SPARKASSE BANK DD
BOSNA I HERCEGOVINA

Financial Statements for the year ended 31 December 2025 and Independent Auditor's Report

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.

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Responsibility for the financial statements

Responsibilities of the Management Board and those charged with governance for the preparation and approval of the annual financial statement

The Management Board is required to prepare financial statements for each financial year, which give a true and fair view of the financial position of the Bank and of the results of its operations and cash flows in accordance with applicable accounting standards and is responsible for maintaining proper accounting records which enable the preparation of financial statements at any time. The Management Board has a general responsibility for taking such steps which are reasonably available to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

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

The Management Board is responsible for the submission of annual report to the Supervisory Board together with the annual financial statements, following which the Supervisory Board is required to approve the annual financial statements for submission to the General Assembly for adoption.

The financial statements set out on pages 9 to 90 were authorised by the Management Board on 7 April 2026 for issuance to the Supervisory Board, and are signed below to signify this on behalf of the Bank:

For and on behalf of Sparkasse bank dd BiH:

Sparkasse Bank dd Bosna i Hercegovina
SPARKASSE Bank
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Amir Softić	**Igor Jokić**
President of the Management Board	Member of the Management Board

Independent Auditor's Report

To the Shareholder of Sparkasse Bank dd Bosna i Hercegovina:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sparkasse Bank dd Bosna i Hercegovina (the "Bank") as at 31 December 2025, and the Bank's financial performance and cash flows for the year then ended, in accordance with the Statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) translated and published in accordance with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Registered at the Cantonal court Sarajevo, Reg. No: 65-01-0373-12
Company ID No: 4200881410005; VAT No.: 200881410005
Bank Account No.: 1610000082540027, Raiffeisen BANK d.d. Bosna i Hercegovina

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated and published in accordance with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Materiality	Overall materiality: Bosnia and Herzegovina's Convertible Marks ("BAM") 3,488 thousand, which represents 1% of the net assets of the Bank
Key audit matters	Estimate of expected credit loss allowances for loans and advances to customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Bank materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall materiality	BAM 3,488 thousand
How we determined it	1% of the net assets of the Bank
Rationale for the materiality benchmark applied	The Bank is wholly owned by an international group and taking into account the interest of the other key stakeholders, who are depositors, debt instruments' holders and others, whose primary focus are the Bank's capital adequacy and ability to fulfil its obligations, we considered it appropriate to determine the materiality by reference to the capital resources of the Bank, using net assets as a proxy for capital for the purpose of materiality determination. Considering the structure of the ownership, the Bank's position on the market and considering other factors we concluded that the determination of the 1% threshold is appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter

Estimate of expected credit loss allowances for loans and advances to customers

Refer to Note 28 Risk Management, Note 3 Key accounting judgments and key sources of estimation uncertainty, Note 16 Impairment losses on financial instruments and provisions and Note 6 Financial assets at amortized cost to the financial statements for detailed information on the expected credit losses ("ECL") for loans and advances to customers.

As at 31 December 2025, the gross book value of loans and receivables from customers and the expected credit loss allowances (ECL) amounted to BAM 1,787,904 thousand and BAM 79,551 thousand, respectively.

We focused on this area during the audit due to the significance of the amounts involved for the financial statements and because the Management makes complex and subjective judgements and assumptions over the parameters used for calculation of ECL, which makes it a complex area of accounting.

For loans in stage 1, the ECL are generally collectively assessed and measured at an amount equal to 12-month expected credit loss. If a significant increase in credit risk has occurred, the ECL are measured as lifetime ECL. For defaulted loans that are considered not to be individually significant, ECL are collectively assessed.

In all of these cases, the ECL are determined by using the following key assumptions: the probability of an account falling into arrears and subsequently defaulting ("PD"), definition of significant increase in credit risk, exposure at the moment of default ("EAD") and the estimated losses from defaulted loans ("LGD"). Statistical models are used for determination of the key assumptions including different future macroeconomic scenarios.

For defaulted loans considered to be significant at customer level, ECL are determined on an individual basis using the following key assumptions: scenario probabilities, the amounts and timing of the expected cash flows including expected proceeds from the realization of collateral (where applicable).

The Banking Agency of the Federation of Bosnia and Herzegovina ("FBA") has issued the Decision on Credit Risk Management and Determining Expected Credit Losses (the "Decision"), prescribing the minimum impairment rates in the calculation of ECL. This Decision became effective from 1 January 2020 onward. The rates prescribed by the Decision override the results of the estimates of the statistical models as explained above in those cases where the rates given by the Decision give rise to higher ECL levels.

How our audit addressed the key audit matter

Our audit approach included the following procedures, with the involvement of our credit risk experts as deemed necessary:

- We obtained understanding of the ECL calculation methodology applied by the Bank and the adjustments made to the model as a result of the implementation of the Decision.
- We evaluated control activities in credit risk management and lending business processes and tested controls that we considered relevant for our audit approach.
- We evaluated control activities and tested selected controls in the area of critical data, including the process of allocating loans and advances to customers to the ECL stages and valuation of collateral. We also assessed the independent PD and LGD model validation framework, risk parameter validation results and overall model governance applied to the ECL calculation.
- We tested, on a sample basis, the accuracy of the critical data in the source systems and their input in the ECL calculation engine (PD, LGD and customers ratings).
- We assessed the process of incorporating the forward-looking information in the ECL estimate.
- We tested the statistical models used by the Management to determine key assumptions (PD, LGD, EAD) to assess whether the calculation process was consistent with our expectations.
- We tested, on a sample basis, the appropriateness of loans staging allocation in accordance with the Bank's internal methodologies.
- We tested, on a sample basis, the stage allocation and stage overlays for compliance with the relevant policies of the Bank.
- We verified the reconciliation of the output of the ECL calculation engine with the accounting records.
- We tested, on a sample basis, the adequacy of individual ECL allowances, assessing the reasonableness of the forecasted scenarios and the estimated expected cash flows.
- We tested, on a sample basis, the implementation of the Decision with regard to the application of the minimum ECLi rates.

Reporting on other information including the Annual Business Report

Management is responsible for the other information. The other information comprises the Annual Business Report (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, including the Annual Business Report.

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 respect to the Annual Business Report, we considered whether the Annual Business Report is consistent with the financial statements as required by Article 68 of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina.

Based on the work undertaken in the course of our audit, in our opinion, the information given in the Annual Business Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Business Report. 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 and fair presentation of the financial statements in accordance with the Statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina, and for such internal control as the 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, the 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 the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the 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 to 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 licensed authorized auditor engaged as partner on the audit resulting in this independent auditor's report is Amra Vučkić.

For and on behalf of PricewaterhouseCoopers d.o.o.

Refer to the original signed
Bosnian version

Original report is signed in Bosnian language.

Anesa Ustavdić, Director

Amra Vučkić, Licensed authorized auditor

Sarajevo, Bosnia and Herzegovina

07 April 2026

This version of our 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 report takes precedence over this translation.

Statement of financial position
for the year ended 31 December 2025
(all amount are expressed in thousand BAM, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Assets			
Cash and cash equivalents	4	256,466	288,980
Financial assets at fair value through profit or loss		348	299
Financial assets at fair value through other comprehensive income	5	213,396	207,058
Financial assets at amortised cost	6	2,025,040	1,829,467
Obligatory reserve with the Central Bank	*6.3*	*211,804*	*199,690*
Loans and receivables from credit institutions	*6.4*	*91,328*	*94,524*
Loans and receivables from clients	*6.5*	*1,708,353*	*1,522,225*
Other financial assets at amortised cost	*6.6*	*13,555*	*13,028*
Prepaid income tax		-	37
Deferred tax assets	22	3,776	3,499
Property and equipment	7	31,700	32,730
Right-of-use assets	8	4,057	3,356
Investment property		2,019	1,391
Intangible assets	9	4,942	3,650
Investments in associates		607	607
Long-term assets held for sale		3	20
Other assets and receivables	10	972	1,603
Total assets		**2,543,326**	**2,372,697**
Liabilities and equity			
Financial liabilities measured at amortised cost	11	2,176,450	2,034,746
Deposits from banks and other financial institutions	*11.1*	*147,968*	*121,438*
Deposits from customers	*11.2*	*1,954,100*	*1,821,564*
Borrowings	*11.3*	*63,809*	*83,204*
Lease liabilities	*11.4*	4,197	3,470
Other financial liabilities measured at amortised cost	*11.5*	6,376	5,070
Current tax liabilities		224	-
Provisions	12	15,990	15,647
Provision for loan commitments and guarantees given		*10,764*	*10,810*
Pending legal issues		*483*	*367*
Other provisions		*4,743*	*4,470*
Other liabilities		1,789	1,817
Total liabilities		**2,194,453**	**2,052,210**
Share capital	13	86,473	86,473
Share premium		3,000	3,000
Statutory reserves		45,205	45,205
Fair value reserves for financial assets at fair value through other comprehensive income		-3,409	-2,690
Retained earnings		217,604	188,499
Profit for the year		*39,105*	*38,538*
Accumulated earnings from previous years		*178,499*	*149,961*
Total equity		**348,873**	**320,487**
Total liabilities and equity		**2,543,326**	**2,372,697**

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

Income statement
for the year ended 31 December 2025

(all amounts are expressed in thousand BAM, unless otherwise stated)

	Note	2025	2024
Interest income and similar income at the effective interest rate		84,879	80,559
Interest income and similar income at the effective interest rate from financial assets at amortized cost		80,701	77,652
Interest income and similar income at the effective interest rate from financial assets at fair value through other comprehensive income		4,178	2,907
Interest expense and similar income at the effective interest rate		-21,024	-18,808
Interest expense and similar expense at the effective interest rate from financial assets at amortized cost		-21,024	-18,808
Net interest income and similar income at the effective interest rate	14	**63,855**	**61,751**
Fee and commission income		50,292	46,220
Fee and commission expense		-13,144	-12,540
Net fee and commission income	15	**37,148**	**33,680**
Impairment losses from financial instruments and provisions	16	**-7,685**	**-6,574**
Net allocation of provisions for financial assets at amortized cost		-7,536	-6,390
Net allocation (release) of provisions for financial assets at fair value through other comprehensive income		-46	-51
Net allocation (release) of provisions for pending legal provisions		-127	42
Net allocation (release) of provisions for other provisions		24	-175
Other gains and losses from financial assets		**68**	**340**
Net gains/(losses) from modifications of financial assets at amortized cost not result in derecognition		19	330
Gains/losses from financial instruments measured at fair value through income statment		49	10
Net trading result	17	**4,095**	**3,881**
Net gains/(losses) from non-current non-financial assets		**146**	**390**
Net gains/ (losses) of land, buildings and equipment		-26	428
Net gains/ (losses) of non-current assets held for sale		352	60
Net gains/(losses) of other non-financial assets		-180	-98
Dividend income		312	580
Other income	18	3,356	3,809
Personnel expenses	19	-26,490	-25,185
Depreciation and amortisation	20	-5,916	-5,903
Other costs and expenses	21	-26,528	-24,839
Profit before tax		**42,361**	**41,930**
Current income tax		-3,457	-3,233
Deferred income tax		201	-159
Income tax	22	**-3,256**	**-3,392**
Profit		**39,105**	**38,538**
Earnings per share			
Basic and diluted earnings	23	45.22	44.57

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

Statement of other comprehensive income
for the year ended 31 December 2025

(all amounts are expressed in thousand BAM, unless otherwise stated)

	Note	2025	2024
Profit		**39,105**	**38,538**
Other comprehensive loss		**-719**	**4,118**
Items that may be reclassified to profit or loss		*-719*	*4,118*
Debt instruments at fair value through other comprehensive income	5	*-794*	*4,581*
Deferred taxes relating to items that may be reclassified		*75*	*-463*
Items that will not be reclassified to profit or loss			*-*
Total comprehensive income		**38,386**	**42,656**

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

(all amounts are expressed in thousand BAM, unless otherwise stated)

	Share capital	Share premium	Statutory reserves	Fair value reserves for financial assets at fair value through other comprehensive income	Retained earnings	Total
1 January 2024	**86,473**	**3,000**	**45,205**	**-6,808**	**156,805**	**284,675**
Profit	-	-	-	-	*38,538*	*38,538*
Other comprehensive loss	-	-	-	*4,118*	-	*4,118*
Total comprehensive income	-	-	-	***4,118***	***38,538***	***42,656***
Dividend payment	**-**	**-**	**-**	**-**	*-6,844*	*-6,844*
31 December 2024	**86,473**	**3,000**	**45,205**	**-2,690**	**188,499**	**320,487**
1 January 2025	**86,473**	**3,000**	**45,205**	**-2,690**	**188,499**	**320,487**
Profit	-	-	-	-	*39,105*	*39,105*
Other comprehensive income	-	-	-	*-719*	-	*-719*
Total comprehensive income	-	-	-	***-719***	***39,105***	***38,386***
Dividend payment	**-**	**-**	**-**	**-**	*-10,000*	*-10,000*
31 December 2025	**86,473**	**3,000**	**45,205**	**-3,409**	**217,604**	**348,873**

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

(all amounts are expressed in thousand BAM, unless otherwise stated)

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Inflows from interest and similar income at the effective interest rate	82,543	77,149
Outflows from interest and similar income at the effective interest rate	-21,689	-20,126
Inflows from fees and commissions	46,760	52,185
Outflows from fees and commissions	-12,030	-5,314
Inflows from the collection of previously written-off receivables for given loans	3,321	3,077
Payments to employees	-26,963	-26,255
Payment of operating expenses and costs	-22,126	-24,683
Other inflows from operating activities	911	779
Other outflows from operating activities	-2,019	-609
Income tax paid	-3,195	-3,708
Cash flows from operating activities before changes in operating assets and operating liabilities	**45,513**	**52,495**
Net increase in the obligatory reserve at the Central Bank B&H	-12,126	-11,901
Net decrease / (increase) in placements with other banks	2,867	-50,949
Net increase in loans and receivables from clients	-177,780	-94,668
Net decrease / (increase) in other assets and receivables	1	-1,185
Net (decrease) / increase in deposits from banks and other financial institutions	26,863	-32,909
Net increase in deposits from clients	132,542	85,628
Net (decrease) / increase in other financial liabilities at amortized cost	-596	108
Net decrease in provisions for liabilities	-1,947	-1,861
Net increase in other liabilities	-	1,611
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	**15,337**	**-53,631**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of debt instruments at fair value through other comprehensive income	-65,016	-54,881
Proceeds from collection of debt instruments at fair value through other comprehensive income	56,873	4,202
Purchases of property and equipment	-1,998	-4,620
Proceeds from sale of property, plant and equipment	10	417
Purchases of investment property	-676	-
Purchases of intangible assets	-2,719	-1,322
Dividends received	312	580
Purchases of investments in associates	-	-121
NET CASH FLOW USED IN INVESTING ACTIVITIES	**-13,214**	**-55,745**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment	-10,000	-6,844
Proceeds from borrowings	-	37,161
Payment of principal on borrowings	-19,279	-10,673
Payment of principal on leases	-1,508	-1,462
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES	**-30,787**	**18,182**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**-28,664**	**-91,194**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**288,980**	**380,414**
EFFECTS OF CHANGES IN EXCHANGE RATES OF CASH AND CASH EQUIVALENTS	**-3,850**	**-240**
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**256,466**	**288,980**

The change presented under the item ‘Effects of changes in foreign exchange rates on cash and cash equivalents’ relates to a decrease in the value of assets denominated in U.S. dollars (USD).

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

1. GENERAL

History and incorporation

Sparkasse Bank dd BiH (the "Bank") has been registered on 9 July 1999 with the relevant court in Sarajevo, under the number U/I-1291/99. On 28 July 1999, the Bank obtained the permit to conduct its business from Federal Banking Agency (hereinafter the "FBA"), number 01-376/99. The Bank's headquarter is in Sarajevo, Zmaja od Bosne 7.

The majority shareholder of the Bank is Steiermarkische Bank und Sparkassen AG, Graz Austria its share amounting 100%. The ultimate owner is Erste Group Bank AG Vienna, Austria ("Erste Group"). The Erste Group consolidated financial statements can be found on the following address: Am Belvedere 1, Vienna, Austria.

Principal activities of the Bank

The Bank offers banking services through a developed branch network in Bosnia and Herzegovina:

1. take and hold deposits or other repayable funds from the public;
2. take out and extend credits and loans;
3. issue guarantees and all forms of surety;
4. provide services in domestic and foreign payment operations and money transfer in keeping with special regulations;
5. purchase and sell foreign currencies and precious metals;
6. issue and manage payment instruments (including payment cards, travellers' and bank cheques);
7. financial leasing;
8. purchase, sell and collect receivables (factoring, forfeiting, and other);
9. take part, purchase and sell instruments on the money market for its own or another person's account;
10. purchase and sell securities (brokerage and dealership operations);
11. manage securities portfolios and other valuables;
12. provide support to the securities market, perform agent operations and underwriting, in keeping with the regulations governing the securities market;
13. provide investment counselling and custody operations;
14. provide services of financial management and consulting;
15. provide services of data collection, preparation of analyses and provision of information on the creditworthiness of legal persons and self-employed individuals performing a registered activity;
16. provide services of renting safe deposit boxes;
17. provide services of insurance mediation, in conformity with the regulations governing insurance mediation;
18. perform other operations as support to specific banking activities

1. GENERAL (CONTINUED)

Managing bodies of the Bank

Supervisory Board:

Gerhard Maier	President of the Supervisory Board
Walburga Seidl	Member, Deputy President of the Supervisory Board
Renate Ferlitz	Member of the Supervisory Board until 27.11.2025
Werner Kauer	Member of the Supervisory Board from 27.11.2025
Peter Konrad	Member of the Supervisory Board
Christoph Schoefboeck	Member of the Supervisory Board
Željko Šain	Independent member of the Supervisory Board until 28.06.2025
Igor Živko	Independent member of the Supervisory Board from 27.11.2025
Fatima Mahmutćehajić Novalija	Independent member of the Supervisory Board

Management Board:

Amir Softić	President of the Management Board
Igor Bilandžija	Member of the Management Board
Amer Hadžikadić	Member of the Management Board
Igor Jokić	Member of the Management Board

Audit Board:

Ina Turić	President of the Audit Board from 01.01.2026
Zlatan Jašarević	President of the Audit Board until 01.01.2026
Angelika Greimel-Rechling	Member of the Audit Board
Amela Markić	Member of the Audit Board
Edis Hadžimušović	Member of the Audit Board
Matthias Muellner	Member of the Audit Board, from 28.07.2025
Samir El-Jibrini	Member of the Audit Board, until 28.07.2025

2. BASIS OF PREPARATION

a) Basis of preparation

The financial statements of the Bank have been prepared in accordance with the statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina (hereinafter "FBiH"), which are based on the Law on Accounting and Auditing in the FBiH, Law on Banks of FBiH, and bylaws of the FBA, passed based on aforementioned laws.

- The Law on Accounting and Auditing in FBiH stipulates preparation of the financial statements in accordance with the International Financial Reporting Standards (hereinafter "IFRS ").
- The Law on Banks of FBiH stipulates preparation of annual financial statements in accordance with the aforementioned Law on Accounting and Auditing in the FBiH, this law and bylaws passed based on both laws.
- FBA adopted the Decision on Credit Risk Management and Determining Expected Credit Losses (hereinafter the "Decision"), which is in force as of 1 January 2020, and which resulted in certain differences arising from calculation of allowances for credit losses due to application of minimum rates stipulated by the Decision, which are not required by IFRS 9: Financial Instruments ("IFRS 9"). The Decision has an effect on valuation of non-financial assets arising from credit operations (repossessed collaterals whose valuation is within the scope of other relevant IFRSs).
- By the decision of the Management Board of the Association of Accountants, Auditors and Financial Professionals of FBiH dated 19 September 2022, the application of IFRS 17 begins with annual periods starting on or after 1 January 2026. At the meeting of the Management Board held on 24 April 2025, the Decision on postponing the effective date of the International Financial Reporting Standard 17 – Insurance Contracts, No. O-1/4-2025, was adopted. However, had IFRS 17 been applied in 2024 or as of 1 January 2026, there would have been no material impact on these financial statements.

In accordance with the provisions of the Decision, as at 31 December 2025, the Bank created higher allowances for credit losses in the amount of BAM 16,797 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 – difference in the amount of BAM 3,068 thousand (for both allowances and provision for ECL),
- application of minimum impairment rates stipulated by the Article 24 of the Decision for exposures in Stage 2 of credit risk and application of Decision on temporary measures to mitigate the rise in interest rates – difference in the amount of BAM 7,938 thousand (for both allowances and provision for ECL)
- application of minimum impairment rates stipulated by the Article 25 of the Decision for exposures in Stage 3 of credit risk (non-performing assets) – difference in the amount of 5,791 thousand, of which amount of BAM 5,720 thousand refers to exposures not secured by acceptable collateral, the amount of BAM 71 thousand refers to exposures secured by acceptable collateral or partly secured by collateral (for both allowances and provision for ECL).

FBA adopted also the Decision on temporary measured to mitigate the risk of an interest rate increase, effective as of October 2022, based on which the Bank applies different, more strict regulatory minimum impairment rates for contracts which fulfil the conditions stipulated by the Decision. By supplementing the decision from October 2023, the validity of the decision was extended until June 2026.

(all amounts are expressed in thousand BAM, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

b) Basis of preparation and measurement basis (continued)

The previously described differences between the statutory accounting regulations applicable to banks in FBiH and the requirements for recognition and measurement under International Financial Reporting Standards have resulted in the following effects*:

	1 January 2022	31 December 2022	31 December 2023	31 December 2024	31 December 2025
Decrease of assets	-10,682	-13,604	-13,150	-13,257	-14,317
Increase of liabilities	624	1,263	1,087	1,441	2,480
Decrease of equity	-11,306	-14,867	-14,237	-14,698	-16,797
Net result for the year ended	697	332	284	327	917

** Note: positive number represents an increase, and negative number represents a decrease.*

These financial statements have been prepared on a historical cost basis, except for certain for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

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

Fair value is the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except leasing transactions that are within the scope of IFRS 16 and measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) 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 prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information on amounts where significant uncertainty exists in their estimate and critical judgments in applying accounting policies that have the most impact on the amounts disclosed in these financial statements are disclosed in Note 3.

