CROATIA BANKA d.d.
Ulica Roberta Frangeša - Mihanovića 9

Interim Financial Statements and
Report on the Review of Interim Financial Information
as at 30 June 2026 and
for the period then ended

Contents

Management Board's Responsibility for the Interim Financial Statements

The Management Board of CROATIA BANKA d.d., with its registered office in Zagreb at Ulica Roberta Frangeša-Mihanovića 9 (the "Bank"), is responsible for ensuring that the Bank's interim financial statements as at 30 June 2026 and for the period then ended are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and, in particular, International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), so as to give a true and fair view of the Bank's financial position, financial performance, changes in equity and cash flows for that interim period.

The Management Board is responsible for the interim financial statements, including the related disclosures. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and presentation of interim financial information that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

The Management Board is responsible for maintaining proper accounting records that disclose, at any time and with reasonable accuracy, the Bank's financial position, financial performance, changes in equity and cash flows and enable the Management Board to ensure that the interim financial statements comply with IFRS as adopted by the European Union and, in particular, IAS 34.

The Management Board is also responsible for safeguarding the Bank's assets and, accordingly, for taking reasonable steps to prevent and detect fraud and other irregularities.

Signed on behalf of the Bank on 1 September 2026:

Katarina Stanić
President of the Managemen
Board

Danijel Luković
Member of the Management
Board

Report on the Review of Interim Financial Information

TO THE SHAREHOLDERS OF CROATIA BANKA d.d., Zagreb

INTRODUCTION

We have reviewed the accompanying interim financial statements of CROATIA BANKA d.d., Zagreb (the “Bank”) as at 30 June 2026 and for the period then ended, comprising the statement of financial position as at 30 June 2026, the interim statement of profit or loss, the interim statement of other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows, together with the notes to the interim financial statements, which collectively constitute the Bank’s interim financial statements.

The Bank’s Management Board is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and, in particular, International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF FACT revizija d.o.o. www.fact.hr
OIB: 66538066056 **MBS:** 050001274 **E:** ured@pkf.hr
Zagreb: Zadarska 80, 10 000 Zagreb; **Slavonski Brod:** Tome Skalice 8, 35 000 Slavonski Brod; **Karlovac:** Marmontova aleja 31, 47000 Karlovac

Report on the Review of Interim Financial Information (continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view, in all material respects, of the Bank's financial position as at 30 June 2026 and of its financial performance and cash flows for the period then ended, in accordance with IFRS as adopted by the European Union and, in particular, IAS 34.

Zagreb, 1 September 2026

Jeni Krstičević	Jeni Krstičević
Certified auditor:	President of the Management Board

In EUR 000

	30 June 2026	**30 June 2025**
Interest income calculated using the effective interest method	5,387	5,615
Interest expense	(1,086)	(1,132)
Net interest and similar income	**4,301**	**4,483**
Credit impairment losses	(807)	(385)
Net interest and similar income after credit impairment losses	**3,494**	**4,098**
Fee and commission income	1,290	1,259
Fee and commission expense	(287)	(244)
Provision and impairment charges	(244)	28
Net gains from foreign currency trading	38	61
Net foreign exchange gains	-	2
Rental income	308	323
Other operating income	528	649
Staff costs	(2,583)	(2,442)
Depreciation and amortization	(212)	(206)
Other operating expenses	(2,057)	(2,112)
Profit before tax	**275**	**1,416**
Income tax expense	(59)	(242)
Profit for the period	**216**	**1,174**
TOTAL COMPREHENSIVE INCOME	**216**	**1,174**

In EUR 000

	30 June 2026	31 December 2025
ASSETS		
Cash	29,290	10,961
Balances with the Croatian National Bank	26	24,682
Placements with banks	4,146	3,975
Financial assets at fair value through other comprehensive income	26	26
Financial assets at amortised cost:		
Debt securities	29,724	29,767
Loans and advances to customers	177,582	182,623
Investment property	5,501	5,501
Property and equipment	601	678
Intangible assets	1,814	1,735
Foreclosed assets	830	927
Deferred tax assets	74	83
Other assets	1,970	1,379
Total assets	**251,584**	**262,337**
LIABILITIES AND EQUITY		
Amounts due to banks	3,659	2,635
Demand deposits	109,703	127,252
Term deposits	109,232	102,125
Borrowings	912	965
Lease liabilities	50	84
Other liabilities	2,278	2,732
Provisions	932	1,942
Total liabilities	**226,766**	**237,735**
EQUITY AND RESERVES		
Share capital	62,990	62,990
Accumulated losses	(38,172)	(38,388)
Total equity and reserves	**24,818**	**24,602**
Total liabilities and equity	**251,584**	**262,337**

In EUR 000

	Share capital	Accumulated loss	Profit for the period	Total
Balance at 1 January 2025	**62,990**	**(42,610)**	**2,796**	**23,176**
Transfer of prior-year profit	-	2,796	(2,796)	-
Profit for the period	-	-	1,426	1,426
Other comprehensive income	-	-	-	**-**
Total comprehensive income for the year ended 31 December 2025	**-**	**-**	1,426	1,426
Balance at 31 December 2025	**62,990**	**(39,814)**	**1,426**	**24,602**
Balance at 1 January 2026	**62,990**	**(39,814)**	**1,426**	**24,602**
Transfer of prior-year profit	-	1,426	(1,426)	-
Profit for the period	-	-	216	216
Other comprehensive income	-	-	-	**-**
Total comprehensive income for the six-month period ended 30 June 2026	**-**	**-**	216	216
Balance at 30 June 2026	**62,990**	**(38,388)**	**216**	**24,818**

