Raiffeisen Bank Group

Consolidated financial statements
for 2024

Content:

(a) All significant events that occurred during the period from the end of the financial year to the date of submission of the consolidated financial statements.

The Group had no significant events in the period from the end of the financial year to the date of submission of the financial statements.

b) Assessment of the expected future development of the legal entity

After an intensive fight against record inflation and a historic turn in the monetary policy of the European Central Bank and other European banks, as well as record amounts of reference interest rates and a slowdown in economic activity and a technical recession in the Eurozone, 2024 was characterized by moderate inflationary pressures of the eurozone, as a result of which there was a turn in the ECB's monetary policy, i.e. Entering a cycle of interest rate cuts. Ultimately, the Eurozone again achieved weaker economic growth in 2024 of 0.7% on an annual basis, which was directly replicated to the below-average growth of the BiH economy of 2.3% per year, bearing in mind that the EU is a key trading partner of BiH and a dominant export market (73%). The decline in BiH's exports in 2024 was directly correlated with the recession of industrial production, causing joint negative effects on overall economic growth. In addition, the floods that hit the central part of the country, in addition to human casualties, caused great damage to a part of the railway line towards Ploče, which was a direct blow to the largest BiH exporters who use this route for export, especially in the last quarter of 2024. On the other hand, private consumption and investments were the key drivers of growth, driven by real wage growth of 7.8% per year, a further increase in the number of employees and extraordinary lending activity that has not been recorded in the last ten years, further implementation of infrastructure projects on Corridor Vc and private investments.

The prospectus for 2025 suggests an acceleration in eurozone economic activity (1.2% year-on-year), with a slight recovery in investment and exports that may be at risk if Trump's trade policies materialize. Stable energy prices are expected to have a key impact on inflation in 2025, which is estimated at 2% year-on-year. In this context, a moderate recovery of the BiH economy is expected in 2025 of 2.7%, led by renewed growth in private consumption and investment, and a slight recovery in exports due to the acceleration of the economic momentum of the euro area and the region. The key vulnerabilities for the BiH economy in 2025 arise primarily from domestic political risks, which may lead to a setback on the EU path, but also from external factors such as a possible weakening of EU growth as a result of Trump's trade policies with a direct effect on EU exports and thus lower economic growth. In addition, the adoption of the decision on a significant increase in the minimum wage in both entities will very likely lead to an acceleration of inflation to 2.4% as an effect of the spillover of labor costs to the final price of products, which may at the same time cause a deterioration of trends in the labor market in terms of increasing unemployment.

After a new record year in terms of profitability and financial stability (a record low level of NPLs accompanied by a high level of liquidity and capitalization) for the banking sector in 2024, positive growth and profitability dynamics are expected in 2025 as well. **Stable growth in assets and lending in the banking sector is expected to continue, without a significant increase in interest rates compared to 2024**. Therefore, the projected growth of loans is 6.5% per annum and deposits of 7.7% per annum, whereby we anticipate a somewhat stronger growth of retail loans compared to corporate lending.

BiH has made significant progress on the path of EU integration in the past period – from obtaining candidate status in December 2022 to the green light to start the negotiation process in March 2024. In this regard, 2025 can bring further acceleration on the EU integration path by adopting the so-called European laws, and financial benefits in the form of funds from the Growth Plan for the Western Balkans, if a consensus is found when it comes to the adoption of the Reform Agenda of BiH. The growth plan for the Western Balkans represents the potential for a significant investment cycle, taking into account the EUR 1.5 billion fund for BiH available upon adoption and implementation of reforms.

In accordance with the projected development of the key macroeconomic categories, **the Bank adjusted the initial growth expectations of the key business categories of its loans and deposits to the expected economic and political environment and the overall Business Plan and results for 2025, which are revised through the Bank's regular quarterly financial forecasting processes ("quaretrly forecasts").**

c) The most important activities related to research and development

In terms of research and development, one of the key elements of the Bank's strategy is the constant digital transformation and automation of processes in line with the latest trends in the banking industry. In 2024, the Bank successfully implemented one of the largest projects in its history, the replacement of the Core Banking System (CBS), which will enable significant improvement and speed of operations in all business segments of the Bank, as well as the digitalization and automation of certain neutral and credit products for clients. In all business segments, the Bank is rapidly **working on projects of digitization and automation of end-to-end processes within the Bank, as well as the process of business operations and processing of all types of transactions with clients, which will certainly contribute to a significant improvement in the overall scope of business and customer experience with the Bank.**

The Bank continued to develop the functionality of its mobile and internet banking for individuals and legal entities, as well as the improvement of its key digital credit products for individuals (IKEŠ) and SME loans, whose full effect and satisfaction in the customer experience we expect in 2025.

The Bank has carried out numerous activities to align **its operations with ESG business principles and ESG risk management** in order to fully incorporate ESG business principles into its business model, strategy and overall organization, processes and products and adapt them **to the best ESG practices from the European Union**.

Based on the recommendations of Raiffeisen Bank International (hereinafter: RBI Group), a new organizational unit: **Research, Strategy and ESG Management as a competence center for managing ESG business principles at the level of the entire Bank,** with the participation of senior management, which provided support in the implementation of the ESG principles of operations and risk management through all organizational units in the Bank and carried out alignment with the expectations of the Federal Banking Agency (FBA) published throughout 2024 in accordance with **the Guidelines for Managing Risks Related to Climate Change and Environmental Risks**, and **the Decision on Measures to Strengthen Financial Inclusion and Sustainable Business of the Bank published by the FBA**. Such a management and advisory structure at the level of the Bank jointly defines the Annual Priorities and Objectives related to the management of ESG risks and the principles of doing business with the Bank's clients, as well as the overall sustainability management of the Bank, striving to apply the holistic approach of "ESG management under one roof" in practice.

Three strategic pillars of activities have been established for the implementation of the activities: **Pillar 1# Sustainable financial achievements; Pillar 2# Key business activities with clients; Pillar 3# Regulatory Compliance, Governance and Reporting.**

The process of collecting ESG data and the ESG credit process within the Bank has been successfully established to assist sales staff in identifying, 'labelling' and reporting on ESG credit and other products and transactions, as well as activities to align "Green" and "Social" loan products in accordance with RBI Group's ESG eligibility standards and local regulations.

d) Information on the redemption of own shares or shares

In 2024, the Group did not buy back its own shares or shares.

e) Information about business segments

The Group operates in five core business segments, which are described in more detail in Note 7.

f) Financial instruments used if it is material for the assessment of the financial position and performance of the legal entity's operations

Sources of funding

The strategic financing framework is primarily based on the provision of sources of financing according to the purpose and deadlines that would provide funds for planning credit activities of business functions while maintaining a cost-acceptable, risk-free level of liquidity.

In drawing up the general annual financing plan, the following shall be taken into account:

a) The need for financing arising from the planned/budgeted strategic development of the balance sheet, i.e. the planned business activities in the segment of loan placement.
b) activities on a deposit basis.
c) Maintaining liquidity in the regulatory framework as well as the Group's frameworks.
d) The need for funding from supranational institutions (credit lines).

In defining the general annual financing plan, the Group has determined that the defined plans for financing sources are in line with:

- The Group's business model
- A comprehensive business strategy
- risk exposure tolerance
- Assessing the stability of the source of funding
- Available sources of funding in the market
- Changes in the risk of the source of funding
- An adequate level of reliance on public sources of funding
- impact on the bank's lending activities, etc.

The analysis of historical data compared to the plan for the next period, taking into account and possibly additional insights, shows the degree of feasibility of the liquidity plan and sources of financing. On the basis of historical indicators, it is estimated that the structure of financing sources is adequate and sufficient for the realization of business plans and growth of the Group.

The Group monitors the assessment of the sources of financing and the risks of the sources of financing, after the execution of the plan of sources of financing, on a regular basis, i.e. on a monthly basis, through reverse testing of the plan of sources of financing. Realized values are compared with planned, both in the part of sources and in the part of placements, as well as the fulfillment of regulatory and group requirements and restrictions.

Particular attention is paid to the reverse testing of the funding source plan at the end of the financial year. This testing should show whether the defined, i.e. planned sources of financing have been achieved, whether all regulatory and group requirements and restrictions have been met, as well as whether they were sufficient to maintain the existing active portfolio and enable its growth in accordance with business plans.

With the analysis, we come to the conclusion that the realized sources of financing enabled the fulfillment of all regulatory and group liquidity requirements and restrictions, and enabled the maintenance and growth of the active portfolio.

Cash and placements

As part of the continuous optimization of liquidity, the Group assesses the holding of the necessary funds (cash) for operating purposes, as well as the funds held by the Group in accounts abroad, for the purposes of payment transactions and other transactions, taking into account the current movements of interest rates on the market, the rating and adequacy of the banks with which the Group holds funds (Money Market or nostro accounts), as well as the calculation of RWA.

In this way, maximum liquidity optimization is achieved, taking into account the above-mentioned elements, which ultimately has a positive impact on the financial position and overall performance of the Group's business. From the point of view of the Markets' operations, the Group does not have derivative transactions (financial instruments) that would be material for the assessment of the Group's financial position. Namely, the Group offers clients FX Forward / Flexi Forward transactions, but they are insignificant in terms of volume and revenue.

As far as the portfolio of securities is concerned, as a type of financial instruments, the Bank does not keep them in the so-called "trading book", but "until maturity". The total portfolio of securities consists of the Markets portfolio and the Treasury portfolio, which primarily has the function of a liquidity buffer. The financial result of T.I. income from operations with securities for 2024, generated on the portfolio of the Market is approximately 335 thousand KM, while the income generated on the portfolio of the Treasury is approximately 9,668 thousand KM.

Most of the Group's "significant" revenue is related to FX (spot) transactions, but these are standard currency exchange transactions.

The Group does not have financial instruments such as futures, options and the like as products, nor does it offer them as products.

(d) the objectives and policies of the legal entity in relation to financial risk management; together with the hedging policies for each intended transaction for which hedging is necessary

Credit risk

The underwriting and credit risk management strategy reflects the Group's profitability, credit quality and portfolio growth targets and is in line with the Group's risk-averse and intra-credit risk framework, diversification policy and the Group's overall corporate strategy and business objectives.

The credit risk acquisition and management strategy includes:

- Establishing an appropriate credit risk management environment,
- Continuous building of a strong credit culture,
- Continuity in the strategic approach so that it is sustainable in the long term and through different economic cycles
- Adequate and effective communication of credit risk strategy and policy throughout the Group. All relevant personnel should have a clear understanding of the Group's approach to the approval and management of credit risk and should be responsible for adhering to internal policies and procedures.
- Identification of target markets and overall characteristics that the Group would like to achieve in its loan portfolio, including different levels of diversification and tolerance of concentrations;
- Sustainable and responsible investment through the application of ESG (Environmental, Social and Governance) factors
- Implementation of appropriate policies and procedures for the provision of credit placements to mitigate credit risk;
- Minimizing the negative consequences of investments with deteriorated credit quality carried out through:
    - in accordance with the policies adopted,
    - Continuous and professional management of customer relationships.
    - early identification and active management of increased credit risk;
    - correct categorization of credit risk,
    - Defining appropriate strategies for non-performing credit placements,
    - a comprehensible and strong program for the collection of non-performing credit placements in the event of an evident or potential loss for the Group

The objective of credit risk management is to ensure that the appropriate level of risk required for sustainable development implied by the macroeconomic environment is not exceeded.

General principles for credit risk management:

- Awareness and understanding of risks,
- Responsibility of the Business Segment,
- Separation and independence of risk functions.

Credit risk management is defined in the applicable credit policies, which are updated on an annual basis. The Credit Risk Management Unit creates credit policy proposals for business segments individually, which are subject to decision-making by the Management Board and the Supervisory Board of the Group.

Credit risk management includes the management of all subcategories of credit risk to which the Group is or may be exposed.

They are managed through:

- conducting the process of analysis, client ranking and risk assessment when approving placements
- Adoption of a decision on the approval of placements on the basis of clearly defined criteria in credit policies, including cross-border transactions
- active portfolio monitoring and proposal for asset classification
- Maintaining exposure by types of business, products, clients and industries at the desired level (this is defined through the annual process of budgeting, defining credit policy, limits, etc.)
- Maintaining the probability of default (PD) at an acceptable level
- collateral management
- using credit risk mitigation techniques (collateral is one of the main strategies and measures used to reduce exposure to credit risks)
- maintaining the coverage of the portfolio with eligible collateral at a satisfactory level (the minimum coverage depending on the client's rating is defined on an annual basis through a relative credit policy, and through the control of exceptions to the credit policy, constant monitoring of the value and elements of collateral eligibility, efforts are made to maintain it at the target level)
- implementation of the collection strategy, as well as the recovery of problematic placements by applying techniques of active management of problematic placements in all phases of delays, which is given special attention in separate organizational units Non Retail & SE Special Asset Management and Collateral and Retail Receivables Collection.
- Maintaining the final loss after collection at a satisfactory level (Loss Given Default), through adequate collateralization and provisioning.

Liquidity risk

The strategic framework for liquidity management includes the management of matched liquidity, the management of the liquidity of assets and the management of borrowed liquidity (liabilities), respecting the key principles of liquidity management as well as the ILAAP principles in liquidity and funding planning (accountability, proportionality, continuity, materiality of risk, comprehensiveness and "forward-looking").

Liquidity and liquidity risk management is embedded in strategies, policies, procedures, which ensure effective diversification both from the point of view of the source of funds and from the aspect of their maturity.

When forecasting and planning cash flows, special attention is paid to monitoring the local market environment, primarily from the aspect of client needs in the form of monitoring the maturity of large deposits and planning their renegotiation. In the planning of its liquidity needs, the Group also includes outflow planning according to off-balance sheet liabilities (letters of credit, guarantees, contracted credit lines), while for deposits without maturity, the assessment of potential outflows is made on the basis of previous observations (experiences) based on annual trends and models developed internally.

In defining and maintaining an adequate level of liquidity, the Group pays special attention to ensuring sufficient liquidity reserve capacity to be used for short-term intervention in the event of a liquidity shock.

The amount of required and reserve liquidity is formed by the Group on the basis of the current and projected position and liquidity ratios, taking into account the general objectives set out in the Group's annual budget. Thus, an appropriate portfolio of liquid assets is planned, which can always:

(1) meet current and expected liquidity needs,

(2) comply with regulatory requirements relating to liquid assets.

The Group's liquidity risk management is based on:

- Strategy and Plan for the provision of funds for the implementation of business plans and plans for difficult to predict and extraordinary situations, in the short and long term, which should demonstrate the Bank's ability to preventively and efficiently manage both routine and unexpected changes in its liquid position
- A clearly defined liquidity risk management process (identification, assessment, measurement, exposure monitoring and control of the entire process) with clearly defined roles and responsibilities, and documented in internal documents
- A developed information system that is the basis for successful liquidity risk management on a daily basis and its control.

Also, liquidity risk management implies the involvement of the Group's bodies in the management, which are supported in management by the boards and all employees who are directly or indirectly involved in the assumption and management and control of liquidity risk, primarily:

- *The Management Board of the Group and the Supervisory Board*, which is responsible for the strategy for managing this risk, as well as making a decision on a comprehensive framework for liquidity risk management at the group level
- *Senior management*, who is responsible for implementing policies to manage this risk, overseeing the implementation, maintenance and management of information and other systems, and establishing effective internal control over the liquidity risk management process.

- *the Asset and Liability Management Committee* (ALCO), which is composed of senior management, usually from the Treasury and Risk Management functions (usually liquidity risk management management), and
- *Risk management control functions* that have the necessary experience in controlling this risk, apply appropriate processes and procedures, and perform relevant expertise.

Market risk

The market risk management strategy is to limit exposure to them, i.e. to maintain the level of risk assumed within the planned propensity or planned risk profile for market risks, taking into account regulatory restrictions. In order to maintain an adequate level of exposure to market risks, the so-called internal limits have been defined, with the primary consideration of regulatory limits.

The process of taking over and managing market risks and the process of controlling these risks are clearly demarcated, which means that the management and assumption of market risks is primarily carried out in the organizational unit of the Market, and the control of them is performed within the Controlling Risk Unit, i.e. the Market Risk Management Group.

The Market Risk Management Group performs daily checks on the compliance of positions with internal and regulatory limits, which are defined in the applicable internal documents. The market risk management policy is based on clearly defined roles and responsibilities, procedures and work processes, methods of identification, measurement, monitoring, control, reporting and escalation procedures.

The process of managing and assuming market risk and the process of controlling this risk are clearly demarcated into different organizational parts in charge of this risk, which means that the management and assumption of market risk is primarily carried out in the organizational unit Markets/Trade and Sales, and the control of the same is performed within the Controlling Risk Unit, i.e. the Market Risk Management Group.

The roles and responsibilities for identification, measurement, monitoring, controls, reporting and escalation procedures are described in detail in the umbrella documents of Risk Controlling/Market Risk Management Group, which are the Rules for Market Risk Management and Procedures for Market Risk Management.

Interest rate risk in the banking book

The interest rate risk management strategy in the banking book is based on the determination of the risk appetite framework, taking into account current and future business plans and activities, as well as the ability to take on this risk, which takes into account regulatory limitations. In order to fulfill the strategy, the Group determines indicators and target values or limits. Controls and taking action in the event of violations of limits and internal indicators enable a timely reaction and mitigation of this risk. The frequency of controls is organized on a daily basis (for defined internal RBI indicators), in order to enable timely verification of the status of the utilization of limits and internal indicators, and in order to take corrective measures to mitigate the risk as adequately as possible, and in the event of a breach of the limit, to undertake the necessary activities of "returning positions" within the defined limits.

Interest rate risk management is based on the following principles:

- managing the balance in the refinancing of assets in the part of the term, currency and types of interest rates with the aim of minimizing the risk of changes in interest rates and the impact on the operating result
- defining the limit of exposure to interest rate risk by analysing interest-bearing assets and liabilities, which are sensitive to changes in interest rates from the point of view of maturity and amount

- Interest rates as set out in the Group's Tariff
- determining the components of interest rate benchmarks
- Stress Testing
- monitoring of profitability indicators.

The process of controlling interest rate risk in the banking book consists of measuring and modeling risk, setting and monitoring limits, controlling and managing positions within the limit, as well as the process of limit escalation. The interest rate risk management policy in the banking book is based on clearly defined roles and responsibilities, procedures and work processes, methods of identification, measurement, monitoring, control, reporting and escalation procedures.

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.

An operational risk management strategy includes:

- a clear internal organization with separate operational risk management functions (responsible operational risk specialists - the so-called DORS functions and operational risk managers - the so-called ORM functions) as well as the functions of controlling these risks (Controlling operational risks - the so-called ORC function, the Chief Risk Officer - CRO, the Operational Risk Management and Controls Committee - ORMCC), and finally the internal audit function that supervises the complete operational risk management/control system
- Clearly defined, transparent and consistent lines of accountability.
- Raising awareness of the existence of operational risk.
- Consistent adherence to internal documents as well as external regulatory guidelines governing the subject matter.

Operational Risk Management Strategy:

- Monitoring of the maintenance of losses in accordance with the "shadow budget".
- Organization of the implementation of individual activities (risk assessment, general ledger analysis, revision of early warning indicators) in accordance with the group's plan.
- Organization of training for new employees related to minimum standards of operational risk management.
- Organization of training for ORM/DORS functions.
- Focus on further raising awareness of the importance of operational risk management

Operational risk management is the identification, measurement, management, and monitoring of exposures that result from inadequate or failed internal processes, human interactions and systems, or as a result of external events.

The operational risk management framework consists of the processes, structures, controls and systems used in operational risk management, ensuring that key governance elements and operational activities are in place. Managing and controlling operational risk contributes to strengthening business goals and meeting regulatory requirements.

Responsibility of the Management Board of the Group for the preparation and approval of the consolidated financial statements

The Management Board of the Group is obliged to prepare consolidated financial statements, which present truthfully and fairly the financial position of the Group, as well as the results of its operations and cash flow, in accordance with the legal accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina ("FBiH"), which is based on the Law on Accounting and Auditing of the Federation of Bosnia and Herzegovina, the Law on Banks of the Federation of Bosnia and Herzegovina and the bylaws of the Banking Agency of the Federation of Bosnia and Herzegovina ("the Agency" or "FBA") adopted on the basis of the the aforementioned laws. The Management Board is responsible for maintaining appropriate accounting records that enable the preparation of financial statements at all times. The Management Board has the overall responsibility for taking steps reasonably available to it to enable it to preserve the assets of the Group, and to prevent and detect fraud and other irregularities.

The Management Board of the Group is responsible for selecting such accounting policies that are consistent with applicable accounting standards and for applying them consistently, making reasonable and prudent judgments and estimates, and preparing financial statements on a going concern basis, unless the assumption that the Group will continue to operate is inappropriate.

The Management Board of the Group is obliged to submit to the Supervisory Board the annual report of the Group together with the consolidated annual financial statements, after which the Supervisory Board and the General Meeting approve and adopt the consolidated financial statements.

The consolidated financial statements presented on pages 17 to 121 were approved by the Management Board of the Group on 12 May 2025 for submission to the Supervisory Board and, confirming this, are signed by:

On behalf of and on behalf of the Management Board of the Group:

Raiffeisen BANK d.d. BOSNA I HERCEGOVINA 0

Chairman of the Board	**Member of the Management Board**
Rainer Schnabl	Lars Frankemölle

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May 12, 2025

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Independent auditor's report

To the Shareholder of Raiffeisen Bank dd Bosna i Hercegovina

Opinion

We have audited the consolidated financial statements of Raiffeisen bank dd Bosna i Hercegovina (hereinafter 'the Bank'), which comprise consolidated statement of comprehensive income, the consolidated statement of financial position as at 31 December 2024, and the, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Federation of Bosnia and Herzegovina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters.

Loss allowances for loans to and receivables from customers (expected credit losses)

In its consolidated financial statements for the year ended 31 December 2024 the Group presented financing to customers in the amount of BAM 3,185,677 thousand and total expected credit loss in the amount of BAM 131,223 thousand.

Key Audit Matter	How the Key Audit Matter Was Addressed in Our Audit
For accounting policies, see Note 3. For additional information regarding the identified key audit matter see notes 6, 12, and 22.3.	
Credit risk represents one of the most important types of financial risks which the Group is exposed to. Determining appropriate methods and models by the Management to measure and manage credit risk is therefore one of the most important areas in safeguarding the Group's capital. As part of the credit risk management process, appropriate determination and measurement of loss allowances for expected credit losses represents one of the key considerations for the Management. In determining both the timing and the amount of loss allowance for expected credit losses on loans to and receivables from customers, the Management exercises significant judgement in relation to the following areas: • Use of historical data in the process of determining risk parameters; • Estimation of the credit risk related to the exposure on loans and receivables from customers; • Assessment of credit risk stage allocation for loan exposures and receivables from customers; • Assessment on the significance of subsequent changes in credit risk of an exposure for the purposes of identifying whether significant increase in credit risk has occurred, leading to changes in stage allocation and the required measurement of lifetime expected credit losses; • Assessment of the forward-looking information; • Expected future cash flows from operations, which could be available for recovering given loans;	In order to address the risks associated with loss allowances for expected credit losses on loans to and receivables from customers, identified as key audit matter, we have designed audit procedures that allowed us to obtain sufficient and appropriate audit evidence for our conclusion. We performed the following audit procedures with respect to area of financing: • Review and verification of the Group's methodology for recognizing loss allowances for expected credit losses and comparing the reviewed methodology against the requirements of the statutory accounting regulations applicable to Groups in the Federation of Bosnia and Herzegovina; • Obtaining understanding of control environment and internal controls implemented by the Management within the process of measuring loss allowances for expected credit losses, including used applications and information technology tools and corresponding internal controls; • Evaluating design and inspecting implementation of identified internal controls relevant to the process of measuring loss allowances for expected credit losses; • Testing identified relevant controls for operating effectiveness; • Performing substantive tests over recognition and measurement of loss allowances for expected

- Valuation of collateral and assessment of the period in which a cash proceeds based on potential repossession and sale for individually assessed credit losses.

Since determination of appropriate loss allowances for expected credit losses on loans and receivables requires the use of complex models (generally dependent on IT elements) and significant judgement from the Management, process of measuring expected credit losses may be exposed to Management bias. This fact led to the determination of loss allowances for expected credit losses on loans and receivables from customers, recognized in accordance with the statutory accounting regulations applicable to Groups in Federation of Bosnia and Herzegovina as a key audit matter in our audit of the financial statements for the year ended 31 December 2024.

credit losses on sample of loans allocated to Stage 1 and Stage 2, focusing on:

i. models applied in stage allocation and transitions between stages;
ii. assumptions used by the Management in the expected credit loss measurement models;
iii. criteria used for determination of significant increase in credit risk;
iv. assumptions applied to calculate lifetime probability of default;
v. methods applied to calculate loss given default;
vi. methods applied to incorporate forward-looking Information;
vii. re-performing calculation of expected credit losses on a selected sample.

