



# REPUBLIC OF CROATIA

## Investor presentation

February 2026



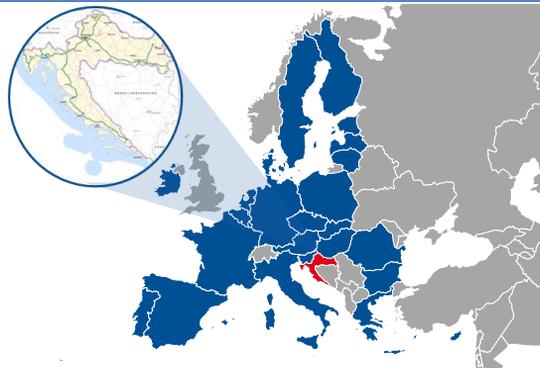
- 1** Country Overview and Key Investment Highlights
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# Country Overview

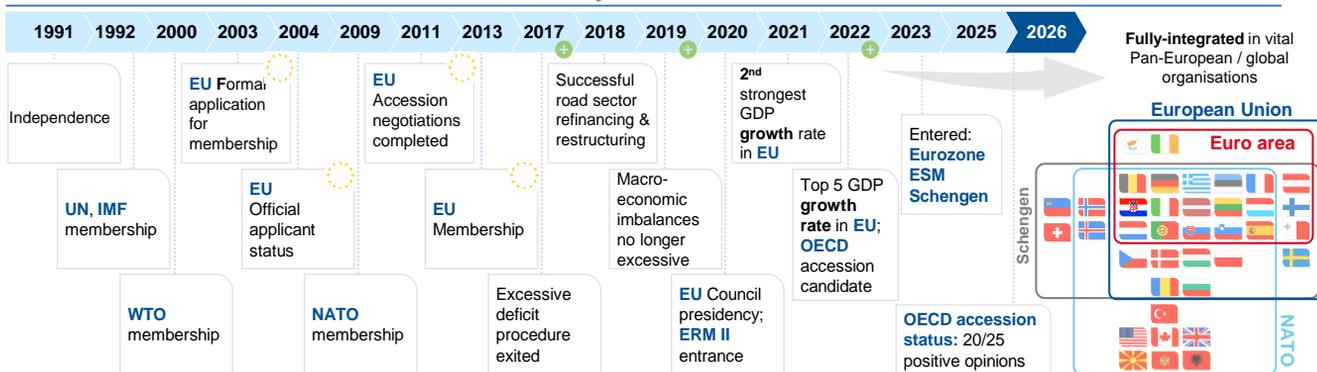


## Key facts

Territory	56,594 km <sup>2</sup> (land), 31,067 km <sup>2</sup> (sea)
Population	~3.9 mn
Currency	EUR (since January 1 <sup>st</sup> , 2023)
GDP	EUR 86.2bn (current prices, 2024)
Real GDP growth rate	3.8% (2024)
GDP per capita in PPS	Croatia 77%; (EU=100%, 2024)
GDP per capita	EUR 22,219 (current prices, 2024)
Government	Parliamentary republic
Issuer Credit ratings	Moody's: A3 / S&P: A- / Fitch: A- (S&P positive, Fitch & Moody's stable outlook)
Capital	Zagreb
EU border countries	Italy (Maritime Border), Slovenia, Hungary
Other borders	Bosnia & Herzegovina, Serbia, Montenegro



## Key milestones



Sources: CNB, CBS, Eurostat, European Commission, S&P, Moody's, Fitch

# Key Investment Highlights



## Among fastest growing EU economies

- **GDP growth** accelerated in FY 2024, as **robust** performance pushed the GDP figure to **3.8% yoy**
- Strengthening growth was driven by acceleration both in **personal consumption** (boosted by rising real income supported by strong labour market, government stimulus, consumer lending growth and confidence increase) and **fixed capital investments** (supported by successful absorption of EU funds)
- In real terms, Croatian GDP is now around 36% above that of 2019 (**7.3% growth in 2022** preceded by all-time high of **12.6% in 2021** and **continued in 2023 and 2024** with **3.8%**) and it has **outpaced** growth in most of the EU/Eurozone countries

## Fiscal position within Maastricht limits

- **General Government debt to GDP** downward trend continued post COVID-19 pandemic, reaching **57.4% in 2024** and **57.2%** as at **31-Oct-2025**
- Fiscal metrics: Government Balance **deficit of 1.9% of GDP in 2024** and **expected deficit of 2.9% of GDP in 2025** due to the new public wage act and social assistance measures
- Diversification of debt holders' structure by tapping the local retail investors' base, at the end-25 amounts to EUR 4.65 bn

## Strong track record in successful EU funds absorption

- **-EUR 26 bn** of **EU funds** from different sources **available** to be disbursed in a **6-year horizon** (2021-2027), to support investments and speed up reconstruction, growth and development of the Croatian economy and society

## Integrated in vital European & global organisations

- **Euro area** - joined on January 1<sup>st</sup>, 2023 and opened a new chapter of Croatian monetary history
- **Euro Stability Mechanism "ESM" – became 20<sup>th</sup> member** on March 22<sup>nd</sup>, 2023
- **Schengen area** - 281 requirements met to enter a **border-free** zone as of January 1<sup>st</sup>, 2023
- **OECD accession** – following the invitation received on January 25<sup>th</sup>, 2023, Croatia completed the 1<sup>st</sup> step by submitting a self-assessment of legal instruments. Discussion has been closed for 20 out of 25 OECD committees, remaining chapters targeted early 2026

## Strong resilience of banking system

- With the total capital ratio of 21% at the end of Q2 2025, Croatia is **slightly below EU Banking system average** of 22%
- Continuous decrease of **NPLs' share** towards the **historic low** of **2.3%** at the end of Q3 2025

## Tax reform & public sector reform

- A new package of **tax amendments**, in force as of January 1, 2025 - key changes aiming to enhance the real-estate taxation, increase low tax burden on short-term (tourism) rental income and additionally reduce income tax, as well as increase the VAT income threshold
- **Public administration reform** and **wage increase** (with the impacts as of **March 2024** and during **2026**) to make the public administration system more transparent and based on performance-based incentivising



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# Three Years in the Eurozone – Stronger. Safer. More Resilient.



## Introduction of the euro contributed to the resilience of the Croatian economy in the turbulent global environment

- Despite the **COVID-19 pandemic**, in summer 2020, **Republic of Croatia** launched **preparations for the euro adoption** and **introduced the euro successfully**
- The project of euro adoption was successfully executed at the time with elevated inflation in the Western world and rapid tightening of **monetary policy**

### Key Expected Benefits of Euro zone Accession:

- ✓ **Elimination of the currency risk from the economy**
- ✓ **Reduction of the borrowing cost of domestic sectors**
- ✓ **Lower transaction costs**
- ✓ **Access to financial assistance mechanisms** for euro area – European Stability Mechanism
- ✓ **Reduction of the risk of the outbreak of a currency and banking crisis**
- ✓ **Participation in Eurosystem's monetary income allocation**
- ✓ **Providing anchoring and support to credit rating**
- ✓ **Enhanced investor access and confidence**

### Achievements in post-adoption period

- **The debt** of all the sectors in **foreign currency is less than 1%** of the total debt (previously 70% as was mainly in euros) which helped to **lower the country's risk premium**
- Lower borrowing costs on loans to households and on corporate loans due to: (i) lower sovereign risk premiums and (ii) lower regulatory costs for banks
- Croatia became **more attractive for FDIs** with a stimulating effect on its international trade and gave **boost for tourism activities** that will prosper further **economic growth**
- Croatia subscribed EUR 3.695 bn worth of capital, while also using the right of a 12-year correction of capital contributions (allowed to member countries with GDP per capita < 75% of the EU average), with additional EUR 2.039 bn agreed to be paid in 2035
- Achieved **low level impact on prices** (0.4% according to CNB, ECB; 0.2% by Eurostat), in line with the experience of other countries that adopted euro
- **Additional upgrades to credit rating were achieved** after the rating upgrades in the period prior to the euro adoption – Croatia now holds 'A-' equivalent investment grade rating from all 3 major rating agencies

# Other Recent Vital Milestones and Achievements (1/2)



## Schengen Area Accession

- Croatia entered the Schengen zone on January 1, 2023, which brings **multiple advantages**: (i) **freedom of movement**; (ii) **faster and easier flow of goods and services**; (iii) further **growth in tourist traffic**, etc.

