Raiffeisen Bank

Make it happen

DISCLOSURE OF DATA AND INFORMATION OF

Raiffeisen *BANK* dd Bosna i Hercegovina

as at the reporting date of 31.12.2025

May, 2026

CONTENTS

0 Executive Summary ... 3

1 Contents of disclosed data and information ... 4

1.1 Business Name and Registered Seat, Organizational Structure, and Organizational Parts of the Bank ... 4

1.2 Ownership Structure and Members of the Supervisory Board and Management Board ... 8

1.3 Remuneration Policy ... 13

1.4 Scope of application of regulatory requirements, on an individual or consolidated basis ... 21

1.5 Risk Management Strategy, Objectives and Policies of the Bank ... 23

1.6 Regulatory capital, capital buffers, capital requirements and regulatory capital adequacy ... 42

1.7 Financial leverage ratio ... 64

1.8 Liquidity requirements ... 66

1.9 Exposures under equity investments ... 77

1.10 Interest Rate Risk (IRR) in the Banking Book ... 80

1.11 Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) Exposures based on equity investments of the bank ... 82

1.12 The bank's unencumbered (unpledged) and encumbered (pledged) assets ... 86

1.13 Non-performing and restructured exposures and repossessed collaterals. ... 88

0 Executive Summary

The Bank determines and creates the data and information defined by the Banking Law (*FBiH Official Gazette no.* 27/17) ("the Law"), Article 111 (Data Disclosure) and Article 248 (Adopting and Disclosing Regulations) and by the Decision on Disclosure of Bank Data and Information (*FBiH Official Gazette* no. 39/21) ("the Decision").

Pursuant to the Law on Banks (*FBiH Official Gazette*, no. 27/17), Article 111, at least once a year the Bank is obliged to publicly disclose its quantitative and qualitative data that is significant for informing the public on its financial status and operations, as a minimum the data on the following:

a) capital and capital adequacy of the bank,

b) the ownership structure, members of the Supervisory Board and the Management Board,

c) other facts in line with the Agency's regulations.

Despite the above fact that the Bank assesses the need for disclosure of data and information, the Bank is obliged to publish data and information, more often than once a year, and at least semi-annually if it meets one of the following criteria:

a) the bank's consolidated net balance sheet sum exceeds BAM two billion,

b) the 4-year average of the net balance sheet sum exceeds 20% of the 4-year average of GDP of Bosnia and Herzegovina.

The Bank is not obliged to disclose data and information that is immaterial, or such data and information whose public disclosure could have a negative impact on the Bank's competition position in the market, or data that could have a negative impact on the security of its employees or governing bodies.

the Banking Agency (hereinafter: FBA) has regulated in more detail the content of data and information as well as the conditions, manner and deadlines for their disclosure in the Decision on the Disclosure of Bank Data and Information, or the Instructions for the Disclosure of Bank Data and Information.

The Decision regulates the minimum requirements for the content of data, or information, that a bank is obliged to disclose pursuant to the Law, as well as the conditions, manner and deadlines for their disclosure.

If the disclosed data or information does not present a comprehensive risk profile of the Bank, in line with the Decision, the Bank is obliged to disclose additional materially significant information or data that enables financial market participants to present a comprehensive view of the Bank's risk profile, which is not protected or confidential. At least once a year, the bank is obliged to ensure regular, accurate, adequate and timely disclosure of data and information.

In the content below, the Bank is disclosing data and information as at 31.12.2025 (in BAM ths unless stated otherwise) which is available to the public at the web site www.raiffeisenbank.ba.

1 Contents of disclosed data and information

This report discloses data and information in line with the minimum requirements of the aforesaid Decision.

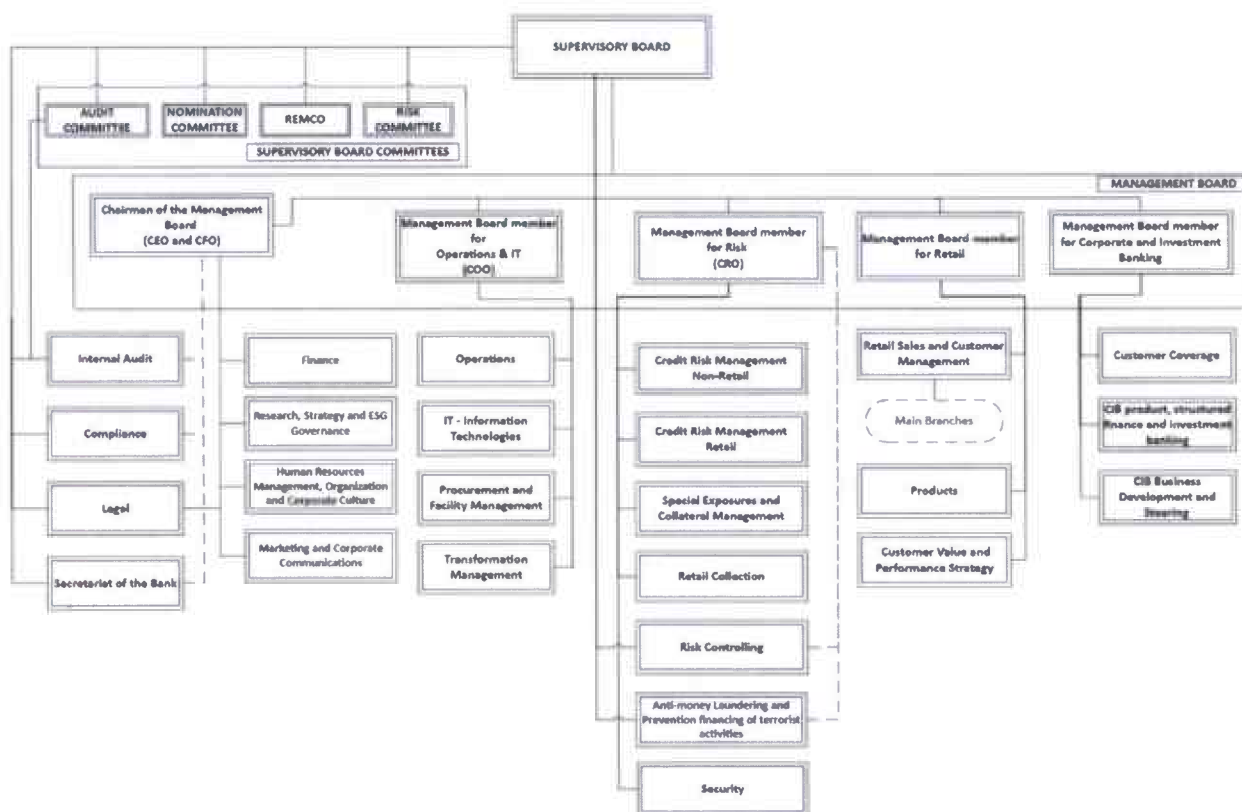
1.1 Business Name and Registered Seat, Organizational Structure, and Organizational Parts of the Bank

RAIFFEISEN BANK DIONIČARSKO DRUŠTVO BOSNA I HERCEGOVINA (hereinafter: the Bank) seated at Zmaja od Bosne bb, Sarajevo, Novo Sarajevo, registered to perform the following activities:

- 64.19 Other monetary intermediation,
- 64.91 Financial leasing,
- 64.92 Other credit granting,
- 64.99 Other financial service activities, except insurance and pension funding n.e.c.,
- 66.12 Security and commodity contracts brokerage,
- 66.19 other supporting activities to do with financial services, except insurance and pension funds,
- 66.22 Activities of insurance agents and brokers,
- 70.22 Business and other management consultancy activities.

The Bank is subject to disclosure requirements, and in addition to the aforesaid Executive Summary, it discloses both quantitative and qualitative data that are significant for informing the public on its financial condition and operations.

Review of the Bank's organizational structure as at 31.12.2025:



Review of the Retail business network units as at 31.12.2025:

Total (FBiH, RS and BD):

Raiffeisen *BANK* *Network*	Main branches	Branches	Agencies	Total organizational units
Sarajevo	1	6	11	18
Mostar	1	6	6	13
Tuzla	1	4	10	15
Bihać	1	5	2	8
Banja Luka	1	5	13	19
Zenica	1	6	8	15
Total	**6**	**32**	**50**	**88**

FBiH:

Raiffeisen *BANK* *Network*	Main branches	Branches	Agencies	Total organizational units
Sarajevo	1	5	10	16
Mostar	1	5	6	12
Tuzla	1	2	8	11
Bihać	1	5	2	8
Zenica	1	6	7	14
Total	**5**	**23**	**33**	**61**

RS:

Raiffeisen *BANK* *Network*	Main branches	Branches	Agencies	Total organisational units
Sarajevo	0	1	1	2
Mostar	0	1	0	1
Tuzla	0	1	2	3
Banja Luka	1	5	13	19
Zenica	0	0	1	1
Total	**1**	**8**	**17**	**26**

BD:

Raiffeisen *BANK* *Network*	Main branches	Branches	Agencies	Total organizational units
MB/B Tuzla BD	0	1	0	1
TOTAL	**0**	**1**	**0**	**1**

Review of the Retail business network units as at 31.12.2025:

No.	NETWORK	Address	Place	Entity
1	Main Branch Sarajevo	Zmaja od Bosne bb	71000 Sarajevo	F
2	Centar Branch	Zmaja od Bosne bb	71000 Sarajevo	F
3	Skenderija branch	Valtera Perića br.20	71000 Sarajevo	F
4	Stari Grad Agency	Štrosmajerova br.10	71000 Sarajevo	F
5	Titova Agency	Maršala Tita 36	71000 Sarajevo	F
6	Branch Novo Sarajevo	Kolodvorska br.12	71000 Sarajevo	F

No.	NETWORK	Address	Place	Entity
7	Vogošća Agency	Jošanička 27 A	71320 Vogošća	F
8	Ilijaš Agency	126 Ilijaške brigade 47	71380 Ilijaš	F
9	Novi Grad Agency	Trg međunarodnog prijateljstva bb	71000 Sarajevo	F
10	Otoka Agency	Gradačačka 1	71000 Sarajevo	F
11	Hrasno Agency	Azize Šaćirbegović bb	71000 Sarajevo	F
12	Ilidža branch	Rustempašina bb	71210 Ilidža	F
13	Hrasnica Agency	Halid bega Hrasnice 10	71212 Hrasnica	F
14	Istočno Sarajevo Agency	Spasovdanska bb	71123 Istočno Novo Sarajevo	RS
15	Hadžići Agency	Hadželi br.115	71240 Hadžići	F
16	Dobrinja Agency	Bulevar Branilaca Dobrinje 10	71000 Sarajevo	F
17	Pale branch	4 Juni br.17	71420 Pale	RS
18	Branch Goražde	Titova bb	73000 Goražde	F
19	Main Branch/Branch Mostar	Kneza Domagoja bb	88000 Mostar	F
20	Mostar branch	Kneza Domagoja bb	88000 Mostar	F
21	Mostar 2 Agency	Fejićeva bb	88000 Mostar	F
22	Konjic branch	Suhi do bb	88400 Konjic	F
23	Čitluk branch	Broćanski Trg 1	88260 Čitluk	F
24	Čapljina Agency	Braće Radića bb	88300 Čapljina	F
25	Široki Brijeg branch	Ulica pobijenih franjevaca br.3	88220 Široki Brijeg	F
26	Grude Agency	Mate Bobana 2 b	88340 Grude	F
27	Ljubuški Agency	Petra Barbarića 1	88320 Ljubuški	F
28	Posušje Agency	Fra Grge Martića 47	88240 Posušje	F
29	Trebinje branch	Vuka Mićunovića bb	89101 Trebinje	RS
30	Branch Livno	Trg kralja Tomislava bb	80101 Livno	F
31	Tomislavgrad Agency	Brigade Kralja Tomislava bb	80240 Tomislavgrad	F
32	Main Branch Tuzla	15 Maja bb	75000 Tuzla	F
33	Tuzla branch	15 Maja bb	75000 Tuzla	F
34	Živinice Agency	Oslobođenja 64	75270 Živinice	F
35	Lukavac Agency	Armije R BiH bb	75300 Lukavac	F
36	Tuzla 1 Agency	Prve inžinjerske brigade bb	75000 Tuzla	F
37	Banovići Agency	Alije Izetbegovića br.54	75290 Banovići	F
38	Tuzla branch 2	Univerzitetska 16	75000 Tuzla	F
39	Gračanica Agency	22 Divizije bb	75320 Gračanica	F
40	Gradačac Agency	Husein Kapetana Gradaščevića bb	76250 Gradačac	F
41	Srebrenik Agency	Radnička bb	75350 Srebrenik	F
42	Branch Bijeljina	Karađorđeva bb	76300 Bijeljina	RS
43	Zvornik Agency	Svetog Save bb	75400 Zvornik	RS
44	Ugljevik Agency	Jednostanka br.20	76330 Ugljevik	RS
45	Brčko branch	Reisa Džemaludina Čauševića 10	76100 Brčko	BD
46	Odžak Agency	Titova br.44	76290 Odžak	F
47	Main Branch Bihać	Pape Ivana Pavla II 4	77000 Bihać	F
48	Branch Bihać	Pape Ivana Pavla II br.4	77000 Bihać	F
49	Cazin branch	Cazinskih brigada bb	77220 Cazin	F
50	Velika Kladuša branch	Maršala Tita bb "Diletacija" C	77230 V. Kladuša	F

No.	NETWORK	Address	Place	Entity
51	Sanski Most branch	Muse Čazima Ćatića 24	79260 S.Most	F
52	Ključ Agency	Branilaca BiH bb	79280 Ključ	F
53	Bosanska Krupa branch	Trg Alije Izetbegovića bb	77240 Bos. Krupa	F
54	Bužim Agency	Generala Izeta Nanića bb	77245 Bužim	F
55	Banja Luka Main Branch	Vase Pelagića 2	78000 Banja Luka	RS
56	Banja Luka branch	Vase Pelagića 2	78000 Banja Luka	RS
57	Banja Luka Agency	Milana Tepića 11	78000 Banja Luka	RS
58	Derviši Agency	Branka Popovića 310	78000 Banja Luka	RS
59	Banja Luka branch 2	Vojvode Stepe Stepanovića bb	78000 Banja Luka	RS
60	Laktaši Agency	Karađorđeva bb	78250 Laktaši	RS
61	Mrkonjić Grad Agency	Trg kralja Petra I Karađorđevića 19	70260 Mrkonjić Grad	RS
62	Kotor Varoš Agency	Cara Dušana bb	78220 Kotor Varoš	RS
63	Banja Luka Agency 3	Bulevar Vojvode Stepe Stepanovića 132	78000 Banja Luka	RS
64	Prijedor branch	Majora Milana Tepića bb	79101 Prijedor	RS
65	Kozarska Dubica Agency	Svetosavska 7	79240 K. Dubica	RS
66	Novi Grad Agency	Miće Šurlana 22	79220 N.Grad	RS
67	Gradiška branch	Vidovdanska bb	78400 Gradiška	RS
68	Prnjavor Agency	Svetog Save 25	78430 Prnjavor	RS
69	Doboj branch	Svetog Save 2	74000 Doboj	RS
70	Derventa Agency	Nikole Tesle 28	74400 Derventa	RS
71	Modriča Agency	Cara Lazara 5	74480 Modriča	RS
72	Brod Agency	Svetog Save 27	74450 Brod	RS
73	Šamac Agency	At the corner of Njegoševa and Cara Lazara street	76230 Šamac	RS
74	Zenica Main Branch	Maršala Tita bb	72000 Zenica	F
75	Zenica branch	Maršala Tita bb	72000 Zenica	F
76	Zenica Agency 1	Londža 90	72000 Zenica	F
77	Zenica 2 Agency	Kamberovića polje bb	72000 Zenica	F
78	Zavidovići Agency	At the corner of Dr.Pinkasa Bandta and S.Bega Bašagića street	72220 Zavidovići	F
79	Žepče Agency	Stjepana Tomaševića bb	72230 Žepče	F
80	Branch Kakanj	Alije Izetbegovića bb	72240 Kakanj	F
81	Vitez branch	Business centre 96-2	72250 Vitez	F
82	Kiseljak Agency	Obala Hrvatske mladeži 27	71250 Kiseljak	F
83	Visoko branch	Alije Izetbegovića 1	71300 Visoko	F
84	Tešanj branch	Titova 2	74260 Tešanj	F
85	Jelah Agency	Maršala Tita 11	74264 Jelah	F
86	Teslić Agency	Karađorđeva 1	74270 Teslić	RS
87	Travnik branch	Konatur bb	72270 Travnik	F
88	Bugojno Agency	Bosanska 4	70230 Bugojno	F

1.2 Ownership Structure and Members of the Supervisory Board and Management Board

The Bank discloses the following information:

a) a list of the Bank's shareholders who have 5% or more of the bank's capital or voting rights in the bank;

b) on the members of the Supervisory Board and Management Board of the Bank and their updated CVs;

c) the number of directorship positions held by members of the Supervisory Board and Management Board of the Bank is significant considering the size, internal organization and type, scope and complexity of the business operations it conducts;

d) policies for the election and evaluation of members of the Supervisory Board and Management Board of the Bank;

e) on the members of the Audit Committee and their updated CVs;

f) on members of the committees established by the Supervisory Board in line with legal regulations (Nomination Committee, Risk Committee, Remuneration Committee, etc.), as well as the frequency of meetings of those committees;

g) the manner of organizing the Internal Audit function and the manager of Internal Audit;

h) the firm appointed to audit financial statements.

Ownership structure			
No.	name of shareholder with a share of 5% or more in the Bank's capital (by the share)	Share in %	
		Common shares	Priority shares
1	Raiffeisen SEE Region Holding GmbH	100.00	/

Members of the Supervisory Board of the Bank		
No.	Full name	Short CV (or the location where the bank discloses such information)
1	Peter Jacenko	www.raiffeisenbank.ba
2	Elisabeth Geyer – Schall	www.raiffeisenbank.ba
3	Matthias Dekan	www.raiffeisenbank.ba
4	Elitza Kavrakova	www.raiffeisenbank.ba
5	Gerda Lottersberger-Roschitz	www.raiffeisenbank.ba
6	Zinka Grbo	www.raiffeisenbank.ba
7	Amila Pilav- Velić	www.raiffeisenbank.ba

Management Board Members		
No.	Full name	Short CV (or the location where the bank discloses such information)
1	Rainer Schnabl, Chairman of the Management Board	www.raiffeisenbank.ba
2	Edin Hrnjica, Member of the Management Board	www.raiffeisenbank.ba
3	Lars Frankemölle, Member of the Management Board	www.raiffeisenbank.ba
4	Mirha Krivdić, Member of the Management Board	www.raiffeisenbank.ba
5	Kreshnik Halili, Member of the Management Board	www.raiffeisenbank.ba

No.	**Full name of the member of the Supervisory Board or Management Board of the Bank**	**Number of executive director positions (absolute)**	**Number of non-executive director positions (absolute)**	**Out of which the number of executive director positions in the group**	**Out of which the number of non-executive director positions in the group**	**Number of director positions in institutions where the main business activity is of a non-profit nature**
1	Peter Jacenko	0	3	0	3	0
2	Elisabeth Geyer - Schall	0	4	0	4	0
3	Matthias Dekan	0	4	0	4	0
4	Elitza Kavrakova	0	1	0	1	0
5	Gerda Lottersberger-Roschitz	5	4	5	4	0
6	Zinka Grbo	2	1	0	1	0
7	Amila Pilav-Velić	1	1	0	1	0
8	Rainer Schnabl	1	0	1	0	0
9	Edin Hrnjica	2	1	1	1	0
10	Lars Frankemölle	1	2	1	2	0
11	Mirha Krivdić	2	1	1	1	1

No.	Full name of the member of the Supervisory Board or Management Board of the Bank	Number of executive director positions (absolute)	Number of non-executive director positions (absolute)	Out of which the number of executive director positions in the group	Out of which the number of non-executive director positions in the group	Number of director positions in institutions where the main business activity is of a non-profit nature
12	Kreshnik Halili	1	0	1	0	0

In its Fit & Proper Policy and Procedure for the Management Board Members and Key Function Holders, the Bank elaborates in detail the issues related to the initial and continual assessment of the Bank's Management Board members and key function holders, with the aim of successful and efficient implementation of the regulatory framework in the corporate governance segment relating to obtaining pre-approval from the FBA for the appointment of members of the Bank's Management Board.

In an adequate manner, appropriate to the size, significance, nature, scope and complexity of the Bank's operations, the Policies and Procedures regulate as follows:

a) criteria and procedures for assessing the suitability of proposed and elected, i.e. appointed members of the Bank's Management Board;

b) measures which the Bank applies in cases when persons from a) are not suitable for the function;

c) methodology based on which positions are defined that are to be considered key functions at the Bank

d) criteria and procedures for assessing the suitability of key function holders at the Bank and

e) measures which the Bank applies in cases when persons from point d) are not suitable for the function.

Policies and procedures define the following:

a) the procedure applied in the election, nomination, renomination and planning of replacements of members of the Bank's Management Board;

b) that the Nomination Committee, or the Supervisory Board of the Bank, regularly, and at least once a year, assesses the knowledge, skills, abilities and experience of the members of the Bank's Management Board, and the Bank's Management Board as a whole;

c) the internal procedure applied during the assessment and the measures taken following the assessment;

d) internal functions responsible for providing support to the Bank's Management Board, the Bank's Supervisory Board, or the Nomination Committee in the assessment process of the Bank's Management Board members and key function holders;

e) knowledge, abilities, experience, skills, independence, willingness and ability to devote sufficient time to the work of the Bank's Management Board and key function holders and other conditions for performing the function of a member of the Bank's Management Board and key function holders;

f) documentation that the Bank's Management Board member and key function holders need to submit for the purpose of conducting the assessment;

g) the cases requiring a re-assessment, including also actions to identify such cases;

h) the obligation of members of the Bank's Management Board and holders of key functions to regularly notify the Bank annually of all changes that affect their fulfilment of the conditions for performing the function, and in the event of a significant change, immediately upon its occurrence;

i) conditions and methods of additional training of members of the Bank's Management Board and key function holders, based on the needs for professional development of members of the Bank's Management Board and key function holders;

j) the Bank's objectives regarding the diversity of the Bank's Management Board and key function holders;

k) financial and human resources for training and qualification of members of the Bank's Management Board and key function holders;

l) persons, manner and deadlines for informing the Agency about acting pursuant to the provisions of this Policy and Procedure, or about all materially significant information that may negatively affect the fulfilment of the conditions for members of the Bank's Management Board and key function holders and

m) the method of documenting the assessment process for members of the Bank's Management Board.

Additionally, in its Fit & Proper Policy and Procedure for Members of the Supervisory Board, the Bank elaborates in detail the issues related to the initial and continual assessment of the Bank's Supervisory Board members in order to successfully and efficiently implement the regulatory framework in the corporate governance segment related to the election of the bank's Supervisory Board members.
Policies and procedures elaborate in detail issues related to the initial and ongoing assessment of members of the Supervisory Board of Raiffeisen Bank dd Bosnia and Herzegovina in order to successfully and efficiently implement the regulatory framework in the corporate governance segment regarding the selection of members of the Bank's Supervisory Board, pursuant to the regulations in force in Bosnia and Herzegovina.

Policies and procedures define the following:

a) the procedure applied for the election, appointment, reappointment and planning replacements of the Supervisory Board members;
b) the Nomination Committee i.e. the Supervisory Board shall periodically, and at least annually, assess the knowledge, skills and experience of individual members of the Supervisory Board and of the Supervisory Board as a whole, and report the assessments to that body;
c) the internal procedure applied during the assessment and the measures taken following the assessment;
d) internal functions responsible for providing support to the Supervisory Board, or the Nomination Committee, in the process of assessing the members of the Bank's Supervisory Board;
e) criteria for assessing the suitability of members of the Supervisory Board, which include: knowledge, abilities, experience, skills, independence, willingness and ability to devote sufficient time to the work of the Bank's Supervisory Board and other conditions for performing the function of a member of the Bank's Supervisory Board;
f) documentation to be provided by the Bank's Supervisory Board member for the assessment purposes;
g) activities to be taken regarding election of the Supervisory board members in order to notify shareholders of the position prerequisites and criteria to be met by such a person prior to any such election;
h) the cases requiring a re-assessment, including also actions to identify such cases;
i) the duty of members of the Supervisory Board to duly notify the bank regarding any changes affecting their suitability for the particular position on an annual basis or immediately, in case of a material change;
j) the terms and conditions of additional training of members of the Bank's Supervisory Board aligned with their needs for professional development;
k) the Bank's objectives with regard to the diversity of the Bank's Supervisory Board;
l) The Bank's obligation to ensure adequate financial and human resources for the training and qualification of the members of the Bank's Supervisory Board;
m) persons, methods and deadlines for notifying the Agency about compliance with the provisions of this Policy and on Procedure i.e. all material information that might have a negative impact the fulfilment of requirements for members of the Supervisory Board, and
n) the method of documenting the assessment process for members of the Bank's Supervisory Board.

