

**NLB Bank d.d., Sarajevo**  
**Annual Report for 2025**

This version of the report is a translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our financial reports and the accompanying audit report takes precedence over this translation.

## CONTENT

---

	<b>Page</b>
Annual business report for 2025	1-34
Responsibility for financial statements	35
Independent auditor's report	36 – 41
Statement on total comprehensive income for the period	42
Statement of financial position	43
Statement of changes in equity	44
Statement of cash flow	45
Notes to the financial statements	46 – 149

### About us

**Home is where the people who matter most to us are.**

**Our home is in this region. With you and by your side.**

### Who we are

NLB Bank d.d., Sarajevo (NLB Bank) is part of the NLB Group, the largest bank and financial institution in Slovenia, whose main focus is on the markets of Southeast Europe (Macedonia, Kosovo, Bosnia and Herzegovina, Montenegro, Serbia).

The parent bank is the largest Slovenian bank, which has strengthened its strategic and systemic position in the region. In 2025 the NLB Group and all its members, despite all the challenges of the market, achieved good business results and thus confirmed that NLB Group continues to operate in a successful and sustainable way. Such results speak in favor of the strengthened trust that clients, businessmen and citizens have shown to NLB banks in all business markets.

Clients and their satisfaction are in the focus of the Group's business, which strives to provide an adequate response to the real needs of clients and in their best interest in the region where it operates. NLB Bank is guided by a strategy focused on customer experience, in accordance with which it continues to position itself as a regional champion that offers comprehensive banking services to individuals and legal entities.

NLB Bank provides its clients throughout the Federation of BiH and Brčko District:

- Complete financial services
- Offer tailored to the needs of clients
- High level of service quality
- An extensive network of 33 business units in the Federation of BiH and Brčko District
- Modern channels of distribution of their services
- Individual approach and dedication to clients

### Vision

Together, we will take care of the financial needs of our clients and contribute to the quality of life in our region.

### Mission

We love our home, we want to advance it together and develop it for present and future generations.

### NLB Group's strategic focus

- Become a regional champion
- Put customers first
- Defend our market position
- Seize opportunities and synergies

### Our goal

The goal of NLB Bank is to build sustainable business growth with a clear focus on profitability, improve corporate culture, business processes and efficiency, and provide a stimulating working environment that allows NLB Bank employees to achieve their personal goals. The Bank pays special attention to the development of new banking services, new channels of service distribution, as well as greater availability of the Bank's services to clients, thus continuously building a stronger reputation and brand recognition.

### Core values

The core values on which NLB Bank bases its business are: transparency, trust, stability, simplicity and responsibility, which is recognized by our clients who have shown us their trust for many years.

### Sustainable banking

NLB is the first bank in Slovenia to become a signatory to the United Nations (UN) Sustainable Banking Principles, and other members of the NLB Group have already taken decisive steps on the path to sustainable banking as well, by fulfilling the given obligations of the EBRD and MIGA. NLB Bank as part of the NLB Group has ambitions to anchor sustainable business in its core mission, which ensures that its products and services meet the needs of current generations, while preserving opportunities for future generations.

Employee care is important for NLB Bank, and in 2025 it was declared the third most desirable employer in the financial sector in Bosnia and Herzegovina.

NLB Group proudly points out that it has one of the most comprehensive social responsibility programs in the region, because it supports a large number of projects of philanthropic character, culture and youth, athletes, with the aim of improving the quality of life in the region.



### Word from the President of the Management Board

Dear clients, shareholders and business partners,

We are pleased to present the business results achieved by NLB Bank d.d., Sarajevo (hereinafter: the Bank) in 2025. Our results testify to the dedicated work of our employees and the unwavering focus on clients who remain at the center of our business.

NLB Bank is the sixth largest bank in the Federation of Bosnia and Herzegovina with an asset growth of 10.6% and a market share of 6.3% as of September 30, 2025 (latest available data).

The Bank maintained satisfactory liquidity, capital adequacy ratio, and other regulatory prescribed limits and achieved profit after tax as of December 31, 2025 in the amount of BAM 30.0 million (2024: 27.6 million BAM) and profit before impairment and provisions in the amount of BAM 39.1 million (2024: 37.2 million BAM). The Bank's total assets increased by 13% with an increase in deposits from customers by 10% and net loans and receivables from customers by 16%.

Through decisive investments in digitalization and the optimization of business processes, the Bank continues to enhance operational efficiency and strengthen its market position. We have further reinforced client trust through a comprehensive portfolio of services and products available across 33 branches throughout the Federation of Bosnia and Herzegovina and the Brčko District.

In 2025, we proudly marked a significant milestone – 20 years of successful operations and partnership with our clients and associates. This important anniversary represents far more than a number, it reflects two decades of trust we have built and serves as strong motivation to continue creating new value, fostering long-term partnerships, and building successful stories together with the community to which we belong.

The year was also characterized by further progress in our digital transformation. As one of the first banks in the market, we launched Apple Pay, enabling users of Apple devices to make simple and secure contactless payments. Shortly thereafter, we introduced the first digital card in the market, integrated within the NLB Pay application, allowing clients to use their card immediately upon contracting a service package, without waiting for a physical card to be issued.

We also launched two entirely new products: Travel Health Insurance and Voluntary Health Insurance.

Throughout the year, we continued to implement promotional campaigns aimed at increasing customer satisfaction. Particularly noteworthy was our card campaign conducted in cooperation with Bosnian artist Dino Merlin and local merchants, which further strengthened our brand recognition. Thanks to such initiatives, NLB Bank has positioned itself among the three most recognizable banks in Bosnia and Herzegovina.

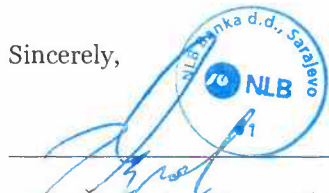
In recognition of our dedicated work and commitment to innovation, at the traditional “Zlatni BAM” awards ceremony in Sarajevo, together with our sister bank NLB Bank a.d., Banja Luka, we received awards in the categories Innovation in the Banking Sector and Humanity in Action. Our efforts were further acknowledged by the prestigious TOP Employer 2025 certification, placing us among the best employers in Bosnia and Herzegovina.

In 2025, we continued to demonstrate our role as a socially responsible partner to the community by supporting numerous initiatives in the fields of culture, education, sports, science and entrepreneurship, as well as sustainable financing projects contributing to the achievement of the United Nations Sustainable Development Goals. We are particularly proud of our New Year's campaign, which addressed one of life's most sensitive issues – the emotional burden faced by women and couples undergoing in vitro fertilization. Through this campaign, we provided support where it was most needed, including to our own employees facing this challenging process, reaffirming that NLB Bank is not only a financial institution but also a partner that understands real-life challenges and stands by people in their most difficult moments.

**Word from the President of the Management Board (*continued*)**

On behalf of the Management Board of NLB Bank d.d., Sarajevo, I would like to extend my sincere gratitude to all our clients and business partners for their trust and longstanding cooperation. We owe special thanks to our collective, dedicated employees who, with their knowledge, professionalism and dedication, contribute to the stability, growth and improvement of our business every day. The trust placed in us is the foundation of our success and a strong incentive to further enhance our services and build long-term partnerships. We believe that in the years ahead we will continue to develop successful stories together and justify the confidence you have placed in us.

Sincerely,



---

Lidija Žigić, President of the Management Board NLB Bank d.d., Sarajevo



**Management Bodies as at December 31, 2025:**

**Supervisory Board**

**Term of office:**

**Members till May 29, 2025**

President	Peter Andreas Burkhardt	30 May 2021 – 29 May 2025
Deputy President	Damir Kuder	22 April 2022 – 29 May 2025
Member	Andrej Lasić	30 May 2021 – 29 May 2025
Independent member	Ayda Šebić	30 May 2021 – 29 May 2025
Independent member	Dino Osmanbegović	30 May 2021 – 29 May 2025

**Members from May 30, 2025**

President	Peter Andreas Burkhardt	30 May 2025 – 29 May 2029
Deputy President	Damir Kuder	30 May 2025 – 29 May 2029
Member	Andrej Meža	30 May 2025 – 29 May 2029
Member	Damjana Lavrič	30 May 2025 – 29 May 2029
Member	Simon Steinman	30 May 2025 – 29 May 2029
Independent member	Ayda Šebić	30 May 2025 – 29 May 2029
Independent member	Selma Omić	30 May 2025 – 29 May 2029

**Audit Committee**

**Members till December 31, 2025**

President	Andreja Golubić	2 June 2022 – 31 Decembar 2025
Member	Polona Kurtevski	2 June 2022 – 31 Decembar 2025
Member	Mirko Ilić	2 June 2022 – 31 Decembar 2025

**Members from January 1, 2026**

President	Rok Praprotnik	1 January 2026 – 31 December 2029
Member	Alvin Aličević	1 January 2026 – 31 December 2029
Member	Tibor Florjan	1 January 2026 – 31 December 2029

**Risk Committee**

**Members till May 29, 2025**

President	Dino Osmanbegović	30 May 2021 – 29 May 2025
Member	Peter Andreas Burkhardt	30 May 2021 – 29 May 2025
Member	Damir Kuder	22 April 2022 – 29 May 2025

**Members from May 30, 2025**

President	Selma Omić	30 May 2025 – 29 May 2029
Deputy President	Peter Andreas Burkhardt	30 May 2025 – 29 May 2029
Member	Andrej Meža	30 May 2025 – 29 May 2029
Member	Damjana Lavrič	30 May 2025 – 29 May 2029

### Management Bodies as at December 31, 2025 (continued):

#### Appointment Committee

##### Members till May 29, 2025

President	Damir Kuder	22 April 2022 – 29 May 2025
Member	Peter Andreas Burkhardt	30 May 2021 – 29 May 2025
Member	Ayda Šebić	30 May 2021 – 29 May 2025

##### Members from May 30, 2025

President	Damir Kuder	30 May 2025 – 29 May 2029
Deputy President	Ayda Šebić	30 May 2025 – 29 May 2029
Member	Peter Andreas Burkhardt	30 May 2025 – 29 May 2029
Member	Simon Steinman	30 May 2025 – 29 May 2029

#### Compensation Committee

##### Members till May 29, 2025

President	Ayda Šebić	30 May 2021 – 29 May 2025
Member	Damir Kuder	22 April 2022 – 29 May 2025
Member	Andrej Lasić	30 May 2021 – 29 May 2025

##### Members from May 30, 2025

President	Ayda Šebić	30 May 2025 – 29 May 2029
Deputy President	Andrej Meža	30 May 2025 – 29 May 2029
Member	Damir Kuder	30 May 2025 – 29 May 2029
Member	Selma Omić	30 May 2025 – 29 May 2029

#### Management Board

President	Lidija Žigić	1 January 2025 – 31 December 2028
Member	Jure Peljhan	1 January 2025 – 31 December 2028
Member	Berin Lakomica	1 January 2025 – 31 December 2028
Member	Igor Tutuš	1 January 2025 – 31 December 2028

#### Head internal auditor

Kerim Hadžihanović	from 1 August 2025
Sanela Pušina	till 31 July 2025

#### Secretary of the Bank

Elma Mašić	from 24 March 2025
Rijad Hamidović	till 23 March 2025

**Memberships of members of Supervisory Board and Board of Directors of the Bank in other affiliated and unaffiliated entities**

**Members of the Supervisory Board:**

Peter Andreas Burkhardt, President of the Supervisory Board

1. Nova Ljubljanska banka d.d., Ljubljana, Member of the Management Board
2. Rotary Club Ljubljana, Member of the Management Board

Damir Kuder, Deputy President of the Supervisory Board

1. NLB Banka a.d., Banja Luka, Deputy President of the Supervisory Board
2. Nova Ljubljanska banka d.d. Ljubljana, procurator

Selma Omić, Member of the Supervisory Board

1. Energoinvest d.d., Sarajevo, Assistant Director for Economic Affairs and Operations

Andrej Lasič, Member of the Supervisory Board (till May 29, 2025)

1. Nova Ljubljanska banka d.d., Ljubljana, Member of the Management Board
2. NLB Komercijalna Banka AD Beograd, Member of the Management Board

Dino Osmanbegović, Member of the Supervisory Board (till May 29, 2025)

1. POSJED d.o.o. Sarajevo, owner and director

**Members of the Management Board of the Bank:**

Lidija Žigić, President of the Management Board

1. Chamber of Commerce and Industry of Tuzla Canton, Member of the Board of Directors
2. Tourist Board Council of Tuzla Canton, obligatory member
3. Association of Banks of Bosnia and Herzegovina, Member of the Management Board

Jure Peljhan, Member of the Management Board

1. Slovenian Association of Businessmen in Bosnia and Herzegovina, President of the Association

### Macroeconomic environment

At the macroeconomic level, the previous year 2025 was marked by high levels of inflation compared to inflation in 2024, accompanied by a decline in the reference interest rates of the world's strongest economies, which central banks implemented as a measure to slow down inflation growth.

The movement of the EURIBOR reference interest rate during 2025 was marked by a continuous decline in the first half of the year, and a slight stabilization of the movement in the second half of 2025.

Developments at the macroeconomic level also spilled over into the market of Bosnia and Herzegovina. From a monetary perspective, the Central bank of Bosnia and Herzegovina (hereinafter: CBBH) did not follow the monetary policies of the leading world economies, and the CBBH reference rates were maintained at the level defined in 2023.

In Bosnia and Herzegovina, GDP growth slowed as weakness in industry, especially in manufacturing, weighed on economic activity. Stronger consumption, driven by the increase in the minimum wage, failed to offset weak investment and exports.

Real GDP growth is expected to moderate slightly in 2025 (according to the production approach) compared to last year's forecast, as political tensions continue to slow the pace of key reforms.

Inflation is likely to rise in 2025 reflecting pressures from rising food and services prices, planned utility price increases, and ongoing global economic uncertainty. Despite these challenges, consumption will remain the main driver of growth, providing some resilience in the short term. Unemployment remains unchanged, as the lack of consensus on a growth plan and the recent increase in the minimum wage limit job creation. The most notable change in 2025 was the acceleration of wage growth, further strengthening the positive labor market picture, with annual growth rates of 11.3% and 11.02%, respectively. Wage growth is assumed to point to improvements in living standards and household purchasing power, which could further stimulate domestic demand and support broader economic growth.

From 2026 onwards, growth is expected to regain momentum, supported by stronger investment, an improving domestic labor market, and more favorable external conditions as the EU economy recovers. Prudent fiscal policy should return the balance to surplus by 2027, boosted by highway revenues and a stable flat-rate VAT regime. In this context, policymakers' short-term priorities should be to finalize the reform agenda for the EU Growth Plan, meet the legislative requirements for the start of EU accession negotiations, and reform the labor market. These efforts, while likely to be delayed by the general elections in October 2026, are expected to accelerate in 2027, helping to improve living standards and sustain growth.

The Council of Ministers of BiH adopted the long-delayed Reform Agenda on September 30, 2025, a major step forward towards aligning Bosnia and Herzegovina with the EU. Blocked since late 2024 due to political resistance, its adoption restores convergence with Western Balkan peers and unlocks access to €917 million in EU funds. These funds will support medium-term economic growth, infrastructure and related projects, the green and digital transitions, and improvements to public services, the labor market and employment. Bosnia and Herzegovina is approaching the start of formal EU accession negotiations, with only two key steps remaining: the adoption of the Law on Courts of BiH and the appointment of the Chief Negotiator. Progress depends on maintaining the current momentum and forming an old/new coalition at the state level. Continued political will, institutional cooperation and a shared vision for the EU could accelerate the integration process, despite its gradual nature.

On January 30, 2026, the credit rating agencies Standard & Poor's and Moody's Investors Service affirmed Bosnia and Herzegovina's sovereign credit rating of "B+ with stable outlook" and "B3 with stable outlook"<sup>1</sup>

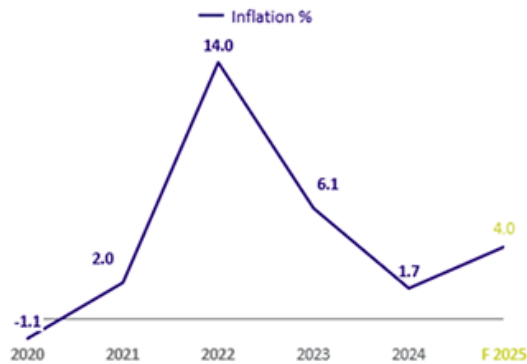
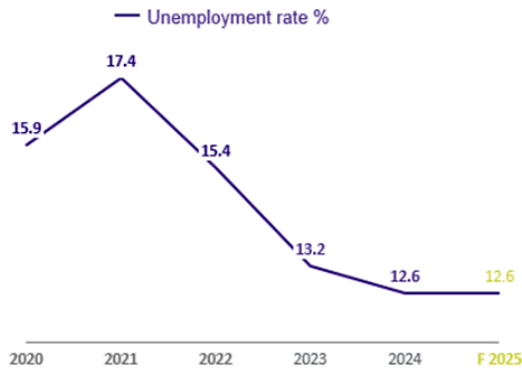
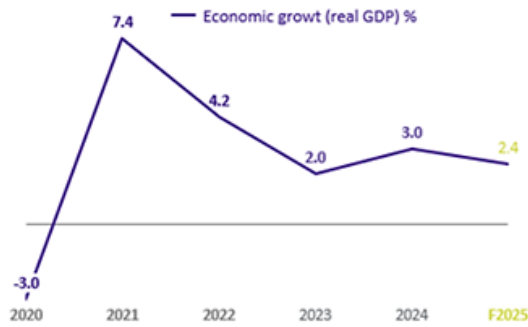
---

<sup>1</sup> [www.cbbh.ba](http://www.cbbh.ba); World Bank - *Western Balkans Regular Economic Report No. 28. Fall 2025*

Macroeconomic environment (continued)

BiH		Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Forecast 2025
Gross domestic product (GDP)	%	3,8%	2,9%	-3,0%	7,4%	4,2%	2,0%	2,5%	2,4%
Inflation	%	1,4%	0,6%	-1,1%	2,0%	14,0%	6,1%	1,7%	4,0%
Unemployment rate	%	18,4%	15,7%	15,9%	17,4%	15,4%	13,2%	12,6%	12,6%
General government net debt	% GDP	25,0%	21,8%	25,8%	22,5%	19,6%	18,8%	20,1%	21,2%
General government gross debt	% GDP	34,9%	33,2%	37,2%	35,8%	31,2%	29,0%	29,5%	30,6%
Exchange rate	-	1,95583	1,95583	1,95583	1,95583	1,95583	1,95583	1,95583	1,95583
Investments	% GDP	23,7%	24,3%	22,6%	25,4%	27,4%	25,8%	28,9%	28,7%

Source: International Monetary Fund (IMF); World Economic Outlook Database, October 2025



### Information on the Banking Sector in the Federation of Bosnia and Herzegovina

The Banking Agency of the Federation of Bosnia and Herzegovina publishes quarterly Information on the Banking Sector of the Federation of BiH, and the latest available data is at September 30, 2025.

As of September 30, 2025, 13 commercial banks operated in the Federation of BiH, employing a total of 6,725 workers, which is 6 more than at the end of 2024.

The total assets of the banking sector in the Federation of BiH as of September 30, 2025 amounted to BAM 34.3 billion and is BAM 2.2 billion higher than at the end of 2024.

In the last few years, the capital adequacy of the banking sector has been continuously maintained above 15%, which is satisfactory capitalization at the sector level. The regulatory capital rate as of September 30, 2025 is 19.7% and is significantly higher than the legally prescribed minimum, which also applies to other capital rates (the rate of common equity and core capital). Compared to the end of 2024, the regulatory capital rate increased by 0.4 p.p., and the rates of common equity and core capital increased by 0.1 p.p. and 0.2 p.p., respectively.

At the level of the banking sector in the Federation of BiH for the period January - September 2025 a positive financial result was reported in the amount of BAM 487.5 million, which is BAM 7.3 million less than the same period of the previous year. All banks headquartered in the Federation of BiH reported a positive financial result.

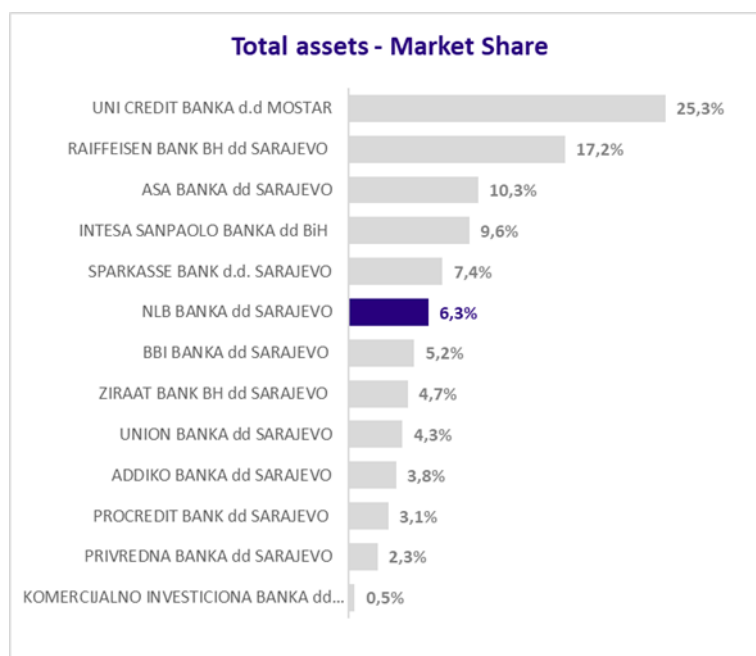
### Position of NLB Bank d.d., Sarajevo on the market in the Federation of Bosnia and Herzegovina:

#### Total Assets

In terms of total assets, the Bank ranks 6th in the banking sector.

Compared to December 31, 2024, the Bank achieved a growth in assets of 10.6% as of September 30, 2025, while the sector achieved growth of 7.0%. The market share increased from 6.1% to 6.3%.

The Bank's market share as a result of total assets is shown below:



**Position of NLB Bank d.d., Sarajevo on the market in the Federation of Bosnia and Herzegovina (continued)**

**Total Loans<sup>2</sup>**

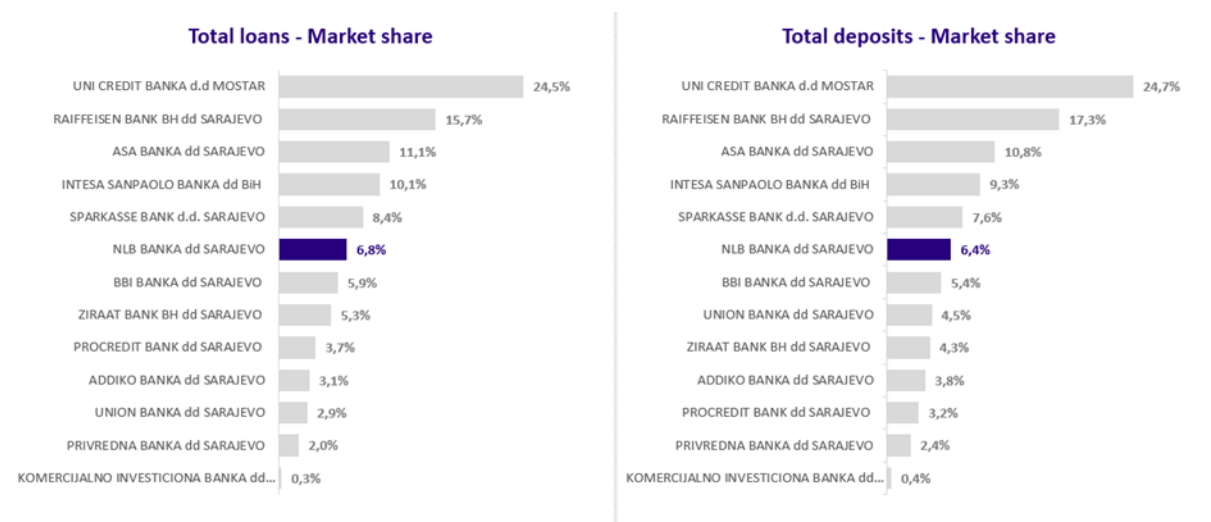
Compared to December 31, 2024, the Bank recorded a loan growth of 10.8% as of September 30, 2025 while loans in the sector increased by 8.2%. The Bank's market share increased by 0.2 p.p. and amounts to 6.8%. According to the amount of total loans, the Bank occupies the 6th position in the sector. The Bank's market share in terms of the amount of loans to households increased compared to December 31, 2024 by 0.2 p.p. and amounts to 8.1%, of which the market share of housing loans to households recorded an increase of 0.6 p.p. and amounts to 9.2%.

**Total deposits<sup>3</sup>**

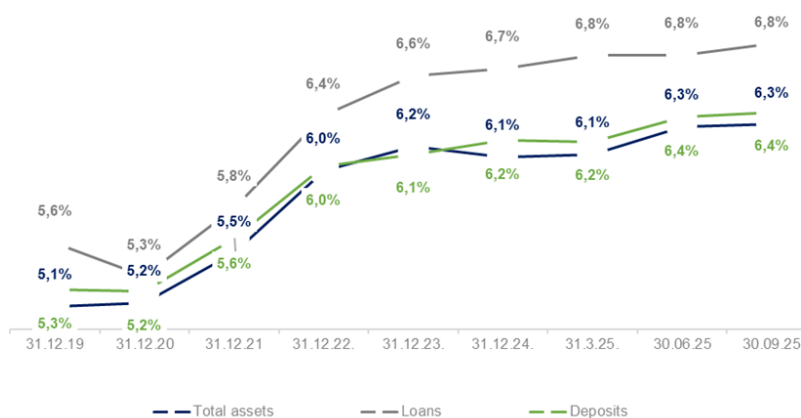
Compared to December 31, 2024, the Bank's deposits increased by 9.6%. while the sector achieved a growth in total deposits of 6.5%. In terms of total deposits, the Bank ranks 6th as of September 30, 2025, while its market share increased by 0.2 p.p. and amounts to 6.4%.

The Bank's market share in terms of non-bank deposits increased compared to December 31, 2024 by 0.2 p.p. and amounts to 6.4%.

The Bank's market share in total loans and deposits is shown below:



The trend of the Bank's market share by assets, loans and deposits is shown in the following chart:



<sup>2</sup> The Banking Agency does not publish data on NBS loans of individual banks. but data on total loans (bank and non-bank).

<sup>3</sup> The Banking Agency does not publish data on NBS deposits of individual banks. but data on total deposits (bank and non-bank).

## Annual business report for 2025

---

### Basic business indicators of NLB Bank d.d., Sarajevo

The most important financial and regulatory indicators in 2025 compared to 2024, as well as the income statement of total result for the period and the report on financial position at the end of the period, are presented below:

	2025	2024
<b>Key financial indicators</b>		
ROE after tax	13.5%	14.3%
ROA after tax	1.4%	1.5%
CIR	56.8%	56.4%
LTD (net)	82.3%	78.2%
Capital adequacy ratio	18.2%	18.1%
<b>Income statement (in thousands BAM)</b>		
Net interest income	56,528	56,571
Net fee and commission income	30,276	28,762
Expenses	(51,317)	(48,072)
Profit / loss before impairments	39,056	37,157
Profit / loss after tax from regular business	29,994	27,574
Total result	29,202	28,791
<b>Balance sheet (in thousands BAM)</b>		
Total assets	2,219,694	1,959,333
Loans and receivables to clients	1,426,518	1,233,074
Deposits from clients	1,732,717	1,576,580
Equity	240,928	203,021
<b>Credit portfolio and impairments (in thousands BAM)</b>		
Loan portfolio	1,473,426	1,277,451
Impairments and provisions for loans	(46,908)	(44,377)
Coverage of loan portfolio by impairments (in %)	3.2%	3.5%
<b>Other indicators</b>		
Number of organizational units	33	34
Number of employees	490	497

## Annual business report for 2025

Income statement - Report on the total result for the period	in BAM thousands			
	31 December 2025	31 December 2024	Difference	Index
	Amount	Amount		
<b>Income statement - Report on the total result for the period</b>				
Interest income and similar income at effective interest rate	72,942	70,425	2,517	104
Interest expenses and similar expenses at effective interest rate	(16,414)	(13,854)	(2,560)	118
<b>Net interest income/(expenses) and similar income at effective interest rate</b>	<b>56,528</b>	<b>56,571</b>	<b>(43)</b>	<b>100</b>
<i>Income from fees and commissions from contracts with clients out of which:</i>				
<i>income from payment transactions</i>	41,108	38,503	2,605	107
<i>income from card transactions</i>	14,298	13,895	403	103
<i>income from basic accounts</i>	12,695	11,507	1,188	110
<i>income from basic accounts</i>	9,233	8,685	548	106
<i>Income from fees and commissions from guarantees and credit obligations</i>	1,773	1,647	126	108
Income from fees and commissions	42,881	40,150	2,731	107
Expenses from fees and commissions	(12,605)	(11,388)	(1,217)	111
<b>Net income/(expenses) from fees and commissions</b>	<b>30,276</b>	<b>28,762</b>	<b>1,514</b>	<b>105</b>
Impairments and provisions	(7,082)	(7,594)	512	93
Other gains and (losses) from financial assets	(605)	(941)	336	64
Net positive/(negative) exchange rate differences	159	203	(44)	78
Gains and (losses) from long-term non-financial assets	3,348	359	2,989	933
Other income	667	275	392	243
Employee expenses	(26,378)	(23,909)	(2,469)	110
Depreciation costs	(5,408)	(5,230)	(178)	103
Other costs and expenses	(19,531)	(18,933)	(598)	103
<b>PROFIT/(LOSS) FROM REGULAR BUSINESS BEFORE TAX</b>	<b>31,974</b>	<b>29,563</b>	<b>2,411</b>	<b>108</b>
Current income tax	(2,707)	(2,593)	(114)	104
Deferred income tax	727	604	123	120
<b>PROFIT TAX</b>	<b>(1,980)</b>	<b>(1,989)</b>	<b>9</b>	<b>100</b>
<b>PROFIT/(LOSS) FROM REGULAR BUSINESS</b>	<b>29,994</b>	<b>27,574</b>	<b>2,420</b>	<b>109</b>
<b>REPORT ON OTHER TOTAL RESULT</b>				
Items that can be reclassified to the profit and loss	(451)	1,239	(1,690)	-
Items that will not be reclassified to the profit and loss	(341)	(22)	(319)	1550
<b>OTHER TOTAL RESULT</b>	<b>(792)</b>	<b>1,217</b>	<b>(2,009)</b>	<b>-</b>
<b>TOTAL RESULT</b>	<b>29,202</b>	<b>28,791</b>	<b>411</b>	<b>101</b>

## Annual business report for 2025

in BAM thousands

Balance sheet - Report on the financial position at the end of the period	31 December 2025	31 December 2024	Difference	Index
	Amount	Amount		
<b>ASSETS</b>				
Cash and cash equivalents	306,160	261,014	45,146	117
Investments in capital instruments	124	105	19	118
Loans, securities and other debt instruments	122,885	119,420	3,465	103
Mandatory reserves with the Central Bank	192,348	166,126	26,222	116
Deposits with other banks	43,307	47,753	(4,446)	91
Loans and receivables from customers	1,426,518	1,233,074	193,444	116
Other financial assets at amortized cost	87,428	90,838	(3,410)	96
Prepaid profit tax	-	251	(251)	-
Deferred tax assets	2,928	2,111	817	139
Tangible assets	33,903	36,331	(2,428)	93
Intangible assets	3,678	1,854	1,824	198
Long-term assets intended for sale and assets that are being discontinued	-	34	(34)	-
Other assets and receivables	415	422	(7)	98
<b>TOTAL ASSETS</b>	<b>2,219,694</b>	<b>1,959,333</b>	<b>260,361</b>	<b>113</b>
<b>LIABILITIES</b>				
Financial liabilities at fair value through the profit and loss	1,479	1,290	189	115
Deposits from banks and other financial institutions	81,610	49,890	31,720	164
Deposits from clients	1,732,717	1,576,580	156,137	110
Borrowings	102,458	87,881	14,577	117
Liabilities based on leases	3,812	4,510	(698)	85
Other financial liabilities at amortized cost	50,719	30,067	20,652	169
Income tax liabilities	115	-	115	-
Deferred tax liabilities	8	6	2	133
Provisions	5,011	5,910	(899)	85
Other liabilities	837	178	659	470
<b>TOTAL LIABILITIES</b>	<b>1,978,766</b>	<b>1,756,312</b>	<b>222,454</b>	<b>113</b>
<b>EQUITY</b>				
Share capital	53,605	53,605	-	100
Reserves	94,596	75,106	19,490	126
Revaluation reserves for financial assets measured at fair value through other comprehensive income	(390)	44	(434)	(886)
Other revaluation reserves	(712)	(354)	(358)	201
Profit of the current year	29,994	27,574	2,420	109
Accumulated, retained earnings from previous years	63,835	47,046	16,789	136
<b>TOTAL EQUITY</b>	<b>240,928</b>	<b>203,021</b>	<b>37,907</b>	<b>119</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,219,694</b>	<b>1,959,333</b>	<b>260,361</b>	<b>113</b>

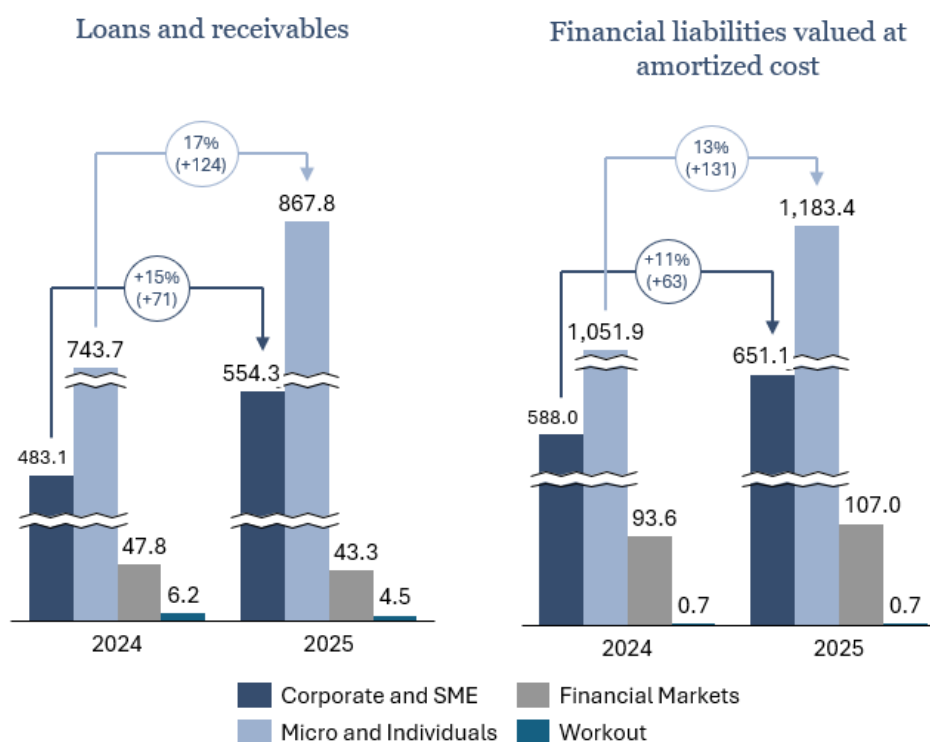
**Information on the purchase of own shares or stakes**

In 2025, the Bank didn't repurchase its own shares or stakes.

**Information on business segments of a legal entity**

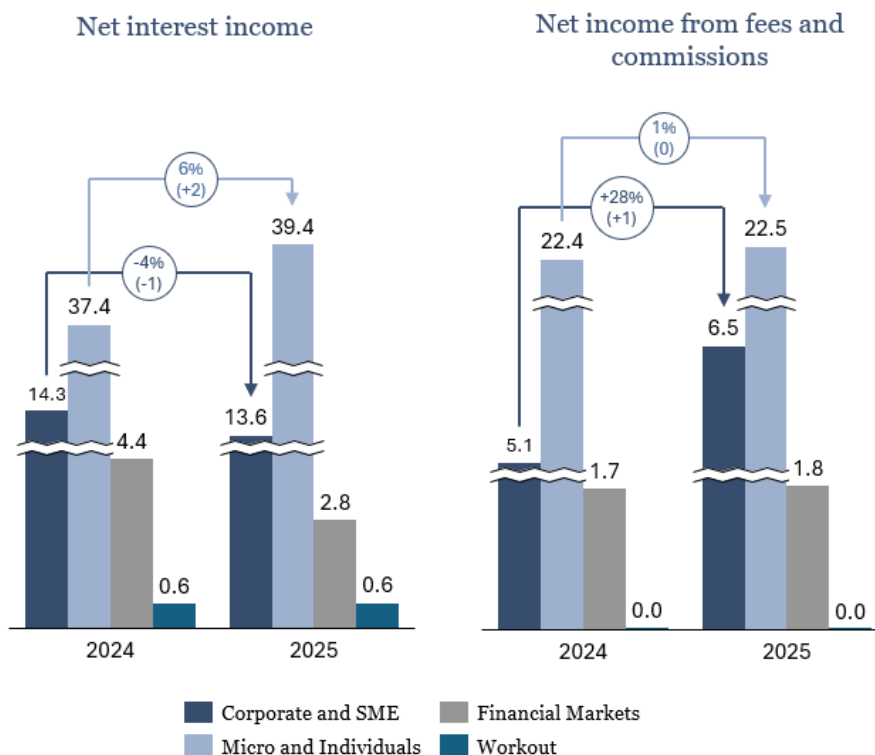
The Bank monitors operations by business segments, i.e. organizational units that communicate directly with clients on the market and contract and/or implement the Bank's services and thus generate revenues for the Bank. These are: Business Sector with business centers Tuzla, Sarajevo and Mostar (Corporate and SME), Retail Business Sector with branches (Micro and Retail), Asset Management Sector (Financial Markets) and Sector for Collection and Management of Non-Performing Assets (Collection).

Compared to the previous year, loans and receivables of the Corporate Sector increased by 15% and the Retail Business Sector by 17%. At the same time, financial liabilities valued at the amortized cost of the Corporate Sector increased by 11% and the Retail Sector by 13%.



**Information on business segments of a legal entity (continued)**

Net interest income is at approximately the same level as in the previous year with the net interest income of the Retail Business Sector increasing by 6%, while the net interest income of the the Corporate Sector decreased by 4%. Net fee and commission income is higher by 5% compared to the previous year, with net fee and commission income of the Corporate Sector increasing by 28% and that of the Retail Business Sector by 1%.



More information on business segments is provided in Note 30, Business by segment.

**The Bank's Most Important Business Activities in 2025**

NLB Bank is strongly oriented towards providing services to households, small and medium-sized enterprises, and corporate clients. The Bank's goal is to get to know the needs of clients, based on that, to create and offer the most appropriate services.

The Bank achieved significant commercial results, of which the following stand out:

- Historically, the largest growth in loans and deposits of households in one year with an increase in market share. Despite the challenging market conditions, the growth of the retail loan portfolio was significantly above the average market growth. These results confirm a strong sales pace, effective customer relationship management and a good market response to the product offer.
- Development of digital banking (growth of card transactions, increased use of ATMs and POS devices, and reduction in the number of cash transactions in branches).
- Growth of active users of digital services by 11%.
- Growth of active users of digital wallets by 272%.

NLB Bank is still the market leader in the Federation of Bosnia and Herzegovina, when it comes to Soft POS and Unattended POS devices, whether they are plateaus machines used in parking lots, in fast food chains, for billing in customer centers, etc.

### **The Bank's Most Important Business Activities in 2025 (continued)**

Continuing the strong focus on digital transformation from the previous period, the Bank continued in 2025 to set new market standards through innovative digital solutions and improvement of customer experience.

Having previously been among the first on the market to implement Google Pay and Garmin Pay, and after successfully launching the new Digital Edge MBank solution, the Bank established a solid foundation for further digital penetration and the adoption of advanced payment solutions.

A significant breakthrough in 2025 was achieved with the implementation of Apple Pay, where the Bank was among the first in Bosnia and Herzegovina to offer a complete digital payment service immediately upon Apple Pay's market entry, including cash withdrawals at ATMs. As a direct result, the number of active digital wallet users increased by 272% compared to 2024.