## OECD Membership Negotiations Started

- **Croatia completed the first step** of the negotiations by submitting a **self-assessment of legal instruments** in relation to the OECD (the Initial Memorandum)
- **Croatia has concluded negotiations in 20 out of 25 OECD committees** and is working to close the remaining chapters in early 2026, creating the possibility of attaining OECD membership as early as 2026

## Tax Relief Measures introduced in 2024

- The Croatian Ministry of Finance introduced a **new package of tax relief, in force as of January 1, 2024**, aimed at **increasing net salaries** without increasing overall costs for the employers and **increasing living standard, reducing inequalities and strengthening the fiscal autonomy of local authority units**
- Amendments include: (i) a **reduction in income tax** (through an increase in the basic personal deduction and in the amount of deduction for dependents); (ii) a **reduction in the base for pension insurance** (Pillar I), without affecting the future amount of the pension; (iii) **abolition of the income tax surcharge** (right of cities and municipalities to prescribe the amount of annual income tax rates)

## Changes to Tax Framework in 2025

- The Croatian Ministry of Finance **introduced amendments to the taxation framework aimed at**: (i) **enhancing the real-estate taxation policy** (distinction between short-term and long-term rental); (ii) **increasing low tax burden on short-term (tourism) rental income**; (iii) **additional reduction in income tax** (increase of basic personal deduction, lower maximum income tax rates in every tax bracket); (iv) increase of the VAT income threshold for companies from EUR 40 thousand to EUR 50 thousand

# Other Recent Vital Milestones and Achievements (2/2)



## FATF Grey List removal

- In **June 2023**, the **Republic of Croatia** committed at the highest political level to **eliminate deficiencies in the AML/CFT system** in a record short period of time by implementing 13 measures from the FATF Action Plan.
- The Republic of Croatia has already **fulfilled all measures from the Action Plan in January 2025**, which related to the selected areas of the AML/CFT system: i) completion of the national assessment of the risk of money laundering and financing of terrorism and the implementation of measures for mitigation of identified risks; ii) establishing an effective system for the implementation of international restrictive measures and iii) increasing the number of employees and strengthening analytical capacities in the Office for the Prevention of Money Laundering
- **In June 2025, Croatia has been officially removed from the FATF Grey List**

## The Reform of Public Sector Wage Mechanism Implemented

- In December 2023, the Croatian Parliament adopted the **new Act on the Wages of Public and Civil Servants**, with the impact as of March 2024, as a part of the **biggest reform in public administration in the last 30 years**
- The reform will make the **system more transparent**, moving it closer to achieving an equitable system that rewards **same jobs with the same pay** and will incorporate performance incentives for the best public employees.
- **During 2026, public and civil servants will receive 3 additional wage increases** (from April 1st to 1.015€, from August 1st to 1.025€ and finally from December 1st to 1.035€). The reform affects 265 thousand employees

## Demographic Revitalisation Strategy 2033 Adopted

- Due to demographic challenges that are more emphasized in Croatia compared to the other EU members, in February 2024, the Government adopted the Demographic Revitalisation Strategy 2033 with **two key strategic goals**:
  - 1) Developed **stimulating environment for families and young people**
  - 2) **Balanced population mobility**

## Fiscalization 2.0

- The **implementation** begins on **January 1st, 2026** when fiscalization becomes mandatory for all invoices in the B2B segment
- A project that will establish a **unique digital system for fiscalization of non-cash invoices in B2B business**, which includes:
  - I. mandatory use of e-Invoice;
  - II. automatic fiscalization through information intermediaries;
  - III. integrated e-Archive for digital document storage and
  - IV. advanced online accounting connected to the VAT system.
- Fiscalization 2.0 is being introduced to digitalize business, improve the transparency of financial transactions, and reduce the administrative burden on entrepreneurs

# Government Financial Support for Mitigating High Energy Prices Introduced in February 2022...



Government package	Amount (EUR bn)	Package breakdown (% of total amount)	Key goals
1 February 2022	0.7 (~1.0% of GDP '22)	<ul style="list-style-type: none"> <li>43% tax relief through reduction of VAT on basic food and non-food products, gas and heating</li> <li>25% subsidy for gas</li> <li>17% social benefits and benefits for pensioners</li> <li>10% limitation of the increase in the electricity prices</li> <li>5% support to farmers and fishermen</li> </ul>	<ul style="list-style-type: none"> <li>Increase in electricity price by 9.6% (instead of 23%)</li> <li>Gas price increase up to 20% (instead of 79%)</li> <li>Preservation of jobs &amp; PP</li> <li>Strong economic recovery</li> </ul>
2 September 2022	2.8 (~4.1% of GDP '22)	<ul style="list-style-type: none"> <li>28% limitation of electricity and thermal energy prices</li> <li>13% tax relief and reduction of fuel duties</li> <li>12% compensation and support for socially vulnerable</li> <li>5% energy renovation of houses and multi-apartment buildings</li> <li>9% non-refundable grants to entrepreneurs for the energy transition</li> <li>18% WC loans with interest subsidization for companies in difficulty</li> <li>15% for HBOR guarantees for loans to exporters in difficulty</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the standard of living</li> <li>Continuous work of public institutions</li> <li>Maintenance of high economic growth</li> <li>Accelerate transition to renewable energy sources</li> </ul>
3 December 2022	0.1 (~0.1% of GDP '22)	<ul style="list-style-type: none"> <li>100% payment of assistance to beneficiaries of pensions and rights in social welfare</li> </ul>	<ul style="list-style-type: none"> <li>Mitigating the increase in costs of living</li> </ul>
4 March 2023	1.7 (~2.2% of GDP '23)	<ul style="list-style-type: none"> <li>70% limitation of rising energy prices</li> <li>10% inflation protection</li> <li>20% special grants and incentives</li> </ul>	<ul style="list-style-type: none"> <li>Security of energy supply and affordable prices</li> </ul>

Sources: Government website, Government package February 2022 publication, Government autumn package September 2022 publication, Fourth Government package publication March 2023

