

AikGroup (CY) Limited, Cyprus

Consolidated Report and Financial Statements

For the Year Ended December 31, 2025

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Board of Directors:

Romeo Collina (Italian)
Aleksandar Aleks Kostić (Cypriot)
Lambros Papadopoulos (Cypriot)
Martin Elling (Dutch)- ceased to hold office from 1 January 2026
Jelena Galić (Serbian)
Georgios Syrichas (Cypriot)
Aleksandra Babić (Serbian)
Razvan Munteanu (Belgium)
Tina Pogačić (Croatian)
Irene Rouvitha Panou (Cypriot)

Company Secretary:

Trident Trust Company (Cyprus) Limited, Limassol

Independent Auditors:

BDO Ltd
Certified Public Accountants (CY) and Registered Auditors
236 Strovolou Avenue
2048 Strovolos,
Nicosia, Cyprus

Registered office:

Street Krinou, 3
THE OVAL, Flat/Office 502
Agios Athanasios
4103 Limassol, Cyprus

Main Bankers:

UBS AG Zurich, CH
Eurobank Group
JP Morgan Group
Deutsche bank, DE
Erste Bank Group
NLB Group
Raiffeisen Bank Group
SID Banka LJ, SI
Unicredit Bank Group

Registration number:

HE283435



MANAGEMENT REPORT

The Board of Directors of AikGroup (CY) Limited (the “Company”) presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the “Group”) for the year ended 31 December 2025.

Incorporation

The Company AikGroup (CY) Limited was incorporated in Cyprus on 16 March 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities

AikGroup’s core activity is banking.

Details regarding subsidiaries of the Group as of December 31, 2025 and 2024 are disclosed in note 2.4.

Review of the development and current position of the Group and description of the major risks and uncertainties

The Group’s development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in note 4 to the consolidated financial statements.

Results

The Group’s results for the year are set out on pages 8 and 9.

Significant events after the end of the reporting period

Significant events that occurred after the end of the reporting period are described in note 40 to the consolidated financial statements.

Existence of branches

The Group operates in three markets Slovenian, Montenegrin and Serbian.

Dividends

In 2024, the Parent Company’s Board of Directors approved the payment of dividend, in the amount as of EUR 67,300 thousand.

In 2025, the Parent Company’s Board of Directors did not approve the payment of dividends.

In 2026, the Parent Company’s Board of Directors decided that it will propose the payment of a total dividend of EUR 130m, subject to the approval of the General Assembly.

Share capital

Authorized capital

Upon the date of incorporation of the Parent Company on March 16, 2011, the authorized share capital of the Parent Company was EUR 5,000 divided into 5,000 ordinary shares of EUR 1 each. During the financial year 2023 the authorized share capital was increased. As of December 31, 2025 and 2024, amounts to EUR 40,005,000 divided into 40,005,000 ordinary shares of EUR 1 each.

Issued capital

As of December 31, 2025 the Parent Company had EUR 40,001 thousand (December 31, 2024: EUR 40,001 thousand) issued and fully paid ordinary shares at the nominal value of EUR 1 per share. For detailed information regarding share capital, see disclosures in note 36 to the consolidated financial statements.



MANAGEMENT REPORT (Continued)

Board of Directors

The members of the Group's Board of Directors as of December 31, 2025 and at the date of this report are presented on page 2.

In order to further improve the Board of Directors composition and capabilities, in 2024 the Group appointed a new executive director in a role of Group CEO. Consequently, the previous Group CEO shifted to non-executive position within the Board of Directors and Audit committee, while one of the non-executive directors left the Group. In this way, the number of directors stayed at a previous level – 2 executive roles (CEO and CRO) and 7 non-executives. As in previous years, the work of the Board of Directors is supported by 4 committees – Risk committee, Audit committee, Remuneration committee and Nomination committee.

The Board comprised eight members, six non-executive and two executive Board members as at 31 December 2025. During 2025, the composition of the Board of Directors changed. One non-executive Board member (Nikolas Neophytou) ceased to serve during the year, following which two new non-executive Board members were appointed (Tina Pogačić and Irene Rouvita Panou). A further change became effective on 1 January 2026, when another non-executive Board member ceased to hold office (Martin Eling), although he remained in office as at 31 December 2025. As a result,

Consistent with prior years, the Board's activities were supported by four standing committees: the Risk Committee, Audit Committee, Remuneration Committee and Nomination Committee.

During 2025, the governance model was further developed and the Board delegated decision-making powers to the Group CEO within the limits approved by the Board, except for matters reserved to the Board itself or delegated by the Board to its committees. Within those Board-approved limits, the Group CEO may further sub-delegate authority to other executive directors, key function holders and other employees of the Group. To support the effective management, oversight and decision-making of the Group, the Group CEO established the Group Management Committee, the Group ALCO and the Group Credit Committee.

Independent Auditors

The independent auditors, BDO Ltd, is in the last year of consecutive audit. According to Decision of BoD and General Assembly starting with financial year end 31 December 2026 new auditor on the Group level will be EY.



Razvan Munteanu
Director

Lambros Papadopoulos
Director

Limassol, April 24th, 2026

Independent Auditor's Report

To the Members of AikGroup (CY) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AikGroup (CY) Limited (the "Parent Company") and its subsidiaries (together: the "Group"), which are presented in pages 8 to 117 and comprise the consolidated statement of financial position as at 31 December, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

(Continued)



Independent Auditor's Report (Continued)

To the Members of AikGroup (CY) Limited (Continued)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(Continued)



Independent Auditor's Report (Continued)

To the Members of AikGroup (CY) Limited (Continued)

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the consolidated management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'TKiely', written over a dotted horizontal line.

Terence Kiely
Certified Public Accountant and Registered Auditor
for and on behalf of

BDO Ltd
Certified Public Accountants (CY) and Registered Auditors

Nicosia, April 24th, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year Ended December 31, 2025
(Thousands of EUR)

	Note	2025	2024
Interest income	7	442,432	478,548
Interest expenses	7	(147,502)	(162,369)
Net interest income	7	294,930	316,179
Fee and commission income	8	122,575	96,274
Fee and commission expenses	8	(35,129)	(27,347)
Net fee and commission income	8	87,446	68,927
Net (losses) / gains on changes in the fair value of financial instruments	9	(1,020)	3,005
Net gains on derecognition of the financial assets measured at fair value	10	4,914	1,226
Net foreign exchange gains / (losses) and currency losses on financial instruments	11	3,194	(2,187)
Net (losses) / gains on derecognition of the financial assets measured at amortized cost	12	(584)	1,133
Other operating income	13	15,640	14,587
Net losses on impairment of financial assets not measured at fair value through profit or loss	14	(3,987)	(32,656)
Total operating income, net		400,533	370,214
Salaries, salary compensations and other personnel expenses	15	(108,612)	(100,875)
Depreciation and amortization charge	16	(33,881)	(39,608)
Other income	17	22,234	17,000
Other expenses	18	(128,343)	(117,697)
Profit before taxes		151,931	129,034
Current income tax expense	19	(24,766)	(11,976)
Deferred income tax benefits	19	6,696	6,266
Deferred tax expenses	19	(4,797)	(6,126)
Profit for the year from continuing operations		129,064	117,198
- of which attributable to non - controlling interest		2,485	123
Profit for the year		126,579	117,198

Notes on the following pages form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
Year Ended December 31, 2025
(Thousands of EUR)

