The Annual Report 2024

Survey of key data

Raiffeisen BANK d.d. Bosna i Hercegovina Monetary values in EUR million	2024	2023	Change
Income Statement			
Net interest income	85.9	82.5	4.1%
Net fee and commission income	59.8	56.1	6.6%
Net income from financial operations	(0.0)	(0.1)	(31.5)%
General administrative expenses	(77.6)	(76.3)	1.7%
Profit before tax	80.2	65.3	22.9%
Profit after tax	73.3	62.4	17.5%
Balance Sheet			
Cash and cash equivalents	766.7	603.9	27.0%
Loans and advances to customers	1,501.5	1,423.2	5.5%
Deposits from banks and financial institutions	74.2	67.4	10.2%
Deposits from customers	2,300.9	2,137.4	
Loans taken	97.5	55.2	76.8%
Equity (including profit)	384.7	342.6	12.3%
Total assets	2,900.6	2,656.4	9.2%
Regulatory information			
Risk-weighted assets	1,780.6	1,589.4	12.0%
Capital adequacy ratio	17.3%	17.3%	(0.2)%
Performance			
Return on equity (ROE) before tax	26.3%	19.1%	38.0%
Return on equity (ROE) after taxes	24.1%	18.2%	32.4%
Cost/income ratio	50.0%	(56.8)%	(11.9)%
Return on assets (ROA) before taxes	3.2%	2.5%	30.2%
Resources			
Number of employees	1,357	1,382	(1.8)%
Business units	84	90	0.0

Raiffeisen Group in BiH consists of Raiffeisen *BANK* d.d. Bosna i Hercegovina , Raiffeisen *LEASING* d.o.o. Sarajevo, Raiffeisen *INVEST* Fund Management Company d.d. Sarajevo, Raiffeisen *CAPITAL* a.d. Banja Luka, brokerage company, and Raiffeisen *ASSISTANCE* d.o.o. Sarajevo.

Raiffeisen *BANK* d.d. Bosna i Hercegovina

Raiffeisen Bank has operated as a financial institution since 1992, when it was founded as Market banka d.d. Sarajevo. Due to the quality of its operations, it quickly distinguished itself as a very successful and profitable bank, and today over 1,300 employees provide services to over 460,000 customers throughout 84 branches. At the same time, the main factors of its competitiveness are investment in new technologies, experienced and educated staff who are constantly developing, emphasis on an individual approach to the customers, and monitoring trends in the market and in the industry.

Raiffeisen *LEASING* d.o.o. Sarajevo

Raiffeisen *LEASING* has been operating in Bosnia and Herzegovina for over 20 years. The *LEASING* offer includes a wide range of tailor-made finance and operating leases. This member of the Raiffeisen Group in Bosnia and Herzegovina offers modern, personalised and flexible financing, committed to being a reliable partner to its customers.

Raiffeisen *INVEST* d.d. Sarajevo

Raiffeisen *INVEST* Fund Management Company d.d. has been active in the Bosnia and Herzegovina market since 2012. Raiffeisen *INVEST* offers new investment products on the local market, intended for various customer profiles, depending on their risk appetite and expected investment return.

Raiffeisen *CAPITAL* a.d. Banja Luka

Raiffeisen *CAPITAL* a.d. Banja Luka brokerage company has been operating in the BiH market since 2007, as a member of the Banja Luka Stock Exchange (BLSE), providing security trading services to private and institutional investors, both local and international. It also offers services related to the takeover of stock companies and services related to block transactions.

Raiffeisen *ASSISTANCE* d.o.o. Sarajevo

The Insurance Mediation Company Raiffeisen *ASSISTANCE* d.o.o. Sarajevo aims to provide its end users with easier access to all types of insurance. This member of the Raiffeisen Group in Bosnia and Herzegovina has been operating since 2010.

Sustainability management – part of Raiffeisen Bank's corporate culture

ESG (Environment, Social, Governance) refers to environmental, social and sustainable business at the level of the entire Raiffeisen Group, supported by the United Nations Sustainable Development Goals (SDGs). Engaging in responsible banking means being **involved in lasting, sustainable projects of value to the community and being a significant partner to your customers.** Banks take their requirements into account and strive to offer **products and services that will simplify banking** – whether it's digital applications, financial education programs, or new tools to improve the customer experience. Responsible banking also includes **investments in "green projects"** as well as their promotion, as new generations are more aware of the impact of climate change on life, health and well-being.

The Principles for Responsible Banking are a unique framework for ensuring that the strategies and practices of signatory banks are aligned with the vision that society has set for its future in the Sustainable Development Goals and the Paris Climate Agreement. Over 270 banks, representing over 45 percent of banking assets worldwide, have joined this movement for change, leading the way towards a future in which the banking community makes a positive contribution to people and the planet, as society expects.

Raiffeisen Bank in Bosnia and Herzegovina has launched numerous activities within individual segments of the Bank, such as financial literacy, informing all stakeholders through internal and external communication channels about responsible business and ESG, and raising awareness of ESG topics, products and socially responsible initiatives.

The primary goal of the Raiffeisen Group as a responsible banker is sustainability in business. The strategy, as well as products, processes and services, are aligned with this goal, and Raiffeisen applies a holistic approach in order to achieve it. The Group achieves efficiency and sustainability by always taking into account the environmental and social impacts of its business activities, in addition to achieving economic value. Accordingly, at the beginning of 2021, Raiffeisen Bank International became the **first Austrian banking group to sign the UNEP FI Principles for Responsible Banking**, a unique framework for a sustainable banking industry. Raiffeisen strives to offer customers sustainable financial products and services and support them in their transformation towards a sustainable future, thus making a positive contribution to society.

Overview of Raiffeisen

Report of the Supervisory Board

I am pleased to present you the exceptional results of Raiffeisen Bank d.d. Bosnia and Herzegovina for 2024, which was another year of success and growth. The Bank achieved a total net profit of BAM 143.3 million, capital of BAM 752.3 million and assets of BAM 5.7 billion. These impressive results testify to our commitment to stable and sustainable business.

The Supervisory Board held 17 meetings during the year, including 12 regular and 5 extraordinary, with almost full attendance of members. Our Board closely monitored the Bank's operations, risks and strategic directions, holding regular discussions with the Management Board on capital adequacy, liquidity and business strategies. We paid special attention to the development of corporate governance and the implementation of relevant policies, ensuring that the Bank remains at the forefront of industry standards.

During our activities, we maintained direct contact with the members of the Management Board, auditors and heads of internal control functions, as well as with representatives of banking supervisory bodies. The Management Board regularly provided us with detailed and comprehensive reports on key aspects of the business, enabling us to make informed decisions in a spirit of efficient and constructive collaboration. Our discussions were open and critical, based on a relationship of mutual trust and decisions have been made after careful consideration of all aspects considered.

In the periods between sessions, there were continuous contacts with the Chairman and members of the Management Board, enabling bilateral and multilateral discussions as needed. Any additional information was provided to the members of the Supervisory Board without delay, which contributed to the efficiency of work and mutual satisfaction in our cooperation.

I would like to sincerely thank the Management Board and all employees of Raiffeisen BANK dd Bosna i Hercegovina for their unwavering efforts, and also our customers for their continued trust. Together, we continue to build a stable future and set new standards in the banking industry.

Peter Jacenko
Chairman of the Supervisory Board
Raiffeisen Bank d.d. Bosna i Hercegovina

Preface of the Chairman of the Management Board

Despite global challenges that marked 2024, including geo-political turmoil and economical pressures, Raiffeisen Bank Bosna i Hercegovina successfully navigated the turbulent environment, and achieved extraordinary results. The banking sector demonstrated strength in the key areas such as capi-talisation, liquidity and profitability, and we are proud to have contributed to this growth.

We finished the year with a total net profit of BAM 143.3 mil-lion, total deposits of BAM 4.6 billion and loans amounting to BAM 2.9 billion. These results evidence our continuous growth and increase in number of customers, as well as significant investments into our infrastructure. We are particularly proud of our investments in technology and artificial intelligence, which have enabled us to provide enhanced services to our customers and lay solid foundations for future growth.

Our greatest strength lies in the experience and knowledge of our employees. Throughout 2024, we focused on improving our working environment and corporate culture, empowering our colleagues to achieve individual development and pro-gress. The transformation of our work spaces, infrastructure and work method is in full swing in order to boost employee satisfaction and business agility, strengthening our position as an attractive employer of choice for young people eager to advance their careers here and now.

The year of 2024 was a turning point for us, because we implemented a new Temenos core banking system application - an extraordinary step forward in improving our technical infrastructure. We also improved our Raiffeisen Mobile Banking application and expanded the opportunities of our network of contemporary 24/7 ATM zones to ensure availability to our customers anytime, anywhere. Our focus has remained on the sus-tainability strategy and ESG principles, adapting our products and processes to support our customers in their transformation towards sustainable future, in parallel with delivery of superior service and efficiently meeting their needs.

Our hard work and commitment have not gone unnoticed, even in 2024 "The Banker" magazine awarded us as "Best Bank in BiH", while Global Finance recognized us at "Best Bank in Bosnia and Herzegovina" and "Best Service Provider for Trade Finance and Documentary Business". The renown "Euromoney" awarded us as the best digital bank in BiH for the second consecutive year, confirming our excellence in digital solutions.

I am truly proud of our achievements in 2024 Our cooperation with the brand ambassador Lana Pudar, whose international successes and achievements we have followed tirelessly, reflects our business philosophy. In the period ahead, we will focus on service excellence, enhancing digitalisation with a "human approach" in all aspects of our business.

Thank you for your trust and support. I look forward to continuing this journey, which I believe is destined for success.

Kind regards,

Rainer Schnabl
Chairman of the Management Board
Raiffeisen Banka Bosna i Hercegovina

Macroeconomic Overview

Bosnia and Herzegovina is a small, open economy (exports make up 43% of GDP and imports 51% of GDP), very exposed to changes in foreign trade relations with key trade partners. For two years in a row, local export-oriented companies in the power, metal and textile industries have been strongly affected by negative economic developments in the eurozone market, which is directly related to negative trends in local industrial production. Considering that over 70% of exports are directed towards the EU, it was clear from the start that **2024 would be another difficult year for BiH's trade relations.**

Although the initial forecasts indicated a more pronounced growth, **the weakened economic activity of the eurozone, especially in Germany, and the floods that affected the central part of Bosnia and Herzegovina** in October 2024, are **key factors that had a negative impact primarily on exports and industrial production**, and therefore on **the country's overall economic activity with an estimated growth of 2.3%.**

Namely, in 2024, BiH exports were 3.8% lower than the previous year, primarily driven by negative trends in key export categories (base metals) and towards key export partners: EU (-3.6% yoy) and CEFTA (-10.8% yoy), highlighting the challenges BiH faces due to changing demand and market conditions in key sectors and regions. At the same time, imports to BiH continued to grow by 3.2%, indicating the country's constant dependence on imported goods to meet local requirements. The leading sectors in terms of imports are the food industry, with a growth of 10% and plant-based products (6%). In addition, imports of chemical products increased by 8.5%, highlighting the reliance of the industrial sector on imports of raw materials in the production process. The widening gap between imports and exports resulted in a **14% higher foreign trade deficit of BAM 12.6 billion, which is also a record level noted so far (-24.4% of GDP).** In addition, **industrial production**, which directly correlates with exports, also recorded negative trends with a **drop of 4.2% in 2024**, with all sub-segments recording a negative trend: mining (-7%), manufacturing (-4.4%), and electricity generation (-0.9%). These trends clearly reflect below-average economic growth and key weaknesses of the BiH economy.

Growth in 2024 is predominantly driven by **increased private consumption**, supported by real wage growth, slowing inflation, and strong inflows of remittances. The retail sector in BiH continued to grow in 2024, with strong, double-digit growth rates in the first half of the year, followed by a gradual slowdown in the second half, and cumulative growth of 6.4% at the end of the year. The positive impact of the **real wage growth of 8% suggests that there is more room for pronounced consumer activity**, especially visible in the years after the pandemic. The exceptional year in terms of tourism is also one of the factors that provided an additional stimulus to consumption with a significant increase in the number of tourist arrivals and overnight stays (10.3% and 7.9% yoy). Strong lending activity, especially when it comes to Retail lending with a growth of 9.2%, represents an additional stimulus to consumption.

Speaking of the positive impact on GDP, the last two years have seen an evident trend of **growth in investments** and, consequently, in the contribution to the GDP structure. BiH has significant investment potential, due to its natural resources, strategic European location, and one of the lowest profit and income tax rates in the region. Strengthening investment is expected to play a greater role based on the **current and projected growth in 2024 of 14.8% and the stronger contribution to GDP in recent years (>25% of GDP).** The expected inflow of foreign investments in 2024 should amount to around BAM 1.6 billion, which is much higher than the average amount in the last 10 years. The most significant investments come from EU countries (60%) in sectors such as manufacturing, banking, trade, telecommunications, real estate and services. There is **increasing interest in investments in green energy and digitalisation**, especially in energy as a strategic sector that plays a key role in the process of transitioning to renewable sources. The Growth Plan for the Western Balkans has been recognised as one of the key tools to implement measures that will improve the investment environment and stimulate further growth. The growth plan also emphasises green investments, recognising their key role in sustainable development. BiH's decarbonisation plan relies on significant renewable energy potential and international support to stop coal-fired power generation by 2050, despite the economic and social challenges in phasing out thermal power plants. In the transitional period, **significant investments are planned in renewable energy projects** (solar, wind, hydro, biomass, etc.), followed by investments in optimising the operations of thermal power plants. Phasing out coal would also involve significant investment in new technologies and infrastructure to ensure a sustainable energy supply. This potential will play a key role in further growth of investments.

During 2024, **inflation in BiH followed a stable path, mostly of disinflation**, reaching its lowest point in September 2024 (0.8%). However, towards the end of the year, there was a noticeable increase in inflation, with a rate of 2.2% in December 2024 due to price pressure in the food and services segment. **The average inflation in 2024 was 1.7%**, which is one of the lowest rates in the Southeast European region. Although BiH has managed to maintain a relatively low inflation rate compared to its regional neighbours, certain segments have experienced significant price increases (food and services), which has impacted the overall cost of living.

When we talk about the **outlook for the upcoming period 2025-2027**, Bosnia and Herzegovina will continue to face **many internal and external challenges that may negatively affect the country's economic development.** The fragmented political structure and frequent political crises that cause a standstill in EU reforms and the country's progress towards the EU integration path remain one of the significant factors that accompany the development of BiH. Geopolitical factors often have a direct impact on developments in the country, both political and economic, and therefore the importance of the presence of the international community and openness in the form of support and incentives will continue to remain one of the significant elements of stability and development in BiH. BiH has made significant progress on its path to the EU, including gaining candidate status in December 2022 and getting the green light to start membership negotiations in March 2024 The aforementioned Growth Plan for the Western Balkans for the period 2025-2027, worth EUR 6 billion, offers financial incentives to accelerate EU reforms in the Western Balkan countries, but BiH must overcome internal political obstacles to fully reap the benefits and open formal negotiations on EU accession in the coming period. The presidential elections in the US and the return of Mr Trump to power will change the broader geopolitical view and affect global trade flows, which will also affect BiH through its impact on the EU, considering the reliance of the BiH economy and exports on the EU. **Despite the challenging environment, the local economy is expected to remain resilient in the midterm 2025-2027**, driven by **stable private consumption and strong gross investment** in public infrastructure and renewable energy sources. After two years of **negative trends in exports and industrial production, expectations point to a gradual recovery in 2025**, with stabilisation in the coming years of the baseline scenario. This is supported by positive signs in the manufacturing industry at the end of the year, especially in the production of base metals, which provides room for a projected growth in industrial production of 3% in 2025, in line with the **moderate economic growth of 2.7% in 2025.** Furthermore, we expect a moderate recovery in exports, due to a low basis and a slight acceleration in economic growth in the eurozone (1.2%) and the SEE region (2.7%). In the midterm, expected real GDP growth should return to 3%, which is in line with the ten-year average.

Considering the slight pressure on prices in the last months of 2024, and the impact of the increase in electricity prices for certain businesses in the Federation of BiH in 2025, as well as in Republika Srpska for Retail and the economy, **further inflationary pressures are expected in 2025 in comparison to the stabilisation in 2024** Additionally, the decision to increase the minimum wage in the Federation of BiH, and then in RS, will have an additional impact on the general level of consumer prices, because it is assumed that increased labour costs for both minimum wage workers and higher-ranking workers will be partially transferred to the prices of services (where the largest number of minimum wage workers operate) and goods. In this regard, our **expected inflation rate in 2025 is 3%**, as "upward pressure" is expected from the very beginning of the year and stabilisation in the midterm at the level of 2% on average.

In the context of the labour market, we expect **a continued steady decline in unemployment from 12.5% in 2024 to 10% in 2027, with steady growth of wages and disposable income of 9% in 2025 due to the "spillover effect" of the minimum wage, followed by growth of 5% in 2026-2027.**

Sustainability Management and ESG

In 2024, Raiffeisen Bank d.d. Bosna i Hercegovina significantly improved its environmental and social practices, investing in sustainability, innovation and employee training, and contributing to the community through various CSR initiatives. ESG (Environmental, Social, and Governance) principles have become an integral part of our long-term strategy, with a dedicated team and advisory working groups at management level that continuously review ESG objectives within the Bank and make recommendations.

In accordance with regulatory requirements for 2024, the Bank has aligned its activities 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". We integrated climate and environmental risks into the ICAAP and ILAAP processes, monitored key performance indicators (KPIs) and key risk indicators (KRIs) related to sustainability, and included the measurement and limitation of GHG emissions into the business model. We adapted the information system for collecting risk data and revised the risk management policy, and assessed the impact of climate and environmental risks on the Bank's capital requirements.

Employee training and care: Raiffeisen Bank d.d. Bosna i Hercegovina shows great care for its employees through numerous initiatives and programs. We organised training on climate and environmental risks for all employees and senior management, with over 800 participants. We promoted work-life balance through the H.E.R.O program, which includes mental health support, nutrition advice, and sports activities. We focused on identifying and developing key talents through the Leadership Academy and RaiStars programs, and emphasised financial literacy and ESG training. We are proud of our commitment to equal opportunities and a culture of diversity, including gender-neutral HR policies or training for business with people with disabilities. Over 560 employees participate in the Solidarity Fund, providing financial assistance to colleagues in need.

Environmental initiatives: On the environmental front, we reduced our carbon footprint by using recycled paper, optimising LED lighting, and installing energy-efficient window films, which reduced greenhouse gas emissions by 3.5%, compared to the previous year. We set up EV chargers in Sarajevo and Mostar, installed solar panels on one of the Main Branch buildings, and recycled almost 42,700 units of packaging through the Bank's Reciklomat (recycling machine) in 2024 We are proud that 71% of our Reciklomat users chose to donate funds to the Pomozi.ba association as a benefit option.

Digital transformation and innovation: Our digital transformation and innovation has successfully steered customers towards using electronic services, thereby improving their banking experience. Over 40% of the Bank's customers use mobile banking, with 90% of transactions carried out via e-services, which significantly contributes to efficiency and customer satisfaction. On digital applications, we have implemented functionalities such as Raiffeisen Invest funds for easier investment management and RAIA Chatbot for 24/7 support, providing fast and reliable assistance. We continued to issue cards made from recycled materials, thereby contributing to environmental conservation and promoting sustainable practices. Through the R'm'B mobile application, customers can see a calculation of their carbon footprint, which allows them to be aware of their impact on the environment and to work on reducing it.

Corporate social responsibility: As part of its corporate social responsibility, the Bank donated over BAM 146 thousand through 24 projects last year. The greatest number of projects and the largest total amount of donations are focused on the social sector, with the largest individual donation of BAM 75 thousand to the Pomozi.ba association for assistance to victims of the October floods in Bosnia and Herzegovina, while education is the second most represented field in terms of the number of our donations and total amount. We also implemented the LET'S DO IT initiative – "Little School of Ecology", engaging students from 10 primary schools in the Sarajevo and Zenica-Doboj Cantons, encouraging environmental campaigns and education about the impact of our activities on the planet. Our employees actively participated in corporate volunteer initiatives that support people with intellectual disabilities, as well as in reforestation.

Inclusive products and accessibility: As a financial services provider, we offer sustainable solutions through green and social products. We created the PAKET EKONOMIK (ECONOMIC ACCOUNT SET) for financial inclusion and provided access to information about green and socially responsible products through our website, including offers for women, students, and pensioners. We have improved the accessibility of our branches for people with disabilities, so that 70% of our branches are accessible to people with disabilities, and 97% of ATMs have unhindered access for all users. We implemented induction loops for people with hearing impairments in 38% of branches and ensured priority treatment for people with disabilities in branches with queuing systems.

Transparent communication: In order to communicate more transparently with stakeholders, the Bank has improved its website by adding a special section for Sustainability and ESG with relevant content.

These achievements confirm our commitment to sustainable development, innovation and top services. Raiffeisen Bank continues to build a sustainable future through ESG initiatives, which are key to long-term success and community well-being.

Raiffeisen Bank International Overview

Raiffeisen Bank International (RBI) considers both Austria, where it is a leading commercial and investment bank, and Central and Eastern Europe (CEE) as its home market. Branch banks are represented in 11 markets throughout this region. Additionally, the Group comprises of numerous other financial service providers, for instance in the fields of leasing, asset management, as well as mergers and acquisitions.

In total, RBI's nearly 43,000 employees provide services to around 17.9 million customers in around 1,400 branches, most of which are located in CEE.

Regional Raiffeisen banks own about 61.17 percent of RBI's shares, while the remaining shares are free float.

Raiffeisen BANK dd Bosna i Hercegovina

Raiffeisen BANK d.d. Bosna i Hercegovina is a subsidiary of Raiffeisen Bank International AG (RBI), a leading universal bank in the region of Central and Eastern Europe (CEE). Raiffeisen Zentralbank Österreich AG-Vienna acquired Market banka on July 21, 2000. It was then successfully integrated into the Raiffeisen network, where it now operates as Raiffeisen BANK d.d. Bosna i Hercegovina.

RZB became the sole shareholder of Hrvatska Poštanska banka in May 2001 and renamed it Raiffeisen BANK HPB. Since 01.01.2003, when Raiffeisen BANK HPB was successfully integrated into Raiffeisen Bank, the Bank has been operating under the name Raiffeisen BANK dd Bosna i Hercegovina. This allowed the Bank to strengthen its position in the local market and significantly expand its business network.

In the years that followed, the Bank took on a pioneering role in the country's banking industry, and became one of the leaders in providing digital banking services. Numerous international and local awards attest to the successful business operations of the Bank. These include: Global Finance: "Best Bank in BiH", The Banker: "Bank of the Year", EMEA Finance: "Best Bank in BiH" and local awards "Golden BAM", Euromoney: "Best Bank for Digital Solutions in BiH", Global Finance: "Best Digital Bank in BiH".

The key competitive advantages of Raiffeisen *BANK* d.d. Bosna i Hercegovina in the local market are: investment in new technology, experienced and educated staff that is constantly developing, its focus on the individual customer approach and implementation of new sales channels and new state-of-the-art products and services as well as ESG & Sustainability management activities and ongoing improvements of the agile way of work.

Ownership structure of Raiffeisen *BANK* dd Bosna i Hercegovina:

Raiffeisen BANK dd Bosna i Hercegovina is a fully owned subsidiary of Raiffeisen SEE Region Holding GmbH.

Vision for 2025

We are the most recommended financial services group.

Mission

We transform continuous innovation into superior customer experience.

The gable cross is part of the trademark used by almost every company in the Raiffeisen Banking Group in CEE. It represents two stylized horse's heads, crossed and attached to the gable of a house. It is a symbol of protection rooted in old European folk tradition: a gable cross on the roof was believed to protect the house and its occupants from outside dangers and to ward off evil. In terms of business operations, it symbolizes the protection and security that the members enjoy through their mutual cooperation. Today, the gable cross is one of Austria's best-known trademarks and a well-recognized brand in CEE.

The Management Board

Rainer Schnabl
Chairman of the Management Board

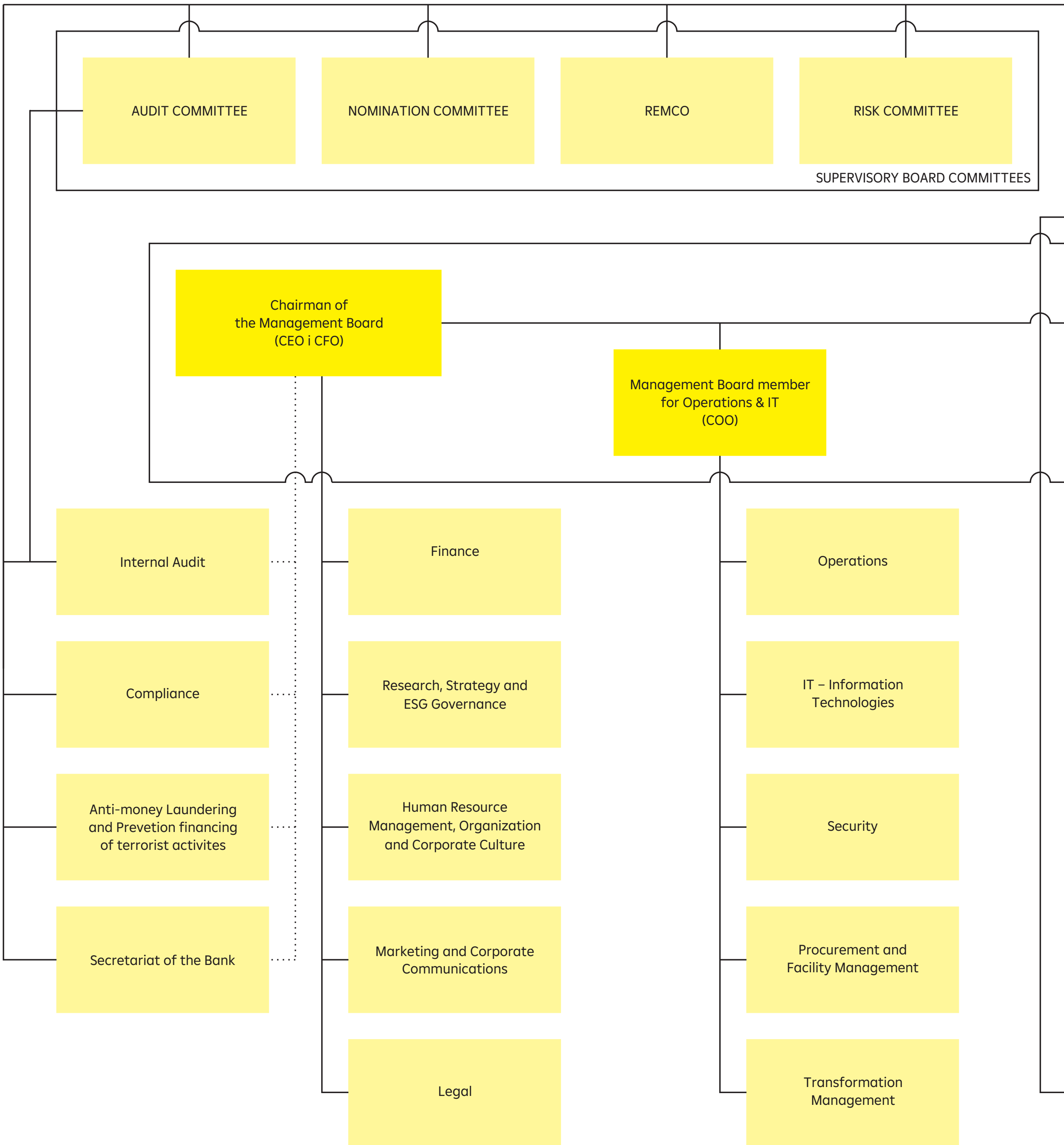
Lars Frankemölle
Board Member

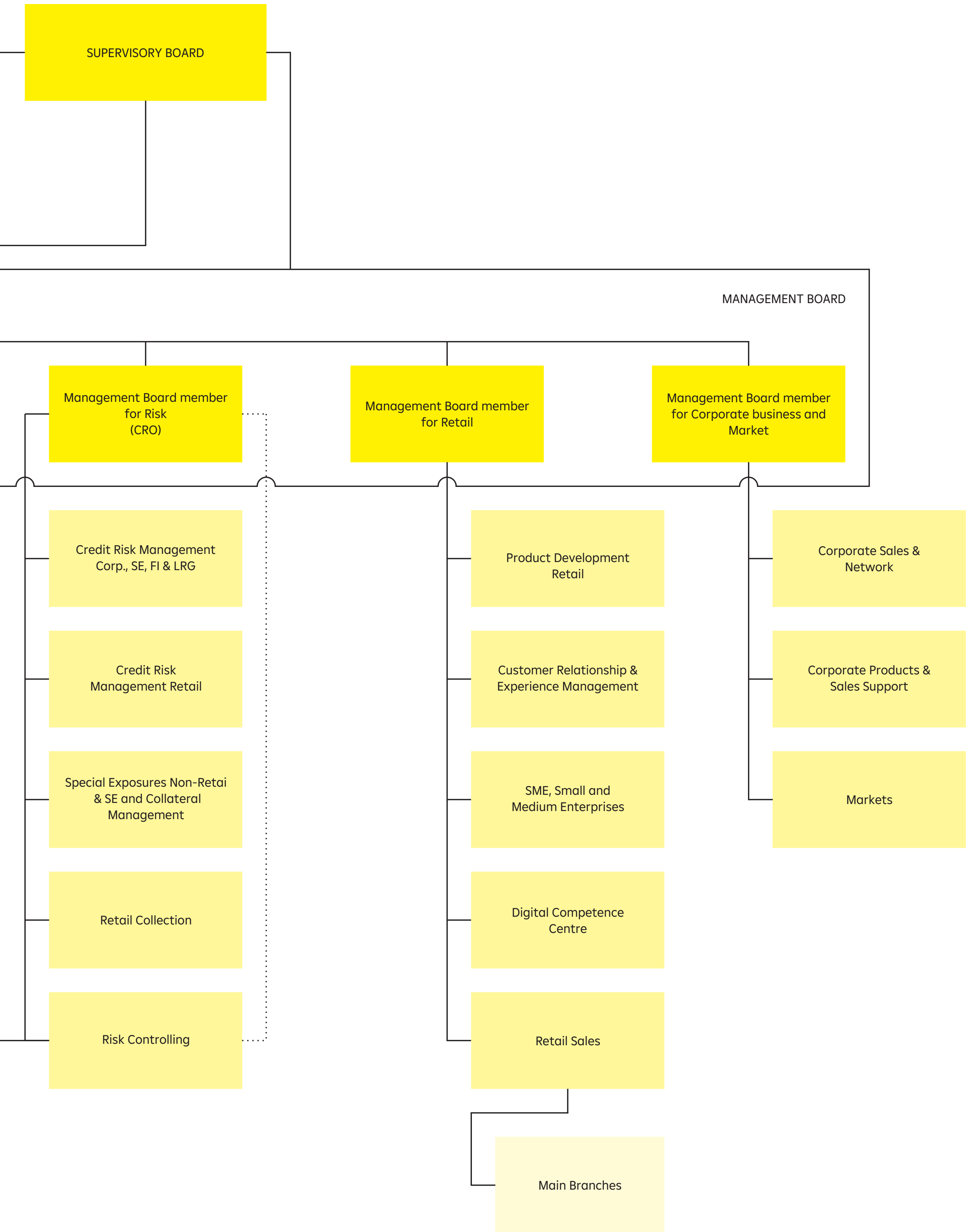
Mirha Krivdić
Board Member

Edin Hrnjica
Board Member

Kreshnik Halili
Board Member

Organisational Structure




SUPERVISORY BOARD
MANAGEMENT BOARD
Management Board member for Risk (CRO)
Management Board member for Retail
Management Board member for Corporate business and Market
Credit Risk Management Corp., SE, FI & LRG
Credit Risk Management Retail
Special Exposures Non-Retai & SE and Collateral Management
Retail Collection
Risk Controlling
Product Development Retail
Customer Relationship & Experience Management
SME, Small and Medium Enterprises
Digital Competence Centre
Retail Sales
Main Branches
Corporate Sales & Network
Corporate Products & Sales Support
Markets

