HRVATSKA NARODNA BANKA

EUROSYSTEM

# 2025

ANNUAL REPORT

2025

25

ZAGREB, JUNE 2025

# Annual Report 2025

**Climate-related Financial Report**
**Financial Statements**

# Foreword

Boris Vujčić
Governor of the Croatian National Bank

This Annual Report for 2025 provides a complete overview of the activity of the Croatian National Bank against the backdrop of heightened trade and political tensions in the international environment. Despite challenging global conditions, we have continued to deliver on our key objectives – maintaining the stability of prices and the financial system while supporting the sound functioning of all segments of the financial market.

The relatively strong economic growth in Croatia in 2025 moderated from the levels seen in 2024, while inflation picked up in 2025, driven by pressures on food prices and the increasing administered prices of energy. Core inflation decreased. At the same time, growth in the prices of services remained elevated due to increased consumer preference for services, elevated employment and the persistently strong wage growth, as well as solid domestic demand and the increase in individual administered prices. In the euro area, in line with the convergence of inflation towards the target of around 2%, in the first half of 2025 the ECB continued to gradually lower its key interest rates. This led to a reduction in all interest rates, including bank lending and deposit rates in Croatia. In addition, the previously relatively strong growth in corporate and household loans further accelerated in 2025.

We introduced new macroprudential measures, aimed at preventing the further loosening of lending criteria and at slowing down the rise in household indebtedness. At the same time, these restrictions should not have too much impact on the ability to meet housing needs. In particular, the measures aim to reduce the riskiness of new loans and strengthen the financial resilience of households and banks, thus contributing to maintaining the stability of the economy and the financial system.

Due to continued strong lending activity and rising house prices, the countercyclical capital buffer rate was increased from 1.5% to 2%, applicable as of 1 January 2027, in order to reinforce the resilience of the banking system.

In the area of supervision, our activities were directed towards safeguarding the resilience of the banking system amid strong credit growth and challenging economic circumstances. Special emphasis was placed on the monitoring of lending standards, credit risk management and asset quality, with credit institutions maintaining a high level of capitalisation and liquidity. Additional attention was paid to supervising new risks, including climate risks, digital transformation and operational resilience.

In the area of resolution, we continued to strengthen institutional and operational frameworks for effective crisis management in the banking system. Activities included further development of resolution plans, improvement of the capacity to implement resolution tools and ensuring the adequate level of eligible liabilities (MREL), further boosting the system's ability to absorb any shocks at no cost to taxpayers.

In payment operations, the strong development of infrastructure and services continued, with the further expansion of cashless and digital payment methods. Progress made in the instant payments segment, the increase in security and efficiency of payment operations and the transposition of key European payment regulations into domestic payment operations stand out as especially important achievements. This further improved the availability, speed and reliability of payment services for citizens and corporations. Last year was also marked by the progress made in the digital euro project, which is currently in preparation and is expected to be rolled out by 2029. The use of the digital euro will be free of charge for citizens, with guaranteed anonymity of users and transactions. The digital euro will not replace cash but rather complement it, functioning as a safe and reliable public money and an important contribution to European monetary sovereignty.

Public interest in the work of the Croatian National Bank and our programmes aimed at strengthening financial literacy was very pronounced. In 2025, we welcomed 31,500 visitors, ranging from pre-schoolers to pensioners. The activities of the Visitors' Centre were further expanded through educational programmes, workshops and guided tours, while Moneterra – the Money Museum attracted a large number of domestic and foreign visitors, with a continuous increase in the number of visitor groups and school visits and a large number of visitors at thematic exhibitions and public events. The Great Student Debate sparked significant engagement by secondary school pupils, while the CNB's experts gave lectures at schools across Croatia. Public attention was also drawn to numerous publications, releases, conferences and podcasts, confirming the importance of an open and accessible central bank and its role in financial education.

Unfortunately, at the time this Annual Report was being prepared, geopolitical circumstances deteriorated still further, halting many positive trends. However, a stable and well-capitalised banking system, robust financial infrastructure and deep integration in the monetary union have increased the resilience of the Croatian economy, enabling better preparedness to new challenges than before the accession to the euro area.

Boris Vujčić
Governor of the Croatian National Bank

# Contents

# 1 Economic developments and monetary policy

The relatively strong economic growth in Croatia in 2025 moderated from the levels seen in 2024, while inflation picked up in 2025, driven by pressures on food prices and growing administered prices of energy. Core inflation decreased. The growth in the prices of services remained elevated amid increased consumer preference for services, elevated employment and the persistently strong wage growth, solid domestic demand and the increase in individual administered prices. The ECB continued to gradually lower its key interest rates in the first half of 2025, in line with the convergence of inflation in the euro area towards the target of around 2%, which led to a reduction in all interest rates, including bank lending and deposit rates in Croatia. In addition, the relatively strong growth in corporate and household loans further accelerated in 2025.

## EURO AREA

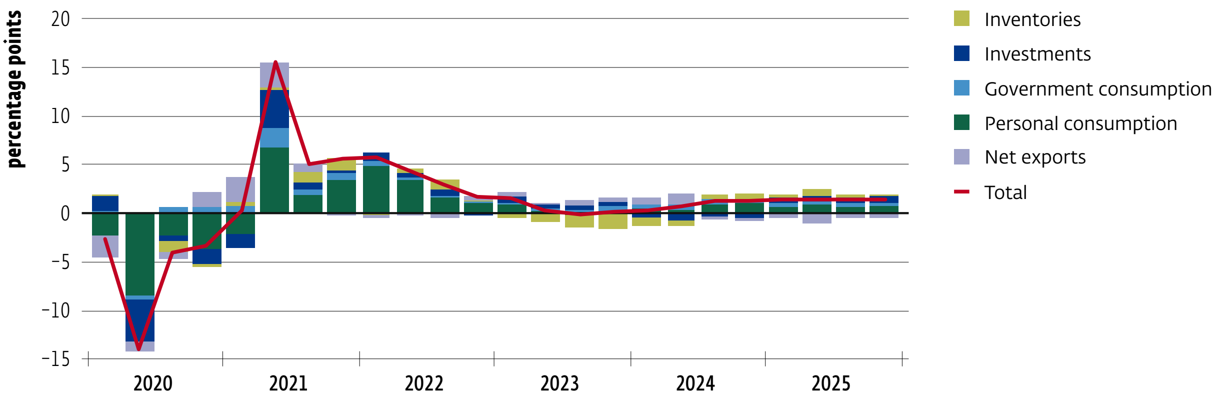
### Real developments and price movements

Economic growth in the euro area accelerated to 1.5% in 2025, following a modest growth of 0.9% in the preceding year. Despite pronounced global challenges related to geopolitical tensions and trade, accelerated growth suggests that the euro area economy remained resilient. The growth in economic activity was mostly driven by investment and personal consumption. Government consumption growth slowed down from the previous year, which may be partly linked to the gradual entry into force of the reformed EU common economic governance framework, encouraging fiscal adjustment in member states, especially by limiting expenditure growth. Imports of goods and services spiked, which may be due to trade diversion from China owing to the increase in US tariffs, so that, despite the growth in exports, the contribution of net foreign demand to total growth was negative. The expansion in aggregate demand and lower energy prices spurred industrial activity, following two years of stagnation. However, industrial recovery is concentrated in defence and pharmaceutical activities, while traditional industries, such as the automotive industry and manufacture of machinery, continue to face structural problems and increased competition from China. Service activities, particularly the information and communications sector, also made a significant contribution to economic growth, while construction activity also gradually recovered.

Euro area inflation, as measured by the harmonised index of consumer prices (HICP) in 2025, continued to decelerate amid lower prices of energy and other raw materials in the global market, weak import inflationary pressures in the segment of consumer goods and a gradual slowdown in wage growth. The average annual inflation moderated from 2.4% in 2024 to 2.1% and converged towards the ECB's target, due to the decline in the inflation of all its main components except energy. Core inflation (which excludes energy and food prices) slowed down to 2.4% in 2025, from 2.8% in 2024. The average annual food price inflation edged down to 2.8% in

The average annual inflation moderated from 2.4% in 2024 to 2.1% and converged towards the ECB's target.

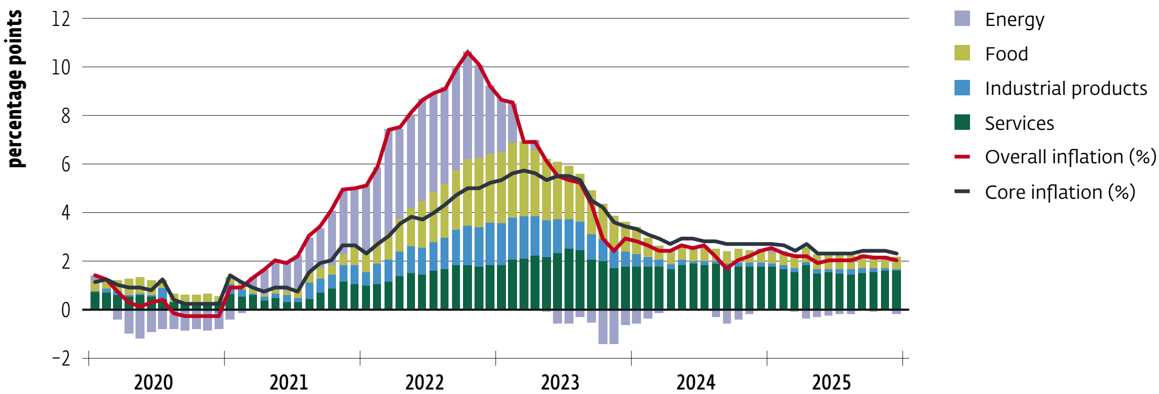
**FIGURE 1.1** Euro area real GDP growth




Source: Eurostat.

2025, from 2.9% in 2024, but remained above the pre-pandemic long-term average. Food price inflation trended up until mid-2025, primarily as a result of the spillover of the rise in the prices of food raw materials (especially coffee, cocoa and beef) to retail food prices in the euro area. The annual rate of change in energy prices rose to –1.4% in 2025, from –2.2% in 2024, but remained in negative territory and continued to dampen overall inflation.

**FIGURE 1.2 Euro area inflation indicators**
contributions by components




Note: Core inflation is measured by the harmonised index of consumer prices, which excludes energy, food, alcoholic beverages and tobacco prices.
Source: Eurostat.

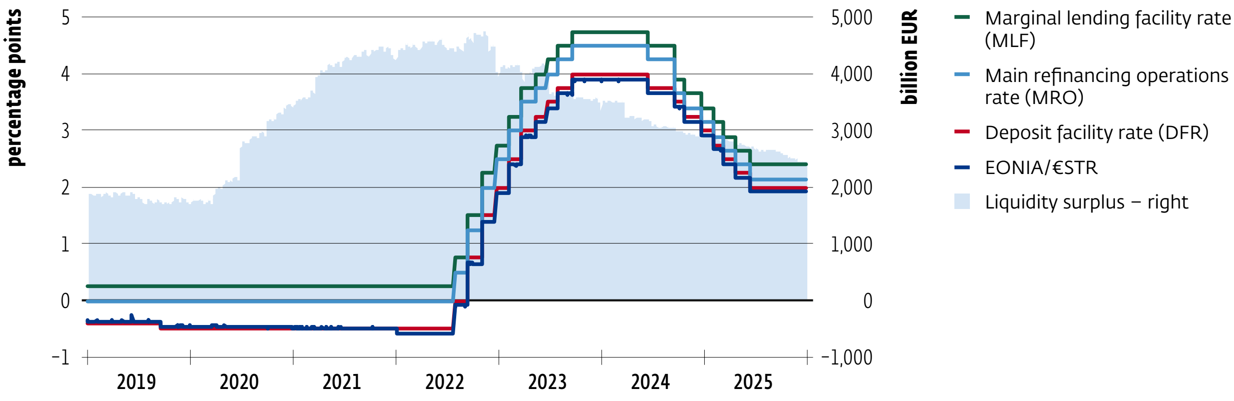
## Monetary policy and financial markets

The reduction in key interest rates in the euro area continued as inflation converged towards the target level. The deposit facility rate (DFR) which, in the current conditions of high liquidity surpluses, is a relevant indicator of the ECB's monetary policy, was lowered by the ECB's Governing Council on eight occasions in the period from June 2024 to June 2025, by 2 percentage points in total. The reduction in rates followed the recent inflationary episode, caused by a strong recovery from the COVID-19 crisis and Russia's aggression against Ukraine, triggered the strongest monetary policy tightening cycle since the creation of the euro, driving the key interest rates up by 4.5 percentage points, while the deposit facility rate hovered at the level of 4% from September 2023 to June 2024.

Given that inflation in the euro area was broadly aligned with 2% in 2025, the Governing Council stressed that it was currently at levels close to the medium-term target of 2%.

Given that inflation in the euro area was broadly close to 2% in 2025, at its last meeting in December 2025, the Governing Council stressed that inflation was currently at levels close to the medium-term target of 2% and that it should stabilise at these levels. From mid-June 2025, the deposit facility rate was 2.00%, the main refinancing operations (MRO) rate stood at 2.15% and the marginal lending facility (MLF) rate was 2.40%. It was also stressed in December 2025 that decisions on the appropriate level of interest rates will continue to be based on a data-dependent and meeting-by-meeting approach, with the Governing Council not pre-committing to a particular rate path.

**FIGURE 1.3 Key ECB interest rates**

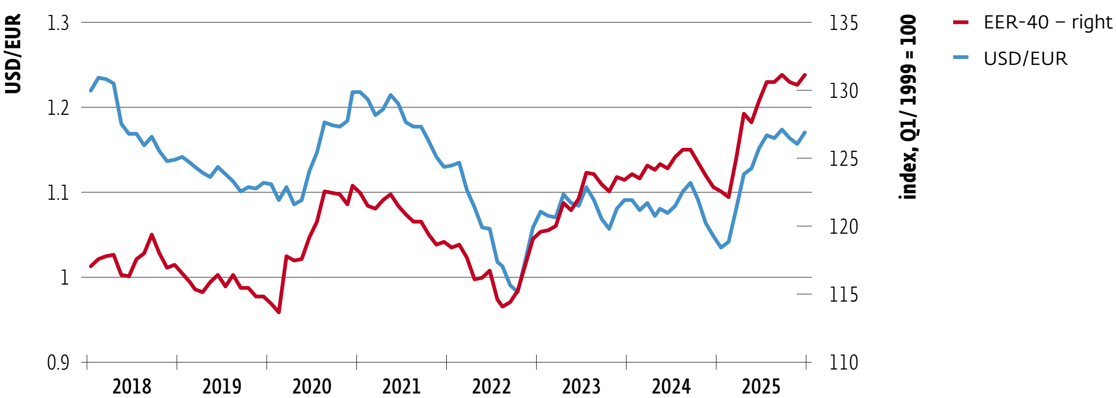



Notes: DFR (deposit facility rate); MLF (marginal lending facility); MRO (main refinancing operations). Since the beginning of 2022, EONIA has been replaced by €STR.
Source: ECB.

Amid the continued cycle of reduction in key ECB interest rates last year, money market interest rates also continued their downward trend. The €STR rate, which is the reference rate for the money market, fell to 1.9% in the first half of the year, keeping at this level until the end of December. At the end of 2024, the €STR rate reached 2.9%, indicating full transmission of the key ECB interest rate reduction to money market.

In the global foreign exchange market, the euro appreciated against the US dollar in the first half of last year, especially in early March following the announced increase in defence spending in Germany and in anticipation of similar increases in other European countries. Another episode of the strengthening of the euro took place immediately after the announcement by the US president of the introduction of reciprocal tariffs, despite the growth in US bond yields. It is possible that the US dollar depreciated at that point, as investors started demanding higher risk

**FIGURE 1.4 USD/EUR exchange rate and nominal effective exchange rate of the euro**




Notes: EER-40 is the nominal effective exchange rate index of the euro against 40 major trading partners of the euro area. Data refer to monthly averages. Exchange rate increase indicates euro appreciation.
Source: ECB.

premiums for investing in US assets because of the unpredictability of US trade policy, thus becoming more oriented towards European assets and taking positions in the foreign exchange market to hedge against the weakening of the dollar. By the end of 2025, the exchange rate of the euro versus the US dollar was less volatile and continued to appreciate slightly. The exchange rate of the euro for the US dollar stood at an average of USD/EUR 1.17 in December, appreciating by almost 12% from the average recorded in December of the preceding year, which was at the same time its highest level in almost the last four years.

In the global foreign exchange market, the euro appreciated against the US dollar in the first half of last year, especially in early March.

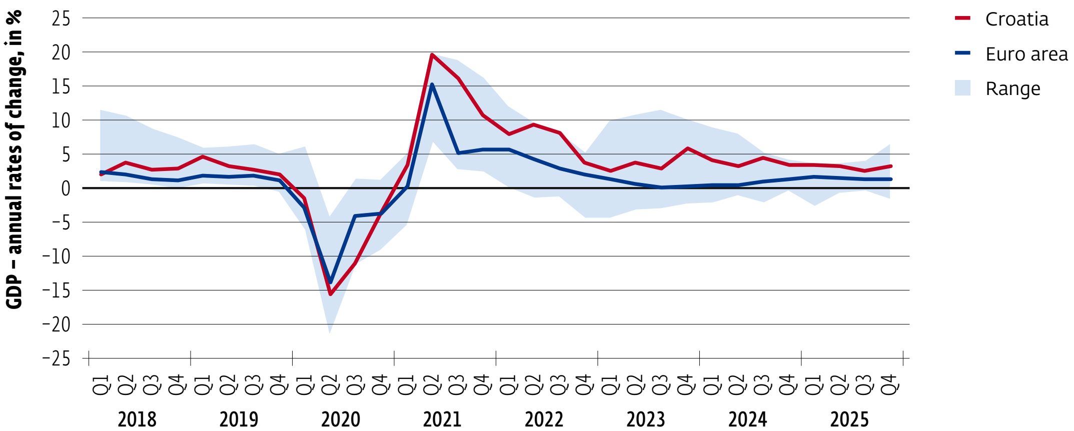
## CROATIA

### Real developments

Economic activity slowed down to 3.2% in 2025, although this is still an elevated pace. The slowdown in growth primarily reflects a weaker growth of personal and government consumption amid the continued fall in the exports of services, while the growth in investment activity strengthened and the growth in the exports of goods remained relatively high.

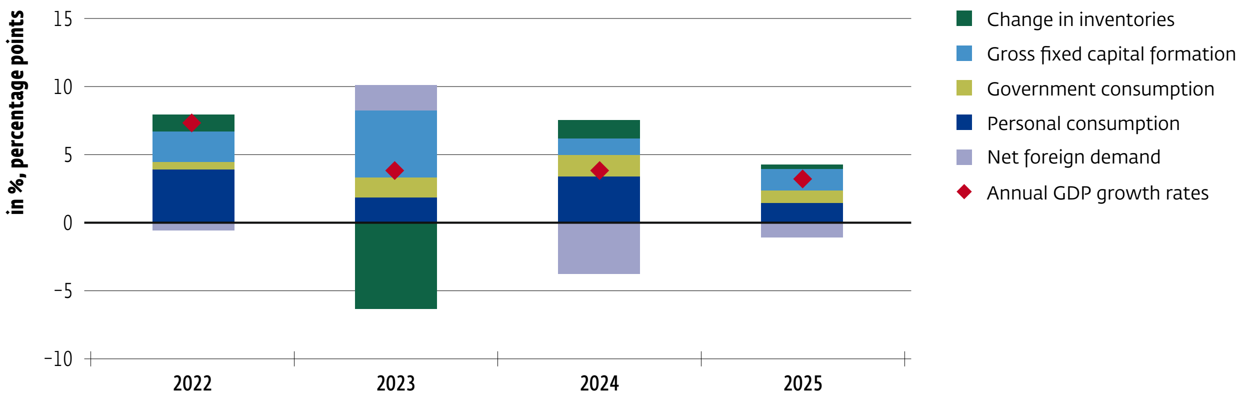
Personal consumption was supported by the continued growth in real disposable household income, which decelerated only slightly and continued to significantly exceed the increase in consumption. The growth in government consumption also decelerated, while, on the other hand, the growth in gross fixed capital formation intensified compared with 2024, owing to the growth in both private and public investment. As regards foreign demand, the exports of goods and services increased slightly from 2024, with the increase in the exports of goods remaining relatively robust, while the exports of services continued to decline, which may partly be linked with the diminished price competitiveness of Croatian tourism.

**FIGURE 1.5 Trends in economic activity in Croatia and the euro area**




Note: The figure shows the range of values of real GDP growth of individual euro area member states, excluding Ireland.
Sources: CBS and Eurostat.

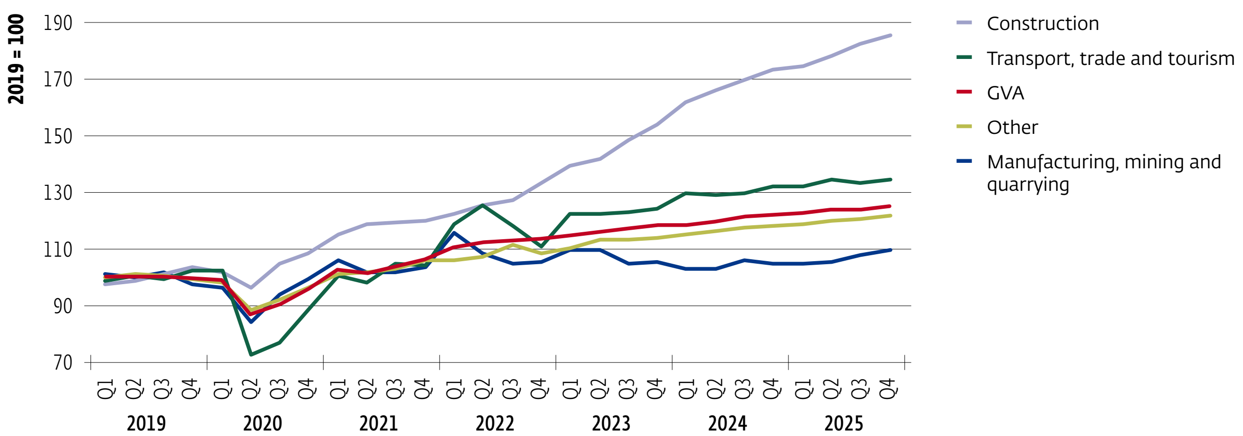
**FIGURE 1.6 Contributions to the change in real economic activity**




Source: CBS.

Observed by main activity, economic trends show a widespread slowdown in growth. Despite the still relatively strong growth in the construction activity, its contribution to GVA growth almost halved from 2024. Similar trends were also observed in tourism-related services and trade, which can be linked to a weaker growth in personal consumption and a real fall in the exports of tourist services. On the other hand, manufacturing activity strengthened following a decline in the last two years, probably partly supported by an increase in foreign demand, which led to a solid increase in goods exports.

**FIGURE 1.7 Gross value added by activity in Croatia**



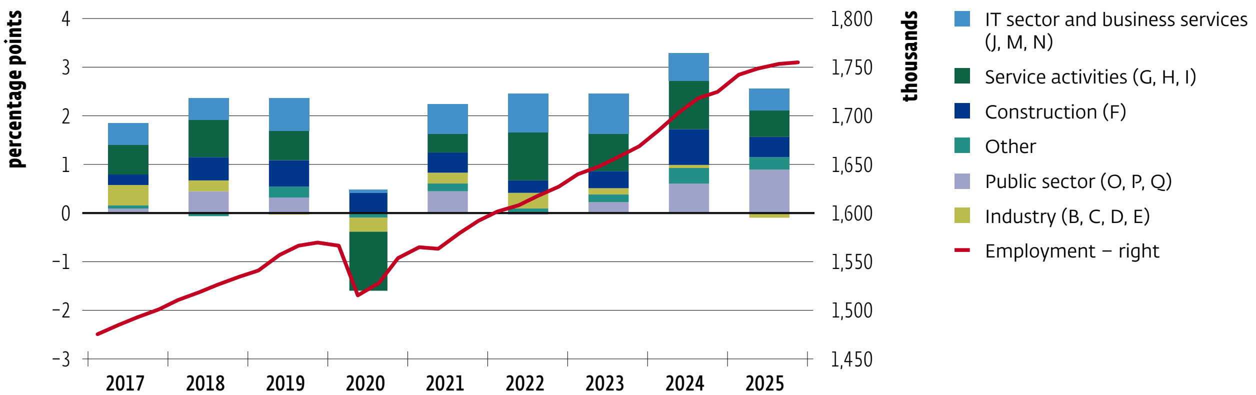

Source: CBS.

## Labour market

The growth in employment and wages moderated in 2025, even though labour costs continued their relatively strong upward trend, while employment was almost stagnant from the second half of the year. After surging in 2024 (3.3%), growth slowed down to 2.5% in 2025. Employment growth was more pronounced in public administration, education and healthcare (activities O, P and Q, hereinafter: the public sector) than in the rest of the economy. Unemployment continued its downward path in 2025, reflecting increased clearings from the CES records for other reasons, which can be attributed to finding employment without the help of the CES, but also to reinforced controls. The average registered unemployment rate in 2025 declined to 4.5% (down from 5.3% in 2024), while the ILO unemployment rate stood at 4.9% (compared with 5% in 2024). The growth in the average gross wage declined to 11.1% in 2025, from 14.8% in 2024, due to a slower growth in public wages after a considerable increase in 2024 driven by the wage system reform, while the wage dynamics in the private sector remained almost unchanged. The real wage purchasing power continued to trend up, and real net and gross wages increased by around 7%.

The growth in employment and wages moderated in 2025, even though labour costs continued their relatively strong upward trend.

**FIGURE 1.8 Employment by NCA, seasonally adjusted data, contributions to the annual rate of change and total employment**

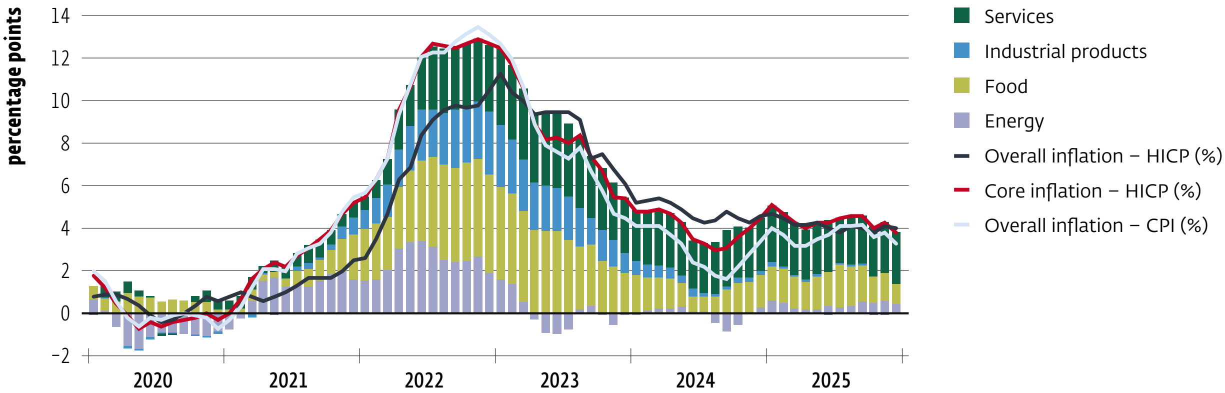



Note: NCA is the acronym for the National Classification of Activities.
Source: CPII (seasonally adjusted by the CNB).

## Price developments

The overall consumer price inflation accelerated in 2025 from the previous year under the influence of upward pressures on food prices, the withdrawal of fiscal support and the rise in the administered prices of energy (gas, electricity and heat). In contrast, core inflation, which excludes volatile energy and food prices that largely depend on factors not influenced by monetary policy (such as changes in commodity prices in the global market and weather conditions), further trended down. The average annual rate of overall inflation measured by the harmonised index of consumer prices (HICP) went up from 4.0% in 2024 to 4.4% in 2025.

**FIGURE 1.9 Inflation indicators in Croatia**




Note: Core inflation is measured by the harmonised index of consumer prices, which excludes energy, food, alcoholic beverages and tobacco prices.
Sources: Eurostat, CBS and CNB calculations.

Inflation pressures started to pick up in the second half of 2024 and in early 2025, but after that upward price pressures started to gradually abate. Despite short-term fluctuations, inflation was lower at the end of the year than at the beginning of the year (down to 3.8% in December from 5.1% in January). The national inflation indicator (CPI), which reflects the structure of the consumption of Croatian households, also followed a similar trend, and declined from 4.0% in January to 3.3% in December, even though its average level in 2025 as a whole was higher than in 2024 (up to 3.7% from 3.0%). The level of inflation is higher when measured by the harmonised index than when measured by the national indicator; this reflects the difference in the structure of the basket of goods and services used in their calculation. The share of services in the HICP is larger than in the CPI because the calculation of HICP includes the consumption of foreign tourists, while food and energy are relatively more represented in the national indicator. Accordingly, the still elevated services price inflation is reflected in HICP inflation significantly more than in the inflation measured by the national indicator.

As regards the developments in the prices of the main inflation components, the acceleration of the average annual rate of change in energy prices (HICP) from −0.3% in 2024 to 3.3% in 2025 was the result of the rise in the administered prices of gas, electricity and heat energy, as well as the withdrawal of some fiscal support related to the caps on household energy prices, with other countries mostly withdrawing this support earlier. Energy price increases were cushioned by the decline in the retail refined petroleum prices in the domestic market, due to the fall in the prices of crude oil in the world market.

The national inflation indicator (CPI), which reflects the structure of the consumption of Croatian households, declined from 4.0% in January to 3.3% in December.

Food prices rose more than in the preceding year, on average. The average annual food price inflation rate increased from 4.4% in 2024 to 5.4% in 2025. Current pressures on food prices were strong in the second half of 2024 and the first seven months of 2025 due to the spillover of elevated prices of certain food raw materials and adverse weather conditions (especially the dry summer season). However, the pressures on food prices abated in the second half of the year given that the prices of food raw materials in the global market started to decline in the first half of 2025. The easing of the annual rates of inflation of food prices in the second half of the year was also due to favourable base effects given the more pronounced growth in these prices in the same period in 2024. Inflationary pressures on food prices were also mitigated by government measures.

Core inflation, which excludes energy and food prices, further trended down, to 4.1% in 2025, from 4.8% in 2024.

Core inflation, which excludes energy and food prices, further trended down to 4.1% in 2025, from 4.8% in 2024. This was largely due to the decline in the inflation of industrial prices from 1.3% to 0.2%, amid low import pressures, the appreciation of the euro and the low growth rates of producer prices for consumer goods. In contrast, services price inflation, the second major component of core inflation, slowed down only slightly, from 7.6% to 7.4%. The persistently elevated services price inflation mirrors a high demand for services, a tight labour market and the still significant wage growth, as well as the increase in individual administered prices of services (rent). Thus, services continued to contribute the most to overall inflation.

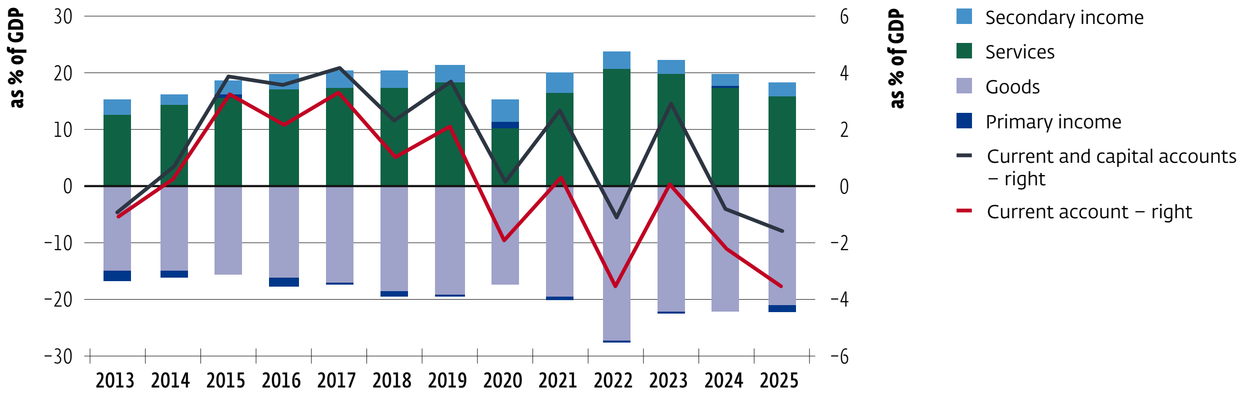
Croatia's inflation rate has been notably higher in 2025 than the average in the euro area. This can be attributed to several factors, including stronger economic growth, faster wage and personal consumption growth, later withdrawal of energy support to households relative to other countries, a supportive fiscal stance, which is partially linked to the considerable inflow of EU funds, and the process of price convergence in Croatia towards the higher average level in the euro area associated with the gradual convergence of per capita income to the EU average.

## Economic relations with foreign countries

Croatia's current and capital account deficit widened, from −0.8% of GDP in 2024 to −1.6% of GDP in 2025. This was primarily brought about by the deterioration of the positive trade in services balance, which largely reflects a modest annual growth of tourism revenues (1.8%), with a noticeable increase in the tourist consumption of residents abroad (17.3%). The primary income balance also deteriorated markedly, mostly due to the rise in the profits of foreign-owned enterprises and the decrease in central bank income from investing foreign assets, which is linked to a decline in interest rates in the euro area. The deterioration in the primary income balance in 2025 was also driven by a considerable rise in expenditure for employee compensations, linked to a growing number of foreign workers temporarily employed in Croatia, while income from Croatian residents employed abroad rose moderately. On the other hand, the worsening of the overall current account balance was cushioned by a less negative goods trade balance, expressed as a percentage of GDP, owing to relatively strong export performance (an increase by 7.0%), combined with a somewhat slower import growth (4.7%). In addition, the secondary income balance also improved, which can be largely attributed to rising current inflows of EU funds and, to a lesser extent, to an increase in worker and personal remittances from abroad. As regards the use of EU funds, following the decline in disbursements in the previous year, it recovered in 2025 ahead of the expiry of the period for the use of funds under the Recovery and Resilience Facility (end-2026), so that net

Croatia's current and capital account deficit widened, largely due to the deterioration of the positive trade in services balance.

**FIGURE 1.10 Inflation indicators in Croatia**

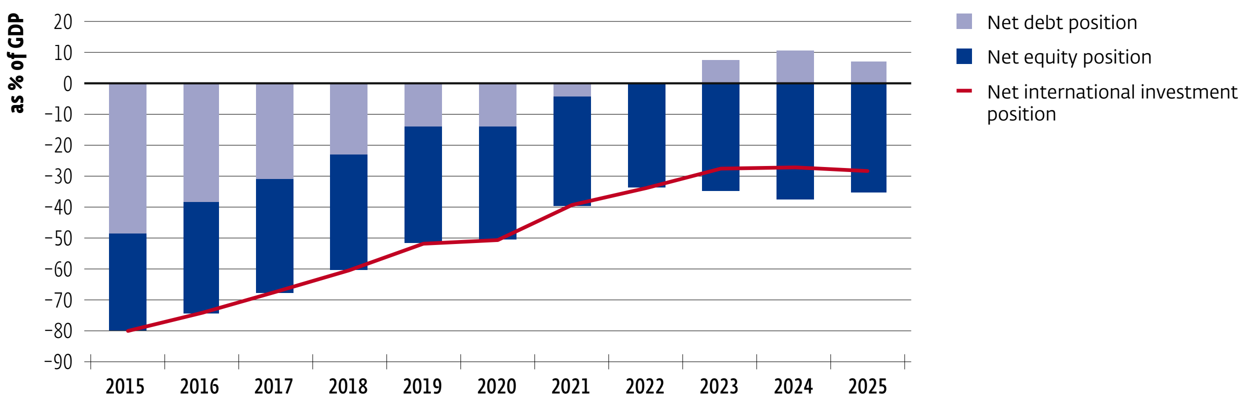



Sources: CNB and CBS.

inflows of EU funds went up from 2.2% of GDP in 2024 to 2.7% of GDP, which, apart from having a positive impact on the secondary income balance, also brought about the improvement of the capital account balance.

In line with the widening of deficit in the current and capital accounts of the balance of payments, the financial account in 2025 saw considerably larger capital inflows than the year before, amounting to EUR 2.6bn or 2.8% of GDP. The total net debt position of domestic sectors deteriorated by EUR 1.1bn, reversing a long-standing trend of improvement. Broken down by sectors, the net position of the central bank worsened by EUR 2.4bn, mostly due to the reduction of previously accumulated claims on the Eurosystem (TARGET). Although the TARGET balance is recorded in the balance sheet of the central bank, it reflects the total cross-border financial flows of all domestic sectors, which are realised through the banking system and recorded within the Eurosystem. At the same time, the deterioration in the TARGET balance was partly alleviated by the growth in the CNB's claims related to cash, which have been structurally increasing, as a significant part of the inflows from

**FIGURE 1.11 International investment position**




Sources: CNB and CBS.

tourism is realised in cash. Net external debt of the central government increased by EUR 0.2bn, while other domestic sectors continued to deleverage, although this trend slowed down noticeably from the year before. In 2025, net capital inflow from equity investments totalled EUR 0.9bn (around 1% of GDP), which is only a half of the amount recorded the previous year. While retained earnings accounted for the bulk of total equity investments, direct equity investment remained very modest, dominated by property investment, which continued its several-year downward trend, followed by investments in business consulting and insurance activities and metal industry.

Gross external debt stood at EUR 62.2bn or 67.1% of GDP at the end of 2025, having gone up by EUR 5.2bn or 0.7 percentage points from the end of 2024.

The gross external debt position stood at EUR 62.2bn or 67.1% of GDP at the end of 2025, having gone up by EUR 5.2bn or 0.7 percentage points from the end of 2024. After several years of deleveraging, this meant a growth in the relative external debt. Net external debt position, which takes into account changes in the foreign assets of domestic sectors, also decreased by 2.6 percentage points and stood at −6.9% of GDP at end-2025. Net equity position remained relatively stable and totalled −35.4% of GDP at end-2025.

## Banking system

Bank lending and deposit rates to corporates and households in Croatia decreased in 2025, influenced by the lowering of key ECB interest rates. The dynamics of their adjustment varied across individual loan and deposit categories. Interest rates largely stabilised in the second half of the year, with slight fluctuations around the levels seen in mid-year.

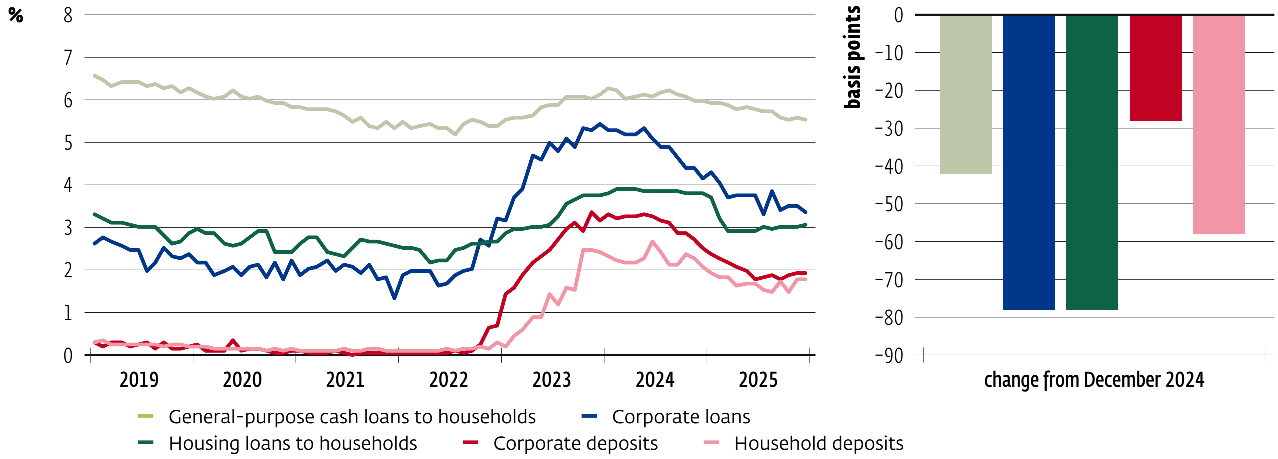
The average interest rate on newly granted loans to non-financial corporations stood at 3.4% in December 2025. The decrease in variable lending rates on loans to corporates reflects the fall in EURIBOR, while fixed interest rates also trended down. The average interest rate on newly granted general-purpose cash loans to households declined to 5.5% in 2025, while the average interest rate on housing loans went down to 3.0%.

Having peaked in June 2024 at 4.6%, the interest rate on existing corporate loans dropped gradually and stood at 3.7% in December 2025. This decrease is largely related to the large share of loans with a variable interest rate linked to EURIBOR, which declined in parallel with the lowering of key ECB interest rates. Over the same period, interest rates on existing housing and general-purpose cash loans to households fell to 3.0% and 5.8%, respectively. This decrease was primarily attributable to a further decline in the six-month national reference rate, which has been on a steady downward path following its peak in December 2024. The dominant reference parameter in existing variable interest rate loans is still the national reference rate (NRR). However, the share of loans linked to NRR continued to decline in 2025, in parallel with the rise in the share of loans granted at a fixed interest rate.

The average interest rate on newly granted general-purpose cash loans to households declined to 5.5% in 2025.

The interest rates on corporate and household time deposits also fell. In December 2025, the average interest rate on pure new time deposits of corporates and households stood at 1.9% and 1.8%, respectively, while interest rates on the existing total deposits of corporates and households were 0.5% and 0.3%, respectively.

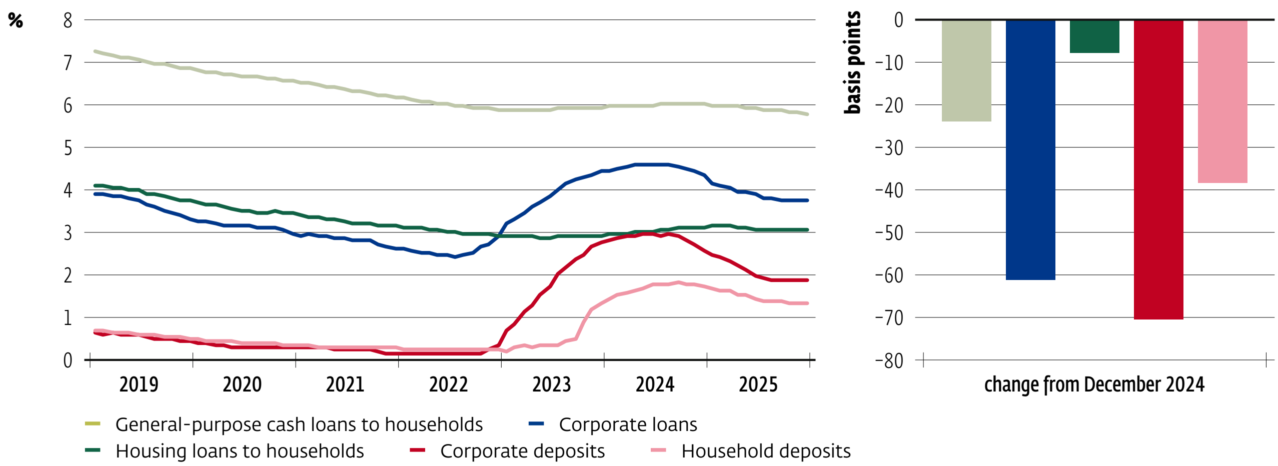
**FIGURE 1.12 Interest rates on pure new loans and time deposits of corporates and households**




Notes: Data up to December 2022 refer to loans and deposits in kuna and currencies indexed to kuna and in euro and currencies indexed to euro, and from January 2023 to loans and deposits in euro and currencies indexed to euro. Data refer to pure new loans and deposits. Deposits with a maturity of up to one month have been excluded.
Source: CNB.

The growth of household and corporate loans sped up in 2025. Corporate loans rose by EUR 2.0bn (transaction-based), while their growth in 2024 stood at EUR 0.9bn. Working capital loans to corporations engaged in trade and manufacturing and investment loans to corporations engaged in accommodation and food service activities, real estate activities and construction increased the most. Lending to micro and small enterprises made the largest contribution to the acceleration in the growth of corporate loans, accounting for around 40% of loan growth in 2025, especially investment loans in real estate activities and construction. Observed on an annual basis, the rate of growth in corporate loans doubled in 2025 and stood at 12.8% (transaction-based).

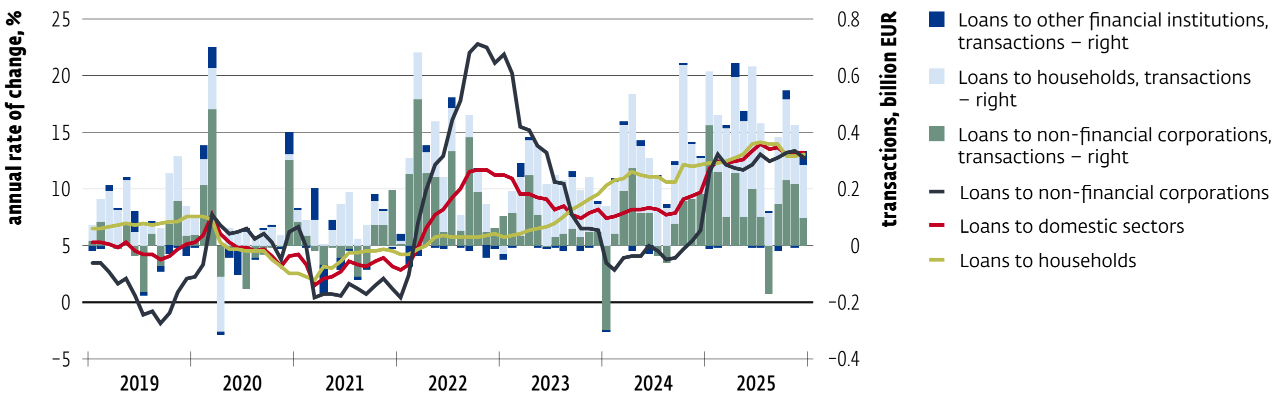
**FIGURE 1.13 Interest rates on existing loans and time deposits of corporates and households**




Notes: Data up to December 2022 refer to loans and deposits in kuna and currencies indexed to kuna and in euro and currencies indexed to euro, and from January 2023 to loans and deposits in euro and currencies indexed to euro. Data refer to pure new loans and deposits and balances. Deposits with a maturity of up to one month have been excluded. NRR refers to the six-month (6M) NRR1 EUR.
Source: CNB.

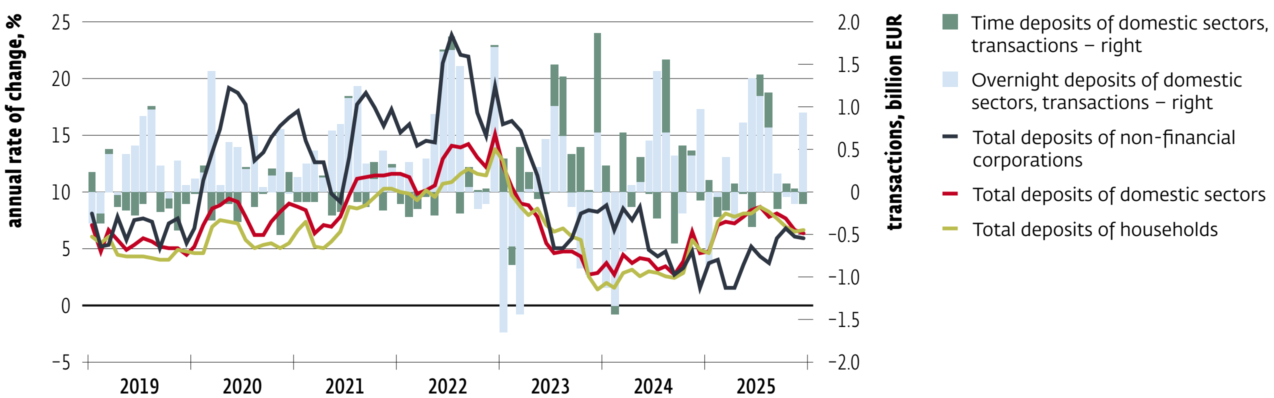
The growth of household loans also accelerated and stood at EUR 3.2bn or 13.1%, up from 12.1% the year before. Around 60% of this growth was accounted for by housing loans (EUR 1.8bn), which particularly accelerated in the first half of the year, during the period of promotional interest rates offered by banks and accelerated lending before 1 July, in the run-up to the implementation of the CNB's new macroprudential measures. On an annual basis, the growth in housing loans accelerated from 9.1% 2024 to 15.5% in 2025. On the other hand, the growth of general-purpose cash loans slowed down in 2025, to 11.3% (from 15.9% in 2024). After pronounced growth in the first half of the year, their growth particularly decelerated in the second half of the year as a result of the CNB's measures, that is, stricter limits on lending criteria than those applicable to housing loans.

**FIGURE 1.14 Loans**




Source: CNB.

**FIGURE 1.15 Deposits**




Source: CNB.

Total deposits of domestic sectors (excluding the general government) rose by EUR 3.8bn in 2025, or EUR 1.2bn more than in the year before. The acceleration in deposit growth was primarily brought about by stronger lending to the private sector and the increase in net claims on the central government. In the structure of total deposits, overnight deposits rose by EUR 4.0bn, which mostly reflects the growth in overnight household deposits. On the other hand, time deposits fell by EUR 0.3bn in 2025, largely due to a decreased level of household deposits (EUR 0.6bn), unlike the year before when time deposits in this sector rose by EUR 0.7bn.

# 2 Financial stability and macroprudential policy

The main sources of risks to financial stability in 2025 stemmed from heightened global uncertainty due to the escalation of trade tensions and geopolitical fragmentation, as well as from the build-up of cyclical risks in the domestic economy linked to a strong lending activity. Thus, macroprudential policy was oriented towards mitigating the risks related to accelerated household borrowing. Consequently, new macroprudential measures were introduced to limit consumer lending criteria. The countercyclical capital buffer was also increased to strengthen the resilience of the banking system.

## OVERALL ASSESSMENT OF THE MAIN RISKS AND CHALLENGES TO FINANCIAL STABILITY

The main risks to financial stability in 2025 stemmed from a high and growing global uncertainty linked to the escalation of trade tensions and geopolitical fragmentation. It was largely affected by the unpredictability of US trade policy, as well as by the continued war in Ukraine and instability in the Middle East. At the same time, the build-up of cyclical risks in Croatia and the spillover of strong domestic demand to a fairly sharp increase in real estate prices and strong lending to the domestic non-financial sector were the main sources of domestic vulnerabilities.

The main risks to financial stability in 2025 stemmed from high and growing global uncertainty linked to the escalation of trade tensions and geopolitical fragmentation.

The euro area economy was resilient to global shocks in 2025 and grew at a somewhat stronger pace than expected, while the easing of price pressures prompted the European Central Bank to continue to gradually reduce its key interest rates. This led to a noticeable fall in market interest rates in the euro area. Improved financing conditions and a strong rebound of the Croatian economy, followed by an increase in employment and wages, not only facilitated the servicing of existing household and corporate debt, but also boosted new lending.

Household lending in Croatia accelerated in 2025, primarily as a result of the persistently strong housing lending, which was particularly strong in the first half of the year due to promotional interest rates offered by banks and accelerated lending in the run-up to the implementation of new macroprudential limits on lending criteria. Housing lending slowed down in the second half of 2025, but the number and the average amounts of new loans remained higher than the levels recorded one year earlier. In contrast, non-housing loans grew sharply until mid-year. Their growth decelerated considerably following the introduction of new macroprudential restrictions (see Macroprudential activities of the CNB in 2025, Restrictions on consumer lending criteria), with a pronounced decrease in the number of new loans. This slowdown is the result of restrictions on lending criteria for non-housing loans that are stricter than those applicable to housing loans, with fewer allowed exemptions.

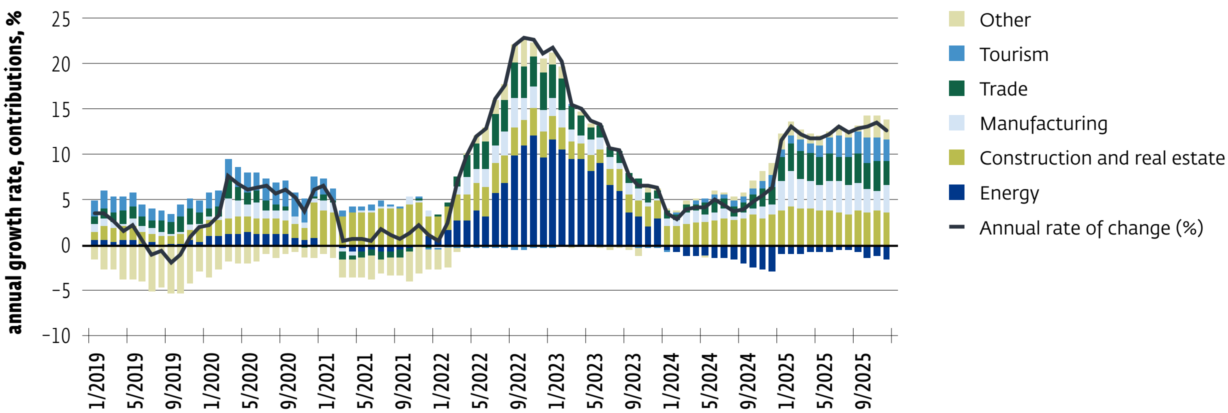
The introduction of macroprudential limits on lending criteria in July 2025 contributed to a reduction of the riskiness of new loans. The share of new housing loans with the debt service-to-income ratio above 45% decreased markedly. The share of housing loans with the loan-to-value ratio above 90% also dropped considerably, as did the share of new non-housing loans with an elevated debt service-to-income ratio.

