# Annual Report 2024

There is no moving forward without looking back.

Addiko Bank

Addiko Bank

# Key data

| | | | in EUR million |
|---|---|---|---|
| **Selected items of Profit or loss statement** | **2024** | **2023** | **(%)** |
| Net banking income | 101.3 | 93.3 | 8.5% |
| Net interest income | 76.7 | 72.3 | 6.0% |
| Net fee and commission income | 24.6 | 21.0 | 17.2% |
| Net result on financial instruments | 0.4 | 1.8 | -75.5% |
| Other operating result | 1.0 | -0.3 | >100% |
| **Operative income** | **102.7** | **94.8** | **8.4%** |
| **General administrative expenses** | **-48.0** | **-50.7** | **-5.3%** |
| **Operating result before impairments and provisions** | **54.8** | **44.1** | **24.1%** |
| Other result | -8.6 | -31.4 | -72.7% |
| Expected credit loss expenses on financial assets | -0.7 | -2.3 | -68.2% |
| Taxes on income | -7.3 | -1.4 | >100% |
| **Result after tax** | **38.1** | **9.2** | **>100%** |

| **Performance ratios** | **2024** | **2023** | **(pts)** |
|---|---|---|---|
| Net interest income/total average assets | 3.4% | 3.2% | 0.2 |
| Return on average tangible equity | 9.7% | 2.5% | 7.2 |
| Cost/income ratio | 47.4% | 54.3% | -6.9 |
| Cost of Risk Ratio | 0.1% | 0.2% | -0.1 |

| **Selected items of the Statement of financial position** | **2024** | **2023** | **(%)** |
|---|---|---|---|
| Loans and advances to customers | 1,184.9 | 1,153.3 | 2.7% |
| Deposits from customers | 1,759.0 | 1,642.8 | 7.1% |
| Equity | 421.7 | 382.0 | 10.4% |
| Total assets | 2,343.8 | 2,204.9 | 6.3% |
| Risk-weighted assets | 1,135.2 | 1,127.7 | 0.7% |

| **Balance sheet ratios** | **2024** | **2023** | **(pts)** |
|---|---|---|---|
| Loan to deposit ratio | 67.4% | 70.2% | -2.8 |
| NPE ratio (on balance loans) | 2.3% | 2.8% | -0.5 |
| NPE coverage ratio | 87.6% | 85.4% | 2.2 |
| Liquidity coverage ratio | 329.7% | 333.0% | -3.3 |
| Common equity tier 1 ratio | 29.7% | 29.0% | 0.6 |
| Tier 1 capital ratio | 33.2% | 32.6% | 0.6 |
| Total capital ratio | 34.0% | 33.9% | 0.1 |

# Letter from the CEO

Dear clients, partners, and employees

As we reflect on the year 2024, it is with both pride and gratitude that I share the fact of another successful year for Addiko Bank. It brought opportunities and challenges, and through a combination of resilience, innovation, and teamwork, we successfully navigated a dynamic environment to deliver meaningful value to our clients, employees, and stakeholders.

The year behind us was marked with stable economic growth, steady GDP increase, reduced inflation, and continued access to European financial resources. Within this context, Addiko Bank thrived by persisting in its focused strategy: specializing in consumer lending and small and medium-sized enterprises (SMEs) financing by offering modern, efficient financial solutions.

We are proud to have achieved significant growth across our strategic Consumer segment. The volume of new consumer loans reached double-digit growth, reflecting our ability to meet our clients' evolving needs while affirming our role as a reliable partner for entrepreneurs.

Digital transformation remains a critical driver of our success. Through these efforts, we introduced new digital processes and optimized existing services, making banking faster, simpler, and more accessible for our clients.

Our focus on financial literacy also gained momentum in 2024. We launched several initiatives aimed at educating citizens about financial responsibility, helping them make informed decisions and plan for their futures. As a financial institution, we recognize the critical role we play in shaping a more financially literate society, and this will remain a priority for us in the years ahead.

Addiko Bank closed the year with a strong financial performance, making a profit after tax of EUR 38.1 million and having achieved a 24.1 % higher operating profit before impairment and provisions than a year earlier, in the amount of EUR 54.8 million. Our effective cost management performance in times of high inflation is noticeable and it can be seen in the improved cost-to-income ratio of 47.4%. That reflects our disciplined approach to cost management and focus on core areas, underlining our operational efficiency, while our capital position remained robust, ensuring stability and confidence for the future.

This success was not achieved in isolation - it is the result of careful strategy execution, a deep understanding of our clients' needs, and the exceptional dedication of our employees.

At Addiko Bank, we understand that our people are our greatest asset. This year, we were proud to be recognized as partners in equality, receiving the Equality Pay Championship certificate, which highlights our commitment to fostering fairness and inclusivity across all areas of our business. Throughout 2024, we continued to invest in our employees, fostering a culture of collaboration, innovation, and inclusiveness. Our team's commitment to our shared vision of excellence is inspiring. Whether serving clients in person or remotely, our employees consistently went above and beyond to deliver outstanding service. For this, I extend my special gratitude to every member of the Addiko family.

As we step into 2025, our focus remains unwavering. We will continue to build on the foundations laid in 2024, driving growth in our core areas, advancing digital transformation, and promoting financial literacy. Sustainability will also remain a guiding principle in our work, as we align our efforts with ESG goals to create a positive impact on the environment, society, and governance.

The economic outlook for 2025 is promising, with stable employment and opportunities for further growth. We are confident that Addiko Bank will remain a trusted partner for our clients, helping them navigate this landscape with confidence and clarity.

In conclusion, I want to thank our clients for their trust, our partners for their collaboration, and our employees for their dedication. Together, we have achieved remarkable results in the past year, and I am confident that the future holds great opportunities for Addiko Bank as we continue to grow, innovate, and spread financial knowledge.

Sincerely,

Mario Žižek
President of the Management Board

# Annual Report 2024





Any data is presented on the Addiko Bank d.d. level (referred to as Addiko Bank or the Bank throughout the document) unless stated otherwise.

The tables in this report may contain rounding differences.

# The Management Board

**Mario Žižek**

Chief Executive Officer & Chief Market Officer

**Responsible for:**
Legal Service
Board Office
Corporate Governance Office
Internal Audit
Human Resources
Retail & SME
Group Retail Markets Development*
Balance Sheet Management and Treasury
Digital Transformation**

**Ana Dorić Škeva**

Chief Risk Officer

**Responsible for:**
Risk Control
Credit Risk Management
Group Risk Management Support*
Compliance and AML**

**Marko Bolanča**

Chief Financial Officer & Chief Operating Officer**

**Responsible for:**
Accounting and Reporting
Financial Controlling
Group Business Analytics
Information Technology
Group Transaction Banking and Operations
Real Estate Management and Procurement

**Ivan Jandrić**
Chief Operation Officer***

**Responsible for:**

Group Transaction Banking and Operations
Information Technology
Card Technology
Digital Transformation
Accounting and Reporting

*On 1 April 2024 the Central Steering Functions (Group Retail Markets Development, Group Risk Management Support) were transferred to the Addiko Bank AG, branch Zagreb.

**Mr. Marko Bolanča was appointed as Member of Management Board as of 26 March 2024 and took responsibilities for CFO stream and for COO stream. Mr. Mario Žižek has taken the responsibility for Digital Transformation and Ms. Ana Dorić Škeva has taken the responsibility for Compliance and AML.

***Mr. Ivan Jandrić has filed his resignation as Management Board member responsible for the COO Board Area, effective as of 25 March 2024.

# Management Report

Addiko Bank d.d. (hereinafter referred to also as Addiko Bank, Addiko or the Bank) is owned by Addiko Bank AG (hereinafter referred to also as Addiko Group or the Group), an international banking group.

Addiko Group is a specialist banking group focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Central and South-Eastern Europe (CSEE). The Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 31 December 2024 approximately 0.9 million customers in CSEE using a well-dispersed network of 154 branches and modern digital banking channels.

Based on its strategy, Addiko Bank has positioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its “focus areas”). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers and is largely funded by retail deposits. Addiko Bank’s Mortgage business, Public and Large Corporate lending portfolios (its “non-focus areas”) are subject of an accelerated run-down process, thereby providing liquidity and capital for the growth in its Consumer and SME lending.

## 1. Macroeconomic Environment

In Europe, 2024 continued to be characterised by the effects of the Russian war in Ukraine, which has now lasted three years and is leading to ongoing instability and uncertainty. Despite significant easing on the commodity and energy markets in 2024, the after-effects of the very high inflation in previous years can still be clearly felt. After the wage level was only adjusted to the higher price level with a time lag, the uncertainties surrounding future economic development are making consumers reluctant to spend, which, in combination with a weak global economy, has led to subdued economic development in Europe.

Inflation in the eurozone fell significantly in 2024. Since peaking at 10.6% in October 2022, it has fallen rapidly and ranged between 2.8% (January) and 1.7% (September) in 2024 and 2.4% at the end of 2024. Depending on the structure of the local economies and the measures taken by governments to combat inflation in the individual EU member states, the rates of price increases in December 2024 varied greatly, ranging from a low 1.0% in Ireland and 1.4% in Italy to 4.4% in Belgium and 4.5% in Croatia.

After the European Central Bank (ECB) carried out a total of ten interest rate hikes in the period from July 2022 to September 2023, the key interest rate, the rate for the main refinancing operations, stood at 4.5%, the highest level in the last two decades. In 2024, the ECB lowered the key interest rates a total of four times, most recently in accordance with the decision of 12 December 2024. As of 31 December 2024, the key interest rates were as follows:

- for deposit facility: 3.00% (YE23: 4.00%)
- for main refinancing operations: 3.15% (YE23: 4.50%)
- for marginal lending facility: 3.40% (YE23: 4.75%)

A further reduction of 0.25pp was made on 30 January 2025. If inflation in the eurozone remains at a low level in the coming months, market participants are currently assuming that the ECB will make further interest rate cuts in 2025.

GDP in the eurozone grew by only 0.9% in 2024 compared to the previous year, in particular due to the lower purchasing power of the population as a result of inflation and their reluctance to spend. The seasonally adjusted unemployment rate in the eurozone fell slightly to 6.3% in December 2024, which corresponds to a decrease of 0.2 percentage points compared to December 2023.

The Croatian economy benefited from a strong tourism season in 2024 as well as from EU and EIB funds that flowed into infrastructure projects. Mainly due to the good summer season, the number of overnight stays in tourism increased to 108.7 million in 2024, which represents an increase of 4% compared to the previous year. While the latest estimate for GDP growth in 2024 is at 3.5%, unemployment in 2024 was at 4.5% according to figures already published, 1.1 percentage points lower than at the end of 2023.

(Source: Eurostat, wiiw)

## 2. Takeover Offers for Addiko Bank AG

On 25 March 2024, Agri Europe Cyprus Ltd. (Agri) announced its intention to make a voluntary partial takeover offer in accordance the Austrian Takeover Act ("Übernahmegesetz") to the shareholders of Addiko Bank AG, sole owner and parent of the Bank. The offer was published on 16 May 2024 and aimed at the acquisition of up to 3,315,344 Addiko shares, corresponding to approximately up to 17.002% of Addiko's share capital. The offer price was set at EUR 16.24 (gross) per offer share cum dividend.

On 15 May 2024, Nova Ljubljanska Banka d.d. (NLB) announced the intention to make a voluntary public takeover offer aimed to acquire control in accordance the Austrian Takeover Act to the shareholders of Addiko Bank AG for the acquisition of all shares except for treasury shares of Addiko. The offer document was published on 7 June 2024. The initial offer price was EUR 20.00 per offer share cum dividend. On 15 July 2024, NLB announced to increase the share offer price to EUR 22.00 per Addiko share on a cum dividend basis.

On 21 August 2024, the results of the takeover offer made by NLB to acquire control as well as the voluntary partial tender offer made by Agri were announced. While the former did not reach the minimum acceptance threshold of 75% set forth by NLB, the latter was accepted by shareholders holding 12,853 bearer shares in Addiko Bank AG.

## 3. Acceleration Program

Addiko established the ‘Acceleration Program’ to accelerate the capabilities to create incremental value for its customers and to assure a faster achievement of the Bank’s mid-term targets. The program is based on three main pillars:

- Business Growth in Focus Areas,
- Operational Excellence & Digital innovation, and
- Best-in-Class Risk Management.

### 3.1. First pillar: Business Growth in Focus Areas

The first pillar of the Acceleration Program is to foster consistent and sustainable business growth within the current geographical footprint. In recent years, Addiko has notably enhanced its digital platform to improve customer service.

In 2024, the Bank succeeded in expanding its focus book in Consumer segment and achieved a 12% annual increase in loan disbursements, growing from EUR 175.6 million (2023) to EUR 196.6 million (2024). This growth was supported by the following initiatives:

- Continued focus and strengthening of E2E digital lending capabilities to attract digital customers achieving full implementation.
- Building partnership network of more than 80 partners enabled Addiko to tap into a new customer segment that values financing at the point-of-sale.

Within the SME segment, Addiko aims to provide accessible banking products for predominantly SME clients, striving to offer the most convenient and rapid application process in the Croatian banking market.

In 2024, the SME segment was characterized by a highly competitive environment, muted demand and increased risk awerness. In addition, SME customers were hesitant to take out new loans because they expected key interest rates to continue falling. This led to a decrease in loan disbursements, falling from EUR 297.7 (2023) to EUR 238.5 million (2024). Given the strong competition it was a priority to maintain its premium pricing and not to abandon it in favour of higher loan volumes. Several growth initiatives have been launched to address the unique environment of the SME market:

- Addiko introduced three new products aimed at enhancing its SME ecosystem, including “Automated Overdraft” and “Business Credit Card” as well as “Bancassurance”.
- The Bank leveraged its “Digital Agent” platform by introducing the “web loan acceleration” resulting in a notable increase in web-originated volume.
- Newly launched products were introduced using a multichannel strategy, fully incorporated into Addiko's digital sales process. The Automated Overdraft and the Business Credit Card are available together with a loan or on a standalone basis. Obtaining these products requires only minimal efforts from the customer. Addiko is piloting important design principles for its future mobile and web-first approach.

Addiko will continue to expand its product offering to Consumers and SMEs and will launch further E2E digital capabilities to attract digital customers and expand through its partnership network.
Marketing capabilities are an essential part of the Business Growth pillar and will continue to be enhanced and optimised. In 2024, Addiko ran four major, through-the-line and numerous smaller, tactical and disruptive marketing campaigns, leveraging both online and offline media channels. Key promotional activities included:

- Marketing campaigns highlighting the convenience of Addiko online loans available wherever and whenever.
- Deposit campaign was introduced on online channels to showcase competitive interest rate, strengthen market presence of Addiko Bank and drive deposit growth.
- A Mastercard Credit Card campaign was organised to boost card utilisation and activation of clients to divide their purchases into instalments fast and simple via mobile app.

Throughout 2024 the customer’s segmentation research has been completed. Based on the findings, new communication assets have been developed and implemented to better target the specific customer segments.

To strengthen Addiko digital DNA, our brand character Oskar was given a digital hollo Oskar and prominently featured in new campaigns, directly highlighting our digital lending solutions.

Recognizing the growing influence of social media, Addiko expanded its digital presence by launching a TikTok channel and initiating targeted advertising campaigns. This move aimed to tap into younger, digitally-savvy audiences, leveraging TikTok dynamic platform to drive engagement, improve brand visibility and connect with a new generation of customers.

### 3.2. Second pillar: Operational Excellence & Digital innovation

The second pillar of the Acceleration Program is designed to address Operational Excellence & Digital to achieve further optimisation of core processes.

In the Consumer segment, Addiko improved its mobile banking application, concentrating on refining the user interface and overall customer experience. Enhancements included a redesigned interface that provided additional information for card transactions, additional self-service capabilities such as enhanced personal card management, continuously increasing the number of personal reports issued by the bank to the customer and made available to them in the mobile app, management of personal data and KYC requirements online and enhancement of the service for secure internet shopping.

At the beginning of 2024 two new options were introduced for customers on the online lending platform. Customers now have the possibility to take out a loan without visiting the Bank’s branch, either using remote identification by certified Bank’s agents or in person identification by the authorized national postal service workers coming to their home or by visiting the nearest the public notary.

Next to enhancing the Consumer segment, Addiko continues to enhance services also for SME customers by upgrading existing online lending platforms offering personalised offers to its SME customers while enabling a smooth start of the loan process through a modern online platform. Moreover, Addiko has made various adjustments to its lending system to optimise processes and increase convenience for its customers while continuously improving its mobile banking app for SME customers.

### 3.3. Third pillar: Responsible Risk Management

Management of the Bank's portfolio includes methodologies of continuous monitoring of portfolio movements which are applied through various interconnected systems. Namely, the Bank's portfolio is granular, since there is no concentration of financing on large corporate clients, and the timely reaction to the first signals of negative migration is recognized as adequate. Thus, the result in all areas of risk management, primarily credit and operational risk management, was fully, in all figures and ratios, within the expected, budgeted figures. The initiatives implemented during 2024 are part of the planned activities that upgrade existing models and introduce new monitoring variables, where deemed necessary. Improvements in the small and medium business segments were carried out through the annual revision of the Monitoring and the early warning system Policy and the Credit Policy, while in the consumer segment, the majority improvements are in the part of automatic verifications and increasing the level of automation of the approval process.

As part of the implementation of the Strategy for the management of non-performing exposures, the Bank successfully adapted to the new legal requirements and met all the goals defined by the Strategy, thereby ensuring a level of 2.3% share of non-performing exposures in the balance sheet as of 12/31/2024. (compared to 2.8% on 12/31/2023).

Further plans are aimed at optimizing the approval and collection process through tool upgrades based on "lessons learned" and market trends, as well as monitoring platforms that are entirely internally developed and based on which reports are generated. Through projects and initiatives, the Bank has defined the necessary resources and priorities, which are primarily intended to achieve timely regulatory compliance in relation to novelties (DORA, Basel IV), along with new levels of automation.

## 4. Branches

At year end 2024 Addiko Bank operated a total of 35 branches. This physical distribution network is continuously being reviewed to enable the hybrid delivery of the Addiko Bank's Consumer and SME focused strategy, in the context of the increasing customers’ preference for digital channels and digital innovation.

# 5. Financial development of the Bank

## 5.1. Overview of financial performance

- **Operating result before impairments and provisions,** up 24% to EUR 54.8 million vs. EUR 44.1 million the previous year
- **General administrative expenses** improved from EUR -50.7 million in the previous year to -48.0 million in 2024
- **Cost of risk ratio (on net loans)** at 0.1% or EUR 0.7 million compared to EUR 2.3 million a year earlier
- **NPE ratio (on balance loans)** decreased to historic low of 2.3 % (YE23: 2.8%) with increased NPE coverage at 87.6% (YE23: 85.4%)
- **Return on average tangible equity** up to 9.7% (YE23: 2.5%)

The **result after tax** reached EUR 38.1 million (YE23: EUR 9.2 million) mostly due to positive business development and successful repricing in an environment of high interest rates.

The **share of the two focus segments, Consumer and SME,** as a percentage of the gross performing loan book increased to 85.6% compared to 81.8% at year-end 2023. The overall customer gross performing loan book continued along its growth trajectory, expanding to EUR 1.18 billion compared to EUR 1.14 billion at the end of 2023, while the non-focus as well as the medium SME loan book decreased. The overall focus book grew by 8% YoY, driven by a significant increase of the Consumer segment of 12%.

**Net interest income** achieved growth of 6.0%, rising to EUR 76.7 million (YE23: EUR 72.3 million) with improved NIM at 3.4% (YE23: 3.2%). The **net fee and commission income** increased by 17.2% YoY to EUR 24.6 million (YE23: EUR 21.0 million), mainly driven by higher income from transactions, accounts & packages and cards. **General administrative expenses** decreased to EUR -48.0 million (YE23: EUR -49.9 million excluding one-off Euro implementation project expenses) as the result of strict cost monitoring.

At the end of March 2024 Addiko Holding founded its Branch in Croatia, in which 26 employees were transferred from Addiko Bank's CSF departments. This impacted the Bank's General administrative expenses through lower expenses and Other operating result through lower income.

The NPE ratio stood at a historic low of 1.6% (YE23: 1.9%), the NPE ratio related to on-balance loans was at 2.3% (YE23: 2.8%) based on a non-performing exposure (NPE) of EUR 39.6 million (YE23: EUR 46.0 million), with an improved NPE coverage of 87.6% (YE23: 85.4%).

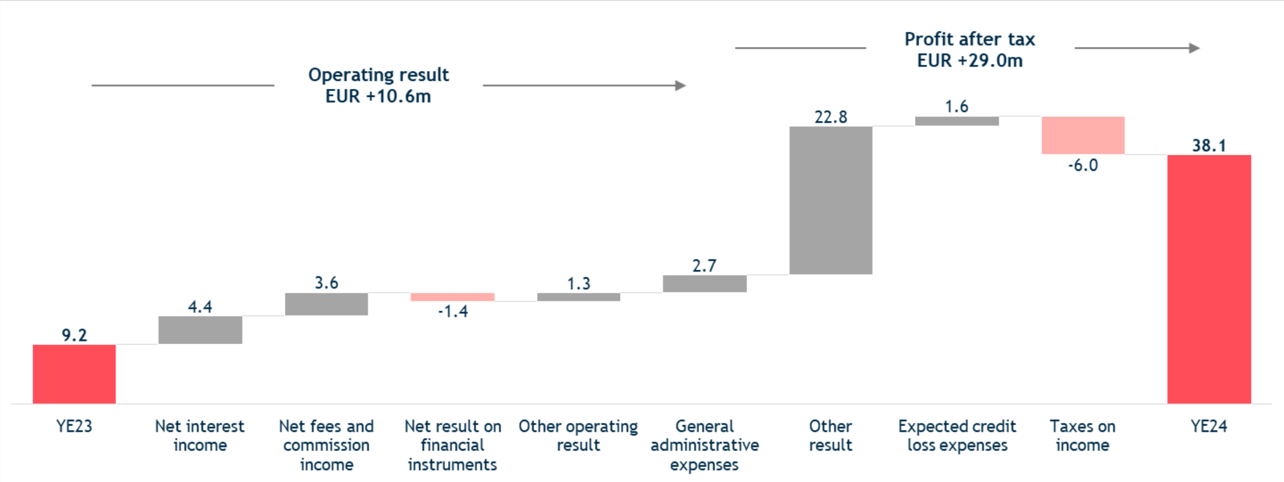
**Own funds** rose to EUR 385.7 million (YE23: EUR 382.4 million). After regulatory deductions, the **CET1 ratio** stood at 29.7% (YE23: 29.0%) with Total Capital ratio at the level of 34.0% (YE23: 33.9%).

## 5.2. Analysis of the result

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 | (abs) | (%) |
|---|---|---|---|---|
| Net banking income | 101.3 | 93.3 | 8.0 | 8.5% |
| Net interest income | 76.7 | 72.3 | 4.4 | 6.0% |
| Net fee and commission income | 24.6 | 21.0 | 3.6 | 17.2% |
| Net result on financial instruments | 0.4 | 1.8 | -1.4 | -75.5% |
| Other operating result | 1.0 | -0.3 | 1.3 | >100% |
| **Operating income** | **102.7** | **94.8** | **7.9** | **8.4%** |
| **General administrative expenses** | **-48.0** | **-50.7** | **2.7** | **-5.3%** |
| **Operating result before impairments and provisions** | **54.8** | **44.1** | **10.6** | **24.1%** |
| Other result | -8.6 | -31.4 | 22.8 | -72.7% |
| Expected credit loss expenses on financial assets | -0.7 | -2.3 | 1.6 | -68.2% |
| **Result before tax** | **45.5** | **10.5** | **35.0** | **>100%** |
| Taxes on income | -7.3 | -1.4 | -6.0 | >100% |
| **Result after tax** | **38.1** | **9.2** | **29.0** | **>100%** |

**Result after tax of Addiko Bank d.d.** - development YoY (in EUR million):




The **net banking income** improved by EUR 8.0 million to EUR 101.3 million at year end 2024.

**Net interest income** of EUR 76.7 million increased by EUR 4.4 million or 6.0% compared with 2023. The growth mainly came from loans to customers, with EUR 7.2 million and securities with EUR 3.6 million, while cash balances at central bank and other demand deposits remained stable compared with 2023. At the same time, interest expenses increased due to higher expenses for customer deposits (EUR 6.6 million), driven by higher interest rates on term deposits (-105bps) and further shift from a-vista to term, reflected in a reduced a-vista share of 75% (2023 at 84%). Overall, the net interest margin in 2024 of 3.37% was 14bps higher compared to the previous year, as the rise in the yield on average interest earning assets of 48bps was partly offset by the rise in the funding costs of average interest-bearing liabilities of 40bps.

**Net fee and commission income** increased to EUR 24.6 million in 2024, compared to EUR 21.0 million in the previous year. This growth was mainly driven by higher income from transactions, accounts & packages and cards, lower expenses related to transactions and shift of FX trading income from position "Net result on financial instruments".

The **Net result on financial instruments** amounted to EUR 0.4 million in 2024, resulting from reclassification of FX and DCC income to another position and lower income from HFT financial instruments, compared to EUR 1.8 million at YE23.

**Other operating result,** which is the sum of other operating income and other operating expense, increased by EUR 1.3 million from EUR -0.3 million at YE23 to EUR 1.0 million at YE24. This position included the following significant items:

- Deposit guarantee scheme with no expense in 2024 (YE23: EUR -1.5 million).
- Restructuring costs of EUR -0.6 million (YE23: EUR -1.2 million) related to optimizing the organization and business processes.
- Gains from sale of non-financial assets at EUR 0.5 million (2023: no income).
- Income from services provided to the Addiko Group members decreased from EUR 3.7 million in 2023 to EUR 2.6 million in 2024. Of this decrease, EUR 1.2 million were related to Addiko Branch establishment.

**General administrative expenses** decreased from EUR -50.7 million at YE23 (or EUR -49.9 million without Euro implementation project expenses) to EUR -48.0 million at YE24:

- In the year 2023, General administrative expenses were influenced by one-off Euro implementation project which amounted in total EUR -0.7 million.
- Excluding one-off Euro implementation costs in 2023, Personnel expenses decreased by EUR 0.1 million to EUR -22.3 million in the reporting period. Personnel expenses decreased by EUR 0.9 million due to Addiko Branch establishment but also increased by EUR 0.8 million driven by inflation-related salary increases.
- Other administrative expenses, excluding Euro implementation costs in 2023, decreased by EUR 1.4 million to EUR -16.4 million. The development of this position was driven by the decrease in Premises expenses (EUR +0.6 million YoY), Advertising costs (EUR +0.4 million YoY) and other administrative expenses (EUR +0.4 million YoY).
- Depreciation and amortization decreased by EUR 0.5 million to EUR -6.3 million.

Based on the result of the year 2024, the Cost/income ratio landed at 47.4%, which is an improvement of 6.1 percentage points compared to the previous year excluding one-off Euro implementation costs (YE23: 53.5%).

The **other result,** at EUR -8.6 million (YE23: EUR -31.4 million), was primarily influenced by credit-linked and portfolio-based provisions for legal proceedings on Swiss franc-denominated loans. The comparative reporting period 2023 was significantly affected by an unexpectedly high inflow of new cases concerning Swiss franc-denominated loans shortly before the statute of limitations expired in June 2023.

**Expected credit losses on financial assets** reflect the allocation in the amount of EUR -0.7 million (2023: EUR -2.3 million). The provision bookings were below the amount recognized in YE23, due to lower NPE inflows in focus segments supported by significant NPE recovery and repayment releases along with positive effects from secured debt sale transaction. Further positive effect came as result of PMA release as uncertainty in macroeconomic environment have diminished (2023: EUR 2.5 million).

**Tax on income** amounted to EUR -7.3 million at YE24 compared to EUR -1.4 million at YE23. The development reflects the higher result before tax achieved during the reporting period compared with the previous year as well as deferred taxes arising from changes in temporary differences.

## 5.3. Analysis of the statement of financial position

in EUR million

| | 31.12.2024 | 31.12.2023 | (abs) | (%) |
|---|---|---|---|---|
| Cash and cash equivalents | 429.3 | 423.9 | 5.4 | 1.3% |
| Financial assets held for trading | 10.8 | 11.3 | -0.5 | -4.6% |
| Loans and advances to credit institutions | 5.7 | 0.8 | 5.0 | >100% |
| Loans and advances to customers | 1,184.9 | 1,153.3 | 31.7 | 2.7% |
| Investment securities | 667.2 | 562.9 | 104.3 | 18.5% |
| Tangible assets | 19.1 | 20.2 | -1.0 | -5.2% |
| Intangible assets | 8.9 | 8.7 | 0.2 | 2.2% |
| Tax assets | 13.1 | 17.2 | -4.0 | -23.5% |
| Deferred tax assets | 13.1 | 17.2 | -4.0 | -23.5% |
| Other assets | 4.7 | 6.7 | -2.0 | -29.9% |
| **Total assets** | **2,343.8** | **2,204.9** | **138.9** | **6.3%** |

The statement of the financial position of Addiko Bank continues to show a simple and solid interest-bearing asset structure: 51% of the assets were represented by customer loans, mainly concentrated in the focus areas. In addition, a substantial part of the residual assets consisted of cash reserves and high-rated debt securities predominantly related to CESEE sovereign bonds.

**Cash and cash equivalents** increased to EUR 429.3 million at year end 2024 (YE23: EUR 423.9 million) while maintaining a comfortable and solid liquidity position.

**Financial assets held for trading** slightly decreased by EUR 0.5 million on YE24 compared to YE23 (EUR 10.8 million at YE24 vs. EUR 11.3 million at YE23). Other than the positive market value of the outstanding derivatives, this position also includes securities held for trading. The named portfolio is fully invested in plain vanilla government bonds in order to ensure a high level of liquidity and transparency.

**Loans and receivables from credit institutions** increased by EUR 5.0 million to EUR 5.7 million (YE23: EUR 0.8 million) because of placed short term deposits in non-domestic currencies with other credit institutions.

**Loans and receivables from customers** increased by EUR 31.7 million to EUR 1,184.9 million (YE23: EUR 1,153.3 million). Their increase mirrored Addiko's strategy to shift from the lower yielding segments of Large Corporate, Mortgage and Public finance towards the more profitable lending business in the Consumer and SME segments. These focus segments continued their upward growth momentum, despite muted demand in SME, increasing by EUR 76.6 million to EUR 1,007.0 million (YE23: EUR 930.4 million), which made-up 85.6% of the total gross performing loans and advances to customers (YE23: 81.8%). As planned, the non-focus segments decreased by EUR 33.7 million to EUR 169.6 million at YE24 (YE23: EUR 203.3 million).

**Investment securities** increased from EUR 562.9 million at YE23 to EUR 667.2 million at YE24 in line with the established investment strategy. The portfolio is largely invested in high rated government and financial institution bonds and has an average duration of around 4.5 years. To ensure high levels of liquidity and transparency in the securities portfolios, all investments were "plain vanilla" without any complex structured features.

**Tax assets** decreased to EUR 13.1 million (2023: EUR 17.2 million) as a result of the changes in deferred tax assets. The decrease related to deferred taxes was mainly driven by the change in the negative fair value of investment securities measured at fair value through other comprehensive income and a change in provisions.

**Other assets** decreased to EUR 4.7 million (YE23: EUR 6.7 million). This position includes prepaid expenses and accruals as well as other receivables. The change was caused by lower receivables related to the card business.

Compared to year-end 2023 the **total assets** of Addiko Bank increased by EUR 138.9 million or 6.3%, with a total of EUR 2,343.8 million at YE24. The total risk, i.e., risk-weighted assets including credit, market and operational risk increased to EUR 1,135.2 million (YE23: EUR 1,127.7 million) reflecting mainly update of the operational risk RWA calculation.

in EUR million

| | 31.12.2024 | 31.12.2023 | (abs) | (%) |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Financial liabilities held for trading | 3.7 | 2.6 | 1.1 | 42.1% |
| Deposits from credit institutions | 21.1 | 16.4 | 4.6 | 28.2% |
| Deposits from customers | 1,759.0 | 1,642.8 | 116.2 | 7.1% |
| Borrowings | 14.5 | 20.2 | -5.6 | -27.9% |
| Subordinated debt | 31.1 | 31.1 | 0.0 | 0.0% |
| Other financial liabilities | 16.6 | 18.2 | -1.7 | -9.2% |
| Provisions | 64.8 | 75.1 | -10.4 | -13.8% |
| Current tax liabilities | 2.2 | 1.8 | 0.4 | 20.3% |
| Other liabilities | 9.2 | 14.6 | -5.4 | -37.1% |
| **Total liabilities** | **1,922.1** | **1,822.9** | **99.2** | **5.4%** |
| **Equity** | | | | |
| Share capital | 339.5 | 339.5 | 0.0 | 0.0% |
| Additional Tier 1 capital | 40.0 | 40.0 | 0.0 | 0.0% |
| Legal and other reserves | 17.8 | 17.8 | 0.0 | 0.0% |
| Fair value reserve | -13.7 | -24.2 | 10.5 | -43.3% |
| Accumulated profit | 38.1 | 8.9 | 29.2 | >100% |
| **Total equity** | **421.7** | **382.0** | **39.7** | **10.4%** |
| **Total liabilities and equity** | **2,343.8** | **2,204.9** | **138.9** | **6.3%** |

**Financial liabilities held for trading**, which include negative market value of outstanding derivatives, have increased to EUR 3.7 million, from EUR 2.6 million at YE23.

**Deposits from credit institutions** increased from EUR 16.4 million at YE23 to EUR 21.1 million at YE24.

**Deposits from customers** increased to EUR 1,759.0 million (YE23: EUR 1,642.8 million) with a shift from a-vista/demand to term deposits as planned. The share of term deposits in the total deposits from customers increased to 26% (YE23: 17%).

**Borrowings** decreased by EUR 5.6 million from EUR 20.2 million at YE23 to EUR 14.5 million at YE24.

**Subordinated debt** remained unchanged from the previous year at EUR 31.1 million (YE23 EUR 31.1 million).

**Other financial liabilities** slightly decreased from EUR 18.2 million at YE23 to EUR 16.6 million at YE24.

**Provisions** decreased from EUR 75.1 million at YE23 to EUR 64.8 million at YE24. This position included mainly credit-linked and portfolio-based provisions in connection with expected court rulings on Swiss franc-denominated loans.

**Current Tax liabilities** amount to EUR 2.2 million at YE24 compared to EUR 1.8 million at YE23.

**Other liabilities** decreased from EUR 14.6 million at YE23 to EUR 9.2 million in YE24, mainly reflecting accruals for services received but not yet invoiced as well as liabilities for accrued compensation, including obligations for variable performance-based payments.

**Equity** rose from EUR 382.0 million at YE23 to EUR 421.7 million, driven by the year-end result, as well as the positive development in the other comprehensive income (EUR 10.5 million), which mainly reflects the recovery of market values, and the related fair value measurement of debt and equity instruments measured at FVTOCI. As disclosed in the YE23 Financial Statements, the current classification of the debt instruments under the "Hold-to-Collect and Sell" business model and the related fair value measurement is not fully reflective of the new business and treasury strategy to invest in long-term high-quality bonds and hold them to maturity for yield enhancement purposes. Except in case of unexpected negative market swings, the current negative fair value reserves of EUR -13.7 million (YE23: EUR -24.2 million), the majority of which comes from debt instruments, will gradually decrease over time, given the high credit quality and firm expectation that the issuers will repay those bonds at maturity.

## 6. Capital and liquidity Requirement

As of 31 December 2024, the capital base of the Bank was comprised of CET1, AT1, and T2 capital instruments, and Total Capital Ratio stood at strong 34.0% (YE23: 33.9%), significantly above the currently applicable requirements and the Pillar 2 Guidance (P2G) of 19.98% in total (YE23: 19.98%).

**Regulatory capital requirements**

The Overall Capital Requirement (OCR) valid on 31 December 2024 was 16.98% (YE23: 16.73%), consists of:

- 11.25% Total SREP Capital Requirement (TSCR), comprising an 8.00% Pillar 1 Requirement and a 3.25% Pillar 2 Requirement and
- 5.73% CBR (2.50% Capital Conservation Buffer (CCB), 1.50% Systemic Risk Buffer (SyRB), 1.48% Counter-Cyclical Capital Buffer (CCyB) and a 0.25% Other Systemically Important Institutions Buffer (O-SII).

The Pillar 2 Guidance (P2G) amounts to 3.00% (YE23: 3.25%). The regulator therefore expects the Bank to maintain a Total Capital Ratio of 19.98% (11.25% SREP requirement, plus 5.73% CBR, plus 3.00% P2G).

Compared with 31 December 2023, the following changes came into effect:

- The CCyB for the Republic of Croatia increased from 1.00% to 1.50% - resulting with implied CCyB for the Bank in the amount of 1.48% (2023: 0.98%)
- The O-SII decreased from 0.50% to 0.25% based on the Croatian National Bank decision
- The 2024 SREP decision includes a decrease of P2G from 3.25% to 3.00%, valid from 1 January 2024.

### Own funds

in EUR million

| | 31.12.2024. | 31.12.2023. | Change | Surplus 31.12.2024.[1)] |
|---|---|---|---|---|
| Total Capital | 385.7 | 382.4 | 3.3 | 158.9 |
| Total risk weighted assets | 1,135.2 | 1,127.7 | 7.5 | 0.0 |
| **Total Capital Ratio** | **34.0%** | **33.9%** | **0.1%** | **14.0%** |

[1)] Surplus reference: applicable OCR + P2G requirements

Total capital increased by EUR 3.3 million during the reporting period, reflecting the following main components:

- The positive **OCI development** of EUR 10.5 million, mainly resulting from the fair value measurement of debt instruments measured at FVTOCI,
- The EUR 1.2 million decrease of **other regulatory deduction items**, stemming primarily from decrease of **intangible assets** in the amount of EUR 1.3 million,
- Regular amortization of Tier 2 capital which impacted decrease of total capital by EUR 6 million.

During the reporting period, risk-weighted assets (RWA) increase by EUR 7.5 million, with the EUR 17.5 million increase of RWA for operational risk, partially compensated by the EUR 11.9 million decrease of RWA for credit risk.

Anticipating the forthcoming implementation of CRR3, the Bank has begun preparatory activities during the year 2024, to be fully compliant with the regulatory requirements for the first reporting period under the new regulation. In doing so, the Bank has conducted impact assessment of the CRR3 on the capital position, as well as included it in the capital planning. Impact assessment shows no significantly adverse effects on the capital position, with all regulatory required and internally set capital ratios met in full.

### Liquidity position

The liquidity position of the Bank remained strong and amply exceeded regulatory requirements, with the Liquidity Coverage Ratio (LCR) ranging from its low of 275.1% (April 2024) to its high of 395.9% (March 2024), well above the required minimum coverage of 100%. As of 31 December 2024, the LCR stood at 329.7% (YE23: 333.0%).

Unencumbered liquidity reserves of the Bank, comprising cash, balances with central banks (CB) without minimum reserve requirement, the debt securities portfolio and credit claims eligible for CB-secured funding operations, increased from EUR 904.5 million at YE23 to EUR 1,011.1 million at YE24, corresponding to 43.1% of total assets (YE23: 41.0% of total assets).

The CB-eligible securities, which accounted for 60.1% of the Bank's liquidity reserves (YE23: 56.4%), are high-rated and investment grade government bonds. All Bank’s bond investments, including those which are non-CB eligible, are ‘plain vanilla’, without any embedded options or other structured features.

The Bank’s main funding base predominately consists of customer deposits, especially in the retail segment, which represents a highly stable base. The Loan to Deposit ratio (LDR), the ratio between net loans to customers and deposits from customers, stood at 67.4% (YE23: 70.2%), which represents a very comfortable level and provides the Bank with the potential for further loan growth in accordance with the planned values.

# 7. Analysis of non-financial key performance indicators

## 7.1. Human Resources Management

In 2024 Addiko continued to improve the key HR processes that enabled to recruit and internally develop culture-fit employees to achieve profitable business growth whilst adhering to the rules of sound corporate governance.