Balance Sheet

as of 31.12.2024 and 2023

	2024 (BAM 000)	2024 (EUR 000)	2023 (BAM 000)	2023 (EUR 000)
ASSETS				
Cash and cash equivalents	1,499,512	766,688	1,181,109	603,891
Financial assets measured at fair value through profit and loss account	10,422	5,329	11,952	6,111
Financial assets at fair value through other total result	544	278	538	275
Financial assets at amortised cost	3,954,871	2,022,093	3,807,491	1,946,739
Prepaid profit tax		–	–	–
Deferred Tax Assets	9,090	4,648	10,240	–
Real estate, machines and equipment	103,850	53,098	98,292	50,256
Property with right of use	9,167	4,687	8,685	4,441
Real estate investments	27,853	14,241	27,705	14,165
Intangible assets	39,231	20,058	32,983	16,864
Investments in subsidiaries	11,050	5,650	11,050	5,650
Equity participations	2	1	2	1
Long-term assets intended for sale and discontinued operations	403	206	23	12
Other assets and receivables	7,107	3,634	5,311	2,715
TOTAL ASSETS	**5,673,102**	**2,900,611**	**5,195,381**	**2,656,356**
LIABILITIES				
Financial liabilities at amortized cost	4,859,835	2,484,794	4,463,899	2,282,355
Profit tax liabilities	800	409	1,234	631
Deferred tax liabilities	2,317	1,185	2,003	1,024
Provisions	35,557	18,180	35,659	18,232
Other liabilities	22,267	11,385	22,606	11,558
TOTAL LIABILITIES	**4,920,776**	**2,515,953**	**4,525,401**	**2,313,801**
CAPITAL				
Share capital	247,167	126,374	247,167	126,374
Share premium	4,473	2,287	4,473	2,287
Reserves	1,230	629	1,230	629
Revaluation reserves	283	145	277	142
Profit	499,173	255,223	416,833	213,123
EQUITY	**752,326**	**384,658**	**669,980**	**342,555**
TOTAL EQUITY AND LIABILITIES	**5,673,102**	**2,900,611**	**5,195,381**	**2,656,356**

Profit and Loss

for the years ended 31 December 2024 and 2023

	2024 (BAM 000)	2024 (EUR 000)	2023 (BAM 000)	2023 (EUR 000)
Interest income and related income at the effective interest rate	184,953	94,565	174,571	89,257
Interest expenses and related expenses at the effective interest rate	(16,964)	(8,674)	(13,131)	(6,714)
Net interest income and related income at effective interest rate	**167,989**	**85,891**	**161,440**	**82,543**
Fee and commission income	154,320	78,903	148,421	75,886
Fee and commission expenses	(37,378)	(19,111)	(38,733)	(19,804)
Net fee and commission income	**116,942**	**59,791**	**109,688**	**56,083**
Provisioning for impairment losses	3,543	1,812	(4,589)	(2,346)
Other net losses from financial assets	(30)	(15)	(1,259)	(644)
Net positive exchange rate differences	(85)	(43)	(124)	(63)
Net losses from long-term non-financial assets	1,644	841	1,756	898
Dividend revenues	8,622	4,408	0	0
Other incomes	10,035	5,131	9,926	5,075
Staff costs	(67,253)	(34,386)	(61,302)	(31,343)
Depreciation costs	(18,618)	(9,519)	(15,790)	(8,073)
Other costs and expenses	(65,841)	(33,664)	(72,084)	(36,856)
Profit from regular operations before tax	**156,948**	**80,246**	**127,662**	**65,273**
Income tax	(13,628)	(6,968)	(5,702)	(2,915)
Profit from regular operations	**143,320**	**73,278**	**121,960**	**62,357**
Other accumulated aggregate loss				
Total other accumulated aggregate income	6	3	10	5
TOTAL ACCUMULATED AGGREGATE ANNUAL PROFIT	**143,326**	**73,281**	**121,970**	**62,362**
Earnings per share (in BAM)	145,0	74,1	123,4	63,1

Financial indicators

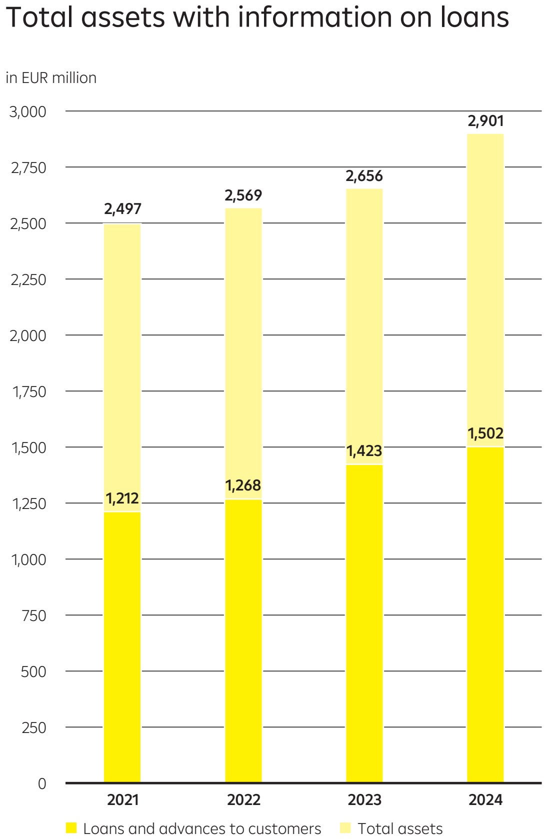
Data presented are stated or calculated based on the audited financial statements of the Bank

	2024 (BAM 000)	2023 (BAM 000)	2022 (BAM 000)	2021 (BAM 000)
Year-end				
Total assets	5,673,102	5,195,381	5,024,985	4,882,730
Customer deposits	4,645,445	4,312,117	4,124,055	4,073,309
Loans and advances to customers	2,936,701	2,783,592	2,480,281	2,371,009
Share capital	247,167	247,167	247,167	247,167
Equity	**752,326**	**669,980**	**623,593**	**568,047**
Annual results				
Total income	305,232	282,810	254,849	222,115
Total operating expenses	(148,284)	(155,147)	(147,634)	(144,450)
Profit before tax	156,948	127,662	107,215	77,665
Profit after tax	143,320	121,970	100,776	69,527
Indicators				
Return on assets (ROA) after taxes	3.2%	2.4%	2.0%	1.4%
Return on equity (ROE) after taxes	24.1%	18.2%	16.2%	12.3%
Cost/Income Ratio (CIR)	50.0%	56.8%	57.1%	58.1%

	2024 (EUR 000)	2023 (EUR 000)	2022 (EUR 000)	2021 (EUR 000)
Year-end				
Total assets	2,900,611	2,656,356	2,569,234	2,496,500
Customer deposits	2,375,178	2,204,750	2,108,596	2,082,650
Loans and advances to customers	1,501,511	1,423,228	1,268,148	1,212,278
Share capital	126,374	126,374	126,374	126,374
Equity	**384,658**	**342,555**	**318,838**	**290,438**
Annual results				
Total income	156,063	143,637	130,302	113,566
Total operating expenses	(75,816)	(78,365)	(75,484)	(73,856)
Profit before tax	80,246	65,273	54,818	39,709
Profit after tax	73,278	62,362	51,526	35,549
Indicators				
Return on assets (ROA) after taxes	3.2%	2.4%	2.0%	1.4%
Return on equity (ROE) after taxes	24.1%	18.2%	16.2%	12.3%
Cost/Income Ratio (CIR)	50.0%	56.8%	57.1%	58.1%

Total assets with information on loans

In the total assets of the Bank, net loans from customers in 2024 account for 52%, which is 2% less than in 2023. Gross loans from customers account for 54%. Share of gross loans of private individuals in the total portfolio is 62%, and of legal entities 38%.



	2024 (BAM 000)	2023 (BAM 000)	2022 (BAM 000)	2021 (BAM 000)
Total assets	**5,673,102**	**5,195,381**	**5,024,985**	**4,882,730**
Loans and advances to customers	2,936,701	2,783,592	2,480,281	2,371,009

	2024 (EUR 000)	2023 (EUR 000)	2022 (EUR 000)	2021 (EUR 000)
Total assets	**2,900,611**	**2,656,356**	**2,569,234**	**2,496,500**
Loans and advances to customers	1,501,511	1,423,228	1,268,148	1,212,278

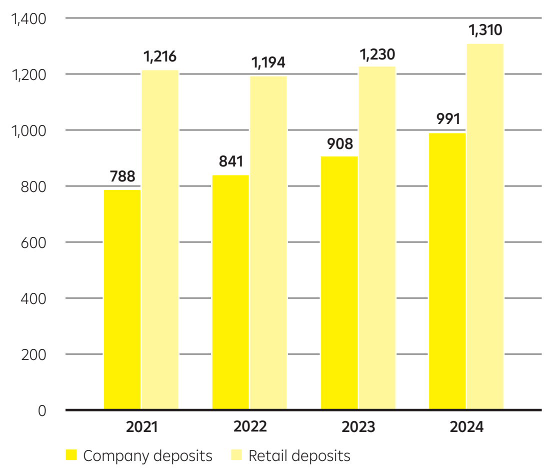
Lending

	2024 (BAM 000)	2024 (EUR 000)	2023 (BAM 000)	2023 (EUR 000)	Change %	Difference
Corporate loans	1,152,378	589,202	1,091,261	557,953	5.6%	61,117
Retail loans	1,912,884	978,042	1,853,609	947,735	3.9%	71,576
Gross loans	**3,065,262**	**1,567,244**	**2,944,870**	**1,505,688**	**4.5%**	**132,693**
Impairment	(128,561)	(65,732)	(149,326)	(76,349)	(13.7)%	20,416
Net loans	**2,936,701**	**1,501,511**	**2,795,544**	**1,429,339**	**5.5%**	**153,109**

Customer deposits

Retail deposits account for 57% of total deposits and recorded growth in the amount of KM 156,992 ths. Their share in 2023 was 58%. In total retail deposits, term deposits make up 19%, and sight deposits make up 81%.

Customer deposits



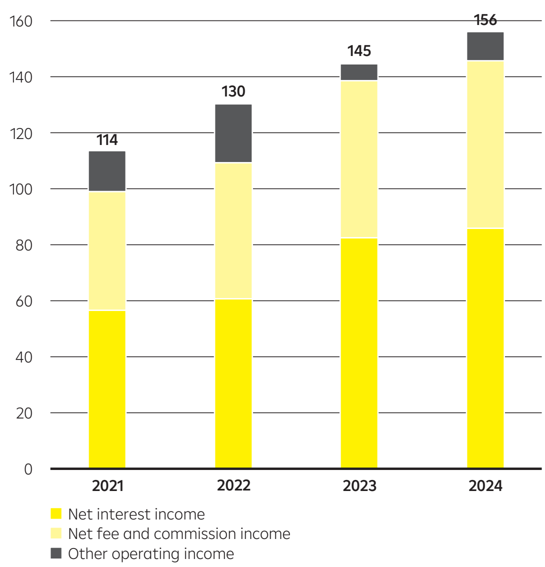
	2024 (BAM 000)	2023 (BAM 000)	2022 (BAM 000)	2021 (BAM 000)
Corporate deposits	1,938,271	1,775,406	1,644,535	1,542,012
Retail deposits	2,561,964	2,404,972	2,335,116	2,378,171

	2024 (EUR 000)	2023 (EUR 000)	2022 (EUR 000)	2021 (EUR 000)
Corporate deposits	991,022	907,751	840,837	788,418
Retail deposits	1,309,911	1,229,643	1,193,926	1,215,940

Total income (with total income structure)

In the structure of the Bank's total income, net interest income accounts for 55%, while net income from commissions accounts for 38%. Interest income grew by 6% compared to the last year, while interest expenses went up by 29% compared to the last year.

Total income



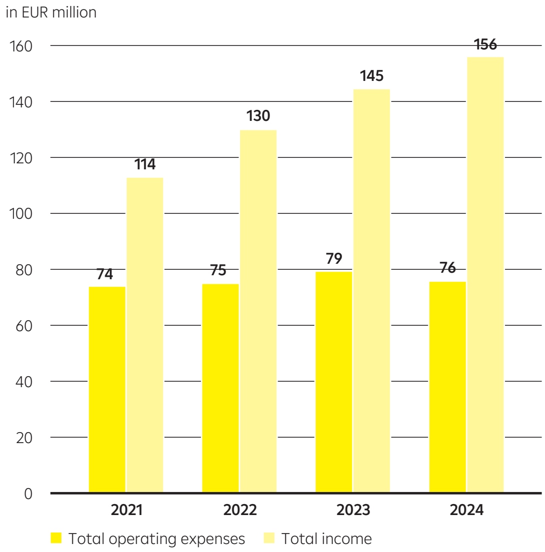
	2024 (BAM 000)	2023 (BAM 000)	2022 (BAM 000)	2021 (BAM 000)
Total income	**305,232**	**282,810**	**254,849**	**222,115**
Net interest income	167,989	161,440	118,712	110,765
Net fee and commission income	116,942	109,688	95,073	82,874
Other operating income	20,301	11,682	41,064	28,476

	2024 (EUR 000)	2023 (EUR 000)	2022 (EUR 000)	2021 (EUR 000)
Total income	**156,063**	**144,598**	**130,302**	**113,566**
Net interest income	85,891	82,543	60,696	56,633
Net fee and commission income	59,791	56,083	48,610	42,373
Other operating income	10,380	5,973	20,996	14,560

Operating expenses/total income comparison

Total operating costs of the Bank in the observed period (2024 vs 2023) recorded a drop of 4%, while total revenues rose by 8%.

Expenses/income comparison



	2024 (BAM 000)	2023 (BAM 000)	2022 (BAM 000)	2021 (BAM 000)
Total operating expenses	(148,284)	(155,148)	(147,634)	(144,450)
Total income	305,232	282,810	254,849	222,115

	2024 (EUR 000)	2023 (EUR 000)	2022 (EUR 000)	2021 (EUR 000)
Total operating expenses	(75,816)	(79,326)	(75,484)	(73,856)
Total income	156,063	144,598	130,302	113,566

Business overview

Corporate Banking

Within the Corporate segment, 2024 was marked by continuous improvement of customer relationships. An individual, high-quality and professional approach to each customer resulted in customer satisfaction, resulting in maintaining the first position in the NPS (Net Promoter Score) survey for 2024 The Bank is recognised as a reliable institution that treats the community and customers responsibly.

Corporate has a continuity in achieving outstanding results, continuous annual growth in assets, which in 2024 amounted to 8%, and an increase in trade financing instruments of 5%. On the other hand, a strong focus was placed on improving the quality of the loan portfolio, which resulted in a 20 percent reduction in the volume of non-performing assets. The share of non-performing assets in total assets in 2024 was 1.27%, which represents the best value of NPLs (Non Performing Loans) on the market and in the Balkan region.

Deposits from Corporate segment customers increased by 7% compared to 2023, which confirms that customers recognise Raiffeisen BANK dd Bosna i Hercegovina as a safe partner for depositing excess funds.

As a reflection of our unwavering commitment and dedication to our customers, Raiffeisen Bank Bosna i Hercegovina is honoured to be awarded the prestigious title of "Best Trade Finance Bank in Bosnia and Herzegovina (in relation to operations with guarantees/letters of credit/documentary collection)" by the esteemed Global Finance Magazine. This significant recognition not only confirms our outstanding success in the trade finance sector, but also underlines our commitment to providing innovative, tailored solutions that are aligned with the growing demands of the market.

A major focus in 2024 was on improving digital business operations with customers. The new internet banking is in the final stages of preparation for implementation. The advantages of the daVinci/eFinance digital platform, which enables online application for loans and guarantees, have been recognised by customers and are being used successfully.

During 2024, we continued to follow the principles of ESG business, by supporting customers in the process of their transformation towards a sustainable future. The balance of Corporate ESG loans in 2024 represents 13.1% of the Bank's total loan portfolio.

Providing active support to customers resulted in retaining existing customers and acquiring new ones, and 2024 ended with a base of 2,944 Corporate customers.

In 2024, market presence was maintained in every region of BiH. The Corporate segment continues to be actively focused on developing a comprehensive quality relationship with its customer base through intensive engagement in the development and promotion of loan products, trade finance and documentary business products, Cash Management products and digital channels.

Development of the loan and deposit portfolio

Loans '000 BAM	**December 2023**	**June 2024**	**December 2024**
Credit cards	987	918	1,079
Credit lines	14,792	13,691	16,428
Overdraft	134,915	130,903	114,398
Investment loans	272,208	259,131	254,125
Working capital finance	377,893	434,727	481,425
Total	**800,795**	**839,370**	**867,456**

Deposits '000 BAM	**December 2023**	**June 2024**	**December 2024**
Term deposits	150,839	149,487	120,142
Sight deposits	1,105,187	1,209,220	1,224,823
Total	**1,256,026**	**1,358,708**	**1,344,965**

Business with SME customers

Raiffeisen BANK dd Bosna i Hercegovina continued to develop existing products in 2024 with the aim of adapting to market requirements. Two products that were in focus in 2024 for small and medium-sized enterprise customers are:

- EIF WIB – Loans in cooperation with the European Investment Fund with participation in the "Western Balkans Entrepreneurship and Innovation Development Instruments for the Resilience of Small and Medium Enterprises/WB EDIF Guarantee4SME Resilience" program. Loans for small and medium enterprise customers with a validity period of 4 years with promissory notes as a security instrument;
- EBRD Go Green – investment financing loan for investments in sustainable projects with the primary goal of environmental protection (credit line that brings customers a grant of up to 10% of the approved loan amount in the event of positive verification of the financed project)

With the aim of implementing our values, which are focused, among other things, on sustainability management and environmental protection, the Bank continues to implement process digitalisation wherever possible.

During 2024, the Bank offered a range of benefits for projects supporting digitalisation for customers belonging to the small and medium enterprise segment (hereinafter: SME). One such benefit is the maintenance of the SME account set "free of charge" for a period of 6 or 12 months, depending on the type of customer and the set for which the customer applies.

The Bank's focus on electronic channels of communication with its customers provides customers with faster access to information and higher quality service. Digital applications for all types of products that the Bank offers to SME customers are made possible simply through the Bank's official email address, and our sales staff take over contact with customers once an application is made.

A digital application solution that allows existing Small and Medium Enterprise customers to apply for loans and receive a response within minutes was updated with new loan products in 2024 as well, while also taking into account the implementation of appropriate security standards in order to protect our customers.

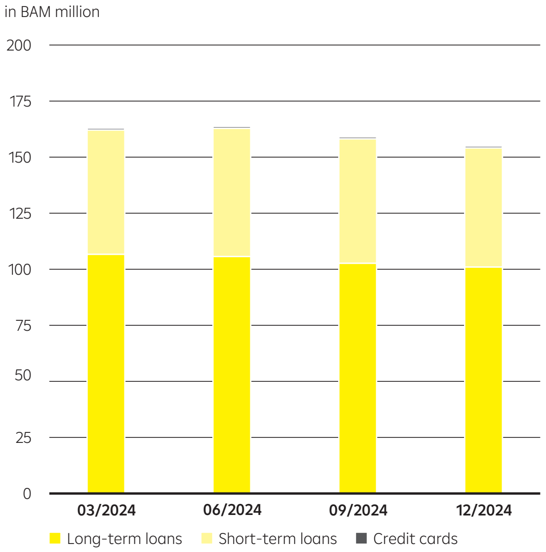
Our cooperation with our regional partner "Women in Adria" continued in 2024 As in previous years, the Bank was the main sponsor of the Female Entrepreneurs Support Program. As part of this program, various educational workshops were organised for female entrepreneurs. The aim of the program is to inspire, inform and connect and educate female entrepreneurs, in order to improve the position of women in society and their influence in the business world.

Trend of the loan and deposit portfolios (SE customers):

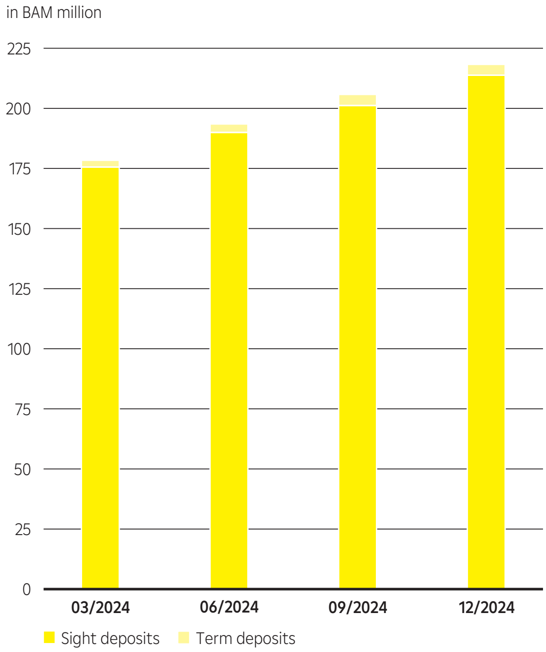
'000 BAM	March 2024	June 2024	September 2024	December 2024
Credit cards	830	824	835	797
Short-term loans	55,356	57,225	55,459	53,080
Long-term loans	106,681	105,692	102,719	100,975

'000 BAM	March 2024	June 2024	September 2024	December 2024
Term deposits	2,830	3,455	4,595	4,503
Sight deposits	175,619	190,312	201,179	213,844

SE loans



SE deposits

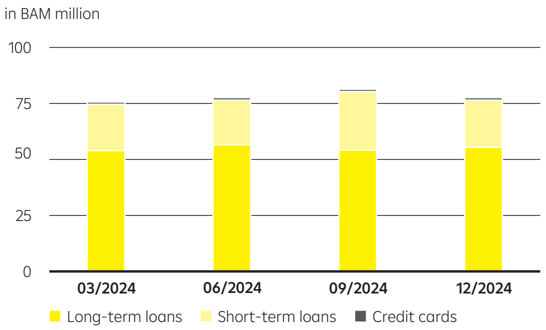


Trend of the loan and deposit portfolios (Micro customers):

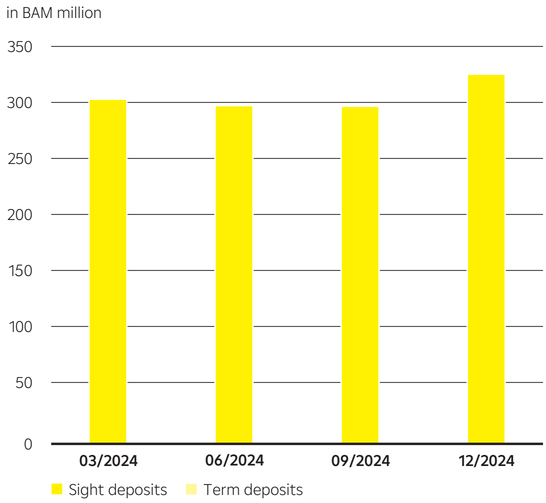
'000 BAM	March 2024	June 2024	September 2024	December 2024
Credit cards	1,026	1,052	1,034	1,061
Short-term loans	20,609	19,899	26,110	21,122
Long-term loans	54,001	56,616	54,240	55,366

'000 BAM	March 2024	June 2024	September 2024	December 2024
Term deposits	749	783	936	765
Sight deposits	303,543	297,933	297,178	325,603

Micro loans



Micro deposits



Retail Banking

In 2024, Raiffeisen BANK dd Bosna i Hercegovina continuously worked on the improvement of the process of digital application for Retail deposits, credit and card business.

The digital nature of the application process allows customers to apply through digital channels from the comfort of their home. One visit to the branch is enough. This convenience is a response to the growing demand for online banking services and reflects the Bank's commitment to use technology and thus improve the customer experience.

In addition to the Bank's products, digital control over the portfolio and informed financial decision-making for investment products are also available for the customers.

Account sets for private individuals

The account sets consist of a set of banking and non-banking products and services, for which the user pays a single monthly fee, with the possibility of paying a lower basic fee through the scoring thresholds or free of charge for the Tempo, Glamour and Triumph sets.

Within these sets, customers can also use debit cards, with or without overdraft limits, as well as credit cards with instalment payment options, digital services (Internet banking, Mobile banking, Viber, m-pay).

The Bank offers the following types of account sets: Raiffeisen CLUB (for students), Pensioner, Moment, Tempo, Glamour, Triumph. Service Set models differ according to the products included in a particular model and are intended for different customer segments.

In 2024, the Bank enriched its offer with a new set, Ekonomik – a sustainable set for financial inclusion.

All account sets also include electronic services that enable the customers to pay lower fees for transactions compared to cash transactions at the bank counters. Customers receive additional health insurance with the account sets Tempo, Glamour and Triumph, and also family travel health insurance for the users of the Triumph account set.

Retail deposits

In 2024, the Bank worked on the improvement of the application process for deposit products, and in the second quarter, applications for term deposits were made possible via the Bank's website. This gives customers the opportunity to be informed about the Bank's deposit products and apply for one of the term deposit products in a few steps from the comfort of their home. Customers can apply online for: Free Savings, Standard Term Deposits and Children's Savings.

Overview of Retail deposits

'000 BAM	2024	Change	2023	Change	2022	Change	2021
Sight deposits	796,366	1.2%	787,120	1,1%	778,492	(5,7)%	825,742
Term deposits	523,323	(8,0)%	568,601	(15,4)%	672,215	(14,8)%	789,391
Current account	1,241,139	18,4%	1,047,996	18,7%	882,962	16,2%	760,164
Total	**2,560,828**	**6,5%**	**2,403,716**	**3,0%**	**2,333,669**	**(1,8)%**	**2,375,297**

Retail lending

The activities in 2024 focused on the improvement of the digitalisation of the lending business. This was after the implementation of a completely new automated product called Ikeš that enabled the existing customers to submit a cash loan application from the comfort of their home and get a conditional decision in less than 8 minutes. In 2024, the development of the Ikeš product continued by making it available in the RMB application to our existing customers who receive a conditional decision in less than 4 minutes. Also, the offer to customers was enhanced with new functionalities, such as the application of customers with personal income disbursed by the employer, and the application of pensioner customers. The Preapproved product, an old product that was temporarily placed in inactive status to improve its functionality, was reintroduced. The concept of the product is to create a campaign for the customers who receive a preliminary offer on an approved loan that can be approved within 3 minutes. The application process has also been optimised to provide the best experience to customers. The credit policy is fully automated to support this product with the implementation of the new automated decision-making tool. The process for this product is completed in the branch, while the adoption of the law on e-signature and video and audio identification will contribute to its further improvement.

In 2023, the Bank revised the concept of sustainable lending, and plans to continue with the offer to customers in 2024 The CO2 saving was revised from the existing 20% to 30%, aiming to align the criteria with the EU laws. The growth of loans amounting to BAM 63 million mostly refers to consumer loans and it is generated through higher demand for this type of financing.

In order to increase the loan balance, the Bank had two campaigns aimed at promoting non-purpose loans with providing some benefits for customers, such as no loan processing fee and a fixed interest rate. The results of the campaigns significantly increased the new volume of consumer loans. Housing loans grew by BAM 37 million. The customer-oriented activities include continuous promotion of housing loans with certain benefits and an extension of the list of investors for residential building as a result of growing construction on the market.

Overview of the retail loan portfolio

'000 BAM	2024	Change	2023	Change	2022	Change	2021
Long-term loans	1,829,027	3.7%	1,763,708	7.8%	1,636,217	4.1%	1,571,118
Short-term loans	1,695	2.0%	1,663	(6.0)%	1,771	(8.8)%	1,941
Total	**1,830,722**	**3.6%**	**1,767,394**	**7.8%**	**1,640,010**	**4.1%**	**1,575,080**

Card Business

In 2024, Raiffeisen Bank implemented a series of successful marketing campaigns that attracted great attention and excitement of our customers. Among the most significant campaigns, we highlight the prize-winning game "**Make Good Energy Rewards Possible**", where customers had a unique opportunity to win valuable prizes, including a luxury car and numerous additional prizes. Not only did this campaign increase the engagement of our customers, but it also further strengthened our position as a leader in innovative marketing strategies.

One of the campaigns that we are also particularly proud of attracted significant attention from our customers due to attractive discounts of 15-30% at selected merchants. This initiative has not only allowed our customers to enjoy more favourable purchases, but also further strengthened our partnerships with local merchants.

Continuing its tradition of socially responsible business, the Bank donated 0.10 BAM of each transaction made with a Mastercard Shopping credit card to three prominent charities: "Heart for Children with Cancer", "Sumero" and "SOS Children's Village in Sarajevo". This donation is another testament to our commitment to support the community and help those in need.

As an environmentally conscious institution, we are proud to be the pioneers in issuing cards made from recycled materials in the local market. This initiative is part of our broader sustainability strategy and efforts to reduce our environmental footprint. We believe that our commitment to the planet is as important as our commitment to our customers.