(all amounts are expressed in thousand BAM, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

b) Basis of preparation and measurement basis (continued)

These financial statements are separate financial statements of the Bank.

The Bank does not consolidate its associate – Sparkasse Leasing d.o.o. Sarajevo, as the Management Board believes that the conditions from IAS 28, paragraph 17 have been met:

a. The Bank is a wholly owned subsidiary, and its owner has been informed about and does not object to the Bank not applying the equity method.
b. The Bank's debt or equity instruments are not traded in a public market.
c. The Bank did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market.
d. The ultimate or any intermediate parent of the Bank produces consolidated financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated.

In addition, by the letter of FBA No. 9666-02-16-19 dated 19 April 2019, the Bank has been exempted from the preparation of consolidated financial statements (i.e. from consolidation of its associate).

c) Functional and presentation currency

The financial statements are presented in Bosnian convertible marks ("BAM"), which is the functional currency. Amounts are rounded to the nearest thousand (unless otherwise noted).

The Central Bank of Bosnia and Herzegovina ("Central Bank" or "CBBH") has implemented an exchange rate based on "currency board" according to which EUR is exchanged to BAM at 1:1.95583 ratio (this rate was used in 2025 and 2024). It is expected that this exchange rate will continue in the foreseeable future.

d) Foreign currency translation

Transactions in currencies other than BAM are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities are translated at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Profits and losses arising on translation are included in the income statement and other comprehensive income for the period.

The Bank values its assets and liabilities by middle rate of the CBBH valid at the reporting period date. The principal rates of exchange set forth by the CBBH and used in the preparation of the Bank's statement of financial position at the reporting dates were as follows:

31 December 2025	1 EUR = BAM 1.95583	1 USD = BAM 1.663545
31 December 2024	1 EUR = BAM 1.95583	1 USD = BAM 1.872683

e) Use of estimates and judgments

The preparation of financial statements in accordance with accounting regulations applicable to banks in FBiH requires management to make judgments, estimates and assumptions that affect the application of accounting policies in use and the amounts of disclosed assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are changed and possibly in future periods if they are affected.

Information on areas with significant uncertainties in estimates, and information on critical judgments in application of accounting policies which have most significant effect on the amounts disclosed in these financial statements of the Bank are presented in Note 3.

f) Going concern

Financial statements are prepared under the assumption of going concern.

2. BASIS OF PREPARATION (CONTINUED)

g) New and amended standards adopted by the Bank

For the annual reporting period beginning on 1 January 2025, the following new and revised IFRS standards and amendments became effective:

Amendments to IAS 21: Lack of Exchangeability (issued on 15 August 2023)

The adoption of these standards did not result in significant changes to the Company's financial statements.

h) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Company:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014, with the effective date deferred indefinitely).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).
- Amendments to IFRS 9 and IFRS 7 – Financial Instruments: Classification and Measurement (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- Annual Improvements to IFRSs (issued in July 2024 and effective from 1 January 2026).
- Amendments to IFRS 9 and IFRS 7 relating to weather dependent (weather indexed) electricity contracts (issued on 18 December 2024 and effective from 1 January 2026).

Those standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. KEY ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, the Management is required to make judgments, estimates and make assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

SPPI assessment

The assessment of whether the contractual cash flows of financial assets lead to cash flows that are solely payments of principal and interest (SPPI) are subject to the application of significant judgments based on IFRS 9 guidance. These judgments are crucial to the IFRS 9 classification and measurement process as they determine whether the asset must be measured at FVTPL or, depending on the business model estimate, at amortized cost or at FVOCI. When taking into account the specificities of loans in the Bank's business, significant areas of judgement are early repayment fees, project financing loans, and benchmark credit tests with critical interest rate clauses.

The most critical area of estimation of SPPI in the Bank's operations are loans with critical interest rate clauses. Interest rate measurement refers to floating rate financial instruments where:

- the reference rate (such as Euribor) differs from the rate of conversion rates
- the interest rate is fixed before the start of the interest period
- time lags arise from average rates in previous periods
- or a combination of the above

To this end, the Bank has developed what is called benchmark test to assess whether a critical interest rate clause could result in contractual (undiscounted) cash flows that are significantly different from the initial contract. In addition to the characteristics of critical interest clauses, the conditions of this benchmark test correspond to the assets in the test.

For funds with critical interest rate clauses that arise only from previous and average rates (i.e. no discrepancy stemming from a period that differs from the frequency of conversion), the SPPI compliance is considered to be fulfilled on the basis of a qualitative estimate if the time gap between fixing the rate and beginning of the interest rate period does not exceed one month.

A quantitative benchmark test is performed on the initial recognition of the contract. The threshold of importance for the cumulative cash flow ratio, the quantitative threshold of materiality is set at 5%. If the materiality thresholds are exceeded, the benchmark test is not passed, and the financial asset must be measured at fair value through profit or loss.

Following transition to IFRS 9 for loans and debt securities, a benchmark test was carried out in relation to the interest rates at their initial recognition. All loans with the characteristics of the critical interest rate clauses have passed the test and therefore there was no need to measure the loan at FVTPL. No significant margin is expected for new contracts with critical interest rate clauses that failed to meet the benchmark test as a result of the preventive activities undertaken during the project implementation of IFRS 9 with the aim of reducing the amount of loans to be measured by FVTPL.

Business model assessment

For each financial asset that meets the SPPI criteria at initial recognition, the Bank must assess whether it is part of a business model in which assets are held to collect contractual cash flows, to both collect contractual cash flows and sell, or whether they are held within other business models. As a result, a critical aspect in distinguishing business models is the frequency and significance of asset sales within the respective business model. Since the allocation of assets to business models is based on an initial assessment, it may occur that in subsequent periods the cash flows are realised differently than originally expected, and it may appear that a different measurement method would be applicable.

3 KEY ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Business model assessment (continued)

In accordance with IFRS 9, such subsequent changes generally do not result in reclassification or correction of prior-period errors in relation to existing financial assets. New information on how cash flows are realised may, however, indicate that the business model — and consequently the measurement method — changes for newly originated assets.

In the Bank, sales due to an increase in credit risk, sales of assets that are close to maturity, and infrequent sales arising from non-recurring events (such as changes in the regulatory or tax environment, major internal restructuring or a business combination, severe liquidity stress, etc.) are considered not to be inconsistent with a held-to-collect business model. Other types of sales conducted within a business model that is held to collect are assessed retrospectively, and if they exceed certain quantitative thresholds, or when deemed appropriate based on new expectations, the Bank performs a prospective test. If the result indicates that the carrying amount of assets expected to be sold during the expected life of the current business model portfolio — for reasons other than those listed above — exceeds 10% of the carrying amount of the portfolio, any new acquisitions would be classified into a different business model.

Impairment of financial instruments

The expected credit loss impairment model is inherently based on the estimate, as it requires an assessment of significant credit risk increases and measurement of expected credit losses without providing detailed guidance. With regard to a significant increase in credit risk, the Bank has established special valuation rules that consist of qualitative information and quantitative thresholds.

Another complex area relates to establishing groups of similar assets when the assessment of credit-risk deterioration must be performed on a collective basis before specific information at the individual instrument level becomes available. The measurement of expected credit losses involves complex models that rely on historical statistics of probability of default and loss-given-default rates, extrapolation in the absence of sufficient data, individual assessments of cash flows, and the probability of various scenarios, including forward-looking information.

Detailed explanations regarding the identification of significant increases in credit risk, including collective assessment, the estimation techniques used to measure 12-month and lifetime expected credit losses and related assumptions, as well as the definition of default, are presented in Note 28. Risk Management, section (b) Credit Risk Management.

Expected credit loss ("ECL") measurement

Due to significant and rapid changes in the economic environment, the Bank decided to adjust its approach to measuring expected credit losses ("ECL") for loans granted to micro, corporate and retail clients. Management performed a comprehensive portfolio analysis and identified groups of borrowers for whom sufficient reasonable and supportable information is available to measure ECL on an industry basis.

After the COVID-19-related stage overlay ceased to be valid, and in order to ensure that risks are managed prudently and responsibly in accordance with the applicable accounting and regulatory framework as well as domestic and international best-practice standards, the Bank continued to apply the principle of portfolio-level stratification, but under revised rules.

More specifically, the Bank applied rules for assessing a significant increase in credit risk based on industry cyclicality and specific characteristics of industry segments (energy, metallurgy and chemical industries classified in Stage 2), which ceased to be valid during 2024. In November 2024, a new stage overlay — the Industry Stage Overlay — was introduced. It applies exclusively to corporate clients and is based on industry risk profiles and industry strategy, and it remains in force.

Additional criteria for assessing credit risk were introduced, taking into account the expectations of local supervisory authorities regarding the proper and timely identification of increased credit risk, disruptions in supply chains, energy price volatility and other relevant risks that may affect certain economic sectors or portfolio segments.

3. KEY ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Expected credit loss ("ECL") measurement (continued)

Considering the differences in the rules between the IFRS 9 compliant standards and the local regulatory defined standards, together with the specificities of the local market, some adaptation of the rules/practices was necessary for the local application of the above rules.

Applied exceptions to the portfolio criteria for classification in Stage 2 are:

Additional criteria for exemption from stage overlay) applied for local classification are:

a) Net debt/EBITDA ratio is greater than 0 and less than 4;
b) Early Warning Signal (EWS), as one of the qualitative triggers of the SICR model, is labelled Standard,which according to the currently valid classification does not imply any EW signal;
Both criteria must be met in order for the client to be entitled to an exception, or the third condition must be met:
c) That the placement is fully secured by the guarantees of the Government of FBiH, RS and Brčko District.

The reasons why the Bank decided to apply additional exceptions stem from the conclusion that additional attributes are needed to more adequately capture the client's risk profile from a credit risk perspective. Moreover, no material impact on CLA coverage by stage has been observed (regulatory CLA coverage is higher than IFRS 9 due to additional local regulatory rules – minimum regulatory CLA thresholds), and the local regulator has not defined in detail the application of additional provisioning rules at the portfolio level, meaning that the Bank is left to define them in more detail.

As a result, the Bank considers that the adjusted application of additional local rules specific to the portfolio represents the best possible application of stage overlays tailored to local regulatory and market specificities. In addition, another reason for the adjusted local approach is the locally specific regulatory requirement (which is not practiced in other countries) that mandates public disclosure of staging in publicly available registers (CRK – Central Credit Registry), which affects the reputation of clients and their ability to access an appropriate source of financing, especially for key clients in the overall local market with good credit quality (hence additional local criteria such as net debt / EBITDA). These additional criteria were introduced to minimize the possibility of systemic risk.

Additional criteria applied by the Bank for the stage overlay from the perspective of the local regulator:

The stage overlay is applied as an additional criterion for determining significant increases in credit risk specific to the portfolio that is exposed to a significant increase in interest rates, based on which it is assessed whether the increase in interest rates has led to an increase in credit risk after initial recognition for a particular financial instrument.

The method of applying the stage overlay, as well as all related criteria, is explained in detail through the Bank's internal acts, in line with the applicable procedures of the parent group, as well as decisions of the local regulator.

The assessment of significant increase in credit risk, including collective and individual expected credit loss assessment, forecasting parameters used to measure expected credit losses incorporating forward-looking information, credit risk classification, definition of default status, and collateral valuation and management are explained in Note 28.

3. KEY ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value of financial instruments

As described in Note 29, Management exercises judgment in selecting the appropriate valuation technique for financial instruments that are not quoted on an active market. Valuation techniques commonly used in the market are applied. Financial instruments, other than loans and receivables, are valued using discounted cash flow analysis based on assumptions supported by market prices or rates, where possible. The valuation of unlisted equity instruments includes certain assumptions that are not supported by observable market prices or rates.

The valuation of bonds, and consequently the revaluation reserves, is based on a methodology for determining the average spread: the spread derived from the issuance price of each newly issued bond is taken for each observed new issuance, after which a weighted average spread is calculated. This average spread serves as an input for the credit spread applied to all active bonds in the portfolio. This method also allows for updating the spread even without new bond issuances, as the weights change over time, and it is applicable to both domestic and foreign bonds.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in cases where income or expenses are included in accounting profit in one period, and in taxable profit in another period — in accordance with the Corporate Income Tax Law (“CIT Law”) (Article 14) and the Rulebook on the Application of the Corporate Income Tax Law of FBiH.

The most significant deferred tax assets or liabilities relate to non-deductible expenses/income arising from the adjustment of the carrying value of balance sheet assets (regulatory provisions for credit risk levels 1 and 2). In this case, the Bank also refers to the Corporate Income Tax Law of FBiH, performing tax balance adjustments on a net basis, i.e., increasing the tax base in the case of higher expenses, or decreasing the tax base in the case of higher income, while simultaneously recognizing deferred tax assets/liabilities as 10% of these amounts.

Litigations

Bank's Legal Department makes individual assessments of all court cases and makes provisions on a portfolio basis.

Bank has reserved BAM 483 thousand (2024: BAM 367 thousand), which Management estimates as sufficient.

Legal cases are classified on the basis of a reasoned assessment by lawyers and / or Bank's Legal Department on the success of the dispute in question, in accordance with the criteria set out in the Instruction on Litigation.

All passive court proceedings are classified into the following categories or risk groups:

- No risk - includes passive litigation in which it is determined that there is no risk of loss on the part of the Bank;
- Low level of risk;
- Medium degree of risk;
- High level of risk.

Provisions for employee benefits

As described in Note 12, in the section titled Employee Benefits, the provision for employee benefits is calculated based on an independent actuarial report prepared in accordance with IAS 19 – Employee Benefits.

3. KEY ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful life of property, equipment, and intangible assets

As described in Notes 7 and 8 below, the Bank reviews the estimated useful lives of property and equipment, as well as intangible assets, at the end of each annual reporting period.

The assessment of the useful life of property, equipment, and intangible assets is a matter of judgment based on experience with similar assets. The future economic benefits embodied in the assets are mainly consumed through their use. However, other factors, such as technical or commercial obsolescence and physical deterioration, often result in a reduction of the economic benefits embodied in the assets. Management assesses the remaining useful life in accordance with the current technical condition of the assets and the estimated period during which the assets are expected to generate economic benefits for the Bank.

If the estimated useful life were to differ by 10% from management's assessment, the impact on depreciation for the year ended 31 December 2025 would be an increase/decrease of BAM 592 thousand (2024: increase/decrease of BAM 590 thousand).

Property, equipment, and intangible assets include the following assets that were fully depreciated as at 31 December 2025, stated at their original cost:

- office equipment – BAM 8,153 thousand
- IT assets – BAM 3,734 thousand
- intangible assets – BAM 15,458 thousand

Discount rate for lease payment discounting

The Bank determines the incremental borrowing rate ("IBR") based on the rates at which the Bank would be able to obtain financing if it decided to purchase the underlying property. When recognizing a new contract, the Bank applies uses the most recent interest rate in accordance with the lease term. In determining the IBR, the Bank adds 0.30% to the applicable variable rate in order to arrive at a fixed interest rate that is used to discount future cash flows. Currently, the Bank has no contracts with an indefinite term and therefore does not account for such contracts under IFRS 16.

(all amounts are expressed in thousand BAM, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Material accounting policy information

Cash and cash equivalents include cash on hand, funds held with the CBBiH above the required reserve, funds on current accounts with commercial banks, as well as term deposits placed on current accounts with commercial banks with maturities of up to 30 days, and other cash and cash equivalents.

	2025	2024
Cash on hand	**109,521**	**120,707**
Cash balances at central banks above obligatory reserves with the CBBH	59,285	90,222
Impairment (Note 16)	-59	-90
Cash balances at central banks above obligatory reserves with the CBBH after impairment	**59,226**	**90,132**
Other demand deposits to credit institutions	88,056	78,302
Impairment (Note 16)	-337	-161
Other demand deposits to credit institutions after impairment	**87,719**	**78,141**
Cash and cash balances	**256,466**	**288,980**

Movement of allowance for impairment losses

	1 January 2025	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Other	31 December 2025
Other demand deposits to credit institutions	-161	-4,109	3,933	-	-337
Cash balances at central banks above obligatory reserves with the CBBH	-90	-	31	-	-59
Total impairment	**-251**	**-4,109**	**3,964**	**-**	**-396**

	1 January 2024	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Other	31 December 2024
Other demand deposits to credit institutions	-96	-3,702	3,637	-	-161
Cash balances at central banks above obligatory reserves with the CBBH	-102	-	12	-	-90
Total impairment	**-198**	**-3,702**	**3,649**	**-**	**-251**

(all amounts are expressed in thousand BAM, unless otherwise stated)

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Material accounting policy information

Classification

Debt instruments are classified and measured at fair value through other comprehensive income (FVOCI) if two conditions are met: the contractual cash flows must meet the SPPI criteria, and the instrument must be held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In the statement of financial position, they are presented as ‘Debt securities’ within the line item ‘Financial assets at fair value through other comprehensive income’.

The Bank classifies its investments in debt securities within the FVOCI category. These investments relate to various business objectives: meeting internal and external liquidity-risk requirements, efficiently placing excess structural liquidity, and other yield-enhancement activities. A common characteristic of these investments is that active yield optimization through sales is an integral part of achieving business objectives. Where sales occur, they are undertaken to optimize the liquidity position or to realize fair-value gains and losses. The business objectives are therefore achieved through both the collection of contractual cash flows and the sale of securities.

Interest Income

Interest income is calculated using the effective interest rate method and is presented within the item ‘Interest income and similar income based on the effective interest rate from financial assets at fair value through other comprehensive income’ under ‘Net interest income’ in the Statement of Profit or Loss.

Impairment

Impairment gains and losses are recognised in the Statement of Profit or Loss under the item ‘Impairment and provisions’, while the reversal of loss allowances is presented as a reduction in the carrying amount of the assets.

Revaluation Reserve

The difference between the fair value at which the asset is presented in the statement of financial position and the amortised-cost component is recognised as accumulated other comprehensive income within equity, specifically under the item ‘Revaluation reserves for financial assets measured at fair value through other comprehensive income’ in the Statement of Changes in Equity. The movement for the period is presented as other comprehensive income in the Statement of Other Comprehensive Income under the item ‘Debt instruments at fair value through other comprehensive income’. When a financial asset is derecognised, the amount previously accumulated in other comprehensive income is reclassified to profit or loss and disclosed as ‘Net gains/(losses) on disposal of financial assets at fair value through other comprehensive income’. The calculation of fair value is performed in accordance with the principles described in Note 29.

Financial assets at fair value through other comprehensive income amounted to BAM 213,653 thousand as at 31 December 2025, while the related reserves amounted to BAM 257 thousand.

	2025	2024
Government bonds - Federation of Bosnia and Herzegovina and Republika Srpska	98,560	100,341
Government bonds - Republic of Austria	48,585	45,596
Government bonds - Republic of Slovenia	16,505	16,302
Government bonds and treasury bills - Republic of France (treasury bills matured in April 2024)	11,894	16,259
Government bonds - Kingdom of Belgium	17,911	19,899
Government bonds - Republic of Croatia	10,529	8,872
International (supranational) bonds – European Investment Bank (EIB), Luxembourg	9,669	-
Total debt securities	**213,653**	**207,269**
Impairment	-257	-211
Total debt securities, net	**213,396**	**207,058**

As at 31 December 2025, the Bank’s portfolio consists solely of bonds with yields ranging from 0.07% to 4.5%.

Expected Maturity:

	2025,	2024,
- no more than 12 months after the reporting period	25,795	30,988
- more than 12 months after the reporting period	187,601	176,250
Total debt securities	**213,396**	**207,058**

Given that these are government and international bonds, all are classified within credit risk level 1, with total provisions amounting to BAM 257 thousand (2024: BAM 211 thousand).

(all amounts are expressed in thousand BAM, unless otherwise stated)

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

31 December 2025	Gross carrying amount				Impairment allowance					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Accumulated other fair value changes	Carrying amount
Debt securities	218,029	-	-	218,029	-257	-	-	-257	-4,376	213,396
Total	**218,029**	**-**	**-**	**218,029**	**-257**	**-**	**-**	**-257**	**-4,376**	**213,396**

31 December 2024	Gross carrying amount				Impairment allowance					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Accumulated other fair value changes	Carrying amount
Debt securities	210,852	-	-	210,852	-211	-	-	-211	-3,583	207,058
Total	**210,852**	**-**	**-**	**210,852**	**-211**	**-**	**-**	**-211**	**-3,583**	**207,058**

Movement of impairment of financial assets measured at fair value through other comprehensive income

	1 January 2025	Newly originated or purchased assets and modifications	Assets derecognised or repaid (excluding write-offs)	Transfer between stages	Net changes in credit risk (not resulting from derecognition)	Write-offs	Other	31 December 2025
Stage 1								
General governments	-211	-59	62	-	-	-	-	-208
Credit institutions	-	-49	-	-	-	-	-	-49
Total allowances for impairment losses	**-211**	**-108**	**62**	**-**	**-**	**-**	**-**	**-257**

	1 January 2024	Newly originated or purchased assets and modifications	Assets derecognised or repaid (excluding write-offs)	Transfer between stages	Net changes in credit risk (not resulting from derecognition)	Write-offs	Other	31 December 2024
Stage 1								
General governments	-160	-53	4	-	-2	-	-	-211
Credit institutions	-	-	-	-	-	-	-	-
Total allowances for impairment losses	**-160**	**-53**	**4**	**-**	**-2**	**-**	**-**	**-211**

6. FINANCIAL ASSETS AT AMORTIZED COST

Material accounting policy information

Financial assets are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows, and their contractual cash flows are SPPI.

In the statement of financial position, these assets are presented at amortised cost, i.e., at their gross carrying amount reduced by any impairment loss. They are presented under the items “Mandatory reserve with the Central Bank of Bosnia and Herzegovina,” “Deposits with other banks and financial institutions,” “Loans and receivables from customers,” and “Other financial assets measured at amortised cost.”

