance date), the Bank changed the business model with respect to debt securities category, namely assets category it holds for collection of contractual cash flows by which it (taking into account its portfolio volume) significantly decreased sensitivity to changes in market prices.

### D) INTEREST RATE RISK

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

The Bank carries out the control and analysis of interest rate risk exposure via standard interest rate shock, the methodology laid down in by-laws according to which the interest rate risk in the banking non-trading book is viewed through indicators of change in capital equity in relation to its regulatory capital upon a scenario of a sudden parallel shift in the yield curve by ±200 basis points, as well as the change in capital equity in relation to Tier 1 capital upon six standardised interest rate shock scenarios.

At the same time, the Bank measures and monitors the influence of interest rate risk in the banking non-trading book on the net interest income. In addition to legal limits, the Bank prescribed internal limits that are monitored by the Risk Control Department.

### E) 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 for each currency and in total for both overnight and intraday positions.

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 upon the stress tests under certain conditions.

By accession of the Republic of Croatia to eurozone, monitoring of currency risk has eased. In the context of monitoring the currency risks, the Bank has certainly benefit therefrom. The Bank now operates with clients in other currencies (which are not the euro) in far less volume than in euro which became the national currency.

### F ) EQUITY PRICE RISK

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

The primary exposure of the Bank to equity price risk arises from the equity securities portfolio available for sale. The Bank does not actively trade in equity securities.

### G ) ESG RISKS

In Agram banka we are aware of our (in)direct impact i.e. role we have in terms of sustainable development of society. For that reason, we have recently carried out portfolio analyses of our clients for the purpose of conducting carbon footprint evaluation, which gives us a quality basis for modelling. We plan to carry out modelling in the following term set by the applicable regulation.

This is a major change in the business model which will indisputably (and in part already is) followed by the change in business processes and internal acts which describe such processes, all with the final effect of reduction of carbon footprint of the Bank and clients base which the Bank financially supports.

## 5. INFORMATION ON SHARE BUYBACK

During 2022 there was no share buyback.

## 6. EVENTS AFTER THE BALANCE DATE

After the balance date, in line with the Act on introduction of the euro as official currency in the Republic of Croatia, euro has been introduced as the official currency in the Republic of Croatia. Financial statements for 2022 were made in kunas as the currency that was in force until 31 December 2022, while financial statements for the following periods will be made in euros as the new currency.

Furthermore, the Management Board of the Bank passed a decision in December 2022 on the change of business model for debt securities which the Bank holds for collection of cash flow and sale to the business model to hold for collection of the contractual cash flows.

The Bank considers that the change of the business model occurred in the fourth quarter of 2022 for which reason it passed the relevant decisions in December 2022 while 28 February 2023 was set as the date of reclassification of financial instruments.

The impact of the change in the business model, i.e. the mentioned portfolio reclassification is evident in reduction of debt securities at fair value through other comprehensive income (AOP 019) for the amount of 96,6 million euros, i.e. the equivalent of 727,6 million kunas, increase in debt securities at amortized cost (AOP 022) for the amount of 103,1 million euros, the equivalent of 776,6 million kunas and increase of accumulated other comprehensive income, net of deferred tax assets, (AOP 059) in capital and reserves for the amount of 6,5 million euros, the equivalent of 49 million kunas, which can be seen in the following reporting period as of 31 March 2023.

After the Balance date, there were no other events (save for those mentioned hereabove) that would significantly affect the Bank's annual audited financial statements for 2022 that are being published.

In Zagreb, 30 March 2023

Chairman of the Management Board

Boris Zadro

*Objective of Agram banka d.d. is to be Your steady business partner you can always rely on, to be the Bank which will advise you, adapt to You – be the Bank that suits your needs!*

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# AGRAM BANKA d.d.

## Financial statements for the year ended 31 December 2022 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 the preparation and content of the Management Board Report of Condition of the Bank, Declaration of application of the Code of Corporate Governance and the rest of other information, in accordance with the Accounting Act (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20, 47/20, 114/22).

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:

For signatures, please refer to the original Croatian auditor's report, which prevails.

Boris Zadro
President of the Management Board

Nataša Jakić Felić
Member of the Management Board

**Agram banka d.d.**
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Republic of Croatia

30 March 2023

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10000 Zagreb
Radnička cesta 180

# INDEPENDENT AUDITOR'S REPORT

## To the shareholders of Agram banka d.d., Zagreb

## The report on the Audit of the Financial Statements

*(Translation – the Croatian text is authoritative)*

### Opinion

We have audited the annual financial statements of Agram banka d.d. (the "Bank"), which comprise the statement of the Bank's financial position as at 31 December 2022, statement of profit and loss and comprehensive income, statement of cash flows and statement of changes in the Bank's equity and reserves for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with the statutory accounting requirements for banks in Croatia.

### Basis for Opinion

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under these standards are further described in our independent auditor's report in Auditor's responsibilities for the audit of the annual financial statements section of our Independent Auditor's report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including the International Standards of Independence issued by the International Ethics Standards Board for Accountants ("IESBA", "IESBA Code") and have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Key Audit Matters

Key audit matters are those which were, in our professional judgment, of the utmost importance for our audit of the annual financial statements of the current period and include most significant recognized risks of significant misstatement as a result of error or fraud with the greatest impact on our audit strategy, the allocation of our available resources and the time spent by the engaged audit team. We have dealt with these matters in the context of our audit of the annual financial statements as a whole and in forming our opinion about them, and we do not give a separate opinion on these matters.

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<br>As at 31 December 2022, gross loans and advances to customers in the financial statements amount to HRK 2,493,505 thousand, while related provisions for impairment amount to HRK 162,949 thousand (31 December 2021: gross loans and advances to customers: HRK 2,324,406 thousand, impairment provisions: HRK 163,290 thousand).</td></tr>
<tr><td>Key audit matter<br>Impairment allowances represent Management's best estimate of risk of default and the expected credit losses within the loans and advances at the reporting date. We focused on this area due to the significance of the amounts involved for the annual financial statements and also because of the nature of the judgements and assumptions that the Management is required to make.<br>IFRS requires Management to make judgments about the future and various items in the financial statements are subject to estimation uncertainty. The estimates required for credit loss allowances for loans and advances to customer are significant estimates.<br>The key areas of judgement associated with credit loss allowances for loans and advances to customer are the identification of loans that are deteriorating, the assessment of significant increase in credit risk, forecasts of future cash flows as well as expected proceeds from the realization of collateral and the determination of the expected credit losses of loans and advances to customer which are all inherently uncertain.<br>The impairment allowance is measured as either 12 months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.<br><br>Related disclosures in the accompanying annual financial statements<br>For additional information, see the notes to the annual financial statements: 3.2, 3.21, 10, and 16.</td><td>Audit procedures<br>Our audit procedures related to this area, among others, included:<ul><li>reviewing the methodology of the Bank for the calculation of the expected credit loss and assessing its compliance with the requirements of IFRS 9,</li><li>obtaining an understanding of the provisioning process, IT applications used therein, as well as key data sources and assumptions for data used in the expected credit loss model,</li><li>evaluating the design, implementation and operational effectiveness of controls in credit risk management and lending processes, and tested key controls related to the approval, recording and monitoring of loans and advances,</li><li>testing, on a sample basis, whether the definition of default and the staging criteria were consistently applied in accordance with relevant policies,</li><li>evaluating the overall modelling approach of calculation of expected credit losses (ECLs), including the calculation of main risk parameters and macroeconomic factors (probability of default (PD), loss given default (LGD) and exposure at default (EAD),</li><li>testing the adequacy of individual loan loss allowances, on a sample basis, with focus on those with the greatest potential impact on the financial statements due to their magnitude and risk characteristics, as well as lower value items, which we independently assessed as high-risk,</li><li>conducting an evidentiary test of the selected sample to assess the correctness of the loan classification,</li><li>in certain cases we used our own judgment to determine the parameters for calculating impairment losses on loans and compared our calculations with the impairment of the value calculated by the Bank,</li><li>evaluating the accuracy and completeness of the financial statement disclosures.</li></ul></td></tr>
</table>

**Other Information in the Annual Report**
Management is responsible for the other information. The other information is an integral part of the Bank's Annual Report but does not include the annual financial statements and our Independent auditor's report on them.
Our opinion on the annual financial statements does not include other information and, except to the extent otherwise explicitly stated in our report, we do not express any kind of assurance conclusion with on them.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. In this sense, we do not have anything to report.

With respect to the Management Board Report of the Bank and The Statement on the Implementation of Corporate Governance Code, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether:

- the Bank's Management Board Report of the Bank has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act;

- the specific information in The Statement on the Implementation of Corporate Governance Code required by Article 22, paragraph 1, items 3 and 4 of the Accounting Act ("relevant sections of the Implementation of Corporate Governance Code") has been prepared in accordance with the requirements of Article 22 of the Accounting Act; and

- the Statement on the Implementation of Corporate Governance Code includes the information specified in Article 22, paragraph 1, items 2, 5, 6 and 7 of the Accounting Act.

Based on the procedures that we performed during the audit of the financial statements and procedures above, in our opinion:

- the information given in Management Board Report of the Bank and the relevant sections of the Statement on the Implementation of Corporate Governance Code as part of the Annual report of the Bank for the year are in accordance with the financial information stated in the annual financial statements of the Bank set out on pages 30 to 104 on which we expressed our opinion as stated in the Opinion section above;

- the information given in Management Board Report of the Bank and the relevant sections of the Statement on the Implementation of Corporate Governance Code is prepared in accordance with the requirements of Articles 21 and 22 of the Accounting Act, respectively;

- the Implementation of Corporate Governance Code includes the information specified in Article 22 paragraph 1, items 2, 5, 6 and 7 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Annual Report for 2022. We have nothing to report in this respect.

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

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

In preparing the annual financial statements, the 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 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 Annual 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual 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 Board of the Bank.

- 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 Annual Financial Statements (continued)**

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.

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

**Report on Other Legal and Regulatory Requirements**

On 12 May 2022, the General Assembly of the Bank appointed us to conduct an audit of the Bank's annual financial statements for 2022.

We were appointed to perform the legal audit of the Bank's annual financial statements for the first time in 2019.

In the audit of the Bank's annual financial statements for 2022, we determined the significance for the annual financial statements as a whole in the amount of HRK 8,400 thousand, which represents approximately 2% of the Bank's net assets for 2022.

We chose Net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Bank is commonly measured by users and is a generally acceptable benchmark.

During the period between the initial date of the audited annual financial statements of the Bank for the year 2020 and in the business year prior to the aforementioned period, we did not provide the Bank with prohibited non-assurance services or provided 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 independence in relation to the during the performance of the audit.

Pursuant to the Decision on the structure and contents of annual financial statements published by Croatian National Bank on 9 May 2018 (OG 42/18), the Bank's Management prepared forms presented on pages 105 to 110 (hereinafter „the Forms"). The financial information in the Forms is derived from the financial statements of the Bank and the Group set out on pages 30 to 104 on which we expressed our opinion as stated in the section Opinion above.

**Report on Other Legal and Regulatory Requirements (continued)**

Pursuant to requirements of the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20 and 151/22), the Bank disclosed required information on pages 111 and 112, which comprise all information as stipulated by the article 164, paragraph 1. Disclosed information are derived from the Bank's financial statements presented on pages 30 to 104 on which we expressed our opinion as stated in the section Opinion above.

The partner engaged in the audit of the Bank's annual financial statements for the year 2022 resulting in this Independent auditor's report is Ivan Čajko, certified auditor.

In Zagreb, 30 March 2022

BDO Croatia d.o.o.
Radnička cesta 180
10000 Zagreb

For signatures, please refer to the original Croatian auditor's report, which prevails.

Ivan Čajko, Member of the Management Board and certified auditor

| | Note | 2022 | 2021 |
|---|---|---|---|
| Interest income | 4 | 111,925 | 111,008 |
| Interest expenses | 5 | (11,785) | (16,383) |
| **Net interest income** | | **100,140** | **94,625** |
| Fee and commission income | 6 | 35,929 | 31,920 |
| Fee and commission expenses | 6 | (10,875) | (9,347) |
| **Net fee and commission income** | | **25,054** | **22,573** |
| Net gains from dealing in foreign currencies | 7 | 5,733 | 4,434 |
| (Losses)/Gains from financial assets at fair value through other comprehensive income | | (596) | 86 |
| (Losses) on financial assets that are not traded, which are measured at fair value through profit or loss | | (43) | (211) |
| Calculated foreign exchange (losses)/gains | 7 | (269) | 273 |
| Other income | 8 | 16,152 | 12,448 |
| **Operating income** | | **146,171** | **134,228** |
| Operating expenses | 9 | (83,969) | (79,873) |
| Impairment losses and provisions | 10 | (6,380) | (4,117) |
| **Operating expenses** | | **(90,349)** | **(83,990)** |
| **Profit before taxation** | | 55,822 | 50,238 |
| Corporate income tax | 12 | (10,416) | (9,090) |
| **Net profit for the year** | | **45,406** | **41,148** |
| Unrealized loss from valuation of financial assets measured at fair value through other comprehensive income | 17 | (77,232) | (10,406) |
| **Other comprehensive income** | | **(31,826)** | **30,742** |
| Income tax relating to items that can be reclassified as profit or loss | | 1,717 | 1,639 |
| **Total comprehensive income** | | **(30,109)** | **32,381** |
| **Earnings per share in HRK** | 28 | **23.43** | **21.23** |

*Notes to the Financial Statements form an integral part of these financial statements.*

| | Note | 31/12/2022 | 31/12/2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with the Croatian National Bank | 13 | 890,625 | 1,004,048 |
| Placements with other banks | 14 | 99,861 | 112,113 |
| Assets that must be measured at fair value through profit and loss | 15 | 45,944 | 46,402 |
| Assets measured at fair value through other comprehensive income | 17 | 752,878 | 786,627 |
| Loans and receivables to customers | 16 | 2,330,913 | 2,161,116 |
| Debt securities at amortised cost | 16 | 6,455 | - |
| Intangible assets | 18 | 22,574 | 21,982 |
| Property and equipment | 19,36 | 67,626 | 67,784 |
| Investment property | 20 | 44,447 | 30,700 |
| Other assets | 21 | 56,977 | 62,668 |
| **Total assets** | | **4,318,300** | **4,293,440** |
| **LIABILITIES** | | | |
| Deposits and current accounts from customers | 22 | 3,168,286 | 3,120,893 |
| Borrowings | 23 | 610,574 | 563,566 |
| Subordinated instruments | 25 | 53,367 | 82,737 |
| Provisions | 29 | 7,815 | 4,808 |
| Other liabilities | 24 | 67,582 | 60,111 |
| **Total liabilities** | | **3,907,624** | **3,832,115** |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 26 | 193,775 | 193,775 |
| Share premium | 26 | 50,541 | 50,541 |
| Unrealized (losses)/gains on financial assets through other comprehensive income | 17 | (39,671) | 35,844 |
| Retained earnings | 27 | 140,526 | 119,918 |
| Legal reserves | 27 | 20,099 | 20,099 |
| Profit for the current year | | 45,406 | 41,148 |
| **Total shareholders' equity** | | **410,676** | **461,325** |
| **Total liabilities and shareholders' equity** | | **4,318,300** | **4,293,440** |

*Notes to the Financial Statements form an integral part of these financial statements.*

| | Share capital | Share premium | Accumulated other comprehensive income | Retained earnings and reserves | Profit for the current year | Total |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **193,775** | **50,541** | **44,611** | **111,759** | **28,258** | **428,944** |
| Dividends paid | - | - | - | - | - | - |
| Transfer to reserves | - | - | - | 1,413 | (28,258) | (35,609) |
| Transfer of profit to retained earnings | - | - | - | 26,845 | - | 35,610 |
| *Total transactions with owners* | *193,775* | *50,541* | *44,611* | *140,017* | - | ***428,944*** |
| Unrealized loss on financial assets at fair value through other comprehensive income | - | - | **(8,767)** | - | - | (8,767) |
| Net profit for the current year | - | - | - | - | 41,148 | 41,148 |
| ***Total comprehensive income*** | - | - | (8,767) | - | 41,148 | *32,381* |
| **Balance as at 31 December 2021** | **193,775** | **50,541** | **35,844** | **140,017** | **41,148** | **461,325** |
| **Balance as at 1 January 2022** | **193,775** | **50,541** | **35,844** | **140,017** | **41,148** | **461,325** |
| Dividend payment | - | - | - | (20,540) | - | (20,540) |
| Transfer to reserves | - | - | - | - | - | - |
| Transfer of profit to retained earnings | - | - | - | 41,148 | (41,148) | - |
| *Total transactions with owners* | *193,775* | *50,541* | *35,844* | *160,625* | - | *440,785* |
| Unrealized loss on financial assets at fair value through other comprehensive income | - | - | (75,515) | - | - | (75,515) |
| Net profit for the current year | - | - | - | - | 45,406 | 45,406 |
| *Total comprehensive income* | - | - | *(75,515)* | - | *45,406* | *(30,109)* |
| **Balance as at 31 December 2022** | **193,775** | **50,541** | **(39,671)** | **160,625** | **45,406** | **410,676** |