Card Acceptance at Point-of-Sale (POS)

POS and e-commerce segments recorded a significant growth in 2024 Our turnover on the POS devices grew by 10 percent while the e-commerce segment (internet payments) went up by 52 percent. This makes Raiffeisen Bank one of the leading banks in this business segment in the local market. In 2024, the Bank had a number of significant activities and projects that contributed to the growth of the card acquiring segment, such as: the implementation of two new POS solutions, Single POS (Multi-acquiring) and Unattended POS in self-service devices, the continuous increase in the number of merchants and payment service providers so that our customers have more technical options for integration with good quality service, as well as the launch of campaigns in the card business segment that provide additional benefits to merchants and cardholders.

Card Acceptance at ATMs

In 2024 Raiffeisen *BANK* dd Bosna i Hercegovina continued to improve its relationship with its customers by expanding and relocating its ATM network across the country. The card-related turnover at the Bank's ATMs rose by 13 percent in 2024 Additionally, the Bank continuously works to increase the number of multifunctional ATMs that offer customers a greater choice of functionalities and options. The Bank has significantly increased the number of ATMs that support NFC (contactless) transactions.

Branch Network Coordination

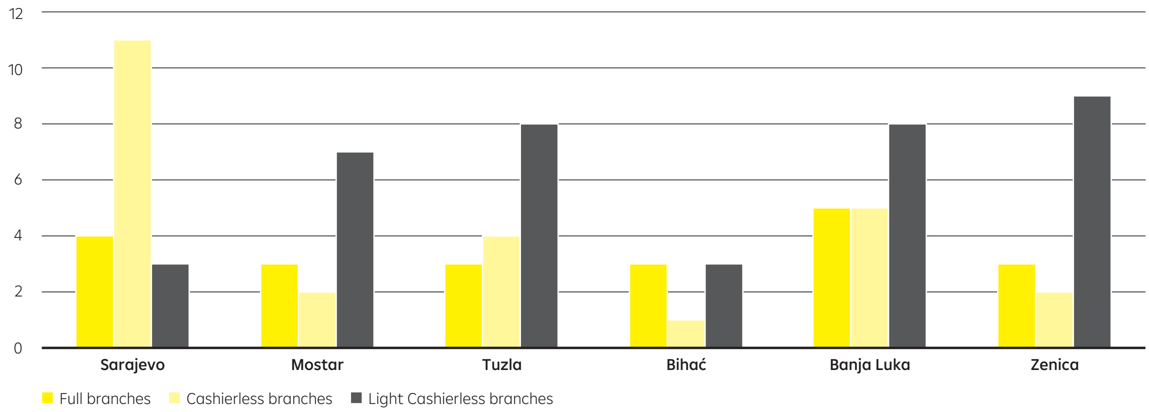
In 2024, the Bank continued to improve its business operations through the expansion of alternative sales channels, operating in accordance with established agile methodologies as a new way of doing business, along with the optimisation, modernisation and digitalisation of branches.

At the end of 2024, the Raiffeisen network in Bosnia and Herzegovina had 84 branches, including 21 traditional branches, 25 digital cashierless branches and 38 light cashierless branches, which operate with cash until 12:00 noon, and after that focus on financial consulting.

The adaptation and refurbishment of branches according to the new concept is in full swing, and by the end of 2024, the following branches were adapted according to the latest standards using ecological materials:

- Teslić Agency
- Široki Brijeg Branch
- Hrasnica Agency
- Gračanica Agency
- Bijeljina Branch
- Visoko Branch
- Vitez Branch

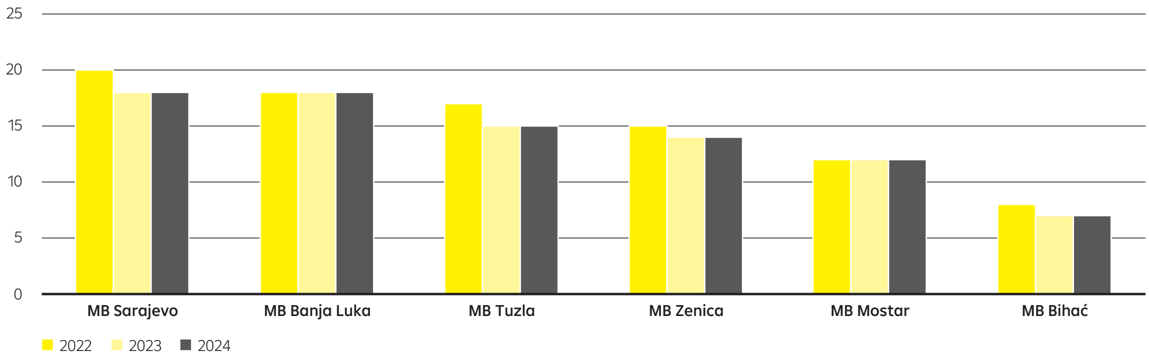
Cashierles and Light cashierless branches



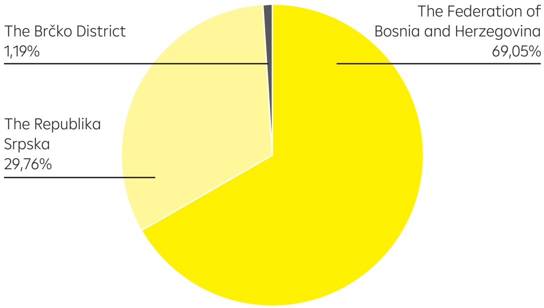
Raiffeisen Bank provides ATM services to private individuals and legal entities. Customers have 350 ATM devices at their disposal, of which 176 are deposit/withdrawal devices that enable checking the balance on their accounts, paying bills and transferring funds. The Bank offers a fast and simple transfer of deposits to legal entities through Cash IN cards on Bankomatiq devices(113) that are available 24/7.

The main branches are located in the administrative and political centres of Bosnia and Herzegovina and they provide the administrative and professional support to the branch network.

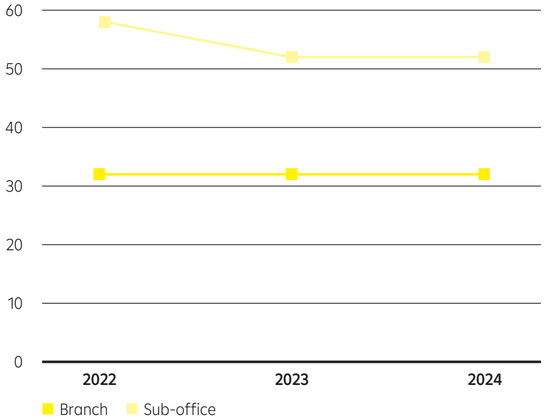
Development of the branch network from 2022 to 2024



Regional coverage of the branch network



Structure of business outlets a across time



Quality Management

Raiffeisen Bank dd Bosna i Hercegovina continues to meet the customers' needs by providing high-quality services, which is also our most important goal. Considering our mission to be a leader in providing financial services, we are committed to service quality, customer experience and service design. These three components are key to our success and customer satisfaction, and our goal is to continuously improve each of them in line with the changing needs of our market.

Experiences such as ease of engagement, transparency, thoroughness and empathy are the primary parameters based on which customers evaluate their satisfaction with their financial institution. Excellence in these areas represents the acquisition of new customers, but also the improvement of relations with all existing ones. In order to follow trends and provide customers with what they want, we have implemented several innovative concepts such as Service Design and the Connect platform that include customers in our daily business.

The Service Design approach is oriented and focused on customers, helping us to create financial products and services in a unified, standardised and efficient way, in line with our business strategy and the expectations and wishes of our customers. Through this concept, it is possible to identify and analyse the customer's needs, behaviours and sore spots in detail, and use the new understandings and insights as bases and starting points during the improvement of existing and development of new products, services and experiences that are recognised by customers. Involving customers at the very beginning of a process and in all business segments, putting ourselves in the customer's shoes, observing experiences and interactions from their point of view, will help us provide an experience that will be worth mentioning.

The Connect concept allows us to create a unified source and prioritised overview of all improvement actions, which are based on feedback and customer sore spots. This way enables the breaking down of silos through a process that is transparent and objective, that builds a permanent continuous monitoring process based on clearly defined roles, responsibilities and adopted solutions. This systematic concept allows us to take concrete actions to improve and implement solutions based on the direct source of the problem.

The key activity that the Bank performs and on the basis of which it obtains important insights into the experiences of customers and their experiences is the analysis of complaints, suggestions and praise. Over the past year, we created and adopted a number of initiatives that made this process better, faster and more efficient for our customers. Based on the collected insights, employees strive to respond to the needs and demands of the customers in their daily work and exceed their expectations, through professionalism, speed, kindness and expertise with which they approach their work.

Banking operations of customers with banks require a new approach since the customers create entirely new expectations. Banking itself can no longer be a part of a traditional process that starts and ends in a branch. Modernised and digitalised experience, with human touch and communication is a norm which we devoutly apply, while the desires and needs of the customers are guides that we are trying to implement and translate into superior user experience.

Our Bank continues to grow and develop by focusing on service quality, customer experience and Service Design. In the year ahead, we are committed to further working on these key aspects, with the aim of achieving even greater customer satisfaction and strengthening their trust.

We thank all our customers for their trust and cooperation. Our employees continue to be our greatest resource in maintaining excellence in every aspect of our business.

Raiffeisen Bank is continuously improving its CRM strategy to enable a personalised customer experience, optimise processes, and improve customer interaction. Through the implementation of advanced analytical solutions and digital tools, CRM has become a key point in the development of new products and services, allowing us to have a deeper understanding of customer needs and timely response to market trends.

Key aspects of CRM development in 2024:

- Improved understanding of consumer habits – the integration of data from various sources has enabled more precise customer segmentation, which has improved targeting and adaptation to individual customer needs.
- Personalisation as the central element of all campaigns – by using advanced analytics, each CRM campaign is now tailored to the specific needs of our users. The focus is on individualised communication, where we offer customers relevant products and services at the right moment.
- Optimisation of the potential customers' management process – by using CRM tools, we have improved the processes of identifying and acquiring new customers. Automation and analytical support enable more precise decision-making, thereby increasing the efficiency of the sales process.
- We implement new modern communication channels through which we integrate our mobile application with CRM tools.

Advanced monitoring methods and analyses of user interactions – implementation of AI-driven models enables real-time analysis of interactions, which helps us make data-driven strategic decisions.

One of the key steps in the development of the CRM strategy was the development of the "Friends by Account" program, which enabled our existing customers to share their positive experience with friends and family. This model, based on the "Member-Gets-Member" principles, further strengthens customer loyalty and contributes to the organic growth of the user base. Through this initiative, we encourage the active involvement of customers in the process of expanding the Raiffeisen community, thereby building stronger, more long-term relationships. Additionally, lead management has been implemented so that customers who have not completed applications for bank products can be contacted via various communication channels and encouraged to continue the process.

Our CRM strategy is not just a tool for operational efficiency – it is a key driver of innovation and long-term strategic growth. By integrating advanced analytical models, artificial intelligence and personalised communication, we have laid the foundation for further development of digital banking and delivery of exceptional value to our customers.

Digital Competence Centre

Digital Services

The Digital Competence Centre has developed digital services and functionalities that create habits towards the services and applications. These services are safe, fast, simple and practical for customers.

Raiffeisen Mobile Application (RMB)

As a market leader in business and digitisation, as well as a leader in transition, Raiffeisen Bank managed to direct customers to use electronic services in order to reduce queues in branches and facilitate business for customers of the Bank. Almost 50% of the Bank's customers use mobile banking, and about 90% of new customers activate mobile banking. Year after year, there is a trend of increasing the number of transactions and the volumes of the Bank. Currently, over 90% of total transactions are done through our e-services, and over 90% through the mobile banking application.

In the past year, we have developed several functionalities that improve user experience and provide the users with additional tools for managing their finances. Raiffeisen Invest – the Bank, as a market leader, was the first to enable customers to purchase shares in Raiffeisen Invest, view the balance of shares in BAM and monitor the balance directly through the application. The purchase of shares has already been simplified, so that the process of purchasing is fully simplified for customers, in such a way that they only need to enter the purchase amount and confirm it. The functionality is available to existing Raiffeisen Invest shareholders.

Additionally, in 2024, we implemented functionality that allows customers to check the balance of accounts for which they are authorised, as well as the ability to pay from authorised accounts to other accounts. For easier financial management and better budget planning, financial report functionality was created, which allows for an overview of all types of transactions for dates in the past.

In mid-2024, we provided customers with RAIA Virtual Assistant, a conversational AI solution that provides customers with 24-hour support.

The Group's strategic decision in the next few years will be based on the mobile application, and in 2025, our customers will enjoy new products and functionalities that will be developed, while some of them will be fully presented end-to-end.

RAIA Virtual Assistant/Chatbot

In mid-2024, Raiffeisen Bank launched a conversational AI solution called RAIA Virtual Assistant. RAIA Virtual Assistant is an AI-based assistant, enhanced with an integrated remote collaboration tool that allows customers a direct access to a personal banker with the simple click of a button. Other significant features of the RAIA Virtual Assistant are customer authentication, audio/video calls between customers and agents (Bank employees), screen sharing with bank agents to facilitate service or sales conversations, as well as automatic customer call redirection – a backup option for redirecting customer inquiries to a Bank agent in the event that RAIA Virtual Assistant does not understand the customer's query. The RAIA artificial intelligence model is fully controlled by the Bank, trained with information about Raiffeisen Bank dd BiH products and services, and can also provide the customer with assistance in matters related to the use of digital services. If RAIA cannot provide assistance, the customer will be automatically forwarded to a Bank agent or their personal banker within the same conversation, the customer will be automatically identified and the conversation history will be displayed. In this way, the customers receive personalised service and assistance, and Bank employees can immediately join the conversation, providing timely assistance to the customer. RAIA is also available on the Raiffeisen website, Raiffeisen Invest website, Raiffeisen Leasing website and Facebook Messenger.

Digital Sales

Raiffeisen Bank, which is the market leader in digital business, records excellent results in digital sales. Year after year, a greater number of products is initiated digitally, through the website and mobile application. In its offer for online application, Raiffeisen Bank provides the possibility for private individuals and legal entities:

- Current account for private individuals,
- Current account for legal entities,
- Current account application for students (Club set),
- Loan application for private individuals,
- Loan application for legal entities,
- Credit card application,
- Overdraft on current account application for private individuals,
- Business card for legal entities,
- Guarantees for legal entities.

The Club set is designed for persons aged between 15 and 26 and is free of charge until they get a job or turn 26. The advantages of the Club set aim at financial literacy of young people. Therefore, the Bank established cooperation with the Faculty of Economics in Sarajevo, the Faculty of Law in Sarajevo, the Faculty of Science and Mathematics in Sarajevo, and the plan is to expand cooperation with other faculties in other cities in Bosnia and Herzegovina.

Treasury, Financial Markets and Investment Banking

Trading and Sales Department

In 2024, RBBH managed to maintain its recognisable high position in the local market in foreign exchange trading. Despite the difficulties and challenges faced by the entire banking sector, the Markets division found solutions in the foreign exchange market so that customers could have good-quality service at all times and choose RBBH as a partner for foreign exchange operations.

In 2024, the Trading and Sales Department made a significant contribution in continuing the positive trend of successful business in previous years and maintaining the Bank's leading position, and further strengthening it by continuously improving services, recognising and meeting customer needs, and participating in the Bank's total profit with a respectable amount of earnings generated from positive exchange rate differences.

The previous year was extremely turbulent for world economies, and consequently for the financial market, which recorded strong fluctuations in currency prices, which largely caused the Bank's exposure to foreign exchange risk. Exposure to foreign exchange risk was regularly checked by the Trading and Sales Department in accordance with regulations and internal limits at the level of individual currencies, and in the total amount for EUR and BAM currencies. The business year was successfully completed and all open FX positions were maintained within the limits set by the Banking Agency of the Federation of Bosnia and Herzegovina (FBA) and within the internal limits determined by the methodology of the Raiffeisen Group.

Turbulent developments in the global financial market also affected our customers, whose needs were changing rapidly, and it was challenging to follow the Bank's strategic direction towards continuous development of service quality and transparency of operations aimed at improving the satisfaction of the Customer Desk service users.

The year ended with over 120 active customers who were provided with quick access to the most favourable market rate, since developments on the interbank foreign exchange market are monitored in real time. Customers, who wanted to completely or partially eliminate foreign exchange risk, had Treasury products at their disposal: FX spot and forward transactions. The implementation of a trading platform for customers was also planned, aiming at active participation in the digitalisation process, which RBBH has set as a strategic goal for the coming period.

The growing number of customers who use the Customer Desk service speaks volumes about the trust that customers have in the Bank and the Group.

Business activities of the Trading and Sales employees were mostly focused on trading in banknotes with local partner banks and also on further optimisation of the costs of cash management.

In 2024, the global money market was influenced by monetary policy measures of the European Central Bank. The ECB based all its decisions about interest rate adjustments on economic indicators such as the percentage of inflation, which required that the money market be permanently monitored and that timely action be taken in order to achieve maximum interest income.

Based on the market conditions, the Trading and Sales Department carried out activities in the area of placing foreign funds in line with the limits set by Raiffeisen Bank International (RBI), making sure that the RBBH liquidity principle was always adhered to.

Institutional Customers and Services to Investors

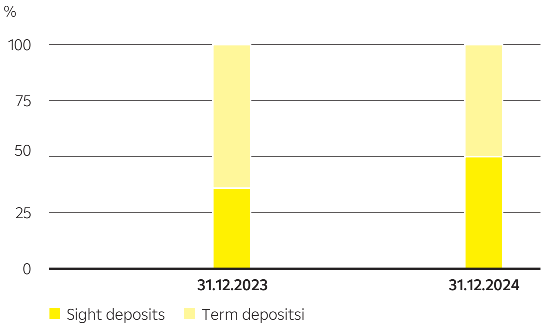
Institutional Customers

Institutional customers, such as insurance companies, microcredit organisations, fund management companies, investment funds etc. and the central government in Bosnia and Herzegovina with its ministries and government authorities, use numerous products of the Bank, from transaction accounts, loans, guarantees, deposits, business cards, PoS and e-pay, to securities services. In 2024 as well, a strong share was maintained in the local market, which is even more important, as customers in these segments are very demanding when is comes to the quality of service. The Bank remains the only bank in Bosnia and Herzegovina whose business cards (VISA, Mastercard) are used by state institutions.

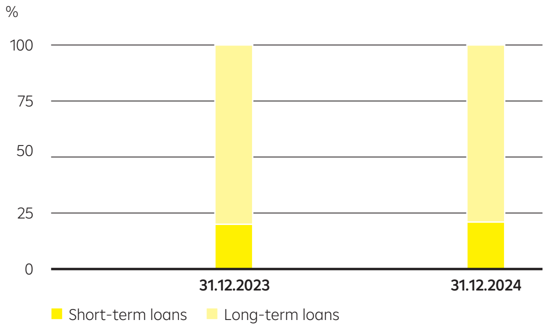
The end of 2024 was marked by growth in demand deposits compared to the end of 2023, while term deposits went down due to regular deposit maturities. In the structure of deposits, there was an increase in the percentage of sight deposits to term deposits, comparing to the structure of the previous year.

In 2024, there was an increase in approved loans, with maintaining a similar structure as in the previous year. This also contributed to the increase in payment turnover and the establishment of stronger business relations with customers.

Deposit structure
of Institutional customers



Loan structure
of Institutional customers



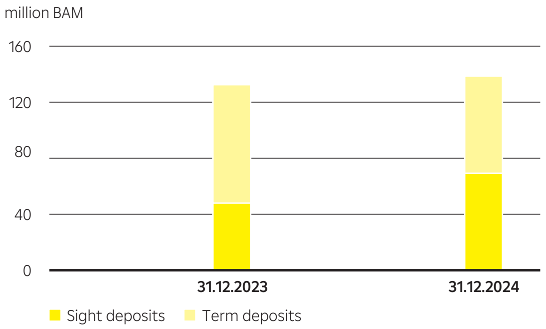
Services to investors

Despite the fact that last year was marked by large fluctuations in the value of financial instruments on international capital markets, **Custody** had a very successful business year. 25 new customers expressed their trust in us and chose us as a reliable provider of this service. The market share in FBiH in terms of assets under custody remained strong at 39%, leaving the other two competitors behind us.

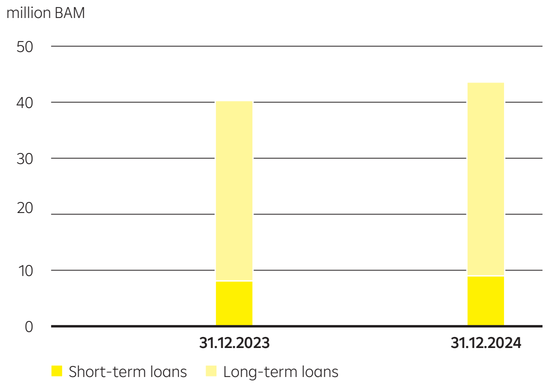
In 2024, in the depository business area, the Bank successfully performed all operations in the **issue and trade of securities**, in accordance with legal regulations and to the satisfaction of its customers. Within the **fund administration** segment, the focus was on maintaining and preserving stable operations through the additional improvement of the high level of service quality. The proof of the quality of our services lies in the stable number of customers, and in this area the Bank is still the best positioned bank in the local market with a market coverage of 56 percent. The licenses for depository operations under issuance of and trade in securities and for the depository of funds were successfully renewed. The FBiH Securities Commission thereby confirmed that the Bank continues to satisfy all legal requirements for the provision of depository banking services.

In the **Broker Business Segment**, the Bank acts as a professional intermediary on the Sarajevo Stock Exchange, where it ranked first by the number of conducted transactions and the generated turnover in 2024 Last year, we were the only professional intermediary whose services were used by the Federal Ministry of Finance for organising primary issues of government bonds and treasury bills. On the local market, the customers were primarily interested in trading in debt securities of issuers with continuous dividend payments. In foreign markets, a significant turnover with RBI certificates was achieved by premium customers.

Deposits of Institutional customers



Loans of Institutional customers



Financial Statements

Annual business report for 2024

a) All significant events that occurred in the period from the end of the business year to the date of submission of the financial statements

The Bank did not have any significant events in the period from the end of the business year to the date of submission of financial statements.

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

Following an intense battle against record inflation and a historic shift in the monetary policies of the European Central Bank and other European banks, along with record-high benchmark interest rates, a slowdown in economic activity, and a technical recession in the Eurozone, 2024 saw moderate inflationary pressures in the region. This led to a change in the ECB's monetary policy, marking the beginning of a cycle of interest rate cuts. Ultimately, the Eurozone experienced weaker economic growth in 2024, with a 0.7% annual increase, which mirrored the below-average growth of Bosnia and Herzegovina's (BiH) economy, which grew by 2.3% annually. This is significant, considering the EU is BiH's key trading partner and its dominant export market, accounting for 73% of BiH's exports. The decline in BiH's exports in 2024 was directly linked to the recession in industrial production, which had a negative impact on overall economic growth. Additionally, floods in the central part of the country caused substantial damage, including to a section of the railway line towards Ploče. This was a major setback for BiH's largest exporters, who rely on that route for exports, especially in the last quarter of 2024. On the positive side, private consumption and investments were key drivers of growth. This was fueled by a 7.8% annual increase in real wages, a further rise in employment, extraordinary credit activity not seen in the past decade, ongoing infrastructural projects on the Vc corridor, and private investments.

The 2025 outlook suggests an acceleration in eurozone economic activity, projected at 1.2% annually, with a mild recovery in investment and exports. However, this could be at risk if Trump's trade policies materialize. Stable energy prices are expected to play a key role in managing inflation, which is forecasted at 2% annually. In this context, a moderate recovery of Bosnia and Herzegovina's (BiH) economy is also anticipated in 2025, with an expected growth rate of 2.7%. This will be driven by renewed growth in private consumption and investment, along with a mild recovery in exports due to the accelerating economic momentum in the eurozone and the broader region.However, key vulnerabilities for the BiH economy in 2025 stem primarily from domestic political risks, which could delay progress on the EU integration path. External factors, such as a potential slowdown in EU growth due to Trump's trade policies, could also negatively affect EU exports and, in turn, BiH's economic growth. Additionally, the expected decision to significantly raise the minimum wage in both entities will likely lead to an acceleration of inflation to 2.4%, driven by the spillover effect of higher labor costs on final product prices. This could also result in a deterioration of labor market trends, with an increase in unemployment.

After a record-breaking year in terms of profitability and financial stability in 2024, characterized by a historically low level of non-performing loans (NPLs), along with high liquidity and capitalization, positive growth dynamics and profitability are expected to continue in 2025. **The banking sector is anticipated to maintain stable growth in assets and lending, without a significant increase in interest rates compared to 2024.** As a result, loan growth is projected at 6.5% annually, while deposit growth is expected to reach 7.7% annually. We anticipate slightly stronger growth in retail loans compared to corporate lending.

BiH has made significant progress on its EU integration path, from obtaining candidate status in December 2022 to receiving the green light to begin the negotiation process in March 2024. In this context, 2025 may see further acceleration in the EU integration process, particularly through the adoption of the so-called European laws. Additionally, BiH could benefit financially from the Western Balkans Growth Plan, provided a consensus is reached on adopting the BiH Reform Agenda. The Western Balkans Growth Plan presents a significant opportunity for investment, with a EUR 1.5 billion fund available to BiH upon the adoption and implementation of key reforms.

In line with the projected trends of key macroeconomic indicators, **the Bank has adjusted its initial growth expectations for key business categories, including loans and deposits, to align with the anticipated economic and political environment. These adjustments are reflected in the overall Business Plan and revised results for 2025, which are updated through the Bank's regular quarterly financial forecasting process ("quarterly 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 continuous digital transformation and automation of processes, in line with the latest trends in the banking industry. In 2024, the Bank successfully completed one of the largest projects in its history: the replacement of the Core Banking System (CBS). This upgrade will lead to significant improvements in operational efficiency across all business segments and enable the digitalization and automation of certain neutral and credit products for clients. **The Bank is actively working on projects to digitalize and automate "end-to-end" processes within its operations, as well as business processes and transaction handling with clients. These efforts are expected to result in a substantial improvement in overall operational volume and the client experience.**

The Bank continued to enhance the functionality of its mobile and internet banking services for both individuals and legal entities, while also improving its key digital credit products for individuals (IKEŠ) and SME loans. We expect these improvements to fully realize their effectiveness and customer satisfaction in 2025.

Additionally, the Bank has undertaken numerous initiatives to align **its operations with ESG principles**. This includes **ESG risk management efforts** aimed at fully integrating ESG principles into the Bank's business model, strategy, organization, processes, and products, while adapting **them to best practices from the European Union.**

Following the recommendations of Raiffeisen Bank International (RBI Group), the Bank established a new organizational unit: **Research, Strategy, and ESG Management. This unit serves as a center of competence for managing ESG business principles across the entire Bank**, with active involvement from senior management. It provides support in implementing ESG principles and risk management throughout all organizational units, ensuring alignment with the expectations set by the Federal Banking Agency (FBA) throughout 2024. This includes adherence to **the Guidelines for managing risks related to climate change and environmental risks, as well as the FBA's Decision on measures to strengthen financial inclusion and sustainable banking operations**. This management and advisory structure at the Bank level collectively defines the annual priorities and objectives related to managing ESG risks and business principles with clients. It also oversees the Bank's overall sustainability management, aiming to apply a holistic ""ESG management under one roof" approach in practice.

Three strategic pillars have been established to guide the implementation of activities: **Pillar 1: Sustainable Financial Achievements; Pillar 2: Key Business Activities with Clients; Pillar 3: Regulatory Compliance, Governance, and Reporting.**

An ESG data collection process and an ESG lending process have been successfully implemented within the Bank to assist sales staff in identifying, tagging, and reporting on ESG-related lending, products, and transactions. Additionally, efforts have been made to align "Green" and "Social" lending products with the ESG eligibility standards set by the RBI Group and local regulations.

d) Information on the repurchase of own shares, or stakes

In 2024, the Bank did not repurchase its own shares or stakes.

e) Information on business segments

The Group operates in five basic business segments that are presented, in more detail, in Note 7.

f) Used financial instruments if significant to assess the financial position and performance of the legal entity

Sources of funding

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

When drawing up the general annual funding plan, the following shall be taken into account:
a) the need for funding arising from the planned/budgeted strategic development of the balance sheet, i.e. planned business activities in the segment of credit placement.
b) planned deposit-based activities.
c) maintaining liquidity within the regulatory framework as well as within the Group.
d) the need for sources of funding from supranational institutions (credit lines).

In defining the general annual funding plan, the Bank has determined that the defined funding source plans are in line with the:
- business model of the bank
- comprehensive business strategy
- risk exposure tolerance
- assessment of the stability of funding sources
- available sources of funding on the market
- expected changes in the risk of funding sources
- adequate degree of reliance on public funding sources
- acceptable impact on the bank's lending activities, etc.

The analysis of historical data, compared with the plan for the upcoming period and taking into account potential additional findings, assesses the feasibility of the liquidity plan and funding sources. Based on historical indicators, it is estimated that the structure of funding sources is both adequate and sufficient for implementing the Bank's business plans and supporting its growth.

After executing the funding source plan, the Bank regularly monitors the assessment of its funding sources and associated risks on a monthly basis by back-testing the plan. Achieved values are compared with the planned figures, including both the sources and placements, as well as compliance with regulatory requirements and the internal requirements

Special attention is given to the back testing of the funding source plan after the end of the financial year. The testing should demonstrate whether the defined or planned sources of funding have been achieved, whether all regulatory and grouping 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.

Through analysis, we arrive at a conclusion that the realized sources of funding enabled the fulfillment of all regulatory and internal liquidity requirements and restrictions, and allowed the maintenance and growth of the active portfolio.

Cash and placements

As part of its ongoing liquidity optimization, the Bank evaluates the cash held for business purposes, as well as funds held in foreign accounts for payment and other transactions. This assessment considers current market interest rates, the ratings and adequacy of the banks with which the Bank holds funds (such as Money Market or nostro accounts), and the calculation of Risk-Weighted Assets (RWA).

This approach enables maximum liquidity optimization, taking into account these factors, which ultimately has a positive impact on the Bank's financial position and overall performance. Regarding market operations, the Bank does not engage in derivative transactions (financial instruments) that would be significant for assessing its financial position. While the Bank offers FX Forward and Flexi Forward transactions to clients, these are of small volume and generate minimal revenue.

Regarding the securities portfolio, the Bank does not maintain them in the "trading book" but rather as "held to maturity." The total securities portfolio consists of the Markets portfolio and the Treasury portfolio, with the latter primarily serving as a liquidity buffer.The financial results for 2024, specifically the income generated from securities, are as follows: income from the Markets portfolio amounted to approximately BAM 335 thousand, while income from the Treasury portfolio totaled approximately BAM 9.668 million.