Interest income on these assets is calculated using the effective interest method and is included in the line “Interest income and similar income under the effective interest rate method from financial assets at amortised cost” within “Net interest income and similar income under the effective interest rate method” in the Statement of Profit or Loss. Impairment gains or losses are included in the line “Impairment losses and provisions.” Gains and losses on derecognition (such as disposals) of these assets are presented under “Other income.”

At the Bank, financial assets measured at amortised cost represent the largest measurement category, which includes the majority of lending activities to customers, interbank lending, deposits with central banks, settlement-in-process amounts, as well as trade and other receivables.

6.1. Derecognition of Financial Assets Measured at Amortised Cost Due to Significant Modifications of Contractual Terms

In the Bank’s lending operations, contractual terms of financial assets may be modified either as a result of negotiations to adjust to changed market conditions or to prevent financial difficulties of the borrower, i.e. to maximise the likelihood of repayment if the borrower is already in financial distress.

As a result of a change in terms or modification of contractual cash flows of a financial asset, derecognition of the original financial asset and recognition of a new, modified financial asset may occur. The Bank has defined a number of derecognition criteria that (qualitatively or quantitatively) determine whether the modification of contractual terms of a financial asset is significant enough to meet the conditions for derecognition.

Significant modifications lead to derecognition of the original financial asset and initial recognition of the modified financial asset as a new financial instrument. These include the following events:

a) a change in contractual terms that results in a change of counterparty;
b) a change in the contract currency (except where the change results from the exercise of an embedded option in the original contract with pre-agreed terms, or where the new currency is linked to the original currency);
c) the introduction of contractual terms that fail the SPPI test, and the removal of a contractual feature that is SPPI-compliant.

Some derecognition criteria depend on whether contractual modifications are applied to borrowers experiencing financial difficulties. Certain modifications applied to borrowers in financial distress are not considered significant, because their purpose is to improve the Bank’s recovery prospects by adjusting the repayment schedule to the borrower’s financial circumstances. Conversely, applying such modifications to performing borrowers may be considered sufficiently significant to warrant derecognition, as explained further below.

From this perspective, the following criteria result in derecognition, unless they are considered *forbearance measures*, applied to clients in default or representing a default trigger:

- the repayment schedule is modified so that the weighted average remaining maturity changes by more than 100% and by at least two years compared to the original asset;
- changes in the timing/amount of contractual cash flows result in the present value of modified cash flows (discounted at the pre-modification effective interest rate) differing by more than 2% of the asset’s gross carrying amount immediately before modification (cumulative assessment including all modifications in the previous twelve months);
- commercial renegotiations initiated by the borrower seeking more favourable terms as an alternative to refinancing, where a prepayment/early termination option exists and where a sufficiently competitive refinancing market is available.

6. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

Material accounting policy information (continued)

6.1. Derecognition of Financial Assets Measured at Amortised Cost Due to Significant Modifications of Contractual Terms (continued)

Furthermore, the cost that the borrower would incur in the event of early repayment/early termination should be assessed as sufficiently low so as not to deter the borrower. This criterion is rarely applied to Stage 2 loans and never to Stage 3 loans.

If contractual modifications considered *forbearance measures* are applied to clients in default status or represent default triggers and are so significant that they are qualitatively assessed as terminating the original contractual rights, they result in derecognition.

Examples of such modifications include:

- a new contract with substantially different terms is entered into as part of restructuring;
- consolidation of multiple original loans into one with substantially different terms; or converting a revolving facility into a non-revolving facility.

Modifications that lead to derecognition of the original assets result in initial recognition of new financial assets. If the borrower is in arrears or if the significant modification results in non-performance, the new asset will be treated as POCI.

If the borrower is not in arrears or if a significant modification does not lead to non-performance, the new asset recognised after derecognition of the original asset will be classified in Stage 1. For loans measured at amortised cost, the unamortised amount of origination fees/transaction costs included in the effective interest rate is recognised as “Net interest income” on the derecognition date. For financial assets measured at FVPL, regardless of whether they are past due, gains and losses on derecognition are included in the same line items of the income statement as those arising from their measurement.

For debt instruments not measured at FVPL and subject to contractual modifications that do not result in derecognition, the gross carrying amount of the asset is adjusted with a corresponding gain or loss recognised in the statement of profit or loss and other comprehensive income. The gain or loss on modification is equal to the difference between the gross carrying amount before modification and the present value of modified cash flows discounted at the original effective interest rate. In the statement of profit or loss, the modification gain or loss is presented as “Interest income” if the modification relates to a Stage 1 financial asset. For Stage 2 and 3 financial assets and POCI financial assets, modification gains or losses are presented as “Impairment and provisions.”.

6.2 Financial Assets – Modification

When renegotiation is driven by the counterparty’s financial difficulties and its inability to meet the originally agreed payments, the Bank compares the original and revised expected cash flows to assess whether the risks and rewards of the asset differ significantly as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Bank recalculates the gross carrying amount by discounting the modified contractual cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a modification gain or loss in the statement of profit or loss.

If the modified terms are substantially different, the rights to the cash flows under the original repayment schedule cease, and the Bank derecognises the original financial asset and recognises a new asset at fair value. The renegotiation date is considered the date of initial recognition for subsequent impairment assessment purposes, including determining whether a significant increase in credit risk (SICR) has occurred. The Bank also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset being derecognised and the fair value of the new substantially modified asset is recognised in the statement of profit or loss.

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.3 Obligatory reserve with the Central Bank

2025	Gross carrying amount Stage 1	Stage 2	Stage 3	POCI	Total	Impairment Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount 31 December
Obligatory reserve with the CBBH											
Obligatory reserve with the CBBH	212,016	-	-	-	212,016	-212	-	-	-	-212	211,804
Total	**212,016**	**-**	**-**	**-**	**212,016**	**-212**	**-**	**-**	**-**	**-212**	**211,804**

Movement of the allowance for impairment losses:

	1 January 2025	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	31 December 2025
Obligatory reserve with the CBBH				
Obligatory reserve with the CBBH	-200	-12	-	-212
Total allowances for impairment losses	**-200**	**-12**	**-**	**-212**

2024	Gross carrying amount Stage 1	Stage 2	Stage 3	POCI	Total	Impairment Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount 31 December
Obligatory reserve with the CBBH											
Obligatory reserve with the CBBH	199,890	-	-	-	199,890	-200	-	-	-	-200	199,690
Total	**199,890**	**-**	**-**	**-**	**199,890**	**-200**	**-**	**-**	**-**	**-200**	**199,690**

Movement of allowance for impairment losses:

	1 January 2024	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	31 December 2024
Obligatory reserve with the CBBH				
Obligatory reserve with the CBBH	-188	-12	-	-200
Total allowances for impairment losses	**-188**	**-12**	**-**	**-200**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.4 Loans and receivables from credit institutions

2025	Gross carrying amount Stage 1	Stage 2	Stage 3	POCI	Total	Impairment Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount 31 December
Loans and receivables from credit institutions											
Credit institutions	91,458	-	-	-	91,458	-130	-	-	-	-130	91,328
Total	**91,458**	**-**	**-**	**-**	**91,458**	**-130**	**-**	**-**	**-**	**-130**	**91,328**

Movement of allowance for impairment losses:

	1 January 2025	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Transfer between stages	Release of provision, net (not resulted from derecognition)	Write-offs	Other	31 December 2025
Loans and receivables from credit institutions								
Stage 1								
Credit institutions	-94	-338	302	-	-	-	-	-130
Total allowances for impairment losses	**-94**	**-338**	**302**	**-**	**-**	**-**	**-**	**-130**

2024	Gross carrying amount Stage 1	Stage 2	Stage 3	POCI	Total	Impairment Stage 1	Stage 2	Stage 3	POCI	Total	Carrying amount 31 December
Loans and receivables from credit institutions											
Credit institutions	94,618	-	-	-	94,618	-94	-	-	-	-94	94,524
Total	**94,618**	**-**	**-**	**-**	**94,618**	**-94**	**-**	**-**	**-**	**-94**	**94,524**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.4 Loans and receivables from credit institutions (continued)

Movement of allowance for impairment losses:

	1 January 2024	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Transfer between stages	Release of provision, net (not resulted from derecognition)	Write-offs	Other	31 December 2024
Loans and receivables from credit institutions								
Credit institutions	-43	-411	362	-	-	-	-2	-94
Total allowances for impairment losses	**-43**	**-411**	**362**	**-**	**-**	**-**	**-2**	**-94**

6.5 Loans and receivables from clients

	Gross carrying amount					Impairment					Carrying amount
2025	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	**31 December**
Loans and receivables from clients											
Credit institutions	-	-	-	-	-	-	-	-	-	-	-
General governments	31,397	27,110	-	-	58,507	-576	-2,312	-	-	-2,888	55,619
Other financial institutions	26,171	-	-	-	26,171	-375	-	-	-	-375	25,796
Non-financial institutions	732,191	163,720	12,341	3,745	911,997	-8,842	-10,094	-12,221	-2,534	-33,691	878,306
Households	629,761	128,272	32,373	823	791,229	-4,429	-10,368	-27,599	-201	-42,597	748,632
Total	**1,419,520**	**319,102**	**44,714**	**4,568**	**1,787,904**	**-14,222**	**-22,774**	**-39,820**	**-2,735**	**-79,551**	**1,708,353**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.5 Loans and receivable from clients (continued)

Movement of allowance for impairment losses:

	1 January 2025	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Transfer between stages	Release of provision, net (not resulted from derecognition)	Write-offs	Other	31 December 2025
Loans and receivables from clients								
Stage 1	**-12,924**	**-12,551**	**2,554**	**3,653**	**5,046**	-	-	**-14,222**
General governments	-673	-1	-	3	95	-	-	-576
Other financial institutions	-261	-363	46	-	203	-	-	-375
Non-financial institutions	-8,222	-10,227	2,024	3,000	4,583	-	-	-8,842
Households	-3,768	-1,960	484	650	165	-	-	-4,429
Stage 2	**-20,696**	**-2,889**	**5,814**	**-13,833**	**8,830**	-	-	**-22,774**
General governments	-497	-1,934	-	-20	139	-	-	-2,312
Other financial institutions	-	-	-	-	-	-	-	-
Non-financial institutions	-11,933	-953	4,478	-6,540	4,854	-	-	-10,094
Households	-8,266	-2	1,336	-7,273	3,837	-	-	-10,368
Stage 3	**-41,376**	-	**1,776**	**-4,731**	**-3,293**	**7,804**	-	**-39,820**
Other financial institutions	-	-	-	-	-	-	-	-
Non-financial institutions	-13,981	-	1,173	-934	81	1,440	-	-12,221
Households	-27,395	-	603	-3,797	-3,374	6,364	-	-27,599
POCI	**-1,166**	-	**374**	-	**-2,126**	**221**	-	**-2,735**
Non-financial institutions	-698	-	6	-	-1,895	53	-	-2,534
Households	-468	-	368	-	-231	130	-	-201
Total allowances for impairment losses	**-76,162**	**-15,440**	**10,518**	**-14,911**	**8,457**	**7,987**	-	**-79,551**

	Gross carrying amount					Impairment					Carrying amount
2024	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**31 December**
Loans and receivables from clients											
Credit institutions	-	-	-	-	-	-	-	-	-	-	-
General governments	34,884	8,342	-	-	43,226	-673	-497	-	-	-1,170	42,056
Other financial institutions	15,573	-	-	-	15,573	-261	-	-	-	-261	15,312
Non-financial institutions	641,627	171,444	14,523	3,958	831,552	-8,222	-11,933	-13,981	-698	-34,834	796,718
Households	573,243	100,807	32,753	1,233	708,036	-3,768	-8,266	-27,395	-468	-39,897	668,139
Total	**1,265,327**	**280,593**	**47,276**	**5,191**	**1,598,387**	**-12,924**	**-20,696**	**-41,376**	**-1,166**	**-76,162**	**1,522,225**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.5 Loans and receivable from clients (continued)

Movement of allowance for impairment losses:

	1 January 2024	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Transfer between stages	Release of provision, net (not resulted from derecognition)	Write-offs	Other	31 December 2024
Loans and receivables from clients								
Stage 1	**-12,206**	**-13,076**	**2,426**	**3,421**	**6,511**	**-**	**-**	**-12,924**
General governments	-545	-157	-	-	29	-	-	-673
Other financial institutions	-219	-275	1	-	232	-	-	-261
Non-financial institutions	-7,868	-10,929	2,008	2,906	5,661	-	-	-8,222
Households	-3,574	-1,715	417	515	589	-	-	-3,768
Stage 2	**-21,586**	**-1,006**	**4,831**	**-10,160**	**7,225**	**-**	**-**	**-20,696**
General governments	-621	-	-	-	124	-	-	-497
Other financial institutions	-	-	-	-	-	-	-	-
Non-financial institutions	-14,026	-991	4,013	-5,110	4,181	-	-	-11,933
Households	-6,939	-15	818	-5,050	2,920	-	-	-8,266
Stage 3	**-41,348**	**-**	**4,046**	**-6,857**	**-6,084**	**8,867**	**-**	**-41,376**
Other financial institutions	-	-	-	-	-	-	-	-
Non-financial institutions	-16,098	-	3,428	-3,296	-1,834	3,819	-	-13,981
Households	-25,250	-	618	-3,561	-4,250	5,048	-	-27,395
POCI	**-827**	**-**	**77**	**-**	**-1,189**	**773**	**-**	**-1,166**
Non-financial institutions	-360	-	62	-	-1,092	692	-	-698
Households	-467	-	15	-	-97	81	-	-468
Total allowances for impairment losses	**-75,967**	**-14,082**	**11,380**	**-13,596**	**6,463**	**9,640**	**-**	**-76,162**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.5 Loans and receivable from clients (continued)

Movement of gross carrying amount of financial assets at amortised cost – loans and advances to customers and loans and receivables from credit institutions

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 1 January 2025	**1,265,327**	**280,593**	**47,276**	**5,191**	**1,598,387**
New assets originated or purchased	761,081	89,853	320	266	851,520
Assets derecognised or repaid (excluding write off)	-527,979	-99,196	-4,830	-566	-632,571
Transfer from Stage 1 to Stage 2	-111,317	111,317	-	-	-
Transfer from Stage 1 to Stage 3	-4,463	-	4,463	-	-
Transfer from Stage 2 to Stage 3	-	-5,983	5,983	-	-
Transfer from Stage 2 to Stage 1	49,005	-49,005	-	-	-
Transfer from Stage 3 to Stage 2	-	937	-937	-	-
Transfer from Stage 3 to Stage 1	91	-	-91	-	-
Amount written off	-	-	-7,804	-183	-7,987
Changes to contracts that did not change the stage	-12,225	-9,414	334	-140	-21,445
At 31 December 2025	**1,419,520**	**319,102**	**44,714**	**4,568**	**1,787,904**

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 1 January 2024	**1,180,323**	**318,519**	**55,420**	**2,151**	**1,556,413**
New assets originated or purchased	638,864	75,921	398	3,619	718,802
Assets derecognised or repaid (excluding write off)	-470,452	-121,140	-12,719	-1,044	-605,355
Transfer from Stage 1 to Stage 2	-85,701	85,701	-	-	-
Transfer from Stage 1 to Stage 3	-4,938	-	4,938	-	-
Transfer from Stage 2 to Stage 3	-	-8,773	8,773	-	-
Transfer from Stage 2 to Stage 1	58,312	-58,312	-	-	-
Transfer from Stage 3 to Stage 2	-	4,582	-4,582	-	-
Transfer from Stage 3 to Stage 1	287	-	-287	-	-
Amount written off	-	-	-8,867	-773	-9,640
Changes to contracts that did not change the stage	-51,368	-15,905	4,202	1,238	-61,833
At 31 December 2024	**1,265,327**	**280,593**	**47,276**	**5,191**	**1,598,387**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

6.6 Other financial assets at amortized cost

	Gross carrying amount					Impairment					Carrying amount
2025	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**	**31 December**
Other financial assets at amortised cost											
Authorized exchange office receivables	4,428	-	400	-	4,828	-	-	-	-	-	4,828
Domestic transactions receivables	3,159	4	200	-	3,363	-64	-	-196	-	-260	3,103
Fees and commission receivables	3,908	60	1,282	-	5,250	-78	-4	-1,223	-	-1,305	3,945
Western union receivables	52	-	-	-	52	-1	-	-	-	-1	51
Receivables from employees	266	-	25	-	291	-5	-	-25	-	-30	261
VAT receivables	2	-	-	-	2	-	-	-	-	-	2
Other assets	1,397	1	800	-	2,198	-34	-	-799	-	-833	1,365
Total	**13,212**	**65**	**2,707**	-	**15,984**	**-182**	**-4**	**-2,243**	-	**-2,429**	**13,555**

Movement of allowance for impairment losses:

	1 January 2025	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Release of provision, net (not resulted from derecognition)	Write-offs	31 December 2025
Other financial assets at amortised cost						
Other financial assets at amortised cost	-3,231	-258	-	-	1,060	-2,429
Total allowances for impairment losses	**-3,231**	**-258**	**-**	**-**	**1,060**	**-2,429**

(all amounts are expressed in thousand BAM, unless otherwise stated)

6. FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

6.6 Other financial assets at amortized cost (continued)

2024	Gross carrying amount					Impairment					Carrying amount 31 December
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Other financial assets at amortised cost											
Authorized exchange office receivables	5,584	-	2	-	5,586	-	-	-2	-	-2	5,584
Domestic transactions receivables	3,246	38	1,960	-	5,244	-68	-4	-1,943	-	-2,015	3,229
Fees and commission receivables	3,063	5	232	-	3,300	-96	-1	-228	-	-325	2,975
Western union receivables	196	-	40	-	236	-4	-	-40	-	-44	192
Receivables from employees	47	-	-	-	47	-1	-	-	-	-1	46
VAT receivables	2	-	-	-	2	-	-	-	-	-	2
Other assets	1,012	7	825	-	1,844	-21	-1	-822	-	-844	1,000
Total	**13,150**	**50**	**3,059**	**-**	**16,259**	**-190**	**-6**	**-3,035**	**-**	**-3,231**	**13,028**

Movement of allowance for impairment losses:

	1 January 2024	Allocation (new assets originated or purchased)	Derecognition (assets derecognised or repaid)	Release of provision, net (not resulted from derecognition)	Write-offs	31 December 2024
Other financial assets at amortised cost						
Other financial assets at amortised cost	-2,911	-341	-	-	21	-3,231
Total allowances for impairment losses	**-2,911**	**-341**	**-**	**-**	**21**	**-3,231**

(all amounts are expressed in thousand BAM, unless otherwise stated)

7. PROPERTY AND EQUIPMENT

Material accounting policy information

Property and equipment are stated at cost, less accumulated depreciation and any recognized accumulated impairment losses.

Depreciation is charged from the moment the fixed asset is ready for its intended use. It is calculated in the basis of the estimated useful life of the asset, using the straight-line method as follows.

Estimated useful lives were as follows:

	2025	2024
Land and buildings	50 years	50 years
Office equipment and installations	5-10 years	5-10 years
IT assets (hardware)	5 years	5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income in the period they occur.

Impairment

The Bank assesses at each reporting date whether there are any indications that non-financial assets may be impaired. Impairment testing is performed at the level of an individual asset if that asset generates cash inflows that are independent of the cash inflows of other assets.

Property and equipment

a) Purchase value

	Land and buildings	Office equipment and installations	IT assets (hardware)	Asset under construction (AUC)	Total
Balance at 1 January 2024	**35,048**	**15,342**	**5,865**	**41**	**56,296**
Additions (+)	-	-	-	4,620	4,620
Sales and expenses (-)	-	-1,557	-79	-	-1,636
Transfer from AUC (+/-)	103	2,104	696	-2,903	-
Balance at 31 December 2024	**35,151**	**15,889**	**6,482**	**1,758**	**59,280**
Additions (+)	-	-	-	1,998	1,998
Sales and expenses (-)	-	-575	-110	-	-685
Transfer from AUC (+/-)	-1	2,471	1,082	-3,552	-
Balance at 31 December 2025	**35,150**	**17,785**	**7,454**	**204**	**60,593**

b) Accumulated depreciation

	Land and buildings	Office equipment and installations	IT assets (hardware)	Asset under construction (AUC)	Total
Balance at January 1, 2024	**-10,224**	**-10,804**	**-4,166**	**-**	**-25,194**
Depreciation (-)	-887	-1,401	-680	-	-2,968
Sales and expenses (+)	-	1,533	79	-	1,612
Balance at 31 December 2024	**-11,111**	**-10,672**	**-4,767**	**-**	**-26,550**
Depreciation (-)	-869	-1,513	-611	-	-2,993
Sales and expenses (+)	-	540	110	-	650
Balance at 31 December 2025	**-11,980**	**-11,645**	**-5,268**	**-**	**-28,893**

c) Book value

	Land and buildings	Office equipment and installations	IT assets (hardware)	Asset under construction (AUC)	Total
Balance at 31 December 2025	**23,170**	**6,140**	**2,186**	**204**	**31,700**
Balance at 31 December 2024	**24,040**	**5,217**	**1,715**	**1,758**	**32,730**
Balance at 1 January 2024	**24,824**	**4,538**	**1,699**	**41**	**31,102**

(all amounts are expressed in thousand BAM, unless otherwise stated)

8. RIGHT OF USE ASSETS

Material accounting policy information

The lease term is generally the non-cancellable period of the lease; periods covered by extension and termination options are included in the lease term only when it is reasonably certain that the lease will be extended or will not be terminated.

The lease liability is measured as the present value of future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, using the incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; the costs of restoring the underlying asset to its original condition.

Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses and is adjusted for any remeasurement of the lease liability resulting from lease reassessments or modifications. The right-of-use asset is depreciated on a straight-line basis over whichever period is shorter: the asset's useful life or the length of the lease.

Depreciation periods for right-of-use assets are as follows:

Land and buildings under right-of-use arrangements: 3.5 – 10 years

In accordance with IFRS 16, the Bank may elect not to apply the recognition requirements to short-term leases and leases of low-value assets. The Bank recognises the expense for short-term leases and leases of low-value assets directly in the statement of profit or loss as a lease expense.