In EUR 000

	30 June 2026	**30 June 2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**275**	**1,416**
Depreciation and amortization	179	142
Foreign exchange gains	60	60
Net credit losses	777	371
Provision and impairment charges	(244)	28
Interest income	(757)	(11,203)
Interest expenses	2,145	2,214
Other non-cash items	(1,648)	1,996
Operating cash flows before changes in working capital:		
(Increase)/decrease in loans and receivables	(1,688)	(20,935)
(Increase)/decrease in balances with the Croatian National Bank and placements with banks	24,660	47,647
(Increase)/decrease in other assets	(821)	(550)
Increase/(decrease) in other current liabilities	175	184
Increase/(decrease) in amounts due to banks	1,024	22
Increase/(decrease) in deposits	(10,442)	(19,240)
Changes in working capital		
Interest received	4,904	5,505
Interest paid	(74)	(62)
Income tax paid	(50)	(255)
Net cash flows from operating activities	**18,475**	**7,340**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of foreclosed assets	125	110
Net cash flows from investment activities	**125**	**110**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(53)	(9,394)
Lease payments	(33)	(130)
Net cash flows used in financing activities	**(86)**	**(9,524)**
Cash and cash equivalents at the beginning of the year	**14,936**	**13,030**
Net change in cash and cash equivalents	**18,514**	**(2,074)**
Effect of changes in expected credit losses on cash and cash equivalents	**(14)**	**-**
Cash and cash equivalents at the end of the period	**33,436**	**10,956**

1 GENERAL INFORMATION

1.1. Legal Framework and Principal Activities

Croatia banka d.d. Zagreb (the "Bank") was registered in the court register as a joint-stock company in 1989 under court registration number 080007370. The Bank's registered office is at Ulica Roberta Frangeša Mihanovića 9, Zagreb, Republic of Croatia.

The Bank is wholly owned by the Croatian Deposit Insurance Agency, which is owned by the Republic of Croatia.

The Bank's principal activities comprise accepting deposits from and extending credit to corporate and individual customers; conducting domestic and international payment transactions; issuing guarantees, avals and other forms of surety; trading in securities; and performing other banking operations.

The Bank operates commercial centres in Čakovec, Osijek, Pula, Slavonski Brod, Split, Vinkovci, Virovitica, Vukovar, Županja and Zagreb, and four branches: the Županja Branch, the Šubićeva Zagreb Branch, the Sky Office Zagreb Branch and the Rijeka Branch.

As at 30 June 2026, the Bank's share capital amounted to EUR 62,990 thousand.

1.2. Governing Bodies of the Bank

The governing bodies of the Bank are the Management Board, the Supervisory Board and the General Assembly.

Management Board

The powers, duties and responsibilities of the Bank's Management Board in conducting the Bank's business and representing the Bank are governed by the Companies Act, the Credit Institutions Act, the Articles of Association and the Rules of Procedure of the Bank's Management Board.

The Management Board conducts the Bank's business and manages its assets and is authorised and required to take all actions and adopt all decisions necessary for the successful operation of the Bank. In conducting the Bank's business, the Management Board ensures, in particular, that the Bank operates in accordance with the risk-management requirements prescribed by the Credit Institutions Act and other applicable statutory and internal regulations and acts. It approves and regularly reviews the Bank's risk-management strategies and policies, including the management of risks arising from the macroeconomic environment in which the Bank operates and from the prevailing stage of the business cycle. In this connection, the Management Board must ensure the systematic monitoring and assessment of capital adequacy and the implementation of a strategy for maintaining or attaining an adequate level of capital commensurate with the risks to which the Bank is exposed in its operations. Furthermore, the Management Board ensures that the internal control system operates effectively across all areas of the Bank's business and that the internal audit function is able to perform its duties without hindrance. It ensures that the Bank maintains proper accounting and other records and business documentation, prepares appropriate accounting documents, properly values its assets and liabilities, and prepares financial and other reports in accordance with the applicable accounting regulations and standards, the Credit Institutions Act and other regulations adopted pursuant to law. The Management Board must also ensure that the Bank fulfils its reporting and notification obligations towards the Croatian National Bank ("CNB") in accordance with the Credit Institutions Act and other regulations adopted pursuant to law, and that it implements the measures imposed by the CNB.

The Bank's Management Board comprises no fewer than two and no more than three members, one of whom is appointed President of the Management Board. The President and each member of the Management Board are authorised to represent the Bank individually and independently.

The Management Board is appointed by the Supervisory Board for a term not exceeding four years, with the possibility of reappointment.

The members of the Management Board who served during 2025 and 2026 were:

Katarina Stanić – President of the Management Board
Danijel Luković – Member of the Management Board

Supervisory Board

The Supervisory Board performs its duties in accordance with the Companies Act, the Credit Institutions Act and the Bank's Articles of Association. Its principal powers are to supervise the conduct of the Bank's business and to appoint and remove the President and members of the Management Board. In addition, the Supervisory Board approves the Management Board's business policies and financial plans; strategies and policies governing the assumption and management of risks; strategies and procedures for assessing internal capital adequacy; internal acts establishing and ensuring the effective operation of the internal control system; the work plans of the control functions; the remuneration policy; and the Bank's organisational structure. It also decides on other matters prescribed by law or the Bank's internal acts.

The members of the Supervisory Board are elected or appointed for a term of four years.