Most of the "significant" portion of the Bank's revenue relates to FX spot transactions, but these are standard currency exchange transactions.

The Bank does not hold financial instruments such as futures, options, etc., nor does it offer them as products.

g) Objectives and policies of the legal entity related to financial risk management; together with risk protection policies for each planned transaction for which protection is required

Credit risk

The credit risk taking and management strategy reflects the Bank's profitability, credit quality and portfolio growth objectives and is in line with the Bank's risk appetite framework and within the same credit risk, diversification policy and the Bank's overall corporate strategy and business objectives.

The credit risk taking and management strategy includes:
- Establishing an appropriate credit risk management environment,
- Constant building of a strong credit culture,
- Continuity in the strategic approach so that it is sustainable in the long run and through different economic cycles
- Adequate and effective communication of credit risk strategy and policy throughout the bank. All relevant staff should have a clear understanding of the bank's approach to approving and managing credit risk and should be responsible for adhering to internal policies and procedures.
- Identification of target markets and overall characteristics that the Bank would like to achieve in its loan portfolio, including different levels of diversification and concentration tolerance,
- Sustainable and responsible investment through the application of ESG (Environmental, Social and Governance) factors
- Application of adequate policies and procedures for securing credit placements to mitigate credit risk,
- Minimizing the negative consequences of investments with deteriorating credit quality implemented through:
  - lending in accordance with adopted policies,
  - continuous active and professional customer relationship management,
  - early identification and active management of increased credit risk,
  - correct credit risk categorization,
  - defining appropriate strategies for non-performing loans,
  - easy to understand and strong program for the collection of non-performing loans in the event of an obvious or potential loss to the Bank.

The aim of credit risk management is to ensure that the appropriate level of risk required for sustainable development, which implies a macroeconomic environment, is not exceeded.

General principles for credit risk management:
- Risk awareness and understanding,
- Responsibility of the Business Segment,
- Separation and independence of risk functions.

Credit risk management is defined in current credit policies that are updated on an annual basis. The following units: Credit Risk Management Retail and Credit Risk Management Corporate, SE, FI & LRG, create credit policy proposals for business segments individually, and the said proposals are subject of decision-making by the Management Board and the Supervisory Board of the Bank.

Credit risk management includes the management of all sub-categories of credit risk to which the Bank is exposed or may be exposed.

They are managed through:
- conducting the process of analysis, ranking of clients and risk assessment when approving placements,
- making a decision on approving placements based on clearly defined criteria in credit policies, including cross-border transactions,
- active portfolio monitoring and proposal for asset classification,
- maintaining exposure by type of business, products, clients and industries at the desired level (it is defined through the annual budgeting process, defining credit policy, limits, etc.)
- maintaining the probability of default (PD) / Default rate at an acceptable level
- management of collateral instruments
- applying credit risk mitigation techniques (collateral instruments are one of the main strategies and measures used to reduce credit risk exposure)
- maintaining the coverage of the portfolio with eligible collateral at a satisfactory level (minimum coverage depending on the client's rating is defined annually through a respective credit policy, and it is maintained on a target level through control of credit policy exceptions, constant monitoring of value and collateral eligibility elements).
- implementation of collection strategy, as well as the recovery of problematic placements, by applying the technique of active management of problematic placements in all stages of delay, received special attention from individual organizational units Special Assets Management, Non-Retail & SE and Collateral and Collection of Receivables Retail.
- maintaining the final loss after collection at a satisfactory level (Loss Given Default), through adequate collateralization and provisions.

Liquidity risk

The liquidity management strategic framework encompasses adjusted liquidity management, asset liquidity management, and borrowed liquidity management (liabilities), all while adhering to key principles of liquidity management and ILAAP guidelines in liquidity planning and funding sources. These include accountability, proportionality, continuity, risk significance, comprehensiveness, and a "forward-looking" approach.

Liquidity and liquidity risk management are incorporated into the strategies, policies, and procedures that ensure effective diversification both in terms of sources of funds and in terms of their maturity.

When forecasting and planning cash flows, special attention is given to the monitoring of local market environment, primarily in terms of clients' needs, in the form of monitoring the maturity of large deposits and planning their reactivation. In planning its liquidity needs, the Bank includes planning the outflows against off-balance sheet liabilities (letters of credit, guarantees, and agreed credit lines), whereas for maturity deposits it estimates potential outflows based on previous observations (experiences) reliant on annual trends and models developed internally.

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

The amount of required and reserve liquidity is formed by the Bank on the basis of the current and projected position and liquidity ratios, taking into account the general objectives set by the Bank's annual budget. Thus, an appropriate portfolio of liquid assets is planned, which can always:
(1) meet the current and expected liquidity needs,
(2) meet the regulatory liquid asset requirements.

The Bank's liquidity risk management is based on:
- Strategy and Plan for providing funds for the implementation of business plans and plans for difficult – to- predict and emergency situations, in the short and long terms, which should demonstrate the Bank's ability to preventively and effectively manage both routine and unexpected changes in its liquid position
- 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 acts
- Developed information system that is the basis of successful liquidity risk management on a daily basis and its control.

Also, liquidity risk management implies involvement in its management of the Bank's bodies that, in this process, are supported by the committees and all employees who are indirectly or directly involved in assuming, managing and controlling the liquidity risk, primarily:
- *The Bank's Management Board and the Supervisory Board*, which is responsible for the risk management strategy, as well as deciding on a comprehensive framework for liquidity risk management at the bank level
- *Senior management*, which is responsible for implementing risk management policies, overseeing the implementation, maintenance and management of information and other systems, and establishing effective internal control over the liquidity risk management process

- *Assets and Liabilities Management* Committee (ALCO Committee), composed of senior management, usually from the Treasury function and the Risk Management function (usually the liquidity risk management department), 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 aims to limit exposure to market risks i.e. maintain the level of assumed risk within the planned risk profile, in line with regulatory limits. To ensure an adequate level of exposure to market risks, so-called internal limits have been established, primarily based on regulatory requirements.

The process of assuming and managing market risks and the process of controlling these risks are clearly separated in organizational terms, which means that the organizational unit Markets is primarily in charge of managing and assuming the market risks, whereas control of the said risks is performed by the Risk Controlling Unit i.e. the Market Risk Management Group.

The Market Risk Management Group performs daily controls of compliance of positions with internal and regulatory limits and they are defined in valid internal documents.

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

The roles and responsibilities for identification, measurement, monitoring, control, reporting and escalation procedures are described in detail in the umbrella documents Risk Controlling / Market Risk Management Group, namely the Market Risk Management Rulebook and the Market Risk Management Procedures.

Interest rate risk in the banking book

The interest rate risk management strategy in the banking book is based on establishing a risk appetite framework taking into account current and future business plans and activities as well as the ability to assume this risk that respects regulatory constraints. In order to fulfill the strategy, the Bank sets indicators and target values or limits. Controls and actions taken in case of violation of limits and internal indicators allow timely response and mitigation of this risk. Control frequencies are organized on a daily basis (for defined internal RBI indicators), in order to enable timely verification of the status of utilization of limits and internal indicators, and to adequately take all remedial measures to mitigate risk, and in case of violation of limits, to take necessary activities of "return of positions" within the defined limits.

Interest rate risk management is based on the following principles:
- managing the balance in refinancing assets with regard to terms, currencies and types of interest rates, for the purpose of minimizing the risk of changes in interest rates and the impact on business results
- defining the limit of interest rate risk exposure by analyzing interest-rate sensitive assets and liabilities, which are sensitive to changes in interest rates in terms of maturity and amount
- contracting interest rates as determined by the Bank's Tariff
- determining the components of reference interest rates
- stress testing
- monitoring profitability indicators.

The process of controlling the interest rate risk in the banking book consists of risk measuring and modeling, setting and monitoring limits, controlling and managing positions within the limit, as well as the process of escalating limits.

The interest rate risk management policy in the banking book is based on the 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.

The strategy related to operational risk management includes:
- clear internal organization with separate operational risk management functions (responsible operational risk specialists – so-called DORS functions and operational risk managers – so-called ORM functions) as well as functions of control of these risks (Operational Risk Controlling – so-called ORC function, Executive Director for Risk – CRO, Operational Risk Management and Control Committee – ORMCC), and finally, the internal audit function that oversees the complete operational risk management / control system
- clearly defined, transparent and consistent lines of responsibility,

- raising awareness of the existence of operational risk,
- consistent adherence to internal documents as well as external regulatory guidelines governing the subject area.

Operational risk management strategy:
- Monitoring the maintenance of losses in accordance with the "shadow budget".
- Organization of implementation of individual activities (collecting the operational risk events, risk assessment, scenario analyses, risk treatment plans, general ledger analysis, revision of early warning indicators) in accordance with the Group's plan.
- Organization of training for new employees regarding the 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 includes identifying, measuring, managing and monitoring exposures that result from inadequate or failed internal processes, human interactions and systems, or are the result of external events.

The operational risk management framework consists of processes, structures, controls and systems applied in operational risk management, thus ensuring the establishment of key management elements and operational activities. Managing and controlling operational risk contributes to strengthening business objectives and meeting regulatory requirements.

Responsibilities of the Management for the preparation and approval of the separate financial statements

The Management Board is required to prepare separate financial statements, which provide a true and fair view of the financial position of the Bank and of the results of its operations and cash flows, in accordance with the statutory accounting regulations applicable to banks in the Federation of Bosnia and Herzegovina (FBiH), which are based on the Law on Accounting and Auditing in FBiH, Law on Banks of FBiH, and bylaws of the Banking Agency of the Federation of Bosnia and Herzegovina (Agency or FBA), adopted pursuant to the aforementioned laws. The Management Board is responsible for maintaining proper accounting records that allow the preparation of such financial statements at any time. Management has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting accounting policies that comply with applicable accounting standards and for their consistent application. This includes making reasonable and prudent judgments and estimates, as well as preparing the financial statements on a going concern basis, unless it is inappropriate to assume that the Bank will continue operating.

The Management Board is required to submit the Bank's annual report, along with the separate annual financial statements, to the Supervisory Board. The Supervisory Board and the General Assembly then approve and adopt the separate financial statements.

The separate financial statements, presented on pages 16 to 123, were approved by the Management Board of the Bank on March 11, 2025, for submission to the Supervisory Board. In confirmation of this, they are signed by:

For and on the behalf of the Management Board

Raiffeisen BANK dd Bosna i Hercegovina 7

Chairman of the Management Board
Rainer Schnabl

Management Board member
Lars Frankemölle

Raiffeisen Bank dd Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Bosnia and Herzegovina
March 11, 2025

Independent auditor’s report

To the Shareholder of Raiffeisen Bank dd Bosna i Hercegovina

Opinion

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

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2024, and its separate financial performance and its separate 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 Separate 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.

Emphasis of Matter

Consolidated financial statements

We draw your attention to Note 3 to the separate financial statements stating that the Parent Company is within the Raiffeisen Bank Group and that the consolidated financial statements of the Group prepared in accordance with the statutory financial reporting framework in the Federation of Bosnia and Herzegovina will be issued separately. In the accompanying separate financial statements, investments in subsidiaries and associates are stated at cost. A better understanding of the financial position of the Group as a whole can be obtained by reviewing the consolidated financial statements.

Our opinion is not qualified in respect of this matter.

Key audit matters

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

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

In its separate financial statements for the year ended 31 December 2024 the Bank presented financing to customers in the amount of BAM 3,065,262 thousand and total expected credit loss in the amount of BAM 128,561 thousand.

<table>
<tr><th>Key Audit Matter</th><th>How the Key Audit Matter Was Addressed in Our Audit</th></tr>
<tr><td colspan="2">For accounting policies, see Note 3. For additional information regarding the identified key audit matter see notes 6, 12, and 23.3.</td></tr>
<tr><td>Credit risk represents one of the most important types of financial risks which the Bank 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 Bank'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;
• 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 banks 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.</td><td>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 Bank'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 banks 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 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 banks in the Federation of Bosnia and Herzegovina.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information.

In connection with our audit of the separate 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 separate 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 Separate Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when 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

Deloitte
d.o.o.
Zmaja od Bosne 12c
71000 Sarajevo
ID: 4200047380000

Licensed auditor

Deloitte d.o.o. Sarajevo
Zmaja od Bosne 12c
Sarajevo, Bosna i Hercegovina
March 11, 2025

Separate Statement of comprehensive income

for the year ended 31 December 2024

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

	Notes	2024	2023
Interest and similar income calculated using the effective interest rate	8	184,953	174,571
Interest and similar expense calculated using the effective interest rate	9	(16,964)	(13,131)
Net interest and similar income calculated using the effective interest rate		**167,989**	**161,440**
Fee and commission income	10	154,320	148,421
Fee and commission expense	11	(37,378)	(38,733)
Net fee and commission income		**116,942**	**109,688**
Impairment losses and provisions	12	3,543	(4,589)
Other losses from financial assets, net	13	(30)	(1,259)
Net positive foreign exchange gains		(85)	(124)
Net gain from non-current non-financial assets	14	1,644	1,756
Dividend income	15	8,622	-
Other income	16	10,035	9,926
Employee expenses	17	(67,253)	(61,302)
Depreciation costs	24, 25, 26, 27	(18,618)	(15,790)
Other expenses and costs	18	(65,841)	(72,084)
Profit before tax		**156,948**	**127,662**
Income tax	19	(13,628)	(5,702)
Net profit for the year		**143,320**	**121,960**
Other comprehensive gain		6	10
Total comprehensive income		**143,326**	**121,970**
Earnings per share (BAM)	35	**144.96**	**123.35**

The accompanying notes form an integral part of these separate financial statements.

Separate Statement of financial position

as at 31 December 2024

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

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	20	1,499,512	1,181,109
Financial assets at fair value through PL	21	10,422	11,952
Financial assets at fair value through other comprehensive income	22	544	538
Financial assets at amortized cost	23	3,954,871	3,807,491
Obligatory reserves at the Central Bank of BiH	23.1	475,635	437,791
Deposits in other banks	23.2	-	205,002
Loans and receivables to customers	23.3	2,936,701	2,783,592
Other financial assets at amortized cost	23.4	542,535	381,106
Deferred tax assets	19	9,090	10,240
Property, plant and equipment	24	103,850	98,292
Right-of-use assets	25	9,167	8,685
Investment property	26	27,853	27,705
Intangible assets	27	39,231	32,983
Investments in subsidiaries	28	11,050	11,050
Investments in associates	29	2	2
Non-current assets for sale and assets to be discontinued		403	23
Other assets and receivables	30	7,107	5,311
TOTAL ASSETS		**5,673,102**	**5,195,381**
LIABILITIES			
Financial liabilities at amortized cost	31	4,859,835	4,463,899
Deposits from banks and other financial institutions	31.1	145,210	131,739
Client deposits	31.2	4,500,235	4,180,378
Borrowings	31.3	190,681	107,867
Lease liabilities	31.4	9,258	8,852
Other financial liabilities at amortized cost	31.5	14,451	35,063
Income tax liabilities		800	1,234
Deferred tax liabilities	19	2,317	2,003
Provisions	32	35,557	35,659
Credit risk of commitments and guarantees	32.1	10,313	9,785
Court litigation	32.2	11,148	11,745
Other provisions	32.3	14,096	14,129
Other liabilities	33	22,267	22,606
TOTAL LIABILITIES		**4,920,776**	**4,525,401**
EQUITY			
Share capital	34	247,167	247,167
Share premium		4,473	4,473
Reserves		1,230	1,230
Revalorization reserves		283	277
Retained earnings		499,173	416,833
TOTAL EQUITY		**752,326**	**669,980**
TOTAL LIABILITIES AND EQUITY		**5,673,102**	**5,195,381**

The accompanying notes form an integral part of these separate financial statements.

For and on the behalf of the Management Board

Chairman of
the Management Board
Rainer Schnabl

Raiffeisen BANK dd Bosna i Hercegovina 7

Management
Board member
Lars Frankemölle

Raiffeisen Bank dd Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Bosnia and Herzegovina
March 11, 2025

Separate Statement of cash flows

for the year ended 31 December 2024

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

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflow from interest and similar income calculated at effective interest rate		177,800	171,520
Outflow from interest and similar income calculated at effective interest rate		(13,692)	(12,682)
Inflows from fees and commissions		154,320	148,420
Outflow from fee and commissions		(37,378)	(34,259)
Inflow from collection of previously written off loans and interests		10,154	5,425
Outflow from employee payments		(67,253)	(61,302)
Outflow from operating cost and expenses		(63,196)	(72,289)
Other inflow from operating activities		12,557	11,818
Other outflow from operating activities		(3,578)	(7,448)
Paid income tax		(14,413)	(10,158)
Net cash flow from operating activities before changes in operating assets and operating liabilities		**155,321**	**139,045**
Net (increase) in obligatory reserves with CBBiH		(37,882)	(15,602)
Net decrease / (increase) in bank placements		204,384	114,714
Net (increase) in loans given to customers loans		(161,358)	(259,961)
Net (increase) / decrease in other assets and receivables		(168,343)	(140,626)
Net (decrease) / increase in deposits from banks and other financial institutions		13,472	(12,593)
Net increase in customer deposits		319,886	200,726
Net increase / (decrease) in other liabilities at amortized cost		(6,385)	3,078
Net increase in provisions for liabilities		1,470	347
Net (decrease) / increase in other liabilities		(3)	(1,428)
Net cash flow from operating activities		**320,562**	**27,700**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	24	(10,828)	(11,663)
Acquisition of intangible assets	27	(11,863)	(13,482)
Dividend received	15	8,622	-
Net cash flow from investing activities		**(14,069)**	**(25,145)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(60,980)	(75,583)
Inflows from bank loans		32,271	9,781
Payment of loan principals		(17,281)	(14,089)
Inflows from loans from other financial institutions		73,344	-
Payment of principal of loan from other financial institutions		(8,343)	(8,343)
Subordinated loan inflows		-	-
Repayment of subordinated loan principals		-	(61,804)
Repayment of principals on leases		(7,101)	(6,224)
Net cash flow from financing activities		**11,910**	**(156,262)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**318,403**	**(153,707)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20	**1,181,109**	**1,334,816**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20	**1,499,512**	**1,181,109**

The accompanying notes form an integral part of these separate financial statements.

Separate Statement of changes in equity

for the year ended 31 December 2023

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

	Share capital	Share premium	Revalori-zation reserves	Reserves	Retained earnings	Total
Balance as at 31 December 2022	**247,167**	**4,473**	**267**	**1,230**	**370,456**	**623,593**
Profit for the year	-	-	-	-	121,960	121,960
Other comprehensive loss	-	-	10	-	-	10
Total comprehensive income	**-**	**-**	**10**	**-**	**121,960**	**121,970**
Published dividends	-	-	-	-	(75,583)	(75,583)
Balance as at 31 December 2023	**247,167**	**4,473**	**277**	**1,230**	**416,833**	**669,980**
Profit for the year	-	-	-	-	143,320	143,320
Other comprehensive income	-	-	6	-	-	6
Total comprehensive income	**-**	**-**	**6**	**-**	**143,320**	**143,326**
Published dividends	-	-	-	-	(60,980)	(60,980)
Balance as at 31 December 2024	**247,167**	**4,473**	**283**	**1,230**	**499,173**	**752,326**

The accompanying notes form an integral part of these separate financial statements.

Notes to the separate financial statements

for the year that ended 31 December 2024
(all amounts are expressed in thousands of BAM, unless otherwise stated)

1. General information

History and incorporation

RAIFFEISEN BANK JOINT STOCK COMPANY BOSNIA AND HERZEGOVINA (hereinafter referred to as "the Bank"), with its registered office at Zmaja od Bosne bb, Sarajevo, Novo Sarajevo, is authorized to conduct the following activities:
- 64.19 Other monetary intermediation
- 64.91 Financial leasing
- 64.92 Other credit intermediation
- 64.99 Other financial services, except insurance and pension funds, n.e.c.
- 66.12 Brokerage activities in securities and commodity contracts
- 66.19 Other auxiliary activities related to financial services, except insurance and pension funds
- 66.22 Activities of insurance agents and brokers
- 70.22 Consultancy activities related to business and other management

As of 31 December 2024, the Bank employed 1,357 people (31 December 2023: 1,382 employees).

During 2024 and as of the date of this report, the following are the Bank's management bodies:

Supervisory Board

During 2024 and on the date of this report, the members of the Supervisory Board were:

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

During 2024 and on the date of this report, the members of the Audit Committee were:

Audit Committee

Alda Shehu	Chairwoman
Biljana Ekinović	Member
Meliha Bašić	Member

During the period covered by this report and on 31 December 2024, the Management Board consists of the Chairman of the Management Board and Management Board members. The following persons performed these functions during the year and on the day of this report:

Management Board

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 are based on the FBiH Law on Accounting and Auditing, the FBiH Law on Banks and bylaws of the Banking Agency of the Federation of Bosnia and Herzegovina ("Agency" or "FBA") adopted on the basis of the laws referred to above.

- The FBiH Law on Accounting and Auditing prescribes the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS").
- The Law on Banks of the FBiH prescribes the preparation of annual financial statements in accordance with the aforementioned Law on Accounting and Auditing of the FBiH, this law, and the 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"), applicable from January 1, 2020, which resulted in certain differences arising from the calculation of impairment for credit losses due to the application of minimum rates prescribed by the Decision, which are not required by IFRS 9: "*Financial Instruments*" ("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, the Bank had on 31 December 2024 calculated impairment for credit losses in the amount of BAM 40.733 thousand against the amount obtained by calculation, which is the result of the Bank's internal model for calculating expected credit losses, compliant with the requirements of IFRS 9, with the details as follows:

- By applying Article 23 of the Decision prescribing the application of minimum impairment rates for all exposures allocated to credit risk level 1 – calculated difference in the amount of BAM 14.723 thousand,
- Application of Article 24 of the Decision prescribing the application of minimum impairment rates for all credit exposures in credit risk level 2 – calculated difference in the amount of BAM 13.585 thousand,
- Application of minimum impairment rates prescribed in Article 25 of the Decision for exposures at credit risk level 3 (non-performing assets) – calculated difference in the amount of BAM 7.165 thousand.
- Application of the minimum impairment rates prescribed in Article 26 of the Decision for trade receivables, receivables based on factoring and financial leasing and other receivables – the difference in the amount of BAM 5.260 thousand.

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

All amounts are expressed in thousands of BAM	1 January 2023	31 December 2023	31 December 2024
Assets	(29,398)	(31,178)	(34,113)
Liabilities	5,146	5,413	6,620
Equity	(34,544)	(36,591)	(40,733)

Where accounting policies align with International Financial Reporting Standards, the relevant IFRSs are referenced in these financial statements when describing the Bank's accounting policies.

These financial statements are separate financial statements of the Bank, prepared in accordance with the Law on Accounting and Auditing in FBiH, the Law on Banks of FBiH and bylaws of the Banking Agency of the Federation of Bosnia and Herzegovina. As explained in Note 28 and 29, the Bank is a parent within the Raiffeisen Bank BH Group and will also prepare consolidated financial statements, which will be approved by the Management Board. For better understanding of the Raiffeisen Bank Group as a whole, users should read the consolidated financial statements.

These separate financial statements were authorized by the Management Board on March 11, 2025 for adoption by the Supervisory Board

2.2. Basis for measurement

The separate financial statements have been prepared on the historical cost basis, except for the financial instruments that are measured at fair values 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 be received to sell an asset, or paid to transfer a liability in a regular transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis.

The principal accounting policies adopted are stated below.

2.3. Functional and presentation currency

These separate financial statements are presented in thousands of Bosnian marks (000 BAM) which is also the functional currency. Bosnian (Convertible) Mark is pegged to Euro (1 EUR = 1.95583 BAM).

2.4. Use of judgments and estimates

The preparation of separate financial statements requires the Management to make judgments, estimates and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are likely to be recognized in the future periods, if the revision impacts those periods as well. Information on areas with significant uncertainty in the estimates and judgments used in applying accounting policies that have the most significant impact on the amounts recognized in these financial statements are disclosed in Note 4.

3. Significant accounting policies

3.1. Foreign currency transactions

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

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

31 December 2024	EUR 1 = BAM 1.95583	USD 1 = BAM 1.87268
31 December 2023	EUR 1 = BAM 1.95583	USD 1 = BAM 1.76998

3.2. Interest income and expense

Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest rate method. The "effective interest rate" is the rate that discounts exactly the estimated future cash payments or receipts through the expected life of the financial instrument to:
- gross carrying amount of the financial asset; or
- the amortized costs of the financial liability.

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

The calculation of the effective interest rate includes all paid or received transaction costs, fees and points that constitute an integral part of the effective interest rate. Transaction costs include all incremental costs that may be attributed directly to the acquisition or issuance of financial assets or financial liability.

Amortized cost and gross carrying value

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

"Gross carrying amount of financial assets" is the amortized cost of financial assets before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

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

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. .

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

Interest income and expense are recognized in balance sheet using the effective interest rate method. The effective interest rate is the rate that accurately discounts the estimated future cash receipts or payments through the expected life of the financial asset or financial liability (or shorter period, where appropriate) to the carrying amount of the financial asset or the financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not the future credit losses.

Calculation of the effective interest rate includes the costs of transactions, fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that may be directly attributed to the acquisition or issue of a financial asset or financial liability.

Interest income and expense on other financial assets and financial liabilities at fair value through the balance sheet are recognized in net profit or loss under other financial instruments at fair value through the balance sheet.

3.3. Fee and commission 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 effective interest rate measurement, and are recognized in interest income and expense.

The Bank provides banking services to retail and corporate customers, including account management, overdraft management, foreign currency transaction management, and management of credit cards and services.

The fees for an ongoing account management are charged against the customer's account on a monthly basis. The Bank sets the rates on an annual basis, separately for retail and corporate banking customers.

Fee and commission income and expenses, as such, comprise mainly the fees related to credit card transactions, the issue of guarantees and letters of credit, domestic and foreign payment transactions and other services and are recognized in profit and loss statement when the related service is performed.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers a service to a customer.

Revenue from account fees and services is recognized throughout the period of service delivery.

Revenue from transactions is recognized at the point in time when the transaction takes place.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially within the scope of IFRS 9 and partially within the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate the measurement of the part of the contract that falls under the scope of IFRS 9, and then applies IFRS 15 to the rest of the contract.

3.4. Net trading gains

"Net trading gains" comprises gains less losses, related to trading assets and liabilities, and includes all changes in fair value, interests, dividends and exchange rate differences.

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

Net income from other financial instruments measured at fair value through profit and loss relates to non-trading derivatives held for risk management purposes that do not constitute a part of qualifying hedging relationships; financial assets and financial liabilities are measured at fair value through profit and loss. The listed items include fair value changes, interests, dividends and foreign exchange differences.

3.6. Dividend income

Dividend income is recognized in the income statement when the right to receive income is established and if the amount of dividend can be reliably measured.

3.7. Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Bank uses the definition of a lease in accordance with IFRS 16 "*Leases*".

i) Bank as a lessee

The Bank recognizes right-of-use asset and a lease liability from the lease commencement date. The right-of-use asset is initially measured at cost, which is equal to the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs that may arise from dismantling and removing the asset in question, renewing the location of the asset or restoring the asset into the condition required under the terms of lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method to the end of the lease term, or over the period for which the lease is expected to be active. In addition, right-of-use assets are periodically reduced by impairment losses, if applicable, or adjusted for a particular re-measurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, using the interest rate referred to in the contract, or if that rate cannot be easily determined, an incremental borrowing rate. The Bank applies an incremental borrowing rate of 2% as a discount rate.

The Bank determines an incremental borrowing rate by obtaining the data on interest rates from various external funding sources and makes certain adjustments to reflect the terms of the lease and the types of assets that are subject of the lease.

Lease payments included in the measurement of the lease liability comprise the following payments:
- fixed payments, including in-substance fixed payments; less any prepayments received in connection with the lease; variable payments that depend on a particular index or rate and that are initially measured against that index or rate on the first day of the lease;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the lessee is realistically likely to exercise, and penalties for early termination of a lease, if the period of lease duration indicates that the lessee exercised that option.

The lease liability is measured at amortized cost using the effective interest rate method. It is re-examined when the change in future lease payments occurs arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, in the case when Bank changes its assessment of whether it will exercise purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, the carrying amount of the right-of-use asset is properly adjusted or the originated difference is recorded in the income statement if the carrying amount of the right-of-use asset is reduced to zero.

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

The Bank opted not to recognize right-of-use assets and liabilities for low-value assets (asset limit value is EUR 5,000) and short-term leases.

The Income Statement and Other Comprehensive Income Report shows interest expense on the lease liability separately from the depreciation of the right of use asset. Interest expense on a lease liability is a component of financial costs.

ii) Bank as a Lessor

Payments made under the operating leases are recognized as income using the straight-line method in income statement over the life of the lease, and are recognized in the statement of financial position in the event of a mismatch between the actual time of payment and the designated lease expense.

3.8. Taxation

Tax expense, on income tax base, is the sum of current tax liabilities and deferred taxes.

Current income tax

Tax expense is based on a taxable profit for the year. Net income differs from taxable income of the period reported in Income Statement and Other Comprehensive Income Report, as it includes items of income and expense that are taxable or non-taxable in other years, as well as items that are never taxable or deductible. The Bank's current tax liabilities are calculated by applying tax rates that are in effect or in the process of being adopted at the reporting date.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable based on differences between the carrying amount of assets and liabilities in the separate financial statements and the corresponding tax basis used in the computation of taxable profit, and is calculated using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent where it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The book value of deferred tax assets is reviewed at each reporting date and reduced to the extent where it is no longer probable that sufficient taxable profit will be available to allow all or part of the tax assets to be recovered.

3.9. Investments in subsidiaries

A subsidiary is an entity which is controlled by the Bank. Control is achieved in such a way that the Bank is entitled to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity.

Investments in subsidiaries in these separate financial statements are valued at cost less any impairment losses, where existing.

3.10. Investments in associates and joint ventures

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

A joint venture pertains to the shares in the jointly controlled legal entity. A joint venture is an undertaking in which the Bank has joint control, whereby the Bank has rights to the net assets of the undertaking, rather than rights to its assets or rights to assuming the liabilities of the jointly controlled legal entity.

Investments in associates and joint ventures in these separate financial statements are stated at cost of acquisition less any impairment losses, where existing.

3.11. Financial assets and liabilities

Recognition and initial measurement

The Bank initially recognizes loans and receivables, deposits, debt securities and subordinated liabilities on the date on which they originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trading date, meaning the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

3.11.1. Financial assets

(i) Classification and subsequent measurement

On initial recognition, Bank classifies its financial assets in accordance with the following categories:
- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit and loss (FVPL)

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

Debt instruments

Debt instruments are the instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, bonds and receivables.