Addiko Bank continued to monitor the situation on the demanding labour market, especially banking market where bank participates in the salary survey of banking sector. Based on the collected data, the Bank continued to introduce additional benefits and other allowances.

In the area of well-being, the Bank supports the hybrid working model (model "3+2 and 2+3") for the headquarters' employees. This combination of office work and homework enables work-life balance on one side and fosters team spirit on another side.

In regard to the Diversity & Inclusion Strategic Action Plan established for period 2022-2024, and covering Recruitment and Selection; Career Management; Learning and Development; Remuneration; Benchmark and Implementation of Best Practices; Gender Balance Targets, bank continued with different initiatives and actions. In 2024 Bank prepared the Gender Pay Gap report that showed no structural deficiencies, or discriminatory practices were determined regarding the remuneration. The Bank structurally and systematically takes care of a balanced management structure by encouraging diversity and inclusion within the company. In 2024 Bank kept the diversity targets set within the Diversity action plan for period from 2022 until 2024.

Addiko Bank continues to work on its reputation, aiming to be recognized as an attractive employer. Through the process of certification of the 'Employer Partner Certificate', and the MAMFORCE certificate, Addiko Bank Croatia set high standards of human resource, with emphases on the family-responsible and gender-aware human resources management policies, and positioned itself amongst the Top Employers in Croatia. In 2024 Addiko Bank Croatia received a certificate Equal Pay Champion that verifies the organization's commitment to paying its employees equal salaries for equal work, regardless of their gender or other irrelevant factors.

# 8. Outlook and Risk factors

## 8.1. Outlook

Supported by a higher level of digitalization and brand recognition of the 3D animated character Oskar, the Bank continues on its path to becoming the leading bank in the focus segments Consumer and SME.

According to latest forecasts by the Croatian National Bank, domestic economy is forecasted to grow by 3.3% in 2025. Such comparatively high rates of growth would permit Croatia to outpace growth in the Eurozone, which is forecasted to grow at a slower pace (1.1%) in 2025.

Inflation is expected to slow again in 2025, but at a slower pace than in the previous year. Average inflation rate measured by HICP is forecasted at 3.5%.

After ECB's total of four interest rate cuts in 2024 and a further reduction announced on 30 January 2025, the key interest rate for the marginal lending facility is now 3.15%. After inflation in the eurozone fell from 2.9% (December 2023) to 2.4% (December 2024), the ECB was recently confident that it would align it with the desired target of 2.0% before the end of 2025. Accordingly, many market participants expect the ECB to implement further interest rate cuts in 2025 to support the subdued economic outlook in the eurozone.

A moderate increase in new business in the SME segment, higher credit risk costs due to the increase in NPL cases, lower interest income in the lending business due to the ECB interest rate turnaround, and a shift from low-interest a-vista deposits to term deposits with higher interest rates led to negative impact on profitability in the fourth quarter of 2024. These effects are being actively counteracted by market and cost measures. The Acceleration Program curbed the general upward pressure on costs by optimizing processes and by leveraging efficiencies and synergies.

### 8.2. Risk Factors

Given Addiko's focus on Consumer and SME, the business is particularly tied to the economic cycle and economic developments. A severe local political crisis is hard to predict as it could emerge out of a minor event, where little attention is paid to it at the beginning.

Besides escalation of Russia's war in Ukraine or a major geopolitical crisis, economic risks could materialize, in particular due to exogenously caused changes in the price or supply of an economic good, such as oil or natural gas. Furthermore, in response to the unilateral imposition of customs duties by one country, the affected party may take countermeasures, which could lead to a major trade war, with correspondingly negative economic effects on both the directly and indirectly affected economies.

The bank faces regulatory risk from the implementation of various regulatory and consumer protection initiatives, e.g. MREL, PSD2, GDPR, etc. Potential regulatory constraints could also negatively impact the Bank's ability to improve efficiency.

Addiko is moreover exposed to non-financial and legal risks that may materialize regardless of the economic environment. Addiko is involved in a number of passive legal disputes. The majority of pending proceedings relate to FX-linked loans, interest rate clauses and provisions on fees for loan agreements. There is a future risk of further increasing numbers of proceedings and amounts in dispute due to changed court practice, binding sample proceeding decisions and binding legal opinions of the Supreme Court. A lack of legal certainty or Addiko’s inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on Addiko Banks’s business, financial position and results of operations.

Due to the fact that Addiko is subject to a large number of tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and enforced by various political subdivisions, there is a risk that tax audits could, on account of diverging interpretations, result in assessments of tax deficiencies, which could require the Addiko Group to pay additional taxes not previously expected.

In September 2017, the Addiko Bank AG i Addiko Bank d.d. filed a Requests for Arbitration with the ICSID in Washington, DC against the Republic of Croatia regarding the Conversion Laws claiming EUR 153 million. The Addiko Bank AG i Addiko Bank d.d. claims that the Bilateral Investment Treaty (BIT) regarding the fair and equivalent treatment under the respective BIT was violated. The main hearing was conducted in March 2021 and parties are waiting for the final outcome. If the action is unsuccessful, then court fees and legal costs could amount to ca. EUR 11 million. Based on legal advice, management believes that the action will prove successful.

Addiko also regularly assesses and reports on ESG risks that may impact the group. Therefore, Addiko conducts an annual self-assessment on the exposure to ESG risks, which currently encompasses climate-related and environmental risks. The results thereof are used to define the key areas of action for Addiko.

In August 2024 the ECB imposed sanctions on an existing shareholder group of Addiko Bank AG for exceeding the 10% threshold of the shares without concluding the respective approval procedure required for the acquisition of a qualified shareholding. In response to these events, the Croatian National Bank has until further notice suspended a CET1 reduction procedure initiated by the Bank during 2024. Named voting rights restrictions for a shareholder group was lifted at the beginning of February 2025. Despite all of the above, uncertainties regarding Addiko Bank AG's shareholder structure remain also in the next period.

# 9. Corporate Governance

## 9.1. Supervisory Board

In 2024, there were no changes in the composition of the Supervisory Board.

Mr. Perović has been reelected as a member of the Supervisory Board of the Bank for a period of 4 years, with the start of new mandate as of 1 March 2024, while Ms Leeb has been reelected as Deputy Chairman of the Supervisory Board of the Bank, as of 2 March 2024.

Status of Supervisory board membership on 31 December 2024, was as follows:

- Mr. Herbert Juranek, chairman of the supervisory board
- Ms. Julia Leeb, deputy chairman of the supervisory board
- Ms. Sanela Pašić, member of the supervisory board
- Mr. Tomislav Perović, member to the supervisory board
- Mr. Andrea Castellarin, member of the supervisory board.

## 9.2. Management Board

In 2024, there were several changes in composition of the Management Board.

Mr. Ivan Jandrić has filed his resignation, effective as of 25 March 2024, while Mr. Marko Bolanča has been elected as a new Management Board member, effective as of 26 March 2024.

In addition, changes of responsible areas of the Management Board members occurred as of 1 April 2024, as follows:

1. **"CFO" area of the Management Board**

From the organizational unit "Treasury and Financial Controlling" in the "CEO" area of the Management Board, the following has been extracted:

- organizational unit "Financial Controlling" at the B1 level, with the systematization of the position "Director, Financial Controlling" at the B1 level.
- organizational unit "Group Business Analytics" at the B1 level, with the systematization of the position of "Director, Group Business Analytics" at the B1 level

In addition, the organizational unit "Treasury and Financial Controlling" changed its name to "Balance Sheet Management and Treasury", and it remained in the "CEO" area of the Management Board; the position of "Executive Director, Treasury and Financial Controlling" was abolished and the position of "Executive Director, Balance Sheet Management and Treasury" was systematized.

Following these changes, the "CFO" area of the Management Board was formed with the following organizational units:

a) "Accounting and Reporting" (transferred from the "COO" area of the Management Board)
b) "Financial Controlling" (separated from the organizational unit "Treasury and Financial Controlling" and transferred from the "CEO" area of the Management Board)
c) "Group Business Analytics” (separated from the organizational unit "Treasury and Financial Controlling" and transferred from the "CEO" area of the Management Board)

2. <u>"COO" / "CEO" area of the Management Board</u>

The organizational unit "Card Technology" was moved to the organizational unit "Group Transaction Banking and Operations", to the B2 level, while the organizational unit "Digital Transformation" was moved from "COO" to the "CEO" area of the Management Board.

3. <u>"CEO" / "CRO" of the Management Board area</u>

The organizational unit "Compliance and Anti-Money Laundering" was moved from the "CEO" to the "CRO" area of the Management Board.

Additionally, the Central Steering Functions (Group Retail Markets Development, Group Risk Management Support, Group Human Resources) were transferred to the Addiko Bank AG, Branch Zagreb.

## 10. Internal Control System for accounting procedures

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

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

The Internal Control System (ICS) consists of a set of rules, procedures and organizational structures which aim to:

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

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

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

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

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

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

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

## 11. Sustainability Statement

Addiko Bank fully complies with the provisions of the Directive 2022/2464 regarding corporate sustainability reporting and the Accounting Act, which has transposed the provisions of the cited Directive. In accordance with the provisions of cited regulations, Addiko Bank has utilized the prescribed exemption from obligation to prepare a stand-alone sustainability statement. Exemption is utilized as the parent company, Addiko Bank AG, Canetti tower, Canettistrasse 5/12 OG, 1100 Vienna, includes the consolidated Sustainability Statement in its Consolidated Annual Report which is published online on Addiko Group's website www.addiko.com. Such consolidated Sustainability Statement contains all the prescribed information related to environmental protection, social responsibility and treatment of employees, respect of human rights, anti-corruption and bribery and diversity of Addiko Bank and Group.

Zagreb, 5 March 2025
Addiko Bank d.d.

MANAGEMENT BOARD

Mario Žižek
President of the Management Board

Ana Dorić Škeva
Member of the Management Board

Marko Bolanča
Member of the Management Board

# Financial Statements

# I. Statement of comprehensive income

## Statement of profit or loss

in EUR million

| | Note | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|---|
| Interest income calculated using the effective interest method | | 89.3 | 78.2 |
| Other interest income | | 0.4 | 0.4 |
| Interest expenses | | -12.9 | -6.3 |
| **Net interest income** | **(28)** | **76.7** | **72.3** |
| Fee and commission income | | 30.9 | 27.1 |
| Fee and commission expenses | | -6.3 | -6.1 |
| **Net fee and commission income** | **(29)** | **24.6** | **21.0** |
| Net result on financial instruments | (30) | 0.4 | 1.8 |
| Other operating income | (31) | 3.3 | 4.3 |
| Other operating expenses | (31) | -2.3 | -4.6 |
| Personnel expenses | (32) | -25.3 | -25.8 |
| Other administrative expenses | (33) | -16.4 | -18.1 |
| Depreciation and amortisation | (34) | -6.3 | -6.8 |
| **Operating result before impairments and provisions** | | **54.8** | **44.1** |
| Other result | (35) | -8.6 | -31.4 |
| Expected credit loss expenses on financial assets | (36) | -0.7 | -2.3 |
| **Result before tax** | | **45.5** | **10.5** |
| Taxes on income | (37) | -7.3 | -1.4 |
| **Result after tax** | | **38.1** | **9.2** |
| thereof attributable to holders of ordinary shares | | 33.0 | 4.1 |
| thereof attributable to holders of other equity | | 5.1 | 5.0 |

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Result after tax attributable to ordinary shareholders (in EUR million) | 33.0 | 4.1 |
| Weighted-average number of ordinary shares (in units of shares) | 1,248,243.0 | 1,248,243.0 |
| Earnings per share (in EUR) - undiluted/diluted | 26.5 | 3.3 |

The following notes (1) – (76) are an integral part of these financial statements.

## Statement of other comprehensive income

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Result after tax** | **38.1** | **9.2** |
| **Other comprehensive income** | **10.5** | **19.2** |
| **Items that will not be reclassified to profit or loss** | **1.3** | **0.7** |
| Fair value reserve - equity instruments | 1.3 | 0.7 |
| Net change in fair value | 1.6 | 0.9 |
| Taxes on income | -0.3 | -0.2 |
| **Items that are or may be reclassified to profit or loss** | **9.1** | **18.5** |
| Fair value reserve - debt instruments | 9.1 | 18.5 |
| Net change in fair value | 11.1 | 22.6 |
| Net amount transferred to profit or loss | 0.0 | 0.0 |
| Taxes on income | -2.0 | -4.1 |
| **Total comprehensive income for the year** | **48.6** | **28.4** |
| thereof attributable to holders of ordinary shares | 43.5 | 23.4 |
| thereof attributable to holders of other equity | 5.1 | 5.0 |

The following notes (1) – (76) are an integral part of these financial statements.

# II. Statement of financial position

in EUR million

| | Note | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | (38) | 429.3 | 423.9 |
| Financial assets held for trading | (39) | 10.8 | 11.3 |
| Loans and advances to credit institutions | (40) | 5.7 | 0.8 |
| Loans and advances to customers | (40) | 1,184.9 | 1,153.3 |
| Investment securities | (41) | 667.2 | 562.9 |
| Tangible assets | (42) | 19.1 | 20.2 |
| Property, plant and equipment | | 17.8 | 18.7 |
| Investment property | | 1.3 | 1.5 |
| Intangible assets | (43) | 8.9 | 8.7 |
| Tax assets | | 13.1 | 17.2 |
| Deferred tax assets | (37) | 13.1 | 17.2 |
| Other assets | (45) | 4.7 | 6.7 |
| **Total assets** | | **2,343.8** | **2,204.9** |
| **Liabilities** | | | |
| Financial liabilities held for trading | (46) | 3.7 | 2.6 |
| Deposits from credit institutions | (47) | 21.1 | 16.4 |
| Deposits from customers | (47) | 1,759.0 | 1,642.8 |
| Borrowings | (47) | 14.5 | 20.2 |
| Subordinated debt | (47) | 31.1 | 31.1 |
| Other financial liabilities | (47) | 16.6 | 18.2 |
| Provisions | (48) | 64.8 | 75.1 |
| Current tax liabilities | | 2.2 | 1.8 |
| Other liabilities | (49) | 9.2 | 14.6 |
| **Total liabilities** | | **1,922.1** | **1,822.9** |
| **Equity** | | | |
| Share capital | (50) | 339.5 | 339.5 |
| Additional Tier 1 capital | (50) | 40.0 | 40.0 |
| Legal and other reserves | (50) | 17.8 | 17.8 |
| Fair value reserve | (50) | -13.7 | -24.2 |
| Accumulated profit | (50) | 38.1 | 8.9 |
| **Total equity** | | **421.7** | **382.0** |
| **Total liabilities and equity** | | **2,343.8** | **2,204.9** |

The following notes (1) – (76) are an integral part of these financial statements.

# III. Statement of changes in equity

in EUR million

| | Share capital | Additional Tier 1 capital | Legal and other reserves | Fair value reserve | Accumulated profit | Total |
|---|---|---|---|---|---|---|
| **Equity as at 01.01.2024** | **339.5** | **40.0** | **17.8** | **-24.2** | **8.9** | **382.0** |
| Result after tax | 0.0 | 0.0 | 0.0 | 0.0 | 38.1 | 38.1 |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 10.5 | 0.0 | 10.5 |
| Total comprehensive income | 0.0 | 0.0 | 0.0 | 10.5 | 38.1 | 48.6 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | -3.9 | -3.9 |
| AT1 distributable amount paid | 0.0 | 0.0 | 0.0 | 0.0 | -5.0 | -5.0 |
| **Equity as at 31.12.2024** | **339.5** | **40.0** | **17.8** | **-13.7** | **38.1** | **421.7** |

in EUR million

| | Share capital | Additional Tier 1 capital | Legal and other reserves | Fair value reserve | Accumulated profit | Total |
|---|---|---|---|---|---|---|
| **Equity as at 01.01.2023** | **339.6** | **39.8** | **17.7** | **-43.4** | **6.8** | **360.5** |
| Result after tax | 0.0 | 0.0 | 0.0 | 0.0 | 9.2 | 9.2 |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 19.2 | 0.0 | 19.2 |
| Total comprehensive income | 0.0 | 0.0 | 0.0 | 19.2 | 9.2 | 28.4 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | -3.3 | -3.3 |
| AT1 distributable amount paid | 0.0 | 0.0 | 0.0 | 0.0 | -3.5 | -3.5 |
| Other changes (Note 50) | -0.1 | 0.2 | 0.1 | 0.0 | -0.2 | 0.0 |
| **Equity as at 31.12.2023** | **339.5** | **40.0** | **17.8** | **-24.2** | **8.9** | **382.0** |

The following notes (1) – (76) are an integral part of these financial statements.

# IV. Statement of cash flows

in EUR million

| | 2024 | 2023 |
|---|---|---|
| **Result after tax** | **38.1** | **9.2** |
| **Adjustments for:** | | |
| Net interest income | -76.7 | -72.3 |
| Depreciation and amortisation of intangible and tangible fixed assets | 6.3 | 6.8 |
| Change in risk provisions on financial instruments | 0.7 | 2.3 |
| Change in provision | 9.6 | 32.1 |
| Gains or losses from disposal of intangible assets and tangible fixed assets | -0.4 | -0.1 |
| Gains or losses on financial instruments at FVTPL | -0.3 | -1.9 |
| Foreign exchange differences | 0.2 | 0.5 |
| **Subtotal** | **-22.6** | **-23.6** |
| Loans and advances to credit institutions and customers | -36.6 | -38.6 |
| Investment securities | 47.6 | 148.7 |
| Financial assets held for trading | 0.9 | -6.6 |
| Other assets | 6.5 | 0.7 |
| Financial liabilities measured at amortised cost | 107.2 | -129.3 |
| Financial liabilities held for trading | 1.1 | 2.0 |
| Provisions | -19.3 | -8.7 |
| Other liabilities | -2.8 | 4.0 |
| Payments for taxes on income | -5.7 | -1.5 |
| Interests received | 85.7 | 72.7 |
| Interests paid | -10.1 | -6.3 |
| **Cash flows from operating activities** | **152.0** | **13.5** |
| Proceeds from sales or collection of principal and interest: | 6.7 | 49.8 |
| Financial investments at amortised cost | 6.2 | 49.8 |
| Tangible assets, investment property, lease assets and intangible assets | 0.5 | 0.0 |
| Payments for purchases of: | -141.0 | -169.3 |
| Financial investments at amortised cost | -137.7 | -166.3 |
| Tangible assets, investment property and intangible assets | -3.3 | -3.0 |
| **Cash flows from investing activities** | **-134.3** | **-119.5** |
| Dividends paid | -3.9 | -3.3 |
| Lease payments | -3.4 | -2.1 |
| AT1 distributable amount paid | -5.0 | -3.5 |
| **Cash flows from financing activities** | **-12.3** | **-8.9** |
| **Net (decrease) increase in cash and cash equivalents** | **5.3** | **-114.9** |
| **Cash and cash equivalents at the end of previous period (01.01.)** | **424.0** | **538.9** |
| Effect of exchange rate changes | 0.0 | -0.1 |
| **Cash and cash equivalents at the end of period (31.12.)** | **429.3** | **424.0** |

The following notes (1) – (76) are an integral part of these financial statements.

# V. Notes to the financial statements

## General information

Addiko Bank d.d. is a joint stock company registered in the commercial register of the Commercial Court in Zagreb. The registered office of the Bank is located in Slavonska avenija 6, 10000 Zagreb, Croatia.

The Bank was granted a full banking license by the Croatian National Bank ("CNB") in 1996 and started its banking activities in September 1997.

The Bank is a fully owned by Addiko Bank AG, a fully licensed Austrian parent bank registered in Vienna, Austria, supervised by the Austrian Financial Market Authority and by the European Central Bank. Consolidated reports of the parent company can be found at www.addiko.com.

During 2024 the operations were conducted through the Bank's head office located in Zagreb and through branches organized into regional centres Zagreb and Central Croatia, Dalmatia, Istria and Kvarner and Slavonia and Baranja.

Addiko Bank d.d. is a consumer and small and medium-sized enterprises (SME) specialist bank that operates in Republic of Croatia.

Based on its focused strategy, the Bank is a specialist for consumer and SME banking with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"), offering unsecured personal loan products for consumers and working capital loans for its SME customers funded largely by retail deposits. The Bank's Mortgage business, Public and Large Corporate lending portfolios (its "non-focus areas") are subject of an accelerated run-down process, thereby providing liquidity and capital for the growth in its Consumer and SME lending.

## Material accounting and measurement policies

### (1) Accounting principles and statement of compliance

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements consist of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. In principle, the statement of financial position is structured in the descending order of liquidity. Amounts due or realizable within twelve or more than twelve months after the reporting date are described in Note (60) Liquidity risk.

The financial statements are prepared on a going concern basis which assumes the Bank will continue its business operations in the foreseeable future. Regarding estimates and assumptions according to IAS 1, please refer to Note (4) Critical accounting estimates and judgments in applying accounting policies.

The same estimates, judgments, accounting policies and methods of computation are followed in the financial statements as compared with the most recent annual financial statements.

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

These financial statements are presented in Euro ("EUR"), which is the Bank's functional and presentational currency. All amounts have been rounded to the nearest million, except when otherwise indicated. The tables shown may contain rounding differences. Starting from 1 January 2023 the Republic of Croatia changed its currency from Croatian kuna ("HRK") to Euro ("EUR") and Euro ("EUR") became the functional and presentational currency in 2023. The introduction of Euro as the official currency in the Republic of Croatia represents a change in the Bank's functional currency. There was no material impacts on these financial statements from change in functional and presentational currency in 2023.

On 5 March 2025, the Management Board of Addiko Bank d.d. approved the financial statements as at 31 December 2024 for publication by submitting them to the Supervisory Board. The Supervisory Board is responsible for examining the financial statements and announcing whether it approves the financial statements as at 31 December 2024.

## (2) Changes in the presentation of the financial statements

In 2024 the Bank reviewed the statement of financial position. The result of the review led to a change in the presentation of receivables from card business, which were reported as part of "Other assets" and starting from the year 2024 are reported as part of the "Loans and advances". The previous period was not adjusted due to low materiality.

In 2024 the Bank reviewed the statement of profit or loss. The result of the review led to a change in the presentation of interest income on cash balances at central banks and other demand deposits which are now reported as part of "Interest income calculated using the effective interest method". The previous period was adjusted by EUR -12.8 million in the position "Other interest income" and consequently by EUR +12.8 in the position "Interest income calculated using the effective interest method". Additionally, FX trading income from transactions with customers previously presented as part of "Net result on financial instruments" is starting from the year 2024 presented as part of the "Fee and commission income". The previous period was not adjusted.

## (3) Application of new and revised International Financial Reporting Standards

### 3.1. New currently effective requirements

The following new standards, interpretations and amendments to existing standards are mandatory for periods beginning on 1 January 2024:

| Standard | Name | Description | Impact on Addiko |
|---|---|---|---|
| IFRS 16 | Amendments to IFRS 16 Leases | Lease liability in sale and leaseback | No impact expected |
| IAS 1 | Amendments to IAS 1 Presentation of Financial Statements | Classification of liabilities as current or non-current, Non-current Liabilities with Covenants | No impact expected |
| IAS 7 and IFRS 7 | Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures | Supplier Finance Arrangements | No impact expected |

The amendments to **IFRS 16** require the seller-lessee to determine lease payments or revised lease payments such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. It applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any changes for the Bank as the Bank did not perform and is not planning to perform sale and leaseback transactions.

The amendments to **IAS 1** clarify the requirements for classifying liabilities as current or non-current, based on rights that are in existence at the end of the reporting period. The amendment applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any changes for the Bank as assets and liabilities are presented in decreasing order of liquidity.

The amendments to **IAS 7** and **IFRS 7** describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle the amounts owed directly with a supplier are not supplier finance arrangements. Entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. New disclosure requirements are added. The amendment applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any changes for the Bank as the Bank did not enter and is not planning to enter into supplier financing arrangements as buyer of services.

### 3.2. Forthcoming requirements

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

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

The amendments to **IAS 21** introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. New disclosure requirements are added. The amendment applies to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. These amendments will not affect the Bank since it does not deal with non-exchangeable currencies.

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

| Standard | Name | Description | Impact on Addiko |
|---|---|---|---|
| IFRS 9 and IFRS 7 | Amendments to the Classification and measurement of Financial Instruments (IFRS 7 and IFRS 9) | Classification of financial assets, Settlement by electronic payments | No impact expected from the IFRS 9 amendments. No significant changes from the IFRS 7 amendments |
| IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7 | Annual Improvements Volume 11 | Clarifications, simplifications, corrections and changes aimed at improving the consistency of listed IFRS Accounting Standards | No impact expected |
| IFRS 18 | Presentation and Disclosure in Financial Statements | New Standard | Impact under assessment |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | New Standard | Not applicable |
| IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 | Nature-dependent electricity contracts | Not applicable |

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

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

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

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

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

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

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

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

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

An entity is required to apply IFRS 18 and all consequential amendments for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The Bank is still in the process of assessing the impact of IFRS 18 and the related amendments, particularly with respect to the structure of the Bank’s statement of profit or loss, the statement of cash-flows, other disclosures of MPMs and the grouping of financial information. The net profit of the Bank will not change because of adoption of IFRS 18.

**IFRS 19** permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 19 will not be applicable to the Bank.

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

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

The amendments introduce new disclosure requirements for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. These amendments will not be applicable to the Bank.

## (4) Critical accounting estimates and judgements in applying accounting policies

The financial statements contain values based on judgments and calculated using estimates and assumptions.

### 4.1. Judgements

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

#### *4.1.1. ECL calculation methodology*

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. Details are described in note (12.4) Impairment and (57.1) Method of calculating risk provisions.

#### *4.1.2. Classification of financial assets*

Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. Details are described in note (12.2) Classification.

### 4.2. Assumptions and estimates

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

Significant estimates and assumptions in the Bank relate to:

#### *4.2.1. Credit risk provisions*

The Bank conducts continuous monitoring and assessment of the loan portfolio's quality at both individual and portfolio levels to accurately estimate the necessary allowances for expected credit losses (ECL).

The Bank allocates individual allowances for individually significant financial assets classified under Stage 3. This classification is determined based on information related to the fulfilment of contractual obligations or other financial difficulties of the debtor, as well as other relevant factors. Individual assessments are based on the expected cash flows from operations, duration and/or the anticipated payments from collateral. This assessment is based on a detailed analysis and assumptions made, which are however subject to uncertainties.

Allowances are assessed collectively for financial assets classified under Stage 1 or 2, as well as for financial assets in Stage 3 with exposure below the materiality threshold (exposure at default (EAD) on group of borrower level below 130,000 €). The expected ECL for these groups of assets are calculated based on models which require the assessment of significant increase in credit risk and integrates historical data with future macroeconomic forecasts. The Bank applies 3 different macroeconomic scenarios to collectively assess the allowances for credit risk: optimistic, baseline and pessimistic scenario. The key features of each scenario are described in note (57.2) Development of risk provisions and note (57.1) Method of calculating risk provisions. Recognised allowances represent a weighted average of the results of the three scenarios. The models deployed to estimate future risk parameters undergo regular validation and back testing to ensure the accuracy and realism of the loss estimations.

A different estimate of the assumptions used in the individual or collective allowance may result in a different measurement of credit risk provisions.

#### *4.2.2. Deferred tax assets*

Deferred tax assets on deductible temporary differences are only recognised when future tax profits that allow utilisation appear to be highly likely. These estimates are based on the respective 5 years tax plans prepared by the management. With regard to input factors, the 5-year plan is essentially based on current available external estimates of expected economic growth, general cost trends (inflation), interest rate and currency trends and market and credit default trends. The main parameters are disclosed under note (57.1) Method of calculating risk provisions. These factors are only adjusted internally to the extent necessary due to the Bank's specific business model.

All input parameters and assumptions are subject to a degree of predictive uncertainty. Due to the current uncertain geopolitical global environment, there is substantially more uncertainty than under normal market conditions, which may affect the projections of future taxable profits.

#### *4.2.3. Provisions for pending legal disputes*

The recognition and measurement of provisions for pending legal disputes requires assumptions on the extent to which the Bank has an obligation resulting from a past event and if an outflow of economically useful resources to fulfil these obligations is likely. Furthermore, estimates are also required with regard to the amount and maturity of future cash flows.

Provisions for legal proceedings typically require a higher degree of judgment than other types of provisions. When matters are at an early stage, there is typically a high degree of uncertainty associated with determining whether a present obligation exists and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better-defined set of possible outcomes. The calculation of potential losses takes generally into account possible scenarios of how the litigation would be resolved and their probability, considering the history of former verdicts and assessments by independent law firms. In certain cases, due to a short horizon of available historical data and significant uncertainty as to the direction of court decisions as well as the market conditions, the adopted methodology and assumptions may be subjects of updates in subsequent reporting periods. Details regarding provisions for legal cases and uncertainty of estimates are described in note (48.2) Provisions for pending legal disputes.

### (5) Impact of climate change on financial statements

The Bank supports the transition to a carbon-neutral economy and will lower its footprint by reducing its direct emissions from own banking operations and indirect through its lending activities. Regarding its own banking operations, measures planned until 2030 or already taken include a significant increase of the share of battery electric vehicles (BEV) in the Bank’s car fleet, the installation of photovoltaic modules on self-owned buildings, the replacement of fossil fuel heating systems and switch to renewable energy sources used for electricity or heating.

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

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

### (6) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

The foreign currency differences arising on translation are generally recognised in profit or loss, except for equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI for which foreign currency differences are recognised in OCI.

The principal exchange rates set forth by the Croatian National Bank and used in the preparation of the balance sheet at the reporting dates were as follows:

| | | |
|---|---|---|
| 31 December 2024 | 1 EUR = USD 1.0444 | 1 EUR = CHF 0.9435 |
| 31 December 2023 | 1 EUR = USD 1.1050 | 1 EUR = CHF 0.9260 |

## (7) Net interest income

### 7.1. Effective interest rate

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

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

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

### 7.2. Amortised cost and gross carrying amount

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

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

### 7.3. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The

effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.
For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset (with the exception of purchased or originated credit-impaired financial assets where the calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves).

### 7.4. Presentation

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

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

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

- interest income from assets held for trading, as well as interest components of derivatives;
- interest income on debt instruments non-trading financial assets measured at fair value through profit or loss.

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

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

## (8) Net fee and commission income

Fee and commission income (other than those that are integral part of effective interest rate on a financial asset or financial liability) are accounted for in accordance with IFRS 15 Revenue from contracts with customer and are reported in "Net fee and commission income". The Bank derives its revenue from contracts with customers for the transfer of services over time and at a point in time.

In accordance with IFRS 15, income is recognised when the Bank satisfies a performance obligation by transferring a promised service to a customer. It must be probable that the Bank will derive an economic benefit from it and the amount can be reliably determined, regardless of the point in time in which payment is made. Income is measured at the fair value of consideration received or to be claimed, taking into account contractually stipulated payment terms, but without taking into account taxes or other levies.

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

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

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

- *Transaction services*, representing fee income charged to clients for transactions performed (except credit cards) like payment order or standing order.
- *Cards*, representing fee income related to prepaid and credit cards and acquiring business like interchange fees, scheme fees, service fees, etc.
- *Foreign exchange & Dynamic currency conversion*, representing fee income related to foreign exchange transactions like fees from FX spot transactions or Dynamic currency conversions.
- *Trade finance*, representing fee income earned mostly from issuing guarantees and letters of credit.

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

In the Note (29) Net fee and commission income the product view is used as a base for presentation.

### (9) Net result on financial instruments

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

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

Net result on financial instruments at fair value through other comprehensive income includes gains and losses from derecognition and dividends.

Net result on financial assets and liabilities at amortised cost includes all gains and losses from derecognition.

### (10) Other operating income and other operating expenses

Other operating income and other operating expenses reflect all other income and expenses not directly attributable to ordinary activities as expenses for restructuring, gains and losses from sale of non-financial assets or income from operating lease assets. In addition, it encompasses expenses for other taxes and certain regulatory charges (bank levy, the contributions to the deposit guarantee scheme and to the Single Resolution Fund).

### (11) Other result

The other result shows the result from legal cases, the result from operational risks and impairment losses and reversal of impairment losses for non-financial assets. Furthermore, insignificant modification gains and losses are presented in this position.

## (12) Financial instruments

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

### 12.1. Recognition and initial measurement

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

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

### 12.2. Classification

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

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

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

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

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

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

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

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

#### *12.2.1. Business model assessment*

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

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

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

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

The following business models have been identified:

- Consumer and SME business comprises primarily loans to customers that are held for collecting contractual cash flows. In the Focus segment, the loans comprise unsecured lending and credit card facilities. Sales of loans from these portfolios are very rare and relate only to non-performing assets with the objective to keep the volume of non-performing assets below pre-defined limits, in line with the expectations of regulators. In the Non-focus segments, the loans comprise mortgage lending and loans to large corporates and public finance. Given the run-down strategy, these products are not being actively marketed.
- Certain debt securities are held within the "investment portfolio" for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.
- Debt securities portfolio includes also a portfolio of instruments, which were purchased before 2022 under the strategy to both collect contractual cash flows and realise profits from increases in fair value. Such instruments, which were initially classified in the hold to collect and sell business model, are now managed based on the new treasury strategy to predominantly collect contractual cash flows. Despite the change in the strategy, these instruments continue to be measured in accordance with the original business model.
- Part of bond portfolio is classified under the "Other" business model, as these instruments relate to the trading activities of the Bank, especially in connection with customer business.

#### *12.2.2. Contractual cash flow characteristics*

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

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

During 2024 and 2023, there were no financial instruments with critical features which would lead to the classification at FVTPL. Significant volumes of financial instruments with critical features are not expected due to the internal policy for new products which eliminates potentially SPPI non-compliant features.

### *12.2.3. Reclassifications*

In the infrequent case that the entity changes its business model for managing certain financial assets and specific IFRS 9 requirements would be fulfilled, a reclassification of all affected financial assets would be required. Such subsequent changes do not lead to reclassifications or prior period corrections. Sales due to increase in credit risk, sales close to maturity and infrequent sales triggered by a non-recurring event are not considered as contradicting the hold to collect business model.

### 12.3. Measurement

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

*Financial assets at fair value through other comprehensive income*
A financial asset at fair value through other comprehensive income are measured at fair value with any movements being recognised in other comprehensive income and are assessed for impairment under the expected credit loss (ECL) model.

Interest income is presented in the line "Interest income calculated using the effective interest rate method". Expected credit losses are presented in the line "Credit loss expense on financial assets". The changes in fair value during the reporting period for debt instruments are presented in the line "Fair value reserve - debt instruments" in the statement of other comprehensive income. Dividend income and gains and losses from derecognition are presented in the line "Net result on financial instruments".
For equity instruments that are not held for trading, entities can make an irrevocable election at initial recognition to classify the instruments at FVTOCI. This election is available for each separate investment. All subsequent changes in fair value are presented in the line "Fair value reserve - equity instruments" in the statement of other comprehensive income without recycling in the statement of profit or loss. The Bank has designated at FVTOCI investments a small portfolio of equity instruments. This presentation alternative was chosen because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose these investments in the short or medium term.

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

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

Financial liabilities measured at FVTPL consist of financial liabilities held for trading and financial liabilities designated at FVTPL at initial recognition. Changes to the fair value of liabilities designated at FVTPL resulting from changes in own credit risk of the liability are recognised in other comprehensive income, the remaining amount of the change in the fair value has to be presented in profit or loss. The Bank did not make use until now of the option to designate its financial liabilities at FVTPL.

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

### 12.4. Impairment

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

The lifetime ECL is the expected present value of losses based on expectation of borrowers' probability to default on their obligations at some time during the complete maturity of the financial assets with simultaneous consideration of probability of recovery (loss given default).

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;
- debt instruments measured at FVOCI: as the carrying amount of these assets is their fair value, loss allowances are recognised in OCI with opposite entry in the statement of profit or loss. Loss allowances are disclosed in Note (41) Investment securities.

#### *12.4.1. Overview ECL calculation*

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

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

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

The PD (probability of default) parameters reflects the probability of default for a certain period of time. The PDs used for the ECL calculation are derived by models/methodology which were developed by the Bank's or Group's internal model development units. Generally, the models are based on Bank's internal data and segment specifics whenever possible and plausible. For certain parts of the portfolio, where no significant internal data is available, Group wide models are applied to reflect data availability and portfolio characteristics. In certain cases, also external data from rating agencies is applied for the same reason. Methodology wise, an indirect modelling approach is chosen. This means that underlying existing Basel III methodology is used as a starting point and is adapted in a way to be fully IFRS 9 compliant. This includes the removal of any conservatism from the models, the inclusion of forward-looking point-in-time information within the methodology as well as the estimation of lifetime PD term structures.

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

LGD (loss given default) is an estimate of the economic loss under condition of a default. For the LGD parameter in both retail and corporate internally developed statistical models are applied, while LGD for securities portfolio is grounded on regulatory values. Those values are internally aligned while qualitative checks are performed to ensure an adequate level.

Considering the ability of models to correctly capture the forward-looking information and predict the development of PDs, consequently development of ECL, the Bank regularly (quarterly) estimates the need to introduce or revoke post-model adjustments ("overlays") into the ECL calculation with the aim to ensure that the risk is not underestimated while the models are adjusted. The process of estimation and introduction of such post-model adjustment (PMA) is strongly governed.

### *12.4.2. Significant increase in credit risk*

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

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

When credit quality is deemed to deteriorate significantly, assets move into Stage 2. At this point, the full lifetime ECL is applied, resulting in a significant increase in the provisions. The significant increase of credit risk is identified based on the staging criteria which are both qualitative and quantitative in nature:

- 30 days past due: the Bank identifies a staging criterion trigger when contractual payments are more than 30 days past due.
- Forborne exposures are those exposures where the Bank has extended forbearance measures because of the debtor facing financial difficulties. Forbearance events may result in an exposure being classified as performing or non-performing which implies a stage transfer into stage 2 or 3.
- Further qualitative criteria in connection with the watchlist/early warning systems are reflected in the PD via the automatic downgrade of the client (as incorporated within the rating models and processes)
- Significant adverse changes in the lifetime probability of default at the reporting date compared to the initial recognition of the exposure is considered a staging trigger, with significance being assessed as a threefold increase of PD.

Stage 3, considered equal to default or impairment, is recognised based on definition of default according to CRR Article 178, and connected EBA/GL/2016/07 as this is the industry standard, and it allows consistency between entities and risk management processes. Specifically, the default triggers are:

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

Lifetime ECL continues to be applied for loans in this stage of credit deterioration but interest income is calculated based on the lower net amortised cost carrying amount (gross carrying amount adjusted for the loss allowance).

Both, the qualitative and quantitative factors used for the staging determination are undergoing a constant validation and monitoring process to ensure their appropriateness and applicability over time (see note (12.4.4.) "Validation").

### *12.4.3. Forward-looking information*

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

All variables incorporated are at country and portfolio level whenever possible and plausible.

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

To account for the potential effect of climate-related and environmental risk on credit risk, the Bank considers the impact of transitional risks on the macroeconomic indicators. For this purpose the effect of a significant increase of carbon prices, which would be needed to meet "net-zero targets", is simulated. After creating a mapping between the economic and climate change scenarios, climate change effects are applied on top of the economic pessimistic scenario, and as such used as a forward-looking information in the ECL calculation. This approach is a simplified incorporation of the climate change effects into the overall framework, with the key drawback the fact that climate change and economic scenarios are calculated in isolation. This is, however, seen as a necessary trade-off between the complexity of calculations and their analytical clarity.

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

### *12.4.4. Validation*

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

The Bank distinguishes between an initial and an ongoing validation:

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

In addition to the yearly process, as part of an overall risk management, close monthly monitoring is undertaken to ensure that portfolio and model developments are timely identified while already raised findings are timely tackled.

The validation is performed by an independent internal unit of the Group and adopted by the local Management Board.

#### *12.4.5. Write-offs*

When the Bank has no reasonable expectations for recovery of financial asset in its entirety or on a portion, thereof, a write-off event occurs. A write-off constitutes a derecognition event typically triggered by concessions given to borrowers in significant financial difficulties and/or by the Bank’s judgement that it is no longer reasonable to expect any recovery of that amount.