- Performing substantive tests over recognition and measurement of loss allowance for expected credit losses on sample of individually assessed loans allocated to Stage 3 (non performing loans), which included:
  i. assessment of customer's financial position and performance following latest credit reports and available information
  ii. review of judgements and assumptions applied in the calculation and measurement of expected future cash flows from operations, taking into consideration customer's financial position and performance in the current economic environment;
  iii. reviewing and assessing expected future cash flows and periods in which cash proceeds from potential repossession and sale from collateral and estimated realization period;
  iv. assessment of appropriateness of transition of financing exposures between stages and allocation of credit exposures with granted moratoria.
  v. recalculation of expected credit losses on a sample selected using the following criteria: assessment of customer credit risk, industry risk, days of delay in payment of overdue loan receivables and other receivables, etc.
  vi. Assessed the completeness and accuracy of disclosures related to expected credit losses

in the context of the requirements statutory accounting regulations applicable to Groups in the Federation of Bosnia and Herzegovina.

Other information

Management is responsible for the other information. The other information comprises the information included in Management 's business report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the statutory accounting regulations applicable to Groups in the Federation of Bosnia and Herzegovina, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when we decide, in extremely rare circumstances, that the matter should not be reported in our independent auditor's report because the negative consequences of reporting could reasonably be expected to outweigh the public interest benefit.

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

Yuri Sidorovich, Procurator

Adna Valjevac, Licensed auditor

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Zmaja od Bosne 12c

Sarajevo, Bosna i Hercegovina

12 May 2025

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Consolidated Statement of comprehensive Income for the year ended December 31, 2024

(All amounts are expressed in thousands of BAM, unless otherwise indicated)

	Notes	2024	2023
Interest income and similar income at the effective interest rate	8	193,664	182,388
Interest expense and similar expense at effective interest rate	9	(21,430)	(16,752)
Net interest income and similar income at the effective interest rate		**172,234**	**165,636**
Fee and commission income	10	156,678	150,863
Fee and commission expenses	11	(37,962)	(39,303)
Net fee and commission income		**118,716**	**111,560**
Impairments and provisions	12	3,304	(4,682)
Other net losses on financial assets.	13	(30)	(1,259)
Net positive exchangc rate differences		(85)	(124)
Net losses on long-term non-financial assets	14	2,453	2,878
Other income	15	16,419	14,823
Employee costs	16	(70,543)	(64,454)
Depreciation costs	23, 24, 25, 26, 27	(20,381)	(17,327)
Other costs and expenses	17	(68,000)	(72,879)
Profit before tax		**154,087**	**134,172**
Income tax	18	(14,274)	(6,319)
Net profit for the year		**139,813**	**127,853**
Other comprehensive income		6	11
Total comprehensive income		**139,819**	**127,864**
Earnings per share (BAM)	32	**141.42**	**129.33**

The notes below form an integral part of these consolidated financial statements.

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

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents	19	1,499,512	1,181,110
Financial assets at fair value through PL	20	12,977	16,341
Financial assets at fair value through other comprehensive income	21	544	538
Financial assets at amortized cost	22	4,073,256	3,915,364
Obligatory reserves at the Central Bank of BiH	*22.1*	475,635	437,791
Deposits in other banks	*22.2*	-	205,002
Loans and receivables to customers	*22.3*	3,054,454	2,890,855
Other financial assets at amortized cost	*22.4*	543,167	381,716
Prepaid income tax		110	163
Deferred tax assets	18	9,090	10,240
Property, plant and equipment	23	104,221	98,653
Right-of-use assets	24	8,534	8,323
Investment property	25	8,812	7,563
Intangible assets	26	27,853	27,811
Deferred tax assets	27	39,489	33,085
Non-current assets for sale and assets to be discontinued		612	850
Other assets and receivables	28	9,524	6,674
TOTAL ASSETS		**5,794,534**	**5,306,715**

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

	Notes	December 31, 2024	December 31, 2023
LIABILITIES			
Financial liabilities at amortized cost	29	4,969,805	4,559,561
Deposits from banks and other financial institutions	*29.1*	145,210	131,739
Client deposits	*29.2*	4,483,487	4,172,349
Borrowings	*29.3*	316,134	211,352
Lease liabilities	*29.4*	8,912	7,731
Other financial liabilities at amortized cost	*29.5*	16,062	36,390
Income tax liabilities		863	1,565
Deferred tax liabilities	18	2,317	2,003
Provisions	30	36,651	36,568
Credit risk of commitments and guarantees	*30.1*	10,313	9,785
Court litigation	*30.2*	12,000	12,553
Other provisions	*30.3*	14,338	14,230
Other liabilities	31	23,567	24,526
TOTAL LIABILITIES		**5,033,203**	**4,624,223**
EQUITY			
Share capital	32	247,167	247,167
Share premium		4,473	4,473
Reserves		1,230	1,230
Revalorization reserves		283	278
Retained earnings		508,178	429,344
TOTAL EQUITY		**761,331**	**682,492**
TOTAL LIABILITIES AND EQUITY		**5,794,534**	**5,306,715**

The notes below form an integral part of these consolidated financial statements.

On behalf of and on behalf of the Group:

Chairman of the Board
Rainer Schnabl

Raiffeisen BANK DD BOSNA I HERCEGOVINA
0

Member of the Management Board
Lars Frankemölle

Raiffeisen Bank dd Bosnia and Herzegovina

Zmaja od Bosne bb

71000 Sarajevo

Bosnia and Herzegovina

May 12, 2025

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

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows from interest and similar income at the effective interest rate		187,435	181,017
Outflows from interest and similar income at the effective interest rate		(18,154)	(17,052)
Inflows from fees and commissions		150,060	140,338
Outflows from fees and commissions		(37,891)	(41,594)
Inflows from the collection of previously written off receivables for given loans and interest		10,154	5,425
Outflows based on the payment of employees		(69,977)	(64,421)
Outflows based on the payment of operating expenses and expenses		(57,986)	(78,189)
Other inflows from business activities		15,443	36,614
Other outflows from operating activities		(6,284)	(5,538)
Corporate Income Tax Paid		(14,807)	(10,605)
Cash flows from operating activities before changes in operating assets and business liabilities		**157,993**	**145,995**
Net (increase) of the central bank's reserve requirement		(37,882)	(15,602)
Net decrease in placements with other banks		204,384	110,718
Net (increase) of loans and receivables from customers		(177,758)	(274,259)
Net (increase) of other assets and receivables		(177,149)	(138,833)
Net increase/(decrease) of deposits from banks and other financial institutions		17,705	(12,593)
Net increase in deposits from customers		319,886	200,646
Net (decrease) / increase in other financial liabilities at amortized cost		(6,380)	3,078
Net increase in provisions for liabilities		1,596	461
Net increase / (decrease) of other liabilities		403	(1,953)
Net cash flow from operating activities		**302,798**	**17,658**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of real estate, plant and equipment	23,24,26	(14,334)	(15,515)
Inflows from the sale of real estate, plant and equipment		607	1,311
Acquisition of Intangible Assets	27	(11,864)	(13,548)
Dividends received		-	35
Other inflows from investing activities		2,570	2,831
Net cash flow from investing activities		**(23,021)**	**(24,886)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(60,980)	(75,583)
Inflows from loans from banks		123,741	92,678
Loan principal repayments from banks		(82,036)	(87,172)
Inflows from loans from other financial institutions		73,344	-
Repayment of the principal of loans from other financial institutions		(8,343)	(8,343)
Inflows from subordinated loans		-	(61,804)
Principal repayments on leases		(7,101)	(6,255)
Net cash flow from financial activities		**38,625**	**(146,479)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**318,402**	**(153,707)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	18	**1,181,110**	**1,334,817**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18	**1,499,512**	**1,181,110**

The notes below form an integral part of these consolidated financial statements.

Consolidated Statement of hanges in equity for the year ended December 31, 2024
(All amounts are expressed in thousands of BAM, unless otherwise stated)

	Share capital	Share premium	Revalorization reserves	Reserves	Retained earnings	Total
Balance as at 31 December 2022	**247,167**	**4,473**	**267**	**1,230**	**377,075**	**630,213**
Profit for the year	-	-	-	-	127,853	127,853
Other comprehensive income	-	-	11	-	-	11
Total comprehensive income	**-**	**-**	***11***	**-**	***127,853***	***127,864***
Published dividends	-	-	-	-	(75,583)	(75,583)
Balance as at 31 December 2023	**247,167**	**4,473**	**278**	**1,230**	**429,345**	**682,492**
Profit for the year	-	-	-	-	139,813	139,813
Other comprehensive income	-	-	6	-	-	6
Total comprehensive income	**-**	**-**	***6***	**-**	***139,813***	***139,819***
Published dividends	-	-	-	-	(60,980)	(60,980)
Balance as at 31 December 2024	**247,167**	**4,473**	**283**	**1,230**	**508,178**	**761,331**

The notes below form an integral part of these consolidated financial statements.

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

1. GENERAL INFORMATION

History and foundation

RAIFFEISEN BANK JOINT STOCK COMPANY BOSNIA AND HERZEGOVINA (hereinafter: the Bank) with its registered office at ul. Zmaja od Bosne bb, Sarajevo, Novo Sarajevo, is registered to perform the following activities:

- 64.19 other money intermediation,
- 64.91 Financial lease (leasing),
- 64.92 other credit intermediation,
- 6499 Other financial services activities, except insurance and pension funds n.e.c.;
- 66.12 activity of intermediation in securities and commodity contracts,
- 66.19 Other ancillary activities in financial services, except insurance and pension funds;
- 66.22 activities of insurance agents and intermediaries,
- 70.22 Advice on business and other management.

The bank is the parent company of the Raiffeisen Bank Group.

The Group operates through one business and geographical segment, which is the provision of financial services in Bosnia and Herzegovina.

The following companies operate within the Group, which are related on the basis of joint ownership and management:

Company name	**Reporting Date**	**Activity**	**% of capital participation and voting**
Raiffeisen Leasing d.o.o. Sarajevo	December 31	Financial and operating lease	100
Raiffeisen Assistance d.o.o. Sarajevo	December 31	Vehicle Insurance Agent	100
Raiffeisen Invest d.d. Sarajevo	December 31	Investment Fund Management	100
Raiffeisen Capital a.d. Banja Luka	December 31	Securities brokerage services	100

The registered office of the Bank and the Group is at Zmaja od Bosne bb, Sarajevo, with the exception of Raiffeisen Capital a.d., whose registered office is in Banja Luka, at Vase Pelagića 2. As of December 31, 2024, the Group had 1,419 employees (December 31, 2023: 1,449 employees).

Supervisory Board, Management Board and Audit Committee

During 2024 and as of the date of this report, the members of the Supervisory Board of the parent Group were:

The Supervisory Board of the parent group shall:

Peter Jacenko	Chairman
Markus Kirchmair	Deputy Chairman
Markus Plank	Member until 15 January 2024
Matthias Dekan	Member from 16 January 2024
Elisabeth Geyer - Schall	Member
Gerda Lottersberger-Roschitz	Member
Zinka Grbo	Member
Jasmina Selimović	Member until 21 February 2024
Amila Pilav - Velić	Member from 15 June 2024

1. GENERAL INFORMATION (CONTINUED)

During 2024 and as of the date of this report, the members of the Group's Parent Audit Committee were:

Audit Committee of the parent company of the Group:

Alda Shehu	Chairwoman
Biljana Ekinović	Member
Meliha Bašić	Member

At the time of this report and as at 31 December 2024, the Management Board of the parent Group consists of the Directors and Chief Executive Officers. The following persons performed the aforementioned functions during the year and as of the date of this report:

The Management Board of the parent company of the Group:

Rainer Schnabl	Chairman
Edin Hrnjica	Member
Andreea Achim	Member until 31 January 2024
Amna Gabela	Acting Member from 1 February 2024 to 31 March 2024, i.e. until the appointment of a new member of the Management Board responsible for risks
Lars Frankemölle	Member from 1 April 2024
Mirha Krivdić	Member
Kreshnik Halili	Member

2. BASIS OF PREPARATION

2.1. Reporting framework

The financial statements have been prepared in accordance with the legal accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina ("FBiH"), which is based on the Law on Accounting and Auditing of the FBiH, the Law on Banks of the FBiH and the bylaws of the Banking Agency of the Federation of Bosnia and Herzegovina ("Agency" or "FBA") adopted on the basis of the said laws.

- The Law on Accounting and Auditing of the FBiH prescribes the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS").
- The Law on Banks of FBiH prescribes the preparation of annual financial statements in accordance with the aforementioned Law on Accounting and Auditing of FBiH, this Law, and bylaws adopted on the basis of both laws.
- The Agency adopted *the Decision on Credit Risk Management and Determination of Expected Credit Losses* (the "Decision"), which has been applied since 1 January 2021 and which resulted in certain differences arising from the calculation of value adjustments for credit losses due to the application of the minimum rates prescribed by the Decision, which are not required by IFRS 9:" ("IFRS 9"). The Decision also has an impact on the valuation of non-financial assets arising from credit operations (acquired tangible assets whose valuation is within the scope of other relevant IFRSs).

The main differences between the legal accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina (i.e. primarily the requirements of the Decision) and the requirements for recognition and measurement under IFRS are explained below.

In accordance with the provisions of the Decision, as at 31 December 2024, the Bank created value adjustments for credit losses in the amount of BAM 40,733 thousand compared to the amount obtained by calculation resulting from the Bank's internal model for the calculation of expected credit losses, aligned with the requirements of IFRS 9, with the details as follows:

- I'm looking at Article 23. Decision prescribing the application of minimum value adjustment rates for all exposures allocated in credit risk level 1 – calculated difference in the amount of BAM 14,723 thousand,
- I'm looking at Article 24. Decision prescribing the application of minimum value adjustment rates for all credit exposures at credit risk level 2 – calculated difference in the amount of BAM 13,585 thousand,
- Apply the minimum rates of value corrections prescribed by Article 25. Decisions for exposures in credit risk level 3 (non-performing assets) – calculated difference in the amount of BAM 7,165 thousand.
- Apply the minimum rates of value corrections prescribed by Article 26. Decisions for receivables from customers, receivables based on factoring and financial leasing and other receivables – difference in the amount of BAM 5,260 thousand.

The table below shows the effects of the difference described above between the legal accounting regulations applicable to banks in FBiH and the requirements for recognition and measurement under International Financial Reporting Standards:

2. BASIS OF PREPARATION (CONTINUED)

2.1. Reporting framework (continued)

	January 1, 2023	December 31, 2023	December 31, 2024
Property	(29,398)	(31,178)	(34,113)
Obligations	5,146	5,413	6,620
Capital	(34,544)	(36,591)	(40,733)

Where accounting policies align with International Financial Reporting Standards, in these financial statements we refer to the relevant IFRS when describing the Group's accounting policies.

These consolidated financial statements were approved by the Management Board of the Group on May 12, 2025 for adoption by the Supervisory Board.

2.2. Basis of measurement

Consolidated financial statements are prepared on a historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would have been received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In assessing the fair value of an asset or liability, the Group shall take into account the characteristics of the asset or liability if market participants would have taken those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the purposes of measurement and/or disclosure in these consolidated financial statements is determined on such a basis.

The main accounting policies adopted are listed below.

2.3. Functional and presentation currency

Consolidated financial statements are presented in convertible marks (000 KM) in thousands, which is also a functional currency. The convertible mark is fixed to the euro (1 EUR = 1.95583 KM).

2.4. Use of judgments and estimates

The preparation of consolidated financial statements requires the Management Board of the Group to make judgments, estimates and assumptions that affect the application of accounting policies, as well as the disclosed amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and related assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period in which the estimates are changed and, if applicable, in future periods, if they affect them. Information on areas of significant uncertainty in the area of estimates and judgments used in the application of accounting policies that have the most significant impact on the amounts recognised in these financial statements is presented in Note 4.

2. BASIS OF PREPARATION (CONTINUED)

2.5. Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Bank and its subsidiaries, and the Bank's shares in associates. Control is exercised if the Group has the power to direct the financial and operating policies of an entity in such a way as to benefit from its activities.

The results of subsidiaries that are acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or to the actual date of disposal, if applicable.

If necessary, adjustments were made to the financial statements of the subsidiaries in order to align their accounting policies with those used by other members of the Group.

All transactions within the Group, as well as all balances, income and expenses were eliminated during consolidation.

Minority interests in the acquired entity are initially reported in the amount of minority interests in the net fair value of recognised assets, recognised liabilities and contingent liabilities.

Transactions that are eliminated during consolidation
Intra-group balances and transactions, as well as unrealised income and expenses (with the exception of gains or losses on foreign exchange differences) arising from intra-group transactions, are eliminated when the consolidated financial statements are prepared. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no evidence of impairment.

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

3. MATERIAL ACCOUNTING POLICIES

With the exception of the changes described above in Note 2.5, the Group's accounting policies described below have been applied consistently for all periods presented in these consolidated financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are initially registered at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the reporting date using the exchange rate prevailing on that date. Non-monetary foreign currency items at fair value are restated using the exchange rates prevailing at the fair value date. Non-monetary items measured at historical cost in foreign currency are not restated at the reporting date. Gains and losses arising from the conversion are recognised in the profit and loss account for the period.

The Group values assets and liabilities at the middle exchange rate of the Central Bank of Bosnia and Herzegovina valid at the reporting date. The exchange rates of the Central Bank for the most significant currencies applied by the Group in preparing the statement of financial position at the reporting dates were as follows:

December 31, 2024	EUR 1= KM 1.95583	USD 1 = KM 1.87268
December 31, 2023	EUR 1= KM 1.95583	USD 1 = KM 1.76998

3.2. Interest income and expenses

Effective Interest Rate

Interest income and expense are recognised in profit or loss using the effective interest rate method. "Effective interest rate" means a rate that accurately discounts estimated future cash payments or benefits over the expected life of a financial instrument to:

- the gross carrying amount of financial assets; Or

The amortized cost of the financial liability.

In calculating the effective interest rate for financial instruments that are not purchased or credit-impaired financial assets, the Group estimates future cash flows taking into account all the contractual terms of the financial instrument, but not the expected credit loss. ECL). For purchased or accrued credit-impaired financial assets, the credit-adjusted effective interest rate is calculated on the basis of estimated future cash flows, including the expected credit loss.

Effective Interest Rate

The calculation of the effective interest rate includes transaction costs, fees, and points paid or received that are an integral part of the effective interest rate. Transaction costs include additional costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

Amortized Cost and Gross Book Value

"Amortised cost" means the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments, plus or minus cumulative depreciation using the effective interest rate method of any difference between the initial amount and the amount at maturity, and, for financial assets, adjusted for any expected credit loss (or impairment).

"Gross carrying amount of a financial asset" is the amortized cost of a financial asset before adjustment for any expected credit loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2. Interest income and expense (continued)

Calculation of interest income and expenses

The effective interest rate on a financial asset or financial liability is calculated at initial recognition. In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not less credit losses) or to the amortized cost of liabilities. The effective interest rate is revised as a result of the periodic assessment of the cash flows of variable interest rate instruments to reflect developments in market interest rates.

However, for financial assets that have been credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the assets are no longer credit-impaired, the calculation of interest income is returned to the gross base.

For financial assets that were credit-impaired at the time of initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the asset. The calculation of interest income is not restored on a gross basis, even if the credit risk of the asset improves.

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that accurately discounts the estimated future cash payments and payments over the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows taking into account all the contractual terms of the financial instrument, but not future credit losses.

In the calculation of the effective interest rate, it includes transaction costs, fees and points that are paid or received and that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

Interest income and expense on other financial assets and financial liabilities at fair value through profit or loss are recognised as net profit or loss on other financial instruments at fair value through profit or loss.

3.3. Fee income and expenses

Fee and commission income and expenses that are an integral part of the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate, and are recognised in interest income and expense.

The Group provides banking services to clients in retail and corporate transactions, including account management, overdrafts, foreign currency transactions, credit cards and services.

Fees on a constant basis for account management are calculated on a monthly basis. The Group sets tariffs specifically for retail and corporate operations on an annual basis.

Fee and commission income and expenses, as such, consist mainly of credit card transaction fees, the issuance of guarantees and letters of credit, domestic and foreign payment transactions, and other services and are recognised in the profit and loss account upon performance of the relevant service.

Fee and commission income derived from contracts with clients is measured on the basis of the fee set out in the contract with clients. A group recognises revenue when it transfers a service to a customer.

Income from account and service fees is recognised during the time the service is provided.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3. Fee income and expenditure (continued)

Transaction revenue is recognised at the time the transaction occurs.

A contract with a client that results in the recognition of a financial instrument in the Group's financial statements may be partly under IFRS 9 and partly under IFRS 15. If this is the case, the Group first applies IFRS 9 to separate the measurement of the part of the contract that is within IFRS 9 and applies IFRS 15 to the remainder.

3.4. Net profit from trading

"Net trading profit" includes gains less losses on assets and liabilities held for trading purposes and includes all changes in fair value, interest and exchange differences.

3.5. Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments measured at fair value through the profit or loss account refers to derivatives that are not held for the purpose of managing risks that are not part of qualifying hedging relationships, financial assets and liabilities are measured at fair value through the profit or loss account. The above includes changes in fair value, interest, dividends and foreign exchange differences.

3.6. Dividend income

Dividend income is recognised in the profit and loss account when the right to receive a dividend has been established and the amount of the dividend can be measured reliably.

3.7. Lease

At the beginning of the contract, the Group assesses whether the contract is or contains a lease component. A contract is or contains a lease component if it transfers the right to control the use of an identified asset for a specified period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16 *Leases*.

i) Group as a lessee

The Group recognises the right-of-use assets and lease liabilities from the date of commencement of the lease agreement. Right-of-use assets are initially measured at a cost equal to the initial value of the lease obligation adjusted for any lease payments made on or before the start of the lease, plus any direct costs incurred and an estimate of the costs that may be incurred in dismantling and removing the property in question, restoring the location where the property is located or restoring the property to the condition required by the terms of the lease.

After initial recognition, the right-of-use asset is depreciated using the straight-line method until the end date of the lease or for the period that the lease is certain to be expected to be active. In addition, right-of-use assets are periodically reduced by the amount of impairment, if applicable, or adjusted for a specific remeasurement of lease liabilities.

The lease obligation is initially measured by the present value of the lease payments not paid on the date of commencement of the lease agreement, using the interest rate in the contract or, in the event that such a rate cannot be easily determined, the incremental borrowing rate. The Group applies an incremental borrowing rate of 2% as a discount rate.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7. Leases (continued)

The Group determines the incremental borrowing rate by obtaining interest rate data from various external sources of financing and makes certain adjustments to reflect the terms of the leases and the types of assets that are leased.

The lease payments included in the measurement of the lease liability include the following payments:

- fixed payments, including substantially fixed payments, less any rental incentives received; variable payments that depend on a particular index or rate and that are initially measured at that index or rate on the first day of the lease;
- the amounts expected to be paid to the lessee within the guaranteed residual value;
- the price of using the buy-out option if there is a realistic probability that the lessee will exercise that option, and the penalties for terminating the lease, if the term of the lease shows that the lessee has exercised that option.

A lease liability is measured at amortized cost using the effective interest method. It is reviewed when there is a change in future lease payments resulting from a change in indices or rates, if there is a change in the Group's estimate of the amount that is expected to be payable against the guaranteed residual value, in the event that the Group changes its estimate of whether to exercise, renew or cancel an option, or if there is a revised fixed rent on the basis.

When the lease liability is measured again in this way, an appropriate adjustment is made to the carrying amount of the right-of-use asset or the resulting difference is recorded through the profit and loss account in the event that the carrying amount of the right-of-use asset is reduced to zero.

The Group discloses right-of-use assets and lease liabilities as separate items in the statement of financial position.

i) Group as a lessee

The Group does not recognise right-of-use assets and liabilities for low-value assets (the asset threshold is EUR 5,000) and short-term leases.

The statement of profit and loss and other comprehensive income shows the interest expense on the lease liability separately from the depreciation of the right-of-use asset. The interest expense on the lease obligation is a component of the financial expense.

(ii) Group as a Lessor

Payments under an operating lease are recognised as income using the straight-line method in the profit and loss account over the life of the lease agreement, and are recognised in the statement of financial position in the event of a time mismatch between the actual timing of payment and the statement of the lease cost.