Audit Board members		
No.	Full name	Short CV (or the location where the Bank discloses such information)
1	Alda Shehu	www.raiffeisenbank.ba
2	Meliha Bašić	www.raiffeisenbank.ba
3	Biljana Ekinović	www.raiffeisenbank.ba

Members of the Supervisory Board committees, if founded at the Bank		
Nomination Committee		Meeting frequency
1	Gerda Lottersberger Roschitz	Whenever necessary to perform the tasks and responsibilities of the Nomination Committee, once a year as a minimum.
2	Matthias Dekan	
3	Zinka Grbo	
Risk Committee		Meeting frequency
1	Matthias Dekan	The Risk Committee meetings are convened by the chairperson whenever it is necessary to pursue the Risk Committee activities and competencies, but at least quarterly.
2	Peter Jacenko	
3	Elitza Kavrakova	
Remuneration Committee		Meeting frequency
1	Amila Pilav-Velić	Whenever necessary to perform the tasks and responsibilities of the REMCO, once a year as a minimum.
2	Elisabeth Geyer-Schall	
3	Elitza Kavrakova	

Manner of organizing the Internal Audit function and the manager of Internal Audit:

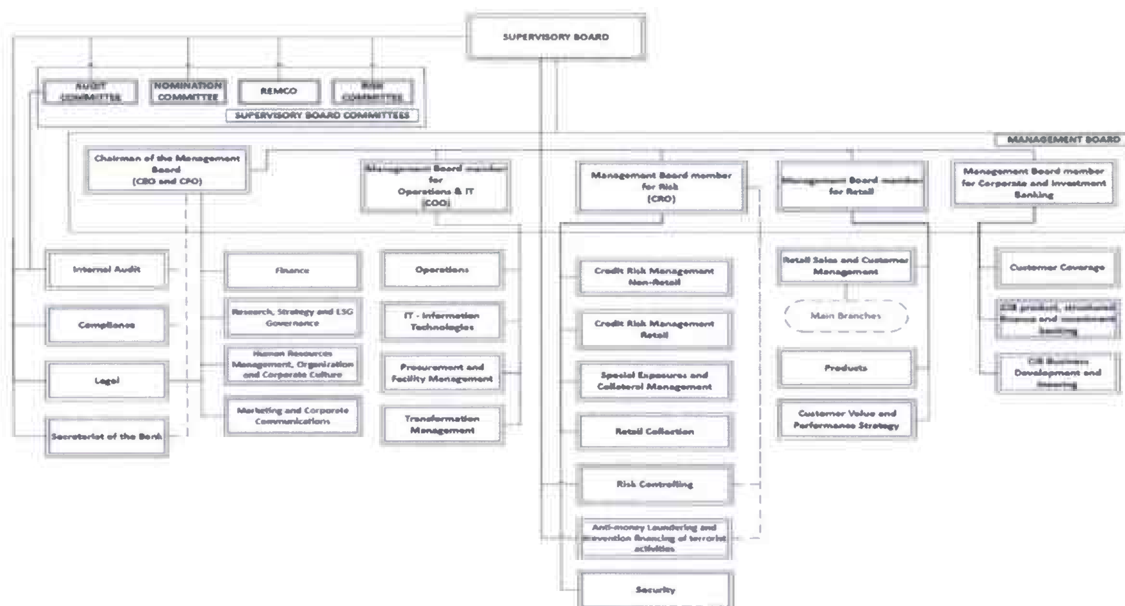


Figure 1 Organizational chart of Raiffeisen BANK dd Bosna i Hercegovina as of 31.12.2025;

The Internal Audit function is organized as a separate organizational part of the Bank, functionally and organizationally independent of the activities it audits and of other organizational parts of the Bank.

The manager of Internal Audit (as an independent function of the Bank) reports directly to the Supervisory Board of the Bank for their work, which clearly diversifies their hierarchical status from the hierarchical status of the management (level B-1) of other functions of the Bank.

The manager of Internal Audit draws up quarterly, semi-annual and annual reports, which they submit to the Bank's Management Board, Supervisory Board and Audit Committee, and participate in the sessions of the reporting bodies annually, as a minimum.

The Internal Audit Charter defines the minimum standards for the flow of information between local managers of Internal Audit and the Supervisory Board/Audit Committee as follows:

- ✓ Bilateral meeting of the manager of Internal Audit with the Chairperson of the Supervisory Board once a year;
- ✓ Attendance in person of the manager of Internal Audit at the Supervisory Board meeting at least once a year;
- ✓ Attendance in person of the manager of Internal Audit at the Audit Committee meeting at least once a year;

As at 31.12.2025, the Internal Audit department has, in addition to the head, 9 fully qualified staff members.

Appointed audit company:

The General Meeting of Shareholders of Raiffeisen BANK dd Bosna i Hercegovina, held on 30.09.2024, with the pre-approval of the Banking Agency of the FBiH, made the appointment as follows:

- Deloitte d.o.o. Sarajevo for conducting an audit of the Bank's information system on 31.12.2024, 31.12.2025 and 31.12.2026.

At the General Meeting of Shareholders of Raiffeisen BANK dd Bosna i Hercegovina, held on 25.04.2025, with the pre-approval of the Banking Agency of the FBiH, made the appointment as follows:

- Deloitte d.o.o. for auditing, for conducting the audit of the Bank's financial statements as well as the audit of procedures for anti-money laundering and counter terrorism financing as of 31.12.2025, 31.12.2026 and 31.12.2027.

1.3 Remuneration Policy

The bank discloses information related to the remuneration policy, including practices for categories of bank employees whose professional activities have a significant impact on the bank's risk profile, in particular the information as follows:

a) remuneration policies and practices for identified employees;

If variable remuneration is paid to employees defined as Identified Employees with the Highest Exposure in RBBH, the payment of bonuses (and any other form of variable remuneration) must comply with the following regulatory requirements:

- ✓ at least 50% of the variable remuneration awarded is paid in equity instruments (if applicable);
- ✓ at least 40% of the variable remuneration will be deferred and paid pro rata; in the case of a High Bonus amount at least 60% of the variable remuneration will be deferred and paid pro rata;
- ✓ retention of equity instruments;
- ✓ the upper limit of the Bonus will not be exceeded;
- ✓ any variable compensation, including its accrued portion, is paid or awarded only if the Step-in criteria are met.

The total amount of variable compensation awarded for a certain year that exceeds the amount of EUR 175,000 (gross) or exceeds 100% of the annual Base Pay is generally considered a "High Bonus Amount" and will be subject to a 60% deferral scheme.

In RBBH, the high bonus amount of EUR 175,000 will be converted into local currency based on the official exchange rate at the time of calculation/payment of the bonus/variable remuneration.

In the event that the total amount of Variable Remuneration (including Incentives, Bonuses and all other forms of Variable Remuneration if such exist) allocated to an individual Identified Employee of RBBH (except members of the Management Board) for a specific year of performance does not exceed the total gross amount for the Absolute Threshold of Insignificant Impact and additionally does not exceed one third of the total annual remuneration for the Relative Threshold of Insignificant Impact the request regarding the payment of Equity instruments (including Retention), accruals or subsequent inclusion of risk for Variable Remuneration (Malus or Clawback) will fall under exclusion based on the Principle of Proportionality.

In RBBH, the absolute threshold of insignificant impact is equal to EUR 50,000 and is converted into the given local currency at the official exchange rate at the time of calculation of the Variable Remuneration, and where the Total Variable Remuneration may not exceed the given amount in the local currency.

The exclusion based on thresholds of insignificant impact does not apply to the awarded, allocated or paid Variable Remuneration to the members of the Management Board.

b) information on the decision-making process applied in determining the remuneration policy, as well as on the number of meetings held by the remuneration committee or the supervisory board, if no remuneration committee has been established, which oversee remuneration during the financial year;

The Remuneration Committee (REMCO) consists of at least three members elected by the Supervisory Board from among its members. The Supervisory Board elects a Chairman and Deputy Chairman, taking into account that the Chairman is an independent member of the Supervisory Board. The Supervisory Board will ensure that REMCO does not have exactly the same composition as some other Supervisory Board committees.

The mandate of REMCO members corresponds to their mandates in the Supervisory Board. The Chairperson convenes the REMCO meetings, chair the meetings and manage the activities at REMCO meetings. If the Chairperson is absent or prevented from attending a meeting, his/her rights and responsibilities shall be transferred to the Deputy Chairperson.

Inter alia, REMCO is responsible for a competent and independent assessment of remuneration policies and practices in the Bank, regarding the proper structuring of remuneration in accordance with the risks taken, and in case changes are required, submitting proposals to the Supervisory Board of the Bank. As a minimum, REMCO is obliged to assess the Remuneration Policy once a year.

In the course of 2025, the REMCO held three meetings.

c) information on the relation between salary and performance, including targets, the number of employees for whom the remuneration policy provides for the payment of variable remuneration and the manner in which variable remuneration responds to changes in the Bank's performance;

As a general principle when deciding on remuneration, previous and future/expected performance as well as all internal and external factors (e.g. market standards, budget availability) will be taken into account.

Among other things, the fixed remuneration (i.e. individual salary adjustment) is influenced by expected sustainable performance in the course of the period ahead, based on observations regarding employee conduct, readiness for future development, commitment, and overall individual performance in the previous periods.

Variable compensation is always influenced by past performance on an individual, business unit and overall company level.

Any variable remuneration scheme must reward and motivate actions that bring success to the company and build value for shareholders. The remuneration philosophy must actively support the Bank's strategy in fulfilling its goals.

Variable remuneration is awarded to the employee for their measured work performance (in the Group, RBBH, team or individually).

Performance implies results and behaviours - "WHAT" and "HOW" - in accordance with the Bank's/Group's performance management system. All variable remuneration schemes must be linked to a performance management system or comparable target-setting system.

The pay mix (part of the variable remuneration on the base pay) must be balanced and reflect the impact of risk-taking, as well as the "appropriate" behaviour of the employee (to what extent the employee exposes the Bank to risk, to what extent the employee is tempted not to comply with company rules).

The pay mix varies depending on the position of the employee and their role (e.g. sales functions or functions that are on a higher hierarchical scale may have a higher ratio of the variable compared to a fixed amount than staff functions or those that are on a lower hierarchical scale).

Unethical behaviour or behaviour that is contrary to the rules excludes any good financial result, and should result in a reduction of the employee's variable remuneration.

The performance management process enables differentiation of individual performance levels (from lower to higher performance), and variable pay must be aligned with it.

Performance differentiation is a necessary element of a performance culture – high performance must be differentiated from average or low performance.

At the Bank level, financial measures for variable remuneration should include risk-adjusted returns and measures related to cost management.

Variable remuneration systems (taking into account performance measurability and allocation within the company) should reflect all types of current and future risks, and include the costs of the required capital and liquidity.

Performance measurements for employees in control functions (e.g. risk, audit and compliance functions must reflect the specific requirements for these functions.

As a general principle, all employees may be included in the Variable Remuneration Scheme.

There must be a difference in Variable Remuneration design and level based on functions, relative value of the job (job grades) and hierarchy (e.g. the higher in the hierarchy, the higher the respective bonus amount).

The differentiation should follow internal relativity and local market practice.

Per function or category of functions (e.g. grades) a target bonus/incentive should be defined for a 100% performance level.

Based on organisational structure (e.g. grades) and job content, different roles / job families may be defined. Eligibility does not mean entitlement to a variable remuneration, it is only the possibility of participation in a certain Variable Remuneration Program.

The remuneration policy defines the possibility of participating in one of two types of variable remuneration – annual bonus or incentives (payments as per remuneration schemes).

Variable remuneration is awarded at the end of the accounting period. The accounting period for identified employees is at least one year. When the performance assessment relates to to a multi-year period, the accounting periods can overlap (e.g. in such a way that a new multi-year period starts every year).

As of 31.12.2025, a total of 529 employees was included in the incentive remuneration scheme, while 210 employees were scheduled for annual bonus payments.

d) information on the most important features of the remuneration system (model and structure) including information on the criteria used to measure performance and adjust for risks, deferral policy and criteria for transferring remuneration rights;

RBI Group and RBBH use a simple and transparent compensation system that reflects the Group's business strategy and is in line with the regulatory requirements.

The principles for awarding remuneration support the business strategy and long-term goals, interests and values of the company, in particular through the application of RBI KPIs and key components of the business culture.

Compensation principles incorporate measures to avoid conflicts of interests.

The principles and policies for awarding remuneration are aligned with and promote sound and effective risk management practices and avoid incentives for inappropriate risk taking that exceeds RBBH's risk tolerance level, in particular through KPIs and management processes (e.g. performance management process, risk committees, Bonus Pool approach).

By aligning our strategy, our vision and the remuneration system, we aim to optimize risk at all levels by restructuring the compensation system and limiting variable compensation to further promote efficient and effective risk management that leads to more precise cost planning taking into account a multi-year perspective.

Remuneration is based on a functional structure and is linked to performance. Furthermore special regulations apply to the members of staff whose professional activities have a material Impact on the risk profile ("Identified Staff").

Compensation is competitive and affordable and reasonable and is defined according to the relative value of the job, market value and practices.

A prerequisite for variable remuneration is a performance management system through the implementation of the Performance Management Procedure in RBBH, i.e. the establishment of goals for clear measurement of performance and/or results. Detailed rules are provided by the current RBBH Variable Remuneration System, as well as positive legal regulations.

The Bank is not allowed to disburse variable remunerations, or transfer rights from the financial instruments, including the deferred portion of the remunerations, if they are unsustainable and unjustified. Variable remuneration is considered sustainable if the financial position of the Bank is not impaired, i.e. no losses were incurred during the period from determination of the remuneration until their final disbursement. Variable remuneration is considered justified if it is based on the performance of the Bank, business unit or relevant employee.

A substantial portion, and at least 40%, of the variable remuneration component is deferred over a period which is not less than three to 5 years ("Deferral") and is correctly aligned with the nature of the business, its risks and the activities of the member of staff in question.

In the case of a very high variable fee, at least 60% of the amount is in deferral.

The length of the deferral period is established in accordance with the business cycle, the nature of the work, its risks and the activities of the workers involved.

The conditions for deferral are described in more detail in point a).

e) information on the ratio between fixed and variable remuneration;

In line with the FBA Decision on Internal Governance System in Banks:

a) the fixed part of the remuneration of an employee performing control functions must not be less than two thirds of the total remuneration of that employee, and the total annual remuneration of that employee must not be less than the average remuneration of employees performing tasks of comparable scope, complexity and responsibility. The aforesaid restriction also applies to the member of the bank's Management Board responsible for risk management (CRO);
b) for other employees, the Bank is obliged to set the ratio between the variable and fixed components of the total remuneration in such a manner that the amount of the variable component does not exceed 100% of the fixed component of the total remuneration.

According to the Group Framework, the general principle is that if for any function the target variable part is above 75% of the base salary, or the final payment is above 150% of the base salary, it must be approved by the Supervisory Board of the Bank.

In any case, the target variable remuneration will not exceed any mandatory legal or regulatory threshold (i.e. will be fully compliant with the applicable provisions on the maximum permitted amount of the total variable remuneration component), and the allocation and payment of variable remuneration to the Identified Employees will be made in line with the Bonus Cap rules (upper bonus limit).

f) information on the performance criteria on which rights to shares, share-linked financial instruments or variable remuneration are based;

RBI Group uses a Phantom Share Plan (based on the RBI share price) to meet the obligation to grant and pay variable remuneration through the Equity Instruments. A deviation from this rule is only possible if the use of RBI Phantom Share is prohibited by a binding legal provision or a binding regulation of a local legislative body and if such a prohibition can be documented (e.g. in the form of an external legal opinion or an official written statement from the competent regulatory body confirming that the use of RBI Phantom Share is contrary to the local legal provision). For Identified RBI Group employees with full exposure, at least 50% of the annual bonus should be paid in the form of equity instruments (Phantom Shares).

As a rule, 60% of Phantom Shares are paid out in a lump sum, and 40% fall under Deferral.

Note: In the case of a High Bonus Amount, at least 60% of the Phantom Shares should be subject to Deferral.

Therefore, the 50% part of the total annual bonus awarded that is paid in the form of Equity Instruments (Phantom Shares) is divided into two parts (example based on a 60% lump sum payment):

1. 50% (part of the bonus paid in Equity Instruments) x 60% one-off = 30% of the total bonus paid one-off in the form of Equity Instruments (Phantom Shares).
2. 50% (part of bonus paid in Equity Instruments) x 40% (deferred) = 20% of the total bonus paid in the form of deferred Equity Instruments (Phantom Shares).

The one-year Retention Period applies to both parts, the one-off part and the deferral part of the payment in Phantom Shares, which means that the value of the Phantom Shares can only be paid after one year from the end of the business year for which the subject bonus was allocated (it is attached to the one-off part) and after one year from the end of each (pro rata) Deferral Period.

It is necessary to pay attention to the following principles:

- ✓ Phantom shares are based on the RBI share price,
- ✓ the number of Phantom Shares is calculated by dividing the relevant bonus amount by the average price of RBI shares in the business year for which the bonus is granted,
- ✓ the result of it is the number of Phantom Shares corresponding to both the one-off and the deferral part,
- ✓ during the Deferral and Retention periods, the number of Phantom Shares awarded remains the same. After each Retention Period, the relevant part of the Phantom Shares (e.g. for a one-off payment of Phantom Shares that were granted one-off) is multiplied by the average RBI share price from the previous financial year and the resulting amount is paid out in cash. The final cash amount is taken as the basis for taxation on the date of payment.

g) information on the criteria and explanations of variable remuneration awarded and paid at the Bank;

The variable compensation may consist of:

- ✓ annual bonus,
- ✓ payments under the Risk-Reduction Incentive,
- ✓ other special forms of variable compensation.

The annual bonus is a variable remuneration based on performance with annual goal setting.

Payments under risk-reducing reward schemes are monetary remunerations directly linked to the performance or results of a team/individual. Goal setting and payments can be made on a monthly/quarterly/semi-annual basis, while annual payments are not permitted.

Risk-reducing reward schemes must include both qualitative and quantitative individual goals. It is also advisable to set team goals.

When it comes to special forms of variable compensation, in its Remuneration Policy, RBBH has defined the following:

- ✓ Retention bonus (e.g. a bonus awarded solely based on remaining at RBBH for a certain period of time), which like any form of variable compensation, should meet the requirements of reasonable and effective risk management and remuneration policy;
- ✓ Guaranteed variable remuneration, which can take several forms such as “guaranteed bonus”, “entry bonus”, “minimum bonus” etc. can be awarded either in cash or in the form of instruments, and is awarded in exceptional cases, in a situation where RBBH has a healthy and strong capital base and cannot be awarded for a period exceeding the first year of employment.

h) total remuneration by significant business areas;

Total Remuneration means all forms of fixed and variable remuneration and includes payments and benefits, monetary or non-monetary, awarded directly to staff by or on behalf of RBBH in exchange for professional services rendered by staff, carried interest payments, and other payments made via methods and vehicles which, if they were not considered as remuneration, would lead to a circumvention of the remuneration requirements of CRD.

Total remuneration in RBBH in 2025 by business area were as follows (shown in BAM 000):

Business Area	Total Compensation
Support, Control, Treasury and Finance Unit Functions	6,316
Risk Unit Functions	5,656
Operations and IT Unit Functions	11,952
Retail Banking Unit Functions	18,834
Corporate and Investment Banking Unit Functions	3,321
TOTAL	**46,079**

i) the sum of all remuneration by employee category, remuneration divided between the Supervisory Board, ManagementBboard and other identified Bank employees;

No.	Category	01.01.-31.12.2025		
		Total Compensation	Average Number of Employees	Number of Employees as of 31.12.2025
1	Total employees with University Degree (including PhD and MSc)	31.744	848	840
2	Total employees with Higher Education Degree	1,677	51	50
3	Total employees with Secondary Education	12,619	466	459
4	Total other employees	39	1	1
	TOTAL	46,079	1,366	1,350

No.	Category	01.01.-31.12.2025				
		Total Compensation	Total Fixed Compensation	Total Variable Compensation	Average Number of Employees	Number of Employees as of 31.12.2025
1	Management Board	2,235	1,982	254	5	5
2	Other Identified Employees	4,815	4,409	406	68	69
3	Supervisory Board	288	288			7
TOTAL		7,339	6,679	660	73	81

No.	Category	01.01.-31.12.2025			
		Total Variable Compensation	Cash	Shares	Share-linked Instruments
1	Management Board	254	254		
2	Other Identified Employees	406	406		
3	Supervisory Board				
TOTAL		660	660	0	0

The Bank does not use, nor it has allocated discretionary pension benefits during the financial year.

j) the most important parameters and arguments for the system of variable remuneration and other non-monetary benefits;

Variable compensation is linked to performance or the results of individuals and/or teams and (where applicable) to the Group/RBBH performance.

Members of the Management Board have the right to variable remuneration, which is paid in the form of a bonus for a specific year.

The final bonus amount is determined based on the achievement of quantitative and qualitative goals of the Group/Bank/team/individual. The definition of the aforesaid goals and payment of bonuses is done on an annual basis. The prerequisite for bonus payment is the individual's ranking according to overall work performance, i.e. achieving the minimum work performance "meets expectations".

Furthermore, the awarding and payment of bonuses are conditional on meeting the following eliminating criteria:

a) Legally defined Step-in criteria for the payment of variable remuneration:

Variable remuneration, including its deferred portion, is awarded and paid only if the following (Step-in) criteria are met:

- ✓ Unless prohibited at the level of the RBI Group or RBBH, in line with the decision of the competent regulatory body (e.g. European Central Banks in the case of the RBI group).
- ✓ The remuneration system is sustainable considering the financial position of the RBI Group and the financial position of RBBH as a whole. The application of it is justified considering the performance of the Group, RBBH and the specific individual.
- ✓ The minimum requirements as applicable under local law for RBBH to allocate or pay variable compensation are achieved.
- ✓ RBI Group has achieved the legally defined CET 1 ratio, all CRR and CRD requirements for capital and buffers have been met, which means that further allocation and payment of variable remuneration will not compromise the maintenance of a stable capital base of RBI Group.

- ✓ RBBH has ensured a minimum economic and regulatory capital base, defined by the relevant law, so that further allocation and payment of variable remuneration will not compromise the maintenance of a stable capital base of RBBH.

The bonus may be reduced or cancelled if all additional criteria and prerequisites for the award and/or payment of variable remuneration, which are periodically approved by the Management Board, Supervisory Board or General Meeting of Shareholders, taking into account all types of the current or future risks, assessment of unexpected losses, stress conditions related to the institution's activities, as well as the cost of capital and required liquidity, etc. are not met.

The compliance with the regulatory step-in criteria in RBBH is confirmed by the RBBH Supervisory Board / Remco.

- ✓ Performance Step-in-criteria for variable remuneration related to Group performance:

  Achieving the RBI Group's CET 1 interim target defined on an annual basis and 50% of the consolidated medium-term target return on equity (ROE)

- ✓ For variable compensation influenced by individual RBBH performance:

  50% RORAC Hurdle

  *if the budgeted RORAC is below the 50% RORAC Hurdle then NPAT is applied as an alternative step-in criterion.

b) Individual Step-in criteria:

The individual Step-in-criteria for awarding bonuses is the ranking of individual performance as "meets expectations".

All other employees who are not members of the Management Board and to whom reduced risk remuneration schemes cannot be applied may be granted the right to an annual bonus.

The final bonus amount is based on the quantitative and qualitative goals of the Group/RBBH/team/individual, and goal setting and payment must be on an annual basis.

Variable remuneration, including any deferred part, is awarded, paid or given only in case of fulfilment of the following legally defined eliminating criteria:

- ✓ That it is not prohibited at the level of the RBI Group and/or RBBH based on a decision of the competent regulatory authority (e.g. European Central Bank for the RBI Group).
- ✓ That the variable remuneration is sustainable in accordance with the overall financial situation of the RBI Group and the financial situation of RBBH, and if it is justified in line with the performance of RBBH, the business unit and the relevant individual.
- ✓ That the minimum requirements applicable to RBBH based on the laws of the FBiH and BiH have been met, with regard to the payment of dividends and the allocation or payment of variable remunerations.
- ✓ The legally required RBI Group CET 1 ratio has been achieved, as well as full compliance with the CRR and CRD capital and capital buffer requirements in the RBI Group, so that further allocation and payment of variable remuneration will not compromise the maintenance of a stable capital base.
- ✓ RBBH has achieved the minimum economic and regulatory capital base prescribed by the FBA, which is required pursuant to the applicable law. Additionally, local minimum regulatory ratio CET 1 must be generated without the capital buffer.
- ✓ That the following additional local requirements are met:
  a) RBBH will ensure that variable remuneration does not prevent it from maintaining or increasing its capital (capital increase from profits).
  b) In the event that regulatory capital or liquidity requirements cannot be met, RBBH must apply a more conservative policy regarding variable remuneration, which includes the following: (a) defining the limit of variable remuneration as a percentage (%) of the total net profit for the current financial year; and/or (b) recognizing net profit and retaining profit in equity.

Payments under risk-reducing reward schemes are monetary remunerations directly linked to the performance or results of a team/individual. They must meet the following criteria:

- ✓ They do not represent incentives based on (potential) risk-taking and have (exclusively) a positive impact on the risk, profit and capitalization of the RBBH/RBI Group;
- ✓ Workers eligible for reduced risk incentives are not deemed Identified Workers and their goals are not risk-related;
- ✓ Remuneration systems amount to a market standard and it is necessary to ensure an equal level of competitiveness;
- ✓ The Employees who are entitled to incentives have low salaries and thus these rewards are a stable source of income for them. The incentive of reduced risk represents a significant part of the total remuneration package;
- ✓ Cancellation of these payments could potentially lead to increased operational and business risks.

Benefits are programs that supplement cash remuneration and provide security to employees and/or their families. There are different categories, and RBBH, *inter alia*, offers its employees the following types of benefits: accident insurance during a business trip abroad, events focused on strengthening team spirit, team building, sports competitions, New Year's parties, New Year's presents for children, gifts to employees for special occasions (birth of a child, marriage, Women's Day, retirement, etc.), prize games for employees (e.g. during a special campaign or product promotion), benefits for managers, e.g. mobile phone, laptop, parking space, business card, car, co-financing of preschool education costs for a child up to 12 months old, in the event of a parent's early return from legally required leave.

k) the number of staff being remunerated BAM 100,000 or more per financial year

12 employees.

1.4 Scope of application of regulatory requirements, on an individual or consolidated basis

The Bank is required to disclose information on the scope of application of the regulatory requirements, on an individual or consolidated basis.

Raiffeisen BANK dd Bosna i Hercegovina in the process of the regular regulatory reporting, and in relation to the Decision on the Requirements for a Consolidated Banking Group, Article 6 (2) of the Decision, which regulates that the ultimate parent company of the group is obliged to submit to the Agency on a consolidated the following:

(1) Consolidated audited annual financial statements of the banking group;
(2) External auditor's opinion on the consolidated financial statements;
(3) Consolidated regulatory financial statements, balance sheet, income statement, reports on capital and capital requirements of the banking group, large exposures, liquidity on a quarterly basis.
(4) Data required for calculating the limits on ownership interests in a legal entity, interests in a person or persons other than persons in the financial sector, the total net value of all bank ownership interests in other legal entities;
(5) Other reports and data at the request of the Agency in order to fully and objectively determine the financial condition and business results of the banking group.

The Bank has identified itself as the parent company of the banking group, and prepares and submits reports on the composition of the banking group, as well as the required subject data relating to reports on the banking group's capital and capital requirements, large exposures, liquidity, open foreign exchange position, which are part of a series of new internal regulations, which the Bank creates on an unconsolidated basis.