The amount written off can be either a full write-off or a partial write-off.

In addition to the general derecognition criteria (see chapter "Derecognition and contract modification") the following specific criteria fulfilment would lead to the derecognition of financial assets:

- Unsecured financial asset if the debtor is already undergoing bankruptcy proceedings,
- Financial asset can be written off if fully impaired (100% ECL) when all local regulatory requirements are fulfilled,
- Financial assets which have been subject to restructuring three or more times and the Bank assessed the debtor as not able to repay their obligations,
- Financial asset for which the Bank´s right to claim repayment from the debtor in judicial or other proceedings has been terminated by approval of compulsory settlement,
- Other triggers were defined for financial assets that are treated as non-recoverable.

Financial assets that are written off could be subject to enforcement activity in order to comply with the Bank's proceedings for recovery of assets due.

### 12.5. Derecognition and contract modification

A financial asset is derecognised when:

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

Contractual adjustments resulting from negotiations with borrowers can lead to two types of modifications of initial contractual cash flows: (i) significant modifications or (ii) insignificant modifications.

The following main criteria result in significant modifications:

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

*12.5.1. Significant modifications leading to derecognition of financial assets*

If the contractual cash flows of a financial asset are modified or renegotiated substantially, it results in derecognition (due to expiry of contractual rights to the cash flows) of that financial asset. A new financial asset with modified terms is recognised and the difference between the amortised cost of derecognised financial asset and the fair value of the new financial asset is reported in the profit or loss statement. If the borrower is not in default or the significant modification does not lead to default, then the new asset will be classified in Stage 1. If the borrower is in default or the modification leads to the derecognition of the original financial asset and to the origination of a new financial asset at a deep discount that reflects the incurred credit losses, then the new asset will be treated as purchased or originated credit impaired (POCI) at initial recognition. For POCI financial assets no loss allowances are recognised and lifetime ECLs are reflected in the credit adjusted effective interest rate at initial recognition. Subsequently, the amount of change in lifetime ECLs since the initial recognition of POCI financial asset should be recognised as an impairment gain or loss in profit or loss. Even if the lifetime ECLs are less than the amount of ECLs that were included in the estimated cash flows on initial recognition, favorable changes in lifetime ECLs have to be recognised as an impairment gain.

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

*12.5.2. Insignificant modifications not leading to derecognition of financial assets*

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank derecognises 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 recognised at fair value. If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

## (13) Repurchase agreements

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

## (14) Fiduciary transactions

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

### (15) Commitments and contingent liabilities

In the ordinary course of business, the Bank enters into credit-related commitments which are recorded in the off-balance sheet accounts and primarily comprise guarantees, letters of credit and undrawn loan commitments. Such financial commitments are recorded in the Bank's statement of financial position if and when they become payable.

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

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the IFRS 9 ECL model requirements.

### (16) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash balances at central banks that are daily due and deposits that are daily due. These amounts are stated at amortised costs. Debt instruments issued by public authorities eligible for refinancing at central banks are not shown in this item but, depending on their measurement category, are shown as financial assets.

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

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

Property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. Scheduled depreciation is recorded on a straight-line basis over the expected useful life. Factors involved in determining the useful life include the asset's age when purchased, how frequently the asset will be used, technology changes and changes due to climate risks. Land, works of art and assets under construction are not subject to depreciation. The following depreciation rates and expected useful lives are used:

| Depreciation rate | in percent | in years |
|---|---|---|
| for immovable assets (buildings) | 2.5% - 33% | 3 - 40 yrs |
| for movable assets (plant and equipment) | 10 - 50 % | 2 - 10 yrs |

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

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

Scheduled depreciation on property, plant and equipment used by the Bank is reported separately under depreciation and amortisation in the income statement. Scheduled depreciation on investment property is reported separately under "Other operating expenses" in the income statement. Gains and losses on disposal of property, plant and equipment and investment properties are reported under "Other operating income" or "Other operating expenses".

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

### (18) Intangible assets

Purchased software as well as prepayments made on intangible assets are reported under intangible assets. These assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs if applicable and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

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

| Amortisation rate or useful life | in percent | in years |
|---|---|---|
| for software | 14 - 50% | 2 - 7 yrs |

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

## (19) Leases

### 19.1. Leases in which the Bank is a lessee

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

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

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

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

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

### 19.2. Presentation in the financial statements

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

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

### (20) Tax assets and tax liabilities

Current and deferred income tax assets and liabilities are jointly reported in the statement of financial position under "Tax assets" and "Tax liabilities". Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax expense is based on taxable income for the year. Taxable income differs from net income as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for 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 that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited in the statement of profit or loss and statement of the comprehensive income respectively.

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amount reported in the annual financial statements could be changed at a later date upon final determination by the tax authorities.

### (21) Other assets

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

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

### (22) Borrowings and subordinated debt

Interest-bearing borrowings and subordinated debt are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings and subordinated debt are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings and subordinated debt on an effective interest basis.

## (23) Provisions

### 23.1. Provisions for risks arising from the lending business

Provisions for risks arising from the lending business are set up for risks arising in particular from impending draw-downs on framework agreements or as a provision against liability assumed for customer transactions (particularly issued financial guarantees and granted loan commitments). This item includes provisions for expected credit losses from loan commitments, financial guarantees and other commitments given. Provisions are made both for individual cases and at portfolio level and measured in accordance with IFRS 9.

Changes in provisions for risks arising from the lending business affecting profit or loss are reported in the income statement under the item "Expected credit loss expenses on financial assets".

### 23.2. Provisions for legal disputes and other provisions

Provisions for legal disputes and other provisions are recorded if there is a present liability related to a past event towards a third party, if the assertion of the relevant claim is probable and if the amount of the claim can be determined reliably. The measurement of provisions for contingent liabilities and impending losses is based on reliable (best) estimates according to IAS 37.36 et seq. Provisions for legal cases include disputes with business partners, customers and external institutions, and are created based on an evaluation of the probability of a court case being lost by the Bank. In certain cases, the legal risk-related loss is calculated using statistical methods with the expected value being the sum of the products of the probabilities of specific litigation resolutions and the loss calculated for each scenario, taking into account alternative prediction methods with respect to the number of disputes within the relevant time horizon.

### 23.3. Provisions for restructuring

Provisions for restructuring are only recorded if the general criteria for recording provisions in accordance with IAS 37.72 are fulfilled. This requires the existence of a constructive obligation for the company, which is fulfilled by the existence of a formal, detailed restructuring plan and the announcement of the measures set out in this plan to those affected. For disclosure of restructuring expenses, see Note (31) Other operating income and other operating expenses.

## (24) Other liabilities

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

## (25) Cash settled share-based payments

Liabilities for the Bank's cash-settled share-based payments are recognised as "Personnel expenses" over the relevant service period. The liabilities are remeasured to fair value at each reporting date until the settlement and are presented as "Other liabilities" in the statement of financial position. The ultimate cost of a cash-settled award is the cash paid to the beneficiary, which is the fair value at the settlement date. Changes in the measurement of the liability are reflected in the statement of profit or loss.

## (26) Equity

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

- **Share (registered) capital** represents the amounts paid in by shareholders in accordance with the articles of association.
- In June 2021, the Bank has issued an **AT1 instrument** (bond) in the amount of EUR 40 million which, according to the decision of the CNB, fulfils the conditions for allocation into Additional Tier 1 capital. The key features of the instrument are similar to non-cumulative preference shares that pay discretionary dividends with an obligation to pay a fixed amount only at liquidation. The bond was issued with following main features: no stated maturity date; an option for the issuer to redeem the instrument after 5 years, provided that specific conditions are fulfilled; discretionary coupons or dividends based on an interest rate of 12m Euribor + 9.25% of the principal amount that can be cancelled by the issuer on a non-cumulative basis. The Bank has classified the instrument as equity instrument in accordance with the IAS 32 and recognized it as a non-monetary item at the date of initial recognition.
- The **legal reserve** is created in accordance with the Croatian Companies Act, which requires 5% of the net profit for the year to be transferred to this reserve, until it reaches 5% of issued share capital. Legal reserve can be used for covering prior period losses if the losses are not covered by current year profits or if other reserves are not available. The legal reserve is not distributable to the shareholders.
- **Other reserves** are created in accordance with the General Assembly decision and can be used for purposes defined by the law or the General Assembly decision. In addition, direct capital contributions are presented in this position.
- The **fair value reserves** of debt instruments and of equity instruments include the measurement results – after taking deferred taxes into account – for the financial assets measured at fair value through other comprehensive income.
- The **accumulated profit** includes profit for the year, realized fair value reserve that is not reclassified to profit and loss from the instruments measured at FVOCI and other profit or loss items recognised directly in equity.
- Dividend payables are not accounted for until they have been approved by the General Assembly. The Bank will propose allocation into dividends the net profit realized in 2024, less the allocation of EUR 5.1 million (2023: EUR 5.0 million) connected to distributable amount on the basis of Additional Tier 1 (AT1) instrument.

## (27) Earnings per share

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

# Notes to the profit or loss statement

## (28) Net interest income

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Interest income calculated using the effective interest method** | **89.3** | **78.2** |
| Financial assets at amortised cost | 86.4 | 74.4 |
| Financial assets at fair value through other comprehensive income | 2.9 | 3.8 |
| **Other interest income** | **0.3** | **0.4** |
| Financial assets held for trading | 0.3 | 0.4 |
| **Total interest income** | **89.6** | **78.6** |
| Financial liabilities measured at amortised cost | -12.7 | -5.9 |
| o/w households | -5.7 | -0.7 |
| o/w lease liabilities | -0.1 | -0.1 |
| Financial liabilities held for trading | -0.2 | -0.3 |
| Negative interest from financial assets | 0.0 | -0.1 |
| **Total interest expense** | **-12.9** | **-6.3** |
| **Net interest income** | **76.7** | **72.3** |

Interest income break down by instrument and sector as follows:

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Derivatives - Trading** | **0.2** | **0.3** |
| **Debt securities** | **12.7** | **9.2** |
| Governments | 11.9 | 9.0 |
| Credit institutions | 0.7 | 0.2 |
| Other financial corporations | 0.1 | 0.0 |
| **Loans and advances** | **76.7** | **69.2** |
| Households | 42.2 | 38.3 |
| Non-financial corporations | 20.4 | 16.8 |
| Central banks | 12.0 | 12.6 |
| Governments | 0.8 | 1.1 |
| Credit institutions | 0.8 | 0.1 |
| Other financial corporations | 0.4 | 0.4 |
| **Total** | **89.6** | **78.6** |

Interest income from debt securities:

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Interest income from debt securities HFT | 0.1 | 0.2 |
| Interest income from debt securities FVOCI | 2.9 | 3.8 |
| Interest income from debt securities AC | 9.7 | 5.2 |
| **Total** | **12.7** | **9.2** |

Interest expenses break down by instrument and sector as follows:

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Derivatives - Trading** | **-0.2** | **-0.3** |
| **Deposits** | **-10.2** | **-3.3** |
| Households | -5.7 | -0.7 |
| Non-financial corporations | -0.6 | -0.4 |
| Governments | -0.1 | 0.0 |
| Other financial corporations | -3.2 | -1.9 |
| Credit institutions | -0.5 | -0.3 |
| **Subordinated debt** | **-2.1** | **-2.1** |
| Credit institutions | -2.1 | -2.1 |
| **Other liabilities** | **-0.1** | **-0.2** |
| **Negative interest from financial assets** | **0.0** | **-0.1** |
| Other financial corporations | 0.0 | -0.1 |
| **Borrowings** | **-0.3** | **-0.3** |
| Governments | -0.2 | -0.3 |
| **Total** | **-12.9** | **-6.3** |

## (29) Net fee and commission income

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Transactions | 10.7 | 9.7 |
| Accounts and Packages | 10.2 | 9.4 |
| Cards | 5.0 | 4.4 |
| Foreign exchange & Dynamic currency conversion | 1.5 | 0.3 |
| Securities | 0.2 | 0.2 |
| Bancassurance | 1.9 | 1.6 |
| Loans | 0.4 | 0.4 |
| Trade finance | 0.8 | 0.8 |
| Other | 0.2 | 0.2 |
| **Fee and commission income** | **30.9** | **27.1** |
| Cards | -3.0 | -3.0 |
| Transactions | -1.9 | -1.7 |
| Client incentives | 0.0 | -0.1 |
| Securities | -0.1 | -0.1 |
| Accounts and Packages | -0.2 | -0.2 |
| Loans | -0.4 | -0.4 |
| Bancassurance | -0.3 | -0.3 |
| Other | -0.4 | -0.4 |
| **Fee and commission expenses** | **-6.3** | **-6.1** |
| **Net fee and commission income** | **24.6** | **21.0** |

## (30) Net result on financial instruments

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Held for trading financial instruments | 0.3 | 1.9 |
| Foreign exchange | -0.2 | -0.5 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 0.3 | 0.4 |
| **Total** | **0.4** | **1.8** |

### 30.1. Gains or losses on financial instruments held for trading, net - by instrument

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Derivatives | 0.6 | 0.7 |
| Debt securities | 0.3 | 0.0 |
| Other financial liabilities | -0.6 | 1.1 |
| **Total** | **0.3** | **1.9** |

### 30.2. Gains or losses on financial assets and liabilities held for trading, net - by risk

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Foreign exchange trading and derivatives related to foreign exchange and gold | 0.0 | 1.9 |
| Other | 0.3 | 0.0 |
| **Total** | **0.3** | **1.9** |

## (31) Other operating income and other operating expenses

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Other operating income** | **3.3** | **4.3** |
| Gain from sale of non-financial assets | 0.5 | 0.0 |
| Income from operating lease assets | 0.1 | 0.1 |
| Income from services provided to the Addiko Group members | 2.6 | 3.7 |
| Other income | 0.1 | 0.5 |
| **Other operating expenses** | **-2.3** | **-4.6** |
| Restructuring expenses | -0.6 | -1.2 |
| Deposit guarantee | 0.0 | -1.5 |
| Banking levies and other taxes (including recovery and resolution fund)[1)] | -1.3 | -1.4 |
| Other expenses | -0.4 | -0.4 |
| **Total** | **1.0** | **-0.3** |

[1)] Starting with the year 2024 the expenses from the recovery and resolution fund (2024: EUR 0.0 million, 2023: EUR -0.1 million) are presented as part of the banking levies and other taxes due to low materiality.

## (32) Personnel expenses

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Wages and salaries | -15.0 | -15.4 |
| Social security contribution | -2.9 | -2.9 |
| Expenses for pensions | -3.6 | -3.7 |
| Variable remuneration | -3.3 | -3.7 |
| *Bonuses and sales incentives* | *-3.2* | *-3.5* |
| *Cash-settled share-based payments* | *-0.1* | *-0.2* |
| Voluntary social expenses | -1.4 | -1.1 |
| Other personnel expenses | -0.1 | -0.1 |
| Income from release of other employee provisions | 1.0 | 1.1 |
| **Total** | **-25.3** | **-25.8** |

As at 31 December 2024 and 2023, the Bank had 723 and 802 employees, respectively.

## (33) Other administrative expenses

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| IT expenses | -7.3 | -7.7 |
| Premises expenses (rent and other building expenses) | -4.4 | -5.0 |
| Advertising costs | -1.9 | -2.3 |
| Legal and advisory costs | -0.6 | -0.6 |
| Remaining other administrative expenses | -2.2 | -2.6 |
| **Total** | **-16.4** | **-18.1** |

The external auditor has during the year provided audit and other non-audit services to the Bank. The fee for the audit and non-audit service provided during 2024 amounted to EUR 0.2 million (2023: EUR 0.2 million) and refer to the following: audit of the Bank's financial statements, audit of the Group reporting package, audit and other services provided for the purpose of mandatory reporting to Croatian National Bank and Croatian Financial Services Supervisory Agency. In addition to previously stated, during 2024 external auditor has provided the services upon the Report on relations with related parties and services of preparing a transfer pricing study. Services provided during the year represent allowable non-audit services in accordance with the EU Regulation.

## (34) Depreciation and amortisation

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Property, plant and equipment | -3.6 | -3.6 |
| *o/w right of use assets* | *-2.0* | *-1.8* |
| Intangible assets | -2.7 | -3.2 |
| **Total** | **-6.3** | **-6.8** |

## (35) Other result

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Net result from legal cases** | **-8.6** | **-30.8** |
| Release of provisions for legal cases and income from legal cases | 1.1 | 0.4 |
| Allocation of provisions for passive legal cases and legal costs | -9.7 | -31.2 |
| **Net result from operational risks** | **0.1** | **-0.6** |
| Release of provisions from operational risk and income from operational risk cases | 0.1 | 0.0 |
| Allocation of provisions from operational risk and operational risk expenses | 0.0 | -0.6 |
| **Impairment / reversal of impairment on non-financial assets** | **0.0** | **0.0** |
| Reversal of impairment | 0.2 | 0.2 |
| Impairment | -0.2 | -0.1 |
| **Total** | **-8.6** | **-31.4** |

The net result from legal provision and legal income/expense of EUR -8.6 million (2023: EUR -30.8 million) was mainly impacted by portfolio-based provisions for legal matters on Swiss Franc denominated loans. No further disclosures according to IAS 37.92 are made in order to protect the Bank's position in these legal disputes.

For further details concerning legal risk, please refer to Notes (63) Legal risk.

## (36) Expected credit loss expenses on financial assets

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| **Change in ECL on financial instruments at FVTOCI** | **0.1** | **-0.1** |
| **Change in ECL on financial instruments at amortised cost** | **-1.5** | **-1.7** |
| Net allocation to risk provision | -3.4 | -2.2 |
| Proceeds from loans and receivables previously impaired | 2.2 | 0.7 |
| Directly recognised impairment losses and other credit risk expenses | -0.3 | -0.3 |
| **Net allocation of provisions for commitments and guarantees given** | **0.7** | **-0.5** |
| **Total** | **-0.7** | **-2.3** |

## (37) Taxes on income

in EUR million

| | 01.01. - 31.12.2024 | 01.01. - 31.12.2023 |
|---|---|---|
| Current tax | -5.6 | -4.5 |
| Deferred tax | -1.7 | 3.2 |
| **Total** | **-7.3** | **-1.4** |

### 37.1. Reconciliation of effective tax rate

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

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Result before tax** | **45.5** | **10.5** |
| Theoretical income tax expense based on Republic of Croatia corporate tax rate of 18% (2023: 18%) | -8.2 | -1.9 |
| Tax effect of: | | |
| Tax-exempt income | 0.0 | 0.1 |
| Instruments of AT1 capital | 0.9 | 0.6 |
| Non-deductible expenses | -0.1 | -0.2 |
| **Actual income tax** | **-7.3** | **-1.4** |
| Effective tax rate | 16.0% | 13.0% |

### 37.2. Movements in deferred tax balances

In the financial year, deferred tax assets and liabilities were netted as far as the requirements according to IAS 12 were fulfilled.

Deferred taxes (tax assets or tax liabilities) have been recorded for the differences between carrying amounts for tax purposes and IFRS values as presented in the following table:

in EUR million

| | | | | Balance at 31 December | | |
|---|---|---|---|---|---|---|
| 2024 | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax assets | Deferred tax liabilities |
| Financial assets at fair value through other comprehensive income | 5.3 | 0.0 | -2.3 | 3.0 | 3.0 | 0.0 |
| Financial assets at amortised cost | 0.4 | 0.0 | 0.0 | 0.4 | 0.4 | 0.0 |
| Tangible assets | 1.3 | 0.0 | 0.0 | 1.2 | 1.2 | 0.0 |
| Intangible assets | 0.2 | 0.0 | 0.0 | 0.2 | 0.2 | 0.0 |
| Financial liabilities held for trading | 0.5 | 0.2 | 0.0 | 0.7 | 0.7 | 0.0 |
| Provisions | 9.5 | -1.9 | 0.0 | 7.6 | 7.6 | 0.0 |
| **Deferred tax assets (liabilities) before set-off** | **17.2** | **-1.7** | **-2.3** | **13.1** | **13.1** | **0.0** |
| Deferred tax set-off | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Deferred tax assets (liabilities)** | **17.2** | **-1.7** | **-2.3** | **13.1** | **13.1** | **0.0** |

in EUR million

| 2023 | Net balance at 1 January | Recognised in profit or loss | Recognised in OCI | Balance at 31 December Net | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | 9.5 | 0.0 | -4.2 | 5.3 | 5.3 | 0.0 |
| Financial assets at amortised cost | 0.5 | 0.0 | 0.0 | 0.4 | 0.4 | 0.0 |
| Tangible assets | 1.3 | -0.1 | 0.0 | 1.3 | 1.3 | 0.0 |
| Intangible assets | 0.2 | 0.0 | 0.0 | 0.2 | 0.2 | 0.0 |
| Financial liabilities held for trading | 0.1 | 0.4 | 0.0 | 0.5 | 0.5 | 0.0 |
| Provisions | 6.6 | 2.9 | 0.0 | 9.5 | 9.5 | 0.0 |
| **Deferred tax assets (liabilities) before set-off** | **18.2** | **3.2** | **-4.2** | **17.2** | **17.2** | **0.0** |
| Deferred tax set-off | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Deferred tax assets (liabilities)** | **18.2** | **3.2** | **-4.2** | **17.2** | **17.2** | **0.0** |

The total change in deferred taxes in the financial statements is EUR -4.0 million (2023: EUR -1.1 million). Of this, EUR -1.7 million (2023: EUR 3.2 million) is reflected in the current income statement as deferred tax expense, and an amount of EUR -2.3 million (2023: EUR -4.2 million) is shown in other comprehensive income in equity.

The Bank did not separately present deferred tax assets and deferred tax liabilities on the stock of right of use assets and lease liabilities, taking into account that the separate presentation is not considered material for the Bank's financial statements. Gross deferred tax assets on lease liabilities would amount to EUR 0.7 million (2023: EUR 0.9 million) and gross deferred tax liabilities on right of use assets would amount to EUR 0.9 million (2023: EUR 0.9 million) as at 31 December 2024.

## Notes to the statement of financial position

### (38) Cash and cash equivalents

in EUR million

| 31.12.2024 | Gross carrying amount | ECL allowance | Carrying amount (net) |
|---|---|---|---|
| Cash on hand | 56.1 | 0.0 | 56.1 |
| Cash balances at central banks | 365.2 | 0.0 | 365.2 |
| Other demand deposits | 8.0 | 0.0 | 8.0 |
| **Total** | **429.3** | **0.0** | **429.3** |

in EUR million

| 31.12.2023 | Gross carrying amount | ECL allowance | Carrying amount (net) |
|---|---|---|---|
| Cash on hand | 48.4 | 0.0 | 48.4 |
| Cash balances at central banks | 363.4 | 0.0 | 363.4 |
| Other demand deposits | 12.2 | 0.0 | 12.2 |
| **Total** | **424.0** | **0.0** | **423.9** |

The total amount of cash balances at central banks and other demand deposits is considered as low risk business and is classified within stage 1 (12-month ECL).

Cash balances at central bank include minimum reserve which has to be maintained through average daily standings on the CNB accounts during the minimum reserve period. The average amount to be maintained in reserve period which included 31 December 2024 was EUR 17.4 million (2023: EUR 16.5 million). The interest rate paid on minimum reserve is equal to 0% (2023: 0%).

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

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2024** | **375.5** |
| New financial assets originated or purchased | 2.4 |
| Financial assets that have been derecognised | -0.7 |
| Changes in the gross carrying amount of existing financial assets | -4.0 |
| **Gross carrying amount at 31.12.2024** | **373.2** |

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2023** | **481.5** |
| New financial assets originated or purchased | 471.4 |
| Financial assets that have been derecognised | -472.7 |
| Changes in the gross carrying amount of existing financial assets | -104.6 |
| **Gross carrying amount at 31.12.2023** | **375.5** |

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

As the ECL allowance amounts to less than EUR 0.1 million, no breakdown into stages is provided.

## (39) Financial assets held for trading

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Derivatives** | **3.7** | **2.7** |
| **Debt securities** | **7.1** | **8.6** |
| Governments | 7.1 | 8.6 |
| **Total** | **10.8** | **11.3** |

## (40) Loans and advances

The Bank measures all loans and advances at amortised cost.

### 40.1. Loans and advances to credit institutions

in EUR million

| 31.12.2024 | Gross carrying amount | ECL allowance | Carrying amount (net) |
|---|---|---|---|
| Loans and advances | 5.7 | 0.0 | 5.7 |
| Credit institutions | 5.7 | 0.0 | 5.7 |
| **Total** | **5.7** | **0.0** | **5.7** |

in EUR million

| 31.12.2023 | Gross carrying amount | ECL allowance | Carrying amount (net) |
|---|---|---|---|
| Loans and advances | 0.8 | 0.0 | 0.8 |
| Credit institutions | 0.8 | 0.0 | 0.8 |
| **Total** | **0.8** | **0.0** | **0.8** |

#### *40.1.1. Loans and advances to credit institutions - development of gross carrying amount*

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2024** | **0.8** |
| New financial assets originated or purchased | 148.3 |
| Financial assets that have been derecognised | -143.4 |
| **Gross carrying amount at 31.12.2024** | **5.7** |

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2023** | **53.1** |
| New financial assets originated or purchased | 25.9 |
| Financial assets that have been derecognised | -78.1 |
| Changes in the gross carrying amount of existing financial assets | -0.1 |
| **Gross carrying amount at 31.12.2023** | **0.8** |

#### *40.1.2. Loans and advances to credit institutions - development of ECL allowance*

As the ECL allowance amounts to less than EUR 0.1 million, no breakdown into stages is provided.

The tables above are prepared using a gross base approach, which includes both the line item "New financial assets originated or purchased" and the line item "Financial assets that have been derecognised." This also encompasses the gross carrying amount of loans and advances to credit institutions that have been disbursed and matured during the reporting period. While this presentation is formally accurate, it may result in the inclusion of material amounts from short-term transactions with credit institutions. Such presentation may offer limited insight into how significant changes in the gross carrying amount over the reporting period have affected the loss allowance.

### 40.2. Loans and advances to customers

in EUR million

| | Gross carrying | ECL allowance | | | | Carrying amount |
|---|---|---|---|---|---|---|
| 31.12.2024 | amount | Stage 1 | Stage 2 | Stage 3 | POCI | (net) |
| Households | 794.6 | -2.8 | -3.9 | -13.8 | -0.2 | 773.8 |
| Non-financial corporations | 416.3 | -1.1 | -3.5 | -19.1 | 0.0 | 392.5 |
| Other financial corporations | 12.0 | 0.0 | 0.0 | 0.0 | 0.0 | 12.0 |
| Governments | 6.6 | 0.0 | 0.0 | 0.0 | 0.0 | 6.6 |
| **Total** | **1,229.6** | **-4.0** | **-7.4** | **-33.0** | **-0.2** | **1,184.9** |

in EUR million

| | Gross carrying | ECL allowance | | | | Carrying amount |
|---|---|---|---|---|---|---|
| 31.12.2023 | amount | Stage 1 | Stage 2 | Stage 3 | POCI | (net) |
| Households | 761.8 | -1.8 | -5.1 | -17.6 | -1.1 | 736.3 |
| Non-financial corporations | 405.0 | -1.9 | -4.1 | -19.1 | 0.0 | 380.0 |
| Other financial corporations | 11.7 | 0.0 | 0.0 | 0.0 | 0.0 | 11.7 |
| Governments | 25.4 | -0.1 | 0.0 | 0.0 | 0.0 | 25.3 |
| **Total** | **1,203.9** | **-3.8** | **-9.1** | **-36.6** | **-1.1** | **1,153.3** |

### *40.2.1. Loans and advances to customers - development of gross carrying amount*

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Gross carrying amount at 01.01.2024** | **1,009.0** | **148.9** | **42.8** | **3.3** | **1,203.9** |
| New financial assets originated or purchased | 545.2 | 0.0 | 0.0 | 0.0 | 545.2 |
| Financial assets that have been derecognised | -188.7 | -22.3 | -5.4 | -0.5 | -216.8 |
| Changes in the gross carrying amount of existing financial assets | -246.3 | -42.7 | -0.8 | 0.2 | -289.6 |
| Transfer between stages | -34.3 | 21.7 | 12.6 | 0.0 | 0.0 |
| Write-offs/utilisation | 0.0 | 0.0 | -12.0 | -1.0 | -13.1 |
| Foreign exchange and other movements | -0.4 | 0.0 | 0.1 | 0.3 | 0.0 |
| **Gross carrying amount at 31.12.2024** | **1,084.4** | **105.5** | **37.4** | **2.2** | **1,229.6** |

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Gross carrying amount at 01.01.2023** | **966.7** | **94.4** | **58.4** | **3.6** | **1,123.1** |
| New financial assets originated or purchased | 672.8 | 16.1 | 0.0 | 0.2 | 689.1 |
| Financial assets that have been derecognised | -292.1 | -30.0 | -31.9 | -0.4 | -354.5 |
| Changes in the gross carrying amount of existing financial assets | -231.7 | -30.4 | 23.2 | -0.1 | -239.1 |
| Transfer between stages | -107.6 | 98.7 | 8.9 | 0.0 | 0.0 |
| Write-offs/utilisation | 0.0 | 0.0 | -15.9 | 0.0 | -15.9 |
| Foreign exchange and other movements | 0.9 | 0.1 | 0.3 | 0.0 | 1.2 |
| **Gross carrying amount at 31.12.2023** | **1,009.0** | **148.9** | **42.8** | **3.3** | **1,203.9** |

In 2024 Bank introduced lifetime probability of default (PD) in assessing whether there is increase in credit risk of the financial instrument since initial recognition, while so far 12 months probability of default has been used as an adequate proxy. Above mentioned parameter change resulted in EUR 50.8 million of gross exposure to transfer from Stage 2 to Stage 1 and reduction of ECL allowance for EUR -1.0 million, mainly related to loans and advances to customers in focus segments.

### *40.2.2. Loans and advances to customers - development of ECL allowance*

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **ECL allowance as at 01.01.2024** | **-3.8** | **-9.1** | **-36.6** | **-1.1** | **-50.7** |
| Increases due to origination and acquisition | -2.5 | 0.0 | 0.0 | 0.0 | -2.5 |
| Decreases due to derecognition | 0.4 | 1.3 | 3.8 | 0.5 | 6.0 |
| New remeasurement of loss allowance | 2.2 | -1.5 | -7.6 | 0.0 | -6.9 |
| Transfer between stages | -0.3 | 1.9 | -1.6 | 0.0 | 0.0 |
| Write-offs/utilisation | 0.0 | 0.0 | 11.8 | 1.0 | 12.8 |
| Foreign exchange and other movements | 0.0 | 0.0 | -2.7 | -0.7 | -3.3 |
| **ECL allowance as at 31.12.2024** | **-4.0** | **-7.4** | **-33.0** | **-0.2** | **-44.6** |

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **ECL allowance as at 01.01.2023** | **-3.2** | **-8.0** | **-48.4** | **-1.2** | **-60.8** |
| Increases due to origination and acquisition | -2.3 | -1.2 | 0.0 | 0.0 | -3.5 |
| Decreases due to derecognition | 0.3 | 1.1 | 4.7 | 0.1 | 6.2 |
| New remeasurement of loss allowance | 1.0 | -2.1 | -3.9 | 0.1 | -4.9 |
| Transfer between stages | 0.4 | 1.0 | -1.4 | 0.0 | 0.0 |
| Write-offs/utilisation | 0.0 | 0.0 | 15.7 | 0.0 | 15.7 |
| Foreign exchange and other movements | 0.0 | 0.0 | -3.4 | 0.0 | -3.4 |
| **ECL allowance as at 31.12.2023** | **-3.8** | **-9.1** | **-36.6** | **-1.1** | **-50.7** |

### 40.3. Loans and advances subject to contractual modifications that did not result in derecognition

The table below shows debt financial instruments measured at amortised costs, assigned to stage 2 or stage 3, that were subject to contractual modification that did not result in derecognition during the reporting period.

in EUR million

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Amortised costs before the modification | Modification gains or losses | Amortised costs before the modification | Modification gains or losses |
| Non-financial corporations | 0.8 | 0.0 | 1.0 | 0.0 |
| Households | 2.2 | 0.0 | 0.9 | 0.0 |
| **Total** | **3.0** | **0.0** | **2.0** | **0.0** |

The total gross carrying amount of debt financial assets measured at amortised costs, which were impacted by contractual modifications that did not result in derecognition at a time when they were assigned to stage 2 or stage 3 and reassigned to stage 1 during the year 2024 amounted to EUR 0.3 million as at 31 December 2024 (2023: EUR 0.4 million).

## (41) Investment securities

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Fair value through other comprehensive income (FVTOCI) | 306.4 | 343.5 |
| Mandatorily at fair value through profit or loss (FVTPL) | 1.1 | 1.8 |
| At amortised cost | 359.7 | 217.6 |
| **Total** | **667.2** | **562.9** |

### 41.1. Fair value through other comprehensive income (FVTOCI)

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Debt securities** | **298.3** | **338.0** |
| Governments | 274.8 | 315.7 |
| Credit institutions | 18.3 | 17.4 |
| Other financial corporations | 5.1 | 5.0 |
| **Equity instruments** | **8.1** | **5.5** |
| Non-financial corporations | 0.2 | 0.2 |
| Other financial corporations | 7.9 | 5.3 |
| **Total** | **306.4** | **343.5** |

Fair value through other comprehensive income (FVTOCI) – Debt securities:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Gross carrying amount | 320.5 | 371.3 |
| ECL allowance | 0.0 | -0.1 |
| **Amortised cost** | **320.4** | **371.2** |
| Accumulated OCI changes | -22.2 | -33.3 |
| **Fair value** | **298.3** | **337.9** |

#### *41.1.1. Investment securities at FVTOCI - development of gross carrying amount (debt securities)*

in EUR million

| | Stage 1 | Stage 2 | Total |
|---|---|---|---|
| **Gross carrying amount at 01.01.2024** | **368.3** | **3.0** | **371.3** |
| Financial assets that have been derecognised | -48.7 | 0.0 | -48.7 |
| Changes in the gross carrying amount of existing financial assets | -3.9 | 0.0 | -3.9 |
| Transfer between stages | 3.0 | -3.0 | 0.0 |
| Foreign exchange and other movements | 1.8 | 0.0 | 1.8 |
| **Gross carrying amount at 31.12.2024** | **320.5** | **0.0** | **320.5** |

in EUR million

| | Stage 1 | Stage 2 | Total |
|---|---|---|---|
| **Gross carrying amount at 01.01.2023** | **523.0** | **0.0** | **523.0** |
| New financial assets originated or purchased | 6.5 | 0.0 | 6.5 |
| Financial assets that have been derecognised | -150.5 | 0.0 | -150.5 |
| Changes in the gross carrying amount of existing financial assets | -7.7 | 0.0 | -7.7 |
| Transfer between stages | -3.0 | 3.0 | 0.0 |
| Foreign exchange and other movements | 0.1 | 0.0 | 0.1 |
| **Gross carrying amount at 31.12.2023** | **368.3** | **3.0** | **371.3** |

### *41.1.2. Investment securities at FVTOCI - development of ECL allowance (debt securities)*

in EUR million

| | Stage 1 |
|---|---|
| **ECL allowance as at 01.01.2024** | **-0.1** |
| New remeasurement of loss allowance | 0.1 |
| **ECL allowance as at 31.12.2024** | **0.0** |

in EUR million

| | Stage 1 |
|---|---|
| **ECL allowance as at 01.01.2023** | **0.0** |
| New remeasurement of loss allowance | 0.0 |
| **ECL allowance as at 31.12.2023** | **-0.1** |

### *41.1.3. Equity investment securities designated to be measured at FVTOCI*

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

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| VISA Inc | 7.7 | 5.1 |
| Other equity instruments | 0.4 | 0.4 |
| **Total** | **8.1** | **5.5** |

### 41.2. Mandatorily at fair value through profit or loss (FVTPL)

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Debt securities** | **1.1** | **1.8** |
| Other financial corporations | 1.1 | 1.8 |
| **Total** | **1.1** | **1.8** |

### 41.3. At amortised cost

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Debt securities** | **359.7** | **217.6** |
| Governments | 342.3 | 217.6 |
| Credit institutions | 17.4 | 0.0 |
| **Total** | **359.7** | **217.6** |

#### *41.3.1. Investment securities at amortised cost - development of gross carrying amount*

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2024** | **217.6** |
| New financial assets originated or purchased | 137.8 |
| Changes in the gross carrying amount of existing financial assets | 3.5 |
| Foreign exchange and other movements | 0.7 |
| **Gross carrying amount at 31.12.2024** | **359.7** |

in EUR million

| | Stage 1 |
|---|---|
| **Gross carrying amount at 01.01.2023** | **95.9** |
| New financial assets originated or purchased | 167.0 |
| Financial assets that have been derecognised | -46.6 |
| Changes in the gross carrying amount of existing financial assets | 1.3 |
| **Gross carrying amount at 31.12.2023** | **217.6** |

#### *41.3.2. Investment securities at amortised cost - development of ECL allowance*

As the ECL allowance amounts to less than EUR 0.1 million, no breakdown into stages is provided.