*Notes to the Financial Statements form an integral part of these financial statements.*

Cash flow statement

for the year ended 31 December 2022

(all amounts are expressed in thousands of HRK)

| | 2022 | 2021 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 55,822 | 50,238 |
| *Adjustments:* | | |
| Depreciation and value adjustment | 8,333 | 8,205 |
| Impairment losses and provisions | 6,380 | 4,117 |
| Net (gains) on securities at fair value through P/L | (596) | (211) |
| Net income from sale of tangible assets | (3,770) | (441) |
| Non-monetary items of movement through capital | (93,143) | (21,680) |
| **Cash flow from operating activities before working capital changes** | **(26,974)** | **40,228** |
| Decrease/(Increase) in receivables from CNB | 113,432 | (31,151) |
| (Increase) in loans and advances to customers | (169,797) | (125,135) |
| Increase in deposits from other banks | 12,271 | 17 |
| Increase in deposits from customers | 47,393 | 558,838 |
| (Increase)/Decrease in other assets | 13,459 | (1,840) |
| Increase in other liabilities | 1,654 | 15,322 |
| Paid advances for income tax | (8,028) | (6,033) |
| **Net cash flow used in operating activities** | **10,383** | **410,018** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of tangible and intangible assets and investment property | (22,514) | (7,541) |
| Increase/(Decrease) in debt securities | 27,294 | 73,319 |
| (Decrease)/Increase in equity securities | 458 | 414 |
| Received dividends | 261 | 241 |
| **Net cash flow from investing activities** | **5,499** | **66,433** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Received/(Repaid) loans | 47,008 | (114,450) |
| Dividend pay-out | (20,540) | - |
| **Net cash flow realized/(used) from financial activities** | **26,468** | **(114,450)** |
| **Net increase in cash and cash equivalents** | **15,375** | **402,228** |
| Cash and cash equivalents at the beginning of year | 929,277 | 526,776 |
| Effect of changes in foreign exchange rates | (269) | 273 |
| **Cash and cash equivalents at the end of year** | **944,383** | **929,277** |

*Notes to the Financial Statements form an integral part of these financial statements.*

## 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 the Republic of Croatia. The statutory accounting requirements for banks in the Republic of Croatia is based on the International Financial Reporting standards as adopted in the EU ("the IFRS") as stipulated in the Accounting Act and in accordance with the CNB's banking regulations.

In these financial statements balances on 31 December 2022 and 31 December 2021 balances have been aligned to the IFRS requirements.

Other main items listed below may in certain cases cause measurement differences, but these items did not raise deviation between two frameworks:

- the minimum amounts of impairment and provisions for exposures that are in the status of non-fulfilment 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-fulfilment status liabilities that may be different from impairment losses calculated in accordance with IFRS 9,
- If the exposure is not secured by an adequate collateral and future cash flows for a given exposure cannot 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 fulfilment 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 IFRS 9 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 following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current financial period:

- **Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards"**- Annual Improvements to IFRS Standards 2018-2020 regarding the Subsidiary as a First-time Adopter (effective for annual periods beginning on or after January 1, 2022)
- **Amendments to IFRS 3 "Business Combinations"** – Update of a reference to the Conceptual Framework, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IFRS 9 "Financial Instruments"** - Annual Improvements to IFRS Standards 2018-2020 regarding fees in the '10 per cent' Test for Derecognition of Financial liabilities (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IFRS 16 "Leases"** - Annual Improvements to IFRS Standards 2018-2020 for illustrative purposes only

***Initial application of new amendments to the existing standards effective for the current reporting period (continued)***

- **Amendments to IAS 16 "Property, plant and equipment"**- Prohibition of cost deduction for proceeds before Intended Use, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"**- clarification of the costs of fulfilling related to the onerous contracts, adopted in the European Union on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to IAS 41 "Agriculture"** - Annual Improvements to IFRS Standards 2018-2020 regarding Taxation in Fair Value Measurements (effective for annual periods beginning on or after January 1, 2022)

The adoption of these amendments to existing standards did not lead to significant changes in the Bank's financial statements.

***Standards, amendments to existing standards and interpretations issued by the IASB and adopted in the European Union, but not yet effective***

At the financial statements' approval date, the following amendments to existing standards issued by IASB and adopted in the European Union were published, but not yet effective:

- Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted in the European Union on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023)
- Amendment of IAS 1 "Presentation of Financial Statements" and IFRS Management Report 2 – Comparative Information, adopted by the European Union on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates, adopted in the European Union on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, adopted in the European Union on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023)

***Standards and amendments to the existing standards issued by IASB and not yet adopted by the EU***

IFRS currently adopted in the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, the adoption of which the European Union has not yet decided on (date of entry into force set out below relate to IFRSs issued by the IASB):

- Amendments to IFRS 16 "Leases"- Lease Liability in a Sale and Leaseback, effective for annual periods beginning on or after 1 January 2024

***Standards and amendments to the existing standards issued by IASB and not yet adopted by the EU (continued)***

- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-current Date, Classification of Liabilities as Current or Non-current - Deferral and Non-current Liabilities with Covenants, effective for annual periods beginning on or after 1 January 2024

The Bank is currently evaluating the impact of new standards and changes to existing standards on its financial statements. The Bank expects that the adoption of these new standards and amendments to existing standards will not lead to significant changes in the Bank's financial statements in the period of the first application of the standard.

## 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 unfavourable 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) is held within the business model whose objective is achieved by collecting contracted cash flows and selling 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.

**Financial 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-fulfilment of obligations), a loss due to the non-fulfilment of obligations (LGDs) and exposures in the status of non-fulfilment of obligations (EAD).

When calculating the expected credit losses for exposures deployed in the A-1 subgroup (Stage 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.

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, i.e. 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 financial assets 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-fulfilment 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-fulfilment 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 unfavourable 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.

**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-fulfilment 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-fulfilment, 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-instalment, 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:

| | 2022 | 2021 |
|---|---|---|
| Pension contributions | 20% | 20% |
| Health insurance contributions | 16.5% | 16.5% |

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. Summary of significant accounting policies (continued)

### 3.9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents 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 repurchased 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 reclassify all financial assets affected.

### 3.10. Property, equipment 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. Property, equipment 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:

| | 2022 | 2021 |
|---|---|---|
| **Description** | **%** | **%** |
| Buildings | 2.50 - 5 | 2.50 - 5 |
| Real estate investments | 2.50 - 5 | 2.50 - 5 |
| Computer hardware | 15 - 50 | 15 - 50 |
| Furniture and equipment | 10 - 25 | 10 - 25 |
| Motor vehicles | 10 - 20 | 10 - 20 |
| Computer software | 10 - 50 | 10 - 50 |
| Investment in third-party assets | 10 - 20 | 10 - 20 |

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 in preparation for that purpose). Investment property is measured at cost, including transaction fees and subsequent measurement of investment property is measured at amortized cost. 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.

Depreciation is calculated using the straight-line method, so that the purchase value of the asset is written off over its estimated useful life according to the annual rates shown in point 3.10.

### 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. 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 2022 | EUR 1 = HRK 7.534500 | USD 1 = HRK 7,064035 |
| 31 December 2021 | EUR 1 = HRK 7.517174 | USD 1 = HRK 6,643548 |

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.

## 3. Summary of significant accounting policies (continued)

### 3.17. Sale and repurchase agreements (continued)

Securities sold under sale and repurchased 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".

### 3.18. Leases

The classification of leases is made at the beginning of the lease, and leases are divided into finance and operating leases.

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

In the event that it enters into a finance lease as a lessor, the Bank will initially recognize the leased assets as a receivable in an amount equal to the net investment in the lease. The initial costs directly related to the conclusion of a finance lease agreement are attributed by the Bank to the amount of the lease receivable.

If it enters into a finance lease as a lessee, the Bank recognizes it in the balance sheet at the beginning of the lease term as assets and liabilities at amounts equal to the fair value of the leased asset, or lower, at the present value of the minimum lease payments lease using the implicit interest rate of the finance lease, or if it is not a practical interest rate on additional assets. Initial costs directly related to the conclusion of a finance lease agreement [e.g. costs of negotiating intermediaries], the Bank attributes to the amount of recognized leased assets.

During the term of the finance lease, the Bank depreciates the leased assets in the same way as it depreciates the same type of assets owned by the Bank. Exceptionally, if it is not probable that the Bank will acquire ownership of the leased asset upon termination of the lease, the Bank will depreciate it in a period shorter than the lease term.

An operating lease is any form of lease other than a finance lease that is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

In the event that it enters into an operating lease as a lessor, the Bank will account for the leased assets in its balance sheet in accordance with the nature of the leased assets. Operating lease income The Bank will recognize in income during the lease period using the straight-line method. Initial costs directly attributable to an operating lease are deferred and recognized as an expense in the same way as the lease income.

During the term of the operating lease, the Bank performs depreciation and impairment testing of leased assets in the same way as it performs depreciation for the same type of assets owned by the Bank.

During the period of the finance lease, the Bank treats the finance lease receivable as principal repayment and finance income. The Bank recognizes finance income in amounts that reflect a constant periodic rate of return on uncollected net investment in a finance lease.

In the event that it enters into an operating lease as a lessee, the Bank will be required to record the lease in the accounts of assets and liabilities in accordance with the provisions of IAS 16:

**3. Summary of significant accounting policies (continued)**

**3.18. Leases (continued)**

- Lease liabilities (liabilities - long-term liabilities) in the amount of the present value of the agreed payments under the operating lease agreement for the agreed period.
- Right of use assets (assets - fixed assets) in the amount of the initially determined obligation under the operating lease contract increased by all payments made until the beginning of the contract (special rent), and initial direct costs incurred by the lessee (processing cost)
- After the beginning of the lease, the lessee is obliged to measure the property with the right of use by the cost method. According to the cost method, the right to use is measured at cost less accumulated depreciation, i.e. accumulated depreciation. The stated assets are depreciated on a monthly basis.

The lease liability is initially measured at the present value of the lease payments over the lease term determined by applying the rate contained in the lease if it can be determined immediately. Otherwise, the Bank will apply an incremental rate to borrowing (interest rate of borrowing on the market under similar conditions or with similar collateral).
The interest thus calculated on the liability under the operating lease agreement represents the cost of the period to which it relates and is not included in the long-term liability.
Exceptions to this method of recording leases are contracts concluded for a period of up to one year or leases whose subject matter is a small value asset, and such contracts are not considered leases but services and are reported monthly as lease expense over the term of the contract.

**3.19. 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.

**3.20. Accounting for financial guarantee contracts**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss 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. Summary of significant accounting policies (continued)

### 3.21. 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.

**Credit risk estimates**

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 analyses 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-fulfilment 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.

**3. Summary of significant accounting policies (continued)**

**3.21. Significant accounting estimates and judgments (continued)**

Criteria include related changes in the determination of the internal credit rating, the hedging measure for non-fulfilment 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-fulfilment 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-fulfilment 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 (Probability of Default) – likelihood of occurrence of non-fulfilment of financial obligations,
- LGD (Loss Given Default) – loss due to the non-fulfilment of obligations,
- EAD (Exposure at Default) – exposure at the time of 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.
Loss rates in the event of non-fulfilment 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-fulfilment 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. Summary of significant accounting policies (continued)

### 3.22. 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: business 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 11 of these financial statements.

## 4. Interest income

| | 2022 | 2021 |
|---|---|---|
| **a) Analysis by sectoral division** | | |
| Loans to corporate clients | 52,955 | 55,033 |
| Loans to retail clients | 40,815 | 38,920 |
| Debt securities | 14,705 | 15,769 |
| Other companies | 3,450 | 1,286 |
| | **111,925** | **111.008** |

**b) Analysis by product**

| | 2022 | 2021 |
|---|---|---|
| Loans to customers | 97,220 | 95,239 |
| Debt securities | 14,705 | 15,769 |
| | **111,925** | **111,008** |

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

## 5. Interest and similar expenses

| | 2022 | 2021 |
|---|---|---|
| **a) Analysis by sectoral division** | | |
| Retail clients | (4,074) | (6,766) |
| Companies | (1,195) | (2,035) |
| Banks | (5,849) | (6,198) |
| Other companies | (228) | (36)2 |
| Non-residents | (439) | (1,022) |
| | **(11,785)** | **16,383** |

**b) Analysis by product**

| | 2022 | 2021 |
|---|---|---|
| Deposits | (10,015) | (14,502) |
| Borrowings | (1,770) | (1,881) |
| | **(11,785)** | **(16,383)** |

## 6. Fee and commission income and expense

| | 2022 | 2021 |
|---|---|---|
| **Fee and commission income** | | |
| Commission income from corporate clients | 19,586 | 16,496 |
| Commission income from retail clients and crafts | 6,926 | 6,175 |
| Commission income from banks | 8,761 | 8,720 |
| Commission income from non-residents | 656 | 528 |
| | **35,929** | **31,920** |
| **Fee and commission expense** | | |
| Commission for domestic payments | (7,900) | (6,257) |
| Other fees and commissions | (2,975) | (3,090) |
| | **(10,875)** | **(9,347)** |

## 7. Net profit from financing activities

| | 2022 | 2021 |
|---|---|---|
| a) | | |
| Net gains from dealing in foreign currencies | 5,733 | 4,434 |
| Loss from financial assets at fair value through profit or loss | (596) | (211) |
| Gain on financial assets measured at fair value through other comprehensive income | (43) | 86 |
| | **5,094** | **4,309** |
| b) | | |
| Calculated foreign exchange gains | **(269)** | **273** |

## 8. Other income

| | 2022 | 2021 |
|---|---|---|
| Lease income | 3,126 | 3,080 |
| Other operating income | 9,578 | 2,500 |
| Interest income on interest on arrears | 3,448 | 6,868 |
| | **16,152** | **12,448** |

Other operating income mainly relates to rental income, purchase of expired insurance policies for employees, dividend income, income from other invoicing for common expenses, income from previous years, and income from the sale of tangible assets and other similar items. Other income includes penalty interest income, which is excluded from the position of interest income.

## 9. Operating expenses

| | 2022 | 2021 |
|---|---|---|
| Staff costs (Note 9.1) | 33,706 | 31,991 |
| Material and services | 34,159 | 33,484 |
| Depreciation and amortization (Note 18, 19 and 20) | 8,333 | 8,205 |
| Administration and marketing expenses | 1,275 | 894 |
| Insurance premiums | 2,434 | 1,371 |
| Taxes and contributions | 1,139 | 879 |
| Other expenses | 2,923 | 3,049 |
| | **83,969** | **79,873** |

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.

9.1 Staff expenses

| | 2022 | 2021 |
|---|---|---|
| Net salaries | 18,090 | 17,452 |
| Taxes and contributions from salaries | 7,349 | 7,028 |
| Contributions on salaries | 3,967 | 3,899 |
| Other employee costs | 4,300 | 3,612 |
| | **33,706** | **31,991** |

The Bank capitalizes a part of the salaries of the business and development team of employees through internal software development, which in 2022 amounted to a total of HRK 2,064 thousand (2021: HRK 2,218 thousand). As at 31 December 2022 the Bank had 191 employees (31 December 2021: 188).

## 10. Impairment losses and provisions

### Movements in impairment of expected credit losses

| | Note | 2022 | 2021 |
|---|---|---|---|
| Loans and receivables to customers | 15 | (57,461) | (61,784) |
| Placements to financial institutions | 13 | (1,648) | (733) |
| Debt securities at amortized cost | 16 | (375) | (843) |
| Other assets | 21 | (3,075) | (2,198) |
| Expected losses for contingent liabilities | | (7,977) | (11,086) |
| Other provisions | | (6) | (1,505) |
| | | **(70,542)** | **(78,149)** |
| *Less: amounts collected and reversed* | | | |
| Loans and receivables to customers | 15 | 52,733 | 58,048 |
| Placements to financial institutions | 13 | 1,777 | 686 |
| Debt securities at amortized cost | 16 | 1,233 | 390 |
| Other assets | 21 | 3,169 | 1,898 |
| Expected losses for contingent liabilities | | 5,249 | 13,010 |
| | | **64,162** | **74,032** |
| **Total impairment losses and provisions costs** | | **(6,380)** | **(4,117)** |

A detailed breakdown of expected impairment movements in expected credit losses 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 2022 amounted to 1.29% (2021: 1.17%) of the gross carrying amount of exposures in these risk subgroups, except for financial assets measured at fair value through other comprehensive income.