As of the reporting date 31.12.2025, the Bank as the parent company of the banking group consisting solely or mostly of financial sector entities and where at least one bank has the status of the ultimate parent company or where several subordinate companies have the subsidiary status, and with respect to the following:

Ownership structure overview – RBBH as at 31 December 2025 (%, including minority shareholders)

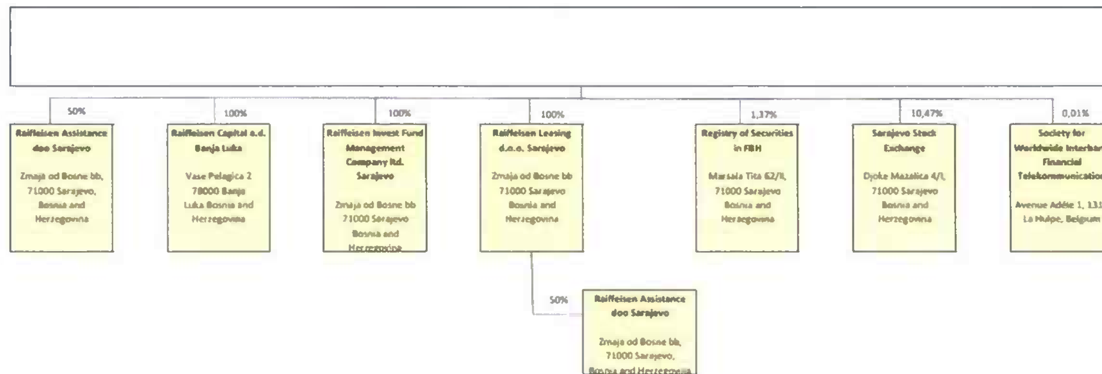


Figure 2 RBBH ownership structure overview as of 31.12.2025 (in % including minority shareholders);

Article 7 (7) of the same Decision regulates that the ultimate parent company of a banking group is not required to include in the consolidated financial statements a subsidiary of a legal entity that is a financial sector entity in the case where the balance sheet total of that subsidiary is less than 1% of the balance sheet of the parent or subsidiary company.

On 29.03.2019, the Bank addressed the FBA with a request for exemption from drawing up consolidated financial statements, as required by Article 6 of the Decision on the Requirements for a Consolidated Banking Group, paragraph (2).
In particular, Raiffeisen Leasing d.o.o. Sarajevo, pursuant to the Law on Leasing, internal regulations, the Decision on the Form and Content of Reports Submitted by Leasing Companies to the FBiH Banking Agency, and its associated amendments and supplements, reports to the regulator in the regulated forms and within defined deadlines on the balance sheet of the leasing company, the income statement of the leasing company, the list of owners of over 5% of the shares in the leasing company, the structure of receivables based on financial and operational leasing, provides an overview of the ten largest leasing users and sources of funds of the leasing company, as well as all other required data, by which the FBA has an insight into the financial indicators of the business operations. As a 100% owner of a subsidiary company, through its regular activities, the Bank controls, supervises and monitors the operations of Raiffeisen Leasing d.o.o. Sarajevo.

On 22.05.2019, the FBA issued Decision no. 04-1-3-938-3/19 in which it gave its consent to Raiffeisen *BANK* dd Bosna i Hercegovina for exempting data on the subordinated member of the banking group Raiffeisen Leasing d.o.o. Sarajevo from the consolidated financial statements, because they are not significant for determining the financial position of the banking group, and thus the requirements referred to in Article 126 (3) b) of the Law on Banks (*FBiH Official Gazette*, no. 27/17).

1.5 Risk Management Strategy, Objectives and Policies of the Bank

The Bank discloses data, i.e. information relating to the strategy, objectives and policies for managing all individual significant risks to which it is exposed or may be exposed in its operations as follows:

a) a brief description of the strategy and policies for each individual risk;

The Risk Management Strategy defines the Bank's long-term and mid-term approach to risk taking and management, aligned with the business strategy, Bank objectives, owner interests and regulatory requirements of the FBiH Banking Agency (Law on Banks and Decision on Internal Governance System in Banks). It connects business objectives with risk objectives through a defined Risk Appetite Framework, and guides future business decisions. The strategy takes into account planned growth, business structure development and key financial goals, and is periodically revised in accordance with the mid-term budget and strategic planning with the aim of strengthening the risk culture, timely risk identification and greater transparency through clearly defined goals and responsibilities. In accordance with the above, the risk management mission is based on preserving value and supporting change for the purpose of continuous long-term growth and development, with a proactive ("forward-looking") approach to business activities. The Bank applies modern methods of optimizing return on risk-adjusted capital, with consistency and transparency in the methods used. There is a particular focus on understanding ESG risks and developing tools to mitigate them, in order to support customer' transition to a low-carbon economy and build long-term sustainable portfolios. The risk management mission also includes collaboration as the key to success, understanding the business model and revenue sources, and respecting the needs of stakeholders with the aim of exceeding their expectations. At the same time, the Bank is focused on continuous improvement, establishes a consistent and understandable framework for risk and performance management, and actively reduces non-performing assets and manages their inflows to preserve capital value.

The risk management policy establishes binding standards, principles, procedures and responsibilities for identifying, measuring, monitoring and controlling risks in the Bank's daily operations. This ensures consistent application of the risk strategy in operational processes, clearly defines the connection between risk and business activities, and creates a framework for making business decisions with controlled risk taking.
Through the Risk Appetite Framework, the Bank defines risk limits in accordance with planned capital and liquidity.
On an annual basis, the Bank assesses the significant risks to which it is exposed or could be exposed in its operations – based on this risk assessment, the Bank's comprehensive risk profile is determined. Risk assessment represents the starting point for capital and liquidity management within the ICAAP and ILAAP frameworks, with the classification of risks into significant and insignificant. All risks assessed as significant are actively managed and internal capital requirements are determined for them. In addition, the Bank actively manages other risk categories in order to minimize such risks.

Stress testing is an integral part of risk management through which the Bank, at least once a year, assesses its ability to withstand adverse operating conditions and crises. Testing covers all significant risks, applying the principle of proportionality and focusing on key business areas, including reputational and systemic risks. Through future-oriented scenarios of varying probability and intensity, the Bank assesses the impact of stress events on capital, liquidity and the effectiveness of risk mitigation measures, taking into account the business model and risk profile.
The Bank's integrated stress testing methodology is based on scenario analyses, reverse stress testing and sensitivity analyses, in order to identify potential negative effects and key vulnerability factors.

Credit risk

Credit Risk is the risk of loss due to non-fulfilment of the debtor's financial obligation to the bank. Credit risk is an integral part of banking operations and one of the most significant risks in the Bank's operations.

The Bank has implemented the credit risk management framework documented via written internal documents. It contains a reporting system, clear structure and allocation of roles in the credit risk management system, separate functions of risk assumption and management.

The Risk Taking Management Strategy and Policy includes all subcategories of credit risk the Bank is or might be exposed to, especially the significant subcategories.

Credit risk includes the following significant subcategories:

Subcategory	Definition of Risk	Assessment significance
Currency-induced credit risk	The risk of loss to which a Bank that approves facilities in foreign currency or with a currency clause is additionally exposed and which arises from the debtor's exposure to currency risk.	Immaterial
Interest-induced credit risk	The risk of loss to which a bank that assumes credit risk is additionally exposed from exposures related to variable interest rates.	Material
Concentration risk	Concentration risk shall be understood to mean any individual, direct or indirect exposure to one person or a group of related persons or a set of exposures interconnected by common risk factors, such as the same economic sector, geographical area, same-type products or implementation of credit risk mitigating techniques, including in particular the risks associated with large indirect credit exposures to a single collateral provider, which may lead to losses that could threaten further operation of a bank or a materially significant change in its risk profile.	Material
Free delivery risk	The risk of loss to the bank that occurs when payment for securities, currency or goods is made before they are received or the relevant delivery is made before they are paid for, or if the payment made or the delivery made is not in line with the expected time schedule.	Immaterial
Settlement risk	Settlement risk is a risk of negative effects on the financial result or capital of the bank at the contracted settlement price for specific debt, foreign currency or commodity instrument and its present market value.	Immaterial
Counterparty risk	The risk that the other party to a transaction could default or experience credit deterioration before the final settlement of the cash flows of the contracted transaction (most often refers to derivatives or other similar financial instruments).	Immaterial
Country risk	Risk that relates to the country of origin of the entity to which the bank is exposed, i.e. the risk of possible negative effects on financial result or capital of the bank due to inability of the bank to collect its receivables from this entity for reasons arising from social, political, economic or social situation in the country of origin of that entity. State/country risk includes the risk of transfer and political and economic risk.	Immaterial
Transfer risk	Transfer risk means the possibility of generating losses due to the bank being prevented from collecting its receivables denominated in a currency that is not the official currency of the country of origin of the debtor, specifically due to the restrictions of payment of liabilities towards creditors from other states in a specific currency that are imposed by the enactments of state and other authorities from the country of origin of the debtor.	Immaterial

Political and economic risk	Political and economic risk means a possibility that losses are generated due to the fact that the bank is prevented to collect the receivables due to limitations defined under the regulations of the state bodies and other authorities from the debtor's state of origin, as well as general and system situation in the country.	Immaterial
Migration risk	Migration risk is the loss to changes in the fair value of credit exposures as a result of rating transitions of borrowers.	Material
Residual risk	Residual risk is the risk of loss that arises if the recognized techniques of credit risk reduction used by the bank are less efficient than it had been initially expected, or their implementation has insufficient impact on reduction of the risk to which the bank is exposed.	Material

The credit risk management strategy is focused on the Bank's sustainable and responsible growth through the establishment of a strong credit culture, clearly defined target market segments and a diversified credit portfolio, with the application of ESG principles. The strategy ensures long-term sustainability through various economic cycles, setting a clear Risk Appetite Framework, limiting concentrations, and actively managing and early identifying increased credit risk, with the aim of maintaining an acceptable level of overall credit risk.

The credit risk management policy defines clear lending rules, approval criteria, exposure limits and portfolio targets for Retail and Non-Retail segments, in accordance with Group and regulatory requirements. It regulates the entire credit risk management process at the level of individual facilities and portfolios – from loan analysis and approval, through active monitoring and application of risk reduction techniques, to the management of problem facilities and collection. By applying a limit system, collateral, rating/scorecard model and regular reporting, the Bank ensures controlled credit risk taking and preservation of asset quality.

The Bank manages concentration risk primarily through strict regulatory and internal restrictions, diversification of the credit portfolio and the application of defined limits by customers, sectors and groups of related parties. Concentrations are regularly monitored, analyzed and reported.

The Bank manages migration risk through credit policies for Retail and Non-Retail segments, an early warning system (EWS), monitoring and defined lending limits according to customer ratings. The goal is to maintain adequate credit portfolio quality, timely recognition of credit deterioration and active management of problematic exposures through specialized organizational units and prescribed procedures.

The Bank manages residual risk through credit policies for Retail and Non-Retail segments, collateral management policies and procedures, and clearly defined financing limits, eligibility criteria, and regular collateral revaluations.

The Bank manages interest-induced credit risk through clearly defined credit policies and internal procedures for the Retail and Non-Retail segments. When assessing the creditworthiness of customers, especially in facilities with a variable interest rate, their ability to settle liabilities in conditions of rising interest rates is assessed. In the Non-Retail segment, this assessment includes cash flow analysis and stress scenarios of interest rate increases.

Through integral stress testing, the Bank assesses the impact of defined scenarios on the local market and credit risk. Testing includes the impact on the Bank's risk-weighted assets, value adjustments, capital and liquidity position, including all balance sheet and off-balance sheet items, assuming portfolio constancy. Based on the growth of credit risk, the Bank simulates the increase in value adjustments and changes in RWA and assesses their impact on capital indicators.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems or external events, including legal risk, model risk and outsourcing risk. The operational risk management strategy is based on a clearly defined organizational structure with separate operational risk management and control functions,

transparent lines of responsibility and consistent application of internal regulations and regulatory guidelines. The strategy includes continuous monitoring of losses, implementation of operational risk management activities in accordance with the Group's plan, and strengthening employee knowledge and awareness through regular and specialized training.

All employees of the Bank, based on their individual roles and responsibilities, contribute to maintaining an effective operational risk management framework. Furthermore, each individual employee understands their role in the risk management process.

The Bank uses an operating model that includes three lines of defence, which establish relevant responsibilities for managing operational risk.

The *first line* of defence is represented by organisational units where business activities generate risk and therefore they own operational risk and actively manage it.

The *second line* of defence provides independent operational risk assessment, monitoring, and reviews the first line of defence.

The *third line* of defence is Internal Audit, it reviews effectiveness and suitability of the main risk management processes.

Operational risk includes the following significant subcategories:

Subcategory	Definition of Risk	Assessment significance
Risk of negligent behavior/business	Risk of losses due to inappropriate provision of financial services, including cases of intentional or unintentional violation of rules and regulations.	Immaterial
Information and communication technology risks	Risk of loss due to inadequate performance or failure of hardware and software components of the technical infrastructure that may harm the availability, integrity, access and security of such infrastructure and data.	Material
Internal and external fraud risk	Risk of loss as a result of fraudulent conduct attempted or committed by internal or external parties	Immaterial
Employee relations and workplace safety	Risk of losses that do not comply with labor laws or employment agreements, health compensation payments for bodily injury or from events related to diversity/ discrimination.	Immaterial
Risk of damage on material assets	Risk of losses resulting from the loss or damage of tangible assets due to natural disasters or other events.	Immaterial
Risk of execution, delivery and management of processes	Risk of potential loss from failed transaction processing or process management, from relationships with other trading parties and suppliers.	Immaterial
Legal risk	Risk that arises because of the possibility that the bank's failure to meet contractual obligations, initiated court proceedings against the bank, as well as the adoption of business decisions of the bank that are found to be unprofitable, adversely affect the business operations or financial condition of the bank.	Immaterial
Compliance risk	Risk of imposing possible measures and penalties and the risk of significant financial loss that the bank may suffer due to non-compliance with regulations, standards and codes, as well as internal regulations.	Immaterial
Outsourcing risk	Risks that arises when the bank contractually entrusts service providers to perform activities that it would otherwise perform itself.	Material
Terrorism financing/money laundering risk	Risk that a customer abuses the bank for money laundering and terrorism financing purposes and that a business relation, transaction or product are directly or indirectly	Material

	used for money laundering and/or terrorism financing activities.	
Cyber risk	Risk of loss due to breach of confidentiality, failure of integrity of systems or data, inappropriateness or unavailability of systems and data or inability to change information technology within a reasonable time and with reasonable costs when the environment or business requirements changes (i.e. adaptability). It includes all security risks arising from inadequate or unsuccessful internal procedures and external events, including cyber attacks and inadequate physical security.	Material
Model risk	Risk of losses due to business decisions and risk management decisions that would be based on the results of internal models, including models for determining internal capital requirements, product prices, valuation of financial instruments etc. Losses could occur due to inadequate model initial settings, model implementation errors, or improper model use.	Immaterial
Staff risk	Potential loss of the bank due to the departure of employees with critical knowledge and the outflow of know-how that are not replaceable in the short term..	Immaterial

Strategy referring to the operational risk management strategy includes the following:

- a clear internal organisation with clearly separated operational risk management functions (DORS and ORM functions) and well as operational risk control functions - so-called ORC, CRO, ORMCC), and finally, internal audit which monitors the overall system of operational risk management/control.
- clearly defined, transparent and consistent lines of competency,
- raising awareness of operational risk,
- consistent observance of internal documents and external regulatory requirements defining the subject area.

Further on, on the management of significant operational risk subcategories:

IT risk management at the Bank is focused on protecting the confidentiality, integrity and availability of information systems and data from disruptions, infrastructure inadequacies and other threats that may jeopardize the achievement of business objectives. IT risk is managed through a systematic process of identification, assessment, treatment, monitoring and reporting, with the application of adequate IT controls. The Bank continuously monitors, maintains and improves its information system, and IT risk management is an integral part of the Bank's overall risk management system, adapted to its size, complexity and scope of business.

The Bank's outsourcing risk management strategy is based on prudent risk taking and the management and minimization of risks associated with outsourcing through corrective measures resulting from the identification, monitoring and assessment of outsourcing risks, in accordance with the Policy on the Use of Third Party Services.

The money laundering and terrorist financing risk management strategy is based on a risk-based approach, the application of the Know Your Customer (KYC) principle and the principle of proportionality. The strategy is implemented through policies and procedures that include customer assessment and eligibility, client identification, monitoring of business relationships and transactions, and managing the risk of money laundering and terrorist financing, with low tolerance for this type of risk and zero tolerance for intentional violations of regulations.

Cyber risk management at the Bank is focused on protecting the confidentiality, integrity and availability of information systems and data, as well as ensuring their adaptability to changes in the business and regulatory

environment. The Bank's strategy is based on meeting regulatory requirements, timely response to cyber threats and continuous strengthening of risk management capabilities, in line with the business and digital strategy. The Bank applies legal, regulatory and Group protection measures and manages cyber risk at the strategic and operational levels with the aim of reducing risk to an acceptable level.

Stress testing for operational risk is focused on assessing the impact of operational risk losses on the Bank's income statement. The amount of stress loss is determined by a combination of analysis of historical operational risk events and forward-looking scenarios that include extreme but possible events. With this approach, the Bank connects the measurement and management of operational risk and strengthens its readiness for potential stress situations.

Market risk

Market risk is a risk of losses on balance sheet and off-balance sheet positions due to changed in market prices. The market risk management strategy is aimed at limiting exposure and maintaining the risk taken within the Bank's defined appetite, in accordance with regulatory and internal limits. Market risk management and control are clearly separated between business and control functions. The policy is based on defined procedures for identification, measurement, monitoring, control and reporting, with regular supervision through ALCO, the Management Board and the Supervisory Board. Market risks are monitored through regulatory and Group limits, including foreign exchange risk, VaR, stop-loss and stress scenarios, with the aim of ensuring capital stability and regulatory compliance.
Market risk includes the following significant subcategories:

Subcategory	Definition of risk	Assessment of significance
Currency risk	Risk of loss arising from changes in the currency exchange rates and/or changes in prices of gold	Immaterial
Position risk	Risk of losses that arises from a change in price of a financial instrument, or with derivatives, a change in price of the relevant variable	Immaterial
Credit spread risk	Risk of loss due change in the market value of debt financial instruments, caused by changes in the credit range, liquidity premium and other factors that can affect the change in market value.	Immaterial
CVA (Credit Valuation Adjustment) risk	Risk of loss based on OTC derivatives that may arise due to the deterioration of the creditworthiness of the counterparty (a subtype of credit risk) or a change in the price of the derivative (a subtype of market risk) or a combination of the above.	Immaterial

Stress testing for market risks includes all significant subtypes of market risks to which the Bank is exposed, including currency, position, credit spread and CVA risks, while commodity risk is not included as the Bank has no exposure to this type of risk. In case of significant exposure to financial derivatives, they are included in stress tests.
Currency risk is assessed using scenario analyses and sensitivity analyses to changes in exchange rates. Position risk is tested for portfolios that are valued at fair value through the income statement, by measuring the impact of changes in interest rates, prices of securities and derivatives on the Bank's financial result, with the application of appropriate sensitivities and interest rate shocks.

Interest rate risk in the banking book

Interest rate risk in the banking book is the risk of possible negative effects on the financial result and capital of the bank based on positions from the banking book due to changes in interest rates. The interest rate risk management strategy in the banking book encompasses all subcategories of this risk, with a special focus on deviation risk as a significant risk. The strategy is based on defining a framework for risk appetite, setting indicators and limits, and continuous monitoring and control of interest rate risk exposure, along with implementing corrective measures in case of violation of defined limits.
The interest rate risk management policy in the banking book regulates the process of taking on, managing and controlling interest rate risk through clearly defined organizational roles, limits, measurements, reporting and escalation procedures, in accordance with applicable internal regulations and regulatory requirements.
Interest rate risk includes the following significant subcategories:

Subcategory	Definition of risk	Assessment of significance
Basis risk	Basis risk is the risk arising from the application of different reference interest rates for instruments with similar maturities or time to the next interest rate change, or from the imperfect correlation of reference interest rates for interest-sensitive instruments.	Immaterial
Option risk	Option risk is the risk arising from options (embedded and explicit), where a bank or its customer can change the level or maturity of cash flows of interest-sensitive instruments.	Immaterial
Deviation risk	Deviation risk is the risk arising from the term structure of interest-sensitive instruments, or the difference in the period to change of their interest rate, and includes changes in the term structure of interest rates that appear consistently on the yield curve (parallel risk) or differently by period (non-parallel risk).	Material

The Bank conducts stress testing of interest rate risk in the banking book (IRRBB) within the framework of ICAAP, using predefined interest rate scenarios and regulatory accepted metrics of economic value of equity (EVE) and net interest income (NII). Stress testing includes relevant sources of IRRBB risk and is based on the assumption of portfolio constancy, without growth, new products or changes in business strategy. In addition to scenario analysis, the Bank also applies sensitivity analysis to parallel and gradual changes in interest rates for interest-sensitive asset and liability positions in the banking book.

Liquidity risk

Liquidity risk is the risk of loss stemming from the current or anticipated inability of the bank to pay its liabilities when they fall due. The strategic liquidity management framework includes the management of matched liquidity, liquid assets and borrowed liquidity, with the application of ILAAP principles in liquidity planning and funding sources. The Bank manages liquidity risk through defined strategies, policies, processes and systems for determining, measuring and monitoring liquidity, with the aim of diversifying sources of funds and maturities. Liquidity planning is based on monitoring cash flows, the profile of funding sources, off-balance sheet liabilities and maintaining an adequate level of liquidity reserves, with the application of quantitative and qualitative risk indicators.
Liquidity risk includes the following significant subcategories:

Subcategory	Definition of risk	Assessment of significance
Market liquidity risk	Risk arising from a bank's inability to simply clear positions or eliminate those positions at market price, due to market distortion or due to insufficient market depth.	Immaterial

Liquidity financing risk	Risk that the bank will not be able to successfully meet expected and unexpected present and future needs for cash funds and needs for security instruments without impacting its regular business operations or financial result.	Material
Short-term liquidity risk	Risk that a bank will not be able to meet its liabilities when they are due. Short-term liquidity risk includes intraday liquidity risk.	Material
Intraday liquidity risk	The risk of inadequate intraday liquidity management, which may lead to the inability to settle liabilities on time and affect the bank's liquidity position and the liquidity of other parties.	Immaterial
Concentration of funding risk	Risk of excessive concentration of financing sources in the same maturity/type/individual source, which in the event of a negative trend can lead to a negative impact on the Bank's liquidity position and the risk of the inability to adequately finance operations.	Material

The Bank conducts liquidity risk stress testing by applying assumptions about inflows and outflows, asset price shocks, concentration of funding sources, access to financial markets, currency liquidity and the effects of other risks under stress. Resilience is tested through LCR and NSFR indicators, and the results are analyzed in relation to the funding source profile, risk appetite framework and liquid assets, with the application of alternative liquidity risk scenarios within the ILAAP.

Other risks

In the rest of the written content, the strategy for taking or managing significant risks from the Other risks category is stated, while the table lists the subcategories of risks to which the Bank is exposed and their significance.

Subcategory	Definition of risk	Assessment of significance
Reputational risk	The risk of the possibility of negative effects on the bank's financial result or capital due to the loss of confidence in the bank's integrity that occurs due to unfavorable public opinion about the bank's business practices, which arises from the bank's activities, the bank's business relationships with individual customers or the activities of the members of the bank's bodies, regardless of whether there is a basis for such public opinion.	Material
Strategic risk	Risk of loss that comes as a result of lack of a long-term bank development strategy, making the wrong business decisions, non-adaptation to changes in the economic environment, etc.	Material
Profitability risk	Risk that occurs due to inadequate system and distribution of earnings or the bank's inability to ensure an adequate, stable and sustainable level of profitability.	Immaterial
Management risk	Risk of loss which comes as a result of the fact that the bank, due to its size and/or complexity of business operations has limited capacity for establishing sophisticated management mechanisms, systems and controls.	Material

Risk of excessive leverage	Risk that arises from vulnerability of the bank due to (potential) leverage which may lead to unwanted changes in its business plan, including forced sale of the property, that may result in losses or adaptation of valuing of its remaining property.	Immaterial
Capital risk	It relates to an inadequate capital structure to support the scale and nature of a bank's business activities or to the difficulties a bank faces in obtaining new sources of capital, especially in cases where there are urgent needs for capital increases or in adverse conditions.	Material
Investment risk	Risk of loss arising from investment of the bank into fixed assets and investments into other legal entities due to changes in their market values.	Immaterial
Business risk	Negative unexpected change in business volume and/or profit margins of the bank which may lead to significant losses and reduce market value of the bank. Business risk may arise as a result of significant deterioration of market environment and changes in market competition or behaviour of consumers in the market.	Immaterial
Environmental, social and governance (ESG) risks	Represent the likelihood of losses or additional costs or loss of planned revenues or loss of reputation of a financial institution due to the negative financial impact of current or future environmental, social and governance risk factors on counterparties and their assets.	Immaterial
Real estate risk	Risk of loss arising from changes in market values of the real estate portfolio owned by the bank.	Immaterial
Macroeconomic risk (BiH)	Risk of possible losses that the bank may incur in case of a macroeconomic crisis which would cause a decline in the capital available for loss coverage and deterioration of the risk parameters.	Material
System risk	Risk of disruption in the financial system that could have serious negative consequences for the financial system and the economy as a whole.	Immaterial

The reputation risk management strategy is based on its avoidance, minimization and prevention of further deterioration through corrective measures. Reputational risk management includes an annual compliance risk assessment, targeted controls of business areas exposed to reputational risk, and the implementation of corrective actions to eliminate identified deficiencies. The Bank advises the Bank's bodies and relevant functions on potential exposure to reputational risk, while all allegations relating to fraud, bribery and corruption, money laundering or other reputational risks are recorded as critical complaints.

The Bank's strategy for strategic risk management is based on defining a clear and transparent long-term strategy, regularly monitoring its implementation, and adapting business plans to changes in the environment. The Bank monitors economic and market conditions, conducts annual stress testing within the framework of the ICAAP and Recovery Plan, and uses the results of stress testing and analysis in the processes of strategic and business planning and defining the risk appetite framework.

The risk management strategy is based on meeting the requirements defined by the Law, the Decision on Internal Governance System in Banks and other relevant regulations, with the aim of minimizing or mitigating losses that may arise due to limited capacities, systems and controls. Effective management of this risk implies the application of the principle of proportionality through adequate management of all risks, integrated

management of business activities and risks, and adequacy of resources in relation to the scope and complexity of business operations. The Supervisory Board and the Management Board of the Bank are responsible for adopting, supervising and implementing the internal management system, and bear overall responsibility for the Bank's operations and its efficient and reliable management.

The Bank's capital risk management strategy is aimed at ensuring an appropriate capital structure and size that supports the scope and nature of the Bank's business activities, with adequate planning of capital needs, including additional needs in adverse conditions. The strategy includes monitoring capital adequacy in relation to business plans and regulatory requirements, taking into account stress testing results and possible regulatory changes, and regular planning, monitoring and reporting on the capital position.

The Bank's macroeconomic risk management strategy is based on continuous monitoring of the macroeconomic and market environment and assessment of their impact on business plans, strategies and policies. Based on forecasts and deviations of key economic indicators from the baseline scenario, the Bank's Management Board and ALCO consider and propose strategic business decisions to the Supervisory Board regarding the management of macroeconomic and related risks.