## (42) Tangible assets

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Owned property, plant and equipment** | **12.5** | **13.6** |
| Land and buildings | 9.7 | 10.5 |
| Plant and equipment | 2.7 | 3.1 |
| Plant and equipment under construction | 0.2 | 0.0 |
| **Right of use assets** | **5.3** | **5.1** |
| Land and buildings | 3.5 | 4.3 |
| Plant and equipment | 1.8 | 0.8 |
| **Investment property** | **1.3** | **1.5** |
| **Total** | **19.1** | **20.2** |

## (43) Intangible assets

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Purchased software | 4.5 | 5.7 |
| Internally generated software | 2.0 | 1.8 |
| Intangible assets under development | 2.3 | 1.1 |
| **Total** | **8.9** | **8.7** |

## (44) Development of tangible and intangible assets

### 44.1. Development of cost and carrying amounts

The development of cost and carrying amounts of owned property, plant and equipment is presented in the table below:

in EUR million

| | Land and buildings | Plant and equipment | Plant and equipment under construction | Investment property | Total |
|---|---|---|---|---|---|
| **Acquisition cost 01.01.2024** | **30.7** | **18.7** | **0.0** | **3.6** | **53.1** |
| Additions | 0.0 | 0.4 | 0.2 | 0.0 | 0.6 |
| Disposals | 0.0 | -2.6 | 0.0 | -0.5 | -3.1 |
| **Acquisition cost 31.12.2024** | **30.7** | **16.6** | **0.2** | **3.1** | **50.6** |
| Cumulative depreciation 31.12.2024 | -21.0 | -13.9 | 0.0 | -1.8 | -36.7 |
| **Carrying amount 31.12.2024** | **9.7** | **2.7** | **0.2** | **1.3** | **13.8** |

in EUR million

| | Land and buildings | Plant and equipment | Plant and equipment under construction | Investment property | Total |
|---|---|---|---|---|---|
| **Acquisition cost 01.01.2023** | **31.3** | **18.6** | **0.5** | **3.0** | **53.4** |
| Additions | 0.1 | 0.8 | 0.0 | 0.0 | 0.8 |
| Disposals | -0.5 | -0.9 | 0.0 | 0.0 | -1.4 |
| Other changes | -0.1 | 0.2 | -0.5 | 0.7 | 0.3 |
| **Acquisition cost 31.12.2023** | **30.7** | **18.7** | **0.0** | **3.6** | **53.1** |
| Cumulative depreciation 31.12.2023 | -20.2 | -15.7 | 0.0 | -2.1 | -38.0 |
| **Carrying amount 31.12.2023** | **10.5** | **3.1** | **0.0** | **1.5** | **15.1** |

The development of cost and carrying amounts of right of use assets is presented in the table below:

in EUR million

| | Land and buildings | Plant and equipment | Total |
|---|---|---|---|
| **Acquisition cost 01.01.2024** | **11.1** | **3.3** | **14.4** |
| Additions | 0.1 | 1.6 | 1.8 |
| Disposals | -0.2 | 0.0 | -0.3 |
| Other changes | 0.4 | 0.0 | 0.4 |
| **Acquisition cost 31.12.2024** | **11.5** | **4.8** | **16.3** |
| Cumulative depreciation 31.12.2024 | -8.0 | -3.0 | -11.0 |
| **Carrying amount 31.12.2024** | **3.5** | **1.8** | **5.3** |

in EUR million

| | Land and buildings | Plant and equipment | Total |
|---|---|---|---|
| **Acquisition cost 01.01.2023** | **10.8** | **2.9** | **13.7** |
| Additions | 0.1 | 0.5 | 0.6 |
| Disposals | -0.6 | -0.6 | -1.1 |
| Other changes | 0.8 | 0.4 | 1.2 |
| **Acquisition cost 31.12.2023** | **11.1** | **3.3** | **14.4** |
| Cumulative depreciation 31.12.2023 | -6.8 | -2.5 | -9.3 |
| **Carrying amount 31.12.2023** | **4.3** | **0.8** | **5.1** |

The development of cost and carrying amounts on intangible assets is presented in the table below:

in EUR million

| | Purchased software | Developed software | Under development | Total |
|---|---|---|---|---|
| **Acquisition cost 01.01.2024** | **26.1** | **4.5** | **1.1** | **31.8** |
| Additions | 0.1 | 0.0 | 1.6 | 1.7 |
| Internal development | 0.0 | 0.0 | 1.1 | 1.1 |
| Disposals | -0.1 | 0.0 | 0.0 | -0.1 |
| Other changes | 0.7 | 0.9 | -1.6 | 0.0 |
| **Acquisition cost 31.12.2024** | **26.8** | **5.4** | **2.3** | **34.6** |
| Cumulative amortisation 31.12.2024 | -22.3 | -3.4 | 0.0 | -25.7 |
| **Carrying amount 31.12.2024** | **4.5** | **2.0** | **2.3** | **8.9** |

in EUR million

| | Purchased software | Developed software | Under development | Total |
|---|---|---|---|---|
| **Acquisition cost 01.01.2023** | **24.8** | **3.7** | **1.4** | **29.9** |
| Additions | 0.8 | 0.0 | 0.5 | 1.3 |
| Internal development | 0.0 | 0.0 | 0.8 | 0.8 |
| Disposals | -0.3 | 0.0 | 0.0 | -0.3 |
| Other changes | 0.8 | 0.8 | -1.6 | 0.0 |
| **Acquisition cost 31.12.2023** | **26.1** | **4.5** | **1.1** | **31.8** |
| Cumulative amortisation 31.12.2023 | -20.4 | -2.6 | 0.0 | -23.1 |
| **Carrying amount 31.12.2023** | **5.7** | **1.8** | **1.1** | **8.7** |

### 44.2. Development of depreciation and amortisation

The development of depreciation of owned property, plant and equipment is presented in the table below:

in EUR million

| | Land and buildings | Plant and equipment | Investment property | Total |
|---|---|---|---|---|
| **Cumulative depreciation 01.01.2024** | **-20.2** | **-15.7** | **-2.1** | **-38.0** |
| Scheduled depreciation | -0.8 | -0.8 | 0.0 | -1.7 |
| Impairment | -0.2 | 0.0 | 0.0 | -0.2 |
| Write-up | 0.2 | 0.0 | 0.0 | 0.2 |
| Disposals | 0.0 | 2.6 | 0.4 | 2.9 |
| **Cumulative depreciation 31.12.2024** | **-21.0** | **-13.9** | **-1.8** | **-36.7** |

in EUR million

| | Land and buildings | Plant and equipment | Investment property | Total |
|---|---|---|---|---|
| **Cumulative depreciation 01.01.2023** | **-20.0** | **-15.6** | **-2.0** | **-37.6** |
| Scheduled depreciation | -0.9 | -0.9 | 0.0 | -1.8 |
| Impairment | -0.1 | 0.0 | 0.0 | -0.1 |
| Write-up | 0.1 | 0.0 | 0.1 | 0.2 |
| Disposals | 0.5 | 0.9 | 0.0 | 1.4 |
| Other changes | 0.2 | 0.0 | -0.2 | 0.0 |
| **Cumulative depreciation 31.12.2023** | **-20.2** | **-15.7** | **-2.1** | **-38.0** |

The development of depreciation of right of use assets is presented in the table below:

in EUR million

| | Land and buildings | Plant and equipment | Total |
|---|---|---|---|
| **Cumulative depreciation 01.01.2024** | **-6.8** | **-2.5** | **-9.3** |
| Scheduled depreciation | -1.4 | -0.5 | -2.0 |
| Disposals | 0.2 | 0.0 | 0.2 |
| **Cumulative depreciation 31.12.2024** | **-8.0** | **-3.0** | **-11.0** |

in EUR million

| | Land and buildings | Plant and equipment | Total |
|---|---|---|---|
| **Cumulative depreciation 01.01.2023** | **-5.7** | **-2.7** | **-8.4** |
| Scheduled depreciation | -1.4 | -0.4 | -1.8 |
| Disposals | 0.4 | 0.6 | 0.9 |
| **Cumulative depreciation 31.12.2023** | **-6.8** | **-2.5** | **-9.3** |

The development of amortisation of intangible assets is presented in the table below:

in EUR million

| | Purchased software | Developed software | Total |
|---|---|---|---|
| **Cumulative amortisation 01.01.2024** | **-20.4** | **-2.6** | **-23.1** |
| Scheduled amortisation | -1.9 | -0.7 | -2.7 |
| Disposals | 0.1 | 0.0 | 0.1 |
| **Cumulative amortisation 31.12.2024** | **-22.3** | **-3.4** | **-25.7** |

in EUR million

| | Purchased software | Developed software | Total |
|---|---|---|---|
| **Cumulative amortisation 01.01.2023** | **-18.3** | **-1.9** | **-20.2** |
| Scheduled amortisation | -2.4 | -0.7 | -3.2 |
| Disposals | 0.3 | 0.0 | 0.3 |
| **Cumulative amortisation 31.12.2023** | **-20.4** | **-2.6** | **-23.1** |

## (45) Other assets

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Prepayments and accrued income | 3.6 | 4.1 |
| Inventories (repossessed assets, emergency acquired assets, leases to go, etc.) | 0.4 | 0.4 |
| Other remaining assets | 0.7 | 2.2 |
| *o/w receivables from card business* | *0.0* | *1.5* |
| **Total** | **4.7** | **6.7** |

## (46) Financial liabilities held for trading

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Derivatives | 3.7 | 2.6 |
| **Total** | **3.7** | **2.6** |

## (47) Financial liabilities measured at amortised cost

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Deposits from credit institutions | 21.1 | 16.4 |
| Deposits from customers | 1,759.0 | 1,642.8 |
| Borrowings | 14.5 | 20.2 |
| Subordinated debt | 31.1 | 31.1 |
| Lease liabilities | 4.1 | 5.1 |
| Other financial liabilities | 12.5 | 13.1 |
| **Total** | **1,842.2** | **1,728.7** |

### 47.1. Deposits from credit institutions

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Current accounts / overnight deposits | 14.2 | 13.4 |
| Deposits with agreed terms | 6.8 | 3.1 |
| **Total** | **21.1** | **16.4** |

### 47.2. Deposits from customers

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Current accounts / overnight deposits** | **1,320.3** | **1,390.4** |
| Governments | 43.1 | 45.6 |
| Other financial corporations | 9.6 | 8.3 |
| Non-financial corporations | 336.4 | 337.1 |
| Households | 931.1 | 999.3 |
| **Deposits with agreed terms** | **438.7** | **252.4** |
| Governments | 0.9 | 1.1 |
| Other financial corporations | 97.8 | 81.6 |
| Non-financial corporations | 30.7 | 21.4 |
| Households | 309.3 | 148.4 |
| **Total** | **1,759.0** | **1,642.8** |

### 47.3. Borrowings

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Governments | 14.5 | 20.2 |
| **Total** | **14.5** | **20.2** |

### 47.4. Subordinated debt

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Credit institutions | 31.1 | 31.1 |
| **Total** | **31.1** | **31.1** |

Subordinated debt is to Addiko Bank AG, Vienna with maturity in June 2026. Repayment of these instruments before the redemption date is possible only under conditions stated in Regulation EU 575/2013 of the European Parliament and of the Council. Repayment of these funds in case of liquidation is subordinated to all other deposits and liabilities.

Subordinated debt is used as supplementary capital for the purpose of calculation of regulatory capital and capital adequacy according to articles 62 to 65 of Regulation (EU) No 575/2013 of the European Parliament and of the Council and CNB regulatory requirements.

## (48) Provisions

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Commitments and guarantees granted | 2.1 | 2.8 |
| Pending legal disputes | 61.3 | 70.7 |
| Other provisions | 1.3 | 1.6 |
| Restructuring measures | 1.0 | 1.2 |
| Remaining other provisions | 0.4 | 0.4 |
| **Total** | **64.8** | **75.1** |

### 48.1. Provisions for commitments and guarantees granted

Development of loan commitments, financial guarantees and other commitments granted are presented below:

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Nominal value at 01.01.2024** | **195.8** | **12.8** | **2.1** | **210.8** |
| New commitments and guarantees originated | 99.3 | 0.0 | 0.0 | 99.3 |
| Commitments and guarantees derecognised | -77.3 | -7.2 | -0.2 | -84.6 |
| Changes in the nominal value of existing instruments | -9.7 | 0.1 | -0.7 | -10.3 |
| Transfer between stages | -0.3 | -0.5 | 0.7 | 0.0 |
| **Nominal value at 31.12.2024** | **207.9** | **5.3** | **1.9** | **215.1** |

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Nominal value at 01.01.2023** | **215.3** | **8.7** | **3.2** | **227.1** |
| New commitments and guarantees originated | 115.5 | 3.2 | 0.0 | 118.7 |
| Commitments and guarantees derecognised | -111.4 | -12.2 | -1.4 | -125.0 |
| Changes in the nominal value of existing instruments | -10.5 | 0.3 | 0.2 | -10.0 |
| Transfer between stages | -13.0 | 12.9 | 0.1 | 0.0 |
| **Nominal value at 31.12.2023** | **195.8** | **12.8** | **2.1** | **210.8** |

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 01.01.2024** | **-0.5** | **-0.7** | **-1.6** | **-2.8** |
| Increases due to origination and acquisition | -0.4 | 0.0 | 0.0 | -0.4 |
| Decreases due to derecognition | 0.3 | 0.4 | 0.1 | 0.8 |
| New remeasurement of loss allowance | 0.3 | 0.0 | 0.0 | 0.3 |
| Transfer between stages | 0.0 | 0.1 | 0.0 | 0.0 |
| **ECL allowance as at 31.12.2024** | **-0.4** | **-0.2** | **-1.5** | **-2.1** |

in EUR million

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 01.01.2023** | **-0.4** | **-0.7** | **-1.1** | **-2.3** |
| Increases due to origination and acquisition | -0.4 | -0.3 | 0.0 | -0.7 |
| Decreases due to derecognition | 0.2 | 0.7 | 0.1 | 1.1 |
| New remeasurement of loss allowance | 0.0 | -0.3 | -0.5 | -0.8 |
| Transfer between stages | 0.1 | -0.1 | 0.0 | 0.0 |
| **ECL allowance as at 31.12.2023** | **-0.5** | **-0.7** | **-1.6** | **-2.8** |

### 48.2. Provisions for pending legal disputes

The item "Pending legal disputes" includes provisions for litigation proceedings from lending business and regarding consumer protection claims.

These proceedings mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and that all or parts of the payments made under a contract, or certain fees, or parts of interest payments charged to customers in the past for the adjustment of interest rates and currencies must be repaid. A certain level of unpredictability of judicial decisions beyond the level of uncertainty is generally inherent in court proceedings.

In the tables below the development of pending legal disputes is presented:

in EUR million

| | Carrying amount 01.01.2024 | Allocations | Use | Releases | Carrying amount 31.12.2024 |
|---|---|---|---|---|---|
| Pending legal disputes | 70.7 | 9.7 | -18.4 | -0.8 | 61.3 |
| **Total** | **70.7** | **9.7** | **-18.4** | **-0.8** | **61.3** |

in EUR million

| | Carrying amount 01.01.2023 | Allocations | Use | Releases | Carrying amount 31.12.2023 |
|---|---|---|---|---|---|
| Pending legal disputes | 48.3 | 31.2 | -8.3 | -0.4 | 70.7 |
| **Total** | **48.3** | **31.2** | **-8.3** | **-0.4** | **70.7** |

During 2024 additional provisions for pending legal disputes amounting to EUR 8.9 million (compared to EUR 30.8 million at year-end 2023) were recognised in income statement from the reassessment of existing and new court cases in Croatia, whereby the amount utilised during the same period amounted EUR 18.4 million (YE23: EUR 8.3 million. The overall stock of provisions in 2024 decreased to EUR 61.3 million (YE23: EUR 70.7 million).

The main volume of provisions relates to claims raised by consumers in Croatia, which are asserting that consumers' rights have been violated in relation to contractual clauses used in Swiss Franc loans between 2004 and 2008. Since the deadline for filing new claims by customers expired on 14 June 2023, majority of these claims has been delivered by courts to the bank, which resulted in lower amount of new provisions being recognised compared with the same period in 2023.

The calculation is based on the best possible estimate according to IAS 37 of expected outflows of economically useful resources as at the reporting date and is based on a statistical method that takes into account the probability weight of various scenarios.

Estimation of the costs of legal risk in relation to Swiss franc loans is complex and requires a considerable degree of judgement with respect to the key estimates, in particular in relation to:

- The **outcome of individual court decisions**, especially regarding the assessment if the bank engaged in unfair business practices ("**Bad faith"**), which is affecting the level of loss.
- The **estimated loss by individual contract** was calculated taking into account the average amount to be refunded to the customers and was performed by clustering the potential lawsuits into specific groups. Uncertainties relate in particular to the potential inclusion of penalty interest, which in turn are connected with Addiko ability to demonstrate that acted in good faith.

Consequently, the final provisioned sum may vary from the current estimate once the disputed amount for each specific case is calculated.

Outflows of economically useful resources are expected during the next two or three business years. The outcome of the proceedings is in many cases difficult to predict and for this reason the final timing could differ significantly from the original estimate.

The following table presents a sensitivity analysis for the main assumptions made, illustrating the effects on the provision amount by changes in the relevant assumptions (while all other factors remain constant) that were reasonably possible at the reporting date:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Change in the percentage of "Bad faith" +10% | 2.6 | 3.9 |
| Change in the percentage of "Bad faith" -10% | -2.6 | -3.9 |
| Change in the estimated loss by individual contract +10% | 3.7 | 5.9 |
| Change in the estimated loss by individual contract -10% | -3.7 | -5.9 |

Additional information in relation to legal proceedings connected to Swiss franc unilateral interest rate change and Swiss franc currency clauses are presented in note (63) Legal risk.

In relation to the specific litigations no further disclosures according to IAS 37.92 are made in order to protect the Banks's position in these legal disputes.

### 48.3. Other provisions

In the tables below the development of other provisions is presented:

in EUR million

| | Carrying amount 01.01.2024 | Allocations | Use | Releases | Carrying amount 31.12.2024 |
|---|---|---|---|---|---|
| Restructuring measures | 1.2 | 0.6 | -0.8 | 0.0 | 1.0 |
| Remaining other provisions | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 |
| **Total** | **1.6** | **0.6** | **-0.9** | **0.0** | **1.3** |

in EUR million

| | Carrying amount 01.01.2023 | Allocations | Use | Releases | Carrying amount 31.12.2023 |
|---|---|---|---|---|---|
| Restructuring measures | 0.3 | 1.3 | -0.3 | -0.1 | 1.2 |
| Remaining other provisions | 0.3 | 0.1 | 0.0 | 0.0 | 0.4 |
| **Total** | **0.7** | **1.4** | **-0.4** | **-0.1** | **1.6** |

## (49) Other liabilities

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Deferred income | 0.0 | 0.0 |
| Accruals | 3.8 | 3.9 |
| Other liabilities | 5.4 | 10.7 |
| Liabilities for variable payments | 2.9 | 3.2 |
| Liabilities for cash-settled share-based payments | 0.3 | 0.2 |
| Liabilities for other taxes | 0.0 | 0.2 |
| Liabilities for other taxes on salaries | 0.2 | 0.2 |
| Liabilities for contributions on salaries | 0.6 | 0.6 |
| Liabilities for net salaries | 1.2 | 1.2 |
| Remaining other liabilities | 0.3 | 5.1 |
| **Total** | **9.2** | **14.6** |

## (50) Equity

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Share capital | 339.5 | 339.5 |
| Additional Tier 1 capital | 40.0 | 40.0 |
| Legal and other reserves | 17.8 | 17.8 |
| Fair value reserve | -13.7 | -24.2 |
| Accumulated profit | 38.1 | 8.9 |
| **Total** | **421.7** | **382.0** |

The direct owner of the Bank is Addiko Bank AG, Vienna, Austria.

At the end of 2024 Addiko Bank d.d. had 1,248,243 (2023: 1,248,243) issued ordinary shares of nominal value EUR 272 (2023: EUR 272).

In June 2021, the Bank issued an AT1 instrument (bond) in the amount of EUR 40 million which, according to the decision of the CNB, fulfils the conditions for allocation into Additional Tier 1 capital. The Bank has classified the instrument as an equity instrument in accordance with IAS 32 and recognized it as a non-monetary item.

The legal reserve has been created in accordance with the Croatian Company Act, which requires 5% of the net profit for the year to be transferred to this reserve, until it reaches 5% of issued share capital. Legal reserve can be used for covering prior period losses if the losses are not covered by current year profits or if other reserves are not available. The legal reserve is not distributable to the shareholders.

Other reserves are created in accordance with the General Assembly decision and can be used for purposes defined by the law or the General Assembly decision. In addition, direct capital contributions are presented in this position.

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

The accumulated profit includes profit for the year in the amount of EUR 38.1 million (2023: EUR 9.2 million) and as at 31 December 2023 the loss from conversion of non-monetary items (AT1) in the process of changing the functional currency in the amount of EUR 0.2 million.

### (51) Statement of cash flows

The statement of cash flows according to IAS 7 represents the changes in cash and cash equivalents of the Bank due to cash flows from operating, investment and financing activities:

- The cash flow from **operating activities** of the Bank contains cash inflows and outflows arising from loans and advances to credit institutions and customers, liabilities to credit institutions and customers, and debt securities (except securities at amortised costs). Changes in assets and liabilities held for trading are also included, as are the cash flow from dividends received and taxes.
- The cash flow from **investing activities** includes cash inflows and outflows arising from debt securities at amortised cost, intangible assets and property, plant and equipment.
- Lease payments and cash flows from own equity instruments are disclosed in the cash flow from **financing activities**. In addition, the position includes capital increases/decreases, dividend payments and AT1 distributable amount payments.
- **Cash and cash equivalents** include cash, cash balances at central banks that are daily due and deposits that are daily due.

## Risk Report

This note provides details of the Bank risk exposure which is defined as the amount on-balance items as well as off-balance items, which are not decreased for amount of allocated risk provisions. More precisely, the credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account expected credit losses, provisions for guarantees, any collateral held, netting effects, other credit enhancements or credit risk mitigating transactions. Market values are used to calculate the relevant exposure for securities, whereas amortised cost is used for loans.

Risk Management note describes the methods used by management to identify, measure and manage risk in order to preserve Bank's capital. The main goal of the Bank is to adequately and efficiently manage all major risks, which essentially requires systematic and deliberate planning and management, as well as maintaining an acceptable level of risk and profitability.

### (52) Risk control and monitoring

The Bank has established a strategic risk management function, conducted by the Risk Control division. In this way, risk identification, assessment and measurement and management processes are established for major risks and unexpected events, all in order to achieve a stable and profitable business performance with the Bank's improved performance indicators and the quality of the portfolio in terms of risk and profitability. Also, the Bank steers and monitors its risks across all business segments, with the aim of optimising the risk/performance profile and guaranteeing risk-bearing capacity at all times and therefore protecting the bank's creditors.

The following central principles apply to the Bank's overall controlling:
- Clearly defined processes and organisational structures are in place for all risk types, according to which all tasks, competencies and responsibilities of participants can be aligned.
- Front and back office as well as trading and settlement/monitoring units are functionally separated to prevent conflicts of interest in accordance with the regulatory requests.
- The Bank implements appropriate, mutually compatible procedures for identifying, analysing, measuring, combining, controlling and monitoring the risk types.
- Appropriate limits are set and effectively monitored for material risk types.

### (53) Risk strategy & Risk Appetite Framework (RAF)

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

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

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

## (54) Risk organisation

Ensuring adequate risk management structures and processes is in the responsibility of the Chief Risk Officer (CRO), who is a member of the Bank Management Board. The CRO acts independently of market and trading units, in line with all regulatory requirements as well as appropriate internal controls.

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

In 2024, the following organisational units were operative:

**Credit Risk Management** includes Underwriting for Corporate / SME / PF and Credit Risk Management FI / Sovereigns / Standard / Private Individuals; Portfolio Management, Credit Analysis and Collection. The function has both an operational and strategic role related to credit risk management. Operationally it covers analysis and approval of credit applications within defined approval authority levels; assessment and approval of lending products and test initiatives and soft and hard collection for Standard & Privat individuals, while strategically it defines policies, procedures, manuals, guidelines in relation to the governance of lending activities and collections.

**Risk control** operates as the independent risk management function, identifying, monitoring, controlling, and reporting of all material risks to Management and Supervisory Boards, proposing the effective mitigation measures, initiating escalation process in case defined limits are breached and defining methodology for risk measurement and assessment. Risk Control is actively involved in all major decisions relating to risk management and the development and review of risk strategy, own funds and capital management, risk modelling, stress testing, risk budgeting, tracking of risk exposure and steering of the ICAAP, ILAAP, SREP and MREL processes as well manages the same processes from methodological point of view and reports on them to the management.

**Group Risk Management Support** was the separate organizational unit under the direct supervision of a member of the Management Board – Chief Risk Officer (CRO), responsible for:

- ensuring support in corporate credit risk management part of distressed asset management;
- support in integrated risk management;
- support in market and liquidity risk management;
- support in data architecture and quality.

On 1 April 2024 the Central Steering Functions (Group Retail Markets Development, Group Risk Management Support) were transferred to the Addiko Bank AG, branch Zagreb, and removed from CRO responsibility.

## (55) Internal risk management guidelines

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

The Bank has clearly defined responsibilities for all risk guidelines, including preparation, review and update. Each of these guidelines must be implemented in accordance with Group guidelines and adjusted to local conditions. Compliance with these guidelines is ensured by those directly involved in the risk management process. Process-independent responsibility control is carried out by Internal Audit.

## (56) Credit risk

### 56.1. Definition

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

### 56.2. General requirements

The credit risk strategy within the Bank's Risk Strategy provides concrete specifications for the organisational structure of the bank in the lending business as well as for risk control methods and is supplemented by further policies as well as specific instructions.

Credit decisions are made by the Supervisory Board, Management Board and Credit Committee as well as by key staff in the back office and the analysis units of the Risk Office.

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

The Risk Executive Committee (RICO) is responsible for all methodological matters relating to credit risk, unless a decision by the Management Board is required.

### 56.3. Risk measurement

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

### 56.4. Risk limitation

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

In the Bank, limits towards financial institutions are set and monitored independently by a responsible unit. If limits are exceeded, this is communicated immediately to operative risk unit as well as front office and reported to the Group Risk Executive Committee. In all other segments, limit control is carried out through a Group wide authorisation level policy ("Pouvoir-Ordnung"). At portfolio level, there are country limits to prevent the formation of risk concentrations; limit breaches are escalated to the Management Board, and the front office is required to work together with the back office to define measures to control these risk concentrations.

Another important instrument in limiting risk is the acceptance and crediting of common banking collateral. The measurement and processing is carried out in line with the collateral policy, which defines in particular the measurement procedures as well as measurement discounts and frequencies of individual collateral types. Framework contracts for netting out mutual risks (close-out netting) are usually concluded for trading transactions involving derivatives. There are collateral agreements in place with certain business partners which limit the default risk with individual trading partners to an agreed maximum amount and provide an entitlement to request additional collateral if the amount is exceeded. The methods used to accept collateral (formal requirements, preconditions) are governed by the internal processing guidelines for each individual type of collateral.

### 56.5. Reconciliation between Financial instruments classes and Credit risk exposure

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account expected credit losses (including those for guarantees), any collateral held, netting effects, other credit enhancements or credit risk mitigating transactions. Market values are used to calculate the relevant exposure for securities classified in the Hold-to-Collect&Sale business model, whereas amortised cost is used for loans and securities classified in the Hold-to-Collect business model.

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

in EUR million

| 31.12.2024 | Performing | | | Non-performing | | | Total | |
|---|---|---|---|---|---|---|---|---|
| Financial instruments | Exposure | ECL | Net | Exposure | ECL | Net | Exposure | Net |
| Cash and cash equivalents[1) ] | 373.3 | 0.0 | 373.2 | 0.0 | 0.0 | 0.0 | 373.3 | 373.2 |
| Loans and advances | 1,197.6 | -11.4 | 1,186.2 | 37.7 | -33.2 | 4.5 | 1,235.3 | 1,190.7 |
| of which credit institutions | 5.7 | 0.0 | 5.7 | 0.0 | 0.0 | 0.0 | 5.7 | 5.7 |
| of which customer loans | 1,191.9 | -11.4 | 1,180.5 | 37.7 | -33.2 | 4.5 | 1,229.5 | 1,184.9 |
| Investment securities[2)] | 680.1 | 0.0 | 680.1 | 0.0 | 0.0 | 0.0 | 680.1 | 680.1 |
| **On balance total** | **2,251.0** | **-11.5** | **2,239.5** | **37.7** | **-33.2** | **4.5** | **2,288.7** | **2,244.0** |
| Off-balance | 213.2 | -0.6 | 212.6 | 1.9 | -1.5 | 0.5 | 215.1 | 213.0 |
| **Total** | **2,464.2** | **-12.1** | **2,452.1** | **39.6** | **-34.7** | **4.9** | **2,503.8** | **2,457.1** |

[1)] The position does not include cash in hand in the amount of EUR 56.1 million. [2)] Investment securities, without equity instruments and instruments mandatorily at fair value through profit or loss (FVTPL). Exposure represents the maximum amount of exposure to credit risk, while ECL for FVOCI instruments relates to credit risk component of fair value reserve.

Breakdown of net exposure within the Bank in accordance with IFRS 7.35 as at 31 December 2023:

in EUR million

| 31.12.2023 | Performing | | | Non-performing | | | Total | |
|---|---|---|---|---|---|---|---|---|
| Financial instruments | Exposure | ECL | Net | Exposure | ECL | Net | Exposure | Net |
| Cash and cash equivalents[1)] | 375,6 | 0,0 | 375,5 | 0,0 | 0,0 | 0,0 | 375,6 | 375,5 |
| Loans and advances | 1.160,8 | -13,0 | 1.147,8 | 43,9 | -37,7 | 6,2 | 1.204,7 | 1.154,0 |
| of which credit institutions | 0,8 | 0,0 | 0,8 | 0,0 | 0,0 | 0,0 | 0,8 | 0,8 |
| of which customer loans | 1.160,0 | -13,0 | 1.147,0 | 43,9 | -37,7 | 6,2 | 1.203,9 | 1.153,3 |
| Investment securities[2)] | 588,9 | -0,1 | 588,8 | 0,0 | 0,0 | 0,0 | 588,9 | 588,8 |
| **On balance total** | **2.125,3** | **-13,1** | **2.112,2** | **43,9** | **-37,7** | **6,2** | **2.169,2** | **2.118,4** |
| Off-balance | 208,7 | -1,2 | 207,5 | 2,1 | -1,6 | 0,5 | 210,8 | 208,0 |
| **Total** | **2.333,9** | **-14,3** | **2.319,7** | **46,0** | **-39,3** | **6,7** | **2.380,0** | **2.326,4** |

[1)] The position does not include cash in hand in the amount of EUR 48.4 million. [2)] Investment securities, without equity instruments and instruments mandatorily at fair value through profit or loss (FVTPL). Exposure represents the maximum amount of exposure to credit risk, while ECL for FVOCI instruments relates to credit risk component of fair value reserve.

### 56.6. Credit risk exposure by rating class

At 31 December 2024 roughly 54% of the total exposure is categorised as rating classes 1A to 1E and roughly 37% is categorised as rating class 2A to 2E.

The overall NPE stock development in 2024 is mainly influenced by stable NPE inflow and active NPE management involving collection and restructuring activities along with timely debt sales. Taking all these effects into consideration the overall non-performing exposure decreased during 2024 by EUR 6.4 million.

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

in EUR million

| 31.12.2024 | 1A-1E | 2A-2E | 3A-3E | 4A-4E | NPE | No rating | Total |
|---|---|---|---|---|---|---|---|
| Consumer | 175.7 | 396.4 | 64.7 | 26.2 | 12.1 | 0.0 | 675.2 |
| SME | 86.6 | 392.7 | 40.9 | 39.9 | 13.5 | 0.0 | 573.5 |
| Non-focus | 80.5 | 79.0 | 2.7 | 5.4 | 14.1 | 0.0 | 181.7 |
| o/w Large Corporate | 0.1 | 2.2 | 0.0 | 3.7 | 8.8 | 0.0 | 14.8 |
| o/w Mortgage | 76.8 | 70.4 | 2.2 | 1.6 | 5.3 | 0.0 | 156.2 |
| o/w Public Finance | 3.6 | 6.5 | 0.5 | 0.1 | 0.0 | 0.0 | 10.7 |
| Treasury | 1,019.7 | 52.3 | 1.5 | 0.0 | 0.0 | 0.0 | 1,073.5 |
| **Total** | **1,362.5** | **920.4** | **109.8** | **71.5** | **39.6** | **0.0** | **2,503.8** |

The following table shows the gross exposure by rating classes and market segment as at 31 December 2023:

in EUR million

| 31.12.2023 | 1A-1E | 2A-2E | 3A-3E | 4A-4E | NPE | No rating | Total |
|---|---|---|---|---|---|---|---|
| Consumer | 170.4 | 371.0 | 35.2 | 24.5 | 11.7 | 0.0 | 612.8 |
| SME | 75.9 | 375.5 | 56.7 | 30.9 | 13.8 | 0.0 | 552.9 |
| Non-focus | 120.6 | 93.9 | 4.3 | 6.1 | 20.6 | 0.0 | 245.5 |
| o/w Large Corporate | 9.6 | 3.0 | 1.2 | 4.9 | 10.2 | 0.0 | 28.9 |
| o/w Mortgage | 89.1 | 84.9 | 2.1 | 1.1 | 10.4 | 0.0 | 187.5 |
| o/w Public Finance | 21.9 | 6.0 | 1.0 | 0.2 | 0.0 | 0.0 | 29.1 |
| Treasury | 914.3 | 50.8 | 3.4 | 0.3 | 0.0 | 0.0 | 968.8 |
| **Total** | **1,281.1** | **891.2** | **99.7** | **61.8** | **46.0** | **0.0** | **2,380.0** |

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

- 1A-1E: representing customers with a very low risk, having the best, excellent or very good credit standing (this is equivalent to Moody's rating Aaa-Baa3),
- 2A-2E: representing customers with a good or moderate credit standing (this is equivalent to Moody's rating Ba1-B1),
- 3A-3E: representing customers with a medium or high credit risk (this is equivalent to Moody's rating B2-Caa1),
- 4A-4E: representing customers with a very high credit risk or who are likely to default. This class includes customers which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term (this is equivalent to Moody's rating Caa2-C),

- NPE (default): one or more of the default criteria under Article 178 CRR are met: among others, interest or principal payments on a material exposure have been overdue for more than 90 days, the bank significantly doubts the customer's credit standing, there are risk-oriented restructuring measures leading to a forborne non-performing exposure, there is a realisation of a loan loss or bankruptcy proceedings are initiated.

Addiko applies the customer view to all customer segments, including retail clients. If an obligor defaults on one deal, then the customer's performing transactions are classified as non-performing as well.

The classifications per rating class and ECL stage can be seen in the tables below.

Loans and receivables from customers at amortised cost as at 31 December 2024:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 257.3 | 5.9 | 0.0 | 0.9 | 264.1 |
| 2A-2E | 734.3 | 26.0 | 0.0 | 1.0 | 761.3 |
| 3A-3E | 89.2 | 9.7 | 0.0 | 0.0 | 98.9 |
| 4A-4E | 3.6 | 63.9 | 0.0 | 0.0 | 67.5 |
| NPL | 0.0 | 0.0 | 37.4 | 0.3 | 37.7 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **1,084.4** | **105.5** | **37.4** | **2.2** | **1,229.5** |
| Loss allowance | -4.0 | -7.4 | -33.0 | -0.2 | -44.6 |
| **Carrying amount** | **1,080.4** | **98.1** | **4.4** | **2.0** | **1,184.9** |

Loans and receivables from customers at amortised cost as at 31 December 2023:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 273.9 | 6.0 | 0.0 | 1.0 | 280.9 |
| 2A-2E | 675.4 | 59.6 | 0.0 | 1.1 | 736.1 |
| 3A-3E | 58.0 | 30.6 | 0.0 | 0.0 | 88.6 |
| 4A-4E | 1.6 | 52.7 | 0.0 | 0.1 | 54.4 |
| NPL | 0.0 | 0.0 | 42.8 | 1.1 | 43.9 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **1,009.0** | **148.9** | **42.8** | **3.3** | **1,203.9** |
| Loss allowance | -3.8 | -9.1 | -36.6 | -1.1 | -50.7 |
| **Carrying amount** | **1,005.2** | **139.7** | **6.2** | **2.2** | **1,153.3** |

Loans and receivables from credit institutions at amortised cost as at 31 December 2024:

in EUR million

| Rating class | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | POCI<br>Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 5.6 | 0.0 | 0.0 | 0.0 | 5.6 |
| 2A-2E | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| 3A-3E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **5.7** | **0.0** | **0.0** | **0.0** | **5.7** |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Carrying amount** | **5.7** | **0.0** | **0.0** | **0.0** | **5.7** |

Loans and receivables from credit institutions at amortised cost as at 31 December 2023:

in EUR million

| Rating class | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | POCI<br>Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 |
| 2A-2E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3A-3E | 0.2 | 0.0 | 0.0 | 0.0 | 0.2 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **0.8** | **0.0** | **0.0** | **0.0** | **0.8** |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Carrying amount** | **0.8** | **0.0** | **0.0** | **0.0** | **0.8** |

Debt instruments measured at FVTOCI as at 31 December 2024:

in EUR million

| Rating class | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | POCI<br>Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 270.5 | 0.0 | 0.0 | 0.0 | 270.5 |
| 2A-2E | 49.9 | 0.0 | 0.0 | 0.0 | 49.9 |
| 3A-3E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **320.5** | **0.0** | **0.0** | **0.0** | **320.5** |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Debt instruments measured at FVTOCI as at 31 December 2023:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 318.3 | 3.0 | 0.0 | 0.0 | 321.3 |
| 2A-2E | 50.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| 3A-3E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **368.3** | **3.0** | **0.0** | **0.0** | **371.3** |
| Loss allowance | -0.1 | 0.0 | 0.0 | 0.0 | -0.1 |

Debt instruments measured at amortised cost as at 31 December 2024:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 359.7 | 0.0 | 0.0 | 0.0 | 359.7 |
| 2A-2E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3A-3E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **359.7** | **0.0** | **0.0** | **0.0** | **359.7** |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Debt instruments measured at amortised cost as at 31 December 2023:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 217.6 | 0.0 | 0.0 | 0.0 | 217.6 |
| 2A-2E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3A-3E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4A-4E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NPL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **217.6** | **0.0** | **0.0** | **0.0** | **217.6** |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Commitments and financial guarantees given as at 31 December 2024:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 89.2 | 0.3 | 0.0 | 0.0 | 89.5 |
| 2A-2E | 108.5 | 0.5 | 0.0 | 0.0 | 109.0 |
| 3A-3E | 10.1 | 0.6 | 0.0 | 0.0 | 10.8 |
| 4A-4E | 0.1 | 3.9 | 0.0 | 0.0 | 4.0 |
| NPL | 0.0 | 0.0 | 1.9 | 0.0 | 1.9 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **207.9** | **5.3** | **1.9** | **0.0** | **215.1** |
| Loss allowance | -0.4 | -0.2 | -1.5 | 0.0 | -2.1 |
| **Carrying amount** | **207.5** | **5.0** | **0.5** | **0.0** | **213.0** |

Commitments and financial guarantees given as at 31 December 2023:

in EUR million

| Rating class | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI Lifetime ECL | Total |
|---|---|---|---|---|---|
| 1A-1E | 85.1 | 0.4 | 0.0 | 0.0 | 85.5 |
| 2A-2E | 100.2 | 4.8 | 0.0 | 0.0 | 105.0 |
| 3A-3E | 9.9 | 1.0 | 0.0 | 0.0 | 10.8 |
| 4A-4E | 0.7 | 6.7 | 0.0 | 0.0 | 7.4 |
| NPL | 0.0 | 0.0 | 2.1 | 0.0 | 2.1 |
| No rating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total gross carrying amount** | **195.8** | **12.8** | **2.1** | **0.0** | **210.8** |
| Loss allowance | -0.5 | -0.7 | -1.6 | 0.0 | -2.8 |
| **Carrying amount** | **195.3** | **12.2** | **0.5** | **0.0** | **208.0** |

### 56.7. Exposure by business sector

The following tables present the exposure by industry based on the classification code "NACE Code 2.0”. The lower-risk business sector groups (Financial and insurance activities) account for a share of 16.1% at the end of the year 2024 (2023: 16.0%). The well-diversified private customers sector accounts for a share of 33.3% (2023: 33.8%).