The following recognition exemptions are applied:

- Short-term leases (leases with a term of less than 12 months)
- Leases for which the underlying asset has a value below USD 5,000

Land and buildings

a) Purchase value

1 January 2024	**6,653**
Additions (+)	1,192
Modifications	-716
Balance at 31 December 2024	**7,129**
Additions (+)	2,157
Modifications	-1,303
Balance at 31 December 2025	**7,983**

b) Accumulated depreciation

1 January 2024	**-2,968**
Depreciation (-)	-1,407
Sales and expenses (+)	602
Balance at 31 December 2024	**-3,773**
Depreciation (-)	-1,448
Sales and expenses (+)	1,295
Balance at 31 December 2025	**-3,926**

c) Book values

Balance at 31 December 2025	**4,057**
Balance at 31 December 2024	**3,356**
Balance at 1 January 2024	**3,685**

(all amounts are expressed in thousand BAM, unless otherwise stated)

9. INTANGIBLE ASSETS

Material accounting policy information

Intangible assets are initially measured at acquisition cost and are amortized on a straight-line method over their estimated useful lives.

Estimated useful lives were as follows:

	2025	2024
Software	5 years	5 years
Licenses and patents	5 years	5 years

a) Purchase value

	Software	Other (licenses, patents, etc.)	Asset under construction (AUC)	Total
Balance at 1 January 2024	**13,188**	**6,844**	**482**	**20,514**
Additions (+)	-	-	1,322	1,322
Transfer from AUC (+/-)	1,616	72	-1,688	-
Balance at 31 December 2024	**14,804**	**6,916**	**116**	**21,836**
Additions (+)	-	-	2,719	2,719
Transfer from AUC (+/-)	1,234	81	-1,315	-
Balance at 31 December 2025	**16,038**	**6,997**	**1,520**	**24,555**

b) Accumulated amortization

	Software	Other (licenses, patents, etc.)	Asset under construction (AUC)	Total
Balance at 1 January 2024	**-10,181**	**-6,512**	**-**	**-16,693**
Depreciation (-)	-1,296	-197	-	-1,493
Balance at 31 December 2023	**-11,477**	**-6,709**	**-**	**-18,186**
Depreciation (-)	-1,325	-102	-	-1,427
Balance at 31 December 2024	**-12,802**	**-6,811**	**-**	**-19,613**

c) Book values

	Software	Other (licenses, patents, etc.)	Asset under construction (AUC)	Total
Balance at 31 December 2025	**3,236**	**186**	**1,520**	**4,942**
Balance at 31 December 2024	**3,327**	**207**	**116**	**3,650**
Balance at 1 January 2024	**3,007**	**332**	**482**	**3,821**

(all amounts are expressed in thousand BAM, unless otherwise stated)

10. OTHER ASSETS AND RECEIVABLES

	2025	2024
Paid in advance expenses	900	1,457
Consumables	24	24
Other assets	108	192
Total other assets before impairment losses	*1,032*	*1,673*
Less: Impairment losses	-60	-70
Net other assets and receivables	**972**	**1,603**

Movement of impairment for other assets:

	From	Additions (increase in provision)	Derecognition (release of provision)	Write-off and Sales	To
	1 January 2025				31 December 2025
Other assets	-70	-64	74		-60
Total	**-70**	**-64**	**74**		**-60**

	From	Additions (increase in provision)	Derecognition (release of provision)	Write-off	To
	1 January 2024				31 December 2024
Other assets	-56	-76	62	-	-70
Total	**-56**	**-76**	**62**	**-**	**-70**

11. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Material accounting policy information

Financial liabilities measured at amortised cost are presented in the statement of financial position under the line item “Financial liabilities at amortised cost.” This category includes “Deposits from banks and other financial institutions,” “Deposits from customers,” “Borrowings,” “Lease liabilities,” and “Other financial liabilities at amortised cost.”

In the subsequent measurement of financial liabilities at amortised cost, interest expenses are recognised in the statement of profit or loss using the effective interest rate method and are presented under “Interest expense and similar expense under the effective interest rate method from financial liabilities at amortised cost” within “Net interest income and similar income under the effective interest rate method” in the Statement of Profit or Loss. Gains or losses arising from the derecognition of a financial liability are recognised in the Statement of Profit or Loss and presented under “Other income” or “Other expenses.”.

(all amounts are expressed in thousand BAM, unless otherwise stated)

11. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

11.1 Deposits from banks and other financial institutions

	2025	2024
Overnight deposits	20,989	16,930
Term deposits	126,979	104,508
Deposits from banks and other financial institutions	**147,968**	**121,438**

11.2 Deposits from customers

	2025	2024
Current accounts / overnight deposits	**1,228,855**	**1,112,212**
Transaction accounts	**1,228,855**	**1,112,212**
General governments	64,361	83,097
Non-financial corporations	459,774	408,842
Households	704,720	620,273
Term deposits	**725,245**	**709,352**
Deposits with agreed maturity	**725,245**	**709,352**
Savings deposits	**338,471**	**355,816**
Non-financial corporations	35,272	31,487
Households	303,199	324,329
Non-saving deposits	**386,774**	**353,536**
General governments	6,084	10,317
Non-financial corporations	345,157	308,084
Households	35,533	35,135
Deposits from customers	**1,954,100**	**1,821,564**
General governments	70,445	93,414
Non-financial corporations	840,203	748,413
Households	1,043,452	979,737

The average interest rate on total customer deposits at the end of 2025 amounted to 0.71% per annum and is higher compared to the previous year (2024: 0.66%) by 5 basis points.

Within the deposit structure, the largest growth was recorded in long-term deposits, specifically for legal entities from 1.81% (2024) to 2.20% (2025), and for individuals from 1.390% (2024) to 1.538% (2025).

Interest rates on short-term deposits increased for legal entities from 1.795% (2024) to 1.960% (2025), while for individuals they decreased from 0.969% (2024) to 0.683% (2025).

Average interest rates on sight deposits remained at the same level of 0.007%, while average interest rates on sight savings accounts increased from 0.066% to 0.075%.

11.3 Borrowings

	2025	2024
Steiermarkiche bank und Sparkassen AG - subordinated debt, maturity 31 August 2034	33,401	33,425
European Bank for Reconstruction and Development (EBRD), maturity 10 July 2027	16,696	29,350
GGF (Fond Green for Growth), maturity 15 June 2029	13,712	17,630
The European Fund for Southeast Europe (EFSE), maturity 15 December 2025	-	2,799
Total	**63,809**	**83,204**

Interest rates for taken loans depend on the term, as well as the type of interest rate applied (fixed or variable). Loans with a variable interest rate are tied to the 6-month Euribor.

Expected Maturity:

	2025	2024
- within 12 months after the reporting period	16,087	19,835
- more than 12 months after the reporting period	47,722	63,369
Total	**63,809**	**83,204**

(all amounts are expressed in thousand BAM, unless otherwise stated)

11. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

11.3 Borrowings (continued)

The Bank complied with all financial covenants under EBRD financing agreements as of 31 December 2025 and 31 December 2024.
Financial covenant terms of the club financing facilities were as follows:

Covenant	Calculation	Target	2025	2024
Capital Adequacy ratio	means the ratio obtained by dividing: (a) own funds; by (b) total risk exposure amount	min 15.5%	20.73%	21.05%
Open Credit Exposure Ratio (OCER)	means the ratio obtained by dividing: (a) the total NPLs reduced by total Provisions (FBA or IFRS whichever is higher); by (b) the Tier I Capital (FBA)	max 25%	-8.14	-4.59
Net Stable Funding Ratio (NSFR)	means the ratio obtained by dividing: (a) the Borrower's available amount of stable funding; by (b) the Borrower's required amount of stable funding	min 100%	137.68%	147.27%
Liquidity Coverage Ratio (LCR)	means the ratio obtained by dividing: (a) the stock of high-quality liquid assets of the Borrower; by (b) the total net cash outflows of the Borrower over the next 30 calendar days	min 100%	194.21%	215.87%

Carrying amount of financial assets pledged as collaterals

	2025	2024
Financial assets at FVOCI	-	10,797
Total	**-**	**10,797**

The financial assets pledged as collateral consist of bonds. Collaterals were pledged as a result of transactions shown in line Financial liabilities at amortised cost, borrowings with EBRD.

(all amounts are expressed in thousand BAM, unless otherwise stated)

11. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

11.4 Lease liabilities

Material accounting policy information

The bank rents - two types of real estate, business premises and land. Leases are negotiated on an individual basis and contain a wide range of different conditions (including cancellation and prolongation). Main characteristics of leases contracts:

- Right-of-use assets for owner-occupied contract last 5 years with a notice period of 3 months and with the option of drafting a contract if both parties agree. Lease payments are made monthly in a fixed amount defined by the contract.
- Right-of-use assets for buildings are contracted mainly for period of 5 years with option of prolongation. Lease payments are mostly made monthly in a fixed amount defined by the contract.

Leases do not impose any specific contractual provisions, but leased assets cannot be used as collateral for the purpose of borrowing funds. Future cash outflows to which the Bank as lessee is potentially exposed, and which are not reflected in the measurement of the lease liability, arise from the extension and cancellation options.

The Bank does not provide any guaranteed residual value.

Interest expenses on lease liabilities for the year ended 31 December 2025 amounted to 93 thousand BAM, in year 2024 105 thousand BAM.

Short-term leases

Short-term leases and related expenses are recognised on a straight-line basis over the reporting period. Expenses related to the lease of low-value assets for which the recognition exemption is applied amounted to BAM 551 thousand in 2025, and BAM 565 thousand in 2024.

	2025	**2024**
Lease liabilities	4,197	3,470

	2025	**2024**
Maturity analysis		
- less than one year	1,289	1,379
- one to five years	2,511	2,091
- more than five years	397	-
Total	**4,197**	**3,470**

Lease liabilities

	2025	**2024**
Current	1,289	1,379
Non-current	2,908	2,091

Amounts recognised for the reporting period

The following amounts are recognised in profit or loss:

	2025	**2024**
Interest expense on lease liabilities (included in finance expenses)	93	105
Expense relating to leases of low-value assets that are not short-term leases (included in personnel expenses, other administrative expenses and depreciation expenses)	551	565
Total	**644**	**670**

(all amounts are expressed in thousand BAM, unless otherwise stated)

11. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST (CONTINUED)

11.4 Lease liabilities (continued)

The following amounts are recognised in the statement of cash flows:

	2025	2024
Cash outflow for leases – within financing activities		
Principal	1,508	1,462
Interest	93	105
Expense relating to short-term leases	551	565
Total	**2,152**	**2,132**

11.5 Other financial liabilities measured at amortised cost

	2025	2024
Liabilities to banks	1,260	1,396
Liabilities towards suppliers	1,086	1,325
Card business obligations	882	1,094
Liabilities for unallocated payments	2,869	831
Liabilities for taxes	243	389
Liabilities towards employees	36	35
Total	**6,376**	**5,070**

12. PROVISIONS

Material accounting policy information

Provisions

The Bank recognizes a provision when it has a present obligation arising from past events and when it is probable that an outflow of resources will be required to settle the obligation. The Bank's Management determines the amount of the provision based on the best possible estimate of the costs that will be incurred in settling the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties related to the obligation. Where provisions are measured using cash flows estimated to settle the present obligations, their carrying amount represents the present value of those cash flows. Provisions are utilised only for the expenditures for which they were originally recognized. If an outflow of economic benefits to settle the obligation is no longer probable, the provision is reversed.

	2025	2024
Loan commitments and guarantees given	**10,764**	**10,810**
Pending legal issues	**483**	**367**
Other provisions	**4,743**	**4,470**
Long-term employee provisions	*1,614*	*1,504*
Other provisions	*3,129*	*2,966*
Provisions	**15,990**	**15,647**

(all amounts are expressed in thousand BAM, unless otherwise stated)

12. PROVISIONS (CONTINUED)

Provisions for employee benefits

As of 31 December 2025, the provisions for employee benefits represent unused vacation days and severance and retirement severance payments and were determined using the projected credit unit.

Provision for employee benefits are calculated on the basis of an independent actuarial report on the implementation of IAS 19 – Employee benefits

In order to make actuarial estimates, following assumptions were used:

- Demographic assumptions on future characteristics of employees (mortality, employee fluctuation rate):
  - Average mortality rate 0.58% (2024: 0.58%)
  - Average fluctuation rate 1.90% (2024: 1.76%)
- Financial assumptions (discount rate, wage levels, expected wage growth):
  - Discount rate 6.00% (2024: 6.0%)
  - Expected wage growth rate of 2.50% (wage growth rate is determined compared to the movements of average salaries in FBiH and RS, movement of salaries in the Bank and Bank's expectations about salaries in the future period. There were no changes in this assumption compared to the previous year).

Movement of provision for Long-term employee provisions

Long-term provisions for employees	**2025**	**2024**
Present value of long-term provisions for employee benefits, 1 January	**1,504**	**1,441**
Cost of services	77	59
Interest expense	87	81
Payments	-54	-77
Present value of long-term provisions for employee benefits, 31 December	**1,614**	**1,504**

12. PROVISIONS (CONTINUED)

Loan Commitments and Financial Guarantees in Accordance with IFRS 9

Material accounting policy information

The Bank, as part of its regular operations, issues loan commitments and financial guarantees, which include various types of letters of credit and guarantees. A financial guarantee is a contract that requires the guarantor to make specified payments to reimburse the beneficiary for a loss incurred because a specified debtor failed to make payment when due in accordance with the original or modified terms of the debt instrument.

Provisions for financial guarantees are recognized based on the expected credit loss model.

Loan commitments—both potential and irrevocable—represent firm obligations to extend credit under pre-defined terms and conditions. These commitments are generally not presented in the balance sheet prior to the drawdown of funds. If it is probable that the Bank will enter into a loan agreement, fees received for loan commitments are deferred and adjust the loan's effective interest rate at the time of drawdown. Potential and irrevocable loan commitments result in the recognition of provisions based on the expected credit loss model.

Expenses or income related to provisions for loan commitments and financial guarantees are presented in the statement of profit or loss within the line "Impairment losses and provisions.".

(all amounts are expressed in thousand BAM, unless otherwise stated)

12. PROVISIONS (CONTINUED)

Movement of provision for Loan commitments and guarantees given

	From	Increase	Derecognition	Transfer between stages	Other changes in credit risk (net)	Others	To
	1 January 2025						**31 December 2025**
Stage 1	5,642	4,914	-3,356	-987	-1,086	-13	5,114
Stage 2	5,153	56	-2,393	2,982	-1,678	-	4,120
Stage 3	15	-	-2	410	1,108	-1	1,530
Total	**10,810**	**4,970**	**-5,751**	**2,405**	**-1,656**	**-14**	**10,764**

	From	Increase	Derecognition	Transfer between stages	Other changes in credit risk (net)	Others	To
	1 January 2024						**31 December 2024**
Stage 1	6,095	6,167	-3,372	-1,299	-1,953	4	5,642
Stage 2	5,381	83	-2,836	2,962	-437	-	5,153
Stage 3	99	-	-223	245	-106	-	15
Total	**11,575**	**6,250**	**-6,431**	**1,908**	**-2,496**	**4**	**10,810**

12. PROVISIONS (CONTINUED)

Movement of pending legal proceedings

	From	Increase	Derecognition	Others and Use	To
	1 January 2025				31 December 2025
Pending legal proceedings	367	137	-10	-11	483
Total	**367**	**137**	**-10**	**-11**	**483**

	From	Increase	Derecognition	Others and Use	To
	1 January 2024				31 December 2024
Pending legal proceedings	568	166	-208	-159	367
Total	**568**	**166**	**-208**	**-159**	**367**

Contingencies and commitments

In the ordinary course of business, the Bank enters into credit related commitments, which are recorded in off-balance sheet accounts and primarily include guarantees, letters of credit and undrawn loan commitments.

	2025	2024
Granted but undrawn loans	238,570	288,586
Performance guarantees	157,018	159,253
Payment guarantees	101,487	100,233
Letters of credit	663	4,631
Total	**497,738**	**552,703**

13. SHARE CAPITAL I RESERVES

13.1 Share capital

Shareholding structure as at 31 December 2025 and 2024 was as follows:

	2025				2024			
	No. of shares	Share capital Amount in BAM '000	%	Share premium Amount in BAM '000	No. of shares	Amount in BAM '000	%	Share premium Amount in BAM '000
Steiermarkische Bank und Sparkassen AG, Graz, Austrija	864,733	86,473	100	3,000	864,733	86,473	100	3,000
Total paid capital	**864,733**	**86,473**	**100**	**3,000**	**864,733**	**86,473**	**100**	**3,000**

Share capital is made up of 864,733 ordinary shares at nominal value of BAM 100.

Share premium represents accumulated positive difference between nominal value and amount received for issued shares.

The ultimate owner of the Bank is Erste Group Bank AG Vienna, Austria ("Erste Group").

13.2 Statutory reserves

Statutory reserves of the Bank represent accumulated appropriations from retained earnings established in accordance with the Law on Companies of the Federation of Bosnia and Herzegovina. Statutory reserves may be used to cover losses from prior periods where such losses are not covered by profits for the current financial year or where other reserves are not available. Statutory reserves are not distributable to shareholders.

13.3 Dividends

A liability is recognised in the amount of declared dividends that have been duly approved and are no longer at the discretion of the Company as at or before the end of the reporting period, but have not been paid as at the reporting date. During 2025, dividends in the amount of BAM 10 million were paid, compared to BAM 6.84 million paid during 2024.

(all amounts are expressed in thousand BAM, unless otherwise stated)

14. NET INTEREST INCOME AND SIMILAR INCOME AT THE EFFECTIVE INTEREST RATE

Material accounting policy information

Interest income is recognized on an accrual basis, in relation to the outstanding principal and using the effective interest rate, which is equal to the discounted estimated future cash flows over the expected life of the financial asset to its net carrying amount.

Loan origination fees, after the loan is approved and funds are drawn, are deferred together with the related direct origination costs and are recognized as an adjustment to the effective yield of the loan over the loan term.

Interest on deposits is added to the principal if stipulated by the contract. The accrual of interest income is suspended when its collectability is uncertain. Suspended interest is recognized as income when collected.

	2025	2024
Interest and other similar income		
Financial assets at amortised cost	80,701	77,652
of which unwinding (Note 7.3)	*-923*	*-841*
Financial assets measured at fair value through other comprehensive income	4,178	2,907
Total interest and other similar income	**84,879**	**80,559**
Interest expenses and similar expenses		
Financial liabilities at amortised cost	-21,024	-18,808
Interest expenses	**-21,024**	**-18,808**
Net interest income	**63,855**	**61,751**

15. NET FEE AND COMMISSION INCOME

Material accounting policy information

Fees and commissions consist primarily of domestic and international payment transaction fees, as well as loan origination fees and fees related to other credit instruments of the Bank.

Payment transaction fees are recognized in the period in which the related services are provided.

	2025		2024	
	Income	Expense	Income	Expense
Payment services	**42,516**	**-12,728**	**38,978**	**-12,003**
Card business	10,092	-6,952	9,272	-6,457
Other	32,424	-5,776	29,706	-5,546
Customer resources distributed but not managed	**2,098**	**-**	**1,631**	**-**
Collective investment	2,062	-	1,624	-
Other	36	-	7	-
Lending business	**5,319**	**-370**	**5,270**	**-498**
Guarantees given, guarantees received	4,334	-93	4,332	-120
Loan commitments given, loan commitments received	985	-277	938	-378
Other	**359**	**-46**	**341**	**-39**
Total fee and commission income and expenses	**50,292**	**-13,144**	**46,220**	**-12,540**
Net fee and commission income	**37,148**	**-**	**33,680**	**-**

(all amounts are expressed in thousand BAM, unless otherwise stated)

16. IMPAIRMENT LOSSES OF FINANCIAL INSTRUMENTS AND PROVISIONS

	2025	2024
Net credit losses / (net write-offs of previously recognized credit losses) from financial assets at amortized cost	**-7,536**	**-6,390**
Net increase of credit loss allowances (Note 4,6.4, 6.5)	-10,634	*-9,098*
Thereof: Net increase of credit loss allowances for Cash balances at central banks above obligatory reserves with CBBH (Note 4)	31	*12*
Thereof: Net increase of credit loss allowances for other demand deposits to credit institutions (Note 4)	-176	*-65*
Thereof: Net increase in credit loss allowances for Credit institutions (6.4)	-36	*-51*
Thereof: Net increase of credit loss allowances for Loans and receivable from clients (6.5)	-11,376	*-9,835*
PL-impairment-neutral CLA (increase) due to the time-value-of-money effect (UWC)	923	*841*
Net allocation / release of provisions for commitments and guarantees given under IFRS 9 (Note 12)	-46	*765*
Thereof: unused credit commitments	*-37*	*-581*
Thereof: other commitments	*-9*	*1,346*
Collection of previously written-off financial assets at amortized cost	3,321	*3,074*
Net allocation / release of provisions for Obligatory reserve with the CBBH (Note 6.3)	-12	*-12*
Initial recognition of POCI loans	203	*-600*
Net allocation / release of provisions for other assets at amortized cost (Note 6.6)	-258	*-341*
Direct written off of other assets at amortized costs	-186	*-206*
Recoveries recorded directly to the income statement	76	*28*
Net allocation / release of provisions for other provisions	24	***-175***
Net allocation / release of provisions for litigation (Note 12)	**-127**	**42**
Financial assets at fair value through other comprehensive income (Note 5)	**-46**	**-51**
Total	**-7,685**	**-6,574**

17. NET TRADING RESULT

	2025	2024
Foreign exchange transactions gains	80,005	64,071
Foreign exchange transactions losses	-75,910	-60,190
Total	**4,095**	**3,881**

18. OTHER INCOME

	2025	2024
Subsequently recognized income and income from release of calculated cost from previous years	1,851	2,148
Payment transactions	*104*	*9*
Administrative expenses	*941*	*1,137*
Card business	*594*	*802*
Interest and fees	*145*	*164*
Other fees	*67*	*36*
Collected of-balance accrued interest for loans in default	679	751
Rental income	594	560
Donation	94	78
Other	138	272
Total	**3,356**	**3,809**

(all amounts are expressed in thousand BAM, unless otherwise stated)

19. PERSONNEL EXPENSES

Material accounting policy information

The average employee number of the Bank during the year ending 31 December 2025 was 528 (2024: 512).

