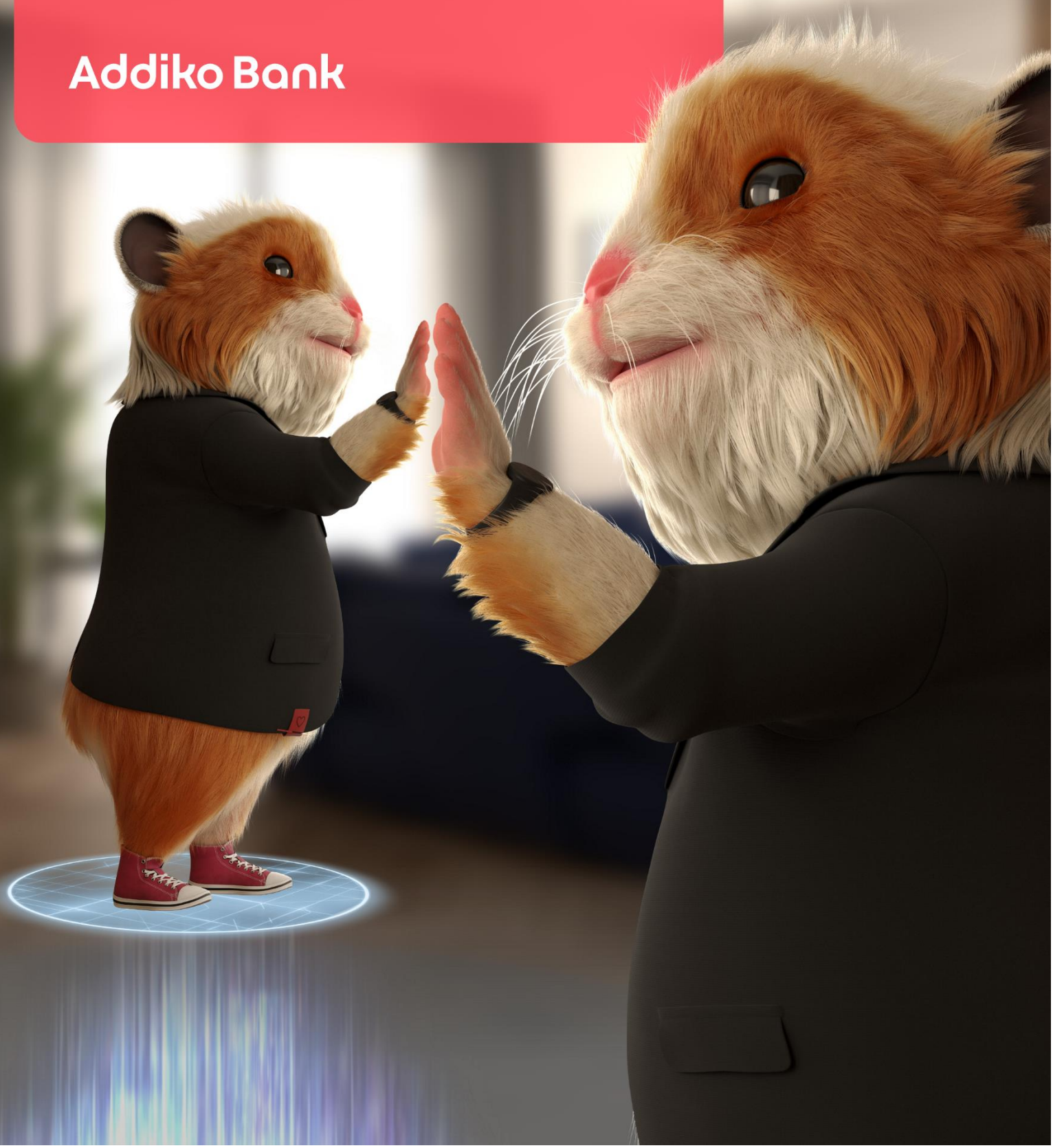


There is no moving forward
without looking back.

Annual Report 2025

Addiko bank dd Sarajevo

Addiko Bank



HIGHLIGHTS

1

Key financial data

EARNINGS	
NET PROFIT	BAM 22m
OPERATING RESULT	BAM 26m
EPS	BAM 41
NIM	3.4%
ASSET QUALITY	
COST OF RISK	0.37%
NPE RATIO	2.97%
NPE VOLUME	BAM 27.3m
CAPITAL	
CET1 RATIO	20.67%

2

Business development

NET PROFIT at BAM 22m (down 13% vs YE24)
PROFITABILITY is stable and sustainable.

OVERALL GROWTH IN LIVING LOANS (total up 9.1% vs YE24) with
focus growth at 9.7% vs YE24.

RELIABLE funding sources and a stable deposit base.
A SUSTAINABLE liquidity position.

3

New Outlook 2026

LOAN BOOK GROWTH	>14%	COST OF RISK	< 0.64%
NIM	>3%	TOTAL CAPITAL RATIO	>18%
NET BANKING INCOME	ca.6%	ROATE	ca.10%
OPEX	BAM 36 mio	EPS	>BAM 42

Key data

In 000 BAM			
Selected items of the Profit or Loss statement	YE25	YE24	(%)
Net banking income	63,601	66,482	-4.33
Net interest income	44,054	47,190	-6.65
Net fee and commission income	19,547	19,292	1.32
Net result on financial instruments	37	115	-67.83
Other operating result	-1,714	-698	>100
Operating expenses	-36,215	-34,257	-5.72
Operating result before impairments and provisions	25,709	31,642	-18,75
Other result	1,207	-1,039	>100
Credit loss expenses on financial assets	-3,340	-3,415	2.20
Tax on income	-1,876	2,237	16.14
Result after tax	21,700	24,951	-13,03
Performance ratios	YE25	YE24	(pts)
Net interest income/total average assets	3.3%	3.7%	-0.4
Return on equity	11.0%	13.0%	-2.0
Cost/income ratio	56.4%	51,1%	5.3
Cost of risk ratio	0,4%	0.4%	0.0
Earnings/loss per share (in BAM)	40.75	46.86	-6.11
Selected items of the Statement of financial position	Dec25	Dec24	(%)
Loans and advances to customers	620,740	568,726	9.15
o/w gross performing loans	633,537	580,742	9.09
Deposits of customers	1,040,299	1,074,046	-3.14
Equity	200,345	199,731	0.31
Total assets	1,276,046	1,313,980	-2.89
Risk-weighted assets	830,483	781,652	6.25
Balance sheet ratios	Dec25	Dec24	(pts)
Loan to deposit ratio	59.4%	52.46%	6.9
NPE ratio	3.0%	3.2%	-0.2
NPE Ratio (on balance loans)	3.0%	3.1%	-0.1
NPE coverage ratio	93.6%	94.2%	-0.6
Liquidity coverage ratio	590,74%	671.58%	-80.84
Common equity tier 1 ratio	20.67%	21.58%	-0.91
Total capital ratio	20.67%	21.58%	-0.91

Letter from the CEO

Ladies and gentlemen, esteemed clients, valued shareholders and partners, dear colleagues,

a significant number of innovations, stable performance of key business indicators, a high level of client satisfaction accompanied by strong employee engagement, and a clearly defined vision for further digital transformation have marked the business year behind us.

We have confirmed that a consistent focus on client needs, combined with a proactive approach and continuous investment in technology, delivers concrete, measurable, and sustainable results.

At the same time, we are witnessing steady growth in the number of clients, a strong capital position, and high liquidity indicators, while client trust and satisfaction remain our highest priority. According to the results of independent research bodies, the recognition of the Addiko brand is increasing, and the market distinguishes us for our simple, innovative, and digitally advanced solutions, which further motivates us to continue moving in this direction.

In the retail segment, we have introduced a range of innovative solutions, particularly in the area of digital services. We are the first bank in the market to enable loan approval with only an ID card and a single branch visit. Our clients were among the first to access Apple Pay as soon as it became available on the market. We are especially proud that, at the end of the year, we launched the first 100% online loan in Bosnia and Herzegovina—a solution that allows clients to complete a loan 24/7 via Addiko mobile banking, without visiting a branch and without any interaction with bank employees.

In the corporate banking segment, the Addiko SME Academy provides particular value, having grown into an important regional program supporting small and medium-sized enterprises. Through education, advisory services, and experience sharing, we help entrepreneurs build agile, scalable, and sustainable business models. We are confident that such initiatives directly strengthen the competitiveness of the SME sector and contribute to the development of the business environment in Bosnia and Herzegovina and the wider region.

In the past year, we continued to support projects that contribute to the development of the business community, including the Women's Mentorship Network, a program that provides guidance to young women at the start of their professional journey. We are very pleased that in 2025 we received a double "Golden BAM" recognition—for the quality achieved in the digitalization of banking services and for the highest percentage growth in assets. This recognition further confirms the correctness of our strategy and our commitment to developing simple, fast, and secure solutions.

At the heart of all achievements are our employees. Technology is a tool, but it is people who make the difference. We are proud of our excellent, agile team, open to change and ready to take responsibility for new ways of working. Through the Addiko Academy and other development programs, we continuously invest in their professional growth.

We are pleased that in 2025 we were once again recognized as one of the most desirable employers in the financial sector in Bosnia and Herzegovina, and that we received the regional Luppa Best Workplace and Best of the Best awards.

All the achievements we realized in the past year would not have been possible without the trust and continuous support of our employees, shareholders, partners, and clients, for which we are especially grateful.

Yours sincerely,

Jasmin Spahić

President of the Management Board



Annual Report 2025

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Financial statements are the integral part of annual report

Disclaimer:

Certain statements contained in this report may be statements of future expectations and other forward-looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from the results predicted and information on past performances do not permit reliable conclusions to be drawn as to the future performances. Forward-looking statements based on the management's current view and assumptions might involve risks and uncertainties that could cause a material deviation from the statement contained herein.

The English version of the Report is a translation. Only the Bosnian is the authentic language version.

Neither Addiko Bank Sarajevo nor any of its representatives shall be liable for whatever reason for any kind of damage, loss, cost or expenses of any kind arising directly and/or indirectly out of or on connection from any use of this report or its contents or otherwise arising in connection with this document.

This report does not constitute a recommendation or an invitation or offer to invest or any investment or other advice or any solicitation to participate in any business and no one shall rely on these materials regarding any contractual or other commitment, investment, etc.

Any data is presented on the Addiko Bank level (referred to as Addiko Bank or the Bank throughout the document) unless stated otherwise. The tables in this report may contain rounding differences.

Addiko Bank Sarajevo Board



From left to right side: Mario Ivanković, Board member; Jasmin Spahić, CEO; Enver Lemeš, Board member

Management Report

Overview of Addiko Bank

Addiko Bank Sarajevo ("the Bank"), member of Addiko Group, is a Consumer and small and medium-sized enterprises (SME) specialist bank in Bosnia and Herzegovina. Addiko Group consists of Addiko Bank AG, the listed fully-licensed Austrian parent bank registered in Vienna, Austria, and regulated by the Austrian Financial Markets Authority and by the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. The Bank services as of 31 December 2025 approximately 100 thousand customers, using a well-dispersed network of 28 branches and modern digital banking channels.

Based on its strategic orientation, Addiko Bank aims to position itself as a modern, digitally advanced institution that delivers contemporary and enhanced customer experiences through simple and efficient solutions. In the retail segment, alongside traditional sales channels, the Bank focuses on developing innovative consumer lending programs in collaboration with carefully selected partners. At the same time, significant emphasis is placed on strengthening corporate banking, particularly in the small and medium-sized enterprise (SME) segment.

Addiko Bank delivers a modern customer experience in line with its strategy. Banking products and services have been standardized, especially in the Consumer and the SME segment, to improve efficiency, manage risks and maintain asset quality.

Addiko Bank AG became a listed company on the Vienna Stock Exchange in 2019.

On November 18, 2024, Fitch confirmed the long-term rating of Addiko Bank AG to BB with a stable outlook.

Addiko Group's Investor relations website <https://www.addiko.com/investor-relations/> contains further information, including financial and other information for the investors.

1. Macroeconomic environment

The year 2025 continued to be shaped by the ongoing consequences of the Russian war of aggression against Ukraine, now in its fourth year, by rising geopolitical tensions and military conflicts across several continents, and - originating from the United States - by open trade and tariff disputes. These developments led to an increased level of instability and uncertainty in Europe.

Global zones of armed conflict and rising geopolitical tensions led to renewed price and supply volatility across energy, goods and commodity markets, exposing the persistent strategic vulnerability of Europe's energy and goods supply. In addition, significant volatility in international tariff and trade policies - triggered by repeatedly expanded or modified U.S. tariff packages that also directly affected the EU - further increased uncertainty, weighed on the Eurozone's growth potential, and delayed investment decisions.

Against this backdrop, the year 2025 constituted an environment in which not only the economic burdens stemming from subdued consumer spending, inflation and weak external demand prevailed, but in which geopolitically induced uncertainties, trade-policy volatility and security risks also significantly contributed to the overall complexity of the situation.

Between January and December 2025, the Euro Area recorded an overall low inflation rate. The annual rate declined to 1.9% by year-end, placing it almost within the ECB's target range, while the EU-wide rate stood at 2.3%. However, this favorable overall development masked a continued wide dispersion of national inflation rates. Countries with very low inflation in December included France (0.7%) and Italy (1.2%). In contrast, several Central and Southeastern European countries exhibited significantly higher rates: Romania recorded the highest inflation in the EU at 8.6%, while Austria and Croatia, each at 3.8%, also remained in the upper range of the Euro Area.

In 2025, inflation in Bosnia and Herzegovina has risen more than expected, reaching 4.8% in July 2025. The main increases have been noted in food prices, housing costs, and prices in restaurants and hotels. One factor pushing prices up has been the strong domestic demand, supported by rising wages, remittances and credit growth. Food inflation has spiked due to global commodity pressures and adverse local weather conditions. Utility and energy costs have also increased, partly due to droughts affecting electricity exports and increasing domestic energy prices.

After the European Central Bank (ECB) implemented a total of ten interest rate hikes between July 2022 and September 2023, raising the rate for the marginal lending facility for central bank credit to 4.75%, it initiated a phase of interest rate cuts in June 2024. In 2025, the ECB continued this easing cycle and lowered the key interest rates a total of four times, most recently in June 2025. With effect from 11 June 2025, the key interest rates are now as follows:

- for deposit facility: 2.00% (YE24: 3.00%)
- for main refinancing operations: 2.15% (YE24: 3.15%)
- for marginal lending facility: 2.40% (YE24: 3.40%)

While declining inflation and a weaker US dollar would generally argue in favor of interest rate cuts, potential second-round effects and rising commodity prices - despite subdued economic activity - continue to point to inflation risks. Against this backdrop, the ECB may adopt a wait-and-see stance over the course of 2026 and leave the policy rate unchanged - as it already did at its monetary policy meeting on 5 February 2026, where it once again decided not to adjust the key interest rates. Only once greater clarity regarding the economic outlook and price developments emerges is a monetary policy adjustment likely to be considered.

The Central Bank of Bosnia and Herzegovina (CBBH) is keeping interest rates for funds above mandatory reserve at 0%. Interest rate for mandatory reserve funds in local currency is 0.50% and for part of mandatory reserve in foreign currency is 0.30%, starting from 01.07.2023. There is no indications, so far, there will be further interest rates increases, even if there are, it is not expected it will be significant rate hikes.

In contrast to the Euro Area's low GDP growth of 1.5% in 2025, the CSEE markets recorded noticeably stronger momentum. In its autumn forecast, the Vienna Institute for International Economic Studies (wiiw) highlights that the region continues to grow faster than the Eurozone, supported by private consumption, investments and EU funds. At the same time, the wiiw points to several headwinds, including weak external demand, geopolitical risks and structural adjustments in industry. The projected GDP growth for 2025 was reduced to 3.0% in Croatia, 2.3% in Bosnia and Herzegovina, 2.0% in Serbia and 0.5% in Slovenia, while in Montenegro the expected economic growth rate was increased to 3.4%.

Bosnia and Herzegovina benefited in 2025 from growth in tourism and investment, while industrial production remained heterogeneous. The increase in the minimum wage is expected to provide stimulus for consumption and employment in 2025, resulting in overall GDP growth of 2.3%, while the unemployment rate is projected to remain high at 13.1% (2024: 12.6%).

After 2.5% last year, economic growth in Bosnia and Herzegovina has recently lost momentum. The slowdown was widespread, with every component of final demand showing reduced momentum compared to last year. After an estimated 2.3% for 2025, growth is expected to accelerate somewhat in the coming years thanks to rising real wages and relatively improved exports.

In 2024, the unemployment rate in BiH fell to 12.6%, after 13.2% in 2023 and 15.4% in 2022. The main jobs were created in the tourism and trade sectors. However, a slight increase in unemployment is expected this year, as suggested by data for the first half of 2025 (13.3% in June). The emigration of qualified labor is a growing problem, as it leads to a shortage of labor in certain sectors, such as construction and healthcare. Moreover, there has been a natural decline in the population for several years, which further exacerbates the problem. In anticipation of a moderate acceleration of economic activity, with continued emigration, a gradual decline in the unemployment rate is expected in the coming years.

(Source: Eurostat, wiiw)

2. Business updates

2.1. Marketing activities in 2025

The Bank's marketing activities during 2025 were characterized by further advancement of its approach and stronger alignment with contemporary trends, including increased use of artificial intelligence-based technologies in communication and personalization of the customer experience. This progress enabled the creation of relevant, timely, and interactive messages, further simplifying processes and enhancing the quality of client relationships.

The objective of the Bank's marketing campaigns throughout the year was the clear and transparent presentation of its key products and services. A consistent commitment to simple, understandable, and client-friendly communication remained a fundamental principle of the Bank.

Marketing campaigns focused on promoting new and improved digital solutions, further strengthening the Bank's position as an institution recognized for fast, simple, and innovative services. Through these campaigns, the Bank highlighted unique offerings such as the ability to approve a loan with only an ID card and a single branch visit, and the possibility for clients to receive a response to a loan application of up to BAM 50,000 within just 50 minutes, with a guarantee of repayment of the first installment if the promised timeframe was not met. The Bank fully honored these commitments, confirming the high efficiency and reliability of its processes.

Clients were also enabled to process loans via postal services in cooperation with postal operators. Additionally, Addiko Bank was among the first three banks in the market to offer Apple Pay immediately upon its arrival in Bosnia and Herzegovina, enhancing the digital payment experience. The year concluded with the launch of the first 100% online loan through the Addiko Mobile app, once again confirming the Bank's commitment to further digitalization. Recognizing the importance of digital communication channels and online presence, the Bank conducted continuous digital marketing campaigns throughout the year, ensuring strong visibility, accessibility, and timely delivery of information to clients.

The promotion of new mobile app functionalities, Addiko Shopping weekends, and other partner programs was primarily carried out through digital channels, enabling clients easier access and a more comprehensive overview of available options.

In the corporate segment, activities focused on the regionally implemented Addiko SME Academy, a program aimed at educating representatives of small and medium-sized enterprises and strengthening their business capacities. In parallel, the Women's Mentorship Network, dedicated to empowering and professionally developing young women, was successfully implemented for the fifth consecutive year. Through these initiatives, the Bank further confirmed its long-term commitment to developing the business community and creating an inclusive and supportive environment.

All these activities contributed to increased recognition of the Addiko brand in the Bosnian market, as reflected in the results of independent research bodies.

3. Corporate Governance

3.1. AGM 2025

On 28 May 2025, Addiko Bank d.d. Sarajevo held its ordinary Annual General Meeting (AGM 2025). All proposed agenda items were approved.

3.2. Management Board

There were no changes in the persons or functions exercised on the Management Board in the 2025 financial year. Mario Ivanković, CFO/CRO in March 2026 left the position based on his individual request, and Ajla Džonlagić was appointed as the new member of the Management Board, as of 09.03.2026.

3.3. Supervisory Board

In March 2025, the Bank's Assembly adopted a decision to appoint 2 additional members of the Supervisory Board, increasing the number to seven.

3.4. Code of Corporate Governance

In accordance with the Law on Companies, the Law on Banks of FBiH and licenses from the Banking Agency of FBiH from 17.01.2000., the Bank has acquired the status of a legal entity and is authorized to perform banking activities in accordance with the Banking Law. The basic principles of the Bank's work are determined by the Articles of Association and the Founding act. The basic concept of corporate governance is established by the Law on Banks, which the Bank implements and whose implementation is supervised by the FBiH Banking Agency.

In accordance with the Law on Banks and the Law on Companies, the corporate bodies of the Bank are the Assembly, the Supervisory Board and the Management Board.

Internal reporting is used by the Bank's Supervisory Board and management as a means of monitoring the Bank's operations as a whole, and employees use the information they receive from internal reports to perform their work duties.

We believe that the Bank has a corporate structure that is transparent and organized so as to promote and demonstrate effective management of the Bank. We also believe that the organizational structure of the Bank is clear and transparent for the Bank's employees as well as for the relevant competent authorities.

Corporate governance is established in the following ways:

- In all segments of corporate governance, the legal framework of the FBiH and good business practices, regulations and guidelines of the FBiH Banking Agency are respected;
- Within this framework, principles are set that are flexible and give space to the Supervisory Board and the Management Board of the Bank to manage the Bank and achieve the set goals, as well as to report it to the Assembly;
- That all mutual relations of interested parties in the functioning of the Bank are clearly differentiated, that there are no overlaps or gaps in responsibilities and competencies, and that a balance of responsibilities and obligations, ie rights and competencies, is established between all interested parties;
- To set the relations between all interested parties in such a way that the common interest prevails in all of them, ie the interest of the Bank in relation to their individual interests;
- To fully, efficiently and effectively perform all functions of management and governance of the Bank, ie to manage the Bank in a way that leads to the achievement of set goals and objectives.

The above regulations have been implemented in the application of corporate governance rules, as well as other internal acts of the Bank, and there are no deviations in their application.

4. Capital, share, voting and control rights

At the reporting date, the company's share capital is divided into 532,500 ordinary shares of the A category in nominal value of KM 188.55 per share.

The Company's statutes do not contain any restrictions relating to voting rights or the transfer of shares, and neither is the Management Board aware of any other such provisions.

After voluntary takeover of the remaining 8 shares of Addiko Bank d.d. Sarajevo by Addiko Bank AG was finished and registered on 23rd January 2024 Addiko Bank AG is the sole shareholder of Addiko Bank d.d. Sarajevo (100%).

Addiko Bank AG informs Addiko Bank d.d. about their changes in shareholder structure and based on that there were no significant changes.

According to the article 45 of the Banking law, Assembly decides on The formation of the bank's core capital by way of issuing shares or increasing ordinary shares, and issuance or increasing of preference shares and decide on an issue, withdrawal or cancelation of shares and other transactions with securities, in accordance with law and the bank's statute; d) any capital increase or decrease, and/or investment of capital in another bank or other legal persons.

A bank may not hold, directly or indirectly, without prior written approval of the Agency: a) significant ownership interest in a legal person, or indirectly in a subsidiary of that legal person, which exceeds 5 percent of the regulatory capital of the bank or b) the total net value of all ownership holdings of the bank in other legal persons and in subsidiaries of those legal persons in excess of 20 percent of the bank's regulatory capital. A bank may not, directly or indirectly, have an ownership holding in a legal person that exceeds 15 percent of its regulatory capital, while an ownership holding in a non- financial sector person may not exceed 10 percent of its regulatory capital, nor may an ownership holding exceed 49 percent of ownership of non-financial sector legal person. The total participation of a bank in a non-financial sector person may not be higher than 25 percent of the bank's eligible capital, and the total participation of a bank in persons in the financial sector may not exceed 50 percent of its eligible capital.

Where a bank has a qualifying participation in another legal person, that legal person may not acquire a qualifying participation in that bank. Where a legal person has a qualifying participation in a bank, that bank may not acquire a qualifying participation in that legal person.

A bank may not acquire own shares without prior approval of the Agency. Any acquisition of own shares without prior approval of the Agency shall be considered null and void. A bank shall sell the acquired own shares within a period of one year from the date of their acquisition.

4.1. Branches

At year end 2025 Addiko Bank operated a total of 28 branches. This physical distribution is continuously reviewed to enable the delivery of Addiko Bank's Consumer and SME focused strategy, in the context of the increasing customers' preference for digital channels.

5. ESG framework

Addiko Bank endorses the growing importance and relevance of environmental, social and governance ("ESG") issues, specifically that of climate change to its business and operating environment. Therefore, Addiko Bank started its path on sustainability in 2021, till when it conducted for the first time a detailed ESG assessment on Group level. In 2022, a formal ESG working group was established on Group level, with representatives from risk, governance and compliance streams, with the aim to implement ESG reporting requirements and steer the process of sustainable development within Addiko Bank.

Addiko Bank's ESG framework consists of 5 strategic pillars:

1. ESG Strategy
2. ESG governance
3. Stakeholder Engagement and Due Diligence
4. Double assessment of materiality
5. Risk management

ESG strategy is approved by the Supervisory Board in March of 2025. This ESG strategy is closely linked to Addiko Group's business strategy, risk strategy, and development of people and culture strategy, seeking to provide an organized approach to ESG and sustainability. The ESG strategy provides support for the inclusion of ESG considerations in management processes, credit approval, risk management, financing decisions, and reporting within the Group and the Bank. Furthermore, it also determines which C&E risks may affect the business strategy and how these risks will be reflected in the implementation of the strategy.

The ESG Strategy defines the ESG vision, the ESG framework, the Corporate Sustainability Goals, and the Impact on Business and Risk Strategy.

In order to have a targeted and measurable approach to the ESG agenda, the Bank has set 17 Sustainable Development Goals that are aligned with UN principles. Based on these goals, an Action Plan has been drawn up with activities for the implementation of ESG standards, and monitoring of execution is carried out on a monthly basis.

In addition, a strong corporate governance framework is in place to ensure that strategic objectives are holistically promoted across the institution. ESG Management enables the practical application of the ESG Strategy. A special ESG working group was established at the level of the Bank with the aim of integrating ESG into the business lines and key processes of Addiko Bank and regularly monitoring ESG risk management efforts.

Addiko has identified clients, employees, and shareholders as the most important stakeholders.

The Double Materiality Assessment (DMA) was carried out in accordance with the ESRS requirements and is a crucial element of the Addiko ESG framework. In order to establish a comprehensive and responsible reporting process through Addiko's "Sustainability Statement" at the Group level, appropriate actions and strategies have been set for important topics.

ESG Assessment and Reporting ensures that the ESG risk that may affect Addiko Bank is regularly assessed and that ESG reporting requirements are met.

Currently, Addiko Bank publishes non-financial information at the Group level, in accordance with the Non-Financial Reporting Directive and meets the requirements for disclosure of green asset ratios as prescribed by the EU Taxonomy Regulation.

A comprehensive C/E assessment is done on an annual basis, with the intention of evaluating which C/E factors are relevant to Addiko. The assessment is done in two steps:

1. Assessment of physical & transitional risks at the local level: the impact of different scenarios is assessed, highly affected industries are identified
2. Transmission of effects to the group level: A qualitative assessment of risk drivers and their potential transmission to the Addiko group is done for the purposes of strategic risk/business model and all other relevant risks.

An important element of the ESG framework is the integration of ESG into the risk management and compliance framework. From a risk management perspective, Addiko continues to identify ESG risk factors (primarily climate and environmental risks), assessing their materiality and incorporating them into existing risk types.

From a compliance perspective, the dynamic development of regulatory requirements on ESG standards is duly monitored to ensure that all mandatory ESG-related disclosure requirements are met.

6. Financial development of the Bank

6.1. Overview of financial performance

- **Operating result before impairments and provisions**, down 18.8% to BAM 25,709 thousand vs. BAM 31,642 thousand the previous year
- **General administrative expenses** above expectations due to high inflation
- **NPE ratio (on balance loans)** stood at 3.0.% (YE24: 3.1.%) with high NPE coverage at 93.6% (YE24: 94.2%)
- **Return on average tangible equity** down to 11.3% (YE24: 13.4%)

Profit after tax reached 21,700 thousand KM, which is 13% lower compared to the previous year (2024: BAM 24,951 thousand), mainly due to the decrease in market and environment interest rates, which had an exceptionally positive effect in the previous year.

The **share of the two focus segments Consumer and SME** as a percentage of the gross performing loan book increased to 95.3% compared to 94.9% at year-end 2024. The overall customer gross performing loan book continued along its growth trajectory, expanding to 630,208 thousand KM compared to 577,409 thousand at the end of 2024, while the non-focus loan book continued to decrease. The overall focus book grew by 9.7% YoY, driven by a significant increase of the Consumer segment of 13.1%.

Net interest income decreased by 6.6% to BAM 44,054 thousand (2024: BAM 47,190 thousand) with consequently decreasing NIM at 3.3% (2024: 3.7%). **Net fee and commission income** posted a modest increase of 1.3%, reaching BAM 19,547 thousand (2024: BAM 19,292 thousand). **General administrative expenses** went up to BAM 36,215 thousand (2024: BAM 34,257 thousand) due to the high inflation.

The Cost/income ratio increased to 56.4% (2024: 51.1%). **Other result** amounted to BAM 1,207 thousand, above the comparative period (2024: BAM -1,039 thousand).

Expected credit loss expenses stood at BAM -3,340 thousand (YE24: BAM -3,415 thousand), the development was mainly influenced by provision requirements in the Consumer portfolio as well as by provisions within the financial institutions segment due to changes in internal provisioning methodology. The **NPE ratio (on balance loans)** remained stable at 3.0% (YE24: 3.1%) based on a **non-performing exposure (NPE)** of BAM 27,319 thousand (YE24: BAM 28,949 thousand). **NPE coverage** remain at a high level 93.6% (YE23: 94.2%).

Total **equity** rose to BAM 200,345 thousand (YE24: BAM 199,731 thousand). After regulatory deductions, the **CET1 ratio** stood at 20.67% (YE24: 21.58%).

6.2. Analysis of the result

	(000 BAM)			
	01.01. - 31.12.2025.	01.01. - 31.12.2024.	(abs)	(%)
Net banking income	63,601	66,482	2,881	-4.3%
Net interest income	44,054	47,190	-3,136	-6.6%
Net fee and commission income	19,547	19,292	255	1.3%
Net result on financial instruments	37	115	-78	-67.8%
Other operating result	-1,714	-698	-1,016	>100%
Operating income	61,924	65,899	-3,975	-6.0%
General administrative expenses	-36,215	-34,257	-1,958	-5.7%
Operating result before impairments and provisions	25,709	31,642	-5,933	-18.8%
Other result	1,207	-1,039	2,246	>100%
Expected credit loss expenses on financial assets	-3,340	-3,415	75	2.2%
Result before tax	23,576	27,188	-3,612	-13.3%
Tax on income	-1,876	-2,237	361	16.1%
Result after tax	21,700	24,951	-3,251	-13.0%

Net banking income decreased from BAM 66,482 thousand at the end of 2024 to BAM 63,601 thousand at the end of 2025.

Net interest income decreased from BAM 47,190 thousand in 2024 by BAM 3,136 thousand, or 6.6%, to BAM 44,054 thousand in 2025. The main reason for this decline is the decrease in interest income due to the underperformance of planned values in the SME segments. Additionally, interest expenses increased slightly by BAM 344 thousand caused by the increase in interest rates on deposits.

The **net interest margin** consequently decreased to 335bp in 2025, compared to 371bp in 2024.

Net income from fees and commissions increased to the amount of BAM 19,547 thousand (2024: BAM 19,292 thousand) as a result of a net increase in income from fees and commissions from BAM 25,899 thousand to BAM 26,820 thousand, and expenses from fees and commissions from BAM -6,607 thousand in 2024 to BAM -7,273 thousand in 2025.

The **net result on financial instruments** amounted to BAM 37 thousand at YE25, resulting from FX and related trading activities, compared to BAM 115 thousand at YE24.

The **other operating result**, comprising the net effect of other operating income and other operating expenses, declined from BAM -698 thousand in 2024 by an additional BAM -1,016 thousand, resulting in a total of BAM -1,714 thousand in 2025. This deterioration was primarily driven by a significant reduction in income from the sale of core and repossessed assets (2025: BAM 1,166 thousand, 2024: BAM 3,216 thousand).

General administrative expenses increased from BAM 34,257 thousand BAM at YE24 to BAM 36,215 at YE25:

- Personnel expenses increased by BAM 528 thousand to BAM 17,153 thousand.
- Other administrative costs increased by BAM 1,251 thousand to BAM 15,988 thousand due to inflation-related adjustments to the cost base.
- Depreciation and amortization decreased by BAM 160 thousand to BAM 3,074 thousand at YE25.

The **other result** BAM -1,207 thousand (YE24: BAM -1,039 thousand) was mainly impacted by provisions for legal cases (BAM 1,973 thousand).

Expected credit loss expenses on financial assets decreased by BAM 75 thousand to BAM -3,340 thousand during the reporting period, compared to BAM -3,415 thousand at the end of 2024. Compared to 2024, the Bank recorded a positive variance in credit loss expenses, primarily driven by developments in STAGE 3 and STAGE 2. The reduction in risk costs was supported by higher recoveries of previously written-off receivables in 2025, lower inflows of exposures into non-performing status, and a decrease in the Stage 2 portfolio.

Taxes on income decreased to BAM -1,876 thousand compared to BAM -2,237 thousand at YE24. The development mainly reflects the lower result before tax achieved during the reporting period compared to 2024.

Overall, the **result after tax** decreased by 13.0% YoY to BAM 21,700 thousand (YE24: BAM 24,951 thousand).