The following table shows the exposure by business sector and ECL as at 31 December 2024:

in EUR million

| Business sector | Exposure PE | ECL Stage 1&2 | Exposure NPE | ECL Stage 3 | Total exposure | Total ECL |
|---|---|---|---|---|---|---|
| Private | 817.2 | 6.4 | 17.3 | 13.5 | 834.5 | 20.0 |
| Financial and insurance activities | 402.0 | 0.0 | 0.0 | 0.0 | 402.0 | 0.0 |
| Activities of extraterritorial organisations and bodies | 277.5 | 0.0 | 0.0 | 0.0 | 277.5 | 0.0 |
| Public administration and defence; compulsory social security | 396.0 | 0.0 | 0.0 | 0.0 | 396.0 | 0.0 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 135.3 | 1.6 | 5.6 | 5.4 | 140.9 | 7.0 |
| Manufacturing | 106.5 | 1.0 | 9.9 | 9.8 | 116.3 | 10.8 |
| Construction | 136.1 | 1.0 | 4.4 | 3.8 | 140.6 | 4.8 |
| Accommodation and food service activities | 28.3 | 0.3 | 0.5 | 0.5 | 28.8 | 0.8 |
| Agriculture, forestry and fishing | 27.4 | 0.3 | 0.3 | 0.3 | 27.7 | 0.5 |
| Professional, scientific and technical activities | 39.4 | 0.5 | 0.4 | 0.4 | 39.8 | 0.8 |
| Education | 4.8 | 0.0 | 0.0 | 0.0 | 4.8 | 0.0 |
| Transporting and storage | 37.4 | 0.4 | 0.8 | 0.7 | 38.2 | 1.0 |
| Electricity, gas, steam and air conditioning supply | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 |
| Information and communication | 16.3 | 0.1 | 0.1 | 0.1 | 16.4 | 0.2 |
| Water supply; sewerage; waste management and remediation activities | 6.8 | 0.1 | 0.0 | 0.0 | 6.8 | 0.1 |
| Administrative and support service activities | 16.9 | 0.1 | 0.1 | 0.1 | 17.0 | 0.2 |
| Real estate activities | 4.6 | 0.1 | 0.0 | 0.0 | 4.6 | 0.1 |
| Human health and social work activities | 4.7 | 0.0 | 0.1 | 0.1 | 4.8 | 0.2 |
| Arts, entertainment and recreation | 3.3 | 0.0 | 0.0 | 0.0 | 3.3 | 0.0 |
| Other services activities | 1.6 | 0.0 | 0.0 | 0.0 | 1.7 | 0.0 |
| Mining and quarrying | 1.7 | 0.0 | 0.0 | 0.0 | 1.7 | 0.0 |
| **Total** | **2,464.2** | **12.1** | **39.6** | **34.7** | **2,503.8** | **46.7** |

The following table shows the exposure by business sector and ECL as at 31 December 2023:

in EUR million

| Business sector | Exposure PE | ECL Stage 1&2 | Exposure NPE | ECL Stage 3 | Total exposure | Total ECL |
|---|---|---|---|---|---|---|
| Private | 782.4 | 6.6 | 22.0 | 17.9 | 804.4 | 24.5 |
| Financial and insurance activities | 380.2 | 0.1 | 0.0 | 0.0 | 380.2 | 0.1 |
| Activities of extraterritorial organisations and bodies | 244.9 | 0.2 | 0.0 | 0.0 | 244.9 | 0.2 |
| Public administration and defence; compulsory social security | 369.1 | 0.0 | 0.0 | 0.0 | 369.1 | 0.0 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 141.7 | 1.9 | 5.1 | 4.7 | 146.9 | 6.6 |
| Manufacturing | 106.1 | 1.5 | 11.6 | 10.6 | 117.7 | 12.1 |
| Construction | 121.0 | 1.5 | 4.5 | 3.8 | 125.5 | 5.3 |
| Accommodation and food service activities | 21.3 | 0.3 | 0.9 | 0.8 | 22.2 | 1.1 |
| Agriculture, forestry and fishing | 30.5 | 0.2 | 0.3 | 0.3 | 30.7 | 0.5 |
| Professional, scientific and technical activities | 38.3 | 0.9 | 0.1 | 0.1 | 38.4 | 1.0 |
| Education | 10.1 | 0.1 | 0.0 | 0.0 | 10.1 | 0.1 |
| Transporting and storage | 34.4 | 0.3 | 0.3 | 0.3 | 34.7 | 0.6 |
| Electricity, gas, steam and air conditioning supply | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 |
| Information and communication | 15.4 | 0.1 | 0.8 | 0.7 | 16.2 | 0.8 |
| Water supply; sewerage; waste management and remediation activities | 5.6 | 0.0 | 0.0 | 0.0 | 5.6 | 0.0 |
| Administrative and support service activities | 15.5 | 0.1 | 0.2 | 0.2 | 15.7 | 0.3 |
| Real estate activities | 5.2 | 0.2 | 0.2 | 0.1 | 5.4 | 0.2 |
| Human health and social work activities | 4.9 | 0.0 | 0.0 | 0.0 | 4.9 | 0.0 |
| Arts, entertainment and recreation | 3.1 | 0.0 | 0.0 | 0.0 | 3.1 | 0.0 |
| Other services activities | 2.0 | 0.0 | 0.0 | 0.0 | 2.0 | 0.0 |
| Mining and quarrying | 1.7 | 0.0 | 0.0 | 0.0 | 1.7 | 0.0 |
| **Total** | **2,333.9** | **14.3** | **46.0** | **39.3** | **2,380.0** | **53.6** |

### 56.8. Presentation of exposure by overdue days

Analysis of credit portfolio quality is performed through regular reporting (daily/monthly) on the structure of the total exposure according to the different exposure categories (products, segments). In the following tables portfolio structure with classification of placements into risk categories is presented in a manner to show:

- amount of undue exposure in total exposure,
- amount of due exposure in total exposure divided in buckets of days in delay in material amount (less than 30 days, 31 to 60 days, 61 to 90 days, more than 91 days)

Bank’s local processes and internal acts related to the calculation of days past due and implementation of default definition are in line with EBA regulatory requirements and CNB requirements.

Also, in order to enable effective credit portfolio management and to provide adequate information required for efficient decision making, the Bank has implemented certain procedures and activities focused on:

- collection of due receivables in accordance with the Bank's internal acts and
- timely and adequate monitoring of due exposure in order to make appropriate value adjustment.

Main movements for 2024 are characterized by volatile macroeconomic environment accompanied by inflationary pressures which did not significantly affect quality of the portfolio. Also, overall active NPE management including collection and recovery process, along with individual and collective debt sale actions resulted in further reduction in NPE exposure during 2024.

Movements per segment and days of delay in material amount, divided to time buckets are shown in the following tables.

Credit quality at 31 December 2024 was as follows:

in EUR million

| 31.12.2024 | No overdue | - overdue to 30 days | - overdue 31 to 60 days | - overdue 61 to 90 days | - overdue more than 90 days | Total |
|---|---|---|---|---|---|---|
| Consumer | 650.2 | 14.7 | 2.1 | 0.9 | 7.2 | 675.2 |
| SME | 557.3 | 4.4 | 1.1 | 0.0 | 10.8 | 573.5 |
| Non-focus | 171.8 | 5.7 | 0.4 | 0.1 | 3.7 | 181.7 |
| o/w Large Corporate | 10.6 | 3.7 | 0.0 | 0.0 | 0.5 | 14.8 |
| o/w Mortgage | 150.6 | 1.9 | 0.4 | 0.1 | 3.2 | 156.2 |
| o/w Public Finance | 10.7 | 0.0 | 0.0 | 0.0 | 0.0 | 10.7 |
| Treasury | 1,073.5 | 0.0 | 0.0 | 0.0 | 0.0 | 1,073.5 |
| **Total** | **2,452.8** | **24.7** | **3.6** | **1.0** | **21.7** | **2,503.8** |

Credit quality at 31 December 2023 was as follows:

in EUR million

| 31.12.2023 | No overdue | - overdue to 30 days | - overdue 31 to 60 days | - overdue 61 to 90 days | - overdue more than 90 days | Total |
|---|---|---|---|---|---|---|
| Consumer | 589.5 | 13.3 | 2.0 | 1.1 | 6.9 | 612.8 |
| SME | 535.1 | 6.4 | 0.8 | 0.1 | 10.5 | 552.9 |
| Non-focus | 225.5 | 1.9 | 0.4 | 0.1 | 17.6 | 245.5 |
| o/w Large Corporate | 18.7 | 0.0 | 0.0 | 0.0 | 10.2 | 28.9 |
| o/w Mortgage | 177.7 | 1.9 | 0.4 | 0.1 | 7.4 | 187.5 |
| o/w Public Finance | 29.1 | 0.0 | 0.0 | 0.0 | 0.0 | 29.1 |
| Treasury | 968.7 | 0.1 | 0.0 | 0.0 | 0.0 | 968.8 |
| **Total** | **2,318.8** | **21.7** | **3.2** | **1.2** | **35.0** | **2,380.0** |

### 56.9. Presentation of exposure by size classes

The presentation shows distribution of total exposure per size classes of exposure of individual group of borrowers (GoBs). As 31 December 2024 around 52.2% (2023: 52.0%) of the exposure is found in the size range < EUR 1 million. The bank pursues a strict strategy of reducing concentration risk in the corporate banking area. The amount of EUR 763.2 million (2023: EUR 739.1 million) of exposure in the range > EUR 100 million is entirely attributable to national bank, foreign financial institutions or public sector. These transactions are necessary for securing liquidity, minimum deposit levels and long-term investments.

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| Size classes | Exposure in EUR million | GoBs | Exposure in EUR million | GoBs |
| <10,000 | 206.8 | 89,057 | 209.6 | 94,974 |
| 10.000-50.000 | 561.6 | 25,840 | 504.8 | 23,498 |
| 50.000-100.000 | 121.4 | 1,784 | 126.8 | 1,850 |
| 100.000-250.000 | 160.1 | 1,010 | 145.7 | 930 |
| 250.000-500.000 | 166.2 | 470 | 166.4 | 465 |
| 500.000-1.000,000 | 91.9 | 136 | 84.0 | 118 |
| 1,000,000-10,000,000 | 185.3 | 79 | 212.6 | 90 |
| 10,000,000-50,000,000 | 247.4 | 8 | 191.0 | 6 |
| 50,000,000-100,000,000 | 0.0 | 0 | 0.0 | 0 |
| >100,000,000 | 763.2 | 2 | 739.1 | 2 |
| **Total** | **2,503.8** | **118,386** | **2,380.0** | **121,933** |

### 56.10. Forbearance

Forbearance measures are defined as concessions towards a borrower facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). Forbearance measures and risks are monitored by the operative risk units responsible for Corporate and Retail portfolios. Additionally, forbearance measures represent an indicator that financial assets might be credit impaired.

The following table provides an overview of the forbearance status at the Bank in the course of the financial year 2024. The off-balance positions only include loan commitments:

in EUR million

| | 01.01.2024 | Additions of assets to which forbearance measures have been extended (+) | Assets which are no longer considered to be forborne (-) | Changes due to IFRS 5 (+/-) | FX (+/-) | Repayments and other changes (+/-) | 31.12.2024 |
|---|---|---|---|---|---|---|---|
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| General governments and governments related entities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 10.8 | 11.0 | -2.2 | 0.0 | 0.0 | -2.8 | 16.9 |
| Households | 9.6 | 1.9 | -1.1 | 0.0 | -0.1 | -2.8 | 7.5 |
| **Loans and advances** | **20.4** | **13.0** | **-3.2** | **0.0** | **-0.1** | **-5.6** | **24.4** |
| **Loan commitments given** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

The following table provides an overview of the forbearance status at the Bank in the course of the financial year 2023. The off-balance positions only include loan commitments:

in EUR million

| | 01.01.2023 | Additions of assets to which forbearance measures have been extended (+) | Assets which are no longer considered to be forborne (-) | Changes due to IFRS 5 (+/-) | FX (+/-) | Repayments and other changes (+/-) | 31.12.2023 |
|---|---|---|---|---|---|---|---|
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| General governments and governments related entities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 16.8 | 2.4 | -2.7 | 0.0 | 0.0 | -5.7 | 10.8 |
| Households | 14.4 | 1.5 | -1.7 | 0.0 | 0.0 | -4.6 | 9.6 |
| **Loans and advances** | **31.2** | **3.9** | **-4.4** | **0.0** | **0.0** | **-10.3** | **20.4** |
| **Loan commitments given** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

The forbearance exposure at the end of the year 2024 can be broken down as follows:

in EUR million

| | Closing balance 31.12.2024 | Neither past due nor impaired | Past due but not impaired (> 0 days) | Impaired |
|---|---|---|---|---|
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 |
| General governments and governments related entities | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 16.9 | 4.4 | 0.4 | 12.1 |
| Households | 7.5 | 4.3 | 0.8 | 2.4 |
| **Loans and advances** | **24.4** | **8.7** | **1.2** | **14.5** |

The forbearance exposure at the end of the year 2023 can be broken down as follows:

in EUR million

| | Closing balance 31.12.2023 | Neither past due nor impaired | Past due but not impaired (> 0 days) | Impaired |
|---|---|---|---|---|
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 |
| General governments and governments related entities | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 10.8 | 5.1 | 0.0 | 5.7 |
| Households | 9.6 | 5.3 | 0.4 | 3.9 |
| **Loans and advances** | **20.4** | **10.4** | **0.4** | **9.6** |

The following table shows the collateral allocation for the forbearance exposure at the end of the year 2024:

in EUR million

| Internal Collateral Value (ICV) in respect of forborne assets | ICV | thereof CRE | thereof RRE | thereof financial collateral | thereof guarantees | thereof other |
|---|---|---|---|---|---|---|
| Public Finance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial Institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Large Corporate | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Medium and Small Corporate | 2.5 | 2.0 | 0.5 | 0.0 | 0.0 | 0.0 |
| Retail | 2.9 | 0.2 | 2.5 | 0.0 | 0.0 | 0.1 |
| **Total** | **8.9** | **5.7** | **3.1** | **0.0** | **0.0** | **0.1** |

The following table shows the collateral allocation for the forbearance exposure at the end of the year 2023:

in EUR million

| Internal Collateral Value (ICV) in respect of forborne assets | ICV | thereof CRE | thereof RRE | thereof financial collateral | thereof guarantees | thereof other |
|---|---|---|---|---|---|---|
| Public Finance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial Institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Large Corporate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Medium and Small Corporate | 3.9 | 2.9 | 0.9 | 0.0 | 0.1 | 0.0 |
| Retail | 5.0 | 0.3 | 3.6 | 0.0 | 0.0 | 1.1 |
| **Total** | **8.9** | **3.3** | **4.5** | **0.0** | **0.1** | **1.1** |

Internal Collateral Value (ICV) is calculated as stated within Note 58.1.

## (57) Risk provisions

### 57.1. Method of calculating risk provisions

The risk provisions were modelled on transactional level and reflect the most recent macroeconomic forecasts provided by the Vienna Institute for International Economic Studies (wiiw). Likelihood of pessimistic scenario probability exhibited third consecutive downward revision during forecasting cycle that took place during first half of the year, with second half of the year forecasting cycle keeping it at the same level - reflecting high and persistent inflation shock being gradually absorbed by markets, with monetary policy adjusting for some time. This was confirmed to some extent by simultaneous qualitative information on lower policy, business and forecasts uncertainties as recently measured by corresponding professional and consumer European surveys. Negative risks, such as the broadening of the military conflict in the Middle East and the more protracted (than initially assumed) economic weakness in the EU with German manufacturing crisis deepening and global market fragmentation, are being outweighed by positive factors in terms of both impact and likelihood. The latter include advancing monetary loosening and increased public investment, although, admittedly, the risks are heavily skewed in favour of negative outcomes still. Consequently, probability of the optimistic scenario remains low at 5%, and the baseline scenario at 65%.

| Scenario probabilities | Baseline case | Optimistic case | Pessimistic case |
|---|---|---|---|
| YE24 | 65% | 5% | 30% |
| YE23 | 60% | 5% | 35% |

The following table summarises the quantitative elements of the baseline case, upside (optimistic) case and downside (pessimistic) case scenarios for selected forward-looking information/variables used to estimate the ECL as of 31 December 2024. The figures represent the average value of the macroeconomic variables over the first 12 months and the remaining 2-year forecast period for the baseline case, as well as average values of the entire projection horizon (3-year) for the optimistic and pessimistic cases.

| Scenario | Historical[1] | Baseline case | | | | Optimistic case | Pessimistic case |
|---|---|---|---|---|---|---|---|
| Sample period | | | 2025-2027 | | | | |
| Sub-sample | 2023 | 2024 | First 12 months[2] | Remaining 2-year period[2] | 3-year period[2] | 3-year period[2] | 3-year period[2] |
| Real GDP (constant prices YoY, %) | 3.1 | 3.3 | 2.7 | 2.8 | 2.8 | 5.0 | -0.1 |
| Unemployment Rate (ILO, average %) | 6.1 | 5.7 | 5.6 | 5.7 | 5.7 | 3.1 | 8.3 |
| Real-Estate (% of change) | 11.9 | 9.0 | 6.5 | 5.0 | 5.5 | 12.8 | -0.6 |
| CPI Inflation (average % YoY) | 8.4 | 3.6 | 2.9 | 2.4 | 2.6 | 2.5 | 3.7 |

[1] Subject to statistical revisions. [2] The numbers represent average values for the quoted periods. Source: wiiw (October 2024)

The following table provides quantitative aspects of the baseline case, upside (optimistic) case and downside (pessimistic) case scenarios for selected forward-looking information/variables used to estimate the ECL as of 31 December 2023.

| Scenario | Historical | Baseline case | | | | Optimistic case | Pessimistic case |
|---|---|---|---|---|---|---|---|
| Sample period | | | 2024-2026 | | | | |
| Sub-sample | 2022 | 2023 | First 12 months[1] | Remaining 2-year period[1] | 3-year period[1] | 3-year period[1] | 3-year period[1] |
| Real GDP (constant prices YoY, %) | 6.2 | 2.5 | 2.9 | 2.9 | 2.9 | 5.0 | 0.2 |
| Unemployment Rate (ILO, average %) | 7.0 | 6.8 | 6.7 | 6.5 | 6.6 | 4.2 | 8.9 |
| Real-Estate (% of change) | 14.8 | 9.0 | 6.5 | 5.0 | 5.5 | 12.5 | -0.3 |
| CPI Inflation (average % YoY) | 10.7 | 7.5 | 4.0 | 2.8 | 3.2 | 2.6 | 4.9 |

[1] The numbers represent average values for the quoted periods. Source: WIIW (October 2023)

The baseline forecast is the outcome of assessment of current economic developments, medium-term outlooks in the real and financial sector, and risks surrounding them. Alternative scenarios are differentiated by:

(i) the stance on economic and geopolitical risks, mainly reflecting the prolonged war conditions in Ukraine, further trade fragmentation and resurgence of protectionism;
(ii) climate transition risks reflecting assumptions on decarbonisation policies impacting core economic scenarios.

The calibration of economic shocks that leads to core alternative scenarios is implicitly derived from the last available EBA´s stress testing assumptions, i.e. any factor of conservativism that affected original deviation from the baseline path in EBA´s exercise is indirectly transposed into the internal framework. Technically, the core adverse scenario (not shown in the table above as it is used for internal stress testing and not in ECL calculation) depends on EBA´s deviation of adverse to baseline, which is imposed to wiiw´s baseline trajectories. Optimistic and pessimistic cases are half of the deviation used as described above. On the other hand, climate-related and environmental risk factors were calibrated based on econometric modelling of carbon pricing policies (vector auto-regression model developed by wiiw). They are specifically designed only for negative scenarios, while the baseline and optimistic case are already assumed to reflect climate effects stemming from "Paris Agreement setting" that implies no carbon dioxide removal efforts beyond the already established limits keeping the global warming below 2.5°C. Therefore, the climate effects in the baseline and optimistic scenarios are not quantitatively isolated at this stage, while for the negative scenarios they are added as annual deviations on top of core economic scenario values, reflecting carbon pricing policies targeting more ambitious limits of emissions, i.e. to reduce global warming below 1.6˚C. This leads to asymetricaly dispersed distribution of potential outcomes, conditional on risk assessment and its materialisation.

The respective narratives are as follows:

- **Baseline**: The global economy is expected to continue its steady growth during the forecast period, albeit skewed in favour of USA and India, rather than EU and China. What is more, zooming in on the Euro area, the Germany´s growth model is breaking down under pressure coming from international competition and recent energy price shocks (most pronounced in the manufacturing sector). This will most likely shape its delayed slow recovery facing serious structural and cyclical challenges ahead. Nevertheless, widespread inflation moderation, and favourable labour market developments, ensure confidence in a relatively optimistic outlook for the euro area with its economic activity most likely picking up in 2025 and continue on its steady path over the simulation horizon. Therefore, from Republic of Croatia perspective external demand will remain strong, while internal consumption remains invigorated by recent real wage adjustments and rapid drawdown of NGEU funds. Croatia's accession to the eurozone and the EU's border-free Schengen area have boosted tourism in 2024 and will continue to support the sector in the following period, but it should be noted though that Croatia's growth potential stemming from tourism is not endless. Over the short-term period (3Y horizon), Croatia can be expected to grow at 2,8%. Due to the moderation of inflation and with monetary policy gradually being loosened, one can expect favourable real wage dynamics and continuous credit growth in the short-run, supporting private consumption. Croatia is still facing acute labour shortages in certain professions and sectors, due to mass emigration to other EU countries - so the lack of skilled workers, remains an issue for the economy and an obstacle to higher GDP growth. This was off-set to some extent by migrant labour supply, but currently it is difficult to assess its longer term utilization. Turning to the climate risks, to ensure Croatia's energy security, the government aims to decarbonize the country's energy supply and limit reliance on fossil fuels, promoting renewable energy. Croatia plans to cut its $CO_2$ emissions by 45% by 2030 and to abandon the use of coal by 2033. In December 2021, the government adopted the Energy Efficiency Program, in order to decarbonize the energy and transport sectors. It has allocated some 40% of the EUR 5.5bn 2021–26 National Resilience and Recovery Plan (NRRP) to contribute to climate targets. Investments into renewable energy sources will stimulate employment and could counter the country's chronic brain drain. Considering that most of the physical risks are skewed towards the second half of the century, it can be expected that both the transition and physical risks are to remain minor over the forecast period.
- **Optimistic**: positive scenario assumes that active warfare between Russia and Ukraine ends by Q1 2025, with an effective stalemate followed by lengthy political negotiations, with gradual easing of trade restrictions for essential commodities as a result. The ability to re-open trade routes relieves pressure from the markets for food and metals, putting downward price pressures. Inflation should stay moderate even as the economy becomes more vibrant due to geopolitical risks, like tensions between the US and China as well as the warfare in the Middle East, subside. One could expect than that global energy markets stabilize, and global manufacturing continues to recover. New credit risks do not materialise, emerging markets enjoy increased capital inflows and currency appreciations. This would increase consumption levels and open possibilities for higher investment rates that would enable European economies to grow considerably faster. Croatia scenario gains could surpass 2 percentage points in relation to the baseline growth over the 2025-27 period. For the period 2027-28, macroeconomic indicators are simulated to converge to the baseline scenario, according to the assumption that in the long run the economy will operate on its potential level, although reached by growth moderation in this scenario. These conditions may foster strengthening of the ambition regarding the greenhouse gas emissions and policies advocated by largest $CO_2$ emitters, but one can still expect, in line with the latest Climate Action Tracker, that policy ambitions will stay within existing unconditional nationally determined contributions (NDC) commitments, i.e. individual country plans to reduce its emissions follow the Paris Agreement. Therefore, increases in carbon pricing over the forecast horizon is not to be expected and what is more, regional climate policy variations will remain quite low.
- **Pessimistic**: The negative scenario assumes that active warfare between Russia and Ukraine continues – or even intensifies - with poor prospects for negotiations until the end of next year. Global prices of essential goods would

therefore certainly increase due to trade fragmentation caused by EU and G7 gradually expanding the scope of secondary sanctions and a resurgence of protectionism, which of course jointly contribute to the upward price pressures and more volatile capital flows. Monetary policy loosening is advancing less rapidly than in the baseline scenario, and credit risks materialise in real estate markets outside the EU, although probably without unmanageable negative externalities to the EU financial system. Republican administration takes over in the US, resulting in a reduction of support to Ukraine and a weakening of security assurances to other NATO countries, as well as an increase in trade barriers with China and EU. Major global leaders continue to protract the implementation of climate change policies and opt for protecting local industries instead. In this case major nations tighten climate policies gradually, giving a 67% chance of keeping global warming below 2°C. This scenario assumes that climate policies are implemented immediately and gradually become more stringent, though not to the same extent as in the scenario of net-zero GHG emissions by 2050. CO2 emissions will be zero only by 2070. CDR deployment is relatively low. Of course, one has to admit there is a sizable chance that the global leaders may fail to coordinate on implementation of the climate action programs beyond the nationally determined contributions, which may be the source of additional risks and disturbances in both directions. Overall average output loss for Croatia, in terms of GDP contraction in relation to the baseline trajectories, amounts to -2,9%.

The 31 December 2024 financial statements do not contain a post model adjustment (PMA), which is a decrease of EUR 2.5 million from the PMA in the Bank's financial statements as of 31 December 2023. As the reasons for initial application of PMA, i.e. significant inflatory developments and highly uncertain macroeconomic environment, have diminished – so has need for its further application been assessed as no longer necessary.

The following table illustrates the weighted impairment allowance as well as the results of the sensitivity analysis where stage 1 and stage 2 ECLs are measured under each scenario with 100% weight. The sensitivity analysis is based on the baseline ECL excluding the applied management adjustment, which is included in the total ECL stock after probability weighting the ECL of each scenario. The assumed distribution of scenario probabilities (baseline 65%, optimistic 5% and pessimistic 30%) allows the Bank to cover the broad range of future expectations.

in EUR million

| 31.12.2024 | ECL including post model adjustment | ECL excluding post model adjustment | Optimistic case | Base case | Pessimistic case |
|---|---|---|---|---|---|
| Retail | 6.4 | 6.4 | 5.8 | 6.2 | 6.7 |
| Non-retail | 5.7 | 5.7 | 4.7 | 5.5 | 6.4 |
| Treasury | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| **Total** | **12.1** | **12.1** | **10.5** | **11.7** | **13.2** |

in EUR million

| 31.12.2023 | ECL including post model adjustment | ECL excluding post model adjustment | Optimistic case | Base case | Pessimistic case |
|---|---|---|---|---|---|
| Retail | 6.5 | 6.4 | 6.0 | 6.3 | 6.7 |
| Non-retail | 7.6 | 5.2 | 4.6 | 5.0 | 5.5 |
| Treasury | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |
| **Total** | **14.3** | **11.7** | **10.7** | **11.5** | **12.4** |

### 57.2. Development of risk provisions

Daily portfolio monitoring supported by clear performance goals regarding early collections, together with an incentive program leads to further improvements in the overall collections result and a significant reduction of the NPE portfolio. The NPE ratio (gross exposure based) decreased from 1.9% (2023) to 1.6% (2024).

The overall positive trend in NPE is mostly the result of gradual and stable inflow during the year, reduced with individual and collective debt sales activities. Additionally, extensive focus on both early collection and existing NPE collection / recovery are continuously ensuring stable and controlled NPE portfolio development.

Risk costs for 2024 ended up in amount of EUR -1.4 million, and with inclusion of off-balance sheet items, and FVOCI instruments, total YTD risk costs amounts EUR -0.7 million. The figure is mainly influenced by stable, lower than predicted NPE inflow in focus segments along with comprehensive NPE collection and recovery activities positively influencing risk cost. Despite challenging macroeconomic environment and inflationary pressures there was no material deterioration in asset quality in 2024, with risk provision development according to the expectations.

### 57.3. Changes in the calculation of portfolio risk provisions

Based on the ongoing model improvement framework at Addiko, updates are performed regularly to make sure that the latest available information is considered.

### 57.4. Development of the coverage ratio

The following table shows the NPE and coverage ratio (coverage ratio considers Stage 3 risk provision stocks) according to the internal segmentation as of 31 December 2024 and 31 December 2023:

in EUR million

| 31.12.2024 | Exposure | NPE | Provisions NPE | Collateral (NPE) | NPE Ratio | Coverage Ratio |
|---|---|---|---|---|---|---|
| Consumer | 675.2 | 12.1 | 8.9 | 0.1 | 1.8% | 74.2% |
| SME | 573.5 | 13.5 | 12.3 | 2.9 | 2.3% | 91.5% |
| Non-focus | 181.7 | 14.1 | 13.4 | 7.6 | 7.8% | 95.2% |
| o/w Large Corporate | 14.8 | 8.8 | 8.8 | 3.5 | 59.6% | 100.0% |
| o/w Mortgage | 156.2 | 5.3 | 4.6 | 4.1 | 3.4% | 87.2% |
| o/w Public Finance | 10.7 | 0.0 | 0.0 | 0.0 | 0.0% | 82.2% |
| Treasury | 1,073.5 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% |
| **Total** | **2,503.8** | **39.6** | **34.7** | **10.6** | **1.6%** | **87.5%** |

in EUR million

| 31.12.2023 | Exposure | NPE | Provisions NPE | Collateral (NPE) | NPE Ratio | Coverage Ratio |
|---|---|---|---|---|---|---|
| Consumer | 612.8 | 11.7 | 8.9 | 0.4 | 1.9% | 76.6% |
| SME | 552.9 | 13.8 | 12.2 | 4.2 | 2.5% | 88.1% |
| Non-focus | 245.5 | 20.6 | 18.2 | 16.0 | 8.4% | 88.6% |
| o/w Large Corporate | 28.9 | 10.2 | 9.3 | 3.5 | 35.3% | 91.0% |
| o/w Mortgage | 187.5 | 10.4 | 8.9 | 12.4 | 5.5% | 86.3% |
| o/w Public Finance | 29.1 | 0.0 | 0.0 | 0.0 | 0.0% | 100.0% |
| Treasury | 968.8 | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% |
| **Total** | **2,380.0** | **46.0** | **39.3** | **20.6** | **1.9%** | **85.4%** |

The overall increase in the Coverage Ratio is a result of provision allocation for clients in SME and Non-focus segments.

In determining provision coverage for NPE, Addiko Bank aims to be fully aligned with the supervisory expectations for prudential provisioning of non-performing exposures published by the European Central Bank.

## (58) Measurement of real estate collateral and other collateral

### 58.1. Collateral distribution

Bank’s exposure to credit risk comes out of loan activity, investments and cases where the Banks acts as an arbiter on behalf of clients or third persons. The risk that counterparty will not fulfil his/her obligation from financial instruments is continuously monitored on monthly basis.

Collateral types and collateral amounts depend on the client credit risk assessment, and their acceptability and evaluation are regulated by internal act Collateral Management Policy.

The Bank is monitoring market values of accepted collaterals on an ongoing basis and requests additional collaterals if necessary and stipulated by the contract.

In the case when the counterparty is not able to pay the outstanding amounts due, the Bank can initiate collection of received collaterals (and does not use them for conducting its regular business) in order to close its receivables.

Analysis of type of collaterals and credit risk exposures secured with those collaterals are presented in the following tables. Amounts of collaterals are presented at the internally accepted value (ICV), more conservative than the estimated value, using conservative haircuts in the calculation, which buffer potential losses, capped up to the value of the outstanding exposure they secure. Haircuts which are applied consistently in line with prescribed internal policy.

The Bank prescribed in its internal documents the methods of treatment of all security instruments that are relevant in terms of credit risk for the Bank, in accordance with the regulatory requirements governing those instruments.

Guarantees are represented by government guarantees, provinces, local authorities and banking guarantees.

Types of collaterals and internal collateral values (ICV) at 31 December 2024 and 31 December 2023 considered in the analysis above were as follows:

in EUR million

| Collateral distribution | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Exposure | 2,503.8 | 2,380.0 |
| Internal Collateral Value (ICV) | 192.0 | 240.4 |
| thereof CRE | 46.1 | 61.4 |
| thereof RRE | 139.5 | 169.0 |
| thereof financial collateral | 3.2 | 4.5 |
| thereof guarantees | 3.0 | 4.1 |
| thereof other | 0.2 | 1.4 |
| **ICV coverage rate** | **7.7%** | **10.1%** |

Management of all collaterals is determined in the "Collateral Management Policy”. Pursuant to the Collateral Management Policy and also Real Estate Valuation Standard, all the real estate has to be regularly monitored and its value regularly reassessed. Revaluation is being done annually for all commercial real estate, and at least once in three years for residential real estate. The valuation of all commercial real estate is performed on an individual level if the market value is above EUR 1.0 million, pursuant to the Collateral Management Policy. The market value of the ones with lower value is monitored using a statistical model. Thresholds for individual monitoring for residential real estate are more conservative, and those correspond to a market value of over EUR 0,4 million. Any outliers identified through statistical monitoring (CRE and RRE) are additionally monitored individually.

The predominant part of the reflected stated collaterals is provided for loans and receivables (negligible collaterals within other financial instruments). Reduction of collateral received value is the result of the continuing increase of lending activities on unsecured placements to private customers and small business entities according to the adopted business strategy.

The table below provides an analysis of the current fair value of collateral held and credit enhancements for stage 3 assets in accordance with IFRS 7R35K(c).

in EUR million

| 31.12.2024 | Gross carrying amount | Fair value of collateral held under the base case scenario | | | | | | | Net exposure | ECL |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Securities | Guarantees | Property | Other | Offsetting | Surplus collateral | Total collateral | | |
| **Loans and advances** | **37.7** | **0.0** | **0.0** | **5.0** | **0.0** | **0.0** | **0.0** | **5.0** | **32.6** | **33.2** |
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Governments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 19.8 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 19.4 | 19.1 |
| Households | 17.9 | 0.0 | 0.0 | 4.6 | 0.0 | 0.0 | 0.0 | 4.6 | 13.2 | 14.1 |
| **Commitments and financial guarantees** | **1.9** | **0.0** | **0.0** | **0.4** | **0.0** | **0.0** | **0.0** | **0.4** | **1.6** | **1.5** |
| Loan commitments given | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| Financial guarantees given | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| Other commitments given | 1.5 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 | 1.2 | 1.1 |

in EUR million

| 31.12.2023 | Gross carrying mount | Fair value of collateral held under the base case scenario | | | | | | | Net exposure | ECL |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Securities | Guarantees | Property | Other | Offsetting | Surplus collateral | Total collateral | | |
| **Loans and advances** | **43.9** | **0.0** | **0.0** | **6.7** | **0.0** | **0.0** | **0.0** | **6.7** | **37.2** | **37.7** |
| Central banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Governments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial corporations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-financial corporations | 21.2 | 0.0 | 0.0 | 2.5 | 0.0 | 0.0 | 0.0 | 2.5 | 18.7 | 19.1 |
| Households | 22.8 | 0.0 | 0.0 | 4.2 | 0.0 | 0.0 | 0.0 | 4.2 | 18.6 | 18.7 |
| **Commitments and financial guarantees** | **2.1** | **0.0** | **0.0** | **0.4** | **0.0** | **0.0** | **0.0** | **0.4** | **1.7** | **1.6** |
| Loan commitments given | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Financial guarantees given | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other commitments given | 1.9 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 1.5 | 1.4 |

## (59) Market risk

Market risk arises from open positions in market instruments that are linked to interest rates, different underlying currencies, and equities, all of which are exposed to general and specific market movements. The Bank manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions, and through establishing and maintaining appropriate limits.

The Bank structures market price risks according to the risk factors in interest rate, credit spread, currency and equity price risk. The Bank places a special emphasis on identifying, measuring, analysing and managing market risk. Market price risks may result from securities (and products similar to securities), money and foreign currency products, derivatives, exchange rate hedges and results hedging, assets similar to equity or from the management of assets and equity/liabilities.

### 59.1. Value at Risk (VaR) analysis

The VaR risk measure estimates the potential loss over the given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Bank reflects the 99% probability that the daily loss should not exceed the reported VaR.

VaR methodology employed to calculate daily risk numbers is a Monte Carlo simulation used in order to determine potential future exposure to risk. The Bank uses VaR to capture: exposure to Bank Book (99% confidence; 1 day holding horizon), exposure to Trading Book (99% confidence; 1 day horizon) and portfolios and exposure to daily open FX position of the Bank. Methodology used is a structured Monte Carlo simulation with 10,000 runs and a 99% confidence interval based on exponentially weighted volatilities and correlations of the Bank´s own time series (250 days).

Under the internal model, the variance-covariance method is used for the calculation of VaR for interest rate risk measurement in the Bank Book. The approach is based on the assumption that daily changes of interest rates fall within normal distribution. The risk vector is given by the position volatility and a normal distribution factor. The value of estimated loss or VaR for the overall portfolio is given by the multiplication of correlation matrix and in-verse risk vector.

As Euro is the base currency for all calculations, the Monte Carlo-based VaR calculation is modelled and reported via common Addiko Group internal application Portfolio Management System ("PMS") that covers also Bank's exposure and monitors risk from the Bank perspective.

The following table presents VaR trends of specific risk factors during the year 2024:

| Value at Risk | EUR million | EUR million | EUR million | EUR million |
|---|---|---|---|---|
| Risk category | Minimum | Maximum | Average | End of year |
| Interest rate risk - trading book | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest rate risk - banking book | 0.2 | 1.2 | 0.6 | 1.2 |
| Credit spread risk | 0.0 | 0.5 | 0.2 | 0.4 |
| Equity risk | 0.1 | 0.2 | 0.2 | 0.2 |
| Currency risk | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total*** | **0.4** | **1.9** | **1.0** | **1.9** |

* Correlation effects are not considered in the above analysis.

The following table presents VaR trends of specific risk factors during the year 2023:

| Value at Risk | EUR million | EUR million | EUR million | EUR million |
|---|---|---|---|---|
| Risk category | Minimum | Maximum | Average | End of year |
| Interest rate risk - trading book | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest rate risk - banking book | 0.3 | 0.9 | 0.5 | 0.4 |
| Credit spread risk | 0.2 | 0.7 | 0.4 | 0.3 |
| Equity risk | 0.1 | 0.1 | 0.1 | 0.1 |
| Currency risk | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total*** | **0.6** | **1.7** | **1.0** | **0.8** |

* Correlation effects are not considered in the above analysis.

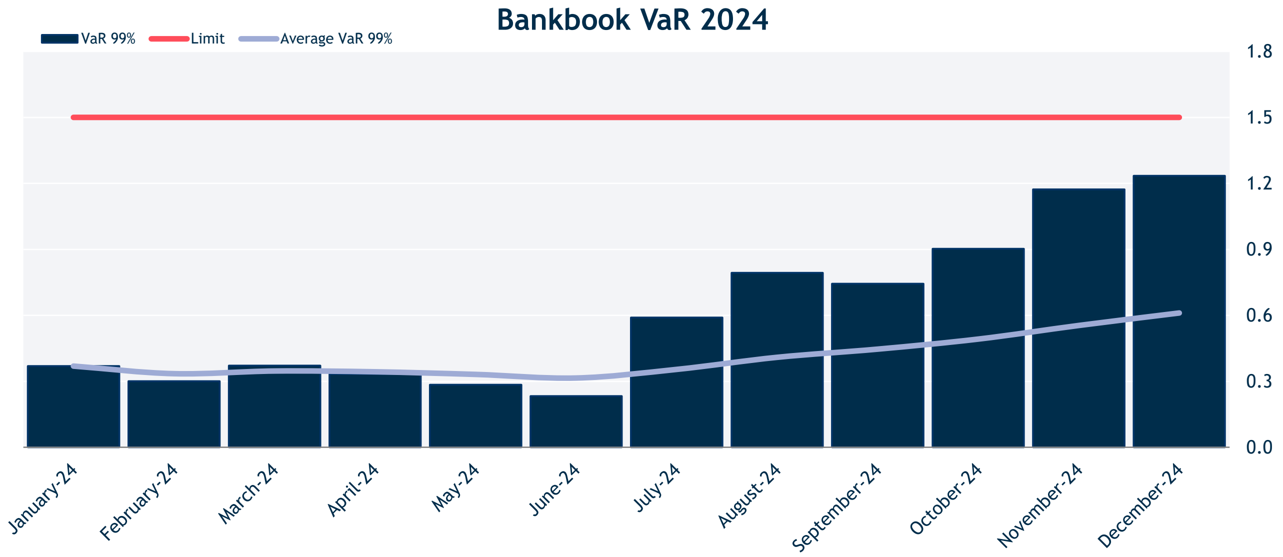
Comparing end of year figures, increase of total risk amount at the end of 2024 is mainly result of increase in interest rate risk in banking book due to increase of debt securities portfolio (new government bond purchases in second half of the year), alongside with increase in credit spread risk due to increased volatility of CDS/probability of default of Croatia government bonds and similar emerging markets' issuers. Furthermore, total market risk exposure was on average slightly lower in 2024 compared to the year before primarily due to lower exposure to credit spread risk in the first half of the year.

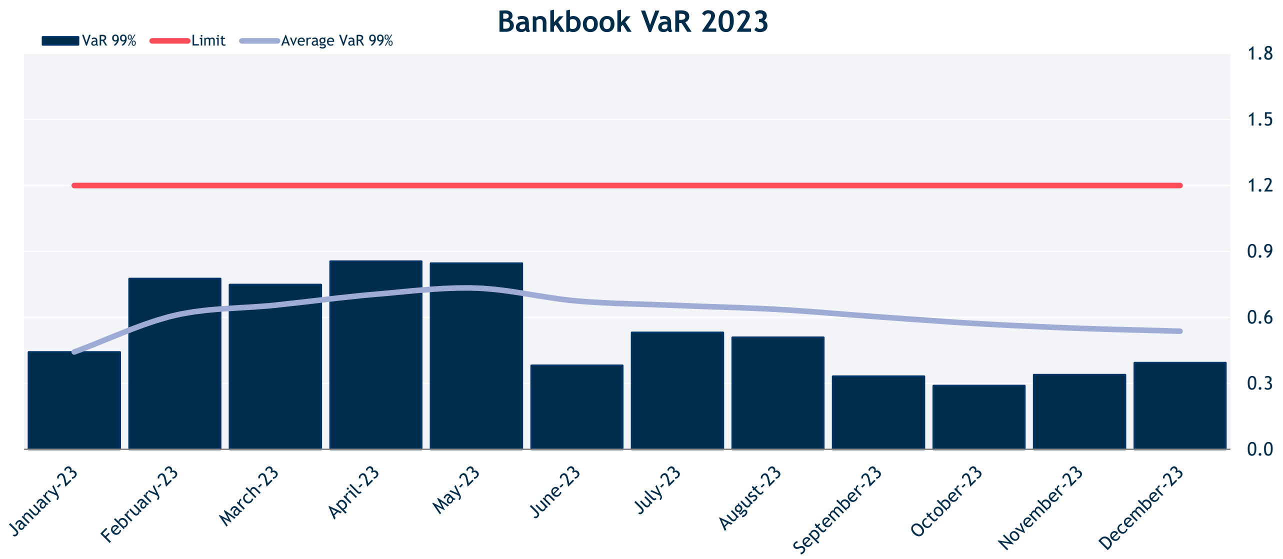
### 59.2. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. Management of the interest rate risk is performed through the Interest rate risk in bank book report with the inclusion of utilization of internally accepted limits and based on this report interest rate position steering within limits is performed through local and group Asset Liability Committees. Due receivables are taken into account under the following conditions: receivables that are due and not impaired are mapped as interest non-sensitive item. Furthermore, receivables which are impaired due to credit risk criteria are reduced for the portion of impairment through the whole payment period as to display only the interest sensitive part of each receivable.