Classification and subsequent measurement depend on:
(i) Purpose of financial asset management (business model)
(ii) Contractual characteristics of cash flows ("Sole Payments of Principal and Interest", hereinafter "SPPI test" or "SPPI")

Based on these factors, the Bank classifies its financial assets depending on the purpose of acquisition of financial instruments, as follows:

- **Financial assets measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent sole payments of principal and interest ("SPPI"), and that are not designated at fair value through profit and loss, are measured at amortized cost. After initial recognition, the carrying amount of these assets is adjusted to any expected credit loss (ECL) allowance recognized and measured as described in Note 3.11.1 (iv).

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables originate when the Bank grants cash funds to customers without the intent to trade these receivables and include placements and loans issued to banks, customer loans and receivables, and assets with the Central Bank.

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

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent sole payments of principal and interest, and that are not designated at fair value through profit and loss are measured at fair value through other comprehensive income.

Measurements in fair value of financial assets measured through other comprehensive income are recognized through other comprehensive income, except for recognition of gains or losses on impairment, interest income and foreign exchange differences that are recognized in profit or loss, except in case of equity securities where unrealized gains/losses are never reclassified to profit or loss.

When the financial asset through other comprehensive income is derecognized, the cumulative gain or loss, previously recognized through other comprehensive income, is reclassified from equity to income statement. Interest income is calculated using the effective interest rate method.

- **Financial assets at fair value through profit and loss**

Financial assets are subsequently measured at fair value through profit or loss unless subsequently measured at amortized 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 recognized in the income statement.

In addition, the Bank has the option to designate, on initial recognition, financial assets that otherwise meet the requirements to be measured at fair value profit and loss, if doing so significantly reduces the accounting non-compliance that may otherwise arise.

Purpose of managing financial assets (Business model)

All financial assets, except for equity securities that fall into the category of investments in associates, joint ventures and subsidiaries, are grouped into business models that indicate the way in which a group of financial assets are jointly managed as a whole to achieve specific business objective and define the way in which financial assets are expected to generate cash flows.

Business models of the Bank are:

- The business model the objective of which is to hold assets for the collection of contractual cash flows – it integrates all financial assets held for the purpose of collection of contractual cash flows over the lifetime of financial instruments. For the purpose of collection, the business model is subjected to SPPI test, and the following financial assets are allocated to this model:
  - cash on transaction accounts held in other banks,
  - placements with other banks,
  - loans to customers,
  - other receivables.

Credit risk is an underlying risk that is managed under this business model.

- The business model aimed to collect the contractual cash flows and sale of financial assets – it integrates financial assets held for the purpose of collecting the contractual cash flows and sale of financial assets. The following financial assets are allocated to the business model for the purpose of collection and sale:
  - debt securities (pass SPPI test),
  - equity securities (fail SPPI test),

Liquidity risk is an underlying risk that is managed under this business model.

- The business model where financial assets are measured at fair value through profit and loss (fails SPPI test) – it combines all financial assets that are not held under the two previously mentioned business models. Financial assets in this business model are managed in order to realize cash flows by selling assets and generating short-term profits.

Contractual cash flow characteristics (SPPI)

In terms of the sole payment of principal and interest, the test of contractual cash flow characteristics constitutes one of the criteria for the classification of financial assets in the individual measurement category. SPPI test is performed for the purpose of establishing whether the interest rate on unsettled principle reflects the fee for time (temporal) value of money, credit risk and other basic borrowing risks, lending costs and profit margin.

SPPI test is performed:
- for all financial assets, allocated to the business model the purpose of which is to hold financial assets for the collection of contractual cash flows, and the business model aimed at collecting contractual cash flows and selling financial assets on the date of its initial recognition,
- for each financial asset in cases where the original asset was significantly modified and therefore again recognized as a new asset,
- when introducing new models and/or loan programs to determine, in advance, the eligibility of the considered loan term and conditions in relation to the need to subsequently monitor the value of any financial assets that would arise from them.

Equity instruments

Equity instruments are the instruments that meet the definition of equity from the issuer's perspective; that is, the instruments that do not include the contractual obligation of payment, and include the evidence on residual interest in the issuer's net assets. Examples of equity investments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's Management Board opted, at initial recognition, to irrevocably designate equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as at fair value through other comprehensive income when those investments are held for purposes other than to generate return on investment. When this choice is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, including disposals. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. When representing a return on such investments, dividends continue not to be recognized in profit or loss as other income when the Bank's right to receive payments is established.

Gains and losses on equity investments at fair value through profit and loss are included in the "Net trading income" line in the statement of profit or loss.

(ii) Derecognition of financial assets

The Bank derecognizes financial assets (in whole or in part) when the contractual rights to receive the cash flows from the financial instrument expire or when it loses control over contractual rights over that financial asset. This occurs when the Bank transfers substantially all the risks and rewards of ownership to another business entity or when rights have been realized, transferred or expired.

When the financial assets is derecognized, the difference between the carrying amount (or the carrying amount allocated to the portion of the assets that is derecognized) and the fee amount received (including any new assets less any new liabilities) and any cumulative gain or loss previously recognized through comprehensive income, is recognized in the income statement.

Any cumulative gain or loss recognized through comprehensive earnings for equity securities designated at fair value through other comprehensive income is not recognized in the profit or loss when such securities become derecognized, but is directly recognized as retained earnings.

(iii) Modification of financial assets

Modification of exposure is the procedure where the terms of original contract are changed and where the modification may be:
1) caused by current borrower's' needs (for example, reduction in the effective interest rate due to market changes, extension of duration of collateral substitution, etc.) and not by financial difficulties of the borrower,
2) caused by the current financial difficulties of the borrower or the difficulties that will arise soon, i.e. deterioration of the borrower's creditworthiness.

Modification of financial assets occurs when amendments to some or all of the contractual provisions are made.

In the case of a financial asset line that represents a debt instrument (securities and loans and receivables), the Bank determines whether the modification is significant or whether the difference between the present value of the remaining modified cash flows discounted using the original effective interest rate and the current value of the modified cash flows discounted using the original effective interest rate exceeds 10%.

If the modification is significant, the Bank ceases to recognize (derecognizes) the original financial asset and starts to recognize new financial asset at fair value plus transaction costs and recalculates the new effective interest rate for the asset. The modification date is consequently considered to be the date of initial recognition for the purpose of calculating the impairment, including the need to determine whether significant increase in credit risk has occurred.

Furthermore, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at the date of initial recognition, especially in circumstances where the modification was driven by the financial difficulties of the debtor. The differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the modification of the financial asset is not significant and the modification did not result in derecognition of the financial asset, the Bank then first recalculates the gross carrying amount of the asset based on the revised cash flows of the financial asset and recognizes the difference as gain or loss in the profit or loss. The new gross carrying amount is recalculated by discounting modified cash flows at the original effective interest rate (or using an effective interest rate adjusted for credit risk in the case of POCI assets).

If the modification occurs because of the financial difficulties of the debtor, the gain or loss is recorded together with the impairment loss. In other cases, it is recorded as interest income calculated using the effective interest rate method.

(iv) Impairment

The Agency's decision, which is based on IFRS 9, emphasizes a "three-stage" model for impairment of financial assets, based on changes in credit quality since initial recognition of financial assets.

Impairment of financial assets is recognized on the basis of the expected credit loss model (ECL) for assets subsequently measured at amortized cost and assets subsequently measured at fair value through other comprehensive income (other than equity instruments).

The Agency's decision, which is based on IFRS 9, requires an assessment of the expected losses at the level of losses expected in the next 12 months (Stage 1) from the initial entry of the financial instrument. The time period for calculating the expected loss becomes an entire remaining life of the asset which is subject to the valuation, where the credit quality of the financial instrument experienced a "significant" deterioration in relation to the initial measurement (Stage 2) or in case the asset is partially or fully non-performing (Stage 3). More specifically, the impairment provisions under IFRS 9 include:
- allocation of performing financial assets at different credit risk levels ("staging"), corresponding to the value adjustments based on expected losses over the next 12 months (the so-called "Stage 1") or the lifetime for an entire remaining duration of the instrument (the so-called "Stage 2"), when significant increase in credit risk is present;
- allocation of partially or fully non-performing financial assets in the so-called "Stage 3", always with the value adjustments based on expected losses over an entire duration of the instrument;
- inclusion of Expected Credit Losses (ECL) in the calculation, as well as the expected future changes of the macroeconomic scenario.

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 (i.e. the difference between the cash flows to the entity under the contract and the cash flows that the bank 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 liabilities:* as the present value of the difference between the agreed cash flow to the Bank if the liability is undrawn, and the cash flow that the Bank expects to receive; and
- *financial guarantee agreements:* expected payments to settle the guarantee holder less the amount that the Bank expects to reimburse.

See Note 5.1.3. explaining in detail the internal impairment model

The Bank measures expected credit losses in line with the requirements of the Decision on Credit Risk Management and Determination of Expected Credit Losses. The impairment requirements of the Decision are based on the expected credit loss model under the IFRS 9, but it has certain specificities (for example, the prescribed minimum expected credit loss rate for credit risk levels). Following the regulatory requirements, the Bank updated the impairment methodology in line with the requirements of the Decision, and defined the minimum criteria for measuring expected losses in accordance with the schedule of exposures to credit risk levels, as described below.

1 Credit risk level 1:

The Bank shall determine and record the expected credit losses for exposures allocated to the credit risk level 1 at least in the following amounts:

a) for low risk exposures – 0.1% of exposure,
b) for exposures to central governments and central banks outside Bosnia and Herzegovina for which there is a credit assessment by a recognized external credit rating institution which is assigned to credit quality level 3 and 4 in accordance with Article 73 of the Decision on calculation of bank's capital – 0.1 % of exposure
c) for exposures to banks and other financial sector entities for which there is a credit assessment by a recognized external credit rating institution which is assigned to credit quality level 1, 2 or 3, in accordance with Article 73 of the Decision on calculation of bank's capital – 0.1 % of exposure,
d) for other exposures – 0.5% of exposures.
e) If the 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 a proper and documented manner, the Bank cannot calculate the expected credit loss for other exposures assigned to credit risk level 1 at an amount less than 1% of the exposure.

If, in accordance with its internal methodology, the Bank determines that the expected credit losses exceed those specified by the aforementioned provisions of the Decision, the Bank shall apply the higher amount determined.

2 Credit risk level 2:

For exposures allocated to the credit risk level 2, the Bank determines and records the expected credit losses in the amount higher than the 2 below:

a) 5% of exposure,
b) the amount determined in accordance with the Bank's internal methodology.
c) If the 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 at an amount less than 8% of the exposure.

If, in accordance with its internal methodology, the Bank determines that the expected credit losses exceed those specified by the provisions of the Decision mentioned above, the Bank shall apply the higher amount determined.

3 Credit risk level 3:

The minimum rates of expected credit losses 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 eligible 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 Bank has taken appropriate legal action and can document the certainty of collection from eligible collateral in the next three years, the increase in the level of expected credit losses is not required to exceed 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 that receivable. In the event that the Bank fails to collect receivables in the specified period of 3 years, it is obliged to record the ECL in the amount of 100% of the exposure.

b) exposures not secured by eligible 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 731 to 1460 days	85%
over 1460 days	100%

In the case of restructured exposures, the Bank will maintain the expected credit losses at the level of coverage formed on the date of restructuring approval, which may not be lower than 15% of the exposure, for all 12 months of the recovery period. For the third and each subsequent restructuring of a previously restructured exposure that was allocated to credit risk level 3 or POCI assets at the time of restructuring, the Bank determines and records the expected credit losses in the amount of 100% of the exposures. The Bank is obligated to determine and record an expected credit loss of 100% in the accounting for exposures related to cases where the debtor has failed to fulfill its obligation to the Bank within 60 days from the date of protest, based on the previously issued guarantee.

If, in accordance with its internal methodology, the Bank determines that the expected credit losses exceed those specified by the provisions of the Decision mentioned above, the Bank shall apply the higher amount determined.

For exposures related to cases when the debtor fails to settle its obligation to the bank no later than 60 days from the day when the protest was performed on the basis of a previously issued guarantee, the Bank determines and records the expected credit loss in the amount of 100% of the exposure.

If the Bank, in accordance with its internal methodology, determines the amount of expected credit losses higher than the amounts arising from the provisions of the Decision, the Bank determines and records these amounts in the books.

The minimum rates of expected credit losses for trade 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 material past due 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%

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at fair value through other comprehensive income are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occur.

The evidence that financial asset is impaired include the following observable data:
- the borrower or issuer experiences significant financial difficulties;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for security due to financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
- *financial assets measured at amortized cost:* as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts:* generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component:* the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *financial assets measured at fair value through other comprehensive income (FVOCI):* no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is also their fair value. However, the loss allowance is disclosed and recognized in the fair value reserve.

See also Note 5.1.3.

POCI assets – purchased or originated credit impaired assets

Purchased or originated credit-impaired financial asset is an asset where there is objective evidence of impairment (default) at initial recognition.

Such assets may originate in the following cases:
- bank repurchases at a significant discount an asset for which there is objective evidence of impairment, or
- there is a significant modification of the instrument which is already in default, or
- the significant modification of the instrument itself is the very reason for default, or
- bank grants a new loan to a customer whose significant portion of the portfolio is already in default

The Bank does not purchase any impaired assets (so called bad debts), therefore POCI assets are instruments that are initially recognized, or, subsequently recognized due to a significant modification, which were in default at the date of recognition.

Write-offs

Receivables arising from credit placements are written off when all sources of collection have been exhausted or when no future positive or negative cash flows are expected from the credit placements.

Write-off of loan receivables represents a loss. The consequence of writing off loan receivables is their derecognition from the accounting records, except in cases of accounting write-off, when the Bank acts in accordance with regulations, namely the Decision on Credit Risk Management and Determination of Expected Credit Losses.

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation that financial asset will be recovered in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower has no assets or sources of income that may generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on financial instrument" in the statement of profit or loss and other comprehensive income. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Banks's procedures.

The Bank writes off a loan or an investment in debt security, either partially or in full, and any related allowance for impairment losses, when Bank's Credit Board determines that there is no realistic prospect of recovery.

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

3.11.2. Financial liabilities

(i) Classification

The Bank classifies financial liabilities at fair value through profit or loss and at amortized cost. The classification depends on the purpose for which the financial instruments have been acquired. The 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 sub-categories: financial instruments held for trading (including derivatives) and those initially designated by the Management into this category. A financial instrument is classified in this category only if it is acquired or incurred solely for the purpose of selling or repurchasing it in the near term for the purpose of short-term profit taking or designated as such by management at initial recognition. The Bank has no financial liabilities classified at fair value through profit or loss.

Other financial liabilities

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

(ii) Initial and subsequent measurement

Financial liabilities at fair value through profit or loss are initially recognized at fair value, while transaction costs are immediately expensed. Subsequent measurement is also at fair value.

(iv) Modification of financial liabilities

Gains and losses arising from a change in the fair value of financial liabilities at fair value through profit or loss are recognized in the income statement.

Other financial liabilities are initially measured at fair value including transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate.

(iii) Derecognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when the Bank's obligations are discharged, cancelled or expired.

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amounts and financial liability is derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortization cost of the liability is recalculated by discounting the modified cash flows at original effective interest rates, resulting in the recognition as gain or loss in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. The costs and fees incurred are recognized as an adjustment to the carrying amount of the liability or amortized amount over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.11.3. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under the IFRS, or for gains and losses arising from similar transactions such as in the trading activities.

3.11.4. Fair value measurement of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When appropriate, the Bank measures the fair value of an instrument using the quoted price in active market for that instrument. A market is considered active if transactions for the asset or liability take place with adequate frequency and in volume sufficient to provide pricing information on an ongoing basis (Level 1 of the fair value hierarchy).

If there is no quoted price in active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (Level 2 and Level 3 of the fair value hierarchy). The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of financial instrument at initial recognition is normally the transaction price – the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at the bid price and liabilities and short positions at the ask price.

The portfolios of financial assets and financial liabilities, that are exposed to market risk and credit risk managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustments of each of the individual instruments in the portfolio.

The fair value of demand deposits is not less than the amount payable on demand.

The Bank recognizes transfers between levels of the fair value hierarchy within the reporting period that saw the change.

Classification of assets and liabilities is presented as follows:

All amounts are expressed in thousands of BAM	Financial assets valued at amor-tized cost	Financial assets valued at FVtPL	Financial assets valued at FVtOCI	Financial liabilities valued at amor-tized cost	Financial liabilities valued at FVtPL	Financial liabilities valued by FVtOCI	Non-financial assets and liabil-ities	Equity	Total as at 31.12.2024
Cash and cash equivalents	1,499,512	–	–	–	–	–	–	–	1,499,512
Financial assets at fair value through PL	–	10,422	–	–	–	–	–	–	10,422
Financial assets at fair value through OCI	–	–	544	–	–	–	–	–	544
Financial assets at amortized cost	3,954,871	–	–	–	–	–	–	–	3,954,871
Deferred tax assets	–	–	–	–	–	–	9,090	–	9,090
Tangible assets	–	–	–	–	–	–	140,870	–	140,870
Intangible assets	–	–	–	–	–	–	39,231	–	39,231
Investments in subsidiaries, joint ventures and associated companies	–	–	–	–	–	–	11,052	–	11,052
Long-term assets intended for sale and assets of operations to be suspended	–	–	–	–	–	–	403	–	403
Other assets and receivables	–	–	–	–	–	–	7,107	–	7,107
TOTAL ASSETS	**5,454,383**	**10,422**	**544**	**–**	**–**	**–**	**207,753**	**–**	**5,673,102**
Financial liabilities at amortized cost	4,859,835	–	–	–	–	–	–	–	4,859,835
Income tax liabilities	–	–	–	–	–	–	800	–	800
Deferred tax liabilities	–	–	–	–	–	–	2,317	–	2,317
Provisions	–	–	–	–	–	–	35,557	–	35,557
Other liabilities	–	–	–	–	–	–	22,267	–	22,267
TOTAL LIABILITIES	**4,859,835**	**–**	**–**	**–**	**–**	**–**	**60,941**	**–**	**4,920,776**
Share capital	–	–	–	–	–	–	–	247,167	247,167
Share premium	–	–	–	–	–	–	–	4,473	4,473
Reserves	–	–	–	–	–	–	–	1,230	1,230
Revaluation reserves	–	–	–	–	–	–	–	283	283
Accumulated earnings	–	–	–	–	–	–	–	499,173	499,173
TOTAL EQUITY	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**752,326**	**752,326**

All amounts are expressed in thousands of BAM	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	1,181,109	-	-	-	-	-	-	-	1,181,109
Financial assets at fair value through PL	-	11,952	-	-	-	-	-	-	11,952
Financial assets at fair value through OCI	-	-	538	-	-	-	-	-	538
Financial assets at amortized cost	3,807,491	-	-	-	-	-	-	-	3,807,491
Deferred tax assets	-	-	-	-	-	-	10,240	-	10,240
Tangible assets	-	-	-	-	-	-	134,682	-	134,682
Intangible assets	-	-	-	-	-	-	32,983	-	32,983
Investments in subsidiaries, joint ventures and associated companies	-	-	-	-	-	-	11,052	-	11,052
Long-term assets intended for sale and assets of operations to be suspended	-	-	-	-	-	-	23	-	23
Other assets and receivables	-	-	-	-	-	-	5,311	-	5,311
TOTAL ASSETS	**4,988,600**	**11,952**	**538**	**–**	**–**	**–**	**194,291**	**–**	**5,195,381**
Financial liabilities at amortized cost	4,463,899	-	-	-	-	-	-	-	4,463,899
Income tax liabilities	-	-	-	-	-	-	1,234	-	1,234
Deferred tax liabilities	-	-	-	-	-	-	2,003	-	2,003
Provisions	-	-	-	-	-	-	35,659	-	35,659
Other liabilities	-	-	-	-	-	-	22,606	-	22,606
TOTAL LIABILITIES	**4,463,899**	**-**	**-**	**-**	**-**	**-**	**61,502**	**-**	**4,525,401**
Share capital	-	-	-	-	-	-	-	247,167	247,167
Share premium	-	-	-	-	-	-	-	4,473	4,473
Reserves	-	-	-	-	-	-	-	1,230	1,230
Revaluation reserves	-	-	-	-	-	-	-	277	277
Accumulated earnings	-	-	-	-	-	-	-	416,833	416,833
TOTAL EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**669,980**	**669,980**

3.11.5. Specific financial instruments

Cash and cash equivalents

For the purpose of cash flow reporting, the cash and cash equivalents include cash with the Central Bank, balances and funds held at the current accounts with other banks and financial assets in other banks with original maturities of 3 months from the date of acquisition.

The cash and cash equivalents are carried at amortized cost in the statement of financial position.

The cash and cash equivalents exclude the obligatory minimum reserve with the Central Bank as these funds are not available for the Bank's day-to-day operations. The obligatory minimum reserve with the Central Bank is a required reserve to be held by all commercial banks licensed in Bosnia and Herzegovina.

Placements with banks and the obligatory reserve with the Central Bank

Placements with banks with maturity over 3 months and the obligatory reserve with the Central Bank are classified as loans and receivables and are carried at amortized cost less impairment losses.

Loans and receivables

Loans and receivables are presented at amortized cost net of impairment allowances to reflect the estimated recoverable amounts.

The "Loans and receivables" caption in the statement of financial position include:

- loans and receivables measured at amortized cost (see Note 3.11.1), that are initially measured at fair value plus initial costs, and subsequently at their amortized cost using the effective interest method;
- loans and receivables at fair value through profit or loss, measured at fair value with changes in fair value that are recognized in profit or loss.

The "Financial assets at fair value through profit and loss" caption in the statement of financial position includes:
- debt securities measured at fair value through profit or loss.

The "Financial assets at amortized cost" caption in the statement of financial position includes:
- debt securities measured at amortized cost

The "Financial assets at fair value thru other comprehensive income" caption in the statement of financial position includes:
- equity securities measured at fair value through other comprehensive income.

The Bank opted to recognize through other comprehensive income the changes in the fair value of certain investments in securities that are not held for trading. The selection is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in other comprehensive income. Cumulative gains and losses recognized in other comprehensive income are transferred to retained earnings on disposal of an investment.

Financial guarantees and loan commitments

'Financial guarantees' are the contracts that require the Bank to perform specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the contractual terms of a debt instrument. 'Loan commitments' are the Bank's commitments to provide a loan under the pre-specified terms and conditions.

Interest-bearing borrowings and subordinated debt

Interest-bearing borrowings and subordinated debt are classified as other financial liabilities and are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between proceeds (net of transaction costs) and redemption value being recognized in the profit or loss statement over the period of the borrowings 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 initially measured at fair value plus transaction costs and subsequently stated at their amortized cost using the effective interest method.

3.12. Property and equipment

Recognition and measurement

Property and equipment are initially stated at cost less accumulated depreciation and impairment losses. The purchase cost includes the purchase price and all costs directly attributable to bringing the asset into operating condition for its intended use. Subsequent cost is included in net book value or is accounted for as separate assets only if it is probable that the future economic benefits embodied within the part will flow to the Bank and that its cost can be measured reliably. The costs of day-to-day repairs and maintenance are recognized in the income statement as incurred.

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

Estimated depreciation rates in 2023 and 2024 were as follows:

Buildings	2%
Vehicles	14.28%
Office equipment	10% – 50%

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

3.13. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. The cost includes all expenditure that is directly attributable to the acquisition of the items.

Estimated depreciation rates were as follows:

Lease hold improvements	20%
Other intangible assets	16.6% – 33.3%

3.14. Investment property

Investment property includes the property held to earn rental income or for capital appreciation, or both, and are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is stated at its cost, less accumulated depreciation and any accumulated impairment losses. Depreciation commences when the assets are ready for their 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 reporting period date, the Bank reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the fair value of asset less the costs of sale or the value in use, depending on which is higher. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense in profit or loss.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the said asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.16. Provisions for liabilities and charges

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events for which it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation will be made.

Provisions for liabilities and charges are maintained at the level that the Bank's management considers sufficient for absorption of incurred losses. Management determines the sufficiency of provisions on the basis of insight into specific items; current economic circumstances of the risk, characteristics of certain transaction categories, as well as other relevant factors. Provisions are released only for such expenditures in respect of which provisions are recognized at inception. If an outflow of economic benefits to settle the obligations is no longer probable, the provision is reversed.

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 Bank makes provision for retirement severance payments in line with the actuary report. When retiring, the employees receive the severance payment in the amount of 6 average employee salaries, or 6 average salaries at the level of the Federation of Bosnia and Herzegovina/ Republic of Srpska/ Brčko District (depending on the place of employee's work), depending on what is more favorable for an employee.

The Bank recognizes the cost of retirement severance payments in the period in which severance payments were earned.

3.18. Equity and reserves

Share capital

Share capital includes the paid-in ordinary shares and is denominated in BAM at nominal value.

Retained earnings

Profit for the year after appropriations to owners is allocated to retained earnings.

Fair value reserves

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

Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Bank's shareholders.

3.19. Earnings per share

The Bank publishes basic and diluted earnings per share (in English – EPS) data.

Basic EPS is calculated by dividing the profit or loss in the current period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. The Bank does not have preference shares.

3.20. Adoption of new and revised standards

3.20.1 Initial application of new amendments to the existing standards effective for the current reporting period

The following new amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by Association of accountants, auditors and financial workers 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 the existing standards and interpretation has not led to any material changes in the Bank's Financial statements.

3.20.2 New standards and amendments to existing standards in issue not yet adopted

At the date of authorization of these financial statements, the following new standards, amendments to existing standards and new interpretation were in issue, but not yet effective:

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 Bank has elected not to adopt these new standards, amendments to existing standards and new interpretation in advance of their effective dates. The Bank anticipates that the adoption of these standards, amendments to existing standards and new interpretations will have no material impact on the financial statements of the Bank in the period of first implementation.

4. Critical accounting judgements and key sources of estimation uncertainty

Over the course of its regular business operations, the Bank makes estimates and judgments about uncertain events, including estimates and assumptions about the future. Such accounting assumptions and estimates are regularly evaluated and are based on historical experience and other factors such as the expected development of future events that may be reasonably assumed under the existing circumstances, but nevertheless necessarily represent sources of estimation uncertainty. The estimation of impairment losses in the Bank's credit risk portfolio represents the major source of estimation uncertainty. This and other key sources of estimation uncertainty, that have a significant risk of causing a possible material adjustment to the carrying amounts of assets and liabilities in the next financial year, are described below.

Impairment losses on loans and receivables

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

Information about the judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

- Note 3.11.1 (i): classification of financial assets: assessment of the business model within which the assets are classified and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 5.1.3 (i): establishing the criteria for determining whether the credit risk of financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into measurement of ECL and selection of ECL measurement models.

Information about assumptions and estimation uncertainties that have the major effect on adjustments recognized in the year ended December 31 2024 and December 31 2023 are included in the following notes.

- Note 5.1.3: impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 3.11.4: determination of the fair value of financial instruments with significant unobservable inputs
- Note 3.11.1.(iv): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

Interest rate-induced 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 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. Significant judgments and estimates related to impairment of expected credit losses are particularly complex in the current uncertain environment triggered by negative macroeconomic developments, geopolitical situation, rising energy prices and inflation, and money market changes. In 2024, inflation in BiH showed a slowing trend in nearly all months, primarily due to falling energy prices.

The Bank continues to conduct increased monitoring and puts an emphasis on the management of interest-induced credit risk. The management of interest-induced credit risk is described in more detail in Note 5.1.1. *Credit quality analysis.*

Taxation

The Bank provides for tax liabilities in accordance with the tax laws of the Federation of Bosnia and Herzegovina. Tax returns are subject to the approval by the tax authorities that are in charge of carrying out subsequent inspections of taxpayers' records

Regulatory requirements

The Banking Agency of the FBiH (FBA) is authorized to carry out regulatory inspections of the Bank's operations and may request changes to the carrying values of assets and liabilities, in accordance with the corresponding regulations.

Court proceedings

As of December 31, 2024, the total amount of litigation is 50,304 thousand KM. The Bank conducts an individual assessment of each litigation and determines the provision amount accordingly. The assessment and proposal for the provision amount are carried out by the Bank's Legal Affairs Department and the Finance Sector, while the final decision on the provision amount is made by the Bank's Management Board.

As stated in Note 33, as of December 31, 2024, the Bank has set aside 11,148 thousand KM, an amount the Management Board considers sufficient. Since the assessment is made on a case-by-case basis, it is not practical to estimate the financial impact of changes in the assumptions on which Management bases its provision estimates at the reporting date.

Provisions for severance payments

When calculating provisions for severance payments, the Bank discounts expected future cash flows arising from the said liabilities, using the discount rates that, according to the actuary report, best reflect the time value of money.

5. Financial risk management

The Bank's activities expose it to a variety 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 Bank has established an integrated risk management system that encompasses the analysis, assessment, acceptance, and management of various risks or combinations thereof. Risk acceptance is fundamental to the Bank's financial operations, while operational risk, as a non-financial risk, is an inevitable consequence of business activities.

The Management Board is responsible for establishing and overseeing the framework for managing both financial and non-financial risks to which the Bank is exposed.

Risk management is an integral part of the internal management system. The Rulebook on internal organization of Raiffeisen bank dd Bosnia and Herzegovina regulates the basic principles of organization and organizational structure of the Bank, the basics of job description and main responsibilities and the scope of work of organizational units and organizational parts of the Bank, including the risk management competencies.

Risk control, as a control function, provides an integral framework for control and monitoring of all types of risk.

Risk control's main objective is to coordinate the implementation of instruments, methods, parameters and standards, to measure and monitor risk in order to avoid threats, and to improve the risk/return rate within the risk limit. This includes:
a) Defining the methodologies and parameters for risk measurement (closely with risk management functions)
b) Implementation of risk measurement and risk control
c) Conducting a scenario analysis and stress test in order to examine the impact of the extreme and severe crisis on the bank's position
d) Risk reporting at aggregated level

The Risk Control Department independently controls the effectiveness of the risk management process, which should include the regular and timely identification, measurement, assessment, mastering, monitoring and control of risks, including the reporting on the risks to which the bank is exposed or may be exposed in its operations. Risk Control informs the Audit Committee, the Risk Board and the Supervisory Board of the Bank, while informing the Bank's Management Board in order to timely and effectively implement the given recommendations to remove illegalities, irregularities, deficiencies and weaknesses of the established controls.

5.1. Credit risk

Risk limit control and mitigation procedures

The Bank is exposed to credit risk which is the risk that the other contractual party will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a regular basis and are subject to annual or more frequent review.