6.3. Analysis of the statement of financial position

(000 BAM)

	31.12.2025	31.12.2024	(abs)	(%)
Cash and cash equivalents	296,069	388,079	-92,010	-23.7%
Loans and advances	636,899	569,472	67,427	11.8%
Loans and advances to credit institutions	16,159	746	15,413	>100%
Loans and advances to customers	620,740	568,726	52,014	9.1%
Investment securities	312,893	325,530	-12,637	-3.9%
Tangible assets	17,030	17,472	-442	-2.5%
Intangible assets	5,985	5,324	661	12.4%
Tax assets	3,149	3,484	-335	-9.6%
Current tax assets				
Deferred tax assets	3,149	3,484	-335	-9.6%
Other assets	3,161	3,019	142	4.7%
Non-current assets held for sale	860	1,600	-740	-46.3%
Total assets	1,276,046	1,313,980	-37,934	-2.9%

The statement of financial position of Addiko Bank continues to evidence a simple and solid interest-bearing asset structure: 50% of the assets are represented by customer loans, predominantly concentrated in the focus area. In addition, a substantial part of the residual assets consisted of cash reserves and high rated plain vanilla debt securities.

Cash and cash equivalents decreased to BAM 296,069 thousand as of year-end 2025 (2024: BAM 388,079 thousand). Despite the decline compared to the previous period, the Bank's liquidity position remains strong and adequate.

Loans and advances to credit institutions (net) increased by BAM 15,413 thousand to BAM 16,159 thousand (2024: BAM 746 thousand).

Loans and advances to customers (net) increased by BAM 52,014 thousand to BAM 620,740 thousand (2024: BAM 568,726 thousand). The change was mainly in living loans in both focus and non-focus area. The living loans in non-focus segments (Mortgage Business and Large Corporate and Public Finance) slightly decreasing from BAM 29,688 thousand at year end 2024 to BAM 29,469 thousand at YE 2025. The focus segments Consumer and SME living loans increased to BAM 600,739 thousand (YE24: BAM 547,721 thousand).

The **investment securities** decreased from BAM 325,530 thousand at YE24 to BAM 312,893 thousand at YE25 in line with the established investment strategy. The investments are predominantly in high-rated and investment grade government bonds. All investments are "plain vanilla" without any embedded options or other structured features.

Tax assets decreased to BAM 3,149 thousand (YE24: BAM 3,484 thousand). The decrease principally reflects the deferred tax assets recognized on the back of the fair value development of investment securities measured at fair value through other comprehensive income (FVTOCI).

Other assets increased to BAM 3,161 thousand (YE24: BAM 3,019 thousand). This position includes prepaid expenses and accruals as well as other receivables.

Compared to year-end 2024, the **total assets** of the Bank decreased from BAM 1,313,980 thousand to BAM 1,276,046 thousand, down BAM 37,934 thousand or 2.9%. The total risk, i.e. risk-weighted assets including credit, market and operational risk, increased to BAM 830,483 thousand (YE24: BAM 781,652 thousand) as higher credit exposure was increasing RWA for credit risk.

(000) BAM

	31.12.2025	31.12.2024	(abs)	(%)
Financial liabilities measured at amortized cost	1,062,068	1,099,183	-37,115	-3.4%
Deposits of credit institutions	1,377	6,121	-4,744	-77.5%
Deposits of customers	1,040,299	1,074,046	-33,747	-3.1%
Borrowings from banks	9,404	10,170	-766	-7.5%
Other financial liabilities	10,988	8,846	2,142	24.2%
Provisions	6,622	7,464	-842	-11.3%
Current tax liabilities	214	629	-415	-66.0%
Other liabilities	6,797	6,973	-176	-2.5%
Equity	200,345	199,731	614	0.3%
Total equity and liabilities	1,276,046	1,313,980	-37,934	-2.9%

On the liabilities' side, **financial liabilities measured at amortized cost** decreased to BAM 1,062,068 thousand compared to BAM 1,099,183 thousand at year end 2024:

- Deposits of credit institutions decreased from BAM 6,121 thousand at YE24 to BAM 1,377 thousand as of YE25.
- Deposits of customers decreased to BAM 1,040,299 thousand (YE24: BAM 1,074,046 thousand). The solid funding profile is one of the strengths of the Bank, which drives low dependence on market funding. Around 27% of the deposits are term deposits, mainly Euro denominated, followed by Bosnia-Herzegovina Convertible Mark (BAM).
- Borrowings from banks decreased to BAM 9,404 thousand (YE24: BAM 10,170 thousand) representing credit line.
- Other financial liabilities increased from BAM 8,846 thousand at YE24 to BAM 10,988 thousand at YE25.

Provisions decreased from BAM 7,464 thousand at YE24 to BAM 6,622 thousand at YE25. The development was influenced by settlement of legal cases.

Other liabilities decreased from BAM 6,973 thousand at YE24 to BAM 6,797 thousand in YE25 and mainly include accruals for services received but not yet invoiced (YE25: BAM 2,021 thousand, YE24: BAM 2,600 thousand) as well as liabilities for salaries and salary compensations not yet paid.

Equity rose from BAM 199,731 thousand to 200,345 thousand driven by the year end result as well as the positive development in the other comprehensive income (BAM: 3,824 thousand) which mainly reflects the recovery of market values and the related fair value measurement of debt instruments measured at FVTOCI.

6.4. Capital and liquidity requirement

The Overall Capital Requirement (OCR) was 16.00% for the Bank, consisting of:

- 14.5% TSCR (12.0% capital requirement and 2.5% protective layer). In addition to the capital requirement, the SREP for 2024 is set at 1.0%, P2G is set at 0.5% and should be comprised entirely of CET1 capital. The regulator therefore expects Bank to maintain a CET1 ratio of 10.75%.

The **capital base** of the Bank is solely made up of CET1 at 20.67% (YE24: 21.58%) well above the Overall Capital Requirements of 16.0% and is based on the currently valid Banking Agency decision.

In addition, Bank's regulatory capital ratios were reflecting the increase in RWAs, which was driven by the increase in credit risk (BAM 43,866 thousand) and by the increase in operational risk (BAM 9,014 thousand).

Addiko's leverage ratio is sound at 12.84 % at the end of 2024 (YE24: 12.11%).

The **liquidity position** of the Bank remains strong, with LCR ratio of 590.74% (YE24: 671.58%) and LTD ratio of 59.4% (YE24: 52.5%), thus meeting the liquidity indicators high above the regulatory requirements.

6.5. Segment Reporting

The Bank's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment data is prepared based on internal management reporting. To evaluate the result of the respective segments, the Management Board uses as main performance measures the statement of profit or loss as set out below as well as performing loan volumes, deposit volumes and belonging KPIs. In the profit or loss statement of the segment report interest income and interest expenses are netted in the position net interest income, which reflects the presentation in the internal reporting and thus is basis for further steering of the Bank by the Management Board.

The accounting policies of the operating segments are the same as those described in the significant accounting policies. The Bank evaluates performance for each segment on the basis of a) operating result before tax b) performing loans volumes and c) deposit volumes as management's consideration of the most relevant items in evaluating the results of the respective segments.

Business Segmentation

The segment reporting presents the results of the operating business segments of Addiko Bank, prepared on the basis of the internal reports used by Management to assess performance of the segments and used as a source for decision making. The business segmentation is subdivided into high value adding Consumer and SME Business, which are the focus segments and into non-focus segments, which are Large Corporates, Public Finance and Mortgages.

Consumer strategy

Addiko Bank's strategy is to offer modern banking, focusing on products for the essential needs of customers unsecured loans and payments, delivered efficiently and communicated in a simple and transparent manner. The Consumer segment focuses on unsecured lending, followed by accounts and packages, as well as deposit products, regular transactions and card business. Addiko also dedicates substantial efforts to continuously improve its digital capabilities and is recognized in its markets with digital products and services and doing its business through the network of 28 branches.

SME Finance Strategy

SME business is a main strategic focus segment of Addiko Bank serving its products to more than 3 thousand clients within this segment, in which the Bank is targeting the "real economy" with working capital loans, investment loans and a strong focus on trade finance products. Addiko's strategy in SME business is to achieve primary bank status by providing services based on convenience, developing flexible solutions and products which are digitalized and the related competitive advantage. Addiko Bank constantly builds up digital platform to cater to the needs of modern Small and Medium-sized customers by providing primarily simple loan financing with market leader delivery times. With it, Addiko Bank also plans to continue to digitally serve the untapped potential of standard and small legal entities and consequently increasing the loan volumes and related commission income.

(000) BAM

31.12.2025.	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	37,710	15,145	633	929	-1,048	10,232	63,601
Net interest income	23,572	10,157	633	461	-1,180	10,411	44,054
o/w regular interest income	25,371	9,366	625	724	216	11,810	48,112
Net fee and commission income	14,141	4,987	0	467	132	-180	19,547
Net result from financial instruments	0	0	0	0	0	37	37
Other operating result	0	0	0	0	0	-1,714	-1,714
Operating income	37,710	15,145	633	929	-1,048	8,555	61,924
Operating expenses	-22,151	-5,104	-10	-455	-507	-7,988	-36,215
Operating result	15,559	10,041	623	474	-1,555	567	25,709
Other result	0	0	0	0	0	1,207	1,207
Credit loss expenses on financial assets	-4,507	789	930	35	-548	-39	-3,340
Operating result before tax	11,052	10,830	1,553	509	-2,103	1,735	23,576
Business volume	0	0	0	0	0	0	0
Net loans and receivables	389,893	199,550	9,306	18,344	3,334	16,472	636,899
Financial liabilities at AC ¹⁾	597,634	161,755	0	63,322	155,306	84,051	1,062,068

(000) BAM

31.12.2024.	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	34,934	16,818	751	966	-1,686	14,699	66,482
Net interest income	21,549	11,468	751	431	-1,838	14,829	47,190
o/w regular interest income	22,873	10,644	730	562	318	0	35,127
Net fee and commission income	13,385	5,351	0	535	152	-131	19,292
Net result from financial instruments	0	0	0	0	0	115	115
Other operating result	0	0	0	0	0	-698	-698
Operating income	34,934	16,818	751	966	-1,686	14,116	65,899
Operating expenses	-20,805	-4,993	-14	-504	-309	-7,632	-34,257
Operating result	14,129	11,825	737	462	-1,995	6,484	31,642
Other result	0	0	0	0	0	-1,039	-1,039
Credit loss expenses on financial assets	-437	-2,349	-1,299	136	56	478	-3,415
Operating result before tax	13,692	9,476	-563	599	-1,939	5,923	27,188
Business volume	0	0	0	0	0	0	0
Net loans and receivables	347,447	191,517	9,698	14,943	4,864	1,002	569,471
Financial liabilities at AC ¹⁾	598,354	152,594	0	72,150	205,928	70,157	1,099,183

The relation between net commission income and reportable segments can be seen in the tables below:

(000) BAM

31.12.2025.	Focus segments		Non - focus segments		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Transactions	2,169	2,098	167	94	10	4,538
Accounts and Packages	5,800	995	16	31	4	6,846
Cards	4,446	164	2	1	1	4,614
FX & DCC	3,599	723	51	22	0	4,395
Securities	0	0	0	0	0	0
Bancassurance	3,358	3	0	0	4	3,365
Loans	1,079	224	4	0	0	1,307
Trade finance	0	1,463	261	4	0	1,728
Other	13	14	0	0	0	27
Fee and commission income	20,464	5,684	501	152	19	26,820
Cards	-5,052	-189	-3	-1	-1	-5,246
Transactions	-387	-374	-30	-17	-2	-810
Client incentives	-23	0	0	0	0	-23
Securities	0	0	0	0	-196	-196
Accounts and Packages	-562	0	0	0	0	-562
Bancassurance	0	0	0	0	0	0
Other	-299	-134	-1	-2	0	-436
Fee and commission expenses	-6,323	-697	-34	-20	-199	-7,273
Net fee and commission income	14,141	4,987	467	132	-180	19,547

(000) BAM

31.12.2024.	Focus segments		Non - focus segments		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Transactions	2,123	2,155	192	103	11	4,584
Accounts and Packages	5,602	1,009	30	29	3	6,673
Cards	4,309	126	2	1	0	4,438
FX & DCC	3,831	653	22	7	0	4,513
Securities	0	0	0	0	0	0
Bancassurance	2,432	0	0	0	1	2,433
Loans	870	205	3	0	0	1,078
Trade finance	0	1,784	322	32	0	2,138
Other	15	23	2	1	0	41
Fee and commission income	19,183	5,956	573	172	15	25,899
Cards	-4,570	-135	-2	-1	0	-4,708
Transactions	-352	-358	-32	-17	-2	-761
Client incentives	-13	0	0	0	0	-13
Securities	0	0	0	0	-144	-144
Accounts and Packages	-632	0	0	0	0	-632
Bancassurance	0	0	0	0	0	0
Other	-231	-113	-3	-2	0	-349
Fee and commission expenses	-5,798	-606	-38	-20	-145	-6,607
Net fee and commission income	13,385	5,351	535	152	-131	19,292

7. Internal Control System for accounting procedures

Addiko Bank has an internal control system (ICS) for accounting procedures, in which suitable structures and processes are defined and implemented throughout the organization.

The aim of the internal control system of Addiko Bank is to ensure effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, reliability of financial and non-financial information reported, both internally and externally, and compliance with laws, regulations, supervisory requirements and the institution's internal rules and decisions.

The internal control system consists of a set of rules, procedures and organizational structures which aim to:

- ensure that corporate strategy is implemented,
- achieve effective and efficient corporate processes,
- safeguard the value of corporate assets,
- ensure the reliability and integrity of accounting and management data,
- ensure that operations comply with all relevant rules and regulations.

The particular objectives with regard to Addiko Bank accounting procedures are that the ICS ensures that all business transactions are recorded immediately, correctly and in a uniform way for accounting purposes. The implementation of the internal control system in relation to the financial reporting process is also set out in the internal rules and regulations.

The internal control system of Addiko Bank is built on a process-oriented approach. Addiko Bank deploys control activities through process documentation which incorporates the tracking and documentation of each process, including the information about process flow according to the internally set up guidelines for process management.

The overall effectiveness of the internal controls is monitored on an ongoing basis. Monitoring of key risks is part of daily activities of Addiko Bank as well as periodic evaluations by the business lines, internal control functions, risk management, compliance and internal audit function.

Regular internal control system monitoring and promptly reporting on internal control deficiency and escalation to relevant stakeholders (e.g. committees) is established. Internal control deficiencies, whether identified by business line, internal audit, or other control functions are reported in a timely manner to the appropriate management level for further decision and addressed promptly.

Internal Audit performs independent and regular reviews of compliance with legal provisions and internal rules.

The internal control system itself is not a static system but is continuously adapted to the changing environment. The implementation of the internal control system is fundamentally based on the integrity and ethical behavior of the employees. The Management Board and the leadership team actively and consciously embrace their role of leading by example by promoting high ethical and integrity standards and establishing a risk management and control culture within the organization that emphasizes and demonstrates to all levels the importance of internal controls system.

8. Mid-term targets, Outlook & Risk factors

8.1. Mid-term targets

Mid-Term Targets for ABSA starting with the business year 2026 will be:

Business Growth:

- Increase in the share of Living Loan in focus areas at >95% (previously ca. 95%)
- Net interest margin >3.3% (previously ca. 3%)
- Double-digit percentage growth of focus living loans in focus segments
- Cost of risk ca. 0.64% (previously ca. 0.5%) driven by planned portfolio growth
- Loan/deposit ratio <100% (unchanged)

Cost Base:

Cost income ratio mid-term target <50% (tendency to decrease of ratio)

The above leading to:

- Total capital ratio > 18%
- Annual dividend payment in line with regulatory expectations to maintain capital base stability.

8.2. Outlook

The projected Bank's positive development is supported by a positive macroeconomic outlook in 2026.

In 2026, GDP growth is expected to be around 2.8% (2025E: 2.3%), as private consumption is likely to benefit from higher real wages, and government spending is expected to grow on the basis of loans for infrastructure projects contracted with the European Bank for Reconstruction and Development and the European Investment Bank.

The inflation was 4.8% in July 2025. The main factors driving inflation are wage growth, remittances and credit growth, which led to higher overall household consumption. Therefore, the inflation forecast for 2025 has been revised from 2.7% to 3.3%, while inflation is estimated to fall to 2.4% in 2026.

The Addiko Bank intends to continue to accelerate its competitive specialist strategy execution in the market in 2026, focusing on sustainable business growth in the segments Consumer and SME, with a specific focus on standard and small enterprises and the overall ambition to become the leading specialist bank for these segments. Addiko's prudent risk approach will remain a key anchor of the loan growth generation strategy.

The clear focus on Consumer and SME business will accelerate the transformation of the balance sheet of Addiko towards these higher value generating segments. In this context, the Bank will continue considering the possibility of capital generation via faster non-focus reduction. Addiko believes that the reduction in the non-focus portfolio will generate value in the long-term by sharpening the focus in the core segments and releasing capital from higher risk weight non-focus loans.

As one of its short-term ambitions, Addiko intends to further push its efficiency by reducing costs and complexity and streamlining its operating model. Addiko will continue with the implementation efficiency measures in order to generate a sustainable and visible gross saving impact.

In summary, for the full year 2026 the Bank expects:

- Gross performing loans at ca. BAM 0.721 million with ca. 14% growth in focus compared to YE25,
- Net Banking Income above up by ca. 6% impacted by growing loans, with moderate growth in financing costs and a decline in the non-focus segment
- Operating expenses ca. BAM 36 million with the increase mainly driven by inflation related cost, TCR above 18%.

8.3. Risk factors and management

The Bank manages and controls risk in all business segments in order to optimize risk-adjusted returns in order to ensure the ability to bear the risk, and thus protect the bank's creditors. Through the Risk Strategy, the Bank determines the vision, risk appetite and opportunities to ensure that all material risks to which the Bank is exposed in business are identified, understood and that appropriate responses are available to protect the Bank and prevent damage to customers, shareholders, economy, colleagues or the community, enabling the bank to achieve its goals and improve its ability to respond to new opportunities. In its operations, the bank is exposed to the highest credit risk, liquidity risk, operational risk, market risk, strategic risk, and has a management and monitoring framework in place for each.

Credit risk

Credit risk is defined as the probability of total or partial loss due to non-performance of contractual obligations caused by the weakening of the creditworthiness of the other party.

The credit risk management framework has the following dimensions:

- Underwriting and risk assets management,
- Credit risk measuring through credit loss calculation, capital requirement calculation, credit risk parameters evaluation model - rating models
- Budgeting and planning: Budgeting process is a key process for planning the capital utilisation and development of the portfolio. Careful monitoring of the budget utilisation enables the Bank to undertake appropriate measures whenever any departures from the budget are determined. Budget realisation is closely monitored and expected realisation is revised and updated on a monthly basis. In this manner, the management has continuous information on the portfolio success and expectations for the future.
- Credit risk reporting to regulator, management and supervisory board
- Stress tests: Credit risk of the Bank is subject to a comprehensive stress test once a year, including credit risk impact on increase of the NPL portfolio, provisioning costs and capital adequacy. Stress test result is taken into account in ICR in accordance with the ICAAP rules
- Limit setting and monitoring: In an intention to maximally enhance its risk control system and appropriately interconnect all its components, Addiko Bank set up a framework of limits
- New product evaluation (PIP).

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes, systems, people or external factors. This definition includes legal risk, model risk and ICT risk, but excludes reputational risk and strategic risk.

The Bank has an established framework for operational risk management and control, which conceptually, in addition to management, consists of a network of ORO (operational risk officer) and DORO (decentralized operational risk officer - Decentralized operational officer); DORO operating within the business processes of the bank and ORO as a function of supporting DORO and business functions and control the identification, reporting and reporting of operational risk cases.

Operational risk management is an ongoing cyclical process that includes risk self-assessment and control, risk decision-making, scenario analysis, and risk control, resulting in risk acceptance, mitigation, or avoidance.

Liquidity risk

Three sub-types of liquidity risk are managed in Addiko:

- Illiquidity risk: a risk that the Bank will not be able to pay its financial liabilities upon maturity in full or within the given deadline;
- Funding Spread Risk: a risk of a financial loss arising from disadvantageous changes in the Bank's credit spread (liquidity spread), where the credit transaction was refinanced with a non-compatible maturity term (transformation risk of maturity liquidity);
- Liquidity Market Risk: a risk that a financial loss will be generated out of the lack of market; measured together with the market price risk. The bank tracks market prices on regular daily basis to be able to react in earliest possible way.
- Intraday liquidity risk

- Financing sources concentration risk: Liquidity risk may arise from concentration on passive side due to individual concentration, currency or due date. The bank regularly tracks and reports this risk to avoid unfavourable situation in terms of liquidity due to concentration.

Market risk

The Bank is exposed to the following market risks: interest rate risk, currency and credit spread risk.

Credit spread risk is the risk of a change in market price based on changes in the market's credit spread. Addiko has set up a framework of VAR, volume limit and internal capital limits, monitoring and escalation processes on daily basis, as well as stress testing framework to test for sensitivity in case of adverse market scenarios.

Interest rate risk is exposure of the bank's financial condition to undesirable interest rate movements.

Changes in interest rates affect the Bank's earnings by changing net interest income and the level of other sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the bank's assets, liabilities and off-balance sheet instruments because the economic value of future cash flows changes when interest rates change.

For the purposes of reporting to the Agency on interest rate risk exposure in the banking book, the bank uses a simplified calculation of the assessment of changes in the economic value of the banking book, applying standard interest shock to banking book positions in all significant currencies individually and for other currencies in total.

A framework for stress testing is also needed to determine the level of sensitivity of the bank due to stressful conditions in the market. Possible stress scenarios include:

- sudden changes in the general level of interest rates (including the supervisory standardized 200BP interest rate shock),
- changes in the slope and shape of the interest rate curve,
- specific scenarios identified for the bank
- ICAAP stress test for VAR changes

Strategic risk

Strategic risk occurs due to incorrect management decisions on the positioning of the corporation, treatment of business sectors, selection of business partners or development and use of internal resources.

The bank's ability to manage strategic risk is crucial for its survival and long-term development. Strategic risk management primarily involves the bank's relationship to the environment in which it operates, decisions in response to changes in the business environment and making decisions about capital and other resources in a way that prioritizes the bank as a whole over the competition.

Addiko has an advanced framework for strategic risk management and monitoring, with developed technical tools and clear reporting lines.

ICAAP (Internal capital adequacy assessment)

Ensuring the Bank's ability to bear economic risk is a major part of Addiko Bank's management activities. Therefore, the Bank has established a clearly defined internal capital adequacy assessment process (ICAAP).

Risk management is part of the bank's comprehensive management process, whereby risk capital is allocated by type of risk in accordance with the strategy, limits are set and capital is monitored through set limit systems. The identification of all material risks is done through the annual risk inventory process, which is the starting point for assessing the ability to bear the risk.

Once a year, the Bank performs a comprehensive internal assessment of capital adequacy through the analysis of quantitative and qualitative elements of the Bank's operations. As part of this process, the bank assesses the relationship of internal capital adequacy with the adopted financial plan of the bank, in regular and stressful circumstances. For detailed information on the Bank's risk management models and risk exposure, as well as the methods of risk management, see Chapter 5. of the Financial Statements with the notes below.

Sarajevo, 16 March 2026
Addiko Bank dd Sarajevo

MANAGEMENT BOARD

Jasmin Spahić
(Chairman)



Ajla Džonlagić
Member of the Management Board



Enver Lemeš
Member of the Management Board



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I. Statement of comprehensive income

Statement of profit or loss

(000) BAM

	Note	01.01. - 31.12.2025	01.01. - 31.12.2024
Interest income calculated using the effective interest method		45,145	44,813
Other interest income		4,672	7,796
Interest expenses		-5,763	-5,419
Net interest income	(28)	44,054	47,190
Fee and commission income		26,820	25,899
Fee and commission expenses		-7,273	-6,607
Net fee and commission income	(29)	19,547	19,292
Net result on financial instruments	(30)	37	115
Other operating income	(31)	2,355	3,567
Other operating expenses	(31)	-4,069	-4,265
Personnel expenses	(32)	-17,153	-16,625
Other administrative expenses	(33)	-15,988	-14,717
Depreciation and amortisation	(34)	-3,074	-2,915
Operating result before impairments and provisions		25,709	31,642
Other result	(35)	1,207	-1,039
Expected credit loss expenses on financial assets	(36)	-3,340	-3,415
Result before tax		23,576	27,188
Taxes on income	(37)	-1,876	-2,237
Result after tax		21,700	24,951
thereof attributable to equity holders of parent		21,700	24,951

	31.12.2025	31.12.2024
Result after tax attributable to ordinary shareholders (in TBAM)	21,700	24,951
Number of ordinary shares (in units of shares)	532.5	532.50
Earnings/losses per share (in BAM)	40.75	46.86

The following notes (1) - (72) are an integral part of these financial statements.

Statement of other comprehensive income

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Result after tax	21,700	24,951
Other comprehensive income	3,824	4,683
Items that will not be reclassified to profit or loss	42	33
Fair value reserve - equity instruments	42	33
Net change in fair value	46	37
Deferred taxes	-4	-4
Items that may be reclassified to profit or loss	3,782	4,650
Fair value reserve - debt instruments	3,782	4,650
Net change in fair value	4,190	5,207
Net amount transferred to profit or loss	0	0
Deferred taxes	-408	-557
Total comprehensive income for the year	25,524	29,634
thereof attributable to equity holders of parent	25,524	29,634

The following notes (1) - (72) are an integral part of these financial statements.

II. Statement of financial position

(000) BAM

	Note	31.12.2025	31.12.2024
Assets			
Cash and cash equivalents	(38)	296,069	388,079
Loans and advances	(39)	636,899	569,472
Loans and advances to credit institutions		16,159	746
Loans and advances to customers		620,740	568,726
Investment securities	(40)	312,893	325,530
Tangible assets	(41)	17,030	17,472
Property plant and equipment		17,030	17,472
Intangible assets	(44)	5,985	5,324
Tax assets		3,149	3,484
Deferred tax assets		3,149	3,484
Other assets	(44)	3,161	3,019
Non-current assets held for sale	(45)	860	1,600
Total assets		1,276,046	1,313,980
Liabilities			
Financial liabilities measured at amortised cost	(46)	1,062,068	1,099,183
Deposits from credit institutions		1,377	6,121
Deposits from customers		1,040,301	1,074,046
Borrowings from credit institutions		9,404	10,170
Other financial liabilities		10,988	8,846
Provisions	(47)	6,622	7,464
Tax liabilities		214	629
Current tax liabilities		214	629
Other liabilities	(48)	6,797	6,973
Total liabilities		1,075,701	1,114,249
Equity			
Share capital		100,403	100,403
Statutory reserves		25,101	25,101
Fair value reserve		-1,854	-5,678
Retained earnings		76,695	79,905
Total equity	(49)	200,345	199,731
Total liabilities and equity		1,276,046	1,313,980

The following notes (1) - (72) are an integral part of these financial statements.

III. Statement of changes in equity

(000) BAM

31.12.2025	Share capital	Statutory reserves	Regulatory reserves	Fair value reserve	Retained earnings	Total
Equity as at 01.01.2025	100,403	25,101	0	-5,678	79,905	199,731
Result after tax	0	0	0	0	21,700	21,700
Other comprehensive income	0	0	0	3,824	41	3,865
Total comprehensive income	0	0	0	3,824	21,741	25,565
Dividends paid	0	0	0	0	-24,951	-24,951
Equity as at 31.12.2025	100,403	25,101	0	-1,854	76,695	200,345

(000) BAM

31.12.2024	Share capital	Statutory reserves	Regulatory reserves	Fair value reserve	Retained earnings	Total
Equity as at 01.01.2024	100,403	25,101	0	-10,361	71,623	186,766
Result after tax	0	0	0	0	24,951	24,951
Other comprehensive income	0	0	0	4,683	0	4,683
Total comprehensive income	0	0	0	4,683	24,951	29,634
Dividends paid	0	0	0	0	-16,669	-16,669
Equity as at 31.12.2024	100,403	25,101	0	-5,678	79,905	199,731

The following notes (1) - (72) are an integral part of these financial statements.

IV. Statement of cash flows

(000) BAM

	2025	2024
Result after tax	21,700	24,951
Income tax	1,876	2,237
Depreciation and amortisation of intangible assets and tangible fixed assets	3,074	2,915
Impairment of intangible assets and tangible fixed assets	0	251
Impairment of non-current assets classified as held for sale	0	327
Change in risk provisions on financial instruments	7,444	6,582
Modification gains or losses	4	0
Change in provision	-352	333
(Gains) / losses from disposals of intangible assets and tangible fixed assets	15	24
(Gains) / losses from disposals of repossessed assets	-897	-3,193
(Gains) / losses from disposals of non-current assets	-260	-15
Subtotal	32,604	34,412
Loans and advances to credit institutions and customers	-110,438	-64,970
Investment securities	21,333	10,015
Other assets	755	1,810
Financial liabilities measured at amortised cost	-29,959	180,859
Provisions	-120	-80
Other liabilities from operating activities	-176	-352
Payments for taxes on income	-2,369	-1,226
Interests received	35,308	33,724
Interest paid	-5,763	-5,419
Cash flows from operating activities	-58,825	188,773
Proceeds from sales or collection of principal and interest of:	4,025	2,821
Financial investments at amortised cost	4,010	2,477
Tangible assets, investment properties, lease assets and intangible assets	15	344
Payments for purchases of:	-11,507	-114,655
Financial investments at amortised cost	-8,540	-111,551
Tangible assets, investment properties, lease assets and intangible assets	-2,967	-3,104
Proceeds from the sale of non current assets	1,000	273
Cash flows from investing activities	-6,482	-111,561
Lease payments	-983	-942
Dividend payment	-24,951	-16,669
Proceeds from borrowings	3,654	7,823
Borrowing repayment	-4,420	-587
Cash flows from financing activities	-26,700	-10,375
Net increase in cash and cash equivalents	-92,007	66,837
Cash reserves at the end of previous period (01.01.)	389,033	322,196
Cash reserves at end of period (31.12.)	297,026	389,033

V. Notes to the financial statements

Company

Addiko Bank d.d. Sarajevo (hereinafter the “Bank”) has received the approval from the Banking Agency of Federation of Bosnia and Herzegovina (“FBA”) on 17 January 2000 and the Bank was registered at the Cantonal Court in Mostar on 21 January 2000.

The Bank conducts its operations in Federation of Bosnia and Herzegovina through the headquarters in Sarajevo and 28 branch offices in Federation of Bosnia and Herzegovina.

The Bank is registered in Federation of Bosnia and Herzegovina to perform payment operations, credit and deposit activities in the country and abroad, in accordance with the legislation of FBiH.

The immediate parent of the Bank is Addiko Bank AG Austria based in Vienna, Canetti Tower, Canettistraße 5/12. OG. The consolidated financial statements of the parent company can be found on the website at www.addiko.com.

Accounting policies

(1) Accounting principles

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

- The Law on Accounting and Auditing in FBiH stipulates preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS).
- The Law on Banks of FBiH stipulates preparation of annual financial statements in accordance with the aforementioned Law on Accounting and Auditing in FBiH, this law and by laws passed based on both laws.
- The Banking Agency of FBiH adopted the Decision on Credit Risk Management and Determining Expected Credit Losses (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 (acquired tangible assets whose valuation is within the scope of other relevant IFRSs).

In accordance with the provisions of the Decision, the Bank created higher allowances for credit losses in the amount of BAM 9,600 thousand (31 December 2024: BAM 9,646) compared to the amount calculated by using the Bank’s internal methodology in line with the requirements of IFRS 9. This difference as at 31 December 2025 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 6,472 thousand (2024: BAM 6,444 thousand),
- application of minimum impairment rates stipulated by the Article 24 of the Decision for exposures in Stage 2 of credit risk - difference in the amount of BAM 1,354 thousand (2024: BAM 2,159 thousand),
- 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 BAM 1,774 thousand (2024: BAM 1,043 thousand), of which the amount of BAM 1,716 thousand (2024: BAM 1,018 thousand) refers to exposures not secured by

acceptable collateral, the amount of BAM 58 thousand (2024: BAM 24.6 thousand) refers to exposures secured by acceptable collateral, and the amount of BAM 171 thousand (2024: BAM 128 thousand) refers to presentation of interest calculation for exposures arising solely due to passage of time (unwinding).

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

	31 December 2025	31 December 2024
Assets	-7,988	-7,348
Liabilities	383	971
Equity	-8,371	-8,319

	Year ended 31 December 2025	Year ended 31 December 2024
Financial result before taxation	-108	1,236

* Note: positive amount represents increase of value, negative one represents decrease of value.

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

These financial statements consist of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. In principle, the statement of financial position is structured in descending order of liquidity. Amounts due or realizable within twelve or more than twelve months after the reporting date are described in one of the notes Analysis of remaining maturities.

These financial statements are prepared on a going concern basis which assumes it will continue its business operations in the foreseeable future. Regarding estimates and assumptions according to IAS 1, please refer to note (3) Use of estimates and assumptions/material uncertainties in relation to estimates.

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from the current perspective. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes and assessments of legal risks from legal proceedings and the recognition of provisions regarding such risks. The actual values may deviate from the estimated figures.

The figures in the financial statements are generally stated in thousands of convertible marks (ths KM); the convertible mark (KM) is the reporting currency. Convertible mark is pegged to the Euro (EUR 1 = BAM 1.95583). The tables shown may contain rounding differences.

On 16. March 2026, the Management Board of the Bank approved the financial statements as at 31 December 2025 for publication by submitting them to the Supervisory Board. The Supervisory Board is responsible for examining the financial statements and announcing whether it approves the financial statements as at 31 December 2025.