Favourable macroeconomic developments, the rise in employment and wages, the cuts in interest rates on housing loans at the beginning of the year and the introduction of new tax incentives for the purchase of a first residential property stimulated demand for real estate.

The rise in the prices of residential real estate in Croatia picked up in 2025, with Croatia still being one of the top EU member states in terms of this growth (Figure 2.2). Given the significant exposure of the banking sector to housing loans, the protracted strong growth in the prices, which increases the risk of a sharp fall, also increases the possible negative effects on banks' operations. Favourable macroeconomic developments, the rise in employment and wages, the cuts in interest rates on housing loans at the beginning of the year and the introduction of new tax incentives for the purchase of the first residential property stimulated demand for real estate. The housing market supply also continued to grow, as shown by the strong growth in the volume of construction works on buildings in 2025, as well as by the rise in the number of building permits issued. However, supply still lags behind demand, and has caused strong upward price pressures in the last couple of years.

Solid economic activity has had a positive effect on the business results of non-financial corporations, leading to an increase in their financing needs. In the period of increased optimism and growth in investments, the number of active companies increased in 2025, with this growth being concentrated in the construction and services sectors, while the number of active companies in other activities mostly stagnated. At the same time, the annual rate of growth in loans to non-financial corporations almost doubled from the year before, aided considerably by a number of large transactions. Lending to the construction sector rose the most, followed by lending to manufacturing, trade and accommodation and food service activities. A steady growth in revenues and further interest rate cuts prevented the debt servicing burden of non-financial corporations from increasing.

**FIGURE 2.1 Corporate lending accelerated markedly**




Source: CNB.

Overall profitability of credit institutions edged down from 2024, but remained high, as the rise in revenues from investment in debt securities and accelerated lending activity considerably neutralised the decline in interest income from overnight deposits with the central bank. Decreased interest expenditure and improved asset quality also had a favourable effect on business results, while the non-performing loan ratio fell to a historically low level. Favourable macroeconomic conditions currently support the financial results of credit institutions. However, the continued granting of loans with longer maturities and fixed interest rates, coupled with the growing exposure to debt securities, raises interest rate risk in their balance sheets, while geopolitical uncertainties and the accelerated growth of the private non-financial sector debt could lead to a build-up in credit risk should unfavourable shocks occur. Credit institution resilience relies on continued high liquidity and solvency, with the total capital ratio edging down, but still staying well above the regulatory requirements.

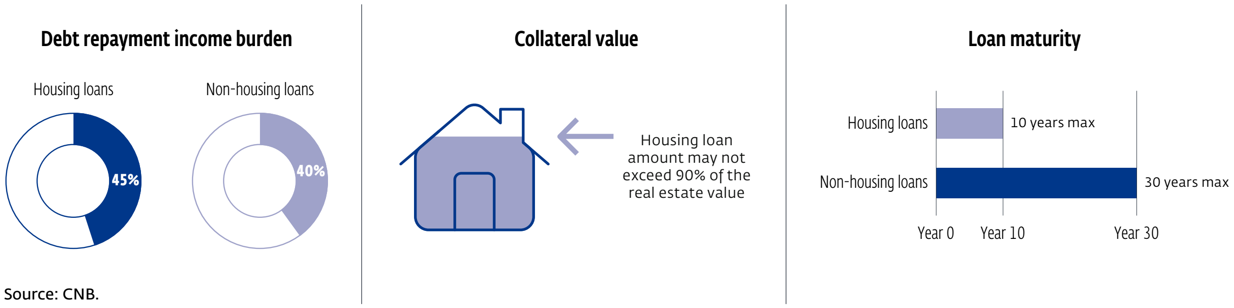
## MACROPRUDENTIAL ACTIVITIES OF THE CNB IN 2025

The CNB's macroprudential activities in 2025 were directed at mitigating the risks arising from strong household borrowing and at strengthening the resilience of the banking system. Amid the continued build-up of cyclical risks linked to rising household indebtedness and strong bank lending activity, macroprudential restrictions on consumer lending criteria were introduced and a decision was made to further increase the countercyclical capital buffer. By combining these measures, the CNB aims to ensure more prudent household borrowing and boost the resilience of households and banks to disruptions, thus reducing the risks to financial stability[1].

### a) Restrictions on consumer lending criteria

To mitigate the risks stemming from the strong rise in household loans granted under relatively accommodative lending criteria, on 1 July 2025 the CNB introduced new macroprudential measures aimed at tightening the lending criteria for households. The measures seek to prevent the further loosening of lending criteria and slow down the increase in household indebtedness. At the same time, these restrictions should not have too much impact on the ability to meet housing needs. In particular, the measures aim to reduce the riskiness of new loans and strengthen the financial resilience of households and banks, thus contributing to the maintenance of the stability of the economy and the financial system.

**FIGURE 2.2 The areas regulated by new macroprudential measures**




Source: CNB.

### b) Capital buffers

The combined capital buffer that applied in 2025 remained unchanged and ranged between 5.5% and 8% of the total risk exposure amount, depending on the systemic importance of a credit institution. It consisted of a capital conservation buffer of

1 For more information on recent macroprudential activities, see the publication Macroprudential Diagnostics, while more information on macroprudential policy in general is available on the CNB's website.

2.5%, a structural systemic risk buffer of 1.5%, a countercyclical buffer of 1.5% and a buffer for other systemically important credit institutions (O-SIIs) ranging from 0.25% to 2.5%, which applied throughout the year.

However, the continued expansion of the domestic financial cycle and the build-up of cyclical vulnerabilities, especially those related to the strong bank lending activity and the acceleration of house prices, prompted the CNB to adopt a decision in December 2025 to further strengthen the resilience of the banking system. Thus, the countercyclical capital buffer rate was increased from 1.5% to 2%, effective as of 1 January 2027. This aimed to ensure an additional level of capital protection in times of heightened cyclical risks and strengthen the banking system's capacity to continue financing the economy even in conditions of unfavourable macrofinancial developments.

As part of its regular annual review, at end-2025 the CNB confirmed the status of seven other systemically important credit institutions and adjusted the capital buffer rates that these credit institutions will be required to maintain in 2026. Due to a change in market position, the rate was increased for one institution in order to better adjust the buffers to its systemic importance.

### c) Other macroprudential activities

In 2025, the CNB did not reciprocate the national macroprudential measures of other EEA member states as recommended by the European Systemic Risk Board (ESRB). Namely, the exposures of domestic credit institutions to the countries that implemented such measures remained very low and below the threshold that would call for their reciprocation (for more details, see https://www.hnb.hr/en/core-functions/financial-stability/cnb-s-macroprudential-policy/reciprocation-of-measures).

## COOPERATION IN THE FIELD OF MACROPRUDENTIAL POLICY

In 2025, the CNB cooperated with both domestic and European institutions in charge of financial stability to share data and jointly assess systemic risks and macroprudential policy measures. As members of the Financial Stability Council, the CNB's representatives, together with the representatives of HANFA, the Ministry of Finance of the Republic of Croatia and the Croatian Deposit Insurance Agency, participated in two sessions, primarily discussing the potential impacts of global geopolitical and financial uncertainties on the domestic financial system, developments in financial markets and the build-up of cyclical risks in Croatia. The need was stressed to timely adjust the macroprudential policy in order to strengthen the resilience of the system to potential shocks.

The CNB formulated and implemented capital-based macroprudential measures in cooperation and coordination with the European Central Bank, which held the view that the CNB's measures were adequate.

CNB representatives also took part in the work of the ESRB committees and working groups, which in 2025 was largely directed at the analysis of systemic risks in the European Economic Area. The CNB formulated and implemented capital-based macroprudential measures in cooperation and coordination with the European Central Bank, which held that the CNB's measures were adequate. In addition, the representatives of the CNB joined the work of the Financial Stability Committee.

# 3 Financial assets management

In managing financial assets, the Croatian National Bank aims to support monetary policy, financial stability and confidence in the financial system and is primarily guided by the principles of liquidity and safety of investment.

Pursuant to the Act on the Croatian National Bank (Article 100), the Croatian National Bank (CNB) manages the foreign reserves of the Republic of Croatia that have not been transferred to the ECB, as well as other assets of the Republic of Croatia in the CNB balance sheet as at the date of the introduction of the euro as the official currency in the Republic of Croatia. In managing financial assets, the CNB aims to support monetary policy, financial stability and confidence in the financial system and is primarily ruled by the principles of liquidity and safety of investment. Financial assets consist of the foreign currency assets of the Republic of Croatia that have not been transferred to the European Central Bank according to Articles 30.1 and 48.1 of the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB) and euro-denominated domestic assets not related to monetary policy.

## FINANCIAL ASSETS IN 2025

As at 31 December 2025, financial assets totalled EUR 24,842.1m, comprising assets denominated in euro worth EUR 22,337.1m (89.9%) and assets denominated in US dollars and other currencies amounting to EUR 2,505.0m (10.1%). The share of assets denominated in US dollars in the financial assets edged down in 2025 from the year before.

As at 31 December 2025, financial assets totalled EUR 24,842.1m, comprising assets denominated in euro worth EUR 22,337.1m (89.9%) and assets denominated in US dollars and other currencies amounting to EUR 2,505.0m (10.1%).

Financial assets rose by EUR 160.0m or 0.6% in 2025, primarily owing to generated earnings.

The management of financial assets took place amid highly volatile financial market conditions, and investment decisions taken were aimed at increasing the expected rates of return over the medium term, taking into account the Eurosystem's overall financial asset management framework[1] and its rules, obligations and guidelines that determine the profitability and room for investment.

## FINANCIAL ASSETS INVESTMENT STRUCTURE

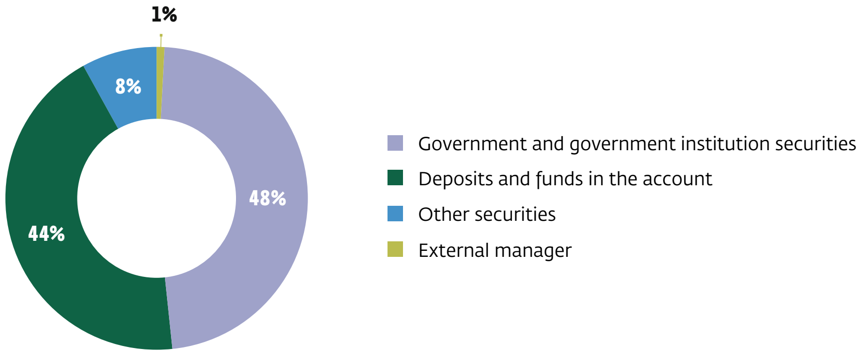
At the end of 2025, the largest share in the structure of financial assets investment was accounted for by investments in government and government institution securities, followed by investments in deposits and funds in the account, other securities and funds entrusted to the management of an external manager (Figure 3.1). A portion of financial assets was also made up of sustainable ESG (environmental, social, governance) investment, including investment in green bonds, social bonds and sustainability bonds. The share of ESG investments in total financial assets stood at 7.4% at the end of 2025.[2]

1 After joining the euro area, the CNB started implementing the Eurosystem's financial asset management framework, which primarily entailed the execution of the Agreement on Net Financial Assets (ANFA). ANFA sets out the ceiling for net financial assets that a central bank is entitled to manage without interfering with the monetary policy implementation. In addition, the CNB is also obligated to take account of the ECB Guideline on domestic asset and liability management operations (DALM), while the prohibition on monetary financing laid down by Article 123 of the Treaty on the Functioning of the European Union, which is supervised by the ECB, has been in force since Croatia' s accession to the EU.

2 The Climate report contains a climate-related disclosure regarding CNB financial assets.

**FIGURE 3.1 Investments in the safest instruments accounted for the largest share in the structure of financial assets investment**

shares in percentage, at the end of 2025




Note: The shares of instruments in the structure are rounded to the nearest whole number.
Source: CNB.



CNB financial assets are invested in instruments with an investment grade rating, investments in individual financial institutions, countries or in individual financial instruments being limited, which diversifies credit risk. At the end of 2025, about 67% of financial assets was invested in the safest investments – instruments by issuers within the two highest credit rating categories, BIS instruments or funds in the account.

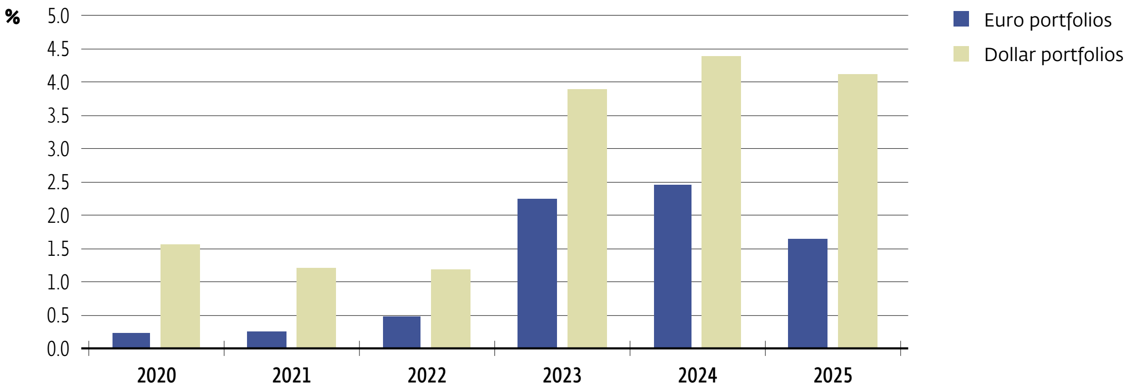
## FINANCIAL MARKETS AND FINANCIAL ASSETS MANAGEMENT RESULTS IN 2025

Financial markets in 2025 were marked by profound turmoil due to a number of different economic and geopolitical developments. The continuation of military conflicts around the world, the tightening of US customs policy often accompanied by easing measures, the challenging of the global role of the US dollar and concerns about the future independence of the Fed, the reversal of German fiscal policy towards higher spending and political instability in France are some of the major events that sparked considerable market reaction. Despite the turbulent environment, global economic growth was better than expected, while inflation continued to trend down towards the target levels, especially in Europe. In 2025, the European Central Bank (ECB) lowered its benchmark interest rates on four occasions, by a total of 100 basis points. At end-year, the deposit facility rate (DFR) stood at 2.00%, the main refinancing operations (MRO) rate stood at 2.15% and the marginal lending facility (MLF) rate was 2.40%.

Amid high financial market volatility, in 2025 the rate of return on the entire euro portfolio of financial assets was 1.64%, while the rate of return on the US dollar portfolio totalled 4.11%.

Yields on government securities of euro area member countries with long maturities largely increased in 2025, while those with short maturities went down, increasing the steepness of the European yield curves relative to the year before. For most of the year, the Fed kept the range for its benchmark interest rates unchanged, between 4.25% and 4.50%, reducing it on three occasions from September onwards,

**FIGURE 3.2 Financial asset portfolios had adequate rates of return**
year-on-year rates of return, in percentage




Source: CNB.

by 25 basis points, so that it stood at 3.50% – 3.75% at the end of the year. The entire US yield curve went down almost simultaneously in 2025 from the preceding year. Persistent uncertainty in 2025 led to a record increase in the prices of gold and silver, while the US dollar weakened markedly against the euro, interrupting a several-year trend of appreciation pressures largely in favour of the dollar. Turbulent events during the year did not interfere with stock markets which, despite great volatility, once again reached record-high levels.

Amid high financial market volatility, in 2025 the rate of return on the entire euro portfolio of financial assets was 1.64%, while the rate of return on the US dollar portfolio totalled 4.11% (Figure 3.2).

# 1 Moneterra – Money Museum of the Croatian National Bank

Moneterra – the Money Museum of the Croatian National Bank at Europski trg in Zagreb – opened its door to the public on 18 June 2024. It is a contemporary education and information hub designed to bring the topics of money, banking, monetary policy and personal finance closer to the general public. In 2025, Moneterra became an important centre for financial education and a public dialogue on money.

## ACTIVITIES AND DEVELOPMENT IN 2025

In 2025, Moneterra continued to evolve and upgrade its content, building on the successful performance of the museum, which was achieved through the cooperation of CNB experts with more than 200 specialists from various areas, including architecture, design, audio-visual communication, engineering, programming, economics, museology, behavioural economics and ICT, underpinning a high-quality and innovative display as well as a modern approach to educating visitors. Moneterra's interior design has received numerous awards, such as awards by the German Design Council, International Property Award and BIG SEE. Moneterra's logo won Wolda's bronze award.

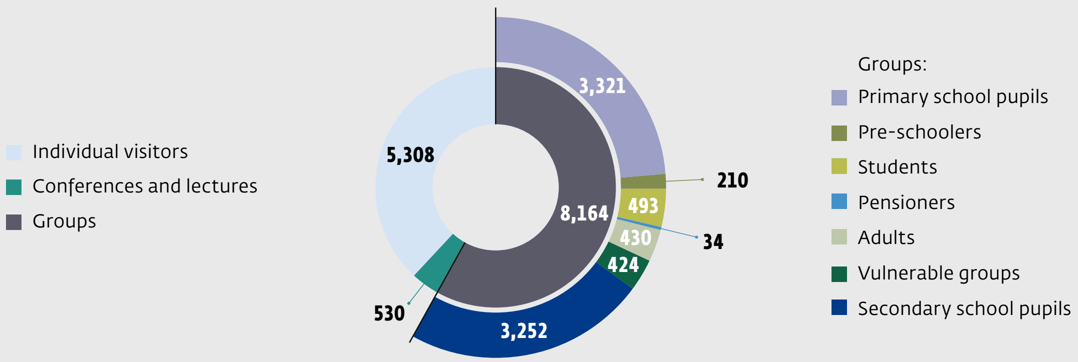
From its opening to the end of 2025, Moneterra welcomed almost 20,000 visitors, with more than 14,000 visits recorded during 2025 alone. The growing interest in Moneterra confirms that the concept of the museum, which combines an interactive display, modern communications formats and a variety of educational programmes, has achieved recognition in all age groups.

In 2025, Moneterra welcomed 398 visitor groups from across the generations – spanning pre-schoolers to pensioners. With regard to group visits, most of them included secondary and primary school pupils, with a significant share of various vulnerable groups. Apart from group visits, Moneterra was also seen by 5,308 individual visitors, confirming the great interest of members of the public in the topics of money and finance. A total of 530 visitors participated in workshops, lectures and other events.

Group visits and individual visits accounted for 58.3% and 37.9% of total visits, respectively, while participants in conferences and lectures accounted for 3.8% of total visits.

In 2025, Moneterra further expanded its educational, information and creative content by organising various workshops, lectures, exhibitions and public events.

**FIGURE 1** Visitors to Moneterra up to 31 December 2025




Note: In 2025, Moneterra had 14,002 visitors.
Source: CNB.

In early 2025, Moneterra participated in the “Night of Museums” festival for the first time. The rich programme offered by Moneterra attracted more than 1700 visitors of all ages, who showed great interest as they explored the world of money through the interactive display and professionally guided events.

Throughout 2025, special attention was devoted to educational programmes for children and young people. Other than workshops included in museum tours or held during school holidays, Moneterra also organised workshops as part of the 30th Educational Museum Action on the topic of “Language”. By participating in these activities, children and young people learned about basic financial concepts and developed the skills necessary for responsible money management, in a tailored and entertaining way.

In spring 2025, Moneterra featured a presentation of collector coins featuring Marija Jurić Zagorka, the first Croatian female journalist and novelist. With this presentation, our Money Museum became a venue in which money, culture and national heritage meet.

Moneterra also participated in the CNB’s Open Doors Day and offered various workshops and other activities to its visitors. Moneterra’s role during the event was to educate citizens through dialogue and open communication, and to contribute to improving their financial literacy.

In the first half of the year, Moneterra was also visited by students of Croaticum – Centre for Croatian as a Second and Foreign Language. A total of 18 groups of students participated in workshops bringing together language learning and Croatian culture and history through money topics.

In June 2025, a new issue of the publication “Financial Stability” was presented in Moneterra, with a panel discussion entitled “Challenges to Financial Stability”, which further confirmed the museum’s role as a bridge between experts and the general public. This presentation marked the beginning of an intensive and varied programme in the second half of the year, aimed at popularising central banking topics.

The programme featured the cycle of lectures by Dubravko Mihaljek “Monetarne (r)evolucije” (Monetary (r)evolutions) dedicated to the development of the global financial order, and a series of lectures by Marko Škreb entitled “What keeps central bank governors up at night?”, addressing the latest topics and challenges faced by central bankers and the financial industry. The programme sparked large interest, confirming the relevance of the topics mentioned and the need for an ongoing public dialogue.

In addition, in cooperation with the Communications Area, Moneterra organised workshops intended for the general public, that is, citizens, students, pupils, pensioners, civil society associations and experts, entitled Moneterrapija. Free educational workshops on monetary policy and the work carried out by central banks attracted many citizens who wanted to find out how central bank decisions shape the economy and their daily lives.

At the end of the year, Moneterra organised children's workshops entitled "Šparaj sa Šparicom" and "Pametno s novcem", presenting the world of money and finance to the youngest visitors.

In autumn 2025, an outdoor exhibition was organised in Zrinjevac Park, entitled "Kako plaćamo u digitalnom svijetu?" (How do we pay in a digital world?), bringing modern forms of payment and the digitalisation of finance closer to the general public.

The year ended with the Open Door Day of Moneterra on 6 December, a family Christmas creative workshop and an educational children's workshop entitled "Školica novca" (Money School), offered throughout the year during school holidays.

In 2025, Moneterra confirmed its role as an important educational and information centre of the Croatian National Bank, successfully bringing together education, culture and expert knowledge.

# 4 Business operations of credit institutions

At the end of 2025, Croatia's banking system was highly liquid, capitalised and profitable.

## SYSTEM STRUCTURE

There were 20 credit institutions, or 19 banks and one housing savings bank, operating in Croatia in 2025. In addition, there was one branch of an EU credit institution operating in the country, while more than 270 institutions from the EU and the European Economic Area had notified the CNB of their intentions regarding the direct provision of mutually recognised services in the territory of the Republic of Croatia.

The structure of the Croatian banking system remained stable. Credit institutions' assets were dominated by banks in the majority ownership of foreign shareholders, accounting for 86.8% of total banking system assets. Asset concentration remained moderate owing to stable market shares of leading banks.

## PERFORMANCE INDICATORS OF CREDIT INSTITUTIONS

Total banking system assets continued their upward trend. In 2025, credit institutions' assets increased by EUR 7.0bn (8.3%) and hit a record high of EUR 91.1bn.

In their search for higher yields, credit institutions increased investments in debt securities, mostly in domestic central government bonds, as well as EU and other related institutions' bonds.

In addition to increasing, credit institutions' assets continued restructuring, with highly liquid assets being redirected to other forms of investment. In particular, the fall in key ECB interest rates is associated with weaker motivation for overnight deposits with the CNB. In a search for higher yields, credit institutions considerably increased investments in debt securities (EUR 5.8bn or 46.5%), mostly in domestic central government securities, as well as EU and other related institutions' securities.

Despite the decrease in monetary assets, their share in total assets is still considerable. These assets, together with other highly liquid assets, ensure the sufficient short-term liquidity of credit institutions. The average value of the liquidity coverage ratio (LCR) stood at 213.0%, more than two times the prescribed minimum (Figure 4.1). Credit institutions also secured their structural liquidity – the average value of the net stable funding ratio (NSFR) stood at 169.3%, also much above the prescribed minimum. The greatest contribution came from household deposits, providing for the largest share of the available sources of financing of credit institutions.

The average value of the liquidity coverage ratio was more than two times the prescribed minimum.

Loans rose by EUR 4.0bn (7.9%), mostly those to households and non-financial corporations. Key loans to households showed different trends: in contrast to the strong growth in housing loans, the growth of general-purpose cash loans slowed down, especially in the second half of the year, following the entry into force of macroprudential measures set out in the Decision on consumer lending criteria.[1]

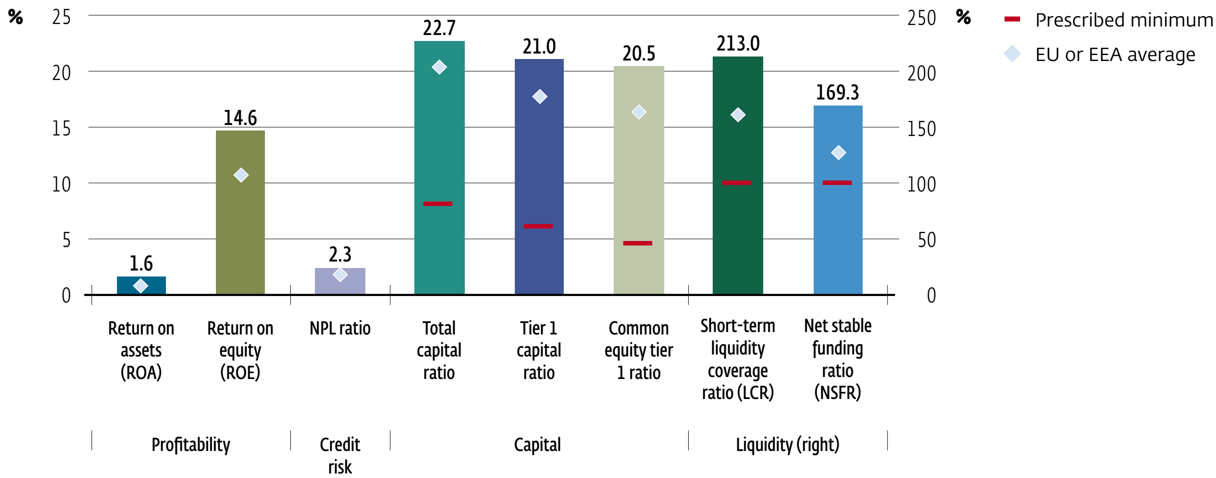
Loan quality continued to improve in 2025. Loans in value impairment stage 2[2] and non-performing loans (NPLs) also trended down, while the mentioned loan growth

1 For more details, see Chapter 2 Financial stability and macroprudential policy.

2 Each instrument that is subject to the calculation of expected credit loss, which includes all debt instruments measured at amortised cost and at fair value through other comprehensive income, is classified in one of the three stages of value impairment. An instrument is classified in stage 2 if there is a significant increase in credit risk (stopping short of default).

supported the improvements in indicators of credit quality. The share of stage 2 loans in total loans (7.9%) returned to pre-pandemic levels and is currently better than the EU banking system average.[1] The share of NPLs in total loans decreased to 2.3%, but remained large compared with the EU banking system average. However, credit institutions in Croatia have already largely detected and covered losses arising from these NPLs, given that the coverage of these loans by value impairments is very high (65.4%), significantly above the EU average. The quality of loans to non-financial corporations and households improved, with their NPL ratios standing at 3.7% and 3.3%, respectively. However, despite improvements on the level of indicators, the amount of NPLs rose in key loans to households. As a result, but also due to a faster recovery in the quality of loans to non-financial corporations, household loans were the largest source of total NPLs in the banking system, while their share has continued to increase.

**FIGURE 4.1 Key banking system indicators, as at 31 December 2025**




Note: Data on the average of banks in the European Union and the European Economic Area refer to the end of September 2025.
Sources: CNB and EBA.

In 2025, credit institutions generated a profit of EUR 1.4bn, down by 6.1% from 2024. Profitability indicators shrunk, but were still at very high levels – the return on assets (ROA) totalled 1.6% and the return on equity (ROE) was 14.6%. The slump in profits is mainly due to a decline in the main source of income, that is, interest income, with income from CNB recording the most pronounced drop as a result of the mentioned decline in overnight deposits with the CNB, but also a fall in the interest rates on these deposits.

The capitalisation of the banking system remained high, while total capital ratio (22.7%) exceeded the EU average. Own funds edged up (2.4%), but the exposure to risks was higher (8.1%) on account of intensified business activities and the entry into force of the revised rules for the calculation of own fund requirements

1 Data on indicator values for the EU banking system refer to 30 September 2025 and are available here.

(Regulation (EU) 2024/1623, CRR III).[1] Such developments resulted in a decrease in total capital ratio, although the rate of most credit institutions was still above 20%.

## BUSINESS OPERATIONS OF CREDIT UNIONS

The number of credit unions remained the same in 2025, so that at the end of the year, 16 credit unions were in operation in Croatia. Their assets totalled EUR 91.6m, having increased by 2.8% from 2024. Total assets of credit unions are equivalent to 0.1% of the assets of all credit institutions.

1 For more details, see Chapter 5 Supervision, the part on prudential regulation.

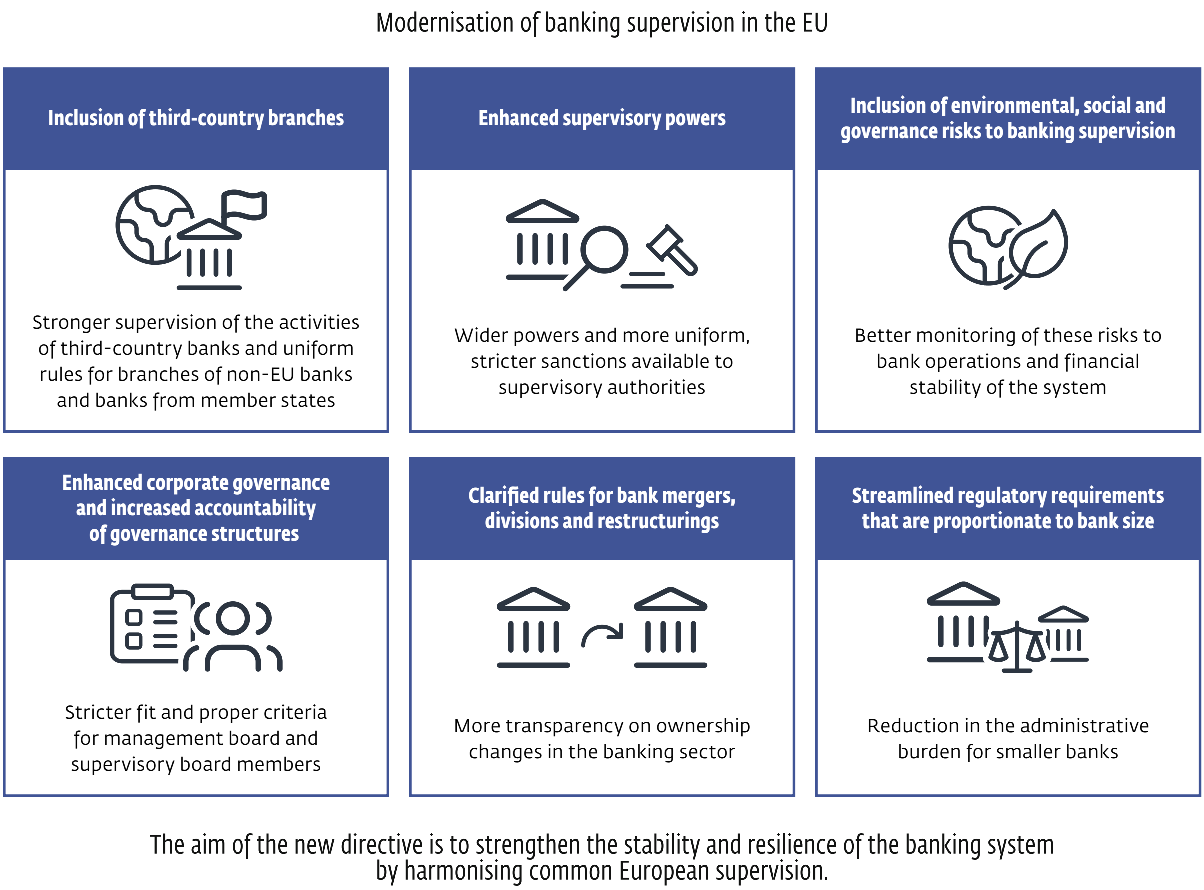
# 5 Supervision

Enhancing banks' resilience to geopolitical and structural shocks and advancing risk-taking and risk management policies, especially in the lending segment, were the key objectives of supervision activities in 2025. The banking system remained safe, stable and highly resilient to external shocks, as confirmed by stress testing. The key performance indicators of banks, relating to their capital, liquidity and profitability, exceeded the European average.

## PRUDENTIAL REGULATION – STRENGTHENING THE RESILIENCE OF THE BANKING SYSTEM AND ENSURING A LEVEL PLAYING FIELD

In the area of prudential regulation, in 2025 work was carried out on the proposal for the new Credit Institutions Act, transposing Directive 2024/1619[1] (Capital Requirements Directive VI, CRD VI) amending EU Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms from 2013 to the Croatian legal system. The proposed Act had passed its first reading before the Croatian Parliament by the end of 2025, and was adopted on 20 February 2026. In 2025, work was also carried out on three subordinate regulations necessary for the implementation of the new Act, in the area of internal governance and remuneration.

**FIGURE 5.1 The new directive at a glance**




Source: CNB.

1 Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (CRD VI).

Work was also done on the elaboration of Regulation as regards requirements for credit risk[1], which entered into force in 2025. Together with the new directive, it forms a framework for banking supervision implementing Basel III. Basel III is an international standard aimed at strengthening the safety and liquidity of banks so that they are able to absorb severe market disturbances, rather than amplifying them and transferring them to other economic operators as during the 2008 financial crisis. In the area of credit and operational risks, the calculation of new and more stringent own funds requirements prescribed by the Regulation has been standardised, while in the area of market risk, technical standards necessary for that calculation have been developed.

Regulation as regards requirements for credit risk entered into force in 2025. Together with Capital Requirements Directive VI, it forms a framework for banking supervision implementing Basel III.



In 2025, the CNB notified credit institutions about its supervisory expectations regarding environmental, social and governance risk management, as well as credit risk stemming from acquisition, development and construction (ADC) exposures to residential property. The supervisory expectations in both of these areas are based on the new European Banking Authority guidelines.

Three horizontal analyses were carried out in 2025[2]:

- analysis of credit institutions' exposure to public sector entities;
- analysis of the first application of the Regulation as regards requirements for credit risk, which covered the impact of the application of the new regulatory rules in the calculation of own funds requirements, with particular regard to the output floor, credit risk, operational risk and credit valuation adjustment risk for all the credit institutions in the system; and
- analysis of the recovery plans of less significant credit institutions – assessment of completeness and quality of submitted data, assessment of recovery capacity and overview of recovery planning.

In 2025, the CNB notified credit institutions about its supervisory expectations regarding environmental, social and governance risk management.

In 2025, the CNB participated in the mandatory Basel III monitoring exercise, which is carried out as part of the EBA's working group in cooperation with the Bank for International Settlements (BIS), for the purpose of supervising the application of the Basel III framework.

The CNB also intensified its work on the EU Flagship project dedicated to the management of ESG risks, deepening knowledge of the data necessary for monitoring and supervising these risks, which credit institutions are required to monitor, as well as knowledge in the area of climate stress testing.

1 Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR III).

2 Horizontal analyses are examinations of operating procedures of credit institutions or of the manner in which regulations are applied. They are important for achieving a uniform treatment of supervised entities by supervisory authorities or for the analysis of the regulatory impact assessment.

## PRUDENTIAL RISK MODELLING AND ON-SITE INSPECTION – COOPERATION AND COMMON APPROACH IN THE SINGLE SUPERVISORY MECHANISM

One of the aspects of the supervision of credit institutions is the conduct of on-site inspections, which include detailed assessments of internal models used by banks for the calculation of capital requirements, with particular emphasis on methodology, economic adequacy and credit risk management. This is important in the context of the new regulation, which sets out a more precise definition of the calculation of risky assets and own funds requirements. The most significant change introduced by the Regulation is the output floor of 72.5% of the own funds requirement, compared with the standardised calculation for the same portfolio. The output floor prevents the development of models that mitigate risks with the intention of minimising own funds requirements.

Two such inspections were carried out in significant credit institutions in 2025. The CNB also participated in four on-site inspections carried out in three significant credit institutions. All six inspections were carried out with colleagues from the Single Supervisory Mechanism.

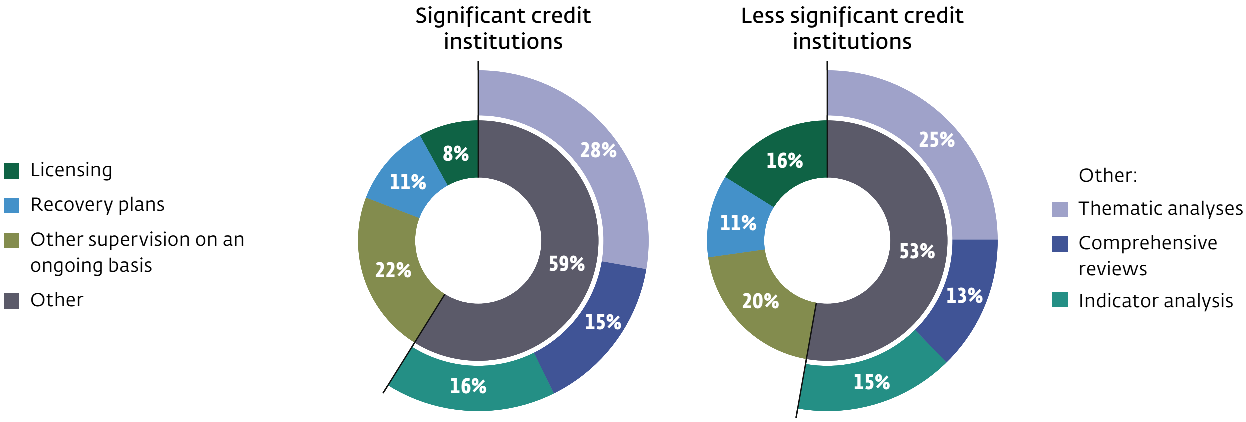
The supervision of targeted risk segments of risk and governance quality was carried out for two less significant credit institutions, one of them conducted in cooperation with the ECB. Two on-site inspections were caried out in credit unions.

The CNB also participated in the on-site inspection of models for credit risk in one significant credit institution and in the on-site credit risk inspection in two significant credit institutions outside Croatia, as part of a mixed team composed of independent supervisors within the Single Supervisory Mechanism.

Under the adverse stress scenario, the results of the exercise have shown that the high capitalisation of Croatian less significant credit institutions ensures sufficient resilience to absorb losses.

A comprehensive supervisory stress testing for all less significant credit institutions in Croatia was also conducted, by applying the methodology of the European Banking Authority, which was further streamlined to take account of the nature, type and complexity of operations of less significant credit institutions. The stress scenarios used are identical to those used in the European stress test. The adverse scenario is based on the assumption of an escalation of geopolitical tensions, pronounced inflationary pressures and an increase in market interest rates, which, taken together, exert strong negative effects on private consumption and investment, both at the European and global levels. In the adverse stress scenario, the results of the exercise show a decline in the capital adequacy ratio of common equity tier 1 capital by 58 basis points, suggesting that the high capitalisation of Croatian less significant credit institutions ensures sufficient resilience to absorb losses.

**FIGURE 5.2 Prudential supervision activities in 2025 by credit institution significance**



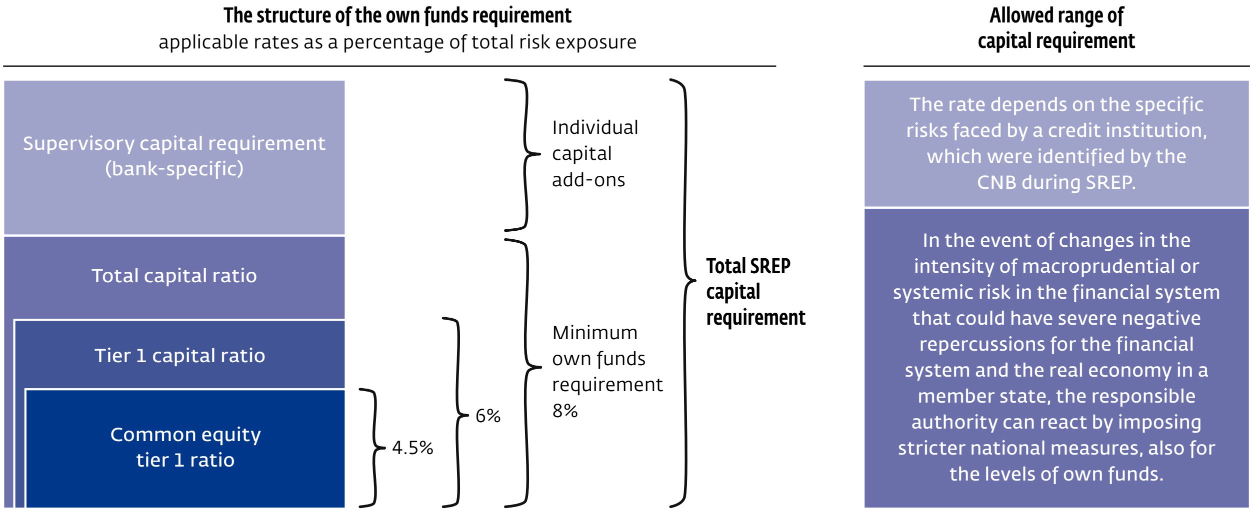

Source: CNB.

## PRUDENTIAL SUPERVISORY TEAMS – SUPERVISORY REVIEW AND EVALUATION PROCESS IN LIGHT OF THE NEW DIRECTIVE

The activities of prudential supervisory teams were carried out by taking account of the new directive and by applying the calculation of own funds and other requirements set out in the Regulation. The ongoing monitoring of credit institutions and the regular annual risk assessment were performed for all 20 credit institutions.

The supervisory review and evaluation process (SREP) involved the examination of bank business models and strategies, internal controls and risk management, but also a comprehensive analysis of risks, including credit, market, operational, interest rate, liquidity, climate and other risks, which could affect banks' capital should

**FIGURE 5.3 The range of capital requirement – supervisory review and evaluation in practice**




Note: SREP is the acronym for Supervisory Review and Evaluation Process.
Source: CNB.

they materialise. Supervisory measures were imposed and recommendations were issued following the exercise.

The analyses conducted in 2025 did not raise any concerns about the current operations of credit institutions, and the level of supervisory capital requirement remained stable. All credit institutions were capable of maintaining capital levels in excess of the prescribed supervisory capital requirements and applicable capital buffers.

Based on the regular monitoring of key business indicators, recovery plan assessments, in depth and thematic analyses, SREP exercises and on-site inspections, a total of 109 supervisory measures and recommendations were issued to credit institutions in 2025, with the aim of improving the governance arrangements and alleviating risk in business operations. In 2025, a total of 45 requests for licensing were received, of which 85% were related to the licensing of candidates for membership of management boards and supervisory boards.

Bankruptcy proceedings were initiated for one credit union (which had already been subject to a wind-down procedure) in 2025, while compliance with the legal restrictions was regularly monitored for the remaining 16 active credit unions based on the data submitted. Annual analyses were prepared and supervisory follow-up was proposed.

## SPECIALIST SUPERVISION OF PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING – IMPROVED COOPERATION AND MORE EFFECTIVE SUPERVISION WITH A COMMON EUROPEAN APPROACH

The CNB checks whether the entities under its supervision implement measures under the Act on the Prevention of Money Laundering and Terrorist Financing[1], with the aim of preventing the use of the financial system for money laundering and financing of terrorism (ML/FT). The CNB supervises whether the supervised entities apply restrictive measures related to financial sanctions that seek to change activities or policies such as violations of international law or policies that do not respect the rule of law or democratic principles.

In 2025, the CNB initiated fourteen supervisory measures in the area of money laundering and terrorist financing risks.

Five inspections were carried out in 2025, with a special regard to risks associated with criminal offences that represent a considerable ML/FT threat as identified by the National Risk Assessment of Money Laundering and Terrorist Financing in the Republic of Croatia. Systems and controls implemented by the supervised entities under the Act on Restrictive Measures were also assessed in relation to the application of measures aimed at freezing the assets of entities included in sanctions lists. Consequently, the CNB initiated 14 supervisory measures with respect to supervised entities in 2025. ML/FT risks were also analysed in the framework of licensing processes.

2025 saw the establishment of the Anti-Money Laundering Authority (AMLA), headquartered in Frankfurt, a central EU AML/CFT supervisory authority that coordinates national supervisors to ensure the consistent application of EU rules in member states.

1 The acronym AML/CFT is used for the prevention of money laundering and countering the financing of terrorism.

As members of AMLA's General Board and of various AMLA's working groups, in 2025 the representatives of the CNB took part in the drafting of guidelines and regulatory and implementing technical standards in the area of AML/CFT.

In the course of 2025, CNB representatives participated in the preparation of a new methodology for assessing ML/FT risks, envisaging that AMLA and national supervisory authorities will assess ML/FT risks and select supervised entities. The representatives of the CNB also participated in the testing of the mentioned methodology.

In 2025, the CNB undertook activities to further promote the understanding of ML/FT risks within the supervised sectors. Thematic training covering all supervised entities and regular and thematic interviews with multiple entities were organised.

Cooperation with other national and international authorities, as well as participation in various forums and working groups for the coordination of activities of preventing ML/FT risks, continued. In 2025, the CNB actively participated in the work of nine colleges for the prevention of ML/FT in financial institutions active on a cross-border basis.

## SPECIALIST SUPERVISION OF ICT RISKS – NO SERIOUS INCIDENTS, DESPITE GROWING CYBER RISKS

Digital operational resilience of supervised institutions has remained in the focus of ICT[1] supervision. The key development in 2025 was the entry into force of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (Digital Operational Resilience Act, DORA), laying down requirements for the management of ICT risks, reporting on ICT incidents, management of risks related to ICT service providers and digital operational resilience testing. Under the new regulatory framework, the first collection of the register of information on ICT service providers was carried out, laying the groundwork for the systematic monitoring of the complete supply chain of ICT service providers. A national incident reporting system (PiXi) has also been established, enabling effective collection and processing of data on ICT incidents and threats in the financial sector. Since 2025, the CNB has been included in the work of the Oversight Forum of the European Supervisory Authorities, which further strengthens oversight capacity and cooperation at European level in supervising critical ICT service providers.

There were no significant interruptions in the provision of critical services or severe security incidents in 2025, and all incidents were operational.

As part of the SREP process, supervisors assessed ICT risk in 15 banks, accounting for over 97% of the banking system. In 2025, ICT supervisors participated in the work of the Single Supervisory Mechanism and in the work of several European and Croatian working groups and committees on ICT risks, ICT-related incidents and crises. A comprehensive horizontal analysis of ICT environment in credit institutions was also carried out in 2025, and the CNB participated in systemic cyber resilience stress testing in the EU financial sector.

1 Information and communication technology

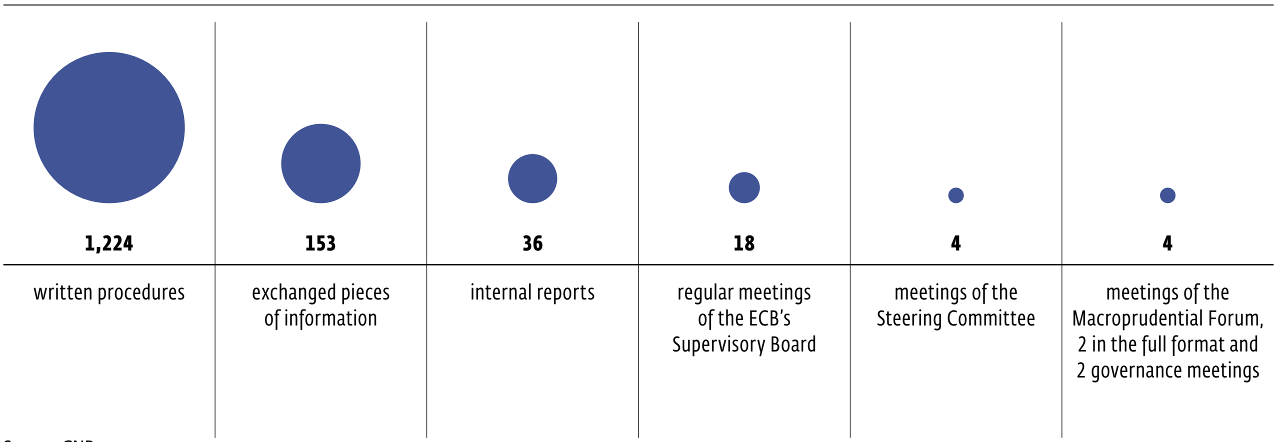
There were no significant interruptions in the provision of critical services or severe security incidents in 2025. Credit institutions and payment institutions reported 10 and 4 incidents, respectively. All incidents were operational – caused by technical failures, human error or issues on the part of third-party service providers. This indicates an appropriate level of resilience of institutions and the effectiveness of the established supervisory framework.

## PRUDENTIAL COORDINATION

In 2025, the CNB continued to play an active role in coordinating projects within the Single Supervisory Mechanism and the ECB.

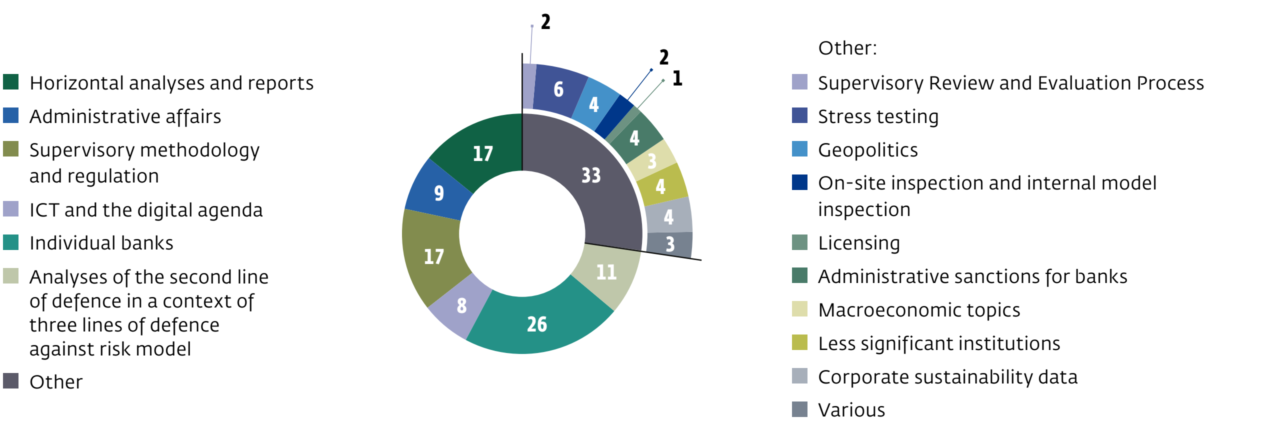
As part of the network of coordinators of the Single Supervisory Mechanism, numerous bilateral meetings were held to discuss current topics relevant for

**FIGURE 5.4** **The tasks of the secretariat for the ECB's Supervisory Board performed by the CNB**




Source: CNB.

**FIGURE 5.5** **Topics of the ECB's Supervisory Board meetings**




Note: In all, 112 topics were discussed at 18 meetings in 2025.
Source: CNB.

supervision, such as prudential coordination, supervisory cooperation and the decision-making process.

In 2025, 18 meetings of the ECB's Supervisory Board were held, at which 112 individual topics were discussed. The bulk of discussions concerned projects such as the continuation of SREP reform as one of the most important activities of ECB Banking Supervision, as well as defining the next steps in supervision reform with a view to achieving streamlined, efficient and more effective supervisory processes.

# 2 Supervision of entities in the sale of non-performing loans

A clear and well-functioning system was established for supervision, transparency and borrower protection, with visible effects on the practice of all the stakeholders involved.

## SUPERVISORY ACTIVITIES – IMPROVED CLARITY AND AVAILABILITY OF INFORMATION

In the sales and servicing of non-performing loans, the CNB monitors credit purchasers, credit servicers, credit service providers and credit institutions.

A total of 13 off-site inspections of credit servicers were conducted in 2025. The most common irregularities were failures in handling borrower protests, in particular as regards clarity and availability of information about the manner of submitting protests, and shortcomings in the content of internal procedures.

The CNB carried out a horizontal inspection of credit servicers, aimed at verifying the compliance of their operations with the provisions of the Act on the manner, conditions and procedure for the servicing and sale of claims and the Decision on the content of procedures for handling borrower protests as regards handling of borrower protests and the content and the application of internal procedures for handling borrower protests. The inspection involved seven credit servicers. It was established that two of these credit servicers were not in compliance with the Act and the Decision.

The CNB also carried out two inspections of a bank, and established that the bank concerned failed to provide borrowers with all the mandatory data in its notifications of the intended sale of claims.

To improve the standards concerning notifications to borrowers, credit institutions were thus sent a circular letter on the obligation to clearly and fully inform borrowers about the balance and structure of debt in notifications about the sale of claims.

## BORROWER COMPLAINTS – A CHANNEL OF PROTECTION AGAINST UNDUE COLLECTION AND INAPPROPRIATE COMMUNICATION

In 2025, there was an increase in complaints submitted to the CNB by borrowers seeking protection of their rights. The CNB received 122 complaints, up by 58% from 2024.

Following the CNB's circular letter to all credit servicers in November 2024 with guidelines about good practices and expectations regarding communication with borrowers, including the obligation to regularly submit annual reports on the balance and structure of debt, the rise in the number of complaints was partly associated with borrowers' claims that they had only then been notified of their debts, seeking further verification and confirmation of the data from the CNB.