Additionally, the Bank introduced 24/7 internal payments via mobile and electronic banking, providing clients with greater flexibility, availability, and speed of transaction execution without time restrictions.

A particular milestone was the introduction of the Digital First functionality, through which the Bank became the first in Bosnia and Herzegovina to enable customers to use a digital card immediately after opening an account, without waiting for the physical card to be delivered.

This functionality significantly improves the user experience, shortens the time to the first transaction and additionally encourages the use of digital channels.

Overall, the achievements in 2025 confirm the continuous strategic commitment to digital innovation, strengthening the Bank's market position, and creating additional value for clients through modern, secure, and accessible digital solutions.

- Credit Process for legal entities

The new credit process for legal entities has introduced full digitalization, faster processing, and greater transparency, while significantly reducing manual activities and achieving high employee satisfaction.

- Improved automated Loan Approval Process

The improvement of the automated lending approval process enabled greater client coverage, more accurate risk assessment, and faster loan execution through increased limits, advanced control mechanisms, and full process automation. In December 2025, 61% of consumer loans were automatically approved.

In line with the adopted Sustainability Policy, the Bank has defined a mission of actively contributing to the sustainable transformation of the economy and society toward a greener, fairer, and more inclusive future for current and future generations. The Bank is committed to sustainability and responsibly manages sustainability-related challenges. The cornerstone of the NLB Group's sustainability framework consists of three pillars: sustainable operations, sustainable financing, and contribution to society. Within these pillars, strategic principles, key goals and KPIs, initiatives, and forward-looking action plans are defined and implemented.

As part of sustainable operations, the Bank implements the GHG protocol, "green" real-estate management, and sustainable fleet management. Within the GHG protocol, the Bank recorded a reduction in electricity consumption of more than 2% compared to the previous year.

### **The Bank's Most Important Business Activities in 2025 (continued)**

The introduction of ESG business in the reporting segment, analysis of CO<sub>2</sub> emissions and consumption of electricity and heating energy, resulted in activities to switch to environmentally friendly heating systems (heat pumps), installation of solar panels on our own facilities, limitation of heating and cooling temperatures, insulation/insulation (facade, foil, etc.), procurement of sustainable vehicles - hybrid and electric vehicles. In 2025, the Bank insulated three business facilities, improving their energy efficiency rating from C to A. Two facilities were equipped with heat pumps, and one with a solar power plant, bringing the total number of Bank-owned solar plants to four in 2025.

In line with the Sustainable Fleet Management Policy, the entire vehicle fleet in 2025 consisted of hybrid and electric vehicles, with the goal of reducing the environmental impact of necessary business mobility through cleaner vehicles and fuel, efficient operations and driving, and sustainable mobility planning.

The Bank financed renewable energy and green construction projects, achieving a significant volume of green loans and projects while supporting a large number of clients, thereby contributing to sustainability and the development of clients and the broader community.

As part of green financing and in cooperation with the EBRD, the Bank executed the first green financing loan within the third phase of the Western Balkans GEF III Repower Residential Programme (WBGEFF III), worth EUR 2 million, intended for energy-efficiency and renewable-energy projects.

In cooperation with consultant Advantis Broker, the Bank organized workshops in Sarajevo, Mostar, and Tuzla for corporate clients, focusing on sustainable business principles, green transition, and ESG standards.

At the traditional “Zlatni BAM” awards ceremony in Sarajevo, NLB Bank received awards in two categories: Innovation in the Banking Sector and the “Zlatni BAM” Humanitarian Award.

We implemented a series of marketing campaigns aimed at promoting the Bank's key products and services, strengthening client relationships, and enhancing brand positioning. Marketing activities were carried out continuously throughout the year across multiple communication channels, resulting in increased brand recognition, higher customer engagement, and greater utilization of banking products and services. Particular emphasis was placed on client-benefit campaigns, including cashback initiatives that contributed to the growth of card transaction volumes and further expansion of digital penetration. Social media activities focused on enhancing user interaction through creative formats and follower reward programs, recording growth in the number of followers, total reach, and engagement rates compared to previous years. Notably, the campaign conducted in cooperation with Dino Merlin achieved exceptional media reach, generated a strong emotional impact on target segments, and made a significant contribution to strengthening the market perception of NLB Bank d.d., Sarajevo. These activities delivered measurable results in terms of increased product and service usage, enhanced customer experience, and further reinforcement of the Bank's market position.

**70**

# Zauvijek ovako.

**do 20% popusta**

uz NLB Mastercard kreditne kartice

PETROL ZEKA TECHNOC  
omega GOMOD IQ SGL AZUR  
INTERSPORT BIKE SHOP Planika  
bimoico

**NLB Banka**

**NLB Kredit za čas**

# Zauvijek ovako.

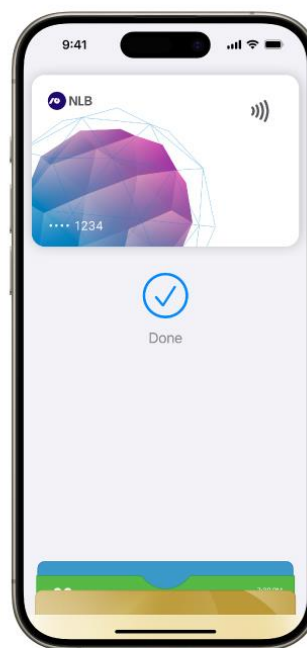
**Samo uz ličnu kartu, odobrenje odmah\***

Do **20.000 KM** uz rok otplate do 10 godina, uz jednu posjetu poslovnici.\*

\*Za klijente sa redovnim primanjima preko NLB Banke d.d., Sarajevo minimalno tri mjeseca. Za detaljnije informacije o uslovima i troškovima kredita, te ostaloj ponudi kredita posjetite najbližu poslovnicu NLB Banke ili se informirajte putem informacionog lista na web stranici Banke ili pozovite naš Kontakt centar na besplatni broj 0800 22 427.

**NLB Banka**

# Vaš iPhone je sada vaša NLB kartica.



## Digitalna kartica odmah!

Apliciraj i počni plaćati danas.

Za samo  
nekoliko  
sekundi

NLB Pay



NLB Banka

# Nije bitno ako nemaš sitno.

Plaćaj brzo i lako - A2B kuriri sada primaju kartice.



## Veliki planovi počinju dobrim izborom

**POKLON DO 100 KM\***





do 100 KM  
poklon  
dobrodošlice

## Dobrodošlica nikad nije bila bolja



NLB Banka



Plaćanje  
KARTICOM

## Parkirajte se još brže



Ministarstvo saobraćaja  
Kantona Sarajevo

NLB Banka



### Asset management

The previous year was extremely dynamic for the world economies through the intensification of geopolitical tensions and macroeconomic trends, and consequently for the financial markets.

The monetary policy measures taken by key central banks to curb inflation contributed to stabilization in key markets and resulted in the beginning of a cycle of gradual interest rates.

The Bank has established a robust liquidity risk management framework to ensure that clients' needs are met and that it complies with the prescribed quantitative and qualitative indicators. The Bank contracts funds from various sources of financing with the aim of diversification.

In 2025, the Bank continued its long-standing cooperation with supranational financial institutions to obtain attractive sources of financing in line with market demands.

The Bank has contracted long-term sources of financing with the European Fund for South - East Europe (EFSE) in the total amount of EUR 15 million, where implementation activities under contractual obligations continued in 2025, and with the European Bank for Reconstruction and Development (EBRD) in the amount of EUR 2 million, with which cooperation was established at the end of 2025, as a result of continuous diversification activities in financing sources, as well as the contracting of dedicated funding lines under the Green Economy Financing Instruments.

In the previous year, NLB Bank was a reliable partner to clients and promptly responded to all challenges arising from foreign exchange risk management, while ensuring maximum protection for the Bank. Through responsible and controlled foreign exchange risk management, NLB Bank has ensured compliance with the legislation and internal regulations of the NLB Group.

In 2025, a significant position in the domestic market in the field of foreign currency trading was maintained through the provision of high-quality services to the Bank's clients. We have continuously worked on improving service, recognizing and meeting the needs of clients, which has been recognized in the market. An extremely successful year was marked by a significant increase in the number and volume of transactions in financial instruments.

At the reporting date, in the structure of financing sources, instruments that have the character of MREL eligible liabilities were contracted in the nominal amount of BAM 59.3 million. In accordance with the regulatory requirement, the Bank meets the minimum prescribed requirements according to the established dynamics.

In the first quarter of 2025, the Bank successfully realized the first transaction of Additional Tier 1 (AT1) capital on the market of Bosnia and Herzegovina, which further strengthened the structure of its core capital. AT1 instruments represent an integral part of the regulatory capital intended to absorb losses during regular operations, thereby increasing the financial resilience of the Bank and the level of protection of depositors.

AT1 capital is characterized by the features of a permanent capital instrument, without a pre-defined maturity date, as well as subordination in relation to other capital instruments in case of bankruptcy proceedings. By realizing the AT1 transaction, the Bank fulfills not only the requirements in the area of regulatory capital, but also strategic goals related to the fulfillment of MREL obligations, which ensures the long-term sustainability of the capital position and supports the planned business growth.

### Used financial instruments

The Bank invests in debt securities for the purpose of building stable stocks of highly liquid reserves. The banking book's debt securities portfolio consists of short-term and long-term highly liquid issuer securities. The level of investment in debt securities and equity investments is limited by the limits set by the regulator, the group and internally set limits. The Bank's portfolio in 2025 consists of highly liquid securities, with 42.97% of securities related to issuers from the European Union and 57.03% of securities to domicile issuers.

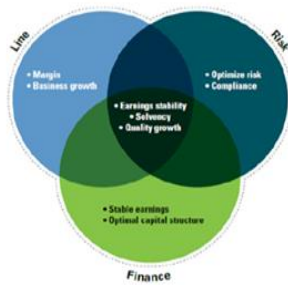
The structure of securities by issuer is presented under Note 16.b.

## Risk management

The risk assumption and management strategy is a part of the overall risk management system to which the Bank is exposed in its operations and is aligned with the Bank's business policy and general strategy.

In addition to credit risk, as the most significant risk, the Bank is also exposed to market, interest rate, liquidity risk, operational risk, and other risks such as reputational risk.

The Strategy defines what types of risk the Bank is willing to take, which are not acceptable to the Bank, as well as strategic risk-taking guidelines set out within the Bank's risk management framework (such as Risk Appetite, Risk Profile, ICAAP, ILAAP, Recovery Plan, Budgeting and Capital Planning Process).

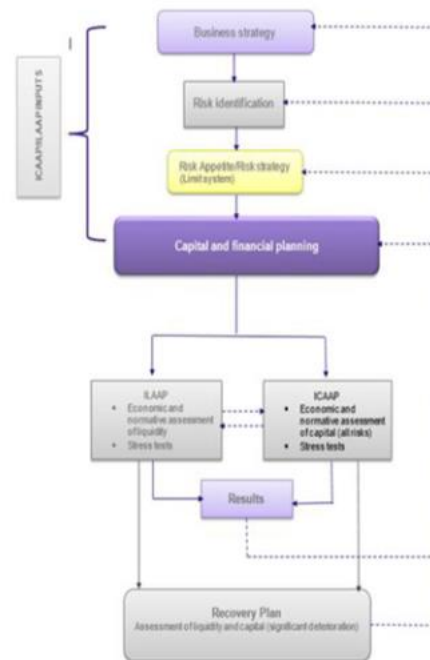


An effectively established Risk Appetite framework, as well as a Risk Acquisition and Management Strategy, are a management tool and a key component of risk management. The objective of the Risk Appetite Framework is to align strategic objectives with the risks and financial objectives defined in internal documents.

Based on the results of the Internal Capital Adequacy Assessment Process (**ICAAP**), the Bank has sufficient capital to cover the exposure to the materially material risks identified in an economic and normative perspective.

The results of the Internal Liquidity Adequacy Assessment (**ILAAP**) process confirm the Bank's strong position in the liquidity risk management process and the fulfilment of minimum and internal liquidity requirements under normal and stressful circumstances.

**The Bank's recovery plan** has been prepared with the aim of ensuring the financial sustainability of the Bank, as well as the restoration of sustainable operations and an appropriate financial position of the Bank in the event of a significant deterioration in its financial condition.



### **Risk management (*continued*)**

A strategy is a document that sets out the material principles and guidelines for risk-taking in the following business segments:

- the principles of risk management and restrictions on lending to legal and natural persons and adequate collateral management,
- ensuring an adequate amount of liquidity and the management of liquidity reserves,
- ensuring an appropriate structure of sources of financing, including guidelines for retail business in the part relating to savings products,
- managing market risk, i.e. foreign exchange and interest rate risk, with the aim of managing the Bank's own positions,
- conclusion of other financial transactions in the treasury business,
- managing operational risk,
- management of environmental and social (ESG) risks as an integral part of the above risk categories.

More detailed rules, limits, guidelines and competencies related to risk management are defined by individual internal acts, policies and procedures, methodologies, guidelines and instructions.

**Credit risk management**, as the most important risk, is focused on accepting moderate risks and ensuring an optimal return with regard to the risks taken. With the aim of maintaining the medium and long-term sustainability of its operations, the Bank strives to maintain the quality of its loan portfolio and increase profitability, based on a better return-to-risk ratio. The basic indicators of credit risk, the limits and target values of which are defined in Risk Appetite Bank, are in the segment of maintaining portfolio quality and credit risk volatility.

The key principles of taking over and risk management relate to lending to clients, legal entities (non-financial corporations) and natural persons focused on the domestic market. The principles and rules of lending of various segments are defined by the Bank's internal acts.

The Bank has a moderate risk appetite when taking on the risk, the main source of repayment is the borrower's creditworthiness and available cash flow, while the provision of placements is considered a secondary source of repayment.

Credit risk mitigation is carried out through the provision of high-quality collateral in accordance with the Bank's internal acts. The portfolio is diversified by business segments and activities, especially taking into account exposures to one person or a group of related parties.

In addition, regular monitoring and analysis of trends in the quality of individual segments of the loan portfolio, with special emphasis on new transactions, enables early detection of increased risk, as well as optimization of assumed risks in relation to profitability.

Credit risk exposures are monitored by the Bank in such a way that it is compliant with legal limits, as well as in accordance with the Bank's internal limit system. Credit risk management is defined by internal acts as well as an adequately established organizational structure for taking over and managing risks in the Bank. Also, control in the process of assuming the level of credit risk is carried out through defined levels of decision-making in the credit business.

Measurement of **exposure to market risks** is carried out in accordance with legal regulations and the methodology for measuring exposures at the level of the NLB Group on a standardized approach. The NLB Group implements a relatively conservative market risk management policy, which is reflected in the appropriate restrictions and procedures in policies and other acts at the NLB Group level.

### **Risk management (*continued*)**

A bank is exposed to market risk that poses a risk that changes in the fair value of the future cash flows of a financial instrument will occur due to changes in market prices. Market risk arises from open positions in interest rates, currencies and capital products, all of which are exposed to general and specific market movements and changes in the level of arbitrariness of market rates and prices such as interest rates, foreign exchange rates and capital prices. Market risks, within the meaning of the Banking Act, are considered to be position risk, currency (foreign exchange) risk and commodity risk.

The Bank sets limits and provides instructions for monitoring and mitigating exposure to market risk, which are regularly monitored by the relevant organizational units and risk management committees in the Bank.

In the area of market risk management, it is crucial to demarcate responsibilities between monitoring and managing market risks. Exposure to market risks is regularly monitored by the Non-Credit Risk Management Department, which is an integral part of the Global Risk Management Division by controlling whether positions on certain types of risk are within the defined limits. Open positions are managed by the Bank's Balance Sheet Management Department, maintaining them within the established limits.

The Daily Currency Conversion Funds Management Division maintains its foreign exchange position within the legally and internally established limits, and continuously undertakes various activities to minimize market risks.

Risk control monitors compliance with certain legal and internal limits. Monitoring and management of market risks are supported by internal methodologies that are adapted to local regulations and harmonized with the requirements at the level of the NLB Group (EU regulations). In accordance with local regulations, the Bank provides a sufficient amount of capital to cover potential unexpected losses arising from exposure to foreign exchange and other market risks.

Given that, in accordance with the Currency Board arrangement, the currency BAM is fixed to EUR, the Bank is not exposed to changes in the EUR exchange rate. Fluctuations in other currencies did not have a significant impact on the Bank's exposure to foreign exchange risk, since the openness of the foreign exchange position was reduced to a minimum.

Interest rate sensitivity as a result of changes in market interest rates affects two categories:

- the amount of net interest income,
- the market value of certain financial instruments (interest-sensitive placements and sources), which consequently affects the market value of the Bank's capital.

In accordance with the Policy and Procedures for Monitoring Exposure to Interest Rate Risk, the Bank must meet the criterion of the impact of a parallel movement of the interest rate curve by 200 basis points, which it applies to the existing open interest rate position at individual time intervals. In 2025, there were no significant changes to the Interest Rate Risk Exposure Policy and Procedures. The limit for EVE (Economic Value of Equity) is 13.75% and throughout 2025 the Bank maintained its exposure to interest rate risk in accordance with the Strategy and internally defined limits in Risk Appetite. Due to the upward trend in market interest rates, and due to the increase in EURIBOR on the market, the Bank regularly monitors and prepares 6 stress scenarios related to the potential effect on equity.

**Risk management (continued)**

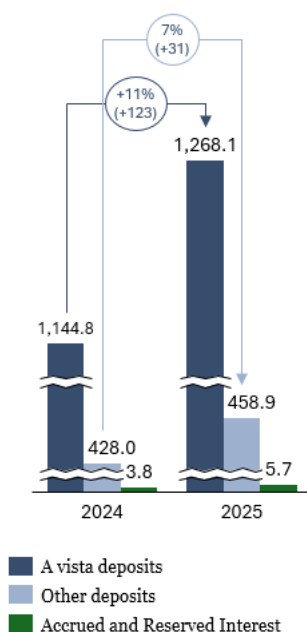
**Liquidity risk management** is defined in a way that provides a reliable process for identifying, measuring, monitoring and controlling liquidity risk in the short and long term. The provision of an adequate volume of liquidity and the management of liquidity reserves in the Bank is carried out centrally, in accordance with the requirements of local regulations and applicable internal guidelines and policies of the Bank.

The Bank has access to a variety of sources of financing. Funds are raised through a large number of instruments, including various types of deposits of individuals and legal entities, loans, share capital, as well as through the issuance of bonds. This increases the flexibility of funding sources, reduces dependence on a single source, and the cost of financing in general.

In the structure of sources of financing, the largest share is held by client deposits with 83% share in total sources, followed by loans taken with 4% share and own capital with 10% share.

The structure of demand deposits and other deposits is shown below:

Deposits from clients



The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with different maturities. The Bank continuously assesses liquidity risk by identifying and monitoring changes in financing that are necessary to achieve the business objectives set in accordance with the Bank's strategy. In addition, the Bank has a portfolio of liquid assets as part of its liquidity risk management strategy.

Liquidity risk exposure measurement is also performed using the Scoring model. In accordance with local regulations, the Bank is obliged to maintain the minimum liquidity requirement through the LCR liquidity coverage ratio, which was previously monitored due to the requirements of the Risk Management Standard at the level of the NLB Group.

The Bank regularly conducts stress tests in the liquidity risk management process. The Bank regularly conducts an Internal Liquidity Adequacy Assessment Process (ILAAP). The purpose of the ILAAP is to establish a strong liquidity risk management system in the Bank. The ILAAP is included in the day-to-day business process and business decisions in the form of daily monitoring of cash flows, the results of stress tests are used to define the volume of liquid reserves, and the defined indicators in the internal limit system related to the monitoring of liquidity risk exposure are used to activate the Contingency Liquidity Plan or the Bank's Recovery Plan.

### **Risk management (*continued*)**

The Bank shall adjust its operations with regard to liquidity risk in accordance with legal provisions and internal policies for maintaining liquidity reserves, the alignment of assets and liabilities, as well as liquidity limits and targets. The Bank's Balance Sheet Management Department manages liquidity reserves on a daily basis, ensuring that the Bank's needs are met.

The Non-Credit Risk Management Department monitors the following liquidity indicators on a monthly basis and reports to the relevant boards of the Bank:

- Liquidity coverage ratio (LCR),
- Net Stable Funding Ratio (NSFR),
- Net Loan to deposit (Net LTD),
- Share of unpledged liquid reserves in total assets (AUAR),
- Share of non-bank deposits in total liabilities (excluding capital),
- Share of the sources of the 30 largest non-bank depositors in the total balance sheet total,
- Share of the sources of the 10 largest non-bank depositors in the total balance sheet total,
- Share of the sources of the 3 largest non-bank depositors in the total balance sheet total,
- Share of the 1st largest non-bank depositor in the total balance sheet total,
- Share of sources NLB d.d. Ljubljana in the balance sheet,
- A'vista stability - Stable demand deposits,
- Liquidity stress test - a strong combined stress test and reverse stress tests,
- Ratio of assets above reserve requirement and reserve requirement.

The realization of key indicators in liquidity risk management in 2025 was in line with Risk Appetite.

**Operational risk management**, as an important part of the Bank's operations, enables its long-term successful operations and preservation of its reputation, and is based on:

- monitoring of the occurrence of adverse events,
- risk identification,
- evaluation and
- overcoming risks.

The objective of operational risk management is to limit the extent of potential losses and the probability of their realization to a level that is acceptable to the Bank from the point of view of financial damage and, indirectly, from the point of view of preserving the Bank's reputation. A complete elimination of operational risks is neither possible nor reasonable. The Bank accepts those operational risks which, in the event of realization, will not have a significant impact on the business result, i.e. will not threaten the Bank's further operations.

The objectives and principles of operational risk management include the awareness that the Bank, unlike other types of risks, may be exposed to this type of risk in all products, activities, processes and systems, and that operational risks may have a significant impact on the Bank's security and reputation. Therefore, effective management of this type of risk is the basis of sound risk management in the Bank.

In taking on operational risk, the Bank follows the direction that this type of risk should not have a significant impact on its operations, so the readiness to assume operational risk is low to moderate.

### **Risk management (*continued*)**

In addition to significant risks that are materially significant for the Bank's operations with possible effects on capital and liquidity, the Bank also allocates internal capital requirements for **Other risks**<sup>4</sup>, with particular emphasis on personnel risk, emerging ESG risk as well as business risk, taking into account the situation created by the war in Ukraine.

ESG risks are defined as any actual or potential negative impact arising from environmental, social, human rights and governance factors associated with any of our key business partners. It is expected that reputational and liability risks related to ESG and sustainability issues will increase over time (e.g. scandals caused by the financing of environmentally controversial activities, "greenwashing"...). The Bank carefully considers potential ESG risks, reputational and liability risks that could arise from the financing of its clients. Therefore, such risks are minimized or mitigated by limiting the financing of companies in which ESG risks are increased as defined in the Framework Policy for categorizing transactions from an ecological and social aspect in NLB Bank d.d., Sarajevo, Sustainability Policy at NLB Bank d.d., Sarajevo and other internal acts. Special attention is paid to approving new products and monitoring the fulfillment of relevant criteria by clients.

For the purpose of managing ESG risks, the Bank monitors a set of key ESG risk indicators on a monthly basis, enabling a comprehensive assessment of exposure to climate and environmental risks. These indicators include, inter alia, exposures to sectors with increased climate and environmental risks (including coal- and energy-related industries), concentrations by relevant NACE activities, exposures to prohibited and restricted activities, as well as compliance with the defined financing restrictions and prohibitions. In this context, the Bank monitors on a monthly basis indicators related to new financing in coal extraction, new financing of coal-based electricity generation, as well as new financing of the aviation industry, for which strict limits are defined (Risk Appetite set at level O), and their compliance with the established limits. In addition, developments in existing exposures to carbon-intensive activities are monitored, with the aim of their gradual reduction in line with the strategic commitments of the NLB Group.

The monitoring of ESG indicators is integrated into the existing risk management framework, with their impact analysed through effects on credit risk (portfolio quality and sector vulnerabilities), as well as other relevant risk categories. The results of regular monitoring are used as input for the assessment of the materiality of ESG risks and in the business decision-making process. Based on the continuous monitoring of the aforementioned indicators, the Bank confirms that all relevant exposures are fully compliant with the defined risk appetite and established limits, including indicators with a new financing limit set at level O, and that they do not deviate from the strategic guidelines in the area of ESG risk management.

### **Human Resources**

On December 31, 2025, the Bank has 490 employees. Employee care is the foundation of all processes in human resource management, with special intensity in the segment of health and safety of the business environment. Taking into account the specific circumstances of business and new trends in work models, the year 2025 in the segment of human resource management is marked by intensified activities to strengthen the corporate culture and brand of the employer. We are proud to be one of the top 3 most desirable employers in the financial sector for eight years in a row.

At the same time, the Bank is the winner of the TOP Employer certificate awarded by the international independent organization Top Employers Institute for 2025, and thus, together with NLB Bank a.d., Banja Luka ranked among the best employers in Bosnia and Herzegovina.

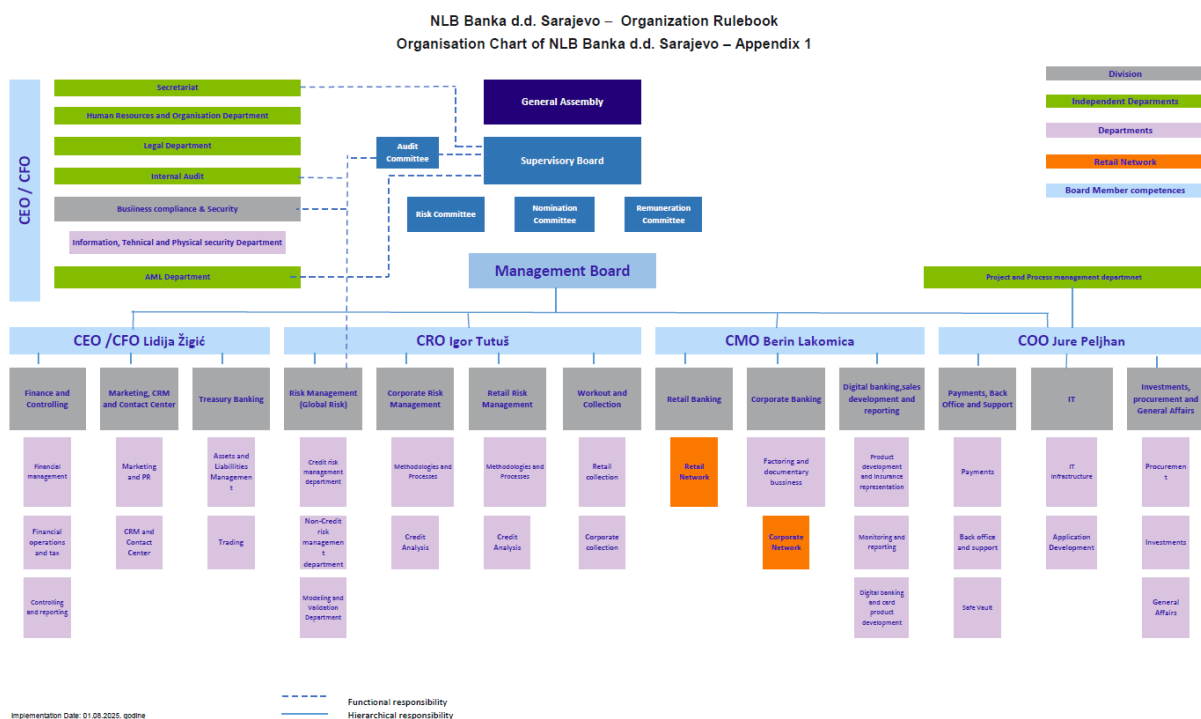
---

<sup>4</sup> Other risks - risks classified in accordance with the Reporting Guidelines of the FBiH Banking Agency on the application of ICAAP and ILAAP in the bank

Human Resources (continued)

In addition to activities in the segment of strengthening corporate culture, strengthening the Bank's core values, key HR activities such as talent management, performance management, successor planning for key positions and various educational contents for all employees were regularly implemented. A special focus is given to the reward system, which, based on the results of market research, is designed with the aim of competitiveness in the part of fixed and variable remuneration, which reflects work performance. A special reward scheme has been defined for key function holders, which also includes a deferral instrument, with the aim of long-term sustainability of the parameters or results that are the subject of rewarding.

Organizational chart of NLB Bank d.d., Sarajevo



Corporate social responsibility

NLB Bank operates responsibly, not only towards its clients and employees, but also towards society and the environment, striving to be a reliable partner that contributes to positive changes. In addition to achieving financial results, the Bank actively invests in projects that improve the quality of life in the communities in which it operates, aligning its activities with the UN Sustainable Development Goals. Through various CSR initiatives, NLB Bank strives to create positive changes, empower local communities and be a driver of corporate social responsibility. Innovative and sustainable projects through which it supports the development of sports, preservation of cultural heritage, education of young people and humanitarian actions, make the Bank position itself as a responsible banking partner committed to long-term progress.

### **Responsibility towards employees**

Taking care of the health of all employees is a priority at all times. In accordance with the Law on Occupational Safety, employees are provided with a systematic health examination, which is organized every two years. The Bank continued to continuously support the implementation of the remote work model for workplaces for which it is possible to introduce it due to the nature of the work, and therefore the number of workers with permanent engagement of working from home increased in 2025 compared to previous years, and at the end of 2025, 8.8% of employees are working from home.

The bank continuously supports team sports, including football, volleyball and bowling, and allows employees to use appointments in various sports halls. In this way, the Bank encourages physical activity, socializing and strengthening team spirit, while improving the mental and physical health of employees, as well as social gatherings in order to meet and connect employees outside of work activities.

### **Responsibility towards customers and society**

During the past year, the Bank implemented a range of initiatives aimed at strengthening its responsibility towards clients and the broader community through donations, sponsorships, and thematic corporate social responsibility campaigns.

In particular, our holiday campaign stood out, through which NLB directed its social responsibility efforts toward supporting women and couples facing infertility and the demanding process of in vitro fertilization (IVF). The Bank donated funds to the Center for Psychological Support 'Sensus' to ensure that women undergoing IVF have access to high-quality and continuous professional psychological support.

In addition, the campaign “Pay on the Go, Train Without a Break” was implemented to promote healthy lifestyles and physical activity among both employees and clients, offering benefits and discounts on monthly gym memberships in Sarajevo and Tuzla.

As part of the education of corporate clients, ESG workshops were organized in Sarajevo, Mostar, and Tuzla, with the aim of strengthening knowledge of sustainable business principles, green transition processes, and the implementation of ESG standards.

Alongside its corporate social responsibility initiatives, the Bank further improved its internal operational practices by reducing electricity consumption by more than 2%, installing solar systems in branch Kladanj, Banovići, Gradačac and Gračanica which now have their own solar system. In addition, the Bank strives to ensure the transition to heating systems based on heat pumps, and equipping all regional branches with electric vehicle charging stations, thereby supporting sustainable mobility for both employees and clients.





### **Employment initiatives and financial literacy**

During the year, the Bank supported educational initiatives at universities aimed at strengthening financial literacy among young people, including support provided to the Faculty of Economics in Tuzla and Sarajevo.

The project entitled “NLB Academy” was successfully implemented as an online educational program designed to provide flexible and accessible learning opportunities to a broad range of participants worldwide. The program was developed and delivered in cooperation with Professor Zijada Rahimić of the University of Sarajevo, Faculty of Economics. It covered contemporary topics in finance, economics, and management, with the objective of strengthening participants’ knowledge and competencies in a dynamic business environment. Participants who successfully completed the Academy and attended the full program were awarded an electronic certificate of completion.

The Bank also actively participated in numerous career fairs, where we presented professional development and employment opportunities, introduced our organizational culture, and provided information on internship programs, training initiatives, and career paths within NLB Bank d.d., Sarajevo.

### **Support for sport**

In 2025, NLB Bank continued to invest significantly in the development of sports and the promotion of an active lifestyle by supporting numerous sports initiatives, clubs, and schools across Bosnia and Herzegovina. In this way, the Bank contributes to strengthening the sports community and creating new opportunities for both professional and amateur athletes, with a particular focus on children and youth.

### **Support for sport (*continued*)**

We highlight our support for the FIS Europa Cup in alpine skiing, held on Bjelašnica, one of the most significant international winter sporting events in Bosnia and Herzegovina. Through this partnership, the Bank contributed to the promotion of top-level sport, the development of winter tourism and the strengthening of Bosnia and Herzegovina's reputation as a destination capable of hosting international competitions.

The Bank also supported young talents through cooperation with the Born2Ski program, aimed at developing promising young skiers, as well as through the regional project NLB Sport for Youth, which focuses on supporting sports clubs and children engaged in sports activities. In addition to financial support, the project includes the NLB Sports Academy, providing young participants with additional knowledge, experience exchange opportunities, and financial literacy education, guiding them toward responsible financial decision-making while offering the opportunity to meet their sporting role models.

Through these and numerous other initiatives, sponsorships, and donations to sports organizations, schools, and clubs across various disciplines. NLB Bank remains committed to strengthening sporting values, fostering young talent, and creating an inclusive sports environment that promotes a healthy lifestyle, teamwork, and community engagement.

### **Culture and environment**

Over the past year, NLB Bank continued to actively contribute to the development of cultural life in Bosnia and Herzegovina by supporting numerous events and institutions that enrich the social and artistic landscape. Among the supported projects were the festival 'Savremene žene', Sarajevo street food market, Mostar Summer Fest, and Summertime Madness festival, continued support for the National theater Tuzla ("Narodno pozorište") and Youth theater Sarajevo ("Pozorište mladih") further confirms the Bank's commitment to preserving and developing cultural institutions and enhancing the accessibility of artistic content to the wider community.

At the same time, the Bank continued to implement activities aimed at environmental protection and responsible management of natural resources, recognizing the importance of sustainable development for future generations. In this context, initiatives and organizations promoting environmental responsibility and raising awareness of nature conservation were supported, including activities marking World Water Day, as well as the work of the association 'Eko-Zeleni' of Tuzla Canton.

Through continuous investment in culture and environmental protection, NLB Bank reaffirms its long-term commitment to responsible business practices and its active role in community development, with the goal of preserving the natural and social environment for generations to come.

### **Events after the reporting date**

There were no significant events between the balance sheet date and the date of approval of these financial statements that require disclosure.

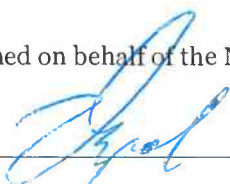
## Responsibility for financial statements

The Management Board is responsible for preparing the financial statements that give a true and fair view of the Bank's financial position and financial performance and cash flows in accordance with the statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina and is responsible for maintaining proper accounting records that allow the financial statements to be prepared at all times. The Management Board is also responsible for taking steps reasonably available to safeguard the assets of the Bank and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is responsible for selecting appropriate accounting policies that comply with applicable accounting standards and for applying them consistently, making reasonable and prudent assumptions and estimates, and preparing financial statements on the going concern basis unless the assumption that the Bank will continue as a going concern is inappropriate.

The Management Board is responsible for submitting the Bank's annual reports to the Supervisory Board together with the annual financial statements, after which the Supervisory Board approves the annual financial statements.

Signed on behalf of the Management Board



Lidija Žigić, President of the Management Board

NLB Banka d.d., Sarajevo  
Koševo 3  
71000 Sarajevo  
Bosnia and Herzegovina  
14 April 2026



*This is an English translation of the Independent Auditor's Report on the financial statements originally issued in Bosnian. In the event of any differences, the Bosnian original prevails. This report should be read in conjunction with the complete set of financial statements issued in Bosnian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.*

# Independent Auditor's Report

To the shareholders of NLB Bank d.d., Sarajevo

## Opinion

We have audited the financial statements of NLB Bank d.d., Sarajevo ("the Bank"), which comprise:

- the statement of financial position as at 31 December 2025; and, for the year from 1 January 2025 to 31 December 2025;

- the statement of comprehensive income;
  - the statement of changes in equity;
  - the statement of cash flows;
- and

- notes, comprising material accounting policies and other explanatory information ("the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with statutory accounting requirements applicable to banks in the Federation of Bosnia and Herzegovina.

## 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 Bank in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Federation of Bosnia and Herzegovina. 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Impairment of loans to and receivables from clients

As at 31 December 2025, gross loans to and receivables from clients: BAM 1.473 million, related impairment allowance: BAM 47 million and, for the year then ended, impairment loss recognised in the statement of profit or loss and other comprehensive income: BAM 6.4 million (31 December 2024: gross loans and receivables: BAM 1,277 million, related impairment allowance: BAM 44 million and, for the year then ended impairment loss recognised in the statement of profit or loss and other comprehensive income: BAM 7.9 million).

Refer to Summary of material accounting policies, Note 3.30 Key accounting estimates and assumptions, Note 17 Loans and receivables from customers, and Note 4 Credit risk.

The key audit matter	How the matter was addressed in our audit
<p>Impairment allowances represent Management Board's best estimate of the expected credit losses ("ECLs") within loans to and receivables from clients (collectively, "loans", "exposures") at the reporting date. We focused on this area as the measurement of impairment allowances requires the Management Board to make complex and subjective judgements and assumptions.</p> <p>The Bank calculates impairment allowances for expected credit losses in accordance with the requirements of the Banking Agency of the Federation of Bosnia and Herzegovina ("FBA"), which combines the requirements of IFRS 9 "Financial Instruments" with the FBA-prescribed minimum requirements for provisioning.</p> <p>The impairment allowances for performing exposures (Stage 1 and Stage 2 in the framework's hierarchy) and non-performing (Stage 3) exposures below EUR 50 thousand individually are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk and forward-looking information, as well as specific rules of the FBA regarding various minimum provisioning requirements (together "collective impairment allowance").</p> <p>Expected credit losses for individually significant Stage 3 (non-performing) exposures (equal to or above EUR 50 thousand) are determined on an individual basis by means of a discounted cash flows analysis. The process involves subjectivity and reliance on a number of significant</p>	<p>Our audit procedures in this area, performed, where applicable, with the assistance of our own financial risk management (FRM) and information technology (IT) specialists included, among others:</p> <ul style="list-style-type: none"> <li>Inspecting the Bank's methods to estimate ECL and assessing their compliance with the relevant requirements of the regulatory and financial reporting frameworks. As part of the above, we identified the relevant models, assumptions and sources of data, and assessed whether such models, assumptions, data and their application are appropriate in the context of the said requirements. We also challenged the Management Board on whether the level of the methodology's sophistication is appropriate based on an assessment of the entity-level factors;</li> <li>Making relevant inquiries of the Bank's risk management and IT personnel in order to updated our understanding of the provisioning process, IT applications used therein, key data sources and assumptions used in the ECL model. Also, assessing and testing of the Bank's IT control environment for data security and access;</li> <li>Testing the design, implementation and operating effectiveness of selected controls over the approval, recording and monitoring of loans, including those relating to the identification of significant increase in credit risk, loss events and default, appropriateness of the classification of exposures into performing and non-performing, calculation of days past due,</li> </ul>

assumptions, including those in respect of the expected proceeds from the realization of the related collateral and the minimum period for collateral disposal, as well as the FBA's specific minimum provisioning requirements.

While the economic environment in 2025 has shown mixed signs of stabilization, inherent uncertainties remain, particularly in relation to specific markets and credit risk assumptions.

In the wake of the above factors, we considered impairment of loans and receivables to be associated with a significant risk of material misstatement in the financial statements, which required our increased attention in the audit.

Accordingly, we considered this area to be a key audit matter.

collateral valuations and calculation of the impairment allowances.

- For a sample of exposures, taking into account customer's business, market conditions and debt service, critically assessing, by reference to the underlying documentation (loan files) and through discussion with the loan officers and credit risk management personnel, the existence of any triggers for classification to Stage 2 or Stage 3;

For collective impairment allowances :

- Challenging the key risk parameters (PD, EAD and LGD) applied in the collective ECL model, by reference to the Bank's data on historical defaults and realized losses on those defaults, and also considering any required adjustments to reflect expected changes in circumstances;
- Obtaining the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment. Independently assessing the information by means of corroborating inquiries of the Management Board and inspecting publicly available information;
- Evaluating key overlays to the ECL model used by the Bank, by applying our knowledge of the industry and our understanding of the macro-economic situation;

For impairment allowances calculated individually:

- For a sample of individually significant Stage 3 (non-performing) exposures, challenging the Bank's cash flow projections and key assumptions used, by reference to our knowledge of the relevant industry and of the borrower, and assessing the reasonableness of the collateral valuation by inspecting the Bank's underlying valuation reports.