(2) Application of new standards and amendments

2.1. New currently effective requirements

The following new standards, interpretations and amendments to existing standards are mandatory for periods beginning on 1 January 2025:

Standard	Name	Description	Impact on Addiko
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	No impact

The amendments to **IAS 21** introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. If a currency is determined to be non-exchangeable, entities are required to estimate the spot exchange rate. The amendments also introduce additional disclosure requirements. These changes apply to annual reporting periods beginning on or after 1 January 2025, with early application permitted.

The amendments do not affect Bank, as the Bank does not engage in transactions involving non-exchangeable currencies.

2.2. Forthcoming requirements

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

Standard	Name	Description	Impact on Addiko
IFRS 9 and IFRS 7	Amendments to the Classification and measurement of Financial Instruments (IFRS 7 and IFRS 9)	Classification of financial assets, Settlement by electronic payments	No impact expected from the IFRS 9 amendments. No significant changes from the IFRS 7 amendments
IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Annual Improvements Volume 11	Clarifications, simplifications, corrections and changes aimed at improving the consistency of listed IFRS Accounting Standards	No impact expected
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	Nature-dependent electricity contracts	Not applicable
IFRS 18	Presentation and Disclosure in Financial Statements	New Standard	Impact under assessment

The amendments to **IFRS 9** clarify the classification of financial assets with a contingent feature and introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets including those with contingent features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. Probability of occurrence is irrelevant unless the feature is not genuine. IFRS 9 also provides additional guidance to clarify the characteristics of contractually linked instruments as well as the definition of the underlying pool used to assess whether a transaction contains contractually linked instruments. These amendments are not expected to result in any changes within the Bank, as Bank is not providing financing with contingent features.

The amendments to IFRS 9 also clarify that the company generally derecognises its financial liabilities on the settlement date. However, the amendments provide an exception which allows the entity to derecognise its financial liabilities before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Addiko is not planning to make use of the exception granted by these amendments and for this reason these changes are not expected to result in any changes within the Bank.

The amendments to **IFRS 7** add new required disclosures for any investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the amount of contractual cash flow based on contingent events not directly related to basic lending risk. These amendments are not anticipated to cause significant changes within the Bank, due to the limited volume of investments in equity instruments designated at fair value through other comprehensive income in the existing portfolio. Additionally, no contractual terms have been identified within the Bank financial assets that could alter the timing or amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event unrelated to basic lending risks and costs.

The described amendments to **IFRS 9** and **IFRS 7** apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards - Volume 11 address several inconsistencies in wordings and references between the different IFRS Accounting Standards. Apart from minor amendments, **IFRS 9** was amended to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying **IFRS 15** and to clarify that when lease liabilities are derecognised under **IFRS 9**, the difference between the carrying amount and the consideration paid is recognised in income statement. These amendments apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. These amendments are not expected to result in any changes within the Bank, as generally no trade receivables falling under that amendment have been identified.

The amendments to **IFRS 9** and **IFRS 7** clarify how to reflect renewable power purchase agreements (PPAs: contracts referencing nature-dependent electricity in which a company “is exposed to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions”, e.g. the weather). The amendments allow a company to apply the own-use exemption to PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period. If the own-use exemption doesn't apply, then PPAs are accounted for as derivatives measured at fair value through income statement. The hedge accounting requirements in **IFRS 9** to permit an entity using a contract for renewable electricity with specified characteristics as a hedging instrument:

- to designate a variable volume forecast electricity transactions as the hedged item if specified criteria are met; and
- to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

The amendments introduce new disclosure requirements for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. These amendments will not be applicable to Bank, as no PPAs were concluded.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) replaces **IAS 1**, carrying forward many of the requirements in **IAS 1** unchanged and complementing them with new requirements. In addition, some **IAS 1** paragraphs have been moved to **IAS 8** and **IFRS 7**. Furthermore, the IASB has made minor amendments to **IAS 7** and **IAS 33** Earnings per Share. **IFRS 18** introduces new requirements to:

- present specified categories and defined subtotals in the consolidated income statement. All income and expenses have to be classified into five categories (operating, investing, financing, discontinued operations and income tax) in the consolidated income statement;
- provide disclosures on management-defined performance measures (MPMs) in a single note in the financial statements;
- improve aggregation and disaggregation (how to group information in the financial statements).

An entity is required to apply **IFRS 18** and all consequential amendments for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to **IAS 7** and **IAS 33**, as well as the revised **IAS 8** and **IFRS 7**, become effective when an entity applies **IFRS 18**. **IFRS 18** requires retrospective application with specific transition provisions.

Addiko has substantially completed its implementation: the Bank has reviewed and redesigned the structure of its financial statements, defined the new format of the income statement (including the operating, investing and financing categories

and the required subtotals), mapped line items and reclassified affected balances, and aligned the statement of cash flows accordingly. The work also covered identifying and documenting management-defined performance measures (MPMs) and refining policies for aggregation and disaggregation to ensure consistent presentation.

In this context, specific reclassifications addressed include (i) presenting interest expense from lease liabilities and unwinding of legal provisions within the financing category, (ii) reclassifying results from investment properties and gains from equity instruments, and (iii) separately presenting deposit guarantee contributions, bank levies, the recovery and resolution fund and other taxes. These changes affect presentation and disclosures only and do not change the Bank's result after tax.

During 2026, the Bank will operate the new structure in parallel and complete remaining refinements - principally fine-tuning line-item groupings, MPM disclosures, and related systems/reporting templates - so that the implementation is fully ready for mandatory application in 2027.

The following new standards and interpretations issued by the IASB have not yet been adopted:

Standard	Name	Description	Impact on Addiko
IFRS 19 and its Amendments	Subsidiaries without Public Accountability: Disclosures	New Standard	Not applicable
IAS 21	Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Translation to a Hyperinflationary Presentation Currency	Not applicable

IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) and its Amendments (issued on 21 August 2025) permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 19 will not be applicable to Bank.

The amendments to **IAS 21** how entities should translate financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency, requiring translation of all amounts at the closing rate. The amendments also introduce specific guidance for entities with hyperinflationary functional and presentation currencies that have foreign operations with non-hyperinflationary functional currencies. These changes apply to annual reporting periods beginning on or after 1 January 2027, with early application permitted. The amendments to IAS 21 regarding translation into a hyperinflationary presentation currency are not applicable to Bank, as the Bank's functional and presentation currencies are not hyperinflationary.

(3) Use of estimates and assumptions/material uncertainties in relation to estimates

Addiko's financial statements contain values based on judgments and calculated using estimates and assumptions.

3.1. Judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are the following:

- **ECL calculation methodology:** Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. Details are described in note (12.4) Impairment and (56.1) Method of calculating risk provisions.
- **Classification of financial assets:** Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. Details are described in note (12.2) Classification and (12.3) Measurement.

3.2. Assumptions and estimates

Estimates and assumptions are based on historical experiences and other factors such as planning and expectations or forecasts of future events that appear likely from a current perspective. Since the estimates and assumptions made are subject to uncertainties, this may lead to results that require carrying amount adjustments of the respective assets and liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Significant estimates and assumptions in the Bank relate to:

- **Credit risk provisions:** Bank conducts continuous monitoring and assessment of the loan portfolio's quality at both individual and portfolio levels to accurately estimate the necessary allowances for expected credit losses (ECL). The Bank allocates individual allowances for individually significant financial assets classified under stage 3. Individually significant financial assets are assets having an exposure above EUR 150 thousand. This classification is determined based on information related to the fulfilment of contractual obligations or other financial difficulties of the debtor, as well as other relevant factors. Individual assessments are based on the expected cash flows from operations, duration and/or the anticipated payments from collateral. This assessment is based on a detailed analysis and assumptions made, which are however subject to uncertainties. Allowances are assessed collectively for financial assets classified under stage 1 or 2, as well as for financial assets in stage 3 with exposure below the materiality threshold. The expected ECL for these groups of assets are calculated based on models which require the assessment of significant increase in credit risk and integrates historical data with future macroeconomic forecasts. Addiko applies 3 different macroeconomic scenarios to collectively assess the allowances for credit risk: optimistic, baseline, and severe scenario. The key features of each scenario are described in note (56.2) Development of risk provisions and note (56.1) Method of calculating risk provisions. Recognised allowances represent a weighted average of the results of the three scenarios. The models deployed to estimate future risk parameters undergo regular validation and back testing to ensure the accuracy and realism of the loss estimations. A different estimate of the assumptions used in the individual or collective allowance may result in a different measurement of credit risk provisions.
- **Deferred tax assets:** Deferred tax assets on deductible temporary differences and on losses carried forward are only recognised when future tax profits that allow utilisation appear to be highly likely. These estimates are based on the respective 5 years tax plans prepared by the management of the subsidiaries. With regard to input factors, the 5-year plan is essentially based on current available external estimates of expected economic growth, general cost trends (inflation), interest rate and currency trends and market and credit default trends. The main parameters are disclosed under note (56.1) Method of calculating risk provisions. These factors are only adjusted internally to the extent necessary due to Addiko's specific business model. All input parameters and assumptions are subject to a degree of predictive uncertainty. Due to the current uncertain geopolitical global environment, there is substantially more uncertainty than under normal market conditions, which may affect the projections of future taxable profits. In addition, there could be a change in the tax regulations, this may be revised in the future, with the imposition of a time limit or reduction for carry forward losses. For further details regarding tax loss carried forward please refer to note (37) Taxes on income.
- **Provisions for pending legal disputes:** The recognition and measurement of provisions for pending legal disputes requires assumptions on the extent to which the Bank has an obligation resulting from a past event and if an outflow of economically useful resources to fulfil these obligations is likely. Furthermore, estimates are also required with regard to the amount and maturity of future cash flows. Provisions for legal proceedings typically require a higher degree of judgment than other types of provisions. When matters are at an early stage, there is typically a high degree of uncertainty associated with determining whether a present obligation exists and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better-defined set of possible outcomes. The calculation of potential losses takes generally into account possible scenarios of how the litigation would be resolved and their probability, considering the history of former verdicts and assessments by independent law firms. In certain cases, due to a short horizon of available historical data and significant uncertainty as to the direction of court decisions as well as the market conditions, the adopted methodology and assumptions may be subjects of updates in subsequent reporting periods. Details regarding provisions for legal cases and uncertainty of estimates are described in note (47.2) Provisions - development of other provisions.

(4) Impact of climate change on financial statements

Addiko supports the transition to a carbon-neutral economy and will lower its footprint by reducing its direct emissions from own banking operations and indirect through its lending activities. As part of its ESG strategy, Addiko has committed to initiatives within its own operation to be executed until 2030 with several initiatives already underway. These include significantly increasing the share of battery electric vehicles (BEV) in the Bank's car fleet, enhancing the procurement of renewable energy and replacing fossil fuel heating systems with renewable energy sources for electricity or heating.

In preparing the financial report, Addiko has considered climate change and the inherent risk on non-financial and financial assets. The impact of climate-related risks were assessed as follows:

- **Impairment of assets:** Addiko's ESG strategy and the planned replacement measures were considered in determining the carrying amount of non-current assets (property, plant and equipment and investment properties). Based on the assessment no impairment need was identified.
- **Useful lives of assets:** The impact of its sustainability strategy and the planned measures on the useful lives of non-current assets. The assessment did not identify any impact on the financial statements.
- **Expected credit losses (ECL):** Based on an assessment of climate-related and other environmental risks (C&E risks) Addiko concluded that an impact on the credit risk exists, although there is no immediate material threat given the granularity and diversification of the loan portfolio. As C&E risks already do impact macroeconomic indicators, Addiko considered the impact from climate-related transition risks in the macroeconomic financial forecasts used in the calculation of the ECL, thus, directly impacting the risk provisions of the loan book and consequently, the financial statements. Furthermore, an assessment of climate-related and environmental risks was incorporated in the loan origination process of relevant SME clients, which can impact the rating and in turn the ECL of these clients.

(5) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following material items, which are measured on the following alternative basis on each reporting date.

Items	Measurement basis
Investment securities at fair value through other comprehensive income	Fair value
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell

(6) Foreign currency translation

Transactions in foreign currencies are translated into the respective functional currencies of Addiko Group's entities at the exchange rates at the date of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Within the Bank foreign currency differences arising on translation are generally recognised in income statement, except for equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI for which foreign currency differences are recognised in OCI. The Bank values its assets and liabilities by middle rate of Central Bank of Bosnia and Herzegovina valid at the date of balance sheet. The principal rates of exchange set forth by the Central Bank and used in the preparation of the Bank's balance sheet at the reporting dates were as follows:

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

(7) Net interest income

7.1. Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash inflows or outflows over the expected term of the financial instrument, or a shorter period if applicable, to the gross carrying amount of the financial asset, other than purchased or originated credit-impaired financial assets or to the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation includes transaction costs and fees and points paid or received that are an integral part of effective interest rate (apart from financial instruments measured at fair value through profit or loss) and premiums and discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

7.2. Amortized cost and gross carrying amount

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using effective interest rate method of any difference between that initial amount and the maturity amount. For financial assets the amount is adjusted for any expected credit losses. The gross carrying amount of financial asset is the amortized cost of financial asset before adjusting for any loss allowance.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

7.3. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset (with the exception of purchased or originated credit-impaired financial assets where the calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves).

7.4. Presentation

Interest income calculated under the effective interest method presented in the statement of profit or loss includes:

- interest on financial assets measured at amortized cost and
- interest on debt instruments measured at fair value through other comprehensive income.

Other interest income presented in the statement of profit or loss includes:

- interest income from assets held for trading, as well as interest components of derivatives;
- interest income on debt instruments non-trading financial assets measured at fair value through profit and loss
- interest income on cash balances at central banks and other demand deposits.

Interest expense presented in the statement of profit or loss includes:

- financial liabilities measured at amortized cost;
- interest expense on lease liabilities and
- interest expense from assets held for trading, as well as interest components of derivatives.

(8) Net fee and commission income

Fee and commission income and expense (other than those that are integral part of effective interest rate on a financial asset or financial liability are included in the effective interest rate) are accounted for in accordance with IFRS 15 Revenue from contracts with customer and are reported in “Net fee and commission income”. The Bank derives its revenue from contracts with customers for the transfer of services over time and at a point in time in the business segments. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments.

In accordance with IFRS 15, income is recognized when the Bank satisfies a performance obligation by transferring a promised service to a customer. Income is measured at the fair value of consideration received or to be claimed, taking into account contractually stipulated payment terms, but without taking into account taxes or other levies.

Fees earned for the provision of services over a period of time are accrued over that period. Conversely, fee income earned from providing particular services to third parties or the occurrence of a certain event is recognized upon completion of the underlying transaction. Taking into consideration product classes the following services are accrued over the period:

- *Accounts and packages*, this category includes fee income and expense from monthly regular account/package fees, including monthly charges for standalone internet banking, mobile banking, SMS services and other services (not related to credit cards).
- *Loans and Deposits*, representing Fee income and expense that are not an integral part of the effective interest rate related directly to credit business (e.g. origination fee of the limit) which are not treated as interest like income
- *Securities*, representing commission income and expense from asset management
- *Bankassurance*, representing commission income and expense from insurance brokerage.

The fees generated by the following products are recognized upon completion of the underlying transaction:

- *Transaction services*, representing fee income charged to clients for transactions performed (except credit cards) like payment order, standing order
- *Cards*, representing fee income related to prepaid and credit cards (like monthly membership fees) and acquiring business like membership fees, interchange fees, scheme fees, service fees, etc.
- *FX & DCC*, representing fee income related to foreign exchange transactions like fees from FX spot transaction or Dynamic currency conversions.
- *Trade finance*, representing fee income earned from providing transaction services to third parties, such as arranging the acquisition of shares or other securities.

Other fee and commission expenses relate mainly to transaction and service fees which are expensed as the services are received.

In the note (29) Net fee and commission income in the notes to the statement of profit or loss, the product view is used as a base for presentation.

(9) Net result on financial instruments

Net result on financial instruments held for trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, realized gains and losses from derecognition, the result from trading in securities and derivatives, any ineffective portions recorded in fair value and cash flow hedge transactions and foreign exchange gains and losses on monetary assets and liabilities. The Bank has elected to present the clean fair value movements of trading assets and liabilities in trading income, excluding any related interest income and expense, which are presented in “Net interest income”.

Net result on non-trading financial assets mandatorily at fair value through profit or loss includes all gains and losses from changes in the fair value of these assets, realized gains and losses from derecognition and dividends.

Net result on financial instruments at fair value through other comprehensive income includes all gains and losses from derecognition and dividends. Financial assets and liabilities at amortized cost includes all gains and losses from derecognition.

(10) Other operating income and other operating expenses

Other operating income and other operating expenses reflect all other income and expenses not directly attributable to ordinary activities, such as gain or loss on the sale of property and income from operating lease assets. In addition, it encompasses expenses for other taxes and certain regulatory charges (bank levies and the contributions to the deposit guarantee scheme).

(11) Other result

The other result shows the result from legal cases, the result from operational risks and impairment losses and reversal of impairment losses for non-financial assets and for assets classified as held for sale and disposal groups. In addition, it contains changes in provisions for legal cases. Furthermore, the insignificant modification gains and losses are presented in this position.

(12) Financial instruments

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party.

12.1. Recognition and initial measurement

A financial asset or financial liability is recognized when Addiko becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument on initial recognition is generally its transaction price.

12.2. Classification

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at **amortized cost** if it meets both of the following conditions and is not designated at FVTPL:

- if the object of the entity's business model is to hold asset to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding ('SPPI criteria').

A financial asset is measured at **FVTOCI** only if it meets both of the following conditions and is not designated as at FVTPL:

- if the asset is held in a business model in which assets are managed both in order to collect contractual cash flows to sell them; and
- the contractual cash flows are solely payments of principal and interest on the principal outstanding (simple loan feature).

In addition, on initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in FVTOCI. This election is made on an investment-by-investment basis.

Financial assets that do not meet these criteria are measured at **FVTPL**.

In addition, at initial recognition, the Bank may irrevocably designate a financial asset that would otherwise be measured subsequently at amortized costs or FVTOCI, as measured at FVTPL, if such designation eliminates or significantly reduces a recognition and measurement inconsistency (i.e. "accounting mismatch") that would otherwise arise from measuring assets and liabilities or recognizing the gains or losses on a different basis. Currently there is not such case in the Bank.

12.2.1. Business model assessment

All financial assets, which fulfil the SPPI criteria, have to be assigned to one of the business models described below:

- *Hold to collect*: a financial asset held with the objective to collect contractual cash flows.
- *Hold to collect and sell*: a financial asset held with the objective of both collecting the contractual cash flows and selling financial assets.
- *Other*: a financial asset held with trading intent or that does not meet the criteria of the categories above.

The Bank performs the business model assessment at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The following business models have been identified within the Bank:

- The Bank's Consumer and SME business comprises primarily loans to customers that are held for collecting contractual cash flows. In the Focus segment, the loans comprise unsecured lending and credit card facilities. Sales of loans from these portfolios are very rare and relate only to non-performing assets with the objective to keep the volume of non-performing assets below pre-defined limits, in line with the expectations of regulators. In the Non-focus segments, the loans comprise mortgage lending and loans to large corporates and public finance. Given the run-down strategy, these products are not being actively marketed.
- Certain debt securities are held within the "investment portfolio" for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.
- Certain other debt securities are held within the "liquidity portfolio" to meet everyday liquidity needs. The Bank Central Treasury seeks to minimize the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The Bank debt securities portfolio includes also a portfolio of instruments, which were purchased before 2022 under the strategy to both collect contractual cash flows and realize profits from increases in fair value. Such instruments, which were initially classified in the hold to collect and sell business model, are now managed based on the new

treasury strategy to predominantly collect contractual cash flows. Despite the change in the strategy, these instruments continue to be measured in accordance with the original business model.

12.2.2. Contractual cash flow characteristics

For the assessment whether contractual cash flows are solely payments of principal and interest, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument and analyzes the existing portfolio based on a checklist for SPPI criteria. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition, considering the following: contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms, terms that limit the Bank's claim to cash flows from specified assets and features that modify consideration for the time value of money.

Significant areas of judgements are unilateral changes in margins and interest rates, prepayment clauses, other contingent payment features, project financing and benchmark test for loans with interest mismatch features.

The SPPI compliance is assessed as follows:

- Unilateral changes of margins and interest rates: passing on costs related to the basic lending agreement, introducing clauses designed to maintain a stable profit margin, and the changes of the interest rate that reflect the worsening of the credit rating, but are not SPPI harmful.
- Prepayment clauses: if the prepaid amount reflects the outstanding principal, interest and fees associated with the early redemption are not critical. The prepayment fee has to be smaller than the loss of interest margin and loss of interest.
- Other contingent payment features: those could be typically side business clauses where the penalty represents the increased costs for risk monitoring or the reimbursement of lost profit which is associated with the triggering event. Such clauses are not SPPI harmful.
- Project financing: if there is no reference to the performance of the underlying business project and the borrower has adequate equity for the project to absorb losses before affecting ability to meet payments on the loan, it may pass the SPPI test.
- Loans with floating interest rates: if the loan contains interest mismatch features (fixation date is before the start of the period, reference rate's tenor is different to the rate reset frequency, etc.) it has to be assessed whether the time value of money element of interest has been significantly modified (whether the interest mismatch feature could result in contractual undiscounted cash flows that are significantly different from benchmark deal), a quantitative benchmark test has to be performed.
- Financial instruments with environmental, social and governance (ESG) features that change contractual cash flows based on the borrower meeting certain contractually specified ESG targets: in case of issuance or acquisition of instruments with ESG feature, Addiko policy is first to verify if the effect of the ESG feature could only have a de minimis effect on the contractual cash flows of the loan, then the feature does not affect the classification of the loan. However, if the effect of the ESG feature could be more than de minimis, then the feature will be assessed as to whether it is consistent with a basic lending arrangement and meet the SPPI criterion.

When performing the benchmark test, at the initial recognition, contractual undiscounted cash flows of financial instrument are compared with the benchmark cash flow, i.e. contractual undiscounted cash flows that would arise if the time value of money element was not modified. The effect of the modified time value of money element is considered in each reporting period and cumulatively over the lifetime of the financial instrument. The benchmark test is based on a range of reasonable scenarios. The appropriate comparable benchmark financial instrument is the one with the same credit quality and the same contractual terms except for the modification, either real existing or hypothetical asset. If an entity concludes that the contractual (undiscounted) cash flows could be significantly different (10% threshold) from the (undiscounted) benchmark cash flows (either periodical or cumulative), the financial asset does not meet the

condition in the IFRS 9 paragraphs 4.1.2(b) and 4.1.2A(b) and therefore cannot be measured at amortized cost or at FVTOCI.

During 2024 and 2025, there were no financial instruments with interest mismatch features which would lead to the classification at FVTPL. Significant volumes of financial instruments with critical features are not expected due to the internal policy for new products which eliminates potentially SPPI non-compliant features.

12.2.3. Reclassifications

In the infrequent case that the entity changes its business model for managing certain financial assets and specific IFRS 9 requirements would be fulfilled, a reclassification of all affected financial assets would be required. Such subsequent changes do not lead to reclassifications or prior period corrections. Sales due to increase in credit risk, sales close to maturity and infrequent sales triggered by a non-recurring event are not considered as contradicting the held to collect business model. No reclassifications were made during 2025 and 2024.

12.3. Measurement

Financial assets at amortized costs

Financial assets at amortized costs are measured at fair value at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount and adjusted for any expected credit losses. Interest income is presented in the line "Interest income calculated using the effective interest rate method". Expected credit losses are presented in the line "Expected credit loss expenses on financial assets". The major volume of financial assets of the Bank are measured at amortized cost. Gains and losses from derecognition are presented in the line "Net result on financial instruments".

Financial assets at fair value through other comprehensive income

A financial asset at fair value through other comprehensive income are measured at fair value with any movements being recognized in other comprehensive income and are assessed for impairment under the expected credit loss (ECL) model. Interest income is presented in the line "Interest income calculated using the effective interest rate method". Expected credit losses are presented in the line "Expected credit loss expense on financial assets". The changes in fair value during the reporting period for debt instruments are presented in the line "Fair value reserve - debt instruments" in the statement of other comprehensive income. Dividend income and gains and losses from derecognition are presented in the line "Net result on financial instruments".

For equity instruments that are not held for trading, entities can make an irrevocable election at initial recognition to classify the instruments at FVTOCI. This election is available for each separate investment. All subsequent changes in fair value are presented in the line "Fair value reserve - equity instruments" in the statement of other comprehensive income without recycling in the statement of profit or loss. The Bank has designated at FVTOCI investments a small portfolio of equity instruments. This presentation alternative was chosen because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose these investments in the short or medium term.

Financial assets at fair value through profit or loss

Interest income from financial asset measured at fair value through profit or loss is presented in the line "Other interest income". Dividend income and gains and losses from revaluation and derecognition are presented in the line "Net result on financial instruments".

Financial liabilities

Financial liabilities are classified as measured at amortized cost unless they are measured at fair value through profit or loss.

Financial liabilities measured at FVTPL consist of financial liabilities held for trading and financial liabilities measured at FVTPL at initial recognition. Changes to the fair value of liabilities designated at FVTPL resulting from changes in own credit risk of the liability are recognized in other comprehensive income, the remaining amount of the change in the fair

value has to be presented in profit or loss. The Bank did not make use until now of the option to designate its financial liabilities at FVTPL.

The Bank has not designated any hedge accounting relationships in the current or in the previous year.

12.4. Impairment

While applying the forward-looking ECL model, the Bank recognizes ECL and updates the amount of ECL recognized at each reporting date to reflect changes in the credit risk of financial assets. The impairment standards applied measure ECL based on reasonable and supportable information that includes historical, current and forecast information, thus considering possible future credit loss events in different scenarios.

The lifetime ECL is the expected present value of losses that arise if borrowers' default on their obligations at some time during the complete maturity of the financial assets with simultaneous consideration of probabilities of default as well as credit losses (loss given default).

Overview ECL calculation

The Bank determines an ECL amount on a probability-weighted basis as the difference between the cash flows that are due to the bank in accordance with the contractual terms of a financial instrument and the cash flows that the bank expects to receive. Although IFRS 9 establishes this objective, it generally does not prescribe detailed methods or techniques for achieving it.

In determining the cash flows that the bank expects to receive, following the recommendation of the GPPC (Global Public Policy Committee), the Bank is using a sum of marginal losses approach whereby ECLs are calculated as the sum of the marginal losses occurring in each time period from the reporting date. The marginal losses are derived from individual parameters that estimate exposures and losses in the case of default and the conditional probability of default for each period (the probability of a default in time period X conditional upon an exposure having survived to time period X). The (lifetime) ECL is calculated for different scenarios separately, considering current and future forward looking information. The aggregation to the final ECL is performed at the end by probability weighting of the different individual scenarios. The Bank calculates in total three outcomes: Base case, optimistic case and pessimistic case while occasionally also some more adverse scenarios are simulated to understand dynamics and potential portfolio risks (see chapter Forward-looking information).

The observed period and the applied parameters within the ECL calculation depend on the maturity of the transaction, the IFRS 9 stage of the transaction and the macro scenario applied. For stage 1 the up to one year expected credit loss has to be considered while for stage 2 and 3 the expected lifetime loss has to be recognized.

The PD (probability of default) parameters reflects the probability of default for a certain period of time. The PDs used for the ECL calculation are derived by models/methodology which were developed by the Bank internal model development units. Generally, the models are country and segment specific whenever possible and plausible. For certain parts of the portfolio Group wide models are applied to reflect data availability and portfolio characteristics. In certain cases, also external data from rating agencies is applied for the same reason mentioned before. Methodology wise, an indirect modeling approach is chosen. This means that underlying existing Basel III methodology is used as a starting point and is adapted in a way to be fully IFRS 9 compliant. This includes the removal of any conservatism from the models, the inclusion of forward-looking point-in-time information within the methodology as well as the estimation of lifetime PD term structures.

EAD (exposure at default) is an estimate of the exposure including repayments of principal and interest and expected drawdowns on committed facilities. EAD is specified as the gross carrying amount at time of default while using the effective interest rate to discount cash flows to a present value at the reporting date. In cases where no contractual maturity is given, quantitative and/or qualitative criteria are applied for determining cashflow structure (e.g. frames).

LGD (loss given default) is an estimate of the economic loss under condition of a default. For the LGD parameter a simplified approach is chosen. The Bank incorporates expertly determined overall LGD values within the IFRS 9 ECL calculation. Those values are internally aligned while qualitative and/or quantitative checks are performed to ensure an adequate level.

In addition to the generalized ECL calculation based on internal estimated risk parameters/methodology a portfolio approach is applied for certain circumstances which cannot not be appropriately considered in a different way within the general framework while being relevant for the reporting date. These aspects are related but not limited to data availability and quality, model/parameter weaknesses, limited timeseries and/or time lags in data. A formalized approach is defined to ensure a consistent and sound application within the overall calculation logic.

As stated in Note (1) Accounting principles, the new regulatory decision prescribes minimum thresholds for the calculation of provisions for credit losses, i.e. if the Bank in accordance with its internal methodology, determines the amount of ECL higher than those arising from the Decision, it shall apply the higher ECL amount.

Minimum rates of expected credit losses as stipulates by Decision are as follows:

Stage 1

The Bank determines ECL for exposures in Stage 1 at least in the following amounts:

- a) for low-risk exposures referred to in Article 18, paragraph (2) of the Decision - 0.1% of exposures,
- b) for exposures to central governments and central banks outside Bosnia and Herzegovina for which there is a credit assessment by a recognized external credit rating institution which is assigned to credit quality level of 3 and 4 in accordance with Article 69 of the regulator's decision on calculating the bank's capital - 1% of exposures,
- c) for exposures to banks and other financial sector entities for which there is a credit assessment by a recognized external credit rating institution which is assigned to credit quality level of 1, 2 or 3 in accordance with Article 69 of the regulator's decision on calculating the bank's capital - 0.1% of exposures
- d) for other exposures - 0.5% of exposures.

Stage 2

The Bank determines ECL for exposures in Stage 2 at least in amount equal 5% of exposure.

Stage 3

The Bank determines ECL for exposures in Stage 3 at least in amounts defined in Table 1 or Table 2 below.

Table 1. Minimum expected credit loss rates for exposures secured by eligible collateral

Days past due	Minimum expected credit loss
Up to 180 days	15%
181 - 270 days	25%
271 - 365 days	40%
366 - 730 days	60%
731 - 1,460 days	80%
Above 1,460 days	100%

Table 2. Minimum expected credit loss rates for exposures not secured by eligible collateral

Days past due	Minimum expected credit loss
Up to 180 days	15%
181 - 270 days	45%
271 - 365 days	75%
366 - 456 days	85%
Above 456 days	100%

In accordance with the Decision on Temporary Measures to Mitigate the Risk of Interest Rate Increases, the Bank determines expected credit losses as follows:

- For newly approved credit exposures with variable or fixed nominal and effective interest rates that will be classified in credit risk level 1, the Bank determines expected credit losses amounting to a minimum of 2% of the exposure.
- For existing credit exposures previously classified in credit risk level 2 in accordance with Article 19 of the Decision, where a significant increase in interest rates is identified, the Bank determines expected credit losses amounting to a minimum of 12% of the exposure.

Significant increase in credit risk

The Bank measures ECL in three stages as the deterioration in credit quality takes place. Namely, for stage 1 up to 12-month ECL is reported and for stage 2 and 3 the full lifetime expected credit loss is recognized.

Stage 1 begins as soon as a financial instrument is originated and up to 12-month ECL are recognized as an expense and a loss allowance is established. For financial assets, interest revenue is calculated on the gross carrying amount. Unless its credit quality changes, the same treatment applies every time until its maturity.

When credit quality is deemed to deteriorate significantly assets move into stage 2, referring to Addiko Bank's staging criteria (as described further below in more detail). At this point, the full lifetime ECL is applied, resulting in a significant increase in the provisions.

Stage 3 occurs when the credit quality of a financial asset deteriorates to the point that credit losses are incurred, or the asset is credit-impaired / defaulted.

Lifetime ECL continuous to be applied for loans in this stage of credit deterioration but interest income is calculated based on the lower net amortized cost carrying amount (i.e. gross carrying amount adjusted for the loss allowance.) Regulatory default definition according to local regulation is followed:

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing collateral (if any is held), or
- The borrower is more than 90 days past due on any material credit obligation to the Bank.

The Bank uses the definition of default according to Banking Agency Decision on credit risk management and determination of expected credit losses, as this is the industry standard and it allows consistency between entities and risk management processes. The determination that a financial asset is credit-impaired is achieved through the tracking of default criteria defined in the Default detection and Forbearance Policy.

For the ECL calculation the Bank classifies transactions in the different stages based on qualitative and quantitative criteria. Those are determined both by the standard itself as well as by internal analyses which are undertaken across countries and portfolios types. The staging indicators are classified as follows:

Qualitative staging criteria:

- 30 days past due: The Bank identifies a staging criterion trigger when contractual payments are more than 30 days past due.
- Forborne exposures: are those exposures where the Bank has extended forbearance measures because of the debtor facing financial difficulties. Forbearance events may result in an exposure being classified as performing or non-performing which implies a stage transfer into stage 2 or 3.

Further qualitative criteria in connection with the watchlist/early warning systems are reflected in the PD via the automatic downgrade of the client (as incorporated within the rating models and processes) or as a specific stage trigger depending on the portfolio.