On behalf of its employees, the Bank pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Bank pays the tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal level). In addition, transport allowances, meal allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recognized in the statement of profit or loss in the period in which the salary expense is incurred.

	2025	**2024**
Wages and salaries	13,048	12,046
Social contributions	9,031	8,845
Other	4,411	4,294
Total	**26,490**	**25,185**

20. DEPRECIATION AND AMORTIZATION COSTS

	2025	**2024**
Property and equipment (Note 7)	2,993	2,968
Right-of-use assets (Note 8)	1,448	1,407
Intangible assets (Note 9)	1,427	1,493
Investment properties	48	35
Total	**5,916**	**5,903**

21. OTHER COSTS AND EXPENSES

	2025	**2024**
IT expenses	5,345	5,482
Deposit insurance contribution	4,918	4,680
Expenses for office space	4,426	3,426
Office operating expenses	3,287	3,141
Advertising/marketing	1,717	1,594
Legal and consulting costs	1,441	1,578
Taxes	1,644	1,572
Other card business expenses	947	969
Per diems and travelling costs	550	673
Expenses for temporary contracts	509	411
Other administrative expenses	1,744	1,313
Total	**26,528**	**24,839**

(all amounts are expressed in thousand BAM, unless otherwise stated)

22. INCOME TAX

The Bank's tax liability is calculated based on accounting income taking into the account non-deductible expenses. Income tax rate for the years ended 31 December 2025 and 31 December 2024 was 10%.

Total tax recognized in the statement of profit or loss and other comprehensive income may be presented as follows:

	2025	2024
Current income tax	-3,457	-3,233
Deferred income tax	201	-159
Total income tax	**-3,256**	**-3,392**

	2025	2024
Profit before tax	**42,361**	**41,930**
Income tax at the legal rate of 10%	4,236	4,193
Adjusted for:		
- Effect of non-deductible expenses	751	471
- Effect of non-taxable income	-472	-565
- Effect of transfer pricing	-	2
- Effect of tax relief due to new employees	-1,058	-868
Income tax	**3,457**	**3,233**
Effective tax rate for the year	**8.16%**	**7.71%**

The difference between the corporate income tax amount presented in this note and the amount presented in the statement of profit or loss relates to the fact that the Bank closed its books before submitting the final Tax Return to the Tax Administration. The difference is not material for these financial statements.

The main components of deferred tax assets and deferred tax liabilities

Movement in deferred tax assets can be presented as follows:

	2025	2024
Balance at 1 January	**3,728**	**4,175**
Increase/decrease in deferred tax assets – Impairment Stage 1; Stage 2	193	-81
Increase/decrease in deferred tax assets – Fair value reserves FVOCI	-85	-299
Increase/decrease in deferred tax assets – Other	-2	-67
Balance at 31 December	**3,834**	**3,728**

Movement in deferred tax liabilities can be presented as follows:

	2025	2024
Balance at 1 January	**-229**	**-54**
Increase/decrease in deferred tax liabilities – Fair value reserves FVOCI	160	-164
Increase/decrease in deferred tax liabilities – Other	11	-11
Balance at 31 December	**-58**	**-229**

Deferred tax assets, net

	2025	2024
Balance at 31 December	**3,776**	**3,499**

23. EARNINGS PER SHARE

Material accounting policy information

The Bank publishes basic and diluted earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to shareholders of the Bank, i
- the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

(all amounts are expressed in thousand BAM, unless otherwise stated)

23. EARNINGS PER SHARE (CONTINUED)

To calculate diluted earnings per share, the Management Board adjusts the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

During 2024 and 2025 there were no dilution effects
Earnings per share are calculated as follows:

	2025	2024
Profit attributable to shareholders, net	39,105	38,538
Average number of ordinary shares during the year	864,733	864,733
Basic earnings per share (BAM)	**45.22**	**44.57**

During 2024 and 2025 there were no dilution effects.

24. RELATED PARTY TRANSACTIONS

In the normal course of business, a number of banking transactions are entered into with related parties, these transactions were carried out on commercial terms and conditions and at market rates.

Transactions with the direct shareholder

	2025		2024	
	Receivables	Liabilities	Receivables	Liabilities
Steiermarkische Bank und Sparkassen AG, Graz, Austria	2,267	115,087	366	104,625
Total	**2,267**	**115,087**	**366**	**104,625**

	2025		2024	
	Income	Expense	Income	Expense
Steiermarkische Bank und Sparkassen AG, Graz, Austria	8	6,060	2	4,479
Total	**8**	**6,060**	**2**	**4,479**

Transactions with the ultimate shareholder

	2025		2024	
	Receivables	Liabilities	Receivables	Liabilities
Erste Bank der Oesterreichischen Sparkassen AG Vienna, Austria	29,644	7,785	31,973	854
Total	**29,644**	**7,785**	**31,973**	**854**

	2025		2024	
	Income	Expense	Income	Expense
Erste Bank der Oesterreichischen Sparkassen AG Vienna, Austria	619	376	651	508
Total	**619**	**376**	**651**	**508**

Transactions with the associate

	2025		2024	
	Receivables	Liabilities	Receivables	Liabilities
Sparkasse Leasing d.o.o. Sarajevo, Bosnia and Herzegovina	13,049	356	6,127	508
Total	**13,049**	**356**	**6,127**	**508**

	2025		2024	
	Income	Expense	Income	Expense
Sparkasse Leasing d.o.o. Sarajevo, Bosnia and Herzegovina	827	102	897	-
Total	**827**	**102**	**897**	**-**

(all amounts are expressed in thousand BAM, unless otherwise stated)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with other related parties

	2025		2024	
	Receivables	Liabilities	Receivables	Liabilities
Erste and Steiermarkische bank d.d. Zagreb, Hrvatska	1,625	241	2,735	54
Erste Bank Akcionarsko Društvo, Novi Sad, Srbija	372	417	67	251
Sparkasse Bank a.d. Skopje, Sjeverna Makedonija	88	-	156	-
Erste Digital GmbH (S IT Solutions AT Spardat GmBH) Beč, Austrija	-	280	96	207
Erste Group Card Processor d.o.o. (vm.MBU), Zagreb, Hrvatska	186	401	156	2
Total	**2,271**	**1,339**	**3,210**	**514**

	2025		2024	
	Income	Expense	Income	Expense
Erste and Steiermarkische bank d.d. Zagreb, Hrvatska	52	112	37	152
Erste Bank Akcionarsko Društvo, Novi Sad, Srbija	-	30	-	27
Erste Group Card Processor d.o.o. (vm. MBU) Zagreb, Hrvatska	-	925	-	880
Erste Digital GmbH (S IT Solutions AT Spardat GmBH Beč, Austrija)	-	1,359	-	1,360
Total	**52**	**2,426**	**37**	**2,419**

Management remunerations

The remunerations of Management Board and other members of key management were as follows:

	2025	2024
Gross salaries of the Management Board members	1,577	1,251
Other benefits of the Management Board members	137	139
Fees to the Supervisory Board members	28	32
Total	**1,742**	**1,422**

25. MANAGED FUNDS

The funds managed by the Bank, where the Bank acts as a commissioner on behalf of individuals, trusts and other institutions, are not Banks funds, and therefore are not included in its statement of financial position.

It the table below are shown the funds managed by the Bank in and for the name of its clients:

	2025	2024
Loans		
Corporate	13,105	13,116
Individuals	2,078	2,123
	15,184	**15,239**
Financing sources		
Employment agency of Federation of Bosnia and Herzegovina	13,793	13,834
Bosnian-Podrinje Canton Government	799	799
International guarantee agency – IGA	264	264
Ministry of war military invalids of Zenica–Doboj Canton	180	194
Employment agency of Zenica-Doboj Canton	102	102
Housing fund of Unsko-Sanski Canton	25	25
Employment agency of Bosnian-Podrinje Canton	21	21
	15,184	**15,239**
Liability, net	-	-

The Bank does not bear any risk in regard to this placement, and for its services charges a fee. Liabilities from commissioner business are invested in loans to companies and individuals on behalf of third parties.

(all amounts are expressed in thousand BAM, unless otherwise stated)

26. FEE DISCLOSURE

PricewaterhouseCoopers d.o.o. Sarajevo, the auditor of the Bank received the following fee:

	2025	2024
Audit service	140	140
IT audit services	26	24
Other services	1	1
Total	**167**	**165**

The auditors' services comprised services for the audit of the annual financial statements and the audit of the additional regulatory reports.

27. REGULATORY CAPITAL AND CAPITAL REQUIREMENTS

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.
- The Bank expects to maintain its debt to capital ratio, Solvency indicators were as follows:

	2025	2024
Debt	2,170,074	2,029,676
Equity	348,873	320,487
Debt to capital ratio	**6.22**	**6.3**

Capital adequacy and the use of net capital are monitored by the Bank's management, employing techniques based on the guidelines developed by FBA for supervisory purposes. The required information is filed with the FBA on a quarterly basis.

The Bank, through its reporting, conducts regular monitoring of capital, achieved rate of adequacy as well as the impact of all methodological changes that have an impact on capital.

The regulatory capital of the Bank consists of basic and supplementary capital.

The basic capital of the Bank (fully equal to ordinary capital) consists of paid shares, treasury shares, share premium, retained unallocated earnings and other reserves formed from profit after taxation on the basis of the decision of the Bank's Assembly, net revaluation reserves based on changes in fair value of assets (accumulated comprehensive income), net of the amount of treasury shares, intangible assets and deferred tax assets.

Supplementary capital consists of general impairment allowances for credit risk, calculated as 1.25% of the risk-weighted exposure amount, less any missing credit loss allowances based on the regulatory requirement. Missing credit loss allowances are calculated in accordance with FBA regulations. Bank calculates credit loss allowances by FBA methodology for each contract. A positive difference is shown as missing credit loss allowances.

The minimum required capital rates are as follows:

- regular basic capital rate 6.75%
- basic capital rate 9%
- regulatory capital rate 12%

In addition to the statutory minimum adequacy rate, the Bank is also required to provide a hedging layer for capital preservation that must be maintained in the form of regular basic capital in the amount of 2.5% of the total amount of risk exposure.

The total weighted risk used to calculate capital adequacy includes:

- the risk of weighted assets and credit equivalents,
- position, currency, commodity risk, and
- operating risk.

(all amounts are expressed in thousand BAM, unless otherwise stated)

27. REGULATORY CAPITAL AND CAPITAL REQUIREMENTS (CONTINUED)

As of 31 December 2025, and 2024 the Bank complied with all of the externally imposed capital requirements to which it was subject. As of 31 December 2025, the adequacy of the Bank's capital amounts to 20.74% (2024: 21.05%).

	2025	2024
Tier 1 capital		
Paid up capital instruments	86,473	86,473
Share premium	3,000	3,000
Other reserves	45,205	45,205
Retained earnings	205,868	178,658
Accumulated other comprehensive income	-3,408	-2,849
(-) Other intangible assets	-4,614	-3,035
(-) Deductible deferred tax assets that rely on future profitability and arise from temporary differences	-2,808	-2,606
(-) CET1 instruments of financial sector entities where the institution has a significant investment	-607	-607
(-) CET1 capital elements or deductions - other		-
Total Tier 1 capital	**329,109**	**304,239**
Tier 2 capital		
Paid up capital instruments and subordinated loans	25,896	27,851
T2 capital elements or deductions - other		-
Tier 2 capital	**25,896**	**27,851**
Regulatory capital	**355,005**	**332,090**
Risk weighted exposure amounts for credit risks (unaudited)	1,603,572	1,476,054
Risk exposure amount for position, foreign exchange and commodities risks (unaudited)	850	3,115
Risk exposure amount for operational risk (unaudited)	107,407	98,702
Total Risk Weighted asset	**1,711,829**	**1,577,872**
Total capital ratio (%) *	**20.74**	**21.05**

*Amounts of capital and other balance sheet positions in the table above are calculated in accordance with regulations of the Banking Agency of FBiH

28. RISK MANAGEMENT

a) Risk management policies and strategies

The Bank has developed a forward-looking risk management framework tailored to its business and risk profile. The risk management strategy is aligned with the business strategy and incorporates the expected impact of the external environment on the planned development of business activities and risks.

The risk management strategy describes the current and target risk profile, defines risk management principles, strategic objectives, and initiatives for the main types of risks, and establishes strategic limits for significant financial and non-financial risks, as defined in the Risk Materiality Assessment. The implementation of the risk management strategy is carried out through a clearly defined governance structure. This structure also applies to the monitoring of risk appetite, additional indicators, as well as the escalation of limit breaches.

A key function of every bank is the conscious and selective assumption of risks and the professional management of those risks. The Bank's proactive risk management policy and strategy aim to establish a balanced ratio between risks taken and returns achieved in order to ensure sustainable and adequate returns on capital.

The Bank employs risk management and control functions that are proactive and aligned with its business profile and risk-taking profile, based on a clear risk-taking strategy that is consistent with the business strategy of the Erste Group and focused on the early identification and management of risks and trends. In addition to achieving internal objectives for effective and efficient risk management, the Bank's risk management structures and control functions are designed to meet external and regulatory requirements.

In line with the Bank's business strategy, the key risks are credit risk, market risk, operational risk, and liquidity risk. The Bank also focuses on managing macroeconomic risks, as well as concentration risks within and across different types of risks.

b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board, provided by reports from Risk management department.

The carrying amount of financial asset presented in financial statements, decreased for losses based on impairments, represents the Bank's maximum exposure to credit risk without taking account the value of any collateral obtained.

Credit risk classification (internal rating)

The purpose of the internal rating is to ensure a correct presentation of credit risk in the Bank's portfolio and to ensure fulfilment of Basel II criteria, Internal rating plays a key role in the process of managing credit risk and making decisions. Rating is an important input for risk provisions, risk price, capital management and credit decision, Internal rating is a prerequisite for any credit request and / or approval.

All rating relevant clients and client groups (i.e. all debtors with debt or debt ratio in relation to relevant exposure to risks and losses) must be assessed.

The calculation of impairment on credit losses is carried out on a monthly basis, at the exposure level / asset level, in the exposure currency. To calculate the loss reserve, an ECL model is based on a three-stage approach that leads to a 12-month ECL or lifetime ECL.

28. RISK MANAGEMENT

b) Credit risk management (continued)

Credit risk classification (internal rating) (continued)

A step-by-step approach means that if financial assets are not recognized as purchased or generated credit impaired financial assets (POCIs), i.e. financial assets impaired on initial recognition, then depending on the status of impairment and the estimate of credit risk increases, financial assets are allocated to one of the following stages:

1) Stage 1 includes:
   a) Financial assets at initial recognition, except:
      i) POCI assets
      (ii) Assets whose initial recognition was initially induced by the obligatory credit obligations given to the other counterparty for which there was a significant deterioration in the credit status since initial recognition of that credit obligation, but which is not in default at the time of such first use
   b) Financial assets that meet the requirements of low credit risk
   c) Financial assets without significant credit risk increases from initial recognition regardless of its credit quality.

At Stage 1 credit risk loss allowances are calculated as a 12-month expected credit loss.

2) Stage 2 includes financial assets with a significant increase in credit risk but not impaired at the reporting date, including initial recognition of assets under 1) a) and ii) above.
   At Stage 2 credit risk loss allowances are calculated as lifetime credit loss.

3) Stage 3 includes financial assets that are credit impaired on the reporting date. In this stage credit loss allowances are calculated as the lifetime credit loss. Impairment is defined as the occurrence of one or more events that have a detrimental effect on the estimated future cash flows of a financial asset. All events included in the definition of credit impaired are considered in the definition of default used in the Bank.

Definition of default and recovery status

The following default definition is applied in the Bank: Default is when one or both of the following events occur:

- The client is late for more than 90 days with any material loan liability, or
- It is considered unrealistic that the client will pay his credit liabilities in full without collateral realization.

When a client defaults, this means that his financial instrument has been credit impaired, i.e. in the status of default, and assigned the internal rating "R" on that occasion. This further means that all default client's financial instruments are credit impaired. If the client is upgraded to a non-default rating, then all of their financial assets will no longer be credit impaired.

The materiality of the due loan liability is assessed according to the threshold, which is defined by the relevant regulatory bodies. This threshold reflects the level of risk the competent authority considers reasonable.

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Definition of default and recovery status (continued)

Default definition has changed in treatment of joint obligation. Joint obligor is treated as a client from a risk point of view. If a joint obligor exceeds 90 DPD then all clients of this joint obligor default automatically. Joint credit obligation with other obligors and connected with one of these defaulted clients is separately assessed, meaning that if one or more obligors of a joint credit obligation default with their individual exposures and if after assessment at least one remaining co-obligor can fulfil the obligation, the JCO and co-obligor shall stay performing.

Joint credit obligation with other obligors and connected with one of these defaulted clients must be separately assessed.

If all individual obligors of a JCO default, all their JCOs with the same set of obligors (assigned to the same JO) are automatically considered as defaulted.
The Bank's definition of default status follows the regulatory requirements at the level of the Erste Group, translating them into five groups of default status events:

- E1 – Unlikeliness to Pay (UTP)
- E2 – The client is more than 90 days past due
- E3 – Forbearance with default
- E4 – Credit loss
- E5 – Bankruptcy

PD assessment process

The process of PD assessment is done depending on the available data and the adequacy of data for a particular portfolio. Accordingly, the assessment of lifetime PDs is applied on the basis of the methodological concept of the parent group.

For the portfolio of legal entities as well as private individuals, the method of analysing the average default rate is used. This method is based on counting all migrations from each default rating to default / non-default over a given period.

EAD (exposure at default)

EAD, Exposure at Default, is the total exposure (amount) that is subject to credit risk provisions in accordance with IFRS 9. The Bank's EAD calculation differs in the statement of financial position and off-balance sheet. Generally, gross amortized cost (GCA) and potential future exposure are taken into account, which is the best estimate of the expenditure required in relation to the unconditional commitment of future borrowing or other off-balance items such as guarantees / letters of credit. Potential future exposure is estimated using a credit conversion factor (CCF), which can be defined as an indicator of utilization for off-balance sheet items such as guarantees, letters of credit and credit line instrument features (e.g. current debit or credit card), which is the uncertainty of the amount which is recognized as off-balance sheet reserve, which deals with various assets in accordance with the circumstances.

In assessing potential future exposure, the Bank estimates the time and amount of potential cash outflows. Where the effect of the time value of money is significant, the amount of the provisioning should be the present value of the costs that are expected to be required to settle the obligation.
The assessment of potential future exposure is differentiated for part of the portfolio that takes into account the expected cash flows from the repayment plan and that part of the portfolios for which it is not applicable.

LGD

The LGD (loss given default) parameter represents the percentage of outstanding exposure at the time of default (EAD) that is lost in the event of non-payment. The general approach is that the Loss Given Default (LGD) parameter is estimated based on recovery indicators derived from migration matrices. The LGD applied by the Bank for calculating impairment losses on loans and other receivables is based on homogeneous groups and is ultimately calculated at the asset level, taking into account the remaining maturity of the exposure as well as the characteristics of the segment to which the asset relates.
In addition, for exposures in default status, the Bank applies stricter LGD values than those calculated for certain retail portfolio segments, given that the sample size was relatively small.

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Forward looking information

The Bank used supportable forward-looking information for measurement of ECL. To incorporate different macro scenarios the Bank used three different scenarios (downside, base, upside). Those scenarios are received from Erste Group.

Last applied scenarios in 2025 are shown below:

		Scenario probabilities	
Scenarios	**Year 1**	**Year 2**	**Year 3**
	2026.	**2027.**	**2028.**
Downside	28%	28%	28%
Base	50%	50%	50%
Upside	22%	22%	22%

			GDP GROWTH
	Year 1	**Year 2**	**Year 3**
Scenarios	**2026.**	**2027.**	**2028.**
Downside	0%	0.30%	0.50%
Base	2.50%	2.80%	3.0%
Upside	5.06%	5.36%	5.56%

			INFLATION - CPI
Scenarios	**Year 1**	**Year 2**	**Year 3**
	2026.	**2027.**	**2028.**
Downside	7.16%	6.86%	7.06%
Base	3.50%	3.20%	3.40%
Upside	1.71%	1.49%	1.64%

			UNEMPLOYMENT
Scenarios	**Year 1**	**Year 2**	**Year 3**
	2026.	**2027.**	**2028.**
Downside	13.12%	12.62%	12.22%
Base	11.70%	11.20%	10.80%
Upside	10.31%	9.81%	9.41%

Probabilities of three scenarios (base, downside, upside) are calculated in coordination with Erste Group. For 2026 - 2028 macro variables used as received by Erste Group.

Grouping of financial assets measured on collective approach basis

The grouping of financial assets measured on collective approach basis is applied in the following cases:

- Where there is no objective evidence of impairment or
- When there is evidence of impairment, but exposure is not individually material.

Grouping of financial assets measured on individual approach basis

The grouping of financial assets measured on individual approach basis is made based on of valid regulatory guidelines that define the materiality threshold for exposures that are considered individually material.

In the case of Sparkasse Bank dd BiH, this threshold is BAM 150 thousand. Individually material exposure is individually tested for objective evidence of impairment.

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Methodology for POCI

POCI assets are not part of the transfer in Stages regardless of the change in the client's credit risk after initial recognition of POCI assets, POCI assets are subject to expected lifetime credit losses from initial recognition to full derecognition. Further, expected lifetime credit losses, expected on the date of initial recognition of POCI assets, must be taken into account when calculating the fair value of the asset at that date and are not recognized as provisions for credit losses (while subsequent changes to those initial expectations only result in recognition of the provision for impairment losses only if it results in lower expectations compared to the start date, while those that result in better expectations than the recognition date are recognized as an increase in the gross book value of POCI assets). For all these reasons, POCI is defined as a “Stage” per se, as POCI assets have never fully behaved either as Stage 3 assets or as Stage 2 or 1 assets, regardless of changes in client’s credit risk after initial recognition. According to the recommendations issued by the FBA, for all POCI contracts, after initial recognition at least minimum regulatory CLA is calculated based on the days past due.

