CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Unaudited Condensed Separate and Consolidated Interim Financial Statements for the Period 1 January – 30 September 2026

Zagreb, October 2026

This version of the Condensed Separate and Consolidated Interim Financial Statements is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Condensed Separate and Consolidated Interim Financial Statements takes precedence over translation.

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Results of the Group

In the period 1 January – 30 September 2026, the HBOR Group generated profit after tax in the amount of EUR 78.4 million.

Pursuant to the provisions of the Act on HBOR, the parent company is exempt from income tax and income tax liabilities arise exclusively from the activities of the other members of the Group.

In the period 1 January – 30 September 2026, total income on consolidated basis amounted to EUR 150.8 million, whereas total expenses amounted to EUR 72.4 million.

The consolidated total income increased by 28.6 percent, whereas total expenses increased by 2.8 percent compared to the same period previous year due to the developments in total income and expenses of the parent company.

In the structure of income of the Group, the largest portion, i.e. 64.5 percent, relates to interest income as a result of operations of the parent company.

The major part of total expenses, relates to interest expense, i.e. 48.3 percent, arising from the operations of the parent company.

The consolidated operating expenses in the period 1 January – 30 September 2026 amounted to EUR 27.8 million and consisted of general and administrative expenses and other operating expenses.

On 30 September 2026, the Group had 493 employees (on 30 September 2025: 474 employees).

Assets and liabilities of the Group

Total assets of the Group on consolidated basis amount to EUR 4,345.8 million, an increase of 7.0 percent compared to the beginning of the year.

In the structure of assets, the major portion relates to the lending activities of the parent company, i.e. net loans account for 78.8 percent of total assets.

Total liabilities and total equity as at 30 September 2026 amount to EUR 4,345.8 million, of which amount total liabilities equal EUR 2,296.1 million, i.e. 52.8 percent.

In total liabilities and total equity of the Group, the major portion, i.e. 48.4 percent, consists of borrowings of the parent company.

At the end of the reporting period, total equity on consolidated basis amounted to EUR 2,049.7 million and accounted for 47.2 percent of total liabilities and total equity of the Group.

Results of HBOR

The following text gives an overview and explanation of the significant changes in financial position and operating performance in the reporting period.

Financial performance

In the period from 1 January to 30 September 2026, HBOR generated total income of EUR 148.5 million, expenses of EUR 69.7 million and profit in the amount of EUR 78.8 million. HBOR's profit generated in the reporting period increased by EUR 31.9 million compared with the profit generated in the same period last year.

The increase in profit in the period from 1 January to 30 September 2026 compared with the same period last year is a result of an increase in total income by EUR 33.2 million and an increase in total expenses by EUR 1.3 million.

The circumstances that affected the financial result achieved in the nine-month reporting period 2026 compared to the results generated in the same period in 2025 are:

Results of HBOR (continued)

- increase in interest income of EUR 8.0 million,
- decrease in interest expenses of EUR 0.8 million,
- increase in net income from fees and commissions of EUR 3.6 million,
- increase in net gains from financial activities in the amount of EUR 0.6 million,
- decrease in other income of EUR 1.0 million,
- increase in impairment gain and provisions by EUR 21.8 million,
- increase in operating expenses of EUR 0.3 million,
- increase in subsidy cost at the expense of HBOR's operations by EUR 1.6 million.

Overview of total gross portfolio and provisions by structure – financial institutions and direct customers

	2025		Sep 30, 2026	
	In millions of euros	Breakdown (percent)	In millions of euros	Breakdown (percent)
Total gross portfolio	**5,222.6**	**100.0**	**5,570.9**	**100.0**
Of which:				
- financial institutions	1,587.7	30.4	1,720.9	30.9
- direct customers	3,634.9	69.6	3,850.0	69.1
Total provisions	**493.6**	**100.0**	**400.6**	**100.0**
Of which:				
- financial institutions	2.0	0.4	2.2	0.5
- direct customers	491.6	99.6	398.4	99.5
Provisions/gross portfolio	**9.5 percent**	-	**7.2 percent**	-

Significant changes in financial position

Total assets of HBOR as at 30 September 2026 amounted to EUR 4,338.4 million, an increase of 7.0 percent compared to the beginning of the year.

Loans to financial institutions and direct customers

As at 30 September 2026, total net loans amounted to EUR 3,424.5 million representing 78.9 percent of total assets, an increase of 1.4 percent compared to the beginning of the year.

Total gross loans amounted to EUR 3,803.1 million, a decrease of 1.0 percent compared to the beginning of the year. Gross loans to direct customers decreased by 0.9 percent compared to the beginning of the year. Gross loans to financial institutions decreased by 1.2 percent compared to the beginning of the year.
As at 30 September 2026, the proportion between gross loans on-lent through financial institutions and direct placements stood at 32 percent : 68 percent (31 December 2025: 32 percent : 68 percent).

Results of HBOR (continued)

Total liabilities

As at 30 September 2026, total liabilities amounted to EUR 2,289.1 million, which represents 52.8 percent of total liabilities and total equity. The major part of total liabilities consists of HBOR's borrowings in the total amount of EUR 2,105.1 million.

Borrowings decreased by 5.6 percent compared with the beginning of the year, whereas changes in these liabilities are shown in the following table:

	(in millions of euros)
- Draw-down of funds borrowed	149.9
- Repayments of borrowings	(277.9)
- Foreign exchange gains or losses	0.5
- Other calculations *	2.3
Total changes	**(125.2)**

** Other calculations relate to changes in amount of interest not due and deferred fees.*

On 15 January 2026, HBOR signed a EUR 100 million Finance Contract with the European Investment Bank (EIB) for the financing of SMEs, Mid-Caps, public sector entities and large private companies. Special emphasis of this loan will be put on promoting green investments, and it is the third tranche of a EUR 500 million financing accord between the two institutions, which will further expand access to finance for Croatian companies.

In the reporting period, HBOR also signed the Finance Contract in the amount of EUR 300 million with the European Investment Bank (EIB) for the financing of micro, small and medium-sized enterprises (SMEs). A particular focus of this loan will be on promoting green investments. This is the first tranche of the new framework loan between HBOR and the EIB for the financing of SMEs, with a total value of up to EUR 500 million.

Total equity

Out of the total amount of total liabilities and total equity, EUR 2,049.3 million or 47.2 percent relate to total equity.

Total equity of HBOR is comprised of the capital and the guarantee fund. HBOR's capital is comprised of founder's capital contributed from the budget of the Republic of Croatia, retained earnings from the profits generated in the previous years, other reserves and profits for the current period.

The total amount of capital contributed from the budget of the Republic of Croatia stood at EUR 1,318.4, the profit transferred from retained earnings and reserves amounted to EUR 570.9 million. The remaining amount to be contributed to the founder's capital up to the total amount of EUR 1,910.6 million set by the HBOR Act is EUR 21.3 million.

Responsibilities of the Management and Supervisory Boards for the preparation and approval of the condensed separate and consolidated interim financial statements for the period 1 January – 30 September 2026

We confirm that, to the best of our knowledge, the condensed separate interim financial statements of the Croatian Bank for Reconstruction and Development ("the Bank" or "HBOR") and condensed consolidated interim financial statements of the Croatian Bank for Reconstruction and Development Group ("the Group") set out on pages 7 to 52 have been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" applicable for the preparation of interim financial statements, and give a true and fair view of assets, liabilities, financial position, financial performance and cash flows for the reporting period.

The Management Board has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Bank and the Group and to prevent and detect fraud and other irregularities.

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

The Management Board is responsible for the submission to the Supervisory Board of its Condensed interim financial statements which includes the condensed separate and consolidated interim financial statements. If the Supervisory Board approves the Condensed interim financial statements it is deemed confirmed by the Management Board and Supervisory Board.

The Condensed separate and consolidated interim financial statements on pages 7 to 52 have been approved by the Management Board on 29 October 2026 as confirmed by the signatures below.

For and on behalf of Croatian Bank for Reconstruction and Development:

Marin Pranjić

Finance and Accounting Division Executive Director

Hrvoje Čuvalo, MSc

President of the Management Board

Alan Herjavec, MSc

Member of the Management Board

Josip Pavković

Member of the Management Board

Zagreb, 29 October 2026

HRVATSKA BANKA ZA OBNOVU I RAZVITAK HBOR ZAGREB 1

Condensed Consolidated Interim Financial Statements of the Group
Income Statement for the period 1 January – 30 September

(All amounts are expressed in thousands of Euros)

	Notes	2026		2025	
		Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Interest income calculated using the effective interest method	5	31,667	96,061	29,875	88,016
Income from the cancellation of the subsidy deferral at the expense of HBOR's operations		466	1,313	742	1,335
Interest expense	6	(11,564)	(35,047)	(11,592)	(35,778)
Net interest income		**20,569**	**62,327**	**19,025**	**53,573**
Fee and commission income		1,995	5,780	916	2,028
Fee and commission expense		(207)	(773)	(247)	(572)
Net fee and commission income		**1,788**	**5,007**	**669**	**1,456**
Net gains/(losses) on financial operations		994	5,655	(3)	5,130
Other income		1,390	4,214	2,325	5,020
		24,741	**77,203**	**22,016**	**65,179**
Employee expenses	7 a)	(5,483)	(16,140)	(4,796)	(14,478)
Depreciation and amortisation	7 b)	(534)	(1,698)	(531)	(1,598)
Other expenses	7 c)	(3,257)	(9,970)	(4,072)	(10,856)
Subsidy cost at the expense of HBOR's operations		(8,415)	(8,812)	(1,191)	(7,216)
Impairment gains and provisions	8	23,735	37,803	(19,411)	15,918
Profit before income tax		**30,787**	**78,386**	**(7,985)**	**46,949**
Income tax		-	-	-	-
Profit for the period		**30,787**	**78,386**	**(7,985)**	**46,949**
Attributable to:					
Owner of the Bank		**30,787**	**78,386**	**(7,985)**	**46,949**

The accompanying accounting policies and notes are an integral part of these financial statements.