# ... and Further Extended and Implemented Until 2025



Government package	Amount (EUR bn)	Package breakdown (% of total amount)	Key goals
5 September 2023	1.7 (~2.2% of GDP '23)	<ul style="list-style-type: none"> <li>17% limitation of rising energy prices</li> <li>7% inflation protection aimed for pensioners and beneficiaries of child allowance; price limits of 30 basic products</li> <li>4% special grants and incentives</li> <li>72% energy efficiency of buildings</li> </ul>	<ul style="list-style-type: none"> <li>Limiting the cost of energy and inflation</li> <li>Reducing energy consumption</li> </ul>
6 7 March & September 2024	0.75 (~0.9% of GDP '24)	<ul style="list-style-type: none"> <li>74% limitation of rising energy prices</li> <li>26% inflation protection aimed at pensioners and vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>Security of energy supply and affordable prices</li> </ul>
8 March 2025	0.3 (~0.33% of GDP '25) <sup>1</sup>	<ul style="list-style-type: none"> <li>47% limitation of rising energy prices</li> <li>21% inflation protection aimed at pensioners</li> <li>21% energy allowance for vulnerable groups</li> <li>0.5% compensation for unemployed Croatian war veterans</li> <li>3.5% support for the sustainability of domestic public transport</li> <li>7% spring sowing support</li> </ul>	<ul style="list-style-type: none"> <li>Protection of citizens, micro &amp; SMEs, public and non-profit organizations from rising energy prices</li> <li>Less burden on the household budget</li> <li>Greater social and economic resilience in the face of global instability</li> </ul>
9 September 2025	0.17 (~0.19% of GDP '25) <sup>1</sup>	<ul style="list-style-type: none"> <li>66% limitation of rising energy prices</li> <li>29% energy allowance for vulnerable groups</li> <li>4.5% students support</li> <li>0.5% compensation for unemployed Croatian war veterans</li> </ul>	<ul style="list-style-type: none"> <li>Protecting citizens' standards and the competitiveness of the economy</li> </ul>

Sources: Government website, Fifth Government package publication September 2023, Sixth Government package publication March 2024, Seventh Government package publication September 2024, Eighth Government package publication March 2025, Ninth Government package publication September 2025

(1) Based on Eurostat GDP projections for last four quarters (Q4 2024 to Q3 2025)



## Sustainable Economy and Society

1. Competitive and innovative economy
2. Educated and employed people
3. Efficient judiciary, public administration and state property management
4. Global recognition, stronger international position and role

## Enhanced Crisis Response Capabilities

5. Healthy, active and high-quality life of citizens
6. Demographic revitalization including a better status of family
7. Security for stable development



Development areas

## Green and Digital Transition

8. Ecological and energy transition to climate neutrality
9. Self-sufficiency of food production and the development of bioeconomy
10. Sustainable mobility
11. Digital transition of society and the economy



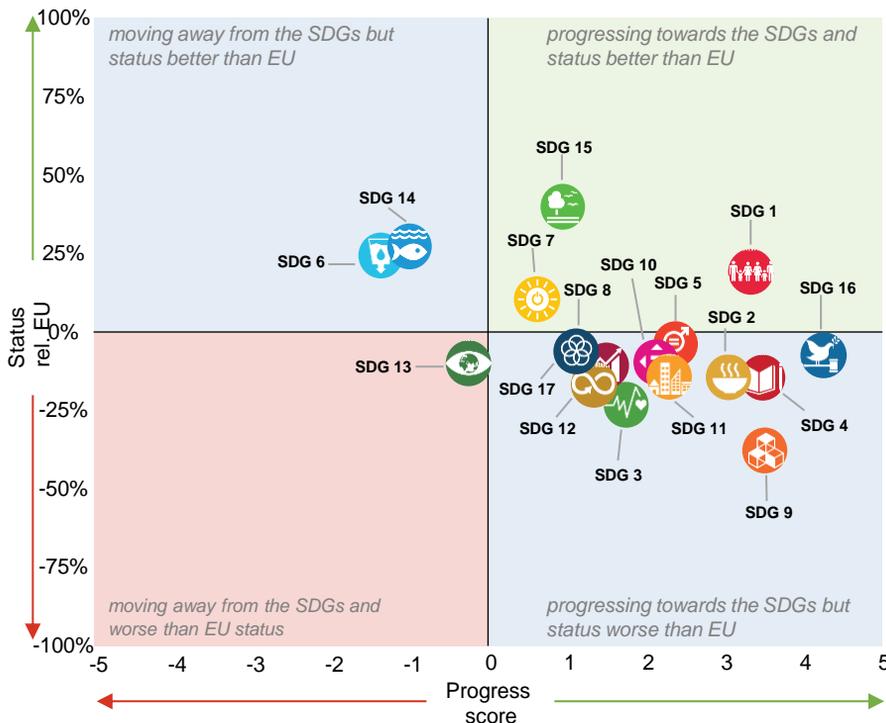
## Balanced Regional Development

12. Development of the underdeveloped areas and areas of special state concern
13. Greater regional competitiveness

# Progress toward achieving Sustainable Development Goals



## Progress towards the SDGs<sup>1</sup> in Croatia



- 1) No poverty
- 2) Zero hunger
- 3) Good health and well-being
- 4) Quality education
- 5) Gender equality
- 6) Clean water and sanitation
- 7) Affordable and clean energy
- 8) Decent work and economic growth
- 9) Industry, innovation and infrastructure
- 10) Reduced inequalities
- 11) Sustainable cities and communities
- 12) Responsible consumption and production
- 13) Climate action
- 14) Life below water
- 15) Life on land
- 16) Peace, justice and strong institutions
- 17) Partnerships for the goals

- ✓ Croatia performs **better** than the EU average on **SDG 14** and on **SDG 6**
- ✓ It also **outperforms** the EU average in **SDG 15** and **improving** on **SDG 7**
- ✓ Croatia is still performing **below** the EU average on **SDG 3, 4, 8** and **10**
- ✓ **Improvement** has been made on **SDGs** related to **macroeconomic stability** (SDGs 8,16,17) but still needs to catch up with the EU average on all of them.

Source: European Commission, Country report Croatia 2025, Eurostat  
(1) Sustainable Development Goals



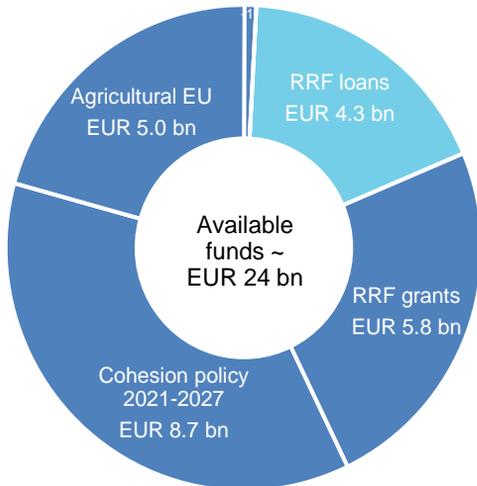
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# Funds From EU Funding Mechanisms Available to Croatia until 2030