Quantitative criteria are applied based on the probability of default, namely significant adverse changes in the 12-months probability of default at the reporting date compared to the initial recognition of the exposure with significance being assessed by different thresholds of PD changes for different portfolios. These thresholds are regularly evaluated from a qualitative and/or quantitative point of view to ensure reasonable stage criteria (see chapter "Validation"). In addition, for some parts of the portfolios leverage is applied as an additional stage criterion to reflect changes in exposure caused by macro-economic circumstances which were not foreseeable at initial recognition and/or are not directly reflected in the PD at the reporting date. Due to limited timeseries there are cases where the rating at origination is not available. For such cases, a simplified proxy approach based on historically simulated ratings is used (PD at certain point in time is used as a proxy for the initial recognition) while additional mechanisms are applied to account for potential adverse effects resulting from this assumption.

The Bank has established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition.

Following quantitative PD thresholds were set:

Retail/ Corporate: 200% relative increase (which corresponds to the factor of 3 or threefold relative PD increase between the probability of default at origination the probability of default at the reporting date) where the determination of significant increase in PD is based on entire lifetime PD.

Both, the qualitative and quantitative factors used for the staging determination are undergoing a constant validation and monitoring process to ensure their appropriateness and applicability over time (see chapter “Validation”).

Forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Bank has identified and documented key drivers of credit risk for each portfolio of financial instruments incorporating historical data analysis and estimated relationships between macro-economic variables and credit risk. These key drivers used for the analyses include in addition to other important factors the following major indicators: unemployment rates, GDP growth rates, real estate prices, industrial production. All variables incorporated are at country and portfolio level whenever possible and plausible.

Forecast of these economic variables are regularly evaluated and updated. The input data for the forecasts is collected from both internal and external data source. An extensive internal check and (if needed) adjustment is performed to make sure that forecasts reflect Bank’s view on future outcomes. This includes also different future scenarios and their probabilities. These scenarios are the baseline economic scenario, the optimistic and pessimistic scenario forecast and probability weights for each of them. The forecasted parameters are consistently used for various bank internal processes.

The forward-looking statements contained in this report are based on current estimates, assumptions and projections of the Bank as well as currently available public information. They are not guaranteeing future performance and involve certain known and yet unknown risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the current results or performance to be materially different from those that may be expressed or implied by such statements.

Validation

The methodology and the assumptions undertaken in the ECL calculation are embedded in the internal validation process. This means that models/methodologies are constantly undertaken a quality review and an improvement process. The validation standards applied are formalized upfront in a way to ensure a consistent evaluation over time. The validation is generally performed on an annual base.

The Bank distinguishes between an initial and an ongoing validation:

- An initial validation is performed in case of a new model development, major changes in the existing methodology and/or significant shifts in the values
- Ongoing validations represent the regular review of the existing methodology (when no initial validation was performed).

In addition to the yearly process a close monthly monitoring is undertaken to ensure that portfolio and model developments are timely identified while already raised findings are timely tackled.

The validation is performed by an independent internal unit which deliver reports to local and Group senior management.

Write-offs

When the Bank has no reasonable expectations of recovery, a write-off event occurs. A write-off constitutes a derecognition event (either in full or in part) typically triggered by concessions given to borrowers in significant financial difficulties and/or by the Bank's judgment that it is no longer reasonable to expect any recovery of that amount.

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

If, during the debtor's recovery process, the Bank recognizes that financial assets measured at amortized cost will not be repaid, in part or in full, and the conditions for derecognition under IFRS are met, it will reserve 100% of special risk provisions for financial value of assets and after accounting write-off stop recognizing assets from the statement of financial position.

The Bank may write off the balance sheet exposure two years after it has recorded the expected credit losses in the amount of 100% of the gross book value of that exposure and declared it fully due.

After meeting the aforementioned conditions, it is necessary to write off all types of balance sheet receivables (principal, interest, fees) that are written off internally and record them in off-balance sheet records. Accounting written-off receivables should receive special types of balances (asset type) for each of the types of receivables: principal, regular and default interest, fee.

The Bank has implemented the functionality related to the automatic implementation of accounting write-offs in accordance with the criteria defined by the Decision on credit risk management and determination of expected credit losses number.

12.5. Derecognition and contract modification

A financial asset is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Bank transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement;
- And either: (i) it has transferred substantially all risks and rewards connected with ownership of the asset, or (ii) has neither transferred nor retained substantially all risks and rewards connected with ownership of the asset but has transferred control of the asset.

Contractual adjustments resulting from negotiations with borrowers can lead to two types of modifications of initial contractual cash flows: significant and insignificant modifications.

The following main criteria result in significant modifications:

- Quantitative - significant change of the contractual cash flows when the present value of the cash flows under the new terms is discounted using the original effective interest rate and differs from the discounted present value of the original financial instrument for at least 10%.
- Qualitative:
 - change of debtor
 - currency change
 - change of the purpose of financing
 - SPPI critical features are removed or introduced in the loan contract.

12.5.1. Significant modifications leading to derecognition of financial assets

If the contractual cash flows of a financial asset are modified or renegotiated substantially, it results in derecognition (due to expiry of contractual rights to the cash flows) of that financial asset. A new financial asset with modified terms is recognized and the difference between the amortized cost of derecognized financial asset and the fair value of the new financial asset is reported in the profit or loss statement. If the borrower is not in default or the significant modification does not lead to default, then the new asset will be classified in stage 1. If the borrower is in default or the

modification leads to the derecognition of the original financial asset and to the origination of a new financial asset at a deep discount that reflects the incurred credit losses, then the new asset will be treated as purchased or originated credit-impaired (POCI) at initial recognition. For POCI financial assets no loss allowances are recognized and lifetime ECLs are reflected in the credit adjusted effective interest rate at initial recognition. Subsequently, the amount of change in lifetime ECLs since the initial recognition of POCI financial asset should be recognized as an impairment gain or loss in profit or loss. Even if the lifetime ECLs are less than the amount of ECLs that were included in the estimated cash flows on initial recognition, favorable changes in lifetime ECLs have to be recognized as an impairment gain.

For financial instruments in Stage 1 and 2 measured at amortized costs, the unamortized balance of the origination fees and transaction costs considered in the effective interest rate is presented in the line "Net interest income" and for financial instruments in Stage 3 measured at amortized costs, it is presented in the line "Expected credit loss expenses on financial assets". The release of the credit loss allowances of the original asset and the recognition of credit loss allowance for the new asset are presented in the line "Expected credit loss expenses on financial assets".

12.5.2. Insignificant modifications not leading to derecognition of financial assets

If the contractual cash flows of financial asset are modified or renegotiated in such a way that does not result in the derecognition of that financial asset, entities should recalculate the gross carrying amount of the financial asset on the basis of the renegotiated or modified contractual cash flows using initial effective interest rate for discounting. A modification gain or loss would be recognized in profit or loss in the line "Other result".

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

(13) Repurchase agreements

A repurchase agreement is an agreement between two parties under which one party transfers to the other party the ownership of assets at a specified price for a limited period of time, and at the same time it is agreed that these assets, upon expiry of the said term, should or may be repurchased at a previously agreed-upon amount. Under IFRS 9, the seller continues to recognize the asset in its statement of financial position if the seller retains substantially all risks and rewards of ownership. The cash amount received or paid is presented as a liability by the seller, whereas the buyer recognizes a receivable.

(14) Fiduciary transactions

Fiduciary transactions concluded by the Bank in its own name but on account of a third party are not reported in the statement of financial position according to IFRS. Commission fees are included in the net fee and commission income in profit or loss.

(15) Financial guarantees

Financial guarantees are contracts that oblige the Bank to make compensation payments to the guarantee holder for losses incurred. Such losses arise if a certain debtor does not meet the payment obligations pursuant to the contractual terms and conditions. Financial guarantees are initially recognized as liabilities at fair value including transaction costs directly related to the guarantee issued. Initial measurement is the premium received and this amount is subsequently amortized to fee income. Liabilities are subsequently measured at the higher of the amount of ECL provision and the amortized balance of initially recognized premium.

(16) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash balances at central banks that are daily due, deposits that are daily due, as well as the minimum reserve. These amounts are stated at amortized costs. Debt instruments issued by public

authorities eligible for refinancing at central banks are not shown in this item but, depending on their measurement category, are shown as financial assets.

The mandatory minimum reserve requirement is calculated from defined items from of the statement of financial position and has to be fulfilled in average through an extended period of time. Therefore, the minimum reserve requirement deposits are not subject to any restraints. Minimum reserve requirements is defined by Central Bank of BiH, used as of the indirect instruments of monetary policies and are not subject to any restraints.

(17) Tangible assets: Property, plant and equipment and investment properties

Land and buildings used by the Bank in the course of its own business activities as well as operating and office equipment are reported under property, plant and equipment. Real estate acquired to generate returns is reported under investment properties.

Property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. Scheduled depreciation is recorded on a straight-line basis over the expected useful life. Factors involved in determining the useful life include the asset's age when purchased, how frequently the asset will be used, technology changes and changes due to climate risks. The following depreciation rates and expected useful lives are used:

Depreciation rate	in percent	in years
for immovable assets (buildings)	2%	50 yrs
for movable assets (plant and equipment)	10-33.3%	3-10 yrs

Investment properties are land and buildings held to earn rental income or to benefit from expected increases in value. Provided that they can be let or sold separately, material parts of mixed-use properties that are used by third parties are also treated as investment property.

Investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses, according to the cost method admissible under IAS 40, with straight-line depreciation being applied over the useful lives applicable to property, plant and equipment.

Scheduled depreciation on leased buildings and on property, plant and equipment used by the Bank is reported under "Depreciation and amortization" in the income statement. Scheduled depreciation on investment property is reported separately under "Other operating expenses" in the income statement. Gains and losses on disposal as well as current lease proceeds from investment properties are reported under "Other operating income" or "Other operating expenses". The assets are reviewed for indications of possible impairment at every reporting date. For this purpose, the current carrying amount is offset against the recoverable amount pursuant to IAS 36. Therefore, the recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount, an impairment has to be recognized. Insofar as the asset generates cash inflows that are largely independent of the cash inflows of other assets, the impairment test is performed on the basis of the individual asset. Otherwise, the impairment test is performed for the cash-generating unit the asset belongs to. IAS 36 defines a cash-generating unit as the smallest identifiable group of assets generating cash inflows that are largely independent from the cash inflows of other assets or groups of assets. The existence of a plan for energy efficient replacement investments which is in line with the Group's carbon reduction strategy qualifies as an impairment trigger. Impairment or reversal of impairment, if any, is reported under the item "Other result". If the reasons for the impairment cease to exist, the previously recognized impairment is reversed. The reversal is limited in that the asset's carrying amount is not permitted to exceed the amount that would have been reported after depreciation if no impairment loss had been recorded for the asset in previous years.

(18) Intangible assets

Purchased software as well as prepayments made on intangible assets are reported under intangible assets. These assets are measured at cost less amortization.

Scheduled amortization is recorded on a straight-line basis over the expected useful life and reported under depreciation and amortization. The following amortization rates and expected useful lives are used:

Depreciation rate or useful life	in percent	in years
for software	14 - 33%	3 - 7 yrs

If there are indications of impairment, an impairment test is performed according to IAS 36 as described under tangible assets, and impairments are recorded through profit or loss. Impairment or reversal of impairment and gains and losses from disposal, if any, are reported under the item “Other result”.

(19) Leases

19.1. Leases in which the Bank is a lessee

At inception of each contract the Bank assesses whether a contract is or contains a lease. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. This assessment involves the exercise of judgment about whether the contract contains an identified asset, whether the Bank obtains substantially all the economic benefits from the use of that asset throughout the period of use, and whether the Bank has the right to direct the use of the asset.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset, less any lease incentives received. The right of use asset is subsequently depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The Bank also assess the right of use asset for impairment in accordance with IAS 36 Impairment of assets when such indicators exist. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank’s incremental borrowing rate. Thus, all lease obligations are generally recognised pursuant to the ‘right-of-use’ approach in the statement of financial position. The only exception is for leases with a total lease term of 12 months or less, as well as for leases for which the underlying asset has a low value when new, with the IASB considering a lease to be of low value if it is USD 5,000 or less. In such cases the Bank elected to recognise such lease contracts off the statement of financial position and lease expenses are accounted on straight-line basis over the remaining lease term.

IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient.

Lease payments generally include fixed payments less lease incentives and variable payments that depend on an index or an interest rate. Prolongation options, termination options and purchase options are also considered, and also the amounts expected to be payable under a residual value guarantee have to be included in the measurement of lease liability.

Subsequent to initial measurement, the lease liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit or loss if the right of use asset is already reduced to zero.

19.2. Presentation in the financial statements

The Bank as a lessee presents the right of use assets in the line item ‘Property, plant and equipment’ in tangible assets in the statement of financial position. Lease liabilities are presented in the line item ‘Other financial liabilities’ in the statement of financial position. Depreciation charge for the right of use assets is presented in the line item ‘Depreciation and amortization’ in the statement of profit or loss. The interest expense on lease liabilities is presented in the line item ‘Interest expenses’ in the statement of profit or loss.

With regards to the presentation in the Cashflow Statement, lessees must present short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities. Cash paid for the interest portion of lease liability must be presented as either operating activities or financing activities. Addiko Bank has chosen to include the interest paid as well as cash payments for the principal portion as part of financing activities.

(20) Tax assets and tax liabilities

Current and deferred income tax assets and liabilities are jointly reported in the statement of financial position under “Tax assets” and “Tax liabilities”. Income tax expense based on income tax represents the sum of the current tax payable and deferred taxes.

The tax expense is based on taxable income for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are accounted for using the liability method, which compares the tax base of the items in the statement of financial position with the amounts stated pursuant to IFRS. In the case of expected taxable temporary differences, taxes are deferred. A deferred tax liability shall be recognized if the reversal of taxable temporary differences will lead to an effective tax burden. Deferred tax assets are recognized for taxable temporary differences that result in a tax credit when recovered. Deferred tax assets and deferred tax liabilities have been offset as required by IAS 12. The recognition of deferred tax is only allowed if there is convincing other evidence that sufficient taxable profits will be available.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. In accordance with IAS 12, non-current deferred taxes are not discounted. Deferred tax assets are recorded for tax loss carry-forwards if there is convincing evidence that future taxable profits will be available against which losses can be utilized. This assessment is made on tax plans which are based on business plans as agreed by the Management Board.

The recoverability of a deferred tax asset due to tax losses carried forward and taxable temporary differences is reviewed at the end of each reporting period. Recognition and reversal of tax assets and tax liabilities is recorded either in the income statement or in other comprehensive income, shown as a separate position.

(21) Other assets

Other assets mainly consist of deferred assets and real estate held as current assets, but do not comprise financial instruments.

Deferred assets are recognized at their nominal value, the real estate held as current asset with the lower of the carrying amount and the fair value less cost to sell.

(22) Non-current assets classified as held for sale

Pursuant to IFRS 5, an asset held for sale is classified as such if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Essential conditions that, cumulatively fulfilled, result in such a classification pursuant to IFRS 5.7 and 5.8 are:

- Immediate availability, i.e. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets
- Commitment to a plan to sell the asset, active search to locate a buyer
- High probability of sale
- Sale within a period of twelve months.

If the requirements are met, the disposal item must thus be measured according to the special provisions under IFRS 5 as at the reporting date and written down to the lower of the carrying amount or the fair value less costs to sell. Assets classified as held for sale and the associated liabilities are each recorded in a separate main item in the statement of financial position. "Impairment losses and reversal of impairment losses for assets classified as held for sale" are presented in "Other result". Gains and losses from disposal for assets classified as held for sale are presented in "Other operating income and other operating expense."

(23) Provisions

23.1. Provisions for risks arising from the lending business

Provisions for risks arising from the lending business are set up for risks arising in particular from impending drawdowns on framework agreements or as a provision against liability assumed for customer transactions (particularly issued financial guarantees and granted loan commitments). Provisions are made both for individual cases and at portfolio level and measured in accordance with IFRS 9 and Decision on Credit Risk Management and Determining Expected Credit Losses. Changes in provisions for risks arising from the lending business affecting profit or loss are reported in the income statement under the item "Expected credit loss expenses on financial assets".

23.2. Provisions for legal disputes and other provisions

Provisions for legal disputes and other provisions are recorded if there is a present liability related to a past event towards a third party, if the assertion of the relevant claim is probable and if the amount of the claim can be determined reliably. If the time value of the money effect due to passage of time is material, then provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised as interest expense. The measurement of provisions for contingent liabilities and impending losses is based on reliable (best) estimates according to IAS 37.36 et seq. Provisions for legal cases include disputes with business partners, customers and external institutions, and are created based on an evaluation of the probability of a court case being lost by the Bank. In certain cases, the legal risk-related loss is calculated using statistical methods with the expected value being the sum of the products of the probabilities of specific litigation resolutions and the loss calculated for each scenario, taking into account alternative prediction methods with respect to the number of disputes within the relevant time horizon.

23.3. Provisions for restructuring

Provisions for restructuring are only recorded if the general criteria for recording provisions in accordance with IAS 37.72 are fulfilled. This requires the existence of a constructive obligation for the company, which is fulfilled by the existence of a formal, detailed restructuring plan and the announcement of the measures set out in this plan to those affected.

(24) Other liabilities

This item includes deferred income and non-financial liabilities that due to their nature could not be classified in specific balance sheet item.

(25) Employee benefits

25.1. Short-term benefits

The Bank performs payment of liabilities in terms of taxes, contributions, and benefits from employment in accordance with the collective agreements in FBiH, as meal allowances, transport, one-time fee. These costs are recognized in the income statement in the same period as the cost of staff salaries.

25.2. Long-term employee benefits: retirement severance payments

In accordance with applicable laws and regulations, as well as the requirements of the Bank's Employment Handbook, severance payments are made depending on the type of employment contract termination and for cases in which a payment is determined. In the event of termination of employment due to retirement, the Bank pays severance payments in the amount of 3 (three) average net individual salaries of employees, and in the case of termination of employment for economic, technical and organizational reasons, the Bank prepares the redundancy program, and the extra amount of severance pay may be approved by the Management Board and the Supervisory Board, appreciating the circumstances of each case. Retirement benefits provisions are based on actuarial reports and are used only for the purposes they are intended for. At the end of each year, an assessment of accuracy of the amounts of provisions for retirement benefits and unused holiday accrual is performed.

In accordance with the Amendments to International Accounting Standard ("IAS") 19: Employee Benefits", additional provisions or reversal of such provisions are recognized in the Income statement, under "Personnel expenses", assuming they are not related to actuarial gains and losses, otherwise they shall be immediately recognized in other comprehensive income.

(26) Equity

Equity evidences the residual interest in the assets of an entity after deduction of all liabilities or obligations which cannot be terminated by the investor:

- Subscribed (registered) capital represents the amounts paid in by shareholders in accordance with the articles of association.
- Statutory reserves represent reserve fund formed in accordance with the article 108 of the Law on Companies ("Official Gazette of FBiH" no. 81/15).
- Fair value reserve includes the measurement results - after taking deferred taxes into account - for the financial assets measured at fair value through other comprehensive income.
- The retained earnings include the cumulated profits generated by the Bank with the exception of the share of profit to which external parties are entitled.

(27) Earnings per share

The Bank presents earnings per share (EPS) in accordance with IAS 33 Earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the bank by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares and increasing the weighted average number of ordinary shares outstanding by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. As there are no stock options issued by Bank, the basic (undiluted) earnings per share equal the diluted earnings per share.

Notes to the profit or loss statement

(28) Net interest income

	(000) BAM	
	01.01. - 31.12.2025	01.01. - 31.12.2024
Interest income calculated using the effective interest method	45,145	44,813
Financial assets at fair value through other comprehensive income	3,129	5,583
Financial assets at amortised cost	42,016	39,230
Other interest income	4,672	7,796
Cash balances at central banks, other demand deposits and other receivables	4,672	7,796
Total interest income	49,817	52,609
Financial liabilities measured at amortised cost	-5,763	-5,419
o/w lease liabilities	-87	-101
o/w borrowings	-279	-148
Total interest expense	-5,763	-5,419
Net interest income	44,054	47,190

Interest expense of financial liabilities measured at amortized cost in the amount of BAM -5,763 thousand (YE24: BAM -5,419 thousand) includes expenses of BAM -5,384 thousand (YE24: BAM -5,170 thousand) related to customer deposits.

Interest income break down by instrument and sector as follows:

	(000) BAM	
	01.01. - 31.12.2025	01.01. - 31.12.2024
Debt securities	7,138	8,059
Governments	6,763	5,829
Credit institutions	375	2,230
Loans and advances	38,007	36,754
Governments	194	238
Other financial corporations	457	122
Non-financial corporations	10,976	12,408
Households	26,380	23,986
Other assets	4,672	7,796
Total	49,817	52,609

Interest income from debt securities:

	(000) BAM	
	01.01. - 31.12.2025	01.01. - 31.12.2024
Interest income from debt securities FVOCI	3,129	5,583
Interest income from debt securities AC	4,009	2,476
Total	7,138	8,059

Interest expenses break down by instrument and sector as follows:

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Deposits	-5,397	-5,170
Governments	-477	-895
Credit institutions	-108	-167
Other financial corporations	-1,089	-780
Non-financial corporations	-1,573	-1,692
Households	-2,150	-1,636
Borrowings	-279	-148
Credit institutions	-279	-148
Lease liabilities	-87	-101
Governments	-5	-13
Non-financial corporations	-22	-22
Households	-60	-66
Total	-5,763	-5,419

(29) Net fee and commission income

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Accounts and Packages	6,846	6,673
Transactions	4,538	4,584
Cards	4,614	4,438
Loans	1,307	1,079
Trade finance	1,728	2,138
Bancassurance	3,365	2,433
Foreign exchange & Dynamic currency conversion	4,395	4,513
Other	27	41
Fee and commission income	26,820	25,899
Accounts and Packages	-562	-632
Transactions	-810	-761
Cards	-5,246	-4,708
Securities	-196	-144
Client incentives	-23	-13
FX changes	-47	-31
Loans	-196	-180
Other	-193	-138
Fee and commission expenses	-7,273	-6,607
Net fee and commission income	19,547	19,292

The nature of fee and commission income and expenses is described in Note (8).

(30) Net result on financial instruments

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Exchange difference, net	37	115
Financial assets at fair value through other comprehensive income	0	0
Total	37	115

(31) Other operating income and other operating expenses

Other operating income and other operating expenses - net

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Deposit guarantee	-2,334	-2,338
Banking levies and other taxes	-1,159	-1,126
Net result from sale of non financial assets	1,154	3,193
Result from operate lease assets	12	2
Result from other income and other expenses	613	-420
Total	-1,714	-689

Other operating income and other operating expenses - gross

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Other operating income	2,355	3,567
Gains from sale of non financial assets	897	3,193
Income from operating lease assets	12	1
Gain from the sale of assets classified as held for sale and disposal groups	268	23
Other income	1,178	350
Other operating expenses	-4,069	-4,265
Losses from sale of non financial assets	-11	-32
Restructuring expenses	0	0
Deposit guarantee	-2,334	-2,338
Banking levies and other taxes	-1,159	-1,126
Impairment of repossessed assets	0	0
Other expenses	-565	-769
Total	-1,714	-698

(32) Personnel expenses

(000) BAM

	31.12.2025	31.12.2024
Wages and salaries	-12,171	-11,390
Social security	-605	-676
Variable remuneration	-585	-500
Voluntary social expenses	-1,254	-1,109
Expenses for retirement benefits	-472	-690
Expenses for severance payments	-1,547	-1,990
Other personnel expenses	-519	-270
Total	-17,153	-16,625

	31.12.2025	31.12.2024
Employees at closing date (Full Time Equivalent - FTE)	325	324
Employees average (FTE)	327.4	326.6

(33) Other administrative expenses

(000) BAM

	31.12.2025	31.12.2024
IT expense	-8,485	-7,973
Premises expenses (rent and other building expenses)	-3,447	-2,972
Legal and advisory costs	-1,419	-1,326
Advertising costs	-1,292	-1,258
Other administrative expenses	-1,345	-1,188
Total	-15,988	-14,717

(34) Depreciation and amortization

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Property plant and equipment	-1,698	-1,724
Intangible assets	-1,376	-1,191
Total	-3,074	-2,915

(35) Other result

	(000) BAM	
	01.01. - 31.12.2025	01.01. - 31.12.2024
Net result from legal provision and legal income/expense	2,170	-452
Release of provisions for legal cases and income from legal cases	2,341	16
Allocation of provisions for passive legal cases and legal costs	0	-310
Litigation expenses not covered by provisions	-171	-158
Net result from operational risks	-959	-9
Release of provisions from operational risk and income from operational risk cases	335	0
Allocation of provisions from operational risk and operational risk expenses	-1,294	-9
Impairment / reversal of impairment from non financial assets	0	-251
Impairment	0	-251
Net result from remeasurement of Non-current assets classified as held for sale	0	-327
Impairment	0	-327
Total	1,207	-1,039

The net result from legal provisions and legal income/expense in 2025 amounted to BAM 2,170 thousand (2024: BAM -452 thousand) primarily related to other litigation income recognized based on the positive outcome of litigation in the amount of BAM 2,341 thousand (2024: BAM 16 thousand). Further details on provisions for legal disputes are included in note (23) Provisions and note (62) Legal risk.

(36) Expected credit loss expenses on financial assets

Credit loss expenses of impairment on financial assets measured at fair value through other comprehensive income, at amortized cost and financial guarantees and commitments breaks down as follows:

	(000) BAM	
	01.01. - 31.12.2025	01.01. - 31.12.2024
Change in CL on financial instruments at FVTOCI	-112	366
Allocation	-118	0
Reversal	48	619
Other changes	-42	-253
Change in CL on financial instruments at amortised cost	-3,598	-4,168
Net allocation to risk provision	-7,595	-7,272
Other changes	-14,914	-15,712
Allocation	-8,951	-10,047
Reversal	16,270	18,487
Proceeds from loans and receivables previously impaired	4,104	3,167
Directly recognised impairment losses	-107	-63
Net allocation of provisions for commitments and guarantees given	370	387
Total	-3,340	-3,415

(37) Taxes on income

(000) BAM

	01.01. - 31.12.2025	01.01. - 31.12.2024
Current tax	-1,953	-1,957
Deferred tax	77	-280
Total	-1,876	-2,237

37.1. Reconciliation of effective tax rate

The reconciliation from calculated income tax to the effective tax is as follows:

(000) BAM

	31.12.2025	31.12.2024
Result before tax	23,576	27,188
Theoretical income tax expense based on B&H corporate tax rate of 10 %	-2,358	-2,719
Tax effects		
Effects of non-deductible expenses	-45	-427
Effects of tax exempt income	450	1,189
Used tax losses from previous years	0	0
Effects from the change of deferred taxes on temporary differences	77	-280
Tax on income (effective tax rate: 8% (2024: 8%))	-1,876	-2,237

37.2. Movements in deferred tax balances

In the financial year, deferred tax assets and liabilities were netted as far as the requirements according to IAS 12 were fulfilled. Deferred taxes (tax assets or tax liabilities) have been recorded for the differences between carrying amounts for tax purposes and book values as presented in the following table:

(000) BAM

2025	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Balance at 31. December	
					Deferred tax assets	Deferred tax liabilities
Property and equipment and intangible assets	-72	-77	0	-149	0	149
Investment securities at FVTOCI	667	0	-412	255	255	0
Debt securities - credit risk component	58	30	0	88	88	0
Provisions for legal cases	524	-41	0	483	483	0
Allowance for expected credit losses	1,723	75	0	1,798	1,798	0
Other	281	141	0	422	422	0
Impairment of non-financial assets	303	-51	0	252	252	0
Tax assets (liabilities)	3,484	77	-412	3,149	3,298	149

(000) BAM

2024	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31. December		
				Net	Deferred tax assets	Deferred tax liabilities
Property and equipment and intangible assets	-136	64	0	-72	0	72
Investment securities at FVTOCI	1,227	0	-560	667	667	0
Debt securities - credit risk component	68	-10	0	58	58	0
Provisions for legal cases	494	30	0	524	524	0
Allowance for expected credit losses	1,875	-152	0	1,723	1,723	0
Other	247	34	0	281	281	0
Impairment of non-financial assets	549	-246	0	303	303	0
Tax assets (liabilities)	4,324	-280	-560	3,484	3,556	72

The total change in deferred taxes in the financial statements is BAM -335 thousand (2024: -840 thousand). Of this, BAM 77 thousand (2024: -280 thousand) is reflected in the current income statement as deferred tax income and an amount of BAM -412 thousand (2024: -560 thousand) is shown in other comprehensive income in equity.

The development of deferred taxes in net terms is as follows:

(000) BAM

	2025	2024
Balance at start of period (01.01.)	3,484	4,324
Tax income (expense) recognized in profit or loss	77	-280
Tax income (expense) recognized in OCI	-412	-560
Balance at end of period (31.12.)	3,149	3,484

(000) BAM

	2025	2024
Deferred tax assets	3,298	3,556
Deferred tax liabilities	149	72
Total	3,149	3,484

Notes to the statement of financial position

(38) Cash reserves

(000) BAM

31.12.2025	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash and cash equivalents	37,665	0	37,665
Cash balances at central banks	131,972	-320	131,652
Other demand deposits	127,389	-637	126,752
Total	297,026	-957	296,069

(000) BAM

31.12.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash and cash equivalents	34,491	0	34,491
Cash balances at central banks	204,743	-205	204,538
Other demand deposits	149,799	-749	149,050
Total	389,033	-954	388,079

Cash balances at central banks and other demand deposits include amounts that are daily due and the minimum reserves. Amounts that are not daily due are reported under loans and receivables. Cash balances at central banks also serve to meet the requirements for minimum reserves. At the reporting date, the minimum reserve held was BAM 102,125 thousand (YE24: BAM 104,814 thousand).

38.1. Cash reserves at central banks and other demand deposits - development of gross carrying amount

(000) BAM

2025	Stage 1
Gross carrying amount at 01.01.2025	354,542
Changes in the gross carrying amount	-96,031
Foreign exchange and other movements	850
Gross carrying amount at 31.12.2025	259,361

(000) BAM

2024	Stage 1
Gross carrying amount at 01.01.2024	294,677
Changes in the gross carrying amount	59,860
Foreign exchange and other movements	5
Gross carrying amount at 31.12.2024	354,542

38.2. Cash reserves at central banks and other demand deposits - development of ECL allowance

(000) BAM

2025		Stage 1
ECL allowance as at 01.01.2025		-954
Changes in the loss allowance		-11
Foreign exchange and other movements		8
ECL allowance as at 31.12.2025		-957

(000) BAM

2024		Stage 1
ECL allowance as at 01.01.2024		-1,047
Changes in the loss allowance		88
Foreign exchange and other movements		5
ECL allowance as at 31.12.2024		-954

(39) Loans and advances

The Bank measures all loans and advances at amortized cost.

39.1. Loans and advances to credit institutions

(000) BAM

31.12.2025	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances			
Credit institutions	16,258	-99	16,159
Total	16,258	-99	16,159

(000) BAM

31.12.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances			
Credit institutions	785	-39	746
Total	785	-39	746

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	765	0	20	0	785
Changes in the gross carrying amount	14,938	0	-18	0	14,920
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	553	0	0	0	553
Gross carrying amount at 31.12.2025	16,256	0	2	0	16,258

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	1,103	0	20	0	1,123
Changes in the gross carrying amount	-338	0	0	0	-338
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2025	765	0	20	0	785

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-19	0	-20	0	-39
Changes in the loss allowance	-78	0	18	0	-60
Transfer between stages	0	0	0	0	0
ECL allowance as at 31.12.2025	-97	0	-2	0	-99

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-35	0	-20	0	-55
Changes in the loss allowance	16	0	0	0	16
Transfer between stages	0	0	0	0	0
ECL allowance as at 31.12.2024	-19	0	-20	0	-39

39.2. Loans and advances to customers

(000) BAM

31.12.2025	Gross carrying amount	ECL			Carrying amount (net)
		Stage 1	Stage 2	Stage 3	
Loans and advances					
Governments	3,377	-53	0	0	3,324
Other financial corporations	11,638	-227	-11	-9	11,391
Non-financial corporations	217,165	-2,319	-2,224	-5,987	206,635
Households	429,505	-5,279	-5,253	-19,583	399,390
Total	661,685	-7,878	-7,488	-25,579	620,740

(000) BAM

31.12.2024	Gross carrying amount	ECL			Carrying amount (net)
		Stage 1	Stage 2	Stage 3	
Loans and advances					
Governments	3,939	-33	0	0	3,906
Other financial corporations	8,002	-156	-8	-9	7,829
Non-financial corporations	212,889	-1,920	-3,817	-8,069	199,083
Households	385,693	-4,179	-4,428	-19,178	357,908
Total	610,523	-6,288	-8,253	-27,256	568,726

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	493,963	86,779	29,781	0	610,523
Changes in the gross carrying amount	90,053	-30,259	-1,711	0	58,083
Transfer between stages	-18,517	10,702	7,815	0	0
Write-offs	0	0	-7,741	0	-7,741
Modification	0	0	-4	0	-4
Foreign exchange and other movements	668	148	8	0	824
Gross carrying amount at 31.12.2025	566,167	67,370	28,148	0	661,685

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	458,105	98,734	27,408	0	584,247
Changes in the gross carrying amount	74,666	-40,974	-2,437	0	31,255
Transfer between stages	-38,820	29,019	9,801	0	0
Write-offs	0	0	-4,990	0	-4,990
Foreign exchange and other movements	12	0	-1	0	11
Gross carrying amount at 31.12.2024	493,963	86,779	29,781	0	610,523

Development of ECL allowances of loans and advances to customers

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-6,288	-8,253	-27,256	0	-41,797
Changes in the loss allowance	183	-846	-6,337	0	-7,000
Transfer between stages	-1,788	1,603	185	0	0
Write-offs	0	0	7,634	0	7,634
Foreign exchange and other movements	15	8	195	0	218
Unwinding	0	0	194	0	194
Foreign exchange and other movements	15	8	1	0	24
ECL allowance as at 31.12.2025	-7,878	-7,488	-25,579	0	-40,945

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-5,772	-9,658	-24,231	0	-39,661
Changes in the loss allowance	1,286	338	-8,876	0	-7,252
Transfer between stages	-1,814	1,067	747	0	0
Write-offs	0	0	4,927	0	4,927
Foreign exchange and other movements	12	0	177	0	189
Unwinding	0	0	178	0	178
Foreign exchange and other movements	12	0	-1	0	11
ECL allowance as at 31.12.2024	-6,288	-8,253	-27,256	0	-41,797

LOANS AND ADVANCES TO HOUSEHOLDS

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	317,767	46,267	21,659	0	385,693
Changes in the gross carrying amount	60,316	-9,947	-1,322	0	49,047
Transfer between stages	-7,553	644	6,909	0	0
Write-offs	0	0	-5,239	0	-5,239
Modification	0	0	-4	0	-4
Foreign exchange and other movements	-1	1	8	0	8
Gross carrying amount at 31.12.2025	370,529	36,965	22,011	0	429,505

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	275,885	53,329	21,492	0	350,706
Changes in the gross carrying amount	52,723	-11,565	-1,467	0	39,691
Transfer between stages	-10,841	4,503	6,338	0	0
Write-offs	0	0	-4,703	0	-4,703
Foreign exchange and other movements	0	0	-1	0	-1
Gross carrying amount at 31.12.2024	317,767	46,267	21,659	0	385,693

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-4,179	-4,428	-19,178	0	-27,785
Changes in the loss allowance	-20	-1,604	-6,022	0	-7,646
Transfer between stages	-1,080	779	301	0	0
Write-offs	0	0	5,139	0	5,139
Foreign exchange and other movements	0	0	177	0	177
Unwinding	0	0	176	0	176
ECL allowance as at 31.12.2025	-5,279	-5,253	-19,583	0	-30,115

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-3,190	-4,793	-19,468	0	-27,451
Changes in the loss allowance	469	30	-5,617	0	-5,118
Transfer between stages	-1,458	335	1,123	0	0
Write-offs	0	0	4,641	0	4,641
Foreign exchange and other movements	0	0	143	0	143
Unwinding	0	0	144	0	144
ECL allowance as at 31.12.2024	-4,179	-4,428	-19,178	0	-27,785

The ECL stock for loans and advances to households slightly increased compared with the previous reporting period, driven by respective movement of the gross carrying amount, keeping the overall coverage of both performing and non-performing portfolio stable.

LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	164,421	40,355	8,113	0	212,889
Changes in the gross carrying amount	26,719	-20,368	-389	0	5,962
Transfer between stages	-10,964	10,058	906	0	0
Write-offs	0	0	-2,502	0	-2,502
Foreign exchange and other movements	669	147	0	0	816
Gross carrying amount at 31.12.2025	180,845	30,192	6,128	0	217,165

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	176,576	45,301	5,891	0	227,768
Changes in the gross carrying amount	15,811	-29,461	-954	0	-14,604
Transfer between stages	-27,978	24,515	3,463	0	0
Write-offs	0	0	-287	0	-287
Foreign exchange and other movements	12	0	0	0	12
Gross carrying amount at 31.12.2024	164,421	40,355	8,113	0	212,889

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-1,920	-3,817	-8,069	0	-13,806
Changes in the loss allowance	294	761	-315	0	740
Transfer between stages	-708	824	-116	0	0
Write-offs	0	0	2,495	0	2,495
Foreign exchange and other movements	15	8	18	0	41
Unwinding	0	0	18	0	18
ECL allowance as at 31.12.2025	-2,319	-2,224	-5,987	0	-10,530

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-2,307	-4,860	-4,740	0	-11,907
Changes in the loss allowance	731	311	-3,273	0	-2,231
Transfer between stages	-356	732	-376	0	0
Write-offs	0	0	286	0	286
Foreign exchange and other movements	12	0	34	0	46
Unwinding	0	0	34	0	34
ECL allowance as at 31.12.2024	-1,920	-3,817	-8,069	0	-13,806

LOANS AND ADVANCES TO GENERAL GOVERNMENTS

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	3,936	3	0	0	3,939
Changes in the gross carrying amount	-562	0	0	0	-562
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Gross carrying amount at 31.12.2025	3,374	3	0	0	3,377

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	3,932	1	1	0	3,934
Changes in the gross carrying amount	4	2	-1	0	5
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Gross carrying amount at 31.12.2024	3,936	3	0	0	3,939

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-33	0	0	0	-33
Changes in the loss allowance	-20	0	0	0	-20
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
ECL allowance as at 31.12.2025	-53	0	0	0	-53

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-219	0	0	0	-219
Changes in the loss allowance	186	0	0	0	186
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
ECL allowance as at 31.12.2024	-33	0	0	0	-33

LOANS AND ADVANCES TO OTHER FINANCIAL CORPORATIONS

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	7,839	154	9	0	8,002
Changes in the gross carrying amount	3,580	56	0	0	3,636
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2025	11,419	210	9	0	11,638

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	1,712	103	24	0	1,839
Changes in the gross carrying amount	6,128	50	-15	0	6,163
Transfer between stages	-1	1	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2024	7,839	154	9	0	8,002

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-156	-8	-9	0	-173
Changes in the loss allowance	-71	-3	0	0	-74
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Unwinding	0	0	0	0	0
ECL allowance as at 31.12.2025	-227	-11	-9	0	-247

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-56	-5	-23	0	-84
Changes in the loss allowance	-100	-3	14	0	-89
Transfer between stages	0	0	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Unwinding	0	0	0	0	0
ECL allowance as at 31.12.2024	-156	-8	-9	0	-173

Weighted average interest rates on loans can be summarized as follows:

	31.12.2025	31.12.2024
Corporate	4.92%	5.17%
Retail	6.77%	6.82%

(40) Investment securities

(000) BAM

	31.12.2025	31.12.2024
Fair value through other comprehensive income (FVTOCI)	194,131	211,298
At amortised cost	118,762	114,232
Total	312,893	325,530

40.1. Fair value through other comprehensive income (FVTOCI)

(000) BAM

	31.12.2025	31.12.2024
Debt securities	193,829	211,042
Governments	119,201	138,409
Credit institutions	74,628	72,633
Equity instruments	302	256
Other financial corporations	115	122
Non-financial corporations	187	134
Total	194,131	211,298

(000) BAM

Fair value through other comprehensive income (FVTOCI) - Debt securities	31.12.2025	31.12.2024
Gross carrying amount	196,634	217,925
ECL allowance	-421	-309
Amortised cost	196,213	217,616
Accumulated OCI changes	-2,384	-6,574
Fair value	193,829	211,042

Investment securities - development of gross carrying amount (Debt Securities)

(000) BAM

2025	Stage 1
Gross carrying amount at 01.01.2025	211,351
Changes in the gross carrying amount	-60,051
FV changes	4,190
Decrease	-64,241
New financial assets originated or purchased	42,663
Foreign exchange and other movements	287
Gross carrying amount at 31.12.2025	194,250

(000) BAM

2024	Stage 1
Gross carrying amount at 01.01.2024	216,160
Changes in the gross carrying amount	-238,525
FV changes	5,206
Decrease	-243,731
New financial assets originated or purchased	233,716
Foreign exchange and other movements	0
Gross carrying amount at 31.12.2024	211,351

Investment securities - development of ECL allowance

(000) BAM

2025		Stage 1
ECL allowance as at 01.01.2025		-309
Changes in the loss allowance		-112
Transfer between stages		0
Write-offs		0
Foreign exchange and other movements		0
ECL allowance as at 31.12.2025		-421

(000) BAM

2024		Stage 1
ECL allowance as at 01.01.2024		-675
Changes in the loss allowance		366
Transfer between stages		0
Write-offs		0
Foreign exchange and other movements		0
ECL allowance as at 31.12.2024		-309

The following table shows equity investment securities designated to be measured at FVTOCI and their fair values:

(000) BAM

	31.12.2025	31.12.2024
S.W.I.F.T SCRL	147	126
Sarajevska berza d.d. Sarajevo	103	97
CROBIH FOND dd Mostar	12	25
HERBOS INVEST dd Tuzla	5	8
PIVARA TUZLA DD TUZLA	35	0
Total	302	256

40.2. At amortized cost

(000) BAM

	31.12.2025	31.12.2024
Debt securities	118,762	114,232
Governments	118,762	114,232
Total	118,762	114,232

(000) BAM

2025		Stage 1
Gross carrying amount at 01.01.2025		114,361
Changes in the gross carrying amount		-45,874
New financial assets originated or purchased		48,430
Foreign exchange and other movements		2,384
Gross carrying amount at 31.12.2025		119,301

(000) BAM

2024		Stage 1
Gross carrying amount at 01.01.2024		5,163
Changes in the gross carrying amount		13,025
New financial assets originated or purchased		96,173
Foreign exchange and other movements		0
Gross carrying amount at 31.12.2024		114,361

(000) BAM

2025		Stage 1
ECL allowance as at 01.01.2025		-129
Changes in the loss allowance		-410
ECL allowance as at 31.12.2025		-539

(000) BAM

2024		Stage 1
ECL allowance as at 01.01.2024		-5
Changes in the loss allowance		-124
ECL allowance as at 31.12.2024		-129

(41) Tangible assets

(000) BAM

	31.12.2025	31.12.2024
Owned property, plant and equipment	15,902	15,818
Land and buildings	14,290	14,280
Plant and equipment	1,548	1,483
Plant and equipment - under construction	64	55
Right of use assets	1,128	1,654
Land and buildings	996	1,399
Plant and equipment	132	255
Total	17,030	17,472

(42) Development of tangible assets

42.1. Development of Properties, Plant and Equipment and investment properties

(000) BAM

	Land and buildings	Plant and equipment	Plant and equipment - under construction	Investment properties	Total
Acquisition cost 01.01.2024	29,156	9,374	0	3	38,533
Additions	1,249	429	70	0	1,748
Disposals	-882	-220	0	0	-1,102
Write-offs	0	-658	0	0	-658
Other changes	-55	74	-15	-3	1
Acquisition cost 31.12.2024	29,468	8,999	55	0	38,522
Acquisition cost 01.01.2025	29,468	8,999	55	0	38,522
Additions	518	170	233	0	922
Disposals	0	-70	0	0	-70
Write-offs	-86	-1,848	0	0	-1,934
Other changes	17	202	-224	0	-5
Acquisition cost 31.12.2025	29,917	7,453	64	0	37,434
Cumulative depreciation and amortisation 01.01.2024	-15,009	-8,002	0	0	-23,011
Disposals	533	222	0	0	755
Scheduled depreciation	-467	-384	0	0	-851
Impairment	-251	0	0	0	-251
Write-offs	6	640	0	0	646
Other changes	0	8	0	0	8
Cumulative depreciation and amortisation 31.12.2024	-15,188	-7,516	0	0	-22,704
Cumulative depreciation and amortisation 01.01.2025	-15,188	-7,516	0	0	-22,704
Disposals	0	64	0	0	64
Scheduled depreciation	-523	-293	0	0	-816
Impairment	0	0	0	0	0
Write-offs	84	1,840	0	0	1,924
Other changes	0	0	0	0	0
Cumulative depreciation and amortisation 31.12.2025	-15,627	-5,905	0	0	-21,532
Carrying amount 01.01.2024	14,147	1,372	0	3	15,522
Carrying amount 31.12.2024	14,280	1,483	55	0	15,818
Carrying amount 31.12.2025	14,290	1,548	64	0	15,902

42.2. Development of Right of use assets

(000) BAM

	Land and buildings	Plant and equipment	Total
Acquisition cost 01.01.2024	2,603	684	3,287
Additions	752	157	909
Disposals	-238	0	-238
Other changes	0	9	9
Acquisition cost 31.12.2024	3,117	850	3,967
Acquisition cost 01.01.2025	3,117	850	3,967
Additions	335	118	453
Disposals	-69	-37	-106
Other changes	0	12	12
Acquisition cost 31.12.2025	3,383	943	4,326
Cumulative depreciation and amortisation 01.01.2024	-1,335	-408	-1,743
Disposals	301	0	301
Scheduled depreciation	-686	-187	-873
Other changes	2	0	2
Cumulative depreciation and amortisation 31.12.2024	-1,718	-595	-2,313
Cumulative depreciation and amortisation 01.01.2025	-1,718	-595	-2,313
Disposals	0	0	0
Scheduled depreciation	-669	-213	-882
Other changes	0	-3	-3
Cumulative depreciation and amortisation 31.12.2025	-2,387	-811	-3,198
Carrying amount 01.01.2024	1,268	276	1,544
Carrying amount 31.12.2024	1,399	255	1,654
Carrying amount 31.12.2025	996	132	1,128

(43) Intangible assets

(000) BAM

	31.12.2025	31.12.2024
Purchased software	4,143	4,431
Intangible assets under development	1,842	893
Total	5,985	5,324

43.1. Development of intangible assets

(000) BAM

	Intangible assets			
	Purchased software	Developed software	Under development	Total
Acquisition cost 01.01.2024	37,002	0	1,932	38,934
Additions	0	0	1,355	1,355
Disposals	-2	0	-4	-6
Write-offs	-6	0	-26	-32
Transfers	2,364	0	2,364	0
Acquisition cost 31.12.2024	39,352	0	893	40,245
Acquisition cost 01.01.2025	39,352	0	893	40,245
Additions	0	0	2,046	2,046
Write-offs	-3	0	-9	-12
Transfers	1,088	0	-1,088	0
Acquisition cost 31.12.2025	40,437	0	1,842	42,279
				0
Cumulative depreciation and amortisation 01.01.2024	-33,527	0	0	-33,527
Scheduled amortisation	-1,191	0	0	-1,191
Other changes	-205	0	0	-205
Write-offs	2	0	0	2
Cumulative depreciation and amortisation 31.12.2024	-34,921	0	0	-34,921
Cumulative depreciation and amortisation 01.01.2025	-34,921	0	0	-34,921
Scheduled amortisation	-1,376	0	0	-1,376
Other changes	0	0	0	0
Write-offs	3	0	0	3
Cumulative depreciation and amortisation 31.12.2025	-36,294	0	0	-36,294
Carrying amount 01.01.2024	3,475	0	1,932	5,407
Carrying amount 31.12.2024	4,431	0	893	5,324
Carrying amount 31.12.2025	4,143	0	1,842	5,985

(44) Other assets

(000) BAM

	31.12.2025	31.12.2024
Prepayments and accrued income	2,210	2,968
Other assets	951	51
Total	3,161	3,019

Other assets include an amount of BAM 908 thousand relating to cash withdrawals from ATMs after the cut-off time (2024: BAM 1,534 thousand). The aforementioned ATM transactions relate to:

- BAM 157 thousand (2024: BAM 220 thousand) to clients of the Bank who would use the approved overdraft at the time of the transaction
- BAM 751 thousand (2024: BAM 1,314 thousand) to clients of other Banks.

(45) Non-current assets classified as held for sale

In the current reporting period, this position mainly includes real estate assets which are part of a project to dispose non-core assets and are already actively marketed.

(000) BAM

	31.12.2025	31.12.2024
Property plant and equipment	860	1,600
Total	860	1,600

(46) Financial liabilities measured at amortized cost

(000) BAM

	31.12.2025	31.12.2024
Deposits	1,051,080	1,090,337
Current accounts / overnight deposits	1,377	6,121
Deposits of customers	1,040,299	1,074,046
Borrowings from credit institutions	9,404	10,170
Other financial liabilities	10,988	8,846
o/w lease liabilities	1,221	1,763
Total	1,062,068	1,099,183

46.1. Deposits and borrowings of credit institution

(000) BAM

	31.12.2025	31.12.2024
Current accounts / overnight deposits	1,377	1,560
Deposits with agreed terms	0	4,561
Borrowings from credit institutions	9,404	10,170
Total	10,781	16,291

46.2. Deposits of customers

(000) BAM

	31.12.2025	31.12.2024
Current accounts / overnight deposits	756,362	820,985
Governments	104,308	131,762
Other financial corporations	12,938	7,234
Non-financial corporations	189,055	207,036
Households	450,061	474,953
Deposits with agreed terms	283,937	253,061
Governments	5,150	9,931
Other financial corporations	64,132	46,354
Non-financial corporations	43,228	52,620
Households	171,427	144,156
Total	1,040,299	1,074,046

Current accounts / overnight deposits - households include an amount of BAM 814 thousand relating to cash withdrawals from ATM after the cut-off time (2024: BAM 813 thousand). The settlement for the specified ATM transactions was completed on the first working day of 2026.

Average interest rates on deposits can be summarized as follow:

	31.12.2025	31.12.2024
Non-financial corporations	-0.59%	-0.73%
Households	-0.33%	-0.26%

46.3. Borrowings from credit institutions

(000) BAM

Borrower	Currency	Nominal interest rate		Year of maturity	31.12.2025	31.12.2024
		in %				
EBRD	EUR	3.7650		2026	0	2,347
EBRD	EUR	2.3560		2027	6,305	7,823
EBRD	EUR	2.3790		2027	1,570	0
Razvojnja Bank FBiH	BAM	0.8000		2034	1,529	0
Total					9,404	10,170

46.4. Reconciliation of movements in liabilities from received loans and lease obligations

In the following section, we present an overview of the movements in financial liabilities during 2025, which the Bank had in the segment of received loans and lease obligations:

(000) BAM

	Liabilities from received Loans and Leasing
Balance 01.01.2025	11,988
Changes in financing cash flows	
Proceeds from borrowed loans	3,654
Repayment of borrowed loans	-4,420
Payment of leasing obligations	-983
Total changes in financing cash flows during 2025	-1,749
Other changes	319
Interest expense	466
Paid interest	-400
Balance 31.12.2025	10,624

(47) Provisions

(000) BAM

	31.12.2025	31.12.2024
Pensions and other post employment defined benefit obligations	60	70
Restructuring measures	149	203
Pending legal disputes and tax litigation	4,831	5,239
Provisions for operational risks	97	97
Commitments and guarantees granted	1,485	1,855
Total	6,622	7,464

The item “pending legal disputes and tax litigation” includes provisions for legal risks in connection with customer protection claims, which normally occur in banking business. Further, outstanding obligations such as pending legal disputes in connection with the loan business are disclosed under this item. No further disclosures according to IAS 37.92

are made in order to protect the Bank's position in these legal disputes. For more information please see note (62) Legal risk.

The calculated amount for provisions for restructuring measures, pending legal disputes as well as for other provisions is based on best possible estimates of expected outflows of economically useful resources as at the reporting date, including also the consideration of risks and uncertainties which are expected with regard to the fulfillment of the obligation. Estimates take into account risks and uncertainties. Outflows of economically useful resources resulting from these measures are to be expected in the course of the next five business years. However, it should be considered that, especially in relation to provisions for legal claims, the outcome of the underlying proceedings is in many cases difficult to predict and for this reason final timing could significantly deviate from original estimate.

1.1. Provisions - development of loan commitments, financial guarantee and other commitments given

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2025	135,499	19,897	0	0	155,396
Changes in the nominal value	-19,861	-9,004	0	0	-28,865
Transfer between stages	5,353	-5,354	1	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2025	120,991	5,539	1	0	126,531

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	181,733	10,191	0	0	191,924
Changes in the nominal value	-24,950	-11,578	0	0	-36,528
Transfer between stages	-21,284	21,284	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2024	135,499	19,897	0	0	155,396

(000) BAM

2025	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2025	-946	-909	0	0	-1,855
Changes in the loss allowance	454	-84	0	0	370
Transfer between stages	-725	725	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
ECL allowance as at 31.12.2025	-1,217	-268	0	0	-1,485

(000) BAM

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	-1,773	-469	0	0	-2,242
Changes in the loss allowance	577	-190	0	0	387
Transfer between stages	250	-250	0	0	0
Write-offs	0	0	0	0	0
Foreign exchange and other movements	0	0	0	0	0
ECL allowance as at 31.12.2024	-946	-909	0	0	-1,855

47.1. Provisions - development of other provisions

(000) BAM

	Carrying amount 01.01.2025	Foreign-exchange-differences	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2025
Pensions and other post employment defined benefit obligations	70	0	15	-25	0	0	60
Restructuring measures	203	0	0	-54	0	0	149
Pending legal disputes and tax litigation	5,239	0	0	-56	-352	0	4,831
Provisions for operational risks	97	0	0	0	0	0	97
Commitments and guarantees granted	1,855	0	1,039	0	-1,409	0	1,485
Total	7,464	0	1,054	-135	-1,761	0	6,622

(000) BAM

	Carrying amount 01.01.2024	Foreign-exchange-differences	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2024
Pensions and other post employment defined benefit obligations	70	0	0	0	0	0	70
Restructuring measures	245	0	0	-42	0	0	203
Pending legal disputes and tax litigation	4,944	0	310	-15	0	0	5,239
Provisions for operational risks	97	0	0	0	0	0	97
Commitments and guarantees granted	2,242	0	1,873	0	-2,260	0	1,855
Total	7,598	0	2,183	-57	-2,260	0	7,464

Provisions for operational risk

Operational risk provisions were recognized in connection with the controls performed by the tax authorities in Bosnia & Herzegovina during 2023 to all local banks. The main focus of the control was the treatment of card transactions and all related services provided by VISA/MasterCard/AMERICAN. Since the Law on VAT in Bosnia & Herzegovina was passed in 2006, the common understanding of the market was that card business transactions are treated as financial services and therefore exempt from VAT charges (also previously accepted by the local tax authority). As a result of these latest controls, the tax authority surprisingly took a different stand, claiming that such services are now subject to VAT. Addiko bank dd Sarajevo, among other banks, initiated a legal dispute against the tax authority, however operational risk provisions were recognized to cover the identified risks.

(48) Other liabilities

(000) BAM

	31.12.2025	31.12.2024
Deferred income	251	299
Accruals	3,710	4,275
Other liabilities	2,836	2,399
Total	6,797	6,973

Accruals and other liabilities include liabilities for services provided and not yet paid as well as salaries and salary compensations not yet paid.

(49) Equity

	(000) BAM	
	31.12.2025	31.12.2024
Share capital	100,403	100,403
Statutory reserves	25,101	25,101
Fair value reserve	-1,854	-5,678
Retained earnings	76,695	79,905
Total	200,345	199,731

Direct owner of the Bank is Addiko Bank AG Austria.

The total amount of BAM 100,403 thousand (2024: BAM 100,403 thousand) corresponds to the fully paid in share capital of Addiko Bank AG, which is divided into 532,500 (2024: 532,500) registered shares. The proportionate amount of the share capital per share amounts BAM 188.55 (2023: BAM 188.55).

The statutory reserves include obligatory reserves 25% of share capital.

The fair value reserve includes the measurement results - after taking deferred taxes into account - for the financial assets measured at fair value through other comprehensive income.

Cumulated results represent accumulated net profit brought forward.

Pursuant to Banking Act of FBiH, the Bank recorded a profit in the amount of BAM 24,951 thousand in the financial year 2024. In the next General Assembly, a proposal will be made to distribute profit as dividend.

(50) Statement of cash flows

The statement of cash flows according to IAS 7 represents the changes in cash and cash equivalents of the Bank due to cash flows from operating, investment and financing activities. The cash flow from operating activities of the Bank contains cash inflows and outflows arising from loans and receivables from credit institutions and customers, liabilities to credit institutions and customers. The cash flow from investing activities includes cash inflows and outflows arising from securities, intangible assets and property, plant and equipment. Cash and cash equivalents include cash, cash balances at central banks that are daily due and deposits that are daily due.

Segment Reporting

Segment reporting represents results of Addiko Bank's business segments, prepared on the basis of internal reports used by the Management Board to assess the performance of the segments and used as a source for decision-making. Business segmentation is divided into the segment of consumer loans, small and SME, which are the focus segments, and non-focus segments, which are large corporate, public financing and mortgage loans. In order to evaluate the results of the segments in question, the Management uses the income statement listed below as the primary method of determining business success, as well as the volume of interest-bearing loans, the volume of deposits and the associated KPI. In the income statement of the report by segment, interest income and interest expense are stated in the net amount in the position net interest income, which reflects the presentation of internal reporting and is the basis for further management of the Bank by the Management. The accounting policies in the operating segments are the same as those described in the significant accounting policies. The bank assesses the business success of each segment based on

- a) business results before taxes
- b) the volume of income-generating loans and
- c) the volume of deposits as the most important items that the Management takes into consideration when evaluating the results of the respective segments.

Consumer strategy

Addiko Bank's strategy is to offer modern banking, focusing on products for the essential needs of customers unsecured loans and payments, delivered efficiently and communicated in a simple and transparent manner. Hence, the Bank maintains focus on lending Consumer cash, non-purpose loans, with the aim of increasing the interest-bearing portfolio and associated interest income. In Consumer segment, focus is also on commission income, especially on products such as Accounts & Packages, Cards and Transactions.

Addiko Bank also puts significant efforts in maintaining digital capabilities and is recognized in its markets throughout hybrid sales channels such as Digital (Addiko Chat Banking on Viber, Webloans, mLoans), CVM and of doing its business through the network of 28 branches (as the key channel where all contracts are concluded).

SME Finance Strategy

SME business is a main strategic focus segment of Addiko Bank in which the Bank is targeting the "real economy" with working capital loans, investment loans and a strong focus on trade finance products and quality. Addiko's strategy in SME business is to achieve primary bank status by providing services based on convenience, developing flexible solutions and products which are digitalized and the related competitive advantage. In recent years Addiko Bank builds up digital platform which will cater to the needs of modern SME customers by providing primarily simple loan financing with market leader delivery times. With it, Addiko Bank also plans to continue to digitally serve the untapped potential of smaller legal entities and consequently increasing the loan volumes and related commission income. In SME segment, focus is also on commission income, especially on products such as Accounts & Packages and Transactions.

Mortgage, Large and Public

Segments that are not part of the 'focus area' include Large and Public companies, as well as mortgage loans to Consumers. Given the gradual run-down strategy, mortgage lending products are not marketed. Business with large and public companies includes lending and deposit collection. The primary goal for non-focused clients is to maintain existing clients that have a favorable ratio between the level of risk and return, as well as the provision of account management services.

Corporate Center

Non-business segment or Corporate center consists of Treasury business in the Bank as well as central functions items like overhead, project-related operating expenses, contributions to the single resolution fund, bank levy and the intercompany reconciliation.

(000) BAM

31.12.2025.	Fokus segmenti		Nefokusni segmenti			Korporativni Centar	Ukupno
	Potrošačk i krediti	Mala i srednja preduzeća	Hipotekarni krediti	Velika preduzeća	Javno finansiranje		
Net banking income	37,710	15,145	633	929	-1,048	10,232	63,601
Net interest income	23,572	10,157	633	461	-1,180	10,411	44,054
o/w regular interest income	25,371	9,366	625	724	216	11,810	48,112
Net fee and commission income	14,141	4,987	0	467	132	-180	19,547
Net result from financial instruments	0	0	0	0	0	37	37
Other operating result	0	0	0	0	0	-1,714	-1,714
Operating income	37,710	15,145	633	929	-1,048	8,555	61,924
Operating expenses	-22,151	-5,104	-10	-455	-507	-7,988	-36,215
Operating result before impairment	15,559	10,041	623	474	-1,555	567	25,709
Other result	0	0	0	0	0	1,207	1,207
Credit loss expenses on financial assets	-4,507	789	930	35	-548	-39	-3,340
Operating result before tax	11,052	10,830	1,553	509	-2,103	1,735	23,576
Business volume							
Net loans and receivables	389,893	199,550	9,306	18,344	3,334	16,472	636,899
Financial liabilities at AC 1)	597,634	161,755	0	63,322	155,306	84,051	1,062,068

(000) BAM

31.12.2024.	Fokus segmenti		Nefokusni segmenti			Korporativni Centar	Ukupno
	Potrošački krediti	Mala i srednja preduzeća	Hipotekarni krediti	Velika preduzeća	Javno finansiranje		
Net banking income	34,934	16,818	751	966	-1,686	14,699	66,482
Net interest income	21,549	11,468	751	431	-1,838	14,829	47,190
o/w regular interest income	22,873	10,643	730	562	318	0	35,126
Net fee and commission income	13,385	5,351	0	535	152	-131	19,292
Net result from financial instruments	0	0	0	0	0	115	115
Other operating result	0	0	0	0	0	-698	-698
Operating income	34,934	16,818	751	966	-1,686	14,116	65,899
Operating expenses	-20,805	-4,993	-14	-504	-309	-7,632	-34,257
Operating result before impairment	14,129	11,825	737	462	-1,995	6,484	31,642
Other result	0	0	0	0	0	-1,039	-1,039
Credit loss expenses on financial assets	-437	-2,349	-1,299	136	56	478	-3,415
Operating result before tax	13,692	9,476	-562	598	-1,939	5,923	27,188
Business volume							
Net loans and receivables	347,447	191,517	9,698	14,944	4,864	1,002	569,472
Financial liabilities at AC 1)	598,354	152,594	0	72,150	205,928	70,157	1,099,183

The relation between net commission income and reportable segments can be seen in the tables below:

(000) BAM

31.12.2025.	Focus segments		Non-focus segments		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Transactions	2,169	2,098	167	94	10	4,538
Accounts and Packages	5,800	995	16	31	4	6,846
Cards	4,446	164	2	1	1	4,614
FX & DCC	3,599	723	51	22	0	4,395
Securities	0	0	0	0	0	0
Bancassurance	3,358	3	0	0	4	3,365
Loans	1,079	224	4	0	0	1,307
Trade finance	0	1,463	261	4	0	1,728
Other	13	14	0	0	0	27
Fee and commission income	20,464	5,684	501	152	19	26,820
Cards	-5,052	-189	-3	-1	-1	-5,246
Transactions	-387	-374	-30	-17	-2	-810
Client incentives	-23	0	0	0	0	-23
Securities	0	0	0	0	-196	-196
Accounts and Packages	-562	0	0	0	0	-562
Bancassurance	0	0	0	0	0	0
Other	-299	-134	-1	-2	0	-436
Fee and commission expenses	-6,323	-697	-34	-20	-199	-7,273
Net fee and commission income	14,141	4,987	467	132	-180	19,547

(000) BAM

31.12.2024.	Focus segments		Non-focus segments		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Transactions	2,123	2,155	192	103	11	4,584
Accounts and Packages	5,602	1,009	30	29	3	6,673
Cards	4,309	126	2	1	0	4,438
FX & DCC	3,831	653	22	7	0	4,513
Securities	0	0	0	0	0	0
Bancassurance	2,432	0	0	0	1	2,433
Loans	870	206	3	0	0	1,079
Trade finance	0	1,784	322	32	0	2,138
Other	15	23	2	1	0	41
Fee and commission income	19,182	5,956	573	173	15	25,899
Cards	-4,570	-135	-2	-1	0	-4,708
Transactions	-352	-358	-32	-17	-2	-761
Client incentives	-13	0	0	0	0	-13
Securities	0	0	0	0	-144	-144
Accounts and Packages	-632	0	0	0	0	-632
Bancassurance	0	0	0	0	0	0
Other	-231	-113	-3	-2	0	-349
Fee and commission expenses	-5,798	-606	-37	-20	-146	-6,607
Net fee and commission income	13,384	5,350	536	153	-131	19,292

Risk Report

(51) Risk control and monitoring

The Bank steers and monitors its risks across all business segments, with the aim of optimizing the risk/performance profile and guaranteeing risk-bearing capacity at all times and therefore protecting the bank's creditors. In this respect, it influences the business and risk policies of its participations through its involvement in shareholder and supervisory committees. In the case of participations, compatible risk control processes, strategies and methods are implemented.

The following central principles apply in the Bank to the bank's overall controlling:

- Clearly defined processes and organizational structures are in place for all risk types, according to which all tasks, competencies and responsibilities of participants can be aligned.
- Front and back office as well as trading and settlement/monitoring units are functionally separated to prevent conflicts of interest.
- Bank implements appropriate, mutually compatible procedures for identifying, analyzing, measuring, combining, controlling and monitoring the risk types.
- Appropriate limits are set and effectively monitored for material risk types.

(52) Risk strategy & Risk Appetite Framework (RAF)

The Bank's risk strategy is derived from the business strategy and describes the planned business structure, strategic development and growth, taking into consideration processes, methodologies and the organizational structure relevant for the management of risk factors. As such, the risk strategy represents the bridge between the Company's business strategy and risk positioning. It is also a management tool of the highest level for the purposes of bank's risk steering and as such it provides a framework for controlling, monitoring and limiting risks inherent in the banking business, as well as ensuring the adequacy of the internal capital, the bank's liquidity position and the overall through-the-cycle profitability.

The Bank's risk strategy reflects key risk management approaches included in the business strategy. This is mirrored in the bank's risk objectives which will support safe and sustainable growth and ensure the preservation of the bank in line with regulatory requirements for adequate own funds with regard to risk-taking activities.

The Bank has established a Risk Appetite Framework (RAF) which sets the bank's risk appetite and forms part of the process of development and implementation of the bank's business and risk strategy. Furthermore, it determines the risks undertaken in relation to its risk capacity. The framework of risk appetite measures defines the risk level the bank is willing to accept. The calibration of measures takes into consideration the budget, risk strategy and the Recovery Plan giving an interlinked framework for proper internal steering and surveillance.

(53) Risk organization

Ensuring adequate risk management structures and processes is in the responsibility of the Chief Risk Officer (CRO). The CRO acts independently of market and trading units.

The core tasks of risk management are the individual risk management of counterparty default risks, the reorganization of troubled loans, loan settlement, as well as risk control and monitoring of counterparty default, market, liquidity, operational and other risks at the portfolio level.