	2025	2024
Profit for the year	129,064	117,198
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
(Losses)/Gains on revaluation of properties	(8)	6,602
Fair value gains on equity investments measured at FVtOCI	4,813	8,373
Actuarial (losses)/gains on defined benefit plans	(145)	5
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value (losses) /gains on debt investments measured at FVtOCI	(1,858)	15,765
Effects of changes in translation reserves	(98)	-
Income tax relating to components of other comprehensive income	(1,113)	(3,106)
Other comprehensive income for the year, net of tax	1,591	27,639
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	130,655	144,837
Owners of the Group	128,404	144,714
Non-controlling interest	2,251	123

Notes on the following pages
form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2025
(Thousands of EUR)

	Note	2025	2024
ASSETS			
Cash and cash funds held with the central banks	20	1,480,723	1,447,880
Pledged financial assets		11,414	-
Receivables under derivative financial instruments		1,713	2,250
Securities	21	1,424,076	900,414
Loans and receivables due from banks and other financial institutions	22	815,773	1,066,122
Loans and receivables due from customers	23	6,154,226	5,156,292
Intangible assets	25	26,841	18,082
Property, plant and equipment	26.a, 26.b	167,880	146,370
Investment property	27	31,480	37,019
Non-current assets held for sale and assets from discontinued operations	28	9,071	3,226
Current tax assets	34.a	6,733	28,804
Deferred tax assets	29	7,386	6,401
Other assets	30	99,485	80,672
TOTAL ASSETS		10,236,802	8,893,532
LIABILITIES AND EQUITY			
Liabilities under derivative financial instruments		1,629	2,542
Deposits and other liabilities due to banks, other financial institutions and the central bank	31 a	922,885	758,195
Deposits and other liabilities due to customers	32.a	7,515,151	6,575,570
Liabilities under securities	32.b	101,090	101,166
Subordinated liabilities	31 b	149,890	66,505
Provisions	33	21,930	22,358
Current tax liabilities	34.b	3,910	92
Deferred tax liabilities	29	4,091	3,838
Other liabilities	35	120,229	105,793
TOTAL LIABILITIES		8,840,805	7,636,059
EQUITY			
Issued capital	36	40,001	40,001
Retained earnings (including income from the current year)		1,102,623	986,073
Reserves		230,357	229,114
Non - controlling interest		23,016	2,285
TOTAL EQUITY		1,395,997	1,257,473
TOTAL LIABILITIES AND EQUITY		10,236,802	8,893,532

Notes on the following pages form an integral part of these consolidated financial statements.

These consolidated financial statements have been approved for issue by the management of AikGroup (CY) Limited, Cyprus, on April 24th, 2026 and are signed on their behalf by:

 ----- Razvan Munteanu Director	 ----- Lambros Papadopoulos Director
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2025
(Thousands of EUR)

	Issued and Other Capital	Share Premium	Other Reserves	Revaluation Reserves	Retained earnings (including income from the current year)	Equity attributable to Owners of the Group	Non- controlling interests	Total
Balance at January 1, 2024	40,001	-	204,484	(3,277)	941,648	1,182,856	4,323	1,187,179
Profit for the year	-	-	-	-	117,075	117,075	123	117,198
Other comprehensive income, net of income tax	-	-	-	27,639	-	27,639	-	27,639
Total comprehensive income for the year	-	-	-	27,639	117,075	144,714	123	144,837
<i>Transactions with shareholders:</i>								
- Dividends	-	-	-	-	(67,300)	(67,300)	-	(67,300)
Other	-	-	268	-	(5,350)	(5,082)	(2,161)	(7,243)
Balance at December 31, 2024	40,001	-	204,752	24,362	986,073	1,255,188	2,285	1,257,473

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2025
(Thousands of EUR)

	Issued and Other Capital	Share Premium	Other Reserves	Revaluation Reserves	Retained earnings (including income from the current year)	Equity attributable to Owners of the Group	Non- controlling interests	Total
Balance at January 1, 2025	40,001	-	204,752	24,362	986,073	1,255,188	2,285	1,257,473
Profit for the year	-	-	-	-	126,579	126,579	2,485	129,064
Other comprehensive income, net of income tax	-	-	-	1,825	-	1,825	(234)	1,591
Total comprehensive income for the year	-	-	-	1,825	126,579	128,404	2,251	130,655
Reversal of impairment of cap. investment in a subsidiary	-	-	-	-	(2,073)	(2,073)	-	(2,073)
Transfer from reserves to retained earnings	-	-	-	-	401	401	-	401
Other	-	-	(582)	-	(8,357)	(8,939)	18,480	9,541
Balance at December 31, 2025	40,001	-	204,170	26,187	1,102,623	1,372,981	23,016	1,395,997

Notes on the following pages
form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2025
(Thousands of EUR)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated by operating activities	587,944	596,041
Interest receipts	437,636	478,985
Fee and commission receipts	123,975	96,069
Receipts of other operating income	25,784	17,174
Dividend and profit sharing receipts	549	3,813
Cash used in operating activities	(416,516)	(400,597)
Interest payments	(145,867)	(163,052)
Fee and commission payments	(35,706)	(27,699)
Payments to, and on behalf of, employees	(128,494)	(117,887)
Taxes, contributions and other duties paid	(5,278)	(10,704)
Payments for other operating expenses	(101,171)	(81,255)
Net cash inflows from operating activities prior to increases/decreases in loans and deposits and other liabilities	171,428	195,444
Decrease in loans and increase in deposits received and other liabilities	754,978	420,874
Decrease in loans and receivables due from banks, other financial institutions, the central bank and customers	343,708	211,814
Decrease in financial assets initially recognized at fair value through profit and loss, financial assets held for trading and other securities not held for investments	560	-
Increase in deposits and other liabilities due to banks, other financial institutions, the central bank and customers	410,710	209,060
Increase in loans and decrease in deposits received and other liabilities	981,692	(411,388)
Increase in loans and receivables due from banks, other financial institutions, the central bank and customers	659,690	(324,681)
Increase in financial assets initially recognized at fair value through profit and loss, financial assets held for trading and other securities not held for investments	54,251	(24,604)
Decrease in deposits and other liabilities due to banks, other financial institutions, the central bank and customers	267,751	(62,103)
Net cash used in / generated by operating activities before income taxes	(55,286)	204,930
Income taxes paid	(9,217)	(21,091)
Dividend payments	-	(67,300)
Net cash used in / generated by operating activities	(64,503)	116,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash generated by investing activities	183,495	140,162
Proceeds from investments in investment securities	159,139	73,966
Proceeds from the sales of intangible assets, property, plant and equipment	22,856	20,170
Proceeds from the sales of investment property	1,500	5,374
Proceeds from other investing activities	-	40,652
Cash used in investing activities	(361,482)	(195,948)
Cash used for investments in investment securities	(212,383)	(73,501)
Cash used for the purchases of investments in subsidiaries, associates and joint ventures	(80,045)	(12,925)
Cash used for the purchases of intangible assets, property, plant and equipment	(64,922)	(41,110)
Cash used for the purchases of investment property	(4,023)	(756)
Other outflows from investing activities	(109)	(67,656)
Net cash used in investing activities	(177,987)	(55,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash generated by financing activities	454,155	77,270
Subordinated liabilities, inflows	10,000	-
Borrowings, inflows	205,862	77,262
Other inflows from financing activities	238,293	8
Cash used in financing activities	(43,072)	(214,856)
Borrowings, outflows	(27,096)	(208,491)
Treasury shares, outflows	(9,858)	-
Other outflows from financing activities	(6,118)	(6,365)
Net cash generated by / used in financing activities	411,083	(137,586)
TOTAL CASH INFLOWS	1,980,572	1,234,347
TOTAL CASH OUTFLOWS	(1,811,979)	(1,311,180)
TOTAL NET CASH INCREASE / (DECREASE)	168,593	(76,833)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,105,473	1,180,307
FOREIGN EXCHANGE GAINS	38,973	8,763
FOREIGN EXCHANGE LOSSES	(14,879)	(6,764)
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 20)	1,298,160	1,105,473

Notes on the following pages form an integral part of these consolidated financial statements.