The members of the Supervisory Board who served during 2026 were:

From 1 January to 30 June 2026:
Danijela Miloš Sprčić – Chair
Branka Grabovac – Deputy Chair
Zdenka Pogarčić – Member
Igor Borošak – Member
From 15 June to 30 June 2026:
Davor Zoričić – Member

The members of the Supervisory Board who served during 2025 were:

From 1 January to 13 August 2025:
Alen Stojanović – Chair
Branka Grabovac – Deputy Chair
Zdenka Pogarčić – Member
Danijela Miloš Sprčić – Member
Igor Borošak – Member

From 14 August to 31 December 2025:
Danijela Miloš Sprčić – Chair
Branka Grabovac – Deputy Chair
Zdenka Pogarčić – Member
Igor Borošak – Member

1.3. Croatian National Bank Assessment of CROATIA BANKA d.d.'s Risk Profile

As part of its regular Supervisory Review and Evaluation Process ("SREP"), the Croatian National Bank ("CNB") assessed the risk profile of CROATIA BANKA d.d. Given that the Bank's risk profile had not changed compared with the previous year, the CNB concluded that the additional own funds requirements established by SREP Decision No. EROFF-11-091/25-RS-BV of 3 December 2025 remained adequate. Under that Decision, the Bank is required, on an ongoing basis, to maintain additional regulatory capital above the applicable minimum so that its total capital ratio is at least 2.61 percentage points higher than the ratio prescribed by Article 92(1)(c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27 June 2013) and by Title VII of the Credit Institutions Act.

1 GENERAL INFORMATION (continued)

1.3. Croatian National Bank Assessment of CROATIA BANKA d.d.'s Risk Profile (continued)

The CNB did not issue a new decision in the current SREP cycle. Accordingly, the Bank remains required to maintain the capital ratio referred to above and, including the applicable capital buffers, a total capital ratio of 16.86%.

The Bank's total capital ratio was 19.66% as at 31 December 2025.

As at 30 June 2026, the Bank's total capital ratio was 19.37%.

2 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the statutory accounting framework applicable to banks in the Republic of Croatia. During the reporting period, the Bank's operations were governed by the Credit Institutions Act (Official Gazette Nos. 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20, 151/22 and 145/24), which was subsequently repealed and replaced by the Credit Institutions Act (Official Gazette No. 22/26). Under these Acts, the Bank's financial reporting requirements are prescribed by the CNB, the central supervisory authority for the Croatian banking system. The regulatory financial statements have been prepared in accordance with the aforementioned banking regulations.

The CNB's accounting regulations are based on International Financial Reporting Standards as adopted by the European Union, comprising International Accounting Standards and related amendments and interpretations, and International Financial Reporting Standards and related amendments and interpretations.

The principal differences between the CNB's accounting regulations and the recognition and measurement requirements of IFRS are not material and have been treated as estimates made by the Management Board. These differences relate to the following:

- The CNB requires banks to recognise impairment losses in the statement of comprehensive income at prescribed minimum rates in respect of exposures measured at amortised cost and off-balance-sheet exposures. In these interim financial statements, the Bank has recognised the resulting impairment allowances and provisions as a substitute for expected credit losses calculated in accordance with IFRS 9 Financial Instruments.
- The CNB requires banks to recognise minimum provisions for litigation. In these interim financial statements, the Bank has recognised these provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

These condensed interim financial statements for the period ended 30 June 2026 have been prepared in accordance with IAS 34 Interim Financial Reporting. They have been prepared on the same basis as that applied in preparing the annual financial statements for 2025.

The comparative information as at 31 December 2025 has been derived from the Bank's audited annual financial statements. These interim financial statements do not include all the information and disclosures required for annual financial statements prepared in accordance with IFRS as adopted by the European

Union. The Management Board considers the information presented in these interim financial statements to be appropriate and not misleading.

3 SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in preparing these interim financial statements is set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

Basis of Presentation

The interim financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value. They have been prepared on the accrual basis of accounting and on a going-concern basis.

The Bank maintains its accounting records and prepares its statutory financial statements in accordance with the regulations and decisions issued by the CNB. The accompanying interim financial statements have been prepared on the basis of the Bank's accounting records and include the adjustments and reclassifications necessary to give a true and fair view in accordance with the statutory accounting framework applicable to banks in the Republic of Croatia.

Functional and Presentation Currency

The interim financial statements are presented in thousands of euros, as the euro is the Bank's functional and presentation currency.

On 1 January 2023, the Republic of Croatia adopted the euro, replacing the Croatian kuna. Accordingly, the euro became the Bank's functional and presentation currency in 2023. The change in functional and presentation currency in 2023 had no material effect on these interim financial statements.

The Government of the Republic of Croatia adopted the Decision Announcing the Introduction of the Euro as the Official Currency in the Republic of Croatia (Official Gazette No. 85/2022). Pursuant to that Decision, the euro became the official currency and legal tender in the Republic of Croatia on 1 January 2023.

3.1 Critical Accounting Estimates and Key Sources of Estimation Uncertainty

The preparation of the Bank's interim financial statements in accordance with IFRS requires the Management Board to make estimates and assumptions that affect the amounts reported in these interim financial statements and the accompanying notes.