The Bank's interest rate risk in the Bank Book changed between EUR 0.23 million and EUR 1.24 million during 2024 and was below internal VaR limit set at EUR 1.5 million. The limit was increased from EUR 1.3 million to EUR 1.5 million at the end of the January due to planned Treasury activities. The structure of the balance sheet according to the share of liabilities with fixed interest rates increased compared to the previous year. The Bank's funding structure still prevents a material increase in interest rate risk, taking into consideration an increase in the share of term deposits and a decrease in the share of received funds with until a further notice type of interest rate.

VaR limit monitoring, VaR 99% and average VaR 99% calculated from the beginning of the year until corresponding month for interest rate risk for 2024 and 2023 are shown in the graphs below, in EUR million:




Increase in debt securities portfolio in the second half of the year was the key reason for a higher interest rate risk measured by VaR model compared to corresponding month in 2023.

As shown on the chart for 2024, interest rate risk in the Bank Book was below the limit the whole year. The EUR was the biggest risk contributor throughout 2024.

Gap analysis allocates all interest rate sensitive instruments into predefined time buckets according to their interest repricing dates, which are either contractually based or based on behavioral assumptions.

Interest GAP Balance for on-balance sheet positions as of 31 December 2024 is as follows:

in EUR million

| | Up to 1 day | 1 day to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | No Effect* | Total |
|---|---|---|---|---|---|---|---|---|---|
| Assets | 452.8 | 78.5 | 93.2 | 379.0 | 331.3 | 266.8 | 634.4 | 107.7 | 2,343.8 |
| Liabilities | -394.4 | -145.1 | -94.8 | -360.0 | -171.2 | -136.8 | -567.9 | -473.5 | -2,343.8 |
| **Interest GAP** | **58.3** | **-66.6** | **-1.6** | **19.0** | **160.1** | **130.0** | **66.5** | **-365.7** | **0.0** |
| **Interest GAP (%)** | **2.5%** | **-2.8%** | **-0.1%** | **0.8%** | **6.8%** | **5.5%** | **2.8%** | **-15.6%** | **0.0%** |

* *"No Effect" position represents Share capital on Liability side and Tangible and Intangible assets on Asset side.*

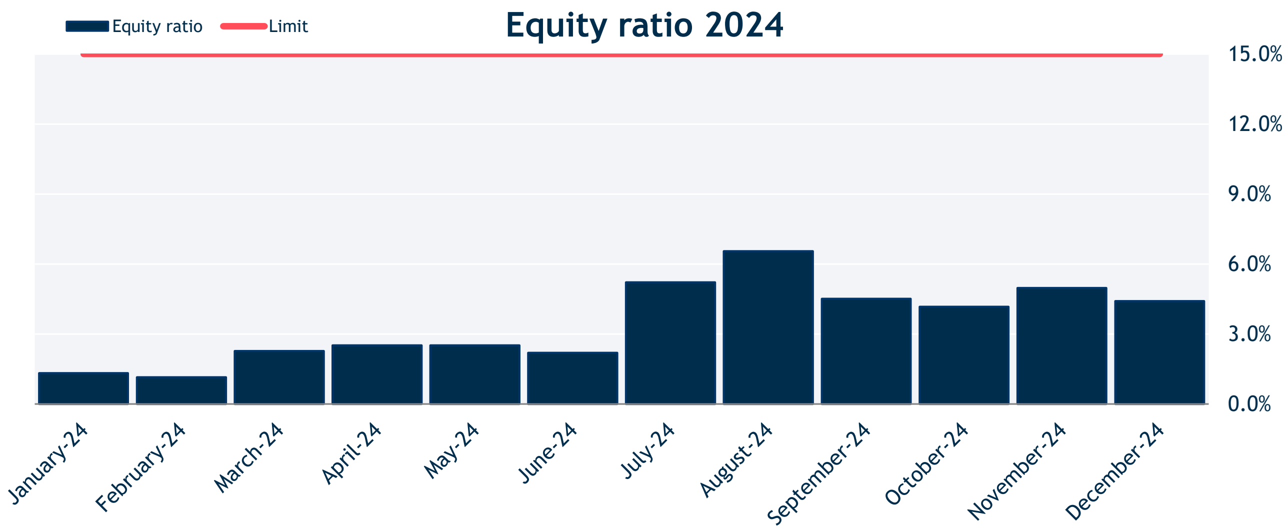
Interest GAP Balance for on-balance sheet positions as at 31 December 2023 is as follows:

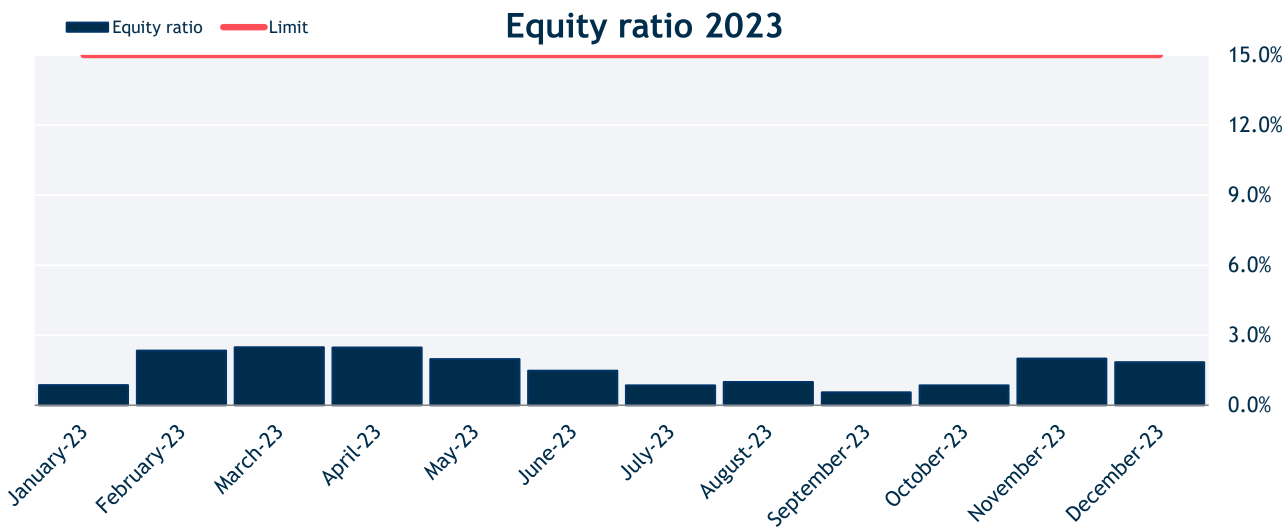
in EUR million

| | Up to 1 day | 1 day to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | No Effect* | Total |
|---|---|---|---|---|---|---|---|---|---|
| Assets | 472.0 | 99.6 | 79.3 | 368.9 | 258.1 | 212.2 | 608.6 | 106.2 | 2,204.9 |
| Liabilities | -512.7 | -93.2 | -39.6 | -260.2 | -140.1 | -155.8 | -547.6 | -455.8 | -2,204.9 |
| **Interest GAP** | **-40.7** | **6.4** | **39.7** | **108.7** | **118.0** | **56.4** | **61.0** | **-349.5** | **0.0** |
| **Interest GAP (%)** | **-1.8%** | **0.3%** | **1.8%** | **4.9%** | **5.4%** | **2.6%** | **2.8%** | **-15.9%** | **0.0%** |

* *"No Effect" position represents Share capital on Liability side and Tangible and Intangible assets on Asset side.*

Monitoring of Equity ratio, which represents interest rate risk calculated as 200 BP interest rate shock in relation with regulatory capital as defined in EBA Interest rate risk in banking book guidelines, as well as monitoring of internally given limit of 15% of regulatory capital for 2024 and 2023 are shown on the graphs as follows:





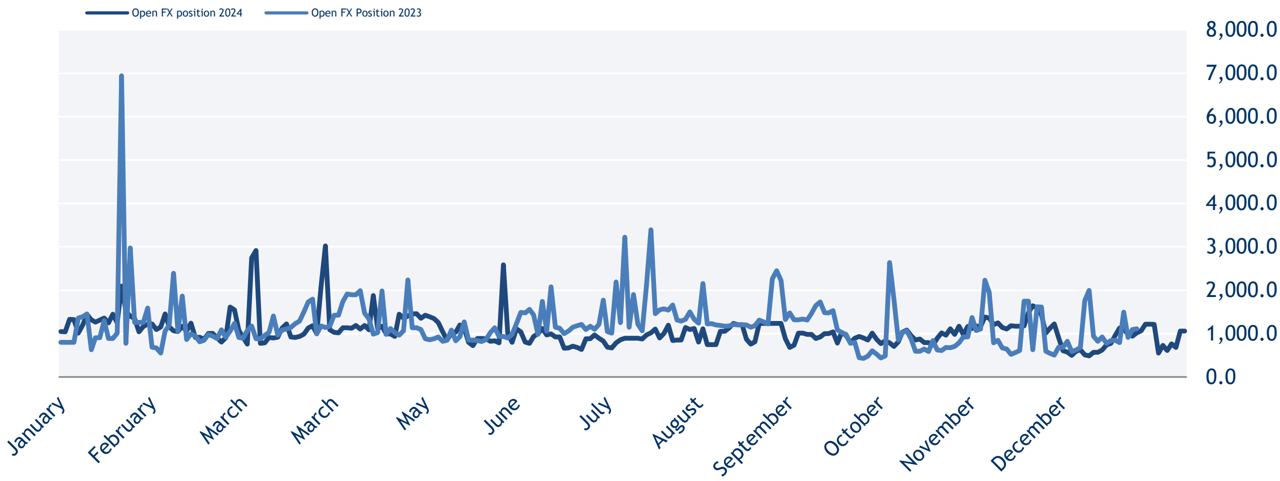

Regulatory requirements state that impact on local EVK report (report on exposures to interest rate risk in banking book) of a sudden parallel +/-200 basis points shift of the yield curve in total own funds may not exceed 20.0%, with the relevant risk estimation at 8.3% at 31 December 2024 versus 6.5% at 31 December 2023. Under the scenarios 1 to 6 as set out in Annex III of EBA/GL/2018/02, the impact may not exceed 15% of Tier 1 capital, with the relevant risk estimation at 8.5% at 31 December 2024 versus 6.7% at 31 December 2023.

### 59.3. Foreign currency risk

The Bank is exposed to changes of foreign exchange rates which influence its financial position and cash flows. Foreign currency risk exposures emerge out of credit, deposit and investment activities as well as out of trading activities. Foreign currency risk is controlled daily under the given limits for specific currencies and total off-balance sheet positions denominated in foreign currencies or linked to foreign currencies.

The Bank’s Management Board establishes exposure limits at the overall level as well as per particular currency. The given internal limits represent the Bank’s appetite for foreign currency risk exposure. Volume of open FX limit remained at EUR 30 million during 2024. Foreign currency risk is measured via internal Monte Carlo-based VaR calculation, and the VaR limit was lowered from EUR 100 thousand to EUR 15 thousand at the end of January 2024. Average total open FX position volume was 12% lower compared to 2023 with average volume limit utilization of 4%.

The following graph shows comparison in movements of open foreign currency position for the year 2024 and 2023:




The following table details the Bank's open FX position as of 31 December 2024 as well as Bank's sensitivity to changes in the exchange rate between the domestic currency (EUR) and the relevant foreign currency, comparing the rates at the end of 2024 and 2023:

in EUR million

| | USD | CAD | AUD | Other |
|---|---|---|---|---|
| Open FX position | 0.3 | 0.1 | 0.1 | 0.3 |
| Net profit or loss effect | 0.0 | 0.0 | 0.0 | 0.0 |

The following table details the Bank's open FX position as of 31 December 2023 as well as Bank's sensitivity to changes in the exchange rate between the domestic currency at (EUR) and the relevant foreign currency, comparing the rates at the end of 2023 and 2022:

in EUR million

| | CHF | CAD | AUD | Other |
|---|---|---|---|---|
| Open FX position | -0.3 | 0.2 | 0.2 | 0.2 |
| Net profit or loss effect | 0.0 | 0.0 | 0.0 | 0.0 |

A positive number with long open position indicates an increase in profit and a depreciation of domestic currency against the relevant foreign currency, while a negative number with long open position indicates a decrease in profit and an appreciation of domestic currency against the relevant foreign currency comparing year end exchange rates.

All limits for open FX position were respected throughout whole 2023 and 2024. Monthly average total open FX position volume was in range from around EUR 0.9 million to EUR 1.3 million. With low appetite for open FX position, FX risk measured by VaR remained at low levels, shaping limit utilization on 7% average.

### 59.4. Credit spread risk

Credit spread risk represents the risk of debt instrument price change that comes out from a shift in expected client creditworthiness, which is usually reported through CDS curve. Along with the interest rate risk, credit spread risk represents a major risk factor within the market risks. Credit spread margin is a constitutional part of each market price of debt security and it is determined on a daily basis. VaR is used as a measure of credit spread risk, having estimated the maximum potential loss of the portfolio over a given period (usually 1 day), due to simulated changes in the prices of its constituent parts, i.e., debt financial instruments.

Credit spread risk management is carried out through daily VaR reports, within which the monitoring of internally accepted limits is conducted. On the basis of that report, Management and the relevant sectors have information on the amount of risk taken and whether the bank is or it is not positioned within the defined/acceptable limits.

The credit spread risk stood at EUR 0.45 million at 31 December 2024, versus EUR 0.28 million at 31 December 2023. The Bank's credit spread risk maintained from EUR 0.02 million to EUR 0.55 million throughout the year and was below VaR limit of EUR 0.70 million defined at the end of January 2024.

## (60) Liquidity risk

Liquidity risk is a measure of the extent up to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank is obliged to continuously insure sufficient amount of liquid assets in order to cover all demands that arise from maturity of their obligations.

The Bank has a clearly defined tolerance towards the liquidity risk exposure, which is determined in accordance with adopted strategy and business plans. In order to meet all regulatory requirements and to achieve and respect security principles as well as to maintain stability and achievement of planned profitability, systematic measurement, limitation and reporting of liquidity risk is applied within the Bank. The Bank maintains its liquidity in accordance with the requirements of CRR, including delegated act 2015/61 and the associated requirements of CEBS / EBA as well as CRR / CRD IV and the CNB regulations.

The Bank has maintained a strong liquidity position during 2024 given the robust liquidity reserve and stable funding base. As one of key regulatory requirements, the Bank manages liquidity position via Liquidity Coverage Ratio, which the regulator defines as the ratio of a credit institution's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period.

In 2024, the Liquidity Coverage Ratio (LCR) moved between its lowest level of 275.1% in April 2024 and its peak of 395.9 % in March 2024.

The following table represents levels of liquidity coverage ratio obtained by the Bank in 2024 and 2023 and calculated out of daily values:

| | 2024<br>% | 2023<br>% |
|---|---|---|
| Year End | 329.7 | 333.0 |
| Maximum | 395.9 | 472.1 |
| Minimum | 275.1 | 312.3 |
| Average | 328.8 | 355.9 |

In addition to the LCR ratio, the bank manages its long-term liquidity through a regulatory Net Stable Funding Ratio (NSFR). The NSFR ratio is a liquidity standard requiring banks to hold sufficient stable funding to cover the duration of their long-term assets.

In 2024, the NSFR has been moving between its lowest level of 176 % in March 2024 and its peak of 189.4 % in December 2024.

The following table represents levels of NSFR ratio obtained by the Bank in 2024 and 2023 and calculated out of quarterly values:

| | 2024<br>% | 2023<br>% |
|---|---|---|
| Year End | 189.4 | 183.5 |
| Maximum | 189.4 | 195.7 |
| Minimum | 176.0 | 183.5 |
| Average | 181.4 | 188.9 |

In December 2024, the counterbalancing capacity at the Addiko Bank was structured as follows:

in EUR million

| Counterbalancing Capacity | |
|---|---|
| Coins and bank notes | 56.1 |
| Withdrawable central bank reserves | 347.8 |
| Level 1 tradable assets | 607.3 |
| Level 2A tradable assets | 0.0 |
| Level 2B tradable assets | 0.0 |
| **Total Counterbalancing Capacity** | **1,011.1** |

In December 2023, the counterbalancing capacity at the Addiko Bank was structured as follows:

in EUR million

| Counterbalancing Capacity | |
|---|---|
| Coins and bank notes | 49.1 |
| Withdrawable central bank reserves | 345.6 |
| Level 1 tradable assets | 503.8 |
| Level 2A tradable assets | 0.0 |
| Level 2B tradable assets | 5.9 |
| **Total Counterbalancing Capacity** | **904.5** |

Furthermore, the Bank has set additional internal limits which represent the constitutional part of Liquidity Risk Policy. These ratios are used in liquidity risk management process and represents tolerance toward liquidity risk:

- Current liquidity ratio,
- Local Loan Stable Funding Ratio (LLSFR),
- Short term assets to short term Liabilities ratio (up to 1 Year).

The ratio of liquid assets to total assets is indicator of current liquidity which defines what portion of total assets should be kept as liquid assets (e.g. giro positions, securities portfolio). The goal is to keep liquidity reserves in proportion with total assets.

The short-term assets to short-term liabilities defines the relation between short term assets and short term liabilities and takes into consideration remaining asset and liabilities maturity up to 1 year.

Local Loan Stable Funding Ratio represents the monthly observation's ratio between loans and funding.

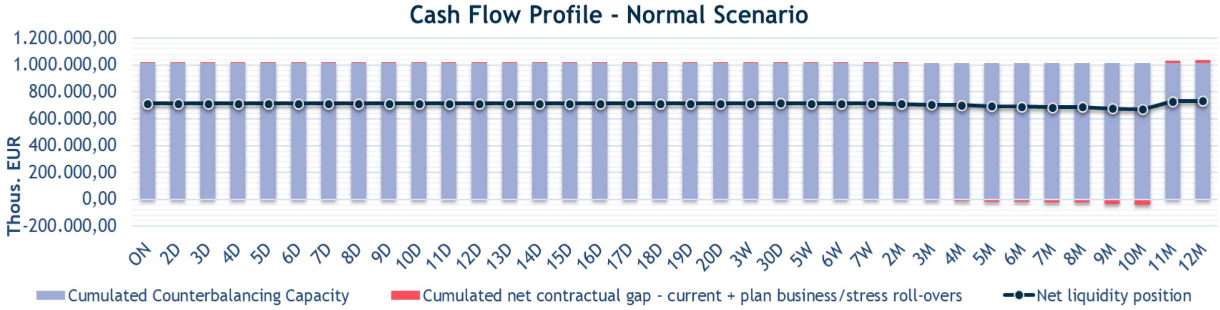
The following table shows the level of Liquidity ratios in 2024 and 2023:

| | 2024<br>% | 2023<br>% |
|---|---|---|
| **Current liquidity ratio:** | | |
| Year End | 47.2 | 45.4 |
| Maximum | 47.2 | 49.6 |
| Minimum | 41.7 | 44.5 |
| Average | 44.2 | 46.3 |
| **LLSFR ratio:** | | |
| Year End | 65.8 | 67.5 |
| Maximum | 72.7 | 68.9 |
| Minimum | 65.8 | 59.7 |
| Average | 69.6 | 65.4 |
| **Short term assets to short term liabilities ratio:** | | |
| Year End | 96.4 | 116.3 |
| Maximum | 113.6 | 160.9 |
| Minimum | 93.9 | 116.3 |
| Average | 100.6 | 138.5 |

Aside from the mentioned regulatory requirements, the Bank has also developed a system of liquidity risk management which ensures continuous maintenance of sufficient liquidity assets (reserve) in the form of additional, high quality, unpledged liquid instruments as insurance in case of unexpected events. A system-based measurement of liquidity risk and monthly monitoring is being performed by the following measure used: the ratio of sufficient Counterbalancing capacity versus projected net cash flows, also known as "Time to Wall" ratio. This ratio is defined for a variety of scenarios. By monitoring this ratio, liquidity risk measurement is being performed for several different predefined liquidity crises, starting from moderate to severe.

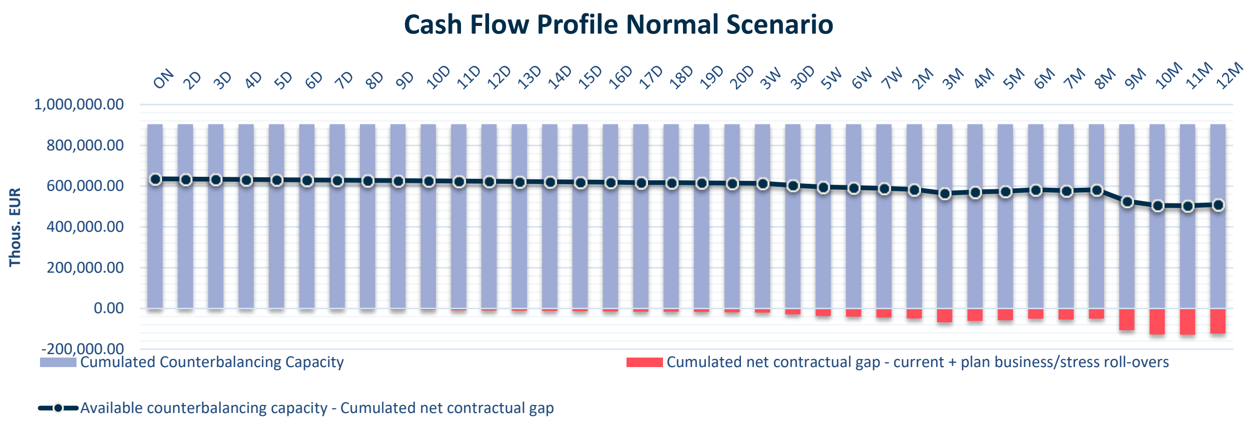
Graph below shows sufficiency of liquidity reserves in relation to net projected outflows ("Time to Wall" ratio) on 31 December 2024:

| Normal Scenario | | 31.12.2024 |
| --- | --- | --- |
| Time to Wall | | >12 m |
| Net Liquidity Position (EUR Mio) after | 1 week | 702,02 |
| | 1 month | 704,21 |
| | 3 months | 695,12 |
| | 6 months | 680,88 |
| | 1 year | 723,53 |




Graph below shows sufficiency of liquidity reserves in relation to net projected outflows ("Time to Wall" ratio) on 31 December 2023:

| Normal Scenario | | 31.12.2023 |
| --- | --- | --- |
| Time to Wall | | >12 m |
| Net Liquidity Position (EUR Mio) after | 1 week | 629.23 |
| | 1 month | 604.09 |
| | 3 months | 564.79 |
| | 6 months | 582.68 |
| | 1 year | 510.05 |



Aside from the above, the Bank has established a liquidity contingency plan which comprises a variety of measures and regulates procedures in case of a particular crisis. Liquidity crisis declaration criteria consist of several quantitative and qualitative ratios which are monitored and reported daily. In case that crisis declaration criteria are fulfilled, Risk Control department is obliged to inform Management Board, ALCO and LICO, which is then in charge of further actions.

Furthermore, the Bank places special focus on term structure of assets and liabilities in scope of its liquidity risk management.

The following table gives a breakdown of remaining contractual maturities of undiscounted cash flows for the financial assets, liabilities and off-balance of the Addiko Bank as at 31 December 2024:

in EUR million

| 31.12.2024 | Carrying amount | Contractual cash flows | up to 1 day | up to 3 months | from 3 months to 1 year | from 1 year to 5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash | 56.1 | 56.1 | 56.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balances with Croatian National Bank | 365.2 | 365.2 | 365.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at fair value through P/L and FVOCI | 314.6 | 334.0 | 9.2 | 3.5 | 15.0 | 250.0 | 56.2 |
| Debt securities at amortised cost | 359.7 | 658.8 | 0.4 | 21.5 | 64.3 | 312.5 | 260.1 |
| Placements with and loans to other banks | 13.7 | 13.7 | 8.7 | 5.0 | 0.0 | 0.0 | 0.0 |
| Loans and receivables | 1,184.8 | 1,362.3 | 42.2 | 85.1 | 271.8 | 719.8 | 243.3 |
| **Total assets** | **2,294.0** | **2,790.1** | **481.9** | **115.1** | **351.2** | **1,282.3** | **559.6** |
| **Liabilities** | | | | | | | |
| Deposits and borrowings from credit institutions | 21.2 | 21.2 | 14.3 | 6.8 | 0.0 | 0.0 | 0.0 |
| Subordinated debt | 31.1 | 34.2 | 0.0 | 0.0 | 2.1 | 32.1 | 0.0 |
| Deposits from customers, borrowings and other financial liabilities | 1,785.9 | 1,787.9 | 1,336.9 | 211.2 | 222.5 | 15.5 | 1.7 |
| Lease liabilities | 4.1 | 4.3 | 0.0 | 0.4 | 1.2 | 2.6 | 0.0 |
| **Total liabilities** | **1,842.2** | **1,847.5** | **1,351.2** | **218.5** | **225.8** | **50.2** | **1.7** |
| **Off Balance** | | | | | | | |
| Derivatives nominal inflow | 205.7 | 205.7 | 0.0 | 62.4 | 135.0 | 8.3 | 0.0 |
| Derivatives nominal outflow | -205.8 | -205.8 | 0.0 | -62.4 | -135.0 | -8.3 | 0.0 |
| Guarantees | 49.6 | 49.6 | 1.2 | 48.3 | 0.0 | 0.0 | 0.0 |
| Uncovered letters of credit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revolving loans | 59.1 | 59.1 | 0.3 | 4.2 | 29.6 | 25.0 | 0.0 |
| Loan commitments | 63.6 | 63.6 | 0.6 | 62.9 | 0.0 | 0.0 | 0.0 |
| Other off-balance commitments | 42.9 | 42.9 | 0.0 | 0.1 | 2.0 | 27.5 | 13.2 |

The table is based on undiscounted cash flows of financial instruments and reflects the numbers in the statement of financial position. Time bucketing is defined by residual maturity of each position with the inclusion of the respective interest. The Banks' expected cash flows on some financial assets and financial liabilities vary from the contracted cash flows. The principal difference is related to deposits from customers that are expected to remain stable.

The table above is showing residual maturity including in full non-maturing Deposits from customers (NMD's) in up to 1 day time bucket. Statistical approach (NMD model) which is used in IRRBB management could be indicative in liquidity management showing fluctuations occurring at the individual account level and overall volume of NMD deposits remaining relatively constant. In retail segment (significant, EUR currency) more than 90% of NMD's is stable with rollout percentage of 89% and maximum maturity up to 8Y. In corporate segment (EUR currency) around 90% of NMD's is stable with rollout percentage of 50% (regulatory cap) and with maximum maturity up to 5Y. The NMD model was made according to the Basel Committee on Banking Supervision (BCBS) 2016 guidelines.

Below is a breakdown of remaining contractual maturities of undiscounted cash flows for the financial assets, liabilities and off-balance of the Addiko Bank as at 31 December 2023:

in EUR million

| 31.12.2023 | Carrying amount | Contractual cash flows | up to 1 day | up to 3 months | from 3 months to 1 year | from 1 year to 5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash | 48.4 | 48.4 | 48.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balances with Croatian National Bank | 363.4 | 363.4 | 363.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at fair value through P/L and FVOCI | 353.9 | 379.5 | 7.3 | 29.5 | 36.0 | 238.7 | 68.1 |
| Debt securities at amortised cost | 217.6 | 533.1 | 0.3 | 7.7 | 40.6 | 262.5 | 222.0 |
| Placements with and loans to other banks | 12.9 | 12.9 | 12.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loans and receivables | 1,153.3 | 1,323.4 | 55.5 | 80.6 | 257.1 | 677.8 | 252.4 |
| **Total assets** | **2,149.5** | **2,660.7** | **487.8** | **117.8** | **333.7** | **1,178.9** | **542.5** |
| **Liabilities** | | | | | | | |
| Deposits and borrowings from credit institutions | 16.4 | 17.5 | 13.4 | 3.1 | 1.1 | 0.0 | 0.0 |
| Subordinated debt | 31.1 | 35.3 | 0.0 | 0.0 | 1.1 | 34.2 | 0.0 |
| Deposits from customers, borrowings and other financial liabilities | 1,676.1 | 1,678.1 | 1,408.8 | 108.2 | 129.2 | 28.7 | 3.3 |
| Lease liabilities | 5.1 | 5.4 | 0.0 | 0.4 | 1.2 | 3.7 | 0.1 |
| **Total liabilities** | **1,728.7** | **1,736.3** | **1,422.1** | **111.7** | **132.5** | **66.5** | **3.4** |
| **Off Balance** | | | | | | | |
| Derivatives nominal inflow | 264.7 | 264.7 | 0.0 | 232.1 | 19.2 | 13.4 | 0.0 |
| Derivatives nominal outflow | -264.5 | -264.5 | 0.0 | -231.9 | -19.2 | -13.4 | 0.0 |
| Guarantees | 52.1 | 52.1 | 1.7 | 50.4 | 0.0 | 0.0 | 0.0 |
| Uncovered letters of credit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revolving loans | 35.1 | 35.1 | 1.0 | 1.6 | 10.3 | 22.2 | 0.0 |
| Loan commitments | 69.7 | 69.7 | 0.5 | 69.2 | 0.0 | 0.0 | 0.0 |
| Other off-balance commitments | 53.9 | 53.9 | 0.0 | 0.5 | 1.2 | 38.5 | 13.7 |

## (61) Operational risk

Operational Risk is the risk of a loss resulting from inadequate or failed internal processes, systems, people or from external events. This definition includes legal risk.

Regulatory requirements with respect to the operational risk management process are related to continuous determination of risk to which the Bank is exposed or could be exposed in their operations and analysis of the risk exposure causes. Standards for an operational risk management process are aligned with the legislation of CNB. To calculate the capital requirement for the operational risk, Bank uses the standardized approach.

Operational risk management process includes comprehensiveness of the organizational structure, policies, processes, procedures, systems and resources for identifying, measuring and assessing, controlling, monitoring and reporting of operational risk exposures and risk management in general, and includes the establishment of appropriate corporate governance and risk culture.

The organizational structure of the operational risk management reflects the fact that operational risk is inherent in the overall operations of the Bank including a Risk Control function as a central component that coordinates, analyses and monitors operational risk, and a decentralized component in all organizational units of the Bank responsible for everyday practical use and implementation of operational risk management process.

Within the operational risk management, roles and responsibilities are strictly defined and documented in internal documents which allow communication and collaboration at all levels, and an adequate flow and circulation of information relevant for operational risk management. Non blaming culture prevents any conflict of interest in the data collection process.

Raising awareness on operational risk management is carried out through continuously organizing internal trainings in the Bank and by establishing the Operational Risk Committee as a body for approval and discussion of strategic issues related to monitoring and managing operational risk at the level of the Bank. Additionally, the Bank ensures continuous e-learning trainings in order to increase risk awareness regarding operational risk management.

Operational risk management process is based on a proactive approach to the early detection and prevention of operational risk events that could cause a loss. In the document "Operational Risk Policy" the Bank has summarized rules for the identification, assessment, management and control of the operational risk. Series of internal acts were created that strategically and operationally define operational risk management process and clearly define the roles and responsibilities of all the Bank's employees involved in it.

Methods of measuring the operational risk include both quantitative and qualitative methods, which represent the tool for observation of changes in the Bank's risk profile.

Quantitative method of measuring the operational risk includes the data collection about the events that resulted in losses or could result in losses due to the operational risk. Qualitative method of measurement of the operational risk includes an scenarios analysis for events of low frequency and significant consequences on an annual basis, a risk assessment during the implementation of new products, entering into the new markets, outsourced activities, risk assessment within the significant projects and risk and control assessment in business processes according to internal control system methodology.

Internal Control System as part of the operational risk is the sum of all measures designed and implemented to determine, manage and minimize risks in business processes. It is built on a process-oriented approach and it is a core component of all processes in the Bank that are part of or that influence the financial reporting of the Bank. The main goal of an Internal Control System process is to reduce the risks within the business area by establishing adequate control management and by continuous improvement of the process of the established control system in order to assure the correctness of financial and regulatory reporting.

Capital requirement for operational risk as of 31 December 2024 amounts to EUR 12,87 million. Total realized booked new operational risk gross losses amount to EUR 9,63 million and these losses are recorded within 1226 operational risk events which are mostly influenced by provisions allocated to CHF passive legal cases. The recovery is recorded in the amount of EUR 0.35 million, which represents a net loss in the amount of EUR 9,28 million. In addition, allocation in total amount of EUR 11,34 million were booked as part of the adjustment of existing losses, which are mostly related to CHF passive legal cases.

## (62) Other risks

### 62.1. Strategic risk / Business risk

Strategic risk means the risk of loss caused by adverse business decisions, lack of responsiveness to changes in the economic environment, etc. It arises from the faulty management decisions on corporate positioning, treatment of business sectors, the choice of business partners or the development and use of internal potential.

Ability to manage strategic risk is crucial for its survival and long-term development. Strategic risk management primarily involves the Bank's relation to the environment in which it operates, decisions in response to the changes that occur in its business environment and making decisions related to capital and other resources in a manner that creates a priority of the Bank as a whole in front of her competition.

Business risk is defined as potential loss in earnings due to adverse, unexpected changes in business volume, margins or both. Such losses can result above all from a serious deterioration of the market environment, customer shift, changes in the competitive situation or internal restructuring. It can lead to serious losses in earnings, thereby diminishing the market value of a company.

Business risk is in principle driven by three key factors:

- Revenue Volatility
- Pre-tax Operating Profit Margin
- Cost Base Flexibility

Increased revenue volatility will increase the probability of revenue falling below costs, hence incurring a business risk loss.

### 62.2. Outsourcing risk

Outsourcing risk represents the term for all the risks that can arise when the Bank is contractually delegating of activities to the service providers for services which would normally be performed by the Bank itself and as such risk cannot be quantified separately, but its influence is being observed through other risks such as operational risk, strategic, reputational, legal, etc., which could have a negative effect on the financial result, business continuity or Bank reputation.

### 62.3. Reputational risk

The Reputational risk is defined as the current or prospective risk to earnings and capital arising from adverse perception of the image of the financial institution on the part of clients, counterparties, shareholders, investors or regulators. The bank's reputation reflects the information that third parties have on how trustworthy the behavior has been in the past.

The Bank distinguishes between two major factors for reputational risk:

- Reputational risk caused by internal and external complaints
- Reputational risk as a matter of the damage to the bank´s image

### 62.4. Systemic risk

Systemic risk is understood as the risk of disruption in the financial system as a whole or parts of the financial system.

### 62.5. Environmental, Social and Governance (ESG) Risks

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

As described in the consolidated Addiko Group Annual report in the Group Management report part, concerning Sustainability Statement for 2024, Addiko takes into account the environmental, social and governance ("ESG") risks, associated with the activities of customer companies and pays particular attention to in-depth analysis of sustainability issues related to sectors which are considered sensitive.

Addiko Bank also regularly assesses and reports on ESG risks which may impact the bank. ESG risk factors (primarily climate-related and environmental risks) and its risk materiality are regularly assessed on a yearly basis, resulting with inclusion into existing risk types (credit risk and other risks), rather than showing them as a single, standalone ESG risk type. Depending on the results of the mentioned risk materiality assessment process, appropriate risk reduction techniques and control mechanisms are implemented, with the aim of monitoring such a portfolio throughout its entire life. Any negative movement in this context must be reflected in the deterioration of the client's rating, which will ultimately result in an increase in capital requirements for credit risk.

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

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

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

Additionally, climate-related and environmental risk factors were calibrated based on econometric modelling of carbon pricing policies and included in macroeconomic forecasts and therefore also make integral part of IFRS 9 ECL calculation. They are specifically designed only for pessimistic and worst-case scenarios, while the baseline and optimistic case are already assumed to reflect climate effects stemming from "Paris Agreement setting” that implies no carbon dioxide removal efforts beyond the already established limits keeping the global warming below 2.5°C. Therefore, the climate effects in the baseline and optimistic scenarios are not quantitatively isolated at this stage, while for the negative scenarios they are added as annual deviations on top of core economic scenario values, reflecting carbon pricing policies targeting more ambitious limits of emissions, i.e., to reduce global warming below 1.6°C. This leads now to asymmetrically dispersed distribution of potential outcomes, conditional on risk assessment and its materialization.

## (63) Legal risk

### 63.1. Passive legal disputes: monitoring and provisioning of legal risks

The overall number of passive legal disputes increased during 2024, primarily as the result of extensive filing of CHF related claims before the expiration of the statute of limitation term in June 2023. Majority of these CHF related claims were delivered to the Bank in 2024. Consequently, the overall amount in dispute for passive legal disputes was increased as of 31 December 2024 (EUR 204.52 million) versus 31 December 2023 (EUR 200.05 million) by EUR 4.47 million.

There is still a future risk of further increasing number of proceedings and amounts in dispute due to changed court practice, binding sample proceedings decisions and binding opinions of the Supreme Court. This risk has been recognized by the Court of Justice of the European Union (CJEU) in Joined Cases C-554/21, C-622/21, and C-727/21, *Financijska agencija v. HANN-INVEST d.o.o. and others*, holding that internal mechanisms for the harmonization of case law in Republic of Croatia are incompatible with the requirements of effective judicial protection as enshrined in EU law.

Monitoring and steering tools have been implemented in the Bank to establish and secure reliable data quality and dispute handling quality, and to monitor daily litigation work and the development of court cases.

Legal provisions for the legal risk inherent in passive legal proceedings, specifically the risk of losing the case and having to bear the associated costs, are generally calculated in accordance with international accounting principles and local regulations where the expected outflow of economic resources is more probable than not. The Bank's Legal Service department familiar with the respective cases and/or external appraisers are responsible for assessing the expected outcome of the disputes. The latter especially applies in the case of particularly complex disputes or particularly high amounts in dispute. In addition to these general requirements, legal provisions are also formed for particularly complex and/or high-profile legal disputes, which of course carry a greater inherent legal risk.

For further details concerning provisions for legal disputes, please refer to Note (48.2) Provisions for pending legal disputes.

### 63.2. Historical unilateral interest changes and Suisse Frank clause risk

Between 2004 and 2008, numerous private customers in Croatia have borrowed foreign currency loans (especially loans denominated in CHF). Such loan agreements have increasingly become the subject of customer complaints and legal proceedings, the latter being a course of action initiated in particular by consumer protection organizations. The main allegation is that customers were not provided with sufficient information on the consequences of such agreements when they were concluded, and/or that the foreign currency and/or interest rate adjustment clauses applied or the whole FX contracts were void.