For loan exposures in totality:

- Assessing the adequacy of the recognized ECLs against the various minimum provisioning requirements prescribed by the FBA;



	<ul style="list-style-type: none"><li>• Critically assessing the overall reasonableness of the impairment allowances, including both the share of the gross non-performing exposures in total gross exposure and the non-performing loans provision coverage.</li><li>• Examining whether the Bank's loan impairment and credit risk-related disclosures in the financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.</li></ul>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### Other Information

Management is responsible for the other information. The other information comprises the Management Report included in the Annual Report of the Bank, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With regard to the Management Report, we also performed procedures prescribed by the applicable legal requirements and we report that the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the statutory accounting requirements applicable to banks in the Federation of Bosnia and Herzegovina, 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, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



## Auditor's Responsibilities for the Audit of the 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 International Standards on Auditing 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 International Standards on Auditing, 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 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditor's report is Vedran Vukotić.

**KPMG B-H d.o.o. za reviziju**

*Registered Auditors*  
Zmaja od Bosne 7-7a  
71000 Sarajevo  
Bosnia and Herzegovina



14 April 2026

**NLB BANK d.d., SARAJEVO**
**Statement on total comprehensive income for the period**
*(All amounts are given in thousands of BAM unless otherwise stated)*

	Note	2025	2024
Interest and similar income calculated using the effective interest method	5a	72,942	70,425
Interest and similar expense calculated using the effective interest method	5b	(16,414)	(13,854)
<b>Net interest and similar income using effective interest rate method</b>	<b>5</b>	<b>56,528</b>	<b>56,571</b>
Fee and commission income	6a	42,881	40,150
Fee and commission expense	6b	(12,605)	(11,388)
<b>Net Fee and commission income</b>	<b>6</b>	<b>30,276</b>	<b>28,762</b>
Impairment losses and provisions		(7,082)	(7,594)
<i>Impairment losses on financial instruments</i>	<i>7a</i>	<i>(6,867)</i>	<i>(7,002)</i>
<i>Other net impairment losses and provisions</i>	<i>7b</i>	<i>(215)</i>	<i>(592)</i>
Other losses from financial assets	8	(605)	(941)
Net positive currency differences	9	159	203
Gains or losses from long-term non-financial assets	10	3,348	359
Other income	11	667	275
Employee's expenses	12	(26,378)	(23,909)
Depreciation	18a, 18b, 19	(5,408)	(5,230)
Other expenses	13	(19,531)	(18,933)
<b>Profit before income tax</b>		<b>31,974</b>	<b>29,563</b>
Income tax		(2,707)	(2,593)
Deferred Income tax		727	604
<b>Income Tax</b>	<b>14</b>	<b>(1,980)</b>	<b>(1,989)</b>
<b>Net profit for the year</b>		<b>29,994</b>	<b>27,574</b>
<b>Statement on total comprehensive income:</b>			
<b>Items that can be reclassified to profit or loss</b>		<b>(451)</b>	<b>1,239</b>
Decrease/(increase) in the fair value of debt instruments recognized at fair value through total comprehensive income		(501)	1,377
Income tax referring to these items		50	(138)
<b>Items that will not be reclassified into profit or loss</b>		<b>(341)</b>	<b>(22)</b>
Increase of fair value of equity instruments recognized at fair value through other total comprehensive income		19	-
Actuarial Gains / (losses) related to severance provision		(398)	(24)
Income tax referring to these items		38	2
<b>Other comprehensive income</b>		<b>(792)</b>	<b>1,217</b>
<b>Total comprehensive income</b>		<b>29,202</b>	<b>28,791</b>
<b>Basic and diluted earnings per share (in BAM)</b>	<b>26</b>	<b>76.47</b>	<b>70.47</b>

Notes on pages 46 to 149 form an integral part of these financial statements.

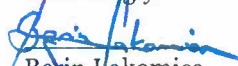
**NLB BANK d.d. SARAJEVO**  
**Statement of financial position**

(All amounts are given in thousands of BAM unless otherwise stated)


	Note	2025	2024
<b>Assets</b>			
Cash and cash equivalents	15	306,160	261,014
Financial assets at fair value through other comprehensive income	16	123,009	119,525
<i>Investments in equity instruments</i>	16a	124	105
<i>Loans to customers, securities and other debt instruments</i>	16b	122,885	119,420
Financial Assets at amortized cost	17	1,749,601	1,537,791
<i>Reserve at Central Bank of BiH</i>	17a	192,348	166,126
<i>Bank deposits</i>	17b	43,307	47,753
<i>Loans and receivables from customers</i>	17c	1,426,518	1,233,074
<i>Other financial assets at amortized cost</i>	17d	87,428	90,838
Prepaid income tax		-	251
Deferred tax assets	14a	2,928	2,111
Property, plant and equipment	18a	30,182	31,897
Right-of-use assets	18b	3,721	4,434
Intangible assets	19	3,678	1,854
Long-term assets intended to sales and assets from discontinued operations	20	-	34
Other assets and receivables	21	415	422
<b>Total assets</b>		<b>2,219,694</b>	<b>1,959,333</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	22	1,479	1,290
Financial liabilities at amortized cost	23	1,971,316	1,748,928
<i>Banks' deposits and other financial institutions</i>	23a	81,610	49,890
<i>Customers' deposits</i>	23b	1,732,717	1,576,580
<i>Borrowings</i>	23c	102,458	87,881
<i>Lease liabilities</i>		3,812	4,510
<i>Other financial liabilities at amortized cost</i>	23d	50,719	30,067
Income tax liabilities	14	115	-
Deferred tax liabilities	14a	8	6
Provisions	24	5,011	5,910
<i>Credit risk of commitments and guarantees</i>	24a	3,571	2,995
<i>Litigations and claims</i>	24b	1	-
<i>Other provisions</i>	24c	1,439	2,915
Other liabilities	25	837	178
<b>Total liabilities</b>		<b>1,978,766</b>	<b>1,756,312</b>
<b>Equity</b>			
Share capital	26	53,605	53,605
Reserves	27	94,596	75,106
Revaluation reserves		(1,102)	(310)
Revaluation reserves for financial assets at fair value through other comprehensive income		(390)	44
Other revaluation reserves		(712)	(354)
Profit		<b>93,829</b>	<b>74,620</b>
Profit of the year		29,994	27,574
Accumulated retained profit from previous years		63,835	47,046
<b>Total Equity</b>		<b>240,928</b>	<b>203,021</b>
<b>Total Equity and liabilities</b>		<b>2,219,694</b>	<b>1,959,333</b>

Notes on pages 46 to 149 form an integral part of these financial statements.

The Management Board has authorized these financial statements on 14 April, 2026 and signed them accordingly:

  
 Berin Lakomica  
 MB Member

  
 Igor Tutuš  
 MB Member

  
 Jure Pelman  
 MB Member

  
 Lidija Zigić  
 President of MB



**NLB BANK d.d., SARAJEVO**  
**Statement of changes in equity**

*(All amounts are given in thousands of BAM unless otherwise stated)*

	Share capital	Reserves	Revaluation reserves for financial assets measured at fair value through other comprehensive income	Other revaluation reserves	Accumulated retained earnings	Total
<b>Balance as of 31 December 2023</b>	<b>53,605</b>	<b>75,106</b>	<b>(1,195)</b>	<b>(332)</b>	<b>54,284</b>	<b>181,468</b>
<b>Balance as of January 1 2024</b>	<b>53,605</b>	<b>75,106</b>	<b>(1,195)</b>	<b>(332)</b>	<b>54,284</b>	<b>181,468</b>
Profit for the period	-	-	-	-	27,574	27,574
Other total comprehensive income for the period	-	-	1,239	(22)	-	1,217
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,239</b>	<b>(22)</b>	<b>27,574</b>	<b>28,791</b>
Dividends paid	-	-	-	-	(7,238)	(7,238)
<b>Balance as of 31 December 2024</b>	<b>53,605</b>	<b>75,106</b>	<b>44</b>	<b>(354)</b>	<b>74,620</b>	<b>203,021</b>
<b>Balance as of January 1 2025</b>	<b>53,605</b>	<b>75,106</b>	<b>44</b>	<b>(354)</b>	<b>74,620</b>	<b>203,021</b>
Profit for the period	-	-	-	-	29,994	29,994
Other total comprehensive income for the period	-	-	(434)	(358)	-	(792)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(434)</b>	<b>(358)</b>	<b>29,994</b>	<b>29,202</b>
Dividends paid	-	-	-	-	(10,785)	(10,785)
Other changes*	-	19,490	-	-	-	19,490
<b>Balance as of December 31 2025</b>	<b>53,605</b>	<b>94,596</b>	<b>(390)</b>	<b>(712)</b>	<b>93,829</b>	<b>240,928</b>

\* In the first quarter of 2025, the Bank successfully realized the first transaction of Additional Tier 1 (AT1) capital. AT1 instruments represent an integral part of the regulatory capital intended to absorb losses during regular operations. AT1 capital is characterized by the features of a permanent capital instrument, without a pre-defined maturity date, as well as subordination in relation to other capital instruments in case of bankruptcy proceedings.

The notes on pages 46 to 149 are an integral part of these financial statements.

**NLB BANK d.d., SARAJEVO****Statement of cash flows***(All amounts are given in thousands of BAM unless otherwise stated)*

	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>			
Interest and similar income calculated using the effective interest method		68,661	65,237
Interest expenses and similar income calculated using the effective interest method		(13,735)	(11,786)
Fees and commission income		39,424	45,703
Fees and commission expenses		(10,492)	(9,196)
Collection of previously written off receivables for given loans and interest		1,725	4,181
Cash payments to employees		(25,723)	(23,469)
Cash payments on operating expenses		(24,908)	(29,270)
Other income from operating activities		2,627	-
Paid income tax		(2,328)	(2,844)
<b>Net cash from operating activities before changes on operating assets and operating liabilities:</b>		<b>35,251</b>	<b>38,556</b>
<b>Cash flows from operating activities</b>			
(Increase) in reserves with Central Bank, net		(26,243)	(13,017)
(Increase)/decrease in placement with other banks, net		4,438	(47,315)
Increase in loans and receivables from clients, net		(195,781)	(123,883)
Decrease in other assets and receivables, net		519	285
Increase/(decrease) of bank deposits and other financial institutions		31,633	(5,088)
Increase of clients deposits		154,179	163,425
Decrease of other liabilities		(162)	(81)
Net increase/(decrease) of other liabilities		19,156	(7,785)
<b>Net cash from operating activities</b>		<b>22,990</b>	<b>5,097</b>
<b>Cash flows from investing activities</b>			
Acquisition of debt instruments at fair value through other total comprehensive result		(770,673)	(769,619)
Proceeds from the disposal of debt instruments at fair value through OCI		767,088	836,736
Acquisition of debt instruments at amortized cost		(8,062)	(33,829)
Proceeds from the disposal of other financial assets at amortised cost		12,269	-
Acquisition of property plant and equipment		(5,520)	(4,286)
Proceeds from the disposal of property plant and equipment		7,314	828
Acquisition of Intangible Assets		(2,485)	(661)
<b>Net cash flow from investment activities:</b>		<b>(69)</b>	<b>29,169</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(10,733)	(7,201)
Proceeds from bank loans		29,337	1,947
Repayment of principal bank loans		(14,110)	(17,034)
Proceeds from loans from other financial institutions		-	-
Repayment of loans principal from other financial institutions		-	-
Proceeds from subordinated loans		-	13,270
Repayment of principal leases		(1,769)	(1,640)
Other proceeds from financing activities		19,490	-
<b>Net cash flow from financing activities</b>		<b>22,215</b>	<b>(10,658)</b>
<b>Net increase in cash and cash equivalents:</b>		<b>45,136</b>	<b>23,608</b>
<b>Cash and cash equivalents at the beginning of the period:</b>	<b>15</b>	<b>261,014</b>	<b>237,382</b>
Effects of changes in foreign exchange currency rates: o:		10	24
<b>Cash and cash equivalents at the end of the period:</b>	<b>15</b>	<b>306,160</b>	<b>261,014</b>

The notes on pages 46 to 149 are an integral part of these financial statements.

## **1. General information**

NLB Bank d.d., Sarajevo (hereinafter: The Bank) is a bank of universal type, which is organized as separate shareholders' company as of 1 April 1990.

The Bank was initially registered with the Registry of Companies with the Cantonal Court in Tuzla, and following the move of the headquarters from Tuzla to Sarajevo in 2015, the Bank is registered in the Registry of Companies with the Municipal Court in Sarajevo, in the Registry of the Securities Commission of the Federation of BiH, with all relevant data and permissions issued by the Banking Agency of the Federation of BiH (hereinafter: FBA) and other relevant bodies.

The headquarters of the Bank is at the address Koševo 3, 71000 Sarajevo, Bosnia and Herzegovina.

The Bank conducts its operations directly and through organizational parts in the business network, as follows:

- a) Branch Tuzla with Centar Tuzla, Sjenjak, Slatina, Živinice, Banovići, Kladanj, Kalesija i Sapna,
- b) Branch Tuzla 2 with branches Centar Gračanica, Doboj Istok, Gradačac, Srebrenik, Orašje, Lukavac, Brčko, Čelić and Teočak,
- c) Branch Sarajevo with branches Centar Sarajevo, Ilidža, Pofalići, Ferhadija, Dobrinja, Otoka, Goražde,
- d) Branch Mostar with branches Centar, Rondo, Čapljina, Široki Brijeg and Ljubuški,
- e) Branch Zenica with branches Centar Zenica, Travnik, Vitez and Bihać.

Through the headquarters in Sarajevo and the business network, the Bank is authorized to perform all types of tasks that banks can perform, as follows:

1. Receiving of all types of money deposits and other monetary assets,
2. Granting and taking financial loans,
3. Issuing guarantees and commitments,
4. services in internal and international payments and money transfers, in accordance with special regulations,
5. Buying and selling of foreign currencies and precious metals,
6. Issuing and managing means of payment (including credit cards, travel and bank cheques),
7. Financial leasing,
8. Buying, selling and collecting receivables (factoring, forfeiting and others),
9. Purchase and sale of money market instruments and capital for its own or somebody else's account,
10. Purchase and sale of securities (brokering-dealership),
11. Managing portfolio of securities and other valuables,
12. Securities market support operations, agent operations and issuance of shares, in accordance with regulations governing the securities market,
13. Investment consulting and custody operations,
14. Financial management and consulting services,
15. Data collection services, preparing analysis and providing information on the creditworthiness of legal and natural persons who independently carry out the registered business activity,
16. Safe deposit box lease,
17. Insurance intermediary services in accordance with regulations governing insurance intermediary services, except liability insurance for motor vehicles,
18. Other operations that support concrete banking activities.

**NLB BANK d.d., SARAJEVO**  
**Notes to Financial Statements – December 31, 2025**

*(All amounts are given in thousands of BAM unless otherwise stated)*

**1. General information (continued)**

**Bank's shareholders**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>Amount in BAM</b>	<b>%</b>	<b>Amount in BAM</b>	<b>%</b>
Nova Ljubljanska banka d.d., Ljubljana, Slovenia	52,177,300	97.34	52,177,300	97.34
Others	1,427,860	2.66	1,427,860	2.66
<b>Total</b>	<b>53,605,160</b>	<b>100.00</b>	<b>53,605,160</b>	<b>100.00</b>

The majority owner of the Bank is Nova Ljubljanska banka d.d., Ljubljana, with 97.34% of share capital as of 31 December 2025, which is also ultimate owner of the Bank.

NLB Bank d.d. Sarajevo is subject to consolidation in the financial statements of Nova Ljubljanska banka d.d., Ljubljana, whose financial statements can be found at Trg republike 2, 1520 Ljubljana, Slovenia, and are available at the following link: <https://www.nlb.si/financial-reports>.

**Employees**

As of 31 December, 2025, NLB Bank d.d., Sarajevo had 490 employees (31 December 2024: 497 employees).

## **2. Adoption of new and revised standards**

### **2.1. Initial application of new amendments to the existing standards effective for the current reporting period**

The following new standards, interpretations and amendments to existing standards, which may be applicable to the Bank, are mandatory for periods beginning on 1 January 2025:

<b>Effective date</b>	<b>New standards or amendments</b>
January 1, 2025	Amendments to IAS 21, Lack of Exchangeability

Application of new or amended standards did not have significant impact on the Bank's financial statements.

The following new standards, interpretations and amendments to existing standards issued by the IASB are not yet ineffective and were not adopted by the Bank:

<b>Effective date</b>	<b>New Standards and Amendments to Existing Standards</b>
January 1, 2027	IFRS 18 Presentation and Disclosure in Financial Statements IFRS 19 Non-Public Liability Subsidiaries: Disclosures
Available for optional application/effective date postponed indefinitely	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**New IFRS 17** Insurance contracts will replace IFRS 4. It applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is allowed. The implementation of this standard in Federation of Bosnia and Herzegovina has been postponed until 2027. This new standard as well as its amendments are not expected to result to any significant changes in the Bank.

The application of these Standards is not expected to have a significant impact on the Bank's financial statements.

### **3. Summary of material accounting policies**

#### **3.1. Basis of preparation and statement of compliance**

The financial statements of the Bank have been prepared in accordance with the accounting regulations applicable to banks in Federation of Bosnia and Herzegovina (FBiH), which are based on the Law on Accounting and Auditing in FBiH, Law on Banks of FBiH, and by laws of the Banking Agency of FBiH, passed based on aforementioned laws:

- The Law on Accounting and Auditing in FBiH (Official Gazette of FBiH, no. 15/21 of 24.02.2021) prescribes the preparation of financial statements in accordance with the International Financial Reporting Standards (IFRS),
- The Law on Banks of FBiH prescribes preparation of annual financial statements in accordance with the aforementioned Law on Accounting and Auditing in FBiH, this law and by-laws based on both laws,
- The Decision of the Banking Agency of FBiH on Credit Risk Management and Determining Expected Credit Losses (the Decision), which is in force as of 1 January 2022, has established minimum rates for the calculation of value adjustments and for the valuation of non-financial assets arising from credit operations (acquired tangible assets whose valuation is within the scope of other relevant IFRS).

The form of the attached financial statements is prescribed by the Rulebook on the content and form of financial statements for companies ("Official Gazette of FBiH", no. 81/21, 102/22 and 99/23).

In accordance with the provisions of the Decision, the Bank created higher allowances for credit losses as of 31 December 2025 in the amount of BAM 11,361 thousand compared to the amount calculated by using the Bank's internal model in line with the requirements of IFRS 9. This difference arose from the following reasons:

- application of minimum impairment rates stipulated by the Article 23 of the Decision for exposures in Stage 1 of credit risk in the amount of BAM 8,288 thousand,
- application of minimum impairment rates stipulated by the Article 24 of the Decisions for exposures in Stage 2 of credit risk in the amount of BAM 3,073 thousand.

Previously described differences between the statutory accounting regulations applicable to banks in FBiH and requirements for recognition and measurement under International Financial Reporting Standards are presented in the table below\*:

**NLB BANK d.d., SARAJEVO**  
**Notes to Financial Statements – December 31, 2025**

*(All amounts are given in thousand BAM unless otherwise stated)*

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

**3.1. Basics of preparation and statement of compliance (continued)**

<i>In thousands BAM</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Assets	(11,361)	(8,914)
Liabilities	1,386	1,318
Equity	(12,747)	(10,232)
	<b>2025</b>	<b>2024</b>
Financial result before taxation	(2,515)	(4,611)

The decision prescribes rules in the local regulation for “Accounting write-offs” under which the Bank is required to make an accounting write-off of balance sheet exposures two years after the bank has recorded the expected credit losses in the amount of 100% of its gross book value and declared them fully due.

For debt instruments measured at FVOCI loss allowance is recognized in the statement of financial position as part of the financial assets at fair value through FVOCI and is not included as part of the revaluation amount in the investment's revaluation reserve.

Where accounting policies are consistent with International Financial Reporting Standards, there is a link in these financial statements to the relevant IFRSs.

These financial statements were authorized by the Management Board as of 14 April 2026 for submission to the Supervisory Board.

*Comparatives*

Except where a standard or interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative amounts. Where IAS 8 is applied, comparative data has been adjusted to conform to changes in presentation in the current year.

### **3. Summary of material accounting policies (continued)**

#### **3.2. Going concern**

The financial statements are made under going concern assumption, which implies that the Bank will continue with its business activities in the foreseeable future, and will be able to realize receivables and settle liabilities in the normal course of operations.

#### **3.3. Basis for the preparation and presentation of financial statements**

These financial statements are prepared on historical cost basis, except for financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are measured and presented at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for the asset.

**Fair value** is the price which may be achieved by sale of an asset or would be paid for a transfer of a liability in the ordinary transaction between parties on the primary (or on the most favourable) market on the measurement date, regardless of whether the price is directly observed or estimated by application of the other techniques for value measurement. While estimating the fair value of assets or liabilities the Bank takes into consideration characteristics of assets or liabilities that the participants in the market would have considered when determining the price of assets or liabilities on the date of measurement. Fair value for measurement and/or for the purpose of disclosure in these financial statements is estimated on such a basis (apart for measurements which have some similarity to fair value measurement i.e., net realizable value according to IAS 2 or value in use according to IAS 36).

Fair value of financial instruments on active market is based on current prices of supply and demand for financial assets or financial liabilities. If the market for some financial instrument is not active, the Bank determines fair value using various valuation techniques. Valuation techniques include using current independent market transactions between informed parties, discounted cash flow analysis and other valuation techniques which participants on the market usually use. Valuation techniques reflects current conditions on the market on the day of valuation which does not have to reflect real conditions on the market before or after valuation.

Furthermore, for the financial reporting purposes fair value indicators are divided into levels 1, 2 or 3, based on the degree to which the measurement of fair value can be viewed according to the importance of evaluating fair value in its entirety, as follows:

- Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the Bank can access at the measurement date,
- Level 2 inputs are inputs other than quoted market prices included within Level 1 which are observable for assets or liabilities, either directly or indirectly, and
- Level 3 inputs are unobservable input data for assets or liabilities.

The valuation techniques used for the measurement of fair value maximize the use of relevant observable inputs, while the use of unobservable inputs is minimized. In cases where input data which is used for measurement of fair value of assets or liabilities can be classified in different levels of the fair value hierarchy, the measurement of fair value is classified fully in the appropriate level according to the lowest level inputs which are important for the overall measurement considered.

The Bank performs transfers or reclassifications among different fair value levels of hierarchy when input data used for the determination of the fair value of assets or liabilities are classified in a different level than the level in which the input data used for the previous measurement of fair value of that asset or liability are classified.

### **3. Summary of material accounting policies (*continued*)**

#### **3.3. Basis for the preparation and presentation of financial statements (*continued*)**

Reclassification of financial assets from one to another level of hierarchy of fair value is made due to changes in circumstances or input data:

- From level 1 into level 2: when the bond is withdrawn from organized market or when it becomes illiquid
- From level 1 into level 3: when the shares are withdrawn from organized market, if company bankruptcy proceeding has been started or when disclosure of value has been terminated
- From level 2 into level 3: when base instrument (share or equity share) of derivative financial instrument is withdrawn from organized market, when it starts bankruptcy proceeding (for shares and bonds)
- From level 2 into level 1: if bonds are actively traded on organized market
- From level 3 into level 1: if shares or bonds are included on an organized market
- From level 3 into level 2: if base instrument (share or equity share) of derivative financial instrument is included on an organized market with no active quotation, but there are identical or similar instruments listed on the market.

Reclassification from one level of hierarchy of fair value to another is required in cases when, during the measurement of fair value, inputs from one level are replaced by inputs from another level.

#### **3.4. Functional and presentation currency**

Financial statements are presented in convertible marks (BAM), which represents official reporting currency in Bosnia and Herzegovina. The convertible mark has a fixed exchange rate linked to the Euro (EUR 1 = BAM 1.95583).

#### **3.5. Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS requires the Board to use judgements, estimates and assumptions which have influence on the application of accounting policies and disclosed amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and related assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized in the period in which these estimates were changed, and possibly in future periods, if affected by them. Information on areas of significant uncertainty related to estimates and judgements used in the application of accounting policies, which have a significant influence on amounts disclosed in these financial statements, are disclosed in *Note 3.30*.

Accounting policies listed below were applied consistently to all periods presented in these financial statements.

#### **3.6. Foreign Currencies**

Assets and liabilities in foreign currencies are translated into the local currency using the exchange rate set by the Central Bank of Bosnia and Herzegovina on the last day of the reporting period.

Monetary items denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year-end translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

**NLB BANK d.d., SARAJEVO**  
**Notes to Financial Statements – December 31, 2025**

*(All amounts are given in thousand BAM unless otherwise stated)*

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

**3.6. Foreign currencies (continued)**

All foreign exchange gains and losses recognized in the statement of profit or loss are presented in net amount within appropriate items.

Exchange rates used in financial statements are the official rates determined by the Central Bank of Bosnia and Herzegovina. On 31 December, the average exchange rates were as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Exchange rate</b>		
	<b>BAM</b>	<b>BAM</b>
USD	1.663545	1.872683
EUR	1.955830	1.955830

**3.7. Interest income and expense**

Interest income and expense are recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual basis. Penalty interest income is accounted for on an accrual basis.

Interest income is calculated using the method of effective interest rate on gross carrying value of on-balance exposure.

Accrued interest income on non-performing loans is excluded from profit or loss and recognized as income upon collection. For loans to legal entities for which credit loss allowance is calculated on an individual basis, and for which there is acceptable collateral, interest income is calculated using the effective interest rate method applied to amortized cost.

Interest is calculated in accordance with the contract between creditor and debtor. If stipulated by the contract, interest for deposits is added to the principal.

Loan origination fee income is deferred throughout the duration of the loan using the effective interest rate method. Income from loan origination fees is presented within the Interest income position.

**3.8. Fee and commission income and expense**

Fee and commission income is recorded in the statement of profit or loss because the Bank meets the obligation embedded in the contract, in accordance with the rules of “IFRS 15 Revenue from contracts with customers”.

The rule is as follows:

- if the performance obligation is met at a particular point in time, the related revenue is recognized in the statement of profit or loss when the service is provided,
- if the obligation to execute is met over time, the related income is recognized in the statement of profit or loss to reflect progress in meeting that obligation.

Due to the above rules, fees for transactions arising from domestic and foreign payment transaction services are usually recorded at the time the service is provided, while fees related to portfolio management are usually recognized over the life of the contract (input method).

The amount of income related to income from fees and commissions and other operating income is measured based on contractual provisions. If the contractual amount is subject to change in whole or in part, revenue must be recorded based on the most probable amount that it expects to receive.

### **3. Summary of material accounting policies (continued)**

#### **3.8. Fee and commission income and expense (continued)**

Such an amount is determined based on all the facts and circumstances deemed relevant to the assessment, which depend on the type of service provided, and on the assumption that it is unlikely that the revenue recognized will not be significantly reversed. For services provided by the Bank, such variability is not normally foreseen.

If the contract relates to different services whose performance obligation is not fulfilled at the same time, the income is allocated to different obligations, in proportion to the independent price of the delivered services. Therefore, these amounts will be recorded in the statement of profit or loss, based on the time of fulfilment of each obligation.

Fee expenses consist of fees paid by the Bank to the Central bank BiH for internal payment operations, SWIFT costs, card operations costs and deposit insurance costs. Fees and commissions expenses are recognized in the period to which they relate.

#### **3.9. Dividend income**

Dividends are recognized in the income statement as dividend income when the right to collect dividends is exercised.

#### **3.10. Employee benefits**

In its regular operations, the Bank pays taxes and contributions on and from salaries, calculated from the gross salary, as well as meal allowances, transport allowances, and vacation bonuses in accordance with local legislation for its employees. These expenses are recorded in the statement of comprehensive income in the period to which the salaries relate.

The Bank may, in accordance with the business result and individual work success of employees, periodically, by special decisions, award variable rewards for work performance that exceeds the expected or target result by up to 20% of the basic salary of employees. When paying the variable part of the salary for above-average results (total score over 101%), the starting point is the quota allocated to the organizational unit by the competent manager, which can amount to 8% of the salary.

Employee benefits represent payments for which the employer has assumed the obligation to pay them to employees on the basis of laws, regulations and contracts, and are the basis for the formation of provisions in accordance with IAS 19.

The Bank forms provisions for severance payments, based on an actuarial calculation, which is usually made on September 30, every year. The effects of provisions for severance payments arising from differences between projected actuarial payments and actual payments and changes in actuarial assumptions (discount rate, employee turnover, increase in average salary, etc.) are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Changes in the present value of liabilities arising from the approach of the maturity date are recognized as interest expense.

The Bank has made provisions for unused vacation days in 2025 using the Bank's average gross hourly rate method for each unused vacation day and created additional provisions, which were charged to cost of provisions for unused vacation.

### **3. Summary of material accounting policies (continued)**

#### **3.11. Taxation**

Taxes are calculated in accordance with the regulations of the Federation of Bosnia and Herzegovina and Brčko District. The starting point in determining the income tax base is the business result reported in the income statement. Differences between the profit presented in the accounting records and the taxable profit in the tax balance occur due to corrections prescribed by the Corporate Income Tax Act and the accompanying Rulebook, according to which certain expenses shown in the accounting records, although actually incurred, from the aspect of the income tax regulations represent non-deductible expenses, which as such increase the tax base.

Accordingly, individual expenses, depending on the type, can be treated in the tax balance:

- as non-deductible expenses in their full amount (which increase the corporate income tax base as a whole), or
- as non-deductible expenses in the prescribed percentage (which increase the corporate income tax base only in the non-deductible part).

In addition, certain expenses may be tax deductible permanently, while other expenses may be tax deductible with a certain time lag (as temporary tax differences, which are reflected based on income tax not only in one but in several accounting and tax periods).

Temporary tax differences occur:

- in cases where once unrecognized items (i.e. items that increased taxable profit in one period) will subsequently be treated as tax deductible items, for which taxable profit may be reduced in some future period,
- in cases where pre-tax items (i.e.. items used to reduce taxable profit in one period) will subsequently be treated as non-tax deductible, and these amounts will have to be increased by taxable profit in some future period.

In the first case, when it comes to temporary tax differences, such items will in future periods result in deferred tax assets and in the second case deferred tax liabilities.

The current regulations also provide for tax relief as tax incentives, for example through the tax balance, the recognition of double the amount of gross salary for newly hired employees, subject to certain conditions.

The income tax rate is 10%.

When it comes to indirect taxes, the Bank is in the VAT system, Given the specificity of the services provided by the Bank, most of such services are exempt from VAT. There is an obligation to calculate VAT for services that are subject to this obligation and the Bank acts accordingly.

The Bank has no right to deduct input VAT and input VAT is recorded on the expense on which the related service is recorded.

The VAT rate is 17%.

#### **3.12. Earnings per share**

The Bank discloses basic earnings per share. Basic earnings per share are calculated by dividing net profit or loss of the current period attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares for the period.

*(All amounts are given in thousand BAM unless otherwise stated)*

### 3. Summary of material accounting policies *(continued)*

#### 3.13. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with a maturity of less than 3 months, including cash and non-restricted balances with the Central Bank as well as other eligible securities and loans and advances to banks.

#### 3.14. Due from other banks

Amounts due from other banks encompass placements with other banks that become due for collection on a fixed date.

#### 3.15. Financial Assets

Financial assets originate from lending operations, foreign exchange related operations, deposits, and payments operations, they are also used in securities trading, the purchase and collection of receivables, and they are the result of other banking services. Loans, deposits, debt securities issued are recognised on the date on which they are originated. Financial assets under regular-way purchases and sales are recognised at settlement date. All other financial assets are recognised on the date on which the Bank becomes a party to the contractual provision of the instruments.

**Transaction costs** are incremental costs that are directly attributable to the acquisition, issue or decrease in financial instruments. An incremental cost is incurred upon rendering a transaction. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

**Amortized cost** (AC) is the amount at which the financial instrument was recognized at initial recognition less any principal repayments increased by accrued interest, or the amount at which the financial instrument was recognized less any write-down for incurred impairment losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and amortization of all premiums or discounts up to the maturity date by applying the effective interest rate. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discounts or premiums (including fees deferred at origination, if any), are not presented separately and are included in the carrying values in the statement of financial position (balance sheet).

**The effective interest rate method** is a method of calculation of the amortized cost of a financial asset or financial liability, and the allocation of interest income or interest expenditures over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate discounts cash flows of variable interest instruments until the next interest re-pricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the entire expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

### **3. Summary of material accounting policies (continued)**

#### **3.15. Financial Assets (continued)**

Measurement of financial assets

According to IFRS 9 – Financial Instruments, financial assets are measured at:

- Amortized cost,
- Fair value, with valuation effects recognized in other comprehensive income (FVOCI), or
- Fair value, with valuation effects recognized in profit or loss (FVPL).

Criteria that determine classification and valuation of financial assets are:

- business model for financial asset management,
- characteristics of financial instrument's contractual cash flows.

The Bank adopts the business model that reflects how it manages groups of financial assets to achieve its business objectives. Business model is not assessed on an instrument-by-instrument basis, but at their level of aggregated portfolios considering following:

- how the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel,
- the risks that affect the performance of the business model and the way those risks are managed,
- how key management personnel is compensated (sales – collection of fair value or collection of contractual cash flows),
- the expected frequency, value and timing of sales.

The decision on selection of business model is based on reasonably expected events without 'stress case' scenarios. If the cash flows are different from the expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing business model for new financial assets. According to the Bank's business model, loans to customers and deposits are classified in business model which has purposes of collecting contractual cash flow. Loans to customers and deposits are valued at amortized cost, except in cases when they don't pass SPPI test.

Conditions for classification of debt instruments in banking book are provided in Policy for operating with financial instruments.

If the contractual cash flows represent Solely Payments of Principal and Interest (SPPI), then debt instruments are measured at amortised cost or at fair value through other comprehensive income (FVOCI), depending on the business model.

In case the contractual cash flows do not satisfy SPPI criteria, then financial assets are valued at fair value through profit or loss (FVPL).

For SPPI test, the principal represents fair value of the financial asset at the moment of initial recognition, and interest compensation for:

- Time value of money,
- Credit risk, in relation to unpaid principal at a given moment,
- Compensation for other basic lending risks (liquidity) and expenses,
- Profit margin that is consistent with a basic lending arrangement.

### **3. Summary of material accounting policies (continued)**

#### **3.15. Financial Assets (continued)**

For SPPI the Bank uses Manual for Performance of SPPI Test in Accordance with IFRS 9 for Debt Financial Assets. To confirm correctness of SPPI test performance, which was performed by operating sector, the secondary controls are performed as defined by the Manual for SPPI test performance.

Equity financial instruments and instruments which are combination of debt and equity are not subject to SPPI test and are valued at fair value.

#### ***Financial assets valued at amortized cost***

Financial assets are valued at amortized cost if the following conditions are met:

- business model objective is to collect contractual cash flows,
- in accordance with contractual terms, cash flows occur on specified date that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets valued at amortized cost are initially recognized at fair value increased for direct transaction cost, and subsequently are valued at amortized cost. Interests and exchange differences are recognized directly in profit or loss. Interests are calculated using effective interest rate which includes accrual of direct transaction costs, premiums and discounts which are accrued during the lifetime of financial asset.

Loans and deposits are recognized in the off-balance record at the date of contract, and in balance sheet at the date of contract realization.

Bank places short-term, long-term, frame agreements and commission loans (in own name, for someone else's account) to corporate and retail clients according to business policy of the Bank.

Loans are subsequently recognized in amount of unpaid principal, increased by accrued interests and fees and decreased by impairment.

Loans and placements in foreign currency are recalculated in domicile currency in general ledger, Convertible Mark, using average rate of Central Bank BiH.  
Exchange differences are daily calculated and recognized in profit or loss as revenue or expense.

#### ***Financial assets valued at fair value through other comprehensive income (FVOCI)***

Debt instruments within financial assets are valued at fair value through other comprehensive income when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets,
- at specified dates, in accordance with the contractual terms, cash flows occur and they represent solely payment of principal and interest of the financial asset (meet the SPPI test).

### **3. Summary of material accounting policies (continued)**

#### **3.15. Financial Assets (continued)**

Equity instruments which are not held for trading, are measured at fair value through other comprehensive income, if management at initial recognition makes a decision that effects of valuation are recognized in other comprehensive income.

Financial assets classified in group of financial assets valued at fair value through other comprehensive income, initially and subsequently are measured at fair value. Direct expenses occurred at the moment of purchase are added to the fair value. Change of fair value as a result of valuation is recorded in other comprehensive income. At the moment of derecognition (e.g. sales), the total accumulated amount in other comprehensive income for debt financial instruments is transferred to profit or loss statement, and for equity instruments to retained earnings.

Interests and exchange differences for debt financial instruments are recognized directly in profit or loss. Interests are calculated using effective interest rate which involves accrual of direct transaction costs, premiums and discounts which are accrued during the lifetime of financial asset.

For debt securities the impairment is calculated.

For equity securities impairment is not calculated. Dividend income is recognized in profit or loss.

#### ***Financial assets valued at fair value through profit or loss statement (FVPL)***

In this group of financial assets are:

- financial assets held for trading,
- financial assets which are mandatorily measured at fair value through profit or loss (which do not pass SPPI test and equity securities for which management didn't decide to recognize effects of valuation through other comprehensive income),
- financial assets classified to be measured at fair value through profit or loss in case that this classification significantly decrease or alleviate imbalance which would have occurred due to different measurement basis of financial assets or liabilities.

Financial assets which are valued at fair value through profit or loss are valued at fair value at the moment of recognition and subsequently, and effects of valuation are recognized in profit or loss.

Fee for approval of loans to customers and deposits is recognized as current year income and it is not accrued through the period.

Costs occurred during the purchase of debt securities are recognized in profit or loss as fee expense.

Financial assets are valued at fair value on a monthly basis and individually for each financial asset.

#### ***Reclassification of financial assets***

The Bank can reclassify financial assets when business model for financial assets management is changed. Those changes are very rare and occur based on internal or external factors, they must be significant to the bank's operation and demonstrable to external parties. Changes of business model can occur in case when Bank starts or ceases to perform activities significant for its business, e.g. if Banks buy or sell business segment.

### **3. Summary of material accounting policies (continued)**

#### **3.15. Financial Assets (continued)**

Reclassification is done prospectively, as of the day of reclassification onwards, where the day of reclassification is the first day of reporting period, which follows change of business model (in case of quarterly reporting, that is first day of quarter after change).

In case the Bank reclassify financial assets from category which is measured at amortized cost into category which is measured at fair value through profit or loss, fair value is measured at the day of reclassification. Possible gain or loss which occurs as difference between previously repaid value and fair value is recognized in profit or loss.

If the Bank reclassifies financial assets from the category measured at fair value through profit or loss into a category measured at amortized cost, the fair value of that financial asset at the date of reclassification becomes their new gross carrying value.

If the Bank reclassifies financial assets from a category measured at fair value through other comprehensive income into the category measured at amortized cost, the reclassification is carried out at fair value at the date of reclassification. Cumulative gains or losses from other comprehensive income are removed from equity and adjust the fair value of financial assets at the date of reclassification. Consequently, financial assets at the date of reclassification are measured as if they were always measured at amortized cost. The effective interest rate and the measurement of expected credit losses are not changed.

If the Bank reclassifies financial assets from a category measured at fair value through other comprehensive income into the category measured at amortized cost, the reclassification is carried out at fair value at the date of reclassification. Cumulative gains or losses from other comprehensive income are removed from equity and adjust the fair value of financial assets at the date of reclassification. Consequently, financial assets at the date of reclassification are measured as if they were always measured at amortized cost. The effective interest rate and the measurement of expected credit losses are not changed.