3.8. Taxation

Corporate income tax expense is the aggregate amount of current tax liability and deferred taxes.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8. Taxation (continued)

Current income tax

The tax expense is based on the taxable profit for the year. Net profit for the period reported in the statement of income statement and other comprehensive income differs from taxable profit because it includes items of income and expenses that are taxable or non-taxable in other years, as well as items that are never taxable or deductible.

The Group's current tax liability is calculated by applying the tax rates in force at the reporting period date.

Deferred income tax

Deferred tax is the amount that is expected to give rise to a liability or refund based on the difference between the carrying amount of the assets and the liabilities in the consolidated financial statements and the corresponding tax base used to calculate taxable profit, and is calculated using the balance sheet liability method. Deferred tax liabilities are generally recognised for any taxable temporary differences, and deferred tax assets are recognised to the extent that taxable profits are likely to be available to benefit from the deductible temporary differences.

The carrying amount of deferred tax assets shall be reviewed at each reporting date and reduced to the extent that it is no longer probable that a sufficient amount of taxable profits will be available to recover all or part of the tax assets.

3.9. Investments in subsidiaries

A subsidiary is an entity that is controlled by the Group. Control is achieved in such a way that the Group is entitled to variable returns from its participation in the subsidiary and has the ability to influence these returns through the authority over the related company.

Investments in subsidiaries in these consolidated financial statements are measured at cost of acquisition less impairment losses, if any.

3.10. Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence, but which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in decisions about the financial and operating policies of the investee, but is not control or joint control over those policies.

A joint venture refers to shares in a jointly controlled legal entity. A jointly controlled legal entity is an undertaking in which the Group has joint control, whereby the Group has a right to the net assets of the venture instead of the rights to the assets or assumption of liabilities of the jointly controlled legal entity.

Investments in associates and collective ventures are presented in these consolidated financial statements at cost of acquisition less impairment losses, if any.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities

Recognition and initial measurement

The Group initially recognises loans and receivables, deposits, debt securities issued and subordinated liabilities at the date of origination. All other financial instruments (including regular purchases and disposals of financial assets) are recognised on the trading date, i.e. the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, except for financial assets and liabilities at fair value through profit or loss, for transaction costs that are directly attributable to its acquisition or issuance.

3.11.1. Financial assets

(i) Classification and subsequent measurement

At initial recognition, the Group classifies financial assets according to the following categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through other comprehensive income
- Financial Assets at Fair Value through Profit or Loss

The classification requirements for debt and equity instruments are listed below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability by the issuer, such as loans, bonds and receivables.

Classification and subsequent measurement depends on:

(i) Purposes of Financial Asset Management (Business Model)

(ii) Contractual cash flow characteristics ("exclusive payment of principal and interest", eng. Solely Payments of Principal and Interest, hereinafter referred to as the "SPPI" test or "SPPI")

Based on these factors, the Group classifies its financial assets according to the intent for which the financial instruments were acquired, as follows:

- **Financial assets measured at amortized cost**

Financial assets that are held for the purpose of collecting contracted cash flows that are exclusively principal and interest payments (SPPIs), and that are not determined at fair value through the Income Statement, are measured at amortized cost. After initial recognition, the carrying amount of these assets is adjusted for expected credit losses recognised and measured as described in Note 3.11.1 (iv).

Interest income is calculated using the effective interest rate and is included in the item "*Interest income calculated using the effective interest rate*".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. Loans and receivables arise when the Group grants funds to clients without the intention of trading these receivables and include placements and loans to banks, loans and receivables from clients and funds with the Central Bank.

3. MATERIJAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(i) Classification and subsequent measurement (continued)

- **Financial assets at fair value through other comprehensive income**

Financial assets that are held for the purpose of collecting contracted cash flows and for the sale of assets, where the cash flows of the asset represent only the payment of principal and interest, and that are not determined at fair value through the profit or loss account, are measured through other comprehensive income.

Estimates of the fair value of financial assets measured through other comprehensive income are recognised through other comprehensive income, except for recognition of impairment gains or losses, interest income and foreign exchange differences that are recognised in profit or loss, unless they are equity securities for which unrealised losses/gains are never reclassified in profit or loss.

When a financial asset is derecognised through other comprehensive income, cumulative gains or losses previously recognised in other comprehensive income are reclassified in profit or loss. Interest income is calculated by applying the effective interest rate.

- **Financial Assets at Fair Value through Profit or Loss**

A financial asset is subsequently measured at fair value through profit or loss if it is not subsequently measured at amortised cost or at fair value through other comprehensive income. Gains and losses arising from changes in the fair value of a financial asset at fair value through profit or loss are recognised in profit or loss.

In addition, the Group has the option to assign financial assets to the fair value category through the profit or loss account at initial recognition when such classification eliminates or significantly reduces an accounting mismatch that would otherwise have arisen.

Purpose of Financial Asset Management (Business Model)

All financial assets, other than equity securities that fall under the category of investments in associates, joint ventures and subsidiaries, are grouped into business models that denote how a group of financial assets as a whole is jointly managed to achieve a specific business objective and define the manner in which financial assets are expected to generate cash flows.

The Group's business models are:

- A business model whose goal is to hold assets for the purpose of collecting contracted cash flows – brings together all financial assets held for the purpose of collecting contracted cash flows during the life of the financial instrument. The business model passes the CNGI test for collection, and the following financial assets are allocated to this model:
  - funds in transaction accounts with other banks,
  - placements with other banks
  - loans given to customers,
  - other receivables.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Credit risk is the primary risk that is managed under this business model.

- A business model aimed at collecting contracted cash flows and selling financial assets – combines financial assets held with the aim of collecting contracted cash flows and selling financial assets. The following financial assets have been allocated to the collection and sale business model:
  - debt securities (passes the CBI test),
  - equity securities (do not pass the SPPI test),

Liquidity risk is the primary risk that is managed under this business model.

- A business model within which financial assets are measured at fair value through income statement (failing the CSA test) – combines all financial assets that are not held within the aforementioned two business models. Financial assets in this business model are managed with the aim of generating cash flows by selling assets and making short-term profits.

Contracted Cash Flow Characteristics (SPPI)

The test of the characteristics of the contracted cash flows from the aspect of paying only the principal and interest on the outstanding amount of principal is one of the criteria for classifying financial assets into a particular measurement category. The SPPI test is conducted to determine whether the interest on the principal outstanding reflects the compensation for the time value of money, credit risk and other underlying borrowing risks, borrowing costs and profit margin.

The SPPI test is carried out:

- for all financial assets, allocated to a business model that has as its object the holding of financial assets for the purpose of collecting contracted cash flows and a business model that has as its object the collection of contracted cash flows and the sale of financial assets, at the date of their initial recognition;
- for each financial asset in cases where the original asset has been substantially modified and therefore rerecognised as new assets;
- in the introduction of new lending models and/or programmes in order to determine in advance the acceptability of the loan terms under consideration in relation to the need to subsequently monitor the value of any financial assets that would arise from them.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; That is, they are instruments that do not contain a contractual obligation to pay, but contain evidence of a residual interest in the issuer's net assets. An example of capital investments implies basic common shares.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Equity instruments (continued)

The Group subsequently measures all equity investments at fair value through the income statement, except where the Group's Management has elected, on initial recognition, to irrevocably determine the equity investment at fair value through other comprehensive income. It is the Group's policy to designate equity investments as fair value through other comprehensive income when those investments are held for other purposes and not to generate a return on investment. When this choice is used, gains and losses at fair value are recognised in other comprehensive income and are not subsequently reclassified in profit or loss, including disposals. Impairment losses (and the reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, are still not recognised in profit or loss as other income when the Group's right to receive payments is determined.

Gains and losses on equity investments at fair value through the income statement are included in the net trading income on the income statement.

(ii) Termination of recognition of financial assets

A group ceases to recognise a financial asset (in whole or in part) when the contractual rights to receive cash flows from the financial instrument expire or when it loses control of the contractual rights over those financial assets. This occurs when the Group transfers substantially all of the risks and rewards of ownership to another business entity, or when rights are exercised, surrendered or expired.

When a financial asset is derecognised, the difference between the carrying amount (or carrying amount allocated to the part of the asset that is derecognised) and the amount of consideration received (including any new asset less any new liability) and any cumulative gain or loss previously recognised through comprehensive income is recognised in profit or loss.

Any cumulative gain or loss recognised through comprehensive income for equity securities designated at fair value through other comprehensive income is not recognised in the profit or loss account at derecognition of such securities, but is recognised directly as retained earnings.

(iii) Modification of financial assets

Exposure modification is the process of changing the terms of the original contract, whereby the modification may be:

1) caused by the current needs of the debtor (e.g. reduction of the effective interest rate, extension of the duration of the instrument, collateral exchange, etc.), and not by the debtor's financial difficulties,

(b) caused by the debtor's current financial difficulties or difficulties that are about to arise, i.e. a deterioration in his creditworthiness.

A modification of an item of financial asset occurs when some or all of the provisions of the contract are amended.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(iii) Modification of financial assets (continued)

If the modification is material, the Group will cease to recognise the original financial asset and begin recognising the new financial asset at fair value plus transaction costs and recalculate the new effective interest rate of the asset. The modification date is considered to be the date of initial recognition for the purposes of calculating impairments, including for determining a significant increase in credit risk.

Furthermore, the Group also assesses whether a newly recognised financial asset is impaired at the date of initial recognition, in particular where the modification is due to the obligor's financial difficulties. The difference in carrying amount is also recognised in profit or loss as profit or loss on derecognition.

If the modification of a financial asset is not material and the modification does not result in the derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the asset using the audited cash flows and recognises the difference as profit or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or by applying the credit-risk-adjusted effective interest rate in the case of POCI assets).
If the modification is due to the debtor's financial difficulties, the profit or loss is shown together with the impairment loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

(iv) Impairment

The Agency's decision based on IFRS 9 highlights the "three levels of credit risk" model for impairment of financial assets based on changes in credit quality from the initial recognition of financial assets.

Impairment of financial assets is recognised under the expected credit loss (ECL) model for assets that are subsequently measured at amortised cost and assets that are subsequently measured at fair value through other comprehensive income (other than equity).

The Agency's decision based on IFRS 9 requires that the expected losses be estimated at the level of losses expected in the next 12 months (credit risk level 1) from the initial intake of the financial instrument. The time period for calculating the expected loss becomes the entire remaining life of the asset under assessment, where the credit quality of the financial instrument has experienced a "significant" deterioration compared to the initial measurement (credit risk level 2) or where the asset is partially or wholly non-performing (credit risk level 3). More specifically, the impairment provisions of IFRS 9 include:

- the allocation of non-performing financial assets at different levels of credit risk ('staging'), corresponding to value adjustments based on expected losses over the next 12 months (so-called 'credit risk level 1') or a life for the entire remaining life of the instrument (so-called 'credit risk level 2'), where there is a significant increase in credit risk;
- allocation of partially or wholly non-performing financial assets to the so-called "credit risk level 3", always with value adjustments based on expected losses over the life of the instrument;
- the inclusion of expected credit losses (ECL) in the calculation, as well as expected future changes in the macroeconomic scenario.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(iv) Impairment (continued)

ECL measurement

Expected credit losses under the internal impairment model are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of the missing cash (ie the difference between the cash flows accruing to the entity in accordance with the contract and the cash flow that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of expected future cash flows;
- *undrawn credit obligations*: as the present value of the difference between the agreed cash flow accrued to the Bank if the obligation is undrawn and the cash flow that the Group expects to receive; and
- *Financial guarantee agreements*: expected payments to settle the warrantee less the amount that the Group expects to reimburse

Refer to Note 5.1.3 for a detailed explanation of the internal impairment model.

The Group measures expected credit losses in accordance with the requirements of the Decision on Credit Risk Management and Determination of Expected Credit Losses. The requirements of the Decision in the area of impairment are based on the expected credit loss model of IFRS 9, with certain specifics (for example, prescribed minimum expected credit loss rates for credit risk levels). Following the requirements of the regulator, the Group updated the impairment methodology in accordance with the requirements of the Decision, and defined the minimum criteria for measuring expected losses in accordance with the allocation of exposures to credit risk levels, as described below.

1 Credit risk level 1:

A pool of exposures assigned to credit risk level 1 shall identify and record expected credit losses at least in the following amounts:

a) for low-risk exposures - 0.1% of exposures,
b) for exposures to central governments and central banks outside Bosnia and Herzegovina for which there is a credit assessment by a recognised ECAI that is recognised in accordance with Article 73. Decisions on the calculation of the bank's capital are allocated to credit quality grades 3 and 4 – 0.1% of exposures,
c) for exposures to banks and other financial sector entities for which there is a credit assessment by a recognised ECAI that is required in accordance with Article 73. Decisions on the calculation of the bank's capital are allocated to the credit quality level of 1, 2 or 3 – 0.1% of the exposure,
d) for other exposures - 0.5% of exposure.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(iv) Impairment (continued)

ECL measurement (continued)

e) If a bank does not have an adequate time series, quantity and/or quality of relevant historical data, and is unable to determine the value of the PD parameter using its model in an adequate and documented manner, the bank cannot determine the expected credit loss for other exposures assigned to credit risk level 1 in the amount of less than 1% of exposuresIf the Group, in accordance with its internal methodology, determines the amount of expected credit losses higher than those resulting from the above. In accordance with the provisions of the Decision, the Group shall apply the higher amount so determined.

2 Credit risk level 2:

For exposures assigned to credit risk level 2, the group shall identify and record in the accounts expected credit losses in excess of the following two:

a) 5% of exposure.

b) determined in accordance with the Group's internal methodology.

c) If a bank does not have an adequate time series, quantity and/or quality of relevant historical data, and is unable to determine the value of the PD parameter using its model in an adequate and documented manner, the bank cannot determine the expected credit loss for other exposures assigned to credit risk level 2 in an amount of less than 8% of the exposure.

3 Credit risk level 3:

The minimum expected credit loss rates allocated to Level 3 depend on whether the exposure is secured by eligible collateral or not, and accordingly, the minimum rates are as follows:

a) Exposures secured by acceptable collateral:

Days past due	**Minimum expected credit loss**
up to 180 days	15%
from 181 to 270 days	25%
from 271 to 365 days	40%
from 366 to 730 days	60%
from 731 to 1460 days	80%
over 1460 days	100%

Exceptionally, if the Group has taken appropriate legal action and can document the certainty of recovery from eligible collateral over the next three years, it is not required to increase the level of expected credit losses above 80% of the exposure. In doing so, the estimate of future cash flows from eligible collateral reduced to present value must be greater than 20% of this receivable. In the event that the Group fails to collect receivables within the specified period of three years, it is obliged to record expected credit losses in the amount of 100% of the exposure.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(iv) Impairment (continued)

b) Exposures that are not backed by acceptable collateral:

Days past due	Minimum expected credit loss
up to 180 days	15%
from 181 to 270 days	45%
from 271 to 365 days	75%
from 366 to 456 days	85%
over 456 days	100%

In the case of restructured exposures, the Group will maintain the expected credit losses for all 12 months of the recovery period at the level of coverage that was formed on the date of approval of the restructuring, which cannot be lower than 15% of the exposure. For the third and each subsequent restructuring of a previously restructured exposure that was assigned to credit risk level 3 or POCI assets at the time of the restructuring, the Group determines and records expected credit losses in the amount of 100% of the exposure. For exposures relating to cases where the obligor has defaulted on its obligation to the bank no later than 60 days from the date on which the protest was made on the basis of a previously issued guarantee, the Group determines and records in the accounts an expected credit loss in the amount of 100% of the exposure.

If, in accordance with its internal methodology, the Group determines the amount of expected credit losses in excess of the amounts resulting from the provisions of the Decision, the Group determines and records these amounts.

Minimum expected credit loss rates for customer receivables, factoring and financial leasing receivables and other receivables are applied according to the table as follows:

Days past due	Minimum expected credit loss
There is no delay in a materially significant amount	0,5%
up to 30 days	2%
from 31 to 60 days	5%
from 61 to 90 days	10%
from 91 to 120 days	15%
from 121 to 180 days	50%
from 181 to 365 days	75%
over 365 days	100%

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

(iv) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets held at amortised cost and debt financial assets carried at fair value through other comprehensive income are impaired (hereinafter referred to as "financial assets credit risk level 3"). A financial asset is credit-impaired when one or more events occur that have an adverse effect on the estimated future cash flows of the financial asset.

Evidence that a financial asset is credit-impaired includes the following available data:

- significant financial difficulties of the debtor or issuer;
- breach of contract such as default or failure to comply with the due date;
- restructuring of a loan or advance by the Group on terms that would not otherwise be considered by the Group;
- it becomes likely that the borrower will go bankrupt or otherwise financially reorganised; or the disappearance of an active market for a security due to financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is normally considered to be credit-impaired, unless there is evidence that the risk of default of the contractual cash flows has been significantly reduced and there are no other indicators of impairment.

Presentation of expected credit losses in the statement of financial position

Expected credit losses are presented in the statement of financial position as follows:

- *financial assets at amortised cost*: as a deductible item from the gross carrying amount of the asset;
- *Loan obligations and financial guarantee agreements*: generally as provisions;
- *where the financial instrument includes both the drawn and the undrawn component, and the Group is unable to identify the ECL on the stressed and undrawn credit obligation*: the Group presents a combined provision for losses for both components. The combined amount is presented as a deductible item of the gross carrying amount of the utilised component. Any excess over the carrying amount of the utilised component is presented as a provision; And
- *Financial assets measured at fair value through other comprehensive income*: impairment is not recognised in the statement of financial position because the carrying amount of those assets and their fair value. However, impairment is recognised and recognised in a fair value reserve.

See also Note 5.1.3.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.1. Financial assets (continued)

POCI assets – purchased or originated credit impaired assets

An impaired financial asset is an asset that has been purchased or created at an impaired value (which is in default) at the time of initial recognition.

Such assets may arise in the event that:

- The Group purchases assets that have objective evidence of impairment at a significant discount or
- in the event of a material modification of an instrument that is already in default, or
- in the event that a significant modification of the instrument itself is a reason for entering the default status,
- The Group approves a new placement to a client who already has a significant share of the portfolio in default.

The Group does not purchase bad debt placements, therefore POCI assets represent initially or due to a significant modification rerecognised instruments that are in default status on the date of recognition.

Write-offs

The write-off of receivables based on credit placements is carried out when all sources of collection of receivables have been exhausted, i.e. when future positive and negative cash flows are no longer expected from credit placements.

The write-off of receivables based on credit placements is a loss. The consequence of the write-off of receivables based on credit placements is their removal from the accounting records, except in cases of accounting write-offs, when the Group acts in accordance with the regulations, namely the decision on credit risk management and determination of expected credit losses.

Loans and debt securities are written off (in whole or in part) where there is no reasonable expectation that the financial asset will be repaid in whole or in part. This is generally the case when the Group determines that the debtor does not have assets, sources or income that can generate sufficient cash flows to repay the amount that is subject to the write-off. This evaluation is done at the level of the individual asset.

The reacquisition of previously written down amounts is included in impairment losses on financial instruments in profit or loss and other comprehensive income.

Financial assets that have been written down may still be subject to re-acquisition in order to comply with the Group's procedures.

The Group writes off a debt or debt guarantee investment, in whole or in part, and any related impairment loss payment when the Group's credit committee has determined that there was no realistic prospect of re-acquisition.

The Group performs an accounting write-off of the on-balance sheet exposure two years after the Group recorded expected credit losses in the amount of 100% of the gross carrying amount of that exposure and declared it fully mature.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.2. Financial liabilities

(i) Classification

The Group classifies financial liabilities at fair value through profit or loss and at amortized expense. The classification depends on the intention for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition and reviews that classification at each reporting date.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss have two subcategories: financial instruments held for trading (including derivatives) and those initially assigned to this category by management. A financial instrument is assigned to this category only if it is created or acquired for the purpose of selling or buying in the short term, for the purpose of making a profit in the short term, or by allocation by management to this class at initial recognition. The Group has no financial liabilities classified at fair value through profit or loss.

Other financial liabilities

Other financial liabilities comprise all financial liabilities that are not measured at fair value through profit or loss and include liabilities to customers, liabilities to banks and other financial institutions, and subordinated debt.

(ii) Initial and subsequent measurement

Financial liabilities at fair value through profit or loss are recognised initially at fair value, while transaction costs are recognised immediately as an expense on the profit or loss account. The subsequent measurement is also at fair value.

(iv) Modification of financial liabilities

Gains and losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are recognised in profit or loss.

Other financial liabilities are initially measured at their fair value, including transaction costs. After initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Derecognition of financial liabilities

The Group ceases to recognise financial liabilities only when they cease to exist, i.e. when they are met, cancelled or expired.

The Group derecognises a financial liability when the terms are changed and the cash flows of the modified liability are materially different. In this case, the new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount and the financial liability is derecognised and the consideration paid is recognised in the income statement. The consideration paid includes the transferred non-financial asset, if any, the assumption of liabilities, including a new modified financial liability.

If a modification of a financial liability is not accounted for as derecognition, then the cost of amortization of that liability is recalculated by discounting the modified cash flow at the original effective interest rates and results in recognition in profit or loss as a profit or loss. In variable-rate financial liabilities, the original interest rate used to calculate the profit or loss modification is adjusted to reflect the current market conditions at the time of the modification.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.2. Financial liabilities (continued)

(iii) Derecognition of financial liabilities (continued)

Costs and charges incurred are recognised as reconciling the carrying amount of the liability or amortised value over the past life of the modified financial liability through the recalculation of the effective interest rate on the instrument.

3.11.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is shown in the financial statement when, and only when, the Group has the legal right to offset and intends to settle it on a net basis or to realise the assets and at the same time settle the liability. Income and expenses are recognised on a net basis only when permitted in accordance with IFRS, or for gains and losses arising from similar transactions, as in trading operations.

3.11.4 Measuring the fair value of financial assets and liabilities

Fair value is the price that would be obtained for the sale of the assets or that would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date on the principal or, if that is not possible, the most advantageous market to which the Group has access on that date. The fair value of an obligation expresses its risk of default.

Where possible, the Group measures the fair value of an instrument over the stated price in the active market for that instrument. A market is considered active if transactions for an asset or liability occur with sufficient frequency and to the extent sufficient to provide price information on a regular basis (level 1 of the fair value hierarchy). In the absence of reported prices in an active market, the Group then uses valuation techniques that maximize the use of relevant available inputs (Level 2 and Level 3 of the fair value hierarchy) and minimize the use of unavailable inputs. The valuation technique chosen includes all the factors that market participants would take into account when determining the price of the transaction.

The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price - the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and that the fair value is not supported either by a quoted price in an active market for an identical asset or liability or by an estimation technique that uses only available market data, then the financial instrument is initially recognised at fair value adjusted to delay differences between the fair value at initial recognition and the transaction price. Subsequently, those differences are recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is fully supported by available market data or when the transaction is closed.