The estimates and underlying assumptions are based on historical experience, information available as at the date on which the interim financial statements are prepared, and various other factors considered reasonable in the circumstances. The resulting estimates and assumptions provide the basis for judgements concerning the carrying amounts of assets and liabilities that cannot readily be determined from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Critical Accounting Estimates and Key Sources of Estimation Uncertainty (continued)

Changes in accounting estimates are recognised in the period in which the estimate is revised if the change affects that period only, or in the period of the revision and future periods if the change affects both the current and future periods.

The estimate of allowances and provisions for credit losses represents the Management Board's best estimate of default risk and expected credit losses on financial assets. Both on-balance-sheet and off-balance-sheet exposures are included in the Bank's total exposure to a customer. The Bank's lending exposures are predominantly collateralised, with real estate representing the most significant type of collateral.

The valuation of real estate represents the Management Board's best estimate but is subject to estimation uncertainty. Historical transactions, including transactions completed in 2025, confirmed that the amounts realised from real estate in enforcement proceedings exceeded the Management Board's estimates adjusted in accordance with CNB regulations and recognised in the financial statements.

The Bank specifically assesses whether there has been a significant increase in credit risk. Indicators of potential impairment include days past due and internal credit-risk assessments based on historical, current and forward-looking information, adjusted for relevant macroeconomic indicators and expectations.

The required loss allowance or provision is determined by measuring expected credit losses as the product of the probability of default, loss given default and exposure at default over the remaining expected life of the financial instrument, discounted using the effective interest rate as at the reporting date.

Expected credit losses on exposures classified as Stage 1 are measured as 12-month expected credit losses. For exposures classified as Stage 2, comprising exposures that have experienced a significant increase in credit risk, expected credit losses are measured over the remaining expected life of the financial instrument. As at the reporting date, the application of this approach had not resulted in any adverse net effect on impairment allowances or any increase in provisions.

3.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and balances on current accounts with the CNB and other banks with original maturities of up to 90 days, net of collective impairment allowances and amounts deemed uncollectible, together with items in the course of collection.

3.3 Financial Assets and Financial Liabilities

Measurement methods

Amortised cost is the amount at which a financial asset or financial liability is measured after initial recognition, less principal repayments, plus or minus the cumulative amortisation, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity and, in the case of a financial asset, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments over the expected life of a financial asset or financial liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability. The calculation excludes expected credit losses but includes transaction

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial assets and liabilities (continued)

Measurement methods (continued)

costs, premiums or discounts, fees and other payments and receipts that are an integral part of the effective interest rate. Revised estimates of future cash flows are discounted using the original effective interest rate.

3.4 Interest Income and Expense

Interest income is calculated using the effective interest method by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- purchased or originated credit-impaired ("POCI") financial assets, for which the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset from initial recognition; and
- financial assets that were not POCI financial assets but subsequently became credit-impaired. For such assets, the effective interest rate is applied to their amortised cost in subsequent reporting periods.

For financial assets classified as Stage 3, the Bank calculates interest income on a net basis.

Initial Recognition and Measurement

The Bank recognises a financial asset or financial liability in its statement of financial position only when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Bank measures a financial asset or financial liability at fair value plus or minus, in the case of a financial asset or financial liability not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.5 Financial Assets

The Bank classifies its financial assets into the following three principal measurement categories:

- financial assets subsequently measured at amortised cost;
- financial assets subsequently measured at fair value through other comprehensive income; and
- financial assets subsequently measured at fair value through profit or loss.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Its carrying amount is adjusted for the loss allowance for expected credit losses. Interest income is calculated using the effective interest method.

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in its carrying amount are recognised in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains or losses, which are recognised in profit or loss. Upon derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss, except in the case of equity instruments. A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is measured at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial Assets (continued)

Business model

The Bank determines its business model at a level that reflects how groups of financial assets are managed collectively as portfolios to achieve a particular business objective. In assessing its business model for managing financial assets, the Bank applies judgement based on the following information:

- whether management's strategic focus is on earning interest income, including maintaining a particular interest-rate profile and matching the maturity of financial assets with that of the liabilities funding those assets, or on realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported;
- the risks affecting the performance of the business model and how those risks are managed;
- how the managers responsible for the portfolio are remunerated; and
- the frequency, volume and timing of sales in previous periods.

For a business model whose objective is either to hold assets to collect contractual cash flows or both to collect contractual cash flows and sell financial assets, the Bank assesses whether the contractual cash flows of a financial instrument represent solely payments of principal and interest on the principal amount outstanding - the SPPI test.

Impairment

The Bank recognises loss allowances for expected credit losses on financial assets measured at amortised cost or at fair value through other comprehensive income, as well as provisions for exposures arising from commitments and contingent liabilities. At each reporting date, the Bank assesses whether the credit risk associated with a financial instrument has changed since initial recognition and recognises in profit or loss an impairment gain or loss in the amount required to adjust the loss allowance to the expected credit losses measured at that date. The measurement of expected credit losses reflects:

- an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available at the reporting date without undue cost or effort regarding past events, current conditions and forecasts of future economic conditions.