If the Bank reclassifies financial assets from a category measured at fair value through other comprehensive income into the category measured at fair value through profit or loss, the financial assets are further measured at fair value. Cumulative gains or losses from other comprehensive income are transferred from other comprehensive income to the profit or loss as a reclassification adjustment at the date of reclassification.

#### ***Change of contracted cash flows during the lifetime of the financial asset***

Modified financial assets are those for which the contractual terms are changed during the lifetime. The contractual terms are changed if the Bank and the borrower conclude a contract for the replacement (payment) of the old financial asset (before the original maturity) with a new financial asset (new contract), but in a way that the bank and the borrower define new contractual terms (annex to the contract). The contract terms are changed as follows:

- as a renewal or extension of the loan maturity, where this is possible for clients that have no financial difficulties and
- as a restructuring of financial assets for clients with financial difficulties.

#### ***Renewal or extension of the period of loan***

The Bank recognizes a new financial asset when renewing or extending the loan repayment term if the change of contractual terms results with significant modification of contractual terms. SPPI test is performed on the date of initial recognition of the new financial asset.

### **3. Summary of material accounting policies (continued)**

#### **3.15. Financial Assets (continued)**

##### **3.15.1. Restructured financial assets**

Restructuring of a loan is carried out in accordance with the Bank's business policy. The aim of the loan restructuring is to provide the borrower with an adequate repayment in accordance with his capabilities and to provide the Bank with more efficient collection of receivables. In this sense, the restructuring includes a proposal to modify the contractual terms agreed when approving the loan. Restructuring is carried out according to the Bank's decision in cases where it is estimated that the client has a problem with the repayment of the loan and when it is estimated that according to the original contract the loan will not be repaid within the agreed deadline.

Possible types of restructuring that are performed individually or in combination are the following:

- prolongation of principal repayment and/or interest or postponing the repayment of principal and/or interest,
- reduction of interest rate and/or other costs,
- reduction of the number of receivables (principal and/or interest) as a result of the agreed debt write off,
- taking over debtor's receivables from a third party, in the name of partial and full repayment of the loan,
- replacement of the existing loan with a new loan,
- other similar benefits, which facilitate the financial position of the debtor.

If the restructuring contract involves significant changes in cash flows, then a new financial asset is recognized, and the existing one is derecognized. For the new asset, it is necessary to perform the SPPI test on the day of recognition and classify it into a particular group depending on the SPPI test result. The effects arising from the change in the previously contracted characteristics (the difference between the repayment value of previously contracted cash flows and new contracted cash flows) are recalculated through the impairment.

A newly recognized asset is treated as a POCI financial asset at the initial recognition.

In accordance with Measures and procedures for placement approval, a restructured asset is classified into the credit rating group C or below.

If the restructuring contract does not result in significant changes in the characteristics of cash flows, the effects are recognized as a gain or loss on the modified financial assets. The effects of the modification are calculated as the difference between the repayable gross carrying value of the asset and the new contracted cash flows discounted at the original effective interest rate.

In the case of a financial asset item that represents a debt financial instrument (securities and loans), the Bank is required to determine whether a modification is significant, i.e. whether the difference between the present value of the remaining cash flows discounted using the original effective interest rate and the present value of the modified cash flow flows discounted using the original effective interest rate of more than 10%, according to local regulations, for individuals and legal entities.

If the modification is significant, the bank derecognizes the original item of financial assets and begins to recognize the new item.

If the modification is not significant, the bank continues to recognize the financial asset. The SPPI test is performed at the recognition day of the originally contracted financial asset. The starting point for assessing whether the credit risk of the financial asset in relation to the initial recognition has significantly changed is the date of original recognition of the financial asset.

If the Bank approaches the restructuring of receivables by taking over other assets (tangible assets, securities, etc.), including investments in borrowers' equity acquired through conversion of receivables from debtors, the acquired assets are recognized in the balance sheet at fair value. The difference between the fair value of the acquired asset and the carrying amount of receivables is recognized in the profit or loss as a decrease/release of the impairment of approved loans and receivables.

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

#### 3.15. Financial Assets (continued)

##### 3.15.1. Restructured financial assets (continued)

The Decision on special measures that the Bank applies in extraordinary circumstances with the aim of mitigating negative economic consequences and preserving the stability of the banking sector of the Federation of Bosnia and Herzegovina defines relief for Bank clients who are directly or indirectly affected by the negative effects of extraordinary circumstances (floods 2024), as well as special rules for credit risk management, which the Bank applies in the event that it approves special measures to a client. The special measures that the Bank may approve for clients defined by the Decision are: a moratorium, the introduction of a "grace" period for the repayment of principal, the extension of the final maturity for the repayment of loans that are repaid in annuities, the extension of the maturity date of loans with a single maturity including revolving loans and overdrafts on transaction accounts for a period of up to six months, the approval of an additional amount of exposure for the purpose of overcoming its current liquidity difficulties, and other measures that the Bank takes in order to facilitate the servicing of the client's credit obligations, recovery and establishment of a sustainable client's business.

#### 3.16. Property and equipment

Property and equipment items are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write down the cost of such assets to their residual values over their estimated useful lives. Land and assets in construction are not depreciated.

Applied depreciation rates are set for 2025 and 2024 as follows:

	2025	2024
Buildings	2%	2%
Leasehold improvements	20%	20%
Computer equipment	14.3-50%	14.3-50%
Vehicles	15%	15%
Furniture and other office equipment	7-15%	7-15%

The period and amortization method is reviewed once a year at the end of each business year. When the expected useful life significantly differs from the previous estimation, the corresponding change in the period of depreciation is required. This represents the change in accounting estimate and such change should be adequately accounted for in the financial statements.

For tangible assets the Bank periodically estimates whether there are indicators of impairment. Within such estimation process the Bank considers several indicators from internal and external sources. When the Bank finds that there are indicators of impairment in tangible assets, then the Bank initiates the process of estimation of recoverable value. Recoverable value is the value in use or the fair value reduced by cost of sale, whichever is higher.

Overview of property and equipment and right of use assets in 2025 and 2024 is presented in *Note 18*.

**Leasehold improvements** Leasehold improvements are capitalized and amortized by a straight-line method, during their useful life, or during the lease period depending on what is shorter.

##### 3.16.1. Leases

Leases accounting is in accordance with IFRS 16 Lease. A contract is a lease contract if it transfers the right to control the use of a particular asset for a specified period in exchange for a consideration.

**3. Summary of material accounting policies (continued)****3.16.1. Leases (continued)***Bank as a lessee*

At the inception of the lease, the Bank recognizes an asset that represents a right to use (i.e., a right-of-use asset) and a liability under the lease. This applies to all leases except short-term and low-value leases. Short-term leases are defined as those that have a maximum lease term of 12 months at the commencement date of the lease, with no option to purchase fixed assets. Leases of property, plant, and equipment with a value less than or equal to EUR 5 thousand are defined as low-value leases. In these cases, rents are treated as a cost based on the straight-line method throughout the lease term.

*The right to use the assets*

At the date of commencement of the lease, the Bank measures the right to use the asset at cost less accumulated depreciation, impairment losses and adjusted for each re-measurement of the lease liability. The value of the asset, which constitutes the right to use, includes the amount of the initial measurement of the lease liability, payment of rent made on or before the lease date, less rental incentives received, initial direct costs of tenants and an estimate of costs incurred by the lessee in dismantling or removing the leased property, renovating the location where it is located or returning the leased property to the condition required by the lease terms. After the date of commencement of the lease, the Bank measures the asset that represents the right of use using a cost model and depreciates it on a straight-line basis over the estimated lease term. It also separately recognizes interest on lease obligations. The right to use the asset is presented in the statement of financial position in the line Property, equipment and assets with the right to use.

*Lease liabilities*

On the commencement date of the lease, the Bank measures the lease liability at the present value of the rent, which has not yet been paid at that date. Rents include fixed rents, variable rents that depend on an index or a rate, amounts expected to be paid by the lessee under the residual value guarantee, executing the purchase option price, if it is fairly certain that the lessee will exercise this option and paying a penalty for termination of the lease, if the lease duration indicates that the lessee will take the opportunity to cancel the lease.

After the commencement date of the lease, the lessee should measure the lease liability so that:

- increases carrying values to take into account interest on the lease liability,
- decreases carrying values to take into account rentals paid,
- re-measures carrying values to take account of any changes in used assumptions or contractual characteristics of the lease,
- lease liabilities are presented in the statement of financial position under the line “Other financial liabilities”.

*Bank as a lessor*

In 2021, the Bank leased a smaller part of the main building in Tuzla, for 5 years, with the possibility of extending the lease. The contract is classified as an operating lease. The amount of lease income is expressed within the position other revenues in the Statement of comprehensive income.

**3.17. Intangible assets****(a) Licences**

Acquired licenses for computer software are measured at historical cost.

Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

**(b) Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

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

#### 3.17. Intangible assets (continued)

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Bank are recognized as intangible assets insofar as they are expected to generate economic benefits that exceed costs within the time period beyond one year. Direct costs include the costs of the software development team that has developed the software and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (5 years).

An overview of the intangible assets in 2025 and 2024 is presented in the Note 19.

#### 3.18. Repossessed financial and nonfinancial assets

Repossessed assets represent financial and non-financial assets acquired by the Bank through the settlement of overdue loans. These assets are initially recognized at fair value when acquired, and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets.

Assets repossessed for overdue loans classified for further sale are held under IFRS 5 if they are non-current assets (mostly real estate), which is available for immediate sale and if the sale in the next 12 months is probable, otherwise, it is classified in accordance with IAS 2.

In accordance with the Decision on credit risk management and determination of expected credit losses, the Bank applies the concept of fair value, or realistic value when assessing repossessed assets received in exchange for full or partial debt repayment. For tangible assets for which a stable and active market exists, the fair value represents a value equal to the market value for such assets.

In the absence of such a market, the fair value has to be established by an independent, formal and professional assessment. When it is not possible to reliably determine the fair value, i.e. uncontested and stable value of the acquired tangible assets, for bookkeeping purposes the Bank will apply only the technical value of BAM 1.

Receivables per repossessed assets (loan amount not settled by repossessed asset) remain in the balance sheet until sale proceeds are realized or until a permanent write-off is recorded provided there are no sufficient funds from the sale or other additional security.

The repossessed tangible assets are classified as risk-bearing assets unless they are sold within one year.

The acquired tangible, which are introduced by the decision into the Bank's operations, are recorded as other fixed assets and are depreciated.

Assets acquired through collection of receivables, which are leased to third parties, are first recorded as fixed assets of the Bank and depreciated, and then based on the lease agreements, revenue is generated.

#### 3.19. Liabilities for guarantees

The Bank issues financial guarantees. Financial guarantees represent an irrevocable payment guarantee in case of a customer not being able to meet its liabilities to a third party, and they carry the same credit risk as loans. Financial guarantees are initially recognized at their fair value, which is usually proved by the amount of received fees. This amount is amortized on a straight-line basis over the commitment period.

After initial recognition, issued guarantees are subsequently measured at the higher of:

- initial measurement less amortized fee and
- estimated costs that will be necessary to settle the obligation under the contract.

**3. Summary of material accounting policies (continued)****3.20. Deposits of clients, banks and other deposits**

At initial recognition, received deposits are valued in accordance with corresponding documents which support the initial receipt of funds. For a vista deposits and deposits without a defined maturity, fair value is the amount payable on the reporting date. Estimated fair value of deposits with a fixed maturity is based on cash flows discounted using the currently offered interest rates on deposits with a similar remaining maturity.

**3.21. Liabilities on received loans, subordinated debts and other borrowings**

Liabilities on borrowed loans, subordinated debts and other borrowings are initially recognized at the fair value which usually represents the amount received. These financial liabilities are subsequently recognized at amortized cost using the effective interest rate method, and the transaction costs occurred are recognized in the profit or loss of the current period.

**3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9**

According to MSFI9, the model of expected credit losses includes not only credit losses occurred but also losses expected to occur in the future. Allowance for expected credit losses (ECL) is required for all loans and other debt financial assets, except financial assets held at fair value through profit or loss, together with loan commitments and financial guarantee contracts. Allowance is based on expected credit losses related to probability of default (PD) in the upcoming 12 months, except in case of a significant increase in credit risk since initial recognition, in case of which the allowance is based on probability of default during the lifetime (LECL). When deciding whether the risk of default has significantly increased since the initial recognition, the Bank takes into consideration reasonable information that is relevant and available without unnecessary costs or efforts. This also includes quantitative and qualitative information and analyses based on historical information, experience and estimates of credit experts, also considering future information.

The methodology for the calculation of value adjustments and provisions defines the credit risk level (Stage) classification criteria, criteria for transfer between stages, the calculation of risk indicators and model validation. Financial instruments are classified into Stage 1, Stage 2 and Stage 3, based on the impairment methodology as described below:

- Stage 1 – performing portfolio: no significant increase in credit risk since initial recognition, impairment is recognized based on 12-month period,
- Stage 2 – unsatisfactory portfolio: significant increase of credit risk since initial recognition, impairment is recognized based on lifetime of the assets, and
- Stage 3 - poor portfolio: impairment is recognized during the lifetime for this financial asset, The default definition is aligned with the FBA regulation.

A significant increase in credit risk is assumed:

- when credit rating significantly deteriorated at the reporting date compared to the credit rating at initial recognition. Before the adoption of new methodology, the Bank considered deterioration of credit rating for individuals for 2 notches on a short scale (e.g. from A/B to C credit rating group), and for legal entities for 3 notches on a long scale (e.g. from CCC to C).

In 2025, the Bank adopted a new methodology that defines a long credit rating scale for individuals, and the significant increase of credit risk based on the client's creditworthiness is measured by the absolute change in the probability of default (PD), i.e. ABS RULE (PD at the reporting date - PD at approval) and Lifetime PD (LPD-PD\_LIFETIME at the reporting date (PD\_LIFETIME at the time of approval) at the level of the individual exposure, and not at the level of the Bank's total receivables for that person.

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

#### 3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9 (continued)

- when financial assets have material delays exceeding 30 days (maturity days are also included in the credit risk assessment), whereby material delay is considered to be:
  - for individuals, an amount greater than BAM 200 and 1% of the debtor's total balance sheet exposure,
  - for legal entities, an amount greater than BAM 1,000 and 1% of the debtor's total balance sheet exposure,
- accounts blocked in the Bank in the last 30 days for more than 5 working days,
- blocking of accounts in other banks in the last 30 days (longer than >20 days),
- violation of financial contractual conventions for legal entities,
- suspicion of fraud and/or criminal activities – court proceedings or the client is on the “watch list”,
- deterioration of the financial indicators of the debtor or the group of related parties to which it belongs (e.g. net loss in operations for 2 consecutive years, FO/EBITDA over 8 if the same result is difficulties in doing business and not investments, deterioration of EBIT/i by 3 notches, drop in revenue over 30% with impairment of other indicators, which is not related to the client's specific business model),
- a significant increase in the interest rate due to which the individual does not meet the criterion of creditworthiness, i.e. which leads to an increase in credit risk for legal entities,
- due to unfulfilled contractual covenants if more than 30 days have elapsed since the deadline for fulfillment of the covenant.

Expected credit loss (ECL) for stage 1 financial assets is calculated based on 12-month PD (probability of default) or shorter PD period if the maturity of financial assets is less than 1 year. The 12-month PD already includes the macroeconomic effect.

LECL for stage 2 financial assets is calculated based on PD during the lifetime (LPD), because their credit risk is significantly increased since their initial recognition. This calculation is also based on assessment of future events that considers several economic scenarios to identify probability of losses related to macroeconomic forecasts.

Financial assets in stage 3 are observed in accordance with Methodology of individual allowance and provisions, which last change was in December, 2025. Exposures below the material threshold have collective impairment using the PD of 100%. The financial instrument will be transferred out of stage 3 if it no longer meets the criteria of decreased value after the probation period.

The Bank can't reclassify exposures from stage 3 directly to stage 1. The bank can reclassify exposures assigned from stage 3 to stage 2 only when the following conditions are met:

- when all conditions for assignment to stage 3 have ceased to be applicable i
- when the debtor during the defined period of recovery has continuously demonstrated regularity in repayment namely:
  - for restructured exposures and POCI assets within 12 months from the date of restructuring, i.e. upon initial recognition of POCI assets,
  - for non-restructured exposures within six months from the date when the conditions from Article 20 of the Decision on Credit Risk Management and Determination of Expected Credit Losses ceased to be fulfilled.

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

**3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9 (continued)**

**Impairment – impairment for credit losses**

As stated in Note (3.1) Basis of preparation and statement of compliance, the new regulatory decision prescribes minimum rates for calculating impairments for credit losses, i.e., if the Bank, in accordance with its internal methodology, determines higher amounts of allowances for credit losses compared to amounts calculated by applying the Decision, will apply higher amounts of allowances for credit losses. The minimum rates of expected credit losses prescribed by the Decision are presented below.

**Credit risk level 1**

For exposures allocated to Credit Risk Level 1, the Bank determines expected credit losses at least as follows:

- (a) for low-risk exposures referred to in Article 18 Paragraph (2) of the Decision on Credit Risk Management and Determination of Expected Credit Losses – 0.1% of exposure,
- (b) for exposures to central governments and central banks outside Bosnia and Herzegovina for which there is a credit assessment by a recognized external credit rating institution, which is assigned to credit quality level 3 and 4 in accordance with Article 69 of the Decision on calculating the bank's capital – 0.1% exposure,
- (c) for exposures to banks and other financial sector entities for which there is a credit assessment by a recognized external institution for credit rating assessment, which in accordance with Article 69 of the Decision on calculating the bank's capital is assigned to credit quality level 1, 2 or 3 – 0.1 % of exposure,
- (d) for other exposures – 1% of exposure.

Since June 30, 2022, the Bank applies the minimum rate of expected credit losses for credit risk level 1 - for point d) other exposures, which amounts to a minimum of 1% of the exposure, in accordance with Article 23, paragraph (2) of the Decision on credit risk management and determination of expected credit losses. If the bank, in accordance with its internal methodology, determines the amount of expected credit losses greater than those resulting from the provision of this article, the higher amount determined in this way shall be applied.

**Credit risk level 2**

For credit risk level 2 the minimum rate of expected credit losses of 8% of exposure is applied, in accordance with Article 24, paragraph (2) Credit risk management decisions and determining expected credit losses. If the bank determines in accordance with its internal methodology the amount of expected credit losses higher than those arising from the provisions of this Article, a higher amount shall apply.

**Credit risk level 3**

For exposures allocated to Credit Risk Level 3, the Bank determines expected credit losses at least in the amounts defined in Table 1 or Table 2 below.

Minimum expected credit loss rates for exposures secured by eligible collateral:

<b>Days overdue</b>	<b>Minimum regulatory expected credit loss</b>	<b>Minimum applied credit loss</b>
less than 180 days	15%	45%
181 – 270 days	25%	45%
271 – 365 days	40%	45%
366 – 730 days	60%	60%
731 – 1460 days	80%	80%
Over 1460 days	100%	100%

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

**3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9 (continued)**

**Impairment – impairment for credit losses (continued)**

Minimum expected credit loss rates for exposures not secured by eligible collateral:

<b>Days overdue</b>	<b>Minimum regulatory expected credit loss</b>	<b>Minimum applied credit loss</b>
less than 180 days	15%	45%
181 – 270 days	45%	55%
271 – 365 days	75%	75%
366 – 456 days	85%	85%
Over 456 days	100%	100%

The Bank measures ECL and recognizes allowance for credit losses for each reporting period, The ECL measurement reflects:

- 1) an unbiased and probable weighted amount that is determined by assessing the range of possible outcomes,
- 2) the time value of money,
- 3) all reasonable and available information that is available at no undue cost at the end of each reporting period on past events, current conditions, and forecasts of future conditions.

POCI (Purchased or originated credit impaired asset) asset is an exposure that is determined to be credit impaired at the moment of initial recognition due to the existence of significant credit risk.

Collective allowances are calculated by multiplying the EAD (exposure at default) at the end of each month with corresponding PD and LGD (loss given default). Exposure at default (EAD) is defined as the sum of balance exposure and off-balance exposure multiplied by CCF (CCF – The credit conversion factor is the estimate of the proportion of using off-balance in the event of default, It is calculated as the ratio between the increase of on-balance exposure in total exposure over a period of one year before the default until default date, and the value of off-balance one year before the default). The results obtained for each month are discounted to the present time. For exposures in Stage 1 expected credit loss (ECL) takes only 12-month period into account, while Stage 2 includes all potential losses up to the maturity date.

For the purposes of estimating the LGD parameter, the Bank uses collateral HC (haircut) at each collateral level and URR (recovery rate of unsecured part of portfolio) at the level of each segment of the client. The Bank includes information regarding the future both in the assessment of significant increase in credit risk and in the measurement of expected credit loss (ECL). Information being considered include macroeconomic factors (e.g., unemployment rate, GDP growth, interest rates and housing prices) and economic forecasts.

Recalculation of all parameters is performed once a year or more frequently, if the macro environment changes more than it was included in previous forecasts, in that case, all parameters are recalculated in line with new forecasts.

As of 31 December 2025, the bank applied credit loss allowance percentages to financial instruments in credit risk level 3 in accordance with the tables on the previous page. Exceptions to the above are:

- Loans that are E credit bonity, given that 100% impairment allowance has been recognized in accordance with the Methodology,
- Loans that have an individual approach to calculating expected credit losses,
- Loans which are under legally processed given that 100% impairment allowance has been recognized,
- A more conservative approach was applied in the sense that loans that were not 100% covered by collateral were treated as uncovered.

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

**3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9 (continued)**

**Impairment of other assets and receivables**

The Bank applies expected credit loss rates for receivables from customers, receivables based on factoring and financial leasing, and other receivables determined at least in the amounts as specified in the Table:

No	Days past due	Minimum expected credit losses
1.	No days past due	0.5%
2.	Up to 30 days	2%
3.	From 31 to 60 days	5%
4.	From 61 to 90 days	10%
5.	From 91 to 120 days	15%
6.	From 121 to 180 days	50%
7.	From 181 to 365 days	75%
8.	Over 365 days	100%

When determining the day past due, the bank takes into account delays in repayment of obligations to the bank in a materially significant amount.

If the bank, in accordance with its internal methodology, determines the amount of expected credit losses greater than those presented in the table above it is obliged to apply the higher amount determined.

**Derecognition of financial assets**

Derecognition of financial assets occur when:

- The contractual right to cash flows is terminated and
- when the transfer of a financial asset is carried out, and the transfer meets the criteria for the derecognition.

**Write-off of loans and receivables**

The authority for making decisions on write-off and procedures for writing off non-performing loans are prescribed by the provisions of the Standard for writing off overdue receivables and transfer to accounting write-off / off-balance sheet. Write-off of receivables can be accounting write-off and permanent write-off of receivables.

Accounting write-off is the transfer of a balance sheet exposure to off-balance sheet records, whereby the Bank reserves the right to take further measures to collect receivables from debtors. The write-off of exposures in the status of default is applied to receivables according to the criteria:

- Write-off of the balance sheet exposure two years after the Bank has recorded the expected credit losses in the amount of 100% of the gross book value of that exposure and
- That these receivables are fully due, except for exposure based on financial leasing.

### **3. Summary of material accounting policies (continued)**

#### **3.22. Impairment of financial assets and off-balance sheet contingent liabilities – IFRS 9 (continued)**

##### **Write-off of loans and receivables (continued)**

Permanent write-off is a write-off of a balance sheet exposure that leads to the cessation of recognition of all or part of the exposure in the bank's books (on-balance sheet and off-balance sheet records). To make a decision on permanent write-off of receivables, if no accounting write-off has been done before, 100% of the value adjustment must be formed.

Accounting write-off is the transfer of a balance sheet exposure to off-balance sheet records, whereby the Bank reserves the right to take further measures to collect receivables from debtors.

In accordance with the provisions of the Decision of the Banking Agency of the FBiH on credit risk management and determination of expected credit losses (Official Gazette of FBiH, no. 44/19, 37/20 and 35/25), the Bank is obliged to write off exposures in the status of default, two years after that the Bank has recorded expected credit losses in the amount of 100% of the gross carrying amount of that exposure, whereby the receivables must be fully due.

The provisions of the aforementioned Decision do not apply to finance lease exposures.

##### **3.23. Other provisions**

Provisions are recognized when:

- the Bank has a present legal or constructive obligation as a result of past events,
- it is more likely than not that an outflow of resources will be required to settle the obligation,
- the amount of liability can be reliably estimated.

When there are a number of similar liabilities, the probability that an outflow will be required in a settlement is determined by considering the type of the entire pool of liabilities. A provision is recognized even if there is a low probability of an outflow with respect to the individual item included in the same class of liabilities.

Provisions are measured at the present value of the expected cash outflows required to settle the liability. When the outflow of assets is not probable anymore, provisions are released.

IAS 19 provisions – Employee benefits are explained in Notes 3.10 and 3.30.

##### **3.24. Share capital and reserves**

Share capital consists of ordinary and preference shares and it is stated in BAM at nominal value. Reserves are being formed based on the decision of the Bank's Assembly on the adoption of an annual calculation and profit distribution.

**3. Summary of material information on accounting policies (continued)****3.25. Statutory reserves**

Statutory reserves have been created in accordance with the Company Law of the FBiH, which requires 10% of the profit for the year to be transferred to this reserve until statutory reserves reach 25% of the issued share capital. If the statutory reserves do not reach 25% of issued share capital within five business years, a public limited company is required to increase its transfer to the statutory reserve to 20% of its annual profit for fifth and subsequent business years until capital reserves reach 25% of issued share capital. The statutory reserve can be used for covering current and prior year losses. The Bank was increasing its share capital by redirecting its earnings into statutory reserves, so that as of 31 December 2025, the statutory reserves of the Bank amounted to 140.11% of the share capital.

The Bank's legal reserves as of 31 December 2025, amounted to BAM 94,596 thousand, out of which BAM 13,401 thousand relate to the legally prescribed 25% of the share capital, and BAM 61,705 thousand relate to the amount exceeding the statutory reserve. Additional capital instrument (AT1) amounted BAM 19,490 thousands was reported also as part of the Reserves, given that the existing reporting framework did not predict a special reporting position for this type of instrument, it is presented as Other reserves.

**3.26. Revaluation reserves for financial assets measured at fair value through other comprehensive income and other revaluation reserve**

Revaluation reserves for financial assets measured at fair value through other comprehensive income include changes in the fair value of financial assets at fair value through other comprehensive income, and other revaluation reserves, which refer to actuarial gains/losses in accordance with IAS 19, and which arise from the increase or decrease in the present value of the obligation for the defined benefits of employees, and due to changes in actuarial assumptions and experience adjustments.

**3.27. Off-balance sheet commitments and contingent liabilities**

In the ordinary course of business, the Bank enters credit-related commitments which are recorded in the off- balance sheet and primarily comprise of guarantees, letters of credit and unused frame agreements. Such financial commitments are recorded in the Bank's balance sheet if and when they become payable.

**3.28. Funds managed for and on behalf of third parties**

Assets and revenues from operating activities, where the Bank acts as an agent, including holding or keeping assets on behalf of individuals, trustees and other institutions, are included in the Bank's financial statements, in positions Other liabilities (*Note 23d*) and Fee and commission income (*Note 6a*).

**3.29. Related party transactions**

According to the definition of IAS 24, related parties are:

- parties which directly or indirectly through one or more intermediaries control the reporting party or are being controlled or jointly controlled by the reporting entity, associates over which the Bank has a significant influence,
- individuals with direct or indirect voting power in the Bank which gives them significant influence over the Bank's operations, or over any other subject which is influenced by a related party in performing transactions with the Bank,
- members of the key management personnel i.e., individuals with authorizations and responsibility for planning, managing and controlling the Bank's operations, including directors and key management,

While considering transactions with a related party, attention is focused on the substance and basis of relationship, not just on the legal form.

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

#### 3.30. Key accounting estimates and assumptions

The Bank makes estimates and assumptions with respect to effects which influence reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events which are considered reasonable under the circumstances.

#### **Impairment losses on loans, deposits with other banks and other assets and off-balance sheet items exposed to risk**

The Bank reviews its loan portfolio and other assets and off-balance sheet items to assess the level of impairment monthly. The Bank determines whether a portfolio impairment loss should be recorded in the profit or loss and assesses whether there is any observable data indicating that there will be a decrease in the estimated future cash flows from a portfolio of loans and guarantees before the decrease can be identified with individual loans in that portfolio.

The most significant judgments and key sources of estimation uncertainty in relation to measuring the level of impairments includes the following:

- determination of criteria for a significant increase in credit risk (SICR),
- selection of suitable models and assumptions for measuring ECL,
- determination of the number and relative weighting of future scenarios for associated ECL,
- incorporation of forward looking information,
- determination a group of financial assets for the purposes of measuring ECL.

Note 4 contains more detailed information on the methods of measuring expected credit losses, clarifies the concept of credit risk levels, input parameters, assumptions and assessment techniques, and the Bank's related judgments and assessments.

#### *Forward looking information*

During 2025, the Bank reviewed the IFRS 9 provisioning by testing the relevant macroeconomic scenarios to accurately reflect the current circumstances and their future impacts.

The Bank established multiple scenarios (i.e., baseline, optimistic, and severe) for the ECL calculation, aiming to create a unified projection of macroeconomic and financial variables for the Bank. The Bank formed three probable scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of the IFRS 9. These IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of the ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts.

The baseline scenario is the central scenario and also a reference point for other scenarios. It is based on the latest results of official and professional projections, with additional specific adjustments.

Key features of the baseline scenario:

- GDP growth is expected to be supported by a recovery in private consumption, reduced inflationary pressures, a reduction in the energy shock and an increase in disposable income
- Private consumption will further benefit from the normalisation of real wage growth and a resilient labour market,
- Losses in competitiveness, higher energy prices and slower growth in China will continue to constrain industrial sector,
- Global trade and industry will recover, which will help the eurozone's industrial sector and exports,
- ECB's monetary policy and unfavorable credit conditions will continue to affect growth in 2025, but the effects will diminish later,
- The trend of disinflation will continue despite the rise in labor costs,

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

#### 3.30. Key Accounting Estimates and Assumptions (continued)

- Core inflation will remain the main driver of inflation and keep it above the ECB's target,
- Wage growth is expected to decline over the forecast period,
- A decrease in ECB interest rates will lead to changes in the yield curve.

Macroeconomic scenarios for the presented variables, developed for the Bank and used in the first half of 2025 (until July, 31 2025) in %:

	Optimistic scenario			Baseline scenario			Severe scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Bosna and Herzegovina</b>									
Real GDP	3.14	3.5	3.5	2.5	3.0	3.0	1.82	1.62	2.65
Swap 10-year rate	2.4	2.5	2.4	3.0	3.1	3.15	3.8	4.3	4.2
EURIBOR (6M)	1.7	1.5	1.8	2.85	2.6	2.6	3.9	3.6	3.7
EURIBOR (3M)	1.75	1.0	1.5	3.0	2.5	2.5	4.0	3.5	3.5

Macroeconomic scenarios for the presented variables, developed for the Bank and used in the second half of 2025 (as of July, 31 2025) in %:

	Optimistic scenario			Baseline scenario			Severe scenario		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
<b>Bosna and Herzegovina</b>									
Real GDP	3.65	4.3	3.99	2.7	3.0	3.1	0.45	0.84	1.34
Unemployment rate	11.29	10.79	10.69	12.3	11.8	11.7	13.33	14.31	14.21
EURIBOR (6M)	1.7	1.9	1.9	2.1	2.1	2.1	2.5	2.5	2.5
EURIBOR (3M)	1.5	1.75	1.75	2.0	2.0	2.0	2.5	2.5	2.5
Swap 10-year rate	2.4	2.7	2.7	2.65	2.7	2.7	2.4	2.6	2.6

The Bank formed three probable scenarios with an associated probability of occurrence for forward-looking assessment of risk provisioning in the context of IFRS 9. IFRS 9 macroeconomic scenarios incorporate the forward-looking and probability-weighted aspects of ECL impairment calculation. Both features may change when material changes in the future development of the economy are recognised and not embedded in previous forecasts. On this basis, for year 2025, the Bank assigned weights of 20%-60%-20% (optimistic and severe scenarios receive 20% each, and baseline scenarios 60%).

The results for the Bank show the following deviations of the severe and optimistic scenario from the baseline as at December 31, 2025:

	Optimistic scenario	Basic scenario	Severe scenario
Level of collective allowances	98%	100%	105%

The result shows that an optimistic scenario would result in 98% corrections to the baseline, while a severe scenario and its conservative assumptions would result in a 5% increase from the baseline. The above calculation does not include corrections to the values for individual clients, since a special methodology and calculation is applied for them.

#### *Sensitivity of the ECL to future economic conditions*

The table below shows the provisions for losses on loans and placements to corporates and individuals, assuming each individual forward-looking scenario (e.g., central, optimistic and pessimistic) weighted by 100%, instead of applying probability-weighted scenarios across all three scenarios.

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

#### 3.30. Key Accounting Estimates and Assumptions (continued)

For comparison, the table also includes probability-weighted amounts as shown in the financial statements. The amounts include post-model adjustments, according to each scenario.

ECL In '000 BAM	2025				2024			
	Optimistic	Baseline	Severe	Weighted	Optimistic	Baseline	Severe	Weighted
Corporate	13,050	13,460	14,394	17,979	13,090	14,037	15,076	18,322
Individuals	24,349	24,806	25,725	28,929	21,871	24,666	27,636	26,054
Total	37,399	38,266	40,120	46,908	34,961	38,703	42,712	44,376

The weighted score represents the aggregate value obtained by applying predefined weights according to scenarios in the 20-60-20 structure, while respecting the minimum thresholds defined by the local methodology.

#### Severance payments and unused vacation days

Severance payments are a legally established obligation of an employer to pay compensation to an employee upon retirement. The effects of provisions for severance payments arising from differences between projected actuarial payments and actual payments and changes in actuarial assumptions (discount rate, employee turnover, increase in average salary, etc.) are recognized in other comprehensive income and are never reclassified to the balance sheet. The present value of these future liabilities is calculated by applying a discount interest rate. Changes in the present value of liabilities arising from the approach of the maturity date are recognized as interest expense. These provisions are only used to settle expenses for which they have been originally created for. The Bank re-assesses the value of these provisions as at 30 September each year.

As at September, 30 2025 the authorized actuary has made a calculation of provisions for severances in accordance with IAS 19 and the Bank has made the required adjustments.

An assessment of short-term provisions for unused vacation days is done in accordance with the number of days of unused annual holidays as of balance sheet date and the Bank's average gross daily wages for reporting year.

#### Litigations

The Bank's management assesses the amount of provisions for outflows of funds based on litigation. The assessment is based on the estimated probability of the future cash outflows, arising from past contractual or legal obligations. More details on ongoing litigations are described in Note 24b and Note 29.

#### Income Tax

The Bank is subject to income taxes in the Federation of Bosnia and Herzegovina and in the Brčko District of Bosnia and Herzegovina. The Bank performs income tax assessments every month on the basis of taxable accounts balances, and the final calculation is performed at 31 December.

The reconciliation of effective tax rate of the Bank is disclosed in Note 14 and 14a.

#### **4. Bank's financial risk management**

##### **4.1. Risk management strategy**

Risk management strategy represents part of the overall risk management system for risks to which the Bank is exposed in its operations and is in line with the business policy and general strategy of the Bank.

The Strategy includes guidelines from the Risk Management Strategy of NLB Group. The main purpose of the Strategy is to define key risks while achieving the defined medium-term strategic objectives of the Bank as well as meeting all requests, both local regulator - Banking Agency of the Federation of Bosnia and Herzegovina (Agency), and as directed by NLB d.d. Ljubljana including the requirements of the Bank of Slovenia and ECB at the level of the NLB Group.

The Strategy defines the kind of risks the Bank is willing to assume, those that are not acceptable to the Bank, as well as the strategic guidelines for taking and managing risks at the Bank (including Risk Appetite, Risk Profile, ICAAP, ILAAP, Recovery Plan, Budgeting and Equity Planning Process).

The Bank places significant emphasis on understanding and competencies in risk management across the organization. A lot of emphasis is also placed on continuous improvement of the risk culture and its awareness throughout the organization. The key objective of the Bank's risk management is to comprehensively assess and monitor risks throughout the Bank.

##### **Basic goals and principles of Risk Management are:**

- taking into account the criteria set out in the Risk Appetite,
- inclusion of risk analysis, including ESG perspective, in the decision-making process at strategic and operational level,
- focus on diversification to avoid large concentration at portfolio level,
- following the risk standards defined for all members at the NLB Group level,
- rational introduction of new products and their analysis and monitoring,
- optimal use of capital,
- price determination in accordance with appropriate risk,
- full compliance with internal policies / procedures and applicable regulations,
- satisfactory system of internal controls, frame of three lines of defense.

Special focus is placed on ensuring compliance with internal policies, rules, procedures and relevant regulations. If any deficiency is identified (by the relevant organizational unit, internal and/or external audit, compliance), an action plan is established to address these deficiencies, including monitoring its implementation.

The strategy is an document that sets out the material principles and guidelines for risktaking risk in the following business segments:

- the principles of risk management and restrictions on lending to legal and natural persons and adequate collateral management,
- ensuring an adequate amount of liquidity and the management of liquidity reserves,
- ensuring an appropriate structure of sources of financing, including guidelines for retail operations in the part relating to savings products,
- managing market risk, i.e. foreign exchange and interest rate risk, with the aim of managing the Bank's own positions,
- the closing of other financial transactions in the treasury business,
- managing operational risk,
- management of environmental and social (ESG) risks as an integral part of the above risk categories.

**4. Bank's financial risk management (continued)****4.1. Risk management strategy (continued)**

More detailed rules, limits, guidelines and competences related to risk management are defined by individual internal acts, policies and procedures at the NLB Group level (lending/loan approval, collateral management, loan portfolio, liquidity risk, interest, foreign exchange, operational risk, etc.). NLB Group risk management standards, lending policies, lending policies for non-financial corporations and natural persons, Framework policy for categorizing transactions from an environmental and social aspect and other internal acts and policies specific to the Bank.

Risk Appetite is a comprehensive document that defines the types and risk measures that the Bank is ready to accept or avoid in order to achieve business goals. In that regard, it is a key point of the business strategy, updating and improving the risk management strategy with quantitative measures, It represents the basis for the ICAAP, the ILAAP, the Recovery Plan and other risk-limiting systems and the underlying foundation in multi-year budgeting and capital planning.

ICAAP has key role in Bank's risk management, ICAAP decreases risk uncertainty to which the Bank is exposed or could be exposed in the course of its business while estimating ability of the Bank to maintain required level of capital and effective risk management. ICAAP is a result of relevant business units processes within the Bank, including Management and Supervisory Board. The annual statement of the Bank's Management Board on capital adequacy in the Bank gives a clear position of the current and future position of the Bank in the field of capital adequacy management.

ILAAP estimates overall liquidity requirements of the Bank with aim to secure good liquidity risk management. ILAAP is result of relevant business units' processes including Management and Supervisory board. The annual Bank's Management board statement on the adequacy of the Bank's liquidity gives clear position of current and future position of the Bank, in the field of liquidity risk management.

Recovery Plan of NLB Bank d.d., Sarajevo is prepared with aim to secure financial sustainability of the Bank, as well as restoring sustainable business functioning and appropriate Bank's financial position in case of worsening its financial position. The aim of the Recovery Plan is to define procedures that enable the Bank's Management to have timely insight into the potential threat to the Bank's financial stability. For the purpose of crisis preparedness, preliminary plans have been developed on the measures to be taken in the event of different types of emergencies.

The Bank is exposed to various risks in its operations. of which the following risks are crucial for the Bank's overall operations:

- credit risk,
- market risk,
- liquidity risk,
- interest rate risk,
- operational risk.

In addition, the Bank monitors the exposure to risks from the group of Other risks, defined in the Guidelines for the application of ICAAP and ILAAP in the bank, where the emphasis is on minimizing their possible impact on the Bank's operations. Tolerance to all types of risks is also determined based on annual identification, measurement and assessment of material risks in the Bank within the ICAAP and ILAAP.

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management**

The bank is exposed to credit risk, which represents the risk of loss due to non-fulfillment of the debtor's financial obligations to the Bank.