## 11. 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 seeks to achieve its objectives through three main business groups:

- **Business 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

## 11. Reporting per segments (continued)

Information on individual business segments for the year ended on 31 December 2022 are given below:

| | Business banking | Retail banking | Treasury | Other | Total |
|---|---|---|---|---|---|
| Net interest income | 56,375 | 35,334 | 8,586 | - | 100,295 |
| Net income from fees and commissions | 27,549 | 6,516 | (9,011) | - | 25,054 |
| Trading and investment income | - | - | 5,093 | - | 5,093 |
| Other income | 3,280 | (6,447) | 6,454 | 12,443 | 15,729 |
| **Operating income** | **87,203** | **35,403** | **11,121** | **12,443** | **146,171** |
| General and administrative expenses | - | - | - | 75,636 | 75,636 |
| Depreciation and amortization | - | - | - | 8,333 | 8,333 |
| Impairment losses of loans to customers and other assets | 6,346 | 1,006 | (978) | - | 6,374 |
| Other reservations | | | | 6 | 6 |
| **Operating expenses** | **6,346** | **1,006** | **(978)** | **83,975** | **90,349** |
| **Profit before taxation** | **-** | **-** | **-** | **-** | **55,822** |
| Corporate income tax | - | - | - | - | (10,416) |
| **Annual income** | **-** | **-** | **-** | **-** | **45,805** |
| Segment asset | 1,368,711 | 957,203 | 1,800,762 | - | 4,126,676 |
| Unallocated assets | - | - | - | 191,624 | 191,624 |
| **Total assets** | **1,368,711** | **957,203** | **1,800,762** | **192,624** | **4,318,300** |
| Segment liabilities | 325,210 | 2,003,877 | 1,514,485 | 64,052 | 3,907,624 |
| Unallocated equity and provisions | - | - | - | 410,676 | 410,676 |
| **Total equity and liabilities and provisions** | **325,210** | **2,003,877** | **1,514,485** | **474,728** | **4,318,300** |

## 11. Reporting per segments (continued)

Information on individual business segments for the year ended on 31 December 2021 are given below:

| | Business banking | Retail banking | Treasury | Other | Total |
|---|---|---|---|---|---|
| Net interest income | 55,145 | 30,571 | 8,909 | - | 94,625 |
| Net income from fees and commissions | 24,364 | 5,867 | (7,659) | - | 22,573 |
| Trading and investment income | - | - | 4,310 | - | 4,310 |
| Other income | 5,322 | (5,484) | 7,510 | 5,374 | 12,721 |
| **Operating income** | **84,831** | **30,954** | **13,070** | **5,374** | **134,228** |
| General and administrative expenses | - | - | - | (71,668) | (71,668) |
| Depreciation and amortization | - | - | - | (8,205) | (8,205) |
| Impairment losses of loans to customers and other assets | 589 | (2,765) | (436) | - | (2,612) |
| Provisions for liabilities and expenses | - | - | - | (1,505) | (1,505) |
| Business expenses | **589** | **(2,765)** | **(436)** | **(81,378)** | **(83,990)** |
| **Profit before taxation** | **-** | **-** | **-** | **-** | **50,238** |
| Corporate income tax | - | - | - | - | (9,090) |
| **Annual income** | **-** | **-** | **-** | **-** | **41,148** |
| Segment asset | 1,254,911 | 906,205 | 1,949,190 | - | 4,110,306 |
| Unallocated assets | - | - | - | 183,134 | 183,134 |
| **Total assets** | **1,254,911** | **906,205** | **1,949,190** | **183,134** | **4,293,440** |
| Segment liabilities | 299,737 | 1,976,278 | 1,414,511 | 141,588 | 3,832,115 |
| Unallocated equity and provisions | - | - | - | 461,325 | 461,325 |
| **Total equity and liabilities and provisions** | **299,737** | **1,976,278** | **1,414,511** | **602,913** | **4,293,440** |

## 12. Corporate income tax

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

Reconciliation of income tax:

| | 2022 | 2021 |
|---|---|---|
| Current corporate income tax | 10,416 | 9,090 |
| Effects of net deferred taxes on the Profit and Loss Account | (67) | (157) |
| | **10,349** | **8,933** |

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 2022, the Bank paid a total of HRK 8,292 thousand in corporate income tax advances (2021: HRK 6,030 thousand). 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 2022, deferred tax assets in the amount of HRK 1,784 thousand in income was recognized (2021: HRK 1,796 thousand).

| **Net deferred taxes** | **Office building** | **Income of future periods** | **Financial assets at fair value through other comprehensive income** |
|---|---|---|---|
| **Balance as at 31 December 2021** | **(4,727)** | **(1,941)** | **1,775** |
| Shown through profit and loss | 156 | (223) | (1,717) |
| **Balance as at 31 December 2022** | **(4,571)** | **(2,164)** | **58** |

Reconciliation of current tax:

| | 2022 | 2021 |
|---|---|---|
| **Accounting profit before tax** | **55,822** | **50,237** |
| Effect of non-taxable income | 2,459 | 530 |
| Effect of non-deductible expenses | (413) | (267) |
| Income tax base for the year | 57,869 | 50,500 |
| Tax at a rate of 18% | 10,416 | 9,090 |
| **Current income tax** | **(10,416)** | **(9,090)** |
| **Effective tax rate** | **18.66%** | **18.09%** |

Non-deductible expenses mostly relate to the entertainment costs, costs of personal transportation and non-deductible part of receivables write-off, and expenses from unrealized losses and differences in deferred income from accrued benefits.

## 13. Cash and balances with the Croatian National Bank

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Cash in cashier | 147,200 | 72,330 |
| **Total cash** | **147,200** | **72,330** |
| Giro account with the Croatian National Bank | 700,733 | 748,225 |
| Obligatory reserve in HRK | - | 183,839 |
| Other deposits in the CNB | 42,917 | - |
| Expected credit losses | **(225)** | **(346)** |
| **Total assets with the Croatian National Bank** | **700,508** | **931,727** |
| **Total cash and balances with the Croatian National Bank** | **890,625** | **1,004,048** |

With the publication of the Decision on Amendments to the Decision on Mandatory Reserves, Official Gazette 83/2022 of 18 July 2022, it was announced that the last accounting period for the calculation of mandatory reserves is from 1 to 30 November 2022, and the last maintenance period is from 14 to 30 December 2022, and then the prescribed obligation to the CNB for allocation and maintenance of mandatory reserves. The CNB returned all allocated funds to the bank accounts in December 2022.

As at 20 October 2022, EU Decision 2022_2071 from 1 January 2023 on transitional provisions for the application of provisions on minimum reserves by the European Central Bank after the introduction of the Euro in Croatia (ESB/2022/36) was adopted. The transition period for maintaining minimum reserves for financial institutions in the Republic of Croatia lasts from 1 January to 7 February 2023, and is calculated on the basis of the balance sheet.

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

## 14. Placements with other banks

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Current accounts with other banks | 96,450 | 108,721 |
| Loans and time deposits with other banks | 3,441 | 3,433 |
| **Total placements with other banks, gross** | **99,891** | **112,154** |
| Allowance for impairment losses | (30) | (41) |
| **Total placements with other banks, net** | **99,861** | **112,113** |

Of the total amount of loans and time deposits with other banks, HRK 3,441 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:***

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Germany | 31,716 | 12,847 |
| Italy | 2,181 | 4,071 |
| Croatia | 13,401 | 27,352 |
| Austria | 958 | 2,107 |
| United States of America | 50,791 | 64,551 |
| Spain | 814 | 1,185 |
| | **99,861** | **112,113** |

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

## 15. Financial assets at fair value through profit or loss

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| **Equity securities** | | |
| Shares in investment funds | 27,978 | 28,455 |
| Shares | 11,068 | 11,039 |
| Business shares and depository certificates | 5,460 | 5,460 |
| Convertible bonds | 1,438 | 1,448 |
| **Total** | **45,944** | **46,402** |

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.

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.

## 16. Financial assets at amortized cost

### Loans and receivables to customers

**Analysis of lending portfolio by sector affiliation**

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Retail clients | 1,041,168 | 917,248 |
| Companies | 1,416,205 | 1,329,677 |
| Other companies | 19,778 | 62,977 |
| Financial institutions | 16,663 | 14,504 |
| **Gross loans** | **2,493,814** | **2,324,406** |
| Less impairment allowance | (162,901) | (163,290) |
| **Total loans to customers** | **2,330,913** | **2,161,116** |

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 2.99% to 7.90% in 2022 (2021: from 2.90% to 7.90%), on households loans from 2.29% to 7.00% (2021: from 1.01% to 7.00%), while for financial institutions interest rates ranged from 0.05% to 1.50% during 2021 (2022: from 0.01% to 1.50%).

In the course of 2022, the Bank purchased an American government bond and allocated it to the portfolio of financial assets at amortized cost in the amount of HRK 6,455 thousand. In 2021, the bank had no debt securities that are carried at amortized cost.

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

| | Expected credit losses |
|---|---|
| **Balance as at 31 December 2021** | **163,290** |
| New impairment allowances (Note 10) | 61,439 |
| Amounts collected (Note 10) | (61,417) |
| Write-off of completely non-recoverable loans | (204) |
| Foreign exchange differences | (207) |
| **Balance as at 31 December 2022** | **162,901** |

In 2022, the Bank performed the final write-off of the fully irrecoverable placements for clients for whom all possibilities of collection of receivables have been undertaken and exhausted and for which there is no longer a possibility of collection against impairment in the amount of HRK 204 thousand (2021: HRK 7,333 thousand).

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

**Analysis by the product**

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Treasury bills of the Ministry of Finance | 82,851 | 75,236 |
| Bonds | 666,086 | 707,863 |
| Commercial bills | 4,427 | 4,902 |
| | 753,365 | 788,001 |
| Impairment | (487) | (1,374) |
| | **752,878** | **786,627** |
| Listed on the stock exchange | 722,488 | 515,280 |

**Analysis by sectoral affiliation**

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Commercial bills of other companies | 4,426 | 4,902 |
| Bonds and treasury bills of the Republic of Croatia | 643,032 | 605,844 |
| State corporate bonds | 54,590 | 33,548 |
| Other corporate bonds | 19,916 | 43,298 |
| Bank bonds | 11,200 | - |
| Foreign government bonds | 19,714 | 23,856 |
| | **752,878** | **711,448** |
| Listed on the stock exchange | 722,488 | 515,280 |

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

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **35,844** | **44,611** |
| Financial assets at fair value | (75,472) | (8,346) |
| Accumulated profit from the sale of the financial assets transferred to other comprehensive income | (43) | (421) |
| **Balance as at 31 December** | **(39,671)** | **35,844** |

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

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 487 thousand, of which HRK 197 thousand is in Stage 1 and HRK 290 thousand in Stage 2 (2021: HRK 1,374 thousand, of which HRK 322 thousand is in Stage 1 and HRK 1,052 thousand in Stage 2).

## 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 as at 31 December 2020** | **13,646** | **23,869** | **9,168** | **5,063** | **51,746** |
| Increases | - | - | - | 4,248 | 4,248 |
| Transfer from investments in progress | 1,235 | 1,695 | 162 | (3,092) | - |
| Write-offs/ expenses | (283) | - | (43) | - | (283) |
| **Balance as at 31 December 2020** | **14,598** | **25,564** | **9,330** | **6,219** | **55,711** |
| Increases | - | - | - | 4,077 | 4,007 |
| Transfer from investments in progress | 436 | | | (436) | - |
| Write-offs/ expenses | | - | - | - | |
| **Balance as at 31 December 2022** | **15,034** | **25,564** | **9,330** | **9,790** | **59,718** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| **Balance as at 31 December 2020** | **10,293** | **11,563** | **8,493** | **-** | **30,349** |
| Annual cost | 689 | 2,449 | 242 | - | 3,380 |
| Disposal/expenses | - | - | - | - | - |
| **Balance as at 31 December 2021** | **10,982** | **14,012** | **8,735** | **-** | **33,729** |
| Annual cost | 770 | 2,557 | 88 | - | 3,415 |
| Disposal/expenses | - | - | - | - | - |
| **Balance as at 31 December 2022** | **11,753** | **16,568** | **8,823** | **-** | **37,144** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **As at 31 December 2021** | **3,616** | **11,552** | **595** | **6,219** | **21,982** |
| **As at 31 December 2022** | **3,281** | **8,996** | **507** | **9,790** | **22,574** |

## 19. Property, Plant, and Equipment

| | Land | Buildings | IT and other equipment | Furniture, vehicles and similar assets | Other tangible assets | Tangible assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **Balance as at 31 December 2020** | **15,130** | **92,275** | **11,510** | **8,407** | **6,928** | **13,744** | **147,994** |
| Increase in ongoing investments | - | 725 | - | - | - | 2,182 | 2,182 |
| Transfer from ongoing investments | - | - | 437 | 104 | 314 | (1,203) | (348) |
| Decrease/sales | - | - | - | - | - | - | - |
| Write-offs/ expenses | - | - | - | - | (509) | - | (509) |
| **Balance as at 31 December 2021** | **15,130** | **92,275** | **11,947** | **8,511** | **6,733** | **14,723** | **149,319** |
| Increase in ongoing investments | - | | | | | 3,380 | 3,380 |
| Transfer from ongoing investments | - | 980 | 2,124 | 323 | 96 | (3,330) | 193 |
| Decrease/sales | - | (82) | - | (741) | - | - | (823) |
| Write-offs/ expenses | - | - | - | - | (152) | | (152) |
| **Balance as at 31 December 2022** | **15,130** | **93,173** | **14,071** | **8,093** | **6,677** | **14,773** | **151,917** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **Balance as at 31 December 2020** | **-** | **60,383** | **7,314** | **5,701** | **4,524** | **-** | **77,642** |
| Annual cost | - | 1,790 | 1,115 | 631 | 861 | - | 4,397 |
| Disposal/sales | - | - | - | - | (504) | - | (504) |
| **Balance as at 31 December 2021** | **-** | **62,173** | **8,429** | **6,332** | **4,600** | **-** | **81,535** |
| Annual cost | - | 1,794 | 1,143 | 530 | 273 | - | 3,740 |
| Disposal/sales | - | (73) | - | (661) | (250) | - | (984) |
| **Balance as at 31 December 2022** | **-** | **63,894** | **9,572** | **6,201** | **4,623** | **-** | **84,291** |
| | | | | | | | |
| **Net carrying amount** | | | | | | | |
| **As at 31 December 2021** | **15,130** | **30,102** | **3,518** | **2,179** | **2,133** | **14,723** | **67,784** |
| **As at 31 December 2022** | **15,130** | **29,279** | **4,499** | **1,892** | **2,054** | **14,773** | **67,626** |

As at 31 December 2022, 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 216 thousand (in 2021: HRK 116 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 2021, 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.

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Investment property | 14,971 | 8,862 |
| Repossessed investment property | 29,476 | 21,838 |
| **Total investment property** | **44,447** | **30,700** |

Investment property amounts to HRK 44,447 thousand (2021: HRK 30,700 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 15,391 thousand (2021: HRK 19,011 thousand), and investments in real estate from foreclosed assets is HRK 32,464 thousand (2021: HRK 35,503 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 3,126 thousand (2021: HRK 3,080 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 224 thousand in 2022, and HRK 140 thousand in 2021.

**Investment property movement**

| | Buildings | Repossessed assets | Total |
|---|---|---|---|
| **Balance as at 31 December 2020** | **12,071** | **22,924** | **34,995** |
| Transfer from investment in progress | - | 1,998 | 1,998 |
| Impairment | - | - | - |
| **Balance as at 31 December 2021** | **12,071** | **24,923** | **36,994** |
| Transfer from investment in progress | 6,443 | 8,471 | 14,914 |
| Impairment | - | - | - |
| **Balance as at 31 December 2022** | **18,514** | **33,394** | **51,908** |
| | | | |
| **Depreciation and amortization** | | | |
| **Balance as at 31 December 2020** | **2,876** | **2,457** | **5,333** |
| Annual cost | 333 | 628 | 961 |
| Disposal | - | - | - |
| **Balance as at 31 December 2021** | **3,209** | **3,085** | **6,294** |
| Annual cost | 333 | 834 | 1,167 |
| Disposal | - | - | - |
| **Balance as at 31 December 2022** | **3,542** | **3,919** | **7,461** |
| | | | |
| **Net carrying amount** | | | |
| **As at 31 December 2021** | **8,862** | **21,838** | **30,700** |
| **As at 31 December 2022** | **14,972** | **29,475** | **44,447** |

## 21. Other assets

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| **Non-financial assets** | | |
| Deferred tax assets | 6,748 | 6,682 |
| Repossessed assets | 34,298 | 39,861 |
| Planned future costs | 8,171 | 8,060 |
| **Total non-financial assets** | **49,217** | **54,603** |
| **Financial assets** | | |
| Current tax assets | 7,549 | 7,994 |
| Other receivables transitional items | 214 | 73 |
| **Total financial assets** | **7,763** | **8,067** |
| **Total other assets before impairment** | **56,980** | **62,670** |
| Less impairment allowance: | (3) | (2) |
| **Total other assets** | **56,977** | **62,668** |

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 2022, the total value of sold assets amounted to HRK 9,335thousand, while new assets were taken over in the amount of HRK 12,218 thousand (in 2021 they were sold in the amount of HRK 2,653 thousand, while HRK 13,959 thousand were taken over).