If the assets or liabilities for which fair value is determined have a bid price and an ask price, the Group measures assets and long positions at the bid price, and liabilities and short positions at the ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk managed by the Group on the basis of a net exposure to either market or credit risk are measured on the basis of the price that would be determined to sell a net long position (or paid for the transfer of a net short position) for a given risk exposure. These portfolio level adjustments are allocated to individual assets and liabilities based on relative risk adjustments for each individual instrument in the portfolio.
The fair value of the demand assets is not less than the amount payable on demand. The Group recognises transfers between levels of the fair value hierarchy in the reporting period in which the change occurred.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.4. Measuring the fair value of financial assets and liabilities (continued)

The classification of assets and liabilities is presented as follows:

	Financial assets valued at amortized cost	Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amortized cost	Financial liabilities valued at FVtPL	Financial liabilities valued by FVtOCI	Non-financial assets and liabilities	Equity	Total as at 31.12.2024
Cash and cash equivalents	1,499,512	-	-	-	-	-	-	-	1,499,512
Financial assets at fair value through PL	-	12,977	-	-	-	-	-	-	12,977
Financial assets at fair value through OCI	-	-	544	-	-	-	-	-	544
Financial assets at amortized cost	4,073,256	-	-	-	-	-	-	-	4,073,256
Deferred tax assets	-	-	-	-	-	-	110	-	110
Tangible assets	-	-	-	-	-	-	9,090	-	9,090
Intangible assets	-	-	-	-	-	-	149,420	-	149,420
Investments in subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	39,489	-	39,489
Long-term assets intended for sale and assets of operations to be suspended	-	-	-	-	-	-	612	-	612
Other assets and receivables	-	-	-	-	-	-	9,524	-	9,524
TOTAL ASSETS	**5,572,768**	**12,977**	**544**	**-**	**-**	**-**	**208,245**	**-**	**5,794,534**

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.4. Measuring the fair value of financial assets and liabilities (continued)

		Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amortized cost	Financial liabilities valued at FVtPL	Financial liabilities valued at FVtOCI	Non-financial assets and liabilities	Equity	Total as at 31.12.2024.
Financial liabilities at amortized cost	4,969,805	-	-	-	-	-	-	-	4,969,805
Income tax liabilities	-	-	-	-	-	-	863	-	863
Deferred tax liabilities	-	-	-	-	-	-	2,317	-	2,317
Provisions	-	-	-	-	-	-	36,651	-	36,651
Other liabilities	-	-	-	-	-	-	23,567	-	23,567
TOTAL LIABILITIES	**4,969,805**	**-**	**-**	**-**	**-**	**-**	**63,398**	**-**	**5,033,203**

	Financial assets valued at amortized cost	Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amortized cost	Financial liabilities valued at FVtPL	Financial liabilities valued at FVtOCI	Non-financial assets and liabilities	Equity	Total as at 31.12.2024.
Share capital	-	-	-	-	-	-	-	247,167	247,167
Share premium	-	-	-	-	-	-	-	4,473	4,473
Reserves	-	-	-	-	-	-	-	1,230	1,230
Revaluation reserves	-	-	-	-	-	-	-	283	283
Accumulated earnings	-	-	-	-	-	-	-	508,178	508,178
TOTAL EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**761,331**	**761,331**

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.4. Measuring the fair value of financial assets and liabilities (continued)

	Financial assets valued at amortized cost	Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amortized cost	Financial liabilities valued at FVtPL	Financial liabilities valued by FVtOCI	Non-financial assets and liabilities	Equity	Total as at 31.12.2023
Cash and cash equivalents	1,181,110	-	-	-	-	-	-	-	1,181,110
Financial assets at fair value through PL	-	16,341	-	-	-	-	-	-	16,341
Financial assets at fair value through OCI	-	-	538	-	-	-	-	-	538
Financial assets at amortized cost	3,915,364	-	-	-	-	-	-	-	3,915,364
Deferred tax assets	-	-	-	-	-	-	163	-	163
Tangible assets	-	-	-	-	-	-	10,240	-	10,240
Intangible assets	-	-	-	-	-	-	142,350	-	142,350
Investments in subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	33,085	-	33,085
Long-term assets intended for sale and assets of operations to be suspended	-	-	-	-	-	-	850	-	850
Other assets and receivables	-	-	-	-	-	-	6,674	-	6,674
TOTAL ASSETS	**5,096,474**	**16,341**	**538**	**-**	**-**	**-**	**193,361**	**-**	**5,306,715**

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.4. Measuring the fair value of financial assets and liabilities (continued)

	Financial assets valued at amortized cost	Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amortized cost	Financial liabilities valued at FVtPL	Financial liabilities valued by FVtOCI	Non-financial assets and liabilities	Equity	Total as at 31.12.2023
Financial liabilities at amortized cost	-	-	-	4,559,561	-	-	-	-	4,559,561
Income tax liabilities	-	-	-	-	-	-	1,565	-	1,565
Deferred tax liabilities	-	-	-	-	-	-	2,003	-	2,003
Provisions	-	-	-	-	-	-	36,568	-	36,568
Other liabilities	-	-	-	-	-	-	24,526	-	24,526
TOTAL LIABILITIES	**-**	**-**	**-**	**4,559,561**	**-**	**-**	**64,662**	**-**	**4,624,223**

	Financial assets that are valued at amortized cost	Financial assets that are valued at FVtPL	Financial assets that are valued at FVtOCI	Financial liabilities that are valued at amortized cost	Financial liabilities that are measured under FVtPL	Financial liabilities that are measured at FVtOCI	Non-financial assets and liabilities	Capital	Total on 31.12.2023.
Share capital	-	-	-	-	-	-	-	247,167	247,167
Share premium	-	-	-	-	-	-	-	4,473	4,473
Reserves	-	-	-	-	-	-	-	1,230	1,230
Revaluation reserves	-	-	-	-	-	-	-	277	277
Accumulated earnings	-	-	-	-	-	-	-	429,345	429,345
TOTAL EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**682,492**	**682,492**

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.5. Specific financial instruments

Cash and cash equivalents

For the purposes of reporting cash flows, cash and cash equivalents include funds with the Central Bank of Bosnia and Herzegovina, balances on giro accounts with other banks, as well as funds deposited with other banks originally for a period of up to 3 months from the date of origination.

Cash and cash equivalents are recognised at amortised cost in the statement of financial position.

Cash and cash equivalents exclude the minimum reserve requirement with the Central Bank, since the reserve requirement funds are not available to the Bank in its day-to-day operations. The mandatory minimum reserve with the Central Bank is the amount that all commercial banks that have a license to operate in Bosnia and Herzegovina are obliged to allocate

Placements with banks and reserve requirements with the Central Bank

Placements with banks for a period of more than 3 months and reserve requirements with the Central Bank are cashed as loans and receivables and are reported at amortized cost less impairment losses.

Loans and receivables

Loans and receivables are presented at amortised cost less impairment losses in order to reflect the estimated recoverables.

"Loans and receivables" in the Statement of Financial Position include:

- loans and receivables measured at amortised cost (see Note 3.11.1), are initially measured at fair value plus initial costs and subsequently at amortised cost using the effective interest rate method

Loans and receivables allocated at fair value through the profit or loss account, which are measured at fair value with changes in fair value recognised in the profit or loss account.

"Financial assets at fair value through profit or loss" in the statement of financial position includes:

- debt securities measured at fair value through the profit and loss account

"Financial assets at amortized expense" in the statement of financial position includes:

- Debt securities measured at amortized cost

"Financial assets at fair value through other comprehensive income" in the statement of financial position includes:

- equity securities measured at fair value through other comprehensive income.

The Group has decided to recognise through comprehensive income changes in fair value for certain investments in securities that are not held for trading. The selection is made on an instrument-by-instrument basis at initial recognition and is irrevocable.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11. Financial assets and liabilities (continued)

3.11.5. Specific financial instruments (continued)

Losses and gains on equity instruments are never reclassified through profit or loss and impairment is not recognised through profit or loss. A dividend is recognised through profit or loss unless it clearly represents a return on part of the cost of the investment, in which case it is recognised through other comprehensive income. Cumulative gains and losses recognised through other comprehensive income are transferred to retained earnings in the event of a sale of the investment.

Financial guarantees and loan commitments

"Financial guarantees" are contracts that require a bank to make specific payments to compensate owners for losses arising from the debtor's default when the terms of the contract arise. "Credit obligations" are the obligations of a bank to place a loan on pre-agreed terms.

Interest-bearing borrowings and subordinated debt

Interest-bearing loans and subordinated debt are classified as other financial liabilities and are initially recognised at fair value, less the associated transaction costs. After initial recognition, they are recognised at amortised cost, where any difference between receipts (less transaction costs) and redemption value is recognised in profit and loss over the life of the borrowing using the effective interest rate method.

Current accounts and deposits from banks and customers (bank and client deposits)

Current accounts and deposits are classified as other liabilities and are initially measured at fair value plus transaction costs and subsequently reported at amortized cost using the effective interest rate method.

3.12. Property and equipment

Recognition and measurement

Real estate and equipment are initially reported at the cost of acquisition minus the value adjustment and accumulated impairment losses. Acquisition cost includes the purchase price and all costs directly related to bringing the asset into working order for its intended use. Subsequent costs are included in the net carrying amount or recognised as separate assets only if it is probable that the future economic benefits embodied in the part will flow to the Group and that their cost can be measured reliably. The costs of daily repairs and maintenance are recognised in the profit and loss account at the time of incurrence.

The calculation of depreciation begins at the moment when the asset is ready for its intended use. Depreciation is calculated based on the estimated useful life of the asset, using a linear method that is as follows:

The estimated depreciation rates during 2023 and 2024 were as follows:

Buildings	2%
Vehicle	14,28%
Office Equipment	10% - 50%

Gains or losses on the write-off or disposal of tangible assets are determined as the difference between sales proceeds and the carrying amount of those assets and are recognised in the statement of income and other comprehensive income in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13. Intangible assets

Intangible assets are reported at cost less accumulated depreciation and impairment losses. The cost includes all costs that are directly attributable to the acquisition of the property:

Estimated depreciation rates were as follows:

Lease hold improvements	20 %
Other intangible assets	16,6 %- 33.3 %

3.14. Investment properties

Investment in investment property includes real estate held to earn rental income or to increase the value of capital assets, or both, and is initially measured at acquisition cost, including transaction costs. After initial recognition, investments in real estate are measured at cost of acquisition less impairment and accumulated impairment losses. The calculation of depreciation begins at the time when the asset is ready for its intended use and is calculated on the basis of the estimated useful life of the asset, using the straight-line method as follows:

Buildings	2 %

3.15. Impairment of non-financial assets

At each date of the reporting period, the Group reviews the carrying amounts of its property and equipment to determine whether there are indications that impairment losses have occurred. If there are such indications, the recoverable amount of the asset shall be estimated in order to be able to determine any impairment loss.

Recoverable amount is its fair value less costs of sale or value in use, whichever is higher. For the purposes of estimating value in use, estimated future cash flows are discounted to present value by applying a pre-tax discount rate that reflects the current market estimate of the time value of money and the risks specific to that asset.

If the estimated recoverable amount of an asset is less than the carrying amount, then the carrying amount of that asset is reduced to the recoverable amount. Impairment losses are recognised immediately as a rebound in the profit and loss account.

In the event of a subsequent reversal of an impairment loss, the carrying amount of an asset is increased to the revised estimated recoverable amount of that asset, where the higher carrying amount does not exceed the carrying amount that would have been determined if there had been no recognised impairment losses on the asset in previous years. The reversal of an impairment loss is immediately recognised as income, unless the asset in question is recognised at assessed value, in which case the reversal of an impairment loss is recognised as an increase due to revaluation.

3.16. Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that are likely to require resource outflows containing economic benefits to settle the obligation and a reliable estimate of the amount of the liability will be made.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16. Provisions for liabilities and charges (continued)

Provisions for liabilities and expenses are maintained at a level that the Group's management considers sufficient to absorb the losses incurred. The Management Board determines the sufficiency of provisions on the basis of insight into certain items; Current economic circumstances, risks, characteristics of individual categories of transactions, as well as other relevant factors.

Provisions shall be released only for such expenses in respect of which the provisions are recognised at the outset. If the outflow of economic benefits to settle the liabilities is no longer likely, the provision is cancelled.

3.17. Employee benefits

On behalf of its employees, the Bank pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Bank pays above tax and contributions for the benefit of the pension and health insurance fund of the Federation of Bosnia and Herzegovina (on Federation and cantonal levels), Republic of Srpska and Brčko District.

In addition, meal allowances, transport allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recognized in the statement of profit or loss and other comprehensive income in the period in which the salary expense is incurred.

Retirement severance payments

The Group makes provisions for retirement severance pay in accordance with the actuarial report. Retirement workers are paid severance pay in the amount of 6 average monthly salaries of workers or 6 average salaries according to the latest published report at the level of the Federation of Bosnia and Herzegovina / Republika Srpska / Brčko District (according to the place of work of the worker), depending on what is more favorable for the worker.

The Group records the costs of severance pay for retirement in the period in which the severance payments are earned.

3.18. Equity and reserves

Share capital

Share capital includes paid-up ordinary shares and is expressed in KM at nominal value.

Retained earnings

The profit for the year after distribution to the owners is allocated to retained earnings.

Fair value reserves

Fair value reserves include changes in the fair value of available-for-sale financial assets (as of 1 January, financial assets at fair value through other comprehensive income).

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the shareholders of the Group.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19. Earnings per share

The Group publishes basic and diluted earnings per share (earnings per share). "EPS").

Basic earnings per share are calculated by dividing the profit or loss of the current period intended for the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The Group does not have preferred shares.

3.20. *Adoption of new and revised standards.*

3.20.1 Initial application of new amendments to existing standards in force in the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB), published by the Federation of Accountants, Auditors and Financial Professionals of the Federation of Bosnia and Herzegovina, are effective for the current reporting period:

Standard	Name
Amendments to IFRS 16	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions – issued in September 2022
Amendments to IAS 1	Classification of debt with covenants – issued in January 2020, amended in July 2020 and October 2022
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements – issued in May 2023

The adoption of these new standards, amendments to existing standards and interpretation have not led to significant changes in the Group's consolidated financial statements.

3.20.2 New standards and amendments to existing standards that have been published but not yet adopted

On the date of approval of these financial statements, the following new standards and amendments to existing standards were published, but they have not yet entered into force

Standard	Name	Effective date
Amendments to IAS 21	Lack of Exchangeability – issued in August 2023	1st of January 2025
IFRS 18	Presentation and Disclosures in Financial Statements; Original issue – issued in April 2024	1st of January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures; Original issue – issued in May 2024	1st of January 2027
Amendments to IFRS 10 and IAS 28	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture – issued in September 2014	deferred indefinitely

The Group has chosen not to adopt these new standards, amendments to existing standards and new interpretations before they enter into force. The Group believes that the adoption of the above standards will not lead to material changes in the Group's financial statements in future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of its day-to-day operations, the Group assesses and judges on uncertain events, including assumptions and estimates about the future. Such accounting assumptions and estimates are regularly reviewed and based on historical experience and other factors such as the expected course of future events that can be realistically assumed in the current circumstances, but nevertheless inevitably present sources of uncertainty. The estimation of the impairment of the Group's loan portfolio is the most significant source of estimation uncertainty. These and other key sources of estimation uncertainty, which have a significant risk of causing significant adjustments in the carrying amount of assets and liabilities in the next financial year, are described below.

Impairment losses on loans and receivables

The Group continuously monitors the creditworthiness of its customers. The need for impairment of the Group's on-balance sheet and off-balance sheet exposure to credit risk is assessed on a monthly basis.

Information about the accounting policy judgements that have the most significant impact on the amounts recognised in the financial statements is contained in the following notes.

- Note 3.11.1 (i): Classification of financial assets: an assessment of the business model in which the asset is classified and an assessment of whether the contractual terms of the financial asset are in the residual principal amount.
- Note 5.1.3 (i): Introducing criteria for determining whether the credit risk of a financial asset has increased significantly after initial recognition, establishing a methodology for including information relating to future ECL measurements, and selecting a model for measuring ECL.

Information about the assumptions and uncertainties of estimates that have the most significant impact on the adjustments recognised in the year ended 31 December 2024 and 31 December 2023 is contained in the following notes.

- Note 5.1.3: Impairment of financial instruments: determination of input parameters for the ECL measurement model, including forward-looking information.
- Note 3.11.4: Determination of the fair value of financial instruments with significant invisible inputs
- Note 3.11.1 (iv): Impairment of financial instruments: basic assumptions in determining the estimate of recoverable cash flows.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND KEY SOURCES OF UNCERTAINTY ESTIMATION (CONTINUED)

Interest rate-induced risk

In accordance with Article 7. Decisions on credit risk management and the determination of expected credit losses, the Group is obliged to assess the debtor's exposure to interest-induced credit risk on the basis of claims contracted with a variable interest rate. In doing so, the Group assesses the credit risk from the aspect of a possible change in the debtor's financial position due to a change in the interest rate, i.e. assesses the debtor's ability to settle its obligations to the Bank in accordance with the agreed terms in the event of a potential change in the interest rate. Significant judgments and estimates related to impairment for expected credit losses are particularly complex in the current uncertain environment caused by negative macroeconomic developments, the geopolitical situation, rising energy prices and inflation, and changes in the money market.

During 2024, inflation in BiH has recorded a slow trend through almost all months, primarily due to the fall in energy prices. However, the Group continues to carry out intensified monitoring and puts emphasis on the management of interest-rate induced credit risk. The management of interest-rate induced credit risk is described in more detail in Note 5.1.1. Credit quality analysis.

Taxation

The Group recognizes tax liability in accordance with the tax regulations of the Federation of Bosnia and Herzegovina. Tax returns are approved by the tax authorities that are responsible for conducting ex-post control of taxpayers.

Regulatory requirements

The FBiH Banking Agency is authorized to conduct regulatory oversight over the operations of the Group and may request changes to the carrying amount of assets and liabilities, in accordance with the relevant regulations.

Court proceedings

Matica Grupa conducts an individual assessment of all litigation and determines the amount of provisions based on this. The assessment and proposal of the amount of the provision for litigation is carried out by the Legal Affairs Department of the parent company and the Accounting, Taxes and Financial Reporting Department, while the decision on the amount of the provision is made by the Management Board of the parent Group.

As stated in Note 30, the Group has reserved BAM 12,000 thousand (December 31, 2023: BAM 12,553 thousand), an amount that the Group's Management Board considers sufficient. Given that the assessment is made on a case-by-case basis, it is not practical to assess the financial impact of changes in the assumptions on the basis of which the Management Board assesses the need for provisions at the reporting date.

Provisions for severance payments

In calculating the required provisions for severance payments, the Group discounts the expected future cash flows arising from these liabilities, using discount rates that, according to the actuarial report, best represent the time value of cash.

5. FINANCIAL RISK MANAGEMENT

As a result of its activities, the Group is exposed to various types of financial risks: credit risk, liquidity risk, market risk, interest rate risk in the banking book and subcategories of strategic and business financial risks.

The Group has established an integrated risk management system that includes the analysis, assessment, acceptance and management of a certain degree of risk or combination of risks. Risk acceptance is the essence of the Group's financial operations, and operational risk is an unavoidable consequence of the business. The Management Board is responsible for establishing and supervising a framework for managing the financial and non-financial risks to which the Group is exposed.

Risk management is an integral part of the internal management system. The Rulebook on Internal Organization and Systematization of Positions of Control Functions of Raiffeisen Bank dd Bosnia and Herzegovina regulates the basic principles of the Bank's organization and organizational structure, the basics of job descriptions and main responsibilities and the scope of work of organizational units and organizational parts of the Bank, which includes the competencies for risk management.

Risk controlling, as a control function, provides an integrated framework for control and monitoring of all types of risks.

Its main objective is to coordinate the implementation of instruments, methods, parameters and standards, to measure and monitor risk in order to avoid threatening situations and to improve the risk rate/return within the risk limit. The subject matter includes:

a) Defining methodologies and parameters for risk measurement (closely related to risk management functions)
b) Implementation of risk measurement and risk control
c) Conducting scenario analyses and stress tests in order to examine the impact of an extreme and severe crisis on the bank's position
d) Risk Reporting at an Aggregated Level

The Risk Controlling Department independently controls the effectiveness of the risk management process, which should include regular and timely identification, measurement, assessment, management, monitoring and control of risks, including reporting on the risks to which the bank is or may be exposed in its operations. Risk Controlling informs the Audit Committee, the Risk Committee and the Supervisory Board of the Bank, informing the Management Board of the Bank for the timely and efficient implementation of the given recommendations for the elimination of illegalities, irregularities, deficiencies and weaknesses of the established controls.

5.1 Credit risk

Risk limit control and mitigation procedures

The Group is exposed to credit risk that poses the risk that the counterparty will not be able to pay the amounts due in full. The Group structures the level of credit risk it assumes by setting a limit on the amount of risk accepted in relation to a single borrower or group of lessees as well as to industry segments. Such risks are monitored regularly and are subject to annual or more frequent audit.

Credit risk exposures are managed by regularly analysing the ability of borrowers and prospective tenants to meet their interest and principal repayment obligations, and by changing credit limits where appropriate. Credit risk exposures are also managed in part through the provision of collateral and corporate and personal guarantees.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk

5.1.1. Risk limit control and mitigation procedures

For certain types of transactions, the Group mitigates this risk by clearing through a clearing/settlement broker to ensure that trades are settled only when both parties have fulfilled their contractual clearing obligations. Settlement limits are part of the process of granting loans and monitoring limits. Acceptance of clearing risk for free clearing operations requires transaction-specific or counterparty-specific approval from the Group's risk management department.

The Supervisory Board of the Group adopts a decision on the composition and powers of the Credit Committee and the Credit Committee for Non-Performing Loans. The Credit Committee, within the scope of its powers, may delegate credit powers to lower levels of decision-making and appoint holders of credit authority to make decisions. The powers and procedures of the Credit Committee and the Credit Committee for Non-Performing Loans are defined by the Rules of Procedure of these bodies.

Off-balance sheet credit instruments

The primary purpose of these instruments is to ensure that funds are available to the client as needed. Guarantees and letters of credit carry the same risk as loans and are secured with similar collateral as loans.

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements

The maximum credit risk exposure of the items in the statement of financial position is presented as follows:

	Notes	December 31, 2024	December 31, 2023
Cash and accounts with banks (cash at treasury)	19	1,200,640	860,128
Loans to and receivables from customers at fair value	20	12,977	16,341
Obligatory reserves at the Central Bank of BiH	22.1	475,635	437,791
Bank deposits	22.2	-	205,002
Loans and advances to customers at amortized cost	22.3	3,054,454	2,890,855
Debt instruments at amortized cost	22.4	513,272	341,474
Other financial assets	22.4	29,895	40,242
		5,286,873	**4,791,833**

The maximum credit risk exposure of off-balance-sheet items is presented as follows:

	Notes	December 31, 2024	December 31, 2023
Loan commitments	30	758,481	788,231
Other off-balance exposure items	30	395,205	383,707
		1,153,686	**1,171,938**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

The following table also shows information on the credit quality of financial assets measured at amortized cost. For loan obligations and financial guarantees, the amounts are approved or guaranteed amounts.

An explanation of the terms "Credit Risk Level 1", "Credit Risk Level 2" and "Credit Risk Level 3" is included in Note 3.11.1.

	December 31, 2024				
	Credit Risk Level 1	Credit Risk Level 2	Credit risk level 3	COME	Total
Cash and accounts with banks (cash at treasury)					
Excellent	-	-	-	-	-
Strong	435,408	-	-	-	435,408
Good	52,812	-	-	-	52,812
Satisfactory	638,136	-	-	-	638,136
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	75,984	-	-	-	75,984
Total gross amount	**1,202,340**	**-**	**-**	**-**	**1,202,340**
Less: loss allowance	**(1,700)**	**-**	**-**	**-**	**(1,700)**
Net carrying amount	**1,200,640**	**-**	**-**	**-**	**1,200,640**

	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and accounts with banks (cash at treasury)					
Excellent	-	-	-	-	-
Strong	333,985	25,387	-	-	359,372
Good	35,289	-	-	-	35,289
Satisfactory	467,857	-	-	-	467,857
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**837,131**	**25,387**	**-**	**-**	**862,518**
Less: loss allowance	**(1,121)**	**(1,269)**	**-**	**-**	**(2,390)**
Net carrying amount	**836,010**	**24,118**	**-**	**-**	**860,128**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31, 2024	December 31, 2023
Loans to and receivables from customers at fair value		
Excellent	-	-
Strong	10	15
Good	4,257	6,276
Satisfactory	7,407	8,569
Substandard	1,325	1,496
Credit impaired	327	334
Unrated	-	-
Total gross	**13,326**	**16,690**
Less: Impairment of value	**(349)**	**(349)**
Total	**12,977**	**16,341**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Obligatory reserves with Central Bank					
Excellent	-	-	-	-	-
Strong	-	-	-	-	-
Good	-	-	-	-	-
Satisfactory	476,111	-	-	-	476,111
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**476,111**	**-**	**-**	**-**	**476,111**
Less: loss allowance	**(476)**	**-**	**-**	**-**	**(476)**
Net carrying amount	**475,635**	**-**	**-**	**-**	**475,635**

	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Obligatory reserves with Central Bank					
Excellent	-	-	-	-	-
Strong	38	-	-	-	38
Good	-	-	-	-	-
Satisfactory	438,191	-	-	-	438,191
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**438,229**	**-**	**-**	**-**	**438,229**
Less: loss allowance	**(438)**	**-**	**-**	**-**	**(438)**
Net carrying amount	**437,791**	**-**	**-**	**-**	**437,791**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Deposits with banks					
Excellent	-	-	-	-	-
Strong	-	-	-	-	-
Good	-	-	-	-	-
Satisfactory	-	-	-	-	-
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**-**	**-**	**-**	**-**	**-**
Less: loss allowance	**-**	**-**	**-**	**-**	**-**
Net carrying amount	**-**	**-**	**-**	**-**	**-**

	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Deposits with banks					
Excellent	-	-	-	-	-
Strong	205,325	-	-	-	205.325
Good	-	-	-	-	-
Satisfactory	-	-	-	-	-
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**205,325**	**-**	**-**	**-**	**205,325**
Less: loss allowance	**(323)**	**-**	**-**	**-**	**(323)**
Net carrying amount	**205,002**	**-**	**-**	**-**	**205,002**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31 , 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to and receivables from customers at amortized cost					
Excellent	9,488	330	-	-	9,818
Strong	214,731	2,682	-	29	217,442
Good	1,611,302	70,155	-	902	1,682,359
Satisfactory	806,431	139,011	-	530	945,972
Substandard	31,858	137,044	228	647	169,778
Credit impaired	-	-	109,072	6,181	115,253
Unrated	43,525	817	714	-	45,056
Total gross amount	**2,717,335**	**350,039**	**110,015**	**8,289**	**3,185,677**
Less: loss allowance	**(17,418)**	**(23,322)**	**(86,142)**	**(4,341)**	**(131,223)**
Net carrying amount	**2,699,917**	**326,717**	**23,873**	**3,948**	**3,054,454**

In 2024, the Group changed the scale on the basis of which the credit quality rating of financial assets is assigned.