Loan Modifications

The Bank may modify the contractual cash flows of loans to customers. When this occurs, the Bank assesses whether the revised terms are substantially different from the original contractual terms. In making this assessment, the Bank considers various factors, including:

- where the borrower is experiencing financial difficulties, whether the modification merely reduces the contractual cash flows to amounts that the borrower is expected to be able to pay;
- whether any substantial new contractual term has been introduced that affects repayment of the loan and has a significant effect on its risk profile;
- a significant extension of the loan repayment period where the borrower is not experiencing financial difficulties;
- significant changes in the interest rate;
- a change in the original currency of the loan; and

- the addition of collateral, other forms of security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms of a loan have been substantially modified, the Bank derecognises the original loan and recognises a new loan at fair value, for which a new effective interest rate is calculated. The date of the modified agreement is treated as the date of initial recognition for impairment measurement purposes, including the assessment of whether a significant increase in credit risk has occurred. Any difference between the carrying amount of the original loan derecognised and the fair value of the new loan is recognised in profit or loss as a gain or loss on derecognition.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)
3.5 Financial Assets (continued)
Derecognition Other Than as a Result of a Modification

A financial asset, or a part thereof, is derecognised when the contractual rights to receive the cash flows from the financial asset expire or when the Bank transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred to another entity.

The Bank enters into transactions whereby it retains the contractual rights to receive cash flows from an asset but assumes a contractual obligation to pass those cash flows on to one or more recipients and transfers substantially all the risks and rewards of ownership. Such transactions are accounted for as “pass-through” transfers and result in derecognition if the Bank:

- has no obligation to pay amounts to the recipients unless it collects equivalent amounts from the asset;
- is prohibited from selling or pledging the asset; and
- is required to remit any cash flows collected from the asset without material delay.

3.6 Financial Liabilities

Classification and Subsequent Measurement

The Bank classifies financial liabilities as subsequently measured at amortised cost, except for:

- financial liabilities (including derivative instruments) measured at fair value through profit or loss;
- financial liabilities arising when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; and
- financial guarantee contracts.

Derecognition of Financial Liabilities

The Bank derecognises a financial liability when, and only when, it is extinguished—that is, when the obligation specified in the contract is discharged or cancelled, or expires.

The difference between the carrying amount of a financial liability, or part of a financial liability, that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Commitments and Contingent Liabilities

Financial guarantee contracts require the Bank to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. In the ordinary course of its business, the Bank enters into agreements giving rise to commitments and contingent liabilities that are recorded off-balance sheet and primarily comprise guarantees, letters of credit, undrawn loan commitments and credit line limits. Such commitments are recognised in the Bank's statement of financial position if and when they become payable.

Financial guarantees are initially measured at fair value, represented by the amount of the premium received, which is amortised on a straight-line basis over the term of the guarantee. At the end of each reporting period, financial guarantees are measured at the higher of: (a) the loss allowance determined in accordance with the expected credit loss model; and (b) the remaining unamortised balance of the amount initially recognised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Investment property

Investment property comprises property held by the Bank to earn rental income or for capital appreciation. Investment property is initially recognised at cost and subsequently measured at fair value. The Bank determines the fair value of its investment property annually using the income approach, based on a valuation performed by an independent valuer. Cost comprises the amount of cash or cash equivalents paid, or the fair value of other consideration given, to acquire the asset. Transaction costs are included in the initial measurement.

3.8 Property and Equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost of an asset, less its residual value, over its estimated useful life. Land and assets under construction are not depreciated.

The residual values, depreciation methods and estimated useful lives of assets are reviewed at each financial reporting date and adjusted where appropriate. The carrying amount of an asset is written down immediately to its recoverable amount if its carrying amount exceeds its recoverable amount. Gains and losses on disposal are determined as the difference between the proceeds received and the carrying amount of the asset and are recognised in profit or loss.

Depreciation of tangible assets is calculated using the straight-line method over their estimated useful lives, as follows:

	2025	2024
Buildings	20–40 years	20–40 years
Computers	4–6 years	4–6 years
Furniture and Equipment	4–10 years	4–10 years
Motor Vehicles	4 years	4 years
Other tangible assets	4–20 years	4–20 years

3.9 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure arising from development activities is recognised as an intangible asset if all the recognition criteria set out in International Accounting Standard 38 – Intangible Assets (“IAS 38”) are satisfied. Amortisation is calculated using the straight-line method over the estimated useful lives of the intangible assets.

The estimated useful lives used to calculate amortisation of intangible assets on a straight-line basis are as follows:

	2025	2024
Software	5–10 years	5–10 years
Other intangible assets	4–10 years	4–10 years

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Foreclosed assets

In respect of assets acquired in settlement of outstanding receivables, the Bank assesses their marketability and recognises only those assets that are marketable and whose value can be measured reliably. Such foreclosed assets are initially recognised at the lower of the carrying amount of the related outstanding receivable and the fair value of the asset. The Bank seeks to dispose of such assets as soon as practicable, and they are not depreciated or amortised. Following initial recognition, foreclosed assets are measured at the lower of cost and fair value less costs to sell. Tangible assets acquired in settlement of outstanding receivables are presented in the statement of financial position as assets held for sale if the following criteria are met:

- the Bank has a plan to sell the asset and an active programme to locate a buyer has been initiated;
- the asset is available for immediate sale in its present condition;
- the sale is highly probable;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current market value, and significant changes to the plan or withdrawal from the plan are unlikely; and
- the sale is expected to be completed within one year from the date of classification, except where the delay is caused by events or circumstances beyond the Bank's control and there is sufficient evidence that the Bank remains committed to its plan to sell the asset.

Where a sale is delayed by events or circumstances beyond the Bank's control and there is sufficient evidence that the Bank remains committed to its plan to sell, tangible assets acquired in settlement of outstanding receivables continue to be recognised, measured and presented as assets held for sale.

This category of assets is initially measured at the lower of the carrying amount of the asset and its fair value less estimated costs to sell.