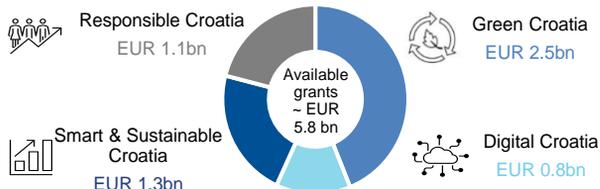


## One of the leaders in EU funds absorption

■ Grants Total: EUR 19.6 bn ■ Loans Total: EUR 4.3 bn



## Allocation of grants available through RRF



### Planned Milestones & Targets

407 total indicators  
78 Reforms  
154 Investments

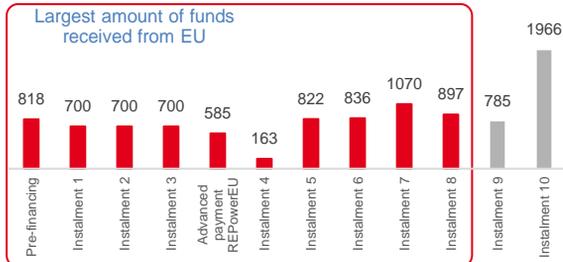
### Fulfilled Milestones & Targets

117 Investments & 136 Reforms indicators

### Disbursements

EUR 7.3 bn (85% of allocation)<sup>1</sup>

## Allocation of funds (in EUR mn)<sup>2</sup>



**1<sup>st</sup>** EU country that has received more than 50% of grant allocation

Source: European Commission, Croatian MoF

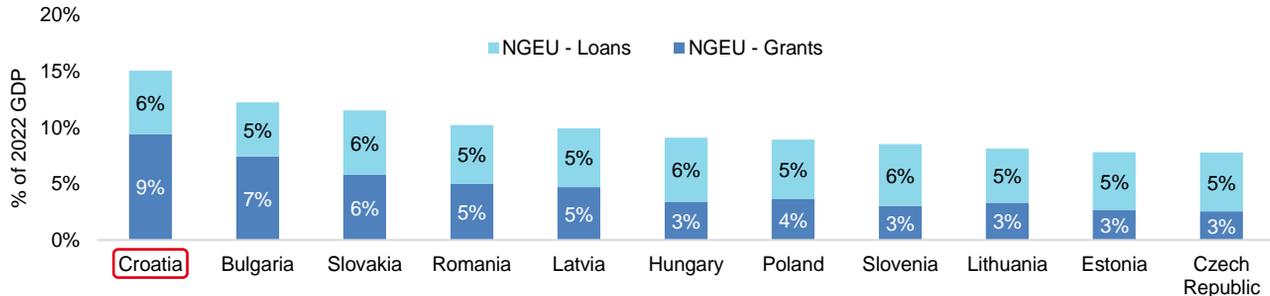
(1) EUR 6.4 bn received so far + EUR 897 mn to be received in March, 2026 (8<sup>th</sup> tranche) followed by positive preliminary assessment in February, 2026. 82% of grants absorbed so far (with 8<sup>th</sup> tranche totalling 85%).

(2) Based on total (original) allocation of The Recovery and Resilience Facility

# Generous Allocation of the EU Package to Support Economy in the Next Decade



## Next Generation EU – allocation of grants and loans<sup>1</sup>



## Croatia is expected to further increase absorption of EU funds in the 2026 – 2028 period

- Croatia is the biggest beneficiary of the largest<sup>2</sup> stimulus package ever financed through the EU budget, with ~ EUR 26 bn allocated EU funds
- EU Packages for 2021 – 2027:
  - **Next Generation EU Fund (NGEU)**, the temporary recovery instrument
  - **Multiannual Financial Framework (MFF)**, the EU long-term budget 2021 – 2027
- Additionally, Croatia had more than EUR2bn **funds from the MFF 2014 – 2020 available**, which was fully absorbed until end 2023, and is a beneficiary of the EU Solidarity Fund that was fully absorbed in 2023 (EUR1bn)
- EU package is a strong lever for the **implementation of reforms and projects, for investment and supporting economic growth**

Sources: European Commission, Eurostat

(1) Based on total (original) allocation of The Recovery and Resilience Facility

(2) Includes Next Generation EU Fund and Multiannual Financial Framework

# EU Package Focused on Recovery and Development



Type of package	Total EU Budget <sup>1</sup>	Allocated to Croatia	Purpose	Allocation as % of '22 GDP
1 Next Generation EU Fund (NGEU)	EUR 807 bn	EUR 5.8 bn in grants EUR 4.3 bn in loans	<ul style="list-style-type: none"> <li>COVID-19 pandemic recovery plan for building greener, more digital and more resilient EU, key areas including:                             <ul style="list-style-type: none"> <li>✓ Recovery and Resilience Facility</li> <li>✓ React EU</li> <li>✓ Rural Development</li> <li>✓ Fair Transition Fund</li> <li>✓ RePowerEU</li> </ul> </li> </ul>	15.0%
2 Multiannual Financial Framework (MFF) 2021-2027	EUR 1.2 tn	EUR 14.0 bn	<ul style="list-style-type: none"> <li>EU long-term budget for 2021-2027, key areas including:                             <ul style="list-style-type: none"> <li>✓ European Regional Development Fund</li> <li>✓ European Social Fund</li> <li>✓ Cohesion Fund</li> <li>✓ Just Transition Fund</li> <li>✓ Fisheries sector</li> <li>✓ European Maritime, Fisheries and Aquaculture Fund</li> <li>✓ Asylum, Migration and Integration Fund</li> <li>✓ European Agricultural Fund for Rural Development</li> <li>✓ European Agricultural Guarantee Fund</li> </ul> </li> </ul>	20.9%
3 EU Solidarity Fund	-	EUR 1 bn	<ul style="list-style-type: none"> <li>Reconstruction of damage caused by earthquakes:                             <ul style="list-style-type: none"> <li>✓ Zagreb earthquake: EUR 684mn</li> <li>✓ Sisačko-moslavačka county: EUR 319mn</li> </ul> </li> </ul>	1.5%

Source: European Commission, MoF, CNB

(1) Current prices

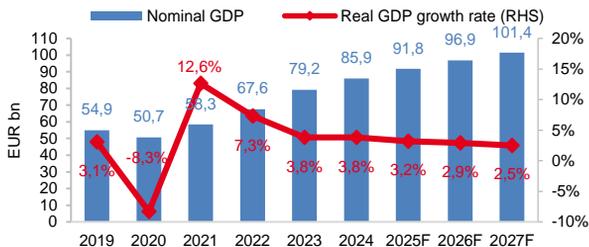


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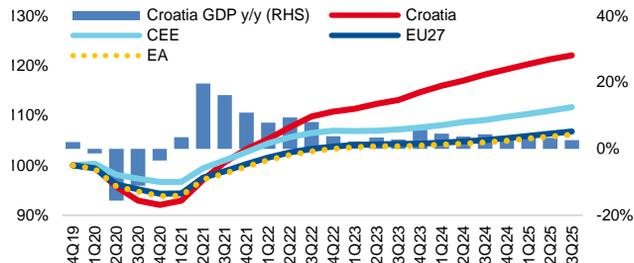
# Croatia's Growth Momentum Sustained by Resilient Domestic Demand



## Croatia entered the year 2026 with a real GDP more than 20% higher than in the pre-pandemic period

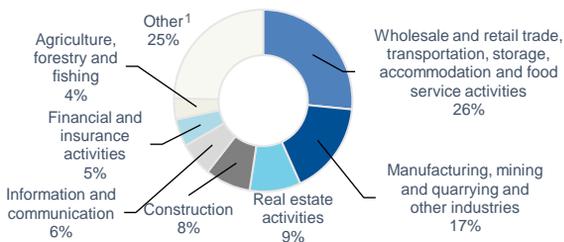


Source: CBS, European Economic Forecast – Autumn 2025



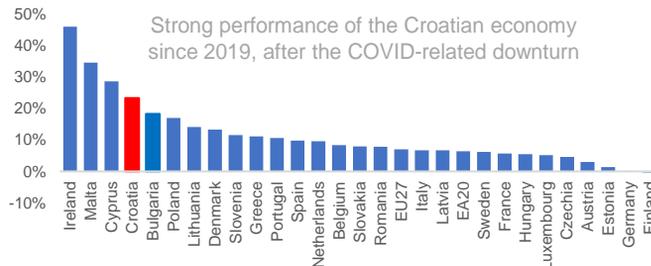
Source: CNB, CBS, Eurostat, seasonally and calendar adj.