The most relevant decisions that preceded the considerable increase of the number of individual consumer CHF court's proceedings against the Bank during the period from 2015 to 2024 are the following:

(i) May 2015 – the Supreme Court of the Republic of Croatia has fully confirmed the decision of the High Commercial Court of the Republic of Croatia on the nullity of the unilateral interest change provision in CHF loan agreements,
(ii) September 2019 - the Supreme Court of the Republic of Croatia has confirmed the 2018 decision of the High Commercial Court of the Republic of Croatia on the nullity of the currency clause provision in CHF loan agreements. Borrowers, whether participating in the class action or not, cannot exert any direct claims from the verdict but had to file individual complaints regarding any potential overpayment claims due to the FX clause.
(iii) March 2020 - the Supreme Court of the Republic of Croatia ruled in the sample case that the annexes for converted loans are valid, which implies that CHF converted borrowers are not entitled to additional reimbursement,

(iv) In May 2022 the European Court of Justice ("CJEU") ruled in a case regarding converted CHF loans, that a) CJEU has no jurisdiction over the CHF loan matter itself since the loan agreements were concluded before Croatia's accession to the EU and b) that the Consumer Protection Directive might not be applicable if the Conversion law 2015 was intended to bring balance between banks and consumers. The task of checking whether this is the case is up to the local courts,

(v) December 2022 - the Supreme Court of the Republic of Croatia published its opinion regarding converted CHF loans. The opinion states that clients who converted under Conversion Law 2015 are entitled to additional payments according to the General Obligations Act, which should consist of penalty interest until the conversion date. However, this opinion did not pass the control by the Register for Judicial Practice of the Supreme Court and therefore it is not legally binding;

(vi) October 2024 - the Supreme Court of the Republic of Croatia ruled in an Addiko case (Rev 259/2022) that CHF-denominated loan agreements remain valid (i.e. cannot be declared fully null and void) despite containing null and void provisions on unilateral interest rate change and null and void currency clauses.

Considering that the Supreme Court ruled that the annexes for converted loans are valid (March 2020) and that Court of Justice of the European Union ruled that compensation claims of converted customers cannot be based on Directive 93/13 (May 2022), Addiko is of the opinion that future decisions of the Supreme Court on converted loans, in an environment where legal certainty prevails and where previous decisions by the highest courts are not reversed, should not result in significant additional provisions above the amounts provided for as of 31 December 2024.

In September 2017, a Request for Arbitration with the ICSID in Washington, DC against the Republic of Croatia was filed regarding the Conversion Laws claiming damages. The Group claims that the Bilateral Investment Treaties (BIT) with Croatia regarding the fair and equivalent treatment under the respective BIT was violated. The main hearing was conducted in March 2021 and parties are waiting for the final award.

For further details concerning provisions for legal disputes, please refer to Note (48.2) Provisions for pending legal disputes.

### (64) Derivative financial instruments

Credit exposure or replacement cost of financial derivative instruments represents the Bank's credit exposure from contracts with a positive fair value, that is, it indicates the estimated maximum potential losses of the Bank in the event that counterparties fail to perform their obligations. This is usually a small fraction of the notional amounts of the contracts. The credit exposure of each contract is indicated by the credit equivalent, calculated pursuant to generally applicable methodology using the current exposure method and it involves the fair market value of the contract (only if positive, otherwise a zero value is taken into account) and a portion of nominal value, which indicates the potential change in fair market value over the term of the contract.

The credit equivalent is established depending on the type of contract and its maturity. The Bank periodically assesses credit risks of all financial instruments.

Derivative financial instruments used by the Bank include interest, cross-currency and currency swaps and forwards, whose value changes in response to changes in interest rates and foreign exchange rates. Derivatives are either standardized contracts transacted through regulated exchanges or individually negotiated contracts. Swap arrangements are used for hedging of exposure resulting from adverse movements in interest and exchange rates, as well as for transformation of currency liquidity.

# Supplementary information required by IFRS

## (65) Leases from the view of the Bank as lessor

The Bank doesn't provide disclosures for leases from the view as lessor as specified by IFRS Standards due to the fact that the information resulting from these disclosures are not material.

## (66) Leases from the view of the Bank as lessee

The Bank leases the majority of its offices and branches under various rental agreements. The Bank leases also equipment and vehicles. Most of the lease contracts are made under usual terms and conditions and include price adjustment clauses in line with general office rental market conditions. Rental contracts are typically made for fixed periods up to 10 years. Extension and termination options are included in a number of property and equipment leases. Several lease contracts have indefinite lease term. There are no restrictions placed upon the lessee by entering into these contracts. There are no lease contracts with variable payments other than that depending on an index or a rate.

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

The total cash outflows for leases are as follows:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Payments for principal portion of lease liability | -3.3 | -1.9 |
| Payments for interest portion of lease liability | -0.1 | -0.1 |
| Payments for short-term, low value assets and variable lease payments not included in the measurement of the lease liability | -0.4 | -0.6 |
| **Total** | **-3.8** | **-2.7** |

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

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Up to 1 year | 1.6 | 1.6 |
| From 1 year to 5 years | 2.6 | 3.7 |
| More than 5 years | 0.0 | 0.1 |
| **Total** | **4.3** | **5.4** |

The expenses relating to payments not included in the measurement of the lease liability are as follows:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Short-term leases | 0.0 | -0.1 |
| Leases of low value assets | -0.4 | -0.5 |
| **Total** | **-0.4** | **-0.6** |

The Bank has no commitments for future cash outflows which are not reflected in the measurement of lease liabilities at the current reporting date.

### (67) Assets/liabilities denominated in foreign currencies

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

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Assets | 83.4 | 98.5 |
| Liabilities | 63.2 | 76.9 |

### (68) Commitments

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Loan commitments | 165.6 | 158.7 |
| Financial guarantees | 7.0 | 8.7 |
| Other commitments | 42.5 | 43.4 |
| **Total** | **215.1** | **210.8** |

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

### (69) Fair value disclosures

Fair value is the price that would be received for the sale of an asset or paid to transfer a debt in an orderly transaction between market participants at the measurement date 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 one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IFRS 13 specifies the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- **Level I - Quoted prices in active markets:** The fair value of financial instruments traded in active markets is best established through quoted prices of identical financial instruments where these quoted prices represent market values/prices used in regularly occurring transactions. This applies above all to equity instruments traded on an active market, debt instruments traded on the interbank market and quoted derivatives.
- **Level II - Value determined using observable parameters:** If there are no quoted prices for individual financial instruments, the market prices of comparable financial instruments or accepted measurement models applying directly or indirectly observable prices or parameters (interest rates, yield curves, implied volatilities and credit spreads) must be used to determine the fair value. This level includes the majority of the OTC derivatives and non-quoted debt instruments. A financial instrument is classified in level II if all significant inputs in the valuation are observable on the market.

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

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

Financial assets and financial liabilities are reported by instrument in the following way:

- **Equity instruments** - Equity instruments are reported under level I if prices are quoted in an active market. If no quoted prices are available, they are reported under level III. Valuation models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.
- **Derivatives** - The fair value of derivatives that are not options is determined by discounting the relevant cash flows with the corresponding yield curves. These are reported under level II if they are measured on the basis of observable input factors. If non-observable significant input factors are used, these derivatives are reported under level III. The fair value of structured financial products is calculated according to the type of embedded derivative using a measurement model; they are reported under level II or level III depending on the input factors used.
- **Debt financial assets and liabilities** - The method used to measure debt financial assets and liabilities depends on the liquidity in the relevant market. Liquid instruments measured on the basis of the relevant market value are reported under level I. The fair value is determined using valuation techniques whereby expected cash flows are discounted by the risk premium adjusted curves in the event that there is no active market. The proximity to the risk premium curve used determines whether these instruments are reported under level II or level III. They are reported under level III in the event that a significant, non-observable risk premium is used. Market prices provided either at a low frequency or only from one source are reported under level III.

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

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

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

- Present value of the future cash flows (discounted cash flow method) - Level II and III items that are not traded in active markets but where the date and amount of the cash flows are known are measured at the present value of the future cash flows. Discounting takes a risk premium into account. All significant input factors are observable for level II instruments while some significant parameters cannot be directly observed for level III.
- Option measurement models - The existing portfolio of level III items includes cash flows with amounts tied to various market variables such as swap rates, stock market indexes and FX rates, or with dates that cannot be determined. Accepted interest and option measurement models calibrated daily with market data (swaption prices, market prices, FX rates) are used for the measurement of such cash flows.

Non-observable input factors for level III items:

- Volatilities and correlations - Volatilities are important input parameters for all option measurement models. The volatilities are derived from market data using accepted models.
- Risk premiums - Credit risk premiums indicate the default risk of an issuer. They provide information about the expected loss if the issuer defaults and therefore reflect the loss given default and the probability of default. For some issuers, risk premiums can be observed directly in the market. When single-name CDS curves are not available for an issuer, the risk premiums have to be estimated based on similarities to other issuers or based on the issuer's country and sector. Increase (decrease) in the credit risk premiums would decrease (increase) the fair value.
- Loss given default - The loss given default is a parameter that is never directly observable before an entity defaults.
- Probability of default - Risk premiums and loss given default are used to estimate the probability of default, which is used for possible fair value adjustments.

**Fair value adjustments - Credit value adjustment (CVA) and debt value adjustment (DVA)**

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

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

**OIS discounting**

The Bank measures derivatives taking into account base spread influences by applying various interest curves to calculate the forward rates and discount factors (multi-curve framework). According to the current market standards benchmark indices are used for discounting in the measurement of OTC derivatives secured by collateral.

### 69.1. Fair value of financial instruments carried at fair value

in EUR million

| 31.12.2024 | Level I - from active market | Level II - based on market assumptions | Level III - based on non-market assumptions | Total |
|---|---|---|---|---|
| Financial assets held for trading | 7.1 | 3.7 | 0.0 | 10.8 |
| Derivatives | 0.0 | 3.7 | 0.0 | 3.7 |
| Debt securities | 7.1 | 0.0 | 0.0 | 7.1 |
| Investment securities mandatorily at FVTPL | 0.0 | 1.1 | 0.0 | 1.1 |
| Debt securities | 0.0 | 1.1 | 0.0 | 1.1 |
| Investment securities at FVTOCI | 306.2 | 0.0 | 0.2 | 306.4 |
| Equity instruments | 7.9 | 0.0 | 0.2 | 8.1 |
| Debt securities | 298.3 | 0.0 | 0.0 | 298.3 |
| **Total assets** | **313.3** | **4.8** | **0.2** | **318.3** |
| Financial liabilities held for trading | 0.0 | 3.7 | 0.0 | 3.7 |
| Derivatives | 0.0 | 3.7 | 0.0 | 3.7 |
| **Total liabilities** | **0.0** | **3.7** | **0.0** | **3.7** |

in EUR million

| 31.12.2023 | Level I - from active market | Level II - based on market assumptions | Level III - based on non-market assumptions | Total |
|---|---|---|---|---|
| Financial assets held for trading | 8.6 | 2.7 | 0.0 | 11.3 |
| Derivatives | 0.0 | 2.7 | 0.0 | 2.7 |
| Debt securities | 8.6 | 0.0 | 0.0 | 8.6 |
| Investment securities mandatorily at FVTPL | 0.0 | 1.8 | 0.0 | 1.8 |
| Debt securities | 0.0 | 1.8 | 0.0 | 1.8 |
| Investment securities at FVTOCI | 343.3 | 0.0 | 0.2 | 343.5 |
| Equity instruments | 5.3 | 0.0 | 0.2 | 5.5 |
| Debt securities | 338.0 | 0.0 | 0.0 | 338.0 |
| **Total assets** | **351.9** | **4.5** | **0.2** | **356.6** |
| Financial liabilities held for trading | 0.0 | 2.6 | 0.0 | 2.6 |
| Derivatives | 0.0 | 2.6 | 0.0 | 2.6 |
| **Total liabilities** | **0.0** | **2.6** | **0.0** | **2.6** |

#### *69.1.1. Transfers between level I and level II*

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the financial instrument does no longer meet the criteria described above for the categorisation in the respective level.

There were no transfers between Level I and Level II comparing year end 2024 and 2023. Movements on the Bank bond portfolio are result of Treasury department strategy and trading activities.

*69.1.2. Unobservable inputs and sensitivity analysis for level III measurements*

Financial instruments in this level pertain to some illiquid unlisted equity instruments. Changes in the input parameters used for the measurement of these instruments do not generate material impacts.

The development of level III is presented as follows:

in EUR million

| 2024 | 01.01. | Valuation gains/losses - profit or loss | Valuation gains/losses - OCI | Additions (+) | Disposals (-) | Transfer into/out of other levels | 31.12. |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Investment securities at FVTOCI | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Equity instruments | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| **Total** | **0.2** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.2** |

in EUR million

| 2023 | 01.01. | Valuation gains/losses - profit or loss | Valuation gains/losses - OCI | Additions (+) | Disposals (-) | Transfer into/out of other levels | 31.12. |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Investment securities at FVTOCI | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 | 0.2 |
| Equity instruments | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 | 0.2 |
| **Total** | **0.4** | **0.0** | **0.0** | **0.0** | **0.0** | **-0.2** | **0.2** |

### 69.2. Fair value of financial instruments and assets not carried at fair value

in EUR million

| 31.12.2024 | Carrying amount | Fair Value | Difference | Level I - from active market | Level II - based on market assumptions | Level III - based on non-market assumptions |
|---|---|---|---|---|---|---|
| Cash and cash equivalents[1)] | 429.3 | 429.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at amortised cost | 1,550.3 | 1,645.8 | 95.5 | 367.2 | 0.0 | 1,278.6 |
| Debt securities | 359.7 | 367.2 | 7.5 | 367.2 | 0.0 | 0.0 |
| Loans and advances | 1,190.7 | 1,278.6 | 88.0 | 0.0 | 0.0 | 1,278.6 |
| **Total assets** | **1,979.6** | **2,075.1** | **95.5** | **367.2** | **0.0** | **1,278.6** |
| Financial liabilities measured at amortised cost | 1,842.2 | 1,839.9 | 2.3 | 0.0 | 0.0 | 1,839.9 |
| Deposits | 1,780.1 | 1,779.5 | 0.6 | 0.0 | 0.0 | 1,779.5 |
| Borrowings | 14.5 | 13.9 | 0.7 | 0.0 | 0.0 | 13.9 |
| Subordinated debt | 31.1 | 30.0 | 1.0 | 0.0 | 0.0 | 30.0 |
| Other financial liabilities | 16.6 | 16.6 | 0.0 | 0.0 | 0.0 | 16.6 |
| **Total liabilities** | **1,842.2** | **1,839.9** | **2.3** | **0.0** | **0.0** | **1,839.9** |

[1)]Cash and cash equivalents have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

in EUR million

| 31.12.2023 | Carrying amount | Fair Value | Difference | Level I - from active market | Level II - based on market assumptions | Level III - based on non-market assumptions |
|---|---|---|---|---|---|---|
| Cash and cash equivalents[1)] | 423.9 | 423.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at amortised cost | 1,371.6 | 1,436.8 | 65.1 | 220.2 | 0.0 | 1,216.6 |
| Debt securities | 217.6 | 220.2 | 2.6 | 220.2 | 0.0 | 0.0 |
| Loans and advances | 1,154.0 | 1,216.6 | 62.5 | 0.0 | 0.0 | 1,216.6 |
| **Total assets** | **1,795.6** | **1,860.7** | **65.1** | **220.2** | **0.0** | **1,216.6** |
| Financial liabilities measured at amortised cost | 1,728.7 | 1,723.3 | 5.4 | 0.0 | 0.0 | 1,723.3 |
| Deposits | 1,659.3 | 1,655.9 | 3.4 | 0.0 | 0.0 | 1,655.9 |
| Borrowings | 20.2 | 18.9 | 1.3 | 0.0 | 0.0 | 18.9 |
| Subordinated debt | 31.1 | 30.3 | 0.8 | 0.0 | 0.0 | 30.3 |
| Other financial liabilities | 18.2 | 18.2 | 0.0 | 0.0 | 0.0 | 18.2 |
| **Total liabilities** | **1,728.7** | **1,723.3** | **5.4** | **0.0** | **0.0** | **1,723.3** |

[1)]Cash and cash equivalents have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

Financial instruments not carried at fair value are not managed on a fair value basis and their fair values are calculated only for disclosure purposes and do not impact the statement of financial position and the income statement. The fair value of receivables and liabilities is determined according to the present value of future cash flows. The risk premium amounts for receivables depend on the internal or external rating of the borrower taking into account the country risk. The fair value valuation of debt securities at amortised costs is based on quoted prices or other observable inputs on the markets. For liabilities, the own credit spread is taken into account in the discount factor. For subordinated debt, forecasted return on equity (ROE) is taken for calculation of a discount factor. For liabilities covered, a weighted credit spread curve from available benchmark-covered bonds from the peer group was used. Due to the existing uncertainties, a broad range exists for the fair values to be determined.

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

### 69.3. Fair value of Investment property

The fair value of investment property is determined using market-based estimates which are generally calculated by experts. If no market-based estimate exists, the fair value is determined using a discounted cash flow method.

At 31 December of 2024 the carrying amount of investment properties amounts to EUR 1.3 million (2023: EUR 1.5 million), whereas the fair value amounts to EUR 1.4 million (2023: EUR 1.7 million). All investment properties were classified in level III (2023: level III).

## (70) Offsetting financial assets and financial liabilities

The following tables show the reconciliation of gross amounts to the offset net amounts, separately for all recognised financial assets and financial liabilities. Furthermore, the amounts that are subject to a legally enforceable global netting or similar agreement but have not been offset in the statement of financial position.

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position where the Bank has currently an enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

The impact of offsetting is presented in the line "Amounts that are set off for financial instruments I". The impact of potential offsetting if all set-off rights would be exercised is presented in the line "Net amounts of financial instruments I and II (c-d)".

in EUR million

| 31.12.2024 | Derivatives | Reverse repo | Total |
|---|---|---|---|
| **Assets** | | | |
| **a) Gross amounts of recognised financial instruments (I and II)[1)]** | **3.7** | **2.9** | **6.6** |
| b) Amounts that are set off for financial instruments I | 0.0 | 0.0 | 0.0 |
| **c) Net amounts of financial instruments I and gross amounts of financial instruments II presented in the statement of financial position (a-b)** | **3.7** | **2.9** | **6.6** |
| d) Master netting arrangements (that are not included in b) | 0.0 | 0.0 | 0.0 |
| Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria (Netting effect of financial instruments II); | 0.1 | 0.0 | 0.1 |
| Amounts related to financial collateral (including cash collateral); | 3.5 | 0.0 | 3.5 |
| Amounts related to non-cash financial collateral received (excluding cash collateral) | 0.0 | 2.9 | 2.9 |
| **e) Net amounts of financial instruments I and II (c-d)** | **0.1** | **0.0** | **0.1** |

[1)] Financial instruments I: Financial assets that are already offset in the statement of financial position
Financial instruments II: Financial assets that are subject to a netting agreement but are not offset in the statement of financial position

in EUR million

| 31.12.2023 | Derivatives | Reverse repo | Total |
|---|---|---|---|
| **Assets** | | | |
| **a) Gross amounts of recognised financial instruments (I and II)[1)]** | **2.7** | **3.7** | **6.4** |
| b) Amounts that are set off for financial instruments I | 0.0 | 0.0 | 0.0 |
| **c) Net amounts of financial instruments I and gross amounts of financial instruments II presented in the statement of financial position (a-b)** | **2.7** | **3.7** | **6.4** |
| d) Master netting arrangements (that are not included in b) | 0.0 | 0.0 | 0.0 |
| Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria (Netting effect of financial instruments II); | 0.2 | 0.0 | 0.2 |
| Amounts related to financial collateral (including cash collateral); | 1.8 | 0.0 | 1.8 |
| Amounts related to non-cash financial collateral received (excluding cash collateral) | 0.0 | 3.7 | 3.7 |
| **e) Net amounts of financial instruments I and II (c-d)** | **0.7** | **0.0** | **0.7** |

[1)] Financial instruments I: Financial assets that are already offset in the statement of financial position
Financial instruments II: Financial assets that are subject to a netting agreement but are not offset in the statement of financial position

in EUR million

| 31.12.2024 | Derivatives | Direct repo | Total |
|---|---|---|---|
| **Liabilities** | | | |
| **a) Gross amounts of recognised financial instruments (I and II)[1)]** | **3.7** | **0.0** | **3.7** |
| b) Amounts that are set off for financial instruments I | 0.0 | 0.0 | 0.0 |
| **c) Net amounts of financial instruments I and gross amounts of financial instruments II presented in the statement of financial position (a-b)** | **3.7** | **0.0** | **3.7** |
| d) Master netting arrangements (that are not included in b) | 0.0 | 0.0 | 0.0 |
| Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria (Netting effect of financial instruments II); | 0.1 | 0.0 | 0.1 |
| Amounts related to financial collateral (including cash collateral); | 3.4 | 0.0 | 3.4 |
| Amounts related to non-cash financial collateral received (excluding cash collateral) | 0.0 | 0.0 | 0.0 |
| **e) Net amounts of financial instruments I and II (c-d)** | **0.1** | **0.0** | **0.1** |

[1)] Financial instruments I: financial liabilities that are already offset in the statement of financial position
Financial instruments II: financial liabilities that are subject to a netting agreement but are not offset in the statement of financial position

in EUR million

| 31.12.2023 | Derivatives | Direct repo | Total |
|---|---|---|---|
| **Liabilities** | | | |
| **a) Gross amounts of recognised financial instruments (I and II)[1)]** | **2.6** | **0.0** | **2.6** |
| b) Amounts that are set off for financial instruments I | 0.0 | 0.0 | 0.0 |
| **c) Net amounts of financial instruments I and gross amounts of financial instruments II presented in the statement of financial position (a-b)** | **2.6** | **0.0** | **2.6** |
| d) Master netting arrangements (that are not included in b) | 0.0 | 0.0 | 0.0 |
| Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria (Netting effect of financial instruments II); | 0.2 | 0.0 | 0.2 |
| Amounts related to financial collateral (including cash collateral); | 2.0 | 0.0 | 2.0 |
| Amounts related to non-cash financial collateral received (excluding cash collateral) | 0.0 | 0.0 | 0.0 |
| **e) Net amounts of financial instruments I and II (c-d)** | **0.3** | **0.0** | **0.3** |

[1)] Financial instruments I: financial liabilities that are already offset in the statement of financial position
Financial instruments II: financial liabilities that are subject to a netting agreement but are not offset in the statement of financial position

Framework agreements are concluded with business partners for offsetting derivative transactions, so that positive and negative market values of the derivative contracts covered by the framework agreements can be offset against each other.

Repurchase agreements qualify as potential offsetting agreements. Since such offsetting cannot be performed in the ordinary course of business but only in case following an event of default, insolvency or bankruptcy or following other predetermined events, the positions are not offset in the statement of financial position.

## (71) Derivative financial instruments

### 71.1. Derivatives held for trading

The following derivatives existed at the reporting date:

in EUR million

| | 31.12.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| | Nominal | Fair values | | Nominal | Fair values | |
| | amounts | Positive | Negative | amounts | Positive | Negative |
| **a) Interest rate** | **8.3** | **0.1** | **0.1** | **11.7** | **0.3** | **0.3** |
| **OTC-products** | **8.3** | **0.1** | **0.1** | **11.7** | **0.3** | **0.3** |
| OTC other | 8.3 | 0.1 | 0.1 | 11.7 | 0.3 | 0.3 |
| **b) Foreign exchange and gold** | **201.5** | **3.6** | **3.5** | **251.1** | **2.5** | **2.3** |
| **OTC-products** | **201.5** | **3.6** | **3.5** | **251.1** | **2.5** | **2.3** |
| OTC other | 201.5 | 3.6 | 3.5 | 251.1 | 2.5 | 2.3 |

## (72) Related party disclosures

Addiko Bank d.d., Zagreb is directly owned by Addiko Bank AG, Vienna, to whom and to whose affiliates, the Bank provides banking services.

Related parties as defined by the Bank are parent company, entities of the parent company group as well as key management. The Bank considers that the key management includes Management and Supervisory Board members, as well as managers with key or controlling functions including their close members of the family.

Transactions with related parties are done at arm's length.

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

in EUR million

| 31.12.2024 | Parent company | Entities of the parent company group | Key management |
|---|---|---|---|
| Financial assets | 0.3 | 0.2 | 0.1 |
| Cash reserves | 0.1 | 0.0 | 0.0 |
| Financial assets held for trading | 0.1 | 0.1 | 0.0 |
| Loans and advances | 0.0 | 0.1 | 0.1 |
| Financial liabilities | 31.4 | 1.6 | 0.3 |
| Financial liabilities held for trading | 0.0 | 0.0 | 0.0 |
| Deposits | 0.3 | 1.6 | 0.3 |
| Subordinated debt | 31.1 | 0.0 | 0.0 |
| Other financial liabilities | 0.1 | 0.0 | 0.0 |
| Other liabilities | 0.1 | 0.0 | 0.0 |
| Nominal value of derivatives | 4.2 | 13.2 | 0.0 |
| Contingent liabilities | 0.0 | 0.1 | 0.0 |

in EUR million

| 31.12.2023 | Parent company | Entities of the parent company group | Key management |
|---|---|---|---|
| Financial assets | 0.4 | 0.4 | 0.1 |
| Cash reserves | 0.1 | 0.0 | 0.0 |
| Financial assets held for trading | 0.3 | 0.1 | 0.0 |
| Loans and advances | 0.0 | 0.2 | 0.1 |
| Financial liabilities | 31.8 | 1.9 | 0.2 |
| Financial liabilities held for trading | 0.0 | 0.2 | 0.0 |
| Deposits | 0.8 | 1.7 | 0.2 |
| Subordinated debt | 31.1 | 0.0 | 0.0 |
| Nominal value of derivatives | 5.8 | 17.6 | 0.0 |
| Contingent liabilities | 0.0 | 0.4 | 0.0 |

in EUR million

| 31.12.2024 | Parent company | Entities of the parent company group | Key management |
|---|---|---|---|
| Interest and similar income | 0.2 | 0.0 | 0.0 |
| Interest expense | -2.2 | 0.0 | 0.0 |
| Fee and commission income | 0.1 | 0.1 | 0.0 |
| Net result on financial instruments | -0.1 | 0.0 | 0.0 |
| Other administrative expenses | -0.1 | -0.5 | -0.1 |
| Other operating income | 0.6 | 2.0 | 0.0 |
| **Total** | **-1.5** | **1.6** | **-0.1** |

in EUR million

| 31.12.2023 | Parent company | Entities of the parent company group | Key management |
|---|---|---|---|
| Interest and similar income | 0.2 | 0.0 | 0.0 |
| Interest expense | -2.2 | 0.0 | 0.0 |
| Fee and commission income | 0.1 | 0.1 | 0.0 |
| Net result on financial instruments | -0.3 | -0.1 | 0.0 |
| Other administrative expenses | -0.1 | -0.6 | -0.1 |
| Other operating income | 1.9 | 1.8 | 0.0 |
| **Total** | **-0.3** | **1.3** | **-0.1** |

Loans and advances to key management personnel were granted in accordance with regular Bank's conditions for such exposures and were approved by the Supervisory Board. No other financial guarantees or other commitments were granted to key management personnel.

The compensation received by the key management personnel is presented as follows:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Wages and salaries | 1.7 | 1.5 |
| Social security | 0.3 | 0.3 |
| Expenses for pensions | 0.3 | 0.2 |
| Share-based payments | 0.2 | 0.2 |
| Other personnel expenses | 0.9 | 0.8 |
| **Total** | **3.5** | **3.0** |

The number of key members of management that received compensation in 2024 was 19 (2023: 24).

Compensation to the Supervisory Board members for the year 2024 amounted to EUR 0.1 million (2023: EUR 0.1 million).

### (73) Share-based payments

Since 2021 it is offered on the Group level, in addition to the annual bonus, a Performance Acceleration Incentive Framework (PAIF) based on which Addiko granted to defined senior management (including management board) variable remuneration components in the form of share-based payments. The aim of the PAIF scheme is to align the business strategy and long-term objectives of Addiko Group senior management team with the interests of shareholders and to provide a long-term incentive for the management to ensure a sustainable development of the Company. The PAIF scheme is designed as a long-term reward scheme with a performance monitoring period of three years. It is composed of the main long-term component, that monitors achievements over a three-year period, and a second component that allows yearly adjustments.

In addition, in alignment with EBA guidelines, the program is activated only if regulatory requirements in respect of own funds and liquidity are met and no breaches of specific risk indicators took place within a pre-defined timeframe. According to the Remuneration policy of Addiko Bank, the remuneration program includes cash-settled share-based payments.

## (74) Own funds and capital requirements

### 74.1. Capital requirements

The ECB is the competent authority in charge for the direct supervision of Addiko Group, the parent entity and the two subsidiaries operating in Slovenia and Croatia. The individual banking operations in the other countries are directly supervised by their local regulators.

The Bank's regulatory minimum capital ratios, including the regulatory buffers and the capital requirements determined in the Supervisory Review and Evaluation Process (SREP) are presented in the following table:

| | 31.12.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| | CET1 | T1 | TCR | CET1 | T1 | TCR |
| Pillar 1 requirement | 4.50% | 6.00% | 8.00% | 4.50% | 6.00% | 8.00% |
| Pillar 2 requirement | 1.83% | 2.44% | 3.25% | 1.83% | 2.44% | 3.25% |
| **Total SREP Capital Requirement (TSCR)** | **6.33%** | **8.44%** | **11.25%** | **6.33%** | **8.44%** | **11.25%** |
| Capital Conservation Buffer (CCB) | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Systemic risk buffer (SyRB) | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| O-SII risk buffer | 0.25% | 0.25% | 0.25% | 0.50% | 0.50% | 0.50% |
| Counter-Cyclical Capital Buffer (CCyB) | 1.48% | 1.48% | 1.48% | 0.98% | 0.98% | 0.98% |
| **Combined Buffer Requirements (CBR)** | **5.73%** | **5.73%** | **5.73%** | **5.48%** | **5.48%** | **5.48%** |
| **Overall Capital Requirement (OCR)** | **12.06%** | **14.17%** | **16.98%** | **11.81%** | **13.92%** | **16.73%** |
| Pillar 2 guidance (P2G) | 3.00% | 3.00% | 3.00% | 3.25% | 3.25% | 3.25% |
| **OCR + P2G** | **15.06%** | **17.17%** | **19.98%** | **15.06%** | **17.17%** | **19.98%** |

Based on the SREP decision 2023, a **Pillar 2 Requirement** (P2R) of 3.25% was applicable from 1 January until 31 December 2024.

In relation to the **combined buffer requirement** (CBR) as of 31 December 2024 the prescribed **countercyclical capital buffer** (CCyB) rate for the Republic of Croatia amounted to 1.50% (up from 1.00% at the end of last year), resulting with the Bank's implied rate of 0.98% (up from 0.48% at the end of the last year). As of 31 December 2024, the Bank is assessed as an **Other Systemically Important Institution** (O-SII), with a prescribed buffer rate of 0.25% (down from 0.50% at the end of last year). The Bank is also subject to a **capital conservation buffer** (CCB) of 2.50% (2023: 2.50%) and a **systemic risk buffer** (SyRB) of 1.50% (2023: 1.50%).
Based on the SREP 2023 decision, the Pillar 2 guidance (P2G) for periods from 1 January until 31 December 2024 was at 3.00% (2023: 3.25%). In October 2024 the (new) SREP 2024 was issued, stipulating no changes to the P2R and the P2G for the year 2025.

Anticipating the forthcoming implementation of CRR3, the Bank has begun preparatory activities during the year 2024, to be fully compliant with the regulatory requirements for the first reporting period under the new regulation. In doing so, the Bank has conducted impact assessment of the CRR3 on the capital position, as well as included it in the capital planning. Impact assessment shows no significantly adverse effects on the capital position, with all regulatory required and internally set capital ratios met in full.

#### *74.1.1. Own funds*

The regulatory capital consists of Common Equity Tier 1 capital, which includes ordinary share capital, related share premiums, retained earnings, reserves and accumulated other comprehensive income after adjustment for dividends proposed after the end of the reporting period and deductions for goodwill, intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes; as well as Additional Tier 1 and Tier 2 capital.

The following table therefore shows the breakdown of own funds pursuant to CRR:

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Common Equity Tier 1 (CET1) capital: Instruments and reserves** | | |
| Capital instruments and the related share premium accounts | 339.5 | 339.5 |
| Accumulated other comprehensive income (and other reserves) | 4.0 | -6.4 |
| **CET1 capital before regulatory adjustments** | **343.6** | **333.1** |
| **CET1 capital: regulatory adjustments** | | |
| Additional value adjustments | -0.3 | -0.4 |
| Intangible assets (net of related tax liability) | -6.5 | -5.3 |
| **Total regulatory adjustments to Common Equity Tier 1 (CET1)** | **-6.9** | **-5.7** |
| **Common Equity Tier 1 (CET1) capital** | **336.7** | **327.4** |
| **Additional Tier 1 (AT1) capital: instruments** | | |
| Capital instruments and the related share premium accounts | 40.0 | 40.0 |
| **Additional Tier 1 (AT1) capital** | **40.0** | **40.0** |
| **Tier 1 capital (T1 = CET1 + AT1)** | **376.7** | **367.4** |
| **Tier 2 (T2) capital: instruments** | | |
| **Tier 2 (T2) capital** | **9.0** | **15.0** |
| **Total capital (TC = T1 + T2)** | **385.7** | **382.4** |
| Total risk exposure amount | 1,135.2 | 1,127.7 |
| **Capital ratios %** | | |
| CET1 capital | 29.7% | 29.0% |
| T1 capital | 33.2% | 32.6% |
| Total capital | 34.0% | 33.9% |

The capital requirements in force during the reporting period, including a sufficient buffer, were met at all times.

Total capital increased by EUR 3.2 million during the reporting period, reflecting the following main components:

- The positive **OCI development** of EUR 10.5 million, mainly resulting from the fair value measurement of debt instruments measured at FVTOCI,
- The EUR 1.2 million decrease of **other regulatory deduction items**, stemming primarily from decrease of **intangible assets** in the amount of EUR 1.3 million,
- Regular amortization of Tier 2 capital which impacted decrease of total capital by EUR 6 million.

### *74.1.2. Risk structure*

Addiko uses the standardised approach in the calculation of the credit, market and operational risk, which partly explains the relatively high risk density (measured by comparing RWA to assets) of 48.4% (YE23: 51.1%). The bank's focus on unsecured consumer lending and SME business is another important source of the reported risk density.

The risk-weighted assets (RWA) increased by EUR 7.5 million during the reporting period:

- The **RWA for credit risk** decreased by EUR 14.4 million. Although new disbursements in the focus segments Consumer and SME resulted in higher RWA figures, this development was offset by the exposure decrease in the non-focus segments. Furthermore, the application of the article 500a of the regulation (EU) 2024/1623 led to lower risk weights for certain sovereigns.

- The **RWA for counterparty credit risk (CVA)** increased during the reporting period by EUR 2.6 million.
- The **RWAs for market risk** remains on low levels, primarily impacted by derivative exposure and open FX position, increasing by EUR 1.8 million.
- The **RWA for operational risk** increased by EUR 17.2 million predominantly due to higher net interest income in 2024. Calculation of the RWA for operational risk is based on the three-year average of relevant income, which represents the basis for the calculation.

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Credit risk pursuant to Standardised Approach | 965.9 | 980.3 |
| Counterparty credit risk | 5.7 | 3.1 |
| Market risk | 2.7 | 0.9 |
| Operational risk | 160.9 | 143.4 |
| **Total risk exposure amount** | **1,135.2** | **1,127.7** |

### *74.1.3. Leverage ratio*

The leverage ratio for the Bank, calculated in accordance with Article 429 CRR, was 15.9% at 31 December 2024 (2023: 16.3%). The development was driven by an increase in the total leverage exposure and parallel, but not as significant, increase in Tier 1 capital.

in EUR million

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Tier 1 capital | 376.7 | 367.4 |
| Total leverage ratio exposure | 2,365.6 | 2,252.1 |
| **Leverage ratio %** | **15.9%** | **16.3%** |

### *74.1.4. Capital allocation*

The Bank's policy aims to keep a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Bank employs a centralised capital management process which covers both normative and economic perspectives of capital management. Securing the Bank's ability to satisfy capital requirements in economic perspective forms a central part of the "Internal Capital Adequacy Assessment Process" (ICAAP) steering activities. The starting point for performing the risk-bearing capacity calculation is the identification of all material risks through an annual risk inventory. The value at risk (VaR) method with a confidence level of 99.9% is used to calculate the risk capital requirements for the main risk categories credit, market and liquidity risk.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken during the budgeting process. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of expectations of specific risk drivers' development in the following period, synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer-term strategic objectives.

### 74.2. MREL requirements

The Bank Recovery and Resolution Directive (BRRD) provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of the bail-in tool. MREL targets are determined on a case-by-case basis for each institution or banking group by the competent resolution authority, which is the SRB (Single Resolution Board) in the case of the bank.

Based on the resolution plan received on 25 May 2023 from the SRB, the bank is determined as a resolution entity, as it was assessed by the resolution authority to provide critical functions to the local market. On 21 February 2024 the SRB determined the following minimum requirements for own funds and eligible liabilities in its decision with immediate effect - 22.15% of TREA and 5.18% of LRE on an individual basis.

During the reporting period the MREL ratio was always above the respective requirements.

## (75) Boards and Officers of the Company

1 January to 31 December 2024

### Supervisory Board

**Chairman of the Supervisory Board:**
Herbert Juranek (member since 22 December 2021, reelected as chairman since 30 October 2023)

**Deputy Chairman of the Supervisory Board:**
Julia Leeb (member since 12 May 2023, reelected as deputy chairman since 2 March 2024)

**Members of the Supervisory Board:**
Tomislav Perović
Sanela Pašić
Andrea Castellarin

### Management Board

Mario Žižek, Chairman of the Management Board
Ana Dorić Škeva, Member of the Management Board
Ivan Jandrić, Member of the Management Board (until 25 March 2024)
Marko Bolanča, Member of the Management Board (as of 26 March 2024)

### (76) Events after the reporting date

There were no material events after the reporting date.

Zagreb, 5 March 2025
Addiko Bank d.d.

MANAGEMENT BOARD

Mario Žižek

President of the Management Board

Ana Dorić Škeva

Member of the Management Board

Marko Bolanča

Member of the Management Board

# Responsibility of the Management and Supervisory Boards for the preparation and for the approval of annual financial statements

The Management Board of the Bank is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Bank at the reporting date and of the results of its operations and cash flows, in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS"), and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

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

The Management Board is responsible for the submission to the Supervisory Board of its Annual Report. If the Supervisory Board approves the Annual Report, it is deemed confirmed by the Management Board and Supervisory Board, after which the Supervisory Board submits the Annual Report to the General Assembly for approval.

The Management Board is also responsible for preparation and fair presentation of supplementary schedules in accordance with the Decision of the Croatian National Bank on the Structure and Content of the Annual Financial Statements of Banks (Official Gazette 42/18, 122/20, 119/21, 108/22).

The Management Board is responsible for the preparation and content of Management report presented on pages 5 to 20 in accordance with the provisions of the Croatian Accounting Act (Official Gazette 85/24, 145/24) and other information that include Key data and Letter from the CEO.

The financial statements set out on pages 24 to 28, as well as the Appendix to the Financial statements on pages 142 to 156, were authorised by the Management Board on 5 March 2025 and submitted to the Supervisory Board for acceptance. To confirm this, the financial statements have been signed by authorized persons, as follows.

For and on behalf of Addiko bank d.d.:

Zagreb, 5 March 2025
Addiko Bank d.d.

MANAGEMENT BOARD

Mario Žižek
President of the Management Board

Ana Dorić Škeva
Member of the Management Board

Marko Bolanča
Member of the Management Board

KPMG

# Independent Auditors' Report to the shareholder of Addiko Bank d.d.

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Addiko bank d.d. ("the Bank"), which comprise the statement of financial position of the Bank as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements.  We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

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

This version of the Auditors' Report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all maters of interpretation of information, views or opinions, the original language version of the audit report takes precedence over this translation.

# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Key Audit Matters (continued)*

### Impairment of loans and advances to customers

As at 31 December 2024, gross loans and advances to customers: EUR 1,230 million, related impairment allowance: EUR 45 million and, for the year then ended, impairment loss recognised in the income statement: EUR 0.7 million (31 December 2023: gross loans and advances to customers: EUR 1,204 million, impairment allowance: EUR 51 million, and, for the year then ended, impairment loss recognised in the income statement: EUR 2.3 million).