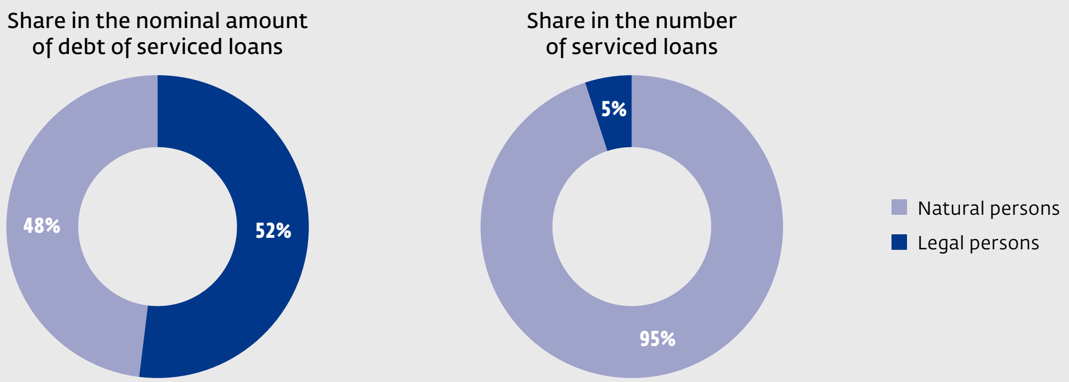
Other common reasons for complaints included unwarranted collection of claims and inappropriate communication. A total of 13% of complaints were deemed justified, while irregularities were largely remedied by withdrawing the request for collection or by debt write-off.

## A LARGER NUMBER OF SMALLER LOANS TO NATURAL PERSONS BUT HIGHER AMOUNTS OF LOANS TO LEGAL PERSONS

In 2025, credit institutions sold claims under 15,690 non-performing loans, worth EUR 103.1m in total. Of the total value of concluded sale and purchase agreements, credit servicers purchased 15,500 non-performing loans totalling EUR 84.3m, a share of 82%. The remaining 190 sold claims, that is, only 1% of the number of loans sold, refers to other purchasers, that is, natural and legal persons who, in the course of their activity and in compliance with the Act, purchased creditor's rights under a non-performing loan agreement.

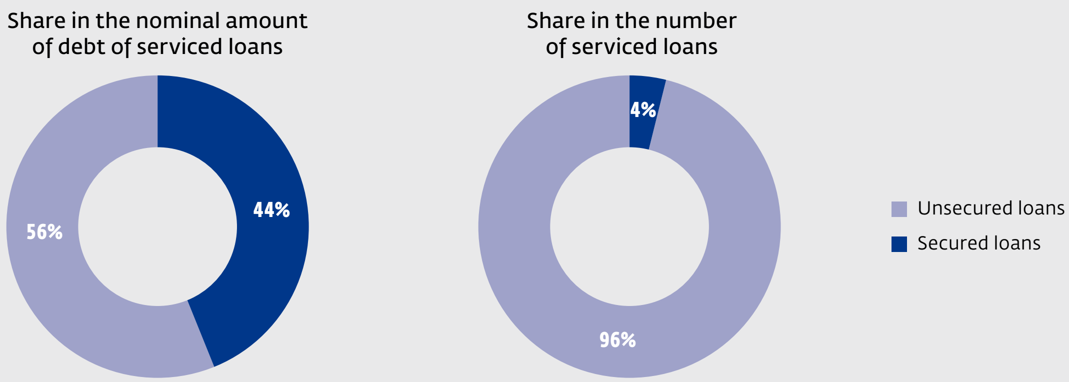
As at 31 December 2025, credit servicers had serviced non-performing loans worth EUR 3.4bn in total, related to a total of 221,751 loans. Compared with 2024, no major discrepancies were observed in the amounts or number of non-performing loans.

**FIGURE 1 Share of loans of natural and legal persons in the nominal amount of debt and the number of serviced loans**




Note: Values are rounded to the nearest whole number.
Source: CNB.

**FIGURE 2 Share of secured and unsecured loans in the nominal amount of debt and the number of serviced loans**




Note: Values are rounded to the nearest whole number.
Source: CNB.

Amounts of loans to legal persons were, on average, larger than those of loans to natural persons, even though the number of loans to natural persons accounted for 95% of all non-performing loans.

Furthermore, the amount of unsecured loans was slightly higher than the amount of secured loans and accounted for 56% of the nominal amount of debt of total serviced loans, while the number of unsecured loans was significantly higher and accounted for 96% of the number of serviced loans.

# 6 Resolution

In 2025, banks' resolution plans were substantially streamlined, with a view to ensuring greater efficiency and operational readiness. In addition, for the first time, banks had to draw up multi-annual resolvability testing plans. In the regulatory area, an agreement was reached at EU level to amend key regulatory acts, supplementing the existing framework for the recovery and resolution of banks.

## OPERATING WITHIN THE SINGLE RESOLUTION MECHANISM

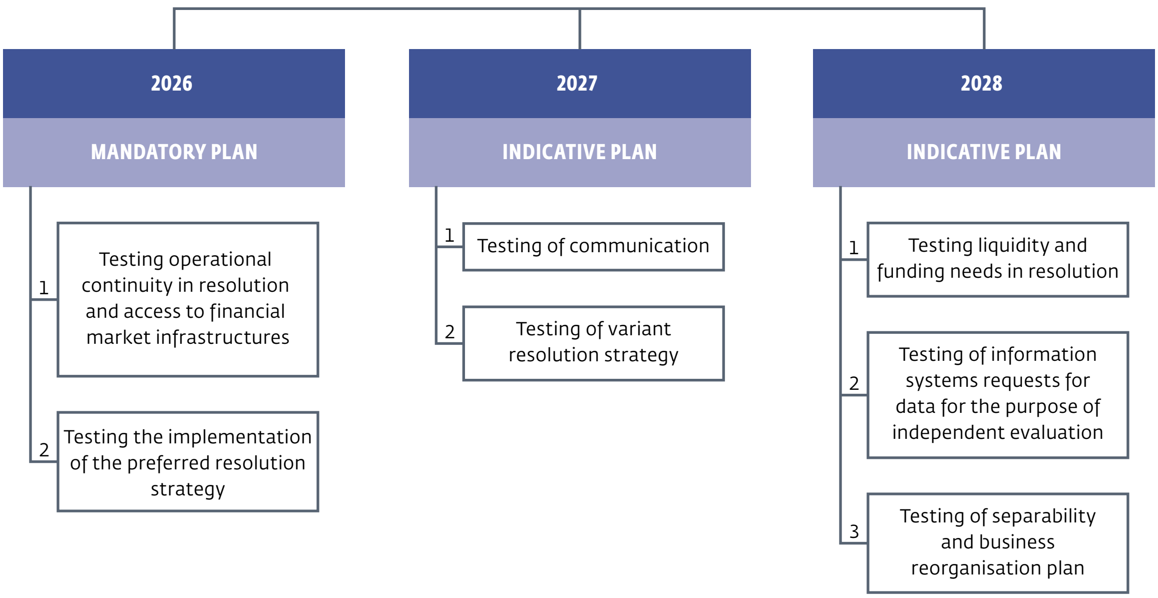
In 2025, the first streamlined resolution plans were prepared for all banks. In addition to joining the initiative for the comprehensive streamlining of the regulatory framework for banks implemented by all EU-level regulatory authorities, through this simplification the CNB aims to improve the operating usability of these plans. In particular, although all resolution plans are still subject to regular annual updates, the purpose of the streamlined format is to systematise the presentation of the most important information in order to facilitate faster decision-making in the Single Resolution Board and the CNB, if needed.

**The aim of streamlining resolution plans was to improve the operational usability.**

The period of intense resolution planning ended in late 2024. Considering the new strategy, the work of the Single Resolution Board in 2025 was focused on testing the operational capacity of banks to implement their preferred and/or alternative resolution strategies. Thus, in the course of 2025, the Single Resolution Board, that is, the CNB, provided each bank with a three-year plan containing a list of joint and individual operational capacities that it was required to test in the upcoming periods. These testing plans are mandatory for the first year, while for the next two years they are indicative and subject to updates.

In addition to multi-annual testing plans for banks, resolution authorities should also test their procedures and processes in crisis situations on an ongoing basis. In this regard, in 2025, the CNB carried out three different testing exercises related to the resolution framework. Two of these exercises were carried out internally and involved several organisational units of the CNB, while one exercise, with a simpler methodological approach, included the Single Resolution Board and the ECB.

**FIGURE 6.1 Multi-annual resolvability testing plan**




Source: CNB.

Testing is the best tool for improving the process and operational training of participants in the process.

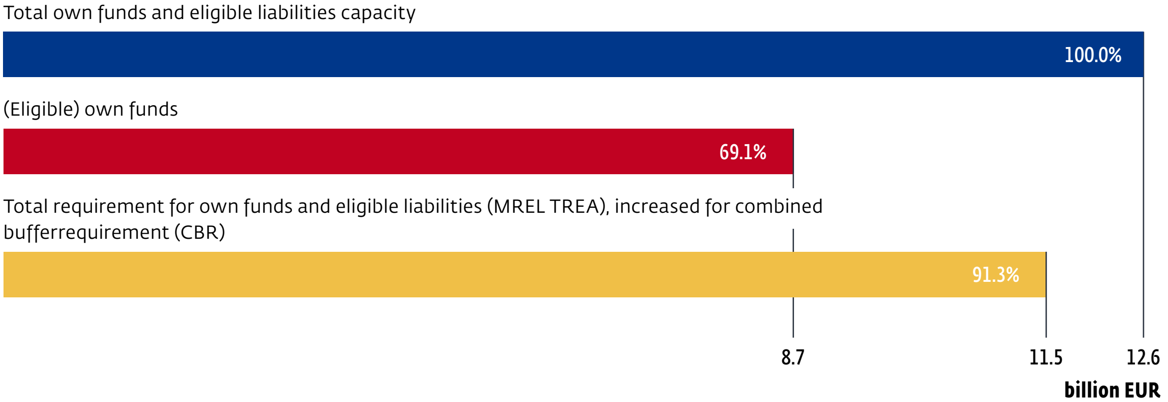
To improve its readiness to carry out resolution, but also to improve the readiness of all institutions that play a role in resolution, in February 2025, the CNB organised a workshop entitled "The application of the sale-of-business tool and the bail-in tool in the process of credit institution resolution".

## LOSS-ABSORBING AND RECAPITALISATION CAPACITY

The key prerequisite for successful resolvability is a sufficient loss absorption and recapitalisation capacity. This enables an institution facing difficulty to cover losses with own funds, but also to reattain the level of capital necessary to continue to operate and return to the market. Thus, all banks for which resolution is planned must meet the minimum requirement for own funds and eligible liabilities (MREL requirement).

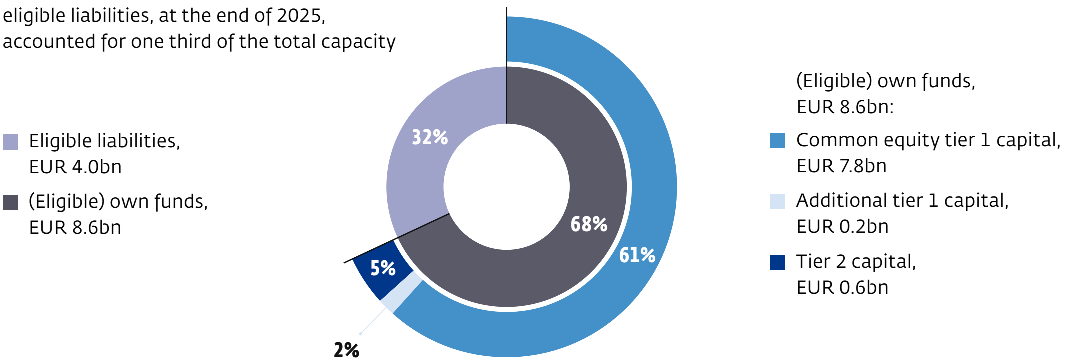
**FIGURE 6.2 Eligible liabilities account for one third of total capacity, end-2025**

**MREL capacity-to-MREL requirement**




**Capacity structure**

eligible liabilities, at the end of 2025, accounted for one third of the total capacity

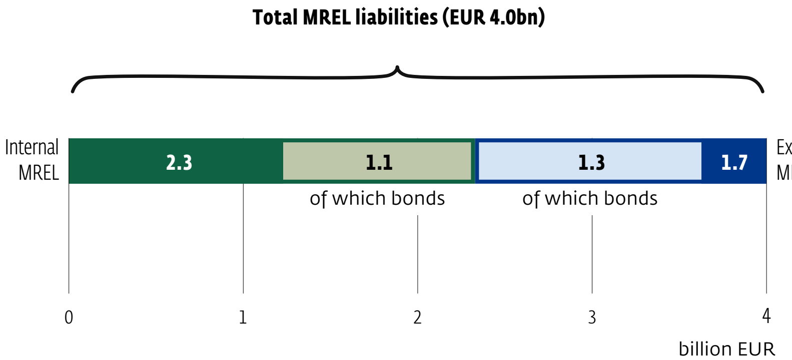



Note: The figure refers to banks that are required to comply with the MREL requirement.
Source: CNB.

In 2025, all Croatian banks that were required to comply with MREL requirements maintained the level of own funds and eligible liabilities (MREL capacity) above the minimum requirements. Surplus MREL capacity-to-MREL requirement at the end of 2025 exceeded EUR 1.0bn at system-wide level. On average, banks maintained 2.96 percentage points of surplus MREL capacity-to-MREL requirement expressed as total risk exposure amount (MREL TREA), increased for capital buffers.

For the purpose of maintaining MREL requirements, banks are continuously working on adjustments to the sources of funds, as evident from the significant increase in securities emissions compared with the period before the introduction of MREL requirements, when securities emissions were exceptional or non-existent. Today, issued bonds account for a considerable portion of banks' eligible liabilities under MREL. For the most part, these bonds were issued on the international market, but were partly also issued on the Croatian market.

**FIGURE 6.3 Overview of bonds in total eligible liabilities under MREL at end-2025**




Source: CNB.

## REGULATORY FRAMEWORK DEVELOPMENTS

There were no amendments to the Act on the Resolution of Credit Institutions and Investment Firms in 2025, even though 2025 was a dynamic year at EU level.

After several years of negotiations, in 2025 an agreement was reached at EU level on the final text of the new legislative package on crisis management and deposit insurance (CMDI), which includes amendments to two EU directives, that is, Bank Recovery and Resolution Directive (BRRD) and Deposit Guarantee Schemes Directive (DGSD), and amendments to the Single Resolution Mechanism Regulation (SRM Regulation). The main novelties of the new amended regulatory package include: the facilitation of resolution funding for small and medium-sized banks, increased protection of unsecured depositors in case of bank failure and more clearly defined tools available to member states to deal with distressed banks, but outside of the resolution framework.

Resolution

# 7 Statistics

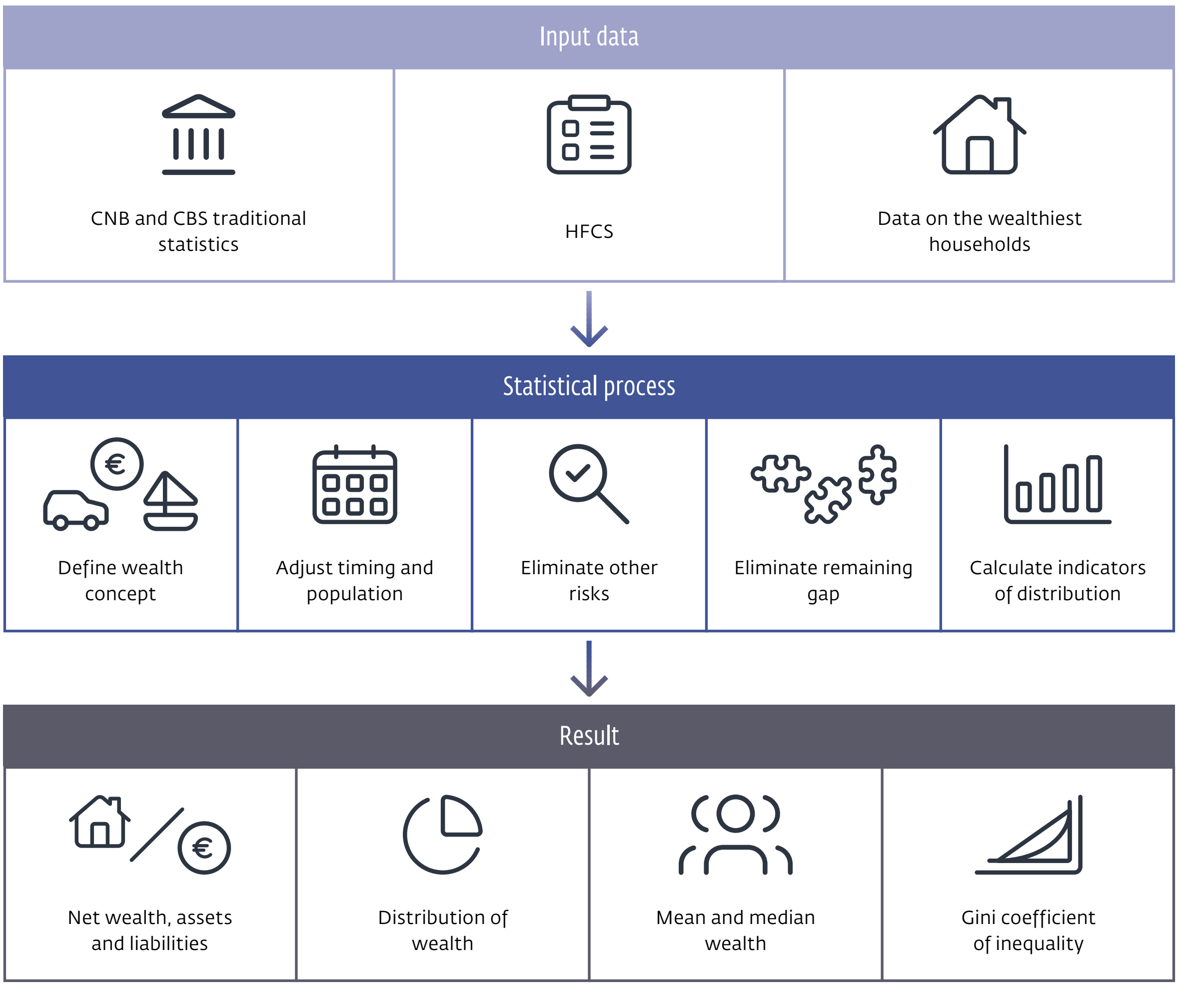
Statistical indicators of household wealth distribution and climate change-related statistical indicators for Croatia were published for the first time in 2025. At the same time, the CNB continued to work on the improvement of data collection processes and the calculation of statistical indicators in several statistical domains. Recommendations of the European Central Bank and the European Commission for the improvement of the quality of statistical indicators used for assessing economic imbalances were also implemented, according to the multi-annual action plan from 2024.

## THE CNB'S STATISTICAL FUNCTION

The CNB's statistical activities in 2025 were focused on increasing the internal consistency of existing statistical indicators and on the development of experimental statistical indicators in new areas, such as the distribution of household wealth and climate change. The CNB thus continues to contribute to increasing the quality and number of statistical indicators for the needs of both economic policy makers and the general public and experts interested in economic and financial developments. The CNB is the producer of official statistics together with the Croatian Bureau of Statistics. The CNB is mainly responsible for statistics related to economic relations with foreign countries and the statistics of monetary and financial positions and flows in the Croatian economy.



**FIGURE 7.1 Production of experimental statistics of the distribution of household wealth in the CNB and the ESCB**




Source: CNB.

## NEW AND IMPROVED STATISTICAL INDICATORS AND REPORTS

### Indicators of household wealth distribution climate change-related indicators – new, experimental statistics

In March 2025, the CNB published methodological documents and links to the experimental statistical indicators of the distribution of household wealth in which the ECB included Croatia in its parallel disclosure at the same time. These indicators integrate macroeconomic data from the Quarterly Sector Accounts (QSA) published by the CBS and the CNB with the CNB's microeconomic data from the Household Finance and Consumption Survey (HFCS) in order to get a better insight into developments in the distribution of household assets and liabilities over time. After the first publication, the assessment of disposable income and household net wealth was further improved and the assessment of the selected household wealth components aligned with national accounts was enhanced.

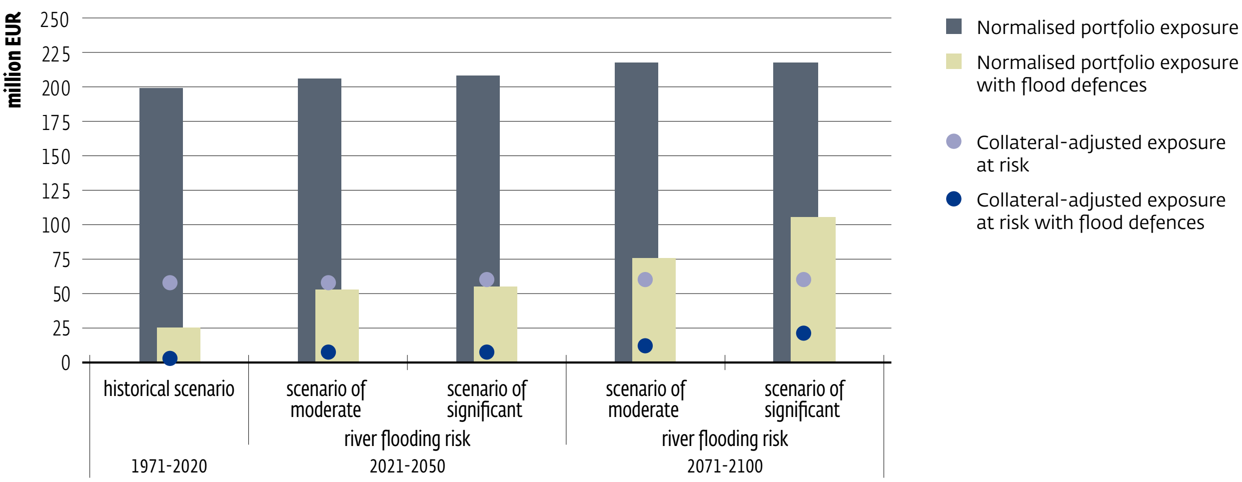
In November 2025, the CNB published methodological documents and climate change-related indicators that have been developed and published by the ECB since 2023.

In November 2025, the CNB published methodological documents and climate change-related indicators that have been developed and published by the ECB since 2023. These indicators enable a more detailed analysis of climate risks that could affect monetary policy, price stability and the financial system. They contribute to a better understanding of the challenges and opportunities Croatia faces as it transitions to a greener economy.

An example of the new indicators is the impact of river flooding on bank loan portfolios in the scenarios of moderate and elevated climate risk, with or without flood defence measures. These indicators were designed to increase the capacity of banks to assess the consequences of physical risks, specifically of floods, for the loan portfolio risk.

**FIGURE 7.2 Exposure of loan portfolio to river flooding risk depending on the existence of flood defences and climate scenarios**

exposure of loan portfolio over the maturity




Notes: The reference period is December 2024. Data refer to loan portfolios of credit institutions in Croatia.
Sources: ESCB calculations based on data from AnaCredit, Statistical Business Register, financial statements of business entities, river flooding data from the Delft University of Technology, data from the European Commission Joint Research Centre, and building height data from Global Human Settlement Layer.

## Improved existing indicators

In 2025, improvements were made to the statistical reporting framework, aimed at strengthening the database for monitoring CNB's macroprudential measures that entered into force on 1 July 2025. Preparatory activities related to the adjustment of the investment funds' reporting system to the new ECB requirements were also completed.

For the first time in May 2025, the CNB developed a set of indicators for the publication Financing SMEs and Entrepreneurs Scoreboard that the OECD will publish in 2026. This is an international analytical framework that monitors the financing of small and medium-sized enterprises in almost 50 countries, by applying comparable indicators of credit activity, interest rates, the quality of placements and financing conditions, including indicators of state aid.

For the first time, in May 2025, the CNB developed a set of indicators for the publication *Financing SMEs and Entrepreneurs Scoreboard* that the OECD will publish in 2026.

In 2025, the CNB also continued to improve the already existing sets of statistical indicators. The work on meeting the recommendations to increase the quality of indicators of the European Commission used for assessing economic imbalances played an important role. The recommendations are part of the multi-annual action plan agreed in mid-2024 during the visit of experts from the ECB and Eurostat (the statistical office of the European Commission) to the CNB.

In the area of financial accounts statistics, the most significant methodological improvements include: 1) inclusion of pension funds' deposits with the CNB in the scope of these statistics and 2) improved coverage of business entities operating as financial auxiliaries. Also, the revision policy was formalised, and is now aligned with the harmonised European revision policy (HERP) to the largest possible extent.

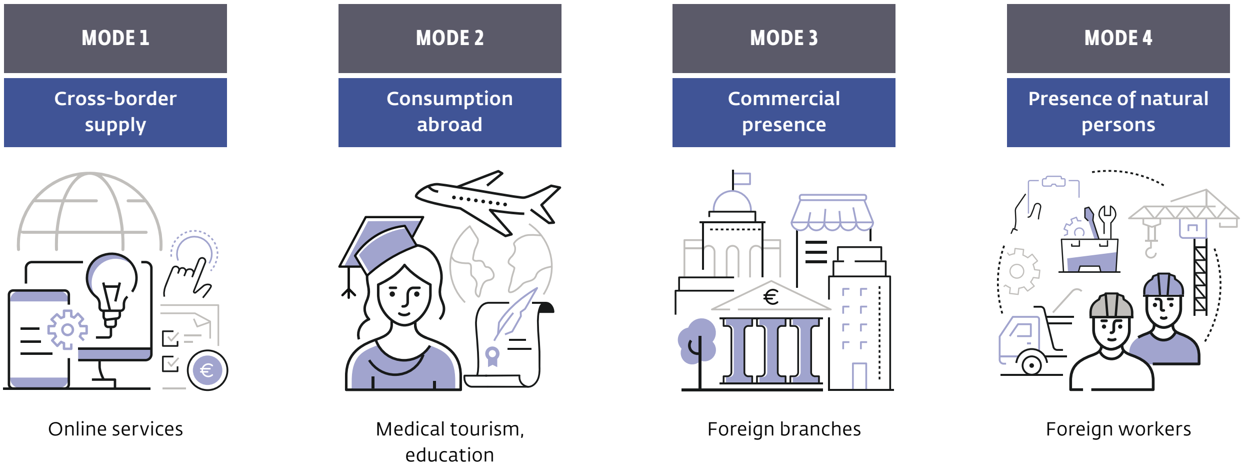
Furthermore, as part of Croatia's OECD accession process, agreed activities were implemented, which additionally contributed to the improvement in the quality and the level of detailed statistical data, including: 1) the development of financial accounts statistics, separately for open-end and closed-end investment funds; 2) a detailed breakdown of the investments of households and non-profit institutions in investment fund shares/units by type of funds; and 3) the development of balance sheets and transactions tables on a quarterly basis, which cover the period from 1995.

In 2025, in the area of external statistics, progress in foreign investment statistics in accordance with OECD recommendations was confirmed.

In 2025, in the area of external statistics, progress in foreign investment statistics in accordance with OECD recommendations was confirmed. For the first time, in October 2025, the CNB prepared a report for Eurostat on international service provision by the mode of their supply (MoS), by recognising four modes of international trade in services. This is of the utmost importance for external statistics because it provides additional information on international trade in services in addition to those that are already available in the balance of payments statistics.

Also, the data from the One Stop Shop (OSS) system of the Tax Administration became available during the year; they refer to remotely initiated international trade in goods. Based on these data, foreign trade statistics since 2024 were revised, and

**FIGURE 7.3 Four modes of supply of services with examples**




Source: General Agreement on Trade of Services (GATS).

now also include goods imports carried out through the increasingly popular online purchase channel.

In 2025, the CNB continued its cooperation with the ESCB on the testing phase of the Integrated Reporting Framework (IReF). The objective of the project is to establish an integrated system for collecting statistical, prudential and resolution data of credit institutions with head offices in the EU. Such an approach to the standardisation of reporting requirements reduces the burden on reporting institutions and increases the quality of data collected. The CNB carried out a detailed analysis of the costs and benefits of this project and participated in the design of the project aimed at minimising the complexity and costs to the smallest possible measure, with the largest benefit for Croatia in terms of quality, comprehensiveness and speed of the disclosure of data.

## SURVEYS

In 2025 the CNB analysed the data of the Household Finance and Consumption Survey, which was conducted in 2023 as part of the fifth wave of this research at EU level, specifically, the distribution of assets, liabilities, income and expenditures of households. This survey enables economic policymakers and the academic community to better understand the impact of financial disruptions and the effects of economic and other policies on certain groups of households and in certain countries, as well as at the euro area and the EU level. The analyses of Croatian results from the previous waves were published as Statistical and Methodological Papers.

In 2025, the CNB analysed the data obtained from the Household Finance and Consumption Survey and published the results of the fourth round of the periodic Survey on the access to finance of small and medium-sized enterprises.

In 2025, the CNB processed the data and published the results of the fourth round of the periodic Survey on the access to finance of small and medium-sized enterprises conducted in the period from July to December 2024 (previously as a pilot project in 2015 and in a regular procedure in 2017 and 2021). The results provide insight into the financing needs of, and the hurdles encountered by, small and medium-sized enterprises as key drivers of employment, innovation and investment. Enterprises report that the complexity of regulations and problems with the collection of receivables are a decreasingly significant obstacle to operations, and that at the same time access to finance, which was not even mentioned as a significant obstacle, has improved further. In contrast, rising costs and the unavailability of skilled and experienced workers are becoming a larger obstacle. Such insight into the financial situation and plans of small and medium-sized enterprises is exceptionally important for the central bank and economic policymakers in general.

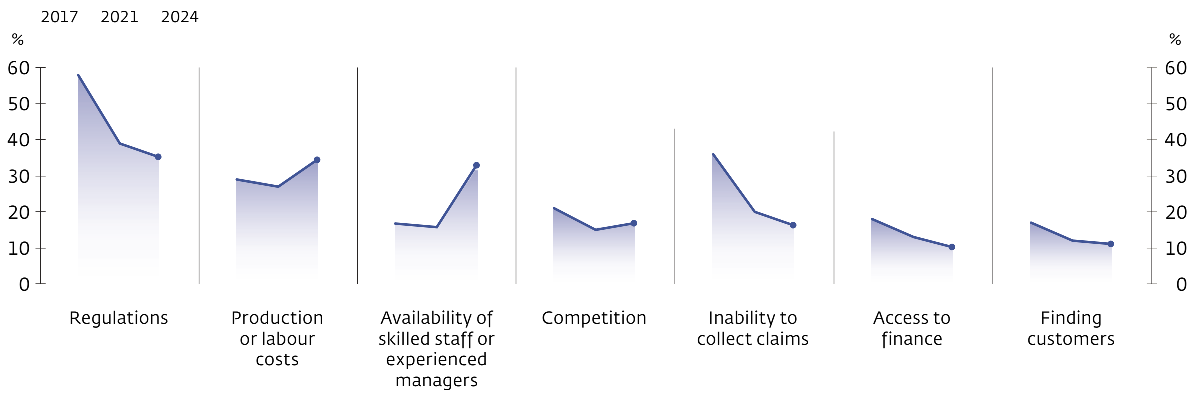
The CNB continued to conduct the euro area bank lending survey. The survey is conducted in all euro area member states on a sample of banks and in line with the ECB's uniform methodology. According to the survey results for the third quarter of 2025, corporate lending standards did not change significantly from the beginning of 2024. In contrast, after having been unchanged for a longer period, household lending standards were tightened in the third quarter of 2025, according to banks' expectations from the previous survey round. In addition to macroprudential measures introduced on 1 July 2025, by which household lending standards were tightened (for more on macroprudential activities see the second chapter, Financial stability and macroprudential policy), banks also reported a higher perceived risk and lower risk tolerance. The survey provides insight into the changes to lending standards and demand for loans from the perspective of banks and their expectations for the forthcoming period, which is valuable information for the understanding of current and the projection of future economic developments. The survey results serve as support in economic policy decision-making within the CNB's competence and, additionally, their publication addresses the interests of both the business community and the general public.

The CNB continued to conduct the euro area bank lending survey. The survey is conducted in all euro area member states on a sample of banks and in line with the ECB's uniform methodology.



In addition to producing monetary, financial and balance of payments statistics, the CNB deepens the understanding of economic developments through experimental, periodic surveys and surveys on corporations, households and banks.

**FIGURE 7.4 Obstacles to operation of small and medium-sized enterprises**




Sources: Survey on the access to finance of SMEs, the fourth round, 2024, Ipsos and CNB.

# 8 Research

CNB research underpins the adoption of economic decisions while providing information to the expert and general public on the reasons why certain measures have been taken and about their expected effects. It thus contributes to transparency and a rational public discussion on current issues.

## RESEARCH – SUPPORT TO THE ADOPTION OF ECONOMIC POLICY

Research is the analytical basis for the adoption of decisions on monetary policy, financial stability and other areas from the scope of activity of the central bank. Research interprets raw data and challenges theories, helps us to gain a better understanding of economic and price developments, credit cycles and the effects of external shocks, enables the forecasting of shifts in economic trends and serves as a basis for the adjustment of economic measures.

The research results provide additional information to the expert and general public about the reasons for the undertaking of measures and their expected effects, as well as about upcoming trends, which contributes to the credibility of and strengthens trust in the central bank.

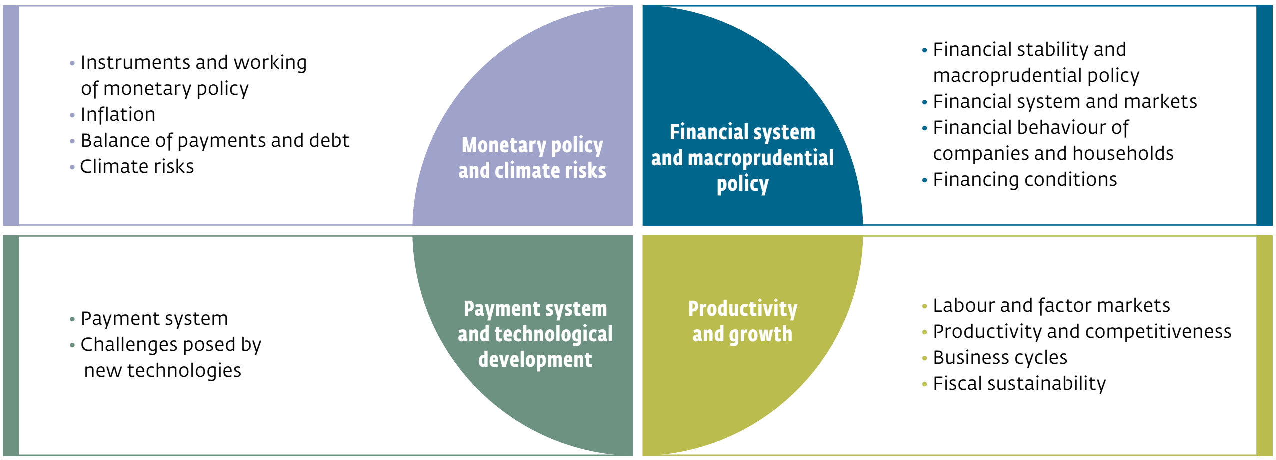
Research requires resources – human resources, time and technical resources, such as periodical subscriptions, databases, software, etc. Consequently, only large central banks are able to have a really rich and diversified scientific production, with many papers published in peer-reviewed journals by highly rated scientists.

Smaller central banks, including the CNB, focus their research efforts on topics of the most general interest, which in 2025 included: risks arising from strong domestic credit growth, geopolitical uncertainties, escalation of trade disputes between the EU and the USA, inflation differential between Croatia and the EU, EU fiscal rules, indebtedness of Croatian households, the countercyclical capital buffer, financing conditions of small and medium-sized enterprises, as well as topics related to the impact of climate change on the Croatian economy, i.e. climate-related physical and transition risks.

**Research interprets raw data and challenges theories, helps to gain a better understanding of economic developments and serves as a basis for the fine-tuning of economic measures.**

Research

**FIGURE 8.1 Research areas of the CNB**




Source: Croatian National Bank research objectives and priorities

## Formats of publication of research – for professional circles and the wider public, media, pupils and students and interested citizen groups

Central bank research is usually applied, often to specific, currently relevant topics, without the explicit intention of being published in a scientific journal, so that, on average, around 40% of research[1] is published in scientific periodicals. Therefore, in contrast to academic research, central bank research is more broadly defined as "systematic analysis of an economic topic, using a scientific method and statistical data, with results that are relevant for decision-making"[2]. The definition covers papers in scientific and professional journals, presentations at professional meetings and conferences, occasional publications, analytical boxes in regular publications, the HNBlog, as well as numerous internal notes and ad hoc analyses that enable a fast reaction to changes in economic and geopolitical circumstances and the adoption of the best economic decisions in the light of currently available data.

Central bank research includes papers in scientific and professional journals, as well as numerous internal notes and ad hoc analyses that enable fast reactions and the adoption of the best economic decisions in the light of currently available data.

As well as to economic policymakers, research results can also be interesting to the media and the general interested public, so that they are presented in different formats for various audiences. Each CNB research project is accompanied by the extended abstract in which motivation, context and main results are summarised in simple terms and without technical jargon, always in Croatian, so that even papers published in English are accessible. Furthermore, a graphical abstract is often published with papers, which communicates the main highlights in an easily understandable manner with the aim of arousing a deeper interest in the content.

According to the best communication practices of central banks, the CNB promotes research on social media, websites and its podcast[3]. Workshops held at Moneterra[4] are a specific format intended for the wider public. The theory and practice of central bank communication confirm that, in principle, the public puts more trust in institutions that communicate clearly and in a user-friendly manner than in those that hide behind technical jargon and complex models[5]. In addition, communication reshapes research projects because questions raised by the public, the media and representatives of the market show which topics require an analytical response.

## Scientific cooperation – multiplying a central bank's analytical capacities

As a rule, research in central banks is conducted through the cooperation of several authors, there thus being a constant increase in the average number of authors per publication[6]. For this reason, research networks are an opportunity for cooperation with authors researching into related topics. The CNB participates in several research networks of the European System of Central Banks, for example,

1 Malovaná, S., M. Hodula and Z. Gric: *Researching the Research*, International Journal of Central Banking, February 2024.
2 Ibid.
3 For more details, see Chapter 14 Public relations.
4 For more details see Box 1 Moneterra – Money Museum of the Croatian National Bank.
5 Issing, O.: *The Long Journey of Central Bank Communication*, MIT Press, 2019.
6 Ibid.

on household finance and consumption (Household Finance and Consumption Network, HFCN)[1], on monetary policy transmission (Challenges for Monetary Policy Transmission, ChaMP), on competitiveness (Competitiveness Research Network, CompNet) and others. Networks are an opportunity for the presentation of the CNB's research[2] and critical discussion of a paper before its publication. In addition, networks often produce rich and methodologically harmonised datasets, specifically designed for the specific research area. This enables the comparison of Croatian data with the data of other network members, which is useful, as a supplement to the official statistics, in the analysis of groups of households, enterprises, sectors, etc. Furthermore, Croatian data, methodologically harmonised and technically prepared, are placed at the disposal of other researchers from the network, who include them into their research, by which the CNB's research resources[3] are multiplied. Workshops, conferences and meetings of research groups that are



**TABLE 1 Papers of CNB researchers published in 2025**

| Paper | Authors | Journal | Impact factor |
|---|---|---|---|
| Assessing the Early Impact of Industry 4.0 Technologies on the Activity, Efficiency, and Profitability of Croatian Micro-, Small-, and Medium-Sized Enterprises | Hrbić, R. | Journal of Risk and Financial Management, 18(10), 590 | 1 |
| Challenges to EU Climate Finance under Shifting Priorities | Goldner Lang, I., Lang, M. | Ajil Unbound, 119, pp. 95–100 | 2 |
| The 'Inbetweeners' In The Banking Union: Insights From The Experience Of ECB-CNB Close Cooperation | Božina Beroš, M., Parać, I., Bajakić, I. | Pravni Vjesnik, 41(1), pp. 45–66 | 0 |
| Bank profitability in the euro area in times of high inflation | Brkić, M. | Public Sector Economics, 49(1), pp. 61–87 | 1 |
| Can selective price controls fight off inflation? Lessons from milk products in Croatia | Mužić, I., Žilić, I. | Applied Economics Letters, 32(13), pp. 1859–1863 | 1 |
| Guiding through uncertainty: nowcasting the GDP of Croatia | Ljubišić, M. | Public Sector Economics, 49(2), pp. 185–211 | 0 |
| How did EU's fiscal policymakers behave under the Excessive Deficit Procedure* | Banić, F., Žilić, I. | Applied Economics Letters | 0 |
| Explaining wage developments in Croatia: The role of the firm composition effect | Josip Raos, M.A., Ivana Čičak, M.A. | Public Sector Economics, 49(3), pp. 395–420 | 0 |
| Do increases in public sector wages affect inflation? | Nadoveza, O. | Public Sector Economics, 49(1), pp. 1–44 | 1 |
| Consumer Trust and Adoption of Digital Payment Systems in Emerging Markets | Emini, A., Budić, H., Volarević, H. | Business Systems Research | 0 |
| Macroeconomic effects of a decade-long EU membership: evidence from Croatia | Ljubišić, M., Globan, T. | Post Communist Economies | 0 |

Source: Scopus database.

1 For more details, see Chapter 7 Statistics.
2 See, for example, Beriša B., I. Mužić and J. Zrnc: Enhancing Transmission of Monetary Policy Through Deposit Competition, presentation at the eighth workshop of the workstream on transmission through the financial system, which is active within the Monetary Policy Transmission Network (ChaMP), Portugal, December 2025.
3 See, for example, CompNet Firm Productivity Report, from April 2025.

active within the networks (workstreams) are also an opportunity for the exchange of experiences and for monitoring the development of the profession, by which the limitations of individual research capacities are further mitigated.

## Conferences and journals – echoes of CNB research

CNB researchers are present at numerous regional and international conferences with papers published in professional and scientific journals.

It is worth mentioning that in 2025 the winners of the Hanžeković Foundation Awards in the regular[1] and the student category[2] again included CNB employees[3], which involves publication in the prestigious journal Public Sector Economics. CNB researchers gave presentations at conferences in Croatia[4], Slovenia[5], the United Kingdom[6], Albania[7] and elsewhere and published their papers in peer-reviewed journals.

Research is primarily of use in the adoption of economic decisions and contributes to a reasoned public discussion and the formation of a general understanding in Croatian society of individual economic phenomena.

1 Banić, F. and G. González-Torres: *Different strokes for different folks: Untangling supply and demand shocks using survey-data to assess sectoral inflationary pressures in Croatia*, Public Sector Economics, Vol. 50, No. 1, pp. 1-165, March 2026, Zagreb.
2 Čorak, J. and M. Brusan: *Inflacija u Hrvatskoj: nova era prognoziranja uz strojno učenje*, Vol. 50, No. 1, pp. 1-165, March 2026, Zagreb.
3 In the past five years, winners in the category of regular papers included four CNB researchers (Banić, Nadoveza, Škrinjarić, Deskar-Škrbić; as authors or co-authors).
4 Vlah Jerić, S., D. Zoričić and J. Čorak: *Network Analysis Of Crobex: Two Snapshots Of Market Structure*, 16th International Odyssey Conference on Economics and Business, Dubrovnik, May 2025.
5 Banić, F. and I. Palić: *Fiscal Policy Responses to Inflationary Shocks in Croatia: An Analysis of the Post-Covid Period*, Proceedings of the 18th International Symposium on Operational Research, Ljubljana, Slovenia, September 2025.
6 Beriša, B., I. Mužić and J. Zrnc: *Enhancing Transmission of Monetary Policy Through Deposit Competition*, The International Finance and Banking Society Conference, Oxford University, United Kingdom, April 2025.
7 Bračun, K. and N. Pavić: *Uneven Transmission of Monetary Policy to the Euro Area Real Estate Market*, Bank of Albania's 19th South-Eastern European Economic Research Workshop, Tirana, Albania, November 2025.

# 9 Protection of financial services consumers

Continued development of regulations, improvement of supervisory practices and commitment to financial literacy contribute to the improvement of consumer protection policy.

## REGULATORY ACTIVITIES

In 2025, the CNB participated in the working group for preparing new regulations for the implementation of the provisions of Directive (EU) 2023/2225 of the European Parliament and of the Council on credit agreements for consumers (Consumer Credit Directive, CCD). It also began with the amendments to the existing subordinate legislation with the aim of harmonising the provisions for housing and other consumer loans with the rules introduced by the new CCD. This relates in particular, to the segment concerning the content and form of the information provided to borrowers in the consumer lending sector, the application for authorisation for the provision of services to entities within the CNB's competence, the maintenance of a register of those entities, etc.

The Decision on handling complaints against the work of the issuers of asset-referenced tokens and issuers of e-money tokens was adopted pursuant to the Act Implementing Regulation (EU) 2023/1114 on Markets in Crypto-Assets.

An important element of the efficient application of provisions in the area of consumer protection is issuing opinions on the implementation of regulations in the field of competence of the CNB. During the year, ten opinions were issued in the area of operations of credit institutions and consumer and consumer housing loans.

## SUPERVISORY ACTIVITIES

In 2025, the CNB conducted on-site inspections of two banks and off-site inspections of five credit unions. The CNB issued ten decisions on the provision of intermediation services in consumer housing loans and three decisions on the withdrawal of a decision on the issuance of authorisation for the provision of these services.

Credit institutions' fees should reflect the costs incurred from the use of resources necessary for the provision of the service that is charged for and the amount of each fee and its application should be verifiable and documented.

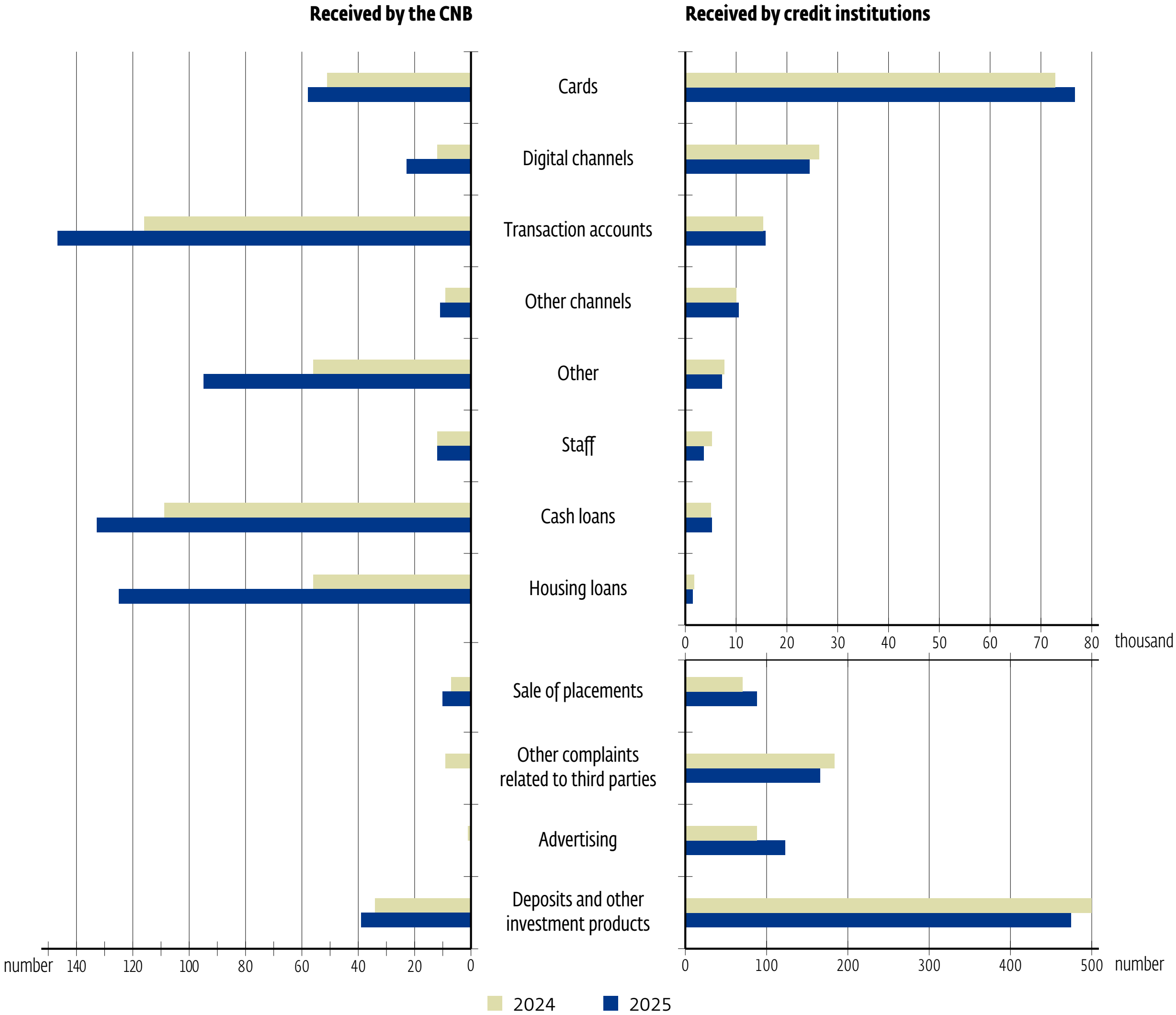
The analysis of the implementation of legal provisions for facilitating credit repayment in the area of consumer and consumer housing loans has shown that most credit institutions have transposed the prescribed provisions accordingly. However, due to the established discrepancies in the implementation of certain requirements, in 2025, the CNB sent a circular letter with the expectation that good business practices would be followed consistently.

Based on the analysis of internal methodologies for the establishment of the structure of fees and revised fee tariffs, in September 2025, the CNB sent a circular letter to all credit institutions with guidelines for the improvement of the process of determining fees and the criteria for their amendment. This means that fees should only reflect the costs incurred by a credit institution from the use of resources necessary for the provision of the service that is charged for and that the amount of each fee and its application should be verifiable and documented.

## CONSUMER COMPLAINTS

The CNB takes action pursuant to notifications from consumers concerning complaints about the conduct of credit institutions, in cases in which consumers have

**FIGURE 9.1 Consumer complaints by topic**




Source: CNB.

either not received a reply from the credit institution or are not satisfied with the reply they have received. The CNB also collects and analyses the number and type of complaints addressed by consumers to credit institutions, as well as information on the complaints credit institutions deemed justified.

Most complaints received by the CNB relate to transaction accounts and housing, consumer and cash loans. In the case of transaction accounts, complaints mostly related to fees, the functionality of the service and overdraft facilities, while complaints related to loans were most frequently connected to contractual provisions and pre-contractual information.

The number of complaints received by the CNB and by credit institutions increased significantly from 2024, in particular in the segment of consumer housing loans and digital channels. In credit institutions, complaints related to cards (credit cards, debit cards, revolving cards, charge cards) were still the most numerous, accounting for more than a half of the total number of complaints, followed by complaints related to mobile and internet banking. Less than a half of the complaints received were still deemed justified by credit institutions.

## INTER-INSTITUTIONAL COOPERATION

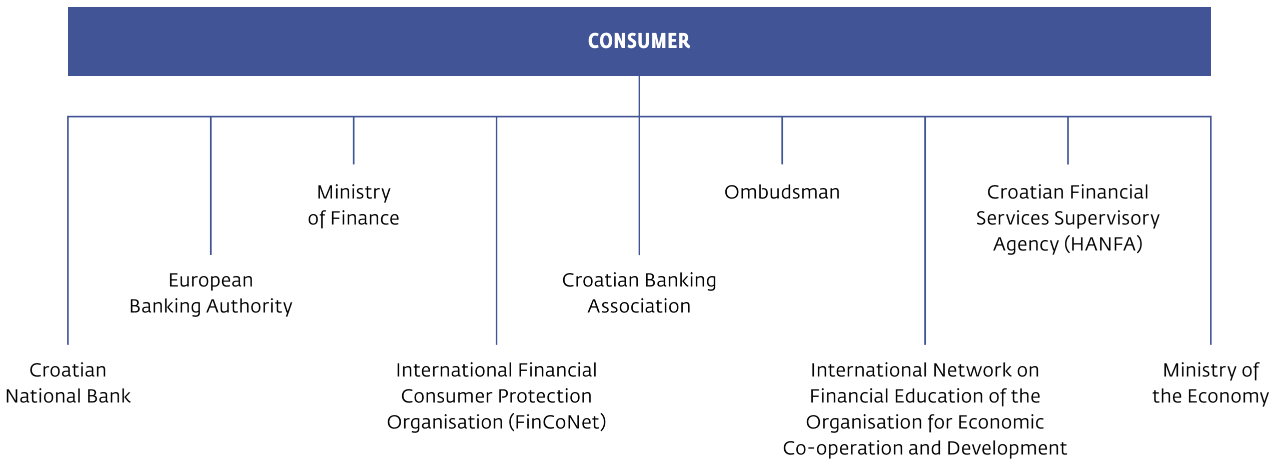
Cooperation with other national and European stakeholders in the area of consumer protection is an important element of efficient consumer protection policy based on international standards and good regulatory and supervisory practices.

The CNB participates in the work of the European Banking Authority (EBA) through its membership of the Standing Committee on Consumer Protection and Financial Innovation. In 2025, discussions held within the Committee included the topics of innovation and digitalisation in the financial market and requirements from the Artificial Intelligence Act (AI Act).