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

## 22. Deposits from banks and customers

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| **A vista deposits** | | |
| Banks and financial institutions | 167,578 | 263,894 |
| Retail clients | 946,959 | 646,346 |
| Companies | 538,036 | 499,241 |
| Other companies | 10,330 | 9,007 |
| **Total a vista deposits** | **1,662,903** | **1,418,488** |
| **Term deposits** | | |
| Banks and financial institutions | 115,177 | 104,813 |
| Retail clients | 1,103,111 | 1,346,045 |
| Companies | 272,120 | 230,478 |
| Other companies | 14,975 | 21,068 |
| **Total term deposits** | **1,505,382** | **1,702,404** |
| **Total amounts due to customers** | **3,168,286** | **3,120,893** |

The interest rate on demand deposits for legal entities was 0.01% during 2022(2021: 0.01%), as well as for households. The interest rate on time deposits of households ranged from 0.01% to 0.40% during 2022 (during 2021 from 0.01% to 0.40%), while for time deposits of legal entities and other companies the interest rate in 2022 was from 0.01% to 0.40% (during 2021 from 0.05% to 0.60%), and for financial institutions it ranged from 0.05% to 1.50% during 2022 (2021: from 0.05% to 1.50%).

## 23. Borrowings

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Long-term loans | 26,836 | 21,435 |
| Repo loans | 583,738 | 542,131 |
| **Total borrowings** | **610,574** | **563,566** |

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Denominated in HRK | 570,340 | 563,566 |
| Denominated in foreign currency | 40,234 | - |
| **Total borrowings** | **610,574** | **563,566** |

## 23. Borrowings (continued)

Borrowings comprise in the following table:

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Croatian National Bank | 543,504 | 542,131 |
| Croatian Bank for Reconstruction and Development (HBOR) | 26,836 | 21,435 |
| Financial institutions | 40,234 | - |
| | **610,574** | **563,566** |

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 2022, while for the final beneficiary of these loans the interest rate ranged from 0% to 4% during 2022. Other borrowings from financial institutions were set at an interest rate of 0.01% to 1.50% (2021: from 0.01% to 1.50%).

On 31 December 2022, the bank has loans secured by financial assets received from the CNB in the amount of HRK 540 million (2021: HRK 540 million), with a fixed interest rate of 0.25 % (2021: 0.25%). A loan amounting to HRK 355 million matures on 18 March 2025, and a loan of HRK 185 million matures on 20 November 2025.

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 2023, with fixed interest rate of 2.25 % to 2.50% (2021: 0.01%).

## 24. Other liabilities

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Trade payables | 7,183 | 7,532 |
| Liabilities for credit card operations | 3,920 | 3,432 |
| Liabilities for salaries | 2,694 | 2,663 |
| Liabilities for taxes | 10,497 | 10,893 |
| Operating lease liabilities IFRS 16 | 1,520 | 1,893 |
| Deferred income for future periods | 31,781 | 28,950 |
| Other liabilities | 9,987 | 4,748 |
| **Total liabilities** | **67,582** | **60,111** |

Other stated short-term liabilities are set in the short-term, not longer than one month, and mainly related to the early, unallocated payments on loans.

## 25. Subordinated instruments

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Subordinated bonds | 53,367 | 82,737 |
| | **53,367** | **82,737** |

The subordinated instrument marked KBZ-O-316A was issued in 2021 with a fixed interest rate of 4% and a maturity date of 28 December 2030 (31 July 2022 was the maturity date of bond KBZ-O-227A, which was paid in full). Payment of interest for subordinated bonds is on a semi-annual basis.

## 26. Equity

As at 31 December 2022, the Company's share capital amounts to HRK 193,775,300 (in 2021, 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 2022 and 31 December 2021:

| **Shareholders** | **Holding in share capital (%)** | |
|---|---|---|
| | **31/12/2022** | **31/12/2021** |
| Adriatic osiguranje d.d. | 20.90 | 20.90 |
| Euroherc osiguranje d.d. | 20.89 | 18.83 |
| Agram life osiguranje d.d. | 21.51 | 19.86 |
| Agramleasing d.o.o. | 8.86 | 8.86 |
| Agram Tis d.o.o. | 7.17 | 8.46 |
| Intermod d.o.o. | 7.61 | 6.04 |
| Others | 13.06 | 17.05 |
| **Total share capital** | **100.00** | **100.00** |

### Share premium

In 2022, there were no changes in the share premium.

## 26. Equity (continued)

### Dividends

The General Assembly Meeting of the Bank was held on 12 May 2022 at which was decided that the net profit realized in previous year should be distributed as follows: HRK 20,608 thousand goes into retained earnings, while shareholders will be paid a total of HRK 20,540 thousand in dividends.

### Regulatory capital

In accordance with legal requirements arising from Directive EU 575/2013, Regulatory capital was calculated as at 31 December 2022 and 31 December 2021 as follows:

| | 31/12/2022<br>HRK`000 | 31/12/2021<br>HRK`000 |
|---|---|---|
| **Regulatory capital** | | |
| Regular share capital | 244,316 | 244,316 |
| Legal and statutory reserves and retained earnings less results for the current year | 160,624 | 140,017 |
| Deductions: Intangible assets (-) | (22,574) | (21,982) |
| Unrealized loss from impairment of available-for-sale financial assets | (39,671) | 35,844 |
| Other transitional adjustments of regular share capital | 32,580 | - |
| Adjustments for prudential filters | (713) | (781) |
| **Total share capital** | **374,562** | **397,414** |
| **Supplementary capital** | | |
| Subordinated instruments | 53,350 | 56,676 |
| **Gross supplementary capital** | **53,350** | **56,676** |
| **Deductions** | - | - |
| **Total deductions from supplementary capital** | - | - |
| **Total supplementary capital (gross supplementary capital less deductions)** | **53,350** | **56,676** |
| **Gross regulatory capital** | **427,912** | **454,090** |
| | | |
| **Weighted risk assets** | | |
| Credit risk weighted exposure | 2,007,531 | 1,866,778 |
| Other weighted assets | 255,364 | 243,341 |
| **Total weighted risk assets** | **2,262,895** | **2,110,119** |
| **Capital adequacy ratio** | **18.91%** | **21.52%** |

## 27. Retained earnings and legal reserves

Retained earnings entail accumulated profits from prior years less the legal and statutory reserves. In 2022 it was increased by HRK 20,607 thousand (in 2021 by HRK 26,845 thousand).

The legal reserve was created in accordance with Croatian law, which requires that 5% of the profit for the year must be transferred to this reserve until it reaches 5% of the issued share capital. The Bank reached that level according to the issued share capital, and there were no allocations in 2022 on that basis (in 2021 it was increased by HRK 1,413 thousand).

## 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:

| | 2022 | 2021 |
|---|---|---|
| Profit for the current year in HRK | 45,406,318 | 41,147,708 |
| Weighted average number of ordinary shares in issue | 1,937,753 | 1,937,753 |
| **Earnings per ordinary share in HRK** | **23.43** | **21.23** |

## 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.

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Provisions for legal disputes against the Bank | 1,299 | 1,296 |
| Provisions for unused vacations of employees | 712 | 428 |
| Other provisions - inactive household accounts | 973 | 966 |
| Provisions for contingent liabilities IFRS 9 | 3,204 | 2,118 |
| **Total** | **6,188** | **4,808** |

## 29. Other provisions and impairment (continued)

Movements in other provisions

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **4,808** | **4,655** |
| New provisions (Note 9) | 6,798 | 13,246 |
| Impairment (Note 9) | (5,418) | (13,093) |
| **Balance as at 31 December** | **6,188** | **4,808** |

## 30. Off-balance sheet contingent liabilities

The total amount of issued guarantees, letters of credit, unused framework loans and other off-balance sheet risk items was as follows:

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Guarantees and letters of credit issued | 249,907 | 230,597 |
| Unused framework loans | 150,955 | 165,510 |
| Other off-balance sheet risk items | 82,229 | 69,444 |
| **Total contingent liabilities** | **483,091** | **465,551** |

**Movement of off-balance sheet contingent liabilities by Stages during 2022**

| | Guarantees and letters of credit | Unused loans | Other off-balance sheet risk items | Total |
|---|---|---|---|---|
| Stage 1 | 191,976 | 81,450 | 77,185 | 350,611 |
| Stage 2 | 41,359 | 59,667 | 2,640 | 103,666 |
| Stage 3 | 16,572 | 9,838 | 2,404 | 28,814 |
| **Total off-balance sheet contingent liabilities** | | | | **483,091** |

## 30. Off-balance sheet contingent liabilities (continued)

**Expected loan losses for contingent liabilities IFRS 9**

| | Guarantees and letters of credit | Unused loans | Other off-balance sheet risk items | Total |
|---|---|---|---|---|
| Stage 1 | 263 | 398 | 188 | 849 |
| Stage 2 | 265 | 1,380 | 15 | 1,660 |
| Stage 3 | 30 | 579 | 86 | 696 |
| **Total expected loan losses for potential liabilities** | | | | **3,204** |

## 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:

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Assets | | |
| Retail clients | 3,022 | 7,038 |
| Companies | 18,975 | 19,633 |
| Non-residents | 77,780 | 80,145 |
| Financial institutions | 32,397 | 81,777 |
| **Total assets** | **132,174** | **188,593** |
| Sources | | |
| Retail clients | 3,022 | 7,038 |
| Companies | 18,975 | 19,633 |
| Non-residents | 77,780 | 80,145 |
| Financial institutions | 32,397 | 81,777 |
| **Total sources** | **132,174** | **188,593** |

The balance of the custody account on behalf and for the account of third parties as at 31 December 2022 amounts to HRK 709 thousand (2021: HRK 149 thousand).

## 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:

| | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Giro account at Croatian National Bank (Note 12) | 700,733 | 748,225 |
| Cash in cashier (Note 12) | 147,200 | 72,330 |
| Total placements with other banks (Note 13) | 96,450 | 108,722 |
| **Total cash and cash equivalents** | **944,383** | **929,277** |

The Bank has significant reserves of primary and secondary liquidity.

## 33. 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 analysing 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.

## 33. 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-fulfilment 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-fulfilment 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-fulfilment 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.

## 33. Risk management (continued)

### b) Liquidity risk

The Bank is exposed to daily payments on demand which it settles with available cash resources. These sources include overnight deposits, current account funds, maturing deposits and loan withdrawals. Reconciliation and controlled mismatch of maturities and interest rates of assets and liabilities is of fundamental importance for the Bank's management.
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 (LCR) 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 2022 and 31 December 2021.

### 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 through 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.

## 33. Risk management (continued)

### 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.

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 2022 and 31 December 2021. 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.

## 33. 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 2022 | Gross placements | Expected credit loses | Net placements |
|---|---|---|---|
| **A. Balance sheet exposure** | | | |
| Cash and balances with Croatian National Bank (Note 12) | 743,649 | (225) | 743,425 |
| Placements with other banks (Note 13) | 99,891 | (30) | 99,861 |
| Debt securities at amortized cost (Note 16) | 6,395 | (2) | 6,393 |
| Financial assets at fair value through other comprehensive income (Note 17) | 753,388 | (510) | 752,878 |
| Loans to customers (Note 15) | **2,493,876** | **(162,902)** | **2,330,974** |
| - Stage 1 and Stage 2 (fully recoverable) | 2,092,278 | (26,629) | 2,065,648 |
| - Stage 3 (partially recoverable and fully irrecoverable) | 401,598 | (136,272) | 265,326 |
| **Total balance sheet exposure** | **4,097,199** | **(163,668)** | **3,933,531** |
| **B. Off-balance sheet exposure** | | | |
| Customers | | | |
| - Stage 1 and Stage 2 (fully recoverable) | 454,277 | (939) | 453,338 |
| - Stage 3 (partially recoverable and fully irrecoverable) | 28,814 | (2,265) | 26,548 |
| **Total off-balance-sheet exposure** | **483,091** | **(3,204)** | **479,886** |
| **TOTAL EXPOSURE (A+B)** | **4,580,290** | **166,873** | **4,413,417** |

## 33. Risk management (continued)

### a) Credit risk (continued)

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

| As at 31 December 2021 | Gross placements | Expected credit loses | Net placements |
|---|---|---|---|
| **A. Balance sheet exposure** | | | |
| Cash and balances with Croatian National Bank (Note 12) | 932,064 | (346) | 931,718 |
| Placements with other banks (Note 13) | 112,154 | (41) | 112,113 |
| Debt securities at amortized cost (Note 16) | - | - | - |
| Financial assets at fair value through other comprehensive income (Note 17) | 788,001 | (1,374) | 786,627 |
| Loans to customers (Note 15) | **2,324,406** | **(163,290)** | **2,161,116** |
| - Stage 1 and Stage 2 (fully recoverable) | 2,018,387 | (36,661) | 1,981,726 |
| - Stage 3 (partially recoverable and fully irrecoverable) | 306,019 | (126,630) | 179,390 |
| **Total balance sheet exposure** | **4,156,625** | **(165,051)** | **3,991,574** |
| **B. Off-balance sheet exposure** | | | |
| Customers | | | |
| - Stage 1 and Stage 2 (fully recoverable) | 388,568 | (1,799) | 386,769 |
| - Stage 3 (partially recoverable and fully irrecoverable) | 7,539 | (319) | 7,220 |
| **Total off-balance-sheet exposure** | **396,107** | **(2,118)** | **393,989** |
| **TOTAL EXPOSURE (A+B)** | **4,552,732** | **(167,169)** | **4,385,563** |

## 33. Risk management (continued)

### a) Credit risk (continued)

**The transition of expected total credit losses according to the IFRS 9 standard during 2022 is presented in the following table:**

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | **6,959** | **33,123** | **125,271** | **1,675** | **167,028** |
| Transfers: | | | | | |
| From Stage 1 to Stage 2 | (553) | 2,426 | | | 1,873 |
| From Stage 1 to Stage 3 | (142) | | 2,966 | | 2,824 |
| From Stage 2 to Stage 1 | 899 | (4,473) | | | (3,574) |
| From Stage 2 to Stage 3 | | (6,744) | 11,714 | | 4,970 |
| From Stage 3 to Stage 1 | 23 | | (7,215) | | (7,192) |
| From Stage 3 to Stage 2 | | 15 | (208) | | (193) |
| Changes of PD/LGD/EAD | (2,984) | (13,081) | (585) | (1,675) | (18,325) |
| Placements in the status of non-fulfilment of contractual obligations | | | | | |
| Created financial assets | 2,358 | 12,079 | 5,025 | | 19,462 |
| Unrecovered amount during the year | | | | | |
| **Balance as at 31 December 2022** | **6,560** | **23,345** | **136,968** | **0** | **166,873** |

## 33. Risk management (continued)

### a) Credit risk (continued)

**The transition of the expected total credit losses during 2022 is presented in the following table:**

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **7,881** | **18,327** | **151,660** | **1,848** | **179,716** |
| Transfers: | | | | | |
| From Stage 1 to Stage 2 | (829) | 3,138 | - | - | 2,309 |
| From Stage 1 to Stage 3 | (304) | - | 3,821 | - | 3,517 |
| From Stage 2 to Stage 1 | 89 | (4,957) | - | - | (4,868) |
| From Stage 2 to Stage 3 | - | (2,126) | 4,284 | - | 2,158 |
| From Stage 3 to Stage 1 | 26 | - | (24,370) | - | (24,344) |
| From Stage 3 to Stage 2 | - | 2,383 | (1,668) | - | 715 |
| Changes of PD/LGD/EAD | (2,345) | 2,888 | (11,383) | - | (10,840) |
| Placements in the status of non-fulfilment of contractual obligations | | | | (173) | (173) |
| Created financial assets | 2,441 | 13,470 | 2,927 | - | 18,838 |
| Unrecovered amount during the year | | | | | |
| **Balance as at 31 December 2021** | **6,959** | **33,123** | **125,271** | **1,675** | **167,028** |