## Gross value added by sectors (2024)



Source: CBS

## Cumulative GDP growth at the end of Q3 '25 (4Q19=100)



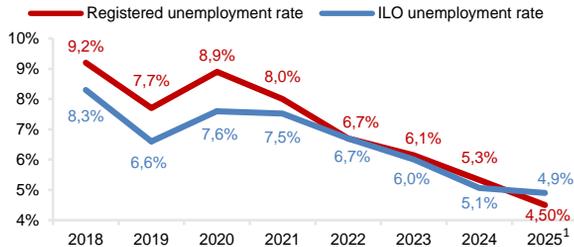
Source: Eurostat, seasonally and calendar adj.

(1) Other: Contains professional, scientific, technical, administrative and support service activities as well as public administration, defence, education, human health and social work activities and other service activities



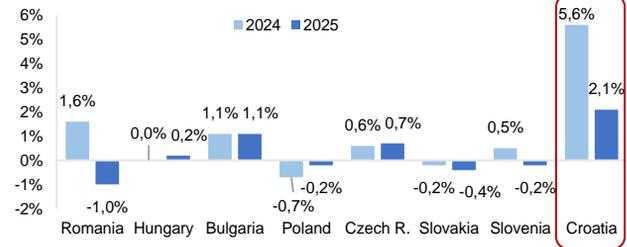
# The Labor Market Maintains Its Robust Resilience

## Unemployment rate reach record-low levels



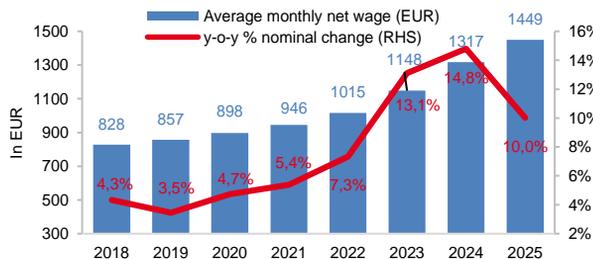
Source: CBS

## Employment, annual percentage change



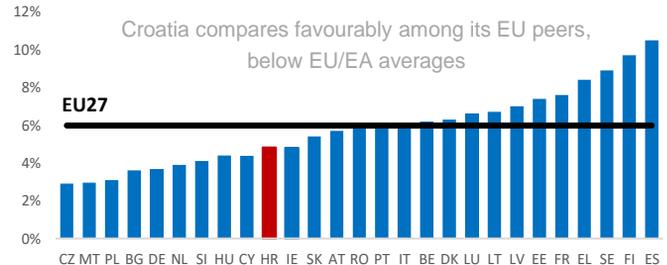
Source: European Economic Forecast - Autumn 2025

## Average monthly net wages continue an upward trend



Source: CBS, CNB

## Unemployment rate 2025



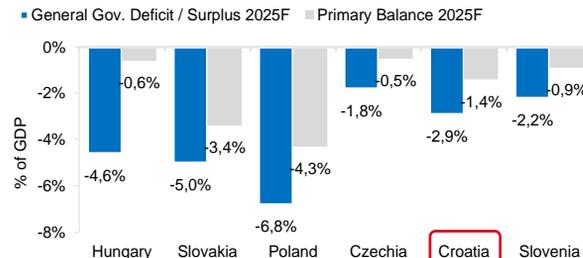
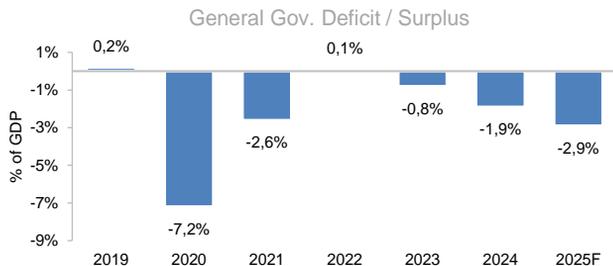
Source: Eurostat

(1) ILO 2025 = Q3 '25 rolling 4 quarters

# Fiscal Metrics within Maastricht Criteria



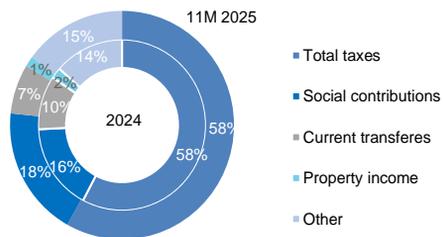
## Croatian fiscal metrics still in good shape and relatively favourable compared to other EU countries



Source: Ministry of Finance, Eurostat, European Economic Forecast – Autumn 2025

Source: Ministry of Finance, Eurostat, European Economic Forecast – Autumn 2025

## Central government budget components (2024 vs 11M 2025)<sup>1</sup>



Source: Ministry of Finance



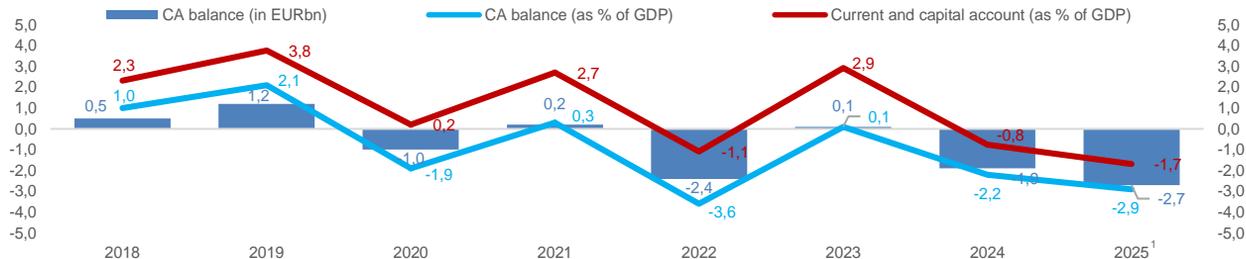
Source: Ministry of Finance

(1) MoF preliminary data, 11M 2025 – cumulatively until November 2025

# External Position Remains Solid

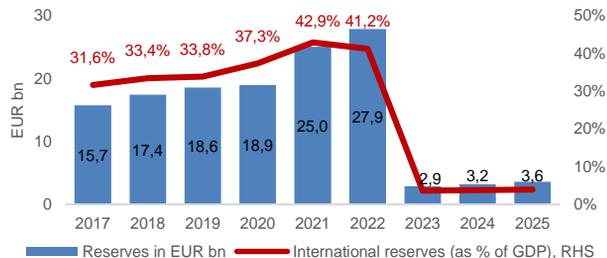


## EU transfers remain a key support



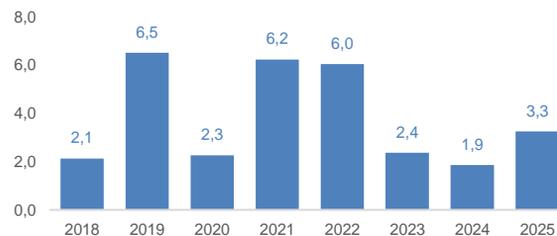
Source: CNB, Eurostat, European Economic Forecast – Autumn 2025