The impact of the white labelling business model, in which a product or service of one institution is renamed and offered as its own by another, on consumer informedness was analysed. Some discussions also referred to misleading advertising that uses green PR and green marketing to present the products, objectives or policies of an institution as environmentally-friendly (greenwashing). In this context, the need to amend the existing regulations was assessed in such a manner that producers and distributors of products for consumers should set up oversight and management mechanisms for such products with ESG characteristics. The impact on the existing regulations of Directive (EU) 2023/2225 of the European Parliament and of the Council on credit agreements for consumers (Consumer Credit Directive, CCD), adopted at the end of 2023, was also assessed.

The CNB is a member of the international organisation of supervisory authorities/

**FIGURE 9.2 Inter-institutional cooperation – foundation of effective consumer protection**




Source: CNB.

regulators of market conduct and consumer protection, the International Financial Consumer Protection Organisation (FinCoNet), which develops and promotes international supervisory standards in consumer protection.

A significant part of inter-institutional cooperation also refers to cooperation with the Ministry of the Economy of the Republic of Croatia in the implementation of the National Consumer Protection Programme. The CNB cooperated with the Ministry of Finance of the Republic of Croatia on preparing the proposal of a new Credit Institutions Act, which was submitted to the parliamentary procedure in 2025 and the Act on Amendments to the Act on the Comparability of Fees Related to Payment Accounts, Payment Account Switching and Access to Basic Accounts, which was adopted in July 2025.[1]

## FINANCIAL LITERACY AND INFORMING CONSUMERS

The CNB constantly provides consumers with important and current information on products and services offered by credit institutions and explains key financial terms, such as the loan, interest rates and their calculation, banking fees, etc. An Information list with offers of loans and deposits, information leaflets, and data on the maximum interest rates for consumer loans upon entering into contracts are available to consumers, who also have the ability to compare fees for the most frequently used payment services.

In 2025, the number of participants in education increased; the most popular topics included personal finance management, government and household borrowing, safety of internet payments and financial fraud.

In addition to publishing information and educational materials, the CNB organises lectures, workshops and participates in popular media formats with the objective of improving the financial and economic literacy of cnsumers. In cooperation with the Croatian Chamber of Economy, workshops under the title “*Više znamo, bolje razumijemo*” (The more we know, the better we understand) and a large student debate on the role of financial influencers[2] were held during the Global and European Money Week.

In 2025, the number of participants in education increased sharply, by as much as 70%, predominantly comprising students and teachers. The most requested topics include personal finance management, government and household borrowing, safety of internet payments and financial fraud.[3]

CNB representatives participate in the Croatian Catholic Radio show “*Financijska abeceda*” (Financial ABC) and in the section “*Financijska pismenost*” (Financial literacy) as part of the programme “*Dobro jutro, Hrvatska*” (Good morning, Croatia) on the Croatian Television with current topics that include crypto-assets, cybersecurity, digital financial literacy, financial literacy of women and many others.[4]

1 For more details, see Chapter 10 Payment operations.
2 For more details, see Chapter 14 Public relations.
3 For more details, see Chapter 15 Activities of the Visitors' Centre.
4 For more details, see Chapter 14 Public relations.

# 10 Payment operations

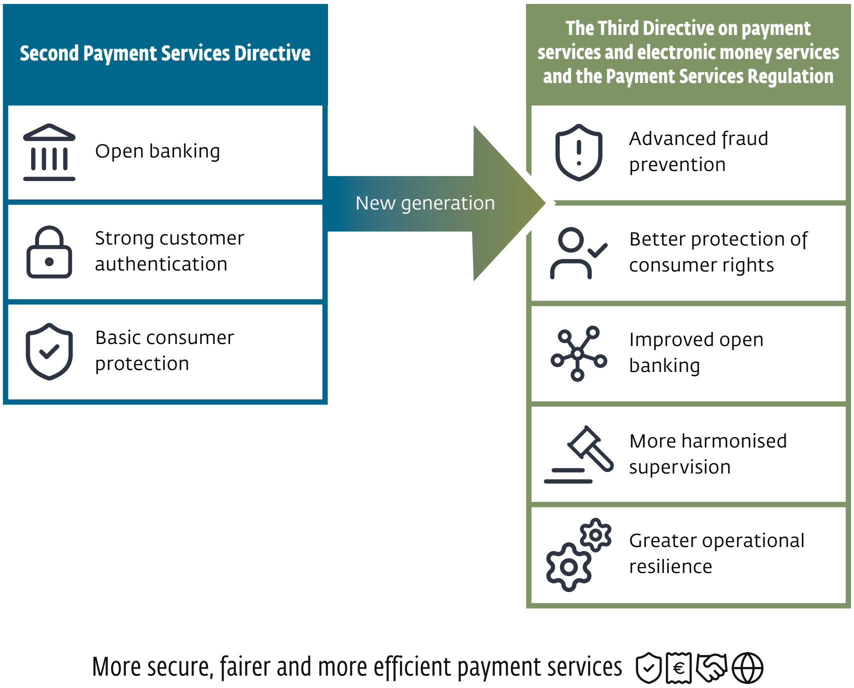
Ensuring the smooth functioning of the payment system, which involves payment service users and providers as well as the payment infrastructure, is one of the basic tasks of the CNB. The payment system and the retail payment services market are continually and rapidly evolving under the influence of new technologies, digitalisation and regulatory changes. In this context, the CNB has a multifold role: to protect the rights of payment service users, ensure the security of payments and perform the function of payment system operator and supervisor. Thus, it contributes to the stability of the financial system and to strengthening confidence in payment operations.

## THE THIRD DIRECTIVE WITH THE REGULATION ON PAYMENT SERVICES AND ELECTRONIC MONEY SERVICES – THE SAME RULES THROUGHOUT THE EU AND BETTER CONSUMER PROTECTION

Regulatory activities in the area of payment operations in 2025 were mostly marked by the continued work on the proposals for the Third Payment Services Directive (PSD3), the Payment Services Regulation (PSR) and the Regulation on the establishment of the digital euro.

The Third Directive and the Payment Services Regulation upgrade the existing regulation with more robust consumer protection and a set of legal, technical and supervisory measures that make payment services possible, including regulatory, security, licencing and technical challenges. This requires intensified effort on transposing the above regulations into the national legislation.

**FIGURE 10.1 From the Second Directive to the Third Directive and the Regulation**




Source: CNB.

## INTRODUCTION OF A PACKAGE OF FREE SERVICES AND OTHER BENEFITS

The package of free services is linked to the payment account in euro in which consumers receive their regular income (e.g. salaries, pensions, scholarships, etc.), which enables the public to use basic banking services without any additional costs. The package includes the most important services, such as opening and operating a payment account, debit card issuing and use, standard payment transactions, cash deposits and withdrawals, internet or mobile banking, etc.

Banks must not put the users of the package of free services at a disadvantage compared with other users; they may not limit the scope or accessibility of the services included in the package or in any way discourage the public from using it.

The Act[1] entered into force on 1 January 2026 and, according to preliminary and incomplete data for the first three months of 2026, around 100,000 free packages were contracted.

## VERIFICATION OF THE PAYEE IN ALL PAYMENTS AND THE INTRODUCTION OF INSTANT PAYMENTS

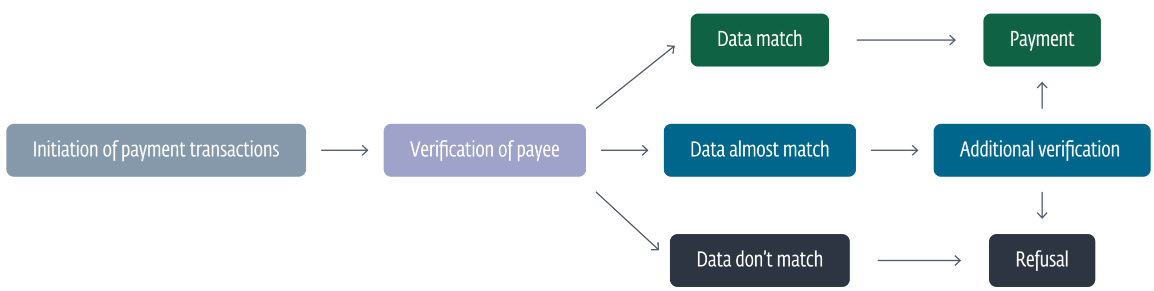
In 2025, pursuant to the Instant Payments Regulation, all banks had to enable instant payments. It is a much faster alternative to non-instant payments as it enables the transfer of funds within 10 seconds, with charges that may not be higher than the charges for non-instant transfers.

Although banks have only been fully offering this service since October 2025, preliminary and incomplete data for the last quarter of 2025 confirm an increase in the number of instant payments relative to the comparable period in 2024. However, these payments still account for an almost negligible share of total payments.

Banks are now obliged to enable the payer to verify the payee when initiating all credit transfers.

The obligation has also been imposed on banks to enable the payer to verify the payee when initiating all credit transfers, including both instant and non-instant payments. Through the verification of payee (VoP) service, the bank provides the payer with the information on whether the title or name and surname of the payee to whom the payer intends to send the funds correspond to the payment account number (IBAN). The objective is to minimise fraud, increase security of payments and strengthen public confidence in payment services across the EU's single market.

**FIGURE 10.2** **Initiation, verification and payment or refusal of payment transactions**




Source: CNB.

1 Act on Amendments to the Act on the Comparability of Fees Related to Payment Accounts, Payment Account Switching and Access to Basic Accounts

## NEW PAYMENT SERVICE PROVIDERS AND ELECTRONIC MONEY ISSUERS – MARKET DEVELOPMENT AND RICHER OFFER

In 2025, the payment services market continued to develop in Croatia. A new payment institution was licensed, which provides the services of execution of payment transactions, and thus additionally expanded the market offer. At the same time, an electronic money institution expanded its operation and, in addition to the issuance of electronic money and money remittances, it now also provides the services of execution of payment transactions and the issuance and acquiring of payment transactions.

At the end of 2025, there were eight payment institutions, four electronic money institutions and three registered account information service providers operating in Croatia. A list of all payment service providers and electronic money issuers, the types of services provided and the EU member states in which they operate is published in the Register of payment service providers and electronic money issuers on the CNB's website, as well as in the Central Register of the EBA.

## SUPERVISION OF THE APPLICATION OF REGULATIONS – ANTI-FRAUD AND ADAPTATION TO NEW TECHNOLOGIES

In 2025, the CNB conducted 183 off-site inspections of payment service providers, initiated pursuant to user complaints. The CNB initiates other off-site inspections following its monitoring of market conditions, the assessment of the materiality of a statutory regulation or the materiality and risk of a payment service. The supervisory focus was mostly on preventing fraud and on adapting the payment system to technological changes.

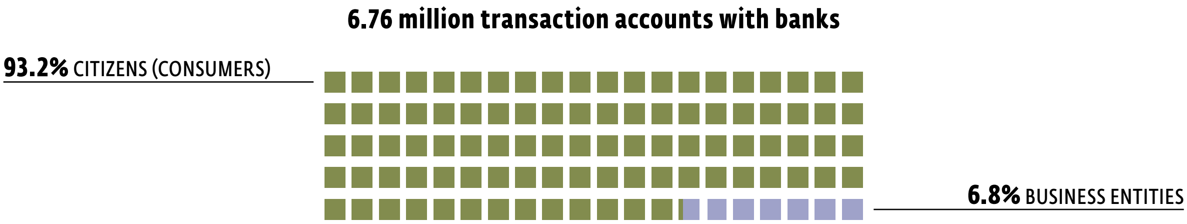
In 2025, the CNB conducted two on-site inspections of payment service providers. The primary criterion for deciding on supervision was the scope of their operations and the number of received complaints. which constitute a very good indicator of the need for on-site inspection.

## MOBILE BANKING, THE MOST FREQUENT CHANNEL OF INITIATION OF TRANSACTIONS, FOLLOWED BY OVER-THE-COUNTER

The habits of payment services users are changing in favour of a steady increase in the number and value of cashless payments. Over the past several years, this was mainly driven by the development of mobile banking and the development of card payments, primarily contactless payments. The increase in the number of users of mobile banking was accompanied by an increase in the number of payment transactions executed through this channel (Table 10.1).

The second most common channel individuals used for initiating payment transactions continued to be the over-the-counter channel, which accounted for 15% of the total number and 26% of the total value of transactions, followed in terms of value by transactions initiated via internet banking. Users increasingly prefer mobile banking to internet banking.

**FIGURE 10.3** Transaction accounts in 2025



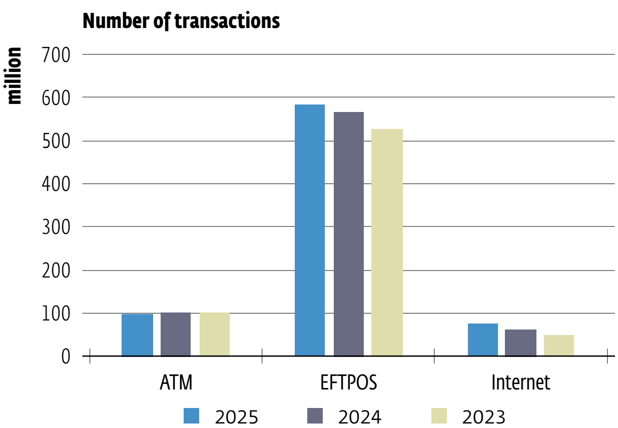

Note: Data do not include blocked transaction accounts.
Source: CNB.

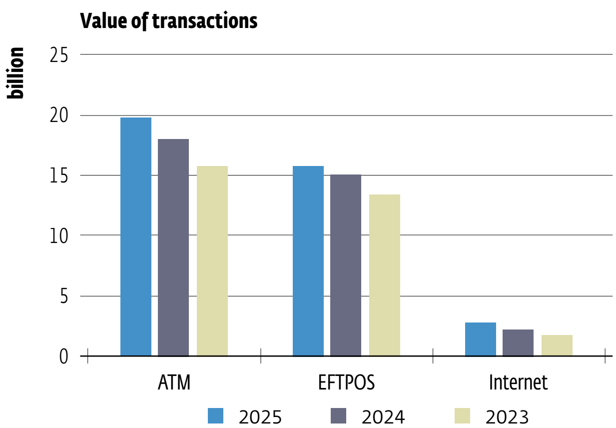
**TABLE 10.1** Channels and methods of initiation of payment transactions of individuals (consumers) for 2025

| Channel/method | Number of transactions (million) | Share[b] (%) | Value of transactions (million EUR) | Share (%) | Value of transactions[b] (as % of GDP) |
|---|---|---|---|---|---|
| Over the counter[a] | 35 | 15 | 14,122 | 26 | 15 |
| Mobile banking | 179 | 63 | 30,715 | 56 | 33 |
| Internet banking | 9 | 3 | 4,024 | 10 | 4 |
| Direct debits | 22 | 9 | 2,162 | 4 | 2 |
| Standing orders | 28 | 10 | 3,032 | 5 | 3 |
| Bill-paying service | 11 | 4 | 608 | 1 | 1 |
| **Total** | **284** | **100** | **54,663** | **100** | **58** |

[a] Paper-based payment orders initiated over the counter at credit institutions or other persons that, on the basis of a contract, are acting on behalf of and for the account of credit institutions (e.g. FINA, HP, etc.).
[b] Shares are rounded to the nearest whole number.
Note: Nominal GDP for 2025 totalled EUR 92.670 million.
Sources: CBS and CNB.

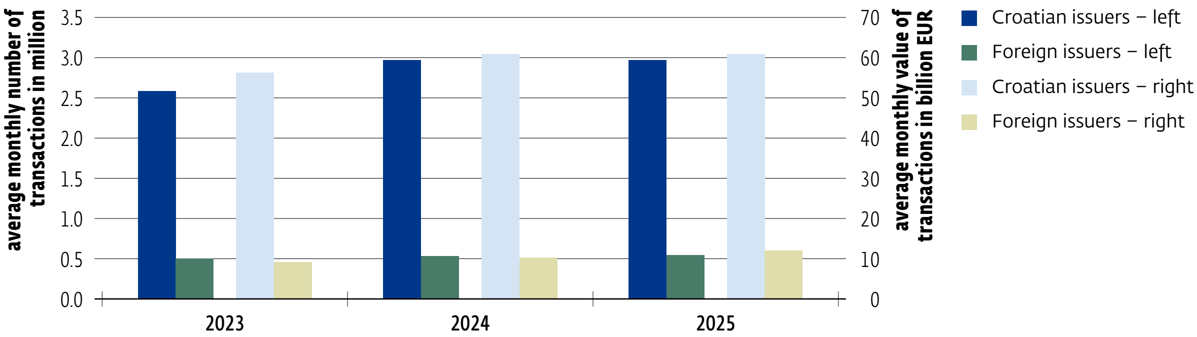
**FIGURE 10.4** Number and value of acquiring transactions executed using payment cards issued in Croatia




Notes: Data refer to the total number and value of national card-based payment transactions in 2025. Electronic money loading and redemption transactions and fee and contractual charge transactions executed through payment cards are excluded.
Source: CNB.

**FIGURE 10.5 Number and value of acquiring transactions in Croatia executed using payment cards issued by Croatian and foreign issuers**




Note: Data refer to acquiring transactions using payment cards issued by Croatian and foreign issuers at accepting devices in Croatia (ATM, EFTPOS and the internet).
Source: CNB.

Business entities most often use electronic channels to initiate payment transactions as well, primarily internet banking, while the use of mobile banking is also rising.

The payment card is the most frequently used payment instrument in Croatia. At the end of 2025, 8.5 million payment cards were in circulation, of which 93.8% were issued to individuals, and the remaining 6.2% to business entities.

Data on the number and value of card transactions by accepting devices in the past three years confirm the market dominance of the payment card. The largest share in the number of transactions executed using issued payment cards is accounted for by transactions at EFTPOS terminals (77% in terms of number and 41% in terms of value), followed by ATM transactions (13% in terms of number and 52% in terms of value) and internet transactions (10% in terms of number and 7% in terms of value).

Although most card transactions in Croatia continue to be executed with payment cards issued by domestic issuers, the share of transactions executed using cards issued by foreign issuers is still not negligible. Of the total recorded acquiring transactions, 730.7 million transactions (83%) were executed through payment cards issued by Croatian issuers, with a total value of EUR 35.7bn (84%). At the same time, 146 million transactions (16%) were executed through payment cards issued by foreign issuers, with a total value of EUR 6.5bn (15%).

# 3 FinTech-related activities and the digital euro

In 2025, the Eurosystem, including the Croatian National Bank, continued working on the digital euro project. FinTech-related activities were also carried out in 2025. These activities focused on supporting business entities through the Innovation Hub and in the area of finance in general.

## DIGITAL EURO PROJECT

The digital euro is defined as the central bank digital currency for the euro area, i.e. digital money issued and guaranteed by the European Central Bank and the central banks of those EU member states that have the euro as their currency. The digital euro is envisaged as a simple, free to use and broadly accessible additional means of payment to euro area citizens, alongside the existing banknotes and coins.

The objective of the introduction of the digital euro is to ensure a single pan-European payment instrument for all instances of use and for all euro area citizens that does not rely on non-European payment or technological service providers. Specifically, such a single payment instrument currently does not exist and digital payments in the euro area depend on non-European big tech companies that dominate the European payments sector, which jeopardises European monetary and payment sovereignty. Keeping the euro as a means of payment in its physical as well as digital form is necessary for the establishment of a safe, integrated, broadly accessible and resilient payment system for all citizens and at all times.

The digital euro project of the European Central Bank was formally launched in 2021 and the Croatian National Bank joined the project in the same year. The project has passed the investigation and preparation phases, and is currently in the technical preparation phase. The precondition for the introduction of the digital euro, i.e. the positive completion of the digital euro project, is the adoption of the Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro published in June 2023. This legislative proposal aims to ensure a broad political support in order for the digital euro – as the digital form of cash – to become the equivalent of cash and to complement cash as the single legal tender throughout the euro area. The decision on the dynamics of the adoption and the final content of the proposed regulation has to be adopted by the European Parliament.

In addition to the digital euro project, intended for natural persons, in 2025, the Eurosystem also intensified the efforts in the area of wholesale central bank digital currency (CBDC), which was designed for payments and settlement by payment system participants, primarily among banks. CNB employees participated in the work of the ECB working groups and committees where these projects were implemented.

## THE CNB INNOVATION HUB AND CENTRAL BANK INNOVATIONS

The CNB Innovation Hub is a communication and information platform of the CNB established in 2019, which provides non-binding and informal support to business entities developing an innovative FinTech product or service. Since the legislative framework (e.g. Markets in Crypto-assets Regulation) was adopted for certain FinTech areas in 2025, the competence for such areas was assumed by organisational units within the CNB, so that some entities communicated with the CNB even outside the Innovation Hub. In this context, when compared to the previous years in which emphasis was placed on the application of the Distributed Ledger Technology (DLT) and the Blockchain technology, in 2025, the topics of a technologically more recent content started to appear through the Innovation Hub, referring to the application of advanced algorithmic tools (AI tools) in finance.

The CNB Innovation Hub is part of the network of innovation facilitators of regulatory and supervisory agencies of EU member states within the European Forum for Innovation Facilitators (EFIF). It is the joint forum of the European Commission, the European Central Bank and three European financial markets regulators – the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA). The best practices of innovation facilitators in the EU are monitored and proposed within the EFIF.

In 2025, the financial community's interest focused significantly on crypto-assets and in particular on the mechanism for maintaining the value of those assets (stablecoins). Interest was additionally spurred by the US administration through incentives to invest in crypto-assets and the use of these types of crypto-assets backed by the US dollar. One of the responses of the banking sector to the appearance of crypto-assets including the mechanism for maintaining the value are tokenised deposits.[1] However, despite the efforts made by regulated financial institutions to offer digital alternatives to traditional financial products and services, tokenised deposits are still not significantly used in the EU. In addition to all of the above, many financial institutions, as well as central banks, are investigating the possibilities offered by AI and other advanced algorithmic tools. The CNB has also increased its active participation in this area and is currently investigating it.

In 2025, innovations at central banks were monitored through the work of the Innovation Forum (Innov8 Forum) of the ECB. CNB representatives and the representatives of other central banks of the euro area member states participated in its work. The Innov8 Forum monitors the latest technological achievements in the financial sector important for the work of central banks. The objective is to establish cooperation in relevant areas and projects of common interest.

In addition to the above, within the Bank for International Settlements (BIS), the CNB continued to participate in (1) the work of the Bank for International Settlement Innovation Network (BISIN) and (2) the working group that updates regulations in the area of FinTech by cataloguing and categorising FinTech events, the FinTech Repository (FINREP).

## REGULATORY ACTIVITIES

After the Markets in Crypto-assets Regulation entered into force in 2024, basic legal and economic relations that refer to this new form of assets were defined. Issuers of crypto-assets and providers of services related to crypto-assets have become subject to the legislative framework and their operations require that they obtain appropriate authorisation from the competent domestic regulator. In this context, the national implementing regulation – the Act Implementing Regulation

1 Tokenised deposits, in the narrow sense, are claims against credit institutions recorded on the databases using the Distributed Ledger Technology instead of traditional centralised databases; source: EBA Report on Tokenised Deposits 2014.

(EU) 2023/1114 on Markets in Crypto-Assets was adopted in 2023 in Croatia. Under this Act, the Croatian National Bank became competent for e-money token issuers and asset-referenced token issuers, while HANFA was designated as the competent institution for licensing and supervising the operation of providers of services related to crypto-assets. No applications submitted by companies to the CNB for the issuance, or authorisation to issue the above-mentioned tokens submitted by companies were recorded in 2025. Also needing mention is the Regulation on Digital Operational Resilience, which was applied in full in January 2025. The Regulation consolidated and improved the requirements connected to ICT-related risks with a focus on cyber risks. In contrast, negotiations on the text of the Regulation on a Framework for Financial Data Access, which strives to establish the open banking initiative, did not make any significant progress in 2025.

# 11 Euro banknotes and coins

Another important CNB task is to facilitate the smooth supply of banks in Croatia with the necessary amount of cash, which includes the manufacturing, delivery, storage, processing and organisation of the distribution of cash, its protection against counterfeiting, the destruction of cash unfit for circulation, and the management of logistic reserves of banknotes and coins and strategic coin reserves. As of 1 January 2024, the exchange of kuna cash still in circulation is only possible at the Croatian National Bank. The time limit for the exchange of coins expired on 31 December 2025, while there is no time limit for the exchange of banknotes.

## CASH ISSUANCE AND SUPPLY

The issuance of banknotes and coins and the supply of banknotes and coins in circulation in Croatia are among CNB's core activities. The supply of banks with cash involves ensuring a sufficient amount of cash for banks and their clients, consumers and business entities, and it is based on the Decision on the supply of banks with euro cash. It is organised through eight cash supply centres, which cover all parts of Croatia.

The printing of euro banknotes for the purpose of supply of the euro area has been divided among member states, and the CNB participated in 2025 by printing 129.02 million banknotes. In 2025, 40.6 million banknotes were shipped from Croatia to other euro area countries as surplus after domestic needs had been met.

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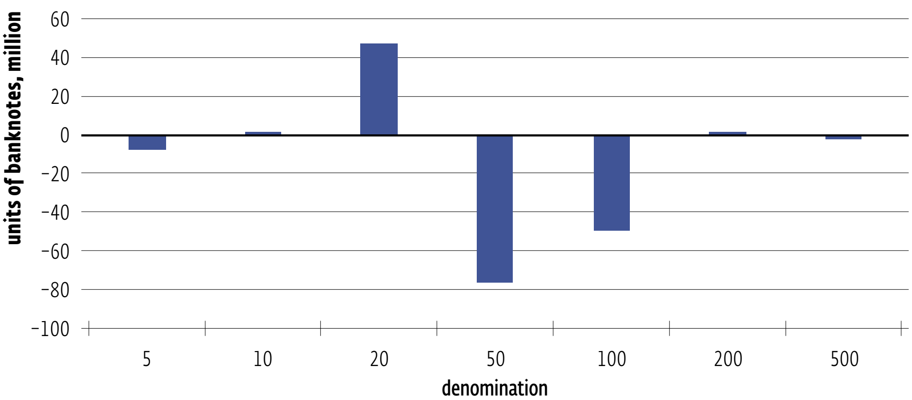
The needs for euro coins were mostly met through the production of 90.84 million coins in 2025 at the Croatian Mint, and in part by purchasing 30.0 million coins from other Eurosystem countries.

### Balance, developments in and exchange of euro cash in circulation

Euro cash in circulation is being monitored at euro area level. As at 31 December 2025 there was EUR 1,654.8bn in circulation, a slight increase from the balance of EUR 1,622.8bn as at 31 December 2024.

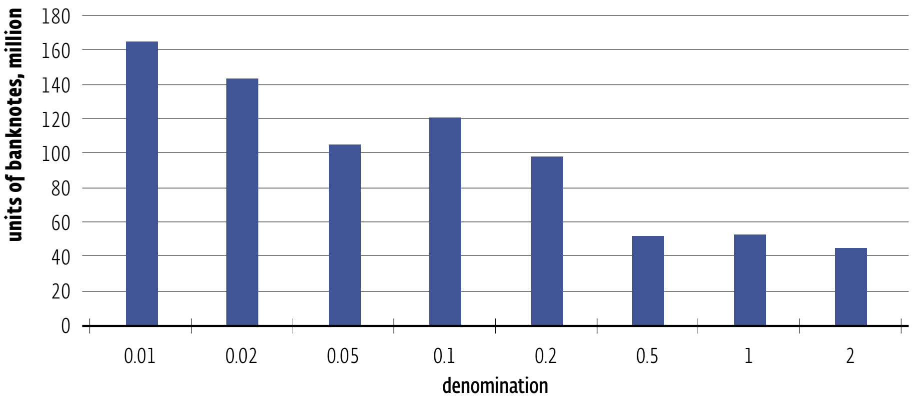
In 2025, 195.1 million euro banknotes with a total nominal value of EUR 5.3bn and 245.6 million euro coins with a total nominal value of EUR 90.8m were issued from cash centres in Croatia, while in the same period, 244.4 million euro banknotes with a total nominal value of EUR 8.4bn and 81.4 million euro coins with a total nominal value of EUR 52.8m were deposited in cash centres. Based on the quantities of issued and deposited cash, net issuance of banknotes and coins is monitored by tracking the difference between cash issued and cash deposited, broken down by denomination.

**FIGURE 11.1 Net issuance of banknotes, January 2023 to December 2025**




Source: CNB.

**FIGURE 11.2 Net issuance of coins, January 2023 to December 2025**




Source: CNB.

The extremely negative net issuance of banknotes in the denomination of 50 and 100 euro means that there were more banknotes deposited than issued, while the most often used banknote denomination of 20 euro had a particularly positive net issuance. The developments in net issuance of banknotes are greatly affected by consumer habits and denominations used the most in everyday circulation have a positive net issuance, while those mostly used as a form of savings have a negative net issuance.

In contrast to banknotes, all coin denominations had a positive net issue, which means that more coins were issued than deposited. Coin denominations of higher nominal amounts (50 cent, 1 and 2 euro) were deposited the most, while coin denominations of the lowest nominal amounts of 1 and 2 cent were mostly issued but very few returned from circulation.

The CNB withdraws euro banknotes and euro coins unfit for circulation and replaces them with euro banknotes and euro coins fit for circulation. In 2025, 29.0 million pieces of unfit euro banknotes with a total value of EUR 780.3m and 135.5 thousand units of unfit euro coins with a total value of EUR 97.5 thousand were withdrawn from circulation.

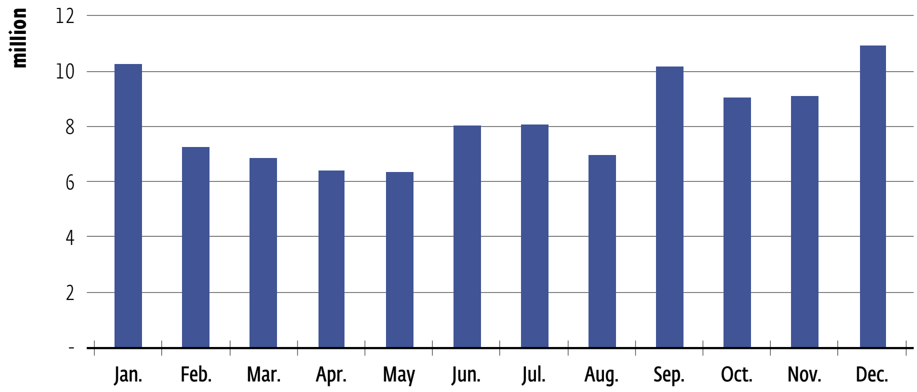
## Withdrawal of kuna banknotes and coins

As at 31 December 2025, there was still HRK 4.2bn in circulation. The most kuna were exchanged in the year of the introduction of the euro (HRK 21.3bn), and the downward tendency in the kuna exchanged is expected in line with the experiences of euro area countries that introduced the euro before Croatia.

As of 1 January 2024, kuna cash can be exchanged free of charge exclusively at the CNB. Banknotes can be exchanged indefinitely, while coins could be exchanged until 31 December 2025.

A total of 580.9 thousand kuna banknotes were exchanged at the CNB's cash desk in 2025, in the total nominal amount of HRK 81.7m, and a total of 9.5 million kuna coins in the total nominal amount of HRK 8.3m. There were also 97.0 thousand

**FIGURE 11.3 Value of the kuna exchanged in 2025**




Source: CNB.

banknotes in the nominal value of HRK 9.1m and 384.9 thousand coins in the total nominal amount of HRK 325.6 thousand received via post and subsequently exchanged.

## ISSUANCE OF COMMEMORATIVE AND NUMISMATIC COINS

Commemorative euro coins are issued only in the 2 euro denomination. Technical specifications, the common side and the edge lettering on commemorative euro coins are the same as on the regular, i.e. circulation coins with a denomination of 2 euro. What makes them different is their motif on the national side specific for the member state. Each euro area country may issue two 2-euro commemorative coins per year.

In 2025, the CNB released the fourth and fifth commemorative 2-euro coins into circulation since the introduction of the euro as the monetary unit of Croatia on 1 January 2023.

The fourth commemorative 2-euro coin since the introduction of the euro, the “1,100th Anniversary of the Kingdom of Croatia and the Coronation of King Tomislav”, was released into circulation on 14 July 2025 with commemorative motifs featuring King Tomislav, who was crowned King of Croatia in 925. This year has a great historical, cultural and political significance for the Republic of Croatia because it is considered the beginning of the Croatian Kingdom, the 1,100th anniversary of which was celebrated in 2025. Additionally, the depiction of the monument of King Tomislav was one of the main motifs on the reverse side of the 1000-kuna banknote. The coin was issued in a series of 400,000 units.

The fifth commemorative 2-euro coin since the introduction of the euro was released into circulation on 24 October 2025 as part of the Croatian cities series with commemorative motifs that represent the Pula Arena, a prominent monument of ancient construction in the city of Pula, of rich historical and cultural relevance for the Republic of Croatia and the world, the image of which was one of the basic motifs on the reverse side of the 10-kuna banknote. The coin was issued in a series of 200,000 pieces.

**Commemorative 2-euro coin**

“1.100th Anniversary of the Kingdom of Croatia and the Coronation of King Tomislav”

“City of Pula – Arena”

**FIGURE 11.4** Gold and silver numismatic coins

"Black Lizard" 6-euro silver collector coin


Gold numismatic coin "King Tomislav"


Gold numismatic coin "Halubje Bell Ringers"

Gold numismatic coin "Marija Jurić Zagorka"


Gold numismatic coin "Croatian Coldblood"

Gold numismatic coin "Innovations of Slavoljub Penkala"


Gold numismatic coin "Gajeta Falkuša"

In addition to the fourth and fifth commemorative euro coin since the introduction of the euro, in the same year, the CNB issued various numismatic issues of gold and silver coins with main motifs related to Croatia.

## COMBATING THE COUNTERFEITING OF BANKNOTES AND COINS

In 2025, the Croatian National Bank recorded 3,633 counterfeit euro banknotes, which is a decline of 19.6% from 2024, when 4,516 counterfeit euro banknotes were recorded.

The nominal value of counterfeit euro banknotes in 2025 stood at EUR 239,230.00.

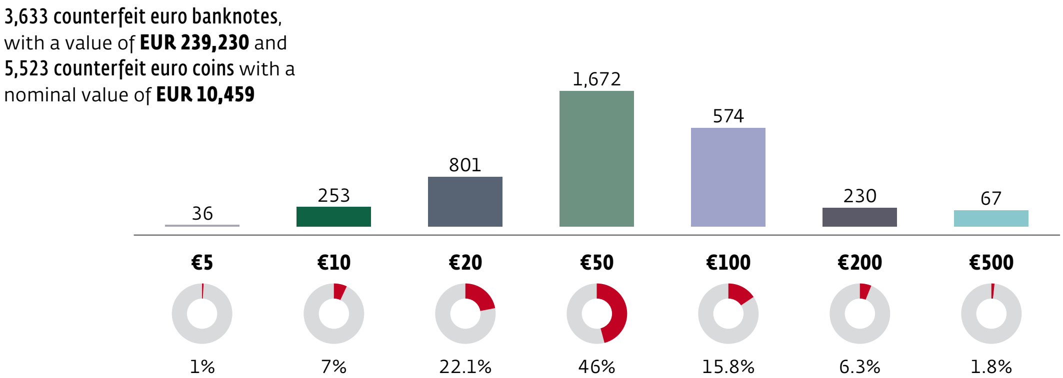
In the same period, 5,523 counterfeit euro coins were recorded, which is a decline of 20.9% from 2024, when 6,984 counterfeit euro coins were recorded.

The nominal value of counterfeit euro coins in 2025 stood at EUR 10,459.00.

In 2025, 37 counterfeit kuna banknotes with a nominal value of HRK 6,780.00 were recorded, specifically: eight 10 kuna banknotes, ten 20 kuna banknotes, two 50 kuna banknotes, three 100 kuna banknotes, eight 200 kuna banknotes, three 500 kuna banknotes and three 1000 kuna banknotes. Counterfeit kuna coins were not registered in the observed period.

As for counterfeits of foreign currencies, 46 counterfeits were registered in 2025, of which 42 units were counterfeits of US dollar banknotes, three units were

**FIGURE 11.5 Registered counterfeits of euro banknotes in 2025**




Source: CNB.

In **2025, 3,633 counterfeit euro banknotes** were registered, a decline of **19.6%** from **2024**, when **4,516 counterfeit euro banknotes** were registered.

counterfeits of Australian dollar banknotes and one a counterfeit of a pound sterling banknote.

In order to provide education about cash for individuals who handle it on a daily basis as well as for the general public, the Croatian National Bank carries out the National Training Programme on Euro Banknote and Coin Authentication. The training contents and schedule are tailored to meet the needs of target groups and the training is conducted at several levels. The objective of the training is that those attending should acquire knowledge on the security features of euro banknotes and euro coins in order to successfully verify their authenticity and prevent the receipt of counterfeit cash as authentic.

In 2025, some 1806 new participants entered the second level of the National Training Programme, intended for employees of banks and financial institutions, and a total of 9,346 certificates of successful training completion were awarded, newly acquired or renewed certificates. Also held were twelve workshops of the third level of the National Training Programme for 192 employees of banks and financial institutions.

The training on the security features of euro banknotes intended for the public and retailers is accessible at the website Euro Edukacija, free of charge, no registration required.

## NEW EU REGULATION PROTECTS EURO BANKNOTES AND EURO COINS AS LEGAL TENDER

On 28 June 2023, the European Commission adopted a Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins (hereinafter: Regulation) aiming to protect the role of euro cash and ensure full equality of euro cash and the future digital euro as regards their status as legal tender. The Regulation will also lay down rules and exceptions as regards euro cash payments. Work on its finalisation and harmonisation of the proposal at EU member states level continued in 2025.

## NEW EURO BANKNOTES

In 2021, the ECB launched a process for the development of new themes and designs for future euro banknotes. In 2023, it selected two themes for the new design: "European culture" and "Rivers and birds".

The theme "European culture" celebrates the shared cultural spaces that have shaped European identity over the centuries, while the theme "Rivers and birds" highlights the resilience and diversity of Europe's natural ecosystems by showcasing different stages of rivers and various bird species, emphasising the importance of nature and environmental protection.

In 2024, a multidisciplinary advisory group, established by the ECB, put together possible motifs to represent the two chosen themes. The proposals of multidisciplinary groups and the opinions of more than 365,000 EU citizens who participated in public surveys were taken into consideration when the final decision was made.

For the two proposed themes, in 2025, the motifs per individual euro banknote denominations were selected, as described below:

### "European culture"

| front | | | reverse |
|---|---|---|---|
| **€5** | Performing arts | Maria Callas | Street performers (music/dance/theatre) entertaining passersby |
| **€10** | Music | Ludwig van Beethoven | A song festival with a choir of children and young adults singing |
| **€20** | Universities and schools | Marie Curie (rođ. Skłodowska) | A school or university with a female teacher with young students. There are notebooks and books on the tables |
| **€50** | Libraries | Miguel de Cervantes Saavedra | A library with some adults reading paper and digital books. A little boy and girl in front of a bookcase trying to get a book |
| **€100** | Museums and exhibitions | Leonardo da Vinci | Adults and children admiring some examples of street art, contemporary art, etc. |
| **€200** | Public squares | Bertha von Suttner | A tree-covered square allowing people to come together, with adults and children talking, walking, playing, etc. |

### "Rivers and birds"

| front | | reverse |
|---|---|---|
| **€5** | Mountain spring • Wallcreeper next to a mountain landscape | European Parliament |
| **€10** | Waterfall • Kingfisher in a waterfall or run pool | European Commission |
| **€20** | Confined river valley • Bee-eater colony in a sand wall on the side of a large, confined river valley along a riverbank | European Central Bank |
| **€50** | Meandering river • White stork flying over a meandering river in an unconfined river valley | Court of Justice of the European Union |
| **€100** | River mouth • Avocet sweeping over the surface of a mud flat | European Council and Council of the European Union |
| **€200** | Seascape • Northern gannet flying over big ocean waves | European Court of Auditors |

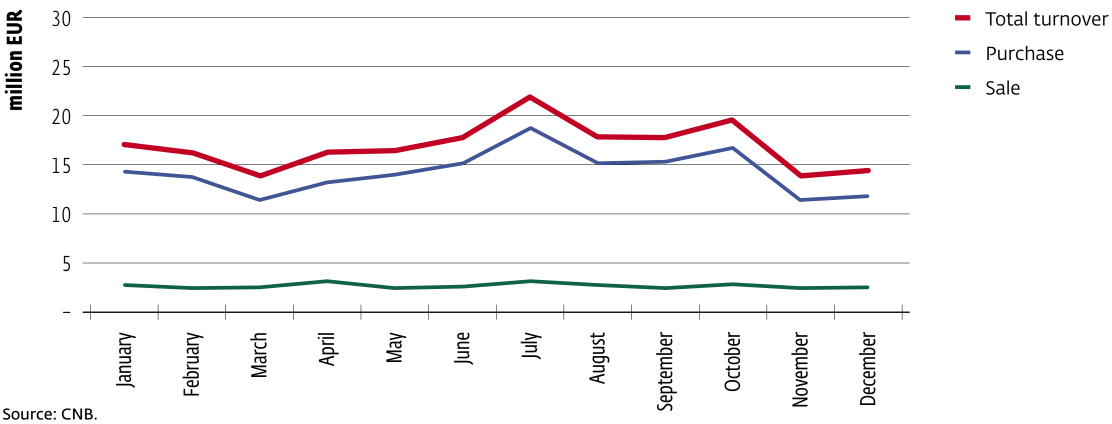
In 2025, the ECB launched a public contest for the design of future euro banknotes, and the selection of draft designs is expected in the course of 2026.

# 12 Authorised currency exchange offices

The reduction in the number of authorised currency exchange offices that started with the introduction of the euro as the official currency in the Republic of Croatia continued in 2025. While there were 253 authorised currency exchange offices at the beginning of the year, at the end of 2025 there were only 237 legal persons and sole traders that were authorised to conduct currency exchange transactions.

Of the total of 237 authorised currency exchange offices operating at the end of 2025, currency exchange services were offered by some 190, while about 50 of them did not provide these services. Authorised currency exchange offices traded in foreign cash of 41 foreign currencies, generating a turnover of EUR 202.75m (sale and purchase). Of that amount, EUR 170.65m or 84.17% was accounted for by the purchase of foreign currency cash. The US dollar accounted for almost 55% of the trade, while the Swiss franc accounted for some 20% of the trade.

**FIGURE 12.1 Movement of total turnover and purchase and sale of foreign cash in 2025**

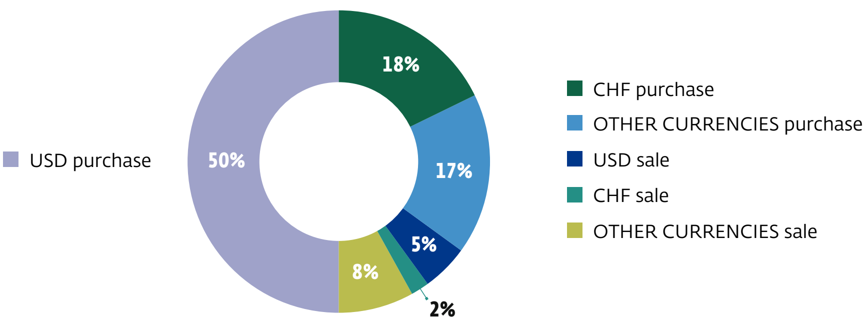



Source: CNB.

The turnover of authorised exchange offices fell by EUR 52.03m or about 20% from 2024.

In 2025, the CNB did not issue any authorisations to conduct currency exchange transactions, however, it issued six decisions on the withdrawal of authorisation to conduct currency exchange transactions and also recorded ten authorisations that had ceased to be valid as a matter of law.

**FIGURE 12.2 Share of purchase and sale of foreign cash by currency in total turnover in 2025**




Note: Values are rounded to the nearest whole number.
Source: CNB.

# 13 CNB in the EU and the international environment

The CNB is part of the Eurosystem, and the Governor of the CNB is a member of the ECB's Governing Council. In addition, the Governor is also a member of the General Council of the ECB and the General Board of the European Systemic Risk Board. Vicegovernors and experts of the CNB are involved in the work of numerous working bodies of the ESCB, the Eurosystem and the European Banking Authority, as well as of the numerous working bodies of the Council of the European Union and the European Commission. As part of the banking union, i.e. within the Single Supervisory Mechanism and the Single Resolution Mechanism, CNB representatives are included in the work of the ECB's Supervisory Board and the Single Resolution Board and their working bodies. The CNB's cooperation with the International Monetary Fund (IMF) intensified in 2025 as a result of Croatia's gaining the status of a creditor country and the CNB began its participation in the financing of loans granted by the IMF to the countries that are users of the assistance. The CNB continued its successful cooperation with the Bank for International Settlements (BIS), the European Investment Bank (EIB) and other international financial institutions of which Croatia is a member, as well as with the Organisation for Economic Co-operation and Development (OECD) under negotiation on Croatia's accession to the organisation, which is in its final phase. The number of technical cooperation activities continued its upward trend.

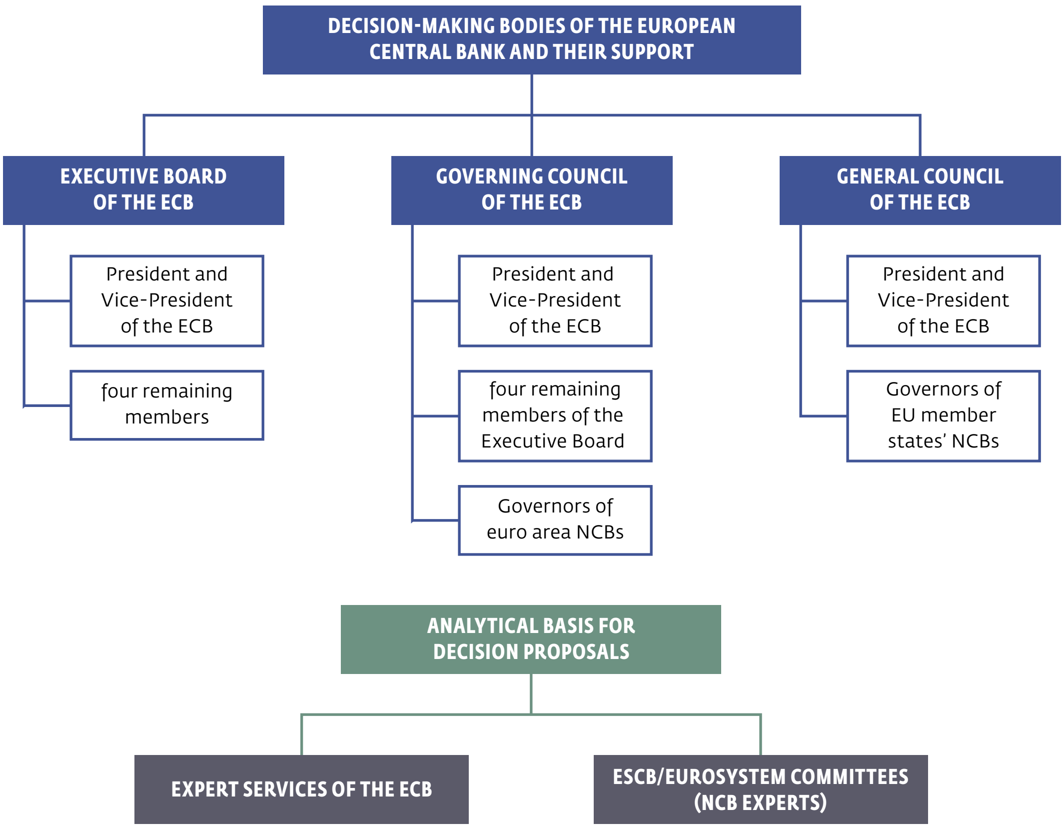
## ACTIVITIES CONNECTED WITH EU MEMBERSHIP

### European System of Central Banks (ESCB)

The Croatian National Bank is an integral part of the Eurosystem, and the Governor of the CNB is a member of the Governing Council of the European Central Bank, its highest body competent for decision-making in that institution. The ECB's Governing Council decides on the joint monetary policy of the euro area and adopts the guidelines and decisions for the purpose of carrying out the tasks assigned to the ECB and the Eurosystem by the Treaty on the Functioning of the European Union. The Governing Council comprises six members of the Executive Board of the ECB and the governors of the national central banks of the EU member states that have adopted the euro. Every six weeks, the Governing Council assesses economic and monetary developments and takes decisions on monetary policy. At other meetings, the Governing Council discusses issues related to other responsibilities and tasks of the ECB and the Eurosystem. In 2025, the ECB's Governing Council held 15 meetings of which eight were dedicated to monetary policy.

In addition to participating in the ECB's Governing Council, the Governor of the CNB also participates in the work of the General Council, comprising the President

**FIGURE 13.1 Decision-making bodies of the European Central Bank and their support**




Note: NCB stands for national central bank.
Source: CNB.

and the Vice-President of the ECB and the governors of the national central banks of the EU member states. In 2025, four meetings of the General Council were held, at which macroeconomic, monetary and financial developments in the EU were discussed. Within the framework of the competence of the ECB's General Council the ECB's Convergence Report is worth mentioning. The Report was prepared in parallel with the European Commission's Convergence Report, as part of the decision-making procedure on the introduction of the euro in Bulgaria (the euro was successfully introduced in Bulgaria on 1 January 2026).

In 2025, CNB experts took part in the work of 18 ESCB and Eurosystem committees, as well as numerous sub-committees and working groups that provide expert assistance to ECB decision-making bodies. As a member of the ESCB, the CNB also takes part in the formulation of ECB opinions on draft legislative proposals of the EU and individual EU member states.

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## European System of Financial Supervision

As a participant in the European System of Financial Supervision, the CNB is involved in the work of the European Systemic Risk Board (ESRB). The Governor and a CNB chief economist participate in regular quarterly meetings of the ESRB General Board. General Board meetings include discussions on systemic risks to the EU financial system and macroprudential policy measures. The overall level of systemic risks in 2025 was, again, assessed as elevated.

CNB expert services are also included in the work of the European Banking Authority (EBA). The competent vice governors are members of the Board of Supervisors and the Resolution Committee, and members of relevant organisational units participate in the meetings of numerous committees and working bodies of the EBA.

## Banking union

Since Croatia's entry into the banking union, the CNB has been a participant in the Single Supervisory Mechanism, and the Vicegovernor of the CNB in charge of bank supervision participates in the work of the Supervisory Board of the ECB. The Supervisory Board meets every three weeks to plan and implement the ECB's supervisory tasks. Within the framework of the Single Resolution Mechanism, CNB representatives, the competent Vice Governor and the Director of the Credit Institutions Resolution Office participate in all plenary and executive meetings of the Single Resolution Board at which decisions related to resolution planning and Single Resolution Fund management are made. CNB experts also participate in the work of numerous committees and working groups that provide expert support to the Supervisory Board of the ECB and the Single Resolution Board.

Since Croatia's entry into the banking union, the CNB has been a participant in the Single Supervisory Mechanism, and the Vicegovernor of the CNB in charge of bank supervision takes part in the work of the Supervisory Board of the ECB.

## EU Council and the European Commission (EC)

CNB experts carry out their activities in the working bodies of the EU Council and the EC, which includes discussions on draft legislation and other EU acts and the participation in the preparation of the positions of the Republic of Croatia related to topics in the fields of competence of central banks, such as improving the quality of financial services and maintaining the stability of the EU financial system. In 2025, the Governor and the Deputy Governor took part in informal meetings of the EU Economic and Financial Affairs Council (ECOFIN). Designated CNB representatives participated in the work of the Economic and Financial Committee (EFC) of the EU Council, which promotes the coordination of national economic policies and discusses the relevant EU initiatives.

In 2025, the EC continued its implementation of strategic initiatives, including the general simplification of the EU regulatory framework, strengthening EU competitiveness globally, focusing on investments in the area of defence and ensuring the strategic autonomy of the EU in different economic fields. Through these policies, the EC is aiming to adapt the economies of the member states to the new era marked by geopolitical turmoil, the fragmentation of trade policies and heightened economic uncertainties. In the area of financial services, the EC announced the proposals of new measures combined under the umbrella initiative of the savings and investments union, where the strengthening of the integration of the European capital market and its infrastructure, enhancing the diversification of the sources of financing of EU companies, increasing household investment activities and strengthening the security and competitiveness of the banking system remain the key objectives.

In 2025, the EC continued its implementation of strategic initiatives, including the general simplification of the EU regulatory framework, strengthening EU competitiveness globally, focusing on investments in the area of defence and ensuring the strategic autonomy of the EU in different economic fields.

EC's strategic initiatives underpin the preparation of the proposals of future legislative acts, which are discussed by the member states within the EU Council, and then, together with the European Parliament, adopted in the regular legislative procedure. In 2025, many discussions in the EU Council referred to the economic and financial consequences of the Russian aggression against Ukraine, with EU member states deciding on packages of sanctions against the Russian Federation on numerous occasions and also agreeing on new mechanisms for the continuation of the provision of financial assistance to Ukraine. With regard to the financial services markets, the EU Council continued its work on measures aimed at mitigating risk in the banking system. The member states reached a preliminary agreement on the common EU framework for crisis management and further harmonisation of national rules for the winding-up of banks and protection of household deposits. In addition, discussions were also held on the improvement of the regulatory framework for securitisation with the intention of simplifying administrative processes and reducing operating costs for certain entities in the financial market to increase their competitiveness. Discussions also focused on measures to improve the functioning of the financial market infrastructure, on the development of investment products to increase market attractiveness for household investments, as well as on new measures to increase the effectiveness of the joint supervision of entities in capital markets.