1. GENERAL INFORMATION ON THE GROUP

The Group, is comprised of the parent entity AikGroup (CY) Limited, Cyprus (hereinafter: the “Parent Company,” “Company,” “AikGroup (CY),” “Group”) and its subsidiaries: Nord Agri N.V., Netherlands (hereinafter: “Nord Agri”), M&V Investments a.d., Belgrade (hereinafter: “M&V Investments”), AikBank a.d., Belgrade (hereinafter: “AikBank”), AIK Leasing d.o.o., Belgrade (hereinafter: “AIK Leasing”), Hipotekarna bank a.d. Podgorica (hereinafter: “Hipotekarna bank”), Gorenjska Banka d.d., Kranj (hereinafter: “Gorenjska Bank”), Imobilia-GBK, d.o.o., Kranj (hereinafter: “Imobilia”), GB Leasing, d.o.o., Ljubljana (hereinafter: “GB Leasing”), and Filira, poslovne storitve d.o.o., Ljubljana (hereinafter: “Filira”). As of March 28, 2025, AikBank merged with Eurobank Direktna a.d., Belgrade. The consolidated financial statements for the year ended December 31, 2025 include the financial statements of the Parent Company and its abovementioned subsidiaries, as disclosed in more detail in note 2.4.

AikGroup (CY) Limited is a legal entity incorporated and domiciled in Cyprus (previously named Agri Europe Cyprus Limited, change of the name become effective from April 2, 2025) Shareholders are - Agri Holding AG, Switzerland with 50.02% of shares, Rysaffe Trustee Company (C.I.) Limited as a trustee of Sloane Trust and South Dakota Trust Company L.L.C as trustee of the Circle Trust, with 24,99% each. The Parent Company’s registered office is at Street Krinou 3, The Oval, Flat 502, 4103 Agios Athanasios, Limassol, Cyprus

Details regarding subsidiaries of the Group as of December 31, 2025 and 2024 are disclosed in note 2.4.

The main subsidiaries of AikGroup (CY) as of December 31, 2025 are the following:

Nord Agri

Nord Agri N.V., Netherlands is a Dutch public company with limited liability, incorporated in Amsterdam on May 30, 2005, having its office address at Pieter Baststraat 6 H, 1071 TW Amsterdam, the Netherlands, and registered with the trade register under number 34227270. The Company mainly acts as a holding and finance company.

M&V Investments

Investment Company M&V Investments a.d., Belgrade was licensed by the Federal Commission for Securities on October 17,1995 under Decision numbered 03/491/2-95 and duly registered with the Commercial Court of Novi Sad on November 7,1995 under Decision numbered Fi-4809/95. On March 4, 1998, under Decision no. Fi-4809/95 583/98, the M&V Investments aligned its operations and bylaws with the Company Law and expanded its operations to dealer trading. On February 27,1996 the company became and has since been a member of the Belgrade Stock Exchange and since March 7,1996 it has joined the Montenegro Stock Exchange in Podgorica (however, the membership was frozen in 1999).

M&V Investments is headquartered in Belgrade, at the address of Bulevar Arsenija Carnojevic 59A, VI floor, Novi Beograd. As of December 31,2025 the operated through its single branch office (head office) in Belgrade. The address is changed on January 18,2024 pursuant decision of Business Agency Registry number BD 1843/2024.

Pursuant to Decision on Legal Form Change no. 2663-4/06 dated November 29, 2006, M&V Investments changed its legal form from a limited liability company to that of a shareholding company. The nominal value of its permanent equity investments was converted to the nominal (par) value of shares. The transformation from a limited liability company to a closed shareholding company was registered with the Serbian Business Registers Agency under Decision no. BD. 208426/2006 dated December 25, 2006.

As of December 31, 2025, M&V Investments had 14 employees (December 31, 2024: 14 employees) The M&V Investments’ tax identification number (fiscal code) is 100448611, and its corporate ID is 08614938.



1. GENERAL INFORMATION ON THE GROUP (Continued)

M&V Investments (Continued)

M&V Investments is licensed to perform investment services and activities related to the financial instruments as follows: receipt and transfer of orders to purchase or sell financial instruments, execution of such orders on behalf and for the account of customers, purchase and sale of securities in its own name and for its own account, portfolio management, custodial services for purchase and sales of financial instruments with obligation of repurchase, services for purchase and sales of financial instruments without obligation of repurchase, as well as additional services defined by the Law on the Capital Market, Article 2, paragraph 1, item 9), sub-items (1), (2), (3), (5), (6) and (7).

In accordance with the Decision of the National Bank of Yugoslavia on the Method of Managing the Central Register, Central Depository and the Manner of Calculating Securities (Official Gazette of the Federal Republic of Yugoslavia, numbered 57/2001 and 60/2001), in November 2001, the Company entered into an Agreement with the National Bank of Yugoslavia with respect to its Membership in the Central Securities Depository and Clearing House and effected a payment of EUR 60,000 (RSD equivalent) into the Guarantee Fund thus becoming entitled to trade in the Federal Republic of Yugoslavia bonds issued for settlement of debt per citizens' foreign currency. In 2012 the M&V Investments aligned its operations, organization and issued capital with the Law on the Capital Market (Official Gazette of RS, no. 31/2011).

AikBank

AikBank a.d., Belgrade (hereinafter: "AikBank") was established in accordance with the Articles of Association on August 10, 1993. The AikBank harmonized its operations and organizational structure with the Law on Banks and Other Financial Organizations in 1995 and was registered with the Commercial Court of Niš as a shareholding company under Decision no. Fi 1291/95 dated June 22, 1995.

At its regular session held on June 29, 2015 the AikBank's Shareholder Assembly enacted the Decision on Change of the Registered Seat of the Bank. The change was registered with the Serbian Business Registers Agency under Decision no. BD 57565/2015 dated July 2, 2015. Consequently, Agroindustrijsko komercijalna banka AIK banka a.d., Niš changed its legal name to Agroindustrijsko komercijalna banka AIK banka a.d., Belgrade, with additional change to AikBank a.d., Belgrade effective from March 28, 2025.

The AikBank is registered in the Republic of Serbia by the National Bank of Serbia to provide banking services of payment transfers and lending and depository operations performed domestically and abroad. As stipulated by the Law on Banks, the AikBank is obligated to operate based on principles of liquidity, safety and profitability.

As of March 1, 2022 AikBank became the owner of Sberbank Srbija a.d., Belgrade by acquiring 100% of shares of Sberbank Srbija a.d., Belgrade. The transaction was realized on the basis of a signed agreement on the acquisition of shares of Sberbank Srbija a.d., Belgrade concluded between the National Bank of Serbia and AikBank, after the initiation of the resolution procedure regarding Sberbank Srbija by National Bank of Serbia. Name of acquired entity was changed as of March 2, 2022 into Naša AIK Bank a.d., Belgrade. Naša AIK Bank a.d., Belgrade and AikBank a.d., Belgrade has been merged as of December 1, 2022.