The stress resistance testing methodology is based on the consideration of qualitative and/or quantitative factors and/or expert assessment, whereby for the reputational risk, if it is assessed as significant, a scenario analysis is applied, and the effects of the reputational risk, regardless of the assessment of significance, are included in the liquidity risk testing and assessment of the impact on other types of risk.

ESG risks in the risk management strategy

The Bank's ESG risk management strategy is based on cooperation with customers and suppliers in order to mitigate or avoid ESG risks and reduce their spillover effect on the Bank, and is integrated into the Bank's Business Model, Business Policy and Strategy, Risk Strategy and Risk Appetite Framework.

The ESG risk management policy is regulated through the Bank's internal regulations and manuals, including the ESG Risk Policy Statement, ESG manuals for business with legal entities and individuals, the ESG credit process and ESG risk indicators, which define the basic ESG principles, acceptable transactions and the integration of ESG factors into credit and other risk management.

This announcement includes changes compared to the previously published version, which changes are the result of alignment with the Guidelines for Risk Management Related to Climate Change and Environmental Risks, as well as continuous improvement of the Bank's business strategy in accordance with regulatory expectations and relevant market standards. Although ESG risks in the current assessment have not been identified as materially significant, the Bank, based on the principles of anticipatory and responsible management, has defined a structured and active ESG approach within its business activities and risk management system in its business strategy, and has established it as one of six key strategic objectives. This commitment reflects a clear recognition of the long-term impact of ESG factors on business stability, business model resilience, regulatory compliance and preservation of the Bank's reputation.

Environmental, Social and Governance (ESG) risks include potential sources of financial losses, additional or unplanned costs, deviations from planned revenues, as well as reputational risks, which may arise from the negative financial effects of current or future ESG factors on customers, suppliers and their assets. ESG risks, including climate and environmental risks, are treated as horizontal risks due to their ability to affect all key risk categories of the Bank, including credit, market, operational and liquidity risk. Accordingly, ESG factors are consistently integrated into the existing framework for identifying, assessing, monitoring and controlling the Bank's key risks, in order to ensure their adequate coverage in the overall risk management system.

ESG risk management is based on an integrated approach that connects the Bank's business model, strategic objectives and risk management strategy, with clearly defined roles, responsibilities and processes. The Bank manages ESG risks through active cooperation with customers and suppliers, with the aim of encouraging the

application of ESG principles in their business practices, timely mitigation or avoidance of ESG risks, and reducing their potential impact on the Bank. This approach contributes to strengthening the resilience of the business model and long-term sustainability of the business.

Identification of ESG risk exposures and estimated risk levels are taken into account when defining the Bank's Business Strategy and Risk Strategy, ESG Risk Policy Statement and Risk Appetite Framework. ESG risks are integrated into the existing risk management system through all three lines of defense, in accordance with the principles applied to traditional risks.

At the same time, the Bank is improving its organizational and operational framework for ESG management, including a clear division of roles and responsibilities across three lines of defense, and the establishment of structured reporting on ESG risks and performance. Progress has also been made in the area of data and methodologies, through assessing the quality of ESG data, identifying gaps and defining an improvement plan, with a gradual increase in the use of actual customer data in assessing climate and transition risks.

The Bank's ESG strategy for the period 2026–2028 includes a set of interrelated activities aimed at strengthening ESG compliance, integrating ESG principles into key processes and continuously improving risk management. The focus is on the integration of ESG criteria into business and credit processes, systemic management of climate and environmental risks, improving the assessment of ESG aspects of credit risk for corporate customers, developing a framework for monitoring and reporting on GHG emissions (Scope 1, 2 and 3), and structured reporting via the ESG Dashboard to the Bank's Management Board, Audit Committee and Supervisory Board.

ESG principles are integrated into the Bank's Business Model, Business Policy and Strategy for the period 2026–2028, thus clearly defining ESG as a strategic guideline, with established KPIs and KRIs and regular monitoring by management bodies.

The Bank's sustainability strategy is based on three strategic areas of action:

1) Responsible Banker, who supports customers in climate and environmental transition;
2) Fair Partner, who promotes responsible business, employee care and sustainability in its own operations; and
3) Engaged Citizen, who contributes to community development through support for education, entrepreneurship, financial literacy, human rights and cooperation with institutions and civil society.

The strategy is adapted to the local context and aligned with ESG principles (environment, society and governance), with a focus on:

- sustainability management within the Bank,
- development of ESG business activities and products for customers, and
- fulfilment of regulatory requirements and transparent ESG reporting to relevant management and supervisory bodies.

The operational application of ESG principles is ensured through internal policies and manuals that regulate ESG business with legal entities and individuals, the ESG credit process, calculation of emissions in accordance with the GHG protocol, monitoring of ESG risk indicators and the Bank's transition policy. ESG criteria are integrated into the credit process through the Environmental and Social Management System (ESMS), and the Bank monitors its own environmental impact through the ESG Cockpit and regularly contributes to the non-financial reporting of the RBI Group.

Climate and environmental risks are assessed in the short, medium and long term, including stress testing. As part of the supervisory testing, the Bank conducted a climate risk stress test for the period 2025–2027 at the end of 2025 and submitted to the regulator a complete set of methodologies, data and metrics used in the

assessment of climate and transition risks, along with a sectoral analysis of the portfolio by NACE classification, medium-term exposure directions and assessments in three climate scenarios. This confirms that climate and environmental risks are integrated into the business model and medium-term portfolio management in accordance with NTOS requirements for the period 2025–2027.

As part of the transition policy, a reduction of financed emissions (Scope 3) in the corporate portfolio by 22.1% is planned by 2030, with monitoring through defined KRI indicators and publicly disclosed GHG data.

Although ESG and E&C risks are currently not assessed as material, the Bank actively integrates them into strategic and operational management, continuously improves the quality of ESG data and increases the use of real customer data, thereby ensuring regulatory compliance, strengthening portfolio resilience and reinforcing its role as a reliable partner for customers in the transition to sustainable business models.

b) structure, that is organisation of the risk management function, including its position, role and status in the organisational structure of the bank;

The Bank shall establish and implement comprehensive, reliable and efficient system of internal management risks, which is proportional to the size and internal organisation of the bank, and the type, scope and complexity of its operations, i.e. business model, risk profile and established risk appetite of the Bank.

The Bank's risk management system, among others, include a clear, efficient and robust organisational structure with well-defined, transparent and consistent lines of responsibility. The organisational units that take and manage risks are strictly separated from the risk management control function. This functional and organisational separation of risk- taking and risk-managing units from the control function of risk management has been ensured to avoid possible conflicts of interest.

In the risk management process, the Bank adheres to the principle of clear segregation of responsibilities for the functions and units that actively participate in the risk-taking and the units that identify, measure, monitor, control and assess and report on those risks. The bank has established control functions in such a way that they are independent of the business processes and activities in which the risk arises, that is, which control functions monitor and supervise. This provides independence in the management and control of risks.

Risk management (as a business function) is an integral and inseparable part of overall business management at the Bank. In addition to legal and regulatory requirements, the above functions take into account the particular nature, scale, and complexity of business activities and resulting risks in risk and capital management. The risk management function has the objective to optimise the risk profile of various risk categories. It develops and improves processes, methods, tools and system support used to manage various risk categories related to business activities. Also, it defines procedures to be followed in the process of approving and underwriting risk.

Risk Controlling, as a control function for risk management, ensures an integral framework for control and supervision of all risk types. The primary goal of the Risk Controlling unit is to coordinate implementation of instruments, methods, parameters and standards, to measure and supervise risk to avoid threatening situations and improve the risk rate/return within risk limits. It covers:

a. Defining risk measurement methodologies and parameters (closely with risk management functions)
b. Implementation of risk measurement and risk control
c. Implementation of scenario analyses and stress test in order to examine the impact of extreme and strong crisis to the position of the bank
d. Reporting on risks on aggregate level.

Risk Controlling independently controls the efficiency of risk management processes which has to include regular and timely identification, measurement, assessment, coping, monitoring and control of risks including reporting on the risks the bank is or might be exposed to in its business. Risk Controlling informs Audit Board, Risk Committee and Supervisory Board, with notification to the Management Board for timely and efficient implementation of received recommendations for eliminating legal breaches, irregularities, shortcoming and weaknesses revealed in controls.

Credit risk management is primarily carried out in the organizational units Non-retail Credit Risk Management, Retail Credit Risk Management, Special Asset and Collateral Management and Retail Receivables Collection, and its control is performed within the Risk Controlling unit.

Taking and direct responsibility for liquidity market risk and interest rate risk in the banking book management on an operating level is implemented in the organisational unit Treasury, while control is carried out within Risk Controlling.

Risk Controlling unit also provides guidelines for the management of market, liquidity and operational risks, controls them by checking the implementation and efficiency of the risk management methods and processes.

The Bank performs assessment of individual risk management system by:

a) controlling the limit utilisation
b) controlling the objectives that are continuously being monitored and reviewed

Their fulfilment, and maintenance of limits within legally defined parameters is a direct indicator of adequacy of policies, management, methodology, evaluation/measurement and appropriate internal control system procedures. All these limits and objectives impact the overall business operations and financial results of the Bank.

The principles, policies, procedures and responsibilities for individual risk management are defined in internal documents that are an integral part of the risk management process and are evaluated as adequate. Namely, they are of the same appropriate scope in relation to the current level of assumed risks as well as future assessments. Also, through the established methodology for monitoring the implementation of certain key control activities that are described in the Bank's regulations, the Bank performs a self-assessment of their implementation. ICS consists of all activities undertaken within the Bank, which are designed to achieve the following goals: adequacy, compliance and (if necessary) adjustment of the strategy (strategic goals)

- Efficiency and effectiveness of business operations (business goals)
- Reliability of the financial reporting (financial objectives)
- Compliance with the applicable laws and regulations (goals related to implementation of the compliance in operations).

The internal control system consists of 5 phases:

Phase 1: Documenting processes and related internal controls in internal regulations (the internal control system takes place simultaneously with the current work process and is embedded in that process and forms an integral part of it) – performed by the owners of processes/internal regulations;

Phase 2: Implementation and documentation of control activities – performed by the owners of controls;

Phase 3: Periodic review of the effectiveness of the established control environment – performed by the owners of controls;

Phase 4: Prioritization of key internal regulations, for which the implementation of related key internal controls will be the subject of testing in the current year – performed by the owners of controls and the Internal Control System (ICS) units;

Phase 5: Testing the implementation of key control activities – performed by the owners of controls, and validation of the test results is performed by the functions from the second line of defence depending on the type of risk to which the control is related.

c) the scope and characteristics of risk reporting system, as well as risk measurement method;

The Bank has established an appropriate system of regular monitoring and reporting to the members of the Management Board, Supervisory Board, Supervisory Board's committees (Audit Committee, Risk Committee, Compensation Committee and Nomination Committee), the FBiH Banking Agency and other relevant bodies, on

the Bank's exposure to certain types of risks, compliance with the established system of limits, policies, plans and strategies, measures for control and mitigation thereof, as well as their impact on the Bank's planned operations.

The reports are prepared on a daily, monthly, quarterly, semi-annual and annual basis, depending on the type, purpose and end user of the report and represent the basis for making strategic and business decisions by the competent management bodies.

The risk management reports contain:

for credit risk: Gross loan volume, NPL volume, NPL ratio, NPE volume, NPE ratio, Risk cost amount, Risk cost and exposure ratio (Risk charge%, Collection from customers in default and collection process, Probability of default (PD) and Default rate, Write-offs, Exceptions from credit policy (CP overrule etc.), credit risk weighted assets

for market risk: individual and total foreign exchange position

for interest rate risk: change in economic value and net interest income, BPV and VAR limits and their utilization

for liquidity risk: LCR, NSFR and other internal indicators

for operational risk: Number of new operational risk events, Expected gross loss per discovery, Gross loss booked, Recovery (direct and indirect), Net losses, P&L impact, Local regulatory reporting, Top 5 events entered in the reporting quarter, Top 5 bookings entered in the reporting quarter, DTE (date to entry) reviews, Early warning indicators, Risk treatment plans, etc.

The key reports of the Bank's ICAAP and ILAAP are listed in the bank's internal document Risk Taking and Management Policy, of which the following are particularly highlighted:

- for the Supervisory Board and the Management Board (integrated for all significant risks: quarterly Operational Report of the Risk Controlling Unit, especially the part relating to ICAAP results, compliance with the RAF and the Recovery Plan)
- for the Management Board of the Bank - Monthly Risk results covering credit risk, liquidity risk, operational, interest rate risk in the banking book and market risk, individually and/or through a review of the status of compliance with RAF
- for the Supervisory Board and the Management Board - quarterly Report of the Non-Performing Assets Management Plan - actuals.
- Report to the Risk Committee, quarterly, covering credit risk, liquidity risk, operational, interest rate risk in the banking book and market risk, individually and/or through a review of the status of compliance with the RAF
- Monthly report to the ALCO Committee, the part relating to compliance with the Recovery Plan indicators
- Annual report on the Bank's ICAAP and ILAAP for the Management and Supervisory Board of the Bank

d) adequacy assessment of the system put in place to manage the bank's risks against its risk profile, business policy and strategy

Risk management and control functions are an integral part of the overall management of the Bank's business activities and are implemented in accordance with the nature, scope and complexity of the business. The risk management system ensures the identification, measurement, mitigation, limitation, control and monitoring of all material risks and the assessment of business activities through risk-adjusted return on capital. The Supervisory Board and the Management Board of the Bank are actively involved in risk management through decision-making, supervision, reporting and monitoring of the objectives' achievement.

Based on the established policies, procedures, methodologies, management structure and internal control system, the Bank assesses that the risk management system is adequate in relation to its risk profile, scope and complexity of business activities, as well as business policy and strategy. The risk management system enables timely identification, measurement, mitigation, limitation, control and monitoring of material risks, with the active participation of the Management Board and the Supervisory Board and appropriate involvement of control functions. The connection of the risk management process with strategic, financial and capital planning ensures maintenance of an acceptable risk profile of the Bank.

e) the policies for hedging against risks and policies (information on the credit risk mitigation techniques applied) for reducing risk, as well as the methods used by the bank to ensure and monitor the efficiency in risk mitigation;

Credit risk mitigation is a technique applied with the aim of mitigating a financial institution's exposure to credit risk.

In order to mitigate the risks to which it is exposed, the Bank uses acceptable credit protection instruments (various types of collateral). The eligibility of credit protection instruments (collateral) is checked from the point of view of eligibility conditions defined by the legislation in Bosnia and Herzegovina, and the rules of the RBI Group for the valuation of collateral and risk mitigation.

In order to optimally monitor and evaluate credit protection instruments, the Bank has a special group in the organisational structure for monitoring the value of credit protection instruments, independent of the credit process (Collateral Management and Administration group). The Group is in charge of checking the documentation of credit protection instruments, but it also has expert personnel to independently assess the market value of credit protection instruments when approving loan facilities as well as monitoring the value of the collateral during the term of loan facilities (internal market value assessment is performed at intervals prescribed by internal regulations). The Bank also monitors the sale of protection instruments in the process of collecting non-performing loans, and applies experience from the collection of credit protection instruments to the collateral management process through backtesting discount rates applied for certain types of credit protection/collateral.

The Collateral Management Policy and Procedure and the Collateral Management Policy and Manual define basic standards for managing the portfolio of credit protection instruments and the basic principles of eligibility of credit protection instruments in the credit risk mitigation process and minimum corrective factors (discount rates) which the Bank applies to the market value of collaterals in all processes of the Bank. Minimum haircuts for different types of collateral are aligned with applicable legal regulations and the RBI Group's GD. The Bank performs annual analysis of adequacy of corrective factors based on the realised sales prices from collateral collection (voluntary and court collection), and if necessary adjusts the amount of corrective factors.

The Bank is guided by the following key standards and principles of acceptability of collateral in credit risk mitigation techniques:

- ✓ Credit protection should be enforceable in all areas of jurisdiction;
- ✓ Continuous management of risks associated with the credit protection arrangement;
- ✓ Legal certainty ensures that the Bank has the right to cash in or retain the assets representing the credit protection in the event of default;
- ✓ The degree of correlation between the value of the assets representing the material credit protection and the creditworthiness of the debtor must not be too high;
- ✓ The established degree of liquidity of the assets (liquidity assessment is an integral part of the evaluation and revaluation of collateral);
- ✓ Regular evaluation of the value of collateral;
- ✓ Adequate insurance of real estate and movable property under the Bank's mortgage;
- ✓ Priority rank of mortgage registration by the Bank in relation to other creditors (first-rank mortgages or pari-passu in relation to other creditors).

The basic conditions for recognizing credit protection by type of collateral are defined in internal regulations.
The applicable credit policies prescribe the minimum level of coverage of placements by credit protection (by internal rating, industry, etc.). The applicable legal regulations in BiH prescribe mandatory credit protection standards depending on the exposure ratio and the amount of the Bank's capital, as well as the minimum standards that credit protection must meet in order to be acceptable. The value of credit protection instruments

obtained through internal assessment is used in the process of approving credit placements, calculating RWA and expected credit losses.

The Bank uses credit risk mitigation techniques to reduce credit risk related with exposure(s) which the Bank has; this include material and non-material credit protection.

The Bank is the receiver of credit protection.

Material credit protection is a credit risk mitigation technique according to which reduction of credit risk under the Bank's exposure is the result of the Bank's right to cash or transfer to itself, or acquire, or keep, certain assets or amounts, or to reduce exposure amount to the difference between exposure amount and credit protection, in the event of default status of a liability.

Non-material protection is a credit risk mitigation technique based on which credit risk reduction against the Bank's exposure arises out of the third party obligation to pay certain amount in the event of default status of a liability.

Types of credit protection:

TANGIBLE CREDIT RISK MITIGATION	METHODS
Financial collateral ((cash, securities, gold, shares or convertible bonds included in a main stock exchange index)	Simple or comprehensive method
Shares or convertible bonds included in a main stock exchange index;Units or shares in investment funds	Comprehensive method
Other tangible credit risk mitigation: - Cash deposits placed with a third institution, - Life insurance policy, - Instruments redeemable upon request	Substitution of the obligor's risk weight with the risk weight of the protection provider

INTANGIBLE CREDIT RISK MITIGATION	METHODS
Guarantees / sureties	Substitution of the obligor's risk weight with the risk weight of the protection provider

None of the exposures to which risk mitigation technique has been applied must not lead to a larger amount of risk-weighted exposure compared to the identical exposure to which the risk mitigation technique has not been applied.

If the conditions for the recognition of material and non-material credit protection are met, the Bank adjusts the calculation of exposure to risk-weighted risk amount. The Bank considers as collateral: cash, securities or goods which are acquired, borrowed or received under repo transactions or securities/goods borrowed from/lent to other contractual party.

If the Bank uses several instruments for reduction of credit risks which cover one exposure, it must act in the following manner:

a) divide exposure to parts covered by a certain type of assets for credit risk mitigation

b) separately calculate the amount of risk-weighted exposure for each part in accordance with item a) hereof.

If the Bank covers one exposure with credit protection of a single provider of credit protection, and such protection has different maturities, the Bank must act in the following manner:

a) divide exposure to parts covered by a certain type of instrument for credit risk mitigation

b) separately calculate the amount of risk-weighted exposure for each part as the result of item a) hereof.

Credit risk mitigation is defined in network directives, current credit policies and internal procedures/documents of RBBH. Group network directives and credit policies provide unique guidelines and principles of credit policies for all network banks in order to form a well-diversified risk profil. Based on the Group credit policies which define main portfolio indicators and basic principles/criteria of lending, the RBBH creates credit policy for a segment, and thus the following credit policies are created and adopted every year: RBBH Credit Policy for Non-Retail segment which includes the credit policies for Corporate, SMB, Financial Institutions and Sovereigns, as well as the Umbrella RBBH Credit Policy for Retail together with the Credit Policy for PI and Credit Policies for Micro Customers. The RBBH specifies the following in its credit policies:

- lending criteria / underwriting approval rules,
- portfolio and industrial indicators with quantified limits and restrictions (so-called CAPs) and
- portfolio goals,

for the purpose of determining appropriate risk volume which the Bank can absorb. Portfolio indicators are defined by various dimensions of exposure and volume of risk-weighted assets (by industry, by product, by collateral coverage, by rating, etc.). Limits or CAPs are also specified by different dimensions. By forming the risk limits, maximum exposure is limited, for example for groups of customers.

Against the data obtained through monthly monitoring of portfolio quality, and in cooperation with Retail Sales employees, Retail Credit Risk Management defines new exposure levels for segments (PI or Micro portfolio).

Retail Risk Portfolio management and validation monitors the quality and performance of the Retail portfolio on a monthly level, with a focus on changes in categories of delinquencies and new defaults. The delinquency report is an integral part of the monthly package of reports submitted to the Bank's Management.

If the strategy towards the customer is the restructuring of obligations with the aim of recovering the customer and collecting the Bank's receivables, the process is initiated immediately, by taking appropriate actions by the responsible persons.

Recognition and further treatment of restructured exposures are defined by valid documents that regulate this matter, such as:

- ✓ Valid decision on credit risk management and determination of expected loan losses of the FBiH Banking Agency;
- ✓ Valid instruction for the classification and valuation of financial assets of the FBiH Banking Agency;
- ✓ Other relevant documentation and regulations by the local legislator;

When it comes to monitoring the exposure in the default status, the relevant departments of the Bank produce a document named "Realisation of the NPA Plan" on a quarterly basis, which is upon adoption by the Management Board delivered to FBA until the end of the month.

f) a succinct description of the association of the bank's risk profile with its business strategy, as well as a summary of the bank's key performance indicators relating to risk management and their values, based on which interested financial market participants can assess the bank's risk management and how the risk tolerance is included in the risk management system,;

The Risk Taking and Management Strategy is a top-level management instrument and represents the basic framework for identifying, measuring, mitigating, limiting, controlling and monitoring risks inherent in banking operations and for ensuring internal capital adequacy and liquidity adequacy (ICAAP and ILAAP). The document is based on the Bank's business strategy, regulatory regulations and the Bank's organizational structure, and it establishes a connection between risk management and business activities, in such a way that risk management

objectives are defined based on medium-term business objectives and an environment is established for making business decisions related to risks. The Risk Taking and Management Policy ensures the fulfillment of the objectives defined by the Risk Taking and Management Strategy. Based on the adopted Risk Taking and Management Strategy and Risk Taking and Management Policy in the segment of internal governance, and in accordance with the principle of proportionality, the Bank ensures the establishment of formal procedures in the risk management process, ensuring that they contain sufficiently precise and detailed level of instructions for work and descriptions of work process, including rules and guidelines regarding organisational, operational and procedural requirements, an internal system for assigning tasks related to the decision hierarchy, competencies and responsibilities of staff and implementation of work procedures, rules for monitoring established restrictions for limiting risk exposure, and acting in case of identified irregularities and deviations from established procedures. Based on the defined business model and business strategy, a Risk Strategy is prepared, which establishes binding standards and procedures for risk assumption and management, risk control in the Bank, as well as the connection between risk management and business activities by determining risk management objectives based on medium-term business objectives and with the established environment for making business decisions related to risks. The Risk Taking and Management Strategy represents a medium-term plan for risk and capital management with the aim of achieving the appropriate quality of risk management. The Risk Taking and Management Strategy is an internal document that represents the basis for: identifying, measuring, mitigating, limiting, controlling and monitoring risks inherent in banking operations, ensuring capital adequacy and liquidity. The Risk Taking and Management Strategy and its alignment with the business strategy establish a connection, or interdependence, between risk management and business activities, i.e. business orientation and risk orientation. This relationship is expressed through a defined Risk Appetite Framework in which risk appetite and specific risk objectives are derived from medium-term business objectives, available and planned capital and liquidity, and thus shape future risk-related business decisions. The risk appetite framework is a strategic document of the Bank that is used when making business decisions, defining the Budget, and strategic and operational plans. The above is reflected through the regular monitoring of achievements for the defined indicators from the Risk Appetite Framework in relation to the defined risk appetite and risk tolerance. RAF - Risk Appetite Framework is closely related to the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), since its main objective is to align strategic and business objectives with the minimum regulatory capital requirements and liquidity requirements under both expected conditions and the conditions of implementation of unfavourable scenarios and major single risk events. Therefore, the defined Risk Appetite Framework aims to provide management, together with the formulation and approval of the top-down Risk Appetite Statement, with a tool for setting and limiting the level of overall risk that the Bank is willing and able to take in achieving its strategic and business objectives. The key determinants of the risk appetite framework conceptually follow the RBI Group's determinants: risk tolerance is less than risk-bearing capacity, i.e. risk-taking capacity, and risk appetite, i.e. risk-taking tendency, is less than tolerance and, above all, ability, i.e. capacity. Key performance indicators of the Bank related to risk management and their values are published with the Bank's annual financial statements.

f) a description of how reporting to the bank's supervisory board and management on risks is ensured, particularly the frequency, the area and how the bank's supervisory board and management are engaged in defining the content of reporting

The Management Board and the Supervisory Board devote sufficient time to risk management issues. Furthermore, due to its size, scope and type of business activities, the Bank, in accordance with the principle of proportionality, applies all articles of the Decision on Internal Governance System in Banks, which includes the establishment of relevant committees of the Supervisory Board that provide support to the Management Board and the Supervisory Board in the risk management process. The frequency of risk treatment and risk issues through regular and ad-hoc risk reports at meetings of the Management Board, the Supervisory Board and the Supervisory Board Committees (Risk, Compensation, Audit Committee) is assessed as sufficient, given that comprehensive risk reports are regularly submitted to the Bank's bodies.

The Risk Taking and Management Policy ensures the fulfillment of the objectives defined by the Risk Taking and Management Strategy. Based on the adopted Risk Strategy and Risk Policy, and in accordance with the principle of proportionality, the Bank ensures the establishment of formal procedures in the risk management process,

ensuring that they contain sufficiently precise and detailed level of instructions for work and descriptions of work process, including rules and guidelines regarding organisational, operational and procedural requirements, an internal system for assigning tasks related to the decision hierarchy, competencies and responsibilities of staff and implementation of work procedures, rules for monitoring established restrictions for limiting risk exposure, and acting in case of identified irregularities and deviations from established procedures.

Relevant management bodies act in a timely manner in the area of risk management; in accordance with the data presented in the report, they make their recommendations and decisions, and are active participants in the risk management system, ensuring that the Bank's acceptable risk profile is maintained.

Informing the bank's management bodies about risks is defined under the Articles of Association of Raiffeisen BANK dd Bosna i Hercegovina.