Furthermore, the member states reached a preliminary agreement in the EU Council on improving the rights in the area of payment operations to modernise the services of digital payments and transactions within the EU, aiming at improving the safety of consumers, increasing choice when selecting payment service providers and reducing financial fraud. Also, at the end of the year, they reached a preliminary agreement on the strengthening of the euro as the euro area single currency through the common regulatory framework for a potential introduction of the digital euro to complement cash and through measures that will ensure that cash in its physical form remains the legal tender in the euro area, i.e. to remain available, present and universally accepted. Strengthening the euro area continued by its expansion to Bulgaria – in July 2025, the European Council supported the EC's proposal that Bulgaria, from 1 January 2026, introduce the euro, since it had met the prescribed convergence criteria and should become the 21st member of the euro area. Thus the Eurosystem has been expanded by one central bank, since from now on the Bulgarian National Bank is one of its participants.

In 2025, the EU's new economic governance framework, with national fiscal-structural plans at its core, continued to apply. The plans are strategic documents in which member states lay down their own target fiscal indicators, as well as planned structural measures and investments for a four-year period. The implementation of the National medium-term fiscal-structural plan of the RC for 2025 – 2028 began in 2025. In addition, Croatia continued to implement the complementary strategic document, the National Recovery and Resilience Plan, under which Croatia, like other member states, obtains EU funds to implement appropriate reform and investment projects under the Recovery and Resilience Facility (RRF).

### Other activities connected with the European Union

In 2025, the CNB continued to make contacts with representatives of EU member state central banks and representatives of the ECB and other EU institutions and bodies. Particularly worth noting were the meetings with the representatives of the European Commission and the nineteenth annual meeting between the CNB and the Austrian Central Bank, in which the Central Bank of Bosnia and Herzegovina has participated since 2024.

As of November 2023, the House of the Euro is active in Brussels, as a platform and shared space in which the ECB and individual Eurosystem central banks through mutual cooperation promote the interests of the Eurosystem in its relationship with the main stakeholders in Brussels. The CNB maintains regular contact with the staff of the ECB's office at the House of the Euro, which includes one expert from the CNB.

## INTERNATIONAL MONETARY FUND (IMF)

The CNB is the fiscal agent of the Republic of Croatia for the IMF and a depository of the IMF, which means that it represents Croatia in relations with the IMF, executes payments based on IMF membership and keeps deposit accounts of the IMF in the RC. The CNB Governor and Deputy Governor are members of the Board of Governors, the highest body of the IMF competent for decision-making.

The quota of the Republic of Croatia in the IMF remained unchanged in 2025 and stood at SDR 717.4m[1] (EUR 836.2m[2]), based on which Croatia holds 0.17% of total voting rights in the IMF. Specifically, the decision on the 50% increase in the total IMF quota, adopted in 2023 pursuant to the 16th General Review of Quotas, did not become effective in 2025 and the time limit for giving consent by the member countries to increase quotas was extended until 15 May 2026.

Croatia is a member of the IMF constituency that comprises 16 countries[3] and is alternately headed by the Netherlands and Belgium. This constituency, with 5.46% of the total votes in the IMF, has the fourth largest voting power in the IMF Executive Board, the body competent for the IMF's current operations, preceded only by the USA, Japan and China. Croatia has a permanent representative at the IMF in the position of advisor to the Executive Director of the constituency, held by a CNB representative.

In February 2025, Croatia gained the status of a creditor country in the IMF and in April, for the first time, the CNB participated in the financing of a loan granted by the IMF to a country.

In February 2025, Croatia gained the status of a creditor country in the IMF and in April, for the first time, the CNB participated in the financing of a loan granted by the IMF to a country. This was preceded by the assessment of the Executive Directors of the IMF that Croatia's external position was strong enough for the country to be included in the list of countries participating in the IMF's Financial Transactions Plan, the mechanism through which the selected countries participate in the financing of loans granted by the IMF.

As part of regular annual consultations with Croatia under Article IV of the IMF's Articles of Agreement, in October 2025, the IMF's expert team came for a two-week visit to Croatia, during which meetings were held with the representatives of the CNB, the Ministry of Finance and other government administration bodies, government institutions and the private sector. Following the concluded consultations, the IMF published a report of the Mission members with the assessment of the economic situation, macroeconomic projections and economic policy recommendations. In addition, accompanying analyses were published on the topics of the role of fiscal policy in inflation dynamics in Croatia and the efficiency of public spending on education and healthcare.

At the end of May 2025, the CNB and the IMF jointly organised a conference entitled "Growth and Resilience of Central, Eastern and South-Eastern European Countries in a Fragmented World", which brought together in Dubrovnik the leading representatives of international institutions, central banks, governments, academia and the business sector. The conference was hosted by the Managing Director of the IMF, Kristalina Georgieva, and the Governor of the CNB, Boris Vujčić. The topics of discussion included the key challenges and economic policies of the countries in the region in the context of growing global economic and political fragmentation.

1 The SDR is an international reserve asset created by the IMF in 1969 to supplement international foreign reserves. Funds are allocated by general allocation to IMF member countries in proportion to each country's quota. SDR value is based on a basket of five currencies – the US dollar, euro, yuan renminbi, yen and pound sterling. SDR also serves as a unit of account for the IMF and some other international institutions.
2 According to the EUR/XDR exchange rate as at 31 December 2025.
3 Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Montenegro, Georgia, Israel, Luxembourg, Moldova, the Netherlands, Romania, North Macedonia and Ukraine.

Cooperation and exchange of opinions with IMF experts during 2025 took place through the participation of Croatian representatives in regular Spring Meetings in April and the IMF and World Bank Annual Meeting in October. The main topics addressed were concerned with the deep transformation of the world economy in the face of trade tensions and elevated uncertainty, as well with the problems of the debt of the most indebted countries.

In 2025, the IMF initiated the assessments of three key policies, which are expected to be completed in 2026. The assessment of the design and conditions of the programme aims at improving IMF programmes to ensure more efficient support to financial-assistance beneficiary countries. The comprehensive assessment of supervision will establish the priorities of the IMF's supervision for the next five years in the context of structural changes in the global environment. The Financial Sector Assessment Program (FSAP) will assess efficiency in recognising and addressing the vulnerabilities of the financial system, the adequacy of the scope of non-bank financial institutions and the impacts of IMF advice.

## COOPERATION WITH THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS) AND OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

The Governor of the Croatian National Bank also participated in the work of the BIS in 2025, at which current issues in the area of international banking and finance were discussed by governors of BIS member central banks. At the Annual General Meeting of the Bank for International Settlements held in June 2025 a decision was reached to pay a dividend of SDR 380 per share to BIS shareholders, that is the normal dividend of SDR 305 and a supplementary dividend of SDR 75 per share, to reflect the strong results of recent financial years. Since the CNB holds 2,441 BIS shares, it was paid a dividend of SDR 0.9m, that is, EUR 1.1m.

At the BIS Annual General Meeting held in June 2025 a decision was reached to pay a dividend of SDR 380 per share to BIS shareholders.

In 2025, the CNB continued to cooperate with other international financial institutions, especially with the Organisation for Economic Co-operation and Development (OECD). Namely, during the process of the Republic of Croatia's accession to the OECD, initiated in 2022, the CNB has participated in negotiations in four out of a total of 25 OECD committees assessing the compliance of the RC with OECD regulations and policies and three working groups within the competence of these committees. By the end of 2025, 20 committees had adopted positive opinions on the compliance of the RC with the OECD's standards and the second OECD economic survey of Croatia was conducted; this is one of the conditions for accession to the OECD. It is expected that the process of Croatia's accession to the OECD will be completed in the course of 2026.

Together with the European Investment Bank, the CNB organised the "Financing Growth and Innovation for Competitiveness" conference, which was held in March 2025 in Zagreb. The conference explored Croatia's investment needs and the possibilities of financing development amid global instability. In September 2025, the CNB organised a lecture given by Ivailo Izvorski, the Chief Economist of the World Bank for Europe and Central Asia, who, at the CNB's seat presented the World Bank's report on the challenges faced by middle-income countries in Europe and Central Asia as they progress towards high-income status.

## OTHER ACTIVITIES

After Croatia officially became a member of the Centre of Excellence in Finance (CEF Ljubljana)[1] in 2023, its experts participated in different CEF activities in 2025, such as workshops, working groups and research, while its senior representatives participated in the meetings of the CEF Governing Board. Also noteworthy is the job shadowing[2] programme for experts in the area of supervision from the central banks of Moldova and Kosovo, which was held at the CBN in October 2025.

CNB representatives also participated in interdepartmental activities as part of the Working Group for Cooperation between the Republic of Croatia and Ukraine and the Commission for International Development Cooperation and Humanitarian Aid Abroad.

## TECHNICAL COOPERATION PROGRAMMES

The upward trend in the number of technical cooperation activities continued in 2025. Moreover, the number of meetings and consultations held in 2025 was the highest since CNB experts started participating in technical cooperation programmes, excluding the activities conducted in several twinning projects in the 2018 – 2021 period.

In 2025, approximately a half of the activities were held bilaterally – based on a direct agreement between two institutions – and were therefore financed from own budgets. The European Commission stands out among the partners that provided support to the activities that were carried out, both through the TAIEX instrument (Technical Assistance and Information Exchange)[3] and through the twinning project for the financial sector in Montenegro, launched in September 2025.

In the course of 2025, several activities were carried out as part of the EU's Pericles IV programme.

For the purposes of the twinning project, a consortium was set up consisting of the central banks of Germany, Croatia and Slovakia and the Croatian Financial Services Supervisory Agency (HANFA). The Central Bank of Montenegro and the Insurance Supervision Agency are the beneficiary institutions and the foreseen project duration is 24 months. CNB experts participate in the activities of further alignment of the Montenegrin regulatory framework with the acquis and the strengthening of administrative capacities of the Central Bank of Montenegro in the areas related to credit institutions, payment systems, accounting, financial reporting and financial accounts statistics.

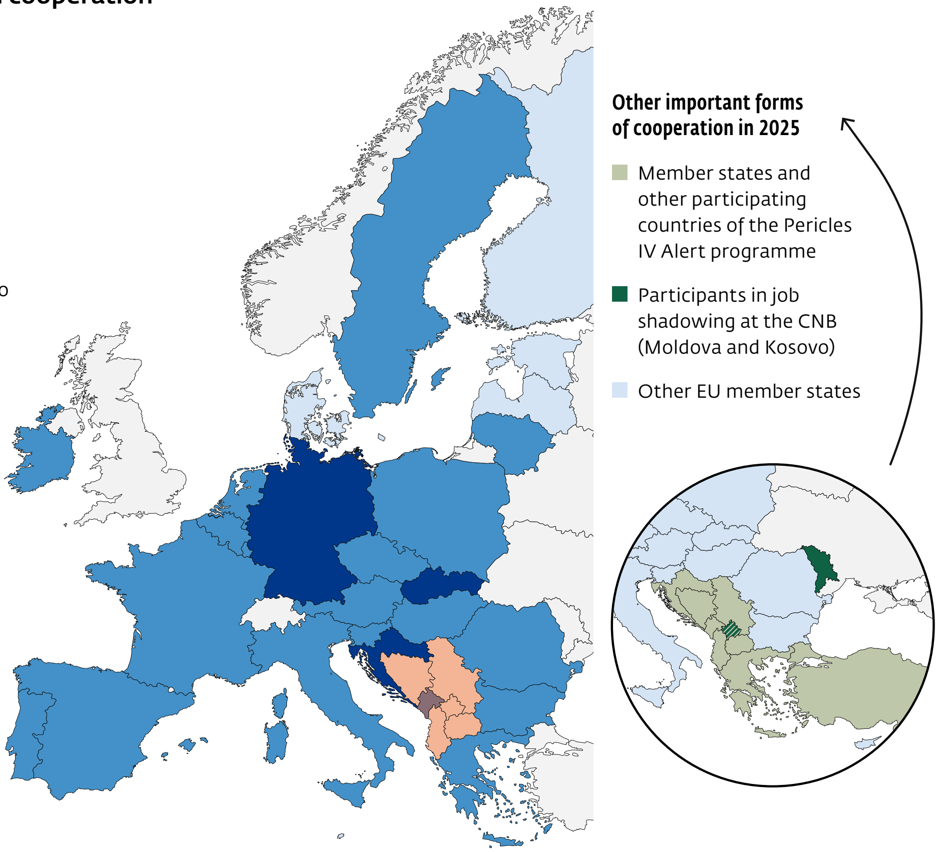
The CNB's technical cooperation with the Central Bank of Montenegro has been the most intensive for years. However, a considerable increase in the number of

1 The CEF is an international organisation serving as a "knowledge hub" for public officials in south-eastern Europe with the goal of strengthening cooperation and capacities in the management of public finance and central banking of these countries. CEF member countries participate in its work through its Governing Board, and Governing Board members are usually the minister of finance and the central bank governor.

2 Job shadowing is a training and learning technique where an individual (e.g. a new employee) follows an experienced colleague in their everyday work to gain better insight in the processes and working environment.

3 An instrument of the European Commission for the transposition of legislation and familiarisation with the best practices of the EU.

**FIGURE 13.2** International cooperation




Source: CNB.

activities with the Central Bank of Bosnia and Herzegovina and BiH banking authorities was observed in 2025. In addition, there were numerous activities undertaken with the National Bank of Ukraine, National Bank of Moldova, the central bank of Kosovo, National Bank of the Republic of North Macedonia and other central banks of EU candidate countries.

After its launch in November 2024, on the occasion of the kick-off meeting held at the CNB, in the course of 2025, several activities were carried out as part of the EU's Pericles IV programme Alert – Euro counterfeit technical analysis training and enforcement of ALERT network in south-eastern Europe in which the CNB is the project leader. The main objective of the Pericles IV programme is to prevent cash counterfeiting and related fraud and preserve the integrity of euro banknotes and euro coins. The project was designed as the exchange of knowledge and experience in the field of the fight against counterfeiting. For this purpose, CNB experts visited all beneficiary institutions as part of the second stage. Specialists in the field of currency counterfeiting of the central banks of Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, Türkiye, Greece and Kosovo, Croatian and Greek police and the Kosovo Forensic Agency participated in the project that ended in September 2025. During the third stage, which took place in Istanbul, the project was supported by the European Commission, European Central Bank and Europol.

# 4 CNB and climate change

Climate-related and other environmental changes are a global challenge that may affect the maintenance of price and financial stability. The effects of such changes are reflected in physical risks, such as extreme weather events, and transition risks associated with regulatory changes, technological adjustments and changes in consumer preferences. Against such a backdrop, the Croatian National Bank continued to systematically integrate climate-related and environmental factors into all relevant areas of its activity in 2025 by applying the provisions of its Climate Strategy for 2024–2026.

Since the research, regulatory, supervisory and operating activities of the CNB related to climate changes are numerous and diverse, the working group for the coordination of climate-related activities continued its activities in 2025. This body was established to ensure the exchange of information and to synchronise activities performed by individual organisational units as well as to foster knowledge-sharing, provide insight into good practices and monitor the pursuit of strategic goals. In meetings, the working group considered the activities of international and EU institutions, supervisory activities related to climate-related and environmental risk management in credit institutions, analyses of transition and physical risks, the development of climate metrics, financial assets management, methods of reducing the Bank's own carbon footprint and the sustainability of the cash cycle. One of the meetings was held in the form of an inter-institutional dialogue with the Croatian Bureau of Statistics, which strengthened cooperation in the area of climate-related and environmental data.

Understanding the macroeconomic implications of climate transition and climate shocks is exceptionally important for assessing future economic and financial developments. The integration of climate-related factors in the bank lending survey enabled the collection of additional information about the manner in which climate risks and regulatory changes affect lending standards and demand for loans, and as of 2025, climate-related survey questions also cover housing lending. The assessment of the impact of the EU Emissions Trading System 2 (ETS2) on inflation and macroeconomic developments in Croatia has been updated, and fiscal measures have been analysed according to their contribution to the green transition as part of the preparation of public finance projections.

Since climate changes may affect the ability of firms to regularly meet their liabilities, in 2025, the CNB additionally improved the analytical framework for climate risk assessment in the financial system. In the physical risk segment, data on damage incurred and climate events were used to assess their impact on corporate credit risk, while in the area of transition risks, the exposure of the economy sector to changes in climate policies and regulatory requirements was analysed, including potential effects on corporate profitability and indebtedness. To enable the systematic and continuous monitoring of climate risks, an internal climate risk assessment database has been developed that aggregates data on credit institutions' exposures, climate-related scenarios and indicators of physical and transition risks.

Numerous activities aimed at strengthening the ability of credit institutions to identify and manage climate-related and environmental risks have been implemented in adapting supervisory practices to climate challenges. In addition to continuing the second cycle of assessment of the compliance of less significant institutions with previously issued recommendations, the regulatory framework was upgraded in 2025 as a result of the work of the EBA's sustainable finance working groups. In early 2025, the European Banking Authority published the Guidelines on the management of Environmental, Social and Governance (ESG) risks, which provide banks with further clarity on how to integrate climate-related and environmental risks into their operations. In addition to being involved in the transposition of European regulations in the national legislative framework, throughout the year, the CNB organised training on the management of ESG risks for its own employees and the employees of credit institutions. At the same time, the CNB continued to participate in the work of ECB and EBA working groups dedicated to climate stress testing and took part in the EU Flagship project aimed at developing supervisory methodologies and identifying data gaps for monitoring ESG risks.

The quality and availability of statistics are key pre-requisites for the analysis of climate risks. In 2025, climate-related indicators were released for Croatia for the first time as part of a joint project on Eurosystem level, implemented by the ECB and the national central banks of EU member states. The indicators enable a more effective analysis of climate risks that may affect monetary policy, price stability and the financial system and cover three areas: sustainable finance, carbon emissions and physical risk. The release of the indicators improved the transparency and enabled the comparability of data euro area-wide. The submission of geolocation data of non-financial corporations to the CNB was arranged with the CBS and the cooperation with the Central Depository and Clearing Company (CDCC) continued, as part of which the CNB receives additional attributes for domestic securities issues.

In 2025, the CNB also monitored the environmental aspects of the digitalisation and development of payment operations, including Eurosystem analyses of the environmental footprint of various payment methods. The initial set of environmental best practices for electronic retail payments included downward trends in paper-based orders and the transition to digital channels, the use of more sustainable materials in payment instruments and the adjustment of payment service providers in the infrastructure segment. These activities contribute to a better understanding of the manner in which the digitalisation and development of new payment solutions may, in the long term, help reduce the environmental footprint of payment operations.

At the same time, further steps were taken towards a more sustainable cash cycle: shredded banknotes now may not be burned or disposed of in landfills and preparatory activities related to the recycling of kuna and lipa coins continued, including the establishment of the Committee for the preparation and implementation of the sale of kuna and lipa coins owned by the CNB. The CNB participated in the preparation of the extended study of the environmental footprint of cash for 2026 and in the work of the Expert Group for the Environment, Health and Safety, which included the organisation of meetings in Zagreb. The Croatian Mint still applies technologies and processes with reduced environmental impact, uses renewable energy and implements targeted improvement of environmental standards.

Climate-related and environmental factors were also taken into consideration in the management of the financial asset portfolio. The Eurosystem's methodology for calculating the climate-related features of non-monetary portfolios continued to be applied and the participation in the work of the expert groups dedicated to sustainable and responsible investment continued. This strengthens portfolio transparency with regard to the exposure to climate risks and their environmental impact, while preserving the principles of investment security and liquidity.

The CNB continuously applies measures for reducing its own environmental footprint. In 2025, it initiated the development of the Carbon Footprint Management

Strategy and the related action plan which involves measures related to energy efficiency, business process digitalisation and green public procurement. As part of this initiative, event organisation and business travel processes were improved, including preparations for the adoption of digital tools for participant registration and travel bookings and for the monitoring of $CO_2$ emissions.

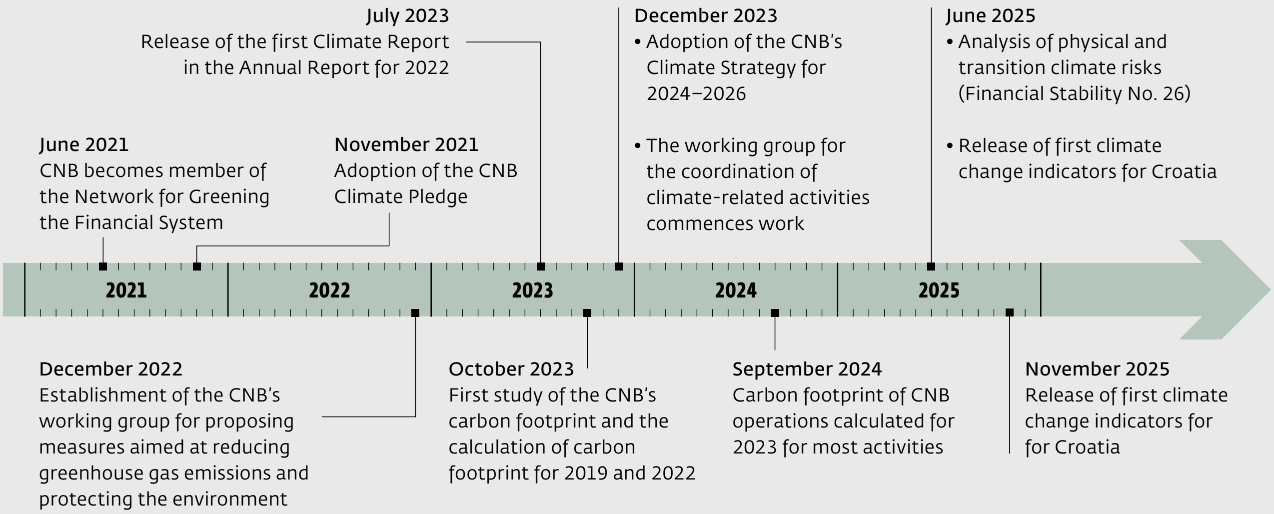
The release of the Sustainability Report for 2024 was a significant milestone in that context, for it was the first comprehensive document in which the CNB shows with all due transparency the implementation of the Climate Strategy, the climate-related financial report and the estimate of own carbon footprint.

At the national level, the CNB participated in the work of the Sustainable Finance Support Forum and in the preparation and implementation of the Forum's Action Plan for 2025 and 2026. In 2025, in cooperation with the Ministry of Finance, the Representation of the European Commission in the Republic of Croatia and other competent institutions the CNB organised the conference "Supporting Sustainable Financing".

Climate-related and environmental topics featured prominently in the CNB's educational and communication activities in 2025. The understanding of climate risks in the financial system improved thanks to the participation of employees in international programmes and internal knowledge-sharing. As part of the activities aimed at improving financial literacy, climate-related topics were systematically included in content addressed to pupils, students and the general public. The Visitors' Centre organised educational programmes and lectures linking climate changes with economic developments, price stability and financial behaviour, while Moneterra, through its permanent exhibition and special content, familiarised its visitors with the ecological aspects of money's life cycle, sustainable consumption and the role of the financial sector in climate transition.



**FIGURE 1 CNB and climate-related activities – chronology of key releases and activities**




Notes: In June 2025, physical and transition climate risks were analysed (Financial Stability No 26). At the same time, the Sustainability Report of the Croatian National Bank for 2024 was published. In November 2025, the first statistical climate indicators for Croatia were published.
Source: CNB.

# 14 Public relations

The introduction of the macroprudential measure tightening consumer lending criteria, elevated inflation, the monetary policy of the European Central Bank and the digital euro project were the main topics about which the Croatian National Bank informed the public in 2025. A new communication channel, the CNB Podcast, was introduced, and the promotion of new programmes in Moneterra – Money Museum of the Croatian National Bank was intensified. The public was informed in detail on the methodology for determining the structure and amount of banking fees and on the announcement of the package of free banking services. Special attention was devoted to financial literacy projects and the exchange of kuna coins for the euro, which was only possible until the end of 2025. As usual, announcements related to the issue of commemorative collector coins, such as the gold and silver coins "Marija Jurić Zagorka" and "King Tomislav", attracted great public attention.

In 2025, the CNB started streaming the CNB Podcast to provide listeners with a professional and clear insight into financial and monetary topics that are significant for the general and the professional public. In conversations with the members of the CNB's management and its experts as well as with guests from outside the CNB – economists and experts in various areas – topics such as inflation, monetary policy, financial stability, financial literacy, the role of money and central banks in general and other topics related to the work of the Croatian National Bank and central banks are presented in an audience-friendly manner. The guest of the first podcast, which was listened to almost 12,000 times, Governor Boris Vujčić, spoke about the digital euro. Seven more podcasts were released, discussing the psychology of money, the structure of the CNB's balance sheet, the macroprudential measure imposing lending restrictions and other topics from the area of financial literacy and economics.

Communication in 2025 focused on the continued promotion of the CNB's educational activities and on the work of Moneterra – Money Museum of the Croatian National Bank.

Communication in 2025 also focused on the continued promotion of the CNB's educational activities and on the work of Moneterra – Money Museum of the Croatian National Bank. All Moneterra projects, including Museum Night, Open Door Day, the presentation of collector coins in honour of Marija Jurić Zagorka and the familiarisation of the public with the publication "Financial Stability", thus featured prominently in the CNB's communications. The cycle of lectures by Dubravko Mihaljek "Monetarne (r)evolucije" (Monetary (r)evolutions) and by the former governor Marko Škreb "What keeps central bank governors up at night?" and the educational programme "Moneterrapija", consisting of free lectures on the monetary policy and the mandate of the Croatian National Bank, were also promoted.

Since these are topics of particular public interest, the reasons for the higher inflation rate in Croatia compared with the euro area average, the monetary policy of the European Central Bank and the reasons behind the CNB's macroprudential measure imposing restrictions on consumer lending and its effects were presented in detail. The public was informed about the digital euro project and about the expiry of the time limit for the exchange of kuna coins for the euro and all the technical details of the exchange process.

Public relations

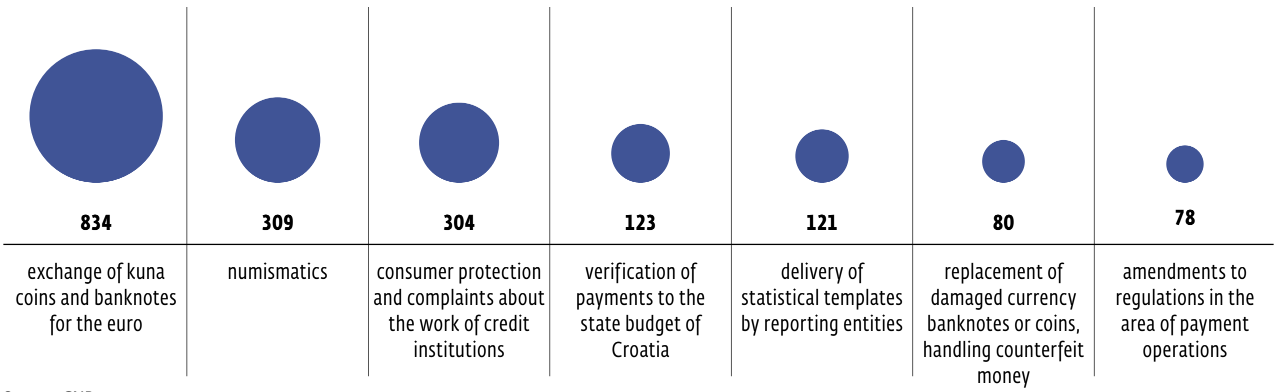
## COMMUNICATION ACTIVITIES

In 2025, 147 press releases on various topics within the competence of the Croatian National Bank were issued, from regular press releases covering monetary policy decisions of the CNB Council and the Governing Council of the European Central Bank to the report on CNB operations; the number of press releases was twice as high as in 2024.

The CNB answered 3567 queries submitted to the central bank by members of the public, corporations, media representatives, government institutions, embassies, and other interested parties from the country and abroad.

Comments and analyses of data collected by the CNB are also regularly released and the general public is informed about them in an adequate manner. The CNB regularly responds to the numerous queries of the press, and CNB officials and experts frequently appear in the media and at thematic conferences. Over the course of 2025, the CNB answered 3567 queries submitted to the central bank by members of the public, corporations, media representatives, government institutions, embassies, and other interested

**FIGURE 14.1 Queries of individuals and legal persons submitted to the CNB according to topic in 2025**




Source: CNB.

parties from the country and abroad. Of that number, 3194 were made by individuals, legal persons and institutions, and 373 by the media.

News regarding CNB operations and the regulations and measures within the central bank's competence as well as regular publications and research and working papers of the CNB's analysts was regularly published on the CNB website and its official accounts on social media, YouTube, Facebook, Instagram and LinkedIn, with 452 posts providing the public with information on the CNB's work, nearly a quarter more than in the previous year. Releases regarding the issue of the collector coin "King Tomislav" and the circulation coin "City of Pula – Arena" and the podcast in which the Governor Boris Vujčić spoke of the digital euro sparked the most interest.

The mHNB mobile application providing users with service information – exchange rate list, information list with the offer of loans and comparisons of bank fees (as of 2026, information on the ATM network as well) – was installed on a total of 20,669 devices from its launch to the end of 2025. In 2025, members of the public again installed and used the mobile application euroHR that assists them in the changeover. By the end of 2025, the application had been installed on 513,855 mobile devices.

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Intensified efforts on the production and release of video content continued on the CNB's YouTube channel, where citizens viewed the 43 videos released in 2025 32,377 times. Of the videos released, the CNB podcast in which Governor Boris Vujčić discusses the digital euro and the lecture in Moneterra entitled "Stablecoin: budućnost plaćanja ili uvod u novu krizu?" (Stablecoin: Future of Payment or Introduction to a New Crisis?) attracted the largest number of views. The videos from the 31st Dubrovnik Economic Conference, organised by the CNB and the IMF, the Open Door Day, the Great Student Debate and the Danish-Croatian student panel "Rainy and Sunny Days in Finances" also captured the attention of the public.

The Croatian public has shown great interest in the information about the digital euro and the protection of cash. In response, in mid-2025, the Croatian National

Bank published the press release “Both cash and the digital euro”, which states that the introduction of the digital euro does not imply the elimination of cash, i.e., of euro banknotes and coins, and that the forthcoming Regulation of the European Parliament and the Council of the European Union aims to further strengthen the status and security of cash as a legal tender. Governor Vujčić and Deputy Governor Sandra Švaljek spoke frequently on the topic in domestic and international conferences and published columns on the digital euro in the Croatian media.

The public was informed of the panel “Contribution of the Financial Sector to the Transformation of Business in Accordance with Sustainability Standards”, moderated by Deputy Governor Sandra Švaljek, at the conference “Supporting Sustainable Financing”, organised in cooperation with the Ministry of Finance, the Representation of the European Commission in the Republic of Croatia and other competent institutions in April 2025. The CNB’s Sustainability Report for 2024 was issued, and in late 2025, the CNB gave its support to the Declaration on the Economic Cost of Climate Inaction of the Network for Greening the Financial System (NGFS).

The Great Student Debate is the central activity by which the Croatian National Bank marks the Global Money Week. At its 9th edition, secondary school pupils, members of the Croatian Debate Society, discussed the topic “Can finfluencers help young people address their financial issues?”, and were joined by more than 190 pupils and teachers from 18 schools from 15 Croatian cities, who asked questions and actively participated in the debate.

At the beginning of the year, the public was informed about the lecture by Governor Boris Vujčić entitled “Money of the Future: Where Are the Young People in the Story of the Croatian National Bank?” at the conference “Money Tik Talk 2" held at RIT Croatia.

Once more, the Croatian National Bank successfully organised its Open Door Day: in April 2025, in a single day, more than a thousand people visited the central Round Hall in the CNB Building, a masterpiece by the most important architect of Croatian modernism, Viktor Kovačić. Adults were given the opportunity to educate themselves about finance, and children enjoyed discovering all the secrets of the euro by examining banknotes and coins. Among others, CNB Governor Boris Vujčić and Deputy Governor Sandra Švaljek participated in the event by delivering lectures to students and talking to members of the public.

Last year, the Regional Governors’ Meeting was organised in cooperation with the Faculty of Economics and Business in Osijek and included a governors’ panel discussion “Inflation and Payment Technologies in a Rapidly Changing World”. The introductory speech entitled “Enhancing Cross-border Payments in Europe and Beyond” was held by Piero Cipollone, member of the ECB’s Executive Board.

In late May and early June, the CNB organised two large conferences which were widely covered in the media. The two-day international conference “Growth and Resilience of Central, Eastern and Southeastern European Countries in a Fragmented World”, organised jointly by the Croatian National Bank (CNB) and the International Monetary Fund, was held in Dubrovnik. The 31st Dubrovnik Economic Conference, a forum for distinguished academics and representatives of financial institutions, central banks and the financial sector, began one week later.

In the second half of the year, the public was familiarised with the macroprudential measure imposing restrictions on consumer lending, with all the details and expected effects of the measure explained in detail. The interest of the media and the general public in the topic was exceptionally keen, which resulted in a large number of press texts and television reports as well as in numerous interactions in social media. Therefore, the topic was also covered in the CNB Podcast.

The European Central Bank selected the Croatian designer Iva Babaja as one of the members of the jury evaluating the proposals for the new euro banknote design. In addition to that news, the public was also informed about Frane Banić and Guzmán González-Torres of Banca d'Italia receiving the award of the Prof. Dr. Marijan Hanžeković Foundation in the category of regular papers for the paper "Different strokes for different folks: Untangling supply and demand shocks using survey-data to assess sectoral inflationary pressures in Croatia". Throughout the year, we informed the public about papers presented by CNB experts at economic workshops, covering a wide range of topics – from "Gender Differences in Savings Over the Life-Cycle – the Role of Financial Literacy" to "Explaining Wage Developments in Croatia: The Role of the Firm Composition Effect". The highly cited and widely shared CNBlog by Ana Martinis and Marko Olenković, explaining how and why Croatia became an IMF creditor in three decades, was also published.

The European Central Bank selected the Croatian designer Iva Babaja as one of the members of the jury evaluating the proposals for the new euro banknote design.

Aiming at comprehensively informing the public about economic developments, the CNB issues a series of publications directed at the professional and the general public. Regular publications provide an overview of current developments and forecasts of future developments, informing the public about the economic expectations on the basis of which the central bank adopts measures within its competence. Occasional publications include analytical and research papers on topics of particular concern to the CNB, as well as to the general public, providing a deeper insight into the current economic trends. Special attention was devoted to the Annual Report, which provides an overview of the CNB's activities in the past year.

In late 2025, the information campaign concerning the exchange of kuna with euro coins intensified, while the CNB Governor, along with his associates, delivered a keynote presentation about the macroeconomic projections of the CNB for 2026 at the traditional annual media briefing in December.

# 15 Activities of the Visitors' Centre

In 2025, the CNB continued to educate interested citizen groups, mostly young people, on topics within its purview in the CNB Visitors' Centre, striving to contribute to the strengthening of general economic literacy. CNB presentations and workshops were an opportunity for pupils and students to meet central bank experts and receive information about their work, which can help young people in their professional orientation. The lecturers of the Visitors' Centre, who are, as a rule, CNB employees, used these occasions to communicate with participants about their ideas and suggestions.

**FIGURE 15.1 Students from various parts of Croatia attended CNB workshops**


Source: CNB.

In 2025, interest in the training events organised by the CNB Visitors' Centre continued to be extraordinarily high. A total of 17,485 participants attended them, up from 10,374 in 2023 and 11,023 in 2024. The majority of attendees of presentations and workshops by CNB experts were secondary and primary school pupils from various parts of Croatia[1], with training events also held for university students, teachers, librarians and pensioners.

Lectures by CNB experts also aroused the interest of visitors from abroad, so that several presentations were held for students from Germany, China, the US and other countries. Online training events were organised for pupils and teachers from Bosnia and Herzegovina, Turkey, Greece, Romania and Portugal.

CNB experts held lectures in schools in Slatina, Labin, Lovran, Sv. Lovreč, Marčane, Gornje Jesenje, Selci Đakovački, Štrigova, Sv. Martin na Muri, Donja Stubica, Rijeka, Varaždin, Semeljci, Čakovec, Podgajci Podravski, Krapina, Daruvar, Josipovac, Brestovec Orehovički, Vrsar, Zlatar Bistrica, Našice, Pula, Valtura, Križevci, Ivanec, Županja, Vinkovci, Novi Marof, Novska and Zagreb.

1 From Novo Čiče, Sisak, Mala Subotica, Odra, Slavonski Brod, Šenkovec, Sveti Ilija, Samobor, Ivanić-Grad, Ivanec, Glina, Opatija, Moravice, Šibenik, Križevci, Koprivnica, Knin, Požega, Split, Zadar, Pula, Hrvatska Kostajnica, Zabok, Zaprešić, Duga Resa, Bjelovar, Crikvenica, Rijeka, Slatina, Rovinj, Makarska, Čakovec, Đakovo, Vinkovci, Poreč, Vukovar, Požega and Zagreb.

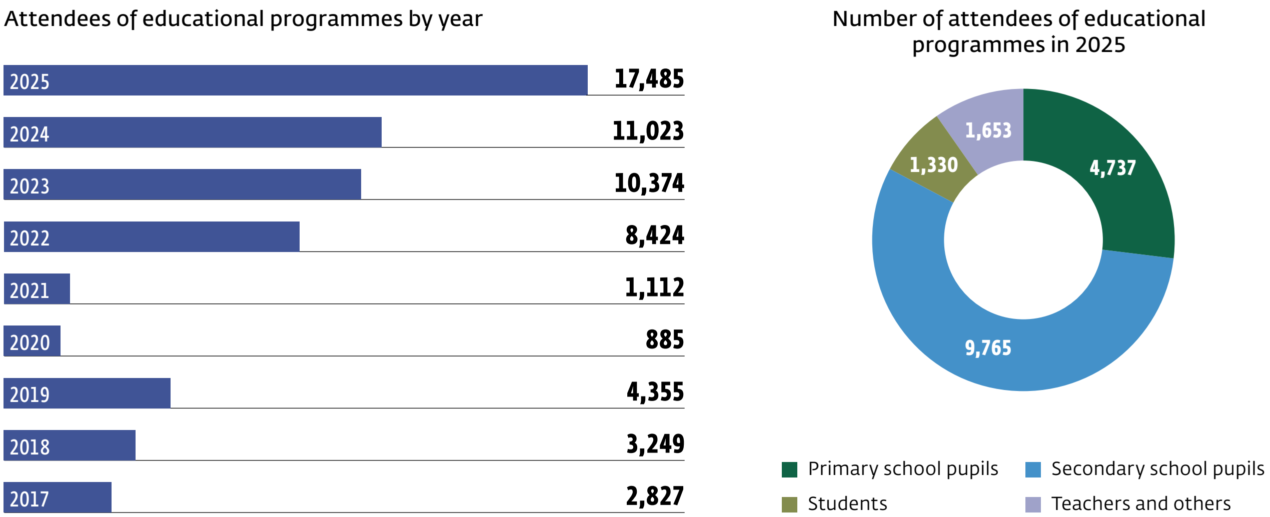
As part of the CNB's educational activities, a representative of the central bank participated in the panel "Budućnost novca u digitalnoj eri" (Future of Money in the Digital Age) held at the University of Dubrovnik, in which topics related to the digitalisation of money, such as regulation and safety in digital finance, innovation in fintech and the future of payments, the impact of crypto-assets on the use of traditional forms of payment, the challenges and opportunities of digitalisation for consumers and institutions and the role of central bank digital currency in the modern financial system were discussed with a special emphasis on the digital euro and current global challenges.

Furthermore, topics such as personal finance management, development of money and basics of banking, safety of internet and mobile payments and the basic facts about banking and financial products sparked the most interest among the participants in the programmes, mainly primary and secondary school pupils and their teachers. Other topics that attracted interest included "The euro, our money", "Security features of euro banknotes and coins", "Crypto-assets – a passing trend or the future of money?", "The digital euro – when is it coming and what is it bringing?", "Current economic developments and monetary policy", "What has the euro brought us", "The CNB in the Eurosystem" and "The role of the CNB in maintaining financial stability".

Prevention of money laundering and terrorist financing, operations of international financial institutions, supervision of credit institutions, green finances, cash management, cashless payment operations and market trends, current topics in consumer protection and macroeconomic and forecasting models used by the CNB were some of the other topics that sparked the interest of attendees of the CNB's educational programmes.



**FIGURE 15.2 Number of attendees of CNB educational programmes**




Source: CNB.

# 16 Human resources and organisation

In 2025, the focus in the field of human resources management was placed on the acquisition of knowledge and skills to improve employee effectiveness and increase the CNB's visibility as a potential and desirable employer.

## CHANGES IN INTERNAL ORGANISATION

Over the course of 2025, the CNB continued to improve and optimise its internal organisation with a view to successfully attaining its goals, accomplishing its tasks and enhancing its business processes. Amendments to the Rules on internal organisation in 2025 encompassed six organisational units at the level of areas, departments, offices and centres.

The changes were related primarily to the elimination of existing and the establishment of new organisational units or their reorganisation, amendments of job descriptions and harmonisation of terminology.

The reorganisation of the Currency Area continued the alignment with the requirements stemming from Eurosystem membership and inclusion in a series of expert working groups of the European Central Bank and the European Commission.

By the adoption of the Act Implementing Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MICA), the Croatian National Bank found itself in charge of a new area of competence, which was assigned to the Consumer Protection Monitoring Office.

Amendments of job descriptions were, in part, related to the tasks of data collection and processing, the calculation of greenhouse gas emissions in CNB operations and the preparation of the carbon footprint report.

Process optimisation was aimed at improving the organisational structure with clear decision lines, identification of objectives and priorities and clearly identified responsibilities in key business processes and products.

The changes improved the communication and control of output information and introduced systematic and up-to-date business processes. Also, by combining related business activities in one place, operational, financial and reputational risks will be managed more efficiently.

## CARING ABOUT EMPLOYEES

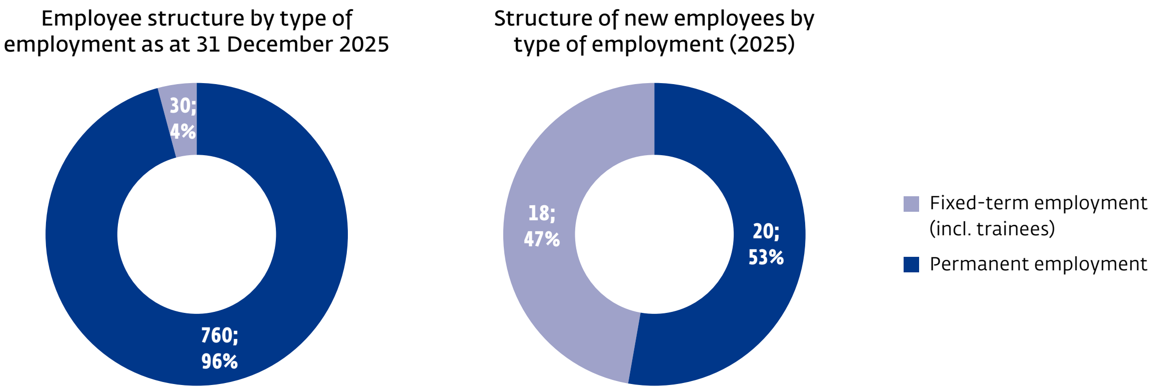
Since employees are a key factor for an organisation's success, in 2025, the CNB continued its efforts to recognise employees' need for a work-life balance. Special attention was devoted to the care for children and other immediate family members of employees, as well as to employee health by subsidising preventive physical examinations and sports activities. Furthermore, the CNB takes care of its employees in various exceptional situations, so that, in emergency situations (illness, child care) laid down by the Labour Act, employees are able to work from home for a period longer than five days in a month.

Over the course of 2025, the CNB continued to improve and optimise its internal organisation with a view to successfully attaining its goals, accomplishing its tasks and enhancing its business processes.

## RECRUITMENT AND EMPLOYMENT RELATIONSHIPS

As at 31 December 2025, the CNB had a staff of 790, which is 1% more than at the end of 2024. The increase in the number of employees was a result of alignment with the requirements stemming from Eurosystem membership and new statutory areas of competence mentioned above.

**FIGURE 16.1 Employee number and structure according to type of employment**




Source: CNB.

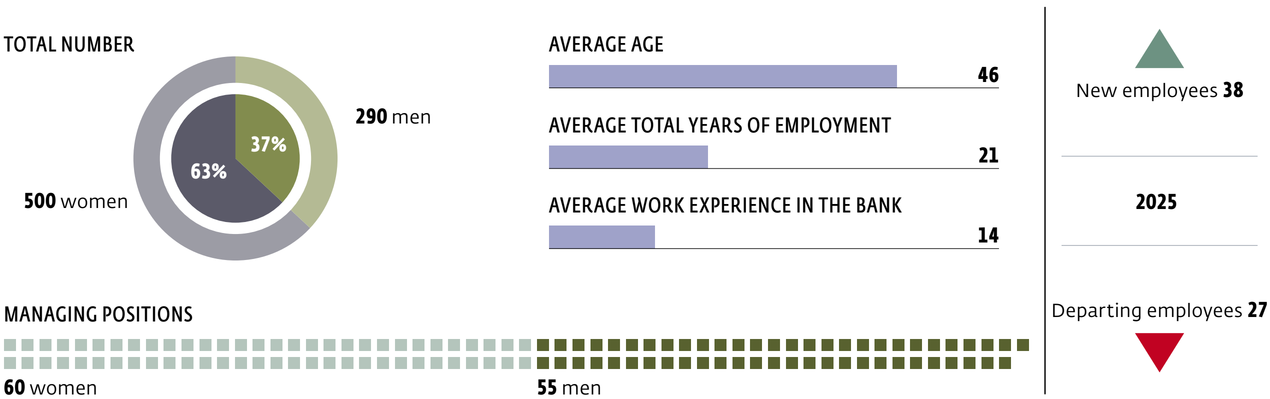
The CNB remains one of the few central banks in the European System of Central Banks that has a higher share of women in the structure of its employees according to gender. Women work in all types of jobs: research, analytical, supervisory, legal, IT, etc. and are equally represented in management positions.

As over the previous years, in 2025 new employees were again, by and large, professional economists. Over the course of 2025, a total of 27 employees left the CNB permanently, mostly by terminating their employment by mutual consent or due to retirement. The average age of CNB employees was 46 years and they had a total average work experience of 21 years. The average work experience at the Bank was 14 years.

In 2025, nine trainees who had completed their traineeships and passed the trainee exam, were hired by the CNB.

Since the CNB supports and recognises the advantages of an interdisciplinary approach to work, it employs a relatively large number of professionals from the

**FIGURE 16.2 Employee structure at the CNB in 2025**



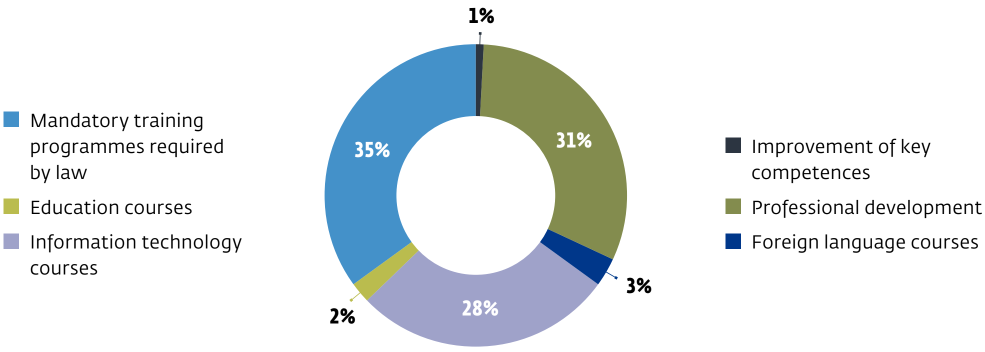

Source: CNB.

natural sciences as well as from, technical, social, and other disciplines. As in previous years, a large share of employees have advanced degrees, including doctorates and master's degrees or other postgraduate qualifications.

## Employee development

The number of employees that participated in various educational programmes was larger than in the previous years. Most of the employees participated in professional development programmes, mandatory training programmes required by law and other training programmes at Bank level, with the programmes of improvement and development of competences accounting for a higher share. A smaller share of employees took part in foreign language courses, information technology courses, and the like.

**FIGURE 16.3 Employee development by type of education (2025)**




Source: CNB.

It should be noted that in 2025, in addition to basic information technology courses (Word, Excel, Access, etc.), training courses were made available for specific business needs, e.g. training in Tableau, a tool for data processing and presentation, in programme languages R, PYTHON, SQL and in the use of artificial intelligence.

## Development and improvement of competences continue

In 2025, the CNB, recognising the importance of continued development and improvement of employee competences, organised multiple workshops for targeted large groups of employees from different organisational units. Numerous workshops and training programmes were completed in an effort to improve the existing expert and key competences of employees and develop new professional skills. In addition, workshops were organised that focused on the improvement of communication skills, team work, development of ethical competences and competences required for the prevention of money laundering and terrorist financing and other specific areas of knowledge. Continued investment into the development of employee competences contributed to higher motivation and commitment of employees in their daily work and to better team connection and communication.

### Scholarships and student internship

Activities with students of Croatian institutions of higher education continued in 2025. Aiming at presenting the CNB as employer, employees of the Human Resources Department participated in the Work in Science – WISe fair at the Faculty of Science in Zagreb and at the careers fair at the Faculty of Economics and Business of the University of Zagreb, and with a view to supporting students, the CNB invited applications for student internships with the CNB and for CNB scholarships.

In early June 2025, the CNB called for applications for student internships for a maximum duration of 25 days. A total of 27 candidates applied. Ten candidates were proposed and then selected for student internship with the CNB.

The scholarships contributed to the successful attraction of the adequate profile of employees to work with the CNB. In May 2025, the CNB also invited applications for CNB scholarships. By the deadline for applications, a total of 44 candidates had put their names forward. Following expert interviews and psychological assessment, eight students were proposed as scholarship recipients: five studying economics, two studying IT and one studying physics. The CNB signed scholarship agreements with the selected students.

Finally, in 2025, the Trade Union of the Croatian National Bank was established and commenced its regular activities.

# 5 Ethics and integrity

The Code of Conduct of the Croatian National Bank lays down the standards of ethical conduct and integrity for employees and establishes core ethical principles promoted by the CNB. The ethics framework of the Croatian National Bank incorporates the principles of the Eurosystem Ethics Framework and the Ethics Framework of the Single Supervisory Mechanism. The responsibility for the promotion of employee compliance with the code of ethics and for the monitoring of staff adherence to the ethics framework lies with the Compliance Office.

## THE ETHICS FRAMEWORK OF THE CROATIAN NATIONAL BANK

The ethics framework of the Croatian National Bank consists of:

1) the Code of Conduct of the Croatian National Bank;
2) the Decision on restrictions on critical private financial transactions of employees of the Croatian National Bank;
3) the Decision on exemptions from the prohibition on receiving advantages; and
4) the Decision on managing conflicts of interest.

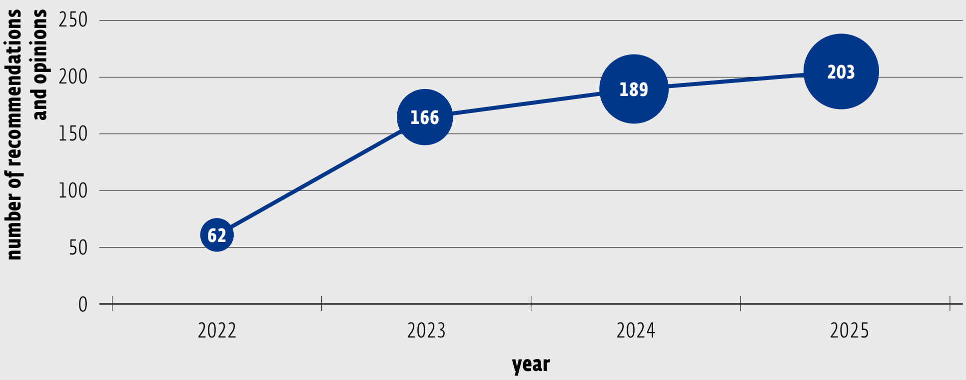
The Code of Conduct lays down the highest standards of ethical conduct and integrity for employees, classified into the following six areas: a) protection of dignity and prohibition of discrimination; b) avoidance of conflicts of interest; c) communication, including communication among employees, and between employees and third parties as well as in public appearances, teaching and opinion writing; d) professional secrecy and prohibition of the misuse of non-public information; e) impartiality; and f) treatment of CNB property and resources. The Code of Conduct also lays down the following core ethical behaviour promoted by the CNB: acting responsibly, honestly, independently and impartially, with respect and discretion, avoiding any form of inappropriate behaviour, as well as maintaining professionalism, transparency, equality, diversity and inclusion.

## EDUCATION AND COUNSELLING OF EMPLOYEES

In order to familiarise employees with the ethics framework of the Croatian National Bank, the Office continued educating and counselling employees in 2025, for instance by organising specialised training on the prevention of conflict of interest for all employees in the field of supervision.

Furthermore, the Office also continued to train new employees of the CNB within the programme entitled "Razgovarajmo o etici" (Let's talk about ethics) in an effort to provide them with basic information about the CNB's ethics framework and acquaint them with the highest standards of ethical behaviour and integrity and the core ethical principles promoted by the CNB. In 2025, the Office carried out six training courses for new employees.

**FIGURE 1** **Inquiries of employees requesting recommendations and opinions**




Source: CNB.