On March 2, 2023 AikBank has signed a Share Purchase Agreement (SPA) with Eurobank S.A Athens, Greece, acquiring 100% ownership of Eurobank Direktna a.d., Belgrade. After obtaining the consent of National Bank of Serbia and other regulatory authorities, the AikBank has officially become the sole owner as of November 2, 2023.

At its regular session held on December 23, 2024, the AikBank's Shareholder Assembly enacted the Decision on merger of Eurobank Direktna a.d., Belgrade. According to Decision on merger between Aik Bank as Acquiring Bank and Eurobank Direktna as the Transferring Bank which ceases to exist by merger without carrying out the liquidation procedure, as agreed date of merger is defined March 28, 2025. Both Banks are defined date of registration of merger in Serbian Business Registers Agency as date when business activities of Eurobank Direktna cease, and from that moment all business transactions of Eurobank Direktna are considered, in accounting purposes, as transactions done on behalf of the Aik Bank. On March 28, 2025, status change of merger of Eurobank Direktna is conducted and registered on the same day with the Serbian Business Registers Agency under Decision no. BD 23786/2025. In accordance with Law on the Procedure of Registration with the Serbian Business Registers Agency, the



1. GENERAL INFORMATION ON THE GROUP (Continued)

AikBank(Continued)

registration is active toward third parties beginning the following day from the day of publication, i.e. from March 29, 2025.

In accordance with its strategy for further growth and development, the Bank successfully concluded the acquisition of the Leasing company on February 29, 2024, becoming the sole owner of NDM Leasing d.o.o., Belgrade, which changed its name to AIK Leasing d.o.o., Belgrade. The acquisition presents an opportunity to expand the range of products and services for existing clients of AikBank and the Group as whole, while simultaneously strengthening its position in the financial services market. AIK Leasing d.o.o., Belgrade will serve as an important channel for attracting new clients, both legal entities and individuals.

AikBank is domiciled in Belgrade, at no. 59A, Bulevar Arsenija Čarnojevića and operates through its Head Office in Belgrade, 111 branches and 2 bank counters throughout Serbia.

As of December 31, 2025, AikBank had 2,301 employees (December 31, 2024: 1,310 employees). Increase of staff is a consequence of finalized merger with Eurobank Direktna. In 2025.

AikBank' tax identification number is 100618836, and its corporate ID is 06876366.

AIK Leasing

AIK Leasing d.o.o. (previously Heta Leasing d.o.o., Hypo Alpe-Adria-Leasing d.o.o., NDM Leasing d.o.o.), Belgrade (hereinafter: „AIK Leasing“) was founded as of June 20, 2002. The founder was Hypo Leasing Karnten GmbH, Klagenfurt, Austria. Since December 21, 2004, the owner has been legal entity Hypo Alpe-Adria-Leasing Holding GmbH, Klagenfurt, Austria and as of December 7, 2012, made change of the name into HETA Asset Resolution GmbH, Klagenfurt, Austria. Until December 30, 2009, the owner of Hypo Alpe-Adria-Leasing Holding GmbH was Hypo Alpe-Adria Bank International AG, Klagenfurt (now: Heta Asset Resolution AG). As of December 19, 2018, there is change in ownership structure and the new owner become Kappa Star Limited, Cyprus.

As of March 1, 2024, there was a change in the ownership and a new owner become AikBank, who changed the name of the company into AIK Leasing d.o.o. Belgrade.

AIK Leasing is registered in the Republic of Serbia for providing services in the area of financial leasing and operates in accordance with the Financial Leasing Law.

AIK Leasing is headquartered in Belgrade, at the address Cara Dusana 58/5, Stari grad, Belgrade. As of December 31, 2025, AIK Leasing had 29 employees (December 31, 2024: 17 employees). AIK Leasing' tax identification number (fiscal code) is 100043571, and its corporate ID is 17352679.

Gorenjska Bank

The origins of Gorenjska Bank date back to the 19th century, when some forms of organized banking first appeared in Gorenjska, Slovenia. On March 25, 1955 the first bank in Gorenjska Region was established in Kranj, and then in Škofja Loka, followed by banks in Radovljica, Tržič and Bled in the following years. In time a joint bank was created, which was incorporated into the system of Ljubljanska Banka in 1972, initially as an affiliate, and from December 27, 1989 as a shareholding company within the system of related banks of Ljubljanska Banka.

In 1994 a process of separation from the system of Ljubljanska Banka commenced and through purchase of shares Nova Ljubljanska banka, d.d., Ljubljana and Gorenjska banka, d.d., Kranj were founded.

Gorenjska Bank holds a license for provision of banking products and services in accordance with the effective Law on Banks. Gorenjska Bank is a leading regional retail and SME bank in North-East Slovenia. Gorenjska Bank is headquartered at Bleiweisova 1, 4000 Kranj, Slovenia.

Gorenjska Bank provides its clients with all types of banking products and services and represent an important financial stakeholder in Gorenjska Region, which is among the most developed regions in Slovenia.



1. GENERAL INFORMATION ON THE GROUP (Continued)**Gorenjska Bank (Continued)**

As of December 31, 2025, Gorenjska Bank had 437 employees (2024: 440 employees).

Its tax identification number (fiscal code) is SI42780071, and the corporate ID is 5103061000.

Imobilia

Gorenjska Bank holds a 100 % stake in the subsidiary Imobilia, with its head office in Kranj at Bleiweisova cesta 1.

Imobilia manages its own investment property, investment property owned by the Bank, and the real estate used by the Bank, in which the Bank performs operations, and which constitute its fixed assets. In 2022, Imobilia-GBK carried out activities for real estate brokerage services for all real property, activities relating to investments in and major maintenance of real estate, as well as activities in managing real estate and the ongoing maintenance of buildings and equipment. In addition to managing real property, the company Imobilia-GBK also manages and maintains the car fleet and performs janitorial works and other services.

The company has no employees with specialised knowledge and competencies for real estate project development or for preparing project documentation. The company hires in external contractors to perform such and similar services.

As of December 31, 2025, Imobilia had 5 employees (2024: 5 employees).

Its tax identification number (fiscal code) is SI50544144, and the corporate ID is 5461138000.

GB Leasing

Gorenjska Bank holds a 100% stake in the subsidiary GB Leasing. GB Leasing is operating at the address Dunajska cesta 152, 1000 Ljubljana, with affiliates in Koper and Maribor.

GB Leasing is carrying out services for the bank in the area of the financial leasing of movables. It began operating in 2016 when the Gorenjska Bank received a consensus from the Bank of Slovenia for financial leasing operations.

As of December 31, 2025, GB Leasing had 93 employees (2024: 92 employees).

Its tax identification number (fiscal code) is SI84604859, and the corporate ID is 6996191000.

Filira

Gorenjska bank is a 100% owner of the subsidiary Filira d.o.o., Ljubljana, to which in 2023 the former parent company Hypo Alpe-Adria-Leasing, družba za financiranje, d.o.o. was merged. Filira d.o.o. has no employees, is non-operational and will be liquidated upon the completion of all lease agreements.

Its tax identification number (fiscal code) is SI16573579, and the corporate ID is 6395970000.

Hipotekarna bank a.d., Podgorica

Hipotekarna Bank AD, Podgorica has been registered as a joint-stock company since 1991 and is registered in the Central Registry of the Commercial Court under registration number 4-0004632. The Bank is listed in the Capital Market Authority's Registry of Securities Issuers under number 3 (Decision No. 02/3-1/2-01). Based on Decision No. 0101-75/1-2002 dated 18 December 2002, the Bank received its operating license from the Central Bank of Montenegro.