## Reduction of international reserves by adopting the euro



Source: CNB

## Net FDI (as % of GDP)



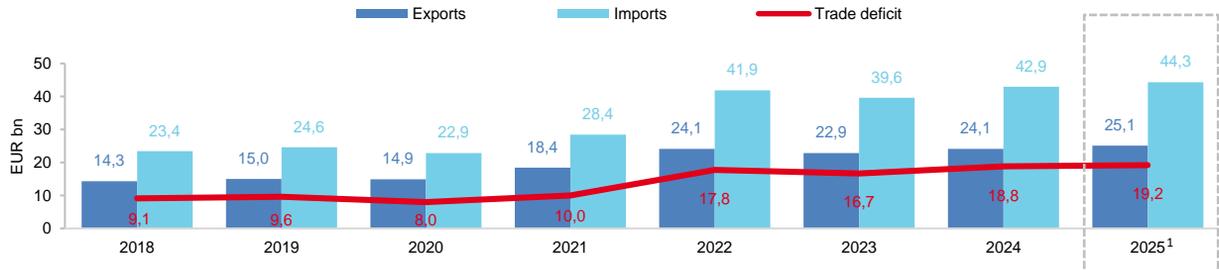
Source: CNB

(1) Q3 '25 rolling previous 4 quarters



# Exports Well Diversified and Deeply Embedded into EU Trade

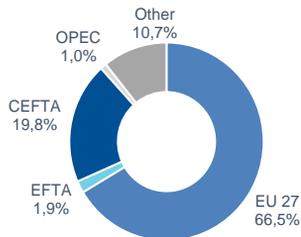
Amid strong domestic and subdued external demand, goods exports and imports grew in parallel, allowing Croatia to maintain a stable share in global goods exports in 2025



Source: CBS

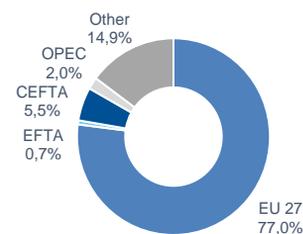
## Croatia's main trading partners are Germany, Italy, Slovenia and Hungary (November 2025)<sup>2</sup>

Geographical Distribution of Exports



Source: CBS

Geographical Distribution of Imports



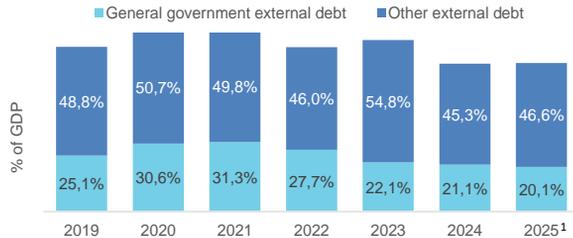
Source: CBS

(1) Preliminary data for December 2025  
(2) Cumulatively until November 2025

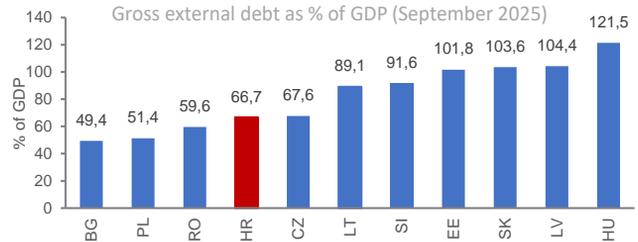


# Gross External Debt Continues Heading Downward

Croatia's gross external debt is on a downward trajectory and is already relatively low compared to its peers

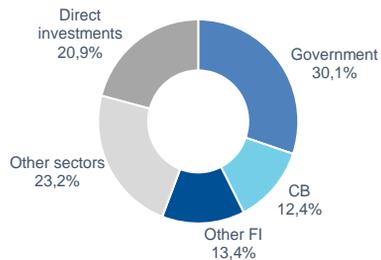


Source: CNB, CBS



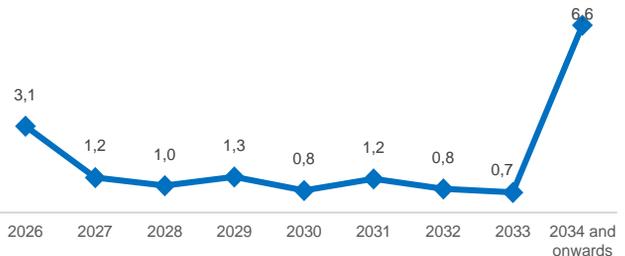
Source: Eurostat, ECB

## Gross external debt breakdown by debtors (September 2025)



Source: CNB

## General Government external debt repayment projection



Source: CNB

(1) External debt data as of 30/09/2025

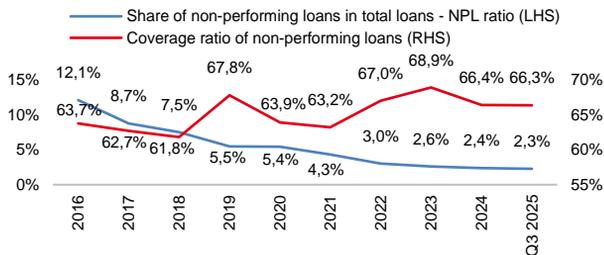


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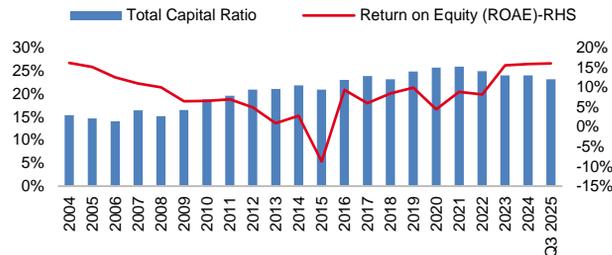
# Historically High Asset Quality, with Strong Profitability and Solid Capitalisation in the Croatian Banking System



Non-performing loans ratio (NPLR) remained on a declining path. At the same time, profitability remains high