	December 31 , 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to and receivables from customers at amortized cost					
Excellent	2,580	-	-	-	2,580
Strong	155,697	996	-	7	156,700
Good	1,447,205	48,796	-	722	1,496,723
Satisfactory	924,773	117,414	-	1,267	1,043,454
Substandard	41,147	136,940	391	1,041	179,519
Credit impaired	-	-	112,749	9,138	121,887
Unrated	40,822	287	398	-	41,507
Total gross amount	**2,612,224**	**304,433**	**113,538**	**12,175**	**3,042,370**
Less: loss allowance	**(19,884)**	**(31,362)**	**(94,743)**	**(5,526)**	**(151,515)**
Net carrying amount	**2,592,340**	**273,071**	**18,795**	**6,649**	**2,890,855**

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

5. Financial Risk Management (continued)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31 , 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt instruments at amortized cost					
Excellent	160,802	-	-	-	160,802
Strong	295,273	-	-	-	295,273
Good	20,558	-	-	-	20,558
Satisfactory	37,977	-	-	-	37,977
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**514,610**	-	-	-	**514,610**
Less: loss allowance	**(1,338)**	-	-	-	**(1,338)**
Net carrying amount	**513,272**	-	-	-	**513,272**

	December 31 , 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Debt instruments at amortized cost					
Excellent	160,215	-	-	-	160,215
Strong	141,147	-	-	-	141,147
Good	31,187	-	-	-	31,187
Satisfactory	-	-	-	-	-
Substandard	9,797	-	-	-	9,797
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**342,346**	**-**	**-**	**-**	**342,346**
Less: loss allowance	**(872)**	**-**	**-**	**-**	**(872)**
Net carrying amount	**341,474**	**-**	**-**	**-**	**341,474**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
(Irrevocable) Loan commitments				
Excellent	11,417	148	-	11,565
Strong	96,976	826	-	97,802
Good	591,420	41,016	810	633,246
Satisfactory	18,760	740	-	19,500
Substandard	180	75	-	255
Credit impaired	-	-	214	214
Unrated	1,939	552	-	2,491
Total gross amount	**720,692**	**43,357**	**1,024**	**765,073**
Less: loss allowance	**(3,824)**	**(2,214)**	**(554)**	**(6,592)**
Net carrying amount	**716,868**	**41,143**	**470**	**758,481**

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
(Irrevocable) Loan commitments				
Excellent	32,236	78	-	32,314
Strong	166,440	1,676	-	168,116
Good	430,414	9,513	-	439,927
Satisfactory	137,351	10,434	-	147,785
Substandard	1,888	988	-	2,876
Credit impaired	-	-	280	280
Unrated	1,955	307	815	3,077
Total gross amount	**770,284**	**22,996**	**1,095**	**794,375**
Less: loss allowance	**(3,970)**	**(1,166)**	**(1,008)**	**(6,144)**
Net carrying amount	**766,314**	**21,830**	**87**	**788,231**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

	December 31 , 2024			
	Stage 1	Stage 2	Stage 3	Total
Other off-balance exposures				
Excellent	267	39	-	306
Strong	691	-	-	691
Good	359,701	36,644	249	396,594
Satisfactory	1,254	53	-	1,307
Substandard	12	-	-	12
Credit impaired	-	-	-	-
Unrated	15	-	-	15
Total gross amount	**361,940**	**36,736**	**249**	**398,925**
Less: loss allowance	**(1,752)**	**(1,839)**	**(129)**	**(3,720)**
Net carrying amount	**360,188**	**34,897**	**120**	**395,205**

	December 31 , 2023			
	Stage 1	Stage 2	Stage 3	Total
Other off-balance exposures				
Excellent	129	-	-	129
Strong	102,482	602	-	103,084
Good	148,569	3,311	-	151,880
Satisfactory	107,834	5,393	-	113,227
Substandard	5,685	11,944	-	17,629
Credit impaired	-	-	-	-
Unrated	21	-	1,379	1,400
Total gross amount	**364,720**	**21,250**	**1,379**	**387,349**
Less: loss allowance	**(1,747)**	**(1,097)**	**(798)**	**(3,642)**
Net carrying amount	**362,973**	**20,153**	**581**	**383,707**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

5.1.1.1 Maximum exposure to credit risk before collateral held or other credit improvements (continued)

The following table provides information on the balance of loans and receivables from clients that matured in credit risk levels 1, 2 and 3.

	December 31, 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Customer loans and receivables at amortized cost – gross carrying amount					
Current	2,671,974	265,692	9,855	4,733	2,952,254
Overdue < 30 days	44,863	68,233	8,911	851	122,858
Overdue > 30 days < 90 days	497	16,114	5,003	314	21,928
Overdue > 90 days	-	-	86,245	2,391	88,636
Less: loss allowance	**(17,418)**	**(23,322)**	**(86,142)**	**(4,341)**	**(131,223)**
Total	**2,699,917**	**326,717**	**23,873**	**3,948**	**3,054,454**

	December 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Customer loans and receivables at amortized cost – gross carrying amount					
Current	2,557,734	224,598	12,782	4,017	2,799,131
Overdue < 30 days	54,347	67,230	4,586	564	126,727
Overdue > 30 days < 90 days	144	12,604	3,501	294	16,543
Overdue > 90 days	-	-	92,669	7,300	99,969
Less: loss allowance	**(19,884)**	**(31,362)**	**(94,743)**	**(5,526)**	**(151,515)**
Total	**2,592,341**	**273,070**	**18,795**	**6,649**	**2,890,855**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit quality analysis (continued)

Interest rate-induced credit risk

In line with the Article 7 of the Decision on Credit Risk Management and Determination of Expected Credit Losses, the Bank is obliged to assess the debtor's exposure to interest-induced credit risk based on receivables contracted at a variable interest rate. In doing so, the Bank assesses credit risk in terms of possible changes in the financial position of the borrower due to interest rate changes, i.e. assesses the ability of the debtor to settle obligations to the Bank in accordance with the agreed conditions, in the event of a potential change in the interest rate.

When assessing the client's creditworthiness, the Bank assesses the effects of interest-induced credit risk based on receivables contracted at variable interest rates, whereby the Bank assesses credit risk, i.e. the debtor's ability to settle liabilities to the Bank in accordance with the agreed conditions, in the event of a potential change in the interest rate.

The Bank regularly reports to stakeholders on the impact of Interest-Induced Credit Risk and portfolio quality. Additionally, in accordance with the Decision on Temporary Measures to Mitigate Interest Rate Risk, the Bank is required to report to the regulator on a monthly basis regarding the implementation of the measures outlined in the aforementioned decision, as well as the impact on the credit portfolio through predefined forms.

After two full years of dealing with high inflation levels in both the USA and the Eurozone, monetary authorities in 2024 achieved an acceptable inflation level of 2-2.5% in both regions. This led to a shift in global monetary policy and the initiation of a cycle of interest rate cuts by central banks as inflationary pressure eased, accompanied by a gradual recovery in economic activity. In this context, the US Federal Reserve (FED) made three reductions in reference interest rates during 2024/2023, totaling 100 basis points (from 5.5% to 4.5%). Similarly, the European Central Bank (ECB) followed suit, reducing its reference interest rates four times, also by 100 basis points (from 4.5% to 3.5%).

As a result, even in 2024, the local market in BiH saw no significant changes in interest rates for loans to both individuals and legal entities. The average increase in interest rates on the BiH market was only 129 basis points compared to June 2022, when the ECB began its interest rate hike cycle and local regulators introduced decisions on the recommended limit for interest rate increases. This modest increase in interest rates, combined with the maintained quality of the loan portfolio for both individuals and legal entities and a record-low NPL level of 3.5% in 2024 at the BiH market level, was certainly influenced by decisions made by regulators in BiH (entity banking agencies). These decisions set a cap on the growth of interest rates at 200 basis points compared to June 30, 2022. While banks could increase interest rates beyond this limit, they were required to set aside significantly higher provisions.

Another reason for the limited growth in interest rates in BiH is that the local banking market primarily relies on domestic deposits for financing, with minimal reliance on financing sources from the EU (which are linked directly to Euribor). Lastly, strong competition within the BiH banking market has led banks to exercise caution with any potential increase in interest rates to maintain their market position.

The plan for the application of interim measures with the aim of mitigating the risk that may arise from a significant increase in interest rates for credit exposures of Raiffeisen BANK dd Bosnia and Herzegovina defines:

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.1 Credit Quality Analysis (continued)

Interest-Rate Induced Credit Risk (continued)

- Comparison of the current level of interest rates in relation to the levels of interest rates on the reference date of 30 June 2022 (new and existing exposures);
- Projections of interest rate growth and the effects of this increase on credit risk;
- Measures to be taken by the bank to mitigate credit risk and the consequences for borrowers;
- The process of communicating with clients:
- Method of documenting credit activities;
- The impact of the measures on IFRS 9 and expected credit losses;
- Special measures of the internal control system;
- System of monitoring and reporting in the Bank and reporting to the Agency on the activities and measures of the Decision.

In accordance with the Decision on Temporary Measures to Mitigate the Risk of Rising Interest Rates ("Official Gazette of the Federation of BiH", No. 79/22) and the Bank's Strategic Decision, the increase in interest rates in the maximum amount of 200 basis points compared to the reference rates on 30 June 2022 is limited, except in specific cases relating to:

- syndicated loans,
- loans granted through the tender procedure,
- credit placements in which the client agrees to the agreed price (higher than 189 bps) and which, based on the analysis, i.e. The assessment of the impact of the agreed price does not put the user of the financial service in the status of a possible inability to settle the obligations.

For all changes in the interest rate exceeding 200 bps compared to the reference date of 30 June 2022, the Bank is obliged to calculate the increased amount of expected credit losses for lots that are at a credit risk level of 1 minimum of 2% instead of 0.5% and for credit risk level 2 at least 12% instead of 5%.

As of the reporting date of December 31, 2024, in the portfolio of natural persons, 53 parties with a total exposure of BAM 810,000 recorded an interest rate increase of over 200bps, and produced an overall effect on the increase in ECL of BAM 44,000 (Level 2 of BAM 33,000, Level 1 of BAM 11,000) for the Retail (PI) segment.

The analysis and monitoring of the portfolio that is subject to interest-inducing credit risk is carried out on a regular basis and is reported to local stakeholders as well as relevant RBI units. In addition, in accordance with the Decision on Temporary Measures to Mitigate the Risk of Interest Rate Increases, the Bank is obliged to report to the Regulator on a monthly basis on the application of the measures referred to in the said Decision and the impact on the loan portfolio. The application of the said Decision is of a temporary nature and applies until 31.12.2025 or until its revocation by the Agency.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.2 Collateral and other credit enhancements

During the year, the Group also held items in positions of financial and non-financial assets that it acquired by taking into possession of collateral that served as collateral for credit exposure, in the event of default by the debtor. This type of acquisition process mainly applies to real estate, equipment, vehicles, and deposits. Re-acquired assets are disclosed as such in the Group's statement of financial position at the time the conditions for their acquisition are met in accordance with IFRS and local regulations. It is the Group's policy to sell such acquired assets, and during the period of ownership of these assets until the time of sale to third parties, the assets may be temporarily used for the Group's operational activities or for lease to third parties.

The Group's policy regarding the acquisition of collateral did not change significantly during the reporting period. In 2024, there were no significant changes to the eligibility conditions for collateral, nor were there any significant changes in collateral quality compared to the previous period. The process of regular assessment of the market value of collateral in the time periods defined by the applicable collateral procedures is carried out on an ongoing basis. Also, the Group performs a regular analysis of sold collateral on an annual basis and, depending on the results of the realized sales values, the correction factors (discount rates) applied to the collateral are adjusted (increased or decreased) - during 2024 there was no need to adjust the haircuts (discount rates) for collateral

The Bank has established a process for acquiring collateral as a safeguard mechanism to prevent the sale of real estate that serves as collateral for NPL loans at extremely low prices at court sales (enforcement proceedings). This process has been established for both the segments of SEM NRT & SE Late Stage and Retail Collection Collection Through Court.

The strategy is reflected in a way that, on the basis of adequate analyses, the protective price of the asset is defined (depending on the receivables that the Group has) and below which the Group does not allow the sale of assets. In this way, the Group protects its position by preventing the sale of assets significantly below the market price in the execution procedure.

During the year, the Group also holds items of acquired assets in the positions of financial and non-financial assets held, i.e. collateral that served as collateral for credit exposure, in the event of default by the debtor. This process of acquisition applies to real estate, and only in exceptional cases to equipment and vehicles. The acquired assets are presented as such in the Group's Statement of Financial Position at the time when the conditions for their acquisition are met in accordance with the relevant regulations, and as such are intended for resale.

The Bank's policy regarding the acquisition of assets during the reporting period was unchanged.

Residential mortgage lending

The tables below show the credit exposures of housing loans to households in the loan-to-value (LTV) ranges. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of collateral excludes any adjustments to the acquisition and sale of collateral. The value of collateral for housing loans is based on the market value of the collateral at the time of approval, and the market value is verified and adjusted to market trends at least on an annual basis. For impaired loans, the value of collateral is based on the most recent estimates of market value.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.2 Collateral and other credit enhancements (continued)

	December 31, 2024	December 31, 2023
LTV ratio		
Less than 50%	96,451	31,653
51–70%	69,247	77,049
71–90%	156,552	169,579
91–100%	13,304	15,006
More than 100%	22,113	27,104
Total	**357,667**	**320,390**

Residential mortgages (continued)

	December 31, 2024	December 31, 2023
Impaired loans		
Less than 50%	483	-
91%-100	-	4,757
More than 100%	4,960	-
Total	**5,443**	**4,757**

5.1.3 Amounts arising from expected credit loss (ECL)

i. Significant increase in credit risk (SICR)

The Group considers that a financial instrument has suffered a significant increase in credit risk when one or more quantitative or qualitative criteria are met. The criteria for determining a significant increase in credit risk are defined for the purpose of properly allocating exposures to "credit risk level 1" or "credit risk level 2".

Quantitative criterion

For corporate clients, quantitative criteria assess whether the risk of default is significantly increased from initial recognition, beyond a threshold of 250% increase in probability of default (the 250% threshold is time-dependent). Quantitative criteria are set individually at the level of each lot. There is no grouping of exposures, i.e. measurement of a significant increase in credit risk on a collective basis.

As a quantitative measure in the case of retail clients, the residual probability of default at the reporting date is compared with the corresponding expected contingent PD from the original vintage curve (i.e. consideration of the PD at baseline, taking into account that the observed risk lot will survive, i.e. will be fully repaid or liabilities will not be settled, by the reporting date). The increase in credit risk is measured using a relative approach and compared to a fixed threshold value. "SICR threshold"). Threshold levels are calculated at portfolio level for all portfolios that are included in the assessment-based PD models.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

i. Significant Increase in Credit Risk (SICR) (continued)

Qualitative criteria

The elements that will be the main determinants to consider for the purpose of assessing the steps between the different levels of credit risk are the following:

- Possible presence of a due amount that is 30 days late. In the event of such a case, the credit risk of such exposure is considered to be "significantly increased" and is classified as credit risk level 2.
- The existence of "forbearance" measures;
- Qualitative information about the deterioration in credit quality that has caused the client to be included in the watchlist;
- Certain indicators of the internal credit risk monitoring system and the early warning system.

Determining the existence of any of the above determinants is a condition for changing the level of credit risk.

ii. Credit risk grades

The Group uses internal credit risk assessments that reflect the assessment of the probability of loss/default of individual clients. The group uses internal rating/ranking models tailored to different categories of clients. Borrower data as well as specific credit information collected at the time of loan application are included in this rating model. In addition, the model also allows for the inclusion of the credit officer's experiential assessment in the assignment of the final rating for each individual exposure. In this way, it is possible to include relevant factors that are not included as part of other input data in the rating model. Credit risk scores are defined as the risk of default increases exponentially as the credit risk score increases.

The following are additional considerations for each type of portfolio held by the Group.

Corporate clients

For corporate business, the rating is determined at the borrower level. The Business Relationship Manager incorporates any updated or new information and borrower credit assessments into the credit system on an ongoing basis. In addition, the relevant Business Relationship Manager will also update information about the creditworthiness of the borrower every year using the sources such as public financial statements. This will determine the updated PD and the corresponding internal credit rating.

The Bank has two rating models in Corporate Client segment: Large Corporate Rating Model and Regular Corporate Rating Model. According to the general concept, corporate client rating scale includes 27 rating grades for non-default clients and 1 grade for default clients.

In addition, the Bank uses SMB rating model in the category of small and medium-sized enterprises. According to the general concept, the SMB client ranking scale includes a total of 27 rating grades for non-default clients in order to obtain all of the foreseen risk categories under the internal rating system.

Local and regional governments

For local and regional authorities, the Group uses a ranking model for local and regional governments. According to the general concept of the LRG ranking ranking, clients include 27 rating scores for non-default clients and one for default clients.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

ii. Credit risk grades (continued)

Project Financing

For the purposes of project financing, the Group uses a model for evaluating project financing. According to the general concept of the rating scale, PF's clients include 4 ratings for non-default clients and one for default clients.

Financial Institutions

For financial institutions, the Group uses the following rating models: FI (Bank) Rating Model, Insurance Rating Model, Sovereign Rating Model and Funds Rating Model. In the process of ranking clients in the category of financial institutions, the final rating is determined at the level of the RBI responsible unit. According to the general concept, the ranking scale of clients belonging to the FI (Bank) and Sovereigns rating models has 27 rating scores for clients who are not in default, and one rating for default clients. For the other two rating models, the rating scale includes 9 ratings for non-default clients and 1 for default clients.

Retail Client Segment (Individuals and Micro Clients)*

After the initial recognition date for the Retail segment, the debtor's behavior is monitored on a periodic basis to develop a Behavior Score. Any other known information about the borrower that affects their creditworthiness, such as unemployment and previous payment history, is also embedded in the behavioral score. This result is mapped to PD.

A micro client is a legal entity with an annual income of less than EUR 1 million and exposure of less than EUR 115,040, and persons organized as freelancers.

iii. Definition of default

The default status of the Group's placements is determined on the basis of the RBI Guidelines based on the requirements defined by EU Regulation 575/2013 (CRR), Article 178, EBA Guidelines for the application of the definition of default status under Article 178. Regulation (EU) No 575/2013 and EBA Regulatory Technical Standards regarding materiality thresholds for overdue receivables referred to in Article 178 of EU Regulation 575/2013.

In the retail segment, the default status is determined at the level of individual placements, while for all legal entities (including Micro entities), the default status is determined at the client level.

Non-retail portfolio

The "staging" criteria are approved in accordance with IFRS 9 and are based on the risk parameters available in the Bank. By assigning the default status, the client moves on to an individual assessment of potential losses (Eng. ILLP), which also gives it the status of credit risk level 3 according to the IFRS 9 methodology, which at that time represents a non-performing asset.

Default status, i.e. individual provisions for credit losses, must be granted to all credit placements of an obligor or group of obligors that:

- are more than 90 days late in the settlement of liabilities to the Bank, taking into account the materiality threshold of EUR 500 and 1.0% (see below for details) of the value of the total contracted credit placements (quantitative criterion)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

iii. Defining the default status (continued)

- or it is very likely that they will not be able to settle their liabilities to the Bank from their primary sources of funding (qualitative criterion).

The Group (i.e. the RBI Group) has defined qualitative indicators that are currently used to identify the probability that a client will not be able to settle its obligations to the Bank (e.g. bankruptcy proceedings initiated, write-off of part of the receivables, suspension of interest payments, cross-default, etc.).

The instructions for recognizing and managing a business relationship with default customers of Non Retail & SE specify other details.

IFRS 9 requires the use of several scenarios (minimum 2) within the calculation of the ILLP, taking into account the following principles:

- Scenario certainty
- The ability to document the same
- Historical parameters/indicators

The scenario that is certain to happen/realize in the next period is assigned a probability weight of 90%, while the scenarios whose certainty is less realistic are assigned probability weights of 10% each, as a unified rule for all clients. The weights will be revised on an annual basis. In the case of a client who is going concern, as a second scenario, it is possible to use the realization of collateral through court proceedings where, on the basis of historical observations, it was concluded that a weighting of 10% is used (analysis made on the basis of historical changes in the last 5 years of transfer of clients from the early phase to the late phase department – the analysis in question will be revised on an annual basis).

IFRS 9 distinguishes between loans valued at fair value and amortized expenses.

Retail Client Portfolio (Individuals and Micro Clients)

As with legal entities, in the segment of natural persons, by assigning default status, the client moves to the status of credit risk level 3 according to the IFRS 9 methodology, which at that moment represents a non-performing asset.

Credit loss provisions must be allocated to all credit placements of an obligor or group of obligors that:

- are more than 90 days late in settling their obligations to the Bank, taking into account the materiality threshold of EUR 100 and 1% of the value of the total contracted credit placements (quantitative criterion),
- It is very likely that they will not settle their obligations to the Bank (qualitative criterion).

In its internal procedures, the Group has defined qualitative criteria as a result of which a credit exposure acquires the status of a client that is very likely to default on its obligations to the Group (e.g. debtor bankruptcy, cross-default, bad restructuring, etc.).

iv. Inclusion of prediction factors

During 2022, due to the harmonization of the Decision of the Banking Agency of FBiH "Decision on Credit Risk Management and Determination of Expected Credit Losses", Article 22. The "Allocation of Exposures to a Lower Credit Risk Level" and the "Default Definition of Raiffeisenbank International" is an updated recovery

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

iv. Inclusion of foresight factors (continued)

period for assignment from credit risk level 3 to credit risk level 2 for a period of at least 6 months (previously 3 months), provided that the DPDEBA counter has not exceeded 30 days (previously 60 days) during the observed period. With this harmonization, local regulations are fully satisfied.

Multiple macroeconomic scenarios are also used to calculate the expected credit loss. The Group uses three forward-looking global economic scenarios (baseline, upside and downside) and this approach is considered sufficient to calculate the fair expected loss in most economic environments. When calculating the expected credit loss, the Group assigns weights of 50%: 25%: 25% for each of the three macroeconomic scenarios (baseline, upside and downside).

The probability of default (PD) is, where relevant, adjusted for the status of macroeconomics. The macroeconomic model also includes information about the future. Basic macroeconomic forecasts with a two-year time scope are updated at least once in each quarter and are submitted to the responsible units within the RBI Group.

Forward-looking information is considered in the credit risk assessment. This means that the lifetime PD, historical rating, and its accompanying PD include information about the future.

The adjustment is made using macroeconomic perspectives over the observed time.

A baseline scenario with an attributed addition that aims to reflect the effects arising from the possibility of realizing an alternative to the macroeconomic scenario.

v. Modified financial assets

The terms of the loan agreement may be modified for a variety of reasons, including changes in market conditions, customer retention, and other factors that are not related to the current or potential deterioration of the client's credit. An existing loan whose terms have been modified may be derecognised and the revised loan recognised as a new loan at fair value in accordance with the accounting policies disclosed in Note 3.11.1 (iii)

When the terms of the financial asset have been modified and the modification has not resulted in deterioration, the determination of whether the credit risk of the asset is significantly increased is reflected by comparing the following:

- his remaining lifetime PD at the date of reporting under the modified conditions; And
- the remaining lifetime PD estimated according to the data from the initial recognition and the original contractual terms.

When the modification results in derecognition, the new loan is recognised and assigned to credit risk level 1 (assuming it is not impaired at that time).

The Group reviews loans to customers in financial difficulties ("forbearance") to maximize collection opportunities and minimize the risk of default. Within the "forbearance" policy, forbearance is guaranteed on a selective basis if the borrower is currently defaulting on the loan or there is a high risk of default, if there is evidence that the debtor has done everything in his power to pay under the agreed terms and conditions and that the debtor is expected to comply with the revised conditions.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

v. Modified financial fssets (continued)

The revised terms mainly include an extension of the maturity, changing the terms of interest payments and changing the terms of the loan agreement. Loans from households and businesses are subject to a policy of forbearance. The Group's Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified through the Group's forbearance policy, depending on whether the modification improved or restored the bank's ability to collect interest and principal as well as the Group's previous experience in similar forbearance activities, it is reflected in the estimate of PD.