During 2025, there was a change in the ownership structure of Hipotekarna Bank AD Podgorica following the acquisition of shares by Aik Group (CY) Limited, with registered headquarters at Krinou 3, The Oval, Flat/Office 502, Agios Athanasios, Limassol, Cyprus. The takeover process was carried out through several transactions, as follows:

- On 16 June 2025, AIK Group acquired 74.93% of the shares of Hipotekarna Bank, thereby gaining control over the Bank;
- On 18 July 2025, an additional 2.15% of shares were acquired;



1. GENERAL INFORMATION ON THE GROUP (Continued)**Hipotekarna Banka (Continued)**

- On 15 August 2025, a further 2.92% of shares were acquired.

After the completion of these transactions, AIK Group acquired a total of 80% of the share capital of Hipotekarna Bank.

Hipotekarna Bank is considered a subsidiary and it has been included in the consolidation starting from June 1, 2025, due to limitations of the availability of data at the date of effective control. This approach has no material impact of consolidated financial position and consolidated result.

The Bank's headquarters are located in Podgorica, at 67 Josipa Broza Tita Street. As of 31 December 2025, the total number of employees engaged by the Bank was 319.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION**2.1. Basis of preparation and presentation of the consolidated financial statements**

The Group's accompanying financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law Cap 113.

These financial statements have been prepared at historical cost principle, except for the measurement of the following significant statement of financial position items:

- Securities FVtPL and FVtOCI,
- derivative financial instruments stated at fair value,
- investment property,
- buildings,
- assets held for sale and
- tangible assets acquired in lieu of debt collection.

Historical cost is generally based on the fair value of consideration paid in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Upon estimating the fair value of assets or liabilities, the Group takes into account characteristics of assets or liabilities that other market participants would also consider upon determining the price of assets or liabilities at the measurement date. Fair value for measurement and/or disclosure purposes in the accompanying consolidated financial statements was determined in the aforesaid manner, except for share-based payment transactions, which are in the scope of IFRS 2, leasing transactions, which are in the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In the preparation of these consolidated financial statements, the Group adhered to the accounting policies described in Note 3.



2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.2. (a) New and Amended IFRS Accounting Standards Mandatory for the First Time for the Financial Year Beginning on January 1, 2025

The following amended standards issued by the IASB are mandatorily effective for reporting periods beginning on or after 1 January 2025 and are therefore applicable to the Group's accompanying financial statements:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

These amendments had no effect on the accompanying financial statements of the Group.

- Disclosures about Uncertainties in Financial Statements

Amendments to Illustrative Examples on IFRS 7 "Financial Instruments: Disclosures, IFRS 18 "Presentation and Disclosure in Financial Statements, IAS 1 "Presentation of Financial Statements, IAS 8 "Basis of Preparation of Financial Statements" (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 36 "Impairment of Assets" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". During November 2025, the IASB issued illustrative examples on reporting uncertainties in financial statements, which include, but are not limited to, the effects of climate change. Since these illustrative examples are accompanying materials to IFRS Accounting Standards, these examples do not have an effective date. Entities are, however, expected to implement any changes in their financial reporting on a timely basis.

The Group has considered these illustrative examples in its preparation of the financial statements and no additional disclosures or changes in presentation were considered necessary. Disclosures related to climate change are incorporated in Disclosure report

The adoption of the above-mentioned amended standards did not result in significant changes to the Group's accounting policies and did not have an impact on the accompanying financial statements.

2.3. New and Amended IFRS Accounting Standards Not Yet Effective and Not Early Adopted by the Group

The following new and amended IFRS Accounting Standards have been issued by the IASB with mandatory effective dates in future reporting periods. They have not been early adopted by the Bank, which intends to apply them when they become effective.

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"
- Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 "Financial Instruments".
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"
- Contracts Referencing Nature-dependent Electricity (previously Power Purchase Agreements) (effective for annual reporting periods beginning on or after 1 January 2026). The amendments aim



2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.

- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for annual reporting periods beginning on or after 1 January 2026). As a result of the IASB's annual improvement project, this cycle addresses the following standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.
- IFRS 18 “Presentation and Disclosures in Financial Statements” (effective for annual reporting periods beginning on or after 1 January 2027). IFRS 18, which replaces IAS 1, includes requirements for all entities applying IFRS for the presentation and disclosure of information in general purpose financial statements.
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (effective for annual reporting periods beginning on or after 1 January 2027). IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.
- Amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (effective for annual reporting periods beginning on or after 1 January 2027). The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Translation to a Hyperinflationary Presentation Currency (effective for annual reporting periods beginning on or after 1 January 2027). The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The Group is currently assessing the impact of these new and amended standards. Management does not expect that the adoption of amendments to the existing standards, will have a material impact on the Group's financial statements in the period of their initial application.

2.4. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company AikGroup (CY) Limited, Cyprus and entities (including consolidated entities) controlled by the Parent Company (its “subsidiaries”).

The Group's consolidated financial statements for FY 2025 and FY 2024 are prepared under the full consolidation method for the subsidiaries controlled by the Parent. Control over a subsidiary is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, and up to the effective date of disposal, as appropriate. Total statement of comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests have a deficit balance.

2.4. Basis of Consolidation (Continued)

All intra-group transactions, balances, income and expenses are eliminated in full on preparation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

The consolidated financial statements include the activities of the Parent Company and its following subsidiaries and associates:



2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

Subsidiary	Industry	Type of equity			Consolidation Method
		Dec 31, 2025	Dec 31, 2024	Interest	
Nord Agri, Netherlands	Holding company	100.00%	100.00%	Direct	Full consolidation method
Gorenjska Bank, Slovenia	Banking	100.00%*	100.00%*	Direct	Full consolidation method
Hipotekarna bank a.d., Podgorica	Banking	80.00%	-	Direct	Full consolidation method
M&V Investments, Serbia	Brokerage	100.00%	100.00%	Indirect	Full consolidation method
AikBank, Serbia	Banking	100.00%	100.00%**	Indirect	Full consolidation method
AIK Leasing, Serbia	Leasing	100.00%	100.00%	Indirect	Full consolidation method
Eurobank Direktna, Serbia	Banking	-	100.00%	Indirect	Full consolidation method
Imobilia, Slovenia	Real estate	100.00%	100.00%	Indirect	Full consolidation method
GB Leasing, Slovenia	Leasing	100.00%	100.00%	Indirect	Full consolidation method
Filira, Slovenia	Consultancy	100.00%	100.00%	Indirect	Full consolidation method

* The effective % of equity interest held without adjustment for own shares of Gorenjska Bank. The real equity interest is 91.70% while own shares are 8.30% (2024 the real equity interest is 91.70% while own shares are 8.30%).

** The effective % of equity interest held without adjustment for own shares of Aik Bank. The real equity interest is 98.84% while own shares are 1.16%.

2.5. Going Concern

With regard to the going concern assumption, the Directors affirm that they have a reasonable certainty that the Parent Company and the Group will continue in operational existence in the foreseeable future and consequently the 2025 Financial Statements have been prepared on a going concern basis. Considering information related to historic, present, and future conditions of the Group, the Board of Directors has not detected any uncertainties in the consolidated financial statements or in the operating performance of the Group that question the going concern assumption.

2.6. Use of Estimates

Preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires the Group's management to make the best possible estimates and reasonable judgement that affect the application of the accounting policies and the reported amounts of assets and liabilities, as well as income and expenses arising during the accounting period. Actual amounts of assets and liabilities may vary from these estimates.