An important task of the Office is also to provide counselling and instructions to employees and to prepare opinions and interpretations of individual provisions that constitute the CNB's ethics framework. In 2025, the greatest number of inquiries was related to work for another employer and restrictions on critical private financial transactions of employees, followed to an equal extent by inquiries relating to the prevention of conflicts of interest, exceptions to the prohibition of receiving advantages and other areas pertaining to the CNB ethics framework.

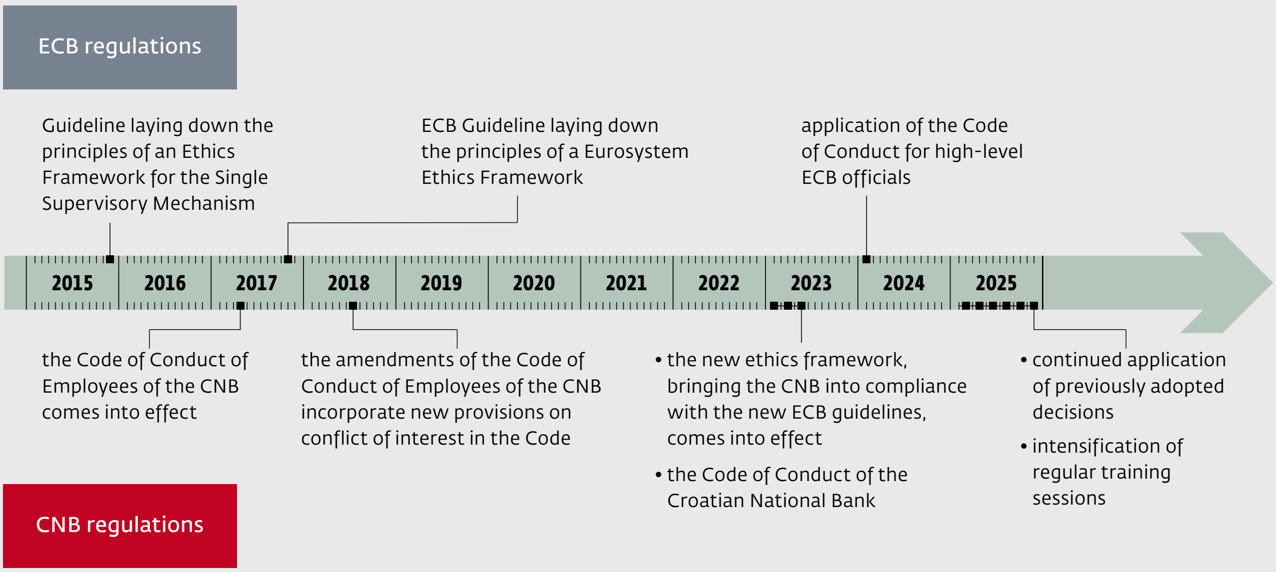
The rising awareness of the importance of the principles of ethics and integrity is visible in the constant increase of inquiries requesting recommendations and opinions from the Office (in 2022, the Office received 62 inquiries, compared to 166 inquiries in 2023, 189 inquiries in 2024 and 203 inquiries in 2025).

## MONITORING OF ETHICAL COMPLIANCE

One of the key tasks of the Office is the regular monitoring of ethical compliance, carried out according to the Annual plan of compliance monitoring. The objective of this procedure is to monitor compliance with internal bylaws regulating the issues within the competence of the Office and aiming at promoting CNB operations based on responsible, honest, independent and impartial activity, with respect and discretion, maintaining professionalism, transparency, equality, diversity and inclusion, while avoiding any form of inappropriate behaviour.

To ensure the consistent application of ethical standards, the Office will continue educating employees on the ethics framework, thus contributing to ethics culture, strengthening the credibility of the CNB and enhancing the trust of supervised entities and other monetary policy counterparties, as well as of all citizens of the Republic of Croatia in the operations and work of the Croatian National Bank.

**FIGURE 2 Development of ethical standards in the CNB**




Source: CNB.

# Members of the Council and management of the Croatian National Bank

**Boris Vujčić**, Governor
**Sandra Švaljek**, Deputy Governor
**Tomislav Ćorić**, Vicegovernor
**Michael Faulend**, Vicegovernor
**Bojan Fras**, Vicegovernor
**Ivana Jakir-Bajo**, Vicegovernor
**Maroje Lang**, Vicegovernor

Chief Economist: **Vedran Šošić**
Chief Operating Officer: **Tomislav Presečan**

## Executive directors

| | |
|---|---|
| Research Area | **Davor Kunovac** |
| Controlling, Finance and Accounting Area | **Diana Jakelić** |
| Information Technology Area | **Mario Žgela** |
| Support Services Area | **Boris Zaninović** |
| Central Banking Operations Area | **Irena Kovačec** |
| Communications Area | **Alemka Lisinski** |
| Statistics Area | **Tomislav Galac** |
| Prudential Regulation and Methodology Area | **Sanja Petrinić Turković** |
| Expert Supervision and Oversight Area | **Damir Blažeković** |
| Prudential Supervision Area | **Renata Samodol** |
| Legal Area | **Dražen Odorčić** |
| Payment Operations Area | **Bruno Vukoja** |
| International and European Relations Area | **Sanja Tomičić** |
| Currency Area | **Tihomir Mavriček** |

## Directors of the Offices

| | |
|---|---|
| Security Office | **Zoran Bogdanović** |
| Internal Audit Office | **Ivana Krečak** |
| Foreign Exchange Regulation Office | **Zoran Jurak** |
| Compliance Office | **Vjekoslav Kozina** |
| Consumer Protection Monitoring Office | **Snježana Levar** |
| Credit Institutions Resolution Office | **Lidija Pranjić** |
| Succession Issues Coordination Office | **Snježana Raić** |
| Office of the Governor | **Nina Srkalović** |
| Office for Coordination of Prudential Supervision, Oversight and Risk Management Activities | **Mario Varjačić** |
| Office for the Supervision of Entities in Non-Performing Loan Sales | **Sandra Tripović** |
| Financial Risk Management Office | **Ivan Budimir** |
| Visitors' Centre | **Dejana Rebernik** |
| Information and Education Centre "Moneterra – the Money Museum of the Croatian National Bank" | **Ines Merkl** |

# Organisational scheme

## GOVERNOR

### Chief Economist

#### Research Area
- **Economic Analysis Department**
- **Monetary Policy Department**
- **Macroprudential Policy and Financial Stability Department**

#### Payment Operations Area
- **Payment Operations Regulation and Development Department**
- **Payment Operations Supervision Department**
  - Payment Operations Supervision Division
  - Operations Statistics Division
- **Payment Systems Operations Department**
  - Payment Systems Division
  - Client Operations Division

#### Compliance Office

#### Succession Issues Coordination Office

### Chief Operating Officer

#### Controlling, Finance and Accounting Area
- **Controlling Department**
- **Finance and Accounting Department**
  - Central Accounting Division
  - Monetary and Payment Operations Accounting Division
  - International Reserves and Other Financial Assets Accounting Division
  - Internal Accounting Operations Division
  - Finance and Administrative Accounting Division

#### Information Technology Area
- **Application Systems Development Department**
  - Data Warehouse Division
  - Business Application System Development Division
  - Quality Assurance Division
- **IT Operations Department**
  - Network and Operating Systems Management Division
  - User Support Division
  - Information System Security and Protection Division
  - Database, Enterprise Reporting Systems and Document Management Division

#### Support Services Area
- **Human Resources Department**
- **Technical Services Department**
  - Technical Support Services Division
  - Maintenance Division
- **General Services Department**
  - General Support Services Division
  - Mail Services Division
  - Facilities Supply and Storage Services Division
- **Procurement Department**
- **Business Protocol Department**

#### Security Office

## Deputy Governor

#### Central Banking Operations Area
- **Monetary Operations Department**
  - Liquidity Forecasts Division
  - Open Market Operations Division
  - Transactions Processing Division
- **Financial Asset Management Department**
  - Financial Asset Transactions Division
  - Financial Transactions Control and Settlement Division
  - Financial Asset Management Division

#### Communications Area
- **External, Internal and Digital Communications Department**
  - External and Internal Communications Division
  - Digital Communications Division
- **Publications Department**
- **Language and Documentation Department**
  - Translating and Language-Editing Division
  - Information and Documentation Centre

#### Office of the Governor

#### Internal Audit Office

#### Financial Risk Management Office

#### Visitors' Centre

#### Information and Education Centre "Moneterra – the Money Museum of the Croatian National Bank"

## Vicegovernor

#### Statistics Area
- **Monetary and Financial Statistics Department**
  - Monetary Financial Institutions Statistics Division
  - Securities and Non-Monetary Financial Institutions Statistics Division
  - Financial Accounts and Government Statistics Division
- **External Statistics Department**
  - Balance of Payments Statistics Division
  - External Debt and International Investment Position Statistics Division
- **General Economic Statistics and Statistical Information Systems Department**

#### Foreign Exchange Regulation Office

## Vicegovernor

### Prudential Regulation, Methodology and On-site Supervision Area

**Prudential Regulation and Crisis Management Department**

**On-Site Supervision and Risk Modelling Department**

**Prudential Reporting, Methodology and Analysis Department**
- Prudential Reporting Division
- Prudential Methodology and Analysis Division

### Prudential Supervision Area

**Supervision Department I**

**Supervision Department II**

### Expert Supervision and Oversight Area

**Information Systems Supervision Department**

**Anti-Money Laundering and Terrorist Financing Supervision Department**

### Office for Coordination of Prudential Supervision, Oversight and Risk Management Activities

### Office for the Supervision of Entities in Non-Performing Loan Sales

## Vicegovernor

### International and European Relations Area

**European Relations Department**
- ESCB and Eurosystem Division
- EU Policies Division

**International Financial Institutions Department**
- International Financial Institutions Policies Division
- Division for Financial Relations with International Financial Institutions

### Credit Institution Resolution Office

## Vicegovernor

### Legal Area

**Financial and Supervisory Law Department**
- Financial Law Division
- Supervisory Law Division

**General Legal Affairs Department**

### Consumer Protection Monitoring Office

## Vicegovernor

### Currency Area

**Currency Operations Regulation, Development and Control Department**
- Currency Operations Regulation and Development Division
- Currency Operations Control Division

**Currency Safekeeping, Processing and Supply Department**
- Currency Safekeeping and Supply Division
- Currency Processing Division
- Division for Client Relations in Cash Operations

**National Counterfeit, National Analysis and Coin National Analysis Centres**
- National Counterfeit Centre
- National Analysis Centre
- Coin National Analysis Centre

25

# Climate-related Financial Report **2025**

# Climate-related Financial Report

The Croatian National Bank's fourth climate-related disclosure for non-monetary portfolios continues to inform the public about the exposure of its own financial assets to climate and environmental risks, the impact of its financial activities on climate and the environment, raises the awareness and understanding of climate-related and environmental risks and contributes to consistent publication of climate metrics at Eurosystem level.

According to the common framework, the Eurosystem central banks, including the Croatian National Bank, have committed themselves to the disclosure of climate-related information on financial assets once a year.

The climate report covers the following four thematic areas: a) governance, b) strategy, c) risk management and d) metrics and targets.

The Croatian National Bank participates in activities and implements initiatives by which the Eurosystem aims to reduce the exposure of its own financial assets to climate and environmental risks and to contribute to the transition to a climate-neutral economy and the achievement of the climate objectives of the European Union. Climate-related disclosures are continuously improved thanks to the greater availability and quality of climate-related data and evolving methodologies and expertise in the area of climate risks. This year's CNB disclosure also includes indicators adjusted to inflationary effects for production emissions of government issuers.

Similarly to previous climate-related financial reports, this report contains information on financial assets managed by the CNB, consisting of the foreign currency assets of the Republic of Croatia that have not been transferred to the European Central Bank, euro-denominated assets not accrued in the implementation of the common monetary policy and the portfolio of Croatian government bonds purchased within the pandemic programme of purchase of Croatian government bonds. At the end of 2025, the financial assets referred to in this report stood at about EUR 24.8bn.

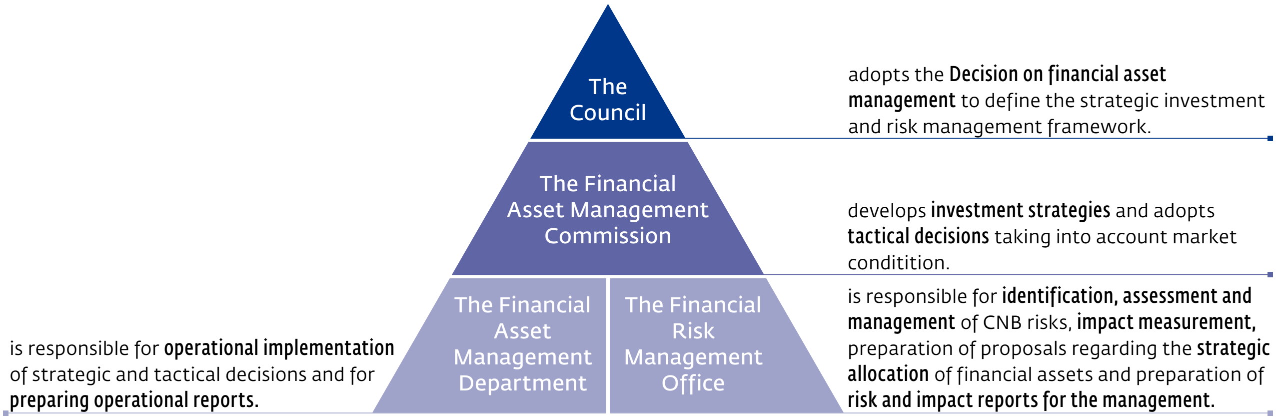
## 1 GOVERNANCE

The governance of the Croatian National Bank is laid down in the Act on the CNB, the Treaty on the Functioning of the European Union and the Statute of the ESCB and of the ECB. The CNB takes into account climate-related issues in performing its tasks and operations as defined by the Act and supports the climate objectives of the European Union, as long as this does not pose a threat to the maintenance of price stability and financial stability.

The Council of the CNB adopts the strategic investment and financial risk management framework. In its Decision on financial asset management, the Council specifies the guidelines, criteria and limits on financial asset risk exposures. In accordance with the objectives and criteria set by the Council of the CNB, the Financial Asset Management Commission develops investment strategies and adopts tactical decisions taking into account market conditions. The Financial Asset Management Department is responsible for investing financial assets on a daily basis, while the Financial Risk Management Office is responsible for assessing and measuring risks, including climate risks, as well as impact measurement and drafting proposals for the strategic allocation of financial assets. It is the task of the Financial Asset Management Department and the Financial Risk Management Office to report to the Commission and the Council. In financial asset management, the CNB maintains appropriate risk exposure and, within the given restrictions, attempts to ensure favourable rates of return on its investments.

Financial assets managed by the CNB consist of the foreign currency assets of the Republic of Croatia that have not been transferred to the European Central Bank in accordance with Article 30.1 and Article 48.1 of the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB) and euro-denominated domestic assets not related to the implementation of common monetary policy. These assets also include the portfolio, which is not actively managed, of Croatian government bonds purchased during the COVID-19 pandemic to mitigate economic consequences and market disturbances. In managing financial assets, the CNB aims to support monetary policy,

**FIGURE 1 Strategy and decisions regarding the management of CNB's financial assets**




Source: CNB.

financial stability and confidence in the financial system and is primarily ruled by the principles of liquidity and safety of investment.

The largest share of financial assets is invested in government and government institutions' securities, the safest and most liquid instruments. Therefore, the features of the governments issuing these securities significantly affects the level of sustainability of the total financial asset portfolio. In addition, financial assets are invested in the securities of international financial institutions and agencies and in covered bonds.

The management of climate risks and opportunities regarding financial assets is incorporated in the existing structures of financial asset management and investment strategy. Such an integrated approach to sustainability and climate-related issues in general stems from the CNB's strategic documents and principles of sustainability and climate change considerations in the performance of all operations and tasks defined by the Act.

## 2 STRATEGY

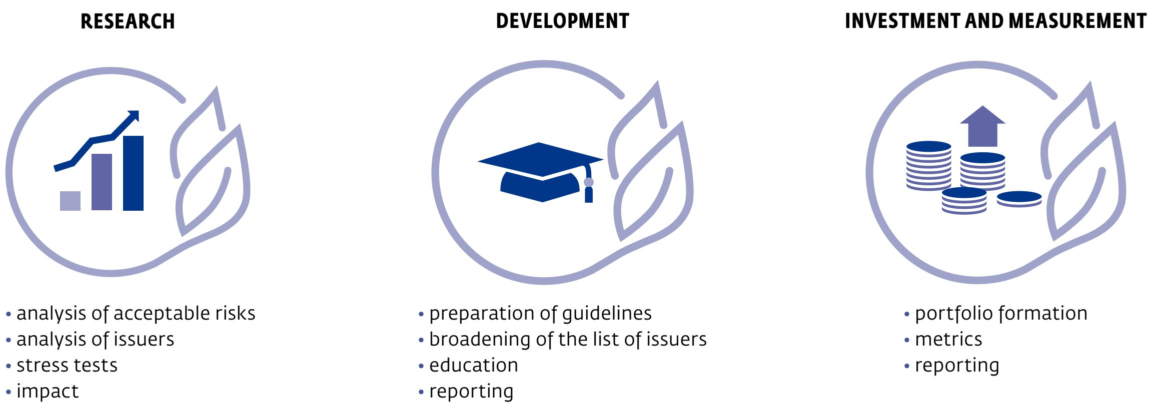
The CNB's sustainable investment strategy builds upon the Strategic Plan for the period from 2024 to 2026, the framework strategic document of the Croatian National Bank. The Strategic Plan includes the commitment to sustainable development among the six strategic objectives in the period to which the plan refers. Priority activities within this objective include recognising and understanding climate-related and environmental risks to which the bank's own financial assets are exposed, considering the principle of sustainability in financial asset management and promoting the greening of the financial systems.

The Climate Strategy for the period from 2024 to 2026, adopted in December 2023, follows up on the Strategic Plan for the period from 2024 to 2026 and its objective of commitment to sustainable development. The Strategy defines the objectives and priorities in the area of climate change adaptation and mitigation. The Climate Strategy sets the following main goals for the forthcoming three-year period: the understanding of climate risks for price stability and financial stability, integration of climate risks into the supervision of credit institutions, support to the transition to a low-carbon economy, reducing own carbon footprint and active support to initiatives for climate change mitigation and adaptation. The adoption of the Climate Strategy was preceded by the 2021 Climate Pledge under which the CNB undertook to develop and implement its own climate strategy in different areas within its competence, including in the area of financial asset management.

The goal of the CNB's sustainable investment strategy is the greening of its financial assets, taking into consideration the importance of climate change mitigation and transition to a sustainable economy, as well as the management of climate risks to which the CNB's own assets are exposed. Furthermore, it is guided by the general principles for the management of CNB financial assets. Research, development, investment and measurement activities are taken for the purpose of greening financial assets (Figure 2).

The CNB directs a portion of its investments towards bonds associated with projects having a positive impact on environmental and other aspects of sustainability: green bonds, social bonds and sustainability bonds. In this way, the CNB becomes indirectly involved in the process of reducing the greenhouse gases of their issuers.

**FIGURE 2 Activities to be taken for the purpose of greening financial assets**




Source: CNB.

## 3 RISK MANAGEMENT

The CNB recognises the importance of a thorough understanding of climate change-related risks for financial asset management and identifies, assesses and manages those risks. In addition, the CNB incorporates long-term climate risks in its financial asset management and constantly acquires new knowledge and improves methodologies.

CNB financial assets are exposed to climate change-related risks. Integration of climate change-related risks in the process of comprehensive risk management is currently under way; these risks will not be assigned to a separate risk category, instead they will be considered as factors adding to existing categories of financial risks: market and credit risks as well as liquidity risk and operational risk. Financial risks are monitored through a system of daily limits on financial assets investment established by the risk management framework.

# 4 METRICS AND TARGETS

## Metrics

Greenhouse gas emissions are measured and expressed in tonnes of $CO_2$ equivalent. In accordance with the generally accepted GHG Protocol, emissions from three scopes are usually reported. Scope 1 includes emissions for which an organisation is directly responsible by using its resources, such as natural gas, fuel oil or fuels. Scope 2 includes indirect emissions generated by the generation of electricity or heat used by an organisation. Scope 3 includes all other indirect emissions that occur throughout the entire value chains used by an organisation.

$CO_2$ equivalent enables the expression of emissions of different greenhouse gases (carbon dioxide, methane, nitrous oxide and other gases) in the units of carbon dioxide emissions, by converting their global warming potential into the potential of carbon dioxide global warming.

The Eurosystem common framework for climate-related financial disclosures for non-monetary portfolios envisages reporting on a minimum of three metrics: weighted average carbon intensity, total carbon emissions, carbon footprint and the share of green bonds, while the Croatian National Bank also reports on carbon intensity. The calculation of these metrics is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Partnership for Carbon Accounting Financials (PCAF).

The above metrics are applied in reporting, in accordance with the double materiality principle, on the interconnectedness between climate and the financial portfolio, i.e. on the impact of climate change on the financial portfolio's exposure to climate risks (financial materiality), as well as on the impact of the financial portfolio on climate and environment (impact materiality ).

- **Weighted average carbon intensity** (**WACI**) measures a portfolio's exposure to issuers' greenhouse gas emissions, and is expressed in tonnes of $CO_2e$ per million euro of issuers' revenue or per million euro of GDP for government issuers. Greenhouse gas emissions are normalised by the size of the issuers' economic activity and this is how their carbon intensity is obtained. The carbon intensity of an individual issuer is weighted by the share of the exposure to that issuer in the total portfolio in order to calculate weighted average carbon intensity. Weighted average carbon intensity is the central element of the Eurosystem's climate-related financial disclosures because it is calculated from easily available data, it includes the normalisation of data and is broadly used in the financial sector, which allows for its comparison for the portfolios of different sectors and in different periods. It provides an insight into financial significance, or the portfolio's exposure to climate transition risks.
- **Total carbon emissions** (**TCE**) measures the total carbon emissions of a portfolio; it is expressed in tonnes of $CO_2e$ and calculated by weighting greenhouse gas emissions of the individual issuer by the share of investment in the total capital structure of the issuer, or GDP for government issuers. This metric is not normalised and cannot be used for comparison, and the level of this metric is mostly affected by the size of the portfolio itself. It provides an insight into environmental significance, i.e. its contribution to climate change. Total carbon emissions serve to calculate normalised metrics, such as the carbon footprint and carbon intensity.
- **Carbon footprint** (**CF**) normalises the total carbon emissions (TCE) by portfolio market value, expressed in tonnes of $CO_2e$ per one million euro of investment. It allows for a comparison between portfolios of different sizes over time.

- **Carbon Intensity (CI)** normalises the total carbon emissions (TCE) by revenue or GDP according to purchasing power parity or the population, expressed in tonnes of $CO_2$e per one million euro of revenue/GDP. This metric measures the carbon efficiency of a portfolio in financing economic activity.

All four metrics are based on a standardised methodology and are often used in financial sector climate reports. The normalised metrics (WACI, CF and CI) and the absolute metric (TCE) complement each other and together provide a high degree of transparency about a portfolio's exposure to climate risks, as well as the effect of a financial asset portfolio on climate and the environment.

In contrast to those for corporate issuers, the methods for the allocation of emissions for government issuers are not standardised. Nevertheless, in order to ensure a higher level of transparency of disclosures for government investments, the common framework of the Eurosystem foresees two different methods for the allocation of emissions for government issuers: according to production emissions and according to consumption emissions.

- **Production emissions** are greenhouse gas emissions created within country borders through production for domestic consumption and export. This definition is based on the territorial approach to emissions adopted by the United Nations Framework Convention on Climate Change (UNFCCC) for annual national emission inventories. Production emissions include two metrics: the one that includes and the one that excludes the effects of land use, land-use change and forestry (LULUCF).

- **Consumption emissions** are emissions related to domestic demand, including emissions caused by the consumption of imported goods and excluding emissions caused by the consumption of exported goods. This metric solves the problem of carbon leakage, which arises as a result of shifting production away from countries to which the goods are eventually imported for consumption.

The release of metrics related to central government emissions is suspended from this report by following the updated PCAF standards for the financial sector according to which production emissions and consumption emissions are competent methodologies for government issuers.

The CNB used the data from ISS Institutional Shareholder Services, Inc. (ISS) in its calculation. The guiding rule is to use data published by the issuer, and if these data are not available, data provider's data estimated by applying the model are used. In addition, World Bank data for countries (GDP according to purchasing power parity, population) are also used. This ensures comparability of data within the Eurosystem.

All data included in the calculation of the metrics should have the same reference years, but the disclosures of greenhouse gas emissions and economic data are published with a lag, so the reference years do not match in newer reporting periods. An overview of the metrics for the specific year will be subsequently updated and adjusted according to new data. Also, data coverage is greater for government issuers than for other issuers, which limits the comparability of individual metrics.

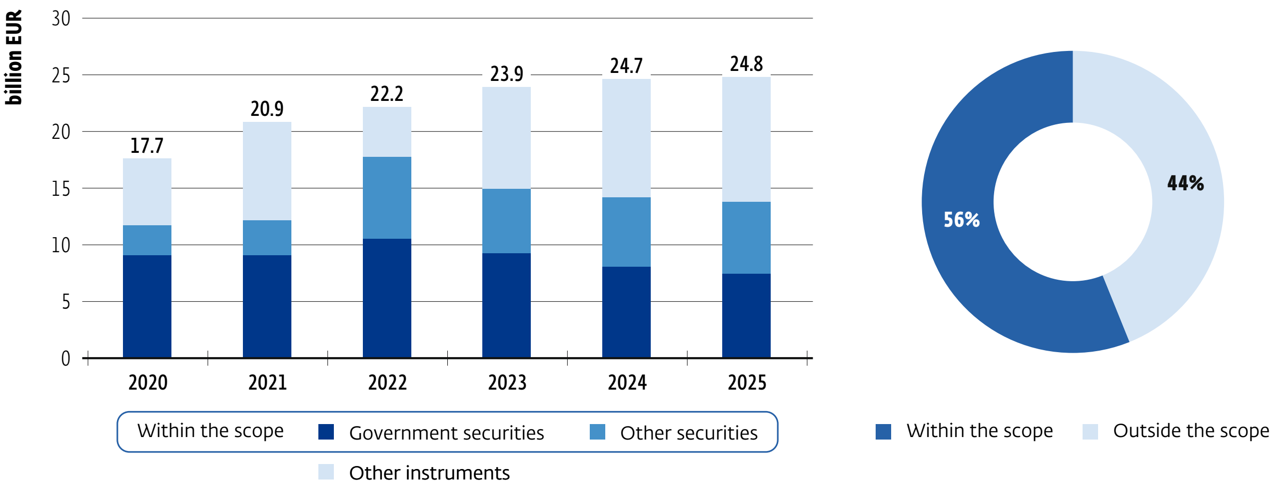
The CNB also reports on the share of investment in green, social and sustainability bonds in total financial assets using the ICMA Green Bond Principles.

## Calculated climate metrics and their development

Like most euro area central banks, the Croatian National Bank primarily invests its financial assets in the safest and highly liquid financial instruments, such as government and government institutions' securities. Therefore, the behaviour of the governments issuing these securities significantly affects the carbon footprint of the portfolio itself. All issuers of government securities included in financial assets are signatories to the Paris Agreement, with the exception of the USA, and are committed to the reduction of greenhouse gas emissions in accordance with the objectives of the Paris Agreement. In January 2025, the USA announced its withdrawal from the Paris Agreement and suspended the implementation of its Nationally Determined Contribution (NDC). The remaining portion of the CNB's financial assets consists of the securities of international financial institutions and agencies, covered bonds and other instruments including funds in the account, deposits and funds entrusted to the management of an international financial institution.

At the end of 2025, the CNB's financial assets stood at about EUR 24.8bn, 90% of which was in euro and 10% in US dollars and other currencies. Investments in government and government institution securities accounted for around 30% of financial assets, a further 23% of the assets was invested in securities of international financial institutions and agencies, and only a small share of the assets was invested in secured bonds (2%).[1] Since around 44% of the assets was in the form of deposits, funds in the account and funds entrusted to the management of an international financial institution, the calculated metrics comprise around 56% of total CNB financial assets.

**FIGURE 3 Financial assets and their structure**

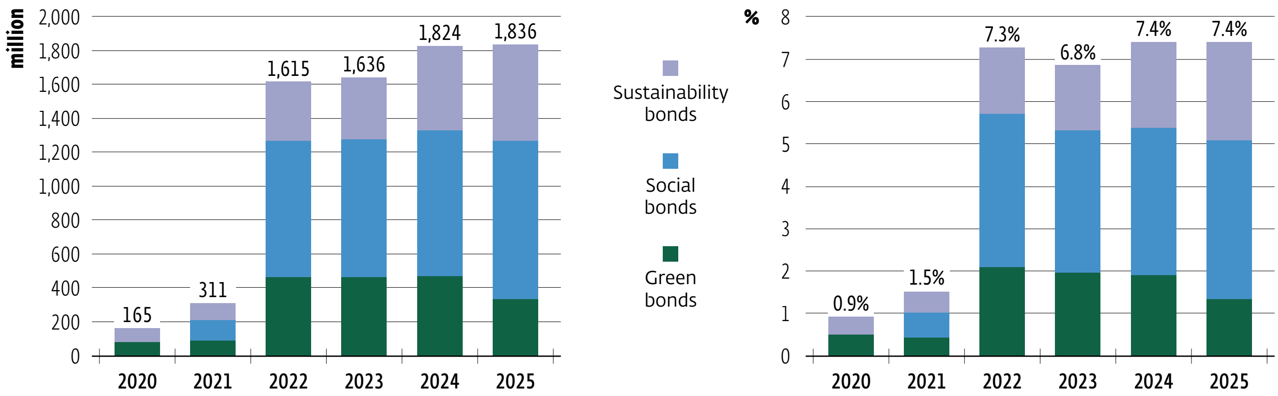



Source: CNB.

At the end of 2025, total ESG investments stood at EUR 1.84bn or 7.4% of financial assets. The share of investments in green bonds in financial assets stood at 1.3%, in sustainability bonds 2.3%, and the share of investments in social bonds stood at 3.8%, with the largest portion of ESG investments accounting for the issues of government agencies and government development banks.

1 The classification of financial assets in the Climate-related Financial Report differs from the classification in Chapter 3 Financial asset management due to the different purposes of these classifications. In accordance with the methodology of the Eurosystem, in the Climate-related Financial Report the securities of government development banks and agencies are integrated with the securities of international financial institutions and agencies, while in the chapter on asset management they are included in the government and government institutions' assets.

**FIGURE 4 ESG investments and their share in financial assets**




Source: CNB.

Table 1 shows climate metrics for the financial assets of the Croatian National Bank invested in government securities, the securities of international financial institutions and agencies and secured bonds. The metrics for the securities of government issuers should be observed separately from the metrics for the securities of other issuers due to different methods for the allocation of emissions. The latest available data for production emissions and emissions caused by the consumption of government issuers refer to 2023, while the data on emissions of other issuers, as well as financial data for all types of issuers, refer to 2024. Data for all government issuers in the portfolio of financial assets were fully available, while data availability for supranational institutions, agencies and secured bonds came to between 73% and 100%.

The CNB reports on and analyses the metrics for other issuers based on Scope 1, Scope 2 and Scope 3 emissions. The above emissions are partially published by the issuers themselves and are partially estimated by the providers of climate data by applying the model. Scope 3 emissions data are burdened by data quality weaknesses that limit their reliability and temporal comparability, including estimation inaccuracy and methodological differences in estimates over time and between different data providers. However, despite all of the above, it is important to continue improving climate-related disclosures, while identifying gaps in data and measurement methods, with a view to improving the quality and transparency of future disclosures based on the experience gained.

Figure 5 shows developments in climate metrics for financial assets in the form of securities of government issuers. Macroeconomic developments significantly contributed to changes in climate metrics (WACI, CF and CI) in the period from 2020 to 2022. The end of the COVID-19 pandemic led to an economic recovery that impacted the increase in issuers' emissions, as well as the rise in GDP and income of institutions. Economic activity growth exceeded the increase in emissions, which eventually led to improved climate metrics. Between 2022 and 2024, WACI, CF and CI climate metrics were relatively stable, while in 2025 they recorded a slight increase due to a change in the structure of investment and a weakening of the US dollar against the euro. The TCE metric, which was not normalised, declined under the effect of the lower level of investment in government securities. Changes in metrics from previous reports reflect an improved availability of data or the revision of data on emissions or financial data.

**TABLE 1** Climate metrics of financial assets as at 31 December 2025

| | | Government issuers | | |
|---|---|---|---|---|
| | | Government and government institution securities | | |
| | | Production emission (excl. LULUCF) | Production emission (incl. LULUCF) | Consumption emission |
| **Portfolio size** | in nominal terms (EUR billion) | | 7,7 | |
| **WACI** | $tC0_2e$ per PPP of GDP, per capita or consumption | *139.9*<br>*100%* | *132.1*<br>*100%* | *10.1*<br>*100%* |
| **TCE** | $tC0_2e$ | *1,070,854*<br>*100%* | *1,011,320*<br>*100%* | *1,242,961*<br>*100%* |
| **Carbon footprint** | $tC0_2e$ per EUR million of investment | *139.9*<br>*100%* | *132.1*<br>*100%* | *162.4*<br>*100%* |
| **Carbon intensity** | $tC0_2e$ per PPP of GDP, per capita or consumption | *139.9*<br>*100%* | *132.1*<br>*100%* | 9.6<br>*100%* |

| | | Other issuers | | |
|---|---|---|---|---|
| | | Total | Securities of international financial institutions and agencies | Covered bonds |
| **Portfolio size** | in nominal terms (EUR billion) | 6.2 | 5.8 | 0.5 |
| **WACI** | $tC0_2e$ per EUR million of revenue, Scope 1–2 | 1.3<br>*73%* | 1.2<br>*73%* | 2.4<br>*78%* |
| | $tC0_2e$ po mil. EUR prihoda, Scope 3 | 3,435<br>73% | 3,399<br>73% | 3,851<br>78% |
| **TCE** | $tC0_2e$, Scope 1 – 2 | 1,165<br>73% | 1,075<br>73% | 90<br>*78%* |
| | $tC0_2e$, Scope 3 | *1,079,724*<br>*73%* | *840,949*<br>*73%* | *238,775*<br>*78%* |
| **Carbon footprint** | $tC0_2e$ per EUR million of investment, Scope 1 – 2 | *0.3*<br>*73%* | *0.3*<br>*73%* | *0.2*<br>*73%* |
| | $tC0_2e$ per EUR million of investment, Scope 3 | *237*<br>*73%* | *201*<br>*73%* | *663*<br>*73%* |
| **Carbon intensity** | $tC0_2e$ per EUR million of investment, Scope 1 – 2 | *1.2*<br>*73%* | *1.2*<br>*73%* | *1.5*<br>*73%* |
| | $tC0_2e$ per EUR million of investment, Scope 3 | *1,151*<br>*73%* | 959<br>*73%* | *3,883*<br>*73%* |

Note: The percentages below each metric indicate the availability of data expressed as the percentage of investment (the value of the individual investment/total portfolio value) for which the necessary data are available (data on emissions and financial data).
Sources: ISS, World Bank, Bloomberg, ECB and CNB.

## BOX 1 METRICS ADJUSTED FOR INFLATIONARY EFFECTS

There is a growing common view in the literature that attribution and normalisation factors should be adjusted for inflationary effects.1 Some analyses suggest that conventional emission metrics significantly exaggerate the progress of decarbonisation. The CNB reaffirms its commitment to transparent climate-related disclosure and for the first time publishes inflation-adjusted metrics, complementing non-inflation-adjusted metrics. Adjustments are applied to production emission metrics for government issuers. This initial assessment is based on the current benchmarks, which will be updated with new and extended standards as soon as they are developed and agreed.

The adjustment of production emission metrics for government issuers is based on real GDP at purchasing power parity at base year 20212, according to World Bank data.

Metrics for the CNB's financial assets on the production emissions of government issuers adjusted for inflationary effects are about 14% higher than metrics not adjusted for inflationary effects, indicating a lower decarbonisation intensity.

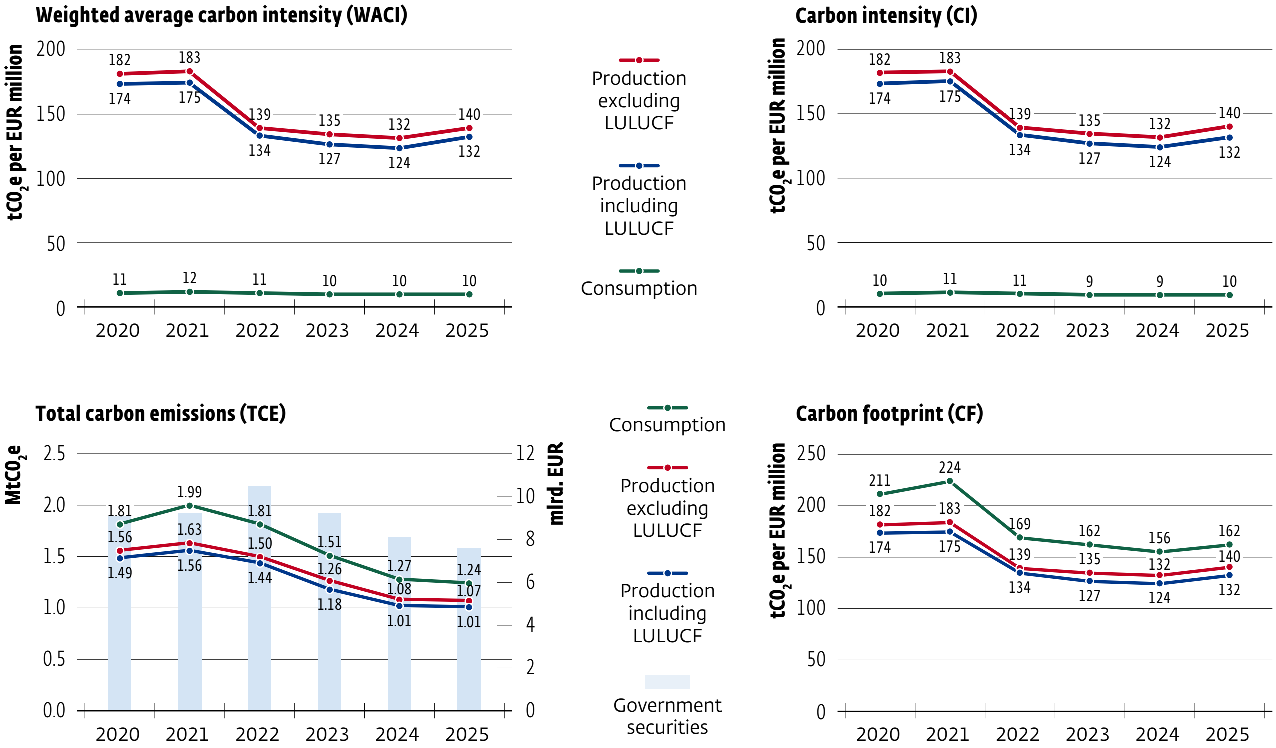
**TABLE 1 Metrics for CNB's financial assets on the production emissions of government issuers adjusted for inflationary effects**

| | | Production emission for government issuers | |
|---|---|---|---|
| | | Adjusted for inflationary effects | % difference |
| **TCE** | excluding LULUCF | 1,221,002 | 14.0 |
| | including LULUCF | 1,152,867 | 14.0 |
| **WACI** | excluding LULUCF | 159 | 14.0 |
| | including LULUCF | 151 | 14.0 |

Note 1 Total carbon emission (TCE) is expressed in tonnes $Co2_2e$; WACI is expressed in tonnes $Co2_2e$ per million euro of GDP in purchasing power standard at base year 2021 prices.
Note 2 Given that all three production emission metrics: WACI, carbon footprint and carbon intensity for government issuers give the same figures, adjusted and not adjusted for inflationary effects, only one metric is presented in the table.
Note 3 The difference in percentages shows the effect of accumulated inflation from the base year.
Note 4 The metrics refer to the securities of government issuers as at 31 December 2025, while the production emissions data refer to 2023.

1 *Climate change-related statistical indicators* (2024): ECB Statistics Paper, No. 48.
Janssen, A., W. Botzen, J. Dijk and P. Duijm (2022): *Overcoming misleading carbon footprints in the financial sector*, Climate Policy, 22(6), 817-822.
Cajic, M. (2025): *How inflation and exchange rates impact carbon accounting – and how to fix it*, AVARNI.
Nagy, Z., G. Giese and X. Wang (2023): *A Framework for Attributing Changes in Portfolio Carbon Footprint*, MSCI 49, No. 8.

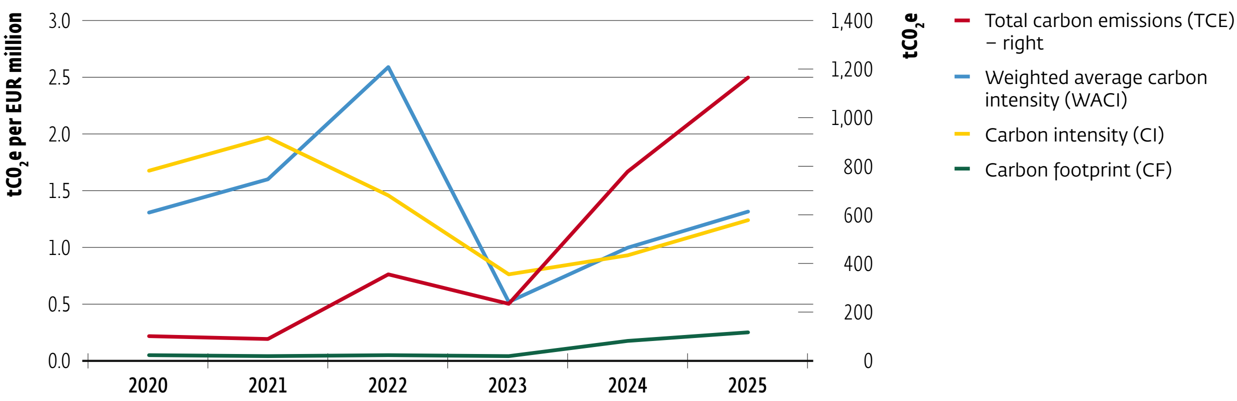
**FIGURE 5 Developments in climate metrics for the portfolio of securities of government issuers**




Sources: ISS, C4F, World Bank, Bloomberg, ECB and CNB.

Figure 6 shows developments in climate metrics for financial assets in the form of securities of other issuers from 2020 to 2025. From 2020, their carbon footprint was below 1 $tCO_2e$ per one million euro of investment. The metrics for 2024 and 2025 are based on the same data on emissions and financial data due to the lag in the publishing of the data. Data for previous years have been revised and updated, which has resulted in a stronger increase in the total carbon emissions (TCE) and a slower growth in carbon intensity (CI) and WACI metrics. Significant differences in the amount of metrics in the

**FIGURE 6 Developments in climate metrics for the portfolio of securities of other issuers (Scope 1 – 2)**




Sources: ISS, C4F, World Bank, Bloomberg, ECB and CNB.

observed period indicate the potential methodological deficiencies of input data, so that their subsequent revisions and consequent updating of the metrics in future reports are expected.

## Objectives

Under the European Climate Law and the Paris Agreement, the objective of the European Union is to achieve climate neutrality by 2050 and to reduce greenhouse gas emissions by at least 55% by 2030 from 1990 levels. Zero net emissions can be achieved through emission reduction, investment in green technologies and environmental recovery. Since the investment strategy for the CNB's financial assets is based on the principle of liquidity and safety of investment, it is not at all certain that most investments in securities will continue to refer to the securities of EU member states. Therefore, the improvement of climate metrics for the CNB's financial assets will directly depend on the commitment of EU member states to achieving the objectives from the Paris Agreement and the European Climate Law.

The CNB invests in green, social and sustainability bonds with the aim of supporting the transition to a low-carbon economy and will continue investing in such securities in line with the acceptable risk framework and market conditions.

Within its mandate, the CNB will support decarbonisation and deepen the understanding of the effects of climate change on the financial asset portfolios it manages, verify the availability and reliability of data and methodologies used in the metrics calculation and work on the improvement of methodologies used in assessment of exposure to climate change risks.

With its further reporting on climate metrics for financial assets, the CNB will ensure a high level of transparency and accountability to the public. In addition, disclosures also act as an important incentive to improve the availability and accuracy of climate data, as well as an incentive for others to publish data.

## APPENDIX – COMMON EUROSYSTEM METRICS

### METRIC 1 Weighted average carbon intensity (WACI)

$$\text{WACI} = \sum_{n}^{i} \left( \frac{\textit{current value of investment}_i}{\textit{current portfolio value}} \right) \times \left( \frac{\textit{issuer's GHG emissions}_i}{\begin{gathered}\textit{issuer's €M revenue or PPP adj GDP, population,}\\ \textit{total consumption expenditure}_i\end{gathered}} \right)$$

### METRIC 2 Total carbon emissions (TCE)

$$\text{TCE} = \sum_{n}^{i} \left( \frac{\textit{current value of investment}_i}{\textit{EVIC or PPP adj GDP}_i} \right) \times \textit{issuer's GHG emissions}_i$$

### METRIC 3 Carbon footprint (CF)

$$\text{CF} = \frac{\sum_{n}^{i} \left( \frac{\textit{current value of investment}_i}{\textit{EVIC or PPP adj GDP}_i} \right) \textit{issuer's GHG emissions}_i}{\textit{current portfolio value (€M)}}$$

### METRIC 4 Carbon intensity (CI)

$$\text{CI} = \frac{\sum_{n}^{i} \left( \frac{\textit{current value of investment}_i}{\textit{EVIC or PPP adj GDP}_i} \right) \times \textit{issuer's GHG emissions}_i}{\sum_{n}^{i} \left( \frac{\textit{current value of investment}_i}{\textit{EVIC or PPP adj GDP}_i} \right) \times \left( \begin{gathered}\textit{issuer's €M revenue or PPP adj GDP, population,}\\ \textit{total consumption expenditure}_i\end{gathered} \right)}$$

25

# FINANCIAL STATEMENTS

## For the year ended 31 December 2025

Shape the future
with confidence

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## INDEPENDENT AUDITOR'S REPORT

To the Council of Croatian national bank

### Opinion

We have audited the financial statements of Croatian national bank, which comprise the statement of financial position as at 31 December 2025, income statement for the year then ended, and notes to the financial statements, including material accounting policy.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Croatian national bank as at 31 December 2025 and of its financial performance for the year then ended in accordance with Article 60 of the Act on the Croatian National Bank and Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Croatian national bank in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

Financial statements of the Croatian national bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2025.

### Responsibilities of Council of Croatian national bank for the financial statements

Council of Croatian national bank is responsible for the preparation and fair presentation of the financial statements in accordance with Article 60 of the Act on the Croatian National Bank and Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Council of Croatian national bank is responsible for overseeing the Croatian national bank's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50

Zvonimir Madunić
Member of the Management Board and Certified auditor

23 February 2026

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia

## BALANCE SHEET

(All amounts are expressed in thousands of euro)

| Assets | 31/12/2025 | 31/12/2024 |
|---|---|---|
| **1 Gold and gold receivables** | **1,652** | **1,131** |
| **2 Claims on non-euro area residents denominated in foreign currency** | **3,576,830** | **3,198,263** |
| 2.1 Receivables from the International Monetary Fund (IMF) | 1,248,287 | 1,299,419 |
| 2.2 Balances with banks and security investments, external loans and other external assets | 2,328,543 | 1,898,844 |
| **3 Claims on euro area residents denominated in foreign currency** | **641,355** | **575,651** |
| **4 Claims on non-euro area residents denominated in euro** | **723,411** | **758,749** |
| 4.1 Balances with banks, security investments and loans | 723,411 | 758,749 |
| 4.2 Claims arising from the credit facility under ERM II | – | – |
| **5 Lending to euro area credit institutions related to monetary policy operations denominated in euro** | **30,000** | **43,000** |
| 5.1 Main refinancing operations | 30,000 | 43,000 |
| 5.2 Longer-term refinancing operations | – | – |
| 5.3 Fine-tuning reverse operations | – | – |
| 5.4 Structural reverse operations | – | – |
| 5.5 Marginal lending facility | – | – |
| 5.6 Credits related to margin calls | – | – |
| **6 Other claims on euro area credit institutions denominated in euro** | **477,394** | **425,149** |
| **7 Securities of euro area residents denominated in euro** | **10,454,627** | **11,328,824** |
| 7.1 Securities held for monetary policy purposes | – | – |
| 7.2 Other securities | 10,454,627 | 11,328,824 |
| **8 General government debt denominated in euro** | **–** | **–** |
| **9 Intra-Eurosystem claims** | **20,980,326** | **22,485,769** |
| 9.1 Participating interest in the ECB | 417,637 | 417,637 |
| 9.2 Claims equivalent to the transfer of foreign reserves | 313,957 | 313,957 |
| 9.3 Claims related to TARGET | – | 4,730,043 |
| 9.4 Claims related to the allocation of euro banknotes within the Eurosystem | 20,248,732 | 17,024,132 |
| 9.5 Other claims within the Eurosystem (net) | – | – |
| **10 Items in course of settlement** | **20** | **–** |
| **11 Other assets** | **792,231** | **364,660** |
| 11.1 Coins of euro area | – | – |
| 11.2 Tangible and intangible fixed assets | 117,931 | 113,237 |
| 11.3 Other financial assets | 495,805 | 20,166 |
| 11.4 Off-balance-sheet instruments revaluation differences | 19,949 | 9,642 |
| 11.5 Accruals and prepaid expenses | 153,205 | 216,945 |
| 11.6 Sundry | 5,341 | 4,670 |
| **Total assets** | **37,677,846** | **39,181,196** |

The notes on pages 143 to 188 form an integral part of these financial statements.

(All amounts are expressed in thousands of euro)

| **Liabilities** | **31/12/2025** | **31/12/2024** |
|---|---|---|
| **1 Banknotes in circulation** | **11,531,089** | **11,309,009** |
| **2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro** | **12,900,229** | **16,065,651** |
| 2.1 Current accounts (covering the minimum reserve system) | 1,020,491 | 953,326 |
| 2.2 Deposit facility | 11,879,738 | 15,112,325 |
| 2.3 Fixed-term deposits | – | – |
| 2.4 Fine-tuning reverse operations | – | – |
| 2.5 Deposits related to margin calls | – | – |
| **3 Other liabilities to euro area credit institutions denominated in euro** | **575,462** | **3,716,240** |
| **4 Debt certificates issued** | **–** | **–** |
| **5 Liabilities to other euro area residents denominated in euro** | **4,239,093** | **3,663,374** |
| 5.1 General government | 2,744,742 | 3,179,363 |
| 5.2 Other liabilities | 1,494,351 | 484,011 |
| **6. Liabilities to non-euro area residents denominated in euro** | **194,119** | **200,910** |
| **7. Liabilities to euro area residents denominated in foreign currency** | **186,623** | **202,192** |
| **8 Liabilities to non-euro area residents denominated in foreign currency** | **–** | **–** |
| 8.1 Deposits, balances and other liabilities | – | – |
| 8.2 Liabilities arising from the credit facility under ERM II | – | – |
| **9 Counterpart of special drawing rights allocated by the IMF** | **1,206,324** | **1,298,226** |
| **10 Intra-Eurosystem liabilities** | **4,666,876** | **190,161** |
| 10.1 Liabilities equivalent to the transfer of foreign reserves | – | – |
| 10.2 Liabilities related to TARGET | 4,588,242 | – |
| 10.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem | – | – |
| 10.4 Other liabilities within the Eurosystem (net) | 78,634 | 190,161 |
| **11 Items in course of settlement** | **–** | **–** |
| **12 Other liabilities** | **469,537** | **588,367** |
| 12.1 Off-balance-sheet instruments revaluation differences | 6,288 | 2 |
| 12.2 Accruals and income collected in advance | 16,857 | 16,527 |
| 12.3 Sundry | 446,392 | 571,838 |
| **13 Provisions** | **592,777** | **496,010** |
| 13.1 Risk provisions | 586,074 | 491,074 |
| 13.2 Other provisions | 6,703 | 4,936 |
| **14 Revaluation accounts** | **614,544** | **955,810** |
| **15 Capital and reserves** | **487,620** | **484,699** |
| 15.1 Capital | 331,807 | 331,807 |
| 15.2 Reserves | 155,813 | 152,892 |
| **16 Accumulated losses carried forward** | **–** | **–** |
| **17 Profit/(loss) for the year** | **13,553** | **10,547** |
| **Total liabilities** | **37,677,846** | **39,181,196** |

The notes on pages 143 to 188 form an integral part of these financial statements.

## PROFIT AND LOSS ACCOUNT

| (All amounts are expressed in thousands of euro) | 2025 | 2024 |
|---|---|---|
| 1 Net interest income/(expense) | 112,314 | 46,380 |
| 1.1 Interest income | 669,617 | 1,263,563 |
| 1.2 Interest expense | (557,303) | (1,217,183) |
| 2 Net result of financial operations and write-downs | 18,211 | 5,188 |
| 2.1 Realised gains/(losses) arising from financial operations | 18,211 | 5,188 |
| 2.2 Write-downs on financial assets and positions | – | – |
| 3 Net result of pooling monetary income | (78,634) | (189,816) |
| 4 Net income/(expense) from fees and commissions | 13,728 | 12,036 |
| 5 Income from equity instruments and participating interests | 1,083 | 11,988 |
| 6 Other income | 155,076 | 234,770 |
| **Total net income** | **221,778** | **120,546** |
| 7 Staff costs | (50,226) | (42,363) |
| 8 Administrative expenses | (30,819) | (28,623) |
| 9 Depreciation of tangible and intangible fixed assets | (12,826) | (11,239) |
| 10 Costs of production of banknotes and coins | (18,862) | (27,640) |
| 11 Other costs | (492) | (134) |
| **Total operating expenses** | **(113,225)** | **(109,999)** |
| **Profit/(loss) before the transfer (to)/from risk provisions** | **108,553** | **10,547** |
| 12 Transfer (to)/from risk provisions | (95,000) | – |
| **13 PROFIT/(LOSS) FOR THE YEAR** | **13,553** | **10,547** |

The financial statements set out on pages 138 to 188 were approved on 23 February 2026:

Director of the Finance and Accounting Department:
**Mario Varović**

Governor:
**Boris Vujčić**

Boris V

The notes on pages 143 to 188 form an integral part of these financial statements.