In general, forbearance is a qualitative indicator of a significant increase in credit risk. The expectation of forbearance may create evidence that the exposure of the loan is impaired (Note 3.11.1). The client must consistently demonstrate the behavior of a good payer, over a period of time, before the exposure of the loan becomes impaired/non-performing or the PD is reduced so that the provision for losses is measured again at an amount equal to stage 1.

vi. Expected Credit Loss Measurement

The credit risk assessment and the estimate of expected credit losses are impartial and probability-adjusted and include all available information relevant to the assessment, including information on past events, current conditions and reasonable and sustainable forecasts of future events and economic conditions at the reporting date. In addition, the estimate of expected credit losses should take into account the time value of money. In general, the Group calculates the ECL using three main components: probability of default (PD), loss at the time of default (PD), and loss at the time of default. Loss Given Default (LGD) and Exposure at the Time of Default (LGD) Exposure at Default, hereinafter referred to as EAD.

vii. Loss allowance

The following table shows the evolution of changes in the level of credit risk for loans and receivables from clients, as well as changes in impairment by classes of financial instruments.

Loans and receivables to customers at amortized cost			**2024**		
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**19,884**	**31,362**	**94,743**	**5,526**	**151,515**
New approvals	(8,973)	(6,583)	(5,305)	(984)	(21,845)
Derecognition	3,905	5,294	4,339	-	13,538
Write offs	-	-	27,085	-	27,085
Collection	-	-	11,774	-	11,774
Transfer to Stage 1	(3,822)	(6,840)	(7,933)	-	(18,595)
Transfer to Stage 2	5,963	(6,896)	(7,217)	(274)	(8,424)
Transfer to Stage 3	461	6,985	(31,344)	73	(23,825)
Balance at December 31 2024	**17,418**	**23,322**	**86,142**	**4,341**	**131,223**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.3 Amounts arising from expected credit loss (ECL) (continued)

vii. Impairment (continued)

Loans and receivables to customers at amortized cost			**2023**		
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**17,272**	**36,884**	**111,332**	**6,335**	**171.822**
New approvals	10,307	6,498	5,588	1,100	23,493
Derecognition	(4,121)	(6,350)	(712)	(401)	(11,584)
Write offs	-	-	(28,139)	-	(28,139)
Collection	-	-	(13,676)	-	(13,676)
Transfer to Stage 1	(1,652)	(7,967)	(1,173)	-	(10,792)
Transfer to Stage 2	(1,773)	9,286	(1,821)	(504)	5,188
Transfer to Stage 3	(306)	(7,309)	23,778	(961)	15,202
Balance at December 31 2023	**19,727**	**31,042**	**95,177**	**5,569**	**151,515**

In 2024, the Bank recorded a decrease in the level of impairment compared to 2023 by BAM 20.42 million, where 42.8% of this amount relates to the reduction of Level 3 value adjustments, which is a consequence of the trend of reduced volume of non-performing exposures due to accounting write-offs and intensive collection activities as a strong and comprehensive credit risk management, which resulted in prevention and lower amounts of exposures from Level 1 and 2 to Level 3.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Credit risk (continued)

5.1.4 Concentration of credit risk by geographical location

The Group monitors the concentration of credit risk by sector and geographical region.

The geographical concentration in net credit exposure amounts is as follows:

	Bosnia and Herzegovina	EU countries	No EU countries	Total
31 December 2024				
Cash and current accounts with banks	637,498	453,163	109,979	1,200,640
Loans and receivables at fair value	12,977	-	-	12,977
Financial assets at fair value through other comprehensive income	355	189	-	544
Obligatory reserve with the BiH Central Bank	475,635	-	-	475,635
Deposits with banks	(0)	-	-	(0)
Loans and receivables at amortized cost	3,054,454	-	-	3,054,454
Debt instruments at amortized cost	37,784	427,759	47,729	513,272
Other financial assets	20,400	3,283	6,212	29,895
	4,239,103	**884,394**	**163,920**	**5,287,417**
31 December 2023				
Cash and current accounts with banks	467,390	268,927	123,811	860,128
Loans and receivables at fair value	16,341	-	-	16,341
Financial assets at fair value through other comprehensive income	355	183	-	538
Obligatory reserve with the BiH Central Bank	437,791	-	-	437,791
Deposits with banks	-	185,386	19,616	205,002
Loans and receivables at amortized cost	2,890,855	-	-	2,890,855
Debt instruments at amortized cost	9,566	292,535	39,373	341,474
Other financial assets	24,497	2,907	12,838	40,242
	3,846,795	**749,938**	**195,638**	**4,792,371**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk

Liquidity risk is the Group's potential exposure to obtaining the funds needed by the Bank to settle its liabilities under financial instruments.

- The Group is exposed to daily calls for the payment of funds, which it settles with available cash sources consisting of: overnight deposits,
- funds in current accounts,
- Deposits that are due.
- withdrawal of loan funds,
- securities and other derivatives that are settled from margins and
- other amounts on the call for monetary derivatives.

The Group does not maintain cash resources in the amount necessary to cover all of the above needs, which may eventually arise. From experience, it can predict with high reliability the minimum amounts of reinvestment of overdue funds. The Group sets limits on the minimum amounts of funds that mature and that should be available for the settlement of sums payable on call, as well as the minimum amounts of interbank and other loans to cover unexpected amounts of funds withdrawn on demand.

The Group maintains liquidity in accordance with the regulations of the Banking Agency governing liquidity risk and the Group's internal acts for maintaining an adequate liquidity position.

Particular attention is paid to liquidity measures prescribed by the requirements of the regulator:

- Liquidity coverage ratio (LCR), which is monitored on a daily basis and reported to the regulator on a monthly basis, and represents the ratio of liquidity coverage during the 30-day stress period
- The Net Stable Funding Ratio (NSFR), which is monitored monthly and reported to the regulator on a quarterly basis, is the ratio of available stable funding to the required stable funding with the aim of ensuring the long-term resilience of the bank to liquidity risk

The LCR is maintained at a level above the regulatory and internally defined limits (internally defined limit (appetite) is >140%).

The NSFR is maintained at a level above the regulatory and internally defined limit (internally defined limits (appetite) is > 120%).

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (continued)

	December 31, 2024	December 31, 2023
Liquidity buffer	1,366,815	1,039,528
Net cash outflows	513,878	464,720
Liquidity Coverage Ratio (LCR)	**266%**	**224%**

	December 31, 2024	December 31, 2023
Stable financing available	4,224,114	3,853,583
Stable financing needed	2,545,392	2,412,570
Net Stable Funding Ratio (NSFR)	**165.95%**	**159.73%**

Maturity analysis

The table below shows the remaining agreed maturities of the Group's financial assets and liabilities as at 31 December 2024 and 31 December 2023, except for financial assets at fair value through other comprehensive income that is classified in accordance with secondary liquidity characteristics in a maturity period of up to one month and reserve requirements which, although not short-term, depend on the liabilities on which they are accounted for, It is classified in a maturity period of up to one month.

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
31 December 2024						
Assets						
Cash and cash equivalents	1,200,640	-	-	-	-	1,200,640
Loans and receivables at fair value	2,650	61	273	1,555	8,438	12,977
Financial assets at fair value through other comprehensive income	544	-	-	-	-	544
Obligatory reserve with the BiH Central Bank	475,635	-	-	-	-	475,635
Deposits with banks	-	-	-	-	-	-
Loans and receivables at amortized cost	251,161	153,221	718,233	1,337,823	594,015	3,054,454
Debt instruments at amortized cost	11,613	49,940	122,092	329,627	-	513,272
Other financial assets	29,771	-	-	124	-	29,895
Total financial assets	**1,972,014**	**203,222**	**840,598**	**1,669,129**	**602,453**	**5,287,417**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (continued)

Maturity analysis (continued)

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Liabilities						
Due to banks and other financial institutions	65,565	-	15,704	63,941	-	145,210
Deposits from customers	3,873,310	38,346	287,245	281,345	3,241	4,483,487
Subordinated debt	-	-	190	-	44,984	45,174
Borrowings	16,163	18,374	60,111	191,548	159	286,355
Lease liabilities	225	416	1,775	6,157	339	8,912
Other financial liabilities	4,199	11,714	-	149	-	16,062
Total financial liabilities	**3,959,461**	**68,850**	**365,025**	**543,139**	**48,723**	**4,985,199**

	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
31 December 2023						
Assets						
Cash and cash equivalents	860,128	-	-	-	-	860,128
Loans and receivables at fair value	7,180	1,805	3,924	1,828	1,604	16,341
Financial assets at fair value through other comprehensive income	538	-	-	-	-	538
Obligatory reserve with the BiH Central Bank	437,791	-	-	-	-	437,791
Deposits with banks	103,480	96,717	-	4,805	-	205,002
Loans and receivables at amortized cost	585,334	476,726	491,452	1,118,092	219,251	2,890,855
Debt instruments at amortized cost	19,397	-	67,719	254,358	-	341,474
Other financial assets	40,220	-	-	22	-	40,242
Total financial assets	**2,054,068**	**575,248**	**1,189,735**	**752,465**	**220,855**	**4,792,371**
Liabilities						
Due to banks and other financial institutions	35,315	27,820	10,810	57,794	-	131,739
Deposits from customers	3,473,711	49,383	183,208	463,347	2,700	4,172,349
Subordinated debt	210	-	-	-	44,983	45,193
Borrowings	1,938	7,941	56,476	99,804	-	166,159
Lease liabilities	392	503	2,225	4,411	200	7,731
Other financial liabilities	12,923	23,467	-	-	-	36,390
Total financial liabilities	**3,524,489**	**109,114**	**252,719**	**625,356**	**47,883**	**4,559,561**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (continued)

The table below shows the Group's remaining contractual maturities for non-derivative financial liabilities. The table has been compiled on the basis of the undiscounted cash flows of financial liabilities at the earliest date on which the Group may be liable to make a payment. The table includes payment of both interest and principal.

Maturity for non-derivative financial liabilities

	Net Carrying amount	Less than 1 month	2 to 3 months	4 months to 1 year	2 to 5 years	Over 5 years	Gross nominal outflow
31 December 2024							
Due to banks and other financial institutions	145,210	1	-	133	2,232	-	147,576
Deposits from customers	4,483,487	2	21	702	5,312	541	4,490,065
Subordinated debt	45,174	-	-	1,901	5,710	7,470	60,255
Borrowings	270,960	1,984	1,488	4,780	13,254	1,739	294,206
Lease liabilities	8,912	17	30	114	203	15	9,291
Other financial liabilities	16,062	-	-	-	5	-	16,067
	4,969,804	**2,004**	**1,539**	**7,630**	**26,716**	**9,765**	**5,017,459**

	Net Carrying amount	Less than 1 month	2 to 3 months	4 months to 1 year	2 to 5 years	Over 5 years	Gross nominal outflow
31 December 2023							
Due to banks and other financial institutions	131,739	-	109	96	2,899	-	134,843
Deposits from customers	4,172,349	2	37	465	8,151	482	4,181,486
Subordinated debt	45,194	-	-	2,209	6,608	10,862	64,873
Borrowings	166,158	862	545	3,090	3,410	-	174,065
Lease liabilities	7,731	15	28	106	184	12	8,076
Other financial liabilities	36,390	-	-	-	5	-	36,395
	4,559,561	**879**	**719**	**5,966**	**21,257**	**11,356**	**4,599,738**

The table in Note 19 shows the components of the bank's liquidity reserves.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk

Market risk is the risk of losses on on-balance sheet and off-balance sheet positions due to changes in market prices for trading book and banking book positions. Market risk assessments are based on changes in exchange rates, interest rates, credit margins, cost of capital and commodities, and other market parameters.

The Group's market risk management is carried out in accordance with local law and the decisions and instructions of local regulators and in accordance with the standards of the RBI Group (the regulatory framework of the RBI Group and the decision of the Board of Directors of RBI and is defined by internal rules, procedures and policies that are subject to regular internal audits in order to comply with regulatory changes, as well as to improve the process of (market) risk management due to changes in market conditions, Defined strategies and business objectives. The market risk management process itself includes mitigating, assessing and limiting exposures before taking on the risk, as well as assessing and controlling the assumed risk of the bank's entire portfolio, i.e. trading and banking books. Despite the existence of restrictions imposed by regulators, the Group limits its exposure to market risks in accordance with its RBI-aligned business strategies, product approval process and limit system to market risk positions, i.e. open market risk positions, limits on the sensitivity of the Group's portfolio in accordance with changes in risk factors and the establishment of a limit to value at risk ("VaR") at the book level (trade and banking), segment level (asset and liability management and capital markets) and at the level of the entire portfolio. In addition, for financial instruments, which are held at fair value, a limit on the decrease in their market value is set, the so-called limit of loss.

Another important part of the market risk management process is the stress testing of the Group's portfolio in relation to extreme changes in market conditions and the calculation of the portfolio's sensitivity to crisis scenarios, as well as the impact it has on financial results. Stress testing of extreme changes in market conditions is performed by the RBI on a daily basis.

The Group is exposed to the following subcategories of market risk: currency/foreign exchange risk, position risk, commodity risk, credit margin risk, credit valuation adjustment risk, which it actively manages, none of which has been assessed as material for the Group as part of the Bank's annual risk assessment for the purposes of ICAAP and ILAAP.

5.3.1 Foreign exchange risk

Currency risk is the risk of loss arising from a change in the exchange rate of a currency and/or a change in the price of gold. The Group is not exposed to currency risk of gold positions, i.e. they are not the subject of the Group's operations.

The strategy of currency risk management is to limit exposure to it, i.e. to maintain the level of risk assumed within the planned propensity, i.e. the planned risk profile for foreign exchange risk, taking into account regulatory restrictions. In order to maintain an adequate level of currency risk, limits, the so-called internal limits, have been defined, with the primary consideration of regulatory limits.

In addition to the VaR limit system, the Group limits its exposure by using foreign exchange limits on open positions for each currency, a limit on the entire long or short position of the Group, as well as loss limits.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (continued)

5.3.1 Foreign exchange risk (continued)

The carrying amounts of the Group's monetary assets and liabilities by currency at the reporting period date are as follows:

As at 31 December 2024	BAM	EUR*	USD	Other currencies	Total
ASSETS					
Cash and cash equivalents	480,043	555,781	109,827	54,989	1,200,640
Loans and receivables at fair value	2,555	10,422	-	-	12,977
Financial assets at fair value through other comprehensive income	355	189	-	-	544
Obligatory reserve with the BiH Central Bank	475,635	-	-	-	475,635
Deposits with banks	(0)	-	-	-	(0)
Loans and receivables at amortized cost	2,504,798	549,656	-	-	3,054,454
Debt instruments	37,784	457,569	17,919	-	513,272
Other financial assets	18,755	8,079	175	2,886	29,895
	3,519,925	**1,581,696**	**127,921**	**57,875**	**5,287,417**
LIABILITIES					
Due to banks and other financial Institutions	65,182	73,903	6,050	75	145,210
Due to customers	3,042,947	1,247,202	126,646	66,692	4,483,487
Subordinated debt	-	45,174	-	-	45,174
Borrowings	8,043	262,917	-	-	270,960
Lease liabilities	8,912	-	-	-	8,912
Other financial liabilities	15,298	360	244	160	16,062
	3,140,382	**1,629,556**	**132,940**	**66,927**	**4,969,804**

* The Group has a large number of contracts with a currency clause. The value of the principal in such contracts is determined by the movement of the exchange rate of foreign currencies. The principal amount of these exposures is included in the table above in the column "EURO".

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (continued)

5.3.1 Foreign exchange risk (continued)

As at 31 December 2023	BAM	EUR*	USD	Other currencies	Total
ASSETS					
Cash and cash equivalents	467,383	261,045	70,905	60,795	860,128
Loans and receivables at fair value	4,389	11,952	-	-	16,341
Financial assets at fair value through other comprehensive income	355	183	-	-	538
Obligatory reserve with the BiH Central Bank	437,791	-	-	-	437,791
Deposits with banks	(102)	205,104	-	-	205,002
Loans and receivables at amortized cost	2,063,936	826,919	-	-	2,890,855
Debt instruments	9,566	297,212	34,696	-	341,474
Other financial assets	19,679	20,367	81	115	40,242
	3,002,997	**1,622,782**	**105,682**	**60,910**	**4,792,371**
LIABILITIES					
Due to banks and other financial Institutions	29,712	101,378	421	228	131,739
Due to customers	2,724,342	1,266,142	114,053	67,812	4,172,349
Subordinated debt	-	45,193	-	-	45,193
Borrowings	30,081	136,078	-	-	166,159
Lease liabilities	7,731	-	-	-	7,731
Other financial liabilities	31,710	1,458	2,421	801	36,390
	2,823,576	**1,550,249**	**116,895**	**68,841**	**4,559,561**

The following table shows the five highest risk values (VaR) recorded as of 31 December 2024 and their values as of 31 December 2023. VaR is a calculation based on a 99% confidence statistical model and assuming that the portfolio is constant over 1 day.

(in '000 KM) **VaR**

Currency	**December 31, 2024**	**Currency**	**December 31, 2023**
CHF	<1	USD	<1
USD	<1	JPY	<1
CZK	<1	HRK	<1
HUF	<1	GBP	<1
CNY	<1	NOK	<1

The following table shows the Bank's sensitivity to a 10% increase or decrease in exchange rates against the relevant domestic currency. A sensitivity rate of 10% is used when reporting currency risk internally to key management. It is an estimate of a possible change in exchange rates.

5. FINANCIAL RISK MANAGEMENT *(continued)*

5.3 Market risk (continued)

5.3.1 Foreign exchange risk (continued)

(in '000 KM)	**USD result ('000 KM)**		**JPY result ('000 KM)**	
	2024.	**2023.**	**2024.**	**2023.**
Profit or loss	(5)	(6)	4	2

5.3.2 Interest rate risk

Interest rate risk reflects the possibility of loss of profits and/or capital erosion due to changes in interest rates. It applies to all products and balance sheets that are sensitive to changes in interest rates. This risk has two components: the income component and the investment component.

The income component arises from the mismatch between the Group's active and passive interest rates (interest on placements is fixed, interest on liabilities is variable, and vice versa).

The investment component is due to the inverse relationship between the change in price and the interest rates of securities. The Group seeks to hedge against interest rate risk by adjusting the type of interest rate (fixed, floating and variable), the currency, the associated interest rate and the date of change in the interest rate for all products for which it enters into contracts (which are sensitive to changes in interest rates).

Any discrepancy between the above elements leads to the Group's exposure to interest rate risk.

5.3.2.1 *BPV interest rate sensitivity analysis*

For interest rate risk positions, on a daily basis, a sensitivity analysis is performed by one basis point (1BPV = 0.01%) during a parallel shift of the yield curve that gives the values of the portfolio's gains and losses for a given day.

The table below shows the changes in the present value of the portfolio with an increase in the interest rate by 1 basis point on 31 December 2024 and 31 December 2023, expressed in thousands of KM for the following currencies: KM, EUR and USD, while for other currencies changes in present values are intangible.

Currency	**December 31, 2024**	**December 31 2023**
BAM	(171)	(102)
EUR	(25)	(6)
USD	8	5
Total BPV (in KM '000)	**(187)**	**(103)**

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (continued)

5.3.2 Interest rate risk (continued)

5.3.2.1 *BPV interest rate sensitivity analysis (continued)*

In the event of a 50 basis point change in the yield curve, the effects on the present value of the portfolio for 31 December 2024 and 31 December 2023 are shown in the table below for currencies with a material exposure:

Currency	December 31, 2024	December 31, 2023
BAM	(8,405)	(5,595)
EUR	(1,196)	(336)
USD	414	262
Total BPV (in KM '000)	**(9,187)**	**(5,669)**

5.4 Capital risk management

In accordance with legal, by-laws and internal acts, the Group reports to the competent regulatory institutions on a quarterly basis on capital, weighted risk assets, and capital adequacy ratio.

Through its management reporting, the Group conducts regular monitoring of capital movements, achieved adequacy ratios, as well as the operation of all methodological changes that have an impact on capital.

In 2024, the Group complied with all regulatory requirements related to capital and achieved a capital adequacy ratio of 17.28% in accordance with local regulations according to the Basel III methodology.

The Bank's own funds consist of Common Equity Tier 1 and Supplementary Capital (Tier 2). The Bank's Common Equity Capital (T1) is the sum of Common Equity Tier 1 Capital (CET 1) and Additional Tier 1 Capital (AT1). The Bank's share capital (fully equal to the Common Equity Tier 1 capital) consists of paid-up shares, share premium, retained retained earnings and other reserves formed from profit after tax on the basis of the decision of the Assembly of the Bank, net revaluation cuts based on changes in the fair value of assets (accumulated comprehensive profit), less the amounts of Common Equity Tier 1 capital of financial sector entities in which the Bank has an initial investment, intangible assets and deferred tax assets.

Supplementary capital consists of subordinate debt, general credit risk impairments, calculated as 1.25% of the risk-weighted exposure amount, less missing credit loss provisions as required.

The minimum capital ratios are as follows:
- Common Equity Ratio 6.75%
- Share capital ratio 9.00%
- Regulatory capital ratio 12.00%

In addition to the minimum capital adequacy ratios set by the Bank, the Bank is also required to provide a capital conservation buffer that must be maintained in the form of Common Equity Tier 1 capital in the amount of 2.50% of the total amount of risk exposure.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Capital risk management (continued)

The total weighted risk used to calculate capital adequacy includes:

- Risk-Weighted Assets and Credit Equivalents
- position, currency, commodity risk, and
- operational risk.

The capital adequacy ratio according to the prescribed methodology as of 31 December 2024 and 31 December 2023 is above the prescribed limit of 12%. The table below shows the capital structure and capital requirements of Parent Bank as at 31 December 2024 and 31 December 2023:

	December 31, 2024	**December 31, 2023**
Common equity CET 1 capital		
Issued share capital – ordinary shares	247,167	247,167
Share premium	4,473	4,473
Retained earnings and other statutory reserves	355,853	294,873
Accumulated comprehensive income	284	277
Other reserve	1,230	1,230
Common equity CET 1 capital – regulatory adjustments:		
Intangible assets	*(31,848)*	*(32,983)*
Deferred tax assets	*(9,090)*	*(10,240)*
Significant investments in financial sector entities	*(11,374)*	*(11,374)*
Total common equity CET 1 capital	**556,695**	**493,423**
Additional Tier 1 equity	-	-
TOTAL TIER 1 EQUITY	**556,695**	**493,423**
Additional capital	-	-
Subordinated debt	44,984	44,984
General credit risk impairments	-	-
Missing loan loss provisions	-	-
TOTAL TIER 2 CAPITAL (T 2)	**44,984**	**44,984**
TOTAL REGULATORY CAPITAL *(unaudited)*	**601,679**	**538,407**
Total risk-weighted assets (unaudited)	**3,482,560**	**3,108,514**
Common Equity capital ratio	***15.99%***	***15.87%***
Tier 1 capital ratio	***15.99%***	***15.87%***
Total capital ratio	***17.28%***	***17.32%***

In May 2024, the Bank paid a dividend in the amount of 60,980 thousand BAM (2023 in the amount of 75,583 thousand BAM). The Bank is obliged to provide and maintain a leverage ratio, as an additional security and simple capital protection, in the amount of at least 6%. The Bank's leverage ratio is the ratio of the amount of share capital to the amount of the Bank's total risk exposure at the reporting date, expressed as a percentage, and as of 31 December 2024 it is above the specified minimum and amounts to 9.43%.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities traded in active markets is measured on the basis of quoted market prices or quoted prices by the dealer. For all other financial instruments, the Group determines fair value using other valuation techniques.

6.1 Valuation techniques

The group measures fair value using the following fair value hierarchy, which reflects the significance of the input parameters used in the measurement.

- Level 1: Input parameters are quoted market prices (unadjusted) in active markets for identical instruments
- Level 2: Inputs are different from quoted prices included in Level 1, and are observable inputs whether they are direct (e.g. as prices) or indirect (derived from prices). This category includes instruments measured using: quoted market prices in active markets of similar instruments, quoted prices for the same or similar instruments that are considered less active; or other measurement techniques in which all significant input parameters are directly or indirectly visible from market data.
- Level 3: input parameters that are not visible. This category includes all instruments for which measurement techniques are not visible and these parameters have a significant impact on the valuation of the instruments. This category includes instruments that have been measured on the basis of quoted prices for similar products that require significant adjustments or assumptions to reflect differences between instruments.