Credit risk exposure is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest payment and principal repayment obligations and by changing the lending limits where appropriate. Exposure to credit risk is also managed, to a certain extent, by obtaining collateral and corporate and personal guarantees.

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. "Settlement risk" is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For certain types of transaction, the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits are part of the credit approval/limit monitoring process. Acceptance of settlement risk on free-settlement trades requires transaction-specific or counterparty-specific approvals from the Bank's Risk Management Department.

The Supervisory Board of the Bank makes decision on the composition and authorizations of the Credit Committee and the Credit Committee for Non-performing Loans. The Credit Committee, within its authority, may delegate credit authorizations to the lower decision-making levels and appoint credit decision-makers. Credentials and procedures of the Credit Committee and the Credit Committee for NPL are defined in the defined in 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 a customer as required. Guarantees and letter of credits carry the same risk as loans and are secured with similar collateral as are loans.

5.1.1 Credit quality analysis

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

The maximum credit risk exposure of the statement of financial position line items is stated as follows:

All amounts are expressed in thousands of BAM	Notes	31 December 2024	31 December 2023
Cash and accounts with banks (cash at treasury)	20	1,200,640	860,128
Loans to and receivables from customers at fair value	21	10,422	11,952
Obligatory reserves at the Central Bank of BiH	23.1	475,635	437,791
Bank deposits	23.2	-	205,002
Loans and advances to customers at amortized cost	23.3	2,936,701	2,783,592
Debt instruments at amortized cost	23.4	513,272	341,474
Other financial assets	23.4	29,263	39,632
		5,165,933	**4,679,571**

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

All amounts are expressed in thousands of BAM	Notes	31 December 2024	31 December 2023
Loan commitments	32	758,481	788,231
Other off-balance exposure items	32	395,205	383,707
		1,153,686	**1,171,938**

The following table presents the information on credit quality of financial assets measured at amortized cost. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed.

Explanation of terms "Stage 1", "Stage 2" and "Stage 3" is included in Note 3.11.1.

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2024 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**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 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	31 December 2024	31 December 2023
Loans to and receivables from customers at fair value		
Excellent	-	-
Strong	10	15
Good	1,702	1,887
Satisfactory	7,407	8,569
Substandard	1,325	1,496
Credit impaired	327	334
Unrated	-	–
Total gross	**10,771**	**12,301**
Less: Impairment of value	**(349)**	**(349)**
Total	**10,422**	**11,952**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2024 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**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 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	Stage 1	Stage 2	Stage 3	POCI	31 December 2024 Total
Deposits with banks					
Excellent	-	-	-	-	-
Strong	-	-	-	-	-
Good	-	-	-	-	-
Satisfactory	-	-	-	-	-
Substandard	-	-	-	-	-
Credit impaired	-	-	-	-	-
Unrated	-	-	-	-	-
Total gross amount	**-**	**-**	**-**	**-**	**-**
Less: loss allowance	**-**	**-**	**-**	**-**	**-**
Net carrying amount	**-**	**-**	**-**	**-**	**-**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 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	Stage 1	Stage 2	Stage 3	POCI	31 December 2024 Total
Loans to and receivables from customers at amortized cost					
Excellent	9,425	330	–	–	9,755
Strong	212,285	2,679	–	29	214,993
Good	1,598,759	68,443	–	902	1,668,104
Satisfactory	775,660	121,220	–	530	897,410
Substandard	29,786	128,539	–	647	158,972
Credit impaired	–	–	109,072	6,181	115,253
Unrated	449	326	–	–	775
Total gross amount	**2,626,364**	**321,537**	**109,072**	**8,289**	**3,065,262**
Less: loss allowance	**(17,251)**	**(21,449)**	**(85,520)**	**(4,341)**	**(128,561)**
Net carrying amount	**2,609,113**	**300,088**	**23,552**	**3,948**	**2,936,701**

In 2024, the Bank changed the scale used as a basis for assessment of the credit quality of financial assets.

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 Total
Loans to and receivables from customers at amortized cost*					
Excellent	2,581	-	-	-	2,581
Strong	153,695	912	-	7	154,614
Good	1,438,376	47,611	-	722	1,486,709
Satisfactory	896,620	102,158	-	1,267	1,000,045
Substandard	37,999	126,658	-	1,041	165,698
Credit impaired	-	-	112,749	9,138	121,887
Unrated	911	124	-	-	1,035
Total gross amount	**2,530,182**	**277,463**	**112,749**	**12,175**	**2,932,569**
Less: loss allowance	**(19,649)**	**(29,537)**	**(94,265)**	**(5,526)**	**(148,977)**
Net carrying amount	**2,510,533**	**247,926**	**18,484**	**6,649**	**2,783,592**

All amounts are expressed in thousands of BAM	Nivo kreditnog rizika 1	Nivo kreditnog rizika 2	Nivo kreditnog rizika 3	POCI	31 December 2024 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**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 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	**(871)**	**-**	**-**	**-**	**(871)**
Net carrying amount	**341,474**	**-**	**-**	**-**	**341,474**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	31 December 2024 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**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	31 December 2023 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	Stage 1	Stage 2	Stage 3	31 December 2024 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**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	31 December 2023 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**

Following table presents information on the balance of loans and receivables from customer advances that were received in stages 1, 2 and 3.

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2024 Total
Customer loans and receivables at amortized cost – gross carrying amount					
Current	2,581,454	243,733	9,136	4,733	2,839,056
Overdue < 30 days	44,910	62,211	8,911	851	116,883
Overdue > 30 days < 90 days	–	15,593	4,832	314	20,739
Overdue > 90 days	–	–	86,193	2,391	88,584
Less: loss allowance	**(17,251)**	**(21,449)**	**(85,520)**	**(4,341)**	**(128,561)**
Total	**2,609,113**	**300,088**	**23,552**	**3,948**	**2,936,701**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	31 December 2023 Total
Customer loans and receivables at amortized cost – gross carrying amount					
Current	2,471,380	202,491	12,304	4,017	2,690,192
Overdue < 30 days	58,659	63,064	4,586	564	126,873
Overdue > 30 days < 90 days	143	11,908	3,502	294	15,847
Overdue > 90 days	-	-	92,357	7,300	99,657
Less: loss allowance	**(19,649)**	**(29,537)**	**(94,265)**	**(5,526)**	**(148,977)**
Total	**2,510,533**	**247,926**	**18,484**	**6,649**	**2,783,592**

Interest rate-induced 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.

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.

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. 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 temporary measures aimed at mitigating the risk that may result from a significant increase in interest rates for loan exposures of Raiffeisen BANK dd Bosnia and Herzegovina defines:
- Comparison of the current level of interest rates against the interest rate levels on the reference date 30 June 2022 (new and current exposures);
- Interest rate growth forecasts and effects of this growth on credit risk;
- Measures to be taken by the bank to mitigate the credit risk and ramifications for credit users;
- Communication with clients;
- Manner of documenting/recording the credit activities;
- Effect of measures on IFRS 9 and expected credit losses;
- Special internal control system measures;
- The monitoring and reporting system in the Bank and reporting to the Agency on the activities and measures under the Decision.

In accordance with the Decision on temporary measures to mitigate the risk of interest rate growth (Official Gazette of the Federation of BiH, No. 79/22) and Strategic Decision of the Bank, the increase in interest rates is limited to the maximum amount of 200 basis-points, compared to the reference rates on 30 June 2022, save for specific cases relating to:
- syndicated loans,
- Credits approved through tender (bid invitation) procedure,
- credit placements where the client agrees to contracted price (higher than 189 bps) and which, based on the assessment of the effect of contracted price, will not expose the financial service user to the probable situation where one is unable to settle his/her obligations.

In the segment of business entities, the Bank has applied this approach of limiting the growth of interest rates on all placements, taking into account the above exceptions.

For any interest rate changes exceeding 200 basis points compared to the reference date of June 30, 2022, the Bank is obligated to calculate the increased amount of expected credit losses (ECL) for lots in Stage 1 of credit risk, with a minimum of 2% instead of 0.5%, and for lots in Stage 2 of credit risk, with a minimum of 12% instead of 5%.

In line with this, as of the reporting date, December 31, 2023, in the corporate client portfolio, 156 lots with a total exposure of BAM 48.94 million recorded an increase in interest rates of more than 200 basis points. This resulted in an overall increase in ECL of BAM 997.9 thousand (Stage 2: BAM 379.2 thousand, Stage 1: BAM 618.7 thousand) for the non-retail segment, and BAM 49 thousand (Stage 2: BAM 16 thousand, Stage 1: BAM 33 thousand) for the retail (micro) segment.

As of December 31, 2023, in the retail (PI) segment, a portfolio of 53 individuals with a total exposure of BAM 801 thousand recorded an increase in interest rates of more than 200 basis points, resulting in an overall increase in ECL of BAM 30.5 thousand (Stage 2: BAM 17 thousand, Stage 1: BAM 13 thousand).

The Bank's policy regarding the acquisition of collateral has remained largely unchanged during the reporting period. In 2024, there were no significant modifications to the conditions of collateral acceptability, nor were there any notable changes in the quality of collateral compared to the previous period. The process of regularly assessing the market value of collateral, in accordance with the timeframes defined by the applicable collateral procedures, has been consistently implemented. Additionally, the Bank conducts an annual analysis of sold collateral. Based on the results of the achieved sales values, the corrective factors (discount rates) applied to collateral are adjusted, if necessary. However, during 2024, there was no need to modify these corrective factors.

The Bank also has a process in place to acquire collateral as a protective measure to prevent the sale of real estate serving as collateral for NPL loans at exceptionally low prices in court sales (executive proceedings). This process is applicable to both the SEM NRT & SE Late Stage and Retail Collection segments through the court.

Throughout the year, the Bank also holds items of acquired assets, or collateral, in both financial and non-financial asset positions. These assets serve as security for credit exposure in the event of a debtor's default on debt obligations. The acquisition process primarily applies to real estate, and only in exceptional cases to equipment and vehicles. Acquired assets are classified as such in the Bank's Statement of Financial Position when the conditions for their acquisition are met in accordance with relevant regulations. These assets are intended for eventual sale.

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

Residential mortgage lending

The tables below outline credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination, and market value is monitored and adjusted to market trends, once a year at minimum. For credit-impaired loans, the value of collateral is based on the most recent market value appraisals.

5.1.2. Collateral and other credit improvements

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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**	**320,391**

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Credit-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 Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative or qualitative criteria have been met. The criteria for determining a significant increase in credit risk are defined for the proper allocation of exposure in Stage 1 or Stage 2.

Quantitative criteria

With regard to corporate clients, the quantitative criteria assesses whether the risk of default on liabilities has increased significantly from the initial recognition through the threshold of 250% (250%-threshold is temporally dependent) increase in the likelihood of default. Quantitative criteria are set individually for each product. No grouping of exposure is performed, i.e. measuring a significant increase in credit risk on a collective basis.

As a quantitative measure in case of retail clients, a comparison is made of the remaining probability of default on the reporting date, with the corresponding expected conditional PD from the original vintage curve (i.e. consideration of the PD at the beginning, given the condition that the observed risk line survives, i.e., fully repayable or defaulted, until the reporting date). This increase in credit risk is measured through a relative approach and compared to a fixed threshold value (SICR threshold). Threshold levels are calculated at the portfolio level, for all portfolios that are included in a life-based PD models based on estimates.

Qualitative criteria

Elements that will be the main determinants that need to be considered for the purpose of assessing the steps between the various stages are the following:
- Eventual presence of due amount which remains overdue over 30 days. In such a case, the credit risk of such exposure is considered "significantly increased" and is classified to Stage 2;
- Existence of "forbearance" measures;
- Qualitative information on credit quality deterioration due to which the client is placed on monitoring list;
- Certain indicators of the internal credit risk monitoring system and early warning system.

Determining the presence of any of the above mentioned determinants constitutes a prerequisite for change of credit risk level.

(ii) Credit risk grades

The Bank uses internal credit risk grading that reflects its assessment of the probability of default of individual customers. The Bank uses internal rating models tailored to the various categories of customers. Borrower and loan specific information collected at the time of loan application is included into this rating model. In addition, the model enables experience-based judgment of the Credit Risk Officer to be included into the final internal credit rating for each exposure. This allows for consideration of relevant factors which may have not been included as part of the other inputs into the rating model. The credit grades are calibrated in such a way that the risk of default increases exponentially as credit risk grade increases.

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

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

The Bank uses the Local and Regional Governments rating model for local and regional governments. According to the general concept of the LRG ranking scale, clients include 27 rating grades for non-default clients and 1 grade for default client.

Project financing

For project financing purposes, the Bank uses the project finance rating model. According to the general concept of the rating scale, PF client ranking scale includes 4 ratings for non-default clients and 1 rating for default clients.

Financial institutions

The Bank uses the following rating models for financial institutions: FI (Bank) Rating Model, Insurance Rating Model, Sovereigns Rating Model and Funds Rating Model. In the process of ranking the 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 client ranking scale for the clients falling under FI (Bank) and Sovereigns rating models has 27 rating grades for non-default clients and 1 grade for default clients. The rating scale under the two remaining rating models has 9 grades for non-default clients, and 1 grade for default clients.

Retail client segment (Physical Entities and Micro Clients*)

After the date of initial recognition, for retail business, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history – is also incorporated into the behavioral score. This score is mapped to a PD.

Micro client is a legal entity whose annual income is less than EUR 1 million and exposure less than EUR 115.040, and persons organized as sole proprietorship.

(iii) Definition of default

The status of failure to settle the obligations under the Bank's placements is determined based on 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 pursuant to the Article 178 of the (EU) Regulation No 575/2013 and EBA Regulatory Technical Standards concerning the materiality thresholds for overdue claims referred to in Article 178 of EU Regulation 575/2013.

In the retail segment, the default is determined on the placement level for private individuals, whereas, for all legal entities (including Micro customers), the default status is determined on the client (obligor) level.

Non-retail portfolio

The staging criteria are selected in line with IFRS 9, and based on risk parameters available in the Bank. After being assigned a default status, the client undergoes an individual estimate of potential losses (ILLP), thus also obtaining the Stage 3 status under IFRS 9 methodology, which at that moment represents a non-performing asset.

The default status, i.e. individual loan loss provision, is granted for all debt placements of the borrower or to a group of debtors who:

- in settling obligations to the Bank, are more than 90 days overdue, taking into account the materiality threshold of EUR 500 and 1.0% (for details see below) of the value of total contracted credit placements (quantitative criterion); or
- are very likely to be unable to settle the obligations to the Bank from their primary sources of funding (qualitative criterion).

The Bank (i.e. RBI Group) has defined qualitative indicators that are currently being used to identify the likelihood that a client will not be able to settle his/her obligations to the Bank (e.g. initiated bankruptcy proceedings, partial bed debt write-off, cessation of interest payments, cross-default etc.)

The instructions for identifying and managing the business relationship with non-Retail & SE default clients specify other details.

IFRS 9 requires the use of several scenarios (minimum 2) within ILLP calculation, taking into account the following principles:
- Certainty of scenarios
- Possibility of documenting these scenarios
- Historical parameters / indicators

The scenario that is certain to happen/to be realized in the next period will be assigned a weight of 90% probability, while scenarios whose likelihood is less realistic will be given the weight of 10% probability, as a unified rule for all clients. The weights will be revised annually. In the case of a client who is going concern as a second scenario, it is possible to use collateral through a court proceedings where on the basis of historical observations it is concluded that a weighting of 10% should be used (analysis based on historical changes in the last 5 years, the transfer of clients from the early stage to the late stage – analysis will be revised annually).

Portfolio of Retail Clients (Physical Entities and Micro clients)

As in the case of non-Retail clients, in the Retail segment, once assigned the default status, the client is moved to Stage 3 under the IFRS 9 methodology, which at that moment represents a non-performing asset.

Provisions for loan losses must be assigned to all placements of a debtor or group of debtors who:
- in settling obligations to the Bank, are more than 90 days overdue, taking into account the materiality threshold of EUR 100 and 1.0% of the value of total contracted credit placements (quantitative criterion)
- are very likely to be unable to settle the obligations to the Bank (qualitative criterion).

The Bank's internal procedures define qualitative criteria under which credit exposure is assigned a status of the client who is very likely not to be able to meet his/her obligations towards the Bank (e.g. bankruptcy of the debtor, cross-default, poor restructuring, etc.)

(iv) Inclusion of prediction factors

In 2022, due to the harmonization of the Decision of the FBIH Banking Agency "Decision on credit risk management and determination of expected credit losses", Article 22 "Allocation of exposure to lower level of credit risk" and "Default definition of Raiffeisenbank International", the recovery period was updated for transfer 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 60 days (previously 30 days) during the observed period. With the above harmonization, the local regulations have been fully complied with.

Multiple macroeconomic scenarios are also included in ECL calculation. The Bank applies three perspective global economic scenarios (baseline, upside and downside) and this approach is considered sufficient for the calculation of an unbiased expected loss in most economic environments. In calculating the expected credit loss, the Bank allocates weights of 50%: 25%: 25% for each of the three macroeconomic scenarios (baseline, upside and downside).

The Probability of Default (PD) is, where relevant, adapted to the macroeconomic status. The macroeconomic model also includes information about the future. The baseline macroeconomic forecasts with a two year horizon are reviewed and updated at least once every 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 lifelong PD, historical rating and its accompanying PD include information about the future.

Adjustment is made using macroeconomic perspectives in the observed period.

The basic scenario with the prescribed addendum, aimed to reflect the effects arising from the probability of realization of alternative macroeconomic scenarios.

(v) Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policies disclosed in Note 3.11.1. (iii).

When the terms of financial asset are modified and the modification does not result in derecognition, determination of whether the asset's credit risk has increased significantly reflects the comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; and
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When the modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers experiencing financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is guaranteed on a selective basis if the debtor is currently in default on its debt, or if there is a high default risk, or if there is an evidence that the debtor made all reasonable efforts to pay under the original contractual terms and that the debtor is expected to be able to meet the revised terms.

The revised terms mostly include extension of the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action.

In general terms, forbearance is a qualitative indicator of a significant increase in credit risk. Expectation of forbearance may constitute evidence that exposure is credit-impaired (see Note 3.11.1). A customer needs to demonstrate consistently good payment behavior over a period of time, before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased so that the loss allowance reverts to being measured again at an amount equal to Stage 1.

(vi) Expected Credit Loss Measurement

The credit risk and ECL assessments are unbiased and probability-adjusted, and incorporate all available information relevant to the assessment, including the information about past events, current conditions and reasonable and sustainable forecasts of future events and economic conditions at the reporting date. In addition, the ECL assessment should consider the time value of money. In general, the Bank calculates ECL using thee three main components: a probability of default (hereinafter: PD); loss given default (hereinafter: LGD); and exposure at default (hereinafter: EAD).

(vii) Loss allowance

The following table outlines the changes in the credit risk stage for customer loans and receivables, and changes in impairment by class of financial instrument.

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	2024 Total
Loans to and receivables from customers at amortized cost					
Balance at 1 January 2024	19,649	29,537	94,265	5,526	148,977
New approvals	(8,875)	(5,990)	(5,291)	(984)	(21,140)
Derecognition	3,873	5,088	4,157		13,118
Write offs	–	–	27,085	–	27,085
Collection	–	–	11,774	–	11,774
Transfer to Stage 1	(4,359)	(6,838)	(7,933)	–	(19,130)
Transfer to Stage 2	6,039	(7,334)	(7,217)	(274)	(8,786)
Transfer to Stage 3	924	6,986	(31,320)	73	(23,337)
Balance at December 31 2024	**17,251**	**21,449**	**85,520**	**4,341**	**128,561**

All amounts are expressed in thousands of BAM	Stage 1	Stage 2	Stage 3	POCI	2023 Total
Loans to and receivables from customers at amortized cost					
Balance at 1 January 2023	17,170	36,493	110,129	6,293	170,085
New approvals	10,307	6,498	4,764	1,100	22,669
Derecognition	(4,121)	(6,350)	(712)	(401)	(11,584)
Write offs	-	-	(28,139)	-	(28,139)
Collection	-	-	(13,676)	-	(13,676)
Transfer to Stage 1	(1,582)	(7,968)	(1,173)	-	(10,723)
Transfer to Stage 2	(1,794)	8,189	(1,956)	(504)	3,935
Transfer to Stage 3	(331)	(7,324)	25,028	(961)	16,412
Balance at December 31 2023	**19,649**	**29,537**	**94,265**	**5,526**	**148,977**

In 2024, the Bank recorded a decrease in the impairment Stage compared to 2023, namely by BAM 20,42 million, where 42.8% of this amount accounted for reduction of Stage 3 value corrections, which resulted from the trend of reduced volume of non-quality exposures due to intensive collection activities and strong and comprehensive credit risk management, resulting in prevention and lower amounts of exposure transition from Stage 1 and 2 to Stage 3.

5.1.4. Concentration of credit risk by geographic location

The Bank monitors concentrations of credit risk by sector and by geographic region.

Geographic concentration in net carrying amounts of credit exposure is as follows:

All amounts are expressed in thousands of BAM	Bosnia & Herzegovina	EU countries	Non-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	10,422	–	–	10,422
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	–	–	–	–
Loans and receivables at amortized cost	2,936,701			2,936,701
Debt instruments at amortized cost	37,784	427,759	47,729	513,272
Other financial assets	19,768	3,283	6,212	29,263
	4,118,163	**884,394**	**163,920**	**5,166,477**
31 December 2023				
Cash and current accounts with banks	467,389	268,927	123,812	860,128
Loans and receivables at fair value	11,952	-	-	11,952
Financial assets at fair value through other comprehensive income	355	182	-	537
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	2,783,592	-	-	2,783,592
Debt instruments at amortized cost	9,566	292,535	39,373	341,474
Other financial assets	23,886	2,907	12,839	39,632
	3,734,531	**749,937**	**195,640**	**4,680,108**

Economic sector risk concentration in presented in Note 24.2.

5.2. Liquidity risk

Liquidity risk is the loss risk arising from the existing or expected inability of the Bank to settle its due financial obligations.

- The Bank is exposed to daily calls for disbursement of funds that it settles with available cash resources consisting of: overnight deposits,
- funds on current accounts,
- maturing deposits,
- withdrawal of loan funds,
- guarantees and other derivatives that are settled from margins and
- other amounts on demand for monetary derivatives.

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

The Bank maintains liquidity in accordance with the regulations of the FBiH Banking Agency governing liquidity risk, and group and internal acts related to maintaining the adequate liquidity reserve.

Special consideration is given to liquidity measures set by regulatory requirements:

- Liquidity Coverage Ratio (LCR) is monitored on a daily basis and reported to the regulator on a monthly basis; it represents the liquidity coverage ratio over a 30-day stress period
- Net Stable Funding Ratio (NSFR), which is monitored monthly and reported to the regulator on a quarterly basis, is the ratio of available stable financing to the required stable financing, for the purpose of ensuring the bank's long-term resilience to liquidity risk.

LCR is maintained at the level above regulatory and internally defined limits (internally defined limits are >140%).

NSFR is maintained at a level above the internally defined limit (internally defined limits are >120%).

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Liquidity buffer	1,366,815	1,039,528
Net cash outflows	513,878	464,720
Liquidity Coverage Ratio (LCR)	**266%**	**224%**

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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 outlines the remaining contractual maturities of the Bank's assets and liabilities as at December 31 2024 and December 31 2023, except for financial assets at fair value through other comprehensive income that are classified in accordance with their secondary liquidity characteristic as maturing within one month, and obligatory reserves which, although not short-term, depend on the liabilities on which it is calculated, and are classified in the maturity period within one month.

All amounts are expressed in thousands of BAM	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	95	61	273	1,555	8,438	10,422
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	247,683	149,405	688,855	1,257,200	593,558	2,936,701
Debt instruments at amortized cost	11,613	49,940	122,092	329,627	–	513,272
Other financial assets	29,246	–	–	17	–	29,263
Total financial assets	**1,965,456**	**199,406**	**811,220**	**1,588,399**	**601,996**	**5,166,477**
Liabilities						
Due to banks and other financial institutions	65,565	–	15,704	63,941	–	145,210
Deposits from customers	3,890,058	38,346	287,245	281,345	3,241	4,500,235
Subordinated debt	–	–	190	–	44,984	45,174
Borrowings	8,486	573	17,373	119,075	–	145,507
Lease liabilities	264	491	2,130	6,034	339	9,258
Other financial liabilities	3,853	10,598	–	–	–	14,451
Total financial liabilities	**3,968,226**	**50,008**	**322,642**	**470,395**	**48,564**	**4,859,835**

All amounts are expressed in thousands of BAM	Up to 1 month	1 to 3 months	3 months to 1 year	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	2,792	1,805	3,924	1,828	1,603	11,952
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	108,286	96,716	-	-	-	205,002
Loans and receivables at amortized cost	592,921	469,545	1,088,898	413,198	219,030	2,783,592
Debt instruments at amortized cost	19,397	-	67,719	254,358	-	341,474
Other financial assets	39,610	-	-	22	-	39,632
Total financial assets	**2,061,463**	**568,066**	**1,160,541**	**669,406**	**220,633**	**4,680,109**
Liabilities						
Due to banks and other financial institutions	35,314	27,820	10,810	57,795	-	131,739
Deposits from customers	3,481,740	49,383	183,208	463,347	2,700	4,180,378
Subordinated debt	210	-	-	-	44,983	45,193
Borrowings	4,764	397	19,920	37,593	-	62,674
Lease liabilities	256	503	2,225	5,668	200	8,852
Other financial liabilities	11,596	23,467	-	-	-	35,063
Total financial liabilities	**3,533,880**	**101,570**	**216,163**	**564,403**	**47,883**	**4,463,899**

The table below outlines the Bank's remaining contractual maturity for its non-derivative financial liabilities.

The table was prepared based on the undiscounted cash flows of financial liabilities, in line with the earliest date on which Bank may have an obligation to make the payment. Table includes the payment of interest and principal:

Maturity for non-derivative financial liabilities

All amounts are expressed in thousands of BAM	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	4,500,235	2	21	702	5,312	541	4,506,813
Subordinated debt	45,174	–	–	1,901	5,710	7,470	60,255
Borrowings	145,507	1,266	523	2,272	10,080	1,737	161,385
Lease liabilities	9,258	15	30	114	203	15	9,635
Other financial liabilities	14,451	-	-	-	5	-	14,456
	4,859,835	**1,284**	**574**	**5,122**	**23,542**	**9,763**	**4,900,120**

All amounts are expressed in thousands of BAM	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	4,180,378	2	37	465	8,151	482	4,189,515
Subordinated debt	45,193	-	-	2,209	6,608	10,862	64,872
Borrowings	62,674	94	-	648	610	-	64,026
Lease liabilities	8,852	15	28	106	184	12	9,197
Other financial liabilities	35,063	-	-	-	5	-	35,068
	4,463,899	**111**	**174**	**3,524**	**18,457**	**11,356**	**4,497,521**

The components of Bank's liquidity reserves are presented in the table in Note 20.

5.3. Market risk

Market risk is defined as the risk of possible balance and off-balance losses due to changes in market prices of trading and banking book positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters.

The Bank's market risk management is conducted in accordance with the local regulations and decisions and instructions of local regulators and in accordance with RBI Group standards (RBI Group regulatory framework and the decision of the RBI Managing Board) and is defined in the internal rules, procedures and policies that are subject to regular internal audits, aimed at complying with regulatory changes, as well as improving the process of (market) risk management due to changes in market conditions, defined strategies and business goals. The process of managing market risk inherently includes mitigation, assessing and limiting exposure before assuming risk, and the assessment and control of assumed risk of the entire bank portfolio i.e. trading and banking book. Notwithstanding the restrictions imposed by the regulator, the Bank limits exposure to market risks in accordance with its business strategies harmonized at the level of RBI, product approval process and limit system on market risk positions, i.e. establishing limits on the open positions of market risk, limits on the Bank's portfolio sensitivity, in line with the changes of risk factors and establishing the system of limits on Value at Risk ("VaR") at the level of the book (trading and banking book), level of segments (Assets and Liabilities management and Capital Markets) and at the level of the entire portfolio. In addition, the limit is established on the reduction of market value of financial instruments carried at fair value, the so-called Stop loss limits.

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

The Bank is exposed to the following subcategories of market risk: currency/foreign exchange risk, position risk, credit spread risk, risk of adjustment of credit valuation actively managed by the Bank. Within the annual risk assessment for the purpose of Bank's ICAAP and ILAAP, none of these risks were found to be significant for the Bank.

5.3.1. Foreign exchange risk

Foreign exchange risk is the risk of loss arising from the changes in currency exchange rates and/or prices of gold. The Bank is not exposed to the foreign exchange risk of gold positions, meaning, they are not the subject of Bank's business operations.

The strategy used under the foreign exchange risk management is to limit the exposure, i.e. to maintain the level of assumed risk within the planned preference or planned risk profile for foreign exchange risk, taking into account regulatory restrictions. In order to maintain an adequate level of foreign exchange risk, the Bank has defined restrictions, the so-called internal limits with primary consideration of regulatory limits.

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

The carrying amounts of the Bank's monetary assets and liabilities per currency at the reporting period date were as follows:

All amounts are expressed in thousands of BAM	BAM	EUR*	USD	Other currencies	Total
As at 31 December 2024					
ASSETS					
Cash and cash equivalents	480,043	555,781	109,827	54,989	1,200,640
Loans and receivables at fair value	–	10,422	–	–	10,422
Financial assets at fair value through other comprehensive income	355	190	–	–	545
Obligatory reserve with the BiH Central Bank	475,635	–	–	–	475,635
Deposits with banks	–	–	–	–	–
Loans and receivables at amortized cost	2,387,045	549,656	–	–	2,936,701
Debt instruments	37,784	457,569	17,919	–	513,272
Other financial assets	18,123	8,079	175	2,886	29,263
	3,398,985	**1,581,697**	**127,921**	**57,875**	**5,166,478**
LIABILITIES					
Due to banks and other financial Institutions	65,182	73,903	6,050	75	145,210
Due to customers	3,059,695	1,247,202	126,646	66,692	4,500,235
Subordinated debt	–	45,174	–	–	45,174
Borrowings	–	145,507	–	–	145,507
Lease liabilities	9,258	–	–	–	9,258
Other financial liabilities	13,687	360	244	160	14,451
	3,147,822	**1,512,146**	**132,940**	**66,927**	**4,859,835**

* The Bank has a number of agreements with foreign currency clause. The BAM value of principal in such agreements is determined by foreign exchange rate developments. The principal balance of the related exposure is included in the table above in the column "EUR".