*General requirements*

Credit risk management, as the most important risk, is aimed at accepting moderate risks and ensuring an optimal return given the risks taken. To maintain the medium and long-term viability of the business, the Bank seeks to gradually increase the quality of the loan portfolio and increase profitability, based on a better ratio between returns and risks taken. The main credit risk indicators whose limits and target values are defined in Bank's Risk Appetite are in the segment of maintaining portfolio quality and credit risk volatility.

The key principles of risk taking and risk management are related to lending to clients, legal entities (non-financial corporations) and individuals targeting the domestic market. The principles and rules for lending to different segments are defined by the Bank's internal acts.

The emphasis is mainly on:

- defining the main conditions relating to the approval of placements and collateral
- defining target segments that the Bank is prepared to finance, as it sees potential, taking into account the aspect of the risks taken
- defining segments that the Bank does not want to finance, either because of risks being too high or too low profitability, taking into account assumed risks or other reasons
- a projection of expected losses the Bank is prepared to assume upon approval of the placements, and
- defining the approach by which the Bank proactively manages risks arising from low-quality exposures

*Risk mitigation*

The Bank has a moderate risk appetite for assuming risk. The main source of repayment is the borrower's creditworthiness and available cash flow, while the placement security is considered to be a secondary source of repayment. Credit risk mitigation is done through the provision of quality collateral in accordance with the Bank's internal acts. Portfolios are diversified by business segments and activities, with particular regard to exposures to a single entity or group of related parties.

In addition, regular monitoring and analysis of trends in the quality of individual segments of the loan portfolio, with a particular focus on new transactions, allows early detection of increased risk as well as optimization of taken risks relative to profitability.

*Risk control and monitoring*

The Bank monitors credit risk exposures in a manner that is consistent with the legal limits and in line with the Bank's internal limits. Credit risk management is defined by internal acts as well as by an adequately established organizational structure of the Bank's risk management. Control in the process of assuming the level of credit risk is performed through defined levels of decision making in the credit business.

4. Bank's financial risk management (continued)

4.2. Credit risk management (continued)

	31 December 2025	31 December 2024
<i>Total credit risk exposure</i>		
Cash and cash equivalents (Note 15)	306,160	261,014
Financial assets at FVOCI (Note 16)	123,009	119,525
Financial assets at amortised cost (Note 17)	1,749,601	1,537,791
	<b>2,178,770</b>	<b>1,918,330</b>

The following table shows the maximum exposure to credit risk:

<i>Financial Assets</i>	Total carrying amount	Impairment	Total net carrying amount
<b>December 31, 2025</b>			
<b>Cash and cash equivalents (Note 15)</b>	<b>306,347</b>	<b>(187)</b>	<b>306,160</b>
<b>Financial assets at FVOCI (Note 16):</b>	<b>123,319</b>	<b>(310)</b>	<b>123,009</b>
Investment in equity instruments (Note 16a)	124	-	124
Loans to customers, securities and other debt instruments (Note 16b)	123,195	(310)	122,885
<b>Financial assets at amortized cost (Note 17):</b>	<b>1,798,010</b>	<b>(48,409)</b>	<b>1,749,601</b>
Reserve at Central Bank (Note 17a)	192,545	(197)	192,348
Bank deposits (Note 17b)	43,320	(13)	43,307
Loans and receivables from customers (Note 17c)	1,473,426	(46,908)	1,426,518
Other financial assets at amortised cost (Note 17d)	88,719	(1,291)	87,428
	<b>2,227,676</b>	<b>(48,906)</b>	<b>2,178,770</b>
Unused loans, letters of credit and guarantees (Note 29)	<b>295,855</b>	<b>(3,571)</b>	<b>292,284</b>
<b>Total</b>	<b>2,523,531</b>	<b>(52,477)</b>	<b>2,471,054</b>
<b>December 31, 2024</b>			
<b>Cash and cash equivalents (Note 15)</b>	<b>261,183</b>	<b>(169)</b>	<b>261,014</b>
<b>Financial assets at FVOCI:</b>	<b>120,026</b>	<b>(501)</b>	<b>119,525</b>
Investment in equity instruments (Note 16a)	105	-	105
Loans to customers, securities and other debt instruments (Note 16b)	119,921	(501)	119,420
<b>Financial assets at amortized cost (Note 17):</b>	<b>1,583,414</b>	<b>(45,623)</b>	<b>1,537,791</b>
Reserve at Central Bank (Note 17a)	166,292	(166)	166,126
Bank Deposits (Note 17b)	47,760	(7)	47,753
Loans and receivables from customers (Note 17c)	1,277,451	(44,377)	1,233,074
Other financial assets at amortised cost (Note 17d)	91,911	(1,073)	90,838
	<b>1,964,623</b>	<b>(46,293)</b>	<b>1,918,330</b>
Unused loans, letters of credit and guarantees (Note 29)	<b>236,248</b>	<b>(2,995)</b>	<b>233,253</b>
<b>Total</b>	<b>2,200,871</b>	<b>(49,288)</b>	<b>2,151,583</b>

The Bank performs regular reviews of assets, and the credit risk assessment is carried out on a monthly basis based on established rating groups and regularity in servicing liabilities.

**4. The Bank's Financial Risk Management (continued)**

**4.2. Credit risk management (continued)**

Exposure to credit risk based on loans and receivables from clients and deposits with other banks, which are measured at amortized cost, according to credit rating classification, is given below:

31 December 2025	Bank deposits		Loans to clients		Total	
	Gross	Risk provisions	Gross	Risk provisions	Gross	Risk provisions
A	43,320	(13)	456,809	(5,131)	500,129	(5,144)
B	-	-	884,690	(14,127)	884,690	(14,127)
C	-	-	108,806	(9,100)	108,806	(9,100)
D	-	-	13,148	(8,571)	13,148	(8,571)
E	-	-	9,973	(9,979)	9,973	(9,979)
<b>Total</b>	<b>43,320</b>	<b>(13)</b>	<b>1,473,426</b>	<b>(46,908)</b>	<b>1,516,746</b>	<b>(46,921)</b>
<b>Total (net)</b>	<b>43,307</b>		<b>1,426,518</b>		<b>1,469,825</b>	

31 December 2024	Bank deposits		Loans to clients		Total	
	Gross	Risk provisions	Gross	Risk provisions	Gross	Risk provisions
A	47,760	(7)	781,156	(12,140)	828,916	(12,147)
B	-	-	428,879	(9,375)	428,879	(9,375)
C	-	-	40,814	(2,669)	40,814	(2,669)
D	-	-	18,096	(11,683)	18,096	(11,683)
E	-	-	8,506	(8,509)	8,506	(8,509)
<b>Total</b>	<b>47,760</b>	<b>(7)</b>	<b>1,277,451</b>	<b>(44,377)</b>	<b>1,325,211</b>	<b>(44,383)</b>
<b>Total (net)</b>	<b>47,753</b>		<b>1,233,074</b>		<b>1,280,828</b>	

The bank determines the creditworthiness for all credit-exposed clients. The previous ones in use were short and long credit scales, short for physical and long for Legal. From July 31, 2025 the long scale is also applied for Individuals. For comparison with the previous year, the data are presented on a short scale. D and E creditworthiness refers to low-quality clients.

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

Segment	Product	Rating	PD 2025
Individuals	Consumer loans	AAA	0,27%
Individuals	Consumer loans	AA	0,31%
Individuals	Consumer loans	A	0,34%
Individuals	Consumer loans	BBB	0,38%
Individuals	Consumer loans	BB	1,20%
Individuals	Consumer loans	B	3,70%
Individuals	Consumer loans	CCC	6,93%
Individuals	Consumer loans	CC	10,29%
Individuals	Consumer loans	C	14,28%
Individuals	Mortgage loans	AAA	0,16%
Individuals	Mortgage loans	AA	0,25%
Individuals	Mortgage loans	A	0,33%
Individuals	Mortgage loans	BBB	0,43%
Individuals	Mortgage loans	BB	0,52%
Individuals	Mortgage loans	B	2,11%
Individuals	Mortgage loans	CCC	2,79%
Individuals	Mortgage loans	CC	5,86%
Individuals	Mortgage loans	C	13,59%
Individuals	Other loans	AAA	0,10%
Individuals	Other loans	AA	0,10%
Individuals	Other loans	A	0,11%
Individuals	Other loans	BBB	0,28%
Individuals	Other loans	BB	0,87%
Individuals	Other loans	B	2,90%
Individuals	Other loans	CCC	6,33%
Individuals	Other loans	CC	10,00%
Individuals	Other loans	C	12,33%
Legal entities	All loans	AAA	0,53%
Legal entities	All loans	AA	0,67%
Legal entities	All loans	A	0,81%
Legal entities	All loans	BBB	0,95%
Legal entities	All loans	BB	1,77%
Legal entities	All loans	B	2,62%
Legal entities	All loans	CCC	2,98%
Legal entities	All loans	CC	8,67%
Legal entities	All loans	C	13,37%

Through the organization of the credit function, the Bank has established a separation of the functions of processing loan applications, approving loans, monitoring loans and assessing credit risks.

In the process of approving placements, the creditworthiness of all clients of the Bank is determined. The starting point for determining the creditworthiness of legal entities is the General Methodology of Prudential Classification, which is applied to clients to whom the Bank is exposed up to BAM 800 thousand. For clients to whom the Bank is exposed to more than BAM 800 thousand an extended prudential analysis is being prepared.

The credit rating uniformly identifies the amount of credit risk assumed by the Bank. Creditworthiness implicitly reflects the probability that a client will default within one year (PD). The prudential classification depends on several factors, so it is necessary to evaluate both qualitative and quantitative factors. Quantitative factors are key indicators of the balance sheet that indicate the financial stability of the client and his ability to repay liabilities, as well as the client's delays in repaying liabilities to the Bank. Qualitative criteria further assess the credit risk of clients in terms of the activities they are engaged in, the quality of management, relationships with customers, suppliers, and more.

#### **4. Bank's financial risk management (continued)**

##### **4.2. Credit risk management (continued)**

The creditworthiness analysis also includes the assessment of the business and financial plan, i.e. projections of future operations and planned cash flow from regular operations. Therefore, creditworthiness reflects a combination of all factors that affect the client's risk, consequently, it reflects the risk of the industry and changes in the micro environment, etc. Creditworthiness reflects all qualitative and quantitative information about the client and is the most adequate indicator of the degree of risk that such a client represents.

For specific/standardized client segments (banks, insurance companies, NLB Group members, states, central governments and central banks, municipalities, project financing, start-ups, clients with licensed professions, associations and institutions), different approaches to determining creditworthiness are used and regulated by separate acts.

For individuals, different approaches are used to determine creditworthiness. Depending on the amount of exposure of natural persons, the procedure for assessing the creditworthiness classification can be objective or individual (based on financial and other data from the loan application) and is regulated by the Instruction for the Prudential Classification of individuals in NLB Bank d.d., Sarajevo.

##### *Credit rating for individuals*

For the classification of individuals, the full (long) scale of credit ratings (AAA - E) is in usage.

All individuals who have exposure to the Bank must have a credit rating assigned.

The client's credit rating is performed on a monthly basis and is valid until the next (re)classification.

The final credit rating of a client is determined by taking into account all factors that indicate the likelihood of the client's default:

- a. predictive (statistical) model
- b. objective criteria (can only lower statistical generated credit rating).

Statistical behavioral model of prudential classification for existing clients:

- Behavioral models assess existing clients who are in the Bank's system as active users of banking services.
- A statistical behavioral model calculates the probability of default based on the client's past performance.
- The result is the statistical probability of default (probability of default or PD).
- Methodology for calculating the probability of default for each existing client, i.e. for estimating the PD used to classify clients into rating classes according to the NLB Master Scale, it is defined in the document " Methodology for developing a statistical behavioral model for rating individuals in NLB Bank dd Sarajevo ".

The concept, process and method of calculating the credit rating of new clients is defined in the document " Methodology of credit rating classification of new clients - individuals in NLB Bank d.d., Sarajevo "

The methodology covers new clients for the first 3 months until the behavioral model receives enough data to calculate the regular monthly statistical rating.

Since the Bank does not have a developed PD application model, a Methodology for the classification of new retail clients on a long scale has been developed. This Methodology will be used until a new methodology is developed or replaced by a statistical model for assessing the credit rating for new clients.

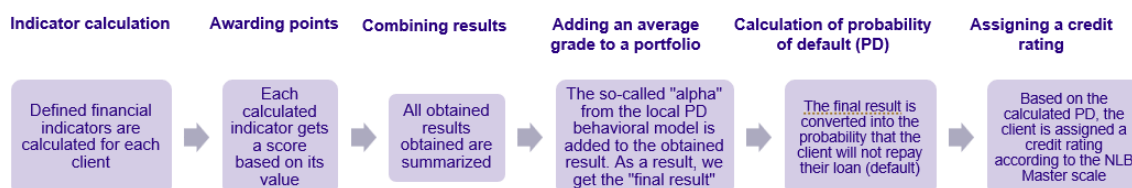
The assigned credit rating may be lowered depending on the presence of objective criteria. In the event that one client has multiple objective criteria, the least favorable of those factors is always applied to determine the final rating.

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

*Rating calculation process for new clients*

For each new client, previously defined rating indicators are calculated. After that, the calculated indicator values are assigned corresponding points and summed up. The resulting value is added to the alpha coefficient from the local PD behavioral model to obtain the final result.



Final calculated the result is converted into a probability non-performance liability (PD) using formulas :

$$PD = 1/(1+ \exp( FINAL\_SCORE))$$

When PD is provided , the appropriate creditworthiness according to the NLB Master scale. Credit ratings D, DF and E - default status obligation, client can to get only on the basis of objective criteria

*NLB Master scale:*

No.	Rating	Descriptive quality	PD	Range	
				Min	Max
1	AAA	Top client	0.05%	0.00%	0.10%
2	AA	Excellent client	0.15%	0.11%	0.20%
3	A	Very good	0.30%	0.21%	0.40%
4	BBB	Good	0.60%	0.41%	0.80%
5	BB	Good	1.20%	0.81%	1.60%
6	B	Less good	2.40%	1.61%	3.20%
7	CCC	Bad	4.80%	3.21%	6.40%
8	CC	WL	9.60%	6.41%	12.80%
9	C	ICL	19.20%	12.81%	25.60%
10	D	High PD	100%	25.61%	100 %
11	DF	Default	100%	100%	100%
12	E	Default	100%	100%	100%

The methodology will be implemented locally in the underwriting approval process, after the technical conditions for the application of the model are established, and it will be calculated at the moment of establishing a business relationship with the client (in the credit process).

**Value Alpha coefficient for the Bank**

NLB Bank	ALPHA coefficient
NLB Sarajevo	-4.548

Within the transitional solution in force (until the establishment of technical conditions for system calculation in the credit process), for new clients who do not have business cooperation with the Bank, the average creditworthiness of the retail segment is used.

#### 4. Bank's financial risk management (continued)

##### 4.2. Credit risk management (continued)

As part of the transitional solution in force (until the technical conditions for the system calculation in the credit process are established), the average creditworthiness of the segment of natural persons is used for new clients who do not have business cooperation with the Bank.

Creditworthiness is subject to regular annual monitoring and auditing for all clients.

The prudential classification for legal entities in accordance with the General Methodology is done through the following steps:

- 1) Preliminary restrictions
- 2) Financial Creditworthiness
- 3) Qualitative creditworthiness
- 4) Initial creditworthiness
- 5) Compliance criteria
- 6) Final creditworthiness

Financial Indicators (75% weight)	+	Qualitative indicators (25% weighting)	=	Initial creditworthiness
--------------------------------------	---	-------------------------------------------	---	--------------------------

After determining the initial creditworthiness, the final creditworthiness of the client is adjusted and determined. Matching criteria are used to adjust the initial creditworthiness. It is necessary to assess the criteria for compliance with a certain caution and restraint, and it should be explained in detail in the decision-making materials.

The prudential classification for banks is done through the following steps:

International creditworthiness	+	BankScore	=	NLB creditworthiness
<i>Creditworthiness of the banking group is determined on the basis of the average international rating by the International Credit Rating agencies (Fitch, Moody's and S&amp;P)</i>				<i>If there is no International Rating Banking Group is only classified based on NLB model</i>

According to the NLB methodology, the credit risk of the analyzed bank was set in four process steps:

- 1) Financial Analysis
- 2) Country Analysis
- 3) Potential external support
- 4) Qualitative changes

A unique score is obtained on the basis of an analysis of process steps, ranging from 0 to 9, to which the corresponding rating class is assigned.

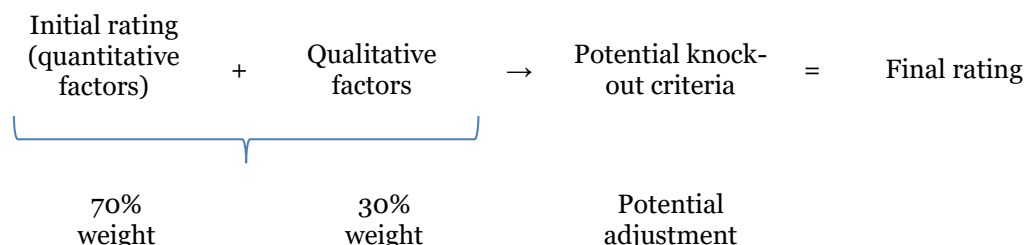
Insurance companies, depending on the existence of an international rating (Fitch, Moody's or S&P) and the existence of materially important clients status, use different approaches to credit ratings: an approach that is enthusiastic about an international rating and a model-based approach (Calculation of creditworthiness based on a quantitative and qualitative assessment of an insurance company).

NLB Bank assigns a rating to the central government level and central banks in accordance with the respective rating of the respective country by international rating agencies Fitch, Moody's or S&P, and the Rating Classification of municipalities is carried out on the basis of an expert model or on the basis of the credit rating of international credit rating agencies.

#### 4. Bank's financial risk management (continued)

##### 4.2. Credit risk management (continued)

In the case of project financing, the Bank relies solely on the effects of the project itself and on the project's ability to generate cash flow sufficient for the full and timely repayment of principal and interest.



#### Impairment Losses and Provisions Policy

In accordance with IFRS 9, expected credit losses are based on transfers of financial assets between three (3) stages. The change in credit quality and credit risk from the moment of initial recognition is one of the basic criteria for transitions/changes between the stages in which the client is classified.

Collective impairment allowances and provisions are accounted for financial assets and contingent liabilities classified in Stage 1 and Stage 2 and non-performing clients that are not part of an individual assessment and are classified in Stage 3.

Individual impairment and provisions are calculated for clients in Stage 3 with exposures equal to or greater than EUR 50,000.

#### Collaterals

For the majority of placements granted to clients, the Bank requires collateral.

Collaterals usually include one or a combination of following items:

- pledge of cash deposit,
- pledge of securities,
- pledge of property, including first line mortgage over property,
- pledge of precious metals,
- pledge of movable assets,
- irrevocable guarantees,
- insurance with an insurance company,
- bills of exchange.

In addition to the above, the Banke also uses the following elements for securing placements:

- co-guarantors,
- cessions and assignments,
- administrative order on monthly salary or agreement on confiscation,
- and exceptionaly guarantees by retail and legal entities.

The Bank reserves the right to request any other type of instrument (or variations of the above instruments) that it deems necessary.

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

The estimate of the fair value of collateral is based on the value of the collateral estimated at the time of borrowing and is updated periodically in accordance with the relevant credit policy.

Credit exposure and collateral value before discounting for loans and receivables from customers and deposits with other banks:

	<b>Maximum credit risk exposure (net)</b>	<b>Estimated fair value of collaterals</b>
<b>December 31, 2025</b>		
Credit exposure, net	1,469,825	217,440
<i>Loans to customers at AC</i>	1,426,518	217,440
<i>Placements with banks</i>	43,307	-
Off-balance sheet exposure, net	292,284	13,376
<b>Total</b>	<b>1,762,109</b>	<b>230,816</b>

	<b>Maximum credit risk exposure (net)</b>	<b>Estimated fair value of collaterals</b>
<b>December 31, 2024</b>		
Credit exposure, net	1,280,827	158,704
<i>Loans to customers at AC</i>	1,233,074	158,704
<i>Placements with banks</i>	47,753	-
Off-balance sheet exposure, net	233,253	10,776
<b>Total</b>	<b>1,514,080</b>	<b>169,480</b>

Out of the total collateral value, as at December 31, 2025, BAM 215,852 thousand relates to commercial and residential real estate, while the rest of the collaterals relate to deposits. Estimated fair value of collateral represents estimated fair value reduced by applicable haircuts for different types of collaterals, as a means to account for liquidity risk, on the reporting date. If higher than exposure amount, the estimated fair value is reduced to the exposure amount.

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

The estimated collateral value by collateral types for loans and receivables from customers and off-balance-sheet exposures in total for stage 1, 2 and 3 and separately for stage 3 is presented in the following tables:

December 31, 2025	Gross Exposure		Fair value of collateral				Impairment	Maximum exposure to credit risk	
	Stage 1,2 i 3	1	Cash deposits	Guarantee	Real estate	Movable assets			Total collateral
<b>Retail loans</b>	<b>863,432</b>	<b>1,907</b>			<b>123,664</b>		<b>125,571</b>	<b>(28,929)</b>	<b>834,503</b>
Housing loans	234,111	755	-	-	82,402	-	83,157	(3,391)	230,720
Consumer loans	500,306	3	-	-	-	-	3	(22,625)	477,681
Other retail loans	129,015	1,149	-	-	41,262	-	42,411	(2,913)	126,102
<b>Corporate Loans</b>	<b>609,994</b>	<b>8,196</b>			<b>83,673</b>		<b>91,869</b>	<b>(17,979)</b>	<b>592,015</b>
Corporate customers	513,627	7,536	-	-	75,045	-	82,581	(14,036)	499,591
SME i	59,004	490	-	-	6,529	-	7,019	(3,120)	55,884
Other customers	37,363	170	-	-	2,099	-	2,269	(823)	36,540
<b>Off-balance sheet exposure</b>	<b>295,855</b>	<b>4,861</b>			<b>8,515</b>		<b>13,376</b>	<b>(3,571)</b>	<b>292,284</b>
Guarantees	109,712	4,783	-	-	1,977	-	6,760	(1,379)	108,333
Letters of credit	978	-	-	-	-	-	-	(58)	920
Approved undrawn loans	185,165	78	-	-	6,538	-	6,616	(2,134)	183,031
<b>Total</b>	<b>1,769,281</b>	<b>14,964</b>			<b>215,852</b>		<b>230,816</b>	<b>(50,479)</b>	<b>1,718,802</b>

December 31, 2024	Gross Exposure		Fair value of collateral				Impairment	Maximum exposure to credit risk	
	Stage 3	1	Cash deposits	Guarantee	Real estate	Movable assets			Total collateral
<b>Retail loans</b>	<b>750,434</b>	<b>2,117</b>			<b>80,269</b>		<b>82,386</b>	<b>(26,054)</b>	<b>724,380</b>
Housing loans	181,127	736	-	-	51,793	-	52,529	(2,966)	178,161
Consumer loans	454,589	9	-	-	-	-	9	(19,304)	435,285
Other retail loans t	114,718	1,372	-	-	28,476	-	29,848	(3,784)	110,934
<b>Corporate Loans</b>	<b>527,017</b>	<b>6,880</b>			<b>69,438</b>		<b>76,318</b>	<b>(18,322)</b>	<b>508,695</b>
Corporate customers	444,943	6,309	-	-	64,185	-	70,494	(14,391)	430,552
SME	58,627	530	-	-	4,195	-	4,725	(3,203)	55,424
Other customers	23,447	41	-	-	1,058	-	1,099	(728)	22,719
<b>Off-balance sheet exposure</b>	<b>236,248</b>	<b>2,833</b>			<b>7,943</b>		<b>10,776</b>	<b>(2,995)</b>	<b>233,253</b>
Guarantees	99,594	2,787	-	-	2,353	-	5,140	(1,178)	98,416
Letters of credit	5,408	-	-	-	1,352	-	1,352	(054)	5,354
Approved undrawn loans	131,246	46	-	-	4,238	-	4,284	(1,763)	129,483
<b>Total</b>	<b>1,513,699</b>	<b>11,830</b>			<b>157,650</b>		<b>169,480</b>	<b>(47,371)</b>	<b>1,466,328</b>

4. Bank's financial risk management (continued)

4.2. Credit risk management (continued)

December 31, 2025	Gross Exposure	Fair value of collateral				Total collateral	Impairment	Maximum exposure to credit risk
		Stage 1,2 i 3	Cash deposits	Guarantee	Real estate			
	1					2	(3=1-2)	
<b>Reatil loans</b>	<b>13,928</b>	-	-	<b>201</b>	-	<b>201</b>	<b>(10,816)</b>	<b>3,112</b>
Housing loans	277	-	-	64	-	64	(205)	72
Consumer loans	12,729	-	-	-	-	-	(9,917)	2,812
Other retail loans	922	-	-	137	-	137	(694)	228
<b>Corporate Loans</b>	<b>9,192</b>	-	-	<b>2,163</b>	-	<b>2,163</b>	<b>(7,733)</b>	<b>1,459</b>
Corporate customers	6,659	-	-	2,019	-	2,019	(5,312)	1,347
SME	2,212	-	-	144	-	144	(2,212)	-
Other customers	321	-	-	-	-	-	(209)	112
<b>Off-balance sheet exposure</b>	<b>52</b>	-	-	-	-	-	<b>(25)</b>	<b>27</b>
Guarantees	4	-	-	-	-	-	(2)	2
Letters of credit	-	-	-	-	-	-	-	-
Approved undrawn loans	48	-	-	-	-	-	(23)	25
<b>Total</b>	<b>23,172</b>	-	-	<b>2,364</b>	-	<b>2,364</b>	<b>(18,574)</b>	<b>4,598</b>

December 31, 2024	Gross Exposure	Fair value of collateral				Total collateral	Impairment	Maximum exposure to credit risk
		Stage 3	Cash deposits	Guarantee	Real estate			
	1					2	(3=1-2)	
<b>Retail loans</b>	<b>13,271</b>	-	-	<b>175</b>	-	<b>175</b>	<b>(10,029)</b>	<b>3,242</b>
Housing loans	440	-	-	46	-	46	(344)	96
Consumer loans	11,893	-	-	-	-	-	(9,021)	2,872
Other retail loans	938	-	-	129	-	129	(664)	274
<b>Corporate Loans</b>	<b>13,332</b>	-	-	<b>2,726</b>	-	<b>2,726</b>	<b>(10,163)</b>	<b>3,169</b>
Corporate customers	10,192	-	-	2,478	-	2,478	(7,408)	2,784
SME	2,732	-	-	248	-	248	(2,397)	335
Other customers	408	-	-	-	-	-	(358)	50
<b>Off-balance sheet exposure</b>	<b>73</b>	-	-	-	-	-	<b>(35)</b>	<b>38</b>
Guarantees	23	-	-	-	-	-	(11)	12
Letters of credit	-	-	-	-	-	-	-	-
Approved undrawn loans	50	-	-	-	-	-	(24)	26
<b>Total</b>	<b>26,676</b>	-	-	<b>2,901</b>	-	<b>2,901</b>	<b>(20,227)</b>	<b>6,449</b>

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

Overviews of LTV (loan to value) ratios for 2025 and 2024 are presented below:

LTV indicator 31 December 2025	0-30%	30-60%	60-90%	90-100%	100-120%	120-%	Amount of uncovered loans	Total
Housing loans	6,153	42,369	95,359	24,770	1,428	1,774	62,258	234,111
Consumer loans	4,449	25,579	53,380	1,345	1,621	923	542,024	629,321
<b>Total</b>	<b>10,602</b>	<b>67,948</b>	<b>148,739</b>	<b>26,115</b>	<b>3,049</b>	<b>2,697</b>	<b>604,282</b>	<b>863,432</b>

LTV indicator 31 December 2024	0-30%	30-60%	60-90%	90-100%	100-120%	120-%	Amount of uncovered loans	Total
Housing loans	3,847	36,169	70,635	24,256	527	3,084	42,609	181,127
Consumer loans	3,690	20,116	44,698	7,395	81	1,414	491,913	569,307
<b>Total</b>	<b>7,537</b>	<b>56,285</b>	<b>115,333</b>	<b>31,651</b>	<b>608</b>	<b>4,498</b>	<b>534,522</b>	<b>750,434</b>

Loan portfolio per industrial sector is presented in the table below. Calculated interests and fees which increase the balance of loan receivables and bank placements, as well as accrued income, deducted from loan receivables and bank placements, are presented within the separate positions in the table below.

	December 31, 2025		December 31, 2024	
	BAM	%	BAM	%
Retail	862,497	58,59%	749,655	57,49%
Trade	195,859	13,30%	203,358	18,27%
Mining and industry	152,320	10,35%	139,579	11,09%
Financial institutions	37,815	2,57%	20,072	1,33%
Building construction industry	66,088	4,49%	52,848	3,56%
Transportation and communications	26,116	1,77%	23,759	2,19%
Trading in real estate	7,121	0,48%	6,095	1,21%
Services, tourism, catering	36,324	2,47%	15,046	0,50%
Agriculture, forestry and fishing	1,626	0,11%	1,987	0,20%
Other	86,346	5,87%	63,856	4,16%
	<b>1,472,112</b>	<b>100</b>	<b>1,276,255</b>	<b>100,00</b>
Interest and fees	3,422		3,266	
Deferred fees for loans processing	(2,108)		(2,070)	
	<b>1,473,426</b>		<b>1,277,451</b>	
Less: Impairment allowance	(46,908)		(44,377)	
	<b>1,426,518</b>		<b>1,233,074</b>	

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

**Non-Performing Loans**

Non-Performing Loans (NPL) are the Bank's loans classified into categories D and E. Management of non-performing portfolio is done in the Department for Collection and NPL Management. All legal entities and individuals with grades D and E are automatically transferred from the business units to the Non-Quality Asset Collection and Management Department (legal entity collection department/individual collection department) upon classification into the specified credit rating class.

Sector is divided into two organizational units, the Corporate Collection Department and Retail Collection Department, where the process of early, late and court collection of claims from problematic clients is being run and monitored.

The process of collecting claims for retail is centralized and oversees the Retail Collection Department.

All activities for collecting claims for retail clients are undertaken solely by the Retail Collection Department and start from the first day of the client's delay through early collection and continue through late collection activities and initiation of court proceedings until the claims are closed or the client recovered.

In the collection process for corporate entities, the Corporate Collection Department is involved with collection activity starting from a 31st day of delay, which implies customer interaction, meeting, and defining collection strategy for the client along with the Corporate Sector. With the classification of a client in a credit rating class D and E, the client enters the jurisdiction of the Corporate Collection Department, where the collection strategy is defined individually for each client (restructuring, settlement, and collateral, collection from collaterals, initiation and conducting court proceedings).

If the clients under the jurisdiction of Collection department and NPL management establish the continuity in payment without delays and exit financial difficulties after the recovery period, then they are returned to Performing portfolio under the jurisdiction of corporate department and Retail department.

In the process of collection of receivables, the clients, for which restructuring measures were taken, are included.

Measures for restructuring debt include a "concession" to a debtor which is caused by deterioration in economic and financial situation of the customer and his inability to service the debt under previously agreed terms and conditions. A client with financial difficulties may be performing or non-performing.

Restructured receivables represent the "forborne" exposure of the Bank that needs to be considered in the sectors for PE - performing entities of the Sector for Corporate and the Sector for Retail or NPE - non-performing entities of the Sector for collection and non-performing asset management, "R" represents receivables with granted concessions due to financial difficulties (concessions would not have been approved if client didn't have financial difficulties).

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

The overview of the forborne loans is presented in the table by segments:

Segment	December 31, 2025		Total
	Performing portfolio	Non-performing portfolio	
Corporate clients	2,107	2,099	4,206
SME clients	-	138	138
Other clients	56	-	56
Retail	158	46	204
<b>Total</b>	<b>2,321</b>	<b>2,283</b>	<b>4,604</b>

Segment	December 31, 2024		Total
	Performing portfolio	Non-performing portfolio	
Corporate clients	1	3,133	3,134
SME clients	-	366	366
Other clients	135	-	135
Retail	167	53	220
<b>Total</b>	<b>303</b>	<b>3,552</b>	<b>3,855</b>

Impairment allowances for loans with forborne status are presented in the table by segments:

Segment	December 31, 2025			Total
	Stage 1	Stage 2	Stage 3	
Corporate clients	-	274	1,061	1,335
SME clients	-	-	138	138
Other clients	-	4	-	4
Retail	-	20	46	66
<b>Total</b>	<b>-</b>	<b>298</b>	<b>1,245</b>	<b>1,543</b>

Segment	December 31, 2024			Total
	Stage 1	Stage 2	Stage 3	
Corporate clients	-	-	2,021	2,021
SME clients	-	-	239	239
Other clients	-	13	-	13
Retail	-	75	38	113
<b>Total</b>	<b>-</b>	<b>88</b>	<b>2,298</b>	<b>2,386</b>

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

*Reprograms and restructuring*

Restructuring of liabilities aims to enable the client to repay liabilities in accordance with its realistic capabilities, while ensuring more efficient and secure collection of the Bank's receivables. Restructuring of liabilities represents a change in the conditions agreed upon when approving the loan (e.g., extension of repayment terms, reduction of the interest rate, etc.). The purpose of restructuring is to prevent a potential loss to the Bank, so it is important that restructuring is attempted at an early stage of delay (or even before the client begins to be late) if the client is unable to meet its obligations.

However, restructuring may also be possible for clients in the late or court collection phase in cases where restructuring is a better option for the Bank, or the client requires restructuring due to changed circumstances (e.g. employment of the client).

The decision on the restructuring of the client's obligations is made by the competent authority, in accordance with the authorizations determined by the Decision on authorizations in credit operations.

Restructured exposure may be identified as both in the uncollectable (NPL) and in collectable (PL) part of the portfolio.

	<b>Number of re-contracted loans (number of transactions)</b>	<b>Gross loan exposures</b>
<b>December 31, 2025</b>		
Corporate	11	7,491
Retail and entrepreneurs	3	88
<b>Total</b>	<b>14</b>	<b>7,579</b>
<b>December 31, 2024</b>		
Corporate	11	3,931
Retail and entrepreneurs	13	228
<b>Total</b>	<b>24</b>	<b>4,159</b>

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

*Watch Loan Committee, Watch list and Intensive care list*

Watch Loan Committee (hereinafter referred to as WLC) is a body that defines all activities that the Bank undertakes to collect receivables from performing clients of natural and legal entities where one or more EWS signals (Early Warning Signs) have been recognized, or which, according to the criteria, are or should be on the Watch list (hereinafter: WL) or Intensive care list (hereinafter: ICL). For clients, legal entities, it refers to the delay of receiving from 8 to 90 days, which are not classified as NPL clients and clients A, B and C creditworthiness), and NPL clients (clients of D creditworthiness) who have been granted restructuring/reprogramming obligations and or an out-of-court settlement, and up to the initiation of court proceedings. For client's natural persons EWS signals as well as WL1/WL 2 refers to clients with 0 days delay.

The detailed powers, responsibilities and mode of work of the Committee are prescribed by the Rules of Procedure of the Watch Loan Committee and the Watch Loan Committee and monitoring watch list.

The goal of the WLC is:

- establishing a continuous process of identification of potentially problematic clients based on early warning signals in the Bank,
- stop the delay day counter (according to the methodology for determining the days of delay),
- analysis of submitted proposals for inclusion and exclusion of clients on WL1, WL2i ICL,
- making decisions on listing and excluding clients on WL1, WL2i ICL,
- defining measures to be taken towards clients in order to mitigate risks and stop negative trends.

WL1 and WL2 include clients of legal entities with a delay of 8 to 30 days (on WL1: clients with a delay of 8 to 15 days in a materially significant amount, and on WL2: clients who are in arrears of 15 to 30 days in a materially significant amount). Clients with a delay of 31 to 90 days are included in the ICL. In addition to the days of delay as criteria for entering the WL1, WL2 and ICL list, other criteria are defined that can lead clients to one of the listed lists, and the decision on inclusion in the list is made by the WLC committee.

Clients, natural persons on the WL1/WL2 lists are included with 0 days delay, for which the criteria for entering one of the lists have been identified.

Clients listed on WL1 retain the existing level of credit risk (stage) in which they are classified at the time of listing on WL1 and the creditworthiness valid at the time of listing on WL1, and clients listed on WL2 are assigned or retained credit risk level 2 (stage 2), depending on the existing classification of the client in the level of credit risk at the time of listing on WL2, and the creditworthiness of the CCC is determined.

**The Intensive care (ICL) list includes:**

- Performing clients who are in default of 31 to 90 days in a materially significant amount, classified in stage 2 and 3 according to local regulatory regulations,
- NPL clients (D creditworthiness clients) as well as clients who have been approved for restructuring / rescheduling of obligations or out-of-court settlement, until the initiation of court proceedings.

For performing clients assigned to the ICL list credit risk level 2 (stage 2) is assigned or retained and credit rating C is determined, and for non-performing customers credit rating D is assigned and credit risk level 3 (stage 3).

**4. Bank's financial risk management (continued)**

**4.2. Credit risk management (continued)**

In addition to the criteria for days of delay on the last day of the month, the Bank considers other important factors for the potential inclusion of the client in the WL1, WL2 and ICL:

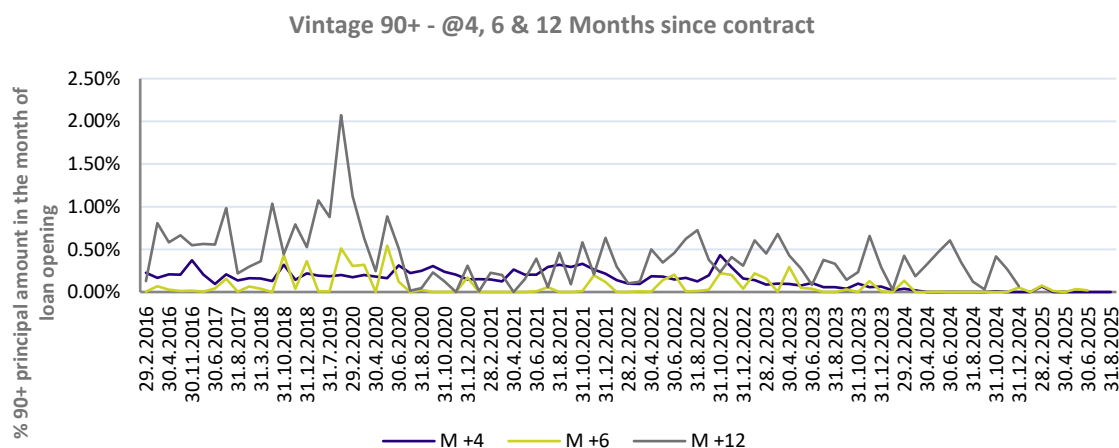
- blocked transaction account (clients with blocked account are included in the ICL),
- frequent change of management,
- change of creditworthiness,
- degree of financial security,
- financial debts according to EBITDA ratio,
- poor stage category of debtors in other banks or poor stage category of co-borrowers,
- bankruptcy or liquidation proceedings with the co-debtor,
- decision of the Credit Committee on the inclusion of the client in the WL / ICL,
- overdue liabilities over BAM 100,
- clients with bad reputation in media,
- other reasons why the WLC decides that it can classify clients into WL1, WL2 and ICL.

**Vintage analysis**

The Bank monitors the quality of approved placements and days past due after approval using two types of vintage analysis. Vintage 30+ and Vintage 90+ are used to track the number, value, and percentage of loans that are in delay 30+ or 90+ days as of the month of contract. The Vintage 30+ report starts after at least 2 months have passed since contracting, while the 90+ report records delay after 4 months have elapsed since contracting. Vintage reports are updated on a monthly basis, so that they consistently number all the previous months from the contracting date to the reporting date, and for the purposes of simpler reporting, cross sections 4, 6, 12, 18, 24 and 36 months from the moment of contracting are used, significant changes are also taken into account in other time periods. For retail loans, there is a diversification into 4 types of products: residential mortgage, consumer, credit card and overdraft facilities, while for corporate loans diversification refers to maturity, i.e.. long-term loans, short-term and overdrafts and business cards.