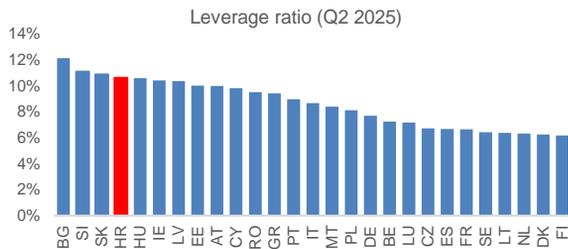


Source: CNB

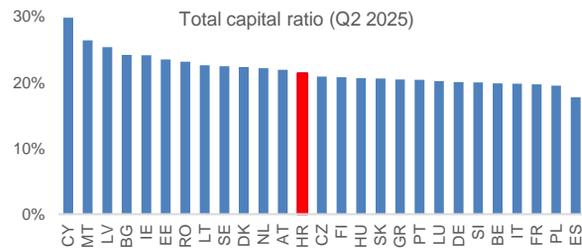


Source: CNB

Croatian banking sector is still well capitalised among EU member states



Source: ECB

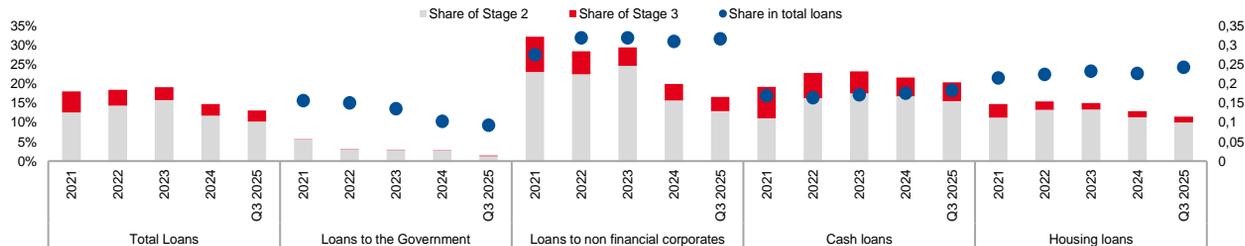


Source: ECB

# Croatian Banks' Loan Quality Continued to Improve with Strong Capital Buffers

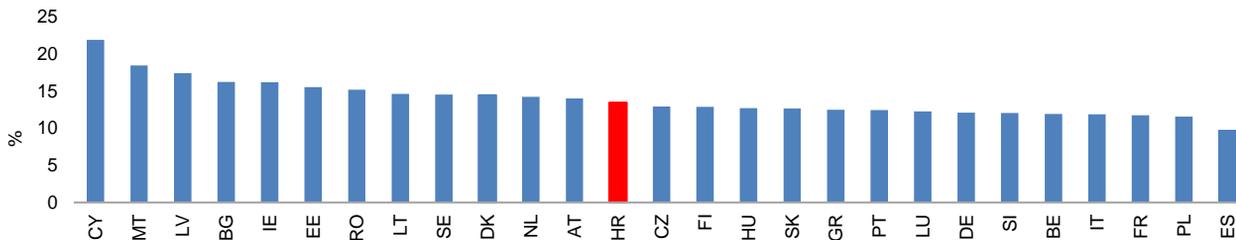


## The share of Stage 3 and Stage 2 loans continued to decrease for both NFC loans and loans to households



Source: CNB

## Capital buffers of Croatian banks compare favourably among other EU member states (June, 2025)



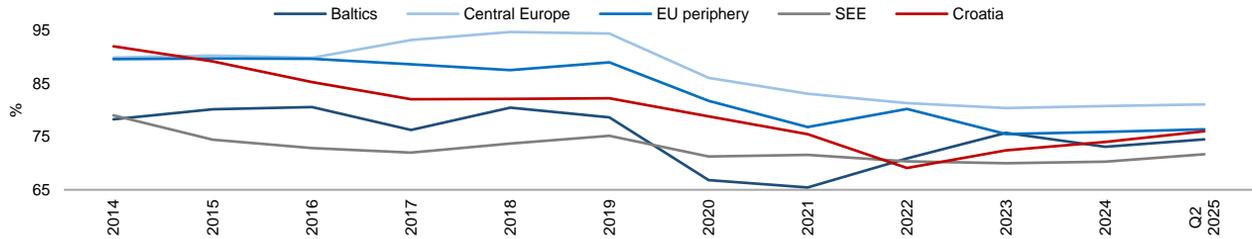
Note: Capital buffers represent the capital held above the 8% Pillar 1 minimum requirement, expressed as percentage of risk-weighted assets.

Source: ECB



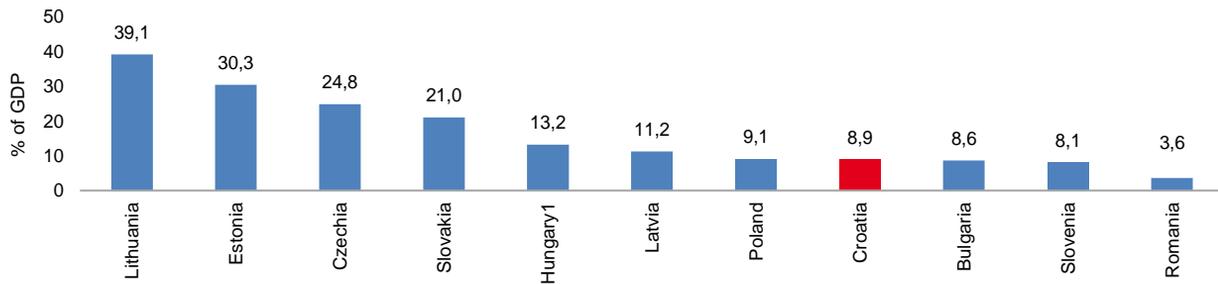
# Gross External Debt of Croatian Banks is Low

Although the loan-to-deposit ratio increased due to faster credit activity, it still reflects a strong liquidity position



Source: ECB, WEO

Croatian banks' gross external debt amounted to 8.9% of GDP - among the lowest compared to peer countries (September 2025)



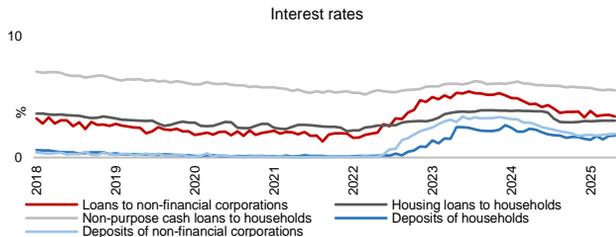
Source: ECB, Eurostat

(1) Hungary data as of September, 2024

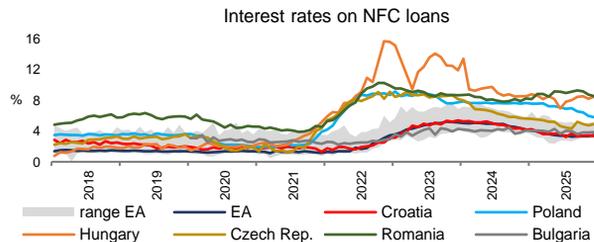
# The Loosening of ECB Monetary Policy Has Led to a Decline in Borrowing Costs for NFCs and HHs



## Interest rates on pure new loans to the private sector broadly stabilized during 2025 for households and NFCs<sup>1</sup>

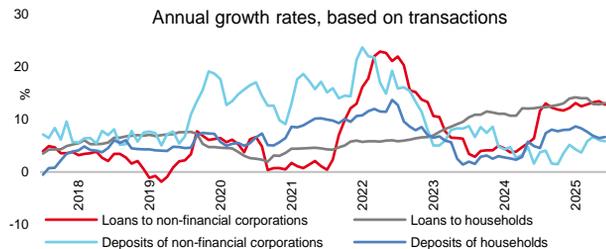


Source: CNB

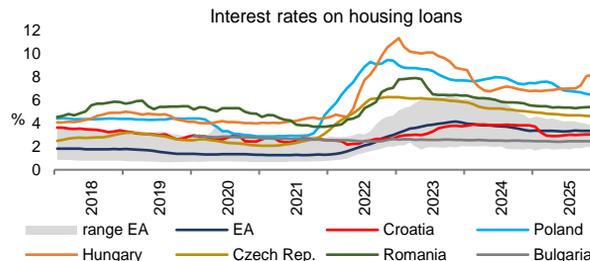


Source: ECB

## In the corporate lending segment credit growth accelerated significantly in 2025, while credit growth to households remained strong<sup>2</sup>



Source: CNB



Source: ECB

(1) Data up to December 2022 refer to loans and deposits in kuna, kuna with a currency clause in euro and in euro, and from January 2023 to loans and deposits in euro  
 (2) Annual growth rates, based on transactions



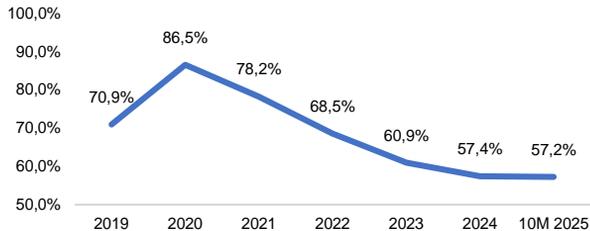
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# Prudently Managed Government Debt

## General Government Debt to GDP Ratio (%)

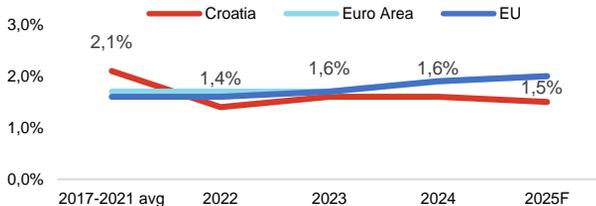
Downward trajectory – debt ratio below 60%