Measurement techniques include net present value and discounted cash flow models, comparison with similar instruments for which there are observable market prices, and similar valuation models. The assumptions and inputs used in the valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums in determining discount rates, bond prices, securities, foreign exchange rates, equity prices, and expected volatility and price correlations.

The objective of valuation techniques is to determine a fair value that reflects the price that will be realised on the sale of an asset or the settlement of liabilities in an orderly transaction between market participants at the measurement date.

The Group determines the value of debt securities (treasury bills and bonds) using internal valuation models that take into account the remaining maturity and the latest available market prices of these instruments.

The fair value of available for sale equity securities and securities at fair value through the profit or loss account traded on an active market is measured using the prices of those instruments at the reporting date at closing offer prices.

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

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

6.2 The fair value of the Group's financial assets and financial liabilities that are measured at fair value on an ongoing basis

The table below analyses the financial instruments measured at fair value at the reporting date, arranged according to the fair value hierarchy. The amounts are based on the values recognised in the statement of financial position.

December 31, 2024	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Loans to customers	20	-	-	10,422	10,422
Other investments	20	-	-	2,555	2.555
Financial assets at fair value through other comprehensive income					
Equity securities issued by non-resident legal entities	21	-	-	544	544
Total		**-**	**-**	**13,521**	**13,521**

December 31 , 2023	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Loans to customers	20	-	-	11,952	11,952
Other investments	20	-	-	4,389	4,389
Financial assets at fair value through other comprehensive income					
Equity securities issued by non-resident legal entities	21	-	-	538	538
Total		**-**	**-**	**16,879**	**16,879**

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

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

6.3 Financial instruments not measured at fair value

The table below shows the fair values of financial instruments that are not measured at fair value and analyzes them by level in the fair value hierarchy into which each measurement of fair value is categorized.

December 31, 2024	Net book value	Fair value	Difference	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	1,499,512	1,501,610	(2,098)	-	-	1 501,610
Obligatory reserve with the Central Bank of BiH	475,635	476,110	(475)	-	-	476,110
Deposits with other banks	-	-	-	-	-	-
Loans and receivables	3,054,454	3,130,671	(76,216)	-	-	3,130 671
Other financial assets at amortized cost	543,157	539,127	4,030	509,865	-	29 262
out of which: securities	*513,272*	*509,865*	*3,407*	*509,865*	-	-
Total	**5,572,758**	**5,647,518**	**(74,760)**	**509,865**	**-**	**5,137,653**
Liabilities						
Due to banks and other financial institutions	145,210	144,863	-	-	-	144,863
Deposits from customers	4,483,487	4,490,985	-	-	-	4,490,985
Borrowings	316,134	336,493	(20,359)	-	-	336,493
Lease liabilities	8,912	9,635	-	-	-	9,635
Other financial liabilities at amortized cost	16,062	15,532	530	-	-	15,532
Total	**4,969,805**	**4,997,507**	**(19,829)**	**-**	**-**	**4,997,507**

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

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

6.3 Financial instruments not measured at fair value (continued)

The table below shows the fair values of financial instruments that are not measured at fair value and analyzes them by level in the fair value hierarchy into which each measurement of fair value is categorized.

December 31, 2023	Net book value	Fair value	Difference	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	1,181,110	1,183,662	(2,552)	-	-	1,183,662
Obligatory reserve with the Central Bank of BiH	437,791	438,229	(438)	-	-	438,229
Deposits with other banks	205,002	205,566	(564)	-	-	205,566
Loans and receivables	2,890,855	3,029,887	(139,032)	-	-	3,029,887
Other financial assets at amortized cost	381,716	374,553	7,163	334 920	-	39,633
out of which: securities	*341,474*	*334,920*	*6,554*	*334,920*	-	-
Total	**5,096,474**	**5,231,897**	**(135,423)**	**334,920**	**-**	**4,896,977**
Liabilities						
Due to banks and other financial institutions	131,739	131,749	(10)	-	-	131,749
Deposits from customers	4,172,349	4,158,312	14,037	-	-	4,166,341
Borrowings	211,352	212,169	(816)	-	-	212,169
Lease liabilities	7,595	7,595	-	-	-	7,595
Other financial liabilities at amortized cost	36,390	36,390	-	-	-	36,390
Total	**4,559,425**	**4,546,214**	**13,211**	**-**	**-**	**4,554,243**

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

6.3 Financial instruments not measured at fair value (continued)

When assessing the fair value of the Group's financial instruments and assigning the instruments to the relevant level of the fair value hierarchy, the methods, assumptions and limitations set out below are applied in accordance with the approach revised by the RBBH Group.

Cash and cash equivalents

The book value of money, account balances in other banks and with the Central Bank is generally close to their fair value due to their short-term maturity. Loans and receivables given to banks mainly represent overnight and short-term deposits; Therefore, there is no significant difference between the fair value of those deposits and their carrying amount.

Loans and receivables from customers

Fair value is measured using the discounted cash flow method for positions with a remaining medium to long-term maturity, while approximating the carrying amount, less group impairments/individual adjustments in the case of short-term loans, demand loans or indefinite maturities for impaired loans.

Amounts due for deposits from customers

For demand deposits and deposits that do not have a specific maturity, fair value is taken as the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using the rate currently offered for deposits of similar remaining maturities. Since the maturity of most liabilities to customers is short-term, fair value is approximately equal to the book value.

Amounts due to banks and other financial institutions

Most loans from banks are short-term and carry a variable interest rate, and the Management estimates that the carrying amount reflects their fair value.

Subordinated debt carries a variable interest rate and therefore its carrying amount reflects its fair value.

Lease liabilities

The carrying amount of a lease obligation is equal to its fair value because there is no significant difference between the incremental interest rate and the market interest rate.

7. BUSINESS SEGMENTS

The Group operates in five basic business segments: the corporate segment (business with legal entities); retail segment (business with micro-enterprises and individuals); segment of financial institutions; Treasury and Investment Business and Other Business Segment.

This is shown in the following segments:

Business segments:	**Segmentation criteria**
Corporate	
a) Large, medium-sized business	Companies with a total turnover of more than 6,030 thousand KM or exposure above 3,620 thousand KM. This business line also includes companies that are under state ownership or local self-governing bodies, as well as legal companies from abroad with majority ownership of the legal company.
Retail	
a) Doing business with the population	It contains two sub-segments: Individuals and Premium Clients
b) Doing business with small businesses and sole proprietorships	It contains two sub-segments: the SE Segment and the Micro Segment • The SE segment includes small businesses and single-owner businesses with a total turnover of less than 6,030 thousand KM or exposures above 3,620 thousand KM. If one of the limits is exceeded, the customer is transferred to the Corporate segment of the client. The Micro Segment includes small businesses and single-owner enterprises with a total turnover of up to 2,410 thousand KM and a total exposure of up to 200 thousand KM.
Financial Institutions	
a) Financial Institutions	Companies, banks whose key activities are engaged in financial activities, including the central government of Bosnia and Herzegovina and bodies belonging to the central government (CG).
b) Banks and other international financial institutions.	Brokers, investment funds, fund management companies, microcredit organizations, insurance and leasing companies, banks.
Treasury and Investment Banking	This segment includes asset and liability management, financing and banking of financial institutions, money market transactions, foreign exchange operations (FCY management), brokerage activities, depository activities, securities management on behalf of the Bank. It also includes money market transactions, foreign exchange operations, custody, brokerage services.
Other	
a) Subsidiaries **b) Other**	Includes related parties.

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

7. BUSINESS SEGMENTS (CONTINUED)

December 31 , 2024	Corporate	Retail	Treasury operations and Investment banking	Other	Total
Interest income, etc. Revenue at the effective interest rate	24,679	133,194	30,184	5,607	193,664
Interest expenses, etc. Revenue at the effective interest rate	(1,526)	(11,761)	(7,629)	(514)	(21,430)
Net interest income, etc. Revenue at the effective interest rate	**23,153**	**121,433**	**22,555**	**5,093**	**172,234**
Fee and commission income	23,165	133,260	116	137	156,678
Fee and commission expenses	(6,964)	(30,931)	(18)	(49)	(37,962)
Net fee and commission income	**16,201**	**102,329**	**98**	**88**	**118,716**
Impairments and Provisions	2,012	1,412	(57)	(63)	3,304
Other income	(5,873)	14,895	3,855	5,995	18,872
Other costs and expenses	(18,503)	(126,209)	(1,834)	(12,493)	(159,039)
Profit before tax	**16,990**	**113,860**	**24,617**	**(1,380)**	**154,087**
Corporate Income Tax	-	-	-	-	(14,274)
Other comprehensive profit	-	-	-	-	6
Net profit for the year	**16,990**	**113,860**	**24,617**	**(1,380)**	**139,819**
Total assets	**928,226**	**2,136,959**	**2,188,772**	**540,577**	**5,794,534**
Total Liabilities	**1,455,024**	**3,158,221**	**237,803**	**182,155**	**5,033,203**
Net assets per segments	**(526,798)**	**(1,021,262)**	**1,950,969**	**358,422**	**761,331**

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

7. BUSINESS SEGMENTS (CONTINUED)

December 31 , 2023	Corporate	Retail	Treasury operations and investment banking	Other	Total
Interest income, etc. Revenue at the effective interest rate	22,104	104,114	44,840	11,330	182,388
Interest expenses, etc. Revenue at the effective interest rate	(1,035)	(7,501)	(7,359)	(857)	(16,752)
Net interest income, etc. Revenue at the effective interest rate	**21,069**	**96,613**	**37,481**	**10,473**	**165,636**
Fee and commission income	25,792	128,074	560	(3,563)	150,863
Fee and commission expenses	(8,047)	(32,024)	(103)	872	(39,303)
Net fee and commission income	**17,745**	**96,049**	**457**	**(2,691)**	**111,560**
Impairments and Provisions	7,100	(11,727)	(3)	(52)	(4,682)
Other income	2,886	283	4,329	7,200	14,698
Other costs and expenses	(17,748)	(118,367)	(1,290)	(15,636)	(153,041)
Profit from ordinary operations before tax	**31,052**	**62,851**	**40,974**	**(706)**	**134,172**
Corporate Income Tax	-	-	-	-	(6,319)
Other comprehensive profit	-	-	-	-	11
Net profit for the year	**31,052**	**62,851**	**40,974**	**(706)**	**127,864**
Total assets	**860,582**	**2,059,182**	**1,840,183**	**546,768**	**5,306,715**
Total Liabilities	**1,373,127**	**2,922,115**	**233,432**	**95,549**	**4,624,223**
Net assets per segments	**(512,545)**	**(862,933)**	**1,606,751**	**451,219**	**682,492**

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

8. INTEREST AND SIMILAR INCOME AT EFFECTIVE INTEREST RATE

	2024	2023
Loans and receivables		
- from retail	116,050	116,431
- from corporate	40,636	36,008
- from banks	25,600	23,999
Investments in securities at amortized cost	10,003	4,271
Other interest income	477	520
Modifications	293	362
Interest income and similar income at effective interest rate on financial assets at amortised cost	**193,059**	**181,591**
Interest income and similar effective interest rate income on financial assets at fair value through profit or loss	605	797
Interest income and similar effective interest rate income on financial assets at fair value through profit or loss	**605**	**797**
Interest income and similar income at the effective interest rate	**193,664**	**182,388**

9. INTEREST AND SIMILAR EXPENSE AT EFFECTIVE INTEREST RATE

	2024	2023
Retail	10,443	2,592
Banks	7,878	11,152
Population	2,681	2,591
Interest for leasing contracts	209	181
Other	219	236
Interest expense and similar expense at the effective interest rate on financial liabilities at amortised cost	**21,430**	**16,752**

10. FEE AND COMMISION INCOME

	2024	2023
Credit card business		
FX transactions	50,793	49,036
Payment transactions	30,438	29,276
Account maintenance for residents	29,086	29,045
Insurance	22,870	20,789
Investment in funds	7,040	6,724
Account maintenance for non-residents	5,182	4,569
Other	2,668	2,731
Total income from fees and commissions from contracts with customers	2,216	2,369
	150,293	**124,253**
Financial guarantees and approved an undrawn loans contracts and loan commitments	6,385	6,324
	156,678	**150,863**

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

11. FEE AND COMMISSION EXPENSE

	2024	2023
Transactions by card accounts	28,990	28,405
CBBH Services	2,458	2,008
Foreign currency conversion fees and commissions	1,565	2,082
Guarantee	1,520	2,983
S.W.I.F.T. services	919	932
SMS services	714	928
Other	1,796	1,964
	37,962	**39,303**

12. IMPAIRMENTS AND PROVISIONS

	2024	2023
Net releases of previously recognized credit losses of financial assets at amortized cost *(Notes 22)*	3,440	10,153
Provisions / (net releases of previously recognized provisions) for the credit risk of defaults and guarantees given *(Note 30)*	(716)	(7,034)
Provisions / (net releases of previously recognized provisions) for litigations *(Note 30)*	549	(39)
Net releases of previously recognized provisions (*Note 30*)	31	1,602
	3,304	**4,682**

13. OTHER NET LOSSES ON FINANCIAL ASSETS

	2024	2023
Net gains/(losses) from modifications to financial assets at amortised cost that did not result in derecognition (*Note 22.3)*	30	1,220
Net effects of changes in the value of financial assets at fair value through profit or loss (*Note 20)*	-	39
	30	**1,259**

14. NET LOSSES ON LONG-TERM NON-FINANCIAL ASSETS

	2024	2023
Net gains on the release of previously recognised impairment losses on property, plant and equipment (*Note 23)*	(612)	(1,267)
Net gains on the release of previously recognised impairment losses on investment property (*Note 26)*	(42)	(101)
Net (losses) from disposal of property, plant and equipment	(1,799)	(1,510)
	(2,453)	**(2,878)**

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

15. OTHER INCOME

	2024	2023
Lease income	4,202	2,550
Release of accrued expenses from previous periods	4,177	3,645
Income based on interest charges for non-quality loans	2,547	2,712
Treasury surpluses	95	318
Other income	5,398	5,598
	16,419	**14,823**

16. EMPLOYEE COSTS

	2024	2023
Salaries	39,917	38,497
Taxes and contributions	25,791	24,384
Severance pay costs	285	277
Other employee expenses	4,550	1,297
	70,543	**64,454**

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

17. OTHER COSTS AND EXPENSES

	2024	2023
Costs of ongoing maintenance	15,515	13,822
Cost of savings deposit and loan insurance premiums	11,394	10,747
Cost of services	8,613	7,279
Property Insurance Premium Costs	4,458	4,281
Costs of consulting services	4,153	4,202
Telecommunications costs	3,841	4,409
Marketing costs	3,120	3,364
Fee costs to FBA supervisor	2,981	3,055
Energy costs	2,150	2,092
Cost of professional services	1,209	898
Tax and administration costs	1,060	8,291
Material costs	1,047	1,788
Other annuity costs	769	1,259
Representation costs	744	856
Education	673	601
Freight charges	385	422
Utility costs	257	231
Donations	137	99
Other costs and expenses	5,494	5,183
	68,000	**72,879**

The costs of auditing the financial statements for the Group for 2024 amount to 366 thousand KM (2023: 319 thousand KM).

18. INCOME TAX

The total tax recognised in the profit and loss account may be shown as follows:

	2024	2023
Current income tax	12,810	12,005
Deferred income tax	1,464	(5,686)
	14,274	**6,319**

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

18. INCOME TAX (CONTINUED)

The reconciliation of taxable profit reported in the tax balance sheet with accounting profit can be presented as follows:

	2024	2023
Profit before income tax	**154,087**	**134,172**
Corporate income tax at rate of 10%	15,409	13,417
Tax deduction based on participation in the capital of other and other income	(422)	(975)
Tax Increase on the Basis of Unrecognized Expenditures	234	1,242
Reduction of the tax base based on tax benefits (newly employed workers)	(3,014)	(2,010)
Other changes	(96)	333
Deferred Tax Assets – Level 1 & 2	1,115	(6,326)
Deferred tax assets – depreciation	(93)	(30)
Deferred Tax Assets - Other Provisions	63	(148)
Deferred Tax Property - A Reduction in the Value of Real Estate	65	519
Deferred tax liability - depreciation (lower rates)	314	297
Income tax	**12,810**	**6,319**
Effective tax rate	**8.31%**	**4.88%**

The Group calculates corporate income tax at the rate of 10% in accordance with the regulations for corporate income tax in force in Bosnia and Herzegovina.

Unrecognised expenses include unrecognised expenses on behalf of representation, provisions for risks and liabilities, expenses based on the adjustment of the value of receivables.

Non-taxable income includes income from participation in equity, release of provisions for risks and liabilities that were previously tax-deductible expenses.

The adjustment of the taxable profit reported in the tax balance sheet with the accounting profit arose from differences related to other provisions and loan provisions level 1 and 2, the adjustment of the value of real estate/investment assets and accelerated depreciation, i.e. the difference in depreciation expense between the full tax-deductible rate and the accounted higher depreciation rates, as well as on the basis of the difference in the depreciation expense between the full tax-deductible rate and the accounted lower depreciation rates. depreciation rate.

The change in deferred tax assets can be presented as follows:

	December 31, 2024	December 31, 2023
Balance at the beginning of year	**10,240**	**4,253**
Increase in deferred tax assets	(1,150)	5,987
Balance at the end of year	**9,090**	**10,240**

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

18. INCOME TAX (CONTINUED)

The Group recognised deferred tax assets on the basis of temporary differences arising from the recognition of undisclosed income/expense on the basis of other provisions, loan provisions level 1 and 2, on the basis of impairment of real estate and investments, as well as on the basis of accelerated depreciation, i.e. the difference in depreciation expense between the tax-deductible rate and the accounted higher depreciation rates, as well as deferred tax liability on the basis of the difference in depreciation expense between tax-deductible rates and recognised lower depreciation rates

A change in deferred tax liabilities can be shown as follows:

	December 31, 2024	December 31, 2023
Balance at the beginning of year	**2.003**	**1.705**
Recognized deferred tax liabilities	314	298
Balance at the beginning of year	**2.317**	**2.003**

19. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Money in the cash register in the local currency	263,954	285,595
Money in the cash register in foreign currency	35,063	35,569
Funds in an account with CBBH	638,136	467,857
Funds in accounts with depository institutions for up to 30 days	564,059	394,479
Undervalue: impairment	(1,700)	(2,390)
	1,499,512	**1,181,110**

The interest rate on placements in EUR ranged from 2.35% to 3.90% per annum in 2024, or from 1.7% to 3.92% per annum in 2023. The interest rate on MM placements in USD ranged from 4.00% to 5.32% per annum in 2024, or from 4% to 5.27% per annum in 2023. The interest rate on placements in other currencies ranged from -0.25% to 5.50% per annum in 2024 or from 0.15% to 5.6% per annum in 2023.

Changes to the impairment for expected losses can be shown as follows:

	2024	2023
Balance at the beginning of year	**2,390**	**801**
Release of depreciation (*Note 12)*	(690)	1,589
Balance at the end of year	**1,700**	**2,390**

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

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2024	December 31, 2023
Loans and receivables provided to customers at fair value	13,326	16,690
Fair Value Adjustment	(349)	(349)
	12,977	**16,341**

Changes in the fair value of loans measured at fair value may be presented as follows:

	2024	2023
As of January 1, 2010	**349**	**310**
Net change in fair value through profit or loss (*Note 13*)	-	39
Situation at the end of the period	**349**	**349**

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in capital instruments as follows:

	December 31, 2024	December 31, 2023
Listed equity securities:		
S.W.I.F.T. Belgium	189	183
Non-listed equity securities		
Sarajevo Securities Exchange	322	322
Register of Securities of FBiH	32	32
Velprom d.d. Sanski Most	1	1
	544	**538**

The fair value movements of these assets were as follows:

	2024	2023
Balance at the beginning of year	**538**	**526**
Profit on changes in fair value	6	12
Balance at the end of year	**544**	**538**

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

22. FINANCIAL ASSETS AT AMORTIZED COST

22.1 OBLIGATORY RESERVE WITH THE BIH CENTRAL BANK

	December 31, 2024	December 31, 2023
Obligatory reserve	476,110	438,229
Less: impairment	(475)	(438)
	475,635	**437,791**

The minimum reserve requirement is calculated as a percentage of the average amount of total deposits and borrowed funds for each working day during the 10 calendar days following the reserve maintenance period.

Cash held as a mandatory reserve in the CBBH account is not available for use without special approval from the CBBH and the FBA.

Changes to the impairment for expected losses can be shown as follows:

	2024.	2023.
Balance at the beginning of the year	**438**	**423**
Net change in impairment (*Note 12)*	37	15
Balance at the end of the year	**475**	**438**

22.2 DEPOSITS WITH OTHER BANKS

	December 31, 2024	December 31, 2023
Deposits with other banks	-	205,325
Less: impairment	-	(323)
	-	**205,002**

Changes to the impairment for expected losses can be shown as follows:

	2024.	2023.
Balance at the beginning of the year	**323**	**436**
Net change in impairment (*Note 12)*	(323)	113
Balance at the end of the year	**-**	**323**

The interest rate on placements (over 30 days) in EUR ranged from 3.73% to 3.82% per annum in 2024, or from 2.53% to 3.9% per annum in 2023. The interest rate on placements in other currencies ranged from 0.8% to 4.25% per annum in 2023, while in 2024 the Bank had no term deposits in other currencies.

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

22. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

22.3 LOANS AND RECEIVABLES

	December 31, 2024	December 31, 2023
Loans and receivables at amortized cost	3,049,867	2,921,511
Claims for financial lease	135,810	120,859
Less impairment of value	(131,223)	(151,515)
	3,054,454	**2,890,855**

Changes in impairment of loans granted at amortised value may be shown as follows:

	2024	2023
Situation at the beginning of the period	**151,515**	**171,822**
Write-off	(27,095)	(28,139)
Other transfers	3,623	(1,288)
Net effects from modifications to financial assets at amortised cost that did not result in derecognition *(Note 13)*	30	1,220
Increase in value correction *(Note 12)*	3,150	7,900
Balance at the end of the year	**131,223**	**151,515**

The analysis of loans and receivables according to the original maturity is as follows:

	December 31, 2024	December 31, 2023
Short-term loans:		
Short-term loans in domestic currency	538,174	530,805
Short-term loans in foreign currency (including currency clause)	46,081	1,755
	584,255	532,560
Long-term loans:		
Long-term loans in domestic currency	1,919,470	1,610,850
Long-term loans in foreign currency (including currency clause)	681,952	898,960
	2,601,422	2,509,810
Total loans before impairment	**3,185,677**	**3,042,370**
Less impairment of value	(131,223)	(151,515)
	3,054,454	**2,890,855**

Short-term loans are granted for a period of 30 to 365 days. Most short-term loans in domestic currency are granted to clients for working capital. Long-term loans are mostly granted to individuals, and the products are general-purpose and housing loans.

For SME clients, loans that are granted for a period of 30 to 365 days (short-term) are working capital loans and overdraft, long-term loans for a period longer than 365 days are investment loans and permanent working capital.