Reports submitted to the Supervisory Board and the Management Board and their committees can be divided into three types:

a) Regulatory (prepared continuously in accordance with legal obligations and prescribed form);
b) Internal (prepared continuously using the pre-defined internal template, and intended for higher management, Committees, SB and MB)
c) Operational (reports used by employees and higher management for different snap inspections)

Different reports delivered to higher management, Committees, SB and MB, provide an overview of the Bank's portfolio development and the pertaining risks. Individual risk reports (e.g. credit, market, operational, liquidity, etc.) are supplemented by the ICAAP and ILAAP Report, which aggregates risk measurements by different risk types and compares them with available capital and risk-taking capacity.

Each of the management bodies, as well as the Supervisory Board and the Management Board of the Bank, has a predefined minimum content of data in the materials that are mandatory at their meetings and are prepared regularly.

h) the general framework of internal controls system and how control functions are organized, including their managers

The internal control system represents a set of processes, procedures and measures established to perform adequate risk management, monitor the efficiency of the Bank's operations, the reliability of its financial and other information, and compliance with regulations, internal documents, standards and codes in order to ensure the stability of the Bank's operations. All employees of the Bank, through their individual roles and responsibilities, contribute to maintaining an effective internal control system. Responsibility is based on the concept of "three lines of defense" in order to encourage a comprehensive risk management and control structure with the aim of avoiding identified risks.

The bank has established control functions in such a way that they are independent of the business processes and activities in which the risk arises, that is, which control functions monitor and supervise.

Control functions in the Bank as of 31.12.2025 are:

1. Risk Management (organizational unit Risk Controlling)
2. Compliance (compliance organizational unit)
3. AML/CTF (organizational unit Anti-Money Laundering and terrorism Prevention Activities)
4. Internal Audit (organizational unit Internal Audit)

All four control functions (Internal Audit, Compliance, Risk Control and AML/CTF) were established as independent organizational parts of the Bank.

The managers of the organisational units of Control Functions (as an independent function of the Bank) reports directly to the Supervisory Board of the Bank for their work, which clearly diversifies their hierarchical status from the hierarchical status of the management (level B-1) of other functions of the Bank.

Managers of organisational units: Risk Controlling, Compliance and Internal Audit prepare quarterly, semi-annual and annual reports on risk management, compliance and internal audit, which they deliver to the Bank's Management Board, Supervisory Board and the Audit Committee, and at least once a year they participate in the meetings of the bodies they report to.

Head of AML/CTF has a direct and immediate connection with the Bank's Management Board and Supervisory Board and submits a report to the Supervisory Board and the Bank's Management Board at least quarterly on the Bank's actions and its compliance with the requirements for the anti-money laundering and counter terrorism financing, as well as activities taken against detected suspicious customers.

The heads of organizational units of control functions attend bilateral meetings with the President of the Supervisory Board and/or the presidents of individual committees at least once a year.

During 2025, there was one change in the head of the Risk Controlling organizational unit, while there were no changes in the heads of other control functions (Compliance, Prevention of Money Laundering and Financing of Terrorism, and Internal Audit).

According to the Internal Organisation and Job Classification Rules for control functions, RBBH defined the organisational type of performance for the above-mentioned control functions as well as the duties and responsibilities of the bank's control functions, the job classification with job titles, qualification requirements as well as job descriptions and reporting lines.

1.6 Regulatory capital, capital buffers, capital requirements and regulatory capital adequacy

The Bank publishes data and information on the regulatory capital, capital requirements, regulatory capital adequacy, capital buffers and financial leverage;

Data and information related to the capital include:

a) the amount of regulatory (eligible) capital, and the amounts of common equity tier 1 (CET1) , additional tier 1 capital (AT1) and supplementary capital of the bank with an overview of individual elements of capital;

Capital		
No.	**Item**	**Amount**
1.	REGULATORY CAPITAL	712,505
1.1	TIER 1 CAPITAL	667,521
1.1.1	COMMON EQUITY TIER 1	667,521
1.1.1.1	Capital Instruments recognised as CET1	251,640
1.1.1.1.1	Paid capital instruments	247,167
1.1.1.1.2	Share premium	4,473
1.1.1.2	Retained earnings	463,343
1.1.1.3	Recognised profit or loss	
1.1.1.3.1	Profit or loss belonging to the ultimate shareholders	130,013
1.1.1.3.2	(–) Part of the profit for the period generated in the business year or profit for the period generated at the end of the business year, that is not recognised	-130,013
1.1.1.3.3	Other accumulated aggregate profit	311
1.1.1.4	Other reserves	1,230

1.1.1.5	(–) Other intangible assets	-29,735
1.1.1.6	A deductible deferred tax asset that depends on future profitability and arises from temporary differences	-7,894
-1.1.1.7	(–) CET1 instruments of financial sector entities if the bank has a significant investment	-11,374
1.1.2	ADDITIONAL TIER 1	-
1.2	TIER 2	44,984
1.2.1	Equity instruments and subordinated debt recognized as additional capital	44,984

b) description of main characteristics of financial instruments included in calculation of regulatory capital;

Description of main characteristics of financial instruments			
No.	**Item**		
1.	Issuer	Raiffeisen SEE Region Holding GmbH, Vienna, Austria with % share of 100,00%	The European Fund for Southeast Europe S.A. , SICAV-SIF
1.1.	Uniform sign	BARFSNR00003 ISIN	549300D2UDHX6IFJBJ16 LEI sign
	Treatment in accordance with the regulatory frame		
2.	Recognised on individual/ consolidated basis	Individual basis	Individual basis
3.	Type of instrument	Ordinary shares	Subordinated debt issued in the form of a financial instrument
4.	Amount recognised for the purpose of calculating regulatory capital in thousands of BAM, as at the date of the last reporting	BAM 247,167	BAM 44,984
5.	Nominal amount of instrument	BAM 250.00	n.a.
5.1.	Issuing price	n.a.	n.a.
5.2.	Purchase price	n.a.	n.a.
6.	Accounting classification	Share capital	Liability- depreciated value
7.	Instrument issuance date	First Instrument issuance date 07.11.1992; additional subsequent issues after the said date	Initial agreement 14.11.2022.
8.	Instrument with maturity date or instrument without maturity date	Without maturity date	With maturity date
8.1.	Initial maturity date	Without maturity date	18.11.2032

Description of main characteristics of financial instruments			
No.	**Item**		
9.	Purchase option by issuer	NO	NO
9.1.	The first date of activating purchase option, conditional date of activating purchase option and purchase value	n.a.	n.a.
9.2.	Subsequent date of activating purchase option (if applicable)	n.a.	n.a.
	Coupons/dividends		
10.	Fix or variable dividend/coupon	Variable	n.a.
11.	Coupon rate and related indexes	n.a.	Margin amounts to 5.5 % p.a. Interest rate is a 6M EURIBOR increased by margin amount
12.	Mechanism of mandatory dividend cancellation	n.a.	n.a.
13.	Full discretion right, partial discretion right or without discretion right with respect to time for dividend/coupon payment	Full discretion right	n.a.
13.1.	Full discretion right, partial discretion right or without discretion right with respect to dividend/coupon amount	Full discretion right	n.a.
14.	Possibility to increase yields or other incentives for redemption	NO	n.a.
15.	Non-cumulative or cumulative dividends/coupons	Non-cumulative	n.a.
16.	Convertible or non-convertible instrument	Non-convertible	Non-convertible
17.	If convertible, conditions under which conversion can happen	n.a.	n.a.
18.	If convertible, partially or fully	n.a.	n.a.
19.	If can be converted, conversion rate	n.a.	n.a.
20.	If convertible, mandatory or voluntary conversion	n.a.	n.a.
21.	If convertible, instrument into which it converts	n.a.	n.a.
22.	If convertible, issuer of the instrument into which it converts	n.a.	n.a.
23.	Possibility to reduce value	NO	NO
24.	If there is a possibility to reduce value, conditions under which value reduction can happen	n.a.	n.a.
25.	If there is a possibility to reduce value, partly or fully	n.a.	n.a.
26.	If there is a possibility to reduce value, permanently or temporary	n.a.	n.a.

Description of main characteristics of financial instruments			
No.	Item		
27.	If value reduction is temporary, description of mechanism for value increase	n.a.	n.a.
28.	The type of instrument that will be paid out immediately before the specified instrument in the event of liquidation or bankruptcy	It is paid after the settlement of all other liabilities to creditors	It is paid after the settlement of all other liabilities to non-subordinate creditors
29.	Non-adjusted characteristics of converted instruments	NO	NO
30.	If any, state non-adjusted characteristics	n.a.	n.a.

c) a description of all restrictions applied in the calculation of regulatory (eligible) capital in accordance with the provisions of the Capital Calculation Decision, equity instruments, regulatory adjustments and adjustments to which these restrictions apply.

Decision on Capital Calculation in Banks specifies the minimum capital standards and minimum standards for creating and implementing a capital management programme, which the Bank is obliged to ensure, continuously maintain and implement, as well as additional capital protection measures.

Acting in line with the Decision and defined requirements, at any time, the Bank has to meet the above defined capital requirements for common equity Tier 1, CET1 and regulatory capital. The Capital Calculation Decision prescribed the following capital requirements:

a) common equity Tier 1 (CET1) capital ratio of 6.75%;

b) Tier 1 capital ratio of 9%;

c) regulatory capital ratio of 12%;

In addition to the legally prescribed minimum capital ratios, the Bank maintains ratios in accordance with the SREP requirement of the Agency.

In accordance with the provisions of the Law on Banks, Article 4, paragraph (4) of the Decision on the method of determining a systemically important bank and the capital buffer for a systemically important bank, and the by-laws of the Banking Agency of the Federation of Bosnia and Herzegovina, a List of systemically important banks in the Federation of Bosnia and Herzegovina has been established.

Raiffeisen bank dd Bosna i Hercegovina is one of the systemically important banks and a capital buffer rate for a systemically important bank of 2% has been prescribed for it. This means that the Bank, as systemically important for the Federation of Bosnia and Herzegovina, is required to maintain Common Equity Tier 1 in the amount of 2% of the total amount of the bank's risk exposure. This capital buffer plays a key role in maintaining financial stability. Article 44 of the Capital Calculation Decision has prescribed a capital buffer, to be maintained in the form of CET1 at 2.5% of total risk exposure. The Bank shall ensure and maintain financial leverage of at least 6% as defined by Article 38 of the Decision.

In accordance with the Capital Calculation Decision, the Bank prepares the reporting form KA 3 - Capital rates and capital levels and the Form FP - Financial leverage ratio calculation (C 47.00), and delivers those on a quarterly basis to the regulator until the next month upon expiry of a quarter. Additionally, the Bank monitors and adjusts its operations on a monthly basis in order to maintain the ratios within the prescribed limits.

In accordance with the Capital Calculation Decision, the Bank recognises regulatory adjustments at the reporting date in the form of intangible assets, deferred tax assets, direct or indirect investments of the Bank in common equity instruments of the financial sector entity or significant investments.

As of the reporting date 31.12.2025, the Bank disposed of the following regulatory adjustments:

- Other intangible assets - Rights to innovations, patents and licences and the purchased software totalling BAM 29.735 thousand. In line with the Decision on Capital Calculation in Banks, as of 31.12.2025, the amount of intangible assets that the Bank deducted is applied with the exception of credit-rated assets in the form of software.
- Tax deferred assets totalling BAM 7,894 thousand, of which the largest portion relates to recognised effects based on expected credit losses for credit risk stage 1 and credit risk stage 2.
- Direct or indirect investments of the Bank into instruments of common equity of a financial sector entity, or significant investments in the amount of BAM 11,374 ths. Significant investments of the Bank in financial sector as amounts to BAM 11,374 ths, and were dominated by the significant investment in Raiffeisen Leasing doo Sarajevo worth BAM10.051 ths.

d) Data and information related to the capital requirements and the regulatory capital adequacy;

- the amount of capital requirement for credit risk (standardized approach) for each of the exposure classes;
- the amount of capital requirement for settlement (delivery) risk;
- the amount of individual capital requirements for market risks, with special disclosure of the amount of capital requirement for specific and general position risk based on debt and equity instruments, additional capital requirement for large exposures exceeding the limits defined by the Decision on Large Exposures, capital requirement for foreign exchange risk and capital requirement for commodity risk;
- the amount of the capital requirement for operational risk and the type of approach used to calculate this requirement (basic indicator approach or standardized approach);
- additional capital requirements for large exposures from the trading book;
- capital rates (a common equity Tier 1 (CET1) rate, a Tier 1 capital rate and regulatory capital rate);

The Bank uses standardized approach in calculation of the capital adequacy and risk exposure in line with the Decision on Capital Calculation in Bank.

Capital adequacy			
No.	**Item**	**Risk-weighted exposure amount**	**Capital requirements**
1.	Exposures to central governments and central banks	33,478	4,017
2.	Exposures to regional and local governments	35,581	4,270
3.	Exposures to public sector subjects	6,092	731
4.	Exposures to multilateral development banks	-	-
5.	Exposures to international organisations	-	-
6.	Exposures to institutions	115,269	13,832
7.	Exposures to companies	868,849	104,262
8.	Exposures to private individuals	1,615,130	193,816
9.	Exposures secured by real estate	402,476	48,297
10.	Default status exposures	29,857	3,583
11.	High-risk exposures	-	-
12.	Exposures in the form of covered bonds	-	-
13.	Exposures to institutions and companies with short-term credit assessment	-	-
14.	Exposures in the form of units or shares in investment funds	-	-
15.	Exposures based on equity investments	252	30
16.	Other exposures	181,274	21,753

Capital adequacy			
No.	Item	Risk-weighted exposure amount	Capital requirements
17.	Total capital requirement related to the credit risk		394,591
18.	Capital requirements for settlement/delivery		-
19.	Capital requirements for market risks		2,988
19.1	Capital Requirements for FX Risk		2,988
20	Capital requirements for operational risk		40,250
21	CET1 ratio		18.30%
22.	T1 ratio		18.30%
23.	Regulatory capital ratio		19.53%

The Bank publishes the following data and information related to the Bank's credit risk exposure, including the credit risk mitigation techniques and information on external institutions for credit risk assessment - ECAI or export credit agencies - ECA;

e) definitions of default and past due exposures for the accounting needs;

Placements in the status of non-payment of obligations (debtors have encountered significant financial problems or a delay in payment of obligations is expected) require special treatment and they are the responsibility of the departments for Special Asset Management and Collateral and Retail Collection. Business with the previously mentioned group of customers, as well as the collection of due debts, plays a significant role in the calculation of expected credit losses.

The Bank ensured the timely transfer of customers to the jurisdiction of the Special Assets and Collateral Management unit, i.e. early inclusion, through the function of the Credit Risk Management Non-retail unit.

Default is defined as an event where a debtor:

- ✓ is unlikely to pay its credit obligations to Bank from its own cash flow (unlikely to pay), not from the income from collateral sold with exception of transactions where primary source of repayment comes from either sale proceeds of the financed commodities or sale proceeds of financed assets;
- ✓ is overdue with the settlement of its credit liabilities to the Bank more than 90 days considering the materiality threshold (90+).

Materiality threshold for Corporate is EUR 500,00 and 1% of total agreed loan facilities. The materiality threshold is to be calculated by using the debtor's total overdue amount to the Bank to total balance exposure/liabilities of the debtor.

For Retail portfolio, default definition and levels of default statuses and rules for recovery, i.e. return of customers into the income portfolio are precisely defined in the Instructions for Retail Default Treatment". Default is defined as an event where a debtor:

- ✓ is highly unlikely to settle its credit obligations to the Bank from its own cash flow (unlikely to pay), and not from the cash flow from the sale of collateral;
- ✓ is overdue to the Bank more than 90 days considering the materiality threshold (90+).

The materiality threshold for individuals is EUR 100.00 and 1% of the placement, with it being important to emphasize that the default status of one sub-account means the default status of similar sub-accounts, and ultimately the default status at the customer level in the event that the exposure of sub-accounts in default status constitutes 20% or more of the customer's total exposure. The assignment of default status is at the sub-account/product level with the application of a 20% pulling cross default.

f) description of approaches and methods used to determine value adjustments for credit risks and provisions for losses in off-balance items

The Bank is required to follow the loan loss provisioning methodology under both International Accounting Standards and International Financial Reporting Standards.

The Bank applies the International Financial Reporting Standard - IFRS 9, which prescribes a model of expected credit losses for recognising and measuring provisions and aims to accelerate the recognition of losses with the requirement of provisions to cover already incurred losses and losses expected in the future.

Methods and processes for expected loan loss provisions are defined for all segments of the Bank's operations to which credit risk relates and are performed on assets subject to credit risk that are classified at amortized cost or at fair value through other comprehensive income. In other cases, assets are declared at fair value through income statement. IFRS 9 calculation of ECL also applies to all off-balance sheet financial instruments that are classified at amortized cost or at fair value through other comprehensive income.

IFRS 9 recognises three levels of ECL depending on the assessment of credit impairment volume vs. initial recognition of financial instrument.

In cases where credit risk of a financial instrument has not increased significantly since initial recognition, the Bank measures the loss of that financial instrument at an amount equal to 12-month expected credit loss. Such instrument belongs to credit risk stage 1.

In cases where credit risk of a financial instrument has increased significantly since initial recognition, the Bank measures the loss of that financial instrument at an amount equal to lifetime expected credit loss. The above instrument belongs to credit risk stage 2, until it is in default status, which moves to credit risk stage 3. In addition to the above stages, assets that have been purchased or originated as credit-impaired financial assets are also defined and are marked as POCI assets.

The Non Retail assets segment encompasses corporates and SMB, sovereigns and regional governments, as well as banks and other financial institutions, and private individuals classified as Non Retail under RBI Group standards.

The assessment if the expected lifetime credit losses are recognised is based on a significant increase of probability or risk of default and it is perform on individual basis. Expected credit losses are calculated as the sum of the marginal losses that occur in each time period at the balance sheet date.

At each reporting date, a review is performed to determine whether there has been a significant increase in the credit risk of a financial instrument since initial recognition. The review is performed at the individual sub-account/master contract level using quantitative and qualitative information.

The quantitative factor for the increase in credit risk is the increase in PD between the reporting date and the date of initial recognition. The PD threshold is set at 250%, but is time-dependent. 250% applies to maturities up to one year, while longer maturities are subject to adjustments. The rationale for selecting 250% as the relevant threshold that determines a significant increase in credit risk is derived from the Master Scale because a three-notch rating increase leads to a relative increase in the probability of default of 250% in one year.

Qualitative factors for increasing credit risk are listed in IFRS 9 B.5.5.17 section and are mainly contained in the internal rating of customers. Additional qualitative factors for increasing credit risk are Credit Risk Status (CRS), Forbearance flag, POCI flag and 30 days past due and they represent triggers for moving an exposure to credit risk stage 2. In addition to the above criteria, RBBH also uses a holistic approach in accordance with IFRS 9 Appendix B. Application Guidance B5.5.16. in the following manner: for exposures with recognized significant credit risk, it applies a Special Risk Factor (SRF), i.e. assigns a higher amount of expected credit losses compared to the amount calculated according to internal parameters.

Calculations of expected credit losses are based on four components:

- Exposure at Default (EAD) - an estimate of the exposure in the event of default at some future date, taking into account expected changes in exposure after the reporting date, including repayment of principal and interest and expected withdrawals of unused funds.
- Probability of Default (PD) - assessment of the probability of default in a period of time.
- Loss Given Default (LGD) - an estimate of the loss given default. It is based on the difference between the contractual cash flows and those the lender expects to receive, including collection from collateral. It is usually expressed as a percentage of EAD.

- Discount rate - it is used to discount expected losses to their present value at the reporting date using the effective interest rate (EIR).

In addition to on-balance sheet financial instruments, off-balance sheet financial instruments are also included in the calculation of expected credit losses. In order to reflect the possible risk stemming from withdrawal of off-balance sheet exposures, the Bank uses models predicting probability of withdrawal of certain off-balance sheet assets and their conversion into on-balance financial instruments. This resulted in EAD calculation (EAD coeff) that was multiplied with off-balance sheet exposure in order to get the portion of off-balance sheet exposure that would further serve for ECL calculation.

The EAD model is developed only for higher risk portfolios (i.e. Corporate and SMB), as other portfolios (FI, LRG, SOV) usually do not have products with off-balance sheet exposures and therefore do not require EAD modeling (i.e. EAD is equal to the drawn amount).

Probability of Default - PD

RBI Group has a single and unified approach to rating all SMB and Corporate customers across all network banks. Statistical models are developed in accordance with the requirements of the Basel II Internal Rating Based Approach (IRB). IRB rating models are the basis for calculating PD parameters used to calculate expected credit losses under the IFRS 9 methodology.

PD estimation and calibration is performed on an annual basis, and for the purposes of IFRS 9, the PD parameter is basically a PD vector that describes the PD curve over time, i.e. the lifetime probability of default curve.

Lifetime PDs are built from 12-month PDs. This involves the formation of a PD curve that will show the expected movement of the default risk over the life of the financial instrument. The longer the maturity of the financial instrument, the greater the risk of default. Another thing to consider here is an effect of credit risk improvement as the maturity date of a financial instrument nears.

All models are based on a statistical model and on internal Non-retail data.

Macroeconomic factors are applied to the calculated lifetime PD values to align them with expected macroeconomic developments. Forward-looking information (macroeconomic outlook) should capture the movement of the portfolio of expected credit losses between economically good and stressed times
Research and Consulting anticipates three types of scenarios for macroeconomic adjustments: "Optimistic", "Base" and "Pessimistic".

Loss Given Default - LGD

In case of a default event, the LGD parameter shows how much the exposure will be a loss.

LGD can be calculated on any granularity level, i.e. on the level of customer, product or contract, which depends on availability of data and portfolio characteristics i.e. the type of portfolio, segment and form of relationship between Bank and customer.

The sensitivity of LGD to macroeconomic conditions is modelled through the cure rate and the macro ratio. The idea is to present long-term average LGD as a weighted average of recovered (return to performing) LGD and closed LGD (closed and not returned to performing).

In line with the standards of the RBI Group, the **Retail assets segment** encompasses Micro companies and private individuals.

On each reporting date, the Bank assesses whether the credit risk of the financial instrument has significantly increased since the date of the initial recognition. Credit risk analysis includes multi-factor and holistic analysis. This means that the assessment is made using qualitative or quantitative inputs or their combination, and whether a certain factor will be relevant depends on the type of product, the characteristics of the financial instruments and the borrower, as well as the geographical region. In cases where some factors or indicators are not available on an individual level, assessments are made on a collective basis.

IFRS 9 explains that the bank may apply various approaches when assessing whether there has been a significant increase in credit risk – including using different approaches for different financial instruments. An approach that does not include an explicit PD as an input, such as a credit loss rate approach, can be used provided that the bank is able to separate the changes in the risk of default occurring from other changes in expected credit losses – e.g. due to collateral. Any approach used considers:

- The change in the risk of default occurring since initial recognition;
- The expected life of the financial instrument; and
- Reasonable and supportable information that is available without undue cost or effort that may affect credit risk

In Retail segment the process of assessment of changes in credit risk has two main elements:

- qualitative element- One of the qualitative criteria serves as a backstop indicator (over 30 dpd is possible only for technical reasons), and
- quantitative element (i.e. reflecting a quantitative comparison of PD lifetime at reporting and at initial recognition). Forward looking information is added as macroeconomic overlay of expected credit losses.

The quantitative analysis is based on changes in PD lifetime. When developing the lifetime PD models there are two possible levels:

- Rating grade level - required for all Portfolios for which PD estimates are already used in Pillar I or II capital calculation i.e. with annually validated rating system in place.
- Portfolio level - for all other portfolios. Probability of delay during the availability of the facility for the calculation of the expected credit loss is obtained from the analysis of sustainability or standardization.

Qualitative factors are taken into account to complement the assessment of increased credit risk and also in cases where only qualitative factors exist, the assessment will be driven by these factors alone. Qualitative factors of credit risk increase are specified in IFRS 9 B.5.5.17 section and are mainly contained in the internal rating of customers. Additional qualitative factors of credit risk increase are Forbearance, holistic approach, significant changes of contracts, external market indicators and other factors.

The process of calculating expected credit losses in the Retail segment includes the following steps:

Step 1: Preparation of appropriate risk estimates of PD, LGD, EAD for each future period, including a macroeconomic factor of addition to expected credit losses.

Step 2: Calculation of expected credit losses for each monthly period in each scenario.

Step 3: Discounted calculation of expected credit losses for each period in each scenario.

Step 4: Calculation of total discounted expected credit losses (12-month lifetime of placement) for each scenario.

Step 5: Calculate ultimate expected credit losses (12-month lifetime of the placement) as probability-weighted expected credit losses across all scenarios.

In the case of revolving products, changes in the use of the undrawn part of the liabilities are taken into account. For these purposes, the Credit Conversion Factor (CCF) has been adjusted according to IFRS 9. As for Portfolio with created IRB models, it is regulated that the Basel CCF values can be used, and at the class (pool) level, so that the margins of conservatism are removed.

Credit conversion factor value applied in the Retail segment amount to:

- 20% for undrawn credit facilities (agreements to lend, purchase securities, provide guarantees or acceptance facilities with an original maturity of up to and including one year)
- 50% for undrawn credit facilities (agreements to lend, purchase securities, provide guarantees or acceptance facilities) with an original maturity of more than one year

For the purposes of determining the original maturity, the date applied to the estimated term of validity of the revolving exposure is used.

The credit conversion factor of other products of the Retail segment (e.g. Guarantees) is defined by the CRR (Capital Requirement Regulation), Annex 1.

Value adjustments for credit risk and collection of receivables in default status

Value adjustments for credit risk and collection of receivables in default status for Non-Retail customers, which are recorded through income statement are calculated in the credit risk stage 3 according to IFRS 9 methodology. These adjustments are specific due to the methodology, where the standard allows application of multiple scenarios of expectations in a particular case, from which the average likelihood of materialisation is taken for the final calculation. Collateral values, cash flows generated by a legal entity or other documented sources of

cash flows ma be used in scenarios. Specifically, the Bank uses (minimum) 2 scenarios, the probability of which can be 90% and 10%. For the probability of the scenario amount, annual backtesting of data/analysis of customer transfers from Early Phase of SEM process into Late Phase of SEM process, and possible corrections thereof, are carried out, all for the purpose of more correct calculation of value adjustments for this category of receivables. The calculation and booking is done monthly on an individual basis, taking into account the specifics of each individual customer and the product the customer uses, with prior approval of the relevant decision-making bodies.