The average percentage of delays 90+, 12 months after approval, observed on a monthly level on December 31, 2025 is 0.27%, which represents a decrease compared to December 31, 2024 when it was 0.38%.

**Vintage 90+ Analysis of Individuals**



4. Bank's financial risk management (continued)

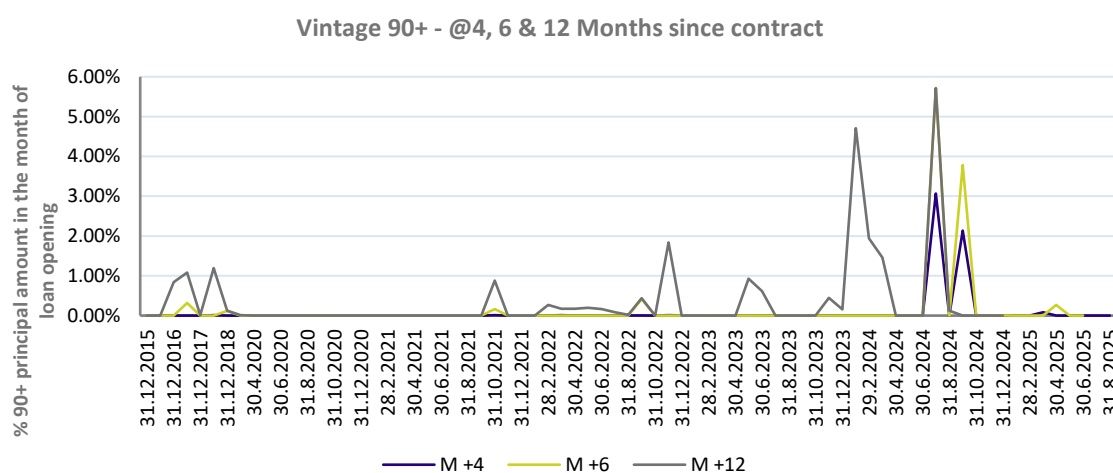
4.2. Credit risk management (continued)

The table below shows the quarterly movement of the exposure share in 90+ delay compared to the quarter in which it was contracted, with sections @ 12, 18, 24 and 36 months from contracting.

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Vintage @12 M	0,90%	1,02%	0,57%	0,10%	0,17%	0,16%	0,19%	0,20%	0,49%	0,16%	0,43%	0,57%	0,32%	0,58%	0,26%	0,27%	0,40%	0,24%	0,46%	0,17%	0,26%
Vintage @18 M	1,59%	1,42%	0,75%	0,39%	0,43%	0,20%	0,33%	0,31%	0,69%	0,44%	0,58%	1,11%	0,49%	0,73%	0,33%	0,64%	0,53%	0,60%	0,62%	0,00%	0,00%
Vintage @24 M	1,99%	1,49%	1,38%	0,65%	0,60%	0,32%	0,28%	0,45%	0,64%	0,56%	0,81%	1,06%	0,66%	1,17%	0,57%	0,72%	0,52%	0,00%	0,00%	0,00%	0,00%
Vintage @36 M	2,38%	2,11%	1,20%	0,99%	0,87%	0,34%	0,60%	0,76%	0,72%	0,87%	1,13%	1,52%	1,17%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

Legal entities have a special form of monitoring the client's delay in settling obligations through WLC so that Delays of 90+ occur in isolated cases.

Vintage 90+ Legal Entity Analysis



The table below shows the quarterly movement of the exposure share in 90+ delay compared to the quarter in which it was contracted, with sections @ 12, 18, 24 and 36 months from contracting. It is not possible to derive legality since the jumps are caused by individual isolated cases. Loans approved in Q1 2024 and Q3 2024 have an increase in arrears of 12 months after approval, and for the most part relate to approved refinancing loans.

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Vintage @12 M	0,00%	0,05%	0,05%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,18%	0,15%	0,18%	0,21%	0,49%	0,00%	0,47%	0,00%	0,17%	2,61%	0,00%	2,61%
Vintage @18 M	0,02%	0,90%	0,05%	0,00%	0,01%	0,00%	0,00%	0,01%	0,00%	0,25%	0,27%	0,19%	0,13%	0,57%	0,00%	0,17%	0,47%	0,58%	2,49%	0,08%	0,00%
Vintage @24 M	0,02%	0,90%	0,05%	0,00%	0,00%	0,00%	0,00%	0,01%	0,00%	0,18%	0,27%	0,14%	0,13%	0,57%	0,00%	0,83%	0,47%	0,57%	0,00%	0,00%	0,00%
Vintage @36 M	0,00%	0,85%	0,00%	0,00%	0,02%	0,00%	0,00%	0,00%	0,00%	0,18%	0,27%	2,17%	0,07%	0,57%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

#### **4. Bank's financial risk management (continued)**

##### **4.3. Market risk management**

###### *Risk measurement*

The measurement of exposure to market risks is performed in accordance with regulations and the methodology for measuring the quantity of risk exposure on the level of the NLB Group, by using standard approach. The NLB Group's policy for market risk management, includes certain limitations and procedures in policies and other documents of the NLB Group.

###### *General requirements*

The Bank is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, foreign currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. Market risks, in terms of the Banking Law, are considered to be position risk, currency (foreign exchange) risk and commodity risk, of which currency (foreign exchange) risk is the most significant for the Bank. In addition, equity risk, investment risk, settlement risk and free delivery risk are also considered in the group of market risks.

The Management Board sets limits and guidelines for monitoring and mitigating market risks, which is regularly monitored by the Bank's ALCO Committee.

When it comes to market risk management, the key factor is the separation of responsibilities between the monitoring and management of market risks. Non-credit risks are regularly monitored by the Risk department, which analyses whether all positions for certain types of risk are within the defined limits. Open positions are managed by the Asset liability management department of the Bank which maintains them within the given limits.

###### *Risk mitigation*

The department for trading daily currency conversions maintains the foreign exchange position within legally and internally established limits, and continuously conducts different activities to reduce market risks to the lowest level.

###### *Risk controlling and monitoring*

Risk controlling is used to monitor compliance with certain legal and internal limits. Market risk controlling, and monitoring is supported by internal methodologies adjusted to Basel Standards. In accordance with the local regulations the Bank provides the necessary level of capital for covering potential unexpected losses due to exposure to currency and other market risks.

##### **4.4. Foreign currency risk management**

Currency risk is the Bank's exposure to the possible impact of changes in exchange rates and the risk that adverse changes result in losses for the Bank in BAM (local currency). The level of risk represents a function of level and the size of exposure to possible changes of exchange rates for the Bank, depending on the amount of bank's foreign debt and the level of Bank's open balance sheet and off-balance FX positions, i.e. the degree of compliance of its currency flows.

Foreign currency exposure arises from loans, deposits, and investment and trading activities. It is monitored daily in accordance with legislation and internally set limits for each currency and for the total balance sheet denominated or linked to a foreign currency. Throughout the year open currency positions were maintained in accordance with the regulations set by the Banking Agency of FBiH and internal limits defined by the Methodology of the NLB Group, considering the comprehensiveness of the impact on other limits in the event of an increase in foreign exchange risk exposure, primarily capital-related limits.

**4. Bank's financial risk management (continued)**

**4.4. Foreign currency risk management (continued)**

Since BAM has a fixed exchange rate to EUR, in accordance with the Currency Board arrangement, the Bank was not exposed to changes in EUR exchange rate. Fluctuations in other currencies did not have a significant influence on exposure of the Bank to foreign currency risk since the open foreign exchange position was reduced to a minimum. The following table details the sensitivity of the Bank to a 10% increase and a decrease in BAM relative to the USD calculated on the Bank's net foreign exchange position.

USD Profit/(Loss)	<b>2025</b> 3/(3)	<b>2024</b> 3/(2)
-------------------	----------------------	----------------------

The bank had the following currency position:

December 31, 2025	EUR	USD	Other currencies	Total
<b>Financial Assets</b>				
Cash and cash equivalents	158,329	13,350	9,261	180,940
Securities at fair value through the income statement and at fair value through other comprehensive income	95,336	-	-	95,336
Securities at amortized cost	15,543	-	-	15,543
Other Financial Assets	2,011	18	1	2,030
Loans and receivables under financial leases contracted with a foreign exchange clause	399,981	-	-	399,981
Other assets contracted with a foreign exchange clause	897	-	-	897
	<b>672,097</b>	<b>13,368</b>	<b>9,262</b>	<b>694,727</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	5,932	1	-	5,933
Deposits from clients	301,659	13,283	9,061	324,003
Loans taken	64,053	-	-	64,053
Subordinated debit	37,718	-	-	37,718
Other financial liabilities	22,662	99	200	22,961
Deposits and loans contracted with a foreign exchange clause	238,938	-	-	238,938
	<b>670,962</b>	<b>13,383</b>	<b>9,261</b>	<b>693,606</b>
<b>Foreign exchange position, net</b>	<b>1,135</b>	<b>(15)</b>	<b>1</b>	<b>1,121</b>

December 31, 2024	EUR	USD	Other currencies	Total
<b>Financial Assets</b>				
Cash and cash equivalents	116,999	14,160	7,209	138,368
Securities at fair value through the income statement and at fair value through other comprehensive income	108,439	-	-	108,439
Securities at amortized cost	19,065	-	-	19,065
Other Financial Assets	1,938	61	-	1,999
Loans and receivables under financial leases contracted with a foreign exchange clause	338,303	-	-	338,303
Other assets contracted with a foreign exchange clause	1,072	-	-	1,072
	<b>585,816</b>	<b>14,221</b>	<b>7,209</b>	<b>607,246</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	2,173	1	1	2,175
Deposits from clients	312,293	14,082	7,047	333,422
Loans taken	48,826	-	-	48,826
Subordinated debit	37,718	-	-	37,718
Other financial liabilities	11,768	106	162	12,036
Deposits and loans contracted with a foreign exchange clause	201,963	-	-	201,963
	<b>614,741</b>	<b>14,189</b>	<b>7,210</b>	<b>636,140</b>
<b>Foreign exchange position, net</b>	<b>(28,925)</b>	<b>32</b>	<b>(1)</b>	<b>(28,894)</b>

**4. Bank's financial risk management (continued)****4.5. Interest rate risk management**

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in different amounts. In case of floating rates, the Bank's assets and liabilities are also exposed to base risk, which is the difference in the re-pricing characteristics of the various floating rate indices, such as savings rates, the six months EURIBOR, and different types of interest. Risk management activities are consistent with the Bank's business strategies, and they are aimed at optimizing net interest income given the market interest rate levels.

The Bank produced Policies and procedures for monitoring of market risk management, whose goal is to manage and limit the potential losses of the Bank, due to changes in foreign and domestic interest rates that affect the economic and market value of the Bank.

To achieve the Policies' goals for monitoring interest rate risk exposure, the Bank identifies positions that are sensitive to change in interest rates, prepares data for the calculation of interest-sensitive positions, establishes methods for risk measurement, establishes control mechanisms and limits, determines authorizations and responsibilities, and prepares reports.

The purpose of interest rate risk management, as one segment of assets and liabilities management, is to determine the optimal interest rate, and with that, the Bank's income, considering market conditions and the competitive environment, and to adjust the interest rate in line with the Bank's assets and liabilities.

Considering this objective, it is extremely important to assess the sensitivity of revenues towards abrupt changes in the market interest rate.

As a protection from interest rate risk exposure, the Bank contracts the variable interest rate, adjusts the structure of interest-bearing assets and liabilities subject to interest payment, and uses other interest rate risk management instruments.

The Bank manages the interest rate risk in the following manner:

- By adequately determining the level of the interest margin, by adjusting the interest rates on positions of interest-sensitive assets and liabilities to be within the same maturity and time intervals within which the re-establishment of the interest rate is being performed, and/or
- By securing maturity alignment of interest-sensitive assets and liabilities (when the fixed interest rate is used), or by adjusting the deadline (time interval for re-establishment of the interest rates in cases where variable interest rate is being used).

Positions of assets and liabilities as at December 31, 2025 and 2024 are presented at book value and in accordance with the agreed interest rate and the date of repricing, as well as the modelled allocation for deposits without a maturity date for December 31, 2025. The Bank is exposed to risks that, through the effects of changes in market interest rates, impact its financial position and cash flows. The following table shows the Bank's exposure to interest rate risk.

Asset and liability positions as of December 31, 2024 are presented at book value, in accordance with the contractual interest rate and repricing date. Asset and liability positions as of December 31, 2025 are presented based on undiscounted future cash flows, in line with regulatory changes. In addition to future cash flows within time buckets, modeled items are also presented, i.e., behavioral assumptions such as: percentage of early loan repayments, percentage of early withdrawals, and modeled duration of non-maturity deposits.

The Bank is exposed to risks that, through the effects of changes in market interest rates, impact its financial position and cash flows. The following table shows the Bank's exposure to interest rate risk.

4. Bank's financial risk management (continued)

4.5. Interest rate risk management (continued)

	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>December 31, 2025</b>						
<b>Assets</b>						
Current accounts	519,522	-	-	-	-	<b>519,522</b>
Term deposits	-	-	-	-	-	-
Loans	137,757	140,896	501,896	511,393	247,394	<b>1,539,336</b>
Securities	23,402	56,022	46,818	87,958	-	<b>214,200</b>
<b>Total assets</b>	<b>680,681</b>	<b>196,918</b>	<b>548,714</b>	<b>599,351</b>	<b>247,394</b>	<b>2,273,058</b>
<b>Liabilities</b>						
Current accounts	489,761	<b>24,551</b>	108,795	294,081	330,111	<b>1,247,299</b>
Term deposits	47,230	51,080	142,769	262,905	5,353	<b>509,337</b>
Loans	-	2,934	2,445	64,542	31,851	<b>101,772</b>
<b>Total liabilities</b>	<b>536,991</b>	<b>78,565</b>	<b>254,009</b>	<b>621,528</b>	<b>367,315</b>	<b>1,858,408</b>
<b>Exposure to interest risk, net</b>	<b>143,690</b>	<b>118,353</b>	<b>294,705</b>	<b>(22,177)</b>	<b>(119,921)</b>	<b>414,650</b>

	up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
<b>December 31, 2024</b>						
<b>Assets</b>						
Current accounts	81,827	-	-	-	-	<b>81,827</b>
Term deposits	46,768	-	166,065	984	-	<b>213,817</b>
Loans	73,055	133,439	543,088	276,359	198,659	<b>1,224,600</b>
Securities	82,145	9,779	17,279	92,953	7,000	<b>209,156</b>
<b>Total assets</b>	<b>283,795</b>	<b>143,218</b>	<b>726,432</b>	<b>370,296</b>	<b>205,659</b>	<b>1,729,400</b>
<b>Liabilities</b>						
Current accounts	15,176	-	1,136,585	-	-	<b>1,151,761</b>
Term deposits	74,494	22,553	33,768	212,503	1,661	<b>344,979</b>
Loans	-	-	45,403	13,201	27,939	<b>86,543</b>
<b>Total liabilities</b>	<b>89,670</b>	<b>22,553</b>	<b>1,215,756</b>	<b>225,704</b>	<b>29,600</b>	<b>1,583,283</b>
<b>Exposure to interest risk, net</b>	<b>194,125</b>	<b>120,665</b>	<b>(489,324)</b>	<b>144,592</b>	<b>176,059</b>	<b>146,117</b>

As of December 31, 2025, the Bank is mostly exposed to items with a fixed interest rate (83% of the total portfolio), while the rest is with a variable interest rate (17% of the portfolio). When it comes to reference rates, they are included in variable interest rates.

In the management of interest rate risk, the Bank uses a simulation of expected and extreme changes in interest rates and the impact of these changes on the profit and loss statement.

**4. Bank's financial risk management (continued)**

**4.5. Interest rate risk management (continued)**

The following table shows the impact of expected changes in interest rates on the Bank's profit, while all other variables remain unchanged:

**Sensitivity of the profit and loss account to the change in interest rates for 31 December 2025**

Increase in interest rates	Impact on profit and loss statement in thousands BAM	Interest rate reduction	Impact on profit and loss statement in thousands BAM
+50bp	1,981	-50bp	(1,981)

**Sensitivity of the profit and loss account to the change in interest rates for 31 December 2024**

Increase in interest rates	Impact on profit and loss statement in thousands BAM	Interest rate reduction	Impact on profit and loss statement in thousands BAM
+50bp	1,643	-50bp	(1,643)

Interest rate sensitivity as a result of changes in market interest rates affects two categories:

- the amount of net interest income,
- the market value of certain financial instruments (interest-sensitive placements and sources), which consequently affects the market value of the Bank's capital

The sensitivity of the profit and loss account in the table shows how a change in market interest rates, applied to an existing open interest sensitive position, would affect the Bank's financial result. The limit for the income aspect of interest rate risk, which is expressed as a decrease in net interest income in the event of a parallel change in interest rates by 50 bp, is 2.5% of the capital. The effect of the interest rate cut by 50 bp as of December 31, 2025 is 0.89% of the capital.

In accordance with the Policy and Procedures for Monitoring Interest Rate Risk Exposure, the Bank must meet the criterion of the impact of a parallel shift in the interest rate curve by 200 basis points, which it applies to the existing open interest position on individual time intervals. The limit for EVE (Economic Value of Equity) indicator is 13.75%.

**Sensitivity of the market value of financial instruments as at December 31, 2025**

Change in interest rates	Effect of the simulation in thousands BAM	Effect of the simulation with respect to capital
200bp	8,488	3.83%

**Sensitivity of the market value of financial instruments as at December 31, 2024**

Change in interest rates	Effect of the simulation in thousands BAM	The Effect of the Simulation With respect to capital
200bp	7,199	3.83%

**4. Bank's financial risk management (continued)****4.6. Liquidity risk management***Definition*

Liquidity is the ability of a bank to finance an increase in assets on the one hand and also fulfil maturity obligations on the other hand, but without creating unacceptable costs. Liquidity risk is the risk of loss arising from the existing or expected inability of the Bank to meet its due cash obligations. This risk may arise from a reduction in the source of funding or from a decrease in the liquidity of certain assets. Liquidity risk is associated with liquidity financing risk (liability liquidity) and market liquidity risk (CBC (counterbalancing capacity on the asset side)). On the liability side, liquidity risk may result in a loss if the Bank is unable to meet all of its liabilities or if the Bank, due to its inability to provide sufficient funds to meet its liabilities, is compelled to provide additional funds at a price that significantly exceeds normal costs. On the asset side, liquidity risk is related to the market value of the CBC and arises in the event of a significant impairment of the market value of a particular financial instrument and may lead to insufficient value of the CBC necessary to cover the Bank's liquidity needs.

*General Terms and Conditions*

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including various types of retail and corporate deposits, loans taken, core and supplementary capital. This increases the flexibility of funding sources, reduces dependence on a single source, and the cost of financing in general.

The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with different maturities. The Bank continuously assesses liquidity risk by identifying and monitoring changes in financing that are necessary to achieve the business objectives set in accordance with the Bank's strategy. In addition, the Bank has a portfolio of liquid assets as part of its liquidity risk management strategy.

Liquidity risk exposure measurement is also performed using the Scoring model. The purpose of the Scoring model is to assess liquidity risk by monitoring various indicators, and to inform the Bank's Management Board about the assessment of current liquidity risks to which the Bank is exposed. The output results of the scoring model are then used as input data in the decision-making process. The scoring model covers the Bank's current liquidity situation and provides an overall estimate of the Bank's current liquidity risk. Liquidity risk is currently monitored by regular calculations of certain liquidity indicators. The current values of the selected indicators in the Scoring model are compared with the predefined limit values of each of these indicators. Internal liquidity indicators are regularly monitored and reported to ALCO (ALCO), Asset and Liabilities Committee). In addition to liquidity indicators, the results of the Scoring model are also presented as an integral part of the ALCO report. In accordance with local regulations, the Bank is obliged to maintain a minimum liquidity requirement through the LCR and the Net Stable Funding Ratio (NSFR).

The Bank regularly conducts stress tests in the liquidity risk management process, The Bank regularly conducts an Internal Liquidity Adequacy Assessment Process (ILAAP).

The purpose of the ILAAP is to establish a strong liquidity risk management system in the Bank. In accordance with the Risk Acquisition and Management Strategy and Risk Appetite, the tolerance for liquidity risk is low. The ILAAP is included in the day-to-day business process and business decisions in the form of daily monitoring of cash flows, the results of stress tests are used to define the volume of liquid reserves, and the defined indicators in the internal limit system related to the monitoring of liquidity risk exposure are used to activate the Liquidity Plan for Emergency Situations or the Bank's Recovery Plan.

#### **4. Bank's financial risk management (continued)**

##### **4.6. Liquidity risk management (continued)**

###### *Risk control*

The Bank adjusts its business activities in compliance with liquidity risk according to legislation and internal policies for the maintenance of liquidity reserves, the matching of liabilities and assets, limits, and preferred liquidity ratios. The Bank's Treasury manages liquidity reserves daily, also ensuring that the Bank satisfies all customer needs.

###### *Monitoring of liquidity risk exposures*

The Non-Credit Risk Management Department monitors the following liquidity indicators on a monthly basis:

- Liquidity coverage ratio (LCR) – liquidity buffer / total 30-day net liquidity outflows,
- Net Stable Funding Ratio (NSFR) – available amount of funds for stable financing / required amount of funds for stable financing,
- Net Loan to Deposit (Net LTD) - the ratio of net loans (minus value adjustments) to deposits (net loans to the non-banking sector/deposits to the non-banking sector),
- Share of unpledged liquid reserves in total assets (AUAR),
- Share of non-bank deposits in total liabilities (excluding capital),
- Share of the sources of the 30 largest non-bank depositors in the total balance sheet total,
- Share of the sources of the 10 largest non-bank depositors in the total balance sheet total,
- Share of the sources of the 3 largest non-bank depositors in the total balance sheet total,
- Share of the source of the 1st largest non-bank depositor in the total balance sheet total,
- A'vista stability - Stable demand deposits,
- Liquidity stress test - strong combined stress test and reverse stress tests
- Maturity of financial assets and liabilities for up to 30 days,
- Ratio of assets above reserve requirement and reserve requirement.

The purpose of the Scoring model is to assess liquidity risk by monitoring various indicators, and to inform the Bank's Management Board about the assessment of current liquidity risks to which the Bank is exposed. The output results of the scoring model are then used as input in the decision-making process.

The aim of the Scoring model is to monitor in detail the Bank's exposure to liquidity risk, through the monitoring of various indicators that have an impact on the Bank's liquidity. The scoring model covers a wide range of different indicators, taking into account both Bank-specific indicators as well as systemic indicators, which have an impact on the Bank in a broader sense. The Scoring model provides a clear input for further decision-making, as the Scoring model provides an assessment of the Bank's liquidity risk, numerically, in the form of a number. This number corresponds to one of the five levels of risk, which represent the levels of liquidity risk, and range from low to high liquidity risk. The scoring model enables efficient monitoring of liquidity risk and assesses the current liquidity situation of the Bank.

The indicators included in the Scoring model have been identified as key indicators for assessing the Bank's liquidity risk.

The indicators in the Scoring model were selected based on the following criteria:

- Inclusion of indicators in Risk Appetite
- Inclusion of indicators in the Policy
- Regulatory requirements
- Impact of indicators on liquidity
- Monitoring frequency (monthly, in case of some calculations quarterly calculations)

In addition to the above Bank-specific indicators, the Scoring model includes several systemic risk indicators, which fully cover the systemic risk that affects the bank's liquidity risk (GDP, Inflation, Unemployment rate, Public debt). The scoring model gives the result (number) of risk levels, which represents an assessment of the Bank's liquidity position.

**4. Bank's financial risk management (continued)**

**4.6. Liquidity risk management (continued)**

The liquidity risk assessment is described according to the following risk levels:

- |                                                                     |             |
|---------------------------------------------------------------------|-------------|
| 1. Low liquidity risk, if the result is within the interval         | 0% - 15%    |
| 2. Acceptable liquidity risk, if the result is within the interval  | 15% - 30%   |
| 3. Moderate liquidity risk, if the result is within the interval    | 30% - 45%   |
| 4. Significant liquidity risk, if the result is within the interval | 45% - 60%   |
| 5. High liquidity risk, if the result is in the interval            | 60% - 100%. |

The Bank's liquidity risk exposure as at December 31, 2025 is within an acceptable level of risk, as the result of the Scoring model is 26.16% (December 31, 2024: 18.90%).

In the event of exposure to high liquidity risk, the Bank would activate the Liquidity Plan for Emergency Situations.

The following table details the Bank's remaining contractual maturities for financial assets and liabilities. The table has been prepared on the basis of undiscounted cash flows of financial assets and liabilities, including interest on those assets that will be earned, except for assets on which the Bank expects cash flows to occur in another period.

<b>December 31, 2025</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash, cash equivalents and reserve requirements with the CBBH	498,611	-	-	-	-	498,611
Securities at fair value through other comprehensive income	23,446	55,605	39,897	3,937	124	123,009
Receivables on loans and financial leases	84,165	108,324	380,546	638,809	420,129	1,631,973
Securities at amortized cost	-	-	3,922	79,505	-	83,427
Other Financial Assets	46,523	-	865	-	14	47,402
<b>Total</b>	<b>652,745</b>	<b>163,929</b>	<b>425,230</b>	<b>722,251</b>	<b>420,267</b>	<b>2,384,422</b>
<b>Financial liabilities</b>						
Deposits of banks and other financial institutions	18,531	8,001	23,360	30,218	1,500	81,610
Deposits from clients	1,281,959	68,785	162,577	227,382	3,845	1,744,548
Loans taken	1,095	4,489	7,562	86,390	43,545	143,081
Other financial liabilities	49,077	558	1,425	4,761	189	56,010
<b>Total</b>	<b>1,350,662</b>	<b>81,833</b>	<b>194,924</b>	<b>348,751</b>	<b>49,079</b>	<b>2,025,249</b>
<b>Exposure to liquidity risk, net</b>	<b>(697,917)</b>	<b>82,096</b>	<b>230,306</b>	<b>373,500</b>	<b>371,188</b>	<b>359,173</b>

Short position up to 1 month is result of significant amount of deposits with maturity of up to 1 month (current accounts). The Bank is continuously monitoring relevant liquidity ratios, and accordingly can react and manage outflows within 30 calendar days.

4. Bank's financial risk management (continued)

4.6. Liquidity risk management (continued)

December 31, 2024.	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Financial Assets</b>						
Cash, cash equivalents and reserve requirements with the CBBH	427,235	-	-	-	-	427,235
Securities at fair value other net result	82,591	9,727	3,153	23,949	105	119,525
Receivables on loans and financial leases	73,050	110,265	324,895	553,961	355,159	1,417,330
Securities at amortized cost	405	-	12,149	67,902	6,932	87,388
Other Financial Assets	50,441	-	-	985	14	51,440
<b>Total</b>	<b>633,722</b>	<b>119,992</b>	<b>340,197</b>	<b>646,797</b>	<b>362,210</b>	<b>2,102,918</b>
<b>Financial liabilities</b>						
Deposits of banks and other financial institutions	6,943	300	12,769	29,878	-	49,890
Deposits from clients	1,168,719	27,390	181,524	206,230	2,043	1,585,906
Loans taken	1,602	6,420	13,700	58,033	47,328	127,083
Other financial liabilities	30,066	-	318	5,264	219	35,867
<b>Total</b>	<b>1,207,330</b>	<b>34,110</b>	<b>208,311</b>	<b>299,405</b>	<b>49,590</b>	<b>1,798,746</b>
<b>Exposure to liquidity risk, net</b>	<b>(573,608)</b>	<b>85,882</b>	<b>131,886</b>	<b>347,392</b>	<b>312,620</b>	<b>304,172</b>

Off-balance sheet items

(a) Liabilities on loans

The timings of contractual amounts of the Bank's off-balance sheet financial instruments committing it to extend loans to customers are summarized in the table below.

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
<b>December 31, 2025</b>						
Loan liabilities	184,850	-	-	-	978	185,828
<b>December 31, 2024</b>						
Loan liabilities	131,246	-	4,626	782	-	136,654

(b) Other Financial Liabilities - Guarantees

Other financial liabilities are also included in the table below, based on the earliest maturity date under the contract. Potential settlements could be made earlier if the terms of the underlying agreement are not complied with and the Bank is called for settlement.

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
<b>December 31, 2025</b>						
Other financial liabilities	41	1,763	16,726	75,173	16,324	110,027
<b>December 31, 2024</b>						
Other financial liabilities	36	1,756	15,702	72,516	9,584	99,594

#### **4. Bank's financial risk management (continued)**

##### **4.7. Fair Value of Financial Assets and Liabilities**

Fair value is defined as the price that the Bank would obtain to sell a financial asset or to pay for the transfer of a liability in the ordinary course of business between market participants at the measurement date (i.e., an exit price). This emphasizes that fair value is a market-based measure. The standard assumes a fair value hierarchy where level 1 is the preferred method where available:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable, this category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

##### **4.7.1. The fair value of the Bank's financial assets and financial liabilities that are measured at fair value on a recurring basis, from period to period**

In the balance sheet of the Bank, debt securities are carried at fair value and at amortized cost. Equity securities are carried at fair value. Reduction to fair value is performed at the end of each month, and the difference in value in relation to cost is recorded in equity.

As at December 31, 2025 part of securities portfolio is classified as financial assets at fair value through other comprehensive income (FVOCI) at credit risk level 1 (Stage 1) and serves as liquidity reserves, while the other part of the portfolio of securities is classified as financial assets at amortised cost. Securities are measured at fair value in accordance with IFRS. The Bank also calculates fair value for the portfolio that is maintained at amortized cost, but the effects of the calculation are not accounted for. The effects of the valuation are disclosed in the report on changes in equity under the Revaluation Reserves for financial assets measured at fair value through other comprehensive income. The total fair value of securities classified as FVOCI is BAM 122,885 thousands (December 31, 2024: BAM 119,420 thousands).

The determination of hierarchical levels is carried out in accordance with regulatory requirements.

**4. Bank's financial risk management (continued)**

**4.7. Fair Value of Financial Assets and Liabilities (continued)**

**4.7.1. The fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis, from period to period (continued)**

The following table presents how the fair value of securities held at fair value through other comprehensive income is determined (in particular, the valuation techniques and inputs used).

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

Fair value as at:		Fair value hierarchy
December 31, 2025	December 31, 2024	
<ul style="list-style-type: none"> <li>• The Republic of France – 41,942</li> <li>• Kingdom of Belgium – 13,663</li> <li>• Kingdom of Netherlands – 23,446</li> </ul>	<ul style="list-style-type: none"> <li>• Republic of France – 11,718</li> <li>• Republic of Germany – 11,724</li> </ul>	Level 1
<ul style="list-style-type: none"> <li>• Eurobonds Republic of Srpska – 16,712</li> <li>• Federation of BiH – 27,122</li> </ul>	<ul style="list-style-type: none"> <li>• The Republic of France – 11,729</li> <li>• Republic of Austria – 18,541</li> <li>• Kingdom of Belgium – 9,727</li> <li>• Republika Srpska – 16,614</li> <li>• Federation of BiH 10,371</li> <li>• Kingdom of Netherlands – 28,830</li> <li>• City of Banja Luka - 166</li> </ul>	Level 2

**4. Bank's Financial risk management (continued)**

**4.7. Fair Value of Financial Assets and Liabilities (continued)**

**4.7.1. The fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis, from period to period (continued)**

<b>Equity instruments:</b>		
<b>December 31, 2025</b>	<b>December 31, 2024</b>	<b>Fair value hierarchy</b>
SWIFT Belgium – 110	SWIFT Belgium – 91	Level 3
RVP FBiH – 14	RVP FBiH – 14	

**4.7.2. The fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis, from period to period**

The fair value of loans and deposits is calculated by different segments, products and residual maturities. The calculations are based on the net value of the loan increased by future interest. All future cash flows from principal and interest are discounted to present value.

When calculating fair value, the following criteria are taken into account:

1. The calculation is based on data from individual contracts,
2. Performing (loans of ABC creditworthiness clients) and non-performing (loans of DE creditworthiness clients) are especially considered,
3. Segmentation of loans and deposits (government, banks, financial organizations, companies, and households) is taken into account,
4. The calculation of fair value considers the expected cash flows from loans and deposits, from principal and interest, in accordance with repayments plans, whereby the net present value of cash flows from each contract is reduced by credit loss allowance, while accrued interest is not taken into account.

Discount rate used for discounting of future cash flows of loans and deposits in accordance with the net present value methodology, are the average interest rate observable on the market for performing loans and deposits with similar characteristics. For NPL a 20% discount factor is used.

Calculated fair value of financial instruments as at 31 December 2025 is presented below and has no impact on the Bank's existing accounting records:

<b>Financial Assets</b>	<b>Fair value Hierarchy</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
		<b>Book-value</b>	<b>Fair Value</b>	<b>Book-value</b>	<b>Fair value</b>
Deposits with other banks	Level 3	157,847	157,863	101,383	101,407
Loans and receivables from customers	Level 3	1,436,063	1,431,087	1,239,359	1,240,073
<b>Total</b>		<b>1,593,910</b>	<b>1,588,950</b>	<b>1,340,742</b>	<b>1,341,480</b>
<b>Financial liabilities</b>					
Deposits of banks and other financial institutions	Level 3	1,222	1,222	1,140	1,140
Deposits from clients	Level 3	1,813,105	1,809,744	1,625,330	1,622,115
Loans taken	Level 3	102,458	100,830	87,881	78,518
<b>Total</b>		<b>1,916,785</b>	<b>1,911,796</b>	<b>1,714,351</b>	<b>1,701,773</b>

#### **4. Bank's inanciafl risk management (continued)**

##### **4.8. Operational Risk Management**

Operational risk management as an important part of the Bank's business activities enables the Bank to operate with its activities successfully and to preserve its reputation.

The Bank performs the following activities with regards to operational risk:

- Permanent identification and risk assessment activities. the identification of all operational risks in business activities in the Bank, in new processes, new products, as well as operating risks related to hiring external suppliers,
- Activities of regular re-identification on an annual basis, review of previously identified operating risks,
- Semi-annual reporting to the Operational risk management board on the maximum limit of risk tolerance, important operational risks of categories A and B (with proposals for their overcoming), as well as important damage events,
- Annual calculation of the Bank's risk profile and comparative overview with risk profile for the previous year and reporting to NLB d.d., and the Operational risk management board,
- Monthly data collection and reporting on negative events,
- Quarterly reporting to the Banking Agency of FBiH,
- Reporting to the Operational Risk Management Committee on the results of monitoring key risk indicators,
- Stress testing in the area of operational risk and reporting to the Operational Risk Management Committee and the FBiH Banking Agency on the results.

In order to improve processes for operational risk management, the Bank performed the following activities:

- Regular activities related to adequate operational risk management for all processes, new projects, outsourcing, and the development of new products, processes, and systems, as well as projects being implemented,
- Continuous activities on the identification of operational risks related to "cyber" crime, inadequate software operations, risks of data incorrectly entered into the software, natural disasters risks, risks of noncompliance with legislation, rules, regulations, agreements, prescribed practices, ethical standards and other operational risks that have a little chance of occurrence but may have a very high financial effect, or they represent a very high risk to the reputation of the Bank, and other specific operational risks to which they would like to draw attention,
- Special emphasis on compliance risk (risk of loss due to legal sanctions), risk of conduct (risk of loss due to deliberate deception of customers in the presentation of products and services, and inadequate treatment of clients in resolving their complaints), risks arising from potential adverse events occurred, and the risk of terrorist attacks,
- Permanent support of audit recommendations in assessing the adequacy of system of controls in certain business areas,
- Preparation of analyses of operational risk within the most important business processes,
- Holding meetings of the Operational risk management board on a monthly basis,
- Continuous education of employees on processes of identification of operational risks and reporting on recorded harmful events, potential harmful events and increasing awareness on the presence of such risks in the working environment of all Bank employees,
- Owners of operational risk processes have been appointed to identify significant / key / systemic risks in individual processes, define specific measures for risk management an centralized monitoring of implementation,
- the analysis of the impact on the Bank's operations was carried out (Business impact analysis) and the testing of the reserve location (Disaster recovery testing) was completed,
- Participation in activities related to outsourcing risk assessments in the part of operational risks and business continuity management, as well as giving consent to methodological compliance.

**4. Bank's financial risk management (continued)**

**4.9. Capital risk management**

In accordance with the Law on Banks of Federation of Bosnia and Herzegovina (Official gazette of FBiH, number: 27/17 and 22/25), the minimum amount of the Bank's subscribed founding capital cannot be less than BAM 15,000 thousand.

The aim of managing of the Bank's capital is to ensure and maintain the optimum volume, structure and sources of capital, to enable:

- Ensure all legal (regulatory) requirements,
- Cover all risks assumed in the Bank's operations,
- Continuous achievement of strategic goals of the Bank and
- Achieving optimal return on equity to shareholders.

The Bank's Management monitors capital adequacy indicators and other business indicators monthly and reports on indicators' actual values are delivered to the FBA quarterly in a prescribed form.

The Bank, in accordance with the Decision on Calculating the Capital of the Bank (Official Gazette of the Federation of Bosnia and Herzegovina, No. 98/23, 13/24) (hereinafter: the Decision), must at all times meet the following minimum capital requirements:

1. regular share capital rate of 7.75% (CET1 rate), as a ratio of common equity (Tier 1) to total risk exposure,
2. Additional Tier 1 capital rate of 10% (T1 rate), as a ratio of share capital to total risk exposure, and
3. Tier 2 capital rate of 13%, as the ratio of regulatory capital to the total amount of risk exposure.

According to this Decision, the regulatory capital of the Bank represents the sum of core and additional capital, after regulatory adjustments:

1. Common equity (Tier 1) represents sum of regular core capital items (CET 1) after regulatory adjustments and additional Tier 1 capital items (AT1) after regulatory adjustments.
2. Additional capital of Bank (Tier 2) is the sum of capital instruments, subordinated debts, and other items of additional capital after deduction for regulatory compliance, which cannot be more than one-third of the core capital.

**4. Bank's financial risk management (continued)**

**4.9. Capital risk management (continued)**

The Bank calculates total risk exposure as a sum of the following item:

- Risk-weighted exposure for credit risk,
- Risk-weighted exposure for market risk (foreign exchange risk) and
- Risk-weighted exposure for operational risk.

When calculating the total amount of risk exposure, the Bank multiplies capital requirements relating to market risks and operational risk with 8.33. The Bank must maintain a conservation buffer of capital in the form of regular core capital in the amount of 2.5% of the total amount of risk exposure. The capital conservation buffer represents a part of the ordinary core capital above the prescribed minimum of 6.75% of the total amount of risk exposure and cannot be used to maintain the rate of the core and the total capital rate.

The requirement for a combined equity conservation buffer is Common Equity Tier 1 capital (expressed as a percentage of the total amount of risk exposure), which is intended to meet the requirements for a capital conservation buffer, plus the following conservation buffers, depending on what is applicable:

1. Countercyclical buffer specific for the bank
2. Buffer for a systemically important bank and
3. Systemic risk buffer.

The Banking Agency can determine the rate of the capital protection layer for a systemically important bank in the amount of 0% to 2% of the total amount of risk exposure. According to the latest data published by the Banking Agency, the Bank is not classified as systemically significant in 2025. The application of Countercyclical buffer specific for the bank and systemic risk buffer are not prescribed yet.

The Bank maintains the rate of regulatory capital above the prescribed level of 12%, and fulfills the requirement to maintain a protective layer for the preservation of capital of 2.5%, as well as the additional requirement based on the SREP assessment of 1%.

The following table presents regulatory capital items, amount of exposure to risk, and capital ratios in accordance with the Decision as of 31 December 2025:

	<b>31 December 2025</b> <b>Unaudited</b>	<b>31 December 2024</b> <b>audited</b>
<b>Regulatory capital of the Bank</b>	<b>257,720</b>	<b>225,211</b>
RWA for credit risk	1,322,840	1,158,620
RWA for market risk	-	4,773
RWA for operational risk	91,613	77,877
<b>Total risk exposure amount (RWA)</b>	<b>1,414,453</b>	<b>1,241,270</b>
<b>Total Capital Ratios</b>		
Common Equity Ratio (CET 1)	14.30%	15.15%
Tier 1 Ratio	15.68%	15.15%
Total Capital Ratio	18.22%	18.14%
<b>Required regulatory capital rates</b>		
Common Equity Ratio (CET 1)	10.25%	10.00%
Tier 1 Ratio	12.50%	12.25%
Total Capital Ratio	15.50%	15.25%

**4. Bank's financial risk management (continued)**

**4.9. Capital risk management (continued)**

The ICAAP is an important part of capital planning, ICAAP defines a set of restrictions for different types of risks (all relevant types of risks to which the Bank may be exposed, not only materially the largest), in terms of their consumption of capital under normal and stressful conditions.