	2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Profit for the period	**30,787**	**78,386**	**(7,985)**	**46,949**
Other comprehensive income Items that may be reclassified subsequently to profit or loss:				
Net changes in financial assets at fair value through other comprehensive income	(7,433)	(8,395)	(39)	1,132
Deferred tax – other comprehensive income	-	2	(6)	5
Total items that may be reclassified subsequently to profit or loss	**(7,433)**	**(8,393)**	**(45)**	**1,137**
Other comprehensive income after income tax	**(7,433)**	**(8,393)**	**(45)**	**1,137**
Total comprehensive income after income tax	**23,354**	**69,993**	**(8,030)**	**48,086**
Attributable to:				
Owner of the Bank	**23,354**	**69,993**	**(8,030)**	**48,086**

The accompanying accounting policies and notes are an integral part of these financial statements.

	Notes	30 September 2026 EUR '000	31 December 2025 EUR '000
Assets			
Cash on hand and current accounts with banks		77,346	67,806
Deposits with other banks		141,795	63,002
Loans to financial institutions	9	1,212,951	1,227,583
Loans to direct customers	10	2,211,569	2,148,705
Financial assets at fair value through profit or loss		112,311	80,625
Financial assets at fair value through other comprehensive income		562,095	455,474
Property, plant and equipment and intangible assets		13,092	8,592
Foreclosed assets		2,244	2,596
Other assets		12,414	5,485
Total assets		**4,345,817**	**4,059,868**
Liabilities			
Deposits from customers		77,241	151,867
Borrowings	11	2,105,128	2,230,304
Provisions for guarantees, commitments and other liabilities		30,962	34,607
Other liabilities		82,762	73,972
Total liabilities		**2,296,093**	**2,490,750**
Equity			
Founder's capital		1,945,942	964,389
Retained earnings and reserves		31,240	539,127
Other reserves		(7,482)	911
Profit for the year		78,386	63,053
Guarantee fund		1,638	1,638
Total equity		**2,049,724**	**1,569,118**
Total liabilities and total equity		**4,345,817**	**4,059,868**

The accompanying accounting policies and notes are an integral part of these financial statements.

	Notes	2026 EUR '000	2025 EUR '000
Operating activities			
Profit before income tax		78,386	46,949
Adjustments to reconcile to net cash from and used in operating activities:			
Depreciation and amortization		1,698	1,598
Income tax		-	-
Impairment gain and provisions		(37,803)	(15,918)
Subsidy cost at the expense of HBOR's operations		8,812	7,216
Accrued interest		1,502	17,282
Deferred fees		7,558	7,497
Net gain/(loss) from trading with derivative financial instruments		13	(160)
Other changes in assets at fair value		(36,247)	2,838
Operating profit before working capital changes		*23,919*	*67,302*
Changes in operating assets and liabilities:			
Net (increase)/decrease in deposits with other banks, before impairment		(78,777)	7,589
Net decrease/(increase) in loans to financial institutions, before impairment		13,327	(25,167)
Net (increase)/decrease in loans to direct customers, before loss impairment		(38,622)	148,615
Net decrease/(increase) in foreclosed assets		352	(565)
Net (increase) in other assets, before impairment		(7,486)	(2,024)
Net (decrease) in deposits from banks and companies		(74,570)	(45,633)
Net increase/(decrease) in other liabilities, before provisions		8,789	(11,820)
Net cash (used in)/provided from operating activities		**(153,068)**	**138,297**
Investment activities			
Purchase of financial assets at fair value through profit or loss		(4,423)	(4,938)
Sale of financial assets at fair value through profit or loss		4,471	117
Purchase of financial assets at fair value through other comprehensive income		(447,989)	(237,864)
Sale of financial assets at fair value through other comprehensive income		336,636	133,467
Net purchase of property, plant and equipment and intangible assets		(5,631)	(3,368)
Net cash (used in) investment activities		**(116,936)**	**(112,586)**
Financing activities			
Increase in founder's capital		410,613	2,500
Increase in borrowings – withdrawn funds		149,964	335,000
Decrease in borrowings – repayments of principal		(277,918)	(383,585)
Other		(3,653)	6,968
Net cash provided from/(used in) financing activities		**279,006**	**(39,117)**
Effect of foreign currency to cash and cash equivalents			
Net foreign exchange		540	(1,871)
Net effect		**540**	**(1,871)**
Net increase/(decrease) in cash and cash equivalents		9,542	(15,277)
Cash and cash equivalents balance as at 1 January, before impairment		67,827	46,205
Net increase/(decrease) in cash and cash equivalents		9,542	(15,277)
Cash and cash equivalents balance as at 30 September, before impairment		**77,369**	**30,928**
Additional note - Operational cash flows			
Interest paid		32,688	34,856
Interest received		75,864	90,091

The accompanying accounting policies and notes are an integral part of these financial statements.

(All amounts are expressed in thousands of Euros)

	Founder's capital	Retained earnings and reserves	Other reserves	Profit for the period	Guarantee fund	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance as at 1 January 2025	**961,889**	**498,945**	**1,632**	**40,182**	**1,638**	**1,504,286**
Profit for the period	-	-	-	46,949	-	**46,949**
Other comprehensive income	-	-	1,137	-	-	**1,137**
Total comprehensive income	-	-	1,137	46,949	-	**48,086**
Capital paid-in from the State Budget	2,500	-	-	-	-	**2,500**
Transfer of profit 2024 to retained earnings	-	40,182	-	(40,182)	-	**-**
Balance as at 30 September 2025	**964,389**	**539,127**	**2,769**	**46,949**	**1,638**	**1,554,872**
Balance as at 1 January 2026	**964,389**	**539,127**	**911**	**63,053**	**1,638**	**1,569,118**
Profit for the period	-	-	-	78,386	-	**78,386**
Other comprehensive income	-	-	(8,393)	-	-	**(8,393)**
Total comprehensive income	-	-	(8,393)	78,386	-	**69,993**
Capital paid-in from the State Budget	410,613	-	-	-	-	**410,613**
Profit transferred from retained earnings and reserves	570,940	(570,940)	-	-	-	**-**
Transfer of profit 2025 to retained earnings	-	63,053	-	(63,053)	-	**-**
Balance as at 30 September 2026	**1,945,942**	**31,240**	**(7,482)**	**78,386**	**1,638**	**2,049,724**

The accompanying accounting policies and notes are an integral part of these financial statements.

Condensed Separate Interim Financial Statements of the Bank
Income Statement for the period 1 January - 30 September

(All amounts are expressed in thousands of Euros)

	Notes	2026		2025	
		Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Interest income calculated using the effective interest method	5	31,618	95,920	29,823	87,846
Income from the cancellation of the subsidy deferral at the expense of HBOR's operations		466	1,313	742	1,335
Interest expense	6	(11,563)	(35,044)	(11,591)	(35,774)
Net interest income		**20,521**	**62,189**	**18,974**	**53,407**
Fee and commission income		1,995	5,780	916	2,028
Fee and commission expense		(207)	(773)	(247)	(572)
Net fee and commission income		**1,788**	**5,007**	**669**	**1,456**
Net gains/(losses) on financial operations		994	5,655	(3)	5,130
Other income		654	2,023	1,609	2,959
		23,957	**74,874**	**21,249**	**62,952**
Employee expenses	7 a)	(5,313)	(15,595)	(4,638)	(14,004)
Depreciation and amortisation	7 b)	(511)	(1,629)	(511)	(1,538)
Other expenses	7 c)	(2,780)	(7,871)	(3,544)	(9,284)
Subsidy costs at the expense of HBOR's operations		(8,415)	(8,812)	(1,191)	(7,216)
Impairment gains and provisions	8	23,735	37,798	(19,360)	15,968
Profit before income tax		**30,673**	**78,765**	**(7,995)**	**46,878**
Income tax		-	-	-	-
Profit for the period		**30,673**	**78,765**	**(7,995)**	**46,878**
Attributable to:					
Owner of the Bank		**30,673**	**78,765**	**(7,995)**	**46,878**

The accompanying accounting policies and notes are an integral part of these financial statements.

	2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Profit for the period	**30,673**	**78,765**	**(7,995)**	**46,878**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net changes in financial assets at fair value through other comprehensive income	(7,427)	8.380	(117)	1,116
Total items that may be reclassified subsequently to profit or loss	**(7,427)**	**8.380**	**(117)**	**1,116**
Other comprehensive income after income tax	**(7,427)**	**8.380**	**(117)**	**1,116**
Total comprehensive income after income tax	**23,246**	**70,385**	**(8,112)**	**47,994**
Attributable to:				
Owner of the Bank	**23,246**	**70,385**	**(8,112)**	**47,994**

The accompanying accounting policies and notes are an integral part of these financial statements.

	Notes	30 September 2026 EUR '000	31 December 2025 EUR '000
Assets			
Cash on hand and current accounts with banks		77,029	66,985
Deposits with other banks		137,872	59,501
Loans to financial institutions	9	1,212,951	1,227,583
Loans to other customers	10	2,211,569	2,148,705
Financial assets at fair value through profit or loss		112,311	80,625
Financial assets at fair value through other comprehensive income		556,873	450,250
Investments in subsidiaries		7,449	7,449
Property, plant and equipment and intangible assets		12,943	8,389
Foreclosed assets		2,244	2,596
Other assets		7,223	3,956
Total assets		**4,338,464**	**4,056,039**
Liabilities			
Deposits from customers		77,241	151,867
Borrowings	11	2,105,128	2,230,304
Provisions for guarantees, commitments, and other liabilities		30,962	34,605
Other liabilities		75,818	70,946
Total liabilities		**2,289,149**	**2,487,722**
Equity			
Founder's capital		1,945,926	964,373
Retained earnings and reserves		29,942	537,852
Other reserves		(6,956)	1,424
Profit for the period		78,765	63,030
Guarantee fund		1,638	1,638
Total equity		**2,049,315**	**1,568,317**
Total liabilities and total equity		**4,338,464**	**4,056,039**

The accompanying accounting policies and notes are an integral part of these financial statements.