In 2025, the following organizational units were operative:

Credit Risk Management Sector - Underwriting Department is responsible for managing credit risk across all segments (Retail, i.e., Small and Medium Enterprises, Large Enterprises, and Public Finance). This includes both operational and strategic roles. Operationally, it covers the analysis and approval of credit applications, while strategically, it defines

policies, procedures, manuals, guidelines, and all other documents related to the aforementioned credit risk management segments, ensuring that credit risk aligns with the bank's overall budget. Additionally, the Credit Risk Management Sector is responsible for portfolio reporting and analysis. Monthly portfolio quality review meetings ensure that portfolio development is monitored, issues are identified at an early stage, and corrective measures are initiated. This sector is also a key participant in the product approval and review process, ensuring that the risk appetite of credit products aligns with the Bank's overall risk appetite.

Credit Risk Management Sector - Collection Department aims to manage the delinquent portfolio and all collection activities, starting from the client's first day of overdue payments, including late-stage collections (90+, 180+), all legal procedures (including enforcement), asset recovery, and resale. Adequate and timely execution of collection activities at all stages is crucial to reducing all potential forms of risk and credit losses and minimizing them. A well-structured strategy and timely action contribute to maintaining the stability of the Bank's credit portfolio, preserving the quality of the Bank's assets and interest income, reducing the Bank's risk-weighted assets, and lowering provisioning costs, directly impacting the Bank's profitability.

Risk controlling division - all risk and regulatory topics which are of strategic importance for the Bank.

Credit Risk control and regulatory reporting department - it provides the risk strategy, economic capital management, stress testing and coordination of Federal Banking Agency examinations and coordinates Banks units in participation in activities connected to recovery and resolution topics, as well as steering of the SREP process and coordination of risk projects.

Risk Controlling division includes a **Market & Liquidity Risk control department**, which defines thresholds, monitors risk indicators and initiates measures to manage the market and liquidity risk of the Bank within the defined risk appetite, and regulatory limitations. **Risk Controlling division** includes also a **department for Operational Risk** which provides strategic direction with a robust framework of operational risk management which includes identifying, measuring, managing, monitoring and reporting operational risk, providing a mechanism for discussion and effective escalation of issues leading to better risk management and increasing institutional resilience.

The respective country CROs ensure compliance with the risk principles.

(54) Internal risk management guidelines

The Bank defines group wide standard risk management guidelines to ensure that risks are dealt with in a standardized manner. These guidelines are promptly adjusted to reflect organizational changes as well as changes to parts of the regulations such as processes, methodologies and procedures. The existing guidelines are reviewed yearly to determine whether an update is required. This ensures that the actual and documented processes match.

The Bank has clearly defined responsibilities for all risk guidelines, including preparation, review and update. Compliance with these guidelines is ensured by those directly involved in the risk management process. Process-independent responsibility control is carried out by Internal Audit.

(55) Credit risk

55.1. Definition

In terms of scale, credit risk constitutes the most significant risks for the Bank. Credit risk mainly arises from the lending business. Credit risk (or counterparty default risk) occurs when transactions result in claims against debtors, issuers of securities or counterparties. If these parties do not meet their obligations, losses result in the amount of non-received benefits less utilized collaterals, reduced by the achieved recovery rate of unsecured portions. This definition includes default and surety risks from credit transactions as well as issuer, replacement and fulfilment risks from trading transactions.

55.2. General requirements

The credit risk strategy provides concrete specifications for the organizational structure of the bank in the lending business as well as for risk control methods, and is supplemented by further policies as well as specific instructions. In line with a instruction on authority levels as defined by the Management and Supervisory Boards, credit decisions are made by the Credit Committee as well as by key staff in the back office and the analysis units of the Risk Office.

The Credit Committee is a permanent institution of the Bank and the highest body for making credit decisions, subordinated only to the Management Board.

55.3. Risk measurement

The Bank uses its own rating procedures to analyze and assess each individual borrower's credit rating. The allocation of debtors to rating classes is carried out on the basis of default probabilities on a 25-level master rating scale.

55.4. Risk limitation

The steering of total Bank wide commitments with an individual customers or a group of affiliated customers ("group of borrowers") depends on the respective customer segment or business area.

In the Bank, limits within financial institutions segment are set and monitored independently by a responsible unit. If limits are exceeded, the escalation process is initiated and this is communicated immediately to operative risk unit as well as front office and reported to the relevant decision-making level. At portfolio level, there are lot of limits to prevent the formation of risk concentrations; limit breaches are escalated to the Management Board, and the front office is required to work together with the back office to define measures to control these risk concentrations.

55.5. Reconciliation between Financial instruments classes and Credit risk exposure

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account expected credit losses (including those for guarantees), any collateral held, netting effects, other credit enhancements or credit risk mitigating transactions. Market values are used to calculate the relevant exposure for securities, whereas amortized cost is used for loans. Unless explicitly stated differently, all values in the risk report are shown inclusive of the portfolio that is classified as held for sale according to IFRS 5.

All the written-off exposures which are not written-off as a part of the asset sale or debt settlement process, and are therefore kept out-of balance, continue to be subject to enforcement activity.

Breakdown of net exposure within the Bank in accordance with IFRS 7.35M as at 31 December 2025:

(000) BAM

31.12.2025								
Financial instruments	Exposure	ECL S1&2	Net	ECL			Exposure	Net
				Exposure	S3&POCI	Net		
Cash and cash equivalents ¹⁾	259,361	-957	258,404	0	0	0	259,361	258,404
Loans and advances	649,793	-15,463	634,330	28,150	-25,581	2,569	677,943	636,899
of which credit institutions	16,256	-97	16,159	2	-2	0	16,258	16,159
of which customer loans	633,537	-15,366	618,171	28,148	-25,579	2,569	661,685	620,740
Investment securities ²⁾	315,935	-959	313,013	0	0	0	315,935	313,013
On balance total	1,225,089	-17,379	1,205,747	28,150	-25,581	2,569	1,253,239	1,208,316
Off balance total	126,530	-1,485	125,045	1	0	1	126,531	125,046
ECL and FV on FVTOCI debt securities	-2,384	421	0	0	0	0	-2,384	0
Total credit risk exposure	1,349,235	-18,443	1,330,792	28,151	-25,581	2,570	1,377,386	1,333,362

¹⁾ The position does not include cash on hand in amount of BAM 38.5 million. ²⁾ Investment securities are presented without equity instruments. ³⁾ For debt securities at FVTOCI the exposure is calculated based on the amortized cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

Breakdown of net exposure within the Bank in accordance with IFRS 7.35M as at 31 December 2024:

(000 BAM)

31.12.2024	Performing			Non Performing			Total	
Financial instruments	Exposure	ECL \$1&2	Net	Exposure	ECL S3&POCI	Net	Exposure	Net
Cash and cash equivalents ¹⁾	354,542	-954	353,588	0	0	0	354,542	353,588
Loans and advances	581,507	-14,560	566,947	29,801	-27,276	2,525	611,308	569,472
of which credit institutions	765	-19	746	20	-20	0	785	746
of which customer loans	580,742	-14,541	566,201	29,781	-27,256	2,525	610,523	568,726
Investment securities ²⁾	332,286	-439	325,273	0	0	0	332,286	325,273
On balance total	1,268,335	-15,953	1,245,808	29,801	-27,276	2,525	1,298,136	1,248,333
Off balance total	155,396	-1,855	153,541	0	0	0	155,396	153,541
ECL and FV on FVTOCI debt securities ³⁾	-6,883	309	0	0	0	0	-6,883	0
Total credit risk exposure	1,416,848	-17,499	1,399,349	29,801	-27,276	2,525	1,446,649	1,401,874

¹⁾ The position does not include cash on hand in amount of BAM 34.4 million. ²⁾ Investment securities are presented without equity instruments. ³⁾ For debt securities at FVTOCI the exposure is calculated based on the amortized cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

55.6. Credit risk exposure by rating class

At 31 December 2025 roughly 41.15% (YE24: 32.64%) of the exposure is categorized as rating classes 1A to 1E. This exposure mainly relates to receivables from financial institutions, sovereigns and private individuals.

The overall NPE stock development in 2025 is mainly influenced by accounting write-off repayments, settlements and collection effects. Taking all these effects into consideration the overall non-performing exposure increased during 2025 by BAM 1,650 thousand.

The following table shows the exposure by rating classes and market segment as at 31 December 2025:

(000) BAM

31.12.2025	1A-1E	2A-2E	3A-3E	Watch	NPE	No rating	Total
Consumer	73,619	262,783	58,653	27,157	20,262	210	442,684
SME	117,126	127,316	34,030	14,624	6,300	33	299,429
Non-Focus	414	26,237	16,874	595	1,579	7	45,706
o/w Large Corporate	0	20,239	12,427	0	0	0	32,666
o/w Mortgage	248	5,909	1,074	594	1,578	0	9,403
o/w Public Finance	166	89	3,373	1	1	7	3,637
Corporate Center ¹⁾	381,886	35,734	174,320	1	10	0	591,951
Total	573,045	452,070	283,877	42,377	28,151	250	1,379,770

¹⁾ Corporate Center includes financial institutions considering national bank exposure, on demand deposits as well as securities.

The following table shows the exposure by rating classes and market segment as at 31 December 2024:

(000) BAM

31.12.2024	1A-1E	2A-2E	3A-3E	Watch	NPE	No rating	Total
Consumer	18,549	198,984	122,925	34,227	20,105	0	394,790
SME	49,851	134,413	110,452	14,081	8,228	28	317,053
Non-Focus	161	27,927	20,616	3,405	1,440	8	53,557
o/w Large Corporate	40	21,246	14,853	0	0	0	36,139
o/w Mortgage	53	6,678	864	2,404	1,440	0	11,439
o/w Public Finance	68	3	4,899	1,001	0	8	5,979
Corporate Center ¹⁾	405,892	43,025	239,185	2	28	0	688,132
Total	474,453	404,349	493,178	51,715	29,801	36	1,453,532

¹⁾ Corporate Center includes financial institutions considering national bank exposure, deposits as well as securities

The classification of credit assets into risk grades is based on Bank internal ratings. For external reporting, internal rating grades are grouped into the following five risk categories:

- 1A-1E: representing customers with a very low risk, having the best, excellent or very good credit standing;
- 2A-2E: representing customers with a good or moderate credit standing;
- 3A-3E: representing customers with a medium or high credit risk;
- Watch: representing customers with a very high credit risk or who are likely to default. This class includes customers which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term;
- NPE (default): one or more of the default criteria under Decision about credit risk management and establishment of expected credit losses are met: among others, interest or principal payments on a material exposure have been overdue for more than 90 days, the bank significantly doubts the customer's credit standing, there are risk-oriented restructuring measures leading to a forbore non-performing exposure, there is a realization of a loan loss or bankruptcy proceedings are initiated.

The Bank applies the customer view to all customer segments, including retail clients. If an obligor defaults on one deal, then the customer's performing transactions are classified as non-performing as well. The classifications per rating class and ECL stage can be seen in the tables below.

Loans and advances to customers at amortized cost:

(000) BAM

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	133,472	1,522	0	0	134,994
2A-2E	349,669	8,821	0	0	358,490
3A-3E	73,682	24,183	0	0	97,865
Watch	9,262	32,678	0	0	41,940
NPE	0	0	28,148	0	28,148
No rating	84	164	0	0	248
Total gross carrying amount	566,169	67,368	28,148	0	661,685
Loss allowance	-7,878	-7,488	-25,579	0	-40,945
Carrying amount	558,291	59,880	2,569	0	620,740

(000) BAM

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	39,324	470	0	0	39,794
2A-2E	266,415	11,950	0	0	278,365
3A-3E	181,903	29,455	0	0	211,358
Watch	6,290	44,899	0	0	51,189
NPE	0	0	29,781	0	29,781
No rating	32	4	0	0	36
Total gross carrying amount	493,964	86,778	29,781	0	610,523
Loss allowance	-6,288	-8,253	-27,256	0	-41,797
Carrying amount	487,676	78,525	2,525	0	568,726

Loans and advances to credit institutions at amortized cost, cash balances at central banks and other demand deposits:

(000) BAM

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	127,095	0	0	0	127,095
2A-2E	15,988	0	0	0	15,988
3A-3E	132,534	0	0	0	132,534
Watch	0	0	0	0	0
NPE	0	0	2	0	2
No rating	0	0	0	0	0
Total gross carrying amount	275,617	0	2	0	275,619
Loss allowance	-1,054	0	-2	0	-1,056
Carrying amount	274,563	0	0	0	274,563

(000) BAM

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	131,847	0	0	0	131,847
2A-2E	15,853	0	0	0	15,853
3A-3E	207,607	0	0	0	207,607
Watch	0	0	0	0	0
NPE	0	0	20	0	20
No rating	0	0	0	0	0
Total gross carrying amount	355,307	0	20	0	355,327
Loss allowance	-973	0	-20	0	-993
Carrying amount	354,334	0	0	0	354,334

Debt instruments measured at FVTOCI:

(000) BAM

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	150,832	0	0	0	150,832
2A-2E	19,746	0	0	0	19,746
3A-3E	26,056	0	0	0	26,056
Watch	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	196,634	0	0	0	196,634
Loss allowance	-421	0	0	0	-421
FV ¹⁾	-2,384	0	0	0	-2,384
Carrying amount	193,829	0	0	0	193,829

¹⁾ For debt securities at FVTOCI the exposure is calculated based on the amortized cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

(000) BAM

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	164,566	0	0	0	164,566
2A-2E	27,170	0	0	0	27,170
3A-3E	26,189	0	0	0	26,189
Watch	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	217,925	0	0	0	217,925
Loss allowance	-309	0	0	0	-309
FV¹⁾	-6,574	0	0	0	-6,574
Carrying amount	211,042	0	0	0	211,042

¹⁾ For debt securities at FVTOCI the exposure is calculated based on the amortized cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

Debt instruments measured at amortized cost:

(000) BAM

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	103,838	0	0	0	103,838
2A-2E	0	0	0	0	0
3A-3E	15,463	0	0	0	15,463
Watch	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	119,301	0	0	0	119,301
Loss allowance	-539	0	0	0	-539
Carrying amount	118,762	0	0	0	118,762

(000) BAM

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	109,366	0	0	0	109,366
2A-2E	0	0	0	0	0
3A-3E	4,995	0	0	0	4,995
Watch	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	114,361	0	0	0	114,361
Loss allowance	-129	0	0	0	-129
Carrying amount	114,232	0	0	0	114,232

Commitments and financial guarantees given:

(000) BAM

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	55,985	301	0	0	56,286
2A-2E	53,513	4,333	0	0	57,846
3A-3E	11,431	528	0	0	11,959
Watch	60	377	0	0	437
NPE	0	0	1	0	1
No rating	2	0	0	0	2
Total gross carrying amount	120,991	5,539	1	0	126,531
Loss allowance	-1,217	-268	0	0	-1,485
Carrying amount	119,774	5,271	1	0	125,046

(000) BAM

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	28,867	13	0	0	28,880
2A-2E	71,513	11,448	0	0	82,961
3A-3E	35,048	7,981	0	0	43,029
Watch	71	455	0	0	526
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	135,499	19,897	0	0	155,396
Loss allowance	-946	-909	0	0	-1,855
Carrying amount	134,553	18,988	0	0	153,541

55.7. Exposure by business sector

The following tables present the exposure of non-financial corporations by industry based on the “NACE Code 2.0”.

31.12.2025	(000) BAM	
	Non-financial corporations	
	Gross carrying amount	ECL
A Agriculture, forestry and fishing	2,884	-287
B Mining and quarrying	3	-1
C Manufacturing	47,981	-1,451
D Electricity, gas, steam and air conditioning supply	4,729	-337
E Water supply	1,882	-30
F Construction	28,760	-1,339
G Wholesale and retail trade	87,873	-5,164
H Transport and storage	13,692	-363
I Accommodation and food service activities	3,247	-78
J Information and communication	4,221	-401
K Financial and insurance activities	1	-1
L Real estate activities	515	-21
M Professional, scientific and technical activities	9,210	-154
N Administrative and support service activities	5,798	-762
O Public administration and defence, compulsory social security	0	0
P Education	2,734	-40
Q Human health services and social work activities	1,690	-62
R Arts, entertainment and recreation	1,560	-30
S Other services	385	-9
Loans and advances	217,165	-10,530

31.12.2024	(000) BAM	
	Non-financial corporations	
	Gross carrying amount	ECL
A Agriculture, forestry and fishing	3,622	-312
B Mining and quarrying	1,003	-50
C Manufacturing	38,012	-1,736
D Electricity, gas, steam and air conditioning supply	4,646	-472
E Water supply	1,609	-13
F Construction	29,531	-568
G Wholesale and retail trade	87,934	-8,335
H Transport and storage	9,707	-595
I Accommodation and food service activities	6,117	-125
J Information and communication	4,051	-556
K Financial and insurance activities	16	-2
L Real estate activities	4,557	-86
M Professional, scientific and technical activities	10,891	-172
N Administrative and support service activities	5,188	-735
O Public administration and defense, compulsory social security	0	0
P Education	2,749	-24
Q Human health services and social work activities	2,021	-17
R Arts, entertainment and recreation	1,005	-6
S Other services	230	-2
Loans and advances	212,889	-13,806

55.8. Presentation of exposure by overdue days

(000) BAM

31.12.2025	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	410,110	13,634	1,672	931	16,337	442,684
SME	291,715	1,666	7	1	6,040	299,429
Non-Focus	43,411	790	144	0	1,361	45,706
o/w Large Corporate	32,666	0	0	0	0	32,666
o/w Mortgage	7,109	790	144	0	1,360	9,403
o/w Public Finance	3,636	0	0	0	1	3,637
Corporate Center	591,951	0	0	0	0	591,951
Total	1,337,187	16,090	1,823	932	23,738	1,379,770

(000) BAM

31.12.2024	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	363,051	12,607	1,974	730	16,428	394,790
SME	304,802	3,586	2,584	8	6,073	317,053
Non-Focus	43,485	8,749	84	0	1,239	53,557
o/w Large Corporate	28,350	7,789	0	0	0	36,139
o/w Mortgage	9,156	960	84	0	1,239	11,439
o/w Public Finance	5,979	0	0	0	0	5,979
Corporate Center	688,132	0	0	0	0	688,132
Total	1,399,470	24,942	4,642	738	23,740	1,453,532

55.9. Breakdown of financial assets by degree of impairment

Overdue but not impaired financial assets:

(000) BAM

	31.12.2025		31.12.2024	
	Exposure	Collateral	Exposure	Collateral
Loans and advances to customers (on and off-balance)				
- overdue to 30 days	15,591	2,262	24,646	3,476
- overdue 31 to 60 days	1,691	90	2,545	84
- overdue 61 to 90 days	837	0	709	0
- overdue 91 to 180 days	0	0	0	0
- overdue 181 to 365 days	0	0	0	0
- overdue over 1 year	0	0	0	0
Total	18,119	2,352	27,900	3,560

55.9.1. FORBEARANCE

Forbearance measures are defined as concessions towards a borrower facing or about to face difficulties in meeting its financial commitments (“financial difficulties”). Forbearance measures and risks are monitored by the operative risk units responsible for Corporate center and Retail. Additionally, forbearance measures represent a trigger event in order to perform impairment tests in accordance with IFRS requirements.

The following table shows the forbearance status in the course of the year 2025:

(000) BAM

	1.1.2025	Classified as forborne during the year (+)	Transferred to non - forborne during the year (-)	Changes due to IFRS 5 (+/-)	FX (+/-)	Repayments and other changes (+/-)	31.12.2025
Non-financial corporations	1.324	60	0	0	0	-103	1.281
Households	6.121	918	-1.129	0	0	-1.641	4.269
Loans and advances	7.445	978	-1.129	0	0	-1.744	5.550

The following table shows the forbearance status in the course of the year 2024:

(000) BAM

	1.1.2024	Classified as forborne during the year (+)	Transferred to non - forborne during the year (-)	Changes due to IFRS 5 (+/-)	FX (+/-)	Repayments and other changes (+/-)	31.12.2024
Non-financial corporations	2,340	111	0	0	0	-1,127	1,324
Households	9,061	557	-1,570	0	0	-1,927	6,121
Loans and advances	11,401	668	-1,570	0	0	-3,054	7,445

The forbearance exposure was as follows at the YE 2025:

(000) BAM

	31.12.2025	Neither past due nor impaired	Past due but not impaired (> 0 days)	Impaired
Non-financial corporations	1,281	401	0	880
Households	4,269	1,883	510	1,876
Loans and advances	5,550	2,284	510	2,756

The forbearance exposure was as follows at the YE 2024:

(000) BAM

	31.12.2024	Neither past due nor impaired	Past due but not impaired (> 0 days)	Impaired
Non-financial corporations	1,324	444	0	880
Households	6,121	3,057	785	2,279
Loans and advances	7,445	3,501	785	3,159

The following table shows the collateral allocation for the forbearance exposure at the YE 2025:

(000) BAM

	Internal Collateral Value (ICV) in respect of forborne assets			thereof financial collateral	thereof guarantees	thereof other
	assets	therof CRE	thereof RRE			
Public Finance	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0
Large Corporate	0	0	0	0	0	0
Medium and Small Corporate	529	529	0	0	0	0
Retail	1,211	0	1,211	0	0	0
Total	1,740	709	1,211	0	0	0

The following table shows the collateral allocation for the forbearance exposure at the YE 2024:

(000) BAM

	Internal Collateral Value (ICV) in respect of forborne assets			thereof financial collateral	thereof guarantees	thereof other
	assets	therof CRE	thereof RRE			
Public Finance	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0
Large Corporate	0	0	0	0	0	0
Medium and Small Corporate	501	501	0	0	0	0
Retail	1,422	0	1,422	0	0	0
Total	1,923	501	1,422	0	0	0

(56) Development of risk provisions

56.1. Method of calculating risk provisions

Provisions are calculated in line with the international accounting standard for financial instruments (IFRS 9). Different approaches are applied, depending on the stage a transaction is allocated to. Stage 1 requires the recognition of twelve-month expected credit losses. If there is a significant increase in credit risk, the loss allowance must be increased up to the amount of the expected lifetime loss (Stage 2). In case of an objective indication of an impairment (NPE, Stage 3) the lifetime expected credit loss is recognized.

As for the non-performing part (Stage 3) two approaches are of relevance, namely collective assessment based on risk parameters for small exposures and individual assessment with expert based cashflow estimation for larger exposures. For the part of the nonperforming portfolio where the exposure at default (EAD) on group of borrowers' level is below a certain country specific materiality threshold the calculation of provisions for impairment losses is performed as a collective assessment (rule-based approach). Collective assessment is done based on estimation/projection of main recovery parameters for groups of portfolios (exposures showing similar characteristics related to credit risk profile and recovery potential).

Individual assessment, or calculation of specific risk provisions based on individual assessment of impairment losses considers that the underlying credit exposure is subject to an individual analysis in accordance with regulations regarding the calculation of provisions for impairment losses. In this calculation, repayments from a company's operating business (primary cash flows) and from the utilization of collaterals and guarantees (secondary cash flows) are taken into consideration. Depending on the assumed recovery scenario (restructuring, settlement, debt sale, court procedure and/or

collaterals repossession), expected repayments are assessed individually in terms of type, amount and time, the underlying assumptions are documented and justified on a case-by-case basis and expected cash flows are discounted to the net present value and offset against the outstanding current exposure. In terms of the calculation of recovery cash flows from potential repossession of available collaterals (primarily real estates), the Bank bases its assumptions on the collateral's market value, which is updated annually. Haircuts to be applied on market value are assigned individually on a case-by-case basis, depending on the determined usability and based on a variety of factors such as concrete offers or sales of similar collaterals, market liquidity, location, utilization period and legal situation in relation to the real estate.

Model timeseries (under the same methodology used in the preparation of the previous financial statements) were prolonged taking latest available information into consideration. A qualitative assessment took place to make sure that the applied statistical models are economically reasonable.

In general, market expectations continuously improve as demonstrated also by overall upward revisions of publicly available forecasts up to October 2025, accompanied by modest, but quite evident decrease in uncertainty. However, Addiko perceives uncertainty levels to be historically high, still remaining elevated in relation to pre-Covid shock, and risks weighing down significantly on baseline trajectories. Strong rebound amid current short-term and medium-term risks obviously provides less chance of additional improvement. Therefore, scenario-probabilities used to assign weights to a particular scenario were adjusted in favor of negative scenario as depicted in table below. These probabilities are defined in a joint review process. In case there is a strong argument for a revision, any expert team member can propose to amend the probability distribution. The proposal is reviewed jointly by the research team. If the argument is strong enough, wiiw's team adopts the change.

Scenario probabilities ¹	Baseline case	Optimistic case	Pesimistic case
October 2025 wiiw forecast report	60%	5%	35%
October 2024 wiiw forecast report	65%	5%	30%

¹ wiiw calibrates also adverse scenario that reflects extreme severity of calibrated shocks, used for static and dynamic stress testing purposes. No probability is assigned to this type of scenario, considered to be highly unlikely, yet plausible.

For the Euro area, we use wiiw's assumptions for growth, inflation, unemployment, interest rates, FX and the current account for the main forecasting period: the current year and next two years. Beyond that, we use the ECB's most recent survey of professional forecasters for longer-term projections. All other series are derived from the core assumptions for these six indicators. For the purposes of FX forecasting we also make projections for inflation up for a six-year horizon. This is based on a mixture of central bank projections, consensus forecasts, and wiiw expert judgement.

Uncertainties related to key assumptions regarding medium-term macroeconomic projections are significant. First of all, it is impossible to predict the duration of the war in Ukraine and its further course. Consequently, further turbulence in the international energy and commodity markets is possible. In BiH, there are additional risks that could accelerate the growth of domestic prices, which would further reduce the available real income of the population. Currently, the short-term effects of the normalization of the ECB's monetary policy for the economies of the Eurozone, and indirectly the EU and the Western Balkan region, can only be speculated about, because the current inflation has the characteristics of cost inflation

The following tables present the quantitative elements of the baseline scenario, the optimistic scenario, and the pessimistic scenario for selected forward-looking information/variables used in the estimation of ECL:

31 December 2025:

Scenario	Historical	Baseline case				Alternative scenario			
		Estimate	Forecast			Optimistic case	Pessimistic case		
Sample period	2024	2025e	2026	2027-28 ¹⁾	2025	2026-28 ¹⁾	2025	2026-28 ¹⁾	
Real GDP (constant prices YoY, %)	2.5	2.3	2.8	3.1	3.2	5.2	0.7	-2.2	
Unemployment Rate (ILO, average %)	12.6	13.1	12.7	12.1	12.4	9.5	13.8	15.2	
CPI Inflation (average % YoY)	1.7	3.3	2.4	1.8	2.8	1.8	5.1	7.3	

31 December 2024:

Scenario	Historical	Baseline case				Alternative scenario			
		Estimate	Forecast	Optimistic case	Pessimistic case				
Sample period	2023	2024e	2025	2026-27 ¹⁾	2024	2025-27 ¹⁾	2024	2025-27 ¹⁾	
Real GDP (constant prices YoY, %)	1.7	2.6	2.9	3.1	4.1	5.3	0.3	-3	
Unemployment Rate (ILO, average %)	13.2	13.3	13	12.9	13.2	11.5	13.5	14.3	
CPI Inflation (average % YoY)	6.1	2.2	2.1	2.5	1.9	2.3	4.7	11.1	

Baseline: According to wiiw, 60% likelihood to this scenario materializing.

Bosnia and Herzegovina enters the coming period facing moderate but persistent macroeconomic challenges shaped by global slowdown, rising trade fragmentation, and heightened geopolitical uncertainty. After growth of 2.5% in 2024, economic activity weakened during 2025, reflecting softer domestic demand, higher inflation, and reduced investment appetite amid increasing political tensions in the country, particularly in Republika Srpska. Our growth estimate for 2025 stands at 2.3%, with a gradual acceleration expected in the following years as real wages continue to rise and external demand slightly improves.

The global macroeconomic environment remains burdened by increasing protectionism, slower-than-expected monetary easing, and greater fragmentation of international trade flows. Heightened economic and foreign-policy uncertainty emanating from the United States, together with the prolonged conflicts in Ukraine and the Middle East, create additional risks for Western Balkan economies. Nevertheless, our Baseline scenario assumes no major escalation of these conflicts that would trigger disruptions in global energy supplies or sharp increases in energy prices. Within this context, the euro area – Bosnia and Herzegovina’s dominant trading partner – is expected to experience a gradual strengthening of economic activity, supporting BiH’s export performance in the second half of 2025 and into 2026, particularly in the manufacturing sector.

Domestic demand will remain the key driver of growth. Real wages are expected to maintain solid momentum, supported by the previous round of nominal wage increases and easing inflation, which should continue to support private consumption. However, investment activity will remain sensitive to the political environment, as elevated institutional tensions weigh on investor sentiment and delay the implementation of energy and infrastructure projects. Somewhat stronger results are expected in public investment, partly supported by EU-related funding and regional cooperation in the energy sector.

On the external side, exports are set to recover moderately in line with the gradual improvement in euro area growth, while import demand will remain stable due to resilient domestic consumption, limiting improvements in the trade balance. Remittances will continue to play an important stabilizing role for both household consumption and the current account. Inflation is expected to remain on a downward path but somewhat above euro area levels, due to structural factors, slower price transmission, and the high share of food and energy in the consumption basket.

Overall, Bosnia and Herzegovina is expected, under the Baseline scenario, to achieve moderate but stable growth rates, with a projected acceleration toward 2.5%-3% over the next two to three years, assuming a stable global environment, contained inflation, and the absence of significant geopolitical disruptions. Key risks remain elevated domestic political polarisation, the country’s strong dependence on external economic conditions, and the potential escalation of global trade or security tensions.

Optimistic : According to wiiw, 5% likelihood to this scenario materializing.

The probability attached to this positive scenario is set at a very low level, reflecting how unlikely it is for such a favorable alignment of events to occur simultaneously. First, it envisions a swift resolution of ongoing geopolitical tensions – from the removal of US tariffs and trade barriers to the end of active warfare in Ukraine and the de-escalation of the Israel-Hamas war. Such a confluence of positive developments is historically rare. The persistence of protectionist measures, heightened geopolitical rivalry and recent escalations in Ukraine suggest that prolonged conflict and uncertainty are more likely. Second, these favorable developments will be accompanied with strengthening of global climate ambition and full delivery of NDC commitments. This is at odds with current trends: implementation gaps remain

wide, and progress reported by independent trackers shows that most countries are not yet on track to meet their targets despite the growing emphasis on clean energy investment.

Given the lack of coordinated global response to recent crises - from COVID-19 to the Russian invasion of Ukraine to the “Liberation Day” US tariffs of April 2025 - the chances of full period (2025 and 2030), politicians believe that climate policy ambitions will remain comparable to the levels set by the NDC in the long run.

Pessimistic: The likelihood for this scenario is set at 35%, unchanged from Spring 2025, reflecting our assessment that the balance of risks has not shifted significantly since the previous forecasting round. The global risk environment remains dominated by a set of downside factors.

First, the risk of intensification and prolongation of geopolitical conflicts remains elevated. The war in Ukraine shows no sign of de-escalation, and renewed tensions in the Middle East add uncertainty to energy markets. In addition, trade policy uncertainty endures. Although some U.S. tariffs were adjusted/lowered after negotiations, the outlook remains unpredictable, and the risk of further escalation or broader protectionist measures continues to weigh on global investment and supply chains. The combination of geopolitical instability, persistent supply chain vulnerabilities, and elevated commodity price volatility keeps the macroeconomic risks to global growth tilted predominantly to the downside. Second, the risk of a monetary policy reversal cannot be ruled out. In a highly uncertain environment with ongoing trade disruptions, upside risks to inflation persist, albeit somewhat less pronounced than in spring 2025. Should inflation remain above the targets in some economies - or even accelerate - central banks may be forced to keep policy rates restrictive for longer - or even increase them. Such a scenario would heighten financial stress among leveraged firms and financial institutions already burdened by elevated interest rates.

Regarding climate risks, there is a significant probability that global leaders will fail to coordinate the implementation of climate action programs beyond the current NDC targets. Although several major emitters have recently announced more ambitious climate goals, political support for such measures is weakening in parts of Europe, where green parties have lost ground in several national elections. This raises the risk that climate policy ambition could stall or even reverse in the medium term.

The following table shows how the ECL allowance for stage 1 and stage 2 is taking into account the forward looking information from the weighted multiple economic scenarios. The Bank’s probability-weighted ECL allowance reflect a 60% weighting of base case (2024: 65%), optimistic a 5% per cent weighting (2024: 5%) and pessimistic case a 35 percent weighting (2024: 30%). The final ECL represents the higher value between the amount of expected credit losses determined by the internal methodology and the minimum rates determined by the FBA.

(000) BAM				
31.12.2025	Probability weighted	Optimistic case	Base case	Pessimistic case
Consumer	7,719	7,392	7,591	7,986
SME	4,420	3,136	3,951	5,409
Non focus	673	549	632	762
Corporate Center	690	608	670	737
Total (Stage 1 and 2)	13,502	11,685	12,844	14,894

(000) BAM				
31.12.2024	Probability weighted	Optimistic case	Base case	Pessimistic case
Consumer	6,164	6,082	6,136	6,239
SME	3,755	2,964	3,542	4,413
Non focus	713	601	682	801
Corporate Center	174	98	154	228
Total (Stage 1 and 2)	10,806	9,745	10,515	11,681

56.2. Development of risk provisions

The movement of risk provisions in 2025 is mainly caused by:

- Update of macro-economic data and a prolongation of timeseries with more recent available data
- Implementing parameters for calculating expected credit losses developed based on internally available Bank data for all focus segments
- By implementing two new rating models in 2025 (for the retail portfolio and the corporate clients portfolio), the initial matrices were recalculated.