## 33. 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 2022 | 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** | **1,245,659** | **16,192** | **13,398** | **7,468** | **8,734** | **9,815** | **91,814** |
| a) Loans to customers | 1,231,384 | 16,035 | 13,125 | 7,103 | 5,214 | 9,562 | 86,503 |
| b) Receivables based on income and other receivables | 7,210 | 157 | 274 | 365 | 3,520 | 252 | 252 |
| c) Debt securities at amortized cost | 7,064 | - | - | - | - | - | - |
| **Financial assets at fair value through comprehensive income** | **48** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total uncollected past due receivables** | **1,245,707** | **16,192** | **13,398** | **7,468** | **8,734** | **9,815** | **91,814** |

| As at 31 December 2021 | 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 | 1,072,701 | 36,097 | 5,196 | 7,653 | 9,218 | 11,235 | 88,543 |
| b) Receivables based on income and other receivables | 6,593 | 371 | 2,417 | 116 | 378 | 504 | 5,798 |
| c) Debt securities at amortized cost | - | - | - | - | - | - | - |
| **Total uncollected past due receivables** | **1,079,293** | **36,468** | **7,613** | **7,769** | **9,596** | **11,739** | **94,340** |

## 33. Risk management (continued)

### a) Credit risk (continued)

**Placements secured by collateral**

| As at 31 December 2022 | Deposit | Housing mortgages | Commercial mortgages | Other instruments | No collateral |
|---|---|---|---|---|---|
| **A. Balance sheet exposure** | | | | | |
| Cash and balances with Croatian National Bank | - | - | - | - | 743,425 |
| Placements with other banks | - | - | - | - | 99,861 |
| Loans to and receivables from customers | 44,855 | 915,929 | 888,052 | 481,884 | - |
| **Total balance sheet exposure** | **44,855** | **915,929** | **888,052** | **481,884** | **843,286** |
| **B. Off-balance sheet exposure** | | | | | |
| Guarantees and letters of credit | 21,314 | 2,051 | 23,772 | 197,938 | - |
| Unused lines of credit | - | - | - | 233,185 | - |
| **Total off-balance-sheet exposure** | **21,314** | **2,051** | **23,772** | **431,123** | **-** |
| **Total exposure (A+B)** | **66,168** | **917,981** | **911,824** | **913,007** | **843,286** |

| As at 31 December 2021 | Deposit | Housing mortgages | Commercial mortgages | Other instruments | No collateral |
|---|---|---|---|---|---|
| **A. Balance sheet exposure** | | | | | |
| Cash and balances with Croatian National Bank | - | - | - | - | 931,718 |
| Placements with other banks | - | - | - | - | 112,113 |
| Loans to and receivables from customers | 51,782 | 750,113 | 883,975 | 475,246 | - |
| **Total balance sheet exposure** | **51,782** | **750,113** | **883,975** | **475,246** | **1,043,831** |
| **B. Off-balance sheet exposure** | | | | | |
| Guarantees | 27,885 | 695 | 28,799 | 172,256 | - |
| Letters of credit | - | - | - | 962 | - |
| Unused lines of credit | - | - | 44,877 | 120,633 | - |
| **Total off-balance-sheet exposure** | **27,885** | **695** | **73,676** | **293,851** | **-** |
| **Total exposure (A+B)** | **79,667** | **750,808** | **957,651** | **769,097** | **1,043,831** |

## 33. Risk management (continued)

### a) Credit risk (continued)

**Provisions ratio in loans to customers**

| | At 31/12/2022 | | At 31/12/2021 | |
|---|---|---|---|---|
| | Loans to customers (%) | Allowances ratio in loans (%) | Loans to customers (%) | Allowances ratio in loans (%) |
| Stage 1 and 2 (fully recoverable) | 83.90 | 1.3 | 86.83 | 1.8 |
| Stage 3 (partially recoverable) | 12.25 | 13.2 | 9.28 | 16.9 |
| Stage 3 (fully irrecoverable) | 3.85 | 100.00 | 3.88 | 100.00 |
| **Total** | **100.00** | | **100.00** | |

### b) Liquidity risk

The amount of the total assets and liabilities was analysed 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 20212 | 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 | 890,625 | - | - | - | - | - | 890,625 |
| Placements with other banks | 99,861 | - | - | - | - | - | 99,861 |
| Loans to and receivables from customers | 92,998 | 72,856 | 238,156 | 294,686 | 233,101 | 1,399,117 | 2,330,913 |
| Debt securities at amortised cost | - | - | - | - | - | 6,455 | 6,455 |
| Non-trading financial assets that are obligatorily measured at fair value through profit or loss | - | - | - | - | - | 45,944 | 45,944 |
| Financial assets at fair value through other comprehensive income | - | - | 238,333 | 32,847 | 76,954 | 404,743 | 752,878 |
| Other assets | 14,295 | - | - | - | - | 42,681 | 56,977 |
| **Total assets** | **1,097,779** | **72,856** | **476,489** | **327,533** | **310,055** | **1,898,940** | **4,183,653** |
| **Liabilities** | | | | | | | |
| Deposits from customers | 1,855,978 | 220,457 | 708,463 | 224,271 | 688,196 | 81,495 | 3,778,860 |
| Other liabilities | 60,621 | 10,608 | 2,830 | 515 | 390 | 432 | 75,396 |
| Subordinated instruments | - | - | - | - | - | 53,367 | 53,367 |
| **Total liabilities** | **1,916,599** | **231,066** | **711,294** | **224,786** | **688,586** | **135,294** | **3,907,624** |
| **Maturity gap** | **(818,820)** | **(158,210)** | **(234,804)** | **102,747** | **(378,530)** | **1,763,645** | **276,028** |

## 33. Risk management (continued)

### b) Liquidity risk (continued)

| As at 31 December 2021 | 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 | 902,400 | 8,607 | 41,364 | 14,128 | 6,984 | 30,565 | 1,004,048 |
| Placements with other banks | 112,113 | - | - | - | - | - | 112,113 |
| Loans to and receivables from customers | 203,939 | 67,271 | 230,689 | 243,586 | 222,744 | 1,192,888 | 2,161,116 |
| Debt securities at amortised cost | - | - | - | - | - | 46,402 | 46,402 |
| Financial assets at fair value through other comprehensive income | - | 61,145 | 94,318 | 155,766 | 39,527 | 435,871 | 786,627 |
| **Total assets** | **1,218,452** | **137,023** | **366,371** | **413,480** | **269,256** | **1,705,725** | **4,110,306** |
| **Liabilities** | | | | | | | |
| Deposits from customers | 1,394,652 | 146,169 | 702,469 | 239,928 | 118,607 | 519,067 | 3,120,893 |
| Borrowings | 193,337 | 26,855 | 130,263 | 51,392 | 39,460 | 122,260 | 563,566 |
| Subordinated instruments | - | - | 29,369 | - | - | 53,368 | 82,737 |
| **Total liabilities** | **1,587,989** | **173,024** | **862,101** | **291,320** | **158,067** | **694,694** | **3,767,196** |
| **Maturity gap** | **(369,538)** | **(36,001)** | **(495,730)** | **122,160** | **111,188** | **1,011,031** | **343,111** |

## 33. 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 2022 and 31 December 2021. 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 2021 | 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 | 743,425 | - | - | - | - | 147,200 | 890,625 |
| Placements with other banks | 99,861 | - | - | - | - | - | 99,861 |
| Loans to and receivables from customers | 2,330,913 | - | - | - | - | - | 2,330,913 |
| Debt securities at amortised cost | - | - | - | - | 6,455 | - | 6,455 |
| Financial assets at fair value through other comprehensive income | 752,878 | - | - | - | - | - | 752,878 |
| Non-trading financial assets that are measured at fair value through profit or loss | - | - | - | - | - | 45,944 | 45,944 |
| *Of which assets at fixed interest rate* | *758,200* | - | - | - | - | - | *758,200* |
| **Total assets** | **3,927,077** | **-** | **-** | **-** | **6,455** | **193,144** | **4,126,676** |
| **Liabilities** | | | | | | | |
| Deposits from customers | 3,168,286 | - | - | - | - | - | 3,168,286 |
| Borrowings | 70,574 | - | - | 540,000 | - | - | 610,574 |
| Subordinated instruments | - | - | - | - | 53,367 | - | 53,267 |
| *Of which liabilities at fixed interest rate* | *1,495,752* | - | - | - | *53,367* | - | *1,549,102* |
| **Total liabilities** | **3,307,155** | **-** | **-** | **540,000** | **53,367** | **-** | **3,900,522** |

## 33. Risk management (continued)

### c) Interest rate risk (continued)

| As at 31 December 2020 | 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 | 931,718 | - | - | - | - | 72,330 | 1,004,048 |
| Placements with other banks | 112,113 | - | - | - | - | - | 112,113 |
| Loans to and receivables from customers | 2,161,116 | - | - | - | - | - | 2,161,116 |
| Financial assets at fair value through other comprehensive income | 786,627 | - | - | - | - | - | 786,627 |
| Non-trading financial assets that are measured at fair value through profit or loss | - | - | - | - | - | 46,402 | 46,402 |
| *Of which assets at fixed interest rate* | *1,741,048* | | | | | | *1,741,048* |
| **Total assets** | **3,991,574** | **-** | **-** | **-** | **-** | **118,732** | **4,110,306** |
| **Liabilities** | | | | | | | |
| Deposits from customers | 3,120,893 | - | - | - | - | - | 3,120,893 |
| Borrowings | 563,566 | - | - | - | - | - | 563,566 |
| Subordinated bonds | 82,737 | - | - | - | - | - | 82,737 |
| *Of which liabilities at fixed interest rate* | *1,708,181* | | - | - | - | - | *1,708,181* |
| **Total liabilities** | **3,767,196** | **-** | **-** | **-** | **-** | **-** | **3,767,196** |

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.

## 33. 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 2022 | Effect on income statement for 2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with Croatian National Bank | % | - | - |
| Deposits given | 1.00% | 998 | 1,122 |
| Loans and receivables | 1.00% | 24,697 | 23,017 |
| Other assets | 1.00% | 7,664 | 7,927 |
| **Liabilities** | | | |
| Liabilities arising from deposits | 1.00% | 31,623 | 31,076 |
| Borrowings | 1.00% | 6,071 | 5,614 |
| Other liabilities | % | | - |
| **Impact on net interest income** | | **(4,334)** | **(4,625)** |

## 33. Risk management (continued)

### d) Foreign exchange risk

As at 31 December 2022, 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 | 38,436 | 1,448 | 1,267 | 41,151 | 849,474 | 890,625 |
| Placements with other banks | 10,759 | 52,259 | - | 63,018 | 36,843 | 99,861 |
| Non-trading financial assets that are measured at fair value through profit or loss | 29,718 | - | - | 29,718 | 16,226 | 45,944 |
| Financial assets at fair value through other comprehensive income | 321,161 | 14,134 | - | 335,295 | 417,583 | 752,878 |
| Loans to and receivables from customers | 1,118,770 | 506 | - | 1,119,276 | 1,218,092 | 2,330,913 |
| **Total assets** | **1,518,844** | **68,347** | **1,267** | **1,588,458** | **2,538,218** | **4,126,676** |
| **Liabilities** | | | | | | |
| Deposits from customers | 1,434,278 | - | 34,042 | 1,468,320 | 1,699,966 | 3,168,286 |
| Borrowings | 67,053 | - | - | 67,053 | 543,521 | 610,574 |
| Subordinated instruments | - | - | - | - | 53,367 | 53,367 |
| **Total liabilities** | **1,501,331** | **-** | **34,042** | **1,535,373** | **2,296,854** | **3,832,227** |
| **Net foreign exchange position** | **17,513** | **68,347** | **(32,775)** | **53,085** | **241,364** | **294,449** |
| Contingent liabilities and commitments | 30,764 | 3,491 | - | 34,255 | 448,836 | 483,091 |

**33. Risk management (continued)**

**d) Foreign exchange risk (continued)**

As at 31 December 2021, 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 | 197,289 | 1,188 | 927 | 199,404 | 804,644 | 1,004,048 |
| Placements with other banks | 23,993 | 65,112 | 802 | 89,907 | 22,206 | 112,113 |
| Non-trading financial assets that are measured at fair value through profit or loss | 30,192 | - | - | 30,192 | 16,210 | 46,402 |
| Financial assets at fair value through other comprehensive income | 243,823 | 20,879 | - | 264,702 | 521,925 | 786,627 |
| Loans to and receivables from customers | 924,860 | 655 | - | 925,515 | 1,235,601 | 2,161,116 |
| **Total assets** | **1,420,157** | **87,834** | **1,729** | **1,509,720** | **2,600,586** | **4,110,306** |
| | | | | | | |
| **Liabilities** | 1,367,744 | - | 23,134 | 1,390,878 | 1,730,015 | 3,120,893 |
| Deposits from customers | 21,348 | - | - | 21,348 | 542,218 | 563,566 |
| Borrowings | - | - | - | - | 82,737 | 82,737 |
| Subordinated instruments | **1,389,092** | **-** | **23,134** | **1,412,226** | **2,354,970** | **3,767,196** |
| **Total liabilities** | **31,065** | **87,834** | **(21,405)** | **97,494** | **245,616** | **343,110** |
| **Net foreign exchange position** | 18,161 | (3,322) | - | 14,839 | 381,268 | 396,107 |
| Contingent liabilities and commitments | 1,367,744 | - | 23,134 | 1,390,878 | 1,730,015 | 3,120,893 |

## 33. 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 in 2022. The result of the exchange rate changes is reflected in the income statement as foreign exchange gains or losses.

| As at 31 December 2022 | Assumed increase in CNB's middle exchange rate | Effect on income statement<br>Assets | Effect on income statement<br>Liabilities | Effect on income statement<br>Net |
|---|---|---|---|---|
| EUR | - | - | - | - |
| USD | 0.84% | 619 | 1,906 | (1,287) |
| Other foreign currencies | | 849 | 554 | (323) |

| Currency as at 31 December 2020 | Assumed increase in CNB's middle exchange rate | Effect on income statement<br>Assets | Effect on income statement<br>Liabilities | Effect on income statement<br>Net |
|---|---|---|---|---|
| EUR | 0.13% | 5,905 | 2,772 | 3,132 |
| USD | 0.66% | 579 | 1,456 | (877) |
| Other foreign currencies | | 131 | 394 | (263) |

## 34. 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).

**34. 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 | 31/12/2022 | 31/12/2021 | Fair value hierarchy | Valuation method and input |
|---|---|---|---|---|
| Equity securities | 1,107 | 1,185 | 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 | 43,399 | 43,769 | Level 3 | Equity securities are not quoted on the market and their fair value cannot be reliably determined and valued at the cost of acquisition or at a fixed price by the fund-managed company |
| Debt securities | 1,437 | 1,448 | Level 3 | Convertible bonds are not quoted on the market and their fair value cannot be reliably determined, so they are valued at acquisition cost |
| **Total** | **45,944** | **46,402** | | |

**Financial assets at fair value through other comprehensive income**

| Financial assets | 31/12/2022 | 31/12/2021 | Fair value hierarchy | Valuation method and input |
|---|---|---|---|---|
| Debt securities (bonds) | 656,301 | 701,732 | Level 1 | Prices available on the active market |
| Debt securities (treasury bills and commercial papers) | 87,252 | 80,082 | Level 2 | At amortized cost, by applying the real yield method |
| Debt securities (bonds) | 9,324 | 4,813 | Level 3 | Prices that cannot be reliably determined |

## 34. 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.

## 35. 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.

## 35. Related party transactions (continued)

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

| | Management Board | | Affiliates | |
|---|---|---|---|---|
| **Type of transaction** | **2022** | **2021** | **2022** | **2021** |
| ***Loans given*** | | | | |
| **Status of loans given as at 1 January** | **375** | **18** | **81,147** | **164,471** |
| Increases | | 365 | 7,018 | 1,560 |
| Loan repayments | (108) | (8) | (5,026) | (84,884) |
| **Status of loans given as at 31 December** | **267** | **375** | **83,139** | **81,147** |
| Interest income | 14 | 20 | 2,691 | 3,289 |
| ***Deposits and loans received*** | | | | |
| **Status of deposits and loans received as at 1 January** | **218** | **156** | **377,717** | **249,789** |
| New deposits received | 143 | 62 | 80,794 | 145,592 |
| Deposits returned | - | - | (160,051) | (17,665) |
| **Status of deposits and loans received as at 31 December** | **361** | **218** | **298,460** | **377,717** |
| Interest expenses | - | - | 3,017 | 3,721 |
| Fee and other income | 3 | 3 | 12,066 | 12,181 |
| Fee and other expenses | (1) | - | (20) | (20) |
| Other costs | - | - | 14,150 | 15,628 |
| Paid salaries cost | (1,174) | (968) | - | - |
| **Total income** | **3** | **23** | **14,757** | **15,470** |
| **Total expenses** | **(1,175)** | **(968)** | **17,187** | **19,369** |
| | | | | |
| **Fees and other receivables** | **11** | **3** | **1,537** | **1,217** |
| Interest and fees receivables | 1 | 1 | 545 | 556 |
| Other receivables | 10 | 2 | 992 | 661 |
| **Liabilities** | **-** | **-** | **5,776** | **5,625** |
| Interest liabilities | - | - | 103 | 196 |
| Trade payables | **-** | **-** | 3,286 | 3,229 |
| Liabilities for credit card operations | - | - | 2,387 | 2,200 |
| **Off-balance sheet contingent items** | **81** | **86** | **8,970** | **12,411** |
| Guarantees issued | - | - | 3,264 | 7,804 |
| Framework loans | 81 | 86 | 5,707 | 4,607 |

In the period from 1 January to 31 December 2022, remunerations to the Supervisory Board were paid in the amount of HRK 369 thousand (2021: HRK 395 thousand).