Following initial recognition, such assets are subsequently measured at the lower of their carrying amount and fair value less costs to sell. If the above criteria are not met, the Bank initially recognises tangible assets acquired in settlement of outstanding receivables as foreclosed assets in accordance with International Accounting Standard 2 – Inventories ("IAS 2").

3.11 Impairment of Non-Financial Assets

Assets measured at cost are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. For impairment-testing purposes, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, referred to as cash-generating units. Non-financial assets for which an impairment loss has previously been recognised are reviewed at each reporting date for indications that the impairment loss may no longer exist or may have decreased.

Property and equipment and intangible assets are assessed for impairment whenever circumstances indicate that their carrying amounts may not be recoverable.

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss in respect of property and equipment and intangible assets carried at cost.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Fee and Commission Income and Expense

Fee and commission income primarily comprises fees charged to customers in respect of loans, guarantees, letters of credit and other services provided by the Bank. Fees are recognised as income when the related services are rendered.

Fee and commission expense primarily comprises fees paid to authorised banks for services relating to foreign-currency payment transactions and fees paid to the Financial Agency ("FINA") for domestic payment services.

3.13 Provisions

The Bank recognises a provision when it has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount of the obligation can be estimated reliably.

Management assesses the adequacy of provisions based on a review of individual items, current economic conditions, the risk characteristics of the various categories of transactions and other relevant factors.

Where an outflow of economic benefits required to settle an obligation is no longer probable, or is lower than previously estimated, the provision is reversed or adjusted accordingly. Provisions are used only for expenditures for which they were originally recognised. Present value is calculated on an individual basis using the effective interest rate applicable to the relevant exposure.

3.14 Employee benefits

When paying salaries, the Bank makes regular contributions on behalf of its employees who participate in mandatory pension funds, in accordance with statutory requirements. The Bank has no further payment obligations once the contributions have been paid. Contributions are recognised as employee benefit expense in the period in which the related employee services are rendered.

The Bank recognises a provision for bonuses when it has a contractual obligation or when a past practice has created a constructive obligation. The Bank also recognises a liability for accumulated compensated absences in respect of unused annual leave outstanding at the financial reporting date.

3.15 Foreign Currencies

Transactions denominated in foreign currencies are translated into euros using the European Central Bank ("ECB") reference exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated using the exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into euros using the exchange rate prevailing on the date when their fair value was measured. Non-monetary assets and other items measured at historical cost in a foreign currency are translated using the exchange rate prevailing on the transaction date and are not subsequently retranslated at the date of the statement of financial position.

Changes in the fair value of monetary financial assets denominated in foreign currencies and measured at fair value through other comprehensive income are analysed between foreign exchange differences resulting from changes in the amortised cost of the financial asset and other changes in its carrying amount. Foreign exchange differences are recognised in profit or loss as part of the foreign exchange gains or losses arising from the retranslation of monetary assets and liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income tax

Income tax expense comprises current and deferred tax and is based on taxable profit for the year. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income. Current tax is the expected tax payable on taxable profit for the financial year, calculated using tax rates enacted or substantively enacted at the financial reporting date, together with any adjustments to tax payable in respect of previous periods.

Deferred tax is calculated using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and their respective tax bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable profit in the period in which the carrying amount of the asset is expected to be recovered or the liability settled, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which they can be utilised. At each financial reporting date, the Bank reassesses unrecognised deferred tax assets and reviews the carrying amount of recognised deferred tax assets.

3.17 Leases

At the inception of a contract, the Bank assesses whether the contract is, or contains, a lease—that is, whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank as Lessor

For accounting purposes, leases for which the Bank is the lessor are classified as either finance leases or operating leases. Leases under which the Bank does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Lease income is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income.

The Bank as Lessee

<u>Lease liabilities</u>

Lease liabilities are initially measured at the present value of the lease payments. Lease liabilities comprise the net present value of the following lease payments:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising an option to terminate the lease.

Extension and termination options are included in a number of the Bank's leases of business premises and equipment. These terms are used to maximise operational flexibility in managing the assets employed in the Bank's operations. Most extension and termination options are exercisable only by the Bank and not by the lessor. Extension options, or periods following a termination option, are included in the lease term only when it is reasonably certain that the lease will be extended or will not be terminated. Lease payments to be made during optional extension periods that the Bank is reasonably certain to exercise are also included in the measurement of the lease liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Leases (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, as is generally the case for the Bank's leases, the Bank's incremental borrowing rate is used. This is the rate of interest that the Bank would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a value similar to that of the right-of-use asset in a similar economic environment and subject to similar contractual terms and conditions.

In determining its incremental borrowing rate, the Bank:

- applies a build-up approach that starts with a risk-free interest rate adjusted for the Bank's credit risk; and
- makes adjustments specific to the lease, including adjustments relating to its term, country, currency and security.

The Bank is exposed to potential future increases in variable lease payments based on an index or rate. Such increases are not included in the lease liability until the change in the index or rate takes effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between the principal and finance cost. Finance costs are recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Payments associated with short-term leases of equipment and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use Assets

The Bank leases business premises and motor vehicles. Contracts may contain both lease and non-lease components. The Bank allocates the consideration in a contract to the lease and non-lease components based on their relative stand-alone prices.

Right-of-use assets arising from leases are initially measured at cost.