(All amounts are expressed in thousands of Euros)

	Notes	2026 EUR '000	2025 EUR '000
Operating activities			
Profit before income tax		78,765	46,878
Adjustments to reconcile to net cash from and used in operating activities:			
Depreciation and amortisation		1,629	1,538
Impairment gain and provisions		(37,798)	(15,968)
Subsidy cost at the expense of HBOR's operations		8,812	7,216
Accrued interest		1,540	17,280
Deferred fees		7,558	7,497
Net gain/(loss) from trading with derivative financial instruments		13	(160)
Other changes in assets at fair value		(36,248)	2,838
Operating profit before working capital changes		*24,271*	*67,119*
Changes in operating assets and liabilities:			
Net (increase)/decrease in deposits with other banks, before impairment		(78,377)	8,509
Net decrease/(increase) in loans to financial institutions, before impairment		13,327	(25,167)
Net (increase)/decrease in loans to direct customers, before impairment		(38,622)	148,615
Net decrease/(increase) in foreclosed assets		352	(565)
Net (increase) in other assets, before impairment		(3,847)	(1,597)
Net (decrease) in deposits from banks and companies		(74,570)	(45,633)
Net increase/(decrease) in other liabilities, before provisions		4,872	(12,144)
Net cash (used in)/provided from operating activities		**(152,594)**	**139,137**
Investment activities			
Purchase of financial assets at fair value through profit or loss income		(4,423)	(4,938)
Sale of financial assets at fair value through profit or loss income		4,471	117
Purchase of financial assets at fair value through other comprehensive income		(447,989)	(240,389)
Sale of financial assets at fair value through other comprehensive income		336,636	133,467
Net purchase of property, plant and equipment and intangible assets		(5,613)	(3,320)
Net cash (used in) investment activities		**(116,918)**	**(115,063)**
Financing activities			
Increase in founder's capital		410,613	2,500
Increase in borrowings – withdrawn funds		149,964	335,000
Decrease in borrowings – repayments of principle		(277,918)	(383,585)
Other		(3,640)	8,788
Net cash provided from/(used in) financing activities		**279,019**	**(37,297)**
Effect of foreign currency to cash and cash equivalents			
Net foreign exchange		540	(1,871)
Net effect		**540**	**(1,871)**
Net increase/(decrease) in cash and cash equivalents		10,047	(15,094)
Cash and cash equivalents balance as at 1 January, before impairment		67,004	45,686
Net increase/(decrease) in cash and cash equivalents		10,047	(15,094)
Cash and cash equivalents balance as at 30 September, before impairment		**77,051**	**30,592**
Additional note – operating activities			
Interest paid		32,688	34,856
Interest received		75,864	89,974

The accompanying accounting policies and notes are an integral part of these financial statements.

Condensed Separate Interim Financial Statements of the Bank
Statement of Changes in Equity for the period 1 January – 30 September

(All amounts are expressed in thousands of Euros)

	Founder's capital EUR '000	Retained earnings and reserves EUR '000	Other reserves EUR '000	Profit for the period EUR '000	Guarantee fund EUR '000	Total EUR '000
Balance as at 1 January 2025	**961,873**	**497,955**	**2,130**	**39,897**	**1,638**	**1,503,493**
Profit for the period	-	-	-	46,878	-	**46,878**
Other comprehensive income	-	-	1,116	-	-	**1,116**
Total comprehensive income	-	-	1,116	46,878	-	**47,994**
Capital paid-in from the State Budget	2,500	-	-	-	-	**2,500**
Transfer of profit 2024 to retained earnings	-	39,897	-	(39,897)	-	**-**
Balance as at 30 September 2025	**964,373**	**537,852**	**3,246**	**46,878**	**1,638**	**1,553,987**
Balance as at 1 January 2026	**964,373**	**537,852**	**1,424**	**63,030**	**1,638**	**1,568,317**
Profit for the period	-	-	-	78,765	-	**78,765**
Other comprehensive income	-	-	(8,380)	-	-	**(8,380)**
Total comprehensive income	-	-	(8,380)	78,765	-	**70,385**
Capital paid-in from the State Budget	410,613	-	-	-	-	**410,613**
Profit transferred from retained earnings and reserves	570,940	(570,940)	-	-	-	**-**
Transfer of profit 2025 to retained earnings	-	63,030	-	(63,030)	-	**-**
Balance as at 30 September 2026	**1,945,926**	**29,942**	**(6,956)**	**78,765**	**1,638**	**2,049,315**

The accompanying accounting policies and notes are an integral part of these financial statements.

1. General information

1.1. Group:

The Croatian Bank for Reconstruction and Development („HBOR" or „the Bank") is the parent company of the Croatian Bank for Reconstruction and Development Group („Group") that operates in the Republic of Croatia. The Group primarily performs banking activities and, to the lesser extent, insurance activities and credit risk assessment activities. These Financial Statements include separate and consolidated financial statements of the Bank and the Group ("Financial Statements").

The headquarters of the Bank is located at Strossmayerov trg 9, Zagreb, Croatia.

The Group was formed in 2010, the Bank's subsidiary companies are Hrvatsko kreditno osiguranje d.d. and Poslovni info servis d.o.o. that constitute the Hrvatsko kreditno osiguranje Group ("HKO Group").

The Croatian Bank for Reconstruction and Development is the 100% owner of HKO, which is 100% owner of Poslovni info servis d.o.o.

The legal address of the HKO Group is Zagreb, Bednjanska 12.

As at 30 September 2026, the Group had 493 employees (30 September 2025: 474 employees).

1.2. Bank:

The Croatian Bank for Reconstruction and Development ("HBOR" or "the Bank") was established on 12 June 1992 under the Act on the Croatian Credit Bank for Reconstruction ("HKBO"). In December 1995, the Bank changed its name to Croatian Bank for Reconstruction and Development. The founder and 100% owner of HBOR is the Republic of Croatia.

The Republic of Croatia guarantees HBOR's liabilities unconditionally, irrevocably and on first call, without issuing any particular guarantee. The responsibility of the Republic of Croatia as guarantor for HBOR´s liabilities is joint and unlimited.

On 4 June 2026, the new Act on the Croatian Bank for Reconstruction and Development entered into force strengthening the institutional and financial operational framework of HBOR in line with current development and regulatory requirements. Pursuant to the new Act, the Founder's capital amounts to EUR 1,910.6 million, comprising EUR 1,339.7 million contributed by the Republic of Croatia from the state budget and EUR 570.9 million transferred from HBOR's retained earnings and reserves. Furthermore, the new Act provides for the alignment with the prevailing legislative framework, in particular with the Act on Legal Entities Owned by the Republic of Croatia and the Credit Institutions Act. It expands the scope of HBOR's activities to include factoring and international development cooperation, strengthens the activities related to equity investment, business internationalisation, green transition, digitalisation and investments in defence and security. New Supervisory Board committees have been introduced, the number of Supervisory Board members has been increased and the reporting system has been upgraded to improve transparency.

Supervisory Board
As at 30 September 2026, the Supervisory Board of HBOR consists of the following members:

- Tomislav Ćorić, PhD, Deputy Prime Minister of the Republic of Croatia and Minister of Finance (ex officio President of the Supervisory Board),
- Ante Šušnjar, Minister of the Economy (ex officio Deputy President of the Supervisory Board),
- David Vlajčić, Deputy Prime Minister of the Republic of Croatia and Minister of Agriculture, Forestry and Fisheries,
- Branko Bačić, Deputy Prime Minister of the Republic of Croatia and Minister of Physical Planning, Construction and State Assets,
- Nataša Mikuš Žigman, Minister of Regional Development and EU Funds,
- Marija Vučković, MSc, Minister of Environmental Protection and Green Transition,
- Oleg Butković, Deputy Prime Minister of the Republic of Croatia and Minister of the Sea, Transport and Infrastructure,
- Tonči Glavina, Minister of Tourism and Sport,

1. General information (continued)

1.2. Bank (continued):

- Luka Burilović, PhD, Chairman of the Croatian Chamber of Economy (ex officio member of the Supervisory Board),
- Mirela Ahmetović, member of Parliament,
- Predrag Štromar, member of Parliament,
- Darko Vuletić, member of Parliament.

1. General information (continued)

1.2. Bank (continued):

Management Board
On the date of preparing these statements, members of the Management Board of HBOR were as follows:

- Hrvoje Čuvalo, MSc, President of the Management Board,
- Alan Herjavec, MSc, Member of the Management Board, and
- Josip Pavković, Member of the Management Board.

As at 30 September 2026, HBOR had 470 employees (30 September 2025: 452 employees).

Audit Committee
As at 30 September 2026, members of the Audit Committee were as follows:

- Sanja Sever Mališ, PhD, full professor at the Department of Accounting, Faculty of Economics & Business, University of Zagreb, Chairman of the Audit Committee,
- Boris Tušek, PhD, full professor at the Department of Accounting, Faculty of Economics & Business, University of Zagreb, Deputy Chairman of the Audit Committee,
- Predrag Štromar, Chairman of the Physical Planning and Construction Committee of the Croatian Parliament, member of the Audit Committee.

1.2.1. Activities of the Bank:

The principal activities of the Bank comprise the following:

- financing the reconstruction and development of the Croatian economy,
- financing of infrastructure,
- promoting exports and internationalisation of the Croatian economy,
- supporting the development of small and medium-sized enterprises,
- promoting a climate neutral and sustainable economy,
- insuring exports, including the insurance and re-insurance of receivables collection against non-market risks and other activities aimed at the internationalisation of the Croatian economy,
- promoting the development of capital market, and
- participation in the implementation of international development cooperation.