Significant increase of credit risk (SICR)

The Bank based its estimate of significant increase in credit risk based on a regular monthly assessment of qualitative and/or quantitative indicators of creditworthiness of the client. Qualitative elements include indicators that are the result of a regular customer tracking process through the EWS system as well as other elements (e.g. days overdue, forbearance, workout and fraud status) and data available to the Bank. Quantitative elements rely on monitoring the absolute and relative change in the probability of default of a customer in relation to date of initial recognition of a particular financial placement.

Credit exposure

Credit exposure includes all financial instruments in Bank's portfolio except for cash in the register and CBBH account balances.

Minimum rates for expected credit losses

Decision on Credit Risk Management and Determining Expected Credit Losses (hereinafter the “Decision) prescribed minimum rates for expected credit losses for different stages. Moreover, the Decision of temporary measures to mitigate the rise in interest rates prescribed additional, more stringent rates for expected credit losses for contracts fulfilling the criteria described in the mentioned Decision.

When it comes to value of expected credit losses calculated in accordance with methodology the Bank shall apply minimum rates of expected credit losses defined in this section, by using whichever is higher from following values:

- value of expected credit losses calculated in accordance with internal methodology
- value of expected credit losses calculated by using minimum rates of expected credit losses as defined by the Decision

Those minimum rates are presented below.

Minimum rates of expected credit losses for Stage 1

For exposures classified into Stage 1, the Bank needs to determine and record in its books the expected credit losses in below given amounts as a minimum:

1. for exposures with low credit risk– 0.1% of exposure,
2. for exposures to central governments and central banks outside Bosnia and Herzegovina, which have credit evaluation from an acknowledged external institution for evaluation of credit rating which, in accordance with Article 69 of the Decision on calculation of bank capital are classified into medium credit quality 3 and 4 – 0.1% of exposure,

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Minimum rates of expected credit losses for Stage 1 (continued)

3. for exposures to banks and other subjects from financial sector which have credit evaluation from an acknowledged external institution for evaluation of credit rating which, in accordance with Article 69 of the Decision on calculation of bank capital are classified into credit quality levels 1, 2 or 3 – 0.1% of exposure,
4. for all other exposures – 0.5% of the exposure.
5. for new credit exposures with a variable or fixed nominal interest rate to be allocated to the credit risk grade 1, in compliance with the provisions of Article 18 of the Decision on the Credit Risk Management and Determination of Expected Credit Losses, the bank shall not determine the expected credit losses in an amount below 2% of the exposure if a difference between the newly arranged effective interest rate and the effective interest rate applied by the bank, at the reference date, to the existing borrower with whom a new credit exposure shall be arranged, of similar characteristics and maturity, or in the case of the modifications to the existing credit exposure, i.e. if a difference between the arranged interest rate for a new borrower and the effective interest rate of the bank for borrowers with identical or similar characteristics and features of the risk as of the reference date shall be greater than the significant interest rate increase.

The expected credit loss for exposures in form of cash in hand and cash at bank is 0%, provided that all conditions related to property protection prescribed by sub-legal act regulating system of internal controls in the Bank have been met.

Minimum rates of expected credit losses for Stage 2

For exposures classified into Stage 2, the Bank needs to determine and record in its books the expected credit losses in the minimum amount of 5% of exposure.

For the existing credit exposures being previously allocated to the credit risk grade 2, in compliance with the provisions of Article 19 of the Decision on the Credit Risk Management and Determination of Expected Credit Losses, where the significant interest rate increase was identified during the credit exposure risk monitoring process, a bank shall not determine the expected credit losses in an amount below 12% of the exposure.

Minimum rates of expected credit losses for Stage 3

For exposures classified into Stage 3, the Bank needs to determine and record in its books the expected credit losses in amounts defined in Table 1 or Table 2, as a minimum.

Minimum rates of expected credit losses for exposures secured by an acceptable collateral

No.	*Days past due*	*Minimum expected credit loss*
1.	*up to 180 days*	*15%*
2.	*from 181 to 270 days*	*25%*
3.	*from 271 to 365 days*	*40%*
4.	*from 366 to 730 days*	*60%*
5.	*from 731 to 1460 days*	*80%*
6.	*over 1460 days*	*100%*

Minimum rates of expected credit losses for exposures not secured by an acceptable collateral

No.	*Days past due*	*Minimum expected credit loss*
1.	*up to 180 days*	*15%*
2.	*from 181 to 270 days*	*45%*
3.	*from 271 to 365 days*	*75%*
4.	*from 366 to 456 days*	*85%*
5.	*over 456 days*	*100%*

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Minimum rates of expected credit losses for Stage 3 (continued)

The Bank determines minimum expected credit losses in accordance with diagram below:

<table>
<tr><td colspan="2">Exposure not secured by an acceptable collateral</td><td rowspan="2">Expected losses in accordance with Table 1</td></tr>
<tr><td rowspan="2">Exposure partially secured by an acceptable collateral</td><td>Secured part</td></tr>
<tr><td>Unsecured part</td><td>Expected losses in accordance with Table 2</td></tr>
</table>

If the Bank has undertaken the relevant legal actions and can document the likelihood of recovery from eligible collateral over the next three years, it is not required to increase the level of expected credit losses above 80% of the exposure. Therefore, the assessment of future cash flows from eligible collateral, discounted to present value, must exceed 20% of such exposure.

If the Bank does not succeed in recovering the receivables within a three-year period, it must recognize expected credit losses in its books in the amount of 100% of the exposure.

In the case of restructured exposures, the Bank will, for each 12-month period of the curing phase, maintain the level of expected credit losses at the same coverage ratio established at the time of granting the restructuring, which cannot be lower than 15% of the exposure.

The Bank is required to determine and recognize expected credit losses in the amount of 100% of the exposure for every third and subsequent restructuring of a previously restructured exposure that, at the moment of restructuring, was classified in Stage 3 or as POCI, except in situations where the Bank has undertaken relevant legal actions and can document the likelihood of recovery from eligible collateral over the next three years; in such cases, it is not required to increase the level of expected credit losses above 80% of the exposure.

For exposures where the client has not fulfilled their obligations to the Bank within 60 days from the payment request issued under a previously provided guarantee, the Bank must determine and recognize expected credit losses in the amount of 100% of the exposure at the latest—except in situations where the Bank has undertaken relevant legal actions and can document the likelihood of recovery from eligible collateral over the next three years, in which case it is not required to increase the expected credit losses above 80% of the exposure.

For NPLs, it is considered that the collectability of interest income is uncertain, and therefore recognition of such income in the statement of profit or loss will be deferred until collection. Such interest receivables will be recorded in the Bank's books until collected.

Minimum rates of expected credit losses for trade receivables, receivables from factoring and financial leasing, as well as other receivables

Rates of expected credit losses for trade receivables, receivables from factoring and financial leasing, as well as other receivables are given in table below:

Minimum rates of expected credit losses

No.	*Days past due*	*Minimum expected credit loss*
1.	*no default in materially significant amount*	*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 number of days past due for receivables, the Bank shall take into consideration default in repaying liabilities towards the bank in materially significant amount.

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Reconciliation between the gross carrying amount and the carrying amount of the credit risk exposure components

2025	Credit risk exposure	Credit loss allowances	Adjustments (FVOCI)	Net carrying amount
Cash and cash balances - demand deposits to credit institutions	**88,056**	**-337**	**-**	**87,719**
Debt instruments at FVOCI	**218,029**	**-257**	**-4,376**	**213,396**
Debt securities	218,029	-257	-4,376	213,396
Debt instruments at AC	**1,895,346**	**-82,110**	**-**	**1,813,236**
Deposits with other banks	91,458	-130	-	91,328
Loans and advances to customers	1,787,904	-79,551	-	1,708,353
Other financial assets at amortised cost	15,984	-2,429	-	13,555
Off balance-sheet exposures	**497,738**	**-10,764**	**-**	**486,974**
Total	**2,699,169**	**-93,468**	**-4,376**	**2,601,325**

2024	Credit risk exposure	Credit loss allowances	Adjustments (FVOCI)	Net carrying amount
Cash and cash balances - demand deposits to credit institutions	**78,302**	**-161**	**-**	**78,141**
Debt instruments at FVOCI	**210,852**	**-211**	**-3,583**	**207,058**
Debt securities	210,852	-211	-3,583	207,058
Debt instruments at AC	**1,709,264**	**-79,487**	**-**	**1,629,777**
Deposits with other banks	94,618	-94	-	94,524
Loans and advances to customers	1,598,387	-76,162	-	1,522,225
Other financial assets at amortised cost	16,259	-3,231	-	13,028
Off balance-sheet exposures	**552,703**	**-10,810**	**-**	**541,893**
Total	**2,551,121**	**-90,669**	**-3,583**	**2,410,012**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by counterparty sector and financial instrument

2025	Cash and cash balances – demand deposits to credit institutions	Non-trading debt instruments at FVTPL	Debt instruments at FVTOCI	At amortised cost			Off-balance sheet exposures	Total
				Loans and advances to banks	Loans and advances to customers	Other financial assets at amortised cost		
General governments	-	-	208,512	-	58,507	1	502	267,522
Credit institutions	88,056	-	9,517	91,458	-	9,157	6,646	204,834
Other financial corporations	-	-	-	-	26,171	-	3,458	29,629
Non-financial corporations	-	-	-	-	911,997	5,051	449,001	1,366,049
Households	-	-	-	-	791,229	1,775	38,131	831,135
Total	**88,056**	**-**	**218,029**	**91,458**	**1,787,904**	**15,984**	**497,738**	**2,699,169**

2024	Cash and cash balances – demand deposits to credit institutions	Non-trading debt instruments at FVTPL	Debt instruments at FVTOCI	At amortised cost			Off-balance sheet exposures	Total
				Loans and advances to banks	Loans and advances to customers	Other financial assets at amortised cost		
General governments	-	-	210,852	-	43,226	1	1,100	255,179
Credit institutions	78,302	-	-	94,618	-	7,919	7,647	188,486
Other financial corporations	-	-	-	-	15,573	-	1,304	16,877
Non-financial corporations	-	-	-	-	831,552	6,002	505,681	1,343,235
Households	-	-	-	-	708,036	2,337	36,971	747,344
Total	**78,302**	**-**	**210,852**	**94,618**	**1,598,387**	**16,259**	**552,703**	**2,551,121**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by industry and financial instrument

2025	Cash and cash balances – demand deposits to credit institutions	Non-trading debt instruments at FVTPL	Debt instruments at FVOCI	At amortised cost			Off balance-sheet exposures	Total
				Loans and advances to banks	Loans and advances to customers	Other financial assets at amortised cost		
I. Natural Resources & Commodities	-	-	-	-	79,590	38	28,810	108,438
II. Energy	-	-	-	-	96,787	291	27,020	124,098
III. Construction and building materials	-	-	-	-	213,811	139	149,961	363,911
IV. Automotive	-	-	-	-	43,775	37	33,963	77,775
V. Cyclical Consumer Products	-	-	-	-	148,941	943	44,922	194,806
VI. Non-Cyclical Consumer Products	-	-	-	-	115,283	197	35,348	150,828
VII. Machinery	-	-	-	-	35,597	6	16,718	52,321
VIII. Transportation	-	-	-	-	42,058	36	45,322	87,416
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	-	-	-	-	51,089	30	36,320	87,439
X. Healthcare & Services	-	-	-	-	34,734	69	29,872	64,675
XI. Hotels, Gaming & Leisure Industry	-	-	-	-	34,069	129	1,852	36,050
XII. Real Estate	-	-	-	-	27,715	6	558	28,279
XIII. Public Sector	-	-	208,512	-	58,506	1	200	267,219
XIV. Financial Institutions	88,056	-	9,517	91,458	26,485	12,771	10,342	238,629
XV. Private Households	-	-	-	-	779,464	1,291	36,530	817,285
Total	**88,056**	**-**	**218,029**	**91,458**	**1,787,904**	**15,984**	**497,738**	**2,699,169**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by industry and financial instrument (continued)

2024	Cash and cash balances – demand deposits to credit institutions	Non-trading debt instruments at FVTPL	Debt instruments at FVOCI	At amortised cost			Off balance-sheet exposures	Total
				Loans and advances to banks	Loans and advances to customers	Other financial assets at amortised cost		
I. Natural Resources & Commodities	-	-	-	-	82,085	98	29,168	111,351
II. Energy	-	-	-	-	70,382	276	35,911	106,569
III. Construction and building materials	-	-	-	-	178,105	85	163,821	342,011
IV. Automotive	-	-	-	-	33,096	33	32,931	66,060
V. Cyclical Consumer Products	-	-	-	-	144,428	1,564	56,247	202,239
VI. Non-Cyclical Consumer Products	-	-	-	-	84,887	190	43,942	129,019
VII. Machinery	-	-	-	-	26,874	5	22,472	49,351
VIII. Transportation	-	-	-	-	55,437	62	48,354	103,853
IX. TMT; Telecommunications, Media, Technology	-	-	-	-	63,824	25	37,336	101,185
X. Healthcare & Services	-	-	-	-	26,566	60	33,993	60,619
XI. Hotels, Gaming & Leisure Industry	-	-	-	-	51,151	108	3,347	54,606
XII. Real Estate	-	-	-	-	24,735	5	900	25,640
XIII. Public Sector	-	-	210,852	-	43,060	21	-	253,933
XIV. Financial Institutions	78,302	-	-	94,618	15,927	11,760	9,176	209,783
XV. Private Households	-	-	-	-	697,830	1,967	35,105	734,902
Total	**78,302**	**-**	**210,852**	**94,618**	**1,598,387**	**16,259**	**552,703**	**2,551,121**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by industry and stage

2025	Stage 1	Stage 2	Stage 3	POCI	Total Credit risk exposure (AC and FVOCI)
I. Natural Resources & Commodities	89,932	18,052	454	-	108,438
II. Energy	96,749	22,173	5,176	-	124,098
III. Construction and building materials	316,482	43,907	3,501	21	363,911
IV. Automotive	58,815	18,890	70	-	77,775
V. Cyclical Consumer Products	138,854	50,426	2,968	2,558	194,806
VI. Non-Cyclical Consumer Products	134,991	13,924	1,269	644	150,828
VII. Machinery	47,959	4,359	3	-	52,321
VIII. Transportation	65,644	20,673	992	107	87,416
IX. TMT; Telecommunications, Media	70,082	17,303	45	9	87,439
X. Healthcare & Services	63,961	497	217	-	64,675
XI. Hotels, Gaming & Leisure Industry	23,711	11,415	518	406	36,050
XII. Real Estate	23,424	4,849	6	-	28,279
XIII. Public Sector	240,109	27,110	-	-	267,219
XIV. Financial Institutions	237,315	87	1,227	-	238,629
XV. Private Households	651,668	132,012	32,782	823	817,285
Total	**2,259,696**	**385,677**	**49,228**	**4,568**	**2,699,169**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by industry and stage (continued)

2024	Stage 1	Stage 2	Stage 3	POCI	Total Credit risk exposure (AC and FVOCI)
I. Natural Resources & Commodities	97,696	13,135	520	-	111,351
II. Energy	85,022	16,390	5,157	-	106,569
III. Construction and building materials	292,309	48,039	1,640	23	342,011
IV. Automotive	43,844	22,150	66	-	66,060
V. Cyclical Consumer Products	154,254	41,280	3,947	2,758	202,239
VI. Non-Cyclical Consumer Products	120,285	6,539	1,505	690	129,019
VII. Machinery	44,154	5,194	3	-	49,351
VIII. Transportation	78,472	24,174	1,175	32	103,853
IX. TMT; Telecommunications, Media, Technology	89,667	11,454	39	25	101,185
X. Healthcare & Services	53,890	5,874	826	29	60,619
XI. Hotels, Gaming & Leisure Industry	20,820	32,836	549	401	54,606
XII. Real Estate	14,527	11,108	5	-	25,640
XIII. Public Sector	245,589	8,342	2	-	253,933
XIV. Financial Institutions	208,340	540	903	-	209,783
XV. Private Households	593,819	105,825	34,025	1,233	734,902
Total	**2,142,688**	**352,880**	**50,362**	**5,191**	**2,551,121**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by region and stage

2025	Stage 1	Stage 2	Stage 3	POCI	Total Credit risk exposure (AC and FVOCI)
Erste Grupe market	116,788	-	-	-	116,788
Austria	48,673	-	-	-	48,673
Czech Republic	-	-	-	-	-
Croatia	68,115	-	-	-	68,115
Serbia	-	-	-	-	-
Other European Union	**137,900**	**-**	**-**	**-**	**137,900**
Slovenia	17,560	-	-	-	17,560
Other EU Countries	120,340	-	-	-	120,340
Emerging markets	**2,005,008**	**385,677**	**49,228**	**4,568**	**2,444,481**
BiH	2,005,008	385,677	49,228	4,568	2,444,481
Total	**2,259,696**	**385,677**	**49,228**	**4,568**	**2,699,169**

2024	Stage 1	Stage 2	Stage 3	POCI	Total Credit risk exposure (AC and FVOCI)
Erste Grupe market	**86,106**	**-**	**-**	**-**	**86,106**
Austria	75,112	-	-	-	75,112
Czech Republic	-	-	-	-	-
Croatia	10,994	-	-	-	10,994
Serbia	-	-	-	-	-
Other European Union	**54,653**	**-**	**-**	**-**	**54,653**
Slovenia	-	-	-	-	-
Other EU Countries	54,653	-	-	-	54,653
Emerging markets	**2,001,929**	**352,880**	**50,362**	**5,191**	**2,410,362**
BiH	2,001,929	352,880	50,362	5,191	2,410,362
Total	**2,142,688**	**352,880**	**50,362**	**5,191**	**2,551,121**

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Recognition of credit collateral

The recognition of credit collateral is a regulatorily and internally controlled process through which the Bank identifies, assesses, and accepts assets provided by clients as security for credit exposures. The purpose of collateral recognition is to reduce credit risk and ensure adequate protection for the Bank against potential losses in the event that the debtor fails to meet contractual obligations.

Within this process, the Bank assesses the value, quality, and marketability of the collateral, taking into account the legal validity of the security instruments and the possibility of their realization within a reasonable period. Only collateral that meets the defined internal criteria and regulatory requirements is recognized for credit risk management purposes and, where applicable, for regulatory purposes of reducing risk-weighted exposure.

The collateral recognition process is continuously monitored throughout the duration of the credit relationship, including regular updates of valuation assessments and monitoring of changes that may affect its effectiveness as a security instrument.

Here are key aspects of recognizing credit collateral:

- **Collateral Valuation**: Bank determines the current market value of the collateral to ensure it is sufficient to cover the loan amount in case of default
- **Risk Assessment**: The bank assesses the probability that the collateral will be adequate to cover potential losses if the borrower defaults on the loan
- **Regulatory Compliance**: Bank must comply with financial regulations, such as those set by the Basel Framework, which require them to maintain adequate capital against potential credit risks
- **Eligibility Criteria**: Bank has specific criteria for what assets can be used as collateral, often requiring high credit standards and marketability

Main types of credit collateral

Mostly, the following types of credit collateral are accepted:

- real estate: residential and commercial real estate;
- financial collateral: securities, cash deposits and life insurance policies;
- guarantees: issued by public sector entities, financial institutions, non-financial institutions and households. All guarantors must have a minimum credit rating, which is reviewed annually;
- movables: equipment, investment goods, machinery and motor vehicles;
- claims and rights: trade account receivables, leasehold rights and shares in a company’s capital.

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Collateral valuation and management

The assessment of collateral is based on current market values, applying conservative assumptions that reflect the amount that can be recovered within a reasonable period in the event of collateral realization. The Bank has clearly defined collateral valuation processes, whose operational implementation is supported by appropriate IT systems and a dedicated local collateral management team. The recognized value of collateral is at all times limited to the amount of the related credit exposure.

Real estate valuations may be performed exclusively by qualified and licensed appraisers who are functionally and organizationally independent from the credit-decision process. Valuations are prepared in accordance with applicable international, European, or national valuation standards, applying valuation methodologies defined in the Bank's internal regulations. Depending on the type of asset and its characteristics, market (comparative), income, and cost approaches to valuation are applied.

The Bank's internal guidelines prescribe the professional qualification criteria, required experience, and independence requirements for the selection of appraisers. To preserve the objectivity of valuations, the same appraiser may perform a maximum of two consecutive valuations of the same property, while each subsequent valuation must be carried out with mandatory rotation of the appraiser. To ensure quality and consistency, the Bank continuously monitors the work of appraisers and performs oversight of completed real estate valuations.

Recognition of Credit Collateral

To ensure compliance with Basel III standards, as well as with the standards and regulations of the local regulator, the frequency of collateral revaluation and monitoring is determined based on the "stricter" requirement, meaning whichever requirement mandates more frequent assessment. In addition to periodic revaluations, collateral is reassessed when information becomes available indicating a decrease in its value due to exceptional circumstances, or when predefined triggers are breached. Collateral related to properties under construction—especially when significant cost overruns or delays are identified—as well as collateral securing lower-quality credit exposures, is monitored or revalued more frequently.

To ensure full compliance with the Basel framework (Basel III), as well as applicable standards and regulations of the local regulator, the frequency of collateral monitoring and revaluation is determined by applying the stricter criterion, i.e., the one requiring more frequent assessment.

In addition to regular, periodic revaluations, collateral is reassessed when information becomes available indicating a potential decline in its value due to exceptional circumstances, as well as upon activation of predefined triggers.

Special attention is given to collateral related to properties under construction, particularly in situations where significant cost or time overruns have been identified, as well as to collateral securing credit exposures of lower credit quality. Such collateral is subject to enhanced monitoring and, where necessary, more frequent revaluations to enable timely credit risk management.

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Collateral Valuation Rates (continued)

The valuation rates applied in the assessment of collateral must reflect realistic and conservative expectations regarding recoverable proceeds in the event of collateral realization. Since these rates are defined at the level of collateral categories and subcategories, rather than for individual cases, the actual amount recovered may vary. For this reason, average, empirically based values are used when determining valuation rates. Each collateral subcategory has predefined valuation rates.

The discounts (haircuts) applied to these valuation rates take into account valuation risks, market risks, and recovery risks, including the liquidity of the collateral and the costs of realization.