Value adjustments for credit risk and collection of receivables in default status for Retail customers, which are recorded through income statement are calculated in the credit risk Stage 3 according to IFRS 9 methodology. When calculating the expected credit losses for the Retail segment, the Bank does not take into account the value of the collateral, but calculates the best estimate of the expected credit loss instead. Bank believes that the most adequate manner of presenting historical data on losses is precisely the estimation of expected cash flows based on unsecured exposure in default status, and based on the use of the Best Estimate of Expected Loss parameter (so-called BEEL). By definition, this parameter reflects the most likely possibility of loss related to sub-accounts in default status that have similar risk and refund profiles, and provides a statistically estimated level of loss for such sub-accounts. Therefore, BEEL (to adjust the contractual cash flows to their estimated recovery rate) is applied on a homogeneous group of accounts. The estimation model for BEEL considers discounted recoveries for exposures which are already in default status. As the model is designed to provide a best estimate of the loss potential until the end of the workout period, accounts for which the observation point coincides with the end of the workout period are assumed to have zero recovery, i.e. the Best Estimate of Expected Loss is equal 100%. In order to achieve adequacy for provisioning purposes, it is ensured that during each reporting period each defaulted sub-account is associated with an estimate that reflects current recovery rate data, thereby determining the expected recovery potential for the sub-account. BEEL values are updated monthly.

According to the Decision on Credit Risk Management and Accounting for Expected Credit Losses and the Instructions for Financial Assets Classification and Valuation, RBBH calculates value adjustments for balance sheet assets items and provisions for contingent liabilities (on a monthly level). After the expected credit losses are calculated according to the internally developed IFRS 9 models, they are adjusted for each individual exposure according to the defined conditions for credit risk stages 1, 2 and 3 in terms of the required minimum rates of expected credit losses regulated in Articles, 23, 24, 25 and 26 of the Decision, and ultimately the larger amount of the two afore-mentioned is recorded.

Calculation and posting of expected credit losses is done with the approval of the Bank's Management Board.

g) total amount of the Bank's exposure after value adjustments and expected loan losses, excluding the effects of credit risk mitigation techniques (net exposure) as well as an average amount of exposure during a period by exposure categories;

Total and average net exposure value			
No.	**Exposure class**	**Net exposure value at the end of a period**	**Average exposure value at the end of a period**
1	Exposures to central governments and central banks	1,554,235	1,485,276
2	Exposures to regional or local governments	103.050	90.082
3	Exposures to public sector subjects	8.371	10.964
4	Exposures to multilateral development banks	41.881	47.431
5	Exposures to international organisations	55.715	55.264

Total and average net exposure value			
No.	**Exposure class**	**Net exposure value at the end of a period**	**Average exposure value at the end of a period**
6	Exposures to institutions	738.636	658.393
7	Exposures to companies	1,298,245	1,267,370
8	Exposures to private individuals	2,245,115	2,196,113
9	Exposures secured by real estate	710.949	665.973
10	Default status exposures	24.862	23.089
11	High-risk exposures	-	-
12	Exposures in the form of covered bonds	-	-
13	Exposures to institutions and companies with short-term credit assessment	-	-
14	Exposures in the form of units or shares in investment funds	-	-
15	Exposures based on equity investments	252	244
16	Other exposures	439.826	428.186

h) geographical exposure classification by significant areas, according to exposure categories and including a detailed elaboration as required;

No.	Type of exposure	BOSNIA AND HERZEGOVINA	AUSTRIA	GERMANY	CROATIA	NORWAY	BELGIUM	FRANCE	USA	LUXEMBURG	THE NETHERLANDS	ITALY	POLAND	SLOVENIA	SERBIA	SWITZERLAND	TURKIYE	REPUBLIC OF NORTH MACEDONIA	OTHER EU	OTHER	Total
1	Exposures to central governments and central banks	1,092,877	87.934	28.896	48.077	-	68.239	95.952	32.240	-	28.603	-	24.250	18.533	19.250	5	-	9.377	-	2	1,554,235
2	Exposures to regional or local governments	103.050	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103.050
3	Exposures to public sector subjects	8.366	-	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.371
4	Exposures to multilateral development banks	-	-	4.929	-	-	-	-	7.541	28.870	-	-	-	-	-	-	-	-	-	541	41.881
5	Exposures to international organisations	-	140	-	-	-	28.782	-	-	26.793	-	-	-	-	-	-	-	-	-	-	55.715
6	Exposures to institutions	19.282	274.379	163.199	72.388	100.108	-	-	18.549	917	23.460	29.727	-	1.954	190	17.564	13.685	-	2.192	1.042	738.636
7	Exposures to companies	1,277,254	19.439	-	-	-	-	-	992	136	-	-	-		-	275	-	-	-	149	1,298,245

No.	Type of exposure	BOSNIA AND HERZEGOVINA	AUSTRIA	GERMANY	CROATIA	NORWAY	BELGIUM	FRANCE	USA	LUXEMBURG	THE NETHERLANDS	ITALY	POLAND	SLOVENIA	SERBIA	SWITZERLAND	TURKIYE	REPUBLIC OF NORTH MACEDONIA	OTHER EU	OTHER	Total
8	Exposures to private individuals	2,244,220	153	34	115	-	2	139	9	-	4	13	6	29	111	21	6	15	30	208	2,245,115
9	Exposures secured by real estate	710.505	-	126	-	-	-	-	-	-	-	-	21	-	-	-	-	-	47	250	710.949
10	Default status exposures	24.861	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-		24.862
11	High-risk exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and companies with short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures in the form of units or shares in investment funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures based on equity investments	32	-	-	-	-	220	-	-	-	-	-	-	-	-	-	-	-	-	-	252
16	Other exposures	439.690	13	-	13	-	-	-	-	-	-	-	-	-	107	-	-	-	2	1	439.826

The significance of geographical areas or countries is determined by the materiality threshold, which is set in such a way that the exposure to a country is significant if total net exposure of the Bank to it exceeds 1% of the Bank's regulatory capital as at 31.12.2025.

** Countries that are not considered significant, and which are included in the columns "Other EU countries" are: Slovenia, Ireland, Czech Republic, Slovakia, Greece, Hungary, Denmark, Romania, Bulgaria, Spain, Finland, Latvia, Portugal, Estonia and Sweden.*

*** Countries that are not considered significant, and which are included in the columns "Other countries" are: Albania, Algeria, American Samoa, Argentina, Australia, Azerbaijan, Bahrain, Bangladesh, Belarus, Bolivia, Brazil, Montenegro, Chad, Chile, Dominican Republic, Egypt, El Salvador, Ethiopia, Philippines, Ghana, Georgia, India, Indonesia, Iraq, Iran (Islamic Republic of), Israel, Japan, Yemen, Jordan, South Africa, Cambodia, Canada, Qatar, Kazakhstan, Kenya, China, Kyrgyzstan, Colombia, Republic of Korea, Kosovo, Kuwait, Lebanon, Libya, Malaysia, Morocco, Mexico, Myanmar, Moldova, Republic of, Mongolia, Namibia, Nepal, Nigeria, Nicaragua, Niue, Oman, Pakistan, Palestine, Russian Federation, Saudi Arabia, Senegal, Somaliland, Sudan, Sri Lanka, Syrian Arab Republic, Tajikistan, Tunisia, Uganda, United Arab Emirates, Ukraine, Uruguay, Uzbekistan, Vanuatu, United Kingdom, Venezuela and Vietnam.*

i) exposure classification by business lines and exposure categories, including a detailed elaboration as required;

Exposures by type of business activities (net value of exposure)																					
No.	Type of exposure	Agriculture, forestry and fishing	Mining and quarrying	Processing industry	Production and supply of electricity, gas, steam and air conditioning	Water-supply, sewage, waste management and environmental remediation	Construction	Wholesale and retail trade; repair of motor vehicles and motorcycles	Transport and storage	Accommodation, hotels and catering	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence; compulsory social security	Education	Health and social protection	Arts, entertainment and recreation	Other service activities	Total
1	Exposures to central governments and central banks	-	-	-	-	-	-	-	-	-	-	1,092,380	-	-	-	461.675	-	-	-	180	1,554,235
2	Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103.050	-	-	-	-	103.050
3	Exposures to public sector subjects	-	-	-	2.864	-	-	-	-	-	-	39	-	592	-	149	10	4.677	2	38	8.371
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	13.011	-	-	-	-	-	-	-	28.870	41.881
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	19.146	-	-	-	-	-	-	-	36.569	55.715

Exposures by type of business activities (net value of exposure)

No.	Type of exposure	Agriculture, forestry and fishing	Mining and quarrying	Processing industry	Production and supply of electricity, gas, steam and air conditioning	Water-supply, sewage, waste management and environmental remediation	Construction	Wholesale and retail trade; repair of motor vehicles and motorcycles	Transport and storage	Accommodation, hotels and catering	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence; compulsory social security	Education	Health and social protection	Arts, entertainment and recreation	Other service activities	Total
6	Exposures to institutions	-	-	-	-	-	-	-	-	-	-	738.636	-	-	-	-	-	-	-	-	738.636
7	Exposures to companies	9.089	2.866	296.055	18.439	14.859	81.991	629.912	51.115	1.400	41.344	113.651	6.594	3.862	22.420	-	1.535	2.710	382	21	1,298,245
8	Exposures to private individuals	4.762	926	82.643	296	4.794	71.805	178.363	53.820	4.712	6.830	60	713	26.016	4.953	132	993	1.122	418	1,801,757	2,245,115
9	Exposures secured by real estate	209	12	66.452	3.853	790	19.908	209.868	3.067	1.283	7.472	-	127	2.595	611	-	-	259	-	394.443	710.949
10	Default status exposures	27	-	3.422	1	4	113	738	193	34	23	-	1	24	19	-	1	-	-	20.262	24.862
11	High-risk exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and companies with short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Exposures by type of business activities (net value of exposure)

No.	Type of exposure	Agriculture, forestry and fishing	Mining and quarrying	Processing industry	Production and supply of electricity, gas, steam and air conditioning	Water-supply, sewage, waste management and environmental remediation	Construction	Wholesale and retail trade; repair of motor vehicles and motorcycles	Transport and storage	Accommodation, hotels and catering	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence; compulsory social security	Education	Health and social protection	Arts, entertainment and recreation	Other service activities	Total
14	Exposures in the form of units or shares in investment funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures based on equity investments	-	-	-	-	-	-	-	-	-	-	252	-	-	-	-	-	-	-	-	252
16	Other exposures	-	-	-	-	-	-	186	-	10	266	32.205	-	3	5	-	1	-	-	407.150	439.826

j) Exposure classification by remaining maturity of all exposures, by exposure categories, and a more detailed classification if applicable;

Remaining period to maturity of all exposures (net value of exposure)						
No.	**Exposure class**	**≤ 1 year**	**> 1 ≤ 5 years**	**> 5 years**	**Maturity not stated**	**Total**
1	Exposures to central governments and central banks	89.166	372.738	-	1,092,331	1,554,235
2	Exposures to regional or local governments	231	77.921	20.057	4.841	103.050
3	Exposures to public sector subjects	4.736	3.431	-	204	8.371
4	Exposures to multilateral development banks	7.577	34.121	-	183	41.881
5	Exposures to international organisations	19.158	36.557	-	-	55.715
6	Exposures to institutions	586.917	30.713	9.023	111.983	738.636
7	Exposures to companies	762.394	344.161	24.686	167.004	1,298,245
8	Exposures to private individuals	269.122	565.740	1,020,348	389.905	2,245,115
9	Exposures secured by real estate	131.854	181.415	397.208	472	710.949
10	Default status exposures	1.869	7.005	11.485	4.503	24.862
11	High-risk exposures	-	-	-	-	-
12	Exposures in the form of covered bonds	-	-	-	-	-
13	Exposures to institutions and companies with short-term credit assessment	-	-	-	-	-
14	Exposures in the form of units or shares in investment funds	-	-	-	-	-
15	Exposures based on equity investments	-	-	-	252	252
16	Other exposures	-	-	-	439.826	439.826

k) **by significant business line, the amount of gross exposure in default status, gross amount of past due receivables and gross amount of other exposures with related value adjustments (provisions for expected credit losses)**

Exposure by significant business line							
No.	Business line	Default exposures	Value adjustments for default exposures	Amount of past due receivables	Value adjustments for past due receivables	Exposures which are not in default status	Value adjustments for exposures which are not in default status
1	Agriculture, forestry and fishing	313	(286)	125	(120)	14.245	(185)
2	Mining and quarrying	45	(44)	40	(40)	3.825	(21)
3	Processing industry	11.794	(8.372)	2.502	(2.182)	450.952	(5.801)
4	Production and supply of electricity, gas, steam and air conditioning	11	(10)	-	-	26.016	(562)
5	Water-supply, sewage, waste management and environmental remediation	29	(25)	8	(4)	20.603	(160)
6	Construction	841	(728)	719	(593)	176.198	(2.494)
7	Wholesale and retail trade; repair of motor vehicles and motorcycles	9.758	(9.021)	8.407	(6.533)	1,028,427	(10.101)
8	Transport and storage	956	(763)	563	(442)	110.212	(2.210)
9	Accommodation, hotels and catering	454	(420)	225	(197)	7.581	(176)
10	Information and communication	167	(144)	103	(82)	56.357	(445)
11	Financial and insurance activities	8	(8)	-	-	2,012,400	(3.018)
12	Real estate activities	22	(21)	-	-	7.482	(48)
13	Professional, scientific and technical activities	548	(524)	465	(423)	33.582	(514)
14	Administrative and support service activities	506	(487)	382	(373)	28.264	(275)
15	Public administration and defence; compulsory social security	-	-	74	-	567.224	(2.217)
16	Education	71	(70)	47	(47)	2.567	(28)
17	Health and social protection	18	(18)	3	-	8.881	(112)
18	Arts, entertainment and recreation	23	(23)	-	-	815	(13)
19	Other activities	96.264	(76.002)	64.894	(57.992)	2,692,179	(23.155)
20	Total	121.828	(96.966)	78.557	(69.028)	7,247,810	(51.535)

l) presentation of changes in value adjustments (provisions for expected credit losses) from item g) hereof during the reporting period, which includes the initial balance, changes during the reporting period and the final balance;

	Value adjustments for default exposures	Value adjustments for exposures which are not in default status
Initial balance	96.826	53.784
New value adjustments during the period	37.468	30.928
Amount of value adjustment	-37.329	-33.177
Final balance	96.966	51.535

m) for each of exposure categories:

1) name of selected ECAI or ECA, including the reasons for any change in their selection;

2) exposure classes for which the ECAI or ECA credit rating assessment is used;

3) description of procedures for the application of credit rating of an issuer or issued financial instruments of an issuer to individual positions in the banking book;

4) allocation of credit ratings of the selected ECAI or ECA to appropriate credit risk stages;

5) amounts of exposures before and after the use of credit protection for exposures that are not in default status and for exposures in default status

Since the date of entry into force of the FBA Capital Calculation Decision, the Bank has been using the loan quality assessments by the following ECAI, external credit risk assessment institutions:

- ✓ Standard & Poor's;
- ✓ Moody's;
- ✓ Fitch.

The ECAI ratings are used for the exposures to: central governments and central banks, regional governments, public sector, companies and institutions. Credit ratings of the selected ECAI or ECA are assigned to the relevant credit quality grades based on the credit quality level in relation to the rating assigned by ECAI.

Overview of credit ratings of external institutions for credit risk assessment by credit quality level is shown in the table below:

Credit quality level	Fitch's	Moody's	S&P's
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC + and below	Caa1 and below	CCC + and below

The Bank determines credit quality level in the following way:

- ✓ If different assessments of the credit quality level are given for a certain customer by the selected ECAIs, then the assessment that has a lower credit quality level is selected and the exposure is continuously assigned the risk weight of that lower quality level (which is actually a higher risk weight, i.e. a more cautious treatment of the exposure);
- ✓ External customer rating is analysed as priority. If it does not exist, then country rating of the customer's origin is observed. For exposures to customers, for which there is no credit assessment of the selected ECAI, credit assessment assigned to central government (in which the customer's seat exists) is used.

Exposure amounts before and after using credit protection as of 31 December 2025 are shown in the table below:

Before and after the use of credit protection					
No.	Exposure class	Value of net exposure before the use of credit protection		Value of net exposure after the use of credit protection	
		Exposures which are not in default status	Default status exposures	Exposures which are not in default status	Default status exposures
1	Exposures to central governments and central banks	1,554,235	-	1,554,056	-
2	Exposures to regional or local governments	103.050	-	103.050	-
3	Exposures to public sector subjects	8.371	-	8.259	-
4	Exposures to multilateral development banks	41.881	-	41.881	-
5	Exposures to international organisations	55.715	-	55.715	-
6	Exposures to institutions	738.636	-	542.907	-
7	Exposures to companies	1,298,245	3.454	1,294,617	3.454
8	Exposures to private individuals	2,245,115	21.408	2,238,404	21.372
9	Exposures secured by real estate	710.949	-	710.840	-

Before and after the use of credit protection					
No.	Exposure class	Value of net exposure before the use of credit protection		Value of net exposure after the use of credit protection	
		Exposures which are not in default status	Default status exposures	Exposures which are not in default status	Default status exposures
10	High-risk exposures	-	-	-	-
11	Exposures in the form of covered bonds	-	-	-	-
12	Exposures to institutions and companies with short-term credit assessment	-	-	-	-
13	Exposures in the form of units or shares in investment funds	-	-	-	-
14	Exposures based on equity investments	252	-	252	-
15	Other exposures	439.826	-	439.826	-

The Bank shall publish data i.e. information related to the countercyclical capital buffer:

a) geographical distribution of exposures significant for the calculation of countercyclical capital buffer;

b) total amount of the countercyclical protective layer of the bank's capital.

The FBA Capital Calculation Decision, Article 45, paragraph (6), defines the following: The countercyclical protective layer of capital as well as the protective layer of capital for systemic risk, if necessary, will be prescribed by a separate document.

1.7 Financial leverage ratio

a) ***Financial leverage rate calculated in accordance with the provisions of the Capital Calculation Decision as of 31.12.2025 was 10.56 %.***

b) ***Overview of items included in determining the total exposure of bank, which is the denominator when calculating the financial leverage rate:***

Exposure values	Amount
Off-balance items with the 10 % conversion factor (CCF) in line with the Capital Calculation Decision	24,879
Off-balance items with the 20 % conversion factor (CCF) in line with the Capital Calculation Decision	121,102
Off-balance items with the 50 % conversion factor (CCF) in line with the Capital Calculation Decision	192,817
Off-balance items with the 100 % conversion factor (CCF) in line with the Capital Calculation Decision	20,279
Other assets	6,009,933
(-) Amount of the assets deductible items – CET1 capital - in line with the Capital Calculation Decision	(49,003)
(-) Exposure of the financial leverage ratio – in line with the Capital Calculation Decision	6,320,007
Capital	
CET1 capital – in line with the Capital Calculation Decision	667,521
Financial leverage ratio	
Financial leverage ratio in line with the Capital Calculation Decision	**10.56%**

c) ***description of the most significant factors that influenced the change of the financial leverage ratio compared to the previous announcement are:***

The increase in the position of total assets as of 31.12.2025 compared to the previous period (31.12.2024) was mostly influenced by the increase in position 4. Financial assets at depreciated cost. Within the said position, the largest positive changes were in the account of reserves of the Central Bank (+25,190 ths BAM), followed by loans and receivables from clients (short-term loans to banks +195,571 ths BAM; long-term loans to the population for housing needs +99,597 ths BAM; long-term loans to the population for other purposes +98,590 ths BAM and in the part of other financial assets at amortized cost - where the biggest driver of the increase in the position is the posting of government treasury bills in the ownership of the bank in the total amount of +33,271 ths BAM)

d) a description of the procedures used by the bank to manage excessive financial leverage risk

Leverage rate is calculated in a way that capital measure is divided by total exposure and is expressed in percentages. The Bank calculates financial leverage rate on the reference reporting date.

The capital measure is its core capital, while the measure of total exposure of a bank is the sum of exposures of:

a) assets in paragraph (5) Article 41 of the Decision on Capital Calculation in Banks, except for items that are deducted when determining capital measure,

b) Financial derivatives in Paragraph (10) Article 41 of the Decision on Capital Calculation in Banks,

c) increases for the credit risk of the other contracting party on securities financing transactions, from paragraph (11) of Article 41;

d) off-balance items in Paragraph (12) Article 41.

The Bank's strategy for managing the risk of excessive financial leverage is to maintain the level of financial leverage by aligning the level of total exposure with the business plan and aligning the structure and level of capital with the one planned in the Capital Management Program and Plan for three-year period.

The leverage risk management strategy is closely related to the capital risk management strategy, i.e. the strategy of taking over and managing any other risks to which the bank is exposed or might be exposed. One of the main objectives is protection against capital erosion due to losses associated with risks to which the bank is exposed or might be exposed (expected or realized).

In order to meet the leverage risk management strategy, the Bank determines:

- Planned financial leverage rate that reflects budgeted growth of exposure and structure and capital plan
- Rates of minimum match between the Bank's assets and liabilities

to prevent unwanted changes to the business plan in case of capital erosion or in case of unplanned increase in total risk exposure and forced sale of assets that may result in losses on sale and/or value adjustment of its remaining assets, which may also lead to losses or negative effects on capital.

The planned leverage rates are an integral part of the Capital Program and Plan and the risk appetite framework, which defines the Bank's appetite, tolerance and capacity for leverage rates as an indicator of the risk of excessive leverage.

Excessive leverage risk management is the responsibility of the Financial Controlling and Business Intelligence Unit and Accounting, Taxes and Financial Reporting Unit, which coordinates management for all organisational units that manage risks or organizational units that affect the financial result through the achievement of business objectives and consequently through capital at the Bank's leverage rate. This unit monitors and reports to the Bank's bodies on the leverage ratio.

The financial leverage report that is sent to the Banking Agency is created on a quarterly basis. Additionally, the Bank calculates and monitors the financial leverage rate on a monthly basis. Creating reports is within the competence of Accounting, Taxes and Financial Reporting.

The Bank continuously monitors indicators of the excessive financial leverage risk that include the financial leverage rate and mismatch between assets and liabilities of the Bank.

1.8 Liquidity requirements

The Bank shall publish data i.e. information related to qualitative and quantitative requirements for liquidity risk management in accordance with the Liquidity Risk Management Decision for Banks, and at least:

- ***a) liquidity risk management strategies and procedures;***
- ***b) the manner of organizing the liquidity risk management function in the bank, including the system of reporting and measuring liquidity risk;***
- ***c) policies and procedures for monitoring permanent efficiency of liquidity risk protection and liquidity risk reduction;***
- ***d) description of liquidity risk exposure and compliance with the strategy referred to in item a) hereof;***
- ***e) liquidity coverage ratio (LCR) data, including an overview of the items included in the calculation of that ratio and;***
- ***f) net stable funding sources data (NSFR), including an overview of the items included in the calculation of that ratio.***

Liquidity risk management strategies and procedures

Strategic framework for liquidity management includes harmonized liquidity management, asset liquidity management and borrowed liquidity (liabilities) management, respecting the key principles of liquidity management as well as ILAAP principles in planning liquidity and funding sources (accountability, proportionality, continuity, risk significance, comprehensiveness and the "forward-looking" principle).

The management of liquidity and liquidity risk is embedded in the strategies, policies and procedures, which ensure an efficient diversification from the viewpoints of both funding and its maturity.

Liquidity risk is the risk of loss stemming from the current or anticipated inability of the bank to pay its liabilities when they fall due. Significant liquidity risk sub-classes are:

- Liquidity financing risk
- Short-term liquidity risk
- Concentration of funding risk

The selection of significant liquidity risk factors depends on degree of their influence on the liquidity position. Depending on the manner of measuring, there are:

✓ Quantitative risk factors are measured:

- for short-term liquidity risk based on: management of intraday liquidity needs through maintenance of the daily minimum liquidity buffer, management of assets above the mandatory reserve and maintenance of the daily mandatory reserve, TTW stress test by currency and based on the LCR report;
- for liquidity funding risk, based on the developments of CDS rates, the NSFR report (local and RBI methodology), credit line costs, concentration of funding sources, loans and deposits;

The risk of concentration of funding sources has the following drivers:

- The participation of all customers (taking GCC or the customer) who individually exceed 5% of the balance sheet sum, ratio of concentration of large funding sources by residual maturity, indicators on significant concentrations by types of products (a vista and term deposits). The reporting framework was further improved by the conservative reclassification of Flexi deposits from term deposits to a vista deposits.

✓ The qualitative risk factors are measured:

- for the short-term liquidity risk based on the short-term funding risk
- for the liquidity funding risk based on the rating

Short-term liquidity risk is defined as the risk that a bank will not be able to meet its obligations when they are due. The Bank's management of this risk is based on active planning and monitoring of trends of balance sheet items, plans and implementation of depositing and lending activities, where the Bank's priority is to maintain liquidity levels within optimal frameworks that ensure timely and continuous execution of payment obligations, both in regular operations and stressful situations, without jeopardizing its position in the financial market.

Funding liquidity risk is the risk that the Bank will not be able to successfully meet expected and unexpected present and future needs for cash funds and needs for security instruments without impacting its regular business operations or financial result.

Funding concentration risk occurs when the bank largely relies on liquidity from a single customer or limited number of customers.

When forecasting and planning cash flows, special attention is paid to monitoring the local market environment, primarily from the aspect of the customers' needs by monitoring the maturity of large deposits and planning their re-negotiation. In planning its liquidity needs, the Bank includes planning outflows regarding off-balance liabilities (letters of credit, guarantees, agreed credit lines), and for deposits without maturity it estimates potential outflows based on previous observations (experience) on the ground of annual trends and internally developed models.

In defining and maintaining an adequate level of liquidity, the Bank pays special attention to providing sufficient capacity of liquidity reserves that will be used for short-term intervention in a liquidity shock situation.

The Bank creates the amount of required and reserve liquidity based on current and projected liquidity position and liquidity ratios, taking into account the general goals set by the Bank's annual budget. In this way, an appropriate portfolio of liquid assets is planned, which can always:

(1) meet current and expected liquidity needs,

(2) meet regulatory requirements regarding liquid funds.

In order to maintain the capacity of liquidity reserve, the Bank plans and provides a portfolio of liquid unencumbered (unpledged) securities on an annual basis, taking into account possible reductions in the market value in order to avoid overestimation of the liquidity buffer.

Within the investment portfolio of Treasury, securities positions are planned according to available limits and investment plans, primarily considering the following basic principles: security, liquidity and yield, as well as restrictions regarding purchases (availability in foreign markets, currency, maturities, securities types and issuer rating). In order to provide potentially necessary additional liquidity, the planned new purchases of securities are guided by the principle of acceptance in order to secure potential future credit lines with the pledging/pledge of securities and the possibility of entering into repo transactions.