HBOR may perform other financial activities according to the decisions of the Government of the Republic of Croatia if, in their opinion, it is in the best interest of the Republic of Croatia.

1.3. Current economic situation

Global developments in 2025 as well as in the current reporting period were marked by the continuation of Russia-Ukraine war, conflicts in the Middle East and geopolitical conflicts that have greatly affected the economic situation.
Climate change and sustainability still remain the key issues that require joint action at the global level.
Digitalisation and the development of artificial intelligence become a key topic of global competition and encourage economic transformation, as well as the creation of new industries, which gives rise to the need to establish strong regulatory frameworks.

1. General information (continued)

1.3. Current economic situation (continued)

The HBOR Group actively monitors economic trends, identifies market needs and market gaps and responds in timely manner to changes in the domestic and international economic environment in order to provide effective support to the development of the Republic of Croatia.

The HBOR Group responds to the needs of the economic, financial and social sectors through financial services that complement the market with transparent and responsible business in accordance with best practices.

During the reporting period due to a significant increase in the prices of energy, raw materials and other input costs, the Croatian Bank for Reconstruction and Development (HBOR) had decided to introduce a moratorium on loan repayment for micro, small and medium-sized entrepreneurs in the agriculture, forestry and fisheries sector, as well as for entities engaged in retail trade in petroleum products and liquefied petroleum gas, and its purpose is to alleviate the pressure on liquidity of entrepreneurs and provide them with additional time to adapt in conditions of market instability.

The measure applies to beneficiaries of HBOR's direct loans, and it includes investment loans and working capital loans that are in the grace period or repayment period on the date of receipt of application for moratorium. The moratorium covers the loan principal and ordinary interest, it is approved for a maximum period of 6 months, and no fee is charged for its approval.

In the agriculture, forestry and fisheries sector alone, the possibility of using the moratorium applies to almost 600 entrepreneurs, for loans in the total amount of EUR 100 million.

During 2026, the HBOR Group provided proactive support to the sustainable development of the Croatian economy, provided financial support to the economy and adjusted its products and services to market needs, filled market gaps and provided financing and export insurance to sectors of the economy whose needs could not be met by the private sector.

In October 2026, HBOR launched a new financial product - factoring of export receivables, intended for Croatian exporters. The product enables faster access to working capital, improvement of liquidity and cash flow, thus providing exporters with additional support for their operation in international markets with greater certainty of collection of receivables from foreign buyers.

The HBOR Group is focused on achieving measurable economic and social factors, as well as on balanced and sustainable regional development of the Republic of Croatia. It encourages the development of the equity and quasi-equity capital market, the growth of entrepreneurial activities in less developed areas and provides support to exporters to strengthen their international competitiveness. Through its activities, the HBOR Group is particularly focused on supporting the private sector, with an emphasis on small and medium-sized enterprises, digitalisation and automation, as well as research and development, while financing the public and private sector projects aimed at the green transition, increasing energy efficiency and the use of renewable energy sources.

The HBOR Group has a high level of capitalisation and liquidity and an appropriate level of provisions for exposures. Therefore, the Management Board of HBOR estimates that the continuity of business of the HBOR Group and HBOR is beyond doubt.

HBOR Group is comprised of HBOR as the parent company and of subsidiary companies: Hrvatsko kreditno osiguranje d.d. (hereinafter: HKO) and Poslovni info servis d.o.o. constituting HKO Group that represents 0.3% of the parent company's total assets.

2. Basis of Preparation of the Financial Statements

2.1. Statement of compliance

The Condensed Interim Financial Statements of the Bank and HBOR Group for the period 1 January to 30 September 2026 have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting.

The Condensed Interim Financial Statements for the period from 1 January to 30 September 2026 do not include all information and disclosures that are required in the annual financial statements and should be read in combination with the annual financial statements of the HBOR Group for the year ended 31 December 2025.

2.2. Measurement

The financial statements are prepared on the fair value basis for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. Other financial assets and liabilities, and non-financial assets and liabilities, are stated at amortised or historical cost.

The financial statements are prepared on an accrual and a going concern basis.

2.3. Functional and presentation currency

These financial statements of the Bank and the Group are presented in Euro (EUR), the Bank's and the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. Use of judgements and estimates

For the preparation of separated and consolidated financial statements in accordance with IFRSs adopted by EU, the Management Board is required to give estimations and make assumptions that influence the reported balances of assets and liabilities and to disclose contingent assets and liabilities at the date of financial statements, and present income and expense for the reporting period. Estimations and related assumptions are based on historical experience and various other factors that are considered to be reasonable in the given circumstances and with available information as of the date of preparation of the financial statements, which together form the basis for estimating the carrying amount of assets and liabilities that cannot be easily identified from other sources. Actual results may differ from these estimations. Estimations and related assumptions are continuously reviewed. Changes in accounting estimates are recognised in the period in which the estimate is changed if the change affects only that period, or in the period of change or future periods if the change affects the current and future periods.

Significant accounting judgements and estimates were the same as those described in the last annual financial statements.

4. Summary of significant accounting policies

4.1. Adoption of new and amended International Financial Reporting Standards ("IFRS") and Interpretations

First application of new and amendments to existing standards in force in the current reporting period

The following amendment to the existing standard issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the period beginning 1 January 2026:

- Annual Improvements Volume 11 (effective for annual periods beginning on or after 1 January 2026);
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2026).

The adoption of this amendment to existing standard did not lead to significant changes in the Group's financial statements.

Standards and amendments to existing standards published by the IASB and adopted in the European Union, but not yet in force

The following amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the separate / consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is currently assessing the effect of these new amendments to the accounting standards.

New standards and amendments to existing standards published by the IASB, but not yet adopted in the European Union

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):

The following standards are effective for the annual reporting period beginning 1 January 2027 and 1 January 2029:

4. Summary of significant accounting policies (continued)

4.1. Adoption of new and amended International Financial Reporting Standards ("IFRS") and Interpretations (continued)

New standards and amendments to existing standards published by the IASB, but not yet adopted in the European Union (continued)

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027);
- IFRS 20 Regulatory Assets and Regulatory Liabilities (effective for annual periods beginning on or after 1 January 2029);
- Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027);
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency;
- Amendments to the Fair Value Option in IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2027).

The Group does not expect to be eligible to apply IFRS 19 or IFRS 20.

5. Interest income calculated using the effective interest method

Interest income by borrowers:

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Public sector	9,731	25,066	6,336	18,306	9.699	24.986	6,310	18,208
State-owned companies	893	2,807	850	4,209	893	2.807	850	4,209
Foreign companies	745	1,627	130	381	745	1.627	130	381
Domestic companies	12,272	43,538	13,377	39,515	12.272	43.524	13,371	39,498
Domestic financial institutions	6,941	19,208	6,918	19,942	6.924	19.161	6,898	19,887
Foreign financial institutions	464	968	229	753	464	968	229	753
Penalty interest	174	1,651	1,612	3,656	174	1.651	1,612	3,656
Other	447	1,196	423	1,254	447	1.196	423	1,254
	31,667	**96,061**	**29,875**	**88,016**	**31.618**	**95.920**	**29,823**	**87,846**

5. Interest income calculated using the effective interest method (continued)

Interest income by type of facility:

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Interest on loans								
- financial institutions	6,539	18,065	6,517	18,894	6,539	18,065	6,517	18,894
- other customers	20,600	66,727	20,765	61,874	20,600	66,727	20,765	61,874
	27,139	84,792	27,282	80,768	27,139	84,792	27,282	80,768
Investments in securities	3,664	9,159	1,964	5,448	3,631	9,065	1,931	5,332
- Bonds of the Republic of Croatia	*2,292*	*5,575*	*1,594*	*4,728*	*2,267*	*5,502*	*1,569*	*4,630*
- Corporate bonds	*9*	*26*	*9*	*23*	*1*	*5*	*1*	*5*
- Treasury bills of the Ministry of Finance	*1,363*	*3,558*	*361*	*697*	*1,363*	*3,558*	*361*	*697*
Deposits and current accounts with banks	864	2,110	629	1,800	848	2,063	610	1,746
	31,667	**96,061**	**29,875**	**88,016**	**31,618**	**95,920**	**29,823**	**87,846**

6. Interest expense

Interest expense by type of payee:

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Domestic financial institutions	1,880	5,786	1,984	5,218	1,880	5,786	1,984	5,218
Foreign financial institutions	8,224	24,651	7,877	23,654	8,224	24,651	7,877	23,654
State units	1,455	4,591	1,696	6,781	1,455	4,591	1,624	6,781
Other	5	19	35	125	4	16	106	121
	11,564	**35,047**	**11,592**	**35,778**	**11,563**	**35,044**	**11,591**	**35,774**

Interest expense by type of facility:

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30	Current period July 1 – September 30	Cumulatively January 1 – September 30
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Borrowings	11,537	34,827	11,557	35,531	11,537	34,827	11,557	35,531
Deposits	22	201	26	220	22	201	26	220
Leases – interest expenses on long term contracts	5	19	9	27	4	16	8	23
	11,564	**35,047**	**11,592**	**35,778**	**11,563**	**35,044**	**11,591**	**35,774**

The difference between interest expense and interest paid (see the Statement of Cash Flows) mostly relates to the changes in the amount of the interest accrued in relation to the prior year and the amortisation of discount for issued debt securities.