These estimations and underlying assumptions are subject to regular review. The revised accounting estimates are presented for the period in which they are revised as well as for the ensuing periods.

2.7. Comparative Information

Comparative information comprises the data from the Group's audited consolidated financial statements for 2024.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.



2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)**2.8. Statement of Compliance**

The Group's financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law Cap 113.

The accounting policies set in Note 3 have been consistently applied by the Group to all periods presented in these consolidated financial statements.

The Group's consolidated financial statements are stated in thousands of euros (EUR). All financial information is presented in euros rounded to the nearest thousand. The accounting policy regarding translation is presented within Note 3.3.

Furthermore, functional and presentation currency of Parent Company, Nord Agri, Hipotekarna bank, Gorenjska Bank and its subsidiaries – Imobilia, GB leasing, and Filira is euro (EUR) while for AikBank, Aik Leasing and MV Investments the functional currency is Serbian dinar (RSD).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The financial statements represent the consolidated financial statements of the Group. The following accounting policies relate to all the companies within the Group.

3.1. Interest Income and Expenses

Interest income and expenses are recognized in the income statement in the period they relate and are calculated using the effective interest method for all interest-bearing financial instruments measured at amortized cost (AC) and at fair value through profit or loss (FVtPL). Interest income on the interest-bearing instruments measured at fair value through other comprehensive income (FVtOCI) is also recognized and calculated following the effective interest method under IFRS 9.

Starting from 2020, in the case of financial assets that become impaired after initial recognition, interest income is calculated using the effective interest rate to the amortized (net) value of a financial asset. If the asset ceases to be impaired, the basis for calculating interest income again becomes the gross carrying value of the financial asset. In addition, the Group did not apply this change of accounting policy retrospectively due to immateriality of the effect.

In the case of financial assets purchased or originally impaired at initial recognition ("POCI"), interest income is calculated using the effective interest rate adjusted for credit risk to the amortized (net) value of a financial asset and never at the gross carrying value of the financial asset.

The effective interest rate is the rate that precisely discounts estimated future payments or receipts over the expected life of the financial instrument or over a shorter period, where appropriate, to the net carrying value of the financial asset or financial liability. In calculation of the effective interest rate, the Group estimates cash flows taking into account all the contractually agreed terms of the financial instrument but does not consider future credit losses.

Effective interest rate includes all fees and amounts paid or received between the counterparties that form an integral part of the effective interest rate, transaction costs and other premiums or discounts. The effective interest rate calculation includes the following types of the Group's fees, which by their nature are an integral part of the effective rate: loan application processing fees, fees for processing authorized account overdraft applications, fees for investment project assessment and evaluation, fees for obligatory loan extension, when it is probable that a financial asset will be issued, fees for loan term modification, etc.

Fees that are an integral part of the effective interest rate are deferred and amortized as interest income over the loan term using the effective interest rate.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.1. Interest Income and Expenses (Continued)

Interest income and expenses presented within the Group's income statement include interest on financial assets and liabilities measured at AC calculated using the effective interest method, interest on securities at FVtOCI (or securities previously classified as available for sale under IAS 39), calculated using the effective interest method, and interest on coupon securities held for trading.

Interest income and expenses are recognized in the income statement on an accrual basis and pursuant to the terms defined by contracts signed between the Group and its customers.

3.2. Fee and Commission Income and Expenses

Fees and commission primarily comprise considerations for banking services of payment transfers in the country and abroad, services per payment cards, issuance of guarantees and letters of credit and other banking services. Fee and commission income and expenses are recognized on an accrual basis when such services are rendered.

Fees for issuance of guarantees and letters of credit are deferred and recognized as income proportionately to the outstanding loan maturities or guarantee and letter of credit validity terms.

3.3. Foreign Exchange Translation

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency (being Serbian dinar (RSD) for entities in Serbia). In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's presentation currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the presentation of consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3.4. Dividend Income

Dividend income is recognized when the Group's entitlement to dividend receipt is established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Dividend income is presented within the item of other operating income.

3.5. Net Gains/(Losses) on Changes in the Fair Value of Financial Instrument

Net gains/(losses) on changes in the fair values of the financial instruments comprise the net effects of changes in the fair values of derivatives (other than derivatives designated as risk hedging instruments) as well as of changes in the fair values of financial instruments measured at FVtPL.

3.6. Net Gains/(Losses) on Derecognition of Financial Instruments

Net gains /(losses) on derecognition of financial instruments and investments comprise the net effect of derecognition of financial instruments in line with IFRS 9.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)
3.7. Depreciation and Amortization

Depreciation of property, plant and equipment/amortization of intangible assets is computed on a straight-line basis in order to fully write off the cost of assets over their estimated useful lives. The depreciation rates applied for the main groups of assets were as follows:

Major groups of assets	In %
Buildings	1.3% - 5%
Computer equipment	20%
Vehicles	15.5% - 33.3%
Other equipment (except for mobile phones: min 33.33%)	7% - 20%

Intangible assets are amortized on a straight-line basis in order to write off the assets over their estimated useful lives up to a maximum of ten years.

Calculation of depreciation of property and equipment and that of amortization of intangible assets commence in the month following the month when an asset is placed into use. The useful life of an asset is reviewed at least at each financial year-end and, and if expectations based on the new assessments are significantly different from the previous ones, the calculation of depreciation/amortization for the current and future periods is adjusted as appropriate. In 2025 and 2024 there were no changes in depreciation and amortization rates applied.

3.8. Taxation

Tax expenses comprise current taxes and deferred taxes. Current taxes and deferred taxes are recognized in income statements except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current Income Taxes

In the Republic of Cyprus, the Corporation tax rate is 12.5% (2024: 12.5%). Under certain conditions interest income may be subject to defense contribution at the rate of 30% (2024: 30%). In such cases this interest will be exempt from corporation tax. In certain case dividends received from abroad may be subject to defense contribution at the rate of 17% for 2014 and thereafter.

Current income tax is an amount payable calculated applying the legally prescribed tax rate in Republic of Serbia of 15% (2024: 15%) to the amount of profit before taxes, as adjusted for permanent differences that adjust the statutory tax rate to the effective tax rate.

Corporate income tax for Nord Agri (incorporated in Netherlands) is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely. The corporate income tax rates in the Netherlands for the year 2025 remain consistent with those of 2024. The applicable corporate income tax rate depends on its taxable profit. Corporate Income tax rates for 2025 (unchanged from 2024) taxable profit up to €200,000: 19% Taxable profit exceeding €200,000: 25.8% on the amount above €200,000. These rates have been in effect since 2023, when the lower rate increased from 15% to 19%, and the threshold for the higher rate was lowered from €395,000 to €200,000. This calculation method is consistent with the approach used in 2024.

The standard Current income tax rate applied for Gorenjska Bank and its subsidiaries (incorporated in Slovenia) is 22% (2024: 22%).

In 2013, the tax on financial services was introduced in Slovenia that is a levy on commission fees paid for the prescribed financial services rendered. The tax rate is 8.5% (2024: 8.5%) and the tax is paid monthly. The financial services tax reduces fee and commission income.

The ultimate amount of the income tax payable is determined by applying the legally prescribed tax rate to the tax base determined within the tax statement and reported in the annual corporate income tax return.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.8. Taxation (Continued)

In Montenegro the corporate income tax of legal entities is calculated by applying a progressive rate to the total reported profit in the tax balance.