## 36. Commitments for operating lease of vehicles and office space

As at 31 December 2022, the Bank has 36 operating lease agreements for vehicles (2021: 33 lease agreements), while for operating real estate rental the Bank has concluded 1 agreement. Annual commitments under operating leases were concluded for terms longer than one year, they were implemented in the Bank's business books in accordance with the IFRS 16 Standard.

## 36. 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

| | 2022 | 2021 |
|---|---|---|
| Within 1 year | 465 | 623 |
| From 1 to 2 years | 364 | 410 |
| From 2 to 3 years | 364 | 339 |
| From 3 to 5 years | 401 | 480 |
| From 5 years | - | 41 |
| **Total** | **1,564** | **1,893** |
| Impact of discounting | (737) | (737) |
| **Total net discounted lease liabilities as at 31 December** | **1,156** | **1,604** |

***Amounts recognized through profit or loss***

| | 2022 | 2021 |
|---|---|---|
| Leases under IFRS 16 | 545 | 544 |
| Interest on lease obligations | 86 | 105 |
| Depreciation per operating lease | 434 | 532 |
| Costs related to low value leases, excluding short-term leases of small value | 168 | 158 |
| Costs related to short-term leases | 9,525 | 9,716 |
| **Total** | **10,758** | **11,055** |

## 37. Auditor's fees

Auditors of the Bank's annual financial statements provided services in the amount of HRK 236 thousand in 2022 (2021 amounted to HRK 225 thousand). These services included revision of the annual financial statements, audits for the needs of the CNB and HANFA.

## 38. Events after the balance sheet date

After the balance sheet date, in accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the euro was introduced as the official currency in the Republic of Croatia. The financial statements for the year 2022 have been prepared in HRK as the functional and reporting currency, which was valid until 31 December 2022. year, while the financial statements of future periods will be drawn up in euros as the new functional and reporting currency.

On 1 January the Croatian National Bank and commercial banks in the Republic of Croatia replaced the previous currency HRK, Croatian kuna, with the currency EURO. This extremely demanding and at the same time unique project was successfully implemented on 1 January and Agram banka was already operating full-time on 2 January 2023, providing smooth implementation of all transactions and services to its clients.

Furthermore, in the period after the reporting date, the Bank implements a change in the securities business model, i.e. reclassification of financial assets of securities from the portfolio valued at fair value through comprehensive income to the portfolio valued at amortized cost.

The Bank made a decision to change the business model for debt securities that the Bank holds for the purpose of collecting cash flows and sells to the business model of holding for the purpose of collecting contractual cash flows. By changing the business model, the bank also approved the reclassification of the portfolio of debt securities that were allocated to the business model of holding for the purpose of collecting cash flows and selling them to the business model of holding for the purpose of collecting cash flows, in accordance with point 4.4.1. as part of International Financial Reporting Standard 9 (IFRS9): Financial Instruments. The bank, in accordance with point B4.4.2. IFRS9: Financial instruments, as the date of accounting reclassification of financial instruments, set 1 January 2023, given that it is the first day after the reporting period in which the business model changed. The consequences of the change in the business model, i.e. the aforementioned reclassification of the portfolio, are reflected in the reduction of debt securities at fair value through other comprehensive income (AOP 019) by EUR 96.6 million, i.e. in the equivalent of HRK 727.6 million, an increase in debt securities at amortized cost (AOP 022) by EUR 103.1 million/equivalent to HRK 776.6 million and an increase in accumulated other comprehensive profit, (AOP 059) in capital and reserves by EUR 6.5 million/equivalent to HRK 49 million, which will be visible in the next reporting period with the balance as of 31 March 2023.

Apart from the above, there were no events after the Balance Sheet date that would significantly affect the Bank's annual financial statements for 2022, which should therefore be published.

## 39. Approval of financial statements

These financial statements were approved by the Management Board on 30 March 2023.

**Signed on behalf of the Management Board:**

For signatures, please refer to the original Croatian auditor's report, which prevails.

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

# BILANCA

## stanje na dan 31.12.2022

u kunama

**Obveznik: AGRAM BANKA DD**

| Naziv pozicije | AOP oznaka | Zadnji dan prethodne poslovne godine | Tekuće razdoblje |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Imovina** | | | |
| **Novčana sredstva, novčana potraživanja od središnjih banaka i ostali depoziti po viđenju (od 2. do 4.)** | **001** | 1.116.161.495 | 990.485.804 |
| Novac u blagajni | **002** | 72.330.218 | 147.200.490 |
| Novčana potraživanja od središnjih banaka | **003** | 931.718.187 | 743.424.773 |
| Ostali depoziti po viđenju | **004** | 112.113.090 | 99.860.541 |
| **Financijska imovina koja se drži radi trgovanja (od 6. do 9.)** | **005** | 0 | 0 |
| Izvedenice | **006** | 0 | 0 |
| Vlasnički instrumenti | **007** | 0 | 0 |
| Dužnički vrijednosni papiri | **008** | 0 | 0 |
| Krediti i predujmovi | **009** | 0 | 0 |
| **Financijska imovina kojom se ne trguje koja se obvezno mjeri po fer vrijednosti kroz dobit ili gubitak (od 11. do 13.)** | **010** | 46.401.578 | 45.943.634 |
| Vlasnički instrumenti | **011** | 44.954.781 | 44.506.414 |
| Dužnički vrijednosni papiri | **012** | 1.446.797 | 1.437.220 |
| Krediti i predujmovi | **013** | 0 | 0 |
| **Financijska imovina po fer vrijednosti kroz dobit ili gubitak (15. + 16.)** | **014** | 0 | 0 |
| Dužnički vrijednosni papiri | **015** | 0 | 0 |
| Krediti i predujmovi | **016** | 0 | 0 |
| **Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit (od 18. do 20.)** | **017** | 786.627.206 | 752.939.496 |
| Vlasnički instrumenti | **018** | 0 | 0 |
| Dužnički vrijednosni papiri | **019** | 786.627.206 | 752.939.496 |
| Krediti i predujmovi | **020** | 0 | 0 |
| **Financijska imovina po amortiziranom trošku (22. + 23.)** | **021** | 2.161.115.904 | 2.337.305.846 |
| Dužnički vrijednosni papiri | **022** | 0 | 6.393.211 |
| Krediti i predujmovi | **023** | 2.161.115.904 | 2.330.912.635 |
| Izvedenice – računovodstvo zaštite | **024** | 0 | 0 |
| Promjene fer vrijednosti zaštićenih stavki u zaštiti portfelja od kamatnog rizika | **025** | 0 | 0 |
| Ulaganja u društva kćeri, zajedničke pothvate i pridružena društva | **026** | 0 | 0 |
| Materijalna imovina | **027** | 98.483.764 | 112.073.047 |
| Nematerijalna imovina | **028** | 21.981.879 | 22.574.252 |
| Porezna imovina | **029** | 14.673.602 | 14.294.522 |
| Ostala imovina | **030** | 8.133.109 | 8.385.075 |
| Dugotrajna imovina i grupe za otuđenje klasificirane kao namijenjene za prodaju | **031** | 39.861.454 | 34.298.298 |
| **Ukupna imovina (1. + 5. + 10. + 14. + 17. + 21. + od 24. do 31.)** | **032** | **4.293.439.991** | **4.318.299.974** |

| | | | |
|---|---|---|---|
| **Obveze** | | | |
| **Financijske obveze koje se drže radi trgovanja (od 34. do 38.)** | **033** | 0 | 0 |
| Izvedenice | **034** | 0 | 0 |
| Kratke pozicije | **035** | 0 | 0 |
| Depoziti | **036** | 0 | 0 |
| Izdani dužnički vrijednosni papiri | **037** | 0 | 0 |
| Ostale financijske obveze | **038** | 0 | 0 |
| **Financijske obveze po fer vrijednosti kroz dobit ili gubitak (od 40. do 42.)** | **039** | 0 | 0 |
| Depoziti | **040** | 0 | 0 |
| Izdani dužnički vrijednosni papiri | **041** | 0 | 0 |
| Ostale financijske obveze | **042** | 0 | 0 |
| **Financijske obveze mjerene po amortiziranom trošku (od 44. do 46.)** | **043** | 3.767.227.323 | 3.832.269.854 |
| Depoziti | **044** | 3.684.458.562 | 3.778.860.260 |
| Izdani dužnički vrijednosni papiri | **045** | 82.736.952 | 53.367.492 |
| Ostale financijske obveze | **046** | 31.809 | 42.102 |
| Izvedenice – računovodstvo zaštite | **047** | 0 | 0 |
| **Promjene fer vrijednosti zaštićenih stavki u zaštiti portfelja od kamatnog rizika** | **048** | 0 | 0 |
| **Rezervacije** | **049** | 4.808.743 | 7.814.816 |
| **Porezne obveze** | **050** | 10.892.894 | 10.497.383 |
| **Temeljni kapital koji se vraća na zahtjev** | **051** | 0 | 0 |
| **Ostale obveze** | **052** | 49.186.500 | 57.042.145 |
| **Obveze uključene u grupe za otuđenje klasificirane kao namijenjene za prodaju** | **053** | 0 | 0 |
| **Ukupne obveze (33. + 39. + 43. + od 47. do 53.)** | **054** | **3.832.115.460** | **3.907.624.198** |
| **Kapital** | | | |
| Temeljni kapital | **055** | 193.775.300 | 193.775.300 |
| Premija na dionice | **056** | 50.540.542 | 50.540.542 |
| Izdani vlasnički instrumenti osim kapitala | **057** | 0 | 0 |
| Ostali vlasnički instrumenti | **058** | 0 | 0 |
| Akumulirana ostala sveobuhvatna dobit | **059** | 35.844.120 | -39.670.771 |
| Zadržana dobit | **060** | 119.918.321 | 140.525.848 |
| Revalorizacijske rezerve | **061** | 0 | 0 |
| Ostale rezerve | **062** | 20.098.539 | 20.098.539 |
| ( – ) Trezorske dionice | **063** | 0 | 0 |
| Dobit ili gubitak koji pripadaju vlasnicima matičnog društva | **064** | 41.147.709 | 45.406.318 |
| ( – ) Dividende tijekom poslovne godine | **065** | 0 | 0 |
| Manjinski udjeli [nekontrolirajući udjeli] | **066** | 0 | 0 |
| **Ukupno kapital (od 55. do 66.)** | **067** | **461.324.531** | **410.675.776** |
| **Ukupno obveze i kapital (54. + 67.)** | **068** | **4.293.439.991** | **4.318.299.974** |

## RAČUN DOBITI I GUBITKA

**u razdoblju 01.01.2022. do 31.12.2022**

u kunama

**Obveznik: AGRAM BANKA DD**

| Naziv pozicije | AOP oznaka | Isto razdoblje prethodne godine | Tekuće razdoblje |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Kamatni prihodi | 001 | 117.876.069 | 115.373.789 |
| (Kamatni rashodi) | 002 | 16.383.133 | 11.785.434 |
| (Rashodi od temeljnog kapitala koji se vraća na zahtjev) | 003 | 0 | 0 |
| Prihodi od dividende | 004 | 241.455 | 260.841 |
| Prihodi od naknada i provizija | 005 | 31.919.856 | 35.929.254 |
| (Rashodi od naknada i provizija) | 006 | 9.347.034 | 10.874.884 |
| Dobici ili ( – ) gubici po prestanku priznavanja financijske imovine i financijskih obveza koje nisu mjerene po fer vrijednosti kroz dobit ili gubitak, neto | 007 | 85.737 | -43.477 |
| Dobici ili ( – ) gubici po financijskoj imovini i financijskim obvezama koje se drže radi trgovanja, neto | 008 | 4.398.011 | 5.732.832 |
| Dobici ili gubici po financijskoj imovini kojom se ne trguje koja se obvezno mjeri po fer vrijednosti kroz dobit ili gubitak, neto | 009 | 0 | 0 |
| Dobici ili ( – ) gubici po financijskoj imovini i financijskim obvezama po fer vrijednosti kroz dobit ili gubitak, neto | 010 | -210.642 | -596.436 |
| Dobici ili ( – ) gubici od računovodstva zaštite, neto | 011 | 0 | 0 |
| Tečajne razlike [dobit ili ( – ) gubitak], neto | 012 | 273.339 | -269.186 |
| Dobici ili ( – ) gubici po prestanku priznavanja nefinancijske imovine, | 013 | 0 | 292.250 |
| Ostali prihodi iz poslovanja | 014 | 5.374.532 | 8.167.322 |
| (Ostali rashodi iz poslovanja) | 015 | 2.192.933 | 1.121.982 |
| **Ukupno prihodi iz poslovanja, neto (1. – 2. – 3. + 4. + 5. – 6. + od 7. do 14. – 15.)** | 016 | 132.035.257 | 141.064.889 |
| (Administrativni rashodi) | 017 | 68.104.785 | 71.101.960 |
| (Doprinosi u novcu sanacijskim odborima i sustavima osiguranja depozita) | 018 | 1.370.971 | 2.620.245 |
| (Amortizacija) | 019 | 8.204.671 | 8.333.209 |
| Dobici ili ( – ) gubici zbog promjena, neto | 020 | 0 | 0 |
| (Rezervacije ili ( – ) ukidanje rezervacija) | 021 | 1.949.440 | -567.448 |
| (Umanjenje vrijednosti ili ( – ) ukidanje umanjenja vrijednosti po financijskoj imovini koja nije mjerena po fer vrijednosti kroz dobit ili gubitak) | 022 | 2.158.075 | 7.232.092 |
| (Umanjenje vrijednosti ili ( – ) ukidanje umanjenja vrijednosti ulaganja u društva kćeri, zajedničke pothvate i pridružena društva) | 023 | 0 | 0 |
| (Umanjenje vrijednosti ili ( – ) ukidanje umanjenja vrijednosti po nefinancijskoj imovini) | 024 | 9.633 | 0 |
| Negativni goodwill priznat u dobiti ili gubitku | 025 | 0 | 0 |
| Udio dobiti ili ( – ) gubitka od ulaganja u društva kćeri, zajedničke pothvate i pridružena društva obračunatih metodom udjela | 026 | 0 | 0 |
| Dobit ili ( – ) gubitak od dugotrajne imovine i grupe za otuđenje klasificirane kao namijenjene za prodaju koje nisu kvalificirane kao | 027 | 0 | 3.477.959 |
| Dobit ili ( – ) gubitak prije oporezivanja iz poslovanja koje će se nastaviti (16. – 17. – 18. - 19. + 20. – od 21. do 24. + od 25. do 27.) | 028 | 50.237.682 | 55.822.790 |
| (Porezni rashodi ili ( – ) prihodi povezani s dobiti ili gubitkom iz poslovanja koje će se nastaviti) | 029 | 9.089.974 | 10.416.472 |
| Dobit ili ( – ) gubitak nakon oporezivanja iz poslovanja koje će se nastaviti (28. – 29.) | 030 | 41.147.708 | 45.406.318 |
| Dobit ili ( – ) gubitak nakon oporezivanja iz poslovanja koje se neće nastaviti (32. – 33.) | 031 | 0 | 0 |
| Dobit ili ( – ) gubitak prije oporezivanja iz poslovanja koje se neće | 032 | 0 | 0 |
| (Porezni rashodi ili ( – ) prihodi povezani s poslovanjem koje se neće nastaviti) | 033 | 0 | 0 |
| Dobit ili ( – ) gubitak tekuće godine (30. + 31.; 35. + 36.) | 034 | 41.147.708 | 45.406.318 |
| Pripada manjinskom udjelu [nekontrolirajući udjeli] | 035 | 0 | 0 |
| Pripada vlasnicima matičnog društva | 036 | 41.147.708 | 45.406.318 |