The cost of a right-of-use asset comprises:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of the costs of restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

3.18 Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. They are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the amount payable at maturity is recognised in profit or loss as interest expense over the term of the borrowing using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Funds Managed for and on Behalf of Third Parties

The Bank manages funds for and on behalf of legal entities. These funds do not constitute assets of the Bank and are therefore excluded from the statement of financial position. The Bank charges fees for these services, which are recognised in profit or loss. In 2024, the Bank recognised income of EUR 2 thousand from such fees.

3.20 Accounting Estimates and Judgements in Applying Accounting Policies

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the financial reporting date, and the reported amounts of income and expenses for the period.

The estimates and underlying assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, as well as on information available at the date on which the financial statements are prepared. The resulting estimates form the basis for judgements concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which an estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimation of impairment losses on the portfolio exposed to credit risk and the estimation of the fair value of real estate collateral as an integral part of that assessment represent the most significant sources of estimation uncertainty. These and other key sources of estimation uncertainty, including provisions for litigation, which involve a significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, are described below.

3.21 Regulatory environment

The Bank is subject to regulation by the Croatian National Bank (“CNB”). The regulations include limits and other restrictions relating to minimum capital adequacy requirements, the classification of loans and off-balance-sheet commitments, the determination of provisions for credit risk, and the management of liquidity, interest rate and foreign currency risks. At the reporting date, the Bank complied with all applicable regulatory requirements.

4 Net Interest Income

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Interest income	5,387	5,615
Interest expense	(1,086)	(1,132)
Total	**4,301**	**4,483**

Net interest income represented 71% of the Bank’s total income. Net interest income amounted to EUR 4,301 thousand, representing a decrease of EUR 182 thousand, or 4.1%, compared with the corresponding period of the previous year. Interest income decreased by EUR 251 thousand, or 4.5%, to EUR 5,364 thousand, while interest expense decreased by EUR 69 thousand, or 6.1%, to EUR 1,063 thousand. The decrease in net interest income was primarily attributable to the decline in the EURIBOR reference rate and, to a lesser extent, reduced lending activity in the corporate segment during 2026. Interest income by sector was as follows:

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Loans and advances		
Retail	2,728	2,494
Companies	1,894	1,903
Government Units	336	362
Banks and other financial institutions	399	852
Other organizations	7	4
Non-residents	23	-
Total interest income	**5,387**	**5,615**

Interest income by sector was as follows:

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Deposits		
Retail	(744)	(919)
Non-residents	(56)	(49)
Croatian National Bank	0	(15)
Companies	(197)	(127)
Banks and other financial institutions	(83)	(15)
Government Units	(1)	(1)
Leases	(1)	(3)
Other organizations	(4)	(3)
Total interest expense	**(1,086)**	**(1,132)**

5 Net Fee and Commission Income

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Fee and commission income	1,290	1,259
Fee and commission expense	(287)	(244)
Total	**1,003**	**1,015**

Net fee and commission income amounted to EUR 1,003 thousand, representing a decrease of EUR 12 thousand, or 1.2%, compared with the corresponding period of the previous year. Fee and commission income increased by EUR 31 thousand, or 2.5%, while fee and commission expense increased by EUR 43 thousand, or 17.6%. Consequently, net fee and commission income was slightly lower than in the corresponding period of the previous year.

6 Administrative expenses

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Staff Costs	(2,583)	(2,442)
Depreciation and amortization	(212)	(206)
Material expenses	(1,794)	(2,002)
Other expenses	(138)	(110)
Total	**(4,727)**	**(4,760)**

Total administrative expenses decreased by 0.7% compared with the corresponding period of the previous year, while depreciation and amortisation expense increased by 2.9% compared with the first half of 2025.

7 Provisions and Impairment Losses

EUR thousand	30 June 2026	30 June 2026
	EUR	EUR
Impairment losses/(reversals) on financial assets not measured at fair value through profit or loss	(807)	(385)
Provision charges/(reversals of provisions)	(244)	28
Total	**(1,051)**	**(357)**

8 Income tax expense

Current income tax is determined for the full financial year. Monthly corporate income tax prepayments for 2026 have been payable since January 2026.

9 Profit for the period

EUR thousand	30 June 2026	30 June 2025
	EUR	EUR
Income or (-) loss for the current year	216	1,174
Total comprehensive income for the current year	216	1,174

In the first half of 2026, the Bank recognised provisions and impairment expenses totalling EUR 1,051 thousand. In accordance with its internal policies and procedures, the Bank regularly assesses its credit exposures and recognises the appropriate loss allowances.

10 Movements in the Bank's Assets, Liabilities and Equity

The Bank's total assets amounted to EUR 251,584 thousand as at 30 June 2026, representing a decrease of EUR 10,753 thousand, or 4.1%, compared with 31 December 2025. Total liabilities amounted to EUR 226,766 thousand, representing a decrease of EUR 10,969 thousand, or 4.6%, while total equity increased by EUR 216 thousand, or 0.9%, to EUR 24,818 thousand.