Also, in accordance with the Decision on Temporary Measures to Mitigate the Risk of Rising Interest Rates, the Bank determined credit losses as follows:

- For newly approved credit exposures with variable or fixed nominal and effective interest rates to be allocated to credit risk level 1, expected credit losses are determined at a minimum of 2% of the exposure.
- For existing credit exposures previously allocated to credit risk level 2 in accordance with Article 19 of the Decision, where a significant increase in interest rates has been identified, the Bank determines expected credit losses amounting to at least 12% of the exposure, leading to additional increases in expected credit losses.

56.3. Changes in the calculation of portfolio risk provisions

Based on the Bank's continuous model improvement framework, updates are performed regularly to ensure that the most recent information is incorporated. In 2025, refinements/recalibrations were carried out across all segments and sub-segments of the focus portfolios. The changes included the extension of the time series with newly available data used for PD calculation, which affected the average PD values. The updates also included the prolongation of historical time series with more recent data, the reassessment of quantitative thresholds, and the update of macroeconomic estimates to reflect the latest available information.

In addition to updating the time series used for PD calculations, the implementation of the new rating models for the retail portfolio and the corporate legal entities portfolio in 2025 resulted in the recalculation of the initial matrices as well as updated ratings.

The IFRS 9 PD models were developed using full methodological rigor and in line with internal governance standards. They have been validated and demonstrated adequate performance. Furthermore, in 2025, new parameters for the calculation of expected credit losses were developed for the non-focus portfolio – Sovereigns.

(57) Measurement of real estate collateral and other collateral

Pursuant to the Bank Collateral Management Policy and also the Bank Real Estate Valuation Policy, all real estate is regularly monitored, and its value regularly re-assessed, annually for all commercial real-estate, and at least once in three years for residential real estate and real estates which are collateral for NPE.

The valuation of all commercial and residential real estate is performed on an individual level if the market value is above BAM 1,956 thousand, pursuant to the Bank Real Estate Valuation Policy. The market value of the ones with smaller value is re-assessed using certain statistical methods and tools.

The internal collateral values (ICV) are shown in the following table for 31 December 2025 as well as 31 December 2024:

(000) BAM		
Collateral Distribution	31.12.2025	31.12.2024
• Exposure	1,253,238	1,298,136
• Internal Collateral Value (ICV)	92,197	110,134
• thereof CRE	42,797	54,138
• thereof RRE	36,752	41,284
• thereof financial collateral	2,868	2,656
• thereof guarantees	8,792	10,614
• thereof other	988	1,442
ICV coverage rate	7%	8%

The predominant part of the reflected stated collaterals is provided for loans and advances (negligible collaterals for other exposure types). Internal collateral value decreased. Primarily residential real estate given as collaterals for Retail loans were reduced, due to decrease of mortgage loan portfolio in Retail. Collateral coverage did not change.

Depending on the value of collateral, some stage 3 exposures may not have individual ECLs assigned, if the expected discounted cash flows from realization of collateral is greater than the outstanding amount, even if the expected discounted cash flows from realization of collateral is forecasted using multiple economic scenarios. However, the stage 3 ECL amount can be higher than the net exposure shown below when the expected discounted cash flows from realization of collateral is not individually determined but estimated based on a portfolio approach

(58) Market risk

58.1. Definition

Market risks consist of potential losses arising from a change in market prices. The Bank structures market price risks according to the risk factors in interest rate, credit spread, currency and equity price risk. The Bank places a special emphasis on identifying, measuring, analyzing and managing market risk. Market price risks may result from securities (and products similar to securities), money and foreign currency products, derivatives, exchange rate hedges and results hedging, assets similar to equity or from the management of assets and equity/liabilities. In addition to market risks, market liquidity risks may also arise if, in the event of low market demand, the bank is unable to sell trading positions during liquidity bottlenecks (or due to risk-based offsetting requirements) in the short term. For existing positions, these are taken into account as part of the risk limitations for market risks.

58.2. Risk measurement

The Bank calculates market risk as part of daily monitoring with value-at-risk methods on the basis of a one-day holding period, with a confidence level of 99.0%. The main instrument used in this process is the Monte Carlo simulation involving exponentially weighted volatilities and correlations from a history of 250 days. For the purpose of determining the tied-up economic market risk capital for the risk-bearing capacity calculation, VaR (value at risk) figures (99.0%, 1 day) are scaled to the uniform confidence level of 99.7% and a 250 days holding period. The models calculate potential losses taking into account historical market fluctuations (volatilities) and market context (correlations).

Bank's VaR by types of risk in 2025 and 2024 amounts to:

					(000) BAM
2025	Minimum	Maximum	Average	31.12.2025	
Interest rate risk	211	648	447	228	
Foreign currency risk	1	9	3	3	
Credit spread risk	30	191	76	191	
Total	243	848	527	422	

					(000) BAM
2024	Minimum	Maximum	Average	31.12.2024	
Interest rate risk	190	496	336	421	
Foreign currency risk	1	6	2	2	
Credit spread risk	57	176	98	128	
Total	248	678	436	551	

58.3. Overview - market price risk

58.3.1. INTEREST RATE RISK

The value at risk of the economic interest rate risk (including the interest rate risk of the trading book) for the Bank as at 31 December 2025 is BAM 228 thousand (comparable VaR figure as at 31 December 2024: BAM 421 thousand).

The interest rate gap profile for the Bank contains all interest-rate-sensitive items (Assets, liabilities and off-balance-sheet items in the non-trading book) which are either contractually fixed, floating or based on behavioral assumptions. The stochastic cash flows are illustrated using uniform standards as well as local models for country-specific transactions. All interest sensitive items in the balance sheet are taken as the basis for calculating economic value and earnings-based measures, as well as other measures of IRRBB, based on the interest rate shock and stress scenarios. Any non-interest-sensitive items are not comprised in the interest risk calculation but are dealt with in association with other risk factors, such as the participation risk. The following table shows the EVE change per scenario.

EVE change per scenarios	(000) BAM	
	31.12.2025	31.12.2024
Parallel up 200bp	5,716	2,222
Parallel down 200bp	-7,657	-6,148
Steeper shock	6,440	2,397
Flattener shock	-5,267	-3,959
Short rates shock up	-2,636	-2,246
Short rates shock down	2,629	988

Changes in interest risk mainly resulted from adjustments to rolling interest positions and the shortening of the terms of fixed-rate transactions.

58.3.2. FOREIGN EXCHANGE RISK

The main foreign exchange risk drivers are the currencies. The total volume of open currency positions as at 31 December 2025 is roughly BAM 1.67 mil (volume per 31 December 2024 of approx. BAM 423 thousand), with the majority attributed to the currencies. The value at risk for foreign exchange risk was approximately BAM 1 thousand per day as at 31 December 2025 (value at risk as at 31 December 2024: BAM 1 thousand), at a confidence interval of 99%. The limit of BAM 17.6 thousand was adhered to as at 31 December 2025.

Sensitivity analysis

The following table indicates the currencies to which the Bank had significant exposure at 31 December 2025 and 31 December 2024. The Euro was not analyzed since the exchange rate of BAM is linked to the Euro exchange rate.

Currency	31 December 2025			31 December 2024		
	FX Open position	10% increase	10% decrease	FX Open position	10% increase	10% decrease
USD	364	36	-36	233	23	-23
CHF	75	8	-8	-3	0	0

FX open position represents net exposure in foreign currency. The analysis calculates the effect of a reasonably possible movement of the currencies against the BAM and their influence on gain or loss, with all other variables held constant. Negative values in the table reflect a potential net reduction in income, while a positive amount reflects a net potential increase.

58.3.3. EQUITY RISK

With year end and during 2025 the Bank did not have stocks in its portfolio. In that sense the value at risk for the equity risk at the Bank is amounted to BAM 0 thousand as at 31 December 2025 with a one-day holding period and a confidence level of 99%.

58.3.4. CREDIT SPREAD RISK

The credit spread risk within the Bank stood at BAM 191 thousand at 31 December 2025 with a one-day value at risk and a confidence level of 99% (value at risk as at 31 December 2024: BAM 128 thousand). The limit of BAM 587 thousand was adhered to as at 31 December 2025. The greatest influencing factor in credit spread risk is the holding of liquidity reserves in the form of securities at the Bank. In addition to monitoring VaR in respect to the credit spread risk, the Bank also monitors concentration risks within the bond portfolio - within the respective risk reports concentrations on the bank level of the bond portfolio are monitored as well as concentrations of bonds within the categories of government bonds, financial bonds as well as corporate bonds.

(59) Liquidity risk

59.1. Definition

The Bank defines liquidity risk as the risk of not being able to fully or timely meet payment obligations due, or - in the event of a liquidity crisis - only being able to procure refinancing at increased market rates, or only being able to sell assets at market prices if a discount has been included.

59.2. General requirements

At the Bank, liquidity management at Bank level are the responsibility of Balance Sheet Management & Treasury and controlling under Risk controlling.

The Bank has emergency liquidity planning in place which has been set out in writing. It sets out the processes and control or hedging instruments which are required to avert imminent crises or to overcome acute crises. In the event of a liquidity crisis, the top priorities of the bank are to rigorously maintain solvency and to prevent damage to the bank's reputation.

59.3. Risk control

The liquidity reserve ensures the Bank's solvency at all times, even during crisis situations. These liquidity reserve is subject to different stress scenarios in order to maintain an overview of available liquidity resources even during crisis situations. Moreover, the bank holds its own liquidity buffer for stress situations, composed of ECB-eligible securities and securities that can be quickly sold.

In 2025, the Liquidity Coverage Ratio (LCR) has been moving between its lowest level of 476% in October 2025 and its peak of 710% in June 2025.

Per December 2025, the counterbalancing capacity at the Bank was structured as follows:

	(000) BAM	
Liquidity Buffer (000 BAM)	31.12.2025	31.12.2024
Securities eligible for Central Bank	299,876	310,365
Securities eligible for Repo	0	0
Credit Claims eligible for Central Bank or Repo	0	0
Obligatory Reserves (countable)	0	0
Cash Reserves at Central Bank (locked)	0	0
Counterbalancing Measures	0	0
Other liquefiable Assets (short-, medium-term)	0	0
Committed/Required Credit Lines	0	0
New Issuance and Securitization	0	0
Total Counterbalancing Capacity	299,876	310,365

Liquidity monitoring for the Bank is carried out at a local level on the one hand as well as centrally through the Group Holding on the other hand. Cash-flow classifications composed by deterministic, stochastic, forecast data (planned or budgeted forecasts) and non-relevant cash-flows form the basis of the liquidity gap evaluation and reporting.

Any occurring gaps in pre-defined time buckets are compared to the liquidity coverage potential - a well-diversified bundle of liquidity reserves available for the proper liquidity management. The liquidity reserves are subjected to a regular review and, as described further above, tested by various stress situations (mild, strong, severe/survival) through simulations.

Beside ongoing structural controlling activities, it is ensured that general regulatory requirements are adhered as well.

59.4. Overview - liquidity situation

The liquidity situation of the Bank in 2025 was characterized by a liquidity surplus. Any capital market activities were therefore not necessary.

During the financial year, the Bank recorded a stable level of deposits around BAM 1,041,676 thousand.

The concentration of the liquidity risk is in line with the diversification of funding based on the main products and the most relevant currencies. The biggest positions in the funding, apart from equity, are a-vista and term-deposits. The most important currency in funding is BAM and EUR. Both, products and currencies are tracked through different time buckets and time frames.

In addition, the Bank is monitoring the impact of customers with high volume business: the biggest ten counterparties which are compared with the volume of total financial liabilities.

Below is a breakdown of contractual maturities of undiscounted cash flows for the financial liabilities of the Bank.

(000) BAM

31.12.2025	Carrying amount	Contractual cash flow	daily due or without maturity	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years
Cash and cash equivalents	296,069	296,069	256,952	39,117	0	0	0
Financial assets at fair value through other comprehensive income	194,131	197,445	2,519	29	38,041	33,364	123,492
Financial assets at amortized cost	755,661	873,733	2,828	18,550	90,979	279,912	481,464
Tangible assets	17,030	17,030	17,030	0	0	0	0
Intangible assets	5,985	5,985	5,985	0	0	0	0
Tax assets	3,149	3,149	3,149	0	0	0	0
Current tax assets	0	0	0	0	0	0	0
Deferred tax assets	3,149	3,149	3,149	0	0	0	0
Other assets	3,161	3,161	3,161	0	0	0	0
Non-current assets and disposal groups classified as held for sale, financial instruments	860	860	860	0	0	0	0
Total	1,276,046	1,397,432	292,484	57,696	129,020	313,276	604,956
Financial liabilities measured at amortized cost	1,062,068	1,067,868	768,895	1,819	45,697	197,516	53,941
Deposits from customers	1,040,299	1,045,651	757,700	88	42,503	192,110	53,250
Deposits from credit institutions	1,377	1,429	1,429	0	0	0	0
Borrowings from banks	9,404	9,694	0	1,731	2,578	4,694	691
Other financial liabilities	10,988	11,094	9,766	0	616	712	0
Provisions	6,622	6,622	6,622	0	0	0	0
Tax liabilities	214	214	214	0	0	0	0
Current tax liabilities	214	214	214	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0	0
Other liabilities	6,797	6,797	6,797	0	0	0	0
Loan commitments	36,703	36,703	2,059	1,959	16,419	13,798	2,468
Financial guarantees	11,292	11,292	0	0	701	9,356	1,235
Other commitments	78,537	78,537	0	359	16,676	50,207	11,295
Total	1,202,233	1,208,033	784,587	4,137	79,493	270,877	68,939

(000) BAM

31.12.2024	Carrying amount	Contractual cash flow	daily due or without maturity	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years
Cash and cash equivalents	388,079	388,079	372,432	0	0	15,647	0
Financial assets at fair value through other comprehensive income	211,298	218,725	2,392	1	47,224	47,999	121,109
Financial assets at amortized cost	683,704	794,931	2,479	10,242	104,683	253,667	423,860
Tangible assets	17,472	17,472	17,472	0	0	0	0
Intangible assets	5,324	5,324	5,324	0	0	0	0
Tax assets	3,484	3,484	3,484	0	0	0	0
Current tax assets	0	0	0	0	0	0	0
Deferred tax assets	3,484	3,484	3,484	0	0	0	0
Other assets	3,019	3,019	3,019	0	0	0	0
Non-current assets and disposal groups classified as held for sale, financial instruments	1,600	1,600	1,600	0	0	0	0
Total	1,313,980	1,432,634	408,202	10,243	151,907	317,313	544,969
Financial liabilities measured at amortized cost	1,099,183	1,104,246	830,492	294	28,433	180,124	64,903
Deposits from customers	1,074,046	1,078,330	821,788	165	22,806	168,668	64,903
Deposits from credit institutions	6,121	6,175	1,621	0	4,554	0	0
Borrowings from banks	10,170	10,760	0	129	168	10,463	0
Other financial liabilities	8,846	8,981	7,083	0	905	993	0
Provisions	7,464	7,464	7,464	0	0	0	0
Tax liabilities	629	629	629	0	0	0	0
Current tax liabilities	629	629	629	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0	0
Other liabilities	6,973	6,973	6,973	0	0	0	0
Loan commitments	36,745	36,745	2,013	4	18,400	13,935	2,393
Financial guarantees	16,882	16,882	0	0	2,111	13,330	1,441
Other commitments	101,769	101,769	0	637	19,399	77,788	3,945
Total	1,269,645	1,274,708	847,571	935	68,343	285,177	72,682

(60) Operational risk

60.1. Definition

The Bank defines operational risk (OpRisk) as the risk of losses resulting from inadequate or failed internal processes, systems, people or external factors. This definition includes legal risk, model risk and ICT (Information and Communication Technology) risk but excludes reputational risk and strategic risk.

60.2. General requirements - Operational risk management framework

Operational risk management is at the core of a bank's operations, integrating risk management practices in processes, systems and culture. As a pro-active partner to senior management, value of operational risk management lies in supporting and challenging senior management (B1 heads) to align the business control environment with the bank's strategy by measuring and mitigating risk loss exposure, contributing to optimal return for stakeholders.

A robust framework of operational risk management which includes identifying, measuring, managing, monitoring and reporting operational risk provides a mechanism for discussion and effective escalation of issues leading to better risk management and increasing institutional resilience.

The comprehensive data collection, which the framework supports, allows analysis of complex issues and facilitates tailored risk mitigation actions.

Operational risk management is a continuous cyclic process which includes risk and control self-assessment, risk decision making, scenario analysis and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk.

60.3. Risk monitoring

Operational Risk Management reports on a monthly basis to the Group Risk Executive Committee and on a quarterly basis to the Board Audit Committee, Risk Committee and OpRisk Committee in order to provide an overview of the operational risk situation to the management to enable the related risk steering and to integrate the operational risk management into the bank processes.

60.4. Exposure & capital overview

Operational risk, in its cyclical process, shows changes in loss realization thus impacting operational risk management which is visible through the loss collection and risk and control self-assessment processes, the two most important tools in operational risk management.

The operational risk with regard to the Pillar 1 capital requirement is calculated using the Basic Indicator Approach, the so-called BIA, in accordance with Decision on the calculation of the capital of banks (using relevant indicator). The operational risk measurement model for internal capital adequacy is calculated the same way as for Pillar 1 and includes operational risk sub-types which the Bank considers material under Pillar 2.

(61) Sustainability (Environmental, Social and Governance - ESG) Risks

ESG risks include all risks arising from potential negative impacts, direct or indirect, on the environment, people and communities and more generally all stakeholders, in addition to those arising from corporate governance. ESG risk could affect profitability, reputation as well as credit quality and could lead to legal consequences.

Addiko does not treat the ESG risks as a separate risk type but integrates them in the existing risk classification and into the existing risk management framework, as drivers for other risk types (e.g. credit risk or operational risk).

In line with regulatory expectations, Addiko puts a special focus on climate-related and other environmental risk (C&E risk) management. In this context Addiko considers both physical and transition risks:

- Physical risk refers to the direct impact from climate-related or environmental changes, which can be “acute” (e.g. extreme weather events such as hurricanes, floods and wildfires) or “chronic” in case of progressive changes, such as sustained higher temperatures, heat waves, droughts and rising sea levels.
- Transition risk refers to the potential losses resulting from the adjustment towards a lower-carbon and more environmentally sustainable economy (e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand).

Addiko performed an assessment of climate-related and other environmental risks in two consecutive steps. In a first step Addiko assessed the impact of climate and environmental change considering various scenarios for the short, medium and long-term. In the second step Addiko analyzed how the impact identified in the first step will transmit onto the Bank. Based on this analysis, Addiko concluded that in particular its credit risk can be impacted by climate-related and other environmental risk drivers. While due to the granularity and diversification of Addiko’s loan portfolio, there is no immediate material threat to the quality of assets of Addiko, the potential impact on the economy in the area of Addiko operation drives the systemic risk Addiko is exposed to. In this context it is evident that acute and chronic climate and environmental risks already do impact macroeconomic indicators, whereby the severity of this impact over the medium - to long term is highly dependent on the measures taken to curb climate change. Consequently, Addiko also considered the impact from climate-related transition risks in the macroeconomic financial forecasts used in the calculation of the Expected Credit Loss, thus, directly impacting the risk provisions of the loan book.

While no immediate danger for Addiko was identified in the assessment of climate-related and other environmental risks, the urgency and uncertainty of the matter require continuous monitoring. Addiko focuses in particular on the strict limitation of any idiosyncratic C&E risk. In this context, Addiko has identified industries which are and might in the future be impacted by climate and environmental risk, and set prudent limits on the maximum exposure to these limits, which are diligently tracked. Furthermore, within the operational credit-granting process, Addiko has defined measures to recognize the potential impact of climate and environmental risk on the asset quality of the clients. Proper assessment is necessary in order to prevent potential financial, legal or reputational consequences for the bank that might appear in case that bank supports financing of the respective company.

(62) Legal Risk

In order to collect receivables on loans, guarantees, letters of credit or other bases, the Bank has a total of 5,266 active legal disputes with a total value of BAM 109,383 thousand led by Credit Risk Management Division.

Loans with CHF foreign currency clause

For the purpose of resolving loan portfolio with the CHF foreign currency clause, the Bank initiated the CHF project on 8 March 2016.

In March 2016, the Bank offered incentives to retail customers with foreign currency clause loans in Swiss franc, which are reflected in the reduction of credit commitments by 30% accompanying the conversion into local currency at current exchange rate and a fixed interest rate of new loans of 5.99%. The project officially ended in December 2016, but the Bank has continued to consider and realize received offers during 2018. The Bank incurred losses on this basis for 2018 in the amount of BAM 1.5 million.

The Bank identified 2,544 retail loan parties as the scope of the project, which the Bank had as at 29 February 2016. The project officially ended on 5 December 2016, given that the Bank continued with realization of incoming requests, and all subsequent client requests are considered individually as a part of regular activities.

As at 31 December 2017, 1,617 requests were realized (64% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (219 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 708 as at 31 December 2017.

As at 31 December 2018, 1,755 requests were realized (69% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (260 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 529 as at 31 December 2018.

As at 31 December 2019, 1,858 requests were realized (73% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (289 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 397 as at 31 December 2019.

As at 31 December 2020, 1,915 requests were realized (75% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (299 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 330 as at 31 December 2020.

As at 31 December 2021, 1,981 requests were realized (78% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (308 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 255 as at 31 December 2021.

As at 31 December 2022, 2,343 requests were realized (92% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (321 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 201 as at 31 December 2022.

As at 31 December 2023, 2,391 requests were realized (94% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (338 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 153 as at 31 December 2023.

As at 31 December 2024, 2,408 requests were realized (95% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (345 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 137 as at 31 December 2024.

As at 31 December 2025, 2,424 requests were realized (95% of total parties), while a certain number of parties was closed by regular repayment during the project, i.e. with no use of reliefs (355 parties). The outstanding number of retail parties with CHF foreign currency clause in Bank's portfolio is 120 as at 31 December 2025.

Total amount of write-offs for balance sheet receivables is BAM 53,519 thousand (BAM 16,004 thousand for performing clients and BAM 37,515 thousand for non-performing clients). Total amount of write-offs for off-balance sheet receivables is BAM 56,924 thousand.

Passive legal disputes

As of 31 December 2025, there were 66 open court proceedings against the Bank, with total nominal value of BAM 57.3 million, excluding contingent penalty interest. This amount includes 2 claims with nominal value of BAM 0.09 million according to which the claims have been already paid in previous periods, hence they do not represent an additional risk of losses but are in the state of open court proceedings based on legal remedy. In addition, this amount includes 11 claims with nominal value of BAM 0.3 million, which are, in accordance with contracts on transfer of receivables (Brush), within the responsibility of transferee with whom they are related, and they represent no risk for the Bank. These proceedings representing no risk for the Bank (already paid or risk transferred to transferee) are not recorded in accounting records. The overall number of passive legal disputes decreased in 2025.

The largest number of proceedings is related to declaratory claims, where determination of certain right or legal relation is requested - total of 28 claims with nominal value of BAM 15.8 million.

Of the most significant court decisions made in favor of the Bank, we have listed: 4 decisions on damage claim proceedings (Second instance decision and the Supreme court's decision on rejection of the plaintiff's claim in a proceeding with amount of dispute BAM 11.7 million, the first instance decision on rejection of the Plaintiff's claim in a proceeding with the amount in dispute of BAM 1.7 million and the Constitutional court's decision in a proceeding with amount of dispute BAM 0.3 million).

The Bank regularly assesses the amount of provisions for expenses for litigations. The assessment is based on the estimated probability of future cash flows, arising from the past legal or constructive obligations. The Bank provisioned BAM 4.8 million for litigations and claims as of 31 December 2025, which the Management of the Bank believes to be sufficient amount.

During 2025, the Bank continued with intensified activities for resolving claims and litigations, and management of associated legal risk. Dispute strategies are regularly updated in accordance with changes, the practice of adequate legal representation and intensive coordination of the Bank's defense in proceedings continued, the process of out-of-court dispute resolution continued, and records are kept up-to-date and reporting on disputes is carried out.

Besides the Legal data base, where data can be seen on a daily level, regular reports on the local legal situation and the latest developments in the pending legal proceedings, as well as ad-hoc reports on each new legal dispute are actively being delivered to the Group's Legal department.

The following is overview of court proceedings as of 31.12.2025.

(000) BAM			
Type of case	Number of cases	Value of cases	Provisions
Currency clause/margin	17	455	250
Currency clause/margin/compensation for damages	1	2,213	267
Compensation for damages	17	38,713	3,830
Labor dispute	3	140	459
Other/Declaratory	28	15,834	25
Total	66	57,355	4,831

Supplementary information required by IFRS

(63) Analysis of remaining maturities

(000) BAM

31.12.2025	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash and cash equivalents	256,952	39,117	0	0	0	296,069	0	296,069
Financial assets at fair value through other comprehensive income	2,519	22,498	73,137	95,675	302	98,154	95,977	194,131
Financial assets at amortised cost	3,450	65,440	156,973	273,568	256,230	225,863	529,798	755,661
Tangible assets	0	0	0	0	17,030	0	17,030	17,030
Intangible assets	0	0	0	0	5,985	0	5,985	5,985
Tax assets	3,149	0	0	0	0	3,149	0	3,149
Deferred tax assets	3,149	0	0	0	0	3,149	0	3,149
Other assets	3,161	0	0	0	0	3,161	0	3,161
Non-current assets and disposal groups classified as held for sale, financial instruments	860	0	0	0	0	860	0	860
Total	270,091	127,055	230,110	369,243	279,547	627,256	648,790	1,276,046
Financial liabilities measured at amortised cost	770,056	50,407	131,310	109,616	679	951,773	110,295	1,062,068
Provisions	6,622	0	0	0	0	6,622	0	6,622
Tax liabilities	214	0	0	0	0	214	0	214
Current tax liabilities	214	0	0	0	0	214	0	214
Other liabilities	6,797	0	0	0	0	6,797	0	6,797
Total	783,689	50,407	131,310	109,616	679	965,406	110,295	1,075,701

(000) BAM

31.12.2024	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash and cash equivalents	372,510	0	0	15,569	0	372,510	15,569	388,079
Financial assets at fair value through other comprehensive income	2,392	2,928	53,748	151,974	256	59,068	152,230	211,298
Financial assets at amortized cost	3,606	56,443	189,936	288,951	144,768	249,985	433,719	683,704
Tangible assets	0	0	0	0	17,472	0	17,472	17,472
Intangible assets	0	0	0	0	5,324	0	5,324	5,324
Tax assets	3,484	0	0	0	0	3,484	0	3,484
Deferred tax assets	3,484	0	0	0	0	3,484	0	3,484
Other assets	3,019	0	0	0	0	3,019	0	3,019
Non-current assets and disposal groups classified as held for sale, financial instruments	1,600	0	0	0	0	1,600	0	1,600
Total	386,611	59,371	243,684	456,494	167,820	689,666	624,314	1,313,980
Financial liabilities measured at amortized cost	832,269	50,347	108,020	108,047	500	990,636	108,547	1,099,183
Provisions	7,464	0	0	0	0	7,464	0	7,464
Tax liabilities	629	0	0	0	0	629	0	629
Current tax liabilities	629	0	0	0	0	629	0	629
Other liabilities	6,973	0	0	0	0	6,973	0	6,973
Total	847,335	50,347	108,020	108,047	500	1,005,702	108,547	1,114,249

Remaining maturity refers to the period between the reporting date and the expected payment date for the receivable or liability. Where receivables or liabilities fall due in partial amounts, the remaining maturity is reported separately for each partial amount. An analysis regarding recovery or settlement up to 1 year after the reporting date and over 1 year after the reporting date, as requested in IAS 1, is presented. The breakdown by remaining maturities is based on the carrying amounts included in the statement of financial position.

(64) Leases from the view of Addiko Bank as lessee

The Bank leases the majority of its offices and branches under various rental agreements. The Bank leases also equipment and vehicles. Most of the lease contracts are made under usual terms and conditions and include price adjustment clauses in line with general office rental market conditions. Rental contracts are typically made for fixed periods. Extension and termination options are included in a number of property and equipment leases. Several lease contracts have indefinite lease term and several contracts contain insignificant residual value guarantees. There are no restrictions placed upon the lessee by entering into these contracts. There are no lease contracts with variable payments other than that depending on an index or a rate. For further details regarding lease contracts please refer to note (19) Leases and to note (3) Use of estimates and assumptions/material uncertainties in relation to estimates.

The lease agreements do not include any clauses that impose any restrictions on the Bank's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

The Bank had total cash outflows for leases of BAM 983 thousand in 2025.

The undiscounted maturity analysis of lease liabilities under IFRS 16 was as follows:

	(000) BAM	
Maturity analysis - contractual undiscounted cashflow	31.12.2025	31.12.2024
up to 1 year	616	905
from 1 year to 5 years	712	993
more than 5 years	0	0
Total undiscounted lease liabilities	1,328	1,898

Expense relating to payments not included in the measurement of the lease liability is as follows:

	(000) BAM	
	31.12.2025	31.12.2024
Short-term leases	1,055	943
Leases of low value assets	0	0
Total	1,055	943

(65) Assets/liabilities denominated in foreign currencies

The following amounts in the statement of financial position are denominated in foreign currencies:

	(000) BAM	
	31.12.2025	31.12.2024
Assets	526,862	579,820
Liabilities	311,951	325,489

(66) Contingent liabilities and other liabilities not included in the statement of financial position

The following gross commitments not included in the statement of financial position existed at the reporting date:

	(000) BAM	
	31.12.2025	31.12.2024
Loan commitments, given	36,703	36,745
Financial guarantees, given	11,292	16,882
Other commitments, given	78,537	101,769
Total	126,532	155,396

The position other commitments, given includes mainly non-financial guarantees, like performance guarantees or warranty guarantees and guarantee frames.

Contingent liabilities in relation to legal cases

Bank faces a number of passive legal cases, where former customers filed claims against Bank seeking compensation for damages, mainly related to FX and unilateral interest change clauses. No further disclosures according to IAS 37.92 are made in order to protect the Bank's position in these legal disputes.

Fair value disclosures

Fair value is the price that would be received for the sale of an asset or paid to transfer a debt in an orderly transaction between market participants at the measurement date. Based on inputs to valuation techniques used to measure fair value, financial assets and financial liabilities are categorized under the three levels of the fair value hierarchy:

Quoted prices in active markets (level I)

The fair value of financial instruments traded in active markets is best established through quoted prices of identical financial instruments where these quoted prices represent market values/prices used in regularly occurring transactions. This applies above all to equity instruments traded on an active market, debt instruments traded on the interbank market and quoted derivatives.

Value determined using observable parameters (level II)

If there are no quoted prices for individual financial instruments, the market prices of comparable financial instruments or accepted measurement models applying directly or indirectly observable prices or parameters (interest rates, yield curves, implied volatilities and credit spreads) must be used to determine the fair value. This level includes the majority of the OTC derivatives and non-quoted debt instruments. A financial instrument is classified in Level II if all significant inputs in the valuation are observable on the market.

Value determined using non-observable parameters (level III)

This category includes financial instruments for which there are no observable market rates or prices. The fair value is therefore determined using measurement models and unobservable inputs (typically internally derived credit spreads) appropriate for the respective financial instrument. These models make use of management assumptions and estimates depending on the pricing transparency and complexity of the financial instrument. A financial instrument is classified in level III if one or more significant inputs are not directly observable on the market.

Valuation models are regularly reviewed, validated and calibrated. All valuations are performed independently of the trading departments.

The end of the reporting period is established as the time of reclassification between the various levels of the fair value hierarchy.

Equity instruments

Equity instruments are reported under level I if prices are quoted in an active market. If no quoted prices are available, they are reported under level III. Valuation models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.

Derivatives

The fair value of derivatives that are not options is determined by discounting the relevant cash flows with the corresponding yield curves. These are reported under level II if they are measured on the basis of observable input factors. If non-observable significant input factors are used, these derivatives are reported under level III. The fair value of structured financial products is calculated according to the type of embedded derivative using a measurement model; they are reported under level II or level III depending on the input factors used.

Debt financial assets and liabilities

The method used to measure debt financial assets and liabilities depends on the liquidity in the relevant market. Liquid instruments measured on the basis of the relevant market value are reported under level I. The fair value is determined using valuation techniques whereby expected cash flows are discounted by the risk premium adjusted curves in the event that there is no active market. The proximity to the risk premium curve used determines whether these instruments are

reported under level II or level III. They are reported under level III in the event that a significant, non-observable risk premium is used. Market prices provided either at a low frequency or only from one source are reported under level III.

(67) Fair value of financial instruments carried at fair value

The table below shows the allocation of financial instruments carried at fair value to their level in the fair value hierarchy.