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

22. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

22.3 LOANS AND RECEIVABLES (CONTINUED)

The analysis of total loans granted classified by business branches is as follows:

	December 31, 2024 Gross book value	December 31, 2024 Expected credit loss	December 31, 2023 Gross book value	December 31, 2023 Expected credit loss
Retail	1,922,456	(95,041)	1,850,054	(117,649)
A - Agriculture, forestry and fishing	13,405	(302)	12,381	(199)
B - Mining and stone extraction	1,759	(59)	3,400	(81)
C - Processing industry	286,286	(8,458)	258,670	(8,208)
D - Production and supply of electricity, gas, steam and air conditioning	9,666	(54)	11,114	(60)
E - Water supply; wastewater disposal, waste management and environmental remediation activities	12,688	(144)	12,983	(121)
F – Construction	42,024	(1,288)	41,997	(1,512)
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	612,570	(18,698)	578,418	(16,964)
H - Transportation and storage	69,926	(2,395)	76,284	(2,408)
I - Accommodation and food service activities (hospitality and catering)	7,910	(414)	6,768	(412)
J - Information and communications	46,251	(1,150)	57,989	(803)
K - Financial and insurance activities	66,057	(846)	44,190	(622)
L - Real estate business	9,767	(190)	3,652	(124)
M - Professional, scientific and technical activities	17,408	(786)	15,847	(571)
N - Administrative and ancillary services	11,720	(683)	10,482	(764)
O - Public administration and defense; compulsory social insurance	44,578	(535)	48,648	(769)
P – Education	1,542	(65)	1,847	(121)
Q - Health care and social welfare activities	7,312	(60)	5,366	(71)
R - Arts, entertainment and leisure	448	(9)	435	(11)
S - Other service activities	1,902	(46)	1,838	(45)
U - Activities of extraterritorial organizations and bodies	3	-	7	-
Total Credits	**3,185,677**	**(131,223)**	**3,042,370**	**(151,515)**

22.4 OTHER FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2024	December 31, 2023
Debt instruments at amortized cost	513,272	341,474
Fee claims	3,194	1,961
Other financial assets	26,703	38,284
	543,169	**381.719**

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

22. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

22.4.1 DEBT INSTRUMENTS AT AMORTIZED COST

	December 31, 2024	December 31, 2023
Government bonds	387,642	281,704
Supranational financial institutions	103,484	37,157
Corporate bonds	23,484	23,484
	514,610	**342,345**
Less: impairment	(1,338)	(871)
	513,272	**341,474**

Changes in impairment of financial assets measured at amortized cost may be presented as follows:

	2024	2023
Balance as at the beginning of the year	**871**	**2,007**
Net change in impairment (*Note 12*)	467	(1.136)
Balance as at the end of the year	**1,338**	**871**

	December 31, 2024	December 31, 2023
Government and similar bonds:		
Austria	86,006	56,023
Belgium	58,341	39,030
France	48,642	28,366
Poland	33,206	32,393
Netherlands	28,899	37,981
Germany	28,248	28,816
Federation of Bosnia and Herzegovina, BiH	27,925	-
Croatia	25,672	17,686
Government of Sarajevo Canton	19,472	-
Republic of Serbia	10,385	20,794
North Macedonia	10,150	10,352
Republic of Srpska, BiH	9,859	9,566
Supranational Financial Institutions:		
European Bank for Reconstruction and Development	39,911	28,780
European Union	28,149	-
European Financial Stability Facility	18,598	-
International Finance Corporation	8,596	8,226
European Stability Mechanism	7,752	-
Corporate bonds:		
NIBC Bank	23,461	23,461
	513,272	**341,474**

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

22. FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

22.4.2 OTHER FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2024	December 31, 2023
Receivables for credit card business	20,374	27,502
Other financial assets	9,905	10,188
Claims based on spot transactions and arbitration in foreign currency	3,237	7,188
Less: impairment	(6,813)	(6,594)
	26,703	**38,284**

Changes in impairment of financial assets measured at amortized cost may be presented as follows:

	2024	2023
Balance as at the beginning of the year	**6,594**	**4,696**
Impairments (*Note 12)*	219	1,898
Balance as at the end of the year	**6,813**	**6,594**

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

23. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Vehicle	Office Equipment	Investments in progress	Leasehold improvements	Total
PURCHASE VALUE						
As of December 31, 2022	**100,986**	**1,321**	**61,458**	**4,305**	**7,168**	**175,238**
Telugu	-	81	36	11,663	-	11,780
Transfer to use	(134)	1,111	6,841	(8,480)	662	-
Write-offs and alienations	-	-	-	-	-	-
Value alignment	-	(66)	(4,778)	-	-	(4,844)
As of December 31, 2023	**100,852**	**2,447**	**63,557**	**7,488**	**7,830**	**182,174**
Telugu	-	121	30	13,706	-	13,857
Transfer to use	319	106	6,151	(7,527)	951	-
Transfer to investment property *(Note 26)*	-	-	-	-	-	-
Write-offs and alienations	-	(18)	(7,978)	-	(719)	(8,715)
As of December 31, 2024	**101,171**	**2,656**	**61,760**	**13,667**	**8,062**	**187,316**
Accumulated depreciation						
As of December 31, 2022	**(812)**	**-**	**-**	**-**	**-**	**(812)**
Depreciation	1,866	179	5,179	-	891	8,115
Write-offs and alienations	-	9	(4,688)	-	-	(4,679)
Value adjustment *(Note 15)*	(1,267)	-	-	-	-	(1,267)
As of December 31, 2023. Years	**30,724**	**1,195**	**45,273**	**-**	**6,330**	**83,522**
Depreciation	1,918	246	5,539	-	794	8,497
Transfer to investment real estate *(Note 26)*	250	-	-	-	-	250
Write-offs and alienations	-	(18)	(7,872)	-	(672)	(8,562)
Value adjustment *(Note 15)*	(612)	-	-	-	-	(612)
Other changes	(18)	-	18	-	-	-
As of December 31, 2024	**32,262**	**1,423**	**42,958**	**-**	**6,452**	**83,095**
NET BOOK VALUE						
As of December 31, 2023	**70,128**	**1,252**	**18,284**	**7,488**	**1,500**	**98,653**
As of December 31, 2024	**68,909**	**1,233**	**18,802**	**13,667**	**1,610**	**104,221**

As of December 31, 2024, the value adjustment of the net book value of real estate with its market value was performed.

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

24. OPERATIONAL LEASE ASSETS

	Vehicle	Equipment	Total
COST			
At 31 December 2021	**12,285**	**22**	**12,307**
Addition	3,743	-	3,743
Transfers to inventories	(3,114)	-	(3,114)
Disposals	(1,833)	-	(1,833)
At 31 December 2022	**11,081**	**22**	**11,103**
Addition	3,483	-	3,483
Transfers to inventories	(1,817)	-	(1,817)
Disposals	(866)	-	(866)
At 31 December 2023	**11,881**	**22**	**11,903**
Value alignment			
At 31 December 2021	**3,759**	**22**	**3,781**
Depreciation	1,775	-	1,775
Transfers to inventories	(1,021)	-	(1,021)
Disposals	(2,486)	-	(2,486)
At 31 December 2022	**2,758**	**22**	**2,780**
Depreciation	1,794	-	1,794
Transfers to inventories	(476)	-	(476)
Disposals	(729)	-	(729)
At 31 December 2023	**3,347**	**22**	**3,369**
NET BOOK VALUE			
Balance at 31 December 2022	**8,323**	**-**	**8,323**
Balance at 31 December 2023	**8,534**	**-**	**8,534**

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

25. RIGHT-OF-USE ASSETS

	Buildings	ATM	Total
PURCHASE VALUE			
Situation as of December 31, 2022	**11,491**	**2,369**	**13,860**
Increase (new lease agreements)	4,799	447	5,246
Reduction (early termination of the contract)	(1,714)	(244)	(1,958)
As of December 31, 2023	**14,576**	**2,572**	**17,148**
Increase (new lease agreements)	6,055	945	7,000
Reduction (early termination of the contract)	(2,889)	(194)	(3,083)
As of December 31, 2024	**17,742**	**3,323**	**21,065**
Accumulated depreciation			
Situation as of December 31, 2022	**6,187**	**1,389**	**7,576**
Depreciation (*Note 31.4*)	2,359	541	2,900
Cancellation (early termination of the contract)	(791)	(100)	(891)
As of December 31, 2023	**7,755**	**1,830**	**9,585**
Depreciation (*Note 31.4*)	2,630	803	3,433
Cancellation (early termination of the contract)	(626)	(139)	(765)
As of December 31, 2024	**9,759**	**2,494**	**12,253**
NET BOOK VALUE			
As of December 31, 2023	**6,801**	**742**	**7,563**
As of December 31, 2024	**7,983**	**829**	**8,812**

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

26. INVESTMENT PROPERTY

INVESTMENT PROPERTY	
COST	**Total**
Balance as at 1 January 2023	**35.575**
Transfer from property	318
Balance as at 31 December 2023	**35.893**
Transfer from your own real estate	610
Other changes	(318)
Balance as at 31 December 2024	**36.185**
Accumulated depreciation	
Situation as of 1 January 2023	**7.231**
Depreciation	770
Transfer from your own real estate	182
Value adjustment (*Note 15)*	(101)
As of December 31, 2023	**8.082**
Depreciation	754
Transfer from your own real estate	(250)
Value adjustment (*Note 15)*	(42)
Other changes	(212)
As of December 31, 2024	**8.332**
As of December 31, 2023	**27.811**
As of December 31, 2024	**27.853**

The fair value of the Group's investment properties was as follows:

	December 31, 2024	**December 31, 2023**
Building	34.229	34.251
	34.229	**34.251**

The fair value of real estate investments as at 31 December 2024 and 31 December 2023 was assessed by internal valuers employed by the Bank who have appropriate qualifications and recent experience in valuing assets at fair value in relevant locations, as well as external valuers for individual investment properties.

The fair value of the Group's investment properties is determined using the market value method, which reflects the present value in the market, taking into account the construction value of the building and other factors (location, usability, quality and other factors). There were no changes in the valuation amount as well as in the valuation measurement technique during the year.

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

27. INTANGIBLE ASSETS

	Other intangible assets	Investments in progress	Total
COST			
Balance at 1 January 2023	**46,248**	**13,478**	**59,726**
Additions	41	13,482	13,523
Transfer to use	4,631	(4,631)	-
Write offs and disposals	(2,541)	-	(2,541)
Balance as at 31 December 2023	**48,087**	**22,329**	**70,416**
Additions	447	-	447
Transfer to use	17,132	11,864	28,996
Write offs and disposals	(7,551)	(16,722)	(24,273)
Balance as at 31 December 2024	**58,115**	**17,471**	**75,586**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2023	**36,258**	**-**	**36,258**
Depreciation	3,797	-	3,797
Write offs	(2,542)	-	(2,542)
Balance as at 31 December 2023	**37,331**	**-**	**37,331**
Depreciation	6,172	-	6,172
Write offs	(7,406)	-	(7,406)
Balance as at 31 December 2024	**36,097**	**-**	**36,097**
NET BOOK VALUE			
Balance as at 31 December 2023	**10,756**	**22,329**	**33,085**
Balance as at 31 December 2024	**22,018**	**17,471**	**39,489**

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

28. OTHER ASSETS AND RECEIVABLES

	December 31, 2024	December 31, 2023
Prepaid expenses	2,258	2,392
Petty cash loss	1,647	209
Other advances paid	325	333
Inventories	14	674
Other assets and receivables	5,280	3,066
	9,524	**6,674**

29. FINANCIAL LIABILITIES AT AMORTIZED COST

29.1 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	December 31, 2024	December 31, 2023
Current accounts in domestic currency	2,057	1,832
Current accounts in foreign currency	211	32
	2,268	*1,864*
Short-term deposits in local currency	50,789	28,012
Short-term deposits in foreign currency	11,526	19,181
	62,315	*47,193*
Long-term deposits in domestic currency	62,960	65,117
Long-term deposits in foreign currency	17,667	17,565
	80,627	*82,682*
	145,210	**131,739**

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

29. FINANCIAL LIABILITIES AT AMORTIZED COST (CONTINUED)

29.2. DEPOSITS FROM CLIENTS

	December 31, 2024	December 31, 2023
Current accounts from clients in domestic currency	1,233,563	1,036,084
	1,233,563	*1,036,084*
Demand deposits of legal entities in domestic currency	1,501,551	1,341,595
Demand Deposits of Legal Entities in Foreign Currency	295,786	265,552
	1,797,337	*1,607,147*
Demand deposits by the population in domestic currency	247,832	250,426
Demand Deposits Retail in Foreign Currency	588,784	584,106
	836,616	*834,532*
Time deposits from legal entities in domestic currency	7,804	13,982
Time deposits from legal entities in foreign currency	116,382	146,248
	124,186	*160,230*
Time deposits from households in domestic currency	125,283	140,602
Term deposits from households in foreign currency	366,502	393,754
	491,785	*534,356*
	4,483,487	**4,172,349**

In 2024, interest rates fluctuated as follows:

- demand deposits in KM – 0.00% p.a. (2023 0.01% p.a.),
- demand deposits in foreign currencies – 0.00% p.a. (2023: 0.00% p.a.),
- short-term deposits 0.00% to 0.00% (2023: from 0.01% to 0.20% per annum),
- long-term deposits – 0.00% to 2.40% per annum (2023: from 0.00% to 2.40% p.a.).

29.3. BORROWINGS

	December 31, 2024	December 31, 2023
Subordinated debt	45,174	45,193
Other loans from banks	270,960	166,159
	316,134	**211,352**

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

29. FINANCIAL LIABILITIES AT AMORTIZED COST (CONTINUED)

29.3. BORROWINGS (CONTINUED)

Subordinated debt is classified as follows:

	December 31, 2024	December 31, 2023
Commercial banks – others	44.984	44.984
Interest on subordinated debt	190	209
	45.174	**45.193**

On November 14, 2022, a new credit line was signed with the character of subordinated debt from a person not related to the Bank – EFSE (commercial banks – others) in the total amount of BAM 44,984 thousand and the maturity date of November 18, 2032 and the planned repayment of the loan in a one-time payment, in full, on the defined repayment date. In the event of liquidation or bankruptcy of the Bank, the liabilities arising from the subordinated debt shall be subordinated to the other liabilities of the Bank.

Subordinated debt can be used as an additional capital increase for regulatory purposes, subject to regulatory approval.

Long-term loans from foreign banks and non-bank credit institutions are obtained from supranational and development banks.

Interest rates on the entire portfolio of long-term credit lines from banks and other financial institutions for the period ended 31 December 2024 ranged from 0.04% to 3.54% per annum (fixed rates) and 6M EURIBOR + 0.20 4% to 6M EURIBOR + 5.50% (variable rates). Interest rates as of 31 December 2023 ranged from 0.05% to 3.43% per annum (fixed rates) and 6M EURIBOR + 0.20% to 6M EURIBOR + 5.50% (variable rates).

29.4. LEASE LIABILITIES

	Currency	Nominal interest rate	Contracted/ expected maturity	Present value December 31, 2024	Present value December 31, 2023
Rental obligations – business premises	MILES	2%	2022-2029	8,416	6,970
Rental obligations – ATM	MILES	2%	2022-2025	496	761
				8,912	**7,731**

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

29. FINANCIAL LIABILITIES AT AMORTIZED COST (CONTINUED)

29.5 OTHER FINANCIAL LIABILITIES AT AMORTIZED EXPENSE

	December 31, 2024	December 31, 2023
Credit card business liabilities	9,889	22,746
Other financial liabilities	3,575	9,997
Accounts payable	1,120	1,899
Liability for other taxes	1,124	1,352
Other liabilities to employees	354	396
	16,062	**36,390**

30. PROVISIONS

	December 31, 2024	December 31, 2023
Provisions for guarantees and loan commitments	12,000	12,553
Provisions for legal proceedings	10,313	9,785
Other provisions	14,338	14,230
	36,651	**36,568**

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

30. PROVISIONS (CONTINUED)

Changes in the provision for financial guarantees and approved and unused loans:

	2024	2023
Balance as at the beginning of period	**9,785**	**16,845**
Increase, net (*Note 12*)	716	(7,034)
Other changes	(188)	(26)
Balance as at the end of period	**10,313**	**9,785**

Provisions for financial guarantees and approved and unused loans

As part of its regular operations, the Group enters into loan liabilities that are recorded on off-balance sheet credit accounts and primarily include guarantees, letters of credit and unused loans.

	December 31, 2024	December 31, 2023
Loan commitments	765,072	794,375
Issued guarantees	370,755	357,390
Letters of credit	20,348	22,135
Other off-balance sheet exposures	7,823	7,823
	1,163,998	**1,181,723**

Provisions for legal proceedings

Developments in the reserves for court proceedings are:

	2024.	2023.
Balance as at the beginning of year	**12,553**	**12,542**
	(549)	(39)
Increase, net (*Note 12*)	(4)	50
Other changes		
Balance as at the end of year	**12,000**	**12,553**

Changes to the provisions for other employee compensation are:

	Holidays	Severance pay	The rest of the reservations	Total
Balance as at 1 January 2022	**711**	**3,302**	**6,649**	**10,662**
Increase, net (*Note 12*)	1,208	(208)	1,028	2,028
Payment for the period	**1,919**	**3,094**	**7,677**	**12,690**
Balance as at 31 December 2022	(135)	530	1,207	1,602
Changes in provisions (*Note 12*)	-	-	(62)	(62)
Balance as at 31 December 2023	**1,784**	**3,624**	**8,822**	**14,230**
Changes in provisions (*Note 12*)	(34)	32	(29)	(31)
Other changes	-	-	139	139
Balance as at 31 December 2024	**1,750**	**3,656**	**8,932**	**14,338**

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

31. OTHER LIABILITIES

	December 31, 2024	December 31, 2023
Other liabilities, principal and interest collected in advance	12.142	10.672
Accounts payable to suppliers	7.804	9.519
Deferred income	2.593	3.211
Other obligations	1.028	1.124
	23.567	**24.526**

32. SHARE CAPITAL

The capital consists of 988,668 ordinary shares with a nominal value of 250 KM. The Group's equity instruments are not traded on the public market and are not listed on the Sarajevo Stock Exchange.

The Group's ownership structure is as follows

Shareholders	Number of shares	'000 KM	%
Raiffeisen SEE Region Holding GmbH, Vienna, Austria	988.688	247.167	100,00

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders weighted by the average number of ordinary shares during the year.

	December 31, 2024	December 31, 2023
Income attributable to ordinary shareholders ('000 BAM)	139.813	127.853
Weighted average number of regular shares in issue during the year	988.668	988.668
Basic earnings per share (in BAM)	**141,42**	**129,32**

Diluted earnings per share were not shown because the Group did not issue dilutive share instruments.

33. MANAGED FUNDS

The Group manages funds for and on behalf of third parties. These funds are kept separate from the group's assets.

	December 31, 2024	December 31, 2023
Liabilities		
Corporate customers	3,457	3,482
Government	1,444	1,594
Retail customers	29	29
Other	77	77
	5,007	**5,182**
Assets	2,620	2,771
Loans to retail customers	2,387	2,411
	5,007	**5,182**

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

34. RELATED-PARTY TRANSACTIONS

Related party transactions that have been eliminated in these consolidated statements may be presented as follows:

	December 31, 2024	December 31, 2023
Receivables		
Loans and receivables to customers:		
Raiffeisen Leasing d.o.o. Sarajevo	15,392	10,055
	15,392	**10,055**
Other receivables:		
Raiffeisen Invest d.o.o. Sarajevo	414	391
Raiffeisen Assistance d.o.o. Sarajevo	1	10
Raiffeisen Leasing d.o.o. Sarajevo	20	5
	435	**406**
Investments in Subsidiaries and Affiliates:		
Raiffeisen Leasing d.o.o. Sarajevo	10,051	10,051
Raiffeisen Invest Fund Management Company	946	946
Raiffeisen Capital a.d. Banja Luka	53	53
Raiffeisen Assistance d.o.o. Sarajevo	2	2
	11,052	**11,052**
Liabilites		
Bank and customer deposits:		
Raiffeisen Leasing d.o.o. Sarajevo	12,973	5,110
Raiffeisen Invest d.d. Sarajevo	3,329	2,393
Raiffeisen Capital a.d. Banja Luka	301	799
Raiffeisen Assistance d.o.o. Sarajevo	145	183
	16,748	**8,485**
Lease liabilities:		
Raiffeisen Leasing d.o.o. Sarajevo	827	1,257
	827	**1,257**
Other obligations:		
Raiffeisen Leasing d.o.o. Sarajevo	38	7
Raiffeisen Capital a.d. Banja Luka	2	1
	40	**8**

	2024	2023
Revenue		
Interest income:		
Raiffeisen Leasing d.o.o. Sarajevo	329	276
	329	**276**

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

34. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	2024	2023
Fee income:		
Raiffeisen Invest d.o.o Sarajevo	4,864	4,624
Raiffeisen Leasing d.o.o. Sarajevo	26	21
Raiffeisen Capital a.d. Banja Luka	2	4
Raiffeisen Assistance d.o.o. Sarajevo	1	1
	4,893	**4,926**
Dividend:		
Raiffeisen Leasing d.o.o. Sarajevo	5,200	-
Raiffeisen Assistance d.o.o. Sarajevo	4,745	
	9,945	**-**
Other income:		
Raiffeisen Leasing d.o.o. Sarajevo	306	318
Raiffeisen Invest d.o.o Sarajevo	34	31
Raiffeisen Assistance d.o.o. Sarajevo	25	28
Raiffeisen Capital a.d. Banja Luka	7	7
	372	**384**
Interest expense:		
Raiffeisen Leasing d.o.o. Sarajevo	75	101
	75	**101**
Depreciation expenses:		
Raiffeisen Leasing d.o.o. Sarajevo	470	453
	470	**453**
Other administrative expenses:		
Raiffeisen Leasing d.o.o. Sarajevo	121	254
Raiffeisen Assistance d.o.o. Sarajevo	10	24
	131	**278**

In the ordinary course of business, several banking transactions with related parties have been carried out. These transactions were carried out on commercial terms and deadlines, and with the application of market rates.

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

34. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Statuses with related parties can be displayed as follows:

	December 31, 2024	December 31, 2023
Receivables		
Loans and receivables to banks:		
Raiffeisen Landesbank Vorarlberg	75,909	-
Raiffeisenverband Salzburg Reg Gen M B H	38,959	-
Raiffeisen Bank International AG, Vienna, Austria	18,951	24,618
Raiffeisenustria d.d. Zagreb, Croatia	799	1,297
Raiffeisenbank a.d. Belgrade, Serbia	197	63
Raiffeisen Landensbank Tirol AG, Innsbruck, Austria	-	33,563
Other receivables:		
Raiffeisen Bank International AG, Vienna, Austria	3,081	258
Raiffeisenustria d.d. Zagreb, Croatia	2	2
	137,898	**59,801**

	December 31, 2024	December 31, 2023
Liabilities		
Long-term loans of banks		
Raiffeisen Bank International AG, Vienna, Austria	15,321	14,021
Raiffeisen Bank Zrt. Budapest, Hungary	-	7,112
Raiffeisenustria d.d. Zagreb, Croatia	-	90
Deposits of banks and customers:		
Raiffeisen Bank International AG, Vienna, Austria	1,803	-
Raiffeisenbank Austria d.d. Zagreb, Croatia	100	-
Other receivables:		
Raiffeisen Bank International AG, Vienna, Austria	3,801	1,827
Centralised Raiffeisen International Services & Payments	161	186
	21,186	**23,236**

A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

	2024.	2023.
Revenue		
Interest income:		
Raiffeisen Landesbank Vorarlberg	1.192	-
Raiffeisen Landesbank Oberoesterreich Aktienge	735	-
Raiffeisenverband Salzburg Reg Gen M B H	388	-
Raiffeisen Landensbank Tirol AG, Innsbruck, Austria	31	1.529
Raiffeisen Bank International AG, Vienna, Austria	287	281

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

34. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	2024.	2023.
Fee income:		
Raiffeisen Bank International AG, Vienna, Austria	457	420
Raiffeisenbank Austria d.d. Zagreb, Croatia	23	25
Other revenues:		
Raiffeisen Bank International AG, Vienna, Austria	288	2.025
Centralised Raiffeisen International Services & Payments	131	96
	3.532	**4.376**

Expenses	**2024**	**2023**
Interest expenses:		
Raiffeisen Bank International AG, Vienna, Austria	1,172	2,645
Raiffeisen Bank Zrt., Budapest, Hungary	-	465
Fee expenses:		
Centralised Raiffeisen International Services & Payments	796	817
PJSC Ukrainian Processing Center	176	267
Raiffeisen Bank International AG, Vienna, Austria	303	126
Raiffeisen Leasing International GmbH, Vienna, Austria	58	58
Raiffeisenbank a.d. Belgrade, Serbia	3	4
Raiffeisenbank Austria d.d. Zagreb	2	2
Consultant services:		
Raiffeisen Bank International AG, Vienna, Austria	3,635	4,055
Other administrative costs:		
Raiffeisen Bank International AG, Vienna, Austria	4,575	2,489
Centralised Raiffeisen International Services & Payments	516	437
PJSC Ukrainian Processing Center	43	54
Raiffeisenbank a.d. Belgrade, Serbia	1	1
Net expenses from trading in foreign currencies		
Raiffeisen Bank International AG, Vienna, Austria	-	200
	11,280	**11,620**

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

34. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

35. Fees to the Management Board and other members of the management:

Members of the Board of Directors were paid the following remuneration during these periods:

	2024	2023
Net salaries	1,620	1,628
Taxes and contributions on salaries	1,253	1,262
Taxes and contributions for other benefits	388	370
Other benefits	522	483
	3,783	**3,743**

35. EVENTS AFTER THE BALANCE SHEET DATE

Between the balance sheet date and the date of approval of these financial statements, there were no significant events requiring disclosure.

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Management Board and signed for issue on May 12, 2025.

Chairman of the Board
Rainer Schnabl

Raiffeisen BANK DD BOSNA I HERCEGOVINA
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Member of the Management Board
Lars Frankemölle