Valuation rates, which may be defined as a fixed percentage or a percentage range, must be implemented and coded within the Bank's local IT systems to ensure consistent and automated application in the collateral management process.

The Erste Group Collateral Catalogue defines the maximum allowed valuation rates for all types of collateral, which serve as upper limits for the local collateral catalogues. These maximum rates may be applied at the local level only if they are supported by adequate and calculated collateral recovery ratios. Otherwise, the Bank is required to apply more conservative, lower valuation rates.

The valuation methodologies and corresponding discounts are based on empirical data from previous periods, including historical data on collateral realizations and recovery outcomes. The valuation discounts are reviewed and, where necessary, adjusted at least once a year to reflect realized recoveries and foreseeable market developments, including expected changes in real estate prices and other relevant market trends.

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Credit risk exposure by financial instrument and collateral

2025	Total credit risk exposure	Collaterals total	Collateralised by			Credit risk exposure net of collateral	IFRS9 impairment relevant		
			Guarantees	Real estate	Other		Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
Cash and cash balances - demand deposits to credit institutions	**88,056**	**-**	**-**	**-**	**-**	**88,056**	**88,056**	**-**	**-**
Debt instruments at FVOCI	**218,029**	**-**	**-**	**-**	**-**	**218,029**	**218,029**	**-**	**-**
Debt instruments at AC	**1,895,346**	**584,905**	**29,691**	**478,900**	**76,314**	**1,310,441**	**1,779,065**	**64,801**	**51,480**
Loans and advances to banks	91,458	-	-	-	-	91,458	91,458	-	-
Loans and advances to customers	1,787,904	584,905	29,691	478,900	76,314	1,202,999	1,674,330	64,801	48,773
Other financial assets at amortised cost	15,984	-	-	-	-	15,984	13,277	-	2,707
Off balance-sheet exposures	**497,738**	**27,359**	**-**	**18,602**	**8,757**	**470,379**	**461,465**	**34,466**	**1,807**
Total	**2,699,169**	**612,264**	**29,691**	**497,502**	**85,071**	**2,086,905**	**2,546,615**	**99,267**	**53,287**

2024	Total credit risk exposure	Collaterals total	Collateralised by			Credit risk exposure net of collateral	IFRS9 impairment relevant		
			Guarantees	Real estate	Other		Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
Cash and cash balances - demand deposits to credit institutions	**78,302**	**-**	**-**	**-**	**-**	**78,302**	**78,302**	**-**	**-**
Debt instruments at FVOCI	**210,852**	**-**	**-**	**-**	**-**	**210,852**	**210,852**	**-**	**-**
Debt instruments at AC	**1,709,264**	**551,166**	**52,103**	**441,708**	**57,355**	**1,158,098**	**1,576,980**	**77,445**	**54,839**
Loans and advances to banks	**94,618**	**-**	**-**	**-**	**-**	**94,618**	**94,618**	**-**	**-**
Loans and advances to customers	**1,598,387**	**551,166**	**52,103**	**441,708**	**57,355**	**1,047,221**	**1,469,162**	**77,445**	**51,780**
Other financial assets at amortised cost	**16,259**	**-**	**-**	**-**	**-**	**16,259**	**13,200**	**-**	**3,059**
Off balance-sheet exposures	**552,703**	**32,496**	**-**	**23,889**	**8,607**	**520,207**	**511,760**	**40,915**	**28**
Total	**2,551,121**	**583,662**	**52,103**	**465,597**	**65,962**	**1,920,602**	**2,337,894**	**118,360**	**54,867**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Information on performing and non-performing exposures

2025		Stage	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
Performing	Not past due or Past due <= 30 days	S1	-	240,411	204,012	29,629	1,123,835	661,809	2,259,696
		S2	-	27,110	-	-	221,129	132,037	380,276
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	81	409	490
	Past due > 30 days <= 90 days	S1	-	-	-	-	-	-	-
		S2	-	-	-	-	2,668	2,733	5,401
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-	19	19
Non-performing	Unlikely to pay that are not past-due or past-due < = 90 days	S3	-	1	822	-	1,045	4,833	6,701
		POCI	-	-	-	-	3,074	300	3,374
	Past due > 90 days <= 180 days	S3	-	-	-	-	198	2,367	2,565
		POCI	-	-	-	-	-	2	2
	Past due > 180 days <= 1 year	S3	-	-	-	-	127	4,674	4,801
		POCI	-	-	-	-	414	13	427
	Past due > 1 year <= 5 years	S3	-	-	-	-	12,529	21,030	33,559
		POCI	-	-	-	-	176	80	256
	Past due > 5 years	S3	-	-	-	-	773	829	1,602
		POCI	-	-	-	-	-	-	-
								Total	**2,699,169**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Information on performing and non-performing exposures (continued)

2024		Stage	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
Performing	Not past due or Past due <= 30 days	S1	-	246,836	187,569	16,578	1,086,876	604,829	2,142,688
		S2	-	8,342	-	300	234,817	104,453	347,912
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	135	547	682
	Past due > 30 days <= 90 days	S1	-	-	-	-	-	-	-
		S2	-	-	16	-	2,828	2,124	4,968
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-	5	5
Non-performing	Unlikely to pay that are not past-due or past-due < = 90 days	S3	-	1	901	-	816	5,474	7,192
		POCI	-	-	-	-	3,753	272	4,025
	Past due > 90 days <= 180 days	S3	-	-	-	-	195	2,690	2,885
		POCI	-	-	-	-	15	-	15
	Past due > 180 days <= 1 year	S3	-	-	-	-	1,012	5,405	6,417
		POCI	-	-	-	-	-	-	-
	Past due > 1 year <= 5 years	S3	-	-	-	-	11,552	20,617	32,169
		POCI	-	-	-	-	53	405	458
	Past due > 5 years	S3	-	-	-	-	1,181	518	1,699
		POCI	-	-	-	-	2	4	6
								Total	**2,551,121**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Information on performing and non-performing impairment (continued)

2025		Stage	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
Performing	Not past due or Past due <= 30 days	S1	-	-840	-673	-427	-13,650	-4,652	-20,242
		S2	-	-2,312	-	-	-13,671	-10,084	-26,067
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-12	-61	-73
	Past due > 30 days <= 90 days	S1	-	-	-	-	-	-	-
		S2	-	-	-	-	-157	-674	-831
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-	-3	-3
Non-performing	Unlikely to pay that are not past-due or past-due < = 90 days	S3	-	-1	-822	-	-737	-3,213	-4,773
		POCI	-	-	-	-	-2,067	-56	-2,123
	Past due > 90 days <= 180 days	S3	-	-	-	-	-198	-1,074	-1,272
		POCI	-	-	-	-	-	-2	-2
	Past due > 180 days <= 1 year	S3	-	-	-	-	-127	-3,143	-3,270
		POCI	-	-	-	-	-319	-6	-325
	Past due > 1 year <= 5 years	S3	-	-	-	-	-12,184	-20,494	-32,678
		POCI	-	-	-	-	-136	-73	-209
	Past due > 5 years	S3	-	-	-	-	-771	-829	-1,600
		POCI	-	-	-	-	-	-	-
								Total	**-93,468**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

Information on performing and non-performing impairment (continued)

2024		Stage	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
Performing	Not past due or Past due <= 30 days	S1	-	-914	-469	-274	-13,587	-3,978	-19,222
		S2	-	-497	-	-55	-16,295	-8,122	-24,969
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-20	-71	-91
	Past due > 30 days <= 90 days	S1	-	-	-	-	-	-	-
		S2	-	-	-2	-	-366	-518	-886
		S3	-	-	-	-	-	-	-
		POCI	-	-	-	-	-	-1	-1
Non-performing	Unlikely to pay that are not past-due or past-due < = 90 days	S3	-	-1	-898	-	-613	-3,858	-5,370
		POCI	-	-	-	-	-621	-49	-670
	Past due > 90 days <= 180 days	S3	-	-	-	-	-148	-1,260	-1,408
		POCI	-	-	-	-	-2	-	-2
	Past due > 180 days <= 1 year	S3	-	-	-	-	-1,012	-3,678	-4,690
		POCI	-	-	-	-	-	-	-
	Past due > 1 year <= 5 years	S3	-	-	-	-	-11,343	-20,007	-31,350
		POCI	-	-	-	-	-54	-342	-396
	Past due > 5 years	S3	-	-	-	-	-1,090	-518	-1,608
		POCI	-	-	-	-	-2	-4	-6
								Total	**-90,669**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

c) Market risk management

Market risk in the trading book is the risk that the value of assets and liabilities in the Bank's trading book will decrease due to movements in market factors. Market risk arises from uncertainties related to changes in market prices and rates (including equity prices, foreign exchange rates, and commodity prices), the correlations among them, and their levels of volatility. These changes in market value may be reflected in the profit and loss statement, the statement of comprehensive income, or in hidden reserves. According to the local risk taxonomy, market risk comprises foreign exchange risk and credit spread risk. The methods for measuring these types of risks include the local regulatory capital requirements for the respective risks relative to the available coverage capacity, as well as the open FX position.

The Treasury function supports business operations, coordinates access to domestic and international markets, and monitors and manages the financial risks related to the Bank's operations through internal risk reports that analyze exposure by risk level and impact. These risks include market risk (including foreign exchange risk and fair value interest rate risk), liquidity risk, and cash-flow interest rate risk.

d) Currency risk management

The Bank is exposed to various types of risks arising from foreign exchange movements. This includes the risk of an open foreign exchange position and other related risks. The open foreign exchange position risk is the risk associated with the mismatch between assets and liabilities in a given currency or with foreign exchange derivatives. This type of risk may arise from client transactions or from proprietary trading, and it is monitored and managed on a daily basis. Exposure to foreign exchange risk is limited by regulatory and internal limits. Internal limits are set by the Bank's Management Board.

The following table shows the largest open currency positions at 31 December 2025 and 31 December 2024:

	2025	2024
Euro	1,846	2,543
American dollar	-277	-193
Other	-274	455

Foreign currency sensitivity analysis

The Bank is mainly exposed to EUR, USD and other currencies. Since Convertible Mark (BAM) is pegged to EUR, the Bank is not exposed to risk of change of EUR exchange rate.

The following table details the Bank's sensitivity to a 10% increase and decrease in BAM against USD and other currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items in currencies different from lender and borrower currencies. A positive number below indicates an increase in profit or other capital where BAM strengthens 10% against other relevant currency. For a 10% weakening of BAM against other relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	USD Effect	
	2025	2024
Gain / (loss)	28	20

28. RISK MANAGEMENT (CONTINUED)

e) Liquidity risk management

The ultimate responsibility for liquidity risk management lies with the Management Board, which has established an appropriate liquidity risk management framework to address the Bank's short-term, medium-term, and long-term liquidity needs. The Bank manages this risk by maintaining adequate reserves, borrowing from other banks and financial institutions, and through other funding sources, while continuously monitoring forecasted and actual cash flows and comparing the maturities of financial assets and liabilities.

The following table provides a detailed overview of the remaining contractual maturities of the Bank's financial assets. The table is prepared based on undiscounted cash flows of financial assets, including the interest that will be earned on those assets, except for assets for which the Bank expects the cash flow to occur in another period.

The following table shows the other contractual maturities of the Bank's financial assets. The table is prepared based on undiscounted cash flows of financial assets.

In 2025, customer deposits remained the primary source of funding. The growth in the loan portfolio was financed by inflows from customer deposits and by drawing deposits from the parent Bank.

The liquidity indicator as of 31 December 2025 amounts to 194.21% (2024: 215.87%).

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

e) Liquidity risk management (Continued)

Liquidity and interest risk tables

Maturity for financial assets

	Weighted average effective interest rate	Less than 1 month	2 to 3 months	4 months to 1 year	1 to 5 years	Over 5 years	Total
2025							
Non-interest bearing							
Cash balances as CBBiH	-	59,285	-	-	-	-	59,285
Cash on hand	-	109,521	-	-	-	-	109,521
Fixed interest rate instruments							
Cash balances as CBBiH	-	-	-	-	-	-	-
Other demand deposits	2.39%	179,215	-	-	-	-	179,215
Deposits with other banks	-	-	-	-	-	-	-
Loans and advances to customers	4.36%	53,565	78,285	310,452	372,301	698,355	1,512,958
Debt securities	2.00%	-	8,743	17,053	128,813	58,790	213,399
Variable interest rate instruments							
Cash balances as CBBiH	0.36%	271,222	-	-	-	-	271,222
Other demand deposits	-	-	-	-	-	-	-
Deposits with other banks	-	-	-	-	-	-	-
Loans and advances to customers	4.68%	6,273	78	3,899	93,677	169,228	273,155
		679,081	**87,106**	**331,404**	**594,791**	**926,373**	**2,618,755**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

e) Liquidity and interest risk tables(continued)

Liquidity and interest risk tables

Maturity for financial assets

	Weighted average effective interest rate	Less than 1 month	2 to 3 months	4 months to 1 year	1 to 5 years	Over 5 years	Total
2024							
Non-interest bearing							
Cash balances as CBBiH	-	90,222	-	-	-	-	90,222
Cash on hand	-	120,708	-	-	-	-	120,708
Fixed interest rate instruments							
Cash balances as CBBiH	-	-	-	-	-	-	-
Other demand deposits	3.61%	172,320	-	-	-	-	172,320
Deposits with other banks	-	-	-	-	-	-	-
Loans and advances to customers	5.02%	89,795	60,648	277,777	289,211	563,769	1,281,200
Debt securities	1.61%	2,012	8,661	45,628	117,406	32,034	205,741
Variable interest rate instruments							
Cash balances as CBBiH	0.40%	199,816	-	-	-	-	199,816
Other demand deposits	-	-	-	-	-	-	-
Deposits with other banks	-	-	-	-	-	-	-
Loans and advances to customers	5.01%	10,129	80	9,743	127,941	212,161	360,054
		685,002	**69,389**	**333,148**	**534,558**	**807,964**	**2,430,061**

(all amounts are expressed in thousand BAM, unless otherwise stated)

28. RISK MANAGEMENT (CONTINUED)

e) Liquidity risk management (Continued)

Liquidity and interest risk tables

The following table details the Bank's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bank can be required to pay. The table principal cash flows.

Maturity for financial liabilities

	Weighted average effective interest rate	Less than 1 month	2 to 3 months	4 months to 1 year	1 to 5 years	Over 5 years	Total
2025							
Non-interest bearing							
Deposits from customers and banks		1,145,814	-	-	-	-	1,145,814
Variable interest rate instruments							
Deposits from customers and banks	4,76%	-	-	-	33,249	-	33,249
Borrowings	3,25%	-	1,956	1,956	9,779	-	13,691
Subordinated loans	5,77%	-	-	-	9,779	23,470	33,249
Fixed interest rate instruments							
Deposits from customers and banks	1,77%	248,281	63,611	244,442	355,394	8,641	920,369
Borrowings	3,26%	5,085	782	5,867	4,694	-	16,428
		1,399,180	**66,349**	**252,265**	**412,895**	**32,111**	**2,162,800**
2024							
Non-interest bearing							
Deposits from customers and banks		988,841	-	-	-	-	988,841
Variable interest rate instruments							
Deposits from customers and banks	6,52%	-	-	-	15,647	-	15,647
Borrowings	2,04%	-	-	9,500	13,691	-	23,191
Subordinated loans	7,05%	-	-	-	9,779	23,470	33,249
Fixed interest rate instruments							
Deposits from customers and banks	1,63%	245,025	123,740	192,970	353,181	11,625	935,540
Borrowings	3,54%	3,129	-	6,650	16,249	-	26,208
		1,236,995	**132,740**	**209,120**	**408,727**	**35,095**	**2,022,676**

The Bank expects to meet other operating cash flow and cash inflow obligations.

29. FAIR VALUE MEASUREMENT

This note provides information about how the Bank determines fair values of various financial assets and financial liabilities.

29.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Bank's financial assets and financial liabilities are measured at fair value at each reporting date. The following sections provide information on how the fair values of these financial assets and financial liabilities are determined (specifically, the valuation techniques and input data used).

Fair value measurement is primarily based on external data sources (stock-exchange prices or broker quotations in highly liquid market segments). Financial instruments whose fair value is determined based on quoted market prices mainly include listed securities and listed derivatives, as well as liquid OTC bonds.

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be determined based on active markets, it is established using various valuation techniques involving the use of mathematical models. The input data for these models, where possible, are derived from observable market data; however, when such data are not available, judgment must be applied to determine fair value. The use of unobservable inputs is particularly significant in models used for valuing loans and unlisted equity investments.

When external data sources are not available and the instruments trade in less liquid market segments, a credit-spread approach is applied to determine fair value.
Fair value for all financial instruments is measured on a continuous basis.

(all amounts are expressed in thousand BAM, unless otherwise stated)

29. FAIR VALUE MEASUREMENT (CONTINUED)

29.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at 31 December 2025	Fair value as at 31 December 2024	Fair value Hierarchy as at 31 December 2025	Valuation technique(s) and key input(s)
Non-trading financial assets at fair value through profit or loss	Listed equity securities on stock exchanges in other countries: Belgium –348 thousand BAM	Listed equity securities on stock exchanges in other countries: • Belgium –299 thousand BAM	Level 3	Carrying amount of the investment
Financial assets at fair value through other comprehensive income (Note 5)	Listed debt securities in stock exchange in other countries: • Croatia – 10,529 thousand BAM (A-) • Austria – 48,585 thousand BAM (AA+) • Belgium – 17,911 thousand BAM (AA) • France – 11,894 thousand BAM (A+) • Slovenia – 16,505 thousand BAM (AA) • European Investment Bank (EIB)– 9,669 thousand BAM (AAA) • FBiH Ministry of Finance 19,758 thousand BAM (B+)	Listed debt securities in stock exchange in other countries: • Croatia – 8,872 thousand BAM (A-) • Austria – 45,596 thousand BAM (AA+) • Belgium – 19,899 thousand BAM (AA) • France – 16,259 thousand BAM (AA-) • Slovenia - 16,302 thousand BAM (AA-)	Level 1	Quated bid prices in an active market
	Listed debt securities in stock exchange in Bosnia and Herzegovina: • FBiH Ministry of Finance 65,685 thousand BAM (B+) • RS Ministry of Finance – 13,117 thousand BAM (B+)	Listed debt securities in stock exchange in Bosnia and Herzegovina: • FBiH Ministry of Finance - 80,405 thousand BAM (B+) • RS Ministry of Finance – 19,936 thousand BAM (B+)	Level 2	Weighted-average credit margin

(all amounts are expressed in thousand BAM, unless otherwise stated)

29. FAIR VALUE MEASUREMENT (CONTINUED)

29.2 Fair value of the Bank's financial assets and financial liabilities that are not measured at fair value on a recurring basis, from period to period (but fair value disclosures are required)

Except as detailed in the following table, the Management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	2025					2024				
	Book value	Fair value	Quoted market prices in active markets	Valued according to a model based on available market data	Valued according to a model based on unavailable data	Book value	Fair value	Quoted market prices in active markets	Valued according to a model based on available market data	Valued according to a model based on unavailable data
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
ASSETS										
Cash and cash balances	256,466	256,466	-	-	-	288,980	288,980	-	-	-
Financial assets at amortised cost	**2,025,040**	**1,995,580**	-	-	**1,995,580**	**1,829,467**	**1,817,915**	-	-	**1,817,916**
Obligatory reserve with the Central Bank	*211,804*	*211,804*	-	-	*211,804*	*199,690*	*199,690*	-	-	*199,690*
Deposits with other banks	*91,328*	*91,470*	-	-	*91,470*	*94,524*	*94,635*	-	-	*94,635*
Loans and receivables from clients	*1,708,353*	1,678,984	-	-	1,678,984	*1,522,225*	1,510,661	-	-	1,510,661
Other financial assets at amortised cost	13,555	13,322	-	-	13,322	13,028	12,929	-	-	12,929
LIABILITIES										
Financial liabilities measured at amortised cost	**2,165,877**	**2,160,475**	-	-	**2,160,475**	**2,026,206**	**2,018,577**	-	-	**2,018,577**
Deposits from banks and other financial institutions	*147,968*	*145,803*	-	-	*145,803*	*121,438*	*118,653*	-	-	*118,653*
Deposits from customers	*1,954,100*	*1,950,863*	-	-	*1,950,863*	*1,821,564*	*1,816,720*	-	-	*1,816,720*
Borrowings	*63,809*	*63,809*	-	-	*63,809*	*83,204*	*83,204*	-	-	*83,204*
FINANCIAL GUARANTEES AND COMMITMENTS										
Financial guarantees	22	22	-	-	22	38	38	-	-	38
Irrevocable commitments	-3,390	-3,390	-	-	-3,390	6,961	6,961	-	-	6,961

(all amounts are expressed in thousand BAM, unless otherwise stated)

29. FAIR VALUE MEASUREMENT (CONTINUED)

39.3 Fair value of the Bank's non-financial assets and non-financial liabilities

Fair values and fair value hierarchy of non-financial assets

2025	Book value	Fair value	Quoted market prices in active markets Level 1	Model-based on market data observation level 2	Market by model based on observable inputs that are not visible in the market for Level 3
Assets whose value is shown in the notes					
Real estate investment	2,019	2,019	-	-	2,019
Assets whose fair value is shown in the statement of financial position					
Held-for-sale assets	-	-	-	-	-

2024	Book value	Fair value	Quoted market prices in active markets Level 1	Model-based on market data observation level 2	Market by model based on observable inputs that are not visible in the market for Level 3
Assets whose value is shown in the notes					
Real estate investment	1,391	1,391	-	-	1,391
Assets whose fair value is shown in the statement of financial position					
Held-for-sale assets	-	-	-	-	-

30. OPERATING SEGMENTS

In the ordinary course of business, the Bank's Management analyses operating results with particular focus on the contribution of individual business segments. In addition to Corporate banking, Retail banking and Treasury and financial markets activities, the Bank also monitors the Micro and SME segments as separate reporting segments, to the extent that each of them manages specific financial products and engages with counterparties whose characteristics are specific to each segment. Accordingly, these activities are neither managed jointly nor linked to other counterparties or segments.

Although all business segments participate in loan origination and deposit gathering, the financial characteristics of loans, deposits and credit lines are specific to each segment and can be applied only to the contractual parties that relate to that segment.