Refer to Material accounting and measurement policies, note 4 Critical accounting estimates and judgements in applying accounting policies, note 40.2 Loans and advances to customers and note 56 Credit risk.

| Key audit matter | How our audit addressed the matter |
|---|---|
| Impairment allowances represent the Management Board's best estimate of the expected credit losses ("ECLs") within the loans and advances ("loans", "exposures") at the reporting date. We focused on this area as the determination of the amounts of impairment allowances requires a significant judgment from the Management Board.<br><br>The Bank calculates allowances for credit losses in accordance with IFRS 9 *Financial Instruments*, based on the ECL model with dual-measurement approach, under which the impairment allowance is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether or not there has been a significant increase in credit risk since initial recognition.<br><br>Impairment allowances for performing exposures (Stage 1 and Stage 2 in the ECL methodology's hierarchy) and non-performing exposures (Stage 3 in the hierarchy) not exceeding EUR 130 thousand (individually or for a group of related borrowers), are determined by modelling techniques (together, "collective impairment allowance"). Historical experience, identification of exposures with a significant deterioration in credit quality and defaulted exposures, forward-looking information and management judgment are incorporated into the model assumptions. The Bank is continuously recalibrating the model parameters, which also required our increased attention in the audit. | Our audit procedures in this area included, among others:<br><br>— Inspecting the ECL impairment provisioning methods and models, and assessing their compliance with the relevant regulatory and financial reporting framework;<br>— Making relevant inquiries of the Bank's risk management and information technology (IT) personnel to update our understanding of the loan impairment process, IT applications used therein, as well as key data sources and assumptions in the ECL model. Also, testing the IT control environment for data security and access, assisted by our own IT specialists;<br>— Testing the design, implementation and operating effectiveness of selected controls over the recording and monitoring of loans, including those over the identification of loss events and default, appropriateness of classification of exposures into performing and non-performing and their segmentation into homogenous groups, calculation of days past due and calculation of the impairment allowances.<br>— Assessing whether the definition of significant increase in credit risk and an event of default used by the Bank were appropriate and whether the modelled inputs and thresholds used are adequately applied; |

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# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Key Audit Matters (continued)*

### Impairment of loans and receivables from customers *(continued)*

| Key audit matter | How our audit addressed the matter |
|---|---|
| For Stage 3 exposures over EUR 130 thousand (individually or for a Group of related borrowers), a discounted cash flows analysis is applied in the impairment analysis, based on the knowledge of each individual borrower, and often on estimation of the fair value of the related collateral.<br><br>Due to the above factors we considered impairment of loans to be associated with a significant risk of material misstatement in the financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter. | For collective impairment allowances:<br><br>— Obtaining an understanding of the selected internal rating models for loans, and assessing the relevance and reliability of the key data used therein;<br>— Assisted by our own financial risk management specialist, challenging selected key parameters within the collective ECL model, such as the probability of default (PD) and loss given default (LGD) by reference to, among other things, our own analysis of the Bank's data on past default occurrence and realised losses on those defaults.<br><br>For impairment allowances calculated individually, for a risk-based sample of exposures:<br><br>— Critically assessing the existence of any triggers for classification to Stage 2 or Stage 3, by reference to the underlying documentation (loan files), through inquiries of the loan officers and credit risk management personnel and by considering business operations of the respective customers as well as market conditions and historical debt service;<br><br>For all impairment allowances:<br><br>— Critically assessing the overall reasonableness of the impairment allowances, including both the share of the gross non-performing exposure in total gross exposure and the non-performing loans provision coverage;<br>— Evaluating the accuracy and completeness of the financial statement disclosures relating to expected credit losses against the requirements of the relevant financial reporting framework. |

# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Key Audit Matters (continued)*

### Provisions for legal claims

As at 31 December 2024, provisions for claims disputed in courts, recognised within Provisions: EUR 61.3 million (31 December 2023: EUR 70.7 million); and, for the year then ended, related expense recognised in the income statement: EUR 9.7 million (2023: EUR 31.2 million).

Refer to Material accounting and measurement policies, note 4 Critical accounting estimates and judgements in applying accounting policies, note 48.2 Provisions for pending legal disputes and note 63 Legal risk.

| Key audit matter | How our audit addressed the matter |
|---|---|
| As part of its regular business activities, the Bank is exposed to various litigations, including those relating to Swiss Frank ("CHF") loans, as discussed in Note 63.2. Under the relevant requirements of IFRS Standards, a provision is recognised in respect of those litigations where a present, legal or constructive, obligation exists as a result of past events, it is more likely than not that there will be an outflow of benefits and a reliable estimate of the obligation could be made.<br><br>The recognition or disclosure of a liability or contingent liability in the financial statements involves inherent uncertainty and depends on significant assumptions and judgments. Key judgments and estimates relate to determining whether a present obligation exists for loans converted from CHF to EUR under the Consumer Credit Act, assessing the probability of a future outflow of resources (payment), and estimating the amount of the obligation. Additionally, for court cases involving converted CHF loans, key judgments depend on anticipated developments in Croatian court practice.<br><br>Provisions are determined through both individual assessments and a model that considers factors such as the number and type of claims, average claim size, claim duration, and assumptions regarding the expected outcomes of court rulings.<br><br>The amounts involved are potentially material and determining the timing and size of outflows of resources, if any, to be recognised or disclosed in the financial statements, is inherently subjective. For the above reasons, accounting for the legal claims is considered by us to be a significant risk in our audit, which required our increased attention. Accordingly, we considered the area to be our key audit matter. | Our audit procedures in this area included, among others:<br><br>— Inspecting the Bank's legal claim provisioning methodology and assessing its compliance with the relevant requirements of the financial reporting framework, including, but not limited to, the existence of the present obligation, probability of future payment and estimation of the amount of obligation for loans that have been converted from CHF to EUR according to Consumer Credit Act;<br>— Reading minutes of the meetings of the Management and Supervisory Boards to assess reasonableness of the major judgements and estimates made by management and identify additional obligations;<br>— On a sample basis, challenging the Bank's assumptions and estimates in respect of the claims, including those for the liabilities recognised or contingent liabilities disclosed in the financial statements. This involved assessing the probability of an unfavourable outcome of the litigation and challenging the estimates of related obligations, by inspecting supporting documentation, such as individual court case files, analyses of the Bank's in-house and external lawyers' assessment of the future development of claims and expected outcome;<br>— Specifically, in respect of the CHF lending court cases, inspecting opinions and representations of external legal advisors and the developments of court practice in Croatia, in order to challenge the reasonableness of the major judgements and estimates made by Management Board in the provisioning process;<br>— Evaluating the accuracy and completeness of the related disclosures against the requirements of the relevant financial reporting framework. |

# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Other Information*

Management is responsible for the other information. The other information comprises the Management report included in the Annual Report of the Bank, but does not include the financial statements and our auditors' report thereon.

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

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

With respect to the Management Report, we also performed procedures which include considering whether the Management Report has been prepared and include information in accordance with applicable legal requirements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures performed, we report that:

- the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with applicable legal requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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KPMG

# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

# Independent Auditors' Report to the shareholder of Addiko Bank d.d. *(continued)*

## Report on the Audit of the Financial Statements *(continued)*

### *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

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 controls that we identify during our audit.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Pursuant to the Decision of the Croatian National Bank on the Structure and Content of the Annual Financial Statements of credit institutions (Official Gazette 42/2018, 122/2020, 119/2021 and 108/2022), the Management Board of the Bank has prepared the schedules ("the Schedules"), which comprise an alternative presentation of the statement of financial position as of 31 December 2024, and of the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a reconciliation ("the Reconciliation") of the Schedules with the financial statements. The Management Board of the Bank is responsible for the Schedules and the Reconciliation. The financial information in the Schedules is derived from the financial statements on which we have expressed an opinion as set out above.

We were appointed by those charged with governance on 21 March 2024 to audit the financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is four years, covering the periods ending 31 December 2021 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 5 March 2025;
- for the period to which our statutory audit relates, we have not provided any prohibited non-audit services referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit.

***KPMG Croatia d.o.o. za reviziju***
Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

KPMG Croatia
d.o.o. za reviziju
Eurotower, 17. kat
Ivana Lučića 2a, 10000 Zagreb
5

5 March 2025

Katarina Kecko
*Director, Croatian Certified Auditor*

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# Appendix - Supplementary Schedules for the Croatian National Bank

Pursuant to the Croatian Accounting Act (Official Gazette 85/24, 145/24) the Croatian National Bank issued the Decision on structure and contents of annual financial statements of credit institutions (Official Gazette 42/18, 122/20, 119/21, 108/22). The following tables present financial statements in accordance with the above-mentioned decision:

### Statement of Financial Position

in EUR million

| Position | Position Name | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| | **Assets** | | |
| 1. | Cash, cash balances at central banks and other demand deposits (from 2. to 4.) | 429.3 | 423.9 |
| *2.* | *Cash on hand* | *56.1* | *48.4* |
| *3.* | *Cash balances at central banks* | *365.2* | *363.4* |
| *4.* | *Other demand deposits* | *8.0* | *12.2* |
| 5. | Financial assets held for trading (from 6. to 9.) | 10.8 | 11.3 |
| *6.* | *Derivatives* | *3.7* | *2.7* |
| *7.* | *Equity instruments* | *0.0* | *0.0* |
| *8.* | *Debt securities* | *7.1* | *8.6* |
| *9.* | *Loans and advances* | *0.0* | *0.0* |
| 10. | Non-trading financial assets mandatorily at fair value through profit or loss (from 11. to 13.) | 1.1 | 1.8 |
| *11.* | *Equity instruments* | *0.0* | *0.0* |
| *12.* | *Debt securities* | *1.1* | *1.8* |
| *13.* | *Loans and advances* | *0.0* | *0.0* |
| 14. | Financial assets designated at fair value through profit or loss (15. + 16.) | 0.0 | 0.0 |
| *15.* | *Debt securities* | *0.0* | *0.0* |
| *16.* | *Loans and advances* | *0.0* | *0.0* |
| 17. | Financial assets at fair value through other comprehensive income (from 18. to 20.) | 306.4 | 343.5 |
| *18.* | *Equity instruments* | *8.1* | *5.5* |
| *19.* | *Debt securities* | *298.3* | *338.0* |
| *20.* | *Loans and advances* | *0.0* | *0.0* |
| 21. | Financial assets at amortised cost (22. + 23.) | 1,550.3 | 1,371.6 |
| *22.* | *Debt securities* | *359.7* | *217.6* |
| *23.* | *Loans and advances* | *1,190.7* | *1,154.0* |
| 24. | Derivatives – hedge accounting | 0.0 | 0.0 |
| 25. | Fair value changes of the hedged items in portfolio hedge of interest rate risk | 0.0 | 0.0 |
| 26. | Investments in subsidiaries, joint ventures and associates | 0.0 | 0.0 |
| 27. | Tangible assets | 19.1 | 20.2 |
| 28. | Intangible assets | 8.9 | 8.7 |
| 29. | Tax assets | 13.1 | 17.2 |
| 30. | Other assets | 4.7 | 6.7 |
| 31. | Non-current assets and disposal groups classified as held for sale | 0.0 | 0.0 |
| **32.** | **Total assets (1. + 5. +10. +14. + 17. + 21. + from 24. to 31.)** | **2,343.8** | **2,204.9** |

in EUR million

| Position | Position Name | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| | **Liabilities** | | |
| 33. | Financial liabilities held for trading (from 34. to 38.) | 3.7 | 2.6 |
| *34.* | *Derivatives* | *3.7* | *2.6* |
| *35.* | *Short positions* | *0.0* | *0.0* |
| *36.* | *Deposits* | *0.0* | *0.0* |
| *37.* | *Debt securities issued* | *0.0* | *0.0* |
| *38.* | *Other financial liabilities* | *0.0* | *0.0* |
| 39. | Financial liabilities designated at fair value through profit or loss (from 40. to 42.) | 0.0 | 0.0 |
| *40.* | *Deposits* | *0.0* | *0.0* |
| *41.* | *Debt securities issued* | *0.0* | *0.0* |
| *42.* | *Other financial liabilities* | *0.0* | *0.0* |
| 43. | Financial liabilities measured at amortised cost (from 44. to 46.) | 1,842.2 | 1,728.7 |
| *44.* | *Deposits* | *1,825.7* | *1,710.5* |
| *45.* | *Debt securities issued* | *0.0* | *0.0* |
| *46.* | *Other financial liabilities* | *16.6* | *18.2* |
| 47. | Derivatives - hedge accounting | 0.0 | 0.0 |
| 48. | Fair value changes of the hedged items in portfolio hedge of interest rate risk | 0.0 | 0.0 |
| 49. | Provisions | 64.8 | 75.1 |
| 50. | Tax liabilities | 2.2 | 1.8 |
| 51. | Share capital repayable on demand | 0.0 | 0.0 |
| 52. | Other liabilities | 9.2 | 14.6 |
| 53. | Liabilities included in disposal groups classified as held for sale | 0.0 | 0.0 |
| **54.** | **Total liabilities (33. + 39. + 43. + from 47. to 53.)** | **1,922.1** | **1,822.9** |
| | **Equity** | | |
| 55. | Share capital | 339.5 | 339.5 |
| 56. | Share premium | 0.0 | 0.0 |
| 57. | Equity instruments issued other than capital | 40.0 | 40.0 |
| 58. | Other equity | 0.0 | 0.0 |
| 59. | Accumulated other comprehensive income | -13.7 | -24.2 |
| 60. | Retained earnings | 0.0 | -0.2 |
| 61. | Revaluation reserves | 0.0 | 0.0 |
| 62. | Other reserves | 17.8 | 17.8 |
| 63. | (-) Treasury shares | 0.0 | 0.0 |
| 64. | Profit or loss attributable to owners of the parent | 38.1 | 9.2 |
| 65. | (-) Interim dividends | 0.0 | 0.0 |
| 66. | Minority interests [non-controlling interests] | 0.0 | 0.0 |
| **67.** | **Total equity (from 55. to 66.)** | **421.7** | **382.0** |
| **68.** | **Total equity and total liabilities (54. + 67.)** | **2,343.8** | **2,204.9** |

## Statement of Profit or Loss

in EUR million

| Position | Position Name | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| 1. | Interest income | 89.6 | 78.6 |
| 2. | (Interest expenses) | 12.9 | 6.3 |
| 3. | (Expenses on share capital repayable on demand) | 0.0 | 0.0 |
| 4. | Dividend income | 0.0 | 0.0 |
| 5. | Fee and commission income | 30.9 | 27.1 |
| 6. | (Fee and commission expenses) | 6.1 | 5.8 |
| 7. | Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net | 0.0 | 0.0 |
| 8. | Gains or (-) losses on financial assets and liabilities held for trading, net | 0.3 | 1.9 |
| 9. | Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 0.3 | 0.4 |
| 10. | Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net | 0.0 | 0.0 |
| 11. | Gains or (-) losses from hedge accounting, net | 0.0 | 0.0 |
| 12. | Exchange differences [gain or (-) loss], net | -0.2 | -0.5 |
| 13. | Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net | 0.0 | 0.0 |
| 14. | Gains or (-) losses on derecognition of non-financial assets, net | 0.5 | 0.1 |
| 15. | Other operating income | 3.3 | 4.3 |
| 16. | (Other operating expenses) | 0.4 | 0.9 |
| **17.** | **Total operating income, net (1. - 2. - 3. + 4. + 5. - 6. + from 7. to 15. - 16.)** | **105.4** | **98.9** |
| 18. | (Administrative expenses) | 43.8 | 46.9 |
| 19. | (Cash contributions to resolution funds and deposit guarantee schemes) | 0.0 | 1.6 |
| 20. | (Depreciation) | 6.3 | 6.8 |
| 21. | Modification gains or (-) losses, net | 0.0 | 0.0 |
| 22. | (Provisions or (-) reversal of provisions) | 8.4 | 31.3 |
| 23. | (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) | 1.4 | 1.8 |
| 24. | (Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates) | 0.0 | 0.0 |
| 25. | (Impairment or (-) reversal of impairment on non-financial assets) | 0.0 | 0.0 |
| 26. | Negative goodwill recognised in profit or loss | 0.0 | 0.0 |
| 27. | Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates | 0.0 | 0.0 |
| 28. | Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations | 0.0 | 0.0 |
| **29.** | **Profit or (-) loss before tax from continuing operations (17. - from 18. to 20. + 21. - from 22. to 25. + from 26. to 28.)** | **45.5** | **10.5** |
| 30. | (Tax Expenses or (-) income related to profit or loss from continuing operations) | 7.3 | 1.4 |
| **31.** | **Profit or (-) loss after tax from continuing operations (29. - 30.)** | **38.1** | **9.2** |
| **32.** | **Profit or (-) loss after tax from discontinued operations (33. - 34.)** | **0.0** | **0.0** |
| 33. | Profit or (-) loss before tax from discontinued operations | 0.0 | 0.0 |
| 34. | (Tax expense or (-) income related to discontinued operations) | 0.0 | 0.0 |
| **35.** | **Profit or (-) loss for the year (31. + 32.; 36. + 37.)** | **38.1** | **9.2** |
| 36. | Attributable to minority interest [non-controlling interests] | 0.0 | 0.0 |
| 37. | Attributable to owners of the parent | 0.0 | 0.0 |

## Statement of Other Comprehensive Income

in EUR million

| Position | Position Name | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **1.** | **Profit or (-) loss for the year** | **38.1** | **9.2** |
| **2.** | **Other comprehensive income (3. + 15.)** | **10.5** | **19.2** |
| **3.** | **Items that will not be reclassified to profit or loss (from 4. to 10. + 13. + 14.)** | **1.3** | **0.7** |
| 4. | Tangible assets | 0.0 | 0.0 |
| 5. | Intangible assets | 0.0 | 0.0 |
| 6. | Actuarial gains or (-) losses on defined benefit pension plans | 0.0 | 0.0 |
| 7. | Non-current assets and disposal groups held for sale | 0.0 | 0.0 |
| 8. | Share of other recognized income and expense of entities accounted for using the equity method | 0.0 | 0.0 |
| 9. | Fair value changes of equity instruments measured at fair value through other comprehensive income | 1.6 | 0.9 |
| 10. | Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net | 0.0 | 0.0 |
| *11.* | *Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]* | *0.0* | *0.0* |
| *12.* | *Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]* | *0.0* | *0.0* |
| 13. | Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk | 0.0 | 0.0 |
| 14. | Income tax relating to items that will not be reclassified | -0.3 | -0.2 |
| **15.** | **Items that may be reclassified to profit or loss (from 16. to 23.)** | **9.1** | **18.5** |
| 16. | Hedge of net investments in foreign operations [effective portion] | 0.0 | 0.0 |
| 17. | Foreign currency translation | 0.0 | 0.0 |
| 18. | Cash flow hedges [effective portion] | 0.0 | 0.0 |
| 19. | Hedging instruments [not designated elements] | 0.0 | 0.0 |
| 20. | Debt instruments at fair value through other comprehensive income | 11.1 | 22.6 |
| 21. | Non-current assets and disposal groups held for sale | 0.0 | 0.0 |
| 22. | Share of other recognized income and expense of Investments in subsidiaries, joint ventures and associates | 0.0 | 0.0 |
| 23. | Income tax relating to items that may be reclassified to profit or (-) loss | -2.0 | -4.1 |
| **24.** | **Total comprehensive income for the year (1. + 2.; 25. + 26.)** | **48.6** | **28.4** |
| 25. | Attributable to minority interest [non-controlling interests] | 0.0 | 0.0 |
| 26. | Attributable to owners of the parent | 0.0 | 0.0 |

Zagreb, 5 March 2025
Addiko Bank d.d.

MANAGEMENT BOARD

Mario Žižek
President of the Management Board

Marko Bolanča
Member of the Management Board

Ana Dorić Škeva
Member of the Management Board

## Statement of Cash Flows

in EUR million

| Position | Position Name | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| | **Operating activities by indirect method** | | |
| 9. | Profit/(loss) before tax | 45.5 | 10.5 |
| | *Adjustments:* | | |
| 10. | Impairment and provisions | 10.3 | 34.4 |
| 11. | Depreciation | 6.3 | 6.8 |
| 12. | Net unrealized loss/(gain) from financial assets and liabilities at fair value through profit or loss | 0.0 | 0.0 |
| 13. | (Gain)/loss on disposal of fixed assets | -0.4 | -0.1 |
| 14. | Other non-monetary items | -84.2 | -75.2 |
| | **Change in assets and liabilities from operating activities** | | |
| 15. | Balances with Croatian National Bank | 0.0 | 0.0 |
| 16. | Deposits and loans with credit institutions | 5.0 | 41.8 |
| 17. | Loans and advances to other customers | -41.5 | -80.4 |
| 18. | Securities and other financial instruments at fair value through other comprehensive income | 50.5 | 148.9 |
| 19. | Securities and other financial instruments held for trading | 0.9 | -6.6 |
| 20. | Non-trading securities and other financial assets mandatorily at fair value through profit or loss | 0.0 | 0.0 |
| 21. | Securities and other financial instruments mandatory at fair value through profit or loss | 0.7 | -0.4 |
| 22. | Securities and other financial instruments mandatory at amortised cost | -3.6 | 0.1 |
| 23. | Other assets from operating activities | 6.5 | 0.7 |
| 24. | Deposits from financial institutions | 6.7 | -1.9 |
| 25. | Transaction accounts of other customers | -56.2 | 433.8 |
| 26. | Demand deposits of other costumers | -17.3 | -643.6 |
| 27. | Term deposits of other customers | 182.5 | 105.4 |
| 28. | Derivative financial liabilities and other trading liabilities | 1.1 | 2.0 |
| 29. | Other liabilities from operating activities | -24.9 | 1.8 |
| 30. | Interest received from operating activities | 85.7 | 72.7 |
| 31. | Dividends received from operating activities | 0.0 | 0.0 |
| 32. | Interest paid from operating activities | -10.1 | -6.3 |
| 33. | (Income taxes paid) | -5.7 | -1.5 |
| **34.** | **Net cash flow from operating activities (from 1. to 33.)** | **157.8** | **43.1** |
| | Investing activities | | |
| 35. | Proceeds from sale/(payments for purchase) of tangible and intangible assets | -2.8 | -3.0 |
| 36. | Proceeds from sale/(payments for purchase) of investments in subsidiaries, joint ventures and associates | 0.0 | 0.0 |
| 37. | Proceeds from sale/(payments for purchase) of securities and other financial instruments from investing activities | -131.5 | -116.5 |
| 38. | Dividends received from investing activities | 0.0 | 0.0 |
| 39. | Other proceeds/(payments) from investing activities | 0.0 | 0.0 |
| **40.** | **Net cash flow from investing activities (from 35. to 39.)** | **-134.3** | **-119.5** |
| | Financing activities | | |
| 41. | Net increase/(decrease) of borrowings from financial activities | -5.8 | -29.5 |
| 42. | Net increase/(decrease) of borrowings from issued debt securities | 0.0 | 0.0 |
| 43. | Net increase/(decrease) of subordinated debt | 0.0 | 0.0 |
| 44. | Increase of share capital | 0.0 | 0.0 |
| 45. | (Dividend paid) | -8.9 | -6.8 |
| 46. | Other proceeds/(payments) from financing activities | -3.4 | -2.1 |
| **47.** | **Net cash flows from financing activities (from 41. to 46.)** | **-18.1** | **-38.5** |
| **48.** | **Net increase/(decrease) of cash and cash equivalents (34. + 40. + 47.)** | **5.3** | **-114.9** |
| **49.** | **Cash and cash equivalents at the beginning of the year** | **424.0** | **538.9** |
| 50. | Effects of exchange rate changes on cash and cash equivalents | 0.0 | -0.1 |
| **51.** | **Cash and cash equivalents at the end of the year (48. + 49. + 50.)** | **429.3** | **424.0** |

## Statement of Changes in Equity

in EUR million

| Position | Position Name | Capital | Share premium | Equity instruments issued other than capital | Other equity | Accumulated other comprehensive income | Retained earnings | Revaluation reserves | Other reserves | (-) Treasury shares | Profit or (-) loss attributable to owners of the parent | (-) Interim dividends | Minority interests: Accumulated other comprehensive income | Minority interests: Other items | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | **Opening balance [before restatement] for the year 2024** | **339.5** | **0.0** | **40.0** | **0.0** | **-24.2** | **-0.2** | **0.0** | **17.8** | **0.0** | **9.2** | **0.0** | **0.0** | **0.0** | **382.0** |
| 2. | Effects of corrections of errors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. | Effects of changes in accounting policies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **4.** | **Opening balance [current period] for the year 2024** | **339.5** | **0.0** | **40.0** | **0.0** | **-24.2** | **-0.2** | **0.0** | **17.8** | **0.0** | **9.2** | **0.0** | **0.0** | **0.0** | **382.0** |
| 5. | Issuance of ordinary shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6. | Issuance of preference shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7. | Issuance of other equity instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8. | Exercise or expiration of other equity instruments issued | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Conversion of debt to equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10. | Capital reduction | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11. | Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.9 |
| 12. | Purchase of treasury shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 13. | Sale or cancellation of treasury shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 14. | Reclassification of financial instruments from equity to liability | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 15. | Reclassification of financial instruments from liability to equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 16. | Transfers among components of equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.2 | 0.0 | 0.0 | 0.0 | -9.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| 17. | Equity increase or (-) decrease resulting from business combinations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 18. | Share based payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 19. | Other increase or (-) decrease in equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -5.0 |
| 20. | Total comprehensive income for the year | 0.0 | 0.0 | 0.0 | 0.0 | 10.5 | 0.0 | 0.0 | 0.0 | 0.0 | 38.1 | 0.0 | 0.0 | 0.0 | 48.6 |
| **21.** | **Closing balance [current period] for the year 2024** | **339.5** | **0.0** | **40.0** | **0.0** | **-13.7** | **0.0** | **0.0** | **17.8** | **0.0** | **38.1** | **0.0** | **0.0** | **0.0** | **421.7** |

in EUR million

| Position | Position Name | Capital | Share premium | Equity instruments issued other than capital | Other equity | Accumulated other comprehensive income | Retained earnings | Revaluation reserves | Other reserves | (-) Treasury shares | Profit or (-) loss attributable to owners of the parent | (-) Interim dividends | Minority interests: Accumulated other comprehensive income | Minority interests: Other items | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | **Opening balance [before restatement] for the year 2023** | **339.6** | **0.0** | **39.8** | **0.0** | **-43.4** | **0.0** | **0.0** | **17.7** | **0.0** | **6.8** | **0.0** | **0.0** | **0.0** | **360.5** |
| 2. | Effects of corrections of errors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. | Effects of changes in accounting policies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **4.** | **Opening balance [current period] for the year 2023** | **339.6** | **0.0** | **39.8** | **0.0** | **-43.4** | **0.0** | **0.0** | **17.7** | **0.0** | **6.8** | **0.0** | **0.0** | **0.0** | **360.5** |
| 5. | Issuance of ordinary shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6. | Issuance of preference shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7. | Issuance of other equity instruments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 8. | Exercise or expiration of other equity instruments issued | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Conversion of debt to equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10. | Capital reduction | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11. | Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.3 |
| 12. | Purchase of treasury shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 13. | Sale or cancellation of treasury shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 14. | Reclassification of financial instruments from equity to liability | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 15. | Reclassification of financial instruments from liability to equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 16. | Transfers among components of equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.8 | 0.0 | 0.0 | 0.0 | -6.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| 17. | Equity increase or (-) decrease resulting from business combinations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 18. | Share based payments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 19. | Other increase or (-) decrease in equity | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | -3.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -3.5 |
| 20. | Total comprehensive income for the year | 0.0 | 0.0 | 0.0 | 0.0 | 19.2 | 0.0 | 0.0 | 0.0 | 0.0 | 9.2 | 0.0 | 0.0 | 0.0 | 28.4 |
| **21.** | **Closing balance [current period] for the year 2023** | **339.5** | **0.0** | **40.0** | **0.0** | **-24.2** | **-0.2** | **0.0** | **17.8** | **0.0** | **9.2** | **0.0** | **0.0** | **0.0** | **382.0** |

## Reconciliation of the statutory financial statements with the supplementary schedules for the Croatian National Bank

As data in financial statements prepared in accordance with the Croatian National Bank ("CNB") decision are classified differently from data in financial statements prepared according to the IFRS, the following tables present comparatives.

Comparatives for the Statement of financial position - Assets at 31 December 2024:

in EUR million

| | | IFRS | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Cash reserves | Financial assets held for trading | Loans and advances to credit institutions | Loans and advances to customers | Investment securities | Property, plant and equipment | Investment property | Intangible assets | Current tax assets | Deferred tax assets | Other assets |
| **Assets** | | | | | | | | | | | | |
| Cash, cash balances at central banks and other demand deposits | 429.3 | 429.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets held for trading | 10.8 | 0.0 | 10.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at fair value through other comprehensive income | 306.4 | 0.0 | 0.0 | 0.0 | 0.0 | 306.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at amortised cost | 1,550.3 | 0.0 | 0.0 | 5.7 | 1,184.9 | 359.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tangible assets | 19.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.8 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 8.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.9 | 0.0 | 0.0 | 0.0 |
| Tax assets | 13.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 13.1 | 0.0 |
| Other assets | 4.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.7 |
| **Total assets** | **2,343.8** | **429.3** | **10.8** | **5.7** | **1,184.9** | **667.2** | **17.8** | **1.3** | **8.9** | **0.0** | **13.1** | **4.7** |

Comparatives for the Statement of financial position – Liabilities and Equity at 31 December 2024:

in EUR million

| | | IFRS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Financial liabilities held for trading | Deposits of credit institutions | Deposits of customers | Borrowings | Subordinated debt | Other financial liabilities | Provisions | Current tax liabilities | Other liabilities | Share capital | Additional Tier 1 capital | Legal and other reserves | Fair value reserve | Accumulated profit |
| **Liabilities** | | | | | | | | | | | | | | | |
| Financial liabilities held for trading | 3.7 | 3.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial liabilities measured at amortised cost | 1,842.2 | 0.0 | 21.1 | 1,759.0 | 14.5 | 31.1 | 16.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 64.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 64.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax liabilities | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | 9.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total liabilities** | **1,922.1** | **3.7** | **21.1** | **1,759.0** | **14.5** | **31.1** | **16.6** | **64.8** | **2.2** | **9.2** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Equity** | | | | | | | | | | | | | | | |
| Share capital | 339.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 339.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity instruments issued other than capital | 40.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.0 | 0.0 | 0.0 | 0.0 |
| Accumulated other comprehensive income | -13.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -13.7 | 0.0 |
| Retained earnings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other reserves | 17.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.8 | 0.0 | 0.0 |
| Profit or loss attributable to owners of the parent | 38.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 38.1 |
| **Total equity** | **421.7** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **339.5** | **40.0** | **17.8** | **-13.7** | **38.1** |
| **Total equity and total liabilities** | **2,343.8** | **3.7** | **21.1** | **1,759.0** | **14.5** | **31.1** | **16.6** | **64.8** | **2.2** | **9.2** | **339.5** | **40.0** | **17.8** | **-13.7** | **38.1** |

Comparatives for the Statement of financial position - Assets at 31 December 2023:

in EUR million

| Croatian National Bank's Decision | | IFRS | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cash reserves | Financial assets held for trading | Loans and advances to credit institutions | Loans and advances to customers | Investment securities | Property, plant and equipment | Investment property | Intangible assets | Current tax assets | Deferred tax assets | Other assets |
| **Assets** | | | | | | | | | | | | |
| Cash, cash balances at central banks and other demand deposits | 423.9 | 423.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets held for trading | 11.3 | 0.0 | 11.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at fair value through other comprehensive income | 343.5 | 0.0 | 0.0 | 0.0 | 0.0 | 343.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at amortised cost | 1,371.6 | 0.0 | 0.0 | 0.8 | 1,153.3 | 217.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tangible assets | 20.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 18.7 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 8.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.7 | 0.0 | 0.0 | 0.0 |
| Tax assets | 17.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.2 | 0.0 |
| Other assets | 6.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.7 |
| **Total assets** | **2,204.9** | **423.9** | **11.3** | **0.8** | **1,153.3** | **562.9** | **18.7** | **1.5** | **8.7** | **0.0** | **17.2** | **6.7** |

Comparatives for the Statement of financial position – Liabilities and Equity at 31 December 2023:

in EUR million

| | | IFRS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Financial liabilities held for trading | Deposits of credit institutions | Deposits of customers | Borrowings | Subordinated debt | Other financial liabilities | Provisions | Current tax liabilities | Other liabilities | Share capital | Additional Tier 1 capital | Legal and other reserves | Fair value reserve | Accumulated profit |
| **Liabilities** | | | | | | | | | | | | | | | |
| Financial liabilities held for trading | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial liabilities measured at amortised cost | 1,728.7 | 0.0 | 16.4 | 1,642.8 | 20.2 | 31.1 | 18.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 75.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 75.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax liabilities | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | 14.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total liabilities** | **1,822.9** | **2.6** | **16.4** | **1,642.8** | **20.2** | **31.1** | **18.2** | **75.1** | **1.8** | **14.6** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Equity** | | | | | | | | | | | | | | | |
| Share capital | 339.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 339.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity instruments issued other than capital | 40.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.0 | 0.0 | 0.0 | 0.0 |
| Accumulated other comprehensive income | -24.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -24.2 | 0.0 |
| Retained earnings | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| Other reserves | 17.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.8 | 0.0 | 0.0 |
| Profit or loss attributable to owners of the parent | 9.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.2 |
| **Total equity** | **382.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **339.5** | **40.0** | **17.8** | **-24.2** | **8.9** |
| **Total equity and total liabilities** | **2,204.9** | **2.6** | **16.4** | **1,642.8** | **20.2** | **31.1** | **18.2** | **75.1** | **1.8** | **14.6** | **339.5** | **40.0** | **17.8** | **-24.2** | **8.9** |

Comparatives for the statement of profit or loss ended 31 December 2024:

in EUR million

| Croatian National Bank's Decision | | IFRS | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest income calculated using the effective interest method | Other interest income | Interest expenses | Fee and commission income | Fee and commission expenses | Net result on financial instruments | Other operating income | Other operating expenses | Personnel expenses | Other administrative expenses | Depreciation and amortisation | Other result | Expected credit losses on financial assets | Tax on income |
| Interest income | 89.6 | 76.9 | 12.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Interest expenses) | 12.9 | 0.0 | 0.0 | 12.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fee and commission income | 30.9 | 0.0 | 0.0 | 0.0 | 30.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Fee and commission expenses) | 6.1 | 0.0 | 0.0 | 0.0 | 0.0 | 6.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on financial assets and liabilities held for trading, net | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange differences [gain or (-) loss], net | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on derecognition of non-financial assets, net | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating income | 3.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 |
| (Other operating expenses) | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total operating income, net** | **105.4** | **76.9** | **12.7** | **-12.9** | **30.9** | **-6.1** | **0.4** | **3.3** | **-0.4** | **0.0** | **0.0** | **0.0** | **0.4** | **0.0** | **0.0** |
| (Administrative expenses) | 43.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 1.8 | 25.3 | 16.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Cash contributions to resolution funds and deposit guarantee schemes) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Depreciation) | 6.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.3 | 0.0 | 0.0 | 0.0 |
| Modification gains or (-) losses, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Provisions or (-) reversal of provisions) | 8.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 9.0 | -0.7 | 0.0 |

Comparatives for the statement of profit or loss ended 31 December 2024:

in EUR million

| | | IFRS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Interest income calculated using the effective interest method | Other interest income | Interest expenses | Fee and commission income | Fee and commission expenses | Net result on financial instruments | Other operating income | Other operating expenses | Personnel expenses | Other administrative expenses | Depreciation and amortisation | Other result | Expected credit losses on financial assets | Tax on income |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 | 0.0 |
| (Impairment or (-) reversal of impairment on non-financial assets) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Profit or (-) loss before tax from continuing operations** | **45.5** | **76.9** | **12.7** | **-12.9** | **30.9** | **-6.3** | **0.4** | **3.3** | **-2.3** | **-25.3** | **-16.4** | **-6.3** | **-8.6** | **-0.7** | **0.0** |
| (Tax Expenses or (-) income related to profit or loss from continuing operations) | 7.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.3 |
| **Profit or (-) loss after tax from continuing operations** | **38.1** | **76.9** | **12.7** | **-12.9** | **30.9** | **-6.3** | **0.4** | **3.3** | **-2.3** | **-25.3** | **-16.4** | **-6.3** | **-8.6** | **-0.7** | **-7.3** |
| **Profit or (-) loss for the year** | **38.1** | **76.9** | **12.7** | **-12.9** | **30.9** | **-6.3** | **0.4** | **3.3** | **-2.3** | **-25.3** | **-16.4** | **-6.3** | **-8.6** | **-0.7** | **-7.3** |

Comparatives for the statement of profit or loss ended 31 December 2023:

in EUR million

| | | IFRS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Interest income calculated using the effective interest method | Other interest income | Interest expenses | Fee and commission income | Fee and commission expenses | Net result on financial instruments | Other operating income | Other operating expenses | Personnel expenses | Other administrative expenses | Depreciation and amortisation | Other result | Expected credit losses on financial assets | Tax on income |
| Interest income | 78.6 | 65.4 | 13.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Interest expenses) | 6.3 | 0.0 | 0.0 | 6.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fee and commission income | 27.1 | 0.0 | 0.0 | 0.0 | 27.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Fee and commission expenses) | 5.8 | 0.0 | 0.0 | 0.0 | 0.0 | 5.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on financial assets and liabilities held for trading, net | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange differences [gain or (-) loss], net | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gains or (-) losses on derecognition of non-financial assets, net | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating income | 4.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| (Other operating expenses) | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 |
| **Total operating income, net** | **98.9** | **65.4** | **13.2** | **-6.3** | **27.1** | **-5.8** | **1.8** | **4.3** | **-0.3** | **0.0** | **0.0** | **0.0** | **-0.6** | **0.0** | **0.0** |
| (Administrative expenses) | 46.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 2.7 | 25.8 | 18.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Cash contributions to resolution funds and deposit guarantee schemes) | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Depreciation) | 6.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6.8 | 0.0 | 0.0 | 0.0 |
| Modification gains or (-) losses, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Provisions or (-) reversal of provisions) | 31.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 30.8 | 0.5 | 0.0 |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 0.0 |

Comparatives for the statement of profit or loss ended 31 December 2023:

in EUR million

| | | IFRS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Croatian National Bank's Decision | | Interest income calculated using the effective interest method | Other interest income | Interest expenses | Fee and commission income | Fee and commission expenses | Net result on financial instruments | Other operating income | Other operating expenses | Personnel expenses | Other administrative expenses | Depreciation and amortisation | Other result | Expected credit losses on financial assets | Tax on income |
| (Impairment or (-) reversal of impairment on non-financial assets) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Profit or (-) loss before tax from continuing operations** | **10.5** | **65.4** | **13.2** | **-6.3** | **27.1** | **-6.1** | **1.8** | **4.3** | **-4.6** | **-25.8** | **-18.1** | **-6.8** | **-31.4** | **-2.3** | **0.0** |
| (Tax Expenses or (-) income related to profit or loss from continuing operations) | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 |
| **Profit or (-) loss after tax from continuing operations** | **9.2** | **65.4** | **13.2** | **-6.3** | **27.1** | **-6.1** | **1.8** | **4.3** | **-4.6** | **-25.8** | **-18.1** | **-6.8** | **-31.4** | **-2.3** | **-1.4** |
| **Profit or (-) loss for the year** | **9.2** | **65.4** | **13.2** | **-6.3** | **27.1** | **-6.1** | **1.8** | **4.3** | **-4.6** | **-25.8** | **-18.1** | **-6.8** | **-31.4** | **-2.3** | **-1.4** |

# Imprint

**Publisher of the Financial Report**
**and responsible for the content:**

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