For providing intraday liquidity, the Bank has established a methodology for calculating dMLB - daily Minimum liquidity buffer, and its fulfilment is mandatory in highly liquid cash, as follows: BAM with funds held at CBBH through the legal reserves with CBBH, foreign currency on accounts with foreign banks, EUR with funds held with CBBH through the mandatory reserve in EUR, and cash in all currencies in the Bank's vaults. In addition to dMLB, the Bank has to maintain the minimum legal reserves according to valid local regulations, on a daily basis.

At least once a day, Liquidity Management Group must perform the following control of intraday values:

- Current value of dHQLA;
- Ratio between intraday dHQLA and dMLB (ratio);
- Control (back testing) of the ratio of expected/announced outflows for the day and dMLB amount.

Financing risk occurs when funding costs change and the bank's assets are not financed by liabilities with a similar maturity structure. To avoid this risk, within the process of planning business activities of the Bank, it also plans the funding sources, both from local depositors and external lenders. The strategic funding framework is based on obtaining funding by purpose and maturities that will provide funds for the business functions' budgeted lending activities while maintaining a cost-effective, risk-free liquidity level.

The process of developing funding plans for a business year is primarily focused on the principle of diversification of risk of funding sources and includes the following key activities:

a) ensuring a stable deposit base of local customers, private individuals;
b) maintaining the deposit base of large depositors/legal entities, continuous monitoring and analysis of maturities and monitoring the cash flows;
c) planning to negotiate short-term lines in the money market;
d) Planning to contract additional, LT credit lines within the programme of supranational financial institutions acceptable by purpose and maturities for supporting placements of new loan volumes to the customers of the Bank or by Group members.

The manner of organizing the liquidity risk management function in the bank, including the system of reporting and measuring liquidity risk;

Liquidity risk management is defined in the following strategic documents of the Bank:

Rulebook and Procedure for Liquidity Risk Management, ILAAP Policy, Risk Acquisition and Management Strategy, Risk Acquisition and Management Policy, Liquidity and Funding Strategy and Plan, Liquidity and Long-Term Funding Management Program, Liquidity Contingency Plan.

The Bank has separated the responsibilities of the liquidity risk management function from the responsibilities of the liquidity risk control function and thus established a system of responsibilities in liquidity risk management, reporting and measurement.

The Bank's Supervisory Board annually adopts the Strategic Framework for Liquidity and Funding Sources Management, which defines quantitative measures for liquidity monitoring, assets structure and funding sources, external funding plans and dynamics, as well as lines of responsibilities in monitoring and reporting these positions. The Management Board is responsible for defining goals and adopting measures through which it manages liquidity risk.

ALCO, to which the Management Board has transferred powers to manage liquidity risk, is responsible for monitoring and analysing balance sheet and liquidity positions on a static and dynamic basis every month, and make appropriate decisions to maintain the Bank's liquidity position in accordance with the local and Group limits.

The Liquidity management group is responsible for the strategic management of short-term liquidity (intraday, monthly, quarterly) and structuring of liquidity reserves (bonds portfolio) and it is responsible to periodically (monthly or quarterly) report ALCO, MB and SB of the Bank. Liquidity management at the operational level is a daily responsibility of this unit. In addition to managing liquid funds, it also monitors and analyses the structure of the deposit base, concentration of large depositors, periodicity of a vista inflows/outflows, trend of loan and deposit portfolio by segments and maturity, anticipates short-term liquidity flows and long-term funding needs according to dynamics and plans of business segments.

The Funding Management Group is responsible for managing long-term liquidity by obtaining deposits and credit lines from local and foreign financial institutions.

In terms of established control functions, the organizational structure of the Bank is established in such a way that control functions are functionally and organizationally segregated from the risk-taking function, and a clearly defined division of tasks and duties of employees prevents possible conflict of interest. The Risk Controlling unit, as a control function of risk management, is primarily responsible for establishing limits, monitoring exposures and internal reporting on limits established for the purpose of liquidity risk management. It is also responsible for development of methodologies for measuring liquidity risk in normal and stressful conditions, and for participating in the establishment of measures for stressful events. Creating LCR; NSFR and net cash flow report and the preparation of internally established reports on risk monitoring for ALCO is also a task of this unit.

Preparation of other reports in accordance with regulatory requirements (Report on Maturity Match of Financial Assets and Financial Liabilities, Legal Reserves, Daily Liquidity) is the responsibility of the Accounting, Taxes and Financial Reporting unit.

Internal Audit is an independent organizational unit, completely independent from other organizational units of the Bank, which performs an independent and objective audit function in accordance with the professional principles and standards of internal audit, as well as internal rules of internal audit's activities. In doing so, it adheres to the relevant laws and regulations, as well as internal regulations governing the operations of the areas that are audited.

Risk Controlling, Treasury, Liquidity Management Group and Funding Management Group are responsible for updating documents in the scope of liquidity policies, their implementation, defining short-term and structural liquidity limits, and monitoring compliance with approved limits and target ratios.

Policies and procedures for monitoring permanent efficiency of liquidity risk protection and liquidity risk reduction

The system of regular (daily / monthly) monitoring of liquidity risk exposure provides all relevant levels of management in the Bank with timely information necessary for making business decisions i.e. safe and stable operations of the Bank. A comprehensive framework of policies and procedures that provide continuous effective protection against liquidity risk as well as its reduction is defined by a set of internal documents.

Liquidity risk monitoring includes:

- monitoring of current liquidity risk exposure - continuous monitoring of compliance with defined regulatory, intragroup and internal liquidity risk limits (both in normal (Going concern scenario) and in stressful business conditions (Time-To-Wall (TTW)) on a daily and monthly basis.
- monitoring future liquidity risk exposure - the process of projecting liquidity risk positions using the stress test method and simulation method.

ALCO analyses positions on a monthly basis and adopts strategic measures for future activities.

Description of liquidity risk exposure and compliance with the strategy

Indicators of liquidity risk exposure and its compliance with the strategy are established through monitoring the compliance of quantitative indicators, which includes regulatory limits and internal target ratios.

- Regulatory limits refer to:

a) Maintenance of legal reserve according to CBBH regulations - obligation to hold BAM cash funds on the account with the CBBH in the amount of 10% of the base which is consisted of deposits and borrowed funds, regardless of the currency of the base. Meeting obligations is on a daily basis.

   as of 31/12/2025: the Bank had the amount of BAM 1,093,232,659 on the account with CBBH. Legal reserves for the last decade in December 2025 was BAM 501.056.156.[1]

b) Maintenance of maturity match of financial instruments of assets and liabilities up to 30 days is in accordance with the Bank's risk appetite.

[1] Amounts in nominal value.

c) Ensure a continuous minimum liquidity coverage ratio (LCR) to be larger than or equal to 100% - this represents the ratio between the liquidity buffer and total net liquidity outflows during a stressful period of 30 calendar days.

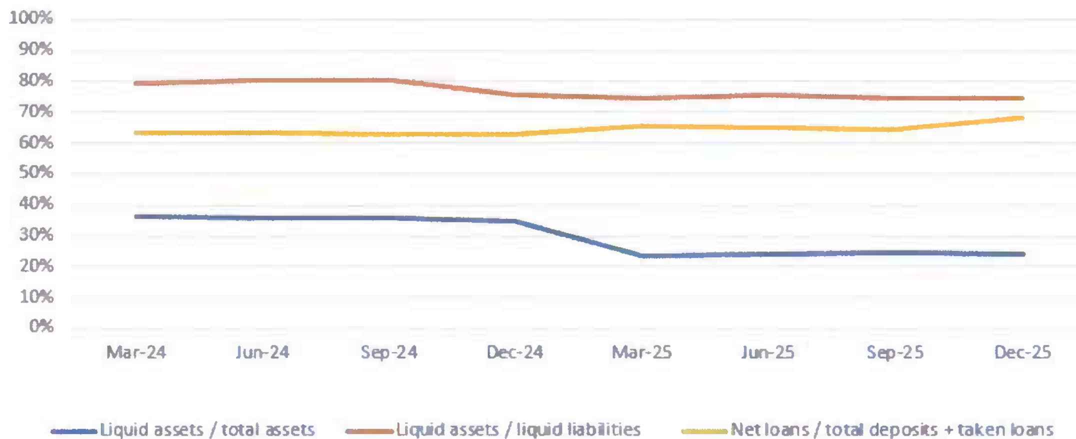
d) Ensure that Net Stable Funding Ratio (NSFR) is continuously higher or equal to 100% – it is a ratio between available stable funding and required stable funding

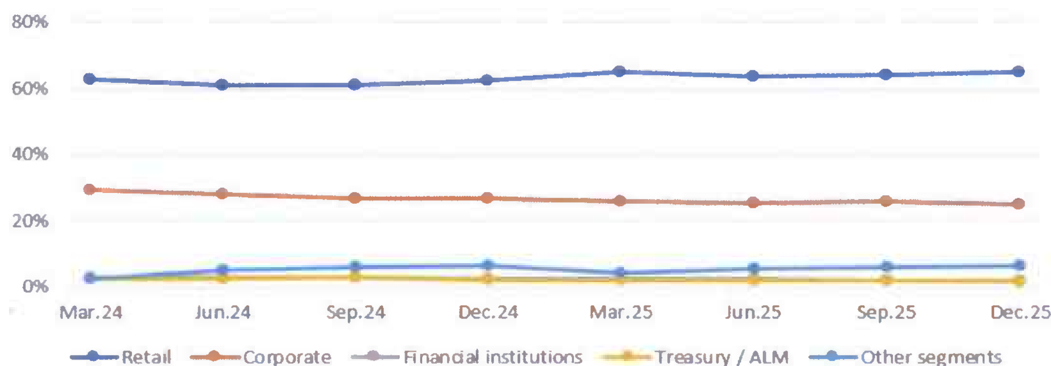
As of 31.12.2025, LCR is 237.90%.

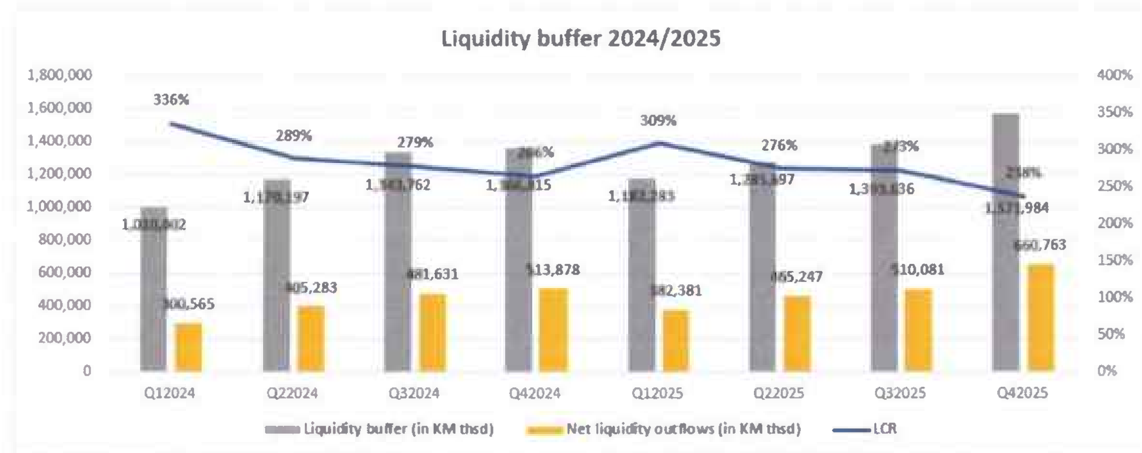
As of 31.12.2025, NSFR is 171.00%.

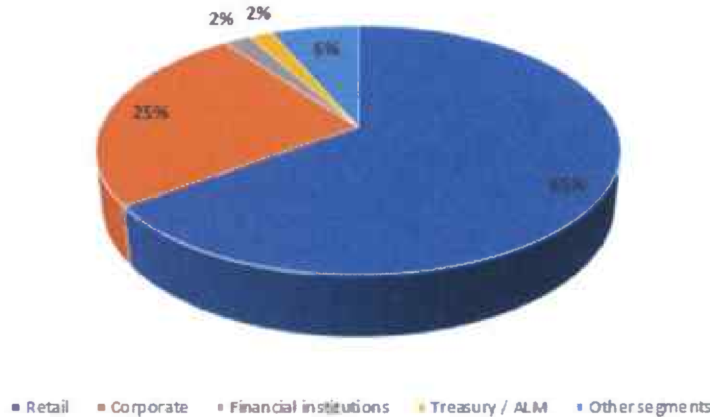
An additional set of internal liquidity limits is used for monitoring and analysing liquidity, and relates to:

- maintenance of daily minimum liquidity buffer (dMLB);
- monitoring of ratios: liquid assets/total assets, liquid assets/liquid liabilities, loans/deposits + taken loans.









Taking into account the bank's assets and liabilities structure as well as its liquidity and funding sources plans, the liquidity stress testing outcomes, the stability of funding sources, as well as the bank's business plan from the view-point of liquidity risk management, the bank has assessed its liquidity buffer as sustainable and stable. Additionally, the Bank maintains a sufficient level of liquidity protection layer in order to meet internal liquidity requirements in accordance with the provisions of the Decision on Liquidity Risk Management, meet internally defined limits and ultimately ensure smooth operations of the Bank.

Liquidity Contingency Plan

In order to effectively monitor liquidity risk management and overcome emergencies, the Bank has developed and maintains a set of instruments for early identification of possible liquidity crises and has defined a crisis management model in an internal document - RBBH Liquidity Contingency Plan.

A liquidity crisis occurs if there is a reasonable assumption that the Bank is not able to meet its obligations or if the Bank's asset growth outpaces potential funding capacity.

Factors from the environment can be an indicator of a liquidity crisis in the future. Generally, it should be linked with a general worsening of the standing of BH funds or a liquidity crisis in the local market and/or disruptions in the neighbouring financial markets. If there is a chance that there will be a major uncertainty regarding the liquidity costs and increased interest rate risk and dislocation of commercial activities, it is important to monitor these signals and analyse whether the available liquidity funds can satisfy the market test.

On the other hand, a possible liquidity crisis warning may also be related to factors specific for the Bank such as:

- Excessive ST financing;
- Excessive LT lending;
- Breach of the limit for liquidity mismatch at the Group level;
- Illiquid assets growth outpaces available alternative funding potentials;
- Short or long term rating downgrade(s) (effective or market rumours);
- Reduction of available interbank facilities in the money market by the main fund providers;
- Large loan defaults;
- Poor or deteriorating quality of loan portfolio;
- Reduction of total volume of customer deposits;
- Non-diversified short-term customer funds - large concentrations of deposits;
- Significant reduction of liquid assets acceptable by local regulations;
- FX mismatch of assets/liabilities - internal limit breach;
- Utilisation of approved account overdrafts >or=75% within a single month.

Intensive monitoring of these factors focuses on the harmonious functioning of the process of early identification of potential signs of vulnerability to adverse events, initiating the escalation process and implementing the action plan.

Early warning indicators of possible liquidity crisis are instruments for timely detection of the first signs of liquidity deterioration due to negative impacts, which are defined in two levels:

a) Key indicators - a group of liquidity ratios that ALCO adopts annually and monitors monthly (defined in the section Description of liquidity risk exposure and compliance with the strategy as internal limits);

b) Additional indicators for early warning regarding a potential liquidity crisis - EWI. These indicators consist of three sub-groups of indicators that cover different aspects of factors affecting the Bank's liquidity situation (liquidity and Sources of financing indicator, market indicator and macro indicators and adverse risk indicator) and are monitored monthly by ALCO.

Due to a need for quick reaction, the Liquidity Contingency plan defines possible actions in advance, with

- precisely defined strategy of the Bank in case of lack of liquidity due to unfavourable events;

- business areas, responsible persons, responsibilities, actions steps defined;
- communication and reporting actions defined aiming at an important increase in probability of successful overcoming of extraordinary events referring to liquidity.

The purpose of the Liquidity Contingency Plan is providing efficient intervention from the very beginning of a crisis and aims at providing minimal liquidity for a period of at least 30 days in any stage of the crisis.

Liquidity coverage ratio (LCR) data, including an overview of the items included in the calculation of that ratio.

To provide short term-resilience of its liquidity risk profile, the Bank is required to continuously ensure that minimum Liquidity Coverage Ratio (LCR) is greater or equal to 100%. This is the ratio between liquidity buffer and total net liquidity outflows over a stress period of 30 calendar days.

LCR template		
No.	**Item**	**Amount**
010.	Liquidity buffer	1,571,984
020	Net liquidity outflow	660.763
030.	Liquidity coverage ratio (%)	237.90%
Liquidity buffer		
040.	The liquidity buffer in the form of level-1 assets, excluding the high-quality covered bonds (in line with Article 23 of the Decision): unadjusted	1,571,984
050.	Collateral outflow in the form of level-1a liquid assets, excluding high-quality covered bonds maturing within 30 days	214.326
060.	Collateral inflow in the form of level 1 liquid assets, excluding high-quality covered bonds maturing within 30 days	
070.	Secured cash outflows	
080.	Secured cash inflows	195.571
090.	Adjusted amount of the level 1 liquid assets excluding the covered high-quality bonds “before application of the cap value”	1,553,229
100.	Value of the level 1 liquid assets in the form of covered bonds of high quality in line with Article 23 of the Decision: unadjusted	
110.	Collateral outflows in the level-1 assets in the form of high-quality covered bonds maturing within 30 days	
120.	Collateral inflows in the level-1 assets in the form of high-quality covered bonds maturing within 30 days	

130.	Adjusted amount of the level 1 liquid assets in the form of covered high-quality bonds "before application of the cap value"	
140.	Adjusted amount of the level 1 liquid assets in the form of covered high-quality bonds "after application of the cap value"	
150.	"Amount of liquid assets surplus" of level 1 in the form of covered high-quality bonds	
160.	Value of level 2a liquid assets in line with Article 23 of the Decision: unadjusted	
170.	Collateral outflows in the level 2a liquid assets maturing within 30 days	
180.	Collateral inflows in the level 2a liquid assets maturing within 30 days	
190.	Adjusted amount of the level 2a liquid assets "before application of the cap"	
200.	Adjusted amount of the level 2a liquid assets "after application of the cap"	
210.	"Amount of liquid assets surplus" of level 2a	
220.	Value of level 2b liquid assets in line with Article 23 of the Decision: unadjusted	
230.	Collateral outflows in the level 2b assets maturing within 30 days	
240.	Collateral inflows in the level 2b assets maturing within 30 days	
250.	Adjusted amount of the level 2b liquid assets "before application of the cap"	
260.	Adjusted amount of the level 2b liquid assets "after application of the cap"	
270.	"Amount of liquid assets surplus" of level 2b	
280.	Amount of liquid assets surplus	
290.	Liquidity buffer	1,571,984
Net liquidity outflow		
300.	Total outflows	1,116,436
310.	Entirely exempt inflows	
320.	The inflows to which the 90% limit is applied	

330.	The inflows to which the 75% limit is applied	455.673
340.	Reduction by "entirely exempt inflows"	
350.	Reduction by inflows to which the 90% limit is applied	
360.	Reduction by inflows to which the 75% limit is applied	455.673
370.	Net liquidity outflow	660.763
Pillar 2		
380	Pillar 2 requirements	

Data on Net Stable Funding Ratio (NSFRLCR), including an overview of the items included in the calculation of that ratio

The Bank must ensure a minimum NSFR, that represents a ratio between ASF (Available Stable Funding) and RSF (Required Stable Funding) expressed in form of a percentage. Thus, the Bank must continuously maintain NSFR of at least 100% in the reporting currency, regardless of the actual denomination in the currency. Net stable funding ratio (NSFR) is aimed at promoting longer term resilience by encouraging banks to continuously finance their activities with stable funding sources.

Raiffeisen Bank

	Net stable funding ratio (NSFR)	Amount	RSF (Required Stable Funding)	ASF (Available stable funding)	Ratio
		0010	0020	0030	0040
0010	**REQUIRED STABLE FUNDING**	7,270,144	2,720,717		
0020	RSF of the CBBH assets	1,342,249			
0030	RSF of liquid assets	584.410	41.878		
0040	RSF of the value of securities that are not liquid assets	63.596	46.029		
0050	RSF of loans	37,458,04	2,305,112		
0060	RSF of inter-dependant assets				
0070	RSF of assets within the group or institutional protection system if it is a subject of preferred treatment				
0090	RSF of contribution to the guarantee fund of central other contractual party				
0100	RSF of other assets	273.875	254.060		
0110	RSF of OB items	1,260,210	73.638		
0120	**AVAILABLE STABLE FUNDING**	5,868,069		4,652,551	
0130	ASF of capital items and instruments	761.698		761.509	
0140	ASF of retail deposits	3,075,841		2,851,192	
0150	ASF of other non-financial customers (except central banks)	1,749,510		905.444	
0160	ASF of operating deposits				
0170	ASF of obligations and mandatory lines within the group or institutional system of protection to which a preferred treatment applies				
0180	ASF of financial customers and central banks	205.668		92.024	
0190	ASF of obligations to another contractual party that cannot be determined				
0200	ASF of inter-dependant obligations with Agency approval				
0210	ASF of other liabilities	75.352		42.382	
0220	NSFR				171.00%

1.9 Exposures under equity investments

The Bank publishes the following data i.e. information related to the exposures under equity investments in the banking book:

a) classification of exposures per investment purpose, including generation of the capital profit and strategic reasons;

Interests in affiliated companies = subsidiaries

Subsidiary is an enterprise that is controlled by another enterprise (parent company). Control implies the authority to exercise control over the management and conduct of the company's operations, so as to obtain benefits from its activities. According to the Rules and Regulations for the Executive Secretariat/Participations Management, the Bank always has a controlling influence when:

- it is the majority owner of a subsidiary (> 50%);
- it controls the majority of voting rights either alone or by an agreement concluded with other member/members;
- it can force the appointment or removal of the majority of the management board or other governing bodies of the

  subsidiary.

Equity shares = Associated companies and other participating interests

- An associated company is an enterprise in which the investor has significant influence, but which is not a subsidiary, which can be a joint venture of investors or a venture in another manner, in accordance with the law. Significant influence implies, among other legally prescribed situations, the authority to participate in making significant decisions (e.g. of a financial nature), usually when the investor directly or indirectly holds 20% or over, but less than 50% of the voting rights in a legal entity.
- Other equity shares are strategic investments where the company has neither a controlling interest nor a significant influence (usually with shares below 20%).

In accordance with Group directives: REG 2016-0052 RBI Group Equity Investments- Processes and Responsibilities V.3.1., ownership shares of the Bank are classified into four categories, as follows:

- Strategic investments: relate to the core business activity (e.g. institutions, leasing companies, asset management, pension fund companies) and are usually held permanently.
- Investments for the purpose of support: facilitate implementation of the main business activities and are maintained as long as necessary. After they are no longer necessary for this purpose (e.g. third party can perform the service better) they become opportunity investments.
- Opportunity investments are made for the purpose of gaining profit and they are not related to the main activity. Included only in case of exceptions - period of investment is only a ST to mid-term one. They require a clear exit investment strategy.
- Investments into ownership capital encouraged by collection (e.g. replacement of debt capital): are made only to limit losses of credit exposure (usually they do not fit in the RBI participation portfolio). Therefore, they need to be available as long as they are economically cost-effective.

In accordance with the above, the strategy regarding the existing ownership shares of the Bank is as follows:

Strategic investments	***Investments for the purpose of support***	***Opportunity investments***	***Investments into ownership capital encouraged by collection***
Raiffeisen Leasing d.o.o. Sarajevo Raiffeisen Invest Fund Management Company JSC Raiffeisen Capital a.d. Banja Luka Raiffeisen Assistance d.o.o. Sarajevo	SWIFT (Society for Worldwide Interbank Financial Telecommunication limited liability Co-operative Society) Securities Registry of the Federation of BiH dd Sarajevo (FB&H Securities Registry) Sarajevo Stock Exchange	/	/

b) overview of implemented accounting policies and valuation methods, including basic assumptions and approaches that affect value determining, and every major change;

Reference internal documents that regulate the activities above are:

1) Accounting policies no. 1-9-2762-E5-4-NO/2023 of 27.06.2023_ 1-9-80807-061-NO/2023 of 14.12.2023.
2) Participations Management Manual no. 1-9-13020-D2A-UB/2025 of 08.04.2025.
3) Instructions for Measurement of Fair Value V1.1 no. 1-9-14076-D3A-UB/2025 of 15.04.2025

The documents above define the following:

- Method of participation management
- Tasks of the bank unit responsible for participation management
- obligations of other units in the bank regarding participation management
- Obligations of subsidiaries and other legal entities in which the bank has ownership shares,
- Types of ownership shares by amount of investment and subject of investment (investments into affiliates and subsidiaries, investments (not) traded on the stock exchange, other investments)
- The valuation methodology for ownership shares of the Bank,

Which has been described in detail in the reference documents stated above.

The reference documents are aligned with the relevant accounting standard (IFRS 13).

It is important to underline additionally, in terms of the valuation methodology of the bank's ownership shares, that RBBH uses the valuation method at the market price with the following characteristics:

- Approach: Simplified fair value measurement (according to IFRS 13)
- Hierarchical level 3 according to IFRS 13.72
- Valuation technique: Market approach according to IFRS 13.61 and 13.62

For portfolio valuation the Bank uses prices and other relevant information from the market which refers to the same or comparable assets i.e. group of assets.

When valuing investment portfolio for the same assets, the Bank uses the last price which it achieved in the market for that type of assets, taking into consideration events or factors which may occur after the purchase of the assets and which might impact determination of fair value (changes in the market, changes of strategy,...).

For valuing investment portfolio for similar assets, the Bank will implement the same procedure as in case of the same assets. However, first it has to identify all the differences among the assets which are compared and which might affect determination of fair value.

Revaluation effects are booked in the revaluation accounts in balance sheet, measurement option through other comprehensive income FVOCI.

c) type, nature and amounts of exposures based on:

The Bank has investments in: S.W.I.F.T. Belgium, FBiH Securities Register, Sarajevo Stock Exchange and Velprom d.d. Sanski Most in the total amount in 575 ths BAM which are held for the purpose of generating capital gains.