ICAAP's most important goal at the Bank is to ensure adequate capital and sustainability in every moment. The purpose of the ICAAP process is for the Bank to have in place sound, effective and comprehensive strategies and processes for assessing and maintaining current amounts, types and allocation of internal capital that are considered adequate to cover the nature and level of risk to which the Bank may or may be exposed. ICAAP plays a key role in maintaining the continuity of the Bank's operations by ensuring its adequate capitalization.

An economic perspective gives a very comprehensive view of risks. From an economic perspective, the goal is to provide the capital needed internally for the risks that could cause economic loss, based on current quantification and using very high levels of reliability to estimate unexpected losses. Some of these risks, or the risks associated with them, can be partially or fully materialized later under a normative perspective through the adverse impact on the income statement that results in a decrease in equity. Therefore, the Bank is expected to evaluate in a regulatory perspective the extent to which risks identified and quantified in the economic perspective could affect equity and the total amount of risk exposure in the future.

The normative perspective is a multi-year assessment of the Bank's ability to meet all quantitative regulatory and supervisory requirements related to capital. The Bank is expected to manage its capital adequacy from an economic perspective by ensuring that its risks are adequately covered by internal capital. In the normative perspective, the results of stress resistance testing were taken into account for the purpose of possible adjustment of internal capital requirements in accordance with the economic perspective of capital.

During 2025, the Bank continuously maintained capital ratios above the prescribed regulatory / supervisory minimums and in accordance with internally defined limits, which indicates the ability to meet all regulatory and supervisory requirements related to capital adequacy.

Data presented on 31 December 2025, at the time of preparation of these reports have not yet been audited given that the regulatory audit deadline is May 31, 2026.

5. Net interest income and similar income

a. Interest Income calculated using the effective interest rate

	2025	2024
Loans measured at amortized cost	62,394	58,103
Securities measured at amortised cost	2,796	2,020
Placement with banks and Central bank	4,050	4,825
Other interest and similar income	807	1,077
<b>Interest Income</b>	<b>70,047</b>	<b>66,025</b>
<b>Financial assets at fair value through other comprehensive income</b>	<b>2,895</b>	<b>4,400</b>
<b>Total income from interest and similar income at effective interest rate</b>	<b>72,942</b>	<b>70,425</b>

b. Interest Expense and similar expenses at effective interest rate

	2025	2024
Deposits	9,218	6,697
Borrowings	2,893	3,134
Subordinated debt	4,055	3,518
Discount amount of provisions under IAS 19	61	55
Other interest expenses	187	450
<b>Interest expense</b>	<b>16,414</b>	<b>13,854</b>
<b>Net Interest Income and similar income at effective interest rate</b>	<b>56,528</b>	<b>56,571</b>

6. Net fee and commission income

a. Fee and commission income

	2025	2024
Income from payment transactions	15,004	14,704
Income from card transactions	10,919	9,987
Income from basic accounts	8,527	7,876
Income from fees for exchange transactions	4,838	4,374
Income fees from bank insurance and other	1,820	1,562
<b>Income from fees and commissions from contracts with clients</b>	<b>41,108</b>	<b>38,503</b>
Income from fees and commissions from guarantees and credit obligations	1,773	1,647
<b>Fee and commission income</b>	<b>42,881</b>	<b>40,150</b>

b. Fee and commission expense

	2025	2024
Payment transactions and other banking services expenses	1,201	1,149
Deposit insurance expenses	11,404	10,239
<b>Fee and commission expenses</b>	<b>12,605</b>	<b>11,388</b>
<b>Net fees and commission income</b>	<b>30,276</b>	<b>28,762</b>

**7. Impairment losses and provisions**

**a. Impairment losses and provisions from financial assets**

	2025				2024
	Stage 1	Stage 2	Stage 3	Total	
Net credit losses from financial assets at amortised cost	1,891	(8,189)	(74)	(6,372)	(7,911)
Net credit losses from financial assets at FVOCI	82	-	-	82	229
Provisions for the credit risk of commitments and guarantees (Note 24a)	(637)	47	13	(577)	680
<b>Total impairment and provisions</b>	<b>1,336</b>	<b>(8,142)</b>	<b>(61)</b>	<b>(6,867)</b>	<b>(7,002)</b>

**b. Other impairment losses and provisions**

	2025				2024
	Stage 1	Stage 2	Stage 3	Total	
Net provisions / Provision for legal disputes (Note 24b)	(63)	-	-	(63)	-
Other provision/ net earlier admitted provisions (Note 24c)	(152)	-	-	(152)	(592)
<b>Total impairment losses and provisions</b>	<b>(215)</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>(592)</b>

**8. Other gains and (losses) from financial assets**

	2025				2024
	Stage 1	Stage 2	Stage 3	Total	
Net losses on modifications of financial assets which did not result in derecognition	(156)	-	-	(156)	(510)
Net effects of value changes of financial liabilities at fair value through profit or loss	(449)	-	-	(449)	(431)
<b>Total impairment losses and provisions</b>	<b>(605)</b>	<b>-</b>	<b>-</b>	<b>(605)</b>	<b>(941)</b>

**9. Foreign exchange gains**

	2025	2024
Fee income from foreign exchange transactions	18,017	12,343
Fee expense from foreign exchange transactions	(17,858)	(12,140)
	<b>159</b>	<b>203</b>

**NLB BANK d.d., SARAJEVO****Notes to Financial Statements – December 31, 2025***(All amounts are given in thousands of BAM unless otherwise stated)***10. Other gains and (losses) from long-term non-financial assets**

	<b>2025</b>	<b>2024</b>
Net gains and (losses) from rights-of-use assets	(2)	-
Net gains and (losses) from non-current assets held for sale	843	126
Net gains and (losses) from property, plant and equipment	2,313	567
Other gains/(losses) from earlier acknowledged value impairment of long term non-financial assets	194	(334)
	<b>3,348</b>	<b>359</b>

Net gains on long-term non-financial assets are more significant compared to the previous year, primarily due to the sale of own real estate 'Džidžikovac' in the amount of BAM 2,3 million, which was realized in April 2025.

**11. Other income**

	<b>2025</b>	<b>2024</b>
Income from lease	192	192
Other income	475	83
	<b>667</b>	<b>275</b>

**12. Employee's expenses**

	<b>2025</b>	<b>2024</b>
Net salaries	13,359	12,207
Taxes and contributions	8,196	7,793
Meal and transport	1,826	1,721
Holiday allowance	1,124	1,118
Short-term employee benefits	340	-
Other	1,533	1070
	<b>26,378</b>	<b>23,909</b>

According to the nature of the item, in order to present the data more adequately, short-term benefits for employees in 2025 are reported under Employee Costs (2024: Other provisions – Note 7b).

The average number of employees per calculated hours in 2025 was 442 (2024: 457).

**NLB BANK d.d., SARAJEVO****Notes to Financial Statements – December 31, 2025***(All amounts are given in thousands of BAM unless otherwise stated)***13. Other expenses**

	<b>2025</b>	<b>2024</b>
Deposit insurance expenses	3,500	3,117
Maintenance	3,151	2,893
Postal and telecommunications services cost	1,554	1,337
Marketing costs	2,469	3,099
Services	1,885	1,610
Security costs	1,600	1,216
Fees to FBA	1,517	1,350
Overhead costs	796	665
Office supplies and small inventory	535	861
Rent	592	553
Insurance costs	499	473
Legal expenses and other administrative expenses	338	302
Cleaning costs	261	209
Management fee	90	91
Other costs and expenses	744	1,157
	<b>19,531</b>	<b>18,933</b>

Other expenses include the costs of of the independent external auditor, whose structure is shown below:

	<b>2025</b>	<b>2024</b>
Audit of financial statements	169	152
Other audit services	6	3
<b>Total</b>	<b>175</b>	<b>155</b>

In accordance with the contract on the audit of the annual report, group reporting package and regulatory reports for the Banking Agency of the Federation of Bosnia and Herzegovina, and the audit of the information system for 2025, the Bank contracted with KPMG B-H d.o.o. the amount of BAM 169 thousand including VAT (2024: BAM 152 thousand including VAT - KPMG B-H d.o.o. Sarajevo).

#### 14. Income tax

Total tax recognized in the statement of profit or loss and other comprehensive income can be presented as follows:

	<b>2025</b>	<b>2024</b>
Income tax for the year	2,707	2,593
Deferred tax	(727)	(604)
	<b>1,980</b>	<b>1,989</b>

Reconciliation of the income tax presented in the tax balance and the accounting income tax can be presented as follows:

	<b>2025</b>	<b>2024</b>
Profit before tax	31,974	29,563
Income tax at the statutory rate of 10%	3,197	2,956
Non-taxable income	(159)	(100)
Effect of non-deductible expenses	920	729
Tax reliefs	(1,251)	(992)
<b>Income tax for the year</b>	<b>2,707</b>	<b>2,593</b>
Effects of temporary tax differences	(727)	(604)
<b>Income tax expense</b>	<b>1,980</b>	<b>1,989</b>
<b>Effective income tax rate for the year</b>	<b>6,19%</b>	<b>6,73%</b>

#### 14.a Deferred tax assets and liabilities

##### Movement in deferred tax assets

	<b>2025</b>	<b>2024</b>
Balance at 31 December previous year	2,111	1,642
Deferred tax assets- other provisions	46	50
Deferred tax assets- stage 1 and 2 impairment allowances	681	554
Deferred tax assets-actuary	40	2
Deferred Tax assets-debt securities at FVOCI	50	(137)
<b>Balance at 31 December</b>	<b>2,928</b>	<b>2,111</b>

##### Movement in deferred tax liabilities

	<b>2025</b>	<b>2024</b>
Balance at December 31 previous year	6	6
Deferred tax liabilities-equity securities	2	-
<b>Balance at December 31</b>	<b>8</b>	<b>6</b>

**14. Income tax (continued)**

**14.a Deferred tax assets and liabilities (continued)**

Deferred tax (tax assets or tax liabilities) is recognised because of the difference between the carrying amount for tax and accounting purposes for the following items:

	Deferred tax assets	Deferred tax liabilities	Net deferred tax assets / (liabilities)
<b>Balance at 31 December 2023</b>	<b>1,642</b>	<b>6</b>	<b>1,636</b>
Other provisions for loans and receivables through the income statement	50	-	50
Gain- deferred tax assets IV Stage 1 and 2	554	-	554
impairment of the value of the property	2	-	2
Deferred tax assets-debt securities	(137)	-	(137)
Deferred tax assets-equity securities	-	-	-
<b>Balance at 31 December 2024</b>	<b>2,111</b>	<b>6</b>	<b>2,105</b>
Other provisions for loans and receivables from clients through profit or loss	46	-	46
Gain- deferred tax assets Stage 1 and 2	681	-	681
Deferred tax assets – actuary	40	-	40
Deferred tax assets-debt securities	50	-	50
Deferred tax liabilities-equity securities	-	2	2
<b>Balance at 31 December 2025</b>	<b>2,928</b>	<b>8</b>	<b>2,920</b>

**15. Cash and cash equivalents**

	31 December 2025	31 December 2024
Cash in hand	64,314	53,471
Balances with banks with maturity until 30 days	129,320	81,869
Liquidity reserves above the required reserve at the Central Bank	112,516	125,532
Calculated interest on assets at banks	197	311
	<b>306,347</b>	<b>261,183</b>
Less : Impairments	(187)	(169)
	<b>306,160</b>	<b>261,014</b>

Cash and cash equivalents include cash in hand and balances on accounts with the Central Bank of BiH, and cash on accounts with other banks without placements to banks with maturity more than 30 days.

**15. Cash and cash equivalents (continued)**

The table below presents the gross exposure of the Bank in a form of placements with banks according to the internal rating system (internal classification) and by the level of credit risk (stage classification) at the end of the year:

<b>Gross exposure</b>	<b>31 December 2025</b>				<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
Cash and cash equivalents	306,347	-	-	306,347	261,183
	<b>306,347</b>	<b>-</b>	<b>-</b>	<b>306,347</b>	<b>261,183</b>

<b>Gross exposure</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>		
Cash and cash equivalents	192,959	113,388	-	-	-	306,347	261,183
	<b>192,959</b>	<b>113,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>306,347</b>	<b>261,183</b>

<b>Impairment</b>	<b>31 December 2025</b>				<b>Total</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>			
Cash and cash equivalents	(187)	-	-		(187)	(169)
	<b>(187)</b>	<b>-</b>	<b>-</b>		<b>(187)</b>	<b>(169)</b>

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

IFRS 9 classifies financial assets as financial assets measured at fair value through other comprehensive income.

**16.a Investment in equity instruments**

	<b>31 December 2025</b>	<b>31 December 2024</b>
S.W.I.F.T., Belgium	110	91
Register of securities of the FBiH, Sarajevo	14	14
	<b>124</b>	<b>105</b>

The bank had no dividend income in 2025.

**16.b Debt securities**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Government FBiH -Federal Ministry of finance	27,122	10,373
Kingdom of Belgium	13,663	9,727
Republic of Germany	-	11,724
Kingdom of the Netherlands	23,446	28,830
Republic of Srpska - Ministry of finance	16,712	16,613
Republic of France	41,942	23,447
Republic of Austria	-	18,540
City of Banja Luka	-	166
	<b>122,885</b>	<b>119,420</b>

**16. Financial assets at fair value through other comprehensive income (continued)**

The table below shows the Bank's gross exposure in the form of financial instruments at fair value through other total result according to the internal prudential system (internal classification) and by credit risk levels (stage classification) at the end of the year:

<b>31 December 2025</b>	<b>Stage 1</b>		<b>Stage 2</b>		<b>Stage 3</b>		<b>Total</b>
<b>Internal classification</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	
A	-	78,575	-	-	-	-	78,575
B	-	44,420	-	-	-	-	44,420
C	-	14	-	-	-	-	14
D and E	-	-	-	-	-	-	-
	-	<b>123,009</b>	-	-	-	-	<b>123,009</b>

<b>31 December 2024</b>	<b>Stage 1</b>		<b>Stage 2</b>		<b>Stage 3</b>		<b>Total</b>
<b>Internal classification</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	
A	-	92,026	-	-	-	-	92,026
B	-	28,000	-	-	-	-	28,000
C	-	-	-	-	-	-	-
D and E	-	-	-	-	-	-	-
	-	<b>120,026</b>	-	-	-	-	<b>120,026</b>

**16. Financial assets at fair value through other comprehensive income (continued)**

Changes in gross carrying amount and related value adjustments for financial assets measured at fair value through other comprehensive result in 2025 are presented below:

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Fair value as of 31 December 2024</b>	-	<b>120,026</b>	-	-	-	-	<b>120,026</b>
New assets approved or purchased	-	98,874	-	-	-	-	98,874
Asset derecognition/maturity (excluding write-offs)	-	(95,099)	-	-	-	-	(95,099)
Changes in fair value	-	(482)	-	-	-	-	(482)
Transfer in Stage 1	-	-	-	-	-	-	-
Transfer in Stage 2	-	-	-	-	-	-	-
Transfer in Stage 3	-	-	-	-	-	-	-
<b>As at 31 December 2025</b>	-	<b>123,319</b>	-	-	-	-	<b>123,319</b>

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Fair value as of 31 December 2023</b>	-	<b>182,545</b>	-	-	-	-	<b>182,545</b>
New assets approved or purchased	-	94,641	-	-	-	-	94,641
Asset derecognition/maturity (excluding write-offs)	-	(155,784)	-	-	-	-	(155,784)
Changes in fair value	-	(1,376)	-	-	-	-	(1,376)
Transfer in Stage 1	-	-	-	-	-	-	-
Transfer in Stage 2	-	-	-	-	-	-	-
Transfer in Stage 3	-	-	-	-	-	-	-
<b>As of 31 December 2024</b>	-	<b>120,026</b>	-	-	-	-	<b>120,026</b>

**16. Financial assets at fair value through other comprehensive income (continued)**

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b><i>ECL Allowance as of 31 December 2024</i></b>	-	501	-	-	-	-	501
New assets approved or purchased	-	180	-	-	-	-	180
Asset derecognition/maturity (excluding write-offs)	-	(371)	-	-	-	-	(371)
Transfer in Stage 1	-	-	-	-	-	-	-
Transfer in Stage 2	-	-	-	-	-	-	-
Transfer in Stage 3	-	-	-	-	-	-	-
Changes due to non-recognition modifications	-	-	-	-	-	-	-
Changes in models /parameters for credit risk assessment	-	-	-	-	-	-	-
Improvements	-	-	-	-	-	-	-
Change in fair value	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
<b>As at 31 December 2025</b>	-	310	-	-	-	-	310

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b><i>ECL Allowance as of 31 December 2023</i></b>	-	621	-	-	-	-	621
New assets approved or purchased	-	92	-	-	-	-	92
Asset derecognition/maturity (excluding write-offs)	-	(212)	-	-	-	-	(212)
Transfer in Stage 1	-	-	-	-	-	-	-
Transfer in Stage 2	-	-	-	-	-	-	-
Transfer in Stage 3	-	-	-	-	-	-	-
Changes due to non-recognition modifications	-	-	-	-	-	-	-
Changes in models/parameters for credit risk assessment	-	-	-	-	-	-	-
Improvements	-	-	-	-	-	-	-
Change in fair value	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-
<b>As at 31 December 2024</b>	-	501	-	-	-	-	501

**16. Financial assets at fair value through other comprehensive income (continued)**

**Equity instruments at fair value through other comprehensive income:**

Structure of equity investments	Activities	Country of business	% of Ownership 31 December 2025.	% of Ownership 31 December 2024
The Association of Banks of Bosnia and Herzegovina	Activities of other member organizations	Bosnia and Herzegovina	4.35	4.35
Register of Securities of FBiH	Registration and maintenance of securities data	Bosnia and Herzegovina	0.687	0.687
S.W.I.F.T.	Payment transactions	Belgium	0.0055	0.0055

List of securities by valuation levels as of 31 December 2025:

	Level 1	Level 2	Level 3	Total
Debt securities	79,051	43,834	-	122,885
<b>Total</b>	<b>79,051</b>	<b>43,834</b>	-	<b>122,885</b>

List of securities by valuation levels as of 31 December 2024:

	Level 1	Level 2	Level 3	Total
Debt securities	23,442	95,978	-	119,420
<b>Total</b>	<b>23,442</b>	<b>95,978</b>	-	<b>119,420</b>

The table above presents debt securities classified in different hierarchical levels of fair value.

The Level 1 debt securities portfolio consists treasury bills of the of the Republic of France, the Kingdom of Belgium and the Kingdom of the Netherlands.

The level 2 securities portfolio consists of bonds and treasury bills of the f the Federation of BiH and Eurobonds of the Republic of Srpska.

**17. Financial assets at amortized cost**

**17.a Reserve required at the Central bank of BiH**

The reserve requirement is the minimum amount that must be deposited with the Central Bank of Bosnia and Herzegovina. According to the Law on the Central Bank of Bosnia and Herzegovina, as of 1 July 2016, the reserve requirement represents 10% of the average ten-day deposits and borrowed funds, regardless of the currency in which the funds are denominated. The base in the domestic currency for the calculation of the reserve requirement in BAM consists of deposits and borrowed funds in BAM, while the foreign exchange base for the calculation of the required reserves in EUR consists of deposits and borrowed funds in BAM with a currency clause and deposits and borrowed funds in foreign currencies.

The reserve requirement is maintained through the average balances of accounts with the Central Bank of Bosnia and Herzegovina.

	<b>31 December 2025</b>	<b>31 December 2024</b>
Reserve required at the Central Bank of BiH	192,545	166,292
Less: Impairment	(197)	(166)
	<b>192,348</b>	<b>166,126</b>

The Central Bank for the bank's reserve accounts in the accounting period:

- on the amount of required reserves on the basis of the base in the domestic currency (BAM) – calculates the fee at the rate of 50 basis points
- on the funds of the reserve requirement on the basis of the base in foreign currencies and in the domestic currency with a currency clause – the fee is calculated at the rate of 30 basis points.
- on the amount of funds above the reserve requirement in BAM – at a zero rate,
- on the amount of funds above the reserve requirement in EUR – at a zero rate,

The Central bank of Bosnia and Herzegovina has postponed the full implementation of the new reserve requirement framework, where for the period until 30 June 2025 it is prescribed to hold 5% of the required calculated amount for the required reserve in EUR currency, and the rest of 95% in the domestic BAM currency, and 100% of the required calculated amount for the required reserve in the domestic currency.

**17. Financial assets at amortized cost (continued)**

**17.a Reserve requirement with the Central bank of BiH**

The tables below show the Bank's gross exposure in the form of reserve requirements with the CB BiH, and the calculated value adjustment according to credit risk levels (stage classification) at the end of the year:

<b>Gross Exposure</b>	<b>31 December 2025</b>					<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>		
Obligatory reserve with the CB of BiH	192,545	-	-	192,545	166,292	
	<b>192,545</b>	-	-	<b>192,545</b>	<b>166,292</b>	

<b>Gross Exposure</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>		
Obligatory reserve with the CB of BiH	-	192,545	-	-	-	192,545	166,292
	-	<b>192,545</b>	-	-	-	<b>192,545</b>	<b>166,292</b>

<b>Impairment</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>				
Obligatory reserve with the CB of BiH	(197)	-	-	(197)	(166)		
	<b>(197)</b>	-	-	<b>(197)</b>	<b>(166)</b>		

**17.b Bank deposits**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Deposits with other banks	43,320	47,760
Less: Impairment	(13)	(7)
	<b>43,307</b>	<b>47,753</b>

The tables below show the Bank's gross exposure in the form of deposits with other banks, and the calculated value adjustment according to the levels of credit risk (stage classification) at the end of the year:

<b>Gross exposure as at 31 December 2025</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024.</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>				
Deposits with other banks	43,320	-	-	43,320	47,760		
	<b>43,320</b>	-	-	<b>43,320</b>	<b>47,760</b>		

<b>Gross exposure as at 31 December 2025</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>		
Deposits with other banks	43,320	-	-	-	-	43,320	47,760
	<b>43,320</b>	-	-	-	-	<b>43,320</b>	<b>47,760</b>

<b>Impairment</b>	<b>31 December 2025</b>					<b>Total</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>				
Deposits with other banks	(13)	-	-	(13)	(7)		
	<b>(13)</b>	-	-	<b>(13)</b>	<b>(7)</b>		

17. Financial assets at amortized cost (continued)

17.c Loans and receivables from customers

	Short-term loans on 31 December		Long-term loans on 31 December		Total on 31 December	
	2025	2024	2025	2024	2025	2024
Retail loans	37,795	35,132	825,636	715,302	863,431	750,434
Corporate loans	296,281	271,308	313,714	255,710	609,996	527,017
	<b>334,076</b>	<b>306,440</b>	<b>1,139,350</b>	<b>971,012</b>	<b>1,473,426</b>	<b>1,277,451</b>
Less: impairment	(10,245)	(11,782)	(36,663)	(32,595)	(46,908)	(44,377)
	<b>323,831</b>	<b>294,658</b>	<b>1,102,687</b>	<b>938,417</b>	<b>1,426,518</b>	<b>1,233,074</b>

The table below shows the Bank's gross exposure in the form of loans to clients according to the internal prudential system (internal classification) and by credit risk levels (stage classification) at the end of the year:

31 December 2025							
Internal Classification Telugu	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
A	-	454,802	-	2,007	-	-	456,809
B	-	856,849	-	27,841	-	-	884,690
C	-	63,196	-	45,611	-	-	108,807
D and E	-	-	-	-	9,127	13,993	23,120
	-	<b>1,374,847</b>	-	<b>75,459</b>	<b>9,127</b>	<b>13,993</b>	<b>1,473,426</b>

31 December 2024							
Internal Classification Telugu	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
A	-	777,916	-	3,240	-	-	781,156
B	-	421,338	-	7,540	-	-	428,878
C	-	23,702	-	17,112	-	-	40,814
D and E	-	-	-	-	13,151	13,452	26,603
	-	<b>1,222,956</b>	-	<b>27,892</b>	<b>13,151</b>	<b>13,452</b>	<b>1,277,451</b>

**17. Financial assets at amortized cost (continued)**

**17.c Loans and receivables from customers (continued)**

The development of impairment allowances in 2025 and 2024 is presented in the following table:

	<b>2025</b>	<b>2024</b>
<b>1 January</b>	<b>44,377</b>	<b>41,778</b>
Increase in impairment for the year	24,886	26,075
Decrease in impairment	(15,812)	(12,846)
<b>Increase during the year, net</b>	<b>9,074</b>	<b>13,229</b>
Decrease in impairment based on unwinding	-	-
Net cost of interest impairment	(11)	36
Accounting write-off during the year	(3,294)	(3,249)
Permanent write-off	(3,238)	(7,417)
<b>31 December</b>	<b>46,908</b>	<b>44,377</b>

Below is an overview of loans granted to clients by segment and by credit risk levels as of 31 December 2025 and 31 December 2024:

	<b>31 December 2025</b>						<b>Total</b>
	<b>Stage 1</b>		<b>Stage 2</b>		<b>Stage 3</b>		
	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	<b>Individual assessment</b>	<b>Collective assessment</b>	
<i>Retail loans</i>							
Housing loans	-	226,784	-	7,050	-	277	234,111
Consumer loans	-	455,621	-	31,956	33	12,695	500,305
Other retail loans	-	121,189	-	6,904	287	635	129,015
	-	<b>803,594</b>	-	<b>45,910</b>	<b>320</b>	<b>13,607</b>	<b>863,431</b>
<i>Corporate Loans</i>							
Corporate Clients	-	480,491	-	26,477	6,633	27	513,628
SME Clients	-	55,154	-	1,638	2,174	38	59,004
Other clients	-	35,608	-	1,434	-	321	37,363
	-	<b>571,253</b>	-	<b>29,549</b>	<b>8,807</b>	<b>386</b>	<b>609,995</b>
	-	<b>1,374,847</b>	-	<b>75,459</b>	<b>9,127</b>	<b>13,993</b>	<b>1,473,426</b>
Less: Impairment	-	(19,123)	-	(9,235)	(7,701)	(10,849)	(46,908)
<b>Total loan (net)</b>	-	<b>1,355,724</b>	-	<b>66,224</b>	<b>1,426</b>	<b>3,144</b>	<b>1,426,518</b>

**17. Financial assets at amortized cost (continued)**

**17.c Loans and receivables from customers (continued)**

	31 December 2024						Total
	Stage 1		Stage 2		Stage 3		
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<i>Retail loans</i>							
Housing loans	-	179,656	-	1,031	-	440	181,127
Consumer loans	-	437,251	-	5,445	35	11,858	454,589
Other retail loans	-	113,050	-	730	182	756	114,718
	-	<b>729,957</b>	-	<b>7,206</b>	<b>217</b>	<b>13,054</b>	<b>750,434</b>
<i>Corporate Loans</i>							
Corporate clients	-	415,822	-	18,929	10,151	41	444,943
SME clients	-	55,044	-	851	2,682	50	58,627
Other clients	-	22,132	-	907	101	307	23,447
	-	<b>492,998</b>	-	<b>20,687</b>	<b>12,934</b>	<b>398</b>	<b>527,017</b>
		<b>1,222,955</b>	-	<b>27,893</b>	<b>13,151</b>	<b>13,452</b>	<b>1,277,451</b>
Less: Impairment	-	(20,288)	-	(3,896)	(9,952)	(10,241)	(44,377)
<b>Total loan (net)</b>	-	<b>1,202,667</b>	-	<b>23,997</b>	<b>3,199</b>	<b>3,211</b>	<b>1,233,074</b>

Changes in gross carrying amount and related value adjustments for loans granted to individuals in 2025 are presented below:

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Gross carrying amount as at 31 December 2024</b>	-	<b>729,957</b>	-	<b>7,206</b>	<b>217</b>	<b>13,054</b>	<b>750,434</b>
New assets originated or purchased	-	287,686	-	21,859	-	378	309,923
Assets derecognized or matured (excluding write-offs)	-	(187,727)	-	(3,394)	(10)	(2,125)	(193,256)
Transfers to Stage 1	-	3,552	-	(2,517)	-	(1,035)	-
Transfers to Stage 2	-	(24,378)	-	24,956	-	(578)	-
Transfers to Stage 3	-	(4,258)	-	(2,181)	113	6,326	-
Changes to contractual cash flows due to modification not resulting in derecognition	-	(1,238)	-	(19)	-	(1)	(1,258)
Accounting write-offs	-	-	-	-	-	(2100)	(2100)
Write-offs	-	-	-	-	-	(312)	(312)
<b>At 31 December 2025</b>	-	<b>803,594</b>	-	<b>45,910</b>	<b>320</b>	<b>13,607</b>	<b>863,431</b>

**17. Financial assets at amortized cost (continued)**

**17.c Loans and receivables from customers (continued)**

In 2025, the implementation of a long prudential scale for individuals, as well as new rules for the identification of a significant increase in credit risk (SICR). The analysis of the situation at the end of 2024, in accordance with the application of the above rules until the end of 2025, showed the following results:

- The exposure in the amount of BAM 6.7 million was reclassified from Stage 1 to Stage 2 in accordance with the ABS rule, resulting in an additional BAM 540 thousand value adjustments.
- The exposure in the amount of BAM 13 million was reclassified in accordance with the LPD rule, with the effect of an additional BAM 1.3 million in value adjustments.

These effects clearly indicate the significant impact of the new regulatory requirements on the classification of exposures and the calculation of value adjustments, thereby ensuring compliance with international credit risk management standards.

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Gross carrying amount as at 31 December 2023</b>	-	<b>644,015</b>	-	<b>9,148</b>	<b>99</b>	<b>14,154</b>	<b>667,416</b>
New assets originated or purchased	-	271,371	-	1,163	-	255	<b>272,789</b>
Assets derecognised or matured (excluding write-offs)	-	(180,166)	-	(2,024)	(8)	(2,660)	<b>(184,858)</b>
Transfers to Stage 1	-	4,644	-	(3,931)	-	(713)	-
Transfers to Stage 2	-	(4,147)	-	4,643	-	(496)	-
Transfers to Stage 3	-	(4,363)	-	(1,789)	126	6,026	-
Decrease in CLA due to improvement	-	(1,397)	-	(4)	-	(1)	<b>(1,402)</b>
Accounting write-offs	-	-	-	-	-	(3,211)	<b>(3,211)</b>
Write-offs	-	-	-	-	-	(300)	<b>(300)</b>
<b>At 31 December 2024</b>	-	<b>729,957</b>	-	<b>7,206</b>	<b>217</b>	<b>13,054</b>	<b>750,434</b>

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>ECL Allowance as at 31 December 2024</b>	-	<b>14,015</b>	-	<b>2,010</b>	<b>114</b>	<b>9,915</b>	<b>26,054</b>
New assets originated or purchased	-	4,283	-	3,195	-	203	<b>7,681</b>
Assets derecognized or matured (excluding write-offs)	-	(1,937)	-	(97)	-	(254)	<b>(2,288)</b>
Transfer to Stage 1	-	1,096	-	(578)	-	(518)	-
Transfer to Stage 2	-	(540)	-	913	-	(373)	-
Transfer to Stage 3	-	(87)	-	(768)	1	854	-
Decrease in CLA due to improvement	-	(6,456)	-	(698)	-	(719)	<b>(7,873)</b>
Increase in CLA due to worsening	-	1,385	-	2,377	126	3,808	<b>7,696</b>
Changes to contractual cash flows due to modification not resulting in derecognition	-	-	-	-	-	-	-
Accounting write-offs	-	-	-	-	-	(2,100)	<b>(2,100)</b>
Write-offs	-	-	-	-	-	(241)	<b>(241)</b>
<b>At 31 December 2025</b>	-	<b>11,759</b>	-	<b>6,354</b>	<b>241</b>	<b>10,575</b>	<b>28,929</b>

**17. Financial assets at amortized cost (continued)**

**17.c Loans and receivables from customers (continued)**

Changes in gross carrying amount and related value adjustments for loans to corporates in 2025 are presented below:

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>ECL Allowance as at 31 December 2023</b>	-	<b>10,460</b>	-	<b>2,004</b>	<b>52</b>	<b>11,335</b>	<b>23,851</b>
New assets originated or purchased	-	5,283	-	373	-	120	<b>5,776</b>
Assets derecognized or matured (excluding write-offs)	-	(1,376)	-	(178)	-	(295)	<b>(1,849)</b>
Transfer to Stage 1	-	1,175	-	(797)	-	(378)	-
Transfer to Stage 2	-	(76)	-	345	-	(269)	-
Transfer to Stage 3	-	(76)	-	(477)	20	533	-
Decrease in CLA due to improvement	-	(2,659)	-	(375)	(53)	(1,388)	<b>(4,475)</b>
Increase in CLA due to worsening	-	1,284	-	1,115	95	3,768	<b>6,262</b>
Changes to contractual cash flows due to modification not resulting in derecognition	-	-	-	-	-	-	-
Accounting write-offs	-	-	-	-	-	(3,211)	<b>(3,211)</b>
Write-offs	-	-	-	-	-	(300)	<b>(300)</b>
<b>At 31 December 2024</b>	-	<b>14,015</b>	-	<b>2,010</b>	<b>114</b>	<b>9,915</b>	<b>26,054</b>

Promjene u bruto knjigovodstvenoj vrijednosti i pripadajućim ispravkama vrijednosti za kredite date preduzećima u 2025. godini prikazane su u nastavku:

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Gross carrying amount as at 31 December 2024</b>	-	<b>492,998</b>	-	<b>20,687</b>	<b>12,934</b>	<b>398</b>	<b>527,017</b>
New assets originated or purchased	-	419,884	-	20,122	2,336	89	442,431
Assets derecognized or matured (excluding write-offs)	-	(332,709)	-	(19,930)	(2,035)	(247)	(354,921)
Transfers to Stage 1	-	2	-	(2)	-	-	-
Transfers to Stage 2	-	(8,678)	-	8,678	-	-	-
Transfers to Stage 3	-	(479)	-	-	75	404	-
Changes to contractual cash flows due to modification not resulting in derecognition	-	235	-	(6)	(105)	-	124
Accounting write-offs	-	-	-	-	(1,028)	(166)	(1,194)
Write-offs	-	-	-	-	(3,370)	(92)	(3,462)
<b>At 31 December 2025</b>	-	<b>571,253</b>	-	<b>29,549</b>	<b>8,807</b>	<b>386</b>	<b>609,995</b>

As part of the implementation of the new rules for the identification of a significant increase in credit risk (SICR) in 2025, the effect on the segment of legal entities has also been recorded. The analysis shows that an additional BAM 1.3 million of exposures have been reclassified from Stage 1 to Stage 2. This change results directly from the application of the new SICR criteria, which have tightened the conditions for credit risk assessment and earlier identification of increased risk.

17. Financial assets at amortized cost (continued)

17.c Loans and receivables from customers (continued)

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Gross carrying amount as at 31 December 2023</b>	-	<b>460,860</b>	-	<b>21,990</b>	<b>9,986</b>	<b>432</b>	<b>493,268</b>
New assets originated or purchased	-	373,006	-	6,236	5,254	132	384,628
Assets derecognised or matured (excluding write-offs)	-	(318,820)	-	(21,500)	(1,442)	(1,719)	(343,481)
Transfers to Stage 1	-	1,248	-	(1,248)	-	-	-
Transfers to Stage 2	-	(18,663)	-	18,746	-	(83)	-
Transfers to Stage 3	-	(4,516)	-	(3,520)	6,352	1,684	-
Decrease in CLA due to improvement	-	(117)	-	(17)	(108)	-	(242)
Accounting write-offs	-	-	-	-	-	(38)	(38)
Write-offs	-	-	-	-	(7,108)	(10)	(7,118)
<b>At 31 Decembere 2024</b>	-	<b>492,998</b>	-	<b>20,687</b>	<b>12,934</b>	<b>398</b>	<b>527,017</b>

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>ECL Allowance as at 31 December 2024</b>	-	6,273	-	1,886	9,838	326	18,323
New assets originated or purchased	-	5,218	-	1,954	1,201	29	8,402
Assets derecognized or matured (excluding write-offs)	-	(3,090)	-	(1,263)	(91)	(41)	(4,485)
Transfer to Stage 1	-	2	-	(2)	-	-	-
Transfer to Stage 2	-	(139)	-	139	-	-	-
Transfer to Stage 3	-	(8)	-	-	1	7	-
Decrease in CLA due to improvement	-	(919)	-	(203)	(448)	189	(1,381)
Increase in CLA due to worsening	-	27	-	370	914	-	1,311
Changes to contractual cash flows due to modification not resulting in derecognition	-	-	-	-	-	-	-
Accounting write-offs	-	-	-	-	(1,028)	(166)	(1,194)
Write-offs	-	-	-	-	(2,927)	(70)	(2,997)
<b>At 31 December 2025</b>	-	<b>7,364</b>	-	<b>2,881</b>	<b>7,460</b>	<b>274</b>	<b>17,979</b>

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>ECL Allowance as at 31 December 2023</b>	-	<b>6,635</b>	-	<b>2,180</b>	<b>8,758</b>	<b>354</b>	<b>17,927</b>
New assets originated or purchased	-	4,489	-	529	4,335	48	9,401
Assets derecognized or matured (excluding write-offs)	-	(3,082)	-	(941)	(299)	(16)	(4,338)
Transfer to Stage 1	-	104	-	(104)	-	-	-
Transfer to Stage 2	-	(342)	-	379	-	(37)	-
Transfer to Stage 3	-	(109)	-	(408)	515	2	-
Decrease in CLA due to improvement	-	(1,512)	-	(379)	(282)	(11)	(2,184)
Increase in CLA due to worsening	-	90	-	630	3,919	34	4,673
Changes to contractual cash flows due to modification not resulting in derecognition	-	-	-	-	-	-	-
Accounting write-offs	-	-	-	-	-	(38)	(38)
Write-offs	-	-	-	-	(7,108)	(10)	(7,118)
<b>At 31 December 2024</b>	-	<b>6,273</b>	-	<b>1,886</b>	<b>9,838</b>	<b>326</b>	<b>18,323</b>

17. Financial assets at amortized cost (continued)

17c Loans and receivables from customers (continued)

Loans and receivables from customers – Stage 1

At 31 December 2025	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	225,542	1,242	-	-	-	226,784
Consumer loans	437,592	18,030	-	-	-	455,622
Other retail loans	118,451	2,737	-	-	-	121,189
<b>Total Retail loans</b>	<b>781,585</b>	<b>22,009</b>	-	-	-	<b>803,594</b>
Corporate lending	480,491	-	-	-	-	480,491
SME lending	54,524	630	-	-	-	55,154
Other loans	34,327	1,281	-	-	-	35,608
<b>Total Corporate loans</b>	<b>569,341</b>	<b>1,911</b>	-	-	-	<b>571,252</b>
<b>Total Loans to customer</b>	<b>1,350,927</b>	<b>23,920</b>	-	-	-	<b>1,374,847</b>
<i>of which: restructured</i>	-	-	-	-	-	-

At 31 December 2024	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	177,091	2,565	-	-	-	179,656
Consumer loans	417,160	20,091	-	-	-	437,251
Other retail loans	109,306	3,744	-	-	-	113,050
<b>Total Retail loans</b>	<b>703,557</b>	<b>26,400</b>	-	-	-	<b>729,957</b>
Corporate lending	411,047	4,775	-	-	-	415,822
SME lending	54,150	894	-	-	-	55,044
Other loans	21,153	979	-	-	-	22,132
<b>Total Corporate loans</b>	<b>486,350</b>	<b>6,648</b>	-	-	-	<b>492,998</b>
<b>Total Loans to customers</b>	<b>1,189,907</b>	<b>33,048</b>	-	-	-	<b>1,222,955</b>
<i>of which: restructured</i>	26	-	-	-	-	26

The methodology for the formation of collectively calculated impairment allowance and provisions in NLB Bank d.d., Sarajevo defines the levels of material overdue for corporate and retail, which will result in clients being transferred to Stage 2. Accordingly, Stage 1 contains clients overdue for 30 days, but their delay is not materially significant to be transferred to Stage 2.