The financial performance of each individual operating segment is presented using a combination of "direct" and "indirect" allocation methodologies for income and expenses. Income is generally allocated directly to the segment that generated it, while expenses are allocated directly where they can be clearly attributed to the segment that incurred them, and indirectly where they relate to central organizational units.

The TSY segment corresponds to the Treasury.

Segment information for the year ended 31 December 2025.

				2025			
Profitability by business lines (in thousand BAM)	**Retail**	**Micro**	**SME**	**Corporate**	**TSY**	**Other**	**Banka**
Net interest income/(expense) and similar income calculated using the effective interest rate	21,871	2,322	5,166	12,713	21,953	-170	63,855
Net fee and commission income/(expense)	13,900	5,128	2,628	5,807	6,843	2,842	37,148
Impairment losses from financial instruments and provisions	-6,035	-430	163	-1,114	-255	-14	-7,685
Personnel Expenses	-16,568	-1,078	-2,133	-6,140	-571	-	-26,490
Depreciation and amortisation	-3,700	-242	-476	-1,371	-127	-	-5,916
Dividend income	-	-	-	-	-	312	312
Other income and expenses – net	-10,935	-580	-1,531	-4,719	-1,098	-	18,863
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX	-1,467	5,120	3,817	5,176	26,745	2,970	42,361
INCOME TAX EXPENSE	113	-393	-293	-398	-2,056	-229	-3,256
PROFIT/(LOSS)	-1,354	4,727	3,524	4,778	24,689	2,741	39,105

Segment information for the year ended 31 December 2024.

				2024			
Profitability by business lines (in thousand BAM)	**Retail**	**Micro**	**SME**	**Corporate**	**TSY**	**Other**	**Banka**
Net interest income/(expense) and similar income calculated using the effective interest rate	21.199	2.246	4.996	12.294	21.230	-214	61.751
Net fee and commission income/(expense)	12.603	4.649	2.382	5.265	6.204	2.577	33.680
Impairment losses from financial instruments and provisions	-5.173	-368	139	-953	-218	-1	-6.574
Personnel Expenses	-14.602	-778	-2.044	-6.299	-1.464	2	-25.185
Depreciation and amortisation	-3.655	-244	-483	-1.392	-129	-	-5.903
Dividend income	-	-	-	-	-	580	580
Other income and expenses – net	-10.307	-664	-1.314	-3.782	-352	-	-16.419
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX	65	4.841	3.676	5.133	25.271	2.944	41.930
INCOME TAX EXPENSE	-6	-392	-297	-415	-2.044	-238	-3.392
PROFIT/(LOSS)	59	4.449	3.379	4.718	23.227	2.706	38.538

31. EVENTS AFTER THE REPORTING DATE

There were no significant subsequent events that would have a material impact on the 2025 financial statements or that would require disclosure in the notes to the financial statements,

32. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Management Board of the Bank on 7 April 2026,

Amir Softić President of the Management Board	Sparkasse Bank dd Bosna i Hercegovina SPARKASSE Bank 100	**Igor Jokić** Member of the Management Board

Sparkasse Bank dd BiH

Zmaja od Bosne 7,71000 Sarajevo

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4200128200006
Jedinstveni identifikacioni broj (JIB)

64.19
Šifra djelatnosti

GODIŠNJI IZVJEŠTAJ O POSLOVANJU

za period od 01.01.2025 do 31.12.2025.

U smislu odredbi čl. 42. i 43. Zakona o računovodstvu i reviziji u Federaciji BiH ("Službene novine Federacije BiH", broj 15/21), navodimo sljedeće podatke koji upotpunjuju objektivan prikaz finansijskog položaja i poslovanja pravnog lica:

Značajni događaji nastali u periodu od završetka poslovne godine do datuma predaje finansijskog izvještaja

Nije bilo značajnih događaja nastalih nakon završetka poslovne godine do predaje finansijskog izvještaja.

Procjena očekivanog budućeg razvoja

U skladu sa svojim strateškim usmjerenjem, Sparkasse Bank dd BiH nastavlja jačati svoju poziciju u bosanskohercegovačkom bankarskom sektoru, oslanjajući se na stabilan rast i održivo kreiranje vrijednosti, te aktivno doprinosi ekonomskom razvoju zemlje.
Strateški ciljevi za period 2026 – 2030 su usmjereni ka poboljšanju tržišne pozicije, te rastu prihoda uz iskorištavanje novih poslovnih prilika, očuvanje kvalitete kreditnog portfolija i discipline u troškovima pojednostavljivanjem poslovnih procesa i povećanjem učinkovitosti.

Najvažnije aktivnosti u vezi s istraživanjem i razvojem – poslovanjem Banke

Tokom 2025. godine razvojne aktivnosti u segmentu poslovanja sa stanovništvom bile su usmjerene na unapređenje procesa, kao i na uvođenje ili poboljšanje postojećih proizvoda, te je u segmentu poslovanja sa stanovništvom učinjeno slijedeće:

- Implementacija novih funkcionalnosti na SIMPL aplikaciji (upravljanje visinom odobrenih limita po karticama u real (stvarnom) vremenu, Prikaz PIN i CVV code, kupi BIHAMK članstvo, nova udruženja u doniraj, Sparkasse Leasing, SIMPL zona – Centar finansijskog zdravlja (Moje finansije, Moja budućnost, Moja sigurnost i Moj dom), QR za izdavatelje računa. Push notifikacije, dark mode, skrivanje stanja računa)
- Implementacija Google pay
- Implementirana nova omnichannel platforma Kontakt centra
- Implemetiran grupni stand alone alat FIT+
- Implementacije zakonskih izmjena u skladu sa zakonskom regulativom – GDPR
- Implementacija novog proizvoda – Dobrovoljno zdravstveno osiguranje
- Unapređenje procesa automatiziranog odobrenja neobezbjeđenih plasmana
- Unapređenje depozitnog poslovanja
- Nabavka i certifikacija novih ATM i depozitnih uređaja
- Realizovane su brojne kampanje i promotivne ponude;

Tokom 2025. godine razvojne aktivnosti Banke u segmentu poslovanja sa Corporate i SME klijntima su bile usmjerene na:
Redizajniranje kreditnog procesa radi povećanja efikasnosti (implementacija limita, automatizacija modela, skraćenje vremena odlučivanja);

- Implementiranje garantnih linija (EIF, DFC,
- Unapređenje procesa rada sa depozitima
- Unapređenje procesa onbordinga za internacionalne klijente kao i jačanje saradnje sa cross border klijentima
- Unaprjeđenje procesa dokumentarno poslovanje;

Informacije o otkupu vlastitih dionica, odnosno udjela

Banka nije vršila otkup vlastitih dionica u 2025. godini.

Informacije o poslovnim segmentima

Ključni indikatori profitabilnosti i indikatori po segmentima:

	2025						
Profitabilnost po poslovnim linijama u hilj. KM	**Retail**	**Micro**	**SME**	**Corporate**	**TSY**	**Ostalo**	**Banka**
UKUPNO IMOVINA	761,850	51,848	252,731	686,397	790,501	0	2,543,326
UKUPNO IMOVINA I VANBILANSNA EVIDENCIJA	907,722	61,775	301,122	817,822	941,859	0	3,030,300
UKUPNO OBAVEZE I KAPITAL	1,132,311	194,104	123,107	927,173	166,631	0	2,543,326
Neto prihodi/(rashodi) od kamata i slični prihodi po efektivnoj kamatnoj stopi	21,870	2,322	5,166	12,713	21,953	-170	63,854
Neto prihodi/(rashodi) od naknada i provizija	13,900	5,128	2,628	5,807	6,843	2,842	37,148
Umanjenja vrijednosti i rezervisanja	-6,034	-430	163	-1,114	-255	-14	-7,684
Troškovi zaposlenih	-16,568	-1,078	-2,133	-6,140	-571	0	-26,490
Troškovi amortizacije	-3,700	-241	-476	-1,371	-127	0	-5,916
Prihodi od dividendi	0	0	0	0	0	312	312
Ostali prihodi i rashodi - neto	-10,935	-582	-1,531	-4,718	-1,098	1	-18,863
DOBIT/(GUBITAK) IZ REDOVNOG POSLOVANJA PRIJE OPOREZIVANJA	-1,467	5,119	3,817	5,176	26,744	2,971	42,361
POREZ NA DOBIT	-113	393	293	398	2,056	229	3,256
DOBIT/(GUBITAK)	**-1,354**	**4,726**	**3,524**	**4,778**	**24,688**	**2,742**	**39,105**

Korišteni finansijski instrumenti od značaja za procjenu finansijskog položaja i uspješnost poslovanja

Priznavanje finansijskih instrumenata

Klasifikacija i mjerenje

i. poslovnom modelu Banke za upravljanje finansijskom imovinom – određuje se na osnovi poslovnog cilja upravljanja finansijskom imovinom odnosno procjene drži li se finansijska imovina radi prikupljanja ugovornih novčanih tokova, prikupljanja ugovornih novčanih tokova i prodaje finansijske imovine ili samo radi prodaje
ii. karakteristikama ugovornih novčanih tokova finansijske imovine - određuje se na osnovu procjene jesu li ugovorni novčani tokovi finansijske imovine samo plaćanje glavnice i kamata („SPPI“) na preostali iznos glavnice.

Primjena ovih kriterija dovodi do klasifikacije finansijske imovine u tri kategorije mjerenja:

a) Finansijska imovina koja se mjeri po amortiziranom trošku

Finansijska sredstva su mjerena po amortiziranom trošku ako se drže u poslovnom modelu čiji je cilj prikupljanje ugovornih novčanih tokova, a njihovi ugovorni novčani tokovi su SPPI.

U bilansu stanja ova sredstva se iskazuju po amortizovanom trošku, tj. bruto knjigovodstvenoj vrijednosti manjoj od bilo kakvog gubitka umanjenja. Prikazani su pod stavkom "Dati krediti i avansi klijentima", "Ostala imovina", "Plasmani kod drugih banaka", "Obavezna rezerva kod Centralne banke" i "Novac i računi kod banaka". Novac i računi kod drugih banaka uključuju samo potraživanja (depozite) od centralnih banaka i kreditnih institucija koja se isplaćuju po zahtjevu. Isplativo po zahtjevu znači da oni mogu biti povučeni u bilo koje vrijeme ili sa rokom doznake od samo jednog radnog dana ili 24 sata.

Prihodi od kamata na ova sredstva se izračunavaju metodom efektivne kamate i uključuju se u stavku „Prihodi od kamata i slični prihodi“ u okviru „Neto prihod od kamata“ u izvještaju o bilansu uspjeha. Dobici ili gubici od umanjenja vrijednosti uključeni su u stavku „Gubici od umanjenja vrijednosti i rezervisanja“. Dobici i gubici od prestanka priznavanja (kao što je prodaja) imovine iskazuju se pod stavkom „Ostali poslovni prihodi“.

U Banci, finansijska sredstva po amortizovanom trošku predstavljaju najveću kategoriju mjerenja, koja uključuje veliku većinu kreditnih poslova prema klijentima, međubankarskom kreditnom poslovanju, depozitima kod centralnih banaka, iznosima u toku poravnanja, trgovinskim i drugim potraživanjima.

b) **Finansijska sredstva po fer vrijednosti kroz ostalu sveobuhvatnu dobit (FVOCI)**

Finansijska sredstva dužničkog instrumenta se vrednuju po fer vrijednosti kroz ostalu sveobuhvatnu dobit (FVOCI) ako su ugovorni novčani tokovi u skladu sa SPPI i drže se u okviru poslovnog modela čiji je cilj postignut prikupljanjem ugovornih novčanih tokova i prodajom imovine. U izvještaju o finansijskom položaju, uključeni su kao „finansijsko sredstvo po fer vrijednosti kroz ostalu sveobuhvatnu dobit".

Prihod od kamata na ovu imovinu izračunava se primjenom metode efektivne kamatne stope i uključen je u stavku "Prihodi od kamata" pod "Neto prihod od kamata" u izvještaju o bilansu uspjeha. Dobici i gubici od umanjenja vrijednosti priznaju se u izvještaju o bilansu uspjeha kao „Gubici od umanjenja vrijednosti i rezerviranja" dok se u izvještaju o finansijskom položaju prikazuju kroz kapital (OSD). Kao rezultat, uticaj na izvještaj o bilansu uspjeha i ostaloj sveobuhvatnoj dobiti je isti kao i kod finansijske imovine koja se mjeri po amortiziranom trošku.

Razlika između fer vrijednosti po kojoj se imovina iskazuje u bilansu stanja i komponente amortiziranog troška se priznaje kao akumulirana ostala sveobuhvatna dobit u kapitalu, posebno u okviru revalorizacijske rezerve u izvještaju o promjenama u kapitalu. Promjena za period iskazana je kao OSD u izvještaju o sveobuhvatnoj dobiti kao "Revalorizacione rezerve". Kada se finansijsko sredstvo prestaje priznavati, iznos koji je prethodno akumuliran u OSD se reklasificira u dobit ili gubitak i iskazuje kao „Ostali poslovni prihodi".

Banka klasificira ulaganja u dužničke vrijednosne papire mjerene prema FVOCI. Oni su dio poslovnog modela. „držanje do naplate i prodaja" Oni se odnose na različite poslovne ciljeve, kao što su ispunjavanje internih / eksternih uslova za rizik likvidnosti i efikasno plasiranje viška strukturne likvidnosti, strateških pozicija odlučenih od strane upravnog odbora, pokretanje i podsticanje odnosa sa klijentima, zamjena kreditnog poslovanja ili drugih aktivnosti poboljšanja prinosa. Zajednička osobina investicija u dužničke instrumente na FVOCI je da je aktivna optimizacija prinosa putem prodaje integralna u postizanju ciljeva. Prodaja se vrši kako bi se optimizirala pozicija likvidnosti ili ostvarili dobici / gubici po fer vrijednosti. Kao rezultat toga, poslovni ciljevi postižu se i prikupljanjem ugovornih novčanih tokova i prodajom vrijednosnih papira.

c) **Finansijska sredstva po fer vrijednosti kroz bilans uspjeha**

Finansijska sredstva čiji ugovorni novčani tokovi se ne smatraju SPPI automatski se mjere na FVPL. U poslovanju Banke to se ne odnosi na zajmove klijentima i dužničke vrijednosne papire. Glavni razlog za neuspjeh u procjeni SPPI-a je da one imaju kritične klauzule kamata koje ne prolaze kvantitativno testiranje koje zahtijeva MSFI 9.

Finansijske obaveze koje se mjere po amortiziranom trošku

Finansijske obaveze koje se mjere po amortiziranom trošku prikazane su u izvještaju o finansijskom položaju na poziciji 'Finansijske obaveze mjerene po amortiziranom trošku'. Pod tom pozicijom uključeni su 'Depoziti banaka', 'Depoziti klijenata', 'Pozajmice' i 'Ostale finansijske obaveze'.

Kod naknadnog mjerenja finansijskih obaveza po amortiziranom trošku, troškovi kamata priznaju se u izvještaj o bilansu uspjeha primjenom metode efektivne kamatne stope a prikazuju se na poziciji 'Kamatni trošak' pod 'Neto kamatni prihod' u izvještaju o bilansu uspjeha. Dobici ili gubici nastali kao rezultat prestanka priznavanja finansijske obaveze priznaju se u izvještaju o bilansu uspjeha te prikazuju na poziciji 'Ostali dobici ili gubici od prestanka priznavanja finansijskih instrumenata koji se ne mjere po fer vrijednosti kroz bilans uspjeha'.

Ciljevi i politike u vezi sa upravljanjem finansijskim rizicima, zajedno sa politikama zaštite od rizika za svaku planiranu transakciju za koju je neophodna zaštita

Banka koristi metodologije i tehnike za utvrđivanje i procjenu rizika koje su primjerene rizičnom profilu i strukturi portfolia, veličini i složenosti poslovanja. U skladu sa poslovnom strategijom Banke, ključni rizici su kreditni, tržišni, kamatni rizik u bankarskoj knjizi, rizik likvidnosti, te operativni rizik. Banka se također fokusira i na upravljanje ostalim vrstama rizika (reputacijski, političko-ekonomski, ESG rizici) kao i koncentracijama unutar i između različitih tipova rizika.

Analiza profila rizika provodi se temeljem kvalitativne i kvantitativne analize, a polazna osnova je objedinjeni pregled vrsta rizika definisanih kroz Okvir taksonomije rizika Grupe, Zakon o Bankama i Odluka o sistemu internog upravljanja u banci Agencije za bankarstvo FBiH.
Aktivno upravljanje rizicima podrazumijeva sljedeće:

- identifikaciju rizika,
- analizu rizika,
- mjerenje rizika, odnosno procjenjivanje,
- kontrolu i monitoring rizika,
- izvještavanje o rizicima,
- davanje prijedloga za mjere i aktivnosti za izbjegavanje negativnih učinaka rizika.

U svrhu ispunjavanja ključnih ciljeva upravljanja rizicima a koji se odnose na održavanje adekvatnog nivoa kapitala i zadovoljavajućeg nivoa likvidnosti, Banka je uspostavila pouzdan i sveobuhvatan sistem upravljanja rizicima, koji je zasnovan na definisanoj strategiji preuzimanja i upravljanja rizicima i integrisan u sve poslovne aktivnosti i procese obezbjeđujući na taj način usklađenost profila rizika Banke sa utvrđenom sklonošću ka rizicima. Sistem upravljanja rizicima obuhvata upravljanje svim rizicima kojima je Banka izložena ili može biti izložena u svom poslovanju

Izloženost tržišnom, kreditnom, riziku likvidnosti i drugim rizicima prisutnim u poslovanju pravnog lica, i strategija za upravljanje navedenim rizicima i ocjenu njihove efikasnosti

Banka u okviru sveobuhvatne procjene materijalnosti rizika na redovnoj osnovi vrši analizu u cilju utvrđivanja profila rizika. U skladu s tim, funkcije upravljanja rizicima nastoje osigurati da su svi materijalni rizici identificirani, kvantificirani, kvalificirani, te da se njima upravlja i da se kontinuirano prate. Također, procjena rizika se vrši i tokom uvođenja novog proizvoda i/ili modifikacije postojećih, prilikom projektnih inicijativa, procesa eksternalizacije i drugih procesa.
Banka je pripremila procjenu materijalno značajnih rizika na 30.09.2025. godine.

Finansijsko zdravlje i održivost

Našu misiju smo artikulirali u jedinstvenu strategiju i biznis model “Finansijsko zdravlje i održivost” kroz jasan strateški okvir izgrađen na 4 stuba: Društvo i upravljanje, Klijenti, Zaposlenici i Okoliš.
To je lokalna autentična strategija, zasnovana na Grupaciji sa 200 godina tradicije i liderstva na Zapadnom Balkanu, gdje je svaki dio strategije vođen stvarnim uticajem, i implementacija aktivnosti i njenih KPIova (ključnih pokazatelja uspješnosti) ka stvarnoj vrijednosti.

Ovi stubovi su utemeljeni na osnovnim vrijednostima: Odgovornost, Inovativnost, Pripadnost, Partnerstvo, i Izvrsnost – vrijednostima koje vode našu kulturu, proces odlučivanja i dugoročni pravac. Naše oblasti rada direktno doprinose dostignućima devet od 17 UN ciljeva održivog razvoja, obezbijeđujući da svaka inicijativa, partnerstvo, i investicija donose mjerljivu vrijednost ljudima, ekonomiji, i planeti.

Oni osiguravaju da Sparkasse Banka nastavlja da raste kao odgovorna, svrhom vođena institucija – ona koja kreira vrijednost za pojedince, zajednice i biznise i doprinosi održivijoj budućnosti Bosne i Hercegovine.

Strategija Banke je direktno usaglašena sa Strategijom Održivosti Grupacije Steiermärkische Sparkasse, ujedno, i sa jasnom usaglašenošću i prilagođenošću ciljevima Banke, zahtjevima lokalnog regulatora, i tržišta BiH.

Stubovi i područja strategije su definisani kako je dolje napisano:

1. Društvo i upravljanje: Održiva korporativna strategija, Korporativno upravljanje, Korporativna društvena odgovornost
2. Klijenti: Dugoročni odnosi s klijentima, Odgovorno investiranje i finansiranje, Poduzetnički duh, Finansijsko zdravlje
3. Zaposlenici: Raznolikost i jednake mogućnosti, Atraktivan poslodavac, Lični razvoj i treninzi
4. Okoliš: Održive lokacije, Ekološki prihvatljiva mobilnost, Ekološki otisak

Prikaz primijenjenih pravila korporativnog upravljanja

Uprava je dužna pripremiti finansijske izvještaje za svaku finansijsku godinu, koji daju istinit i pošten prikaz finansijskog stanja Banke, rezultata poslovanja i novčanih tokova, u skladu s važećim računovodstvenim standardima, i odgovorna je za održavanje odgovarajuće računovodstvene evidencije koje omogućavaju pripremu finansijskih izvještaja u bilo kojem trenutku.
Uprava je općenito odgovorna za poduzimanje koraka koji su razumno dostupni radi zaštite imovine Banke i za sprečavanje i otkrivanje prevara i drugih nepravilnosti.
Uprava je odgovorna za odabir prikladnih računovodstvenih politika koje su u skladu sa važećim zakonskim zahtjevima i dosljedno ih primjenjuje; za donošenje odluka i procjena koje su razumne; i za pripremu financijskih izvještaja na osnovu vremenske neograničenosti poslovanja, osim ako je neprikladno pretpostaviti da će Banka nastaviti s poslovanjem.
Uprava je odgovorna za podnošenje godišnjeg izvještaja Nadzornom odboru, zajedno sa godišnjim finansijskim izvještajima, nakon čega Nadzorni odbor treba odobriti godišnje finansijske izvještaje za podnošenje Skupštini na usvajanje.

M.P.

Sparkasse Bank dd Bosna i Hercegovina

Amir Softić, Predsjednik Uprave Banke

Odgovorno lice

Odgovorno lice svojim potpisom i pečatom pravnog lica potvrđuje da su podaci u elektronskoj i pisanoj formi vjerodostojni i istovjetni.