Tax rates on the amount of taxable profit amounts:

- 1) up to 100.000,00 EUR 9%;
- 2) from 100.000,01 EUR up to 1.500.000,00 EUR: 9.000,00 EUR + 12% on amount over 100.000,01 EUR;
- 3) over 1.500.000,01 EUR: 177.000,00 EUR + 15% on amount over 1.500.000,01 EUR

The Corporate Income Tax Law of the Republic of Serbia, Montenegro and Republic of Slovenia do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, current period tax losses stated in tax return may be used to reduce or eliminate taxes to be paid in future periods but only for duration of no longer than five ensuing years.

Deferred Income Taxes

Deferred tax liabilities are recognized as at the reporting date for all taxable temporary differences between the carrying values of assets used for financial reporting purposes and their tax bases. The currently enacted tax rates or the substantively enacted rates at the balance sheet date are used to determine the deferred income tax amount.

Deferred tax assets are recognized for all deductible temporary differences, and the tax effects of income tax losses and credits are available for carry forward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carryforwards can be utilized.

Carrying values of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable income will be realized against which the total deferred assets or a portion thereof can be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it has become probable that a sufficient level of expected future taxable income will be realized against which deferred tax assets can be utilized.

Current and deferred tax assets and liabilities are offset when levied by the same tax authority on the same taxable entity, when related to the same tax authority and if there is a legally enforceable right to offset tax liabilities against tax assets.

Current and deferred income taxes are either charged or credited to the income statement and included in the profit for the capital and allocated within equity in the current or another period. Indirect taxes and contributions are included in other operating expenses.

Indirect Taxes and Contributions

Indirect taxes and contributions include property taxes, municipal fees and charges and other taxes and contributions payable pursuant to effective republic and local tax regulations. These taxes and contributions are recognized as expenses in the period in which they are assessed.

3.9. Financial Assets and Liabilities

Accounting policies with respect to financial assets and liabilities are in accordance to IFRS 9 requirements, which are in effect since January 1, 2018.

Recognition

The Group initially recognizes financial assets and liabilities as at the settlement date.

A financial asset or liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets and liabilities measured at fair value through profit or loss (FVtPL), whose initial measurement does not include such costs.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)
Classification

In accordance with IFRS 9 classification and measurement of financial assets depend on the following two main criteria:

- a) business model based on which the Group manages a financial asset; and
- b) characteristics of the contractual cash flows of a financial assets (the so-called SPPI criterion).

The business model reflects the manner in which the Group manages its financial assets in order to collect the cash flows therefrom, i.e., the business model determines whether the cash flows will result from collection of cash flows, sales of assets or both. The Group performed detailed analysis and defined the following business models:

- a) hold to collect cash flows;
- b) hold to collect cash flows and to sell; and
- c) other business models (e.g. hold for sales).

In instances of business models “hold to collect” or “hold to collect and sell” it is assessed whether the in accordance with the basic loan arrangement, interest includes the time value of money, the accepted level of counterparty credit risk and other basic lending risks and adequate profit margin. If the contractual terms include risk exposures that are not in line with the basic loan arrangement, such a financial asset is classified and measured at fair value through profit or loss irrespective of the business model to which it belongs.

Based on the performed analysis of the business models and characteristics of the contractual cash flows, in line with IFRS 9 the Group classifies its financial assets in one of the following three categories:

- 1) financial assets at amortized cost (AC);
- 2) financial assets at fair value through other comprehensive income (FVtOCI); and
- 3) financial assets through profit or loss (FVtPL).

The Group measures its financial liabilities at amortized cost or classifies them as liabilities held for trading.

Reclassification

If a change occurs to the model underlying a financial asset management, the financial assets is reclassified. Reclassification is made prospectively, i.e., as of the first day of the following reporting period. The Group does not expect frequent changes of its business models.

Upon reclassification of a financial asset from the category of measurement as amortized cost (AC), the category of measurement at fair value through profit or loss (FVtPL), the asset's fair value is measured at the reclassification date, while any gain or loss on the difference between the previously amortized cost the fair value is recognized in the profit or loss.

In case of a contrary reclassification, from an asset measured at FVtPL to the category of assets measured at AC, the asset's fair value as of the reclassification date will become its gross carrying value.

3.9. Financial Assets and Liabilities (Continued)

Upon reclassification of a financial asset from the category of measurement as amortized cost (AC) the category of measurement at fair value through other comprehensive income (FVtOCI), the asset's fair value is measured at the reclassification date, while any gain or loss on the difference between the previously amortized cost the fair value is recognized in the other comprehensive income.

If an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. Upon reclassification of a financial asset from the category of measurement at FVtPL to the category of assets measured at FVtOCI, the financial asset will continue to be measured at fair value.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

In case of a reclassification from an asset measured at FVtOCI to the category of assets measured at FVtPL, the financial asset will continue to be measured at fair value. The accumulated gains or losses previously recognized within the other comprehensive income will be reclassified to the profit or loss.

Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment) and reduction in the amount of cash flows due (principal and interest forgiveness).

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition. Where a modification does not lead to derecognition the Group calculates the modification gain or loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Thereafter, the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

3.9. Financial Assets and Liabilities (Continued)

Reclassification (Continued)

In some circumstances renegotiation or modification of the contractual cash flows of a financial assets may lead to derecognition of the existing financial asset in line with IFRS 9. When modification of a financial assets results in derecognition of the existing asset and subsequent recognition of a modified asset, the modified asset will be deemed a "new" financial asset for the purposes of IFRS 9.

In such situations, the Group makes quantitative and qualitative analyses and assesses whether there is a significant difference (more than 10%) between the contractual cash flows of the original financial asset and the contractual cash flows of the modified or replacement asset. If there is a significant difference, the contractual rights pertaining to the original financial asset will be considered as expired and the new asset, issued under new terms, is to be recognized. Furthermore, the Group also takes into account qualitative factors in order to assess whether there is significant differences in conditions or whether the two instruments are significantly different. Qualitative factors are: changes in currencies, changes in debtors and consolidation of the loans.

Accordingly, the reclassification date will be treated as the date of the initial recognition date of such a financial asset upon implementation of the impairment requirements to the modified asset.

In the event of a significant modification of a financial instrument, IFRS 9 stipulates derecognition of the original financial asset and recognition of the new one at fair value at the recognition date.

Derecognition results in a permanent gain or loss, which must be recognized within the profit or loss statement, in the amount of the difference between the amortized cost of the original financial asset and the fair value of the new financial asset net of expected credit losses recognized as impairment allowance of the new financial asset.

It also refers to restructuring loan agreements where the terms significantly different from those originally defined and replaced by a new loan. Significantly different terms are usually the following: extension of repayment due date for principal and interest, reduction of interest rate or amount receivable and other changes facilitating the borrower's position.

A financial asset is credit impaired when one or more events have occurred with adverse effects on the estimated contractual cash flows of the financial asset.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

At the moment of initial recognition such financial assets will be recognized at fair value and will have no impairment but the lifetime expected credit losses need to be included in the calculation of their effective interest rate. Therefore, the Group includes the initial expected credit losses into the estimate of the future cash flows upon calculation of the credit-adjusted effective interest rate of the financial assets impaired at initial recognition.

Upon initial recognition, expected credit losses (ECL) for POCL assets are always measured as lifetime ECL. However, at the reporting date, the Group recognizes only cumulative changes in lifetime ECL since the initial recognition as the provision for losses on POCL assets. In other words, at each reporting date, in the income statement the Group recognizes changes in lifetime ECL as gains or losses on impairment

3.9. Financial Assets and Liabilities (Continued)

Modification and Derecognition of Financial Assets (Continued)

If the basis for determining the contractual cash flows of a financial asset or financial liabilities measured at amortized cost changes as a result of benchmark referent rates reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risk and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualifies for derecognition that is created or retained by the Group is recognized as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that was previously recognized in other comprehensive income is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the recognized amounts and it intends either to settle a liability on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as those in the Group's trading activity.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.9. Financial Assets and Liabilities (Continued)

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. Market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and other optional models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent to the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument of based on other available observable market data.