7. Operating expenses

Operating expenses can be shown as follows:

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
7 a) Employee expenses	5,483	16,140	4,796	14,478	5,313	15,595	4,638	14,004
7 b) Depreciation	534	1,698	531	1,598	511	1,629	511	1,538
7 c) Other expenses	3,257	9,970	4,072	10,856	2,780	7,871	3,544	9,284
Of which:								
Administration expenses	*1,123*	*3,122*	*2,177*	*5,373*	*1,117*	*3,059*	*2,165*	*5,304*
Material and services	*1,431*	*3,904*	*1,254*	*3,437*	*1,339*	*3,627*	*1,171*	*3,171*
Other expenses	*703*	*2,944*	*641*	*2,046*	*324*	*1,185*	*208*	*809*
	9,274	**27,808**	**9,399**	**26,932**	**8,604**	**25,095**	**8,693**	**24,826**

8. Impairment gain and provisions

The provision for impairment gains on placements may be summarized as follows:

a) Impairment gain and provisions on financial instruments in accordance with IFRS 9

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Impairment losses on cash on hand and due from financial institutions	2	2	23	(58)	3	3	23	(58)
Impairment losses on deposits with other banks	(29)	12	(125)	(32)	(29)	12	(128)	(34)
Impairment losses on loans to financial institutions	(53)	(96)	261	(154)	(53)	(96)	261	(154)
Impairment losses on loans to other customers and interest	(24,010)	(36,780)	8,598	(24,962)	(24,010)	(36,780)	8,598	(24,962)
Modification loss/(gain) – financial institutions	(80)	(92)	(119)	(253)	(80)	(92)	(119)	(253)
Modification (gain)/loss – other customers	66	2,223	(987)	(2,834)	66	2,223	(987)	(2,834)
POCI assets – fair value adjustment at initial recognition	-	600	-	108	-	600	-	108
Impairment of financial assets at fair value through other comprehensive income	36	39	120	146	36	39	76	102
Impairment losses on other assets	(280)	7	1	7	(280)	10	(3)	3
Provisions for commitments	778	(4,219)	14,285	13,824	778	(4,219)	14,285	13,824
Provision for guarantees	33	2,138	(2,626)	(879)	33	2,138	(2,626)	(879)
Total	**(23,537)**	**(36,166)**	**19,431**	**(15,087)**	**(23,536)**	**(36,162)**	**19,380**	**(15,137)**

8. Impairment gain and provisions (continued)

b) Other impairment losses and provisions

	Group				Bank			
	2026		2025		2026		2025	
	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000	Current period July 1 – September 30 EUR '000	Cumulatively January 1 – September 30 EUR '000
Provision for other liabilities	(198)	(1,637)	(20)	(831)	(199)	(1,636)	(20)	(831)
Total	**(198)**	**(1,637)**	**(20)**	**(831)**	**(199)**	**(1,636)**	**(20)**	**(831)**
Total	**(23,735)**	**(37,803)**	**19,411**	**(15,918)**	**(23,735)**	**(37,798)**	**19,360**	**(15,968)**

9. Loans to financial institutions

Loans to financial institutions, impaired for loss allowances, by purpose of the loan programs:

	Group and Bank	
	30 September 2026 EUR '000	31 December 2025 EUR '000
EU Projects	52,374	52,045
Financial Restructuring	3,771	5,169
Pre-Export Finance	335	135
Public Sector Investment	269,255	235,196
Private Sector Investment	231,655	231,570
Youth, Female, Start-up Entrepreneurship	23,173	20,027
Working Capital	13,783	10,377
Working Capital – COVID 19 measures and CRISIS 2022	646	1,645
Loan programme for reconstruction and development of the economy	29,998	42,542
Export financing	80,651	95,511
Loan programme for reconstruction and development of infrastructure in the Republic of Croatia	55,987	65,309
Loan programme for small and medium-sized enterprises	368,110	315,818
Loan programme for war-torn and demolished housing and business facilities	-	23
Other	90,690	158,388
Accrued interest	922	934
Deferred recognition of loan fees	(6,658)	(5,269)
	1,214,692	1,229,420
Loss allowances	(1,741)	(1,837)
	1,212,951	**1,227,583**

Average interest rates for total loans to financial institutions are stated at 0.57% (1 January - 30 September 2025: 0.63%) and average interest's rates for loans under HBOR loan programmes excluding the liquidity reserve are stated at 0.53% (1 January – 30 September 2025: 0.57%).

Average interest rates reflect the ratio of interest income generated from the mentioned placements and average assets.

Item "Other" refers to reverse repo agreements in the total amount of EUR 90,690 thousand (31 December 2025: EUR 158,388 thousand). The above placements are collateralized by securities in the amount of EUR 96,032 thousand (31 December 2025: EUR 167,279 thousand).

9. Loans to financial institutions (continued)

The following tables sets out information about the credit quality of financial assets measured at amortised cost. The amounts in the table represent gross carrying amounts:

30 September 2026				Group and Bank
	Stage 1 EUR '000	Stage 2 EUR '000	Stage 3 EUR '000	Total EUR '000
Gross amount	1,196,603	17,356	733	**1,214,692**
Loss allowances	(744)	(361)	(636)	**(1,741)**
Balance as at 30 September 2026	**1,195,859**	**16,995**	**97**	**1,212,951**

31 December 2025				Group and Bank
	Stage 1 EUR '000	Stage 2 EUR '000	Stage 3 EUR '000	Total EUR '000
Gross amount	1,211,069	17,484	867	**1,229,420**
Loss allowances	(728)	(400)	(709)	**(1,837)**
Balance as at 31 December 2025	**1,210,341**	**17,084**	**158**	**1,227,583**

10. Loans to direct customers

Loans to direct customers, net of loss allowances, may be summarized by loan programme as follows:

	Group and Bank	
	30 September 2026 EUR '000	31 December 2025 EUR '000
EU Projects	226,729	148,452
Financial Restructuring	138,449	137,097
Pre-Export Finance	2,290	1,818
Public Sector Investment	427,247	362,245
Private Sector Investment	512,595	479,485
Youth, Female, Start-up Entrepreneurship	22,654	18,830
Working Capital	154,549	147,707
Working Capital – COVID 19 measures and CRISIS 2022	200,087	295,114
Loan programme for reconstruction and development of the economy	139,869	165,853
Export financing	322,586	339,489
Loan programme for reconstruction and development of infrastructure in the Republic of Croatia	341,845	386,304
Loan programme for small and medium-sized enterprises	53,785	65,099
Sustainable Tourism Loans	7,277	1,277
Urban Development Fund	2,224	801
Production Modernisation Loans	23,034	7,055
Other	3,149	40,247
Accrued interest	33,886	33,728
Deferred recognition of loan origination fees	(23,854)	(18,088)
	2,588,401	2,612,513
Loss allowances	(376,832)	(463,808)
	2,211,569	**2,148,705**

Average interest rates on loans to direct customers are stated at 2.12% (1 January – 30 September 2025: 2.08%).
Average interest rates reflect the ratio of interest income from generated the mentioned placements and average asset.

Item "Other" refers to reverse repo agreements in the total amount of EUR 1,220 thousand (31 December 2025: EUR 4,950 thousand). The above placements are collateralized by securities in the amount of EUR 1,286 thousand (31 December 2025: EUR 5,232 thousand).

10. Loans to direct customers (continued)

The following tables sets out information about the credit quality of financial assets measured at amortised cost, The amounts in the table represent gross carrying amounts:

30 September 2026						Group and Bank
	Stage 1	Stage 2	Stage 3	POCI		Total
				Stage 2	Stage 3	
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Gross amount	1,871,293	315,489	329,301	18,127	54,191	**2,588,401**
Loss allowances	(40,154)	(104,540)	(205,823)	(1,071)	(25,244)	**(376,832)**
Balance as at 30 September 2026	**1,831,139**	**210,949**	**123,478**	**17,056**	**28,947**	**2,211,569**

31 December 2025						Group and Bank
	Stage 1	Stage 2	Stage 3	POCI		Total
				Stage 2	Stage 3	
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Gross amount	1,779,394	356,575	404,945	6,497	65,102	**2,612,513**
Loss allowances	(41,522)	(117,266)	(269,226)	(352)	(35,442)	**(463,808)**
Balance as at 31 December 2025	**1,737,872**	**239,309**	**135,719**	**6,145**	**29,660**	**2,148,705**

11. Borrowings

	Group and Bank	
	30 September 2026	31 December 2025
	EUR '000	EUR '000
Balance as at 1 January	2,227,136	2,283,672
New borrowings	149,964	439,387
Repayments	(277,918)	(494,000)
Net foreign exchange gain/loss	466	(1,923)
	2,099,648	2,227,136
Accrued interest	7,619	5,710
Deferred fees	(2,139)	(2,542)
	2,105,128	**2,230,304**

	Group and Bank	
	30 September 2026	31 December 2025
	EUR '000	EUR '000
Borrowings from foreign financial institutions a)	1,589,926	1,678,664
Borrowings from domestic institutions b)	509,722	548,472
	2,099,648	2,227,136
Accrued interest	7,619	5,710
Deferred recognition of fees	(2,139)	(2,542)
	2,105,128	**2,230,304**

(a) Borrowings from foreign financial institutions relate to long-term loans from special financial institutions, mainly the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

(b) Borrowings from domestic institutions relate to a loans from the Ministry of Finance of the Republic of Croatia and domestic financial institutions.

12. Guarantees and commitments

In its regular activities, the Group contracts various commitments and contingent liabilities. The purpose of these instruments is to ensure that the funds are available to a customer when required.

These obligations contain credit risk and are therefore part of the overall risk of the Group although they are not recognised in the Statement of financial position.