All amounts are expressed in thousands of BAM	BAM	EUR*	USD	Other currencies	Total
As at 31 December 2023					
ASSETS					
Cash and cash equivalents	467,383	261,045	70,905	60,795	860,128
Loans and receivables at fair value	-	11,952	-	-	11,952
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	-	205,002	-	-	205,002
Loans and receivables at amortized cost	2,074,558	709,034	-	-	2,783,592
Debt instruments	9,566	297,212	34,696	-	341,474
Other financial assets	19,070	20,367	81	115	39,632
	3,008,723	**1,504,794**	**105,682**	**60,909**	**4,680,110**
LIABILITIES					
Due to banks and other financial Institutions	29,712	101,378	421	228	131,739
Due to customers	2,732,371	1,266,142	114,053	67,812	4,180,378
Borrowings	-	45,193	-	-	45,193
Subordinated debt	-	62,674	-	-	62,674
Lease liabilities	8,852	-	-	-	8,852
Other financial liabilities	30,383	1,458	2,421	801	35,063
	2,801,318	**1,476,845**	**116,895**	**68,841**	**4,463,899**

The following table outlines five highest Values-at-Risk (VaR) recorded as at 31 December 2024 and their values as at 31 December 2023. VaR is a calculation based on 99% reliability statistical model and under presumption that portfolio is constant during 1 day.

All amounts are expressed in thousands of BAM		**VaR**	
Currency	**31 December 2024**	**Currency**	**31 December 2023**
CHF	<1	JPY	<1
USD	<1	SEK	<1
CZK	<1	CHF	<1
HUF	<1	CZK	<1
CNY	<1	CNY	<1

The following table details the Bank's sensitivity to a 10% increase or decrease in foreign currency rates against the relevant local currency. The 10%- sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents assessment of the reasonably possible change in foreign exchange rates.

All amounts are expressed in thousands of BAM	Result		Result	
	USD 2024	SEK 2023	CZK 2024	JPY 2023
Profit or loss	(5)	(6)	4	2

5.3.2. Interest rate risk

Interest rate risk reflects the possibility of loss of profit and/or erosion of capital due to the fluctuations of interest rates. It pertains to all balance and off-balance positions that are sensitive to fluctuations of interest rates. This risk comprises two components: income component and investment component.

The income component arises from the fact that passive and active interest rates of the Bank are not harmonized (interest on placements is fixed, interest on liabilities is variable, and vice versa).

The investment component results from inverted relationship between the fluctuations of prices and interest rates on securities. The Bank strives to ensure protection from interest risk by harmonizing the types of interest rates (fixed, floating and variable), currency, related interest rate and the date of interest rate change for all products covered under the contracts it concludes (which are sensitive to interest rate changes).

Any inconsistence between the abovementioned elements results in exposure of the Bank to interest rate risk.

5.3.2.1. BPV interest rate sensitivity analysis

On the daily basis, positions of interest rate risk undergo sensitivity analysis for 1 basis point during the parallel shift of yield curve which provides values of gains and losses of portfolio for a particular day (1BPV=0,01%).

The table below presents the changes of the portfolio present value, with interest rate growth by 1 basis point as at December 31 2024 and December 31 2023, expressed in thousands of BAM for the following currencies: BAM, EUR and USD, while the changes of present values for other currencies are immaterial.

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Currency		
BAM	(171)	(102)
EUR	(25)	(6)
USD	8	5
Total BPV	**(187)**	**(103)**

The table below presents effects on present value of portfolio in the event of yield curve shift by 50 bps, at 31 December 2024 and 31 December 2023, for the currencies with material exposure:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Currency		
BAM	(8,405)	(5,595)
EUR	(1,196)	(336)
USD	414	262
Total BPV	**(9,187)**	**(5,669)**

5.4. Capital risk management

In compliance with laws, regulations and internal acts, the Bank monitors and reports quarterly to regulators on its capital, risk-weighted exposures and capital adequacy ratios.

Through its management reporting, the Bank also regularly monitors capital movements, achieved capital adequacy ratios as well as the effects on capital of all changes in methodology.

In 2024, the Bank complied with all regulatory capital requirements and achieved the capital adequacy ratio of 17.32%, in accordance with the local regulations under Basel III Methodology.

The Bank Regulatory Capital consists of Common Equity capital (Tier 1) and Additional capital (Tier 2). The core capital of the Bank (Common equity T1) is the sum of Common equity CET 1 capital and Additional Tier 1 capital AT 1. The Tier 1 capital of the Bank (fully equal to Common equity Tier 1) consists of issued share capital, share premium, retained earnings and other reserves formed from profit after taxation, based on decision of the Bank's General Assembly, net revaluation reserves based on changes in fair value of assets (accumulated comprehensive income), reduced for the Common equity CET 1 of financial sector entities that are heavily invested by the Bank, intangible assets and deferred tax assets.

Tier 2 capital is comprised of subordinated debt, general credit risk impairments, calculated as 1.25% of the risk-weighted exposure amount, reduced for the missing loan loss provisions under the regulatory requirements.

The minimum capital ratio requirements are as follows:
- Common Equity Tier 1 capital ratio 6.75%
- Tier 1 capital ratio 9.00%
- Regulatory capital ratio 12.00%

In addition to the statutory minimum capital adequacy ratio, the Bank is also required to provide the buffer for capital preservation that is to be maintained in the form of Tier 1 capital in the amount of 2.5% of the total risk exposure amount.

The total risk weighted exposure used to calculate capital adequacy includes:
- the risk of weighted assets and credit equivalents,
- position, currency, commodity risk and
- operational risk.

Under the prescribed methodology, the Bank's capital adequacy ratio, as at 31 December 2024 and 31 December 2022 is above the required limit of 13%. The following table presents the structure of equity and capital requirements of the Bank as at 31 December 2024 and 31 December 2023:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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 June 2024, the Bank paid a dividend in the amount of BAM 60,980 thousand (BAM 75,583 of retained earnings for 2023). The Bank is obligated to ensure and maintain financial leverage rate as an additional security and simple capital hedge, in the amount of at least 6%.The Bank's financial leverage ratio is the ratio of the amount of the Tier 1 capital to the total risk weighted exposure of the Bank as at the reporting date, presented as a percentage, and as at 31 December 2024 it is above the stated minimum, amounting to 9.43%.

6. Fair value of financial instruments

The fair value of financial assets and financial liabilities that are traded in active markets is based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

6.1. Valuation techniques

The Bank measures fair values using the following fair value hierarchy, reflecting the significance of the inputs used in measurement.
- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and these parameters have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign exchange rates, equity prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank determines the fair value of debt securities (treasury bills and bonds) using an internal valuation model which considers their remaining maturity and the latest available auction prices of equivalent instruments.

Fair value of available-for-sale equity securities and securities at fair value through profit or loss traded on an active market is measured using the price of these instruments at the reporting date at closing bid prices.

6.2. Fair value of the Bank’s financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table analyses financial instruments measured at fair value at the reporting date distributed according to the fair value hierarchy. The amounts are based on the values recognized in the statement of financial position.

All amounts are expressed in thousands of BAM	Note	Level 1	Level 2	Level 3	Total
31 December 2024					
Financial assets at fair value through other comprehensive income					
Loans to customers	21	-	-	10,422	10,422
Equity securities issued by non-resident legal entities	22	-	-	544	544
Total		**-**	**-**	**10,966**	**10,966**

All amounts are expressed in thousands of BAM	Note	Nivo 1	Nivo 2	Nivo 3	Ukupno
31 December 2023					
Financial assets at fair value through other comprehensive income					
Loans to customers	21	-	-	11,952	11,952
Equity securities issued by non-resident legal entities	22	-	-	538	538
Total		**-**	**-**	**12,490**	**12,490**

6.3. Financial instruments not measured at fair value

The following table presents the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy where each fair value measurement is categorized.

All amounts are expressed in thousands of BAM	Net book value	Fair value	Difference	Level 1	Level 2	Level 3
31 December 2024						
Assets						
Cash and cash equivalents	1,499,512	1,501,342	(1,830)	-	-	1,501,342
Obligatory reserve with the Central Bank of BiH	475,635	476,110	(475)	-	-	476,110
Deposits with other banks	–	–	–	-	-	–
Loans and receivables	2,936,701	3,000,926	(64,225)			3,000,926
Other financial assets at amortized cost	542,535	539,127	3,408	509,865	-	29,262
out of which: securities	513,272	509,865	3,407	509,865	-	-
Total	**5,454,383**	**5,517,505**	**(63,122)**	**509,865**	**–**	**5,007,640**
Liabilities						
Due to banks and other financial institutions	145,210	144,863	347			144,863
Deposits from customers	4,500,235	4,490,985	9,250			4,490,985
Borrowings	190,681	194,549	(3,868)	-	-	194,549
Lease liabilities	9,258	9,258	–	-	-	9,258
Other financial liabilities at amortized cost	14,451	14,416	35	-	-	14,416
Total	**4,859,835**	**4,854,071**	**5,764**	**–**	**–**	**4,854,071**

The following table presents the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy where each fair value measurement is categorized.

All amounts are expressed in thousands of BAM	Net book value	Fair value	Difference	Level 1	Level 2	Level 3
31 December 2023						
Assets						
Cash and cash equivalents	1,181,109	1,183,662	(2,553)	-	-	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	2,783,592	2,920,453	(136,861)	-	-	2,920,453
Other financial assets at amortized cost	381,106	374,553	6,553	334,920	-	39,633
out of which: securities	341,474	334,920	6,554	334,920	-	-
Total	**4,988,600**	**5,122,463**	**(133,863)**	**334,920**	**-**	**4,787,543**
Liabilities						
Depostis from banks and other financial institutions	131,739	131,749	(10)	-	-	131,749
Deposits from customers	4,180,378	4,166,341	14,037	-	-	4,166,341
Borrowings	107,867	109,612	(1,745)	-	-	109,612
Lease liabilities	8,852	8,852	-	-	-	8,852
Other financial liabilities at amortized cost	35,063	35,063	-	-	-	35,063
Total	**4,463,899**	**4,451,617**	**12,282**	**-**	**-**	**4,451,617**

When estimating the fair value of the Bank's financial instruments and assigning the instruments to the relevant level of fair value hierarchy, the following methods, assumptions and limitations described below are applied by the Bank in accordance with the approach revised within RBBH Group:

Cash and cash equivalents

The carrying values of cash, balances with banks and with the Central Bank are generally deemed to approximate their fair value due to the short term maturity. Loans and receivables to banks are mostly represented by overnight and short term deposits; therefore, there is no significant difference between fair value of those deposits and their book value.

Loans and receivables from customers

Fair value is estimated through discounted cash flow method in case of positions with residual medium-long term maturities, while it is approximated with the book value, reduced for group impairment/individual adjustment in case of short-term loans, loans payable on demand or with an indefinite maturity for impaired loans.

Amounts due for deposits from customers

For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the date of reporting. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rate currently offered for deposits of similar remaining maturities. Considering that maturity of most liabilities to customers is short term, fair value is approximately equal to the carrying amount.

Amounts due to banks and other financial institutions

Most of the banks' borrowings are short-term and carries variable interest rate, and thus Management estimates that its carrying amount reflects their fair value.

Subordinated loan carries variable interest rate and thus its carrying value reflects its fair value.

Lease liabilities

The carrying value of lease liabilities approximately equals to its fair value as there is no significant difference between incremental borrowing rate and market rate.

7. Business segments

The Bank operates in five basic business segments: corporate segment (business with legal entities); retail segment (business with micro companies and physical entities); segment of financial institutions; treasury and investment business segment and other business segment.

This is presented in the following segments:

Business segments	Segmentation criteria
Business banking	
a) Large, medium-sized enterprises	Companies with a total turnover above BAM 6.030 thousand. Or exposure above BAM 3.620 thousand. This business line also includes state-owned companies or local self-government bodies as well as legal companies from abroad with majority ownership of a legal company.
Retail banking	
a) Retail Banking	It contains two sub-segments: Natural persons and Premium Customers
b) Small businesses and single-owner business/sole proprietorship businesses	Includes 2 sub-segments: SE Segment and Micro Segment • SE Segment includes small businesses and single-owner enterprises with a total turnover below BAM 6.030 thousand and a total exposure below BAM 3.620 thousand. If one of the limits is exceeded, the customer is moved to the business segment group. • Micro Segment includes small businesses and sole proprietorships with a total turnover of up to BAM 2.410 thousand and a total exposure of up to BAM 200 thousand.
Financial institutions	
a) Institutional customers	Companies whose key activities are financial activities, including the Government of BiH and central regulatory bodies (Montenegro)
b) Banks and other international financial institutions	Brokers, IFs, FMCs, microcredit organizations, insurance and leasing companies, insurances and leasing companies, banks
Treasury and investment banking	This segment includes the management of assets and liabilities, financing and banking of financial institutions, transactions in the money market, foreign currency business (FCY management), brokerage activities, depository activities, securities management for the Bank's account. It also includes money market transactions, foreign exchange, custody, and brokerage services
Other	
a) Subsidiaries	Includes related parties
b) Other	

All amounts are expressed in thousands of BAM	Corporate	Retail	Treasury operations and investment banking	Other	Total
31 December 2024					
Interest income, etc., income at an effective interest rate	21,042	128,227	30,125	5,558	184,953
Interest expenditure etc., income at an effective interest rate	(1,930)	(11,761)	(2,763)	(510)	(16,964)
Net interest income, etc., income at an effective interest rate	**19,112**	**116,466**	**27,362**	**5,049**	**167,989**
Fee and commission income	27,778	126,542	–		154,320
Fees and commissions expenses	(6,728)	(30,650)			(37,378)
Net fee and commission income	**21,050**	**95,892**	**–**	**–**	**116,942**
Impairments and provisions	1,907	1,707	(57)	(14)	3,543
Other revenues	2,812	14,427	1,906	1,156	20,301
Other costs and expenses	(22,466)	(118,402)	(1,732)	(9,227)	(151,827)
Profit before tax	**22,415**	**110,091**	**27,479**	**(3,037)**	**156,948**
Income tax	**-**	**-**	**-**	**-**	**(13,628)**
Net profit for the year	**22,415**	**110,091**	**27,479**	**(3,037)**	**143,320**
Total assets	**902,811**	**2,062,659**	**2,174,002**	**533,630**	**5,673,102**
Total Liabilities	**1,488,274**	**3,156,970**	**96,943**	**178,588**	**4,920,776**
Net assets per segments	**(585,463)**	**(1,094,312)**	**2,077,059**	**355,041**	**752,326**

All amounts are expressed in thousands of BAM	Corporate	Retail	Treasury operations and investment banking	Other	Total
31 December 2023					
Interest income, etc., income at an effective interest rate	18,773	99,715	44,753	11,330	174,571
Interest expenditure etc., income at an effective interest rate	(1,412)	(7,501)	(3,366)	(852)	(13,131)
Net interest income, etc., income at an effective interest rate	**17,361**	**92,214**	**41,387**	**10,478**	**161,440**
Fee and commission income	30,087	121,757	338	(3,761)	148,421
Fees and commissions expenses	(7,852)	(31,775)	(88)	982	(38,733)
Net fee and commission income	**22,235**	**89,982**	**250**	**(2,779)**	**109,688**
Impairments and provisions	7,100	(11,709)	(3)	23	(4,589)
Other revenues	4,001	18,476	4,329	1,200	28,006
Other costs and expenses	(23,674)	(112,697)	(1,252)	(11,056)	(148,679)
Profit before tax	**23,332**	**61,332**	**44,670**	**(1,672)**	**127,662**
Income tax	-	-	-	-	**(5,702)**
Net profit for the year	**22,303**	**58,628**	**42,701**	**(1,672)**	**121,960**
Total assets	**831,741**	**1,991,395**	**1,834,957**	**537,288**	**5,195,381**
Total Liabilities	**1,393,858**	**2,921,446**	**118,865**	**91,232**	**4,525,401**
Net assets per segments	**(562,117)**	**(930,051)**	**1,716,092**	**446,056**	**669,980**

8. Interest and similar income at effective interest rate

All amounts are expressed in thousands of BAM	2024	2023
Loans and receivables		
- from retail	114,861	115,354
- from corporate	33,226	29,374
- from banks	25,537	23,893
Other interest income	477	520
Modifications	293	362
Investments in securities at amortized cost	10,003	4,271
Interest income and similar income at effective interest rate of financial assets at amortized cost	**184,397**	**173,774**
Interest income and similar income at effective interest rate of financial assets at fair value through PL	556	797
Interest income and similar income at effective interest rate of financial assets at fair value through PL	**556**	**797**
Interest income and similar income at effective interest rate	**184,953**	**174,571**

9. Interest and similar expense at effective interest rate

All amounts are expressed in thousands of BAM	2024	2023
Retail	10,518	2,591
Banks	3,358	7,435
Corporate	2,681	2,693
Other	192	236
Interest for leasing contracts (*Note 33.4*)	215	176
Interest expense and similar expense at the effective interest rate of financial liabilities at amortized cost	**16,964**	**13,131**

10. Fee and commision income

All amounts are expressed in thousands of BAM	2024	2023
Main service lines:		
Credit card business	50,793	49,036
FX transactions	30,438	29,276
Payment transactions	29,112	29,065
Account maintenance for residents	22,870	20,789
Insurance	5,182	4,569
Investment in funds	4,862	4,619
Account maintenance for non-residents	2,668	2,731
Other	2,010	2,010
Total income from fees and commissions from contracts with customers	**147,935**	**142,095**
Financial guarantees and approved an undrawn loans contracts and loan commitments	6,385	6,329
	154,320	**148,421**

As of December 31, 2024, the Bank has reclassified between the positions of income/expenses from fees and commissions and net positive/(negative) exchange rate differences. The Bank has reported in the net positive/(negative) exchange rate differences position the effects of foreign exchange transactions and the exchange rate differences resulting from converting balances at the middle exchange rate.

11. Fee and commission expense

All amounts are expressed in thousands of BAM	2024	2023
Credit card transactions	28,988	28,405
Central Bank services	2,458	2,008
Fee expenses for exchange rate transactions	1,565	2,082
Guarantees	1,230	2,639
S.W.I.F.T. services	919	932
SMS services	714	928
Other	1,504	1,739
	37,378	**38,733**

12. Impairments and provisions

All amounts are expressed in thousands of BAM	2024	2023
Net releases of previously recognized credit losses of financial assets at amortized cost (*Notes 20,23*)	3,440	10,153
Provisions / (net releases of previously recognized provisions) for the credit risk of defaults and guarantees given (*Note 32*)	(526)	(7,060)
Provisions / (net releases of previously recognized provisions) for litigations (*Note 32*)	596	(51)
Net releases of previously recognized provisions (*Note 32*)	33	1,547
	3,543	**4,589**

13. Other net losses on financial assets

All amounts are expressed in thousands of BAM	2024	2023
Net gains/losses from modifications of financial assets at amortized cost that have not resulted in derecognition (*Note 23.3*)	30	1,220
Net effects of the change in the value of financial assets at fair value through income statement (*Note 21*)	-	39
	30	**1,259**

14. Net losses from current non-financial assets

All amounts are expressed in thousands of BAM	2024	2023
Net impairment losses of property, plant and equipment (*Note 24*)	612	1.267
Net impairment losses of investment property (*Note 26*)	42	101
Net impairment losses from property, plant and equipment	990	388
	1,644	**1,756**

15. Dividend income

All amounts are expressed in thousands of BAM	2024	2023
From subsidiaries	5,200	-
From associates	3,422	-
	8,622	**-**

16. Other income

All amounts are expressed in thousands of BAM	2024	2023
Release of accrued costs from previous periods	4,183	4,075
Income based on interest charges for non-quality loans	2,547	2,712
Income from lease	1,727	1,701
Treasury surpluses	95	318
Other income	1,483	1,120
	10,035	**9,927**

17. Employee costs

All amounts are expressed in thousands of BAM	2024	2023
Salaries	37,999	36,684
Taxes and contributions	24,641	23,217
Severance pay costs	220	218
Other employee expenses	4,393	1,183
	67,253	**61,302**

18. Other expenses and costs

All amounts are expressed in thousands of BAM	2024	2023
Costs of ongoing maintenance	15,494	13,808
Cost of savings deposit and loan insurance premiums	11,404	10,771
Cost of services	8,361	7,035
Cost of property insurance premiums	4,457	4,281
Cost of consulting services	4,083	4,202
Telecommunications costs	3,793	4,401
Marketing costs	2,970	3,260
Fee costs to FBA supervisor	2,892	3,055
Energy costs	2,142	2,086
Tax and administration costs	1,055	8,291
Material costs	1,042	1,785
Other rent expenses	868	1,319
Costs of professional services	836	867
Representation costs	757	838
Education	635	559
Freight charges	385	422
Utility costs	257	231
Donations	137	99
Other costs and expenses	4,273	4,774
	65,841	**72,084**

19. Income tax

Total tax recognized in the income statement may be presented as follows:

All amounts are expressed in thousands of BAM	2024	2023
Current income tax	12,164	11,392
Deferred income tax	1,464	(5,690)
	13,628	**5,702**

Reconciliation of taxable profit, stated in the tax balance, with accounting profit may be stated as follows:

All amounts are expressed in thousands of BAM	2024	2023
Profit before income tax	**156,948**	**127,662**
Income tax at a rate of 10%	15,695	12,766
Capital (losses)/gains and other incomes	(1,187)	(975)
Effects of unrecognized expenditures	(704)	1,239
Effects of non-taxable revenue (new employees)	(2,243)	(1,968)
Other effects	603	330
Deferred tax assets – Deferred fee	–	-
Deferred tax assets – Stage 1 and 2	1,115	(6,326)
Deferred tax assets – depreciation	(93)	(30)
Deferred tax assets – other provisions	63	(150)
Deferred tax assets – property impairment	65	519
Deferred tax liabilities – depreciation (lower rates)	314	297
Income tax	**13,628**	**5,702**
Effective tax rate	**8.68%**	**4.47%**

The Bank calculates its income tax liability at the rate of 10%, in accordance with effective regulations on tax income of legal entities in Bosnia and Herzegovina

Unrecognized expenditures include unrecognized expenditures for representation, provisions for risks and liabilities and expenditures of impairment of receivables.

Non-taxable revenues include revenues for share capital, release of provisions for risks and liabilities which was previously recognized as tax-unrecognized expenditure.

The reconciliation of taxable profit reported in the tax balance sheet with accounting profit resulted from differences related to other provisions, credit provisions at levels 1 and 2, the reconciliation of real estate/investment asset values, and accelerated depreciation. This also includes the difference in depreciation expense between the fully tax-allowed rate and the higher accounting-recognized depreciation rates, as well as the difference between the fully tax-allowed rate and the lower accounting-recognized depreciation rates

The change in deferred tax assets may be stated as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Balance at the beginning of period	**10,240**	**4,253**
Increase in deferred tax assets	(1,150)	5,987
Balance at the end of the period	**9,090**	**10,240**

The Bank recognized deferred tax assets arising from temporary differences related to the recognition of unrecognized income/expenses based on other provisions, level 1 and 2 credit provisions, impairment of real estate and investments, and accelerated depreciation. This also includes the difference in depreciation expense between the tax-allowed rate and the higher depreciation rates recognized for accounting purposes. Additionally, the Bank recognized deferred tax liabilities based on the difference in depreciation expense between the fully tax-allowed rate and the lower depreciation rates recognized in accounting.

The change in deferred tax liabilities may be stated as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Balance at the beginning of period	**2,003**	**1,705**
Recognized deferred tax liabilities	315	298
Balance at the end of the period	**2,318**	**2,003**

20. Cash and cash equivalents

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Cash in hand in local currency	263,809	285,412
Cash in hand in foreign currency	35,063	35,569
Funds on the current account with CBBH	638,136	467,857
Cash in hand at accounts at deposits institutions up to 30 days	564,204	394,661
Less: impairment	(1,700)	(2,390)
	1,499,512	**1,181,109**

The interest rate on EUR placements 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 amounted from 4.00% to 5.23% 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 5.40% per annum in 2024 or from 0.15% to 5.6% per annum in 2023.

Changes in impairment for expected losses are stated as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**2,390**	**801**
Release of impairment of value (*Note 12*)	(690)	1,589
Balance at the end of the period	**1,700**	**2,390**

21. Financial assets at fair value through profit and loss

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Loans and receivables at fair value	10,771	12,301
Adjustment for fair value	(349)	(349)
	10,422	**11,952**

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

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**349**	**310**
Net change in fair value through PL (*Note 13*)	-	39
Balance at the end of the period	**349**	**349**

22. Financial assets at fair valu through other comprehesive result

Investments in capital instruments as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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**

Fair value developments, regarding these assets, were as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**538**	**526**
Profit from a change in fair value	6	12
Balance at the end of the period	**544**	**538**

23. Financial assets at amortised cost

23.1. Obligatory reserve with the BiH Central Bank

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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 business day during 10 calendar days after the mandatory reserve maintenance period.

Cash held as a compulsory reserve on the CBBH account is not available for use without the special approval of CBBH and FBA.

Changes in impairment for expected losses are stated as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**438**	**423**
Net impairment change (*Note 12*)	37	15
Balance at the end of the period	**475**	**438**

23.2. Deposits with other banks

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Deposits with other banks	-	205,325
Less: impairment	-	(323)
	-	**205,002**

Impairment changes for expected losses are presented as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**323**	**436**
Net impairment change (*Note 12*)	(323)	(113)
Balance at the end of the period	**-**	**323**

The interest rate on placements (over 30 days) in EUR ranged from 3.73% to 3.82% per annum in 2024, compared to a range of 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; however, in 2024, the Bank did not have any term deposits in other currencies.

23.3. Loans and receivables

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Loans and receivables at amortized cost	3,065,262	2,932,569
Less impairment of value	(128,561)	(148,977)
	2,936,701	**2,783,592**

Changes in the impairment of the loans approved at amortized cost are presented as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance at the beginning of the period	**148,977**	**170,085**
Write-off	(27,097)	(28,139)
Other transfers	(3,499)	(2,089)
Net effects from modifications of financial assets at amortized cost that did not result in derecognition (*Note 13*)	30	1,220
Releasing a value correction (*Note 12*)	3,150	7,900
Balance at the end of the period	**128,561**	**148,977**

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

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Short-term loans:		
Short-term loans in domestic currency	536,736	530,805
Short-term loans in foreign currency (including currency exchange clause)	-	1,532
	536,736	**532,337**
Long term loans:		
Long-term loans in domestic currency	1,931,843	1,621,472
Long-term loans in foreign currency (including currency exchange clause)	596,683	778,760
	2,528,526	**2,400,232**
Total loans before impairment	**3,065,262**	**2,932,569**
Less impairment	(128,561)	(148,977)
	2,936,701	**2,783,592**

The short-term loans were approved for a period of 30 to 365 days. The majority of short-term domestic currency loans are granted for clients' working capital. The long-term loans are usually granted to physical entities, and the products include Non-purpose loans and Housing loans.

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

Analysis of total approved loans classified per industries and sectors is as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	Gross book value	Expected credit loss	Gross book value	Expected credit loss
Retail	1,912,884	(94,994)	1,841,308	(117,605)
A – Agriculture, forestry and fishing	11,673	(296)	11,451	(191)
B – Mining and stone extraction	775	(57)	2,555	(40)
C – Processing industry	264,566	(8,188)	242,571	(8,012)
D – Production and supply of electricity, gas, steam and air conditioning	9,641	(54)	11,114	(60)
E – Water supply; wastewater disposal, waste management and environmental remediation activities	11,487	(130)	11,983	(112)
F – Construction	26,962	(721)	26,006	(799)
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	574,644	(17,842)	546,611	(16,409)
H – Transportation and storage	44,233	(1,657)	49,709	(1,553)
I – Accommodation and food service activities (hospitality and catering)	5,638	(379)	4,531	(393)
J – Information and communications	43,269	(1,144)	55,163	(797)
K – Financial and insurance activities	81,283	(846)	55,146	(622)
L – Real estate business	8,854	(138)	3,299	(120)
M – Professional, scientific and technical activities	11,598	(748)	10,348	(545)
N – Administrative and ancillary services	4,466	(655)	5,399	(706)
O – Public administration and defense; compulsory social insurance	44,373	(535)	48,340	(767)
P – Education	1,096	(64)	1,387	(121)
Q – Health care and social welfare activities	6,366	(59)	4,089	(69)
R – Arts, entertainment and leisure	260	(9)	301	(11)
S – Other service activities	1,191	(45)	1,253	(45)
U – Activities of extraterritorial organizations and bodies	3	–	5	–
Total loans	**3,065,262**	**(128,561)**	**2,932,569**	**(148,977)**

23.4. Other financial assets at amortised cost

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Debt instruments at amortized cost	513,272	341,474
Fee claims	2,572	1,961
Other financial assets	26,691	37,671
	542,535	**381,106**

23.4.1. Debt instruments at amortized cost

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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 are stated as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance as at the beginning of the period	**871**	**2.007**
Net impairment change (*Note 12*)	467	(1.136)
Balance at the end of the period	**1.338**	**871**

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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
Netherland	28,899	37,981
Germany	28,248	28,816
Federation of Bosnia and Herzegovina	27,925	-
Croatia	25,672	17,686
Sarajevo Canton Government	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**

23.4.2. Other financial assets at amortised cost

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Receivables for credit card business	20,372	27,502
Other financial assets	9,895	9,575
Claims based on spot transactions and arbitration in foreign currency	3,237	7,188
Less: impairment	(6,813)	(6,594)
	26,691	**37,671**

Changes in the impairment of financial assets measured at amortized cost are stated as follows:

All amounts are expressed in thousands of BAM	2024	2023
Balance as at the beginning of the period	**6,594**	**4,696**
Impairments (*Note 12*)	219	1,898
Balance as at the end of the period	**6,813**	**6,594**

24. Property, plant and equipment

All amounts are expressed in thousands of BAM	Buildings and Land	Vehicles	Office equipment	Investment in progress	Leasehold improve-ments	Total
COST						
At 1 January 2023	**100,986**	**895**	**60,832**	**4,305**	**7,168**	**174,186**
Additions	-	-	-	11,663	-	11,663
Transfer to use	(134)	1,111	6,841	(8,480)	662	-
Write offs and disposals	-	(27)	(4,775)	-	-	(4,802)
At 31 December 2023	**100,852**	**1,979**	**62,898**	**7,488**	**7,830**	**181,047**
Additions	-	-	-	13,704	-	13,704
Transfer to use	319	106	6,151	(7,527)	951	–
Write offs and disposals	-	-	(7,968)	-	(719)	(8,687)
At 31 December 2024	**101,171**	**2,085**	**61,081**	**13,665**	**8,062**	**186,064**
ACCUMULATED DEPRECIATION						
1 January 2023	**30,125**	**840**	**44,312**	**-**	**5,439**	**80,716**
Depreciation	1,866	89	5,118	-	891	7,964
Write offs and disposals	-	27	(4,685)	-	-	(4,685)
Value adjustment (*Note 14*)	(1,267)	-	-	-	-	(1,267)
At 31 December 2023	**30,724**	**956**	**44,745**	**-**	**6,330**	**82,755**
Depreciation	1,918	166	5,479	-	794	8,357
Write offs and disposals	-	-	(7,865)	-	(671)	(8,536)
Value adjustment (*Note 14*)	(612)	-	-	-	-	(612)
Transfer of investment properties (*Note 26*)	250	-	-	-	-	250
Other changes	(18)	-	18	-	-	-
At 31 December 2024	**32,262**	**1,122**	**42,377**	**–**	**6,453**	**82,214**
NET BOOK VALUE						
Balance at 31 December 2023	**70,128**	**1,023**	**18,153**	**7,488**	**1,500**	**98,292**
Balance at 31 December 2024	**68,909**	**963**	**18,704**	**13,665**	**1,609**	**103,850**

As at 31 December 2024 and 31 December 2023, the Bank performed value adjustment of the net carrying amount of property its market value.