# Notes to the financial statements

## Note 1 – General information and accounting policies

### 1.1 GENERAL INFORMATION

The Croatian National Bank is the central bank of the Republic of Croatia with headquarters in Zagreb, Trg hrvatskih velikana 3. Its status has been defined by the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020). The Croatian National Bank forms part of the European System of Central Banks (ESCB) and the Eurosystem. The Eurosystem comprises the European Central Bank (ECB) and the national central banks of those states that have adopted the euro. The euro area consists of EU states that have introduced the euro as their currency.

The Croatian National Bank is owned by the Republic of Croatia. The Croatian National Bank is autonomous and independent in fulfilling its objective and carrying out its tasks. The primary objective of the Croatian National Bank is maintaining price stability.

In accordance with the Treaty on the Functioning of the European Union and the Statute of the ESCB and of the ECB, the Croatian National Bank carries out the following tasks:

1) participates in the definition and implementation of monetary policy of the European Union;
2) conducts foreign exchange operations (transactions) as set out in Article 219 of the Treaty on the Functioning of the European Union; and
3) ensures the smooth operation of payment systems.

Without prejudice either to its tasks referred to in Article 88 of the Act on the Croatian National Bank or to its independence, the Croatian National Bank, acting in accordance with the relevant legal acts of the European Union, its institutions and bodies, carries out the following tasks:

1) manages the foreign reserves of the Republic of Croatia that have not been transferred to the ECB, as well as other assets of the Republic of Croatia recorded in the Croatian National Bank balance sheet as at the date of the introduction of the euro as the official currency of the Republic of Croatia;
2) issues and withdraws or revokes authorisations and approvals and adopts other decisions in accordance with the laws governing the operation of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations, the issuance of electronic money, foreign exchange operations and the operation of authorised foreign exchange offices;
3) exercises supervision and oversight in accordance with the laws governing the operation of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations and the issuance of electronic money;
4) opens credit institutions' accounts and accepts deposits from credit institutions, executes payment transactions across these accounts and grants loans to credit institutions;
5) collects and processes statistical data;

6) regulates and improves payment operations and ensures their smooth operation;

7) acts as fiscal agent for the Republic of Croatia and performs other operations on behalf of the Republic of Croatia, as provided by law;

8) adopts subordinate legislation on the operations within its competence;

9) implements macroprudential policy for the purpose of contributing to maintaining the stability of the financial system as a whole within its competence;

10) performs other operations as provided by other regulations.

The bodies of the Croatian National Bank are the Council of the Croatian National Bank and the Governor of the Croatian National Bank. The Council of the Croatian National Bank comprises eight members: Governor, Deputy Governor and six Vicegovernors of the Croatian National Bank. The Council of the Croatian National Bank is competent and responsible for the achievement of the objective and for the carrying out of the tasks of the Croatian National Bank and defines policies with respect to the activities of the Croatian National Bank.

Members of the Council of the Croatian National Bank:

- Prof. D. Sc. Boris Vujčić, Governor,
- D. Sc. Sandra Švaljek, Deputy Governor,
- D. Sc. Michael Faulend, Vicegovernor,
- Bojan Fras, Vicegovernor,
- M. Sc. Ivana Jakir-Bajo, Vicegovernor,
- D. Sc. Tomislav Ćorić, Vicegovernor, (until 28 January 2026) and
- D. Sc. Maroje Lang, Vicegovernor.

The consolidated financial statements are not prepared and the financial statements of the Croatian National Bank do not comprise the financial statements of the subsidiary Croatian Mint because they are not material for the financial statements of the Croatian National Bank.

## 1.2 ACCOUNTING POLICIES

### 1.2.1 Basis of preparation

The financial statements of the Croatian National Bank for 2025 have been prepared in accordance with Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (hereinafter: ECB Guideline; as previously governed by Guideline (EU) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34), as amended). Article 60 of the Act on the Croatian National Bank states that the Croatian National Bank prepares the financial statements in accordance with the ECB Guideline and reports on transactions that are not regulated by the ECB Guideline applying, providing that there is no contrary decision of the Council of the Croatian National Bank, valuation principles in accordance with the International Financial Reporting Standards as adopted in the European Union that are material for the operations and reports of the Croatian National Bank. In the reporting period there were no decisions of the Council of the Croatian National Bank under Article 60 of the Act on the Croatian National Bank.

The financial statements of the Croatian National Bank are presented in thousands of euro.

### 1.2.2 Changes to accounting policies

In 2025 there were no changes to accounting policies applied by the Croatian National Bank.

### 1.2.3 Other changes

On 13 March 2024, the Governing Council decided on changes to the operational framework for implementing monetary policy[1]. In the same context, the Governing Council also decided that from 1 January 2025 the interest rate applied to the deposit facility offered by the Eurosystem will become the reference rate that is used in the context of the allocation of monetary income[2], as well as the basis for the remuneration of (i) claims/liabilities related to the allocation of euro banknotes within the Eurosystem; (ii) TARGET balances; and (iii) claims equivalent to the transfer of foreign reserves. Until the end of 2024, the interest rate used by the Eurosystem in its tenders for main refinancing operations was the basis for remuneration.

### 1.2.4 Qualitative characteristics and accounting assumptions

In the preparation of the financial statements, the following quantitative characteristics and accounting assumptions are applied: economic reality and transparency, prudence, significance, consistency and comparability, going concern basis, accrual basis and post-balance sheet events.

### 1.2.5 Basis of measurement

The financial statements have been prepared under the accrual basis of accounting and using the historical cost convention, except for marketable securities (other than those held to maturity and debt securities for monetary policy purposes), gold and other precious metals and assets under management with international institutions, which are measured at their market value and land and buildings measured at revalued amount, which is their fair value at the revaluation date less subsequent accumulated depreciation of buildings and subsequent accumulated impairment losses, if any.

### 1.2.6 Recording of transactions

The economic approach is used as the basis for recording foreign exchange transactions, financial instruments denominated in foreign currency and related accruals, which is implemented using the regular approach.

Securities transactions including equity instruments denominated in foreign currency are recorded according to the cash/settlement approach. The related accrued interest, including premiums or discounts, are recorded on a daily basis from the spot settlement date.

All specific euro-denominated transactions, financial instruments and related accruals are recorded according to the cash/settlement approach.

1 See the press release of 13 March 2024 of the Governing Council's decisions.
2 Decision (EU) 2016/2248 of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (ECB/2016/36) (OJ L 347, 20.12.2016, p. 26), as amended. Also available is the unofficial consolidated text with the list of amendments.

## 1.2.7 Recognition of assets and liabilities

A financial or other asset or liability is recognised in the balance sheet of the Croatian National Bank only if all of the following conditions are met:

- it is probable that any future economic benefit associated with the asset or liability item will flow to or from the Croatian National Bank;
- substantially all of the risks and rewards associated with the asset or liability are transferred to the Croatian National Bank;
- the cost or value of the asset to the Croatian National Bank or the amount of the obligation can be measured reliably.

## 1.2.8 Balance sheet valuation rules

The revaluation of gold, foreign currency instruments, securities (other than securities classified as held-to-maturity, non-marketable securities, and securities held for monetary policy purposes that are accounted for at amortised cost), as well as financial instruments, both on-balance-sheet and off-balance-sheet, is performed at mid-market rates and prices at the reporting date.

No distinction is made between price and currency revaluation differences for gold, but a single gold revaluation difference is accounted for, based on the euro price per defined unit of weight of gold at the reporting date.

For foreign exchange, including on-balance-sheet and off-balance-sheet transactions, revaluation takes place on a currency-by-currency basis. Holdings of special drawing rights, including designated individual foreign exchange holdings underlying the XDR basket, are treated as one holding.

The exchange rates of major foreign currencies during the reporting period were as follows:

| Currency | 31/12/2025 (1 euro) | 31/12/2024 (1 euro) | Change % |
|---|---|---|---|
| USD | 1.17500 | 1.03890 | 13.10 |
| XDR | 0.85793 | 0.79719 | 7.62 |

For securities, revaluation takes place on a code-by-code basis, i.e. same International Securities Identification Number/type, while any embedded options will not be separated for valuation purposes. Securities held for monetary policy purposes or included in the items “Other financial assets” or “Sundry” are treated as separate holdings.

Held-to-maturity securities are securities with fixed or determinable payments and a fixed maturity, which the Croatian National Bank intends to hold until maturity. Securities classified as held-to-maturity are treated as separate holdings and valued at amortised cost (subject to impairment). The same treatment applies to non-marketable securities. Securities classified as held-to-maturity may be sold before their maturity when any of the following occurs:

a) if the quantity sold is considered not significant in comparison with the total amount of the held-to-maturity securities portfolio;

b) if the securities are sold during one month before maturity date;

c) under exceptional circumstances, such as a significant deterioration of the issuer’s creditworthiness.

## 1.2.9 Recognition and valuation of financial assets

Financial asset is any asset that is:

a) cash;

b) a contractual right to receive cash or another financial instrument from another undertaking;

c) a contractual right to exchange financial instruments with another undertaking under conditions that are potentially favourable; or

d) another undertaking's equity instrument.

Gold is valued at market value.

Debt securities currently held for monetary policy purposes are valued at amortised cost subject to impairment.

Marketable securities (other than debt securities currently held for monetary policy purposes and those classified as held-to-maturity) and similar assets are valued either at mid-market prices or on the basis of the relevant yield curve prevailing on the balance sheet date, on a security-by-security basis. Options embedded in securities are not separated for valuation purposes. For the year ending 31 December 2025, mid-market prices on 31 December 2025 were used.

Marketable debt securities classified as held-to-maturity and non-marketable securities are valued at amortised cost, which is subject to impairment. Illiquid equity shares and any other equity instruments held as permanent investments are valued at cost subject to impairment.

Receivables, balances with banks and loans are valued at nominal value, and foreign currencies are translated at market rate.

Investments in subsidiaries or significant interests are valued under the net asset value principle. Net value of these assets is calculated and recorded in the accounts once a year, at the end of a business year, based on the data available at the time.

Assets under management with international financial institutions are valued at the market price and market rate. The revaluation is performed on a net basis, and not on the underlying assets.

### Market price

Market price is the price that is quoted for a gold, foreign exchange or securities instrument usually excluding accrued or rebate interest either on an organised market, e.g. a stock exchange, or a non-organised market, e.g. an over-the-counter market.

### Impairment of financial assets

Financial assets are reviewed at the balance sheet date to determine whether there is objective evidence of impairment. Impairment is a decline of the recoverable amount below the carrying amount.

## 1.2.10 Repo agreements

The Croatian National Bank enters into securities purchase/sale agreements under which it agrees to resell/repurchase the same instrument on a specific future date at a given price.

A reverse transaction conducted under a reverse repo agreement is recorded as a collateralised outward loan on the assets side of the balance sheet for the amount of the loan. Securities acquired under reverse repo agreements are not revalued and no profit or loss arising thereon is taken to the profit and loss account by the Croatian National Bank.

A reverse transaction conducted under a repo agreement is recorded as a collateralised inward deposit on the liabilities side of the balance sheet, while the item that has been provided as collateral remains on the assets side of the balance sheet. Securities sold which are to be repurchased under repo agreements are treated by the Croatian National Bank as if the assets in question were still part of the portfolio from which they were sold.

### 1.2.11 Recognition and valuation of liabilities

Liability is a present obligation of the Croatian National Bank arising from past events, the settlement of which is expected to result in an outflow from the Croatian National Bank of resources embodying economic benefits, while the amount of such settlement can be measured reliably.

Financial liability is any liability that is a legal obligation to deliver cash or another financial instrument to another undertaking or to exchange financial instruments with another undertaking under conditions that are potentially unfavourable.

Banknotes and coins in circulation, liabilities on deposits received, current account liabilities, liabilities to suppliers, liabilities on salaries and other employee liabilities as well as other liabilities are recorded in the business books and reported in the financial statements at the nominal value of a transaction based on a contract or another authentic document confirming the occurrence of a liability.

The costs of production of euro banknotes and coins are reported in the profit and loss account when they are invoiced or occur in any other way.

### 1.2.12 Banknotes in circulation

The ECB and the euro area national central banks (NCBs), which together comprise the Eurosystem, issue euro banknotes[3]. The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key[4]. The ECB has been allocated an 8% share of the total value of euro banknotes in circulation, whereas the remaining 92% has been allocated to national central banks according to their weightings in the capital key of the ECB. The share of banknotes allocated to each national central bank is disclosed in the balance sheet under liability item “Banknotes in circulation”.

The difference between the value of the euro banknotes allocated to each national central bank in accordance with the banknote allocation key and the value of the euro banknotes that it actually puts into circulation also gives rise to remunerated[5] intra-Eurosystem balances. These claims (or liabilities) are disclosed under the item “Net claims (liabilities) related to the allocation of euro banknotes within the Eurosystem” (see “Intra-ESCB balances/intra-Eurosystem balances” in the notes on accounting policies).

3 Decision of the ECB of 13 December 2010 on the issue of euro banknotes (ECB/2010/29) (2011/67/EU) (OJ L 35, 9.2.2011, p. 26), as amended. The unofficial consolidated text with the list of amendments can be found here.

4 “Banknote allocation key” means the percentages that result from taking into account the ECB’s share in the total euro banknote issue and applying the subscribed capital key to the national central banks’ share in that total.

5 Decision (EU) 2016/2248 of the ECB of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (ECB/2016/36), OJ L 347, 20.12.2016, p. 26, as amended. The unofficial consolidated text with the list of amendments can be found here.

From the euro cash changeover year[6] until five years following the euro cash changeover year the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes in national central banks' relative income positions as compared to previous years. The adjustments are affected by taking into account the differences between the average value of banknotes in circulation of each national central bank in the reference period[7] and the average value of banknotes that would have been allocated to them during that period under the ECB capital key. The adjustments will be reduced in annual stages until the first day of the sixth year after the euro cash changeover year when income on banknotes will be allocated fully in proportion to the national central banks' paid-up shares in the ECB's capital. In the year under review the adjustments resulted from the accession of the Croatian National Bank (in 2023) and will terminate at the end of 2028.

The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under item "Net interest income/(expense)" in the profit and loss account.

In the euro cash changeover year, kuna banknotes in circulation are presented in the balance sheet position L1 "Banknotes in circulation", and after the euro cash changeover year, they are presented in the position L12 "Other liabilities" on the liabilities side of the balance sheet. The estimated amount of kuna banknotes that will not be returned to the Croatian National Bank is recognised as income in the profit and loss account pursuant to the decision of the Council of the Croatian National Bank.

For the purpose of adopting a Decision on the recognition of income from kuna banknotes not being returned from circulation, the expert service shall prepare an Expert opinion and submit it to the Council of the Croatian National Bank. The Expert opinion shall be prepared in accordance with the Decision on the methodology for the preparation of the opinion by the expert service on the assessment of the nominal value of kuna banknotes not being returned from circulation. The methodology for estimating the remaining kuna banknotes in circulation uses the method of calculating the return trend of kuna banknotes based on the data on the return of kuna banknotes, using a linear and exponential trend, and the method of calculating the return of kuna banknotes using the data on the return of national currencies in the three euro area countries that last introduced the euro before the Republic of Croatia joined the euro area. The amount of kuna banknotes not being returned to the Croatian National Bank shall be assessed at the end of every year.

## 1.2.13 Intra-ESCB balances/intra-Eurosystem balances

Intra-Eurosystem balances result primarily from cross-border payments in the European Union (EU) that are settled in central bank money in euro. These transactions are for the most part initiated by private entities (i.e. credit institutions, corporations and individuals). They are settled in TARGET – the Trans-European Automated Real-time Gross settlement Express Transfer system – and give rise to bilateral balances in the TARGET accounts of EU central banks. Payments conducted by the ECB and the NCBs also affect these accounts. All settlements are automatically aggregated and adjusted to form part of a single position of each NCB vis-à-vis the ECB. The movements in TARGET accounts are reflected in the accounting records of the ECB and the NCBs on a daily basis. Intra-Eurosystem balances of the Croatian National Bank vis-à-vis the ECB arising from TARGET, are presented on the balance sheet of the Croatian National Bank as an asset or a liability position under "Claims related to TARGET" or "Liabilities related to TARGET". Intra-ESCB balances versus non-euro area NCBs not arising

6 Euro cash changeover year refers to the year in which the euro banknotes are introduced as legal tender in the respective Member State.
7 The reference period refers to the 24 months which start 30 months before the day on which euro banknotes become legal tender in the respective Member State, for the Croatian National Bank this is the period from July 2020 to June 2022.

from TARGET are disclosed either under "Claims on non-euro area residents denominated in euro" or "Liabilities to non-euro area residents denominated in euro".

Intra-Eurosystem claims arising from the Croatian National Bank's participating interest in the ECB are reported under "Participating interest in the ECB". In particular, this balance sheet item includes: (a) the NCBs' paid-up share in the ECB's subscribed capital, (b) any net amount paid by the NCBs due to the increase in their shares in the ECB's[8] equity value resulting from all previous ECB capital key adjustments, and (c) contributions in accordance with Article 48.2 of the Statute of the ESCB with respect to central banks of Member States whose derogations have been abrogated.

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included as a single net asset/liability under "Net claims related to the allocation of euro banknotes within the Eurosystem" or "Net liabilities related to the allocation of euro banknotes within the Eurosystem" (see "Banknotes in circulation" in the notes on accounting policies).

Intra-Eurosystem claims arising from the transfer of foreign reserve assets to the ECB by the Croatian National Bank at the time of joining the Eurosystem are denominated in euro and reported under "Claims equivalent to the transfer of foreign reserves".

Other intra-Eurosystem balances denominated in euro (e.g. the ECB's interim profit distribution to NCBs, if any, correspondent accounts, and the balance due to the difference between monetary income to be pooled and redistributed), are presented as a single net asset or liability position under either "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)".

### 1.2.14 Income recognition

The following rules apply to income recognition:

a) realised gains and realised losses are taken to the profit and loss account;

b) unrealised gains are not recognised as income, but recorded directly in a revaluation account;

c) at year end, unrealised losses are taken to the profit and loss account if they exceed previous revaluation gains registered in the corresponding revaluation account;

d) unrealised losses taken to the profit and loss account are not reversed in subsequent years against new unrealised gains;

e) there is no netting of unrealised losses in any one security, or in any currency or in gold holdings against unrealised gains in other securities or currencies or gold;

f) at year end, impairment losses are taken to the profit and loss account and must not be reversed in subsequent years, unless the impairment decreases and the decrease can be related to an observable event that occurred after the impairment was first recorded.

Premiums or discounts arising on issued and purchased securities are calculated and presented as part of interest income and are amortised over the remaining contractual life until the maturity of the securities according to the internal rate of return method (effective interest rate).

8 Equity value means the total of the ECB's reserves, revaluation accounts and provisions equivalent to reserves, minus any loss carried forward from previous periods. In the event of capital key adjustments taking place during the financial year, the equity value also includes the ECB's accumulated net profit or net loss until the date of the adjustment.

Accruals denominated in foreign currencies are translated at the exchange rate of the recording date and have an impact on the foreign currency position.

Currency outflows that entail a change in the holding of a given currency may give rise to realised foreign exchange gains or losses.

### 1.2.15 Cost of transactions

The average cost method is used on a daily basis for gold, foreign currency instruments and securities, to compute the acquisition cost of items sold, having regard to the effect of exchange rate and/or price movements.

The average cost of the asset or liability is reduced or increased by unrealised losses taken to the profit and loss account at year end.

For the purpose of calculating the average purchase cost of a security, all purchases made during the day are added, at their purchase price, to the previous day's holding to produce a new weighted average cost before applying the sales for the same day.

Where a long position exists, net inflows of currencies and gold made during the day are added to the previous day's holding, at the average rate or gold price of the inflows of the day for each respective currency and gold, to produce a new weighted average cost. In the case of net outflows, the calculation of the realised gain or loss is based on the average cost of the respective currency or gold holding for the preceding day, so that the average cost remains unchanged. Differences in the average rate/gold price between inflows and outflows made during the day also result in realised gains or losses. Where a liability situation exists in respect of a foreign currency or gold position, the reverse treatment applies to the abovementioned approach.

### 1.2.16 Revaluation accounts

The Croatian National Bank establishes revaluation accounts for the purpose of revaluation of assets and liabilities. Revaluation accounts are established from unrealised gains on the revaluation of assets and liabilities. In addition to the abovementioned revaluation accounts, the Croatian National Bank also established pre-entry revaluation accounts from unrealised gains arisen before or on the date of the entry of the Croatian National Bank into the Eurosystem (Note 3, under 14 Revaluation accounts).

### 1.2.17 Provisions

Provisions are amounts set aside before arriving at the profit or loss figure in order to provide for any known or expected liability or risk, the cost of which cannot be accurately determined.

#### Risk provisions

The Croatian National Bank may establish provisions for financial risks in accordance with a decision of the Council of the Croatian National Bank.

The amount of provisions for financial risks and the further need for them is reviewed once a year on the basis of the Croatian National Bank's assessment of its own exposure to these risks (Note 3, under 13 Provisions and Note 7 Risk management). The decision to increase or decrease provisions for financial risks is made by the Council of the Croatian National Bank. Income and/or expenses from risk provisions are recorded on the reporting date in accordance with the Decision of the Council of the Croatian National Bank.

### Other provisions

The Croatian National Bank recognises a provision if it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the obligation. No provision is recognised unless all of these conditions have been met. Other provisions also include provisions due to the impairment of monetary policy operations.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Income or expenses arising from provisions are recognised in the profit and loss account at the end of the accounting period to which they relate.

## 1.2.18 Accounting rules for off-balance sheet instruments

Foreign exchange forward transactions, forward legs of foreign exchange swaps and other currency instruments involving an exchange of one currency for another at a future date are included in the net foreign currency positions for calculating average costs and foreign exchange gains and losses.

Gains and losses arising from off-balance-sheet instruments are recognised and treated in a similar manner to on-balance-sheet instruments.

### Foreign exchange forward transactions

Forward purchases and sales are recognised in off-balance-sheet accounts from the trade date to the settlement date at the spot rate of the forward transaction. Realised gains and losses on sale transactions are calculated using the average cost of the foreign currency position on the trade date in accordance with the daily netting procedure for purchases and sales.

The difference between the spot and the forward rates is treated as interest payable or receivable on an accruals basis. At the settlement date the off-balance-sheet accounts are reversed. The foreign currency position is affected by forward transactions from the trade date at the spot rate.

The forward positions are valued in conjunction with the spot position of the same currency, offsetting any differences that may arise within a single foreign currency position. A net loss balance is debited to the profit and loss account when it exceeds previous revaluation gains recorded in the revaluation account. A net profit balance is credited to the revaluation account.

### Foreign exchange swaps

Forward and spot purchases and sales are recognised in on-balance-sheet accounts at the respective settlement date.

Forward and spot purchases and sales are recognised in off-balance-sheet accounts from the trade date to the settlement date at the spot rate of the transaction.

Sale transactions are recognised at the spot rate of the transaction. Therefore no gains or losses arise.

The difference between the spot and the forward rates is treated as interest payable or receivable on an accruals basis for both purchases and sales. At the settlement date the off-balance-sheet accounts are reversed. The foreign currency position changes only as a result of accruals denominated in foreign currency.

The forward position is valued in conjunction with the related spot position.

## 1.2.19 Taxation

In accordance with relevant legislation the Croatian National Bank is not subject to the Croatian income tax.

## 1.2.20 Tangible and intangible fixed assets

Tangible and intangible fixed assets are recognised in the balance sheet at cost less accumulated depreciation and impairment losses. The exceptions are land and buildings which are carried at revalued amount, representing their fair value at the revaluation date, decreased by accumulated depreciation for buildings and any impairment losses. Depreciation is provided under the straight-line method. Fair value of land and buildings was determined based on appraisals performed by independent experts and certain significant inputs for valuation were not observable market data.

Gains on revaluation of land and buildings are included as a separate item in the Revaluation accounts. Losses on revaluation are charged to the revaluation reserve account to the extent of the revaluation surplus previously recognised in equity, and any loss in excess of the previously recognised surplus is charged to the profit and loss account for the reporting period.

The revaluation surplus is transferred as the asset is used. In such a case, the amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. The revaluation surplus included in equity in respect of land and buildings is transferred directly to general reserves when the asset is derecognised. This includes transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to general reserves are not made through profit or loss.

Useful life of tangible and intangible fixed assets is shown in the table below:

| Asset class | Expected useful life in 2025 (number of years) | Expected useful life in 2024 (number of years) |
|---|---|---|
| Property | 20 – 50 | 20 – 50 |
| Computers and computing infrastructure | 5 – 8 | 5 – 8 |
| Furniture and equipment | 2 – 20 | 2 – 20 |
| Motor vehicles | 4 | 4 |
| Software and licences | up to 10 | up to 10 |

### Leases

At the commencement date, the Croatian National Bank recognises a right-of-use asset and a lease liability.

At the commencement date the right-of-use asset is measured at cost and lease liability is measured at the present value of the lease payments that are not paid at that date. The present value of the lease liability is calculated using the ECB's main refinancing operations rate (MRO). After the commencement date the right-of-use asset is measured applying a cost model.

The Croatian National Bank does not recognise the right-of-use assets for short-term leases and leases for which the underlying asset is of low value. The lease payments associated with short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

Non-lease components are not separated from lease components and instead each lease component and any associated non-lease components are accounted for as a single lease component.

The right-of-use asset is depreciated under the straight-line method, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### Impairment of non-financial assets

The net carrying amount of non-financial assets is assessed at the end of each reporting period to determine whether there is any indication that the assets may be impaired. If any such indication exists, the recoverable amount of those assets is estimated. For assets with indefinite useful life and intangible assets not yet available for use, the recoverable amount is estimated on every reporting date.

An impairment loss is recognised if the net carrying amount of an asset or cash-generating unit is greater than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The cash-generating unit for the Croatian National Bank is the Croatian National Bank as a whole. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Value in use is estimated by discounting expected future cash flows with the discount rate that reflects current market assessments of time value of money and the risks specific to these assets.

An impairment loss recognised in prior periods is assessed on every reporting date to determine if there is any indication that impairment may have decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

## 1.3 USE OF JUDGEMENTS AND ESTIMATES

In preparing the financial statements for 2025, the management made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. The estimates are based on the management's best estimate of current events and operations, and actual results may differ from these estimates. The estimates are used to assess the useful life of tangible and intangible fixed assets, the exposure of the Croatian National Bank to financial risks for the purpose of establishing provisions for financial risks, the amount of other provisions, as well as to assess the amount of kuna banknotes not being returned to the Croatian National Bank, which is recognised as income in the profit and loss account. In addition, in preparing the financial statements for 2025, the amount of unprocessed deliveries of kuna coins received at the Croatian National Bank until 31 December 2025 or submitted to a postal services provider within the legally prescribed time limit for the exchange of kuna coins, received at the Croatian National Bank after 1 January 2026, which was recorded as the withdrawal of kuna coins from circulation on 31 December 2025, was also estimated.

## 1.4 ALLOCATION OF PROFIT AND COVERAGE OF LOSSES

The allocation of profit and the coverage of losses of the Croatian National Bank are performed in accordance with Article 57 of the Act on the Croatian National Bank. The profit of the Croatian National Bank reported in the financial year is allocated to general reserves and to the State Budget in accordance with the decision of the Council of the Croatian National Bank in such a manner that 20% of the profit is allocated to general reserves and 80% of the profit constitutes revenue to the State Budget. By way of exception, if the amount of general reserves on the last day of the financial year is lower than the lower bound of general reserves established pursuant to Article 55, paragraph (2) of the Act on the Croatian National Bank, the Council of the Croatian National Bank adopts a decision stipulating that the required amount of profit is allocated to general reserves until their lower bound is reached, while the remaining profit is allocated in such a manner that 20% of the profit is allocated to general reserves and 80% of the profit constitutes revenue to the State Budget.

The loss of the Croatian National Bank is firstly covered from general reserves and if the loss of the Croatian National Bank is higher than the amount of general reserves, the loss amount exceeding the amount of general reserves is covered from the profit of the following years. The profit of the Croatian National Bank to be reported in the following years is firstly used for the coverage of loss from the previous years.

If the total capital of the Croatian National Bank decreased by the loss from the previous years is over a longer period lower than the capital of the Croatian National Bank, the required amount up to the amount of the capital is covered from the State Budget in the following medium-term period. Within the meaning of this provision, the total capital of the Croatian National Bank is constituted of the capital, general reserves, revaluation accounts and provisions for financial risks.

# Note 2 – Asset items

## 1 GOLD AND GOLD RECEIVABLES

| | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Quantity in gold ounces | 450.25 | 450.25 | – | – |
| *Price* | | | | |
| EUR/gold ounce | 3,669.106 | 2,511.069 | 1,158.04 | 46.12 |
| **Carrying amount in thousands of euro** | **1,652** | **1,131** | **521** | **46.12** |

Gold and gold receivables changed due to the increase in the price of gold ounce.

## 2 CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

### 2.1 Receivables from the International Monetary Fund (IMF)

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| *Euro-denominated balances with the IMF:* | | | | |
| Membership quota | 836,201 | 899,906 | (63,705) | (7.08) |
| Euro-denominated bills of exchange | (786,596) | (897,035) | 110,439 | 12.31 |
| IMF account no. 1 | (8,256) | (2,344) | (5,912) | (252.22) |
| *Reserve position with the IMF* | *41,349* | *527* | *40,822* | *7,746.11* |
| IMF account no. 2 | (248) | (32) | (216) | (675.00) |
| *Total* | *41,101* | *495* | *40,606* | *8,203.23* |
| *Balances with the IMF denominated in special drawing rights* | | | | |
| Foreign currency current account with the IMF | 1,206,581 | 1,298,273 | (91,692) | (7.06) |
| PRGT Deposit and Investment Account | 605 | 651 | (46) | (7.07) |
| *Total* | *1,207,186* | *1,298,924* | *(91,738)* | *(7.06)* |
| **Total** | **1,248,287** | **1,299,419** | **(51,132)** | **(3.93)** |

The Croatian National Bank is the fiscal agent of the Republic of Croatia for the International Monetary Fund and the International Monetary Fund's depository.

The current account and deposit as well as net cumulative allocations with the International Monetary Fund are denominated in special drawing rights (XDR) and measured at their nominal value.

The membership quota, bills of exchange and International Monetary Fund accounts number 1 and 2 are measured at cost, denominated in euro and linked to XDR (they are revalued on the reporting date at the XDR exchange rate applicable on that date).

In February 2025, the Republic of Croatia obtained the status of a creditor country in the IMF and for the first time was included in the list of countries participating in the IMF's Financial Transaction

Plan (hereinafter: FTP). The FTP is a mechanism through which selected IMF member countries participate in IMF lending operations within the IMF's General Resources Account (GRA), including in financing loans granted by the IMF. FTP participants include those Fund member countries, whose external position has been assessed by the Executive Board as strong enough to participate in the FTP.

Pursuant to Article 3 of the Act on Accepting Membership of the Republic of Croatia in the International Monetary Fund and Other International Financial Organisations on the Basis of Succession (Official Gazette 89/1992) and item IV of the Decision on the manner of conducting operations and settling liabilities arising from the membership of the Republic of Croatia in the International Monetary Fund (Official Gazette 28/2024), the Croatian National Bank, when called upon by the IMF, is authorised to participate on behalf of the Republic of Croatia in the implementation of the FTP in the manners prescribed by the Articles of Agreement and other regulations governing the operation of the IMF. Creditor countries allow the IMF to use their national currency. In exchange, their reserve position at the IMF increases by the same amount. This reserve position is a liquid claim on the IMF that can be withdrawn if needed and therefore counts toward the countries' foreign exchange reserves. In 2025, within the FTP, the Croatian National Bank participated in lending transactions in the amount of XDR 34,840 thousands (EUR 41,379 thousands), which resulted in the increase in the reserve position at the IMF.

Pursuant to the Agreement between the IMF and the Croatian National Bank, the Croatian National Bank's deposit to the PRG-HIPC Trust in the amount of XDR 519 thousands that fell due on 30 September 2024 was deposited to the Deposit and Investment Account (DIA) of the Poverty Reduction and Growth Trust (PRGT) run by the IMF.

## 2.2 Balances with banks and security investments, external loans and other external assets

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Securities | 2,123,497 | 1,659,048 | 464,449 | 27.99 |
| Balances with banks, external loans and other external assets | 205,046 | 239,796 | (34,750) | (14.49) |
| **Total** | **2,328,543** | **1,898,844** | **429,699** | **22.63** |

### 2.2.1 Securities

The table below shows investments in securities outside the euro area denominated in foreign currency.

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Marketable debt securities other than held-to-maturity | 530,441 | 533,597 | (3,156) | (0.59) |
| Marketable held-to-maturity debt securities | 1,593,056 | 1,125,451 | 467,605 | 41.55 |
| **Total** | **2,123,497** | **1,659,048** | **464,449** | **27.99** |

Investments in held-to-maturity debt securities increased significantly in 2025, with a part of the increase coming from redirecting investments from other investment instruments.

### Investments in securities by currency

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| USD | 1,591,094 | 1,529,066 | 62,028 | 4.06 |
| JPY | 532,403 | 129,982 | 402,421 | 309.60 |
| **Total** | **2,123,497** | **1,659,048** | **464,449** | **27.99** |

## 2.2.2 Balances with banks, external loans and other external assets

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Cash and current accounts | 1,021 | 1,537 | (516) | (33.57) |
| Deposits with other banks | 17,021 | 19,251 | (2,230) | (11.58) |
| Reverse repo agreements | 8,340 | 26,182 | (17,842) | (68.15) |
| Assets under management with international financial institutions | 178,664 | 192,826 | (14,162) | (7.34) |
| **Total** | **205,046** | **239,796** | **(34,750)** | **(14.49)** |

Investments in reverse repo agreements in USD decreased in 2025 in favour of other investment instruments.

### Balances with banks, external loans and other external assets (by currency)

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| USD | 204,318 | 238,669 | (34,351) | (14.39) |
| Other currencies | 728 | 1,127 | (399) | (35.40) |
| **Total** | **205,046** | **239,796** | **(34,750)** | **(14.49)** |

# 3 CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Marketable debt securities other than held-to-maturity | 73,458 | 48,436 | 25,022 | 51.66 |
| Marketable held-to-maturity debt securities | 382,257 | 329,120 | 53,137 | 16.15 |
| Balances with banks, loans and other assets | 185,640 | 198,095 | (12,455) | (6.29) |
| **Total** | **641,355** | **575,651** | **65,704** | **11.41** |

All investments in this item are in US dollars. Within the Balances with banks, loans and other assets the largest share is held by investments in reverse repo agreements in the amount of EUR 185,636 thousands (31 December 2024: EUR 198,090 thousands).

# 4 CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

## 4.1 Balances with banks, security investments and loans

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Marketable held-to-maturity debt securities | 723,411 | 758,749 | (35,338) | (4.66) |
| **Total** | **723,411** | **758,749** | **(35,338)** | **(4.66)** |

The value of marketable held-to-maturity securities decreased due to certain securities maturing in 2025.

# 5 LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

In accordance with Article 32.4 of the Statute of the ESCB and of the ECB, losses from monetary policy operations, if they were to materialise, are shared, by decision of the Governing Council, in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares (Note 3, under 13 Provisions). Losses can only materialise if both the counterparty fails and the recovery of funds received from the resolution of the collateral provided by the counterparty is not sufficient. For specific collateral which can be accepted by NCBs at their own discretion, risk sharing has been excluded by the Governing Council of the ECB.

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Main refinancing operations | 30,000 | 43,000 | (13,000) | (30.23) |
| **Total** | **30,000** | **43,000** | **(13,000)** | **(30.23)** |

## 5.1 Main refinancing operations

Main refinancing operations are executed through liquidity providing reverse transactions with a frequency and a maturity of normally one week, on the basis of standard tenders. Since October 2008, these operations were conducted as fixed rate tender procedures. These operations play a key role in achieving the aims of steering interest rate, managing market liquidity and signalling the monetary policy stance.

## 5.2 Longer-term refinancing operations

These operations aim to provide counterparties with additional longer-term refinancing. These operations were conducted at fixed rate with allotment of the total amount bid.

## 5.3 Fine-tuning reverse operations

Fine-tuning reverse operations aim to regulate the market liquidity situation and steer interest rates, particularly to smooth the effects on interest rates caused by unexpected market fluctuations. Owing to their nature, they are executed on an ad-hoc basis.

### 5.4 Structural reverse operations

These are reverse open-market transactions through standard tenders to enable the Eurosystem to adjust its structural liquidity position vis-à-vis the financial sector.

### 5.5 Marginal lending facility

Marginal lending facilities may be used by counterparties to obtain overnight liquidity from national central banks at a pre-specified interest rate against eligible assets.

### 5.6 Credits related to margin calls

This item refers to cash paid to counterparties in those instances where the market value of the collateral exceeds an established trigger point implying an excess of collateral with respect to outstanding monetary policy operations.

## 6 OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Current accounts and deposits | 3 | 6 | (3) | (50.00) |
| Reverse repo agreements | 477,327 | 50,000 | 427,327 | 854.65 |
| Monetary operations before the entry into the Eurosystem | – | 366,315 | (366,315) | (100.00) |
| Deposits related to margin calls (for repo agreements) | 64 | 8,828 | (8,764) | (99.28) |
| **Total** | **477,394** | **425,149** | **52,245** | **12.29** |

All collateralised credits associated with monetary policy before the entry into the Eurosystem matured in 2025.

## 7 SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

### 7.1 Securities held for monetary policy purposes

The Croatian National Bank held no securities reported under asset item 7.1 on the NCB's balance sheet.

The table below provides an overview of the programmes under which the Eurosystem purchased assets.

| | Start date | End date[9] | Decision | Universe of eligible securities[10] |
|---|---|---|---|---|
| Securities Markets Programme (SMP) | | | | |
| **SMP** | May 2010 | September 2012 | ECB/2010/5 | Public and private debt securities issued in the euro area[11] |
| Asset purchase programme (APP) | | | | |
| **CBPP3** | October 2014 | June 2023 | ECB/2020/8, as amended | Covered bonds of euro area residents |
| **ABSPP** | November 2014 | June 2023 | ECB/2014/45, as amended | Senior and guaranteed mezzanine tranches of asset-backed securities of euro area residents |
| **PSPP** | March 2015 | June 2023 | ECB/2020/9 | Bonds issued by euro-area central, regional or local governments or recognised agencies as well as by international organisations and multilateral development banks located in the euro area |
| **CSPP** | June 2016 | June 2023 | ECB/2016/16, as amended | Bonds and commercial paper issued by non-bank corporations established in the euro area |
| Pandemic emergency purchase programme (PEPP) | | | | |
| **PEPP** | March 2020 | December 2024 | ECB/2020/17, as amended | All asset categories eligible under the APP |

In 2025 the asset purchase programme (APP)[12] and PEPP[13] portfolios continued to decline at a measured and predictable pace, as the Eurosystem no longer reinvested the principal payments from maturing securities.

The securities purchased under these programmes are valued at amortised cost subject to impairment.

The Governing Council assesses on a regular basis the financial risks associated with the securities held under these programmes. In this context, impairment tests are conducted on an annual basis, using data as at the year-end and are approved by the Governing Council. In these tests, impairment indicators are assessed separately for each programme. In cases where impairment indicators are observed, further analysis is performed to confirm that the cash flows of the underlying securities have not been affected by an impairment event.

In accordance with the decision of the Governing Council taken under Article 32.4 of the Statute of the ESCB and of the ECB, losses from holdings of securities, if they were to materialise, are shared in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares, excluding government securities under the PSPP and PEPP programmes.

Based on the results of this year's impairment tests, no losses have been recorded by the CNB for the securities held in its monetary policy portfolios in 2025.

9 For SMP, "End date" refers to the termination date of the programme, while for APP and PEPP it denotes the final date of purchases.
10 Further eligibility criteria for the individual programmes can be found in the relevant Governing Council decisions.
11 Only public debt securities issued by five euro area treasuries were purchased under the SMP.
12 Further details on the APP can be found on the ECB's website.
13 Further details on the pandemic emergency purchase programme can be found on the ECB's website.

### 7.2 Other securities

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Held-to-maturity debt securities | 8,935,283 | 9,465,881 | (530,598) | (5.61) |
| Securities held for monetary policy purposes before the entry into the Eurosystem | 1,519,344 | 1,862,943 | (343,599) | (18.44) |
| **Total** | **10,454,627** | **11,328,824** | **(874,197)** | **(7.72)** |

This line item shows also securities purchased for monetary policy purposes before the entry into the Eurosystem, that is bonds of the Republic of Croatia purchased by the Croatian National Bank in an effort to maintain liquidity and stability of the financial system due to the coronavirus pandemic (COVID-19). These securities are held to maturity and are valued at amortised cost subject to impairment.

In 2025, the Croatian National Bank sold EUR 56,000 thousands (nominal value) of securities from its held-to-maturity portfolio, due to adjustments related to a limited framework.

## 9 INTRA-EUROSYSTEM CLAIMS

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Participating interest in the ECB | 417,637 | 417,637 | – | – |
| Claims equivalent to the transfer of foreign reserves | 313,957 | 313,957 | – | – |
| Claims related to TARGET | – | 4,730,043 | (4,730,043) | (100.00) |
| Net claims related to the allocation of euro banknotes within the Eurosystem | 20,248,732 | 17,024,132 | 3,224,600 | 18.94 |
| **Total** | **20,980,326** | **22,485,769** | **(1,505,443)** | **(6.70)** |

### 9.1 Participating interest in the ECB

For the Croatian National Bank this balance sheet item includes the paid-up share in the ECB's subscribed capital in the amount of EUR 68,511 thousands (31/12/2024: EUR 68,511 thousands) and contributions in accordance with Article 48.2 of the Statute of the ESCB in the amount of EUR 349,126 thousands (31/12/2024: EUR 349,126 thousands).

Pursuant to Article 28 of the Statute of the ESCB and of the ECB, the ESCB national central banks are the sole subscribers to the capital of the ECB. Pursuant to Article 29 of the Statute of the ESCB and of the ECB, the weightings assigned to the NCBs in the key for subscription of the ECB's capital are determined according to the shares of the respective Member States in the total population and gross domestic product of the EU, in equal measure. These weights are adjusted every five years and whenever there is a change in the number of NCBs of EU Member States, that contribute to the ECB's capital.

The capital key is applied to ECB's subscribed capital of EUR 10,825,007 thousands to determine the share of subscribed capital for each NCB.

The euro area NCBs have fully paid up their share of subscribed capital, while the non-euro area NCBs have paid up 3.75% of their subscribed capital as a contribution to the operational costs of the ECB.

The following table shows the capital key, subscribed capital and paid-up capital:

| | Since 1/1/2024 | | |
|---|---|---|---|
| | Capital subscription key % | Subscribed capital in thousands of euro | Paid-up capital in thousands of euro |
| Nationale Bank van België/Banque Nationale de Belgique | 3.0005 | 324,804 | 324,804 |
| Deutsche Bundesbank | 21.7749 | 2,357,134 | 2,357,134 |
| Eesti Pank | 0.2437 | 26,381 | 26,381 |
| Central Bank of Ireland | 1.7811 | 192,804 | 192,804 |
| Bank of Greece | 1.8474 | 199,981 | 199,981 |
| Banco de España | 9.6690 | 1,046,670 | 1,046,670 |
| Banque de France | 16.3575 | 1,770,701 | 1,770,701 |
| Hrvatska narodna banka | 0.6329 | 68,511 | 68,511 |
| Banca d'Italia | 13.0993 | 1,418,000 | 1,418,000 |
| Central Bank of Cyprus | 0.1802 | 19,507 | 19,507 |
| Latvijas Banka | 0.3169 | 34,304 | 34,304 |
| Lietuvos bankas | 0.4826 | 52,241 | 52,241 |
| Banque centrale du Luxembourg | 0.2976 | 32,215 | 32,215 |
| Central Bank of Malta | 0.1053 | 11,399 | 11,399 |
| De Nederlandsche Bank | 4.8306 | 522,913 | 522,913 |
| Oesterreichische Nationalbank | 2.4175 | 261,695 | 261,695 |
| Banco de Portugal | 1.9014 | 205,827 | 205,827 |
| Banka Slovenije | 0.4041 | 43,744 | 43,744 |
| Národná banka Slovenska | 0.9403 | 101,788 | 101,788 |
| Suomen Pankki – Finlands Bank | 1.4853 | 160,784 | 160,784 |
| **Subtotal for euro area NCBs** | **81.7681** | **8,851,403** | **8,851,403** |
| Българска народна банка (Bulgarian National Bank) | 0.9783 | 105,901 | 3,971 |
| Česká národní banka | 1.9623 | 212,419 | 7,966 |
| Danmarks Nationalbank | 1.7797 | 192,653 | 7,224 |
| Magyar Nemzeti Bank | 1.5819 | 171,241 | 6,422 |
| Narodowy Bank Polski | 6.0968 | 659,979 | 24,749 |
| Banca Naţională a României | 2.8888 | 312,713 | 11,727 |
| Sveriges Riksbank | 2.9441 | 318,699 | 11,951 |
| **Subtotal for non-euro area NCBs** | **18.2319** | **1,973,604** | **74,010** |
| **Total** | **100.00** | **10.825.007** | **8.925.413** |

## 9.2 Claims equivalent to the transfer of foreign reserves

The amount of EUR 313,957 thousands represents the Croatian National Bank's claims arising from the transfer of foreign reserve assets to the ECB, when the Croatian National Bank joined the Eurosystem. In line with Article 30.2 of the Statute of the ESCB and of the ECB, these contributions are fixed in proportion to NCBs' share in the subscribed capital of the ECB.

Since 1 January 2025 the remuneration of these claims is calculated on a daily basis at the latest available interest rate applied to the deposit facility (DFR)[14] offered by the Eurosystem, adjusted to reflect a zero return on the gold component. Until that date, such remuneration was calculated daily at the latest available (marginal) interest rate used by the Eurosystem in its tenders for main refinancing operations (MRO), also adjusted to reflect a zero return on the gold component.

### 9.3 Claims related to TARGET

The Croatian National Bank had a claim vis-à-vis the ECB at the end of 2024 but a liability at the end of 2025 (Note 3, under 10.2 Liabilities related to TARGET).

### 9.4 Net claims related to the allocation of euro banknotes within the Eurosystem

This item consists of the claims of the Croatian National Bank vis-à-vis the Eurosystem relating to the allocation of euro banknotes within the Eurosystem (see “Banknotes in circulation” and “Intra-ESCB balances/intra-Eurosystem balances” in the notes on accounting policies). The increase in comparison with 31 December 2024 was due to the decrease in the amount of euro banknotes put into circulation by the Croatian National Bank in 2025 as well as the rise in banknotes in circulation in the Eurosystem as a whole (Note 3, under 1 Banknotes in circulation).

Since 1 January 2025 the remuneration of these claims is calculated on a daily basis at the latest available interest rate applied to the deposit facility (DFR) offered by the Eurosystem. Until that date, such remuneration was calculated at the latest available (marginal) interest rate used by the Eurosystem in its tenders for main refinancing operations.

## 11 OTHER ASSETS

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Tangible and intangible fixed assets | 117,931 | 113,237 | 4,694 | 4.15 |
| Other financial assets | 495,805 | 20,166 | 475,639 | 2,358.62 |
| Off-balance-sheet instruments revaluation differences | 19,949 | 9,642 | 10,307 | 106.90 |
| Accruals and prepaid expenses | 153,205 | 216,945 | (63,740) | (29.38) |
| Sundry | 5,341 | 4,670 | 671 | 14.37 |
| **Total** | **792,231** | **364,660** | **427,571** | **117.25** |

14 Further details on the ECB’s interest rates can be found here.

## 11.2 Tangible and intangible fixed assets

| (All amounts are expressed in thousands of euro) | Property owned by the CNB (land and buildings) | Right-of-use buildings (office buildings) | Computers | Furniture and equipment | Motor vehicles | Assets under development – property, plant, equipment | TOTAL PROPERTY, PLANT AND EQUIPMENT | Soft-ware and licences | Assets under development – intangible assets | TOTAL INTANGIBLE ASSETS | TOTAL property, plant, equipment and intang. assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2025** | | | | | | | | | | | |
| Cost or revaluation value | 72,458 | 14,968 | 45,712 | 10,654 | 2,121 | 9,748 | 155,661 | 10,709 | 1,659 | 12,368 | 168,029 |
| Accumulated depreciation/ amortisation | (1,152) | (5,879) | (31,652) | (6,665) | (1,268) | – | (46,616) | (8,176) | – | (8,176) | (54,792) |
| **Net book value** | **71,306** | **9,089** | **14,060** | **3,989** | **853** | **9,748** | **109,045** | **2,533** | **1,659** | **4,192** | **113,237** |
| **For the year ended 31 December 2025** | | | | | | | | | | | |
| Opening net book amount | 71,306 | 9,089 | 14,060 | 3,989 | 853 | 9,748 | 109,045 | 2,533 | 1,659 | 4,192 | 113,237 |
| Additions | 759 | 2,501 | 9,054 | 1,628 | – | 3,252 | 17,194 | 326 | – | 326 | 17,520 |
| Brought into use | 289 | – | 9,053 | 117 | – | (9,459) | – | 123 | (123) | – | – |
| Revaluation | – | – | – | – | – | – | – | – | – | – | – |
| Impairment | – | – | – | – | – | – | – | – | – | – | – |
| Net written off | – | – | – | – | – | – | – | – | – | – | – |
| Depreciation/amortisation (charge for the year, Note 5 under 7) | (1,169) | (2,945) | (6,674) | (1,135) | (115) | – | (12,038) | (788) | – | (788) | (12,826) |
| **Closing net book amount** | **71,185** | **8,645** | **25,493** | **4,599** | **738** | **3,541** | **114,201** | **2,194** | **1,536** | **3,730** | **117,931** |
| **Balance as at 31 December 2025** | | | | | | | | | | | |
| Cost or revaluation value | 73,505 | 16,770 | 59,394 | 12,175 | 2,031 | 3,541 | 167,416 | 11,158 | 1,536 | 12,694 | 180,110 |
| Accumulated depreciation/ amortisation | (2,320) | (8,125) | (33,901) | (7,576) | (1,293) | – | (53,215) | (8,964) | – | (8,964) | (62,179) |
| **Net book value** | **71,185** | **8,645** | **25,493** | **4,599** | **738** | **3,541** | **114,201** | **2,194** | **1,536** | **3,730** | **117,931** |

| (All amounts are expressed in thousands of euro) | Property owned by the CNB (land and buildings) | Right-of-use buildings (office buildings) | Computers | Furniture and equipment | Motor vehicles | Assets under development – property, plant, equipment | TOTAL PROPERTY, PLANT AND EQUIPMENT | Soft-ware and licences | Assets under development – intangible assets | TOTAL INTANGIBLE ASSETS | TOTAL property, plant, equipment and intang. assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2024 | | | | | | | | | | | |
| Cost or revaluation value | 72,010 | 10,844 | 43,067 | 9,380 | 1,209 | 5,125 | 141,635 | 10,359 | 2,021 | 12,380 | 154,015 |
| Accumulated depreciation/ amortisation | – | (3,565) | (25,869) | (5,993) | (1,174) | – | (36,601) | (7,369) | – | (7,369) | (43,970) |
| **Net book value** | **72,010** | **7,279** | **17,198** | **3,387** | **35** | **5,125** | **105,034** | **2,990** | **2,021** | **5,011** | **110,045** |
| For the year ended 31 December 2024 | | | | | | | | | | | |
| Opening net book amount | 72,010 | 7,279 | 17,198 | 3,387 | 35 | 5,125 | 105,034 | 2,990 | 2,021 | 5,011 | 110,045 |
| Additions | – | 4,124 | 1,158 | 917 | 114 | 8,191 | 14,504 | – | – | – | 14,504 |
| Brought into use | 521 | – | 1,592 | 657 | 798 | (3,568) | – | 362 | (362) | – | – |
| Revaluation | – | – | – | – | – | – | – | – | – | – | – |
| Impairment | – | – | – | – | – | – | – | – | – | – | – |
| Net written off | (73) | – | – | – | – | – | (73) | – | – | – | (73) |
| Depreciation/amortisation (charge for the year, Note 5 under 7) | (1,152) | (2,314) | (5,888) | (972) | (94) | – | (10,420) | (819) | – | (819) | (11,239) |
| **Closing net book amount** | **71,306** | **9,089** | **14,060** | **3,989** | **853** | **9,748** | **109,045** | **2,533** | **1,659** | **4,192** | **113,237** |
| Balance as at 31 December 2024 | | | | | | | | | | | |
| Cost or revaluation value | 72,458 | 14,968 | 45,712 | 10,654 | 2,121 | 9,748 | 155,661 | 10,709 | 1,659 | 12,368 | 168,029 |
| Accumulated depreciation/ amortisation | (1,152) | (5,879) | (31,652) | (6,665) | (1,268) | – | (46,616) | (8,176) | – | (8,176) | (54,792) |
| **Net book value** | **71,306** | **9,089** | **14,060** | **3,989** | **853** | **9,748** | **109,045** | **2,533** | **1,659** | **4,192** | **113,237** |

## 11.3 Other financial assets

| *(All amounts are expressed in thousands of euro)* | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| BIS shares | 5,563 | 5,563 | – | – |
| SWIFT shares | 189 | 189 | – | – |
| Investment in the Croatian Mint | 17,608 | 14,414 | 3,194 | 22.16 |
| CNB's clearing account in EuroNCSInst | 472,445 | – | 472,445 | – |
| **Total** | **495,805** | **20,166** | **475,639** | **2,358.62** |

In accordance with the Statute of the BIS, 25% of the shares subscribed was paid, while the remaining 75% is payable upon call for payment. In 2025, the Croatian National Bank received a dividend in the amount of EUR 1,083 thousands (2024: EUR 1,107 thousands).