| IZVJEŠTAJ O OSTALOJ SVEOBUHVATNOJ DOBITI | | | |
|---|---|---|---|
| **Dobit ili (-) gubitak tekuće godine** | **037** | 41.147.708 | 45.406.318 |
| **Ostala sveobuhvatna dobit (39. + 51.)** | **038** | -8.766.911 | -75.514.891 |
| **Stavke koje neće biti reklasificirane u dobit ili gubitak (od 40. do 46. + 49. + 50.)** | **039** | 0 | 0 |
| Materijalna imovina | **040** | **0** | **0** |
| Nematerijalna imovina | **041** | **0** | **0** |
| Aktuarski dobici ili (-) gubici na mirovinskim planovima pod pokroviteljstvom | **042** | **0** | **0** |
| Dugotrajna imovina i grupe za otuđenje namijenjene za | **043** | **0** | **0** |
| Udjel ostalih priznatih prihoda i rashoda od subjekata koji se obračunava | **044** | **0** | **0** |
| Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit | **045** | **0** | **0** |
| Dobici ili ( – ) gubici od računovodstva zaštite vlasničkih | **046** | **0** | **0** |
| Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit [zaštićena stavka] | **467** | **0** | **0** |
| Promjene fer vrijednosti vlasničkih instrumenata mjerenih po fer vrijednosti kroz ostalu sveobuhvatnu dobit [instrument zaštite] | **048** | **0** | **0** |
| Promjene fer vrijednosti financijskih obveza mjerenih po fer vrijednosti kroz dobit ili gubitak koje se pripisuju promjenama u kreditnom riziku | **049** | **0** | **0** |
| Porez na dobit koji se odnosi na stavke koje neće biti reklasificirane | **050** | **0** | **0** |
| **Stavke koje je moguće reklasificirati u dobit ili gubitak (od 52. do 59.)** | **051** | -8.766.911 | -75.514.891 |
| Zaštita neto ulaganja u inozemno poslovanje [efektivni udjel] | **052** | **0** | **0** |
| Preračunavanje stranih valuta | **053** | **0** | **0** |
| Zaštite novčanih tokova [efektivni udjel] | **054** | **0** | **0** |
| Instrumenti zaštite od rizika [elementi koji nisu određeni] | **055** | **0** | **0** |
| Dužnički instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit | **056** | **-10.406.165** | **-77.231.538** |
| Dugotrajna imovina i grupe za otuđenje namijenjene za prodaju | **057** | **0** | **0** |
| Udjel ostalih priznatih prihoda i rashoda od ulaganja u društva kćeri, zajedničke pothvate i pridružena društva | **058** | **0** | **0** |
| Porez na dobit koji se odnosi na stavke koje je moguće reklasificirati u dobit ili ( – ) gubitak | **059** | **1.639.254** | **1.716.647** |
| **Ukupna sveobuhvatna dobit tekuće godine (37. + 38.; 61. + 62.)** | **060** | **32.380.797** | **-30.108.573** |
| **Pripada manjinskom udjelu [nekontrolirajući udjel]** | **061** | 0 | 0 |
| **Pripada vlasnicima matičnog društva** | **062** | **32.380.797** | **-30.108.573** |

## IZVJEŠTAJ O NOVČANOM TIJEKU

**u razdoblju 01.01.2022 do 31.12.2022**

u kunama

**Obveznik: AGRAM BANKA DD**

| Naziv pozicije | AOP oznaka | Isto razdoblje prethodne godine | Na izvještajni datum tekućeg razdoblja |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| **Poslovne aktivnosti prema direktnoj metodi** | | | |
| Naplaćena kamata i slični primici | 001 | 0 | 0 |
| Naplaćene naknade i provizije | 002 | 0 | 0 |
| (Plaćena kamata i slični izdaci) | 003 | 0 | 0 |
| (Plaćene naknade i provizije) | 004 | 0 | 0 |
| (Plaćeni troškovi poslovanja) | 005 | 0 | 0 |
| Neto dobici / gubici od financijskih instrumenata po fer vrijednosti u računu dobiti i gubitka | 006 | 0 | 0 |
| Ostali primici | 007 | 0 | 0 |
| (Ostali izdaci) | 008 | 0 | 0 |
| **Poslovne aktivnosti prema indirektnoj metodi** | | | |
| Dobit/(gubitak) prije oporezivanja | 009 | 50.237.682 | 55.822.790 |
| Usklađenja: | | | |
| Umanjenja vrijednosti i rezerviranja | 010 | 4.117.148 | 6.664.644 |
| Amortizacija | 011 | 8.204.671 | 8.333.209 |
| Neto nerealizirana (dobit)/gubitak od financijske imovine i obveza po fer vrijednosti kroz račun dobiti i gubitka | 012 | -210.642 | -596.436 |
| (Dobit)/gubitak od prodaje materijalne imovine | 013 | 15.095 | -3.770.209 |
| Ostale nenovčane stavke | 014 | -19.496.049 | -88.297.528 |
| **Promjene u imovini i obvezama iz poslovnih aktivnosti** | | | |
| Sredstva kod Hrvatske narodne banke | 015 | -31.268.292 | 140.862.819 |
| Depoziti kod financijskih institucija i krediti financijskim | 016 | -21.950 | -2.979 |
| Krediti i predujmovi ostalim komitentima | 017 | -125.134.985 | -272.955.208 |
| Vrijednosni papiri i drugi financijski instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit | 018 | 73.318.540 | 33.749.502 |
| Vrijednosni papiri i drugi financijski instrumenti koji se drže radi trgovanja | 019 | 0 | 0 |
| Vrijednosni papiri i drugi financijski instrumenti kojima se aktivno ne trguje, a vrednuju se prema fer vrijednosti kroz račun dobiti i gubitka | 020 | 0 | 0 |
| Vrijednosni papiri i drugi financijski instrumenti koji se obvezno vode po fer vrijednosti kroz račun dobiti i gubitka | 021 | 414.066 | 457.944 |
| Vrijednosni papiri i drugi financijski instrumenti koji se vode po amortiziranom trošku | 022 | 0 | -6.455.002 |
| Ostala imovina iz poslovnih aktivnosti | 023 | -1.840.456 | 13.718.979 |
| Depoziti od financijskih institucija | 024 | 126.330.402 | -84.810.550 |
| Transakcijski računi ostalih komitenata | 025 | 362.673.950 | 164.441.691 |
| Štedni depoziti ostalih komitenata | 026 | 61.354.399 | 175.145.229 |
| Oročeni depoziti ostalih komitenata | 027 | 24.521.747 | -200.104.885 |
| Izvedene financijske obveze i ostale obveze kojima se trguje | 028 | 0 | 0 |
| Ostale obveze iz poslovnih aktivnosti | 029 | -8.169.783 | 13.005.100 |
| Naplaćene kamate iz poslovnih aktivnosti [indirektna metoda] | 030 | 5.580.971 | 103.158.477 |
| Primljene dividende iz poslovnih aktivnosti [indirektna metoda] | 031 | 0 | 0 |
| Plaćene kamate iz poslovnih aktivnosti [indirektna metoda] | 032 | -2.349.006 | -8.435.383 |
| (Plaćeni porez na dobit) | 033 | -6.033.021 | -8.028.710 |
| **Neto novčani tokovi iz poslovnih aktivnosti (od 1. do 33.)** | 034 | **522.244.487** | **41.903.494** |
| **Ulagačke aktivnosti** | | | |
| Primici od prodaje / plaćanja za kupnju materijalne i nematerijalne imovine | 035 | -7.540.695 | -22.514.865 |
| Primici od prodaje / plaćanja za kupnju ulaganja u podružnice, pridružena društva i zajedničke pothvate | 036 | 0 | 0 |
| Primici od naplate / plaćanja za kupnju vrijednosnih papira i drugih financijskih instrumenata koji se drže do dospijeća | 037 | 0 | 0 |
| Primljene dividende iz ulagačkih aktivnosti | 038 | 241.455 | 260.841 |
| Ostali primici / plaćanja iz ulagačkih aktivnosti | 039 | 0 | 0 |
| **Neto novčani tokovi iz ulagačkih aktivnosti (od 35. do 39.)** | 040 | **-7.299.240** | **-22.254.024** |
| **Financijske aktivnosti** | | | |
| Neto povećanje/(smanjenje) primljenih kredita iz financijskih aktivnosti | 041 | -111.430.386 | 45.636.999 |
| Neto povećanje/(smanjenje) izdanih dužničkih vrijednosnih papira | 042 | -1.287.414 | -29.369.460 |
| Neto povećanje/(smanjenje) instrumenata dopunskoga kapitala | 043 | 0 | 0 |
| Povećanje dioničkoga kapitala | 044 | 0 | 0 |
| (Isplaćena dividenda) | 045 | 0 | -20.540.182 |
| Ostali primici/(plaćanja) iz financijskih aktivnosti | 046 | -6.529 | -1.393 |
| **Neto novčani tokovi iz financijskih aktivnosti (od 41. do 46.)** | 047 | **-112.724.329** | **-4.274.036** |
| **Neto povećanje/(smanjenje) novca i novčanih ekvivalenata (34. + 40. + 47.)** | 048 | **402.220.918** | **15.375.434** |
| **Novac i novčani ekvivalenti na početku razdoblja** | 049 | **526.775.808** | **929.276.594** |
| Učinak promjene tečaja stranih valuta na novac i novčane ekvivalente | 050 | **273.339** | **-269.186** |
| **Novac i novčani ekvivalenti na kraju razdoblja (48. + 49. + 50.)** | 051 | **929.270.065** | **944.382.842** |

## IZVJESTAJ O PROMJENAMA KAPITALA

za razdoblje od do 31.12.2022

u kunama

| Opis pozicije | AOP oznaka | Raspodjeljivo imateljima kapitala matice | | | | | | | | | | | Manjinski udjel | | Ukupno |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Kapital | Premija na dionice | Izdani vlasnički instrumenti osim kapitala | Ostali vlasnički instrumenti | Akumulirana ostala sveobuhvatna dobit | Zadržana dobit | Revalorizacijske rezerve | Ostale rezerve | ( ) Trezorske dionice | Dobit ili ( – ) gubitak koji pripada vlasnicima matičnog društva | ( ) Dividende tijekom poslovne godine | Akumulirana ostala sveobuhvatna dobit | Ostale stavke | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| **Početno stanje [prije prepravljanja]** | **001** | 193.775.300 | 50.540.542 | 0 | 0 | 35.844.120 | 119.918.321 | 0 | 20.098.539 | 0 | 41.147.709 | 0 | 0 | 0 | **461.324.531** |
| Učinci ispravaka pogrešaka | **002** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Učinci promjena računovodstvenih politika** | **003** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Početno stanje [tekuće razdoblje] (1. + 2. + 3.) | **004** | 193.775.300 | 50.540.542 | 0 | 0 | 35.844.120 | 119.918.321 | 0 | 20.098.539 | 0 | 41.147.709 | 0 | 0 | 0 | **461.324.531** |
| Izdavanje redovnih dionica | **005** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Izdavanje povlaštenih dionica | **006** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Izdavanje ostalih vlasničkih instrumenata | **007** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata** | **008** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Pretvaranje dugovanja u vlasničke instrumente | **009** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Redukcija kapitala** | **010** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Dividende | **011** | 0 | 0 | 0 | 0 | 0 | -20.540.182 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **-20.540.182** |
| Kupnja / prodaja trezorskih dionica | **012** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Prodaja ili poništenje trezorskih dionica | **013** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reklasifikacija financijskih instrumenata iz vlasničkih instrumenata u obveze | **014** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reklasifikacija financijskih instrumenata iz obveza u vlasničke instrumente | **015** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Prijenosi između komponenata vlasničkih instrumenata** | **016** | 0 | 0 | 0 | 0 | 0 | 41.147.709 | 0 | | 0 | -41.147.709 | 0 | 0 | 0 | **0** |
| **Plaćanja temeljena na dionicama** | **017** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Ostalo povećanje ili ( – ) smanjenje vlasničkih instrumenata** | **018** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Ukupna sveobuhvatna dobit tekuće godine** | **019** | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | **0** |
| **Povećanje ili ( – ) smanjenje vlasničkih instrumenata kao posljedica poslovnih** | **020** | 0 | 0 | 0 | 0 | -75.514.891 | 0 | 0 | 0 | 0 | 45.406.318 | 0 | 0 | 0 | **-30.108.573** |
| **Završno stanje [tekuće razdoblje] (od 4. do 20.)** | **021** | 193.775.300 | 50.540.542 | 0 | 0 | -39.670.771 | 140.525.848 | 0 | 20.098.539 | 0 | 45.406.318 | 0 | 0 | 0 | **410.675.776** |

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 Zvijezda, 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 Sinj, Trg dr. Franje Tuđmana
- 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 2022 amounts to HRK 169,234 thousand.

The number of full-time employees amounts to 173.

The gross income for the business year 2022 amounts to HRK 55,822 thousand, the current liabilities for the income tax amount to HRK 10,416 thousand, and the effect of deferred tax amount to HRK 6,677 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 31.12.2022. GODINE**

| Godišnji financijski izvještaj | u tis kn | GFI KI | u tis kn | Razlika | Obrazloženje |
|---|---|---|---|---|---|
| **IMOVINA** | | **IMOVINA** | | | |
| Gotovina i sredstva kod HNB | 890.625 | Novac u blagajni | 147.200 | | U GFI KI pozicija Novac je prikazana zasebno, dok je u godišnjem izvješću ona unutar pozicije Gotovina i sredstva kod HNB |
| | | Novčana potraživanja od središnjih banaka | 743.425 | 0 | |
| Plasmani drugim bankama | 99.861 | Ostali depoziti po viđenju | 99.861 | 0 | |
| Imovina kojom se ne trguje, a koja se obavezno mjeri po fer vrijednosti kroz račun dobiti i gubitka | 45.944 | Imovina kojom se ne trguje, a koja se obavezno mjeri po fer vrijednosti kroz račun dobiti i gubitka | 45.944 | - | |
| Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit | 752.878 | Financijska imovina po fer vrijednosti kroz ostalu sveobuhvatnu dobit | 752.878 | - | |
| Zajmovi i potraživanja klijenata | 2.330.913 | Krediti i predujmovi klijentima po amortiziranom trošku | 2.330.913 | - | |
| Dužnički vrijednosni papiri po amortiziranom trošku | 6.455 | Dužnički vrijednosni papiri po amortiziranom trošku | 6.455 | - | |
| Nekretnine i oprema | 67.626 | Materijalna imovina | 112.073 | (44.447) | U GFI KI pozicija Materijalne imovine uključuje i Ulaganja u nekretnine, dok su u godišnjem izvješću pozicije zasebno prikazane |
| Nematerijalna imovina | 22.574 | Nematerijalna imovina | 22.574 | (0) | |
| Ulaganje u nekretnine | 44.447 | | | 44.447 | U GFI KI Ulaganja u nekretnine prikazuju se unutar pozicije Materijalna imovina |
| | | Porezna imovina | 14.294 | | |
| Ostala imovina | 56.977 | Ostala imovina | 8.385 | | |
| | | Dugotrajna imovina i grupe za otuđenje klasificirane kao namijenjene za prodaju | 34.298 | - | U GFI KI u su zasebno prikazane pozicije porezne, ostale i dugotrajne imovine namijenjene za prodaju, dok u godišnjem izvješću je to prikazano u jednoj poziciji ostale imovine |
| **UKUPNO IMOVINA** | **4.318.300** | **UKUPNO IMOVINA** | **4.318.300** | **0** | |
| **OBVEZE** | | | | | |
| | | Financijske obveze mjerene po amortiziranom trošku | | | U GFI KI pod poozicijom Depoziti uključena su sva deponirana sredstva kao i primljeni krediti i ostale fin.obveze , dok su u godišnjem izvještaju te pozicije prikazane odvojeno |
| Depoziti klijenata | 3.168.286 | Depoziti | 3.778.860 | | |
| Uzeti zajmovi | 610.574 | | | - | |
| Izdani podređeni instrumenti | 53.367 | Izdani dužnički vrijednosni papiri | 53.367 | - | |
| | | Ostale financijske obveze | 42 | 42 | U Godišnjem izvješću unutar pozicije Ostale obveze |
| Rezerviranja | 7.102 | Rezervacije | 7.815 | 713 | U Godišnjem izvješću rezervacije za godišnje odmore zaposlenika prikazuju se pod Ostalim obvezama |
| | | Porezne obveze | 10.778 | | |
| Ostale obveze | 68.295 | Ostale obveze | 56.762 | (755) | U GFI KI zasebno su prikazane pozicije porezne obveze, ostale financijske i ostale obveze, dok u godišnjem izvješću je to prikazano u jednoj poziciji Ostale obveze |
| **UKUPNO OBVEZE** | **3.907.624** | **UKUPNO OBVEZE** | **3.907.624** | **-** | |
| **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 | (39.671) | Akumulirana ostala sveobuhvatna dobit | (39.671) | - | |
| Zadržana dobit | 140.526 | Zadržana dobit | 140.526 | - | |
| Zakonske pričuve | 20.099 | Ostale rezerve | 20.099 | - | |
| Dobit tekuće godine | 45.406 | Dobit ili gubitak koji pripadaju vlasnicima | 45.406 | - | |
| **UKUPNO DIONIČKA GLAVNICA** | **410.676** | **UKUPNO KAPITAL** | **410.676** | **-** | |
| **UKUPNO OBVEZE I DIONIČKA GLAVNICA** | **4.318.300** | **UKUPNO OBVEZE I KAPITAL** | **4.318.300** | **-** | |