EUR thousand	30 June 2026	31 December 2025
	EUR	EUR
Total assets /i/	251,584	262,337
Total liabilities /II/	226,766	237,735
Total capital /II/	24,818	24,602

Sectoral breakdown of assets

Line item	30 June 2026	31 December 2025
EUR thousand	EUR	EUR
Retail	**81,847**	**71,177**
Corporate	**130,706**	**139,889**
Companies	49,364	53,734
Individuals (sole traders and holders of family farms)	17,162	18,069
Local government and non-profit organizations	64,180	68,086
financial institution	**28,733**	**41,596**
Foreign countries	**8,143**	**8,133**
Other placements and assets	**2,155**	**1,542**
Total	**251,584**	**262,337**

Sectoral breakdown of liabilities and equity

Line item	30 June 2026	31 December 2025
EUR thousand	EUR	EUR
Retail	**130,466**	**132,265**
Corporate	**85,332**	**89,989**
Companies	55,927	62,918
Individuals (sole traders and holders of family farms)	4,109	4,116
Local government and non-profit organizations	25,296	22,955
financial institution	**6,686**	**5,409**
Other sources of funds	**4,282**	**10,072**

Equity and reserves	**24,818**	**24,602**
Total	**251,584**	**262,337**

11 Cash

Line item	30 June 2026	31 December 2025
EUR thousand	EUR	EUR
A giro account	**21,929**	**2,756**
Cash on hand		
Euro	2,094	2,328
Foreign currencies	164	140
Balances on foreign-currency current accounts with domestic banks	**5,112**	**5,740**
Expected credit loss	*(9)*	*(3)*
Total	**29,290**	**10,961**

12 Placements with banks

EUR thousand	30 June 2026	31 December 2025
	EUR	EUR
Deposits with foreign banks	3,919	3,742
Deposits with domestic banks	227	233
Expected credit loss	-	-
Total	**4,146**	**3,975**

13 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost amounted to EUR 188,889 thousand as at 30 June 2026, representing a decrease of EUR 4,291 thousand, or 2.2%, compared with the end of 2025. Movements in exposures by credit-risk stage were as follows:

	Stage 1	Stage 2	Stage 3	Total
01 January 2025	**149,352**	**3,024**	**13,739**	**166,115**
Transfer from Stage 1 to Stage 2	(1,523)	1,523	-	-
Transfer from Stage 1 to Stage 3	(1,718)	-	1,718	-
Transfer from Stage 2 to Stage 1	393	(393)	-	-
Transfer from Stage 2 to Stage 3	-	(865)	865	-
Transfer from Stage 3 to Stage 2	-	530	(530)	-
Newly approved loans	63,995	-	-	63,995
Derecognition of assets	(34,706)	266	(2,490)	(36,930)
31 December 2025	**175,793**	**4,085**	**13,302**	**193,180**
01 January 2026	**175,793**	**4,085**	**13,302**	**193,180**
Transfer from Stage 1 to Stage 2	(1,361)	1,361	-	-

Transfer from Stage 1 to Stage 3	(1,205)	-	1,205	-
Transfer from Stage 2 to Stage 1	973	(973)	-	-
Transfer from Stage 2 to Stage 3	-	(1,133)	1,133	-
Transfer from Stage 3 to Stage 2	-	541	(541)	-
Newly approved loans	26,590	-	-	26,590
Derecognition of assets	(29,471)	(944)	(466)	(30,881)
30 June 2026	**171,319**	**2,937**	**14,633**	**188,889**

Exposures totalling EUR 3,699 thousand were transferred to higher-risk stages, while exposures totalling EUR 1,514 thousand were transferred to lower-risk stages.

14 Investment Property

EUR thousand	30 June 2026	31 December 2025
	EUR	EUR
Investment property	5,501	5,501
Total	**5,501**	**5,501**

15 Financial liabilities measured at amortized cost

EUR thousand	30 June 2026	31 December 2025
	EUR	EUR
Deposits	223,506	232,977
Total	**223,506**	**232,977**

Financial liabilities measured at amortised cost amounted to EUR 223,506 thousand as at 30 June 2026, representing a decrease of EUR 9,471 thousand, or 4.1%, compared with 31 December 2025.

16 Provisions

Provisions amounted to EUR 932 thousand as at 30 June 2026, compared with EUR 1,942 thousand as at 31 December 2025. Provisions decreased by EUR 1,010 thousand compared with the end of the previous year due to the resolution of a legal dispute and the reversal of the related provision.

17 Off-balance-sheet Items

EUR thousand	30 June 2026	31 December 2025
	EUR	EUR
Guarantees	14,729	14,410
Revolving loan	10,362	10,149
Credit facilities and financing commitments	15,024	12,120
Uncovered letters of credit	98	-

Total	**40,213**	**36,679**

18 Events after the Interim Reporting Date

i/ On 4 March 2026, Hrvatska poštanska banka d.d. entered into a share purchase agreement with the Croatian Deposit Insurance Agency for the acquisition of shares representing 100% of the share capital of Croatia banka d.d., for a total transaction value of EUR 15 million.

On 17 April 2026, the General Meeting of Hrvatska poštanska banka d.d. (hereinafter: "HPB") approved the acquisition of 100% of the shares in Croatia banka d.d., following which HPB initiated the process of obtaining the regulatory approvals required for the transaction. On 17 July 2026, HPB received confirmation from the Competition Council of the Croatian Competition Agency that the concentration had been approved in Phase I.

On 31 August 2026, approval was received from the European Central Bank ("ECB") for the acquisition of a qualifying holding, thereby enabling completion of the transaction under the Share Purchase Agreement and HPB's acquisition of control.

/ii/ In August 2026, HPB refinanced a syndicated loan, a portion of which related to exposures held by the Bank that were repaid before their contractual maturity. Consequently, in August 2026 the Bank received repayment of approximately EUR 41 million in respect of those exposures.

19 Approval of the financial statements

The financial statements set out on the preceding pages were prepared and authorised for issue by the Bank's Management Board on 1 September 2026.

Signed on behalf of the Management Board:

Katarina Stanić,
President of the Managemen
Board

Danijel Luković,
Member of the Management
Board