17. Financial assets at amortized cost (continued)

17c Loans and receivables from customers (continued)

Loans and receivables from customers – Stage 2

At 31 December 2025	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	6,243	801	6	-	-	7,050
Consumer loans	25,194	4,561	1,383	818	-	31,956
Other retail loans	5,567	1,207	71	59	-	6,904
<b>Total Retail loans</b>	<b>37,004</b>	<b>6,569</b>	<b>1,460</b>	<b>877</b>	-	<b>45,910</b>
Corporate lending	21,037	1,624	3,816	-	-	26,477
SME lending	1,638	-	-	-	-	1,638
Other loans	1,014	419	1	-	-	1,434
<b>Total Corporate loans</b>	<b>23,689</b>	<b>2,043</b>	<b>3,817</b>	-	-	<b>29,549</b>
<b>Total Loans to customer</b>	<b>60,693</b>	<b>8,612</b>	<b>5,277</b>	<b>877</b>	-	<b>75,459</b>
<i>of which: restructured</i>	2,298	22	-	-	-	2,320

At 31 December 2024	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	737	252	42	-	-	1,031
Consumer loans	1,877	1,588	1,260	720	-	5,445
Other retail loans	490	103	87	50	-	730
<b>Total Retail loans</b>	<b>3,104</b>	<b>1,943</b>	<b>1,389</b>	<b>770</b>	-	<b>7,206</b>
Corporate lending	10,785	325	5,429	2,390	-	18,929
SME lending	105	545	201	-	-	851
Other loans	741	75	91	-	-	907
<b>Total Corporate loans</b>	<b>11,631</b>	<b>945</b>	<b>5,721</b>	<b>2,390</b>	-	<b>20,687</b>
<b>Total Loans to customer</b>	<b>14,735</b>	<b>2,888</b>	<b>7,110</b>	<b>3,160</b>	-	<b>27,893</b>
<i>of which: restructured</i>	157	28	91	-	-	276

**17. Financial assets at amortized cost (continued)**

**17c Loans and receivables from customers (continued)**

**Loans and receivables from customers – Stage 3**

At 31 December 2025	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	100	33	-	-	144	277
Consumer loans	1,263	789	106	80	10,490	12,728
Other retail loans	2	30	-	-	890	922
<b>Total Retail loans</b>	<b>1,365</b>	<b>852</b>	<b>106</b>	<b>80</b>	<b>11,524</b>	<b>13,927</b>
Corporate lending	2,064	-	-	-	4,596	6,660
SME lending	-	-	-	-	2,212	2,212
Other loans	19	-	-	37	265	321
<b>Total Corporate loans</b>	<b>2,083</b>	-	-	<b>37</b>	<b>7,073</b>	<b>9,193</b>
<b>Total Loans to customer</b>	<b>3,448</b>	<b>852</b>	<b>106</b>	<b>117</b>	<b>18,597</b>	<b>23,120</b>
<i>of which: restructured</i>	2,119	-	-	-	164	2,283

At 31 December 2024	Not due	Due less than 30 days	Due 31 - 60 days	Due 61 - 90 days	Due over 90 days	Total
Housing loans	186	42	-	-	212	440
Consumer loans	2,065	605	209	63	8,950	11,892
Other retail loans	122	109	-	14	693	938
<b>Total Retail loans</b>	<b>2,373</b>	<b>756</b>	<b>209</b>	<b>77</b>	<b>9,855</b>	<b>13,270</b>
Corporate lending	-	-	-	41	10,151	10,192
SME lending	-	225	-	-	2,507	2,732
Other loans	-	91	-	-	317	408
<b>Total Corporate loans</b>	-	<b>316</b>	-	<b>41</b>	<b>12,975</b>	<b>13,332</b>
<b>Total Loans to customer</b>	<b>2,373</b>	<b>1,072</b>	<b>209</b>	<b>118</b>	<b>22,830</b>	<b>26,602</b>
<i>of which: restructured</i>	48	213	-	-	3,292	3,552

**17.d Other financial assets at amortized cost**

	31 December 2025	31 December 2024
<b><i>Other financial assets at amortized cost</i></b>		
Debt securities	83,777	87,783
Receivables from the card transactions	3,213	2,827
Calculated service fees receivables	1138	894
Other financial assets	591	407
	88,719	91,911
Less: Impairment	(1,291)	(1,073)
<b>Other financial assets at amortized cost</b>	<b>87,428</b>	<b>90,838</b>

**18. Property, plant and equipment**

**18. a. Property, plant and equipment**

	Land and buildings	Vehicles	Computer equipment	Other equipment	Leashold improvements	Assets under construction	Total
<b>Cost</b>							
<i>At of 1 January 2024</i>	37,381	1,595	10,415	6,269	1,981	1,426	59,067
Additions	-	-	-	-	-	4,412	4,412
Transfer	943	1,546	1,061	632	360	(4,542)	-
Transfer from intangible assets	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
- write-offs	-	-	(499)	(445)	(267)	-	(1,211)
- disposal on IAS 36	-	-	-	-	-	-	-
- sale of assets	(336)	(757)	-	-	-	-	(1,093)
<b>At of 31 December 2024</b>	<b>37,988</b>	<b>2,384</b>	<b>10,977</b>	<b>6,456</b>	<b>2,074</b>	<b>1,296</b>	<b>61,175</b>
Additions	-	-	-	-	-	5,520	5,520
Transfer	1,272	221	1,678	857	498	(4,526)	-
Transfer from intangible assets	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
- write-offs	-	-	(888)	(464)	(43)	-	(1,395)
- other reductions	-	-	-	-	-	(126)	(126)
- sale of assets	(5,930)	-	-	-	-	-	(5,930)
<b>At of 31 December 2025</b>	<b>33,330</b>	<b>2,605</b>	<b>11,767</b>	<b>6,849</b>	<b>2,529</b>	<b>2,164</b>	<b>59,244</b>
<b>Accumulated depreciation and impairment</b>							
<i>As of January 1, 2024</i>	15,777	604	5,854	4,285	1,601	-	28,121
Depreciation for the period	753	281	1,360	489	239	-	3,122
- write-offs	-	-	(470)	(431)	(267)	-	(1,168)
- sale of assets	(224)	(573)	-	-	-	-	(797)
<b>At of 31 December 2024</b>	<b>16,306</b>	<b>312</b>	<b>6,744</b>	<b>4,343</b>	<b>1,573</b>	<b>-</b>	<b>29,278</b>
Depreciation for the period	693	384	1,277	533	229	-	3,116
- write-offs	-	-	(816)	(446)	(37)	-	(1,299)
- sale of assets	(2,033)	-	-	-	-	-	(2,033)
<b>At of 31 December 2025</b>	<b>14,966</b>	<b>696</b>	<b>7,205</b>	<b>4,430</b>	<b>1,765</b>	<b>-</b>	<b>29,062</b>
<b>Net book value 31 December 2025</b>	<b>18,364</b>	<b>1,909</b>	<b>4,562</b>	<b>2,419</b>	<b>764</b>	<b>2,164</b>	<b>30,182</b>
<b>Net book value 31 December 2024</b>	<b>21,682</b>	<b>2,072</b>	<b>4,233</b>	<b>2,113</b>	<b>501</b>	<b>1,296</b>	<b>31,897</b>

**18. Property, plant and equipment (continued)**

**18. b. Right of use assets**

<b>Cost</b>	
<i>January 1, 2024</i>	<b>4,959</b>
Increase	1,661
- write-offs	(538)
<b>December 31, 2024</b>	<b>6,082</b>
Increase	1,100
- write-offs	(808)
<b>December 31, 2025</b>	<b>6,374</b>
<b>Accumulated depreciation</b>	
<i>January 1, 2024</i>	<b>268</b>
Depreciation of period	1,546
- write-offs	(166)
<b>December 31, 2024</b>	<b>1,648</b>
Depreciation of period	1,631
- write-offs	(626)
<b>December 31, 2025</b>	<b>2,653</b>
<b>Net book value</b>	<b>3,721</b>
<b>December 31, 2025</b>	
<b>Net book value</b>	
<b>December 31, 2024</b>	<b>4,434</b>

In 2025 and 2024, real estate and equipment did not serve as collateral for the Bank's liabilities. The total purchase value of tangible assets, which is fully depreciated and is still in use, amounts to BAM 6,053 thousand as of December 31, 2025. while on December 31, 2024 it amounted to BAM 5,498 thousand.

**Leases**

**a) Lease as lessee**

<b>Right of use assets</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Property	5,255	4,963
Equipment	1,119	1,119
<b>Total</b>	<b>6,374</b>	<b>6,082</b>

The increase in the right to use property during 2025 amounted to 6,374 thousand BAM.

In the statement of financial position, assets with the right to use are disclosed as a separate item within tangible assets and liabilities based on leases are reported as a separate item Liabilities based on lease.

**18. Property, plant and equipment (continued)**

**18. b. Property with the right of use (continued)**

In Statement of profit and loss, the following types of costs refer to rents:

<b>Depreciation expense</b>	<b>2025</b>	<b>2024</b>
Property	1,395	1,310
Equipment	236	236
<b>Total</b>	<b>1,631</b>	<b>1,546</b>

<b>Other expenses</b>	<b>2025</b>	<b>2024</b>
Short-term lease expanses (Note 13)	239	244
Expenses for leases of low-value (Note 13)	353	309
Interest expenses	116	141
<b>Total</b>	<b>708</b>	<b>694</b>

A total of 2,366 thousand BAM was paid to suppliers from the lease bases in 2025. Of this, the amount of BAM 1,774 thousand refers to leases treated according to IFRS 16.

**19. Intangible assets**

The total cost of intangible assets, which are fully depreciated and are still in use, amounts to BAM 2,714 thousand as of 31 December 2025, while on 31 December 2024 it amounted to BAM 2,256 thousand.

	<b>Licenses and software</b>	<b>Assets in progress</b>	<b>TOTAL</b>
<b>Cost</b>			
<b>January 1, 2024</b>	<b>6,455</b>	<b>428</b>	<b>6,883</b>
Increases			
Transfers	363	661	1,024
Transfers to tangible assets	(316)	(363)	(679)
Write-offs	-	-	-
<b>December 31, 2024</b>	<b>6,502</b>	<b>726</b>	<b>7,228</b>
Increase	-	2,485	2,485
Transfers	1,561	(1,561)	-
<b>December 31, 2025</b>	<b>8,063</b>	<b>1,650</b>	<b>9,713</b>
<b>Accumulated deepreciation</b>			
<b>January 1, 2024</b>	<b>5,128</b>	-	<b>5,128</b>
Depreciation	562	-	562
Write-offs	(316)	-	(316)
<b>December 31, 2024</b>	<b>5,374</b>	-	<b>5,374</b>
Depreciation	661	-	661
Write-offs	-	-	-
<b>December 31, 2025</b>	<b>6,035</b>	-	<b>6,035</b>
<b>Net book value at 31 December 2025</b>	<b>2,028</b>	<b>1,650</b>	<b>3,678</b>
<b>Net book value at 31 December 2024</b>	<b>1,128</b>	<b>726</b>	<b>1,854</b>

## 20. Non-current assets held for sale

Long-term assets intended for sale refer to the acquired tangible assets in the amount of BAM 64 thousand as of 31 December 2025 (2024: BAM 34 thousand), which relate to property taken over for unpaid receivables. During 2025, the Bank didn't take over properties for outstanding loans (2024: three properties).

As of 31 December 2025, the Bank owns four foreclosed assets (property). All acquired tangible assets are located on the territory of Bosnia and Herzegovina.

The bank plans to sell the acquired assets for unpaid receivables within a period of up to one year from the date of acquisition. For assets that are not sold within one year, an evaluation of the value is carried out and the appropriate impairment is recognized.

Appraisals for 4 properties were made in 2025, and reassessments will be made in 2026. A valuation check is carried out annually by the Bank's internal appraisers, who hold the title of architectural/construction expert.

## 21. Other assets and receivables

	31 December 2025	31 December 2024
Prepaid costs and accruals	415	419
Small inventory	0	4
	<b>415</b>	<b>423</b>
Less: impairment allowance	-	(1)
<b>Other assets and receivables</b>	<b>415</b>	<b>422</b>

## 22. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through the balance of success refer to bonuses to the management board, which are paid in the value of financial instruments (shares) and which are revalued at each reporting date.

.

The value of financial liabilities on this basis is determined on a monthly basis.

On 31 December 2025 an increase in the value of shares was determined in the amount of BAM 449 thousand, and on this basis, the effect of the change in the value of financial assets at fair value through the income statement was realized in the same amount and the effects were shown within the position of other gains / losses from financial assets.

## 23. Financial liabilities at amortized cost

### 23. a Banks' deposits and other financial institutions and other customers

	31 December 2025	31 December 2024
<b>Deposits a vista</b>	<b>18,531</b>	<b>6,944</b>
Banks	900	1,079
Other financial institutions	17,631	5,865
<b>Other deposits</b>	<b>62,951</b>	<b>42,905</b>
Banks	-	-
Other financial institutions	62,951	42,905
Interest accrued and reserved	128	41
<b>Total banks and other financial institutions</b>	<b>81,610</b>	<b>49,890</b>

**23. Financial liabilities at amortized cost (continued)**

**23. b Customers' deposits**

	31 December 2025	31 December 2024
<b>Deposits a vista</b>	<b>1,268,090</b>	<b>1,144,813</b>
Government	328,109	294,285
Public Enterprises	28,923	31,768
Private Companies	294,690	289,405
Non-profit organizations	27,316	22,767
Retail	589,052	506,588
<b>Other deposits</b>	<b>458,897</b>	<b>427,995</b>
Government	4,400	3,100
Public companies	32,305	23,474
Private companies	78,181	90,968
Non-profit organization	2,460	2,868
Retail	341,551	307,585
Interest accrued and reserved	5,730	3,772
<b>Total customer's deposits</b>	<b>1,732,717</b>	<b>1,576,580</b>

**23.c Borrowings**

Borrowings refer to liabilities based on long-term and subordinated loans from banks and non-bank financial organizations.

	31 December 2025	31 December 2024
<b>Borrowings</b>		
Nova Ljubljanska banka d.d., Ljubljana	34,658	19,603
European Fund for South-East Europe (EFSE)	29,124	29,566
<b>Subordinated loans</b>		
Nova Ljubljanska banka d.d., Ljubljana	38,676	38,712
	<b>102,458</b>	<b>87,881</b>

Interest rates on the entire portfolio of long-term credit lines from banks and non-bank financial institutions for the year ended 31 December 2025 were in the range: fixed interest rates from 1.97% to 4.06% per annum, while variable interest rates were realized in the range from 6M EURIBOR +0.85% to 6M EURIBOR +3.5%. The loans contracted with the European Fund for South-East Europe (EFSE) are MREL eligible liabilities, while the loans taken out with Nova Ljubljanska banka d.d., Ljubljana have a general purpose of financing (BAM 5,3 million) and MREL purpose (BAM 29,3 million).

In 2025, the Bank didn't conclude new subordinated debt agreements. In the balance sheet, previously concluded contracts on subordinated debt with Nova Ljubljanska banka d.d. Ljubljana in the total amount of BAM 38.6 million. Contracted interest rates for individual subordinated contracts by rate types are fixed and variable related to 6M EURIBOR, the range of the realized total interest rate ranges from 4.70% to 13.85%, with an agreed maturity of 10 years.

**23. Financial liabilities at amortized cost (continued)**

**23.c Borrowings (continued)**

The following is a breakdown of the borrowings arising from the financing activities:

	<b>2025</b>	
	<b>Borrowings</b>	<b>Subordinated debt</b>
Balance 1 January 2025	49,169	38,712
Repayment of borrowings	(14,110)	-
Proceeds from borrowings	29,337	-
<b>Total changes from financing cashflows</b>	<b>64,396</b>	<b>38,712</b>
<b>Borrowings-related:</b>	<b>(614)</b>	<b>(36)</b>
Interest expense	2,881	4,067
Interest paid	(3,495)	(4,103)
<b>Balance at 31 December 2025</b>	<b>63,782</b>	<b>38,676</b>
	<b>2024</b>	
	<b>Borrowings</b>	<b>Subordinated debt</b>
Balance at 1 January 2024	63,903	25,412
Repayment of borrowings	(17,034)	-
Proceeds from borrowings	1,947	13,270
<b>Total changes from financing cashflows</b>	<b>48,816</b>	<b>38,682</b>
<b>Borrowings-related:</b>	<b>353</b>	<b>30</b>
Interest expense	3,161	3,419
Interest paid	(2,808)	(3,461)
<b>Balance at 31 December 2024</b>	<b>49,169</b>	<b>38,712</b>

**23. Financial liabilities at amortized cost (continued)**

**23c Borrowings (continued)**

The subordinated debt was used as an additional capital increase for regulatory purposes, with prior approval from the regulator. In the event of liquidation or bankruptcy of the Bank, the liabilities arising from the subordinated debt shall be subordinated to the Bank's other liabilities.

The loan and the subordinated liabilities under this basis are not additionally secured, nor subject to any own guarantee or guarantee, mortgage, or any other type or form of collateral issued, and no other form of arrangement may be made that would increase the superiority of the claims under this loan and subordinated liabilities by any of the following:

The Borrower or its subsidiaries, its parent company or its subsidiaries, its parent financial holding company or its subsidiaries, its mixed holding company or its subsidiaries, its mixed financial holding company or its subsidiaries, or any company that has close links with the entities listed above.

Early repayment of the loan is possible after the expiration of 5 years and 1 day after the date of withdrawal of funds, but with the prior consent of the FBiH Banking Agency.

**23.d Other financial liabilities at amortized cost**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Unallocated inflows	13,679	907
Fund received for undue loan receivables	19,554	13,272
Liabilities to individuals based on inactive accounts	2,394	2,790
Liabilities to suppliers	1,908	1,642
Dividend liability	581	529
Liabilities to employees	707	689
Provisions for Variable Employee Compensation	1,642	-
Other financial liabilities	10,254	10,238
	<b>50,719</b>	<b>30,067</b>

In accordance with the Procedure for Handling Inactive Accounts, the Bank may terminate the contract with clients whom it considers to have no intention of continuing the business relationship. After the expiration of the 30-day notice period, the Bank transfers funds from the client's account to the account of other liabilities on the basis of funds on inactive accounts, if the client has not activated the account or withdrawn funds. The Bank remains obliged to pay the transferred funds at the client's request.

**The management of assets in the name of and on behalf of clients**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Corporate	9,250	10,684
Retail	3,780	4,344
<b>Total placements</b>	<b>13,030</b>	<b>15,028</b>
Government of Tuzla Canton	9,723	10,916
Government of Sarajevo Canton	2697	3,146
Other non-banking financial institutions	610	966
<b>Total sources (liabilities)</b>	<b>13,030</b>	<b>15,028</b>
<b>Differences</b>	<b>-</b>	<b>-</b>

Assets managed by the Bank as a trustee for and on behalf of third parties do not represent the Bank's assets in the Bank's balance sheet. The bank manages funds in the name and for the account of others, placed for the most part in the form of long-term loans to legal entities and citizens. The bank bears no risk for these placements, and receives compensation for its services.

**24. Provisions**

	31 December 2025	31 December 2024
Credit risk of commitments and guarantees (Note 29)	3,571	2,995
Litigation	1	-
Other provisions	1,439	2,915
	<b>5,011</b>	<b>5,910</b>

**a. Credit risk of commitments and guarantees**

	31 December 2025	31 December 2024
Opening balance as of 1 January	2,995	3,675
Increase/(decrease) for the year, net (Note 7a)	576	(680)
Other adjustments	-	-
	<b>3,571</b>	<b>2,995</b>

**b. Litigation and claims**

	31 December 2025	31 December 2024
Opening balance as of January 1,	-	2
Decrease/increase for the year, net (Note 7b)	1	-
Utilization	-	(2)
	1	-

**c. Other provisions**

	31 December 2025	31 December 2024
Opening balance as of January 1,	2,915	2,324
Transfer to Other financial liabilities and Other liabilities*	(1,967)	-
Recalculated Opening balance as of January 1	948	2,324
Increase for the year, net (Note 7b)	152	592
Discount amount of provisions according to IAS 19 (Note 5b)	61	55
Release via OCI/additional booking via OCI	398	24
Utilization	(120)	(80)
	<b>1,439</b>	<b>2,915</b>

In order to present the data more adequately, provisions for variable compensation for employees in the amount of BAM 1,642 thousand were reported in 2025, under Other financial obligations, and Provisions for unused vacations in the amount of BAM 686 thousand under Other liabilities (Note: 25).

**25. Other liabilities**

	31 December 2025	31 December 2024
Other liabilities to employees	686	-
Liabilities for taxes and membership fees	-	-
Prepaid fees	129	169
Other liabilities	22	9
	<b>837</b>	<b>178</b>

## 26. Share capital

	<b>31 December 2025</b>	<b>31 December 2024</b>
Number of shares	<b>382,894</b>	<b>382,894</b>
-Ordinary shares	382,712	382,712
-Preferred shares	182	182

Preference shares were issued in 1991 bearing a dividend in an amount equal to the interest rate on retail term deposits with a maturity of over 3 years, applicable from the date on which the Shareholders' Assembly is held.

Ownership structure is presented within the Note 1.

## Earnings per share

The Bank's shares are publicly traded shares on the Sarajevo Stock Exchange – SASE (The Sarajevo Stock Exchange). The Bank calculates and publishes earnings per share in accordance with IAS 33. Basic earnings per share are calculated by dividing the net profit, available for distribution to the Bank's shareholders by the weighted average number of ordinary shares for the period (amounts are in absolute numbers). The bank has no instruments, such as convertible debt or common stock options, that could result in diluted earnings per share. For this reason, the Bank does not calculate diluted earnings per share, i.e. it is the same as the basic earnings per share.

	<b>31 December 2025</b>	<b>31 December 2024</b>
Net profit of the Bank after tax (in BAM)	29,994,374	27,574,167
Weighted number of shares	382,712	382,712
Basic earnings per share (in BAM)	76.47	70.47

In May 2025, by the Decision of the Assembly of the Bank, No. I-100-59-6/25, dated May 28, 2025, the payment of dividend from accumulated (retained) earnings for 2024 was made.

The total of calculated dividends amounted 10,785 thousand BAM in 2024 with an amount of dividend for one ordinary share 28.18 BAM.

## 27. Reserves

The Bank's reserves as at December 31, 2025 amount to BAM 94,596 thousand, of which BAM 13,401 thousand refers to the legally prescribed 25% of share capital, and BAM 61,705 thousand to the surplus above the legally prescribed reserves. Within the position of the Bank's Reserves, an additional capital instrument (AT1) in the amount of BAM 19,490 thousand was also reported, given that the existing reporting framework did not provide for a separate reporting position for this type of instrument, it was recorded as Other reserves.

In the first quarter of 2025, the Bank successfully completed the first Additional Tier 1 (AT1) capital transaction on the market of Bosnia and Herzegovina, further strengthening the structure of its share capital. AT1 instruments are an integral part of the own funds intended for the absorption of losses during ordinary operations, which increases the financial resilience of the Bank and the level of depositor protection.

AT1 capital is characterized by the characteristics of a permanent capital instrument, without a predefined maturity, as well as subordination to other capital instruments in the event of bankruptcy proceedings. With the completion of the AT1 transaction, the Bank meets not only the requirements in the area of own funds, but also the strategic objectives related to the fulfilment of MREL obligations, which ensures the long-term sustainability of the capital position and supports the planned growth of the business.

**NLB BANK d.d., SARAJEVO**
**Notes to Financial Statements – December 31, 2025**
*(All amounts are given in thousands of BAM unless otherwise stated)*
**27. Reserves (continued)**

In the event of liquidation or bankruptcy, it is settled after all liabilities, but before Tier 2 capital and debt, while after the same, the payment of interest can be completely and permanently suspended without causing a delay or declaring the maturity of the entire debt. The instrument has a built-in "trigger" that converts it into Common Equity Tier 1 capital (CET1) or permanently writes down the principal if the Bank's CET1 capital ratio falls below the regulatory threshold of 7.687%.

As of December 31, 2025, the amount of additional share capital included in the regulatory capital amounts to BAM 19,490 thousand, and according to its features presented as Other reserves.

**28. Transaction with related parties**

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Transactions with the Bank management and members of their families have likewise been considered transactions with related parties in 2025 and 2024.

Transactions with related parties are a part of everyday operations. These transactions include loans, deposits, and borrowings, received and issued guarantees and other potential liabilities. Memberships of members of the Supervisory Board and Bank Management in other affiliates and non-affiliates are specified in the Annual report.

The volume of transactions with related parties and the balances at the end of December 31, 2025 are shown in the following table:

Related party	Business activity / role of individuals	Relationship of related party with NLB Bank d.d. Sarajevo	Liabilities	Receivables	Off-balance Receivables (Contingent liabilities)	Revenue	Expense
NOVA LJUBLJANSKA BANKA D.D., LJUBLJANA	BANK ACTIVITIES	SIGNIFICANT OWNERSHIP INTEREST IN BANK	74,203	29,013	3,000	1,042	5,652
MINISTRY OF FINANCE OF THE REPUBLIC OF SLOVENIA	OTHER ACTIVITIES	SHAREHOLDER OF A LEGAL ENTITY WITH SIGNIFICANT OWNERSHIP INTEREST IN THE BANK	-	-	-	232	-
NLB BANKA A.D. BANJA LUKA	BANK ACTIVITIES	RELATED BANK (COMMON OWNER)	124	1,246	-	586	116
NLB BANKA AD PODGORICA	BANK ACTIVITIES	RELATED BANK (COMMON OWNER)	444	114	-	-	-
NLB BANKA AD SKOPJE	BANK ACTIVITIES	RELATED BANK (COMMON OWNER)	242	222	-	-	37
NLB KOMERCIJALNA BANKA AD BEOGRAD	BANK ACTIVITIES	RELATED BANK (COMMON OWNER)	-	340	-	-	1
NLB DIGIT D.O.O. BEOGRAD	MANAGEMENT OF COMPUTER DEVICES	PART OF THE SAME BANKING GROUP	20	-	-	-	200
NLB REAL ESTATE D.O.O. PODGORICA	REAL ESTATE	PART OF THE SAME BANKING GROUP	272	-	-	-	4
ENERGOINVEST DD SARAJEVO	ENGINEERING AND RELATED TECHNICAL CONSULTING	A LEGAL ENTITY WHOSE MEMBER OF THE MB BODY IS A MEMBER OF MB OF THE BANK	1,051	-	-	6	27
INDIVIDUALS	MEMBERS OF THE MANAGEMENT BODIES AND MEMBERS OF THEIR FAMILIES	AND MANAGEMENT BODIES AND MEMBERS OF THEIR FAMILIES	1,338	2,274	186	97	6

**NLB BANK d.d., SARAJEVO**
**Notes to Financial Statements – December 31, 2025**
*(All amounts are given in thousands of BAM unless otherwise stated)*
**28. Transaction with related parties (continued)**

The volume of transactions with related parties as well as the balances at the end of 31 December 2024 are shown in the following table:

Related party	Business activity/role of individuals	Relationship of related party with NLB Banka d.d., Sarajevo	Liabilities	Receivables	Off-balance Receivables	Revenue	Expense
			NLB Banka d.d., Sarajevo as of 31 December 2024 toward related party		NLB Banka d.d., Sarajevo in 2024 Toward related party		
NOVA LJUBLJANSKA BANKA DD, LJUBLJANA	BANK ACTIVITY	SIGNIFICANT OWNERSHIP INTEREST IN THE BANK	60,450	26,602	3,000	1,135	5,010
NLB BANKA AD, BANJA LUKA	BANK ACTIVITY	RELATED BANK (COMMON OWNER)	209	1,281	-	508	136
NLB BANKA AD, PODGORICA	BANK ACTIVITY	RELATED BANK (COMMON OWNER)	38	134	-	-	-
NLB BANKA AD, SKOPJE	BANK ACTIVITY	RELATED BANK (COMMON OWNER)	278	228	-	-	56
NLB KOMERCIJALNABANKA AD BEOGRAD	BANK ACTIVITY	RELATED BANK (COMMON OWNER)	536	672	-	-	1
NLB REAL ESTATE DOO PODGORICA	REAL ESTATE BUSINESS	COMMON OWNER	-	-	-	-	4
MINISTRY OF FINANCE OF THE REPUBLIC OF SLOVENIA	OTHER ACTIVITIES	SHAREHOLDER OF A LEGAL ENTITY WITH SIGNIFICANT OWNERSHIP INTEREST IN THE BANK	-	9,688	-	590	-
NLB DIGIT D.O.O. BEOGRAD	COMPUTER DEVICE MANAGEMENT PROGRAMMING	PART OF THE SAME BANKING GROUP	224	-	-	-	396
INDIVIDUALS	MEMBERS OF THE MANAGEMENT AND MANAGEMENT BODIES AND MEMBERS OF THEIR FAMILIES		1,184	2,109	193	96	7

**28. Transaction with related parties (continued)**

**Management Board remuneration**

	<b>2025</b>	<b>2024</b>
<b>Short-term employee benefits</b>		
Net salaries	973	809
Taxes and contributions on net salaries	718	628
Other remunerations	327	168
Taxes and contributions on other income	234	133
<b>Total</b>	<b>2,252</b>	<b>1,738</b>

Despite the decrease in salary and compensation contribution rates, all categories of remuneration in 2025 are slightly higher than in 2024, which is caused by an increase in the number of members of the Bank's Management Board, the payment of a five-year deferral of the variable part for 2021, 2022 and 2023, deferred financial instruments for 2019 and 2021, as well as the non-deferred part of the variable cash fee for 2024.

**Remuneration of the members of the Bank's Supervisory and Audit Committees**

	<b>2025</b>	<b>2024</b>
Fees paid to SB and AC members	81	34
Taxes and contributions	17	8
<b>Total</b>	<b>98</b>	<b>42</b>

During 2025 the fee was paid to two members of the Supervisory Board of the Bank and to one member of the Audit Committee of the Bank, who are not connected with the majority owner of the Bank. The fees were increased in 2025 for the memberships in the Supervisory Board and Audit Committee of NLB Banka d.d., Sarajevo from 28 May, 2025 and applied retroactively from 1 January, 2025. Number of Decision: I-100-59-14/25.

**29. Contingencies**

The following table shows the agreed amounts related to the contingent and assumed liabilities of the Bank:

	Stage 1		Stage 2		Stage 3		Total	2024
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment		
Guarantees	-	108,850	-	859	-	3	109,712	99,593
Letters of credit	-	978	-	-	-	-	978	5,409
Granted loans not withdrawn	-	181,272	-	3,845	-	48	185,165	131,246
	-	<b>291,100</b>	-	<b>4,704</b>	-	<b>51</b>	<b>295,855</b>	<b>236,248</b>
Less:								
Provisions for potential losses	-	(3,218)	-	(329)	-	(24)	(3,571)	(2,995)
<b>As of 31. December 2025.</b>	-	<b>287,882</b>	-	<b>4,375</b>	-	<b>27</b>	<b>292,284</b>	<b>233,253</b>

The table below shows the gross exposure of the Bank in the form of contingencies and commitments to the internal rating system (internal classification) and to the level of credit risk (stage classification) at the end of the year:

Internal classification	2025						Total	2024
	Stage 1		Stage 2		Stage 3			
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment		
A	-	122,811	-	90	-	-	122,901	118,508
B	-	161,944	-	1,985	-	-	163,929	108,930
C	-	6,345	-	2,629	-	-	8,974	8,737
D and E	-	-	-	-	-	51	51	73
	-	<b>291,100</b>	-	<b>4,704</b>	-	<b>51</b>	<b>295,855</b>	<b>236,248</b>

Changes in gross carrying amount and related provisions for potential losses in 2025 are shown below:

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Amount of exposure at 31 December 2024</b>	-	231,123	-	5,052	-	73	236,248
New exposures	-	191,947	-	2,282	-	20	194,249
Exposures derecognized or matured (excluding write-offs)	-	(129,868)	-	(4,725)	-	(49)	(134,642)
Transfer to Stage 1	-	227	-	(221)	-	(6)	-
Transfer to Stage 2	-	(2,314)	-	2,320	-	(6)	-
Transfer to Stage 3	-	(15)	-	(4)	-	19	-
<b>Balance at 31 December 2025</b>	-	<b>291,100</b>	-	<b>4,704</b>	-	<b>51</b>	<b>295,855</b>

**29. Contingencies (continued)**

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Amount of exposure 31 December 2023.</b>	-	245,717		3,043	9	40	248,809
New exposures	-	139,128	-	4,499	-	11	143,638
Exposures derecognized or matured (excluding write-offs)	-	(153,702)	-	(2,111)	(9)	(377)	(156,199)
Transfer to Stage 1	-	261	-	(255)	-	(6)	-
Transfer to Stage 2	-	(244)	-	246	-	(2)	-
Transfer to Stage 3	-	(37)	-	(370)	-	407	-
<b>Balance at 31 December 2024</b>	-	231,123	-	5,052	-	73	236,248

	Stage 1		Stage 2		Stage 3		Total
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
<b>Amount of exposure 31 December 2024.</b>	-	2,553		407		35	2,995
New exposures	-	2,061		168		3	2,232
Exposures derecognized or matured (excluding write-offs)	-	(1,126)		(376)		(21)	(1,523)
Transfer to Stage 1	-	21		(18)		(3)	-
Transfer to Stage 2	-	(30)		33		(3)	-
Transfer to Stage 3	-	(1)		(1)		2	-
Increase in CLA due to improvement	-	170		121		11	302
Decrease in CLA due to improvement	-	-430		-5			-435
<b>Balance at 31 December 2025</b>	-	3,218		329		24	3,571

**Litigation in progress**

As of 31 December 2025, 37 legal proceedings are pending against the Bank. The total value of these court proceedings as of 31 December, 2025 amounts to BAM 8,406 thousand, CHF 5 thousand and \$ 50.

During 2025, the Bank received 4 new lawsuits.

Between 1 January, and 31 December 2025, 7 court proceedings were closed.

The Bank continually monitors legal risk and evaluates expected costs on the basis of legal risk, with the formation of adequate provisions on this basis. The number of provisions is disclosed in Note 24b.

**NLB BANK d.d., SARAJEVO**  
**Notes to Financial Statements - December 31, 2025**

(All amounts are given in thousands of BAM unless otherwise stated)

**30. Segment reporting**

Reporting by bank segments is based on IFRS 8 Business Segments, which is based on a management approach. Segment reporting represents the results of business segments, prepared on the basis of internal reports, that the Management Board uses to assess the performance of segments and used as a source for decision-making. Business segments of the Bank are organizational units that communicate directly on the market with clients and contract and / or realize the Bank's services and thus generate revenues for the Bank. These are: Sector with business with economy with business centres Tuzla, Sarajevo, and Mostar (Corporate and SME), Sector for retail business with branches (Micro and Citizens), Sector for asset management (Financial markets) and Sector for collection and management of non-quality assets (Collection). The Other segment includes categories that are not allocated to any business segment, such as: overheads, service costs, other revenues and expenses.

Statement of financial position per segments as of 31 December 2025:

	Corpora te and SME	Micro and populati on	Financi al market	Collectio n	Total reportab le segment s	Unallocat ed	Bank
Interest income	18,041	44,377	9,730	648	72,796	146	72,942
Interest expense	(4,417)	(4,963)	(6,948)	(3)	(16,331)	(83)	(16,414)
Net interest income	13,624	39,414	2,782	645	56,465	63	56,528
Income from fees and commissions from contracts with clients. of which:	6,098	31,653	3,286	31	41,068	40	41,108
<i>Income from payment transactions</i>	2,433	8,893	2,964	8	14,298	-	14,298
<i>Income from card transactions</i>	3,001	9,405	287	2	12,965	-	12,965
<i>Income from basic accounts</i>	92	9,088	34	18	9,232	1	9,233
Income from fees and commissions from guarantees and credit obligations	1,583	189	-	1	1,773	-	1,773
Income from fees and commissions	7,681	31,842	3,286	32	42,841	40	42,881
Expenses from fees and commissions	(1,182)	(9,316)	(1,534)	(25)	(12,057)	(548)	(12,605)
Net income from fees and commissions	6,500	22,526	1,752	7	30,785	(509)	30,276
Other net non-interest income	74	991	(1,212)	1,256	1,109	2,460	3,569
<b>Total operating income</b>	20,198	62,931	3,322	1,908	88,359	2,014	90,373
<b>Total costs</b>	(2,663)	(19,471)	(714)	(1,295)	(24,143)	(27,174)	(51,317)
<b>Profit / (Loss) before impairment and provision</b>	17,535	43,460	2,608	613	64,216	(25,160)	39,056
Impairment losses (net)	(2,859)	(5,268)	(108)	1,368	(6,867)	(215)	(7,082)
<b>Profit / (Loss) from regular operations before taxation</b>	14,676	38,192	2,500	1,981	57,349	(25,375)	31,974
Loans and receivables	554,280	867,762	43,307	4,476	1,469,825	-	1,469,825
of which gross client loans	563,913	886,799	-	22,714	1,473,426	-	1,473,426
Financial liabilities valued at amortized cost	651,096	1,183,351	107,039	653	1,942,139	29,177	1,971,316

30. Segment reporting (continued)

Statement of financial position per segments as of 31 December 2024:

	Corporate and SME	Micro and population	Financial market	Collection	Total reportable segments	Unallocated	Bank
Interest income	17,155	41,331	11,245	633	70,364	61	70,425
Interest expense	(2,892)	(3,981)	(6,895)	(3)	(13,771)	(83)	(13,854)
Net interest income	14,263	37,350	4,350	630	56,593	(22)	56,571
Income from fees and commissions from contracts with clients. of which:							
Income from payment transactions	2,163	8,796	2,895	10	13,864	31	13,895
Income from card transactions	1,490	9,744	268	1	11,503	5	11,508
Income from basic accounts	114	8,514	40	16	8,684	1	8,685
Income from fees and commissions from guarantees and credit obligations	1,474	164	-	9	1,647	-	1,647
Income from fees and commissions	5,753	30,992	3,204	38	39,987	163	40,150
Expenses from fees and commissions	(662)	(8,622)	(1,492)	(19)	(10,795)	(593)	(11,388)
Net income from fees and commissions	5,091	22,370	1,711	19	29,191	(429)	28,762
Other net non-interest income	(17)	(824)	739	(429)	(531)	427	(104)
<b>Total operating income</b>	19,337	58,896	6,800	220	85,253	(24)	85,229
<b>Total costs</b>	(2,367)	(17,664)	(602)	(1,218)	(21,851)	(26,221)	(48,072)
<b>Profit / (Loss) before impairment and provisions</b>	16,970	41,232	6,198	(998)	63,402	(26,245)	37,157
Impairment losses (net)	(3,204)	(5,809)	(74)	2,050	(7,037)	(557)	(7,594)
<b>Profit / (Loss) from regular operations before taxation</b>	13,766	35,423	6,124	1,052	56,365	(26,802)	29,563
Loans and receivables	483,132	743,698	47,753	6,244	1,280,827	-	1,280,827
of which gross client loans	490,926	760,220	-	26,305	1,277,451	-	1,277,451
Financial liabilities valued and amortized cost	588,017	1,051,860	93,582	741	1,734,200	14,728	1,748,928

**31. Events after the reporting date**

There were no significant events between the balance sheet date and the date of approval of these financial statements that require disclosure.

**32. Approval of the financial statements**

The financial statements were approved by the Bank Management and authorised for issue on 14 April 2026.

  
Berin Lakomica

Member of the Board



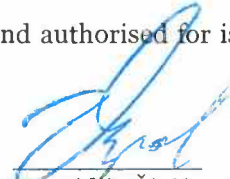
Igor Tutuš

Member of the Board



Jure Peljhan

Member of the Board



Lidija Žigić

President of the Board