Group and Bank

	30 September 2026 EUR '000	31 December 2025 EUR '000
Issued guarantees	60,694	54,165
Guarantees issued in foreign currency	6,188	5,967
Undrawn loans	833,137	684,381
EIF – subscribed, not called up capital	10,400	10,400
EIF CROGIP Contracted Liability	20,150	16,607
EIF FRC2 Contracted Liability	-	11
Contracted Liability Programme for Investing in Alternative Investment Funds	14,469	16,704
	945,038	788,235
Provisions for guarantees and commitments	(21,653)	(23,660)
	923,385	**764,575**

Guarantees

Issued guarantees and open letters of credit represent the liability to the Bank to make payments on behalf of customers if the customer is unable to honour its commitments towards third parties or in the event of a specific act, generally related to the export or import of goods and other purposes specified in the contracts with the customers. Guarantees and letters of credit bear the same credit risk as loans.

Bank guarantees are, to the extent of 9%, collateralized by the guarantees, deposits and bank guarantees.

Commitments upon undrawn loans

The Bank has an obligation to disburse funds for loans and revolving loans upon committed undrawn loans. The expiry date of disbursement or other termination clause is determined by the contract. Disbursements are exercised in several withdrawals, depending on the purpose of the loan, phase of the project or documentation needed for disbursement. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash outflows.
Committed undrawn loans include less potential credit risk than loans, since most commitments depend upon meeting specific terms and conditions by the customers in order to use the funds. The Bank monitors the terms to maturity of loan commitments.

13. Related-party transactions

Related parties are companies that directly or indirectly, through one or more intermediaries, control, or are controlled by, the reporting company.

The most of related-party transactions relate to the transactions with the Republic of Croatia, the 100% owner of the Bank and state-owned companies over which the Republic of Croatia has the controlling influence.

All transactions stated were carried out under usual/regular conditions of the Bank.

As at 30 September 2026, and 31 December 2025 balances arising from transactions with related parties, including the Bank's key management personnel, include the following:

a) Related-party transactions

Group	Assets	Liabilities	Assets	Liabilities
	30 September 2026	30 September 2026	31 December 2025	31 December 2025
	EUR '000	EUR '000	EUR '000	EUR '000
Owner	677,252	258,504	570,289	270,669
Government funds, executive authorities and agencies	368,411	38,458	439,767	34,694
State-owned companies	137,509	1,109	104,548	725
Key management personnel	124	395	143	444
Total	**1,183,296**	**298,466**	**1,114,747**	**306,532**

Group	Income	Expense	Income	Expense
	Jan 1 – Sep 30 2026	Jan 1 – Sep 30 2026	Jan 1 – Sep 30 2025	Jan 1 – Sep 30 2025
	EUR '000	EUR '000	EUR '000	EUR '000
Owner	13,072	5,515	8,554	9,746
Government funds, executive authorities and agencies	11,210	600	7,888	222
State-owned companies	24,184	5,883	18,638	2,224
Key management personnel	4	1,111	5	1,142
Total	**48,470**	**13,109**	**35,085**	**13,334**

13. Related-party transactions (continued)

a) Related-party transactions (continued)

Bank	Assets	Liabilities	Assets	Liabilities
	30 September 2026	30 September 2026	31 December 2025	31 December 2025
	EUR '000	EUR '000	EUR '000	EUR '000
Owner	677,252	258,504	570,289	270,669
Government funds, executive authorities and agencies	363,997	38,449	435,351	34,686
State-owned companies	137,509	1,107	104,546	723
Subsidiary companies	7,449	-	7,449	-
Key management personnel	124	373	143	422
Total	**1,186,331**	**298,433**	**1,117,778**	**306,500**

Bank	Income	Expense	Income	Expense
	Jan 1 – Sep 30 2026	Jan 1 – Sep 30 2026	Jan 1 – Sep 30 2025	Jan 1 – Sep 30 2025
	EUR '000	EUR '000	EUR '000	EUR '000
Owner	13,072	5,515	8,554	9,746
Government funds, executive authorities and agencies	11,138	597	7,781	219
State-owned companies	24,184	5,868	18,638	2,208
Key management personnel	4	889	5	954
Total	**48,398**	**12,869**	**34,978**	**13,127**

Assets include loans to direct customers, financial assets at fair value through other comprehensive income, other assets and off-balance sheet exposure relating to commitments.

Liabilities include liabilities for deposits, salaries, provisions on behalf of retirement and jubilee awards of key management and other liabilities.

Income includes interest income, fee income and reversal of impairment losses and provisions.

Expenses include expenses for key management salaries, impairment loss and provisions.

13. Related-party transactions (continued)

b) Collateral received

	Group		Bank	
	30 September 2026 EUR '000	31 December 2025 EUR '000	30 September 2026 EUR '000	31 December 2025 EUR '000
The Republic of Croatia	736,929	854,689	726,543	851,731
State agencies	78,535	80,224	78,536	80,224
Total	**815,464**	**934,913**	**805,079**	**931,955**

Collateral received relates to first-class collateral instruments received as security for HBOR's placements comprising the Republic of Croatia guarantees, HAMAG-BICRO guarantees, insurance policies of export transactions against political and/or commercial risks and statutory guarantees in cases when the Republic of Croatia or other state executive body guarantees the liabilities of certain borrowers pursuant to provisions of certain laws.

Pursuant to the Quota Reinsurance Contract between HBOR, in the name and for the account of the Republic of Croatia, and HKO d.d., reinsurance is carried out, i.e. cover is provided for a proportional part (quota reinsurance) of political and commercial risks under export loans and receivables arising from the export of goods and services. The Reinsurer covers all non-marketable (non-market) risks assumed by the Insurer, i.e. Croatian Credit Insurance, joint stock insurance company, in the range from 15% to 90% of the insured amount.

c) Salaries of key management personnel

Key members of the Group's and the Bank's management include members of the Management Board, senior executive directors, head of the Management Board Office, executive directors, assistant director, advisors to the Management Board and an authorised agent (proxy).
Salaries include compensation paid for regular work, annual vacation, national holidays, paid leave, sick leave, benefits payable for past service and payments under contractual agreements. Salaries for the Group in the reporting period amounted to EUR 1,101 thousand (1 January to 30 September 2025: EUR 1,126 thousand), and for the Bank EUR 889 thousand (1 January to 30 September 2025: EUR 954 thousand).

Remuneration for the work of the members of the Supervisory Board in the reporting period amounted to EUR 9 thousand for the Group (1 January to 30 September 2025: EUR 16 thousand) and for the Bank EUR 0 thousand (1 January to 30 September 2025: EUR 0 thousand) and it relates to the members of supervisory boards at subsidiaries who were appointed by HBOR.

14. Risk management

In the process of risk management, the Bank continuously identifies, estimates, measures, monitors, contains and controls the risks to which it is or might be exposed in the course of business and reports about them to the relevant authorities. By the mentioned procedures and corresponding internal documents, a comprehensive and complete risk management system is provided.

The most significant risks the Bank is exposed in its day-to-day business are credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk and outsourcing risk. These risks are managed daily in accordance with the policies, ordinances, methodologies, instructions and systems of limits, controls and decisions/conclusions of the Supervisory Board, the Management Board and the risk management committees.

The Bank implements sensitivity analyses and scenario analyses, provided that one or several risk factors are changed in regular or stressful circumstances, and HBOR's bodies in charge are informed of the respective results. The systems of pro-active risk management are continuously developed for the purpose of reducing possible future risks.

15. Fair value of financial assets and financial liabilities

The accounting policy on fair value measurements is discussed in Note 4.1.

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value

Below is a breakdown of the financial assets at fair value based on IFRS 9 classification on 30 September 2026 and 31 December 2025.

Group	30 September 2026		
	Level 1 EUR '000	Level 2 EUR '000	Level 3 EUR '000
Financial assets at fair value through profit or loss:			
Loans at FVPL:			
Mezzanine loans	-	-	59,929
Investments in investment funds:			
Investments in investment funds at fair value through profit or loss	52,340	-	-
Equity instruments:			
Unlisted equity instruments:			
Investments in corporate shares	-	-	-
Depository receipt - DR	-	-	42
Derivative financial assets-positive fair value			
FX swap	-	-	-
Total financial assets at fair value through profit or loss	**52,340**	**-**	**59,971**
Financial assets at fair value through other comprehensive income:			
Debt instruments:			
Listed debt instruments:			
Bonds of the Republic of Croatia	305,487	-	-
Corporate bonds	805	-	-
Treasury bills of the Ministry of Finance	243,967	-	-
Accrued interest	3,096	-	-
Unlisted debt instruments:			
Corporate bonds	-	-	55
Convertible bonds - CB	-	-	137
Accrued interest	-	-	2
Total debt instruments	**553,355**	**-**	**194**
Unlisted equity instruments:			
Investment in shares of foreign legal entities - SWIFT	-	9	-
Shares of foreign financial institutions – EIF	-	8,537	-
Total equity instruments	**-**	**8,546**	**-**
Total financial assets at fair value through other comprehensive income	**553,355**	**8,546**	**194**
Derivative financial liabilities			
FX swap	-	-	-
Total liabilities	**-**	**-**	**-**

Treasury bills of the Ministry of Finance are presented at level 1 of the fair value hierarchy using the quoted purchase ("bid") prices on Bloomberg, and the market quoted price is applied as a valuation technique.

Debt Instruments: Corporate Bonds were classified within Level 3 of the fair value hierarchy. The valuation technique used was the method of the discounted cash flows based on market interest rates, spread linked to internal credit-rating and internally determined spread linked to financial instrument liquidity.

OTC FX swap is not quoted in the active market, and its price is calculated in accordance with the generally accepted model using current market parameters derived from the foreign exchange spot rate and the difference in interest rates of the contracted maturity for the foreign currencies that are the subject matter of the contract.

There were no transfers between the levels in the reporting period.