(000) BAM

31.12.2025	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions	Total
Assets	166,128	25,182	302	191,612
Investment securities at FVTOCI	166,128	25,182	302	191,612
Equity instruments	0	0	302	302
Debt securities	166,128	25,182	0	191,310
Total	166,128	25,182	302	191,612
Liabilities	0	0	0	0
Total	166,128	25,182	302	191,612

(000) BAM

31.12.2024	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions	Total
Assets	183,333	25,315	256	208.904
Investment securities at FVTOCI	183,333	25,315	256	208.904
Equity instruments	0	0	256	256
Debt securities	183,333	25,315	0	208,648
Total	183,333	25,315	256	208,904
Liabilities	0	0	0	0
Total	183,333	25,315	256	208,904

The reconciliation of the assets reported under level III as at 31 December 2025 was as follows:

(000) BAM

31.12.2025	Balance at start of period (+)	Total gains/ losses	Changes in fair value reserve	Additions (+)	Disposals (-)	Transfer into level III	Transfer out of level III	Other (+/-)	Balance at end of period
Assets									
Investment securities at FVTOCI	256	0	72	0	-26	0	0	0	302
Equity instruments	256	0	72	0	-26	0	0	0	302
Total	256	0	72	0	-26	0	0	0	302

The reconciliation of the assets reported under level III as at 31 December 2024 was as follows:

(000) BAM

31.12.2024	Balance at start of period (+)	Total gains/ losses	Changes in fair value reserve	Additions (+)	Disposals (-)	Transfer into level III	Transfer out of level III	Other (+/-)	Balance at end of period
Assets									
Investment securities at FVTOCI	218	0	38	0	0	0	0	0	256
Equity instruments	218	0	38	0	0	0	0	0	256
Total	218	0	38	0	0	0	0	0	256

Measurement methods used to determine the fair value of level II and level III items

The accepted measurement models according to IFRS 13 are the market approach, the cost approach and the income approach. The measurement method using the market approach is based on identical or comparable assets and liabilities. With the income approach, future cash flows, expenses or revenue are discounted at the measurement date. The fair value determined in this manner reflects current market expectations regarding these future amounts. It primarily includes present value models and also option price models used for the measurement of financial instruments or option-based cash flows. The cost approach is not used.

The fair value of financial instruments with short terms where the carrying amount is an adequate approximation of the fair value was not separately determined.

The following measurement techniques are applied to items that are measured internally based on models:

Present value of the future cash flows (discounted cash flow method)

Level II and III items that are not traded in active markets but where the date and amount of the cash flows are known are measured at the present value of the future cash flows. Discounting takes a risk premium into account. All significant input factors are observable for level II instruments while some significant parameters cannot be directly observed for level III.

Option measurement models

The existing portfolio of level III items includes cash flows with amounts tied to various market variables such as swap rates, stock market indexes and FX rates, or with dates that cannot be determined. Accepted interest and option measurement models calibrated daily with market data (swaption prices, market prices, FX rates) are used for the measurement of such cash flows.

Non-observable input factors for level III items

Volatilities and correlations

Volatilities are important input parameters for all option measurement models. The volatilities are derived from market data using accepted models.

Risk premiums

Credit risk premiums indicate the default risk of an issuer. They provide information about the expected loss if the issuer defaults and therefore reflect the loss given default and the probability of default. For some issuers, risk premiums can be observed directly in the market. When single-name CDS curves are not available for an issuer, the risk premiums have to be estimated based on similarities to other issuers or based on the issuer's country and sector. Increase (decrease) in the credit risk premiums would decrease (increase) the fair value.

Loss given default

The loss given default is a parameter that is never directly observable before an entity defaults.

Probability of default

Risk premiums and loss given default are used to estimate the probability of default, which is used for possible fair value adjustments.

Fair value adjustments

Credit value adjustment (CVA) and debt value adjustment (DVA)

Credit value adjustment (CVA) and debt value adjustment (DVA) are reported for all OTC derivatives. The calculation is based on a Monte Carlo simulation of the future replacement value (exposure), taking into account the effects of CSA agreements (credit support annex, CSA) by path. This results in a distribution of replacement values for all future dates. To determine the CVA, the absolute expected values from the positive exposure paths are multiplied by the counterparty's marginal probabilities of default and discounted. The DVA, on the other hand, is determined by multiplying and discounting the absolute expected values from the negative exposure paths with the bank's own marginal probabilities of default.

For counterparties with a collateral contract, the CVA and DVA have to be calculated at the portfolio level. The calculation takes into account contractual parameters such as minimum transfer amount, threshold, rounding and netting. The relative CVA approach is used to allocate the portfolio CVA to specific items. Here, the portfolio CVA is distributed in proportion to the individual CVAs. The full CVA approach is applied to items not secured by collateral. This approach calculates the CVA at the individual item level. A waterfall principle is applied to determine the probabilities of default. First, the probabilities of default are derived from CDS curves. Synthetic curves are used if there are no single-name curves available; and are composed of country-specific curves and an internal rating.

OIS discounting

The Bank measures derivatives taking into account base spread influences by applying various interest curves to calculate the forward rates and discount factors (multi-curve framework). According to the current market standards, overnight-indexed swap rates (OIS interest rates) are used for discounting in the measurement of OTC derivatives secured by collateral. A cross-currency base spread is taken into account for foreign currency swaps, where the collateral and cash flows are in a different currency.

(68) Fair value of financial instruments and assets not carried at fair value

The carrying amounts of recognized financial instruments not carried at fair value are compared to the respective fair values below:

(000) BAM						
31.12.2025	Carrying amount	Fair Value	Difference	Level I - from active market	Level I - based on market assumptions	Level III - based on non market assumptions
Assets						
Cash reserves	296,069	295,860	-209	0	0	295,860
Financial assets at amortized cost	636,899	645,654	8,755	0	0	645,654
Loans and advances	636,899	645,654	8,755	0	0	645,654
Total	932,968	941,514	8,546	0	0	941,514
Liabilities						
Financial liabilities measured at amortized cost	1,052,664	1,048,535	-4,129	0	0	1,048,535
Deposits	1,041,676	1,038,012	-3,664	0	0	1,038,012
Borrowings	9,404	8,939	-465	0	0	8,939
Other financial liabilities	10,988	10,988	0	0	0	10,988
Total	1,062,068	1,057,939	-4,129	0	0	1,057,939

(000) BAM

31.12.2024	Carrying amount	Fair Value	Difference	Level I - from active market	Level I - based on market assumptions	Level III - based on non market assumptions
Assets						
Cash reserves	388,079	387,861	-218	0	0	387,861
Financial assets at amortized cost	569,472	580,452	10,980	0	0	580,452
Loans and advances	569,472	580,452	10,980	0	0	580,452
Total	957,551	968,313	10,762	0	0	968,313
Liabilities						
Financial liabilities measured at amortized cost						
Deposits	1,080,167	1,076,616	-3,551	0	0	1,076,616
Borrowings	10,170	10,211	41	0	0	10,211
Other financial liabilities	8,846	8,846	0	0	0	8,846
Total	1,099,183	1,095,673	-3,510	0	0	1,095,673

Financial instruments not carried at fair value are not managed on a fair value basis and their fair values are calculated only for disclosure purposes and do not impact the statement of financial position and the income statement. The fair value of receivables and liabilities is determined according to the present value of future cash flows. The risk premium amounts for receivables depend on the internal or external rating of the borrower taking into account the country risk. For liabilities, the own credit spread is taken into account in the discount factor. Due to the fact that no debt issues of the Bank are placed on the market, the calculation of credit spread curves for senior unsecured liabilities is based on quoted credit default swap curves or credit spreads from senior unsecured bonds in a weighted peer group consisting of banking groups operating in CSEE whose markets and estimated credit standing is as similar to that of the Addiko Group as possible. Due to the existing uncertainties, a broad range exists for the fair values to be determined.

The management assessed that the fair value of cash positions approximately correspond to their carrying amounts largely due to the short term maturities of these instruments.

Related party disclosures

In accordance with the International Accounting Standard (“IAS”) 24: “Related Party Disclosures”, related parties are parties or entities that represent:

- a) enterprises that directly, or indirectly through one or more intermediaries, control the reporting company or are under its control, i.e. which the reporting entity controls together with other entities (including holding companies, subsidiaries and fellow subsidiaries);
- b) associated persons - companies in which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- c) individuals who directly or indirectly have the voting rights in the Bank that gives them significant influence over the Bank, as well as any other entity which is expected to influence, or be influenced by the relating individual in their dealings with the Bank;
- d) executives in key positions, i.e. individuals having authority and responsibility for planning, directing and controlling the activities of the Bank, including directors and officers of the Bank and members of their immediate families; and
- e) companies in which any person described in (c) or (d) has a substantial interest in the voting rights or which is directly or indirectly owned by the mentioned individuals, or where the same may have a significant impact. This includes enterprises owned by directors or major shareholders of the Bank and enterprises that have a member of key management in both their company and in a same or similar positions at the Bank.

In considering each possible related party transaction, attention is directed to the essence of the relationship, not merely the legal form.

Business relations with related parties are as follows at the respective reporting date:

(000) BAM

31.12.2025	ABH	ABS	ABC	ABSE	ABM	ABBL	Key personnel of the institution
Financial assets	15,793	66	109	116	0	61	9
Loans and advances	0					61	9
Placements	15,793	66	109	116	0	0	0
Derivatives	0	0	0	0	0	0	0
Other assets	62	0	8	0	0	80	0
Financial liabilities	30	0	178	20	22	1,260	658
Deposits	5	0	0	20	22	1,260	658
Other financial liabilities	25	0	178	0	0	0	0
Other liabilities	6	0	1	0	0	0	0
Loan commitments given	0	0	0	0	0	0	31
Commitments and guarantees given	0	0	0	0	0	0	0

(000) BAM

31.12.2024	ABH	ABS	ABC	ABSE	ABM	ABBL	Key personnel of the institution
Financial assets	15,763	96	543	89	0	103	7
Loans and advances	0	0	2	0	0	103	7
Placements	15,763	96	541	89	0	0	0
Derivatives	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	17	0
Financial liabilities	117	0	51	153	117	1,374	331
Deposits	9	0	40	20	117	1,374	331
Other financial liabilities	108	0	11	133	0	0	0
Other liabilities	70	0	26	269	0	0	0
Loan commitments given	0	0	0	0	0	0	31
Commitments and guarantees given	0	0	0	0	0	0	0

(000) BAM

31.12.2025	ABH	ABS	ABC	ABSE	ABM	ABBL	Key personnel of the institution
Interest and similar income	368	0	0	0	0	0	1
Interest expenses	-42	0	-11	0	0	0	-2
Fee and commission income	0	0	2	0	0	71	5
Fee and commission expenses	-13	-1	-205	0	0	-1,117	0
Other administrative expenses	-789	0	-652	-363	0	0	-15
Gains on derecognition of financial assets FVOCI	0	0	0	0	0	0	0
Other operating income	132	0	48	0	0	0	0
Credit loss expenses on financial assets	-1	0	-2	0	0	0	0
Total	-303	-1	-820	-363	0	-1,046	-11

(000) BAM

31.12.2024	ABH	ABS	ABC	ABSE	ABM	ABBL	Key personnel of the institution
Interest and similar income	676	0	0	0	0	0	1
Interest expenses	-42	0	-12	0	0	0	0
Fee and commission income	0	0	2	0	0	0	4
Fee and commission expenses	-12	-2	-157	0	0	681	0
Other administrative expenses	-198	0	-504	-230	0	0	-14
Gains on derecognition of financial assets FVOCI	0	0	0	0	0	0	0
Other operating income	73	0	4	0	0	0	0
Credit loss expenses on financial assets	386	0	-1	0	0	0	0
Total	883	-2	-668	-230	0	681	-9

Remuneration received by Management Board and Supervisory Board members within the Addiko Bank are presented as follows:

	(000) BAM	
	31.12.2025	31.12.2024
Management and Supervisory Board remunerations	1,303	1,168
Taxes and contributions on remunerations	116	126
Total	1,419	1,294

(69) Capital management

69.1. Own funds and capital management

In accordance with the Law on Banks (Official Gazette of Federation of BiH no. 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03, 28/03 and 27/17), the minimum amount of a bank's paid-in capital and the lowest level of the capital a bank has to maintain, cannot be lower than BAM 15,000 thousand. The Bank's subscribed capital amounted to BAM 100,403 thousand in line with these provisions.

Regulatory capital represents the sum of common equity (T1) and supplementary capital, after regulatory adjustments. The Bank's common equity (T1) is comprised of the sum of common equity tier 1 (CET1) after regulatory adjustments and additional tier 1 capital (AT1) after regulatory adjustments.

The Bank's Common Equity Tier 1 (CET1) items consist of equity instruments, share premiums, retained earnings, accumulated other comprehensive income, and other reserves. CET1 deduction items include intangible assets and deferred tax assets. The Bank's Additional Tier 1 (AT1) items consist of equity instruments and instrument-related premium accounts, after applying the required regulatory adjustments.

The Bank's Tier 2 capital consists of Tier 2 capital items after regulatory adjustments. Tier 2 capital may not exceed one third of Tier 1 capital.

With regard to capital risk management, the Bank aims to:

- provide compliance with the Banking Agency requirements,
- provide compliance with Addiko Group standards,
- provide solid capital basis as a support for further development of Bank's operations,
- provide possibilities of long-term business operation while providing profit for shareholders.

In terms of the calculation of risk weighted assets (RWA) for regulatory reporting, the following approaches are applied:

- Standardized Approach for credit risk and
- Simplified Approach for operational risk

The capital management is fully integrated into the Bank's business planning process to ensure that the regulatory requirements as well as the target capital ratio are complied with throughout the planning horizon.

In addition to the minimum capital ratios required by the regulators, the Bank defines early warning and recovery levels in the Bank's recovery plan and the corresponding processes. The warning levels refer to liquidity as well as to regulatory and economic capital figures.

Additionally, the Bank tracks all new regulatory changes, e.g. new regulatory decisions about capital management. The impact of the new regulatory changes is estimated and the expected effects on the capital position of the Bank are presented to the respective division heads and Management Board members. This process should ensure that the Bank adapts its capital management procedures to the new prudential requirement in time.

69.2. Own funds and capital requirements

Own funds according to the Banking Agency decisions consist of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2). In order to determine the capital ratios, each respective capital component - after application of all regulatory deductions and filters - is considered in relation to the total risk.

The regulatory minimum capital ratios including the regulatory buffers as of 31 December 2025 and 31 December 2024 amount to:

	31.12.2025			31.12.2024		
	CET1	T1	TCR	CET1	T1	TCR
Minimum capital requirement	6.75%	9.00%	12.00%	6.75%	9.00%	12.00%
Capital Buffer	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Overall Capital Requirement (OCR)	9.25%	11.50%	14.50%	9.25%	11.50%	14.50%

The Bank is under obligation to maintain capital adequacy at the minimum of 12%, i.e. to harmonize the scope and the structure of its operations with the performance indicators that are defined by the regulations of the Banking Agency especially with the Decision on calculation of bank capital and other decisions of the Banking Agency in the field of supervision and control of bank operations, and the Law on Banks of Federation of BiH. In addition to minimum capital requirements the SREP requirement is set at 1.0% and should be comprised entirely of CET1 capital. Additionally, following the conducted stress testing results in 2025, a P2G of 0.5% was determined as an additional capital guidance that must be ensured from Common Equity Tier 1 items.

The Bank's Management monitors adequacy ratios and other business indicators on a regular basis. Reports on indicators are submitted to the Banking Agency quarterly in the prescribed form.

		(000) BAM	
Ref1		31.12.2025	31.12.2024
Common Equity Tier 1 (CET1) capital			
1	Capital instruments and the related share premium accounts	100,403	100,403
2	Retained earnings	54,995	54,954
3	Statutory reserves	25,101	25,101
4	Accumulated other comprehensive income (and other reserves)	-1,854	-5,677
5	CET1 capital before regulatory adjustments	178,645	170,097
CET1 capital: regulatory adjustments			
6	Intangible assets	-3,856	-2,644
7	Other deductions from common equity	-3,149	-3,484
8	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-7,005	-6,128
9	Common Equity Tier 1 (CET1) capital	171,640	168,653
Tier 2 (T2) capital: instruments and provisions			
10	Tier 2 (T2) capital	-	-
11	Total capital (TC = T1 + T2)	171,640	168,653
12	Amount of exposure weighted for credit risk / Total risk-weighted assets	769,816	725,950
13	Total amount of exposure for position, currency and merchandise risk	-	4,048
14	Weighted operating risk	60,668	51,654
15	Total risk weighted assets	830,484	781,652
Capital ratios and buffers %			
16	CET1 ratio	20.67%	21.58%
17	TC ratio	20.67%	21.58%

*The amounts of capital and other balance sheet items in the above table are calculated in accordance with FBiH regulations.

Total capital increased by BAM 3.0 million compared to the previous year. Deviations can be seen in CET 1 capital before regulatory adjustments and in part of regulatory adjustment which can be explained by:

- increase in OCI in the amount of BAM 3.8 million is caused by increase in fair value of debt instruments;
- increase in regulatory adjustment of BAM 1.2 million is related to an increase in Intangible assets;
- decrease in regulatory adjustment of 0.3 million KM relates to the increase in recognized Deferred Tax Assets.

All capital requirements that were in force during the year, including the capital buffer, SREP, and the P2G requirement, were met throughout the entire period.

Capital requirements (risk-weighted assets)

Credit risk, operational risk, and market risk are in the scope of regulatory risks for RWA calculation. RWAs increased by BAM 49 million during the reporting period. The increase of RWAs for credit risk by BAM 44 million is due to increased new volumes. The bank did not have fund requirement for market risk because net open foreign - exchange position did not amount to more than 2% of total own funds, which results in a reduction of RWA for market risk by 4.0 million KM. The RWA for operating risks increased by BAM 9.0 million.

Leverage ratio

The leverage ratio for the Bank, calculated in accordance with the FBA Decision on Minimum Standards for Bank Capital Management, was 12.84% at 31 December 2025, up from 12.11% at 31 December 2024. The increase resulted from the rise in total Tier 1 capital and the decrease in the total leverage exposure.

(000) BAM

Ref1	31.12.2025	31.12.2024
1 Tier 1 capital	171,640	168,653
2 Total leverage ratio exposure	1,337,080	1,392,427
22 Leverage ratio %	12.84%	12.11%

*The amounts of capital and other balance sheet items in the above table are calculated in accordance with FBiH regulations.

(70) Auditing expenses

Auditing expenses can be shown as follows:

(000) BAM

	31.12.2025	31.12.2024
Audit of year end financial statements	151	137
Audit of information system	18	17
Total	169	154

In accordance with a contract to audit the 2025 annual report, Group reporting package and regulatory reports for Banking Agency of Federation of Bosnia and Herzegovina the Bank contracted with KPMG B-H d.o.o. the amount of BAM 151 thousand without VAT and expenses (2024: BAM 137 thousand without VAT and expenses).

In accordance with a contract for auditing of the information system for 2025 (obligatory reporting to Banking Agency of Federation of Bosnia and Herzegovina) the bank contracted with KPMG B-H d.o.o. the amount of BAM 18 thousand without VAT and expenses (2024: BAM 17 thousand without VAT and expenses).

The total amount spent on auditing and other assurance services in 2025 amounted to BAM 169 thousand without VAT and expenses (2024: BAM 154 thousand without VAT and expenses).

(71) Events after the reporting date

Up to the date of issuance of these financial statements, there were no events after the balance sheet date that would have a significant impact on the Bank's financial statements and that would require additional disclosures or adjustments.

(72) Boards and Officers of the Company

From 1 January to 31 December 2025

Supervisory Board

Chairman of the Supervisory Board:
Edgar Flaggl from 15.12.2021

Deputy Chairman of the Supervisory Board:
Maida Karalić from 8.2.2021

Members of the Supervisory Board:
Sanela Pašić from 17.10.2022
Meliha Povlakić from 25.10.2017
Damir Karamehmedović from 25.10.2017
Berislav Jozić from 25.03.2025
Danijela Vuksanović from 25.03.2025

Management Board

Jasmin Spahić, President from 17.10.2022
Mario Ivanković, Member of the Management Board from 8.12.2020 till 08.03.2026/Ajla Džonlagić, Member of the Management Board from 09.03.2026
Enver Lemeš, Member of the Management Board from 1.03.2023

Audit Committee

Ana Dorić Škeva, Chairman of the Audit Committee from 5.2.2021 till 01.09.2025
Ivan Cvitan Chairman of the Audit Committee from 01.09.2025
Mirela Salković, Member of the Audit Committee from 5.2.2021
Nedžad Madžak, Member of the Audit Committee from 29.05.2023

Sarajevo, 16. March 2026
Addiko Bank d.d.

MANAGEMENT BOARD

Jasmin Spahić
(Chairman)



Ajla Džonlagić
(Member of the Management Board)



Enver Lemeš
(Member of the Management Board)



Statement of all legal representatives

The Management Board is required to prepare financial statements, which give a true and fair view of the financial position of the Bank and of the results of their operations and cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. Management has a general responsibility for taking such steps as are reasonably available to it 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 to conform with applicable accounting standards and then applying them consistently, making judgements and estimates that are reasonable and prudent, and preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Management Board is responsible for the submission to the Supervisory Board of its annual report on the Bank together with the annual financial statements, following which the Supervisory Board is required to approve the financial statements.

Sarajevo, 16. March 2026
Addiko Bank d.d.

MANAGEMENT BOARD

Jasmin Spahić
(Chairman)



Ajla Džonlagić

Member of the Management Board



Enver Lemeš

Member of the Management Board





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

Independent Auditor's Report

To the shareholders of Addiko Bank d.d. Sarajevo

Opinion

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

- the statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

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

and

- notes, comprising material accounting policies and other explanatory information

("the financial statements").

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Bank in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Federation of Bosnia and Herzegovina. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans and advances to customers

As at 31 December 2025, gross loans and advances to customers: BAM 621 million, related impairment allowance: BAM 40.1 million and, for the year then ended, impairment loss recognised in the profit or loss: BAM 3.6 million (31 December 2024: gross loans and advances to customers: BAM 611 million, related impairment allowance: BAM 41.8 million and, for the year then ended, impairment loss recognised in the profit or loss: BAM 4.2 million).

Refer to Accounting policies, Note 3 Use of estimates and assumptions/material uncertainties in relation to estimates, Note 39 Loans and advances and Note 55 Credit risk.

The key audit matter	How the matter was addressed in our audit
<p>Impairment allowances represent Management Board's best estimate of the expected credit losses ("ECLs") within loans and advances to customers (collectively, "loans", "exposures") at the reporting date. We focused on this area as the measurement of impairment allowances requires the Management Board to make complex and subjective judgements and assumptions.</p> <p>The Bank calculates allowances for credit losses in accordance with the requirements of the Banking Agency of the Federation of Bosnia and Herzegovina ("FBA"), which combines the requirements of IFRS 9 "Financial Instruments" with the FBA-prescribed minimum requirements for provisioning.</p> <p>The impairment allowances for performing exposures (Stage 1 and Stage 2 in the framework's hierarchy) and non-performing (Stage 3) exposures below BAM 150 thousand individually are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant deterioration in credit quality and forward-looking information (together, "collective impairment allowance").</p> <p>Expected credit losses for individually significant Stage 3 (non-performing) exposures (equal to or above BAM 150 thousand) are determined on an individual basis by means of a discounted cash flows analysis. The process involves subjectivity and reliance on a number of significant assumptions, including those in respect of the expected proceeds from the realization of the related collateral and the minimum period for collateral disposal.</p>	<p>Our audit procedures in this area, performed, where applicable, with the assistance of our own financial risk management ("FRM") and information technology ("IT") specialists included, among others:</p> <ul style="list-style-type: none"> Inspecting the Bank's ECL methods and assessing their compliance with the relevant requirements of the regulatory and financial reporting frameworks. As part of the above, we identified the relevant models, assumptions and sources of data, and assessed whether such models, assumptions, data and their application are appropriate in the context of the said requirements. We also challenged the Management Board on whether the level of the methodology's sophistication is appropriate based on an assessment of the entity-level factors; Making relevant inquiries of the Bank's credit risk management, finance and IT personnel in order to obtain an understanding of the provisioning process, IT applications used therein, key data sources and assumptions used in the ECL model. Also assessing and testing of the Bank's IT control environment for data security and access; Testing the design, implementation and operating effectiveness of selected controls over the approval, recording and monitoring of loans, including those relating to the identification of significant increase in credit risk, loss events and default, appropriateness of the classification of exposures into performing and non-performing, calculation of days past due, collateral valuations and calculation of the impairment allowances.

<p>Incorporated into both the collective and individual assessment are also specific rules of the FBA regarding various minimum provisioning rates.</p> <p>While the economic environment in 2025 has shown mixed signs of stabilization, inherent uncertainties remain, particularly in relation to specific markets and credit risk assumptions.</p> <p>In the wake of the above factors, we considered impairment of loans and advances to be associated with a significant risk of material misstatement in the financial statements, which required our increased attention in the audit.</p> <p>Accordingly, we considered this area to be our key audit matter.</p>	<ul style="list-style-type: none"> • For loss allowances calculated on a collective basis: <ul style="list-style-type: none"> - Challenging the key parameters (PD, EAD and LGD) applied in the collective ECL model, by reference to the Bank's data on historical defaults, realized losses on those defaults, and loan amortization; - Obtaining the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment. Independently assessing the information by means of corroborating inquiries of the Management Board and inspecting publicly available sources; • For impairment allowances calculated individually: <ul style="list-style-type: none"> - For a sample of exposures, taking into account customer's business, market conditions and debt service; critically assessing, by reference to the underlying documentation (loan files) and through discussion with the loan officers and credit risk management personnel, the existence of any triggers for classification to Stage 2 or Stage 3; • For loan exposures in totality: <ul style="list-style-type: none"> - Assessing the adequacy of the recognized ECLs against various minimum provisioning requirements prescribed by the FBA; - Critically assessing the overall reasonableness of the impairment allowances, including both the share of the gross non-performing exposures in total gross exposure and the non-performing loans provision coverage. - Examining whether the Bank's loan impairment and credit risk-related disclosures in the financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.
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Other Information

Management is responsible for the other information. The other information comprises the Key data, Letter from the CEO, Management Board of Addiko Bank Sarajevo and Management report included in the Annual Report of the Bank, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the statutory accounting requirements applicable to banks in the Federation of Bosnia and Herzegovina, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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



16 March 2026

Glossary

ABC	Addiko Bank d.d., Croatia
ABBL	Addiko Bank a.d., Bosnia & Herzegovina (Banja Luka)
ABH	Addiko Bank AG, Austria (Holding)
ABM	Addiko Bank a.d., Montenegro
ABS	Addiko Bank d.d., Slovenia
ABSA	Addiko Bank d.d., Bosnia & Herzegovina (Sarajevo)
AC	Amortized costs
Associated company	A company over which a material influence is exerted in terms of its business or financial policy and that is recognized in the consolidated accounts using the equity method
Banking book	All risk-bearing on- and off-balance-sheet positions of a bank that are not assigned to the trading book
Bank@Work	An alternative sales channel, focusing on delivering the convenience promise as a main advantage to the customer. Branch teams are regularly visiting large companies' headquarters with mobile equipment, presenting Addiko's product and service offer, opening products on the spot or helping potential customers applying for a loan
CDS	Credit default swap; a financial instrument that securitizes credit risks, for example those associated with loans or securities
Change CL/GPL (simply Ø)	Change in CL / simply Ø gross performing loans
CL	Credit loss
CMA & CML	Customer Margin Assets (CMA) and Liabilities (CML) is as Gross Margin respectively on the asset and liability side, including the booked regular and interest like income and calculative costs and benefits defined within the Fund Transfer Pricing methodology
Cost/income ratio (CIR)	Operating expenses / (Net interest income + Net fee and commission income)
Cost of risk ratio	Credit loss expenses on financial assets/Credit risk bearing exposures
CRB	Credit Risk Bearing
Credit institutions	Any institution undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account
CSF	"Central Steering Functions" and designated services that have the character of shareholder activities and are therefore provided and charged solely to Addiko. CSF are related to strategic direction, coordination, support, monitoring and steering, e.g. human resources, legal, marketing
Customer loans	Exposure of on balance loans including accrued interest, gross amount of provisions of performing and non-performing loans
Derivatives	Financial instruments whose value depends on the value of an underlying asset (such as stocks or bonds). The most important derivatives are futures, options and swaps
Fair value	Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date
FDI	Foreign Direct Investment
FVTOCI	Fair value through OCI
FVTPL	Fair value through Profit or Loss
FX & DCC	Foreign exchange and Dynamic currency conversions
General governments	Central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity (which shall be reported under "credit institutions", "other financial corporations" or "non-financial

	corporations” depending on their activity); social security funds; and international organizations, such as institutions of the European Union, the International Monetary Fund and the Bank for International Settlements
Gross disbursements	Disbursements include disbursements of term loans (Consumer- Mortgage and Housing loans and Corporate term loans, not including revolving loans) and internal refinancing which relates to intra - bank transactions
Gross exposure	Exposure of on and off-balance loans including accrued interest, gross amount of provisions of performing loans and non-performing loans
Gross performing loans	Exposure of on balance loans without accrued interest and no deduction of provisions of performing loans
GSS	Means "group shared services" and designates services that are aimed at providing economic or commercial value to Group members by means of enhancing or maintaining their business position, e.g. transaction banking, back office, digital banking. GSS do not relate to shareholder activities, i.e. activities performed solely because of a shareholding interest in one or more other Group members, and are provided and charged to the respective receiving Group member
Households	Individuals or groups of individuals as consumers and producers of goods and non-financial services exclusively for their own final consumption, and as producers of market goods and non-financial and financial services provided that their activities are not those of quasi-corporations. Non-profit institutions which serve households ("NPISH") and which are principally engaged in the production of non- market goods and services intended for particular groups of households shall be included
Large Corporates	The Segment Large Corporates includes legal entities and entrepreneurs with annual gross revenues of more than EUR 40 million
LCR	Liquidity coverage ratio; the ratio of high-quality liquid assets and net cash flows in the next 30 days
Leverage ratio	The ratio of Tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRD IV
Loans and receivables	Gross carrying amount of loans and receivables less ECL allowance
Loan to deposit ratio	Indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is based on net customer loans and calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households. Segment level: Loans and receivables divided by financial liabilities at amortized costs
Loss identification period (LIP)	The time span from the default of the client until the recognition of the default in the Bank
Net banking income	The sum of net interest income and net fee and commission income
Net interest income (segment level)	Net interest income on segment level includes total interest income related to effective interest rate from gross performing loans, interest income from NPE, interest like income, interest expenses from customer deposits, consideration of funds transfer pricing and allocated contribution from interest and liquidity gap
NIM	Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries, joint ventures and associates, intangible fixed assets, tangible fixed assets, tax assets and other assets)
Non-financial corporations	Corporations and quasi-corporations not engaged in financial intermediation but principally in the production of market goods and non-financial services according to the ECB BSI Regulation
NPE	Defaulted, non-performing exposure (Gross Carrying Amount). A default and thus a non-performing exposure applies if it can be assumed that a customer is

	unlikely to fulfill all of its credit obligations to the bank, or if the debtor is overdue at least 90 days on any material credit obligation to the bank
NPE ratio	Is an economic ratio to demonstrate the proportion of loans that have been classified as defaulted non-performing in relation to the entire customer loan portfolio. The definition of non-performing has been adopted from regulatory standards and guidelines and comprises in general those customers where repayment is doubtful, a realization of collaterals is expected, and which thus have been moved to a defaulted customer rating segment. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management. Non-performing exposure/credit risk bearing exposure (on and off balance)
NPE coverage ratio	Describes to which extent defaulted non-performing exposure have been covered by impairments (individual and portfolio-based loan loss provisions) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses set in relation to defaulted non-performing exposure
NPE collateral coverage	Collaterals allocated to non-performing exposure / non-performing exposure
Option	The right to buy (call) or sell (put) an underlying reference asset at an agreed price with-in a specific period of time or at a fixed point in time
OTC	Over the counter; trade with non-standardized financial instruments directly between the market participants instead of through an exchange
Other financial corporations	All financial corporations and quasi-corporations other than credit institutions such as investment firms, investment funds, insurance companies, pension funds, collective investment undertakings, and clearing houses as well as remaining financial intermediaries, financial auxiliaries and captive financial institutions and money lenders
PI	Private individuals
POCI	Purchased or originated credit impaired assets
Public Finance	The Segment Public Finance includes all state-owner entities
Regular interest income	Regular interest income is related to nominal interest rate from gross performing loans excluding income from origination fees, penalty interests and funds transfer pricing
Rescue acquisitions	Emergency acquired assets, which are assets acquired during the foreclosure procedures of a loan
Retail (PI/Micro)	The Segment Retail includes the following categories: (i) PI, private individuals that are not representing a group, company, or organization and (ii) Micro, includes private entrepreneurs and profit-oriented entities with annual gross revenues of less than EUR 0.5 million
Risk-weighted assets (RWA)	On-balance and off-balance positions, which shall be risk weighted according to (EU) Nbr 575/2013
Return on tangible equity	Calculated as adjusted result after tax divided by the simple average of equity attributable to the owners of the parent for the respective period
SME	Within this corporate segment small & medium corporate businesses are included. The small business subsegment includes clients with an annual gross revenue up to EUR 8 million. The medium business subsegment includes corporate clients with an annual gross revenue between EUR 8 million and EUR 40 million.
Stage 1	Impairment stage which relates to financial instruments for which expected credit loss model applies and for which no significant increase in credit risk has been recorded since their initial recognition. The impairment is measured in the amount of the 12-month expected credit loss
Stage 2	Impairment stage which relates to financial instruments for which expected credit loss model applies and for which are subject to significant increase in credit risk has been recorded since their initial recognition. The impairment is measured in the amount of the lifetime expected credit loss

Stage 3	Impairment stage which relates to financial instruments for which expected credit loss model applies and which are credit-impaired. The impairment is measured in the amount of the lifetime expected credit loss
Total capital ratio (TCR)	all the eligible own fund, presented in % of the total risk according to Decision about capital management
Tier 2 capital	Own funds consist of the sum of Tier 1 capital, additional Tier 1 (AT1) and supplementary capital (Tier 2)
TLOF	Total liabilities and own funds
Viber	Viber is a free chat service for smartphones and desktop computers. The program enables IP telephony and instant messaging between Viber users via the Internet
Yield GPL (simply Ø)	Regular interest income / simply Ø gross performing loans

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