25. Right-of-use assets

All amounts are expressed in thousands of BAM	Buildings	Vehicles	ATM	Total
COST				
Balance as at 1 January 2023	**11,400**	**1,575**	**2,369**	**15,344**
Increase (new lease contracts)	4,614	2510	447	7,571
Decrease (premature contract termination)	(1,623)	(2,461)	(244)	(4,328)
Balance as at 31 December 2023	**14,391**	**1,624**	**2,572**	**18,587**
Increase (new lease contracts)	5,499	1,685	389	7,573
Decrease (premature contract termination)	(2,889)	(2,075)	(194)	(5,158)
Balance as at 31 December 2024	**17,001**	**1,234**	**2,767**	**21,002**
ACCUMULATED DEPRECIATION				
Balance as at 1 January 2023	**6,124**	**290**	**1,389**	**7,803**
Depreciation	2,326	453	541	3,320
Derecognition (premature contract termination)	(725)	(378)	(100)	(1,203)
Balance as at 31 December 2023	**7,725**	**365**	**1,830**	**9,902**
Depreciation	2,412	485	585	3,496
Derecognition (premature contract termination)	(924)	(504)	(139)	(1,564)
Other changes	(17)	17	-	-
Balance as at 31 December 2024	**9,196**	**361**	**2,276**	**11,835**
NET BOOK VALUE				
Balance as at 31 December 2023	**6,684**	**1,259**	**742**	**8,685**
Balance as at 31 December 2024	**7,805**	**871**	**491**	**9,167**

26. Investment property

All amounts are expressed in thousands of BAM	Total
COST	
Balance as at 1 January 2023	**35,575**
Transfer from property (*Note 24*)	-
Balance as at 31 December 2023	**35,575**
Transfer from property (*Note 24*)	610
Balance as at 31 December 2024	**36,185**
ACCUMULATED DEPRECIATION	
Balance as at 1 January 2023	**7,231**
Depreciation	740
Value adjustment (*Note 14*)	(101)
Balance as at 31 December 2023	**7,870**
Depreciation	754
Value adjustment (*Note 14*)	(42)
Transfer to property (*Note 24*)	(250)
Balance as at 31 December 2024	**8,332**
NET BOOK VALUE	
Balance as at 31 December 2023	**27,705**
Balance as at 31 December 2024	**27,853**

The Bank's investment property at fair value was as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Buildings	34,229	34,251
	34,229	**34,251**

The fair value of investment properties at 31 December 2024 and 31 December 2023 was evaluated by internal appraisers, employees of the Bank who possess adequate qualifications and recent experience in estimating assets at fair value at relevant locations, and external investment property appraisers.

The fair value of the Bank's investment property was determined using the market value method which reflects current market value, taking into consideration building's construction value and other factors (location, usability, quality and other factors). No changes were made in technique of value measurement during the year.

27. Intangible assets

All amounts are expressed in thousands of BAM	Other intangible assets	Investment in progress	Total
COST			
Balance at 1 January 2023	**45,122**	**13,478**	**58,600**
Additions	-	13,482	13,482
Transfer to use	4,631	(4,631)	-
Write offs and disposals	(2,541)	-	(2,541)
Balance as at 31 December 2023	**47,212**	**22,329**	**69,541**
Additions	-	11,863	11,863
Transfer to use	16,721	(16,721)	–
Write offs and disposals	(7,140)	-	(7,140)
Balance as at 31 December 2024	**56,793**	**17,471**	**74,264**
ACCUMULATED DEPRECIATION			
Balance at 1 January 2023	**35,334**		**35,334**
Depreciation	3,766	-	3,766
Write offs	(2,542)	-	(2,542)
Balance as at 31 December 2023	**36,558**	**-**	**36,558**
Depreciation	6,025		6,025
Write offs	(7,550)		(7,550)
Balance as at 31 December 2024	**35,033**	**–**	**35,033**
NET BOOK VALUE			
Balance as at 31 December 2023	**10,653**	**22,329**	**32,983**
Balance as at 31 December 2024	**21,760**	**17,471**	**39,231**

28. Investments in subsidiaries

Subsidiary	Industry	% of share	31 December 2024	31 December 2023
All amounts are expressed in thousands of BAM				
Raiffeisen Leasing d.o.o. Sarajevo	Leasing	100%	10,051	10,051
Raiffeisen Invest društvo za upravljanje fondovima d.d. Sarajevo	Fund management company	100%	946	946
Raiffeisen Capital a.d. Banja Luka	Securities brokerage Financial advisory services	100%	53	53
			11,050	**11,050**

Financial information about the Bank's subsidiaries for the period from 1 January 2024 to 31 December 2024 was as follows:

All amounts are expressed in thousands of BAM	Total assets	Registered capital	Total equity	Revenue	Profit for the period
Raiffeisen Invest d.d. Sarajevo	4,357	1,119	3,609	7,087	877
Raiffeisen Capital a.d. Banja Luka	317	355	312	70	(51)
Raiffeisen Leasing d.o.o. Sarajevo	159,285	11,450	14,158	15,405	2,708

Financial information about the Bank's subsidiaries for the period from 1 January 2023 to 31 December 2023 was as follows:

All amounts are expressed in thousands of BAM	Total assets	Registered capital	Total equity	Revenue	Profit for the period
Raiffeisen Invest d.d. Sarajevo	3,453	1,119	2,732	6,724	872
Raiffeisen Capital a.d. Banja Luka	370	355	329	163	38
Raiffeisen Leasing d.o.o. Sarajevo	142,815	11,450	13,765	15,309	2,315

29. Investments in associates

Associate	Industry	% of share	31 December 2024	31 December 2023
All amounts are expressed in thousands of BAM				
Raiffeisen Assistance d.o.o. Sarajevo	Insurance brokerage	50.00%	2	2
			2	**2**

Financial information about the Bank's associates for the year ended 31 December 2024 was as follows:

All amounts are expressed in thousands of BAM	Total assets	Registered capital	Total equity	Revenue	Profit for the period
Raiffeisen Assistance d.o.o. Sarajevo	3,439	5	3,443	3,846	3,396

Finansijske informacije o pridruženim društvima Banke za godinu koja je završila 31. decembra 2023 su kako slijedi:

All amounts are expressed in thousands of BAM	Total assets	Registered capital	Total equity	Revenue	Profit for the period
Raiffeisen Assistance d.o.o. Sarajevo	4,835	4	4,750	3,166	2,499

30. Other assets and receivables

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Prepaid expenses	2,180	1,608
Other advances paid	1,647	209
Inventories	325	333
Petty cash loss	14	674
Other assets and receivables	2,941	2,487
	7,107	**5,311**

31. Financial liabilities at amortized cost

31.1. Deposits with banks and other financial institutions

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Current accounts in domestic currency	2,057	1,832
Current accounts in foreign currency	211	32
	2,267	**1,864**
Short-term deposits in domestic 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	**131,793**

31.2. Deposits from clients

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Current accounts from clients in domestic currency	1,233,563	1,036,084
	1,233,563	**1,036,084**
Demand deposits from corporate customers in domestic currency	1,518,299	1,349,624
Demand deposits from corporate customers in foreign currency	295,786	265,552
	1,814,085	**1,615,176**
Demand deposits from retail customers in domestic currency	247,832	250,426
Demand deposits from retail customers in foreign currency	588,784	584,106
	836,616	**834,532**
Time deposits from corporate customers in domestic currency	7,804	13,982
Time deposits from corporate customers in foreign currency	116,382	146,248
	124,186	**160,230**
Time deposits from retail customers in domestic currency	125,283	140,602
Time deposits from retail customers in foreign currency	366,502	393,754
	491,785	**534,356**
	4,500,235	**4,180,378**

In 2024, interest rates ranged as follows:
- demand deposits in BAM – 0.00% per annum (2023 0,01% per annum),
- demand deposits in foreign currencies – 0.00% per annum (2023: 0.00% per annum),,
- short-term deposits – 0.00% to 0.00% per annum (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% per annum).

31.3. Borrowings

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Subordinated debt	45,174	45,193
Other loans from banks	145,507	62,674
	190,681	**107,867**

Subordinated debt is classified as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Commercial banks – others	44,984	44,984
Interest on subordinated debt	190	209
	45,174	**45,193**

On 14 November 2022, the new credit line was signed – in the form of subordinated debt from entity not affiliated with the bank – EFSE (commercial banks – others) in the total amount of BAM 44,984 thousand and with a maturity date of 18 November 2032. The planned repayment of the loan is one-time, in full amount, on the defined repayment date. In the event of liquidation or bankruptcy of the Bank, liabilities arising from the subordinated debt are subordinated to the Bank's other liabilities.

Subordinated debt may be used as an additional capital increase for regulatory purposes, provided that it is approved by the regulators.

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Long-term loans:		
Long-term loans from foreign banks and financial institutions	190,681	107,867
Less: Current maturity of the long-term loan liabilities	15,227	25,291
	175,454	**82,576**
Short-term loans:		
Plus: Current maturity of the long-term loans	15,227	25,291
	190,681	**107,867**

Long-term loans from foreign banks and non-banking credit institutions were obtained from supranational and development banks.

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

31.4. Lease liabilities

	Currency	Nominal interest rate	Contracted/ expected maturity	Present value 31 December 2024	Present value 31 December 2023
Lease liabilities – business premises	BAM	2%	2022-2029	7,935	6,834
Rental obligations – ATM	BAM	2%	2022-2025	496	761
Rental obligations – vehicles	BAM	2%	2022-2027	827	1,257
				9,258	**8,852**

31.5. Other financial liabilities at amortized cost

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Credit card business liabilities	9,889	22,746
Other financial liabilities	2,433	9,097
Liability for other taxes	1,124	1,352
Accounts payable	651	1,472
Other liabilities to employees	354	396
	14,451	**35,063**

32. Provisions

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Provisions for guarantees and loan commitments	10,313	9,785
Provisions for legal proceedings	11,148	11,745
Other provisions	14,096	14,129
	35,557	**35,659**

Changes in provisions for financial guarantees and approved and undrawn loans:

All amounts are expressed in thousands of BAM	2024	2023
Balance as at the beginning of period	**9,785**	**16,845**
Other changes	2	-
Changes in provisions (*Note 12*)	526	(7,060)
Balance as at the end of period	**10,313**	**9,785**

Provisions for financial guarantees and approved and undrawn loans

Throughout its regular operations, the Bank assumes loan obligations that are recorded in off-balance sheet accounts and primarily include guarantees, letters of credit and undrawn loans.

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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 provisions for legal proceedings are:

All amounts are expressed in thousands of BAM	2024	2023
Balance as at the beginning of period	**11,745**	**11,795**
Increase, net (*Note 12*)	(596)	(51)
Other changes	(1)	1
Balance as at the end of period	**11,148**	**11,745**

Provisions for other employee compensation

Changes in provisions for other employee benefits are:

All amounts are expressed in thousands of BAM	Godišnji odmor	Otpremnine	Ostala rezervisanja	Ukupno
Balance as at 1 January 2023	**1,921**	**3,090**	**7,571**	**12,582**
Increase, net (*Note 12*)	(135)	530	1,152	1,547
Balance as at 31 December 2023	**1,786**	**3,620**	**8,723**	**14,129**
Increase, net (*Note 12*)	(34)	32	(31)	(33)
Balance as at 31 December 2024	**1,752**	**3,652**	**8,692**	**14,096**

33. Other liabilities

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Principal and interest paid upfront	12,142	10,672
Accounts payable	7,734	9,519
Deferred income	2,364	2,386
Other liabilities	27	29
	22,267	**22,606**

34. Share capital

The capital comprises 988,668 ordinary shares at nominal value of BAM 250.00. Equity instruments of the Bank are not traded in public market, but are listed on Sarajevo Stock Exchange.

The ownership structure of the Bank is as follows:

Shareholders	No. of Shares	'000 BAM	%
Raiffeisen SEE Region Holding GmbH, Vienna, Austria	988.688	247.167	100,00

Basic earnings per share

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

All amounts are expressed in thousands of BAM	31 December 2024	31 December 2023
Income attributable to ordinary shareholders ('000 BAM)	143,320	121,960
Weighted average number of regular shares in issue during the year	988,688	988,688
Basic earnings per share (in BAM)	**144.96**	**123.35**

Diluted earnings per share are not presented as the Bank issued no dilutive equity instruments.

35. Managed funds

The Bank manages assets for the benefit and on behalf of third parties. These assets are recorded separately from the Bank's assets.

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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		
Loans to retail customers	2,620	2,771
Loans to corporate customers	2,387	2,411
	5,007	**5,182**

The Bank issued no guarantees related to managed funds, Credit risk remains with the owner of funds.

36. Related-party transactions

Related party balances are summarized as follows:

All amounts are expressed in thousands of BAM	31 December 2024	31 December 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
Raiffeisenbank Austria d.d. Zagreb, Croatia	799	1,297
Raiffeisenbank a.d. Belgrade, Serbia	197	63
Raiffeisen Landensbank Tirol AG, Innsbruck, Austria	–	33,563
Loans and receivables to customers:		
Raiffeisen Leasing d.o.o. Sarajevo	15,392	11,055
Raiffeisen Invest d.o.o. Sarajevo	3	3
Other receivables:		
Raiffeisen Bank International AG, Vienna, Austria	3,080	257
Raiffeisen Invest d.o.o. Sarajevo	414	391
Raiffeisen Leasing d.o.o. Sarajevo	20	5
Raiffeisen Assistance d.o.o. Sarajevo	1	10
Raiffeisenbank Austria d.d. Zagreb, Croatia	2	2
	153,727	**71,264**
Liabilities		
Long term loans to banks:		
Raiffeisenbank Austria d.d. Zagreb, Croatia	-	90
Raiffeisen Bank International AG, Vienna, Austria	-	1,471
Bank and customer deposits:		
Raiffeisen Leasing d.o.o. Sarajevo	12,973	5,110
Raiffeisen Invest d.o.o. Sarajevo	3,329	2,393
Raiffeisen Bank International AG, Vienna, Austria	1,803	–
Raiffeisen Capital a.d. Banja Luka	663	799
Raiffeisen Assistance d.o.o. Sarajevo	145	183
Raiffeisenbank Austria d.d. Zagreb, Croatia	100	–
Lease liabilities:		
Raiffeisen Leasing d.o.o. Sarajevo	827	1.257
Other liabilities		
Raiffeisen Bank International AG, Vienna, Austria	3,801	1,827
Centralised Raiffeisen International Services & Payments	38	7
Raiffeisen Leasing d.o.o. Sarajevo	2	1
Raiffeisen Capital a.d. Banja Luka	161	186
	23,842	**13,324**

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

All amounts are expressed in thousands of BAM	2024	2023
Revenue		
Interest income:		
Raiffeisen Landesbank Vorarlberg	1,192	-
Raiffeisen Landesbank Oberoesterreich Aktienge	735	-
Raiffeisen Leasing d.o.o. Sarajevo	388	-
Raiffeisenverband Salzburg Reg Gen M B H	329	276
Raiffeisen Bank International AG, Vienna, Austria	287	281
Raiffeisen Landensbank Tirol AG, Innsbruck, Austria	31	1,529
Fee income:		
Raiffeisen Invest d.o.o. Sarajevo	4,864	4,624
Raiffeisen Bank International AG, Vienna, Austria	457	420
Raiffeisen Leasing d.o.o. Sarajevo	26	21
Raiffeisenbank Austria d.d. Zagreb, Croatia	23	25
Raiffeisen Capital a.d. Banja Luka	2	4
Raiffeisen Assistance d.o.o. Sarajevo	1	1
ESP BH d.o.o. Sarajevo	-	1
Other revenue:		
Raiffeisen Leasing d.o.o. Sarajevo	5,506	318
Raiffeisen Assistance d.o.o. Sarajevo	3,447	28
Raiffeisen Bank International AG, Vienna, Austria	288	2,025
Centralised Raiffeisen International Services & Payments	131	96
Raiffeisen Invest d.o.o. Sarajevo	34	31
Raiffeisen Capital a.d Banja Luka	7	7
Net FX trading income		
Raiffeisen Bank International AG, Vienna, Austria	-	20
	17,748	**9,707**

All amounts are expressed in thousands of BAM	2024	2023
Expenses		
Interest expense:		
Raiffeisen Leasing d.o.o. Sarajevo	75	101
Raiffeisen Bank International AG, Vienna, Austria	1	1.641
Fee expense:		
Centralised Raiffeisen International Services & Payments	796	817
Raiffeisen Bank International AG, Vienna, Austria	303	126
PJCS Ukrainian processing center	176	267
Raiffeisenbank a.d. Belgrade, Serbia	3	4
Raiffeisenbank Austria d.d. Zagreb	2	2
Advisory services:		
Raiffeisen Bank International AG, Vienna, Austria	3,635	4,055
Other administrative expenses		
Centralised Raiffeisen International Services & Payments	4,575	2,489
Raiffeisen Leasing d.o.o. Sarajevo	516	437
PJCS Ukrainian processing center	121	254
Raiffeisen Assistance d.o.o. Sarajevo	43	54
Raiffeisenbank a.d. Belgrade, Serbia	10	24
Raiffeisenbank a.d. Beograd, Srbija	1	1
Net FX trading expense		
Raiffeisen Bank International AG, Vienna, Austria	-	220
	10,257	**10,492**

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

The following fees were paid to the Management Board members during the period:

All amounts are expressed in thousands of BAM	2024	2023
Net salaries	1,402	1,389
Taxes and contributions on salaries	1,104	1,094
Taxes and contributions for other benefits	388	370
Other benefits	515	483
	3,409	**3,336**

37. Subsequent events

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

38. Approval of separate financial statements

The separate financial statements were signed and authorized for issue by the Management on March 11, 2025.

Chairman of the Management Board
Rainer Schnabl

Management Board member
Lars Frankemölle

Service

Network Units

Raiffeisen BANK d.d. Bosna i Hercegovina

Head Office Sarajevo

Zmaja od Bosne bb
Raiffeisen direkt info:
For calls from BiH: 081-92-92-92
For calls from abroad: +387-33-75-50-10
E–mail: info.rbbh@raiffeisengroup.ba
Internet: www.raiffeisenbank.ba

Branches

MB Sarajevo and Branch Centar
Zmaja od Bosne bb
71 000 Sarajevo

Branch Skenderija
Valtera Perića 20
71 000 Sarajevo

Branch Novo Sarajevo
Kolodvorska 12
71 000 Sarajevo

Branch Ilidža
Rustempašina bb
71 210 Ilidža

Branch Pale
4. juni br. 17
71 420 Pale

Branch Goražde
Titova bb
73 000 Goražde

MB Banja Luka and Branch Banja Luka
Vase Pelagića 2
78 000 Banja Luka

Branch Banja Luka 2
Vojvode S. Stepanovića bb
78 000 Banja Luka

Branch Prijedor
Majora Milana Tepića bb
79 101 Prijedor

Branch Gradiška
Vidovdanska bb
78 400 Gradiška

Branch Doboj
Svetog Save 2
74 000 Doboj

MB Zenica and Branch Zenica
Maršala Tita bb
72 000 Zenica

Filijala Kakanj
Alije Izetbegovića bb
72 240 Kakanj

Branch Vitez
Poslovni centar PC 96-2
72 250 Vitez

Branch Visoko
Alije Izetbegovića 1
71 300 Visoko

Branch Tešanj
Titova 2
74 260 Tešanj

Branch Travnik
Konatur bb
72 270 Travnik

MB Tuzla and Branch Tuzla
15. Maja bb
75 000 Tuzla

Branch Tuzla 2
RK Omega – Univerzitetska 16
75 000 Tuzla

Branch Bijeljina
Karađorđeva bb
76 300 Bijeljina

Branch Brčko
Reisa Džemaludina Čauševića 10
76 100 Brčko

MB Bihać and Branch Bihać
Pape Ivana Pavla II 4
77 000 Bihać

Branch Cazin
Generala Izeta Nanića bb
77 220 Cazin

Branch Velika Kladuša
Maršala Tita "Diletacija C"
77 230 Velika Kladuša

Branch Sanski Most
Muse Ćazima Ćatića 24
79 260 Sanski Most

Branch Bosanska Krupa
Trg Alije Izetbegovića bb
77 240 Bosanska Krupa

MB Mostar and Branch Mostar
Kneza Domagoja bb
88 000 Mostar

Branch Konjic
Suhi do bb
88 400 Konjic

Branch Čitluk
Kralja Tomislava 43
88 260 Čitluk

Branch Široki Brijeg
Ulica pobijenih franjevaca 3
88 220 Široki Brijeg

Branch Trebinje
Vuka Mićunovića bb
89 101 Trebinje

Branch Livno
Trg kralja Tomislava bb
80 101 Livno

Raiffeisen Bank International AG

Austria
Am Stadtpark 9
1030 Vienna
Tel: +43-1-71 707-0
SWIFT/BIC: RZBATWW
www.rbinternational.com

CEE banking network

Albania
Raiffeisen Bank Sh.a.
Rruga "Tish Daija"
Kompleksi Kika 2
1000 Tirana
Tel: +355-4-23 81 381
SWIFT/BIC: SGSBALTX
www.raiffeisen.al

Bosnia and Herzegovina
Raiffeisen BANK d.d. Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Tel: +387-33-75 50 10
SWIFT/BIC: RZBABA2S
www.raiffeisenbank.ba

Croatia
Raiffeisenbank Austria d.d.
Magazinska cesta 69
10000 Zagreb
Tel: +385-72-626 262
SWIFT/BIC: RZBHHR2X
www.rba.hr

Czech Republic
Raiffeisenbank a.s.
Hvězdova 1716/2b
14078 Prague 4
Tel: +420-412 440 000
SWIFT/BIC: RZBCCZPP
www.rb.cz

Hungary
Raiffeisen Bank Zrt.
Váci út 116-118
1133 Budapest
Tel: +36-80 488 588
SWIFT/BIC: UBRTHUHB
www.raiffeisen.hu

Kosovo
Raiffeisen Bank Kosovo J.S.C.
Robert Doll St. 99
10000 Pristina
Tel: +383-38-222 222
SWIFT/BIC: RBKOXKPR
www.raiffeisen-kosovo.com

Romania
Raiffeisen Bank S.A.
FCC Building
Calea Floreasca 246D
014476 Bucharest
Tel: +40-21-30 610 00
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro

Russia
AO Raiffeisenbank
Smolenskaya-Sennaya Sq. 28
119002 Moscow
Tel: +7-495-721 99 00
SWIFT/BIC: RZBMRUMM
www.raiffeisen.ru

Serbia
Raiffeisen banka a.d. Beograd
Djordja Stanojevica 16
11070 Novi Beograd
Tel: +381-11-32 021 00
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.rs

Slovakia
Tatra banka, a.s.
Hodžovo námestie 3
81106 Bratislava 1
Tel: +421-2-59 19-1000
SWIFT/BIC: TATRSKBX
www.tatrabanka.sk

Ukraine
Raiffeisen Bank JSC
Generala Almazova Str., 4A
01011 Kiev
Tel: +38-044-490 8888
SWIFT: AVALUAUK
www.raiffeisen.ua

Leasing companies

Austria
Raiffeisen-Leasing Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-716 01-0
www.raiffeisen-leasing.at

Albania
Raiffeisen Leasing Sh.a.
Rruga "Tish Daija"
Kompleksi Kika 2
1000 Tirana
Tel: +355-4-22 749 20
www.raiffeisen-leasing.al

Belarus
"Raiffeisen-Leasing" JLLC
V. Khoruzhey St. 31 A
220002 Minsk
Tel: +375-17-28 9-9394
www.rl.by

Bosnia and Herzegovina
Raiffeisen Leasing d.o.o. Sarajevo
Zmaja od Bosne bb.
71000 Sarajevo
Tel: +387-33-254 340
www.rlbh.ba

Croatia
Raiffeisen Leasing d.o.o.
Magazinska cesta 69
10000 Zagreb
Tel: +385-1-65 9-5000
www.raiffeisen-leasing.hr

Czech Republic
Raiffeisen-Leasing s.r.o.
Hvězdova 1716/2b
14000 Prague 4
Tel: +420-2-215 116 11
www.rl.cz

Hungary
Raiffeisen Corporate Lízing Zrt.
Váci út 116-118
1133 Budapest
Tel: +36-1-486 5177
www.raiffeisenlizing.hu

Kosovo
Raiffeisen Leasing Kosovo LLC
St. UÇK no. 222
10000 Pristina
Tel: +383-38-222 222-340
www.raiffeisenleasing-kosovo.com

Romania
Raiffeisen Leasing IFN S.A.
Calea Floreasca 246 C
014476 Bucharest
Tel: +40-21-30 644 44
www.raiffeisen-leasing.ro

Russia
OOO Raiffeisen-Leasing
Smolenskaya-Sennaya Sq. 28
119121 Moscow
Tel: +7-495-72 1-9980
www.raiffeisen-leasing.ru

Serbia
Raiffeisen Leasing d.o.o.
Djordja Stanojevica 16
11070 Novi Beograd
Tel: +381-11-220 7400
www.raiffeisen-leasing.rs

Slovakia
Tatra-Leasing s.r.o.
Hodžovo námestie 3
81106 Bratislava
Tel: +421-2-5919-5919
www.tatraleasing.sk

Slovenia
Raiffeisen Leasing d.o.o.
Letališka cesta 29a
1000 Ljubljana
Tel: +386-8-281-6200
www.raiffeisen-leasing.si

Ukraine
LLC Raiffeisen Leasing
Pyrohov Str. 7-7b
Office 503
01601 Kiev
Tel: +38-044-590 24 90
www.raiffeisen-leasing.com.ua

Branches and representative offices – Europe

Belgium
RBI Liaison Office Brussels
Rue de l'Industrie 26-38
1040 Brussels
Tel: +32 2 28968–56

France
RBI Representative Office Paris
9 - 11 avenue Franklin D. Roosevelt
75008 Paris
Tel: +33 (0) 1 45 61 27 00

Germany
RBI Frankfurt Branch
Wiesenhüttenplatz 26
60329 Frankfurt
Tel: +49-69-29 921 924

Poland
Raiffeisen Bank International AG
(Spółka Akcyjna) Oddział w Polsce
Plac Konesera 8
03-736 Warsaw
Tel: +48-22-5785602

Slovakia
Raiffeisen Bank International AG Slovak Branch pobočka zahraničnej banky
Karadžičova 14
821 08 Bratislava
Tel: +421 2 57203040
https://sk.rbinternational.com

Sweden
RBI Representative Office Nordic Countries
Drottninggatan 89, 14th Floor
113 60 Stockholm
Tel: +46 73 091 05 89

Turkey
Raiffeisen Investment Financial Advisory Services Ltd. Co.
Bahtiyarlar Sok. No. 8 Etiler
34337 Istanbul
Tel: +90 212 287 10 80

United Kingdomn
RBI London Branch
Tower 42, Leaf C 9th Floor
25 Old Broad Street
London EC2N 1HQ
Tel: +44-207-933-8000

Branches and representative offices – Asia

China
RBI Beijing Branch
Unit 700 (7th Floor), Building No. 6
Jianguomenwai Dajie 21
100020 Beijing
Tel: +86-10-65 32-3388

India
RBI Representative Office Mumbai
501, Kamla Hub,
Gulmohar Rd, Juhu
Mumbai 400049
Tel: +91-22-26 230 657

Korea
RBI Representative Office Korea
#1809 (Jongno 1 ga,
Le Meilleur Jongno Town)
19, Jong-ro, Jongno-gu
Seoul 03157
Tel: +82-2-725-7951

Singapore
RBI Singapore Branch
50 Raffles Place
#31-03 Singapore Land Tower
Singapore 048623
Tel: +65-63 05-6000

Vietnam
RBI Representative Office Ho-Chi-Minh-City
35 Nguyen Hue Str.,
Harbour View Tower
Room 601A, 6th Floor, Dist. 1
Ho-Chi-Minh-City
Tel: +842-8-38 214 718,
+842-8-38 214 719

Selected subsidiaries

Austria
Elevator Ventures Beteiligungs GmbH
Mooslackengasse 12
1190 Vienna
www.elevator-ventures.com

Kathrein Privatbank AG
Wipplingerstraße 25
1010 Vienna
Tel: +43-1-53 451-0
www.kathrein.at

Raiffeisen Bausparkasse Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-54 646-0
www.bausparen.at

Raiffeisen Continuum GmbH
Am Stadtpark 9
1030 Vienna
Tel: +43-1-71 707 8510
www.raiffeisen-continuum.at

Raiffeisen Digital Bank AG
Am Stadtpark 9
1030 Vienna
Tel: +43-1-71 707 5560
www.raiffeisendigital.com

Raiffeisen Factor Bank AG
Mooslackengasse 12
1190 Vienna
Tel: +43-1-219 74 57
www.raiffeisen-factorbank.at

Raiffeisen Kapitalanlage- Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-71 170-0
www.rcm.at

Raiffeisen Wohnbaubank Aktiengesellschaft
Mooslackengasse 12
1190 Vienna
mailbox@rwbb.at
https://raiffeisen-wohnbaubank.at

Valida Holding AG
Mooslackengasse 12
1190 Vienna
Tel: +43-1-31 648-0
www.valida.at

USA

SAD
RB International Markets (USA) LLC
1177 Avenue of the Americas, 5th Floor
New York, NY 10036

Publication details

Editor, Publisher:
Raiffeisen BANK d.d. Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Bosnia and Herzegovina
Phone: +387-81-92-92-92
Internet: www.raiffeisenbank.ba

DTP: Boriša Gavrilović

Photos: Edin Đumišić

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