1. ***equity investments traded on stock exchange***

Data on equity investments that are traded on stock exchange as of 31.12.2025:

Simbol	ISIN code	Securities type	Nominal value (in currency)	Currency	Number	Total nominal value (in currency)	Total nominal value in KM	Balance sheet position	Book value	Issuer name (full name)
010	020	030	040	050	060	070	080	150	160	180
B0016790090	SWIFTBELGIUM	Dionice	125	EUR	12	1,500 00	2,934	Financial assets at fair value through other comprehensive income	219,796	SWIFT

2. ***equity investments that are not traded on stock exchange, which are in sufficiently diversified portfolios,***

Data on equity investments that are not traded on stock exchange as of 31.12.2025:

Simbol	ISIN code	Securities type	Nominal value (in currency)	Currency	Number	Total nominal value (in currency)	Total nominal value in KM	Balance sheet position	Book value	Issuer name (full name)
10	020	030	040	050	060	070	080	150	160	180
VPRMR	BAVPRMR00008	Dionice	1	BAM	1,763	1,763	1,763	Financial assets at fair value through other comprehensive income	1,181	VELPROM D.D. SANSKI MOST
RVPSR	BARVPSR00005	Dionice	100	BAM	282	28,200	28,200	Financial assets at fair value through other comprehensive income	32,263	REGISTAR VRIJEDNOSNIH PAPIRA U FBIH DD SARAJE
SBRZR	BASBRZR00006	Dionice	320	BAM	644	206,080	206,080	Financial assets at fair value through other comprehensive income	321,994	SARAJEVSKA BERZA BURZA VRIJEDNOSNIH PAPIRA DD

3. ***other equity investments;***

Equity investments held in the banking book have been made with the intention of holding for an indefinite period. Shares in capital of other legal entities may be sold depending on liquidity needs or if market prices change.

On the reporting date of 31.12.2024, the Bank has equity investments in subsidiaries and affiliates, as follows:

Subsidiary	Industry	% share	Equity investments amount
Raiffeisen Leasing d.o.o. Sarajevo	Leasing	100%	10.051
Raiffeisen Invest Fund Management Company JSC	Fund Management Company	100%	945
Raiffeisen Capital a.d. Banja Luka	Mediation in securities business	100%	53
Raiffeisen Assistance d.o.o. Sarajevo	Mediation in insurance	50%	2
Total:			**11.051**

d) total actual loss/gain from the previous period generated from the sale or closing of positions related to equity investments. [2]

Based on the changed market value of the SWIFT share in terms of increase from EUR 8,040 to EUR 9,365, RBBH posted revaluation effects in the amount of BAM 31,098,571.60. as of the review date 31.12.2025

the investment in SWIFT amounts to BAM 219,796.17.

1.10 Interest Rate Risk (IRR) in the Banking Book

The Bank discloses the following data and/ or information on its exposure to interest risk based on the banking book position as well as data on the approach to the interest risk measurement i.e. its assessment:

a) the sources of this risk and frequency of its assessment;

b) basic assumptions for measurements and assessments of interest risk exposure, including the assumptions on loan prepayments and a vista deposits trends;

c) changes in income, economic value or other factors due to interest rate shocks in accordance with the method established for measuring interest rate risk inherent to major currencies.

Sources of interest rate risk and frequency of its measurement

Interest Rate Risk in the banking book is the risk of possible negative effects on the financial result and capital of the bank based on positions from the banking book due to changes in interest rates.

Interest rate risk is the possibility of interest rate change in the future which will cause an economic loss i.e. it can pose a significant threat to the Bank's earnings and its CET1 capital, through a decrease of interest income or increase of interest costs. The risk of interest rate risk change affects the present value of future cash flows, thus also the net interest income and other cash flows sensitive to such change-

The Bank defines the framework for identifying, measuring, monitoring and reporting with the Strategy and Policy of Risk Undertaking and Management, the Rulebook with a special section for market risk management, and additionally the Interest Risk Management Policy in the banking book and the Interest Risk Management Program in the banking book. It is based on the existing assets and liabilities products and limited by both group and internal restrictions (appetite and tolerance) and restrictions defined by the local regulator.

The primary sources of interest rate risk are:

- Deviation risk is the risk arising from the term structure of interest-sensitive instruments, or the difference in the period to change of their interest rate, and includes changes in the term structure of interest rates that appear consistently on the yield curve (parallel risk) or differently by period (non-parallel risk).
- Base risk is the risk to which a bank is exposed to due to a difference between reference interest rates for instruments with similar features vs. maturity or time until the next IR change.
- Option risk arises from options, including embedded options in interest-sensitive positions (e.g. loans with early repayment option, deposits with early withdrawal option).

The bank measures interest rate risk exposure in the banking book according to a standardized approach. The exposure to interest rate risk in the banking book is measured in relation to changes in economic value and net interest income in different scenarios of interest rate shocks. Potential shocks include changes in the level and shape of the risk-free yield curve, as well as changes in the relationships between different reference interest rates. In the calculation, the decrease in the measure of the economic value of the capital cannot be greater than 15% of the

[2] Amounts in nominal value.

basic capital, that is, the decrease in the one-year measure of the bank's net interest income cannot be greater than 5% of the basic capital of the bank. The impact on net interest income does not only refer to interest income and expenses, but also includes changes in the market value of instruments, which, depending on the accounting treatment, can be reflected on the balance sheet or directly on capital (through other comprehensive income).

For the purposes of continuous interest rate risk management in the banking book, the bank must take into account six scenarios of interest rate shocks:

a) A parallel growth shock
b) A parallel shock falls
c) Flattening shock
d) Tilt shock
e) Short-term interest rate growth shock
f) The shock of falling short-term interest rates

whereby the decrease in the measure of the economic value of the capital cannot be greater than 15% of the basic capital, that is, the decrease in the one-year measure of the bank's net interest income cannot be greater than 5% of the basic capital.

Additionally, the Bank established the internal limits where the exposure to IRR of the banking book is measured as follows: Potential changes of economic value are measured on daily through BPV and VaR reports. Expected changes in net interest income (earnings at risk) measure the effects of re-pricing according to the group methodology. Calculations are done quarterly. Expected changes in net interest income (earnings at risk) measure the effects of re-pricing according to local/internal assumptions defined by ALCO. Calculations are done quarterly. Control of interest rate risk through monitoring the utilization of BPV for significant currencies (BAM, EUR, USD) is monitored on a daily basis, and the VaR limit for the overall position, which is reported to the ALCO Committee monthly, and to the Management and Supervisory Board quarterly. Reports on interest risk exposure defined according to local regulations are prepared on a monthly basis and submitted to ALCO, the Management Board, Supervisory Board and Risk Committee, as well as to the FBiH Banking Agency on a quarterly basis. Basic assumptions for measurements and assessments of interest risk exposure, including the assumptions on loan prepayments and a vista deposits trends

Measurement of interest rate risk is based on measuring potential changes of economic value (BPV) as well as expected changes of net interest income (ISI) according to the internal methodology and measuring the ratio of changes in the economic value of the banking book to regulatory capital and changes of net interest income according to regulations and methodology of the local regulator. For the calculation of the economic value of the banking book and the value of net interest income within the framework of measurement for regulatory purposes, a standardized approach is used, that is, the approach of six interest shock scenarios for the EVE calculation, and two interest shock scenarios for the NII SOT calculation.

When measuring IRRBB, the Bank considers all behavioral and model assumptions, and ensures that they are in line with the business strategy. All models developed by the Bank for the purposes of IRRBB management are validated and recalibrated at least once a year, and more often if necessary.

When measuring IRRBB, the bank takes into account assumptions related to:

- Execution of interest rate options (automatic or behavioral) by the Bank and its clients according to certain stress scenarios of interest rates,
- Treatment of deposits without a maturity date,
- Treatment of time deposits with regard to the risk of premature payment,
- Treatment of loans with a fixed interest rate and obligations under loans with a fixed interest rate with regard to the risk of early repayment

Changes in income, economic value or other factors due to interest rate shocks in accordance with the method established for measuring interest rate risk in significant currencies

In December 2025, the Bank was within the regulatory and internal limits. At the end of the fourth quarter of 2025, for the ALM segment, the bank used the BPV limit for BAM currency 136,40 thousand BAM (limit for BAM currency 293,37 ths BAM), while the utilization for EUR currency was 68,16 thousand BAM (limit for EUR currency 234,70 ths BAM). Utilization within the CM segment amounts to 3,32 ths. BAM for BAM currency (limit for BAM currency 11,73 ths BAM), and utilization of EUR 0,162 ths (limit for EUR currency 41,07 ths BAM).

Reports on interest rate risk based on local regulations show the result of the change in economic value in relation to the basic capital of -13.28% on 31.12.2025, and the change in net interest income in relation to the basic capital is -2.07%

The utilization of RBBH StdVarHistAllEC limit amounted to BAM 13,437 ths out of the total limit of BAM 27,382 ths, which is the total utilization of the limit of 49.07%.

1.11 Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) Exposures based on equity investments of the bank

The Bank publishes the following data i.e. information regarding ICAAP and ILAAP of the Bank:

a) a summary description of ICAAP;

In accordance with the Decision on the Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process in Banks, the FBiH Banking Agency's Reporting Guidelines on the application of ICAAP and ILAAP in the bank and the Decision on the Internal Management System in Banks, the Bank has established an internal capital adequacy assessment process (ICAAP) with the aim of ensuring a sufficient level of capital to cover all risks to which it is exposed or could be exposed in its operations. The ICAAP is carried out continuously and documented, includes the identification of significant risks, the definition of a strategy and framework for risk taking, risk measurement and calculation of capital requirements, planning and distribution of capital, conducting stress tests, auditing the process and self-assessment of the adequacy of the ICAAP-, with regular reporting to the competent authorities of the Bank and regulator.

b) short description of approaches that the bank uses for measurement and assessment of all material risks;

Credit risk including the risk of credit risk concentrations

To determine internal capital requirement for the credit risk, the Bank uses the regulatory method for definition of the minimum capital requirements for credit risks, without any modifications whatsoever. Defining the internal capital requirement for credit risk requires determining of the risk weighted exposure amount (as per the Decision on Capital Calculation in Banks) and implementation of the regulatory ratio when calculating the minimum capital requirement. In terms of concentration risk, the Bank pays special attention to the management of exposures to a single entity, i.e. a group of related entities, or group of exposures related by mutual risk factors, such as the same industry sector, geographical area, same-type products. The Bank uses the HHI indices for the sector and individual/group and product concentration to determine the internal capital requirement for the concentration risk. Depending on the amount of both HHI indices, a percentage share of the internal capital requirement for credit risk is determined as an internal capital requirement for the concentration risk. The percentages for the sector and individual/group and product concentrations are summed without any reductions whatsoever as a result of possible

interdependence of these two types of concentrations, and the obtained percentage is applied to the internal capital requirement for the credit risk in order to calculate the internal capital requirement for the concentration risk.

Market risks

To determine the internal capital requirement for currency risk, the Bank uses the regulatory method for the determination of the minimum capital requirements for currency risks, without modifying the regulatory method. The definition of the internal capital requirement for currency risk requires determining of the risk weighted exposure amount (as per the Decision on Capital Calculation in Banks) and implementation of the regulatory ratio when calculating the minimum capital requirement.

Currency risk is measured by measuring the open FX position.

Operational risks

For determining Internal capital requirement for operational risk the Bank uses the basic approach defined in Article 108 of the Decision on Capital Calculation in Banks.

Therefore, definition of the internal capital requirement for operational risk requires determining 15% of three-year average of the relevant indicator amount (as per the Decision on Capital Calculation) and implementation of the regulatory ratio when calculating the minimum capital requirement. The Bank calculates the three-year average based on the data for the last three 12-month periods at the end of a financial year.

Interest rate risk in the banking book

Since interest risk in banking book is not included in minimum capital requirements under the Decision on Banks' Capital Calculation, and by taking into account that when the risk appraisal determined that interest risk in banking book is significant risk, the Bank calculates the Internal capital requirement for this risk against its own methodology.

The assessment of the internal capital requirement is based on the combined measurement of the change in the economic value of capital and the change in net interest income.

Other material risks

For risks determined to be material under annual risk assessment process, but are hard to measure or non-measurable by their nature, the Bank calculates internal capital requirement as a percentage of the total amount of the total bank's exposure to risk multiplied by the rate of 12%, which is the prescribed regulatory capital rate, in accordance with the Decision on ICAAP and ILAAP in Banks issued by the Banking Agency of the Federation BiH and taking into account regulatory requirements and materiality level from the Risk Assessment.

Summary of ILAAP procedure

Based on the Decision on Internal Capital Adequacy Assessment Process and Internal Liquidity Assessment Process in Banks, the Reporting Guidelines on ICAAP and ILAAP Implementation in Banks and the Decision on System of Internal Governance in Banks, the Bank has established internal process of liquidity adequacy assessment, ILAAP, with the aim to ensure an adequate level of liquidity and funding sources, for the purpose of timely meeting all payment obligations, both in regular operations and in stressful conditions.

Internal Liquidity Adequacy Assessment Process (ILAAP) includes the following:

a) Determining the responsibilities of individual departments in the ILAAP process

   The Bank has established a robust liquidity risk management framework which ensures that sufficient liquidity is maintained, including the protection of unencumbered, high-quality liquid assets, in order to withstand a series of stressful events. The main pillar in the process of forming a solid framework for

liquidity risk management is a clear determination of the responsibilities of individual departments in the ILAAP process, interdependence, exchange of information, and taking strategically important decisions by relevant business functions.

b) Identification of material risks - Risk Assessment

The Bank initiates a Risk Assessment on an annual basis, which is preceded by the process of taxonomy/determining the risks to which the Bank is exposed or could be exposed, from the aspect of liquidity profile. Identified risks are included in the assessment process, with the aim of determining their significance, internal liquidity requirements, and further control and monitoring, during shorter and longer time intervals. The Bank uses the results of the Risk Assessment in strategic and operational management, for examining its risk appetite and its business strategies.

c) Defining the Risk-Taking and Management Policy and the Risk Appetite Framework

The Bank has defined an umbrella Risk Taking and Management Strategy, liquidity risk management policies and procedures in line with the Risk Appetite Framework that ensures that the bank will retain a sufficient liquidity buffer.

The main task of the Risk-Taking and Management Strategy is the establishment of binding standards and risk management procedures in the Bank, as well as the connection between risk management and business activities, by determining risk management goals based on mid-term business goals and an established environment for making business decisions related to risks. A document that arises from the Risk-Taking and Management Strategy is the Risk Appetite Framework, which articulates, that is, sets forth the internal goals for risk taking, which ensures the achievement of the Bank's risk strategy and business goals.

d) Methodology for risk quantification in the ILAAP process

As a part of ILAAP, the Bank has quantified the risks to which it is or may be exposed. The risk quantification methodology is aligned with the risk appetite, market expectations, business model, risk profile, size and complexity of the Bank. Sufficiently conservative values related to the identified risks have been established, taking into account all relevant information and achieving appropriateness and consistency in the selection of risk quantification methodologies.

e) The process of liquidity planning and the plans for the bank's funding sources

The bank ensures access to funding from different sources in the financial market and manages available market sources of liquidity. When creating the general annual funding plan, the following is considered:

- the need for funding arising from the planned/budgeted strategic balance sheet development, i.e. planned business activities in the lending area,
- planned activities regarding the deposit base,
- Maintaining liquidity within the regulatory frameworks and Group framework,
- the need for funding from supra-national institutions (credit lines).
- Changes in financial market

The liquidity management process is integrated into the overall management of the Bank through the established components of ILAAP such as the strategy and plan of funding sources, liquidity contingency plan, distribution mechanism (FTP).

f) Liquidity Monitoring

The Bank has established a stable process for identifying, measuring, monitoring and controlling liquidity risk. This process contains a solid framework for the complex projection of cash flows arising from assets, liabilities and off-balance sheet items vs. corresponding set of timeframes. This also includes a framework for internal reporting, which is aligned with internal policies and limits.

g) Conducting an Integral Stress Test

In order to examine sustainability of a business model, and its important component the optimal level of internal liquidity requirements, the Bank initiates regular annual process of testing liquidity resilience to stress. The obtained results aim to identify the most vulnerable areas of business, and to identify measures to strengthen and mitigate the identified weaknesses, in order to ensure the smooth continuation of business activities. The range of adverse scenarios includes significant business downturn, severe market disruptions and financial shocks, weaknesses specific to the institution and reliance on major funding providers, as well as possible combinations of these factors. The Bank considers its key weaknesses in defining adverse scenarios. Liquidity stress-test results are analysed by the Bank in accordance with the funding source profile, liquid assets, internally developed models, and obtained effects are observed compared to the Risk Appetite Framework for the purpose of assessing continuity of business activities and maintenance of the business model.

h) Audit of ILAAP processes and reports

The audit process, performed by the Bank's Internal Audit, controls the efficiency and adequacy of general risk management processes.

i) Assessment and self-assessment of the ILAAP process adequacy

The Bank must conduct an internal self-assessment of ILAAP, which provides arguments for the level of compliance with prescribed elements of risk management. All control functions and bodies that are part of the management and internal control system are included in the preparation of this self-assessment, and the conclusion contains an explicit statement about adequacy of ILAAP process in relation to the Bank's risk profile. In order for the ILAAP process to remain permanently complete and proportionate to the type, scope and complexity of its segments, and resilient to market turbulences, the Bank conducts an annual Self-assessment which includes all its components. Pursuant to the provisions of the Decision on Liquidity Risk Management, the Guidelines for the preparation of reports on ICAAP and ILAAP, and the recommendations of the regulator, the Bank identifies areas for improving the process of internal liquidity adequacy assessment. During regular self-assessment of ILAAP, the Bank specifies areas that have been improved in the past year, and states the areas in which deficiencies were successfully implemented.

The Bank did not receive a request from FBA to publish the results of the ICAAP and ILAAP procedures and additional capital requirements set by FBA in controlling the bank's operations, based on the assessment of the adequacy and reliability of the ICAAP procedure, its consistent implementation and results.

1.12 The bank's unencumbered (unpledged) and encumbered (pledged) assets

The Bank publishes the following data i.e. information referring to the following:

a) Bookkeeping amount of unencumbered (pledged) and encumbered (pledged) assets

If we look at the Bank's total securities portfolio, we recognize that at the reporting date, part of the portfolio was encumbered, i.e. used as collateral for the funding source, three credit lines of the supranational financial institution the European Bank for Reconstruction and Development (EBRD).

Of the total securities portfolio of the Bank (Treasury and Markets segments) with a nominal value of BAM 641.54 million, as of 31.12.2025, a portion of BAM 46.94 million (7.32% of the total portfolio) was used to secure credit lines from the EBRD creditor. The remaining unencumbered portion of the total securities portfolio consists largely of high-quality securities marketable by the European Central Bank and acceptable to creditors as collateral for obtaining potentially additional sources of financing.

Type of assets	Gross book value of encumbered assets	Gross book value of unencumbered assets
Loans granted	-	-
Investments in debt instruments	46,940	594,602
Investments in equity instruments	-	-
Other	-	-

b) the composition of encumbered (pledged) assets, by the asset types, indicating separately changes after the last public disclosure;

Part of the securities portfolio of BAM 46.94 million (7.32% of the total portfolio) was used to secure credit lines from EBRD. BAM 31.68 million of the nominal value of the bonds was pledged as collateral for the already withdrawn credit lines Go Green, Go Digital 1 and Go Digital 2, of the remaining unpaid amount of BAM 22.43 million, while the amount of BAM 15.26 million was pledged as a precondition for the withdrawal of the new credit line Go Digital 2 in the amount of BAM 13.7 million, the withdrawal of which was finalized in early 2026. At the beginning of 2026, a decrease in the pledged amount of bonds is expected, given that there was a decrease in the amount of debt due to regular repayments on credit lines.

The already pledged securities relate to government issues of Austria (BAM 27.57 million), France (BAM14.47 million) and the Netherlands (BAM 4.9 million). All issues are denominated in EUR currency, classified in the portfolio of the Treasury function as hold to collect i.e. hold to maturity position (investments kept until maturity). All issue are also marketable by the European Central Bank.

In relation to the previous period, the change in the amount of assets that are the subject of collateral for credit lines is the result of additional withdrawal of funds from them and regular repayments.

c) the structure of encumbered (pledged) assets within the banking group;

At the reporting date, the Bank had no encumbered, pledged securities with any other member bank of the Group.

d) descriptive information on the impact of its business model on the level of encumbrance and importance of encumbrance for its financing model;

The Bank's business model anticipates a possibility to ensure alternative, additional funding sources:

- Contracting Repo deals

- arranging credit lines with securities pledging

The Bank has a stable structure of its funding sources, primarily the deposit base, on which it mostly bases its business plans. By planning a portfolio of securities that represents an additional liquidity buffer, primarily in the Treasury segment, the Bank ensures an adequate basis for providing additional funding sources by pledging them (from creditors and other members of the group).

The level of encumbrance of the securities portfolio is directly proportional to the Bank's business plans and needs, but to a lesser extent to the issuer and the type of security (in order to define the correction factor). The encumbrance of a part of the securities portfolio at the reporting date is in line with the business plan and expected values.

e) on excessive collateral, i.e. on cases when the value of the pledged property is higher than the book value of the assets;

The book value of encumbered, pledged securities on the reporting date is higher than the amount of required collateral, which is a result of decrease in outstanding amount of the credit line due to regular repayments and haircut (correction factor) that is calculated by the clearing company on the market of pledged securities. At the same time, the book value of encumbered securities does not deviate from their market value.

f) a description of the general terms and conditions of the collateral insurance agreements concluded to secure the bank 's liabilities and

On the basis of the three credit lines, a pledge of securities was agreed as a security instrument. These are the credit lines of EBRD (signed on 19.10.2022, 04.12.2023 and 25.02.2025).

With the European Bank for Reconstruction and Development, the details of the pledge of securities, their preservation, their exchange, and the rights and obligations of the parties regarding the pledge and holding of securities are defined by a special clause of the financing agreement. According to the financing agreement, the pledged securities are held with the European Bank for Reconstruction and Development.

g) other information relevant to the assessment of its encumbered assets.

In the above text, the Bank provided all the information it considered important regarding the encumbered assets.

1.13 Non-performing and restructured exposures and repossessed collaterals.

a) Quality of exposures is distributed into the credit risk levels with the relevant amounts of ECL;

Overview of Exposures by Credit Risk Stage with Corresponding Amounts of Expected Credit Losses	Credit risk stage 1	Credit risk stage 2	Credit risk stage 3	Impairment allowance for credit risk stage 1	Impairment allowance for credit risk stage 2	Impairment allowance for credit risk stage 3
1. Cash and cash equivalents (1.1 + 1.2 + 1.3 + 1.4)	1,248,455	-	-	1,211	-	-
2. Financial assets at amortised cost (2.1 + 2.2 + 2.3 + 2.4 + 2.5)	4,227,534	313,124	120,923	20,325	18,776	96,336
3. Financial assets at fair value through profit or loss (3.1 + 3.2 + 3.3 + 3.4)	8,064	876	94	-	-	-
4. Financial assets at fair value through other comprehensive income (4.1 + 4.2 + 4.3 +	574	-	1	-	-	-
5. Receivables from financial assets				-	-	-
6. Derivative financial instruments				-	-	-

b) the credit quality of loans according to the sectoral structure of loans;

Overview of Credit Quality of Loans by Sectoral Structure	Credit risk stage 1		Credit risk stage 2		Credit risk stage 3	
		of which: restructured loans		of which: restructured loans		of which: restructured loans
1. Total loans of legal entities (1.1. to 1.21.)	**1,188,390**	**77**	**134,740**	**1,307**	**4,135**	**851**
1.1. A Agriculture, forestry and fishing	8,993	-	1,101	-	24	-
1.2. B Mining and quarrying	597	-	-	-	-	-
1.3. C Manufacturing	227,403	67	41,059	536	3,136	399
1.4. D Electricity, gas, steam and air conditioning supply	9,656	-	6,700	-	-	-
1.5. E Water supply, sewerage, waste management and remediation activities	10,554	-	683	-	4	-
1.6. F Construction	23,943	-	2,022	17	80	-
1.7. G Wholesale and retail trade; repair of motor vehicles and motorcy	460,037	8	61,904	598	685	329
1.8. H Transportation and storage	37,115	-	6,595	108	143	102
1.9. I Accommodation and food service industry (hotel and hospitality industries)	1,944	-	1,389	-	15	-
1.10. J Information and communication	32,557	-	292	11	18	-
1.11. K Financial and insurance activities	294,181	-	5,470	-	-	-
1.12. L Real estate activities	6,953	-	165	-	-	-
1.13. M Professional, scientific and technical activities	5,577	2	2,318	10	13	13
1.14. N Administrative and support service activities	21,262	-	1,277	9	18	8
1.15. O Public administration and defence; compulsory social security	39,123	-	3,536	-	-	-
1.16. P Education	1,777	-	-	-	(1)	-
1.17. Q Human health and social work activities	5,735	-	136	-	-	-
1.18. R Arts, entertainment and recreation	516	-	51	-	-	-
1.19. S Other service activities	464	-	42	18	-	-
1.20. T Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	-	-	-	-	-	-
1.21. U Activities of extraterritorial organisations and bodies	3	-	-	-	-	-
2. Total private individuals (2.1 + 2.2 + 2.3)	**1,849,948**	**3,198**	**159,424**	**3,423**	**20,238**	**2,134**
2.1. General consumption	1,430,046	3,042	143,056	3,381	18,645	2,134
2.2. Residential construction	398,199	79	14,499	1	1,493	-
2.3. Self employed customers (craftsmen)	21,703	77	1,869	41	100	-
3. Total loans (1. + 2.)	**3,038,338**	**3,275**	**294,164**	**4,730**	**24,373**	**2,985**

c) the credit quality of forborne exposures;

Overview of Credit Quality of Restructured Exposures	Credit risk stage 1 – restructured exposures	Credit risk stage 2 – restructured exposures	Credit risk stage 3 – restructured exposures
Financial assets at amortised cost	3,287	4,752	2,984

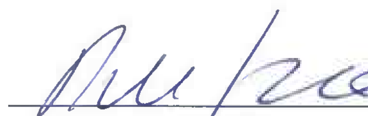
d) Change in status of non-performing exposures and relevant ECL during the reporting period, which includes an initial balance, changes during reporting period and final balance;

Changes in the Stock of Non-Performing Exposures	Initial balance	New non-performing loans in reporting period (+)	Recovery (-)	Collection (-)	Accounting Write off (-)	Permanent Write-off (-)	Other (+/-)	Final balance	NOTES
Pravna lica	2,710	8,951	(1,508)	(6,009)	-	-	(9)	4,135	
Stanovništvo	23,089	17,175	(5,694)	(14,332)	-	-	-	20,238	
Ukupno	**25,799**	**26,126**	**(7,202)**	**(20,341)**	-	-	**(9)**	**24,373**	-

e) Data on the total amount of collateral repossessed by takeover and implementation of enforcement proceedings.

In the Bank's books as of 31.12.2025 Raiffeisen Bank dd Bosna i Hercegovina had 3 properties with a total book value of BAM 403.002,00 in the portfolio of acquired tangible assets, and these are:

- 2 (two) real estates (facility intended for residence and commercial premises) with the book value of BAM and
- 1 (one) real estate intended for residence, recorded at book value of BAM 403.000,00



Peter Jacenko
Chairman of the Supervisory Board

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Date: 28/05/2026