Source: CNB, Eurostat

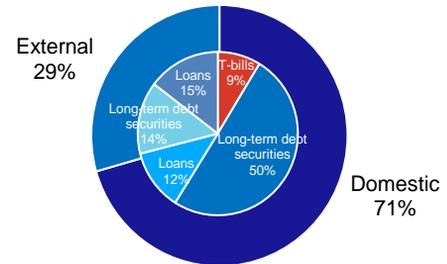
## General Government Interest Spending to GDP ratio (%)

Significantly below EU/EA



Source: European Economic Forecast – Autumn 2025

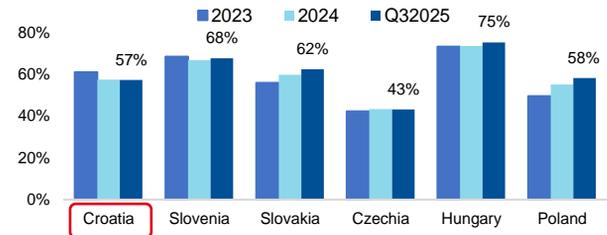
## General Government debt structure, September 30, 2025



Source: CNB, in accordance with ESA 2010

## General Government Debt to GDP ratio (%)

One of the few EU countries that lowered its debt ratio recently

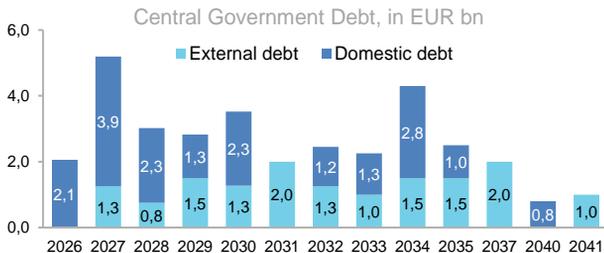


Source: Eurostat

# Central Government Debt Profile Stays Well Managed

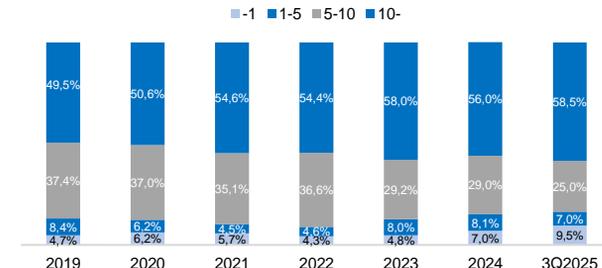


## Central Government long term debt securities maturity profile (principal) stretched to over more than 15 years



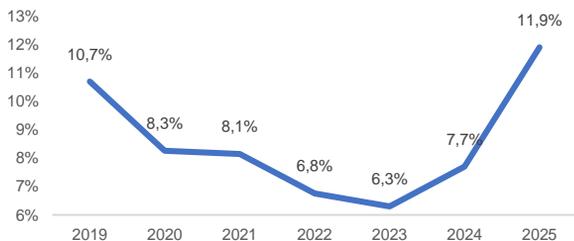
Source: Bloomberg, February 2026

## Central Government Debt by Contracted Maturity



Source: CNB

## T-bills share in Central Government Debt<sup>(1)</sup>



Source: Ministry of Finance

## Tapping private individual investors' base

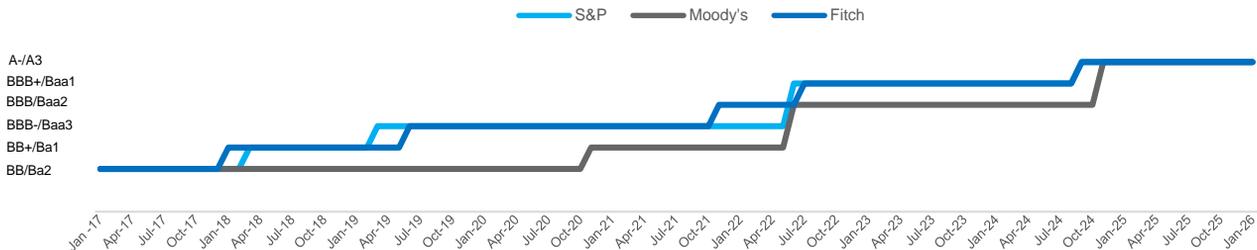
- Innovative and efficient introduction of **local sovereign** capital market instruments **offered as well** to private individuals, enabling access to a new investor category, **mobilising available bank accounts' savings** and beneficially impacting both **local capital market** and **financial literacy**
- **Proceeds** raised from **private individuals** only in local offerings over the past 3 years dominantly through Financial Agency, government-owned entity with retail network of 170 branches and a new platform for retail investors' participation in sovereign DCM:
  - In 2023 EUR 1.335bn bonds and EUR 970 mn T-bills;
  - In 2024 EUR 158mn bonds and EUR 3.667 bn T-bills;
  - In 2025 EUR 590mn bonds and EUR 6.9 bn T-bills;
- As a result, EUR 4.65bn of Central Government **debt** is currently **held by retail investors**

(1) Total amount of T-bills divided with Central Government debt (principals paid directly from the state budget)

# Evolution of Issuer Ratings



Croatia's Eurozone accession alongside its deepening European and international integration strengthen the economy's resilience and growth potential allowing for an upgrade to a 'A-' equivalent by all 3 rating agencies



## Credit strengths

- „Croatia's fiscal strength will remain materially higher..., due most notably to a sharp reduction of the government debt burden...”
- „...driven by significant structural reform and investments under the National Recovery and Resilience Plan (NRRP) as well as a significant increase in labour immigration...”
- „...Croatia's economic and external performance could continue to strengthen, despite global uncertainty...the implementation of economic reforms will continue.”
- „...ratings reflect its credible policy framework supported by EU and eurozone membership, a record of fiscal discipline and commitment to EU fiscal rules, and robust economic growth.”

## Credit challenges

- „...challenges in bringing down the moderate fiscal deficit as expected could produce growth and fiscal outcomes that are weaker than we currently expect.”
- „A declining population and slow productivity growth could limit GDP expansion.”
- „...lower GDP per capita compared with peers and the small size of its economy, leaving it vulnerable to external shocks.”

Sovereign	Fitch	S&P	Moody's
Lithuania	A	A	A2
Spain	A	A+	A3
Portugal	A	A+	A3
Slovakia	A-	A+	A3
Latvia	A-	A	A3
<b>Croatia</b> 	<b>A-</b>	<b>A-</b>	<b>A3</b>
Bulgaria	BBB+	BBB+	Baa1
Italy	BBB+	BBB+	Baa2
Hungary	BBB	BBB-	Baa2
Romania	BBB-	BBB-	Baa3
Serbia	BB+	BBB-	Ba2

Sources: CNB, S&P, Fitch and Moody's latest credit rating analysis for Croatia



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# Terms of the Offering



<b>Issuer</b>	<b>Republic of Croatia</b>
<b>Issuer ratings</b>	Fitch: A- (stable) / S&P: A- (positive) / Moody's: A3 (stable)
<b>Currency</b>	Euro
<b>Issue size</b>	Benchmark
<b>Maturity</b>	10 years
<b>Interest payments</b>	Fixed rate, Annual
<b>Use of proceeds</b>	General budgetary government purposes
<b>Governing law</b>	English Law
<b>Format</b>	Reg S Registered, NSS
<b>Listing of notes</b>	Regulated market of the Luxembourg Stock Exchange
<b>Target market</b>	Manufacturer Target Market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels)
<b>Clearing system</b>	Euroclear, Clearstream
<b>Denominations</b>	€100,000 + €1,000
<b>Joint Lead Managers</b>	Deutsche Bank, J.P. Morgan, Morgan Stanley, Raiffeisen Bank International, Zagrebačka banka / UniCredit

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