| **RAČUN DOBITI I GUBITKA ZA RAZDOBLJE OD 01.01.2022. - 31.12.2022. GODINE** | | | | | |
|---|---|---|---|---|---|
| **Godišnji financijski izvještaj** | **u tisućama kuna** | **GFI KI** | **u tisućama kuna** | **Razlika** | **Obrazloženje** |
| Kamatni prihodi | 111.925 | Kamatni prihodi | 115.374 | | U godišnjem izvješću prihodi od zateznih kamata prikazuju se unutar pozicije Ostali prihodi, dok u GFI KI zatezne kamate su prikazane unutar pozicije Kamatnih prihoda |
| Kamatni rashodi | (11.785) | Kamatni rashodi | (11.785) | (3.449) | |
| | | Prihodi od dividendi | 261 | (261) | U godišnjem izvješću ova pozicija je unutar ostalih prihoda |
| Prihodi od naknada i provizija | 35.929 | Prihodi od provizija i naknada | 35.929 | | |
| Rashodi od naknada i provizija | (10.875) | Troškovi provizija i naknada | (10.875) | - | |
| Neto dobit od trgovanja stranim valutama | 5.733 | Dobit/gubitak od financijske imovine koje se drže radi trgovanja | 5.733 | - | |
| Dobitak po prestanku priznavanja financijske imovine mjerene po fer vrijednosti kroz ostalu sveobuhvatnu dobit | (596) | Dobit / gubitak po prestanku priznavanja financijske imovine/obveza koje nisu mjerene po fer vrijednosti kroz rdg, neto | (596) | - | |
| Gubici od financijske imovine kojom se ne trguje, a koja se obavezno mjeri kroz rdg | (43) | Dobici/(gubici) od financijske imovine po fer vrijednosti kroz rdg | (43) | - | |
| Dobitak ili gubitak od obračunatih tečajnih razlika | (269) | Tečajne razlike (dobit ili gubitak), neto | (269) | - | |
| | | Dobici/gubici po prestanku priznavanja nefinancijske imovine | 292 | | U godišnjem izvješću ova pozicija je unutar ostalih prihoda |
| Ostali prihodi | 16.152 | Ostali prihodi iz poslovanja | 8.166 | 7.694 | U godišnjem izvješću prikazane zatezne kamate i prihodi od dividendi unutar Ostalih prihoda , te dobici od prodaje dugotrajne imovine namijenjene prodaji, koja je u GFI KI svrstana u zasebnoj poziciji |
| | | Ostali rashodi iz poslovanja | (1.122) | 1.122 | U Godišnjem izvješću su Ostali rashodi unutar ukupne pozicije Troškovi poslovanja |
| **Neto prihodi iz redovitog poslovanja** | **146.171** | **Ukupno prihodi iz poslovanja, neto** | **141.065** | **5.106** | |
| Troškovi poslovanja | (83.969) | Adiminstrativni rashodi | (71.102) | | U GFI KI izvješću dio troškova koji se odnose na razne članarine, kvote i sl, te troškove otpisa i ostalih troškova iz ranijih godina iskazan je u zasebnoj poziciji i ulaze pod Ukupnim prihodima iz poslovanja, neto, dok su u Godišnjem izvješću svi troškovi prikazani pod Rashodima iz redovitog poslovanja |
| | | Amortizacija | (8.333) | | |
| | | Doprinos u novcu sanacijskim odborima i sustavima osiguranja depozita | (2.621) | (1.913) | |
| Troškovi umanjenja vrijednosti i rezerviranja | (6.380) | Rezervacije ili ukidanje rezervacija | 567 | | U Godišnjem izvješću pozicija troškova umanjenja vrijednosti i rezerviranja prikazani u skupnoj stavci, dok u GFI KI ti troškovi podijeljeni u više pozicija. Rezervacije i ukidanje rezervacija za godišnje odmore zaposlenika u Godišnjem izvješću idu pod troškove poslovanja |
| | | Umanjenje vrijednosti ili ukidanje umanjenja vrijednosti financijske imovine koja nije mjerena po fer vrijednosti kroz rdg | (7.232) | 285 | |
| | | Dobitak/gubitak od dugotrajne imovine namijenjene prodaji | 3.478 | (3.478) | |
| **Rashodi iz redovitog poslovanja** | **(90.349)** | | | | |
| **Dobit prije oporezivanja** | **55.822** | **Dobit prije oporezivanja** | **55.822** | **(5.106)** | |
| Porez na dobit | (10.416) | Porezni rashodi | (10.416) | - | |
| **Neto dobit za godinu** | **45.406** | | **45.406** | | |
| **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* | (77.232) | *Dužnički instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit* | -77.232 | - | |
| *Porez na dobit koji se odnosi na stavke financijska imovina mjerena po fer vrijednosti kroz ostalu sveobuhvatnu dobit* | 1.717 | *Porez na dobit koji se odnosi na stavke koje je moguće reklasificirati u dobit ili gubitak* | 1.717 | - | |
| **Ukupna sveobuhvatna dobit tekuće godine** | **(30.109)** | | **(30.109)** | | |
| Napomena: Za potrebe ove usporedbe neto rashodi/troškovi u GFI - KI-u prikazani su sa negativnim predznakom. | | | | | |

| **IZVJEŠTAJ O NOVČANOM TIJEKU za razdoblje od 01.01.2022. - 31.12.2022. godine** | **Godišnje financijsko izvješće** | **GFI KI** | **Razlika** | **Obrazloženje** |
|---|---|---|---|---|
| | | | | |
| | | | | Razlike se odnose na različitu metodologiju prikaza stavaka novčanih tokova pozicija prije poslovnih aktivnosti i usklađenja , te ukupne razlike u odnosu na prikaz pojedinih pozicija što smatraju poslovnim ili financijskim i investicijskim aktivnostima |
| Dobit / gubitak prije oporezivanja | 55.822 | 55.822 | - | |
| Amortizacija | 8.333 | 8.333 | - | |
| Umanjenja vrijednosti i rezerviranja za gubitke | 6.380 | 6.664 | (284) | |
| Neto nerealizirane dobiti/gubitak od financijske imovine po fer vrijednosti kroz rdg | (596) | (596) | - | |
| Dobit / gubitak od prodaje materijalne imovine | (3.770) | (3.770) | (0) | |
| Ostale nenovčane stavke | (93.143) | (88.298) | (4.845) | |
| **Novčani tijek ostvaren iz poslovanja prije promjena u obrtnom kapitalu** | **(26.974)** | **(21.845)** | | |
| Smanjenje/(povećanje) potraživanja od HNB-a | 113.432 | | | Razlike se odnose na različitu metodologiju u prikazu stavaka GFI KIa 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 | 12.271 | | | |
| Sredstva kod HNB-a | | 140.863 | (15.157) | |
| Smanjenje depozita kod bankarskih institucija | | (3) | | |
| Povećanje zajmova i predujmova klijentima | | | | U metodologiji novčanog toka u GFI KI pozicija Zajmova i predujmova klijentima uključuje i naplaćene kamate kroz promjene u poslovnim aktivnostima, dok u Godišnjem izvješću se ne prikazuju posebnonaplaćene kamate |
| Krediti i predujmovi ostalim komitentima | (169.797) | (272.955) | 103.158 | |
| Vrijednosni papiri i dr.fin.instrumenti po fer vrijednosti kroz ostalu sveobuhvatnu dobit | | 33.750 | (33.750) | U GFI KI su promjene vrijednosnih papira i dr.fin. Instrumenata prikazani unutar poslovnih aktivnosti, dok su u godišnjem izvješću skupne promjene po vrijednosnim papirima unutar investicijskih aktivnosti neovisno o portfelju i vrednovanju |
| Vrijednosni papiri i dr.fin.instrumenti po fer vrijednosti koji se obavezno vode po fer vrijednosti kroz RDG | | 458 | (458) | U GFI KI su promjene po vrijednosmim papirima i dr. fin.indstrumentima prikazani pod poslovnim aktivnostima , dok se isti u Godišnjem izvješću nalaze unutar pozicija investicijskih aktivnosti |
| Vrijednosni papiri i dr. fin. instrumenata koji se vode po amortiziranom trošku | | (6.455) | 6.455 | |
| Ostala imovina iz poslovnih aktivnosti | 13.459 | 13.716 | (257) | U GFI KI plaćena dividenda ulazi u poziciju unutar ulagačkih |
| Povećanje depozita klijenata | 47.393 | | 47.393 | U GFI KI su promjene po depozitima i primljenim kreditima iskazani u zasebnim raščlanjenim pozicijama po vrstama depozita, dok u Godišnjem izvješću su isti prikazani u jednoj poziciji depozita klijenata |
| Povećanje ostalih obveza | 1.654 | | 1.654 | U metodologiji GFI KI se ova pozicija netira u prumjenama iz poslovnih aktivnosti , te je prikazana i obveza i plaćene kamata iz obveza, dok u Godišnjem izvješću isto ne prikazuje plaćanja kamata nego netira poziciju bilance ostalih obveza |
| Plaćeni predujmovi poreza na dobit | (8.029) | | (8.029) | |
| **Neto novčana sredstva ostvarena iz poslovnih aktivnosti** | **10.383** | | | |
| Depoziti od financijskih institucija | | (84.811) | 84.811 | U GFI KI su promjene po depozitima i primljenim kreditima iskazani u zasebnim raščlanjenim pozicijama po vrstama depozita, dok u Godišnjem izvješću su isti prikazani u jednoj poziciji depozita klijenata , te pozicija primljenih kredita u kojoj se također dio odnosi i na pripadajuće kamate |
| Transakcijski računi ostalih komitenata | | 164.443 | (164.443) | |
| Štedni depoziti | | 175.145 | (175.145) | |
| Oročeni depoziti | | (200.105) | 200.105 | |
| Ostale obveze | | 13.005 | (13.005) | U GFI KI je dio ostalih obveza prikazan unutar pozicija u financijskim aktivnostima plaćenih i neplaćenih kamata kao zasebne promjene |
| Naplaćene kamate | | 103.158 | (103.158) | U metodologiji novčanog toka u GFI KI pozicija Zajmova i predujmova klijentima uključuje i naplaćene kamate kroz promjene u poslovnim aktivnostima, dok u Godišnjem izvješću se ne prikazuju posebno naplaćene kamate |
| Plaćene kamate | | (8.432) | 8.432 | U metodologiji novčanog toka u GFI KI pozicija Zajmova i predujmova klijentima uključuje i plaćene kamate kroz promjene u poslovnim aktivnostima, dok u Godišnjem izvješću se ne prikazuju posebno plaćene kamate |
| Plaćeni porez na dobit | | (8.029) | 8.029 | |
| **Promjene u imovini i obvezama iz poslovnih aktivnosti** | | **41.903** | | |

| | | | | |
|---|---|---|---|---|
| **Neto novčani tijek iz investicijskih / ulagačkih aktivnosti** | | | | |
| Primici od prodaje/plaćanja za kupnju materijalne i nematerijalne imovine | (22.514) | (22.514) | - | |
| (Povećanje)/ Smanjenje dužničkih vrijednosnih papira | 27.294 | | 27.294 | U GFI KI su promjene po vrijednosmim papirima i dr. fin.indstrumentima prikazani pod poslovnim aktivnostima , dok se isti u Godišnjem izvješću nalaze unutar pozicija investicijskih aktivnosti , te su u istome uključene i kamate u toj poziciji, dok su u godišnjem izvješću unutar investicijskih aktivnosti samo promjene vrijednosnih papira bez kamata |
| Smanjenje /povećanje vlasničkih vrijednosnih papira | 458 | | 458 | |
| Primljene dividende iz investicijskih aktivnosti | 261 | 261 | - | |
| **Neto novčana sredstva iz investicijskih aktivnosti** | **5.499** | **(22.253)** | | |
| | | | | |
| **FINANCIJSKE AKTIVNOSTI** | | | | |
| Povećanje primljenih kredita | 47.008 | 45.636 | 1.372 | U GFI KI 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 |
| Neto (Povećanje)/ Smanjenje dužničkih vrijednosnih papira | | (29.370) | 29.370 | |
| Isplaćena dividenda | (20.540) | (20.540) | - | |
| ostali primici iz financijskih aktivonsti | | (1) | 1 | U Godišnjem izvješću pozicija iskazana unutar pozicije ostalih obveza |
| **Neto novčani tijek iz financijskih aktivnosti** | **26.468** | **(4.275)** | | |
| **Neto povećanje / smanjenje gotovine i ekvivalenata gotovine** | **15.375** | **15.375** | | |
| Učinci promjene tečaja stranih valuta na gotovinu i ekvivalente gotovine | (269) | (269) | | |
| **Gotovina i ekvivalenti gotovine na početku godine** | **929.277** | **929.277** | | |
| **Gotovina i ekvivalenti gotovine na kraju godine** | **944.383** | **944.383** | | |

| GFI KI | | IZVJEŠTAJ O PROMJENAMA KAPITALA 01.01.2022. - 31.12.2022. 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** | **35.844.120** | **119.918.321** | **0** | **20.098.539** | **0** | **41.147.709** | **0** | **0** | **0** | **461.324.531** |
| 2. Učinak ispravaka pogrešaka | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Učinci promjena računovodstvenih politika | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **4. Početno stanje (tekuće razdoblje) (AOP 01 do 03)** | **4** | **193.775.300** | **50.540.542** | **0** | **0** | **35.844.120** | **119.918.321** | **0** | **20.098.539** | **0** | **41.147.709** | **0** | **0** | **0** | **461.324.531** |
| 5. Izdavanje redovnih dionica | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Izdavanje povlaštenih dionica | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Izdavanje ostalih vlasničkih instrumenata | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Izvršavanje ili istek ostalih izdanih vlasničkih instrumenata | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Pretvaranje dugovanja u vlasničke instrumente | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Redukcija kapitala | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. Dividende | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -20.540.182 | 0 | 0 | 0 | -20.540.182 |
| 12. Kupnja trezorskih dionica | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Prodaja ili poništenje trezorskih dionica | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Reklasifikacija financijskih instrumenata iz vlasničkih instrumenata u obveze | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Reklasifikacija financijskih instrumenata iz obveza u vlasničke instrumente | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. Prijenosi između komponenata vlasničkih instrumenata | 16 | 0 | 0 | 0 | 0 | 0 | 20.607.527 | 0 | 0 | 0 | -20.607.527 | 0 | 0 | 0 | 0 |
| 17. Povećanje ili smanjenje vlasničkih instrumenata kao posljedica poslovnih kombinacija | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18. Plaćanja temeljena na dionicama | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Ostalo povećanje ili smanjenje vlasničkih instrumenata | 19 | 0 | 0 | 0 | 0 | -75.514.891 | 0 | 0 | 0 | 0 | 45.406.318 | 0 | 0 | 0 | -30.108.573 |
| 20. Ukupna sveobuhvatna dobit tekuće godine | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **21. Završna (tekuće razdoblje) (AOP 04 do 20)** | **21** | **193.775.300** | **50.540.542** | **0** | **0** | **-39.670.771** | **140.525.848** | **0** | **20.098.539** | **0** | **45.406.318** | **0** | **0** | **0** | **410.675.776** |

**Nema suštinskih razlika u prikazu Izvještaja o promjenama kapitala**