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

Group	31 December 2025		
	Level 1 EUR '000	Level 2 EUR '000	Level 3 EUR '000
Financial assets at fair value through profit or loss:			
Loans at FVPL:			
Mezzanine loans	-	-	30,935
Investments in investment funds:			
Investments in investment funds at fair value through profit or loss	49,648	-	-
Equity instruments:			
Unlisted equity instruments:			
Investments in corporate shares	-	-	-
Depository receipt - DR	-	-	42
Derivative financial assets-positive fair value			
FX swap	-	-	-
Total financial assets at fair value through profit or loss	**49,648**	**-**	**30,977**
Financial assets at fair value through other comprehensive income:			
Debt instruments:			
Listed debt instruments:			
Bonds of the Republic of Croatia	215,377	-	-
Corporate bonds	805	-	-
Treasury bills of the Ministry of Finance	227,623	-	-
Accrued interest	2,921	-	-
Unlisted debt instruments:			
Corporate bonds	-	-	63
Convertible bonds - CB	-	-	137
Accrued interest	-	-	2
Total debt instruments	**446,726**	**-**	**202**
Unlisted equity instruments:			
Investment in shares of foreign legal entities - SWIFT	-	9	-
Shares of foreign financial institutions – EIF	-	8,537	-
Total equity instruments	**-**	**8,546**	**-**
Total financial assets at fair value through other comprehensive income	**446,726**	**8,546**	**202**
Derivative financial liabilities			
FX swap	**-**	**14**	**-**
Total liabilities	**-**	**14**	**-**

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

Bank	30 September 2026		
	Level 1	Level 2	Level 3
	EUR '000	EUR '000	EUR '000
Financial assets at fair value through profit or loss:			
Loans at FVPL:			
Mezzanine loans	-	-	59,929
Investments in investment funds:			
Investments in investment funds at fair value through profit or loss	52,340	-	-
Equity instruments:			
Unlisted equity instruments:			
Investments in companies' shares	-	-	-
Depository receipt - DR	-	-	42
Derivative financial assets-positive fair value			
FX swap	-	-	-
Total financial assets at fair value through profit or loss	**52,340**	**-**	**59,971**
Financial assets at fair value through other comprehensive income:			
Debt instruments:			
Listed debt instruments:			
Bonds of the Republic of Croatia	301,104	-	-
Treasury bills of the Ministry of Finance	243,967	-	-
Accrued interest	3,062	-	-
Unlisted debt instruments:			
Corporate bonds	-	-	55
Convertible bonds - CB	-	-	137
Accrued interest	-	-	2
Total debt instruments	**548,133**	**-**	**194**
Unlisted equity instruments:			
Investment in shares of foreign legal entities – SWIFT	-	9	-
Shares of foreign financial institutions – EIF	-	8,537	-
Total equity instruments	**-**	**8,546**	**-**
Total financial assets at fair value through other comprehensive income	**548,133**	**8,546**	**194**
Derivative financial liabilities			
FX swap	-	-	-
Total liabilities	**-**	**-**	**-**

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

Bank	31 December 2025		
	Level 1	Level 2	Level 3
	EUR '000	EUR '000	EUR '000
Financial assets at fair value through profit or loss:			
Loans at FVPL:			
Mezzanine loans	-	-	30,935
Investments in investment funds:			
Investments in investment funds at fair value through profit or loss	49,648	-	-
Equity instruments:			
Unlisted equity instruments:			
Investments in companies' shares	-	-	-
Depository receipt - DR	-	-	42
Derivative financial assets-positive fair value			
FX swap	-	-	-
Total financial assets at fair value through profit or loss	**49,648**	**-**	**30,977**
Financial assets at fair value through other comprehensive income:			
Debt instruments:			
Listed debt instruments:			
Bonds of the Republic of Croatia	210,978	-	-
Treasury bills of the Ministry of Finance	227,623	-	-
Accrued interest	2,901	-	-
Unlisted debt instruments:			
Corporate bonds	-	-	63
Convertible bonds - CB	-	-	137
Accrued interest	-	-	2
Total debt instruments	**441,502**	**-**	**202**
Unlisted equity instruments:			
Investment in shares of foreign legal entities – SWIFT	-	9	-
Shares of foreign financial institutions – EIF	-	8,537	-
Total equity instruments	**-**	**8,546**	**-**
Total financial assets at fair value through other comprehensive income	**441,502**	**8,546**	**202**
Derivative financial liabilities			
FX swap	-	**14**	-
Total liabilities	**-**	**14**	**-**

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

15.1.1. Level 3 - fair value

a) Mezzanine loans

For the assessment of fair value of mezzanine loans, the method of discounting expected future cash flows is used.
Due to their contractual characteristics, mezzanine loans do not pass the SPPI test. Characteristics due to which mezzanine loans do not pass the SPPI test are as follows:

- the debtor has the right of premature repayment of mezzanine debt to the creditor,
- in the case of realisation of contractually defined indicators of the debtor's performance (debtor's net debt to average EBITDA ratio for the previous three years must be lower than the limit) over the predetermined period, creditor of the mezzanine debt has the right, but not the obligation, to covert a mezzanine debt to a „senior debt",
- the creditor of the mezzanine debt has the right, but not the obligation, to require from the debtor, to pay the due amount of mezzanine debt into the debtor's equity (increase in equity capital of the debtor by the entry of right-claim)
- the debtor has the option to close the debt through refinancing by another creditor
- if all the possibilities of mezzanine debt closing have not been implemented, the mezzanine debt can be closed from the sale of ships owned by the debtor and
- in case of premature closing of mezzanine debt by repayment, refinancing or converting the mezzanine debt into equity, interest on mezzanine debt is calculated from the date of premature closing of mezzanine debt, i.e. until mezzanine debt exists in such form.

Due to the above-mentioned characteristics of the mezzanine loan, the assessment of fair value of these loans was carried out in accordance with the precautionary principle, according to which income is recognised only when it is actually incurred, and expenses also when they are possible, under the assumption that the regular operations of debtor are continued in the future. This is a situation in which the Bank would, upon the final maturity of the mezzanine loan, convert its receivables into the debtor's equity.

On 30 September 2026, the market price of ordinary shares of the debtor that the Bank could subscribe amounted to EUR 2,165 thousand, assuming that the market price of the shares included all market expectations related to future operations of the issuer. Given that the calculation was made on the assumption that the debtor's mezzanine debt had been converted into the debtor's equity on 30 September 2026, there is no need to discount the market value of the debtor's ordinary shares that the Bank could subscribe and in this way of settlement, the estimated fair value of the mezzanine loan on 30 September 2026, amounted to EUR 2,165 thousand, i.e. USD 2,458 thousand at the exchange rate on 30 September 2026.

Based on the Decision in the pre-bankruptcy proceedings, HBOR took over 50% of the debtor's claims as senior debt and 50% of claims as mezzanine debt. Mezzanine debt is stated in the amount of EUR 2,165 thousand.

The Bank has placed a mezzanine loan in the amount of EUR 60,000 thousand. As at 30 September 2026, the fair value of this mezzanine debt stood at EUR 57,495 thousand (31 December 2025: EUR 28,476 thousand). The fair value was calculated using the data from the Bloomberg platform - the curves required for revaluation and the projection of variable interest rate with the use of liquidity risk premium.

The Bank has placed a framework loan to entrepreneurial support institutions (ESI) in the amount of EUR 295 thousand. The fair value of this debt on 30 September 2026 amounted to EUR 269 thousand. The fair value was calculated using the data from the Bloomberg platform – curve required for the revaluation using a liquidity risk premium.

As at 30 September 2026, the total fair value of the mezzanine debt stood at EUR 59,929 thousand (31 December 2025: EUR 30,935 thousand).

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

15.1.1. Level 3 - fair value (continued)

b) Corporate bonds that are allocated to Level 3

(i) Techniques of valuation and significant input data that are not visible

For the assessment of fair value of illiquid corporate bonds in the HBOR portfolio, the method of discounted cash flow of bonds is used. The fair value of bonds is the present value of all future cash flows of bonds calculated by applying the discount rate defined as yield on risk-free investments increased by the premium of specific credit risk for the respective bond and the premium for bond liquidity risk.

The discount rate on risk-free investments is calculated as linearly interpolated/extrapolated yield of Croatian bonds of the same duration and of the same foreign currency as the bonds valued. The source of information on the yields on bonds of the Republic of Croatia is the Bloomberg information system.

The premium of the specific risk amount for the respective bond depends on HBOR's internal credit rating of the bond issuer, i.e. if the issuer is a member of a business group, the risk premium depends on internal credit rating of the parent company.

ii) Sensitivity analysis of corporate bond with the stated potential effect on profit/loss as at 30 September 2026, under the assumption of a change in discount rate (yield) of 2% and 10%

Under the assumption that the market interest rates change by 2% compared with those in effect as at 30 September 2026, the impacts would be as follows:

a) In the case of a decrease in market yield on no-risk investment (linearly interpolated/extrapolated yield on bonds of the Republic of Croatia of the same duration and the same currency as the respective bond) by 2%, the discount rate would equal 16.32%, the bond price would be 43.74%, which would result in an increase in HBOR's generated profits of EUR 0.56 thousand.

b) In the case of an increase in market yield on no-risk investment (linearly interpolated/extrapolated yield on bonds of the Republic of Croatia of the same duration and the same currency as the corporate bond) by 2%, the discount rate would equal 20.32%, the bond price would be 42.87%, which would result in a decrease in HBOR's generated profits of EUR 0.55 thousand.

The change in interest rates defined in the "Decision on the Management of Interest Rate Risk in the Bank Book", which is applied when calculating standard interest rate shock, is used as the basis for the change in the market interest rate of 2% compared with the market terms and conditions in effect as at 30 September 2026. "Standard interest rate shock is a parallel positive or negative change in interest rates on a reference yield curve of 200 basis points by applying the lower limit rate of 0%, except for the cases in which negative interest rate can be achieved."

In the case of a decrease in expected cash flows on corporate bonds of 10%, the generated profit of HBOR would decrease by EUR 5.5 thousand.