The Croatian National Bank holds 29 SWIFT shares.

The Croatian Mint is a domestic company whose core operation is the production of coins and medals of gold and other precious metals, production of coins and commemorative circulation coins, manufacturing of jewellery and related products, trade in gold and other precious metals, trade in jubilee coins and in medals of gold and other precious metals. The share ownership of the Croatian National Bank in the capital of the Croatian Mint is 100%, valued under the net asset value principle. Net value of these assets is calculated and recorded in the accounts once a year, at the end of a business year, based on the data available at the time. The consolidated financial statements are not prepared as the investment in the Croatian Mint is not significant from either a qualitative or quantitative perspective.

| (All amounts are expressed in thousands of euro) | |
|---|---|
| **Net asset value as at 1/1/2025** | **14,414** |
| Revaluation in 2025 | 3,194 |
| **Net asset value as at 31/12/2025** | **17,608** |

EuroNCSInst is a payment system for the execution of payment transactions in euro, between the payer and the payee, in almost real time (SEPA instant credit transfer). The Financial Agency (FINA) is the owner and operator of the EuroNCSInst payment system. Instant payment transactions in euro are executed up to the amount of available funds in the bank's clearing account in EuroNCSInst.

## 11.4 Off-balance-sheet instruments revaluation differences

This line item shows the net results of the valuations of off-balance sheet instruments in foreign currencies from the trading date to the settlement date. The table below shows the revaluation differences of derivative instruments by instrument and currency that are recognised in the balance sheet.

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Foreign exchange swaps (FX SWAP) in USD | – | 9,642 | (9,642) | (100.00) |
| Foreign exchange swaps (FX SWAP) in JPY | 19,949 | – | 19,949 | – |
| **Total** | **19,949** | **9,642** | **10,307** | **106.90** |

## 11.5 Accruals and prepaid expenses

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Foreign currency deposits with other banks | 60 | 79 | (19) | (24.05) |
| Foreign currency denominated securities not held to maturity | 4,499 | 3,699 | 800 | 21.63 |
| Foreign currency denominated securities held to maturity | 15,914 | 13,056 | 2,858 | 21.89 |
| Euro-denominated securities held to maturity | 28,533 | 30,166 | (1,633) | (5.41) |
| Securities held for monetary policy purposes before the entry into the Eurosystem | 9,312 | 14,971 | (5,659) | (37.80) |
| Lending to credit institutions from RC related to monetary policy operations | 14 | 4 | 10 | 250.00 |
| Lending to credit institutions from RC related to monetary policy operations before the entry into the Eurosystem | – | 4,342 | (4,342) | (100.00) |
| Foreign currency reverse repo agreements | 385 | 359 | 26 | 7.24 |
| Reverse repo agreements in euro | 460 | 204 | 256 | 125.49 |
| Foreign exchange swaps (FX SWAP) | 3,301 | 3,967 | (666) | (16.79) |
| Remuneration for intra-Eurosystem claims | 87,664 | 41,915 | (54,251) | (38.23) |
| Prepaid expenditure | 2,414 | 4,180 | (1,766) | (42.25) |
| Other | 649 | 3 | 646 | 21,533.33 |
| **Total** | **153,205** | **216,945** | **(63,740)** | **(29.38)** |

Sub-item A 11.5 shows accrued interest on various bases, with the largest part of this item referring to accrued remuneration for intra-Eurosystem claims, that is, EUR 81,552 thousands based on the adjustment of euro banknotes within the Eurosystem (31 December 2024: EUR 102,627 thousands), EUR 6,112 thousands for foreign reserve assets transferred to the ECB (31 December 2024: EUR 11,210 thousands), and in 2024 EUR 28,078 thousands arising from TARGET.

### 11.6 Sundry

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Numismatics | 1,341 | 1,301 | 40 | 3.07 |
| Receivables | 1,169 | 1,307 | (138) | (10.56) |
| Advances given | 35 | 231 | (196) | (84.85) |
| Other tangible assets | 2,480 | 1,495 | 985 | 65.89 |
| Other | 316 | 336 | (20) | (5.95) |
| **Total** | **5,341** | **4,670** | **671** | **14.37** |

# Note 3 – Liability items

## 1 BANKNOTES IN CIRCULATION

The item banknotes in circulation consists of the Croatian National Bank's share of the total euro banknotes in circulation (see Note Banknotes in circulation in the notes on accounting policies).

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Total value of euro banknotes put into circulation by the Croatian National Bank | (8,717,643) | (5,715,123) | (3,002,520) | (52.54) |
| Liability resulting from the ECB's share of euro banknotes in circulation | (1,002,839) | (983,526) | (19,313) | (1.96) |
| Claim according to the Croatian National Bank's weighting in the ECB capital key | 21,251,571 | 18,007,658 | 3,243,913 | 18.01 |
| **Total euro banknotes in circulation** | **11,531,089** | **11,309,009** | **222,080** | **1.96** |

During 2025, the total value of banknotes in circulation within the Eurosystem increased by 1.96%. According to the allocation key, the Croatian National Bank had euro banknotes in circulation worth EUR 11,531,089 thousands at the end of the year, compared with EUR 11,309,009 thousands at the end of 2024. The value of the euro banknotes actually issued by the Croatian National Bank in 2025 decreased. As this was less than the allocated amount, the difference of EUR 20,248,732 thousands (compared to EUR 17,024,132 thousands as at 31 December 2024) is shown under asset item 9.4 "Net claims related to the allocation of euro banknotes within the Eurosystem".

## 2 LIABILITIES TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Current accounts (covering the minimum reserve system) | 1,020,491 | 953,326 | 67,165 | 7.05 |
| Deposit facility | 11,879,738 | 15,112,325 | (3,232,587) | (21.39) |
| **Total** | **12,900,229** | **16,065,651** | **(3,165,422)** | **(19.70)** |

### 2.1 Current accounts (covering the minimum reserve system)

Current accounts contain the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves, excluding funds of credit institutions that are not freely disposable and accounts of credit institutions exempt from minimum reserve requirements, which are disclosed separately under Liability item 3 “Other liabilities to euro area credit institutions denominated in euro”.

Banks’ minimum reserve balances were remunerated at the latest available (marginal) interest rate used by the Eurosystem in its tenders for main refinancing operations until 20 December 2022, and at the Eurosystem’s deposit facility (overnight deposit) rate between 21 December 2022 and 19 September 2023. Following a Governing Council decision on 27 July 2023 these balances are remunerated at zero percent, starting from 20 September 2023.

### 2.2 Deposit facility

The deposit facility refers to overnight deposits placed by Croatian banks that access the Eurosystem’s liquidity absorbing standing facility at the pre-specified rate.

### 2.3 Fixed-term deposits

Fixed-term deposits are fine-tuning liquidity absorbing operations that take the form of deposits.

### 2.4 Fine-tuning reverse operations

Fine-tuning reverse operations are used to offset high liquidity imbalances.

### 2.5 Deposits related to margin calls

This item refers to deposits made by counterparties in those instances where the market value of the collateral pledged falls short of an established trigger point.

## 3 OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Repo deposits of banks | 567,383 | 3,706,629 | (3,139,246) | (84.69) |
| Court-mandated deposits | 4,560 | 5,622 | (1,062) | (18.89) |
| Deposits related to margin calls (foreign exchange swaps) | 3,519 | – | 3,519 | – |
| Deposits related to margin calls (for repo agreements) | – | 3,989 | (3,989) | (100.00) |
| **Total** | **575,462** | **3,716,240** | **(3,140,778)** | **(84.51)** |

The item Other liabilities to euro area credit institutions denominated in euro includes funds of credit institutions that are not freely disposable. Court-mandated deposits are assets foreclosed pursuant to the Act on the Execution of Enforcement over Monetary Assets.

## 5 LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| General government | 2,744,742 | 3,179,363 | (434,621) | (13.67) |
| Deposits of mandatory pension funds | 620,000 | 171,000 | 449,000 | 262.57 |
| Other liabilities | 874,351 | 313,011 | 561,340 | 179.34 |
| **Total** | **4,239,093** | **3,663,374** | **575,719** | **15.72** |

The item General government includes funds in government accounts.

The Act on Amendments to the Mandatory Pension Funds Act (Official Gazette 156/2023) has broadened the universe of permitted investments of mandatory pension funds (MPFs) to include deposits with the Croatian National Bank and the European Central Bank. The conditions for putting MPF funds in fixed-term deposits are governed by the Decision on interest rates on cash balances with the Croatian National Bank not related to monetary policy operations. MPF deposits with the CNB are placed as fixed-term deposits by mandatory pension fund management companies.

Other liabilities includes deposits of financial institutions not subject to minimum reserve requirements and the balance on the TIPS AS technical account of FINA. For the purpose of clearing and settlement of SEPA instant credit transfers among EuroNCSInst participants, the CNB has opened and manages a TIPS AS technical account of the Financial Agency (FINA). FINA uses the TIPS AS technical account to collect the necessary liquidity set aside by EuroNCSInst participants to cover the clearing and settlement of SEPA instant credit transfers in EuroNCSInst.

## 6 LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN EURO

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Due to European Commission | 125,681 | 129,532 | (3,851) | (2.97) |
| Other liabilities | 68,438 | 71,378 | (2,940) | (4.12) |
| **Total** | **194,119** | **200,910** | **(6,791)** | **(3.38)** |

Liabilities to the European Commission include euro transaction accounts: Own Resources Account and the European Development Fund Account.

In accordance with ECB Guideline (EU) 2021/564 of 17 March 2021 (replaced by Guideline (EU) 2024/1211) on the Eurosystem's provision of reserve management services in euro to central banks and countries located outside the euro area and to international organisations, the Croatian National Bank has concluded an arrangement with a central bank outside the Eurosystem on the Eurosystem's provision of reserve management services (ERMS). Funds received and a fixed-term deposit from a central bank outside the Eurosystem in the amount of EUR 68,428 thousands (31 December 2024: EUR 71,368 thousands) are reported under Other liabilities.

## 7 LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Liabilities to financial sector counterparties | 185,636 | 198,090 | (12,454) | (6.29) |
| General government | 987 | 4,102 | (3,115) | (75.94) |
| **Total** | **186,623** | **202,192** | **(15,569)** | **(7.70)** |

Liabilities to financial sector counterparties refer to repo deposits of euro area financial institutions denominated in foreign currency.

## 9 COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Net cumulative allocations | 1,206,324 | 1,298,226 | (91,902) | (7.08) |
| **Total** | **1,206,324** | **1,298,226** | **(91,902)** | **(7.08)** |

This balance sheet line item is the euro equivalent of XDR 1,034,938 thousands (31 December 2024: XDR 1,034,938 thousands).

# 10 INTRA-EUROSYSTEM LIABILITIES

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Liabilities related to TARGET | 4,588,242 | – | 4,588,242 | – |
| Other liabilities within the Eurosystem (net) | 78,634 | 190,161 | (111,527) | (58.65) |
| **Total** | **4,666,876** | **190,161** | **4,476,715** | **2,354.17** |

## 10.2 Liabilities related to TARGET

This item consists of the TARGET balance of the Croatian National Bank vis-à-vis the ECB (see "Intra-ESCB balances/intra-Eurosystem balances" in the notes on accounting policies).

Since 1 January 2025 the remuneration of these claims/liabilities (with the exception of balances arising from back-to-back swap transactions in connection with US dollar liquidity-providing operations) is calculated on a daily basis at the latest available interest rate applied to the deposit facility (DFR) offered by the Eurosystem. Until that date, such remuneration was calculated at the latest available (marginal) interest rate used by the Eurosystem in its tenders for main refinancing operations.

## 10.4 Other liabilities within the Eurosystem (net)

In other liabilities within the Eurosystem, and regarding the position vis-à-vis the ECB in respect of the annual pooling and allocation of monetary income within the Eurosystem national central banks, the Croatian National Bank had a debit balance of EUR 78,634 thousands at year-end (Note 5, under 3 Net result of pooling monetary income).

# 12 OTHER LIABILITIES

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Off-balance-sheet instruments revaluation differences | 6,288 | 2 | 6,286 | 314,300.00 |
| Accruals and income collected in advance | 16,857 | 16,527 | 330 | 2.00 |
| Sundry | 446,392 | 571,838 | (125,446) | (21.94) |
| **Total** | **469,537** | **588,367** | **(118,830)** | **(20.20)** |

## 12.1 Off-balance-sheet instruments revaluation differences

This line item shows the net results of the valuations of off-balance sheet instruments in foreign currencies from the trading date to the settlement date. The table below shows the revaluation differences of derivative instruments by instrument and currency that are recognised in the balance sheet.

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Foreign exchange swaps (FX SWAP) in USD | 6,288 | – | 6,288 | – |
| Foreign exchange swaps (FX SWAP) in JPY | – | 2 | (2) | (100.00) |
| **Total** | **6,288** | **2** | **6,286** | **314,300.00** |

## 12.2 Accruals and income collected in advance

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Deposits of RC | 3,546 | 9,419 | (5,873) | (62.35) |
| Repo agreements | 651 | 5,514 | (4,863) | (88.19) |
| Deposits of other customers | 457 | 512 | (55) | (10.74) |
| Remuneration of liabilities within the Eurosystem (TARGET) | 9,855 | – | 9,855 | – |
| Foreign exchange swaps (FX SWAP) | 525 | 705 | (180) | (25.53) |
| Other | 1,823 | 377 | 1,446 | 383.55 |
| **Total** | **16,857** | **16,527** | **330** | **2.00** |

The item Other comprises accrued remuneration on the TIPS AS technical account of FINA in the amount of EUR 1,500 thousands (31 December 2024: EUR 72 thousands).

## 12.3 Sundry

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Euro coins | 209,029 | 170,728 | 38,301 | 22.43 |
| Kuna banknotes | 177,371 | 189,337 | (11,966) | (6.32) |
| Kuna coins | – | 155,234 | (155,234) | (100.00) |
| Amounts due to employees | 3,989 | 3,362 | 627 | 18.65 |
| Taxes and contributions | 2,634 | 1,983 | 651 | 32.83 |
| Trade payables | 6,423 | 8,394 | (1,971) | (23.48) |
| Bank cash accounts | 40,385 | 35,764 | 4,621 | 12.92 |
| Other | 6,561 | 7,036 | (475) | (6.75) |
| **Total** | **446,392** | **571,838** | **(125,446)** | **(21.94)** |

From the year after the cash changeover year, this position also shows kuna banknotes in circulation. Kuna banknotes are exchanged without a time limit, and kuna coins until the expiry of three years from the date of the introduction of the euro, i.e. until 31 December 2025. The remaining amount of unreturned kuna coins, reduced by the estimated amount to be returned after 31 December 2025, is recognised as income in the profit and loss account for 2025 (Note 5, under 6 Other income).

The bank's cash account is the bank's dedicated account opened with the Croatian National Bank for the purpose of supplying banks with cash through cash supply centres that is not a transaction account in the sense of the regulation governing payment operations. The transfers of funds for the purpose of supplying banks with euro cash are made through the TARGET system.

The item Other comprises the present value of the lease liability in the amount of EUR 5,772 thousands (31 December 2024: EUR 6,480 thousands).

## 13 PROVISIONS

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| *Risk provisions* | | | | |
| Provisions for financial risks | 586,074 | 491,074 | 95,000 | 19.35 |
| *Other provisions* | | | | |
| Provisions for employee benefits | 5,471 | 4,936 | 535 | 10.84 |
| Provisions for kuna coins | 1,232 | – | 1,232 | – |
| *Total other provisions* | *6,703* | *4,936* | *1,767* | *35.80* |
| **Total** | **592,777** | **496,010** | **96,767** | **19.51** |

Pursuant to the decision of the Council of the Croatian National Bank, provisions for financial risks as at 31 December 2025 increased by the amount of EUR 95,000 thousands and now stand at EUR 586,074 thousands (31 December 2024: EUR 491,074 thousands).

The amount of provisions for financial risks and the further need for them is reviewed once a year on the basis of the Croatian National Bank's assessment of its own exposure to financial risks. The amount of provisions for financial risks of the Croatian National Bank is assessed taking into account risk assessment models, the expectations of changes in risk exposure due to new investments or the reduction of existing investments as well as expectations of interest rate trends, currency exchange rates and other market factors, and other expert assessments. The exposure of the Croatian National Bank to financial risks is described in more detail in Note 7 – Risk management.

In 2025 the Croatian National Bank established provisions for kuna coins in the amount equal to the amount of estimated liabilities for exchanging kuna coins for euro cash, taking into account unprocessed deliveries of kuna coins received at the Croatian National Bank until 31 December 2025 or submitted to a postal services provider within the legally prescribed time limit for the exchange of kuna coins, received at the Croatian National Bank after 1 January 2026.

## 14 REVALUATION ACCOUNTS

The table below shows revaluation account balances.

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Securities | 5,119 | 1,102 | 4,017 | 364.52 |
| Foreign currency positions | 2 | 170,048 | (170,046) | (100.00) |
| Assets under management with international financial institutions | 9,072 | 1,017 | 8,055 | 792.04 |
| IMF | – | 15 | (15) | (100.00) |
| Gold | 884 | 363 | 521 | 143.53 |
| Silver | 1,238 | 196 | 1,042 | 531.63 |
| Significant interests | 8,697 | 5,503 | 3,194 | 58.04 |
| Revaluation reserves for fixed assets | 53,272 | 54,083 | (811) | (1.50) |
| Pre-entry revaluation accounts | 536,260 | 723,483 | (187,223) | (25.88) |
| **Total** | **614,544** | **955,810** | **(341,266)** | **(35.70)** |

The table below shows pre-entry revaluation account balances:

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| USD/HRK pre-entry revaluation account | – | 158,161 | (158,161) | (100.00) |
| Pre-entry revaluation account for the coverage of losses | 536,260 | 565,322 | (29,062) | (5.14) |
| **Total** | **536,260** | **723,483** | **(187,223)** | **(25.88)** |

A portion of unrealised gains from the USD/HRK pre-entry revaluation account is recognised in the profit and loss account at the time of sale of US dollars and a portion was used to cover year-end unrealised foreign exchange losses arising from USD revaluation. Unrealised gains from the pre-entry revaluation account for the coverage of losses were used for the coverage of unrealised foreign exchange losses and for the coverage of losses from the change in the prices of securities not held to maturity (see Note 5, under 2 Net result of financial operations and write-downs).

## 15 CAPITAL AND RESERVES

| (All amounts are expressed in thousands of euro) | 31/12/2025 | 31/12/2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Initial capital | 331,807 | 331,807 | – | – |
| General reserves | 155,813 | 152,892 | 2,921 | 1.91 |
| **Total** | **487,620** | **484,699** | **2,921** | **0.60** |

The initial capital in the amount of EUR 331,807 thousands may not be transferred or pledged. General reserves are established to cover general business risks of the Croatian National Bank. The lower bound of general reserves was determined by the Decision on the determination of the lower bound of the general reserves of the Croatian National Bank, adopted by the Council of the Croatian National Bank, in the amount of EUR 66,361 thousands.

The increase in general reserves was due to the allocation of profit for 2024 in the amount of EUR 2,110 thousands and the transfer of revaluation reserves for fixed assets (buildings) to general reserves, that is, realisation of the revaluation reserve due to depreciation in the amount of EUR 811 thousands (31 December 2024: EUR 811 thousands).

# Note 4 – Off-balance sheet accounts

## Foreign exchange swaps (FX SWAP)

In 2025, the Croatian National Bank concluded foreign exchange swaps, and the amounts of claims and liabilities arising from these transactions as at 31 December 2025 and 31 December 2024 are shown in the tables below.

(All amounts are expressed in thousands of euro)

| Foreign exchange swaps | 31/12/2025 | | | |
|---|---|---|---|---|
| | USD | JPY | EUR | Total |
| Claims | 231,095 | – | 314,478 | 545,573 |
| Liabilities | – | (531,911) | – | (531,911) |
| **Total** | **231,095** | **(531,911)** | **314,478** | **13,662** |

(All amounts are expressed in thousands of euro)

| Foreign exchange swaps | 31/12/2024 | | | |
|---|---|---|---|---|
| | USD | JPY | EUR | Total |
| Claims | 789,581 | – | – | 789,581 |
| Liabilities | – | (129,941) | (650,000) | (779,941) |
| **Total** | **789,581** | **(129,941)** | **(650,000)** | **9,640** |

## Collateral

Total market value of collateral obtained for monetary policy operations of the Eurosystem as at 31 December 2025 amounted to EUR 49,599 thousands (31 December 2024: EUR 47,037 thousands).

Total market value of collateral obtained by foreign currency reverse repo agreements (sovereign bonds and bonds of state institutions rated AAA to AA–) as at 31 December 2025 amounts to EUR 610,693 thousands (31 December 2024: EUR 196,539 thousands).

Total market value of collateral given in foreign currency repo agreements as at 31 December 2025 amounts to EUR 755,069 thousands (31 December 2024: EUR 4,176,066 thousands).

## Contingent assets

In the previous civil proceedings terminated by a final judgement, in which the claimant was the Croatian National Bank, the Supreme Court of the Republic of Croatia issued a decision annulling the final judgement and the case was referred back to the first instance court for retrial. In the renewed proceedings the first instance court dismissed the claim of the Croatian National Bank, and the second instance court dismissed the appeal of the Croatian National Bank rendering the decision of the first instance court the final judgement. However, since as part of the same proceedings, the Croatian National Bank submitted to the Supreme Court of the Republic of Croatia an application for leave to review the judgment as an extraordinary legal remedy in civil proceedings, contingent assets remain recorded in off-balance sheet records in the amount of EUR 22,667 thousands (31 December 2024: EUR 22,667 thousands) and will remain so until the Supreme Court of the Republic of Croatia renders a decision in connection to the said application.

## Contingent liabilities and commitments

**Legal actions:** As at 31 December 2025, the Croatian National Bank had no provisions for court cases (see Note 3, under 13 Provisions).

**Capital commitments:** As at 31 December 2025, the capital commitments of the Croatian National Bank amounted to EUR 1,482 thousands (31 December 2024: EUR 2,734 thousands).

# Note 5 – Notes to the Profit and Loss Account

## 1 NET INTEREST INCOME/(EXPENSE)

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| **Foreign currency interest income:** | | | | |
| Foreign currency deposits | 1,299 | 2,709 | (1,410) | (52.05) |
| Foreign currency reverse repo agreements | 6,824 | 11,378 | (4,554) | (40.02) |
| Foreign currency denominated securities not held to maturity | 26,341 | 28,938 | (2,597) | (8.97) |
| Foreign currency denominated securities held to maturity | 57,630 | 26,778 | 30,852 | 115.21 |
| Foreign exchange swaps | 14,126 | 52,527 | (38,401) | (73.11) |
| Balances with the IMF | 38,268 | 14,084 | 24,184 | 171.71 |
| Loans to domestic banks | 1 | – | 1 | – |
| **Total** | **144,489** | **136,414** | **8,075** | **5.92** |
| **Domestic currency interest income:** | | | | |
| Monetary policy operations | 148 | 54 | 94 | 174.07 |
| Intra-Eurosystem claims for: | | | | |
| TARGET | 9,210 | 510,556 | (501,346) | (98.20) |
| Allocation of euro banknotes within the Eurosystem | 323,686 | 404,240 | (80,554) | (19.93) |
| Transfer of foreign reserve assets to the ECB | 6,112 | 11,210 | (5,098) | (45.48) |
| Held-to-maturity securities | 127,049 | 140,691 | (13,642) | (9.70) |
| Reverse repo agreements | 4,474 | 1,249 | 3,225 | 258.21 |
| Foreign exchange swap (FX SWAP) | 929 | – | 929 | – |
| Securities held for monetary policy purposes before the entry into the Eurosystem | 51,844 | 58,076 | (6,232) | (10.73) |
| Monetary policy operations before the entry into the Eurosystem | 301 | 931 | (630) | (67.67) |
| CNB's clearing account in EuroNCSInst | 1,332 | – | 1,332 | – |
| Other | 43 | 142 | (99) | (69.72) |
| **Total** | **525,128** | **1,127,149** | **(602,021)** | **(53.41)** |
| **Total interest income** | **669,617** | **1,263,563** | **(593,946)** | **(47.01)** |

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| **Foreign currency interest expense:** | | | | |
| Foreign currency repo agreements | (6,674) | (11,150) | (4,476) | (40.14) |
| Amortised premium on securities not held to maturity | (146) | (123) | 23 | 18.70 |
| Amortised premium on held-to-maturity securities | (1,404) | (1,527) | (123) | (8.06) |
| Foreign exchange swaps (FX SWAP) | (972) | (43) | 929 | 2,160.47 |
| Net cumulative allocations with the IMF | (38,047) | (14,083) | 23,964 | 170.16 |
| **Total** | **(47,243)** | **(26,926)** | **20,317** | **75.45** |
| **Domestic currency interest expense:** | | | | |
| Ministry of Finance deposits | (44,381) | (115,748) | (71,367) | (61.66) |
| Other government deposits | (9,922) | (28,409) | (18,487) | (65.07) |
| Repo agreements | (27,326) | (394,487) | (367,161) | (93.07) |
| Deposits of mandatory pension funds | (8,994) | (9,512) | (518) | (5.45) |
| Other deposits | (1,885) | (2,988) | (1,103) | (36.91) |
| Overnight deposits of banks | (290,056) | (532,226) | (242,170) | (45.50) |
| Amortised premium on held-to-maturity securities | (18,909) | (29,004) | (10,095) | (34.81) |
| Liabilities within the Eurosystem (TARGET) | (63,655) | – | 63,655 | – |
| Foreign exchange swaps (FX SWAP) | (3,294) | (34,647) | (31,353) | (90.49) |
| Amortisation premium on securities held for monetary policy purposes before the entry into the Eurosystem | (36,874) | (41,321) | (4,447) | (10.76) |
| TIPS AS technical account of FINA | (3,975) | (883) | 3,092 | 350.17 |
| Leases | (167) | (178) | (11) | (6.18) |
| Other | (622) | (854) | (232) | (27.17) |
| **Total** | **(510,060)** | **(1,190,257)** | **(680,197)** | **(57.15)** |
| **Total interest expense** | **(557,303)** | **(1,217,183)** | **(659,880)** | **(54.21)** |
| **Total net interest income/(expense)** | **112,314** | **46,380** | **65,934** | **142.16** |

## 2 NET RESULT OF FINANCIAL OPERATIONS AND WRITE-DOWNS

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Realised gains/(losses) arising from financial operations: | | | | |
| Foreign exchange differences | (7,145) | 66 | (7,211) | (10,925.76) |
| Securities | 1,213 | (92) | 1,305 | 1,418.48 |
| Assets under management with international financial institutions | – | 9,348 | (9,348) | (100.00) |
| Losses from sales of held-to-maturity securities | (454) | (4,134) | 3,680 | 89.02 |
| **Other gains:** | | | | |
| Income from the release of the USD/HRK pre-entry revaluation account | 24,597 | – | 24,597 | – |
| **Total** | **18,211** | **5,188** | **13,023** | **251.02** |
| Write-downs on financial assets and positions: | | | | |
| **Foreign exchange:** | | | | |
| Foreign exchange differences | (162,588) | (1) | (162,587) | (16,258,700.00) |
| Income from the release of the USD/HRK pre-entry revaluation account and the pre-entry revaluation account for the coverage of losses | 162,588 | 1 | 162,587 | 16,258,700.00 |
| *Total foreign exchange differences:* | – | – | – | – |
| **Change in prices:** | | | | |
| Securities | (38) | (1,710) | 1,672 | 97.78 |
| Income from the release of the pre-entry revaluation account for the coverage of losses | 38 | 1,710 | (1,672) | (97.78) |
| *Total change in prices:* | – | – | – | – |
| **Total** | – | – | – | – |
| **Total net result of financial operations and write-downs** | **18,211** | **5,188** | **13,023** | **251.02** |

The item Realised gains/(losses) arising from financial operations also includes realised losses arising from the sale of securities in the held-to-maturity portfolio, due to adjustments related to a limited framework.

Foreign exchange losses for 2025 were covered completely from the USD/HRK pre-entry revaluation account (EUR 133,564 thousands) and the pre-entry revaluation account for the coverage of losses (EUR 29,024 thousands), and losses from changes in the prices of securities (EUR 38 thousands) were covered completely from the pre-entry revaluation account for the coverage of losses.

## 3 NET RESULT OF POOLING MONETARY INCOME

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Net monetary income pooled by the Croatian National Bank | (269,693) | (538,609) | 268,916 | 49.93 |
| Net monetary income allocated to the Croatian National Bank | 191,059 | 348,576 | (157,517) | (45.19) |
| *Monetary income reallocation for the year* | *(78,634)* | *(190,033)* | *111,399* | *58.62* |
| Corrections to monetary income reallocation of the previous year | – | (128) | 128 | 100.00 |
| Share of provisions against risks | – | 345 | (345) | (100.00) |
| **Total** | **(78,634)** | **(189,816)** | **111,182** | **58.57** |

This item contains the net result of pooling of monetary income for 2025, amounting to an expense of EUR 78,634 thousands in comparison with an expense of EUR 189,816 thousands in the previous year.

The amount of each Eurosystem NCB's monetary income is determined by measuring the annual income that derives from the earmarkable assets held against its liability base. The liability base consists mainly of the following items: banknotes in circulation; liabilities to euro area credit institutions related to monetary policy operations denominated in euro; net intra-Eurosystem liabilities resulting from TARGET transactions; net intra-Eurosystem liabilities related to the allocation of euro banknotes within the Eurosystem, accrued interest recorded at quarter-end by each NCB on monetary policy liabilities the maturity of which is one year or longer; liabilities vis-à-vis the ECB backing the claim in relation to swap agreements that earn net income for the Eurosystem; deposit liabilities to defaulted Eurosystem counterparties which have been reclassified from liability item 2.1 Current accounts (covering the minimum reserve system). Any interest paid on liabilities included within the liability base is to be deducted from the monetary income to be pooled.

The earmarkable assets consist mainly of the following items: lending to euro area credit institutions related to monetary policy operations denominated in euro; debt securities held for monetary policy purposes; intra-Eurosystem claims equivalent to the transfer of foreign reserve assets to the ECB; net intra-Eurosystem claims resulting from TARGET transactions; net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem; claims on euro area counterparties related to swap agreements between the ECB and non-Eurosystem central banks that earn net income for the Eurosystem; accrued interest recorded at quarter-end by each NCB on monetary policy assets the maturity of which is one year or longer; a limited amount of each NCB's gold holdings in proportion to each NCB's capital key share.

The amount of each Eurosystem NCB's monetary income shall be determined by measuring the actual income that derives from the earmarkable assets recorded in its books. As an exception to this, gold is considered to generate no income and the following are considered to generate income at the latest available interest rate applied to the deposit facility offered by the Eurosystem: (i) securities held for monetary policy purposes under Decision ECB/2009/16 of 2 July 2009 on the implementation of the covered bonds purchase programme, (ii) securities held for monetary policy purposes under Decision ECB/2011/17 of 3 November 2011 on the implementation of the second covered bond purchase programme and (iii) debt instruments issued by central, regional and local governments and recognised agencies and substitute debt instruments issued by public non-financial corporations under Decision ECB/2020/9 of 3 February 2020 on the implementation of a secondary markets public sector asset purchase programme or Decision ECB/2020/17 of 24 March 2020 on a temporary pandemic emergency purchase programme. Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference shall be offset by applying the latest available interest rate applied to the deposit facility offered by the Eurosystem to the value of the difference.

The monetary income pooled by the Eurosystem is allocated among NCBs according to the subscribed ECB capital key. The pooling and reallocation of monetary income to NCBs leads to certain net reallocation effects. One reason is that the yields earned on certain earmarkable assets and the interest expense paid on certain liability base items may differ to a varying degree among the Eurosystem NCBs. In addition, usually each Eurosystem NCB's share of earmarkable assets and in the liability base deviates from its share in the subscribed capital of the ECB. The difference between the monetary income pooled by the Croatian National Bank amounting to EUR 269,693 thousands and reallocated to the Croatian National Bank amounting to EUR 191,059 thousands is the net result arising from the calculation of monetary income.

The breakdown of the net result of monetary income pooling into its various components is shown in the following table:

| (All amounts are expressed in thousands of euro) | Net MI pooled CNB | Net MI Total NCBs | MI redistribution according to the Eurosystem key | Net result of the pooling MI 2025 | Net result of the pooling MI 2024 |
|---|---|---|---|---|---|
| | a | | b | b-a | |
| Lending to euro area credit institutions | 148 | 586,498 | 4,540 | 4,392 | 51,879 |
| Securities held for monetary policy purposes subject to risk sharing | – | 8,081,103 | 62,549 | 62,549 | 63,486 |
| Securities held for monetary policy purposes not subject to risk sharing | – | 63,405,916 | 490,774 | 490,774 | 1,008,396 |
| Intra-Eurosystem claims equivalent to the transfer of foreign reserves to the ECB | 6,112 | 789,634 | 6,112 | – | – |
| Net claims (liabilities) related to the allocation of euro banknotes | 323,686 | (2,900,096) | (22,447) | (346,133) | (444,735) |
| Net claims (liabilities) related to TARGET transactions | (54,445) | 7,687,574 | 59,503 | 113,948 | (389,746) |
| GAP (difference between earmarkable assets and liability base)* | 284,248 | 9,092,969 | 70,381 | (213,867) | (76,162) |
| Liabilities to euro area credit institutions | (290,056) | (62,059,636) | (480,353) | (190,297) | (403,151) |
| **Total** | **269,693** | **24,683,962** | **191,059** | **(78,634)** | **(190,033)** |

* For presentational purposes residual income related to claims arising from liquidity providing arrangements to non-Eurosystem central banks and amounting to EUR 2,349 thousands is included in this line item.

## 4 NET INCOME/(EXPENSE) FROM FEES AND COMMISSIONS

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| **Fees and commissions income** | | | | |
| Fees for the supervision of credit institutions | 19,908 | 17,076 | 2,832 | 16.58 |
| Cash supply services for banks | 1,683 | 1,917 | (234) | (12.21) |
| Other | 68 | 161 | (93) | (57.76) |
| **Total** | **21,659** | **19,154** | **2,505** | **13.08** |
| **Fees and commissions expense** | | | | |
| Securities deposit and custody costs | (1,276) | (233) | 1,043 | 447.64 |
| Obligatory contribution to EBA budget | (759) | (739) | 20 | 2.71 |
| Cash supply services for banks | (5,369) | (5,622) | (253) | (4.50) |
| Other | (527) | (524) | 3 | 0.57 |
| **Total** | **(7,931)** | **(7,118)** | **813** | **11.42** |
| **Net fees and commissions income/(expense)** | **13,728** | **12,036** | **1,692** | **14.06** |

The Croatian National Bank charges a fee for the supervision of credit institutions pursuant to the Credit Institutions Act. Entities subject to supervision fees are credit institutions with registered offices in the Republic of Croatia and branches of credit institutions with registered offices outside the Republic of Croatia. The level, base, calculation method and payment method for the supervision fee is determined by the Decision on supervision fees for credit institutions, issued by the Governor of the Croatian National Bank.

For the services provided under the Decision on supplying banks with euro cash, banks are charged a fee in accordance with the Fees Tariff for supplying banks with euro cash, which is issued by the Governor of the Croatian National Bank. The supplying of banks with euro cash for the Croatian National Bank is carried out by FINA gotovinski servisi d.o.o., for which the Croatian National Bank pays an agreed fee.

Regulation (EU) No 1093/2010 establishing a European Banking Authority (EBA) defines that competent authorities form part of the European System of Financial Supervision (ESFS), which also comprises the European Banking Authority (EBA). In accordance with the above Regulation, the Croatian National Bank, as the authority competent for the supervision of credit institutions, forms part of the European System of Financial Supervision (ESFS) and a representative of the Croatian National Bank participates as a member in the Board of Supervisors (BoS), the EBA's managing authority. Every year, the Board of Supervisors, in the manner prescribed by Article 63 of the said Regulation, adopts the EBA's budget. The revenues of the EBA funding the budget consist, among other things, of obligatory contributions from the national competent authorities, which are made in accordance with a formula based on the weighting of votes.

## 5 INCOME FROM EQUITY INSTRUMENTS AND PARTICIPATING INTERESTS

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| BIS dividend income | 1,083 | 1,107 | (24) | (2.17) |
| Income from participating interests in the ECB | – | 10,881 | (10,881) | (100.00) |
| **Total** | **1,083** | **11,988** | **(10,905)** | **(90.97)** |

## 6 OTHER INCOME

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Sale of numismatics and investment gold | 93 | 175 | (82) | (46.86) |
| Other income | 154,983 | 234,595 | (79,612) | (33.94) |
| **Total** | **155,076** | **234,770** | **(79,694)** | **(33.95)** |

The item Other income shows income of EUR 152,781 thousands recognised in the profit and loss account pursuant to the Decision of the Council of the Croatian National Bank on the recognition of income from kuna coins not being returned to the Croatian National Bank after the expiry of the time limit (31 December 2025) for exchanging kuna coins for euro cash.

## 7 TOTAL OPERATING EXPENSES/STAFF COSTS

### Total operating expenses

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Staff costs | (50,226) | (42,363) | 7,863 | 18.56 |
| Administrative expenses | (30,819) | (28,623) | 2,196 | 7.67 |
| Depreciation of tangible and intangible fixed assets | (12,826) | (11,239) | 1,587 | 14.12 |
| Costs of production of banknotes and coins | (18,862) | (27,640) | (8,778) | (31.76) |
| Other costs | (492) | (134) | 358 | 267.16 |
| **Total** | **(113,225)** | **(109,999)** | **3,226** | **2.93** |

Administrative expenses include the costs of maintenance of office buildings and other fixed assets, overheads, network programmes maintenance costs, office supplies costs, small inventory costs, professional development costs, provisions for court cases and other current costs. Depreciation costs for the right-of-use assets amounted to EUR 2,946 thousands in 2025 (2024: EUR 2,314 thousands) and are reported under Depreciation and amortisation costs.

### Staff costs

| (All amounts are expressed in thousands of euro) | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Absolute | % |
| Net salaries | (22,644) | (20,159) | 2,485 | 12.33 |
| Contributions from and contributions on salaries | (11,993) | (10,635) | 1,358 | 12.77 |
| Taxes and surtaxes | (4,411) | (3,997) | 414 | 10.36 |
| Other employee related expenses | (10,642) | (7,056) | 3,586 | 50.82 |
| Provisions for employee benefits | (536) | (516) | 20 | 3.88 |
| **Total** | **(50,226)** | **(42,363)** | **7,863** | **18.56** |

The average number of employees during 2025 was 785 (2024: 767).

## 13 PROFIT/(LOSS) FOR THE YEAR

The Croatian National Bank realised a profit for 2025 in the amount of EUR 13,553 thousands. The allocation of profit will be performed in the next financial year in compliance with the decision of the Council of the Croatian National Bank on the financial statements and the allocation of profit of the Croatian National Bank for 2025.

The Croatian National Bank realised a profit for 2024 in the amount of EUR 10,547 thousands, which was, in accordance with the decision of the Council of the Croatian National Bank on the financial statements and the allocation of profit of the Croatian National Bank for 2024, allocated to general reserves in the amount of EUR 2,110 thousands and to the State Budget in the amount of EUR 8,437 thousands.

# **Note 6 –** Post-balance sheet events

### Bulgaria's accession to the euro area

Pursuant to Council Decision (EU) 2025/1407 of 8 July 2025, taken in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, Bulgaria adopted the single currency on 1 January 2026. In accordance with Article 48.1 of the Statute of the ESCB and of the ECB and the legal acts adopted by the Governing Council on 31 December 2025, the Bulgarian National Bank paid up the remainder of its capital subscription to the ECB. In accordance with Article 48.1, in conjunction with Article 30.1 of the Statute of the ESCB and of the ECB, the Bulgarian National Bank transferred foreign reserve assets to the ECB in an amount corresponding to its subscribed capital share. As a result of the change in the capital key following the Bulgarian National Bank's entry in to the Eurosystem, the Croatian National Bank's share in the ECB's paid up capital (Eurosystem key) declined from 0.7740% to 0.7649%. The Croatian National Bank's share in the ECB's subscribed capital is 0.6329%.

After 31 December 2025 there were no other significant events that would have an impact on the financial statements of the Croatian National Bank.

# Note 7 – Risk management

The Croatian National Bank manages non-monetary financial assets (own funds in euro and investments in foreign currency), where the level of risk is also significantly influenced by monetary policy implementation which is reflected in the monetary part of the balance sheet of the Croatian National Bank.

The Croatian National Bank manages non-monetary financial assets based on the principles of liquidity and safety, which means that it maintains high liquidity of financial assets and appropriate risk exposures and seeks to achieve favourable return on its investments within the defined limits.

Risks inherent to managing non-monetary financial assets consist primarily of financial risks such as credit risk, liquidity risk and market risk. However, considerable attention is given also to operating risk.

Operating risk is the risk of loss due to inappropriate or inefficient internal processes, employees or systems or due to events external to the Bank. Operating risk is managed by strict segregation of duties and responsibilities, formalised methodologies and procedures and by conducting regular internal and external audits.

The revaluation accounts and provisions for financial risks are risk buffers, with the revaluation accounts used as the first level of protection against the risk of a fall in prices and exchange rates, while provisions for financial risks and the pre-entry revaluation account for the coverage of losses can be used to cover the negative impacts on the profit and loss account arising from all financial risks.

## 7.1 CREDIT RISK

Credit risk is the risk that the counterparty will not settle its liability, i.e. the possibility that invested funds will not be recovered in full or within the planned schedule.

The Croatian National Bank manages its credit risk exposure by investing its financial assets into high-quality instruments with minimum risk, such as government bonds, government guaranteed bonds, bank bonds with government guarantees and guaranteed bonds, into instruments of international financial institutions with high credit rating and into both collateralised and non-collateralised deposits. Collateralised deposits represent deposits secured by government bonds in the amount equal to or in excess of the value of the deposit. Uncollateralised deposits are invested only with central banks and international financial institutions. Financial assets investments are limited per types of issuer and per types of financial institutions, which diversifies credit risk.

Its assessment of financial institutions' creditworthiness is based on the ratings of major internationally recognised rating agencies (Moody's, Standard & Poor's, and Fitch).

The Croatian National Bank invests financial assets in government bonds and government guaranteed bonds of countries rated Aaa to Baa3 (Moody's), guaranteed bonds with ratings from Aaa to Aa2, reverse repo agreements with commercial banks with ratings of Aaa to Baa3, deposits with central banks rated Aaa to Baa3 and instruments with international financial institutions rated Aaa to Baa3.

## 7.2 LIQUIDITY RISK

Liquidity risk is the risk of inability to settle all the liabilities and obligations in foreign currency arising from the operations of the Croatian National Bank as they fall due. Hence, the Croatian National Bank has to ensure, through its strategy, sufficient liquid funds on a daily basis to settle all of its liabilities and commitments. Liquidity risk is controlled by investing financial assets into demand deposits, highly marketable bonds and partly in deposit instruments with short maturities.

Liquid funds include all assets that are convertible into cash within a period of one to three days. The Croatian National Bank invests total financial assets into deposits with maturities of up to three months and into securities. At 31 December 2025, approximately 45% of financial assets were liquid and at 31 December 2024 approximately 42% of financial assets were liquid.

## 7.3 MARKET RISK

Market risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices. Market risk includes foreign exchange risk, interest rate risk and other price risks.

Foreign exchange risk (risk of changes in value of one currency against another) is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in foreign exchange rates.

Interest rate risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in market interest rates.

Other price risks include the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices that do not arise from interest rate or foreign exchange risk.

### 7.3.1 Foreign exchange risk

The Croatian National Bank holds a portion of its assets in foreign currencies, which exposes it to foreign exchange risk in terms of fluctuations in the exchange rates of the euro against the US dollar. These cross-currency changes affect the balances of revaluation accounts in the balance sheet and the profit and loss account result.

The Croatian National Bank takes on exposure to foreign exchange risk only in respect of financial assets it manages in accordance with its own guidelines (excluding the Ministry of Finance funds, XDR holdings with the IMF, investments in repo agreements, and investments under the ERMS). In addition, the CNB takes on exposure to risk in respect of the funds provided under the Financial Transactions Plan (FTP) of the International Monetary Fund.

The portion of financial assets formed out of the Ministry of Finance funds, repo deals, funds in special drawing rights (XDR) and funds received under the ERMS is managed passively by the central bank, based on the currency structure of foreign currency obligations; hence, there is no exposure to foreign exchange risk on this basis.

Currency VaR for a period of one year with a confidence level of 95% is EUR 278 million.

### 7.3.2 Interest rate risk

Interest rate risk is the risk of a decline in the value of the Croatian National Bank's portfolio of financial assets due to possible changes in interest rates on the fixed-yield instrument markets.

Financial assets, which are managed in accordance with the CNB's own guidelines, are invested in trading and investment portfolios. An investment portfolio of securities may be formed as a not held to maturity portfolio and as a held to maturity portfolio. Both of such portfolios serve as long-term sources of stable income and are of long average maturity.

The Croatian National Bank has, through the profit and loss account, an open exposure to interest rate risk with the trading portfolios and liquid investment portfolios, while with the held-to-maturity investment portfolios it almost has no exposure to interest rate risk.

The part of the financial assets that consists of the Ministry of Finance funds, funds based on repo agreements with banks, the membership in the IMF and other property owned by other legal entities, is operated by the Croatian National Bank in accordance with commitments, in order to protect it against interest rate risk.

### 7.3.3 Other price risks

The Croatian National Bank is exposed to other price risks on funds entrusted to the management of international financial institutions and precious metals since price risks affect the change in value of these financial instruments.

# Abbreviations and symbols

## ABBREVIATIONS

| | |
|---|---|
| 2LoD | second line of defence |
| AIS | account information service |
| AMLSCO | Standing Committee on anti-money laundering and countering terrorist financing |
| AMLTF | Anti-Money Laundering and Terrorist Financing Act |
| AnaCredit | analytical credit database |
| API | application programming interface |
| APN | Agency for Transactions and Mediation in Immovable Properties |
| BCBS | Basel Committee for Bank Supervision |
| BIS | Bank for International Settlements |
| BISIN | Bank for International Settlements Innovation Network |
| bn | billion |
| BRRD | Bank Recovery and Resolution Directive (Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms) |
| C4F | Carbon4 Finance |
| CBDC | central bank digital currency |
| CBRD | Croatian Bank for Reconstruction and Development |
| CBS | Croatian Bureau of Statistics |
| CCD | Consumer Credit Directive |
| CDCC | Central Depository and Clearing Company |
| CDIA | Croatian Deposit Insurance Agency |
| CEF | Center of Excellence in Finance |
| CESEE | Central, Eastern and Southeastern Europe |
| CF | carbon footprint |
| CHF | Swiss franc |
| CI | carbon intensity |
| CIR | cost-to-income ratio |
| CLVPS | Croatian Large Value Payment System |
| CMDI | crisis management and deposit insurance |
| CNB | Croatian National Bank |
| CO2e | carbon dioxide equivalent or CO2 equivalent |
| CPII | Croatian Pension Insurance Institute |
| CRD | Capital Requirements Directive |
| CRR | Capital Requirements Regulation |
| CSDB | Centralised Securities Database |
| DFR | deposit facility rate |
| DGSD | Deposit Guarantee Schemes Directive |
| DLT | distributed ledger technology |
| DORA | Digital Operational Resilience Act |
| DWH | Data Warehouse |
| EBA | European Banking Authority |
| EBRD | European Bank for Reconstruction and Development |

| | |
|---|---|
| ECB | European Central Bank |
| ECC | Ethics and Compliance Committee |
| EC | European Commission |
| ECL | expected credit loss |
| ECOFIN | Economic and Financial Affairs Council |
| EDIS | European deposit insurance scheme |
| EEA | European Economic Area |
| EER-41 | nominal effective exchange rate index of the euro against 41 major trading partners of the euro area |
| EFC | Economic and Financial Committee |
| EFIF | European Forum for Innovation Facilitators |
| EFTPOS | electronic funds transfer at point of sale |
| EIOPA | European Insurance and Occupational Pension Authority |
| ERM II | Exchange Rate Mechanism |
| ESCB | European System of Central Banks |
| ESG | environmental, social, governance |
| ESMA | European Securities and Markets Authority |
| ESM | European Stability Mechanism |
| ESRB | European Systemic Risk Board |
| €STR | euro short-term rate |
| EU | European Union |
| EUR | euro |
| EURIBOR | Euro Interbank Offered Rate |
| Euro-NCS | Euro National Clearing System |
| Fed | Federal Reserve System |
| FINA | Financial Agency |
| FinRep | FinTech repository |
| FinTech | financial technology |
| GDP | gross domestic product |
| GDPR | General Data Protection Regulation |
| GVA | gross value added |
| HANFA | Croatian Financial Services Supervisory Agency |
| HFCN | Household Finance and Consumption Network |
| HICP | harmonised index of consumer prices |
| HLTF | High Level Task Force on Digital Euro |
| HRK | Croatian kuna |
| ICT | Information and Communication Technology |
| IFRS | International Financial Reporting Standards |
| ILAAP | Internal Liquidity Adequacy Assessment Process |
| IMFC | International Monetary and Financial Committee |
| IMF | International Monetary Fund |
| IMI | internal model inspection |
| IRB | Internal Ratings Based Approach |
| IReF | Integrated Reporting Framework |
| IRT | Internal Resolution Team |
| ISS | Institutional Shareholder Services, Inc. |

| | |
|---|---|
| IT | information technology |
| LCR | liquidity coverage ratio |
| LGD | loss given default |
| MF | Ministry of Finance |
| MiCA | Markets in Crypto-Assets Regulation |
| MLF | marginal lending facility |
| m | million |
| MREL | minimum requirement for own funds and eligible liabilities |
| MRO | main refinancing operations |
| NBU | National Bank of Ukraine |
| NCA | National Classification of Activities |
| NCS | National Clearing System |
| NGFS | Network for Greening the Financial Systems |
| NPE | non-performing exposures |
| NPL | non-performing loans |
| NRR | national reference rate |
| NRRP | National Recovery and Resilience Plan |
| NSFR | net stable funding ratio |
| O-SIIs | other systemically important institutions |
| OECD | Organisation for Economic Co-operation and Development |
| OSI | on-site inspection |
| PCAF | Partnership for Carbon Accounting Financials |
| PD | probability of default |
| PIS | payment initiation service |
| PMB | Program Monitoring with Board Involvement |
| PMLTF | prevention of money laundering and terrorist financing |
| PRGT | Poverty Reduction and Growth |
| PSD2 | Second Payment Services Directive |
| PSD3 | Third Payment Services Directive |
| PSR | Payment Services Regulation |
| RC | Republic of Croatia |
| RFI | Rapid Financing Instrument |
| RIAD | Register of Institutions and Affiliates Data |
| RIAD TS | RIAD transaction system |
| ROAA | return on average assets |
| ROAE | return on average equity |
| RRF | Resilience and Recovery Fund |
| RST | Resilience and Sustainability Trust |
| RTA | Resident Twinning Advisor |
| SCTInst | SEPA Credit Transfer Instant |
| SCT | SEPA Credit Transfer |
| SDR | special drawing rights |
| SEPA | Single Euro Payment Area |
| SHSDB | Securities Holdings Statistics Database |
| SMS | short message system |
| SRB | Single Resolution Board |

| | |
|---|---|
| SREP | Supervisory Review and Evaluation Process |
| SRMR | Single Resolution Mechanism Regulation |
| SRMR | Single Resolution Mechanism Regulation (Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions) |
| SRM | Single Resolution Mechanism |
| SudReg | Court Register |
| TAIEX | Technical Assistance and Information Exchange |
| TARGET2-HR | national component of the TARGET2 system |
| TARGET2 | Trans-European Automated Real-time Gross Settlement Express Transfer system |
| TCE | total carbon emissions |
| TCFD | Task Force on Climate-related Financial Disclosures |
| tCO2e | tonnes of carbon dioxide equivalent or CO2 equivalent |
| thous. | thousand |
| TIPS DCA | TARGET Instant Payment Settlement Dedicated Cash Account |
| TIPS | TARGET Instant Payment Settlement |
| TREA | total risk exposure amount |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UN | United Nations |
| USA | United States of America |
| USD | US dollar |
| WACI | weighted average carbon intensity |

## SYMBOLS

| | |
|---|---|
| – | no entry |
| .... | data not available |
| 0 | value is less than 0.5 of the unit of measure being used |
| ϕ | average |
| a, b, c,... | indicates a note beneath the table and figure |
| * | corrected data |
| ( ) | incomplete or insufficiently verified data |

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