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

15.1. Fair value of financial assets and financial liabilities initially recognized and measured at fair value (continued)

15.1.1. Level 3 - fair value (continued)

c) Adjustment of fair value of Level 3:

i) The fair value of Level 3 financial assets measured at fair value upon initial recognition – mezzanine loans:

Group and Bank	Sep 30, 2026 EUR '000	Sep 30, 2025 EUR '000
Balance as at 1 January	**30,935**	**32,233**
New loans	30,138	145
Increase/(decrease) in fair value through profit or loss	(1,223)	131
Net foreign exchange	79	(358)
Balance as at 30 September	**59,929**	**32,151**

ii) The fair value of Level 3 financial assets measured at fair value upon initial recognition – unlisted debt securities:

Group and Bank	Sep 30, 2026 EUR '000	Sep 30, 2025 EUR '000
Balance as at 1 January	**202**	**212**
Increase in fair value through other comprehensive income	8	10
Principal due date	(17)	(19)
Accrued interest	1	1
Balance as at 30 September	**194**	**204**

16. Reporting by segments

General information on segments is given in relation to business segments of the Group.
Since the Group does not allocate administrative costs and interest by segments, the profitability of segments is not presented.

Assets and liabilities by segments are presented in net terms, i.e. gross after impairment and provisioning, and before the effect of mitigation through collateral received.

Business operations of segments are divided in terms of organisation and management. Each segment as a whole provides various products and services and operates in various markets.

Business segments:

The Group has following business segments:

Segment:	Business activities of the segment include:
Banking activities	Financing reconstruction and development of the Croatian economy, financing of infrastructure, export promotion, support for the development of small and medium-sized companies, environmental protection, and export credit insurance of Croatian goods and services against non-market risks for and on behalf of the Republic of Croatia.
Insurance activities	Insurance of foreign and domestic short-term receivables of business entities relating to deliveries of goods and services.
Other	Preparation of analyses, credit risk assessment and providing information on creditworthiness.

16. Reporting by segments (continued)

Jan 1 – Sep 30, 2026	Banking activities EUR '000	Insurance activities EUR '000	Other activities EUR '000	Unallocated EUR '000	Total EUR '000
Net interest income	60,876	138	-	-	61,014
Income from the cancellation of the subsidy deferral at the expense of HBOR's operations	1,313	-	-	-	1,313
Net fee income	5,007	-	243	-	5,250
Net income from financial operations	5,655	-	-	-	5,655
Impairment gain	37,798	10	-	-	37,808
Net premium earned	-	1,938	-	-	1,938
Other income	2,023	253	36	(36)	2,276
Income from operating activities	**112,672**	**2,339**	**279**	**(36)**	**115,254**
Operating costs	(25,095)	(7)	(241)	36	(25,307)
Impairment loss and provisions	-	-	(5)	-	(5)
Subsidy cost at the expense of HBOR's operations	(8,812)	-	-	-	(8,812)
Net change in provisions	-	(243)	-	-	(243)
Other expenses	-	(2,501)	-	-	(2,501)
Operating expenses	**(33,907)**	**(2,751)**	**(246)**	**36**	**(36,868)**
Profit/(loss) before income tax	78,765	(412)	33	-	78,386
Income tax	-	-	-	-	-
Profit/(loss) for the year	**78,765**	**(412)**	**33**	**-**	**78,386**
30 September 2026					
Assets of segment	4,338,464	14,718	159	(7,524)	4,345,817
Total assets	**4,338,464**	**14,718**	**159**	**(7,524)**	**4,345,817**
Liabilities of segment	2,289,149	6,930	23	(9)	2,296,093
Total equity	2,049,315	7,789	95	(7,475)	2,049,724
Total liabilities and total equity	**4,338,464**	**14,719**	**118**	**(7,484)**	**4,345,817**

Intra-group transactions are presented under "Unallocated".

The Group decided to apply a simple approach of stating operating segments by taking into consideration the main business model of each member of the Group as previously described in this Note.

16. Reporting by segments (continued)

Jan 1 – Sep 30, 2025	Banking activities EUR '000	Insurance activities EUR '000	Other activities EUR '000	Unallocated EUR '000	Total EUR '000
Net interest income	52,072	166	-	-	52,238
Income from the cancellation of the subsidy deferral at the expense of HBOR's operations	1,335	-	-	-	1,335
Net fee income	1,456	-	266	-	1,722
Net income from financial operations	5,130	-	1	-	5,131
Impairment gain	15,968				15,968
Net premium earned	-	1,788	-	-	1,788
Other income	2,959	272	34	(33)	3,232
Income from operating activities	**78,920**	**2,226**	**301**	**(33)**	**81,414**
Operating costs	(24,826)	(293)	(233)	33	(25,319)
Impairment loss and provisions	-	(46)	(4)	-	(50)
Subsidy cost at the expense of HBOR's operations	(7,216)	-	-	-	(7,216)
Expenses for insured cases	-	(266)	-	-	(266)
Net change in provisions	-	(1)	-	-	(1)
Other expenses	-	(1,613)	-	-	(1,613)
Operating expenses	**(32,042)**	**(2,219)**	**(237)**	**33**	**(34,465)**
Profit before income tax	46,878	7	64	-	46,949
Income tax	-	-	-	-	-
Profit for the year	**46,878**	**7**	**64**	**-**	**46,949**
31 December 2025					
Assets of segment	4,056,039	11,227	185	(7,583)	4,059,868
Total assets	**4,056,039**	**11,227**	**185**	**(7,583)**	**4,059,868**
Liabilities of segment	2,487,722	3,006	90	(68)	2,490,750
Total equity	1,568,317	8,160	53	(7,412)	1,569,118
Total liabilities and total equity	**4,056,039**	**11,166**	**143**	**(7,480)**	**4,059,868**

Intra-group transactions are presented under "Unallocated".

17. Capital management

The primary objectives of the Bank's capital management are to ensure the presumptions of going concern and to respect regulatory and contracted demands imposed by creditors regarding a certain capital adequacy level.

The Group has identified the regulatory capital as a manageable capital category.

Regulatory capital is the funding source amount that is maintained for the purpose of safe and stable operations, i.e. for the purpose of fulfilling the obligations towards the creditors.

HBOR's regulatory capital is the sum of the equity capital and the supplementary capital.

HBOR ensures that it has at all times an amount of capital adequate to the types, scope and complexity of operations it performs and the risks it is or could be exposed to in its operations.
HBOR's total capital ratio is calculated as the ratio between the regulatory capital and the total:

- 1. amount of credit risk weighted exposure (prescribed by the Methodology for the Calculation of HBOR's Total Capital Ratio), and
- 2. amount of initial capital requirements for market risks, settlement risk and operational risk (prescribed by the Methodology for the Calculation of HBOR's Total Capital Ratio) multiplied by 12.5.

The total capital ratio is calculated on the basis of the internal methodology based on the regulatory framework in accordance with Basel II calculation requirements, on the application of certain provisions of the banking regulations in effect depending on the possibilities of HBOR's system and with further strategic focus on its development in accordance with the banking regulations in effect as applicable to HBOR as a development and export bank of the Republic of Croatia.

Risk appetite relates to the level and type of risk that HBOR is willing to take in order to achieve the goals of its business strategy, and it is always determined within the defined risk bearing capacity that represents the highest level of risk that HBOR can take considering its capital base, its risk management and control ability and regulatory restrictions if prescribed and applicable to HBOR.

Within the framework of defining the risk appetite at the strategic level, a minimum acceptable total capital ratio of 20% was determined.

The text to follow contains a breakdown of capital adequacy ratio as at 30 September 2026 and 31 December 2025.

	Group		Bank	
	30 September 2026 EUR '000	31 December 2025 EUR '000	30 September 2026 EUR '000	31 December 2025 EUR '000
Total regulatory capital	**2,044,688**	**1,563,763**	**2,045,095**	**1,563,788**
Credit risk weighted exposure amount	2,474,891	2,377,392	2,468,001	2,374,008
Capital requirements for operating risk	154,200	154,200	148,543	148,543
Capital requirements for currency risk	-	-	-	-
Total capital requirements	**2,629,091**	**2,531,592**	**2,616,544**	**2,522,551**
	%	%	%	%
Capital adequacy ratio	**77.77**	**61.77**	**78.16**	**61.99**
	EUR '000	EUR '000	EUR '000	EUR '000
Own funds needed for ensuring capital adequacy according to regulatory requirements	**315,491**	**303,791**	**313,985**	**302,706**

18. Events after the reporting period date

18.1. New HBOR By-laws

On 5 October 2026, new By-laws of Hrvatska banka za obnovu i razvitak entered into force that were adopted to ensure alignment with the new Act on Hrvatska banka za obnovu i razvitak (Official Gazette, No. 55/2026) and other regulations governing the operations of legal entities owned by the Republic of Croatia, as well as credit institutions.

The most important changes brought about by the new By-Laws include:

- expansion of the business and activities of HBOR to include the purchase of receivables and activities of international development cooperation;
- improvement of the corporate governance system by aligning the powers and responsibilities of the Management Board and the Supervisory Board with the new legislative framework;
- establishment of the Appointment and Remuneration Committee and the Risk Committee as committees of the Supervisory Board;
- harmonisation of the decision-making and reporting processes with the new legislative framework;
- increase in the limit of authority of the Management Board for making decisions without the consent of the Supervisory Board, with the aim of additional operational efficiency of business activities. In other words, in the new By-laws, the current limit for making decisions by the Management Board that does not require the consent of the Supervisory Board has been increased from EUR 20 million to EUR 40 million, which will enable increased flexibility and rapidity in decision-making (including decisions on loans, guarantees and other placements with clients).

The new By-laws further recognise the importance of setting and achieving HBOR's financial and non-financial goals (including those related to sustainability), due to which, in the coming period, greater attention will need to be focused on identifying and monitoring projects that are aligned with the strategic objectives of HBOR and the Republic of Croatia.