Assets and long positions are measured at bid prices and liabilities and short positions are measured at ask prices. When the Group has a risk offsetting position, median market prices are used for measuring offsetting or risk-weighted assets, while adjustment to bid or ask prices is applied only to the net open positions. Here the fair value reflects the credit risk of the instrument and includes adjustments reflecting the credit risk of the Group and the counterparty, where relevant. Fair value assessments based on the valuation models are adjusted for all other factors, such as liquidity risk or uncertainty models, to the extent that the Group believes that third party market participants may take them into consideration upon determining transaction cost.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is recognized in profit or loss. Otherwise, the difference is not recognized in profit or loss immediately but over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Impairment of the Financial Assets, lease receivables, financial guarantees and loan commitments

In accordance with IFRS 9, upon impairment of the financial instruments existence of objective evidence of impairment is not necessary for recognition of credit losses. Expected credit losses are also recognized for unimpaired financial assets. In other words, the Group calculates provisions for credit losses for credit exposures except for those already measured at fair value through profit or loss (FVtPL) (including both performing and non-performing financial assets).



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)
3.9. Financial Assets and Liabilities (Continued)
Impairment of the Financial Assets, lease receivables, financial guarantees and loan commitments (Continued)

Expected credit losses are recalculated at each reporting date in order to reflect changes occurred in the credit risk since the initial recognition of the financial instrument. Such an approach results in earlier identification of credit losses.

Upon calculating expected credit losses, the Group uses forward-looking information and macroeconomic inputs, i.e., the Group considers not only historical information adjusted so as to reflect the effects of the present conditions and information providing objective evidence of the financial assets being impaired for actual losses incurred, but reasonable and supportable information as well, which includes projections of the future economic conditions upon calculation of expected credit losses, both at individual and at collective levels. The amount of provisions for credit losses will increase with deterioration of the projected economic conditions and decrease with their improvement.

The Group's basic principles and rules upon calculation of provisions under IFRS 9 are as follows:

The Group calculates 12-month expected credit loss or a lifetime expected credit loss of a financial instruments depending on the significance of the change in its credit risk occurred since the instrument's initial recognition. For these purposes, the Group uses the following three stages of impairment:

- Stage 1 includes all new financial assets at initial recognition and instruments without significant credit quality deterioration since their initial recognition;
- Stage 2 includes financial instruments with significant credit quality deterioration since their initial recognition yet with no objective evidence of impairment based on credit losses; and
- Stage 3 includes financial instruments where objective evidence of impairment exists at the reporting date.

Stages 1 and 2 include only performing financial assets. Stage 3 includes only non-performing financial assets.

In accordance with the foregoing, the Group calculates an impairment allowance (provision) for a particular instrument in the amount of lifetime expected credit losses if the credit risk of the instrument has increased significantly since its initial recognition or if there is objective evidence of impairment identified (a financial asset classified into Stage 2 or Stage 3, respectively). Impairment allowance is calculated up to the amount of 12-month expected credit losses for all financial instruments with no significant credit risk increase since the initial recognition (financial assets classified into Stage 1).

For impairment allowance calculation purposes, the 12-month expected credit losses are part of the lifetime expected credit losses identified and represent expected cash shortages over the life of an instrument that will occur in the event of default within 12 months from the reporting date or a shorter period, if the expected lifetime of an instrument is shorter than 12 months.

Financial assets are transferred from Stage 1 to Stage 2 when the credit risk has increased significantly since the instruments' initial recognition. The transfer logic is based on quantitative and qualitative criteria and must be applied to all the financial instruments. Deterioration of the instrument's initial classification is the key parameter underlying the quantitative criterion of the transfer logic. The Group has defined parameters that, when identified, indicate or may indicate that there has been a significant increase in credit risk:

- days past due in liability settlement longer than 30 days,
- deteriorated borrower/exposure classification (rating) compared to the initial approval,
- restructuring of the receivable/exposure due to the financial difficulties of the borrower,
- deterioration in the rating of an external rating agency (applies in the case of exposures to banks and countries), and/or
- additional if applied on the single Group member.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)
3.9. Financial Assets and Liabilities (Continued)
Impairment of the Financial Assets, lease receivables, financial guarantees and loan commitments (Continued)

In the impairment process, the Group applies a special treatment to the purchases of already impaired assets from the so-called NPL portfolios and to the approval of new loans to the borrowers with already impaired loans within its portfolio, i.e. those already in NPL status. In accordance with the IFRS 9, such assets are defined as POCI (purchased and originated impaired credit assets) and are separately measured through cumulative changes in lifetime expected credit losses of the instruments after their initial recognition. Positive changes in the lifetime expected credit losses of the instrument are recognized as gains on the impairment of instruments if the expected credit loss is lower than the amount of expected credit losses included in the estimated cash flows upon initial recognition.

Write-Off and Transfer of Receivables from the On-Balance Sheet to the Off-Balance Sheet Items

In accordance with the Procedure on the Write-Off and Transfer of Receivables from the On-Balance Sheet to the Off-Balance Sheet Items, the Group writes off certain loans and receivables and securities that have been determined as irrecoverable.

3.10. Cash and Balances Held with the Central Bank

Cash and balances held with the central bank comprise cash on hand, the Group's gyro account balance, other cash funds and the obligatory foreign currency reserve held with the central bank. Cash and balances held with the central bank are stated at amortized cost in the Group's statement of financial position.

Within the statement of cash flows cash and cash equivalents also encompass balances on accounts held with foreign banks, whereas the obligatory foreign currency reserves held with the central bank are not included therein.

3.11. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. They arise when the Group provides money or services directly to a customer with no intention of trading the receivable. Loans and receivables comprise loans and receivables to customers.

Loans and receivables are initially measured at fair value. Upon initial recognition, based on the analysis of the business model and characteristics of the contractual cash flows, loans and receivables are measured at amortized cost (AC), fair value through other comprehensive income (FVtOCI) and at fair value through profit or loss (FVtPL).

Following the initial recognition and measurement, loans and receivables due from customers are measured at amortized cost and are stated at the amounts outstanding, taking into account all the discounts and premiums granted upon acquisition, net of the impairment allowances.

Income and receivables per interest calculated on such instruments are recorded within interest income and interest receivables. Fees that are part of the effective interest on these instruments are deferred and recognized within the profit or loss statements under interest income over the life of the instrument.

RSD loans which are economically hedged using a contractual currency clause linked to the RSD/EUR exchange rate, to another foreign currency or consumer price index are converted into dinars at the reporting date in accordance with the terms of the particular loan agreement. The effects of the currency conversion are reported foreign exchange gains and positive currency clause effects. The Group does not apply hedge accounting under IFRS 9.

In accordance with its internally adopted methodology, at each reporting date, the Group assesses whether there has been a significant increase in credit risk of all of its financial assets and calculated impairment allowance in the amount of lifetime expected credit losses for the financial assets whose credit risk has increased significantly since their initial recognition or if there is objective evidence of their impairment, and, on the other end, in the amount of 12-month expected losses for all those financial assets where the credit risk has not increased significantly since their initial recognition.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.11. Loans and Receivables (Continued)

For the purposes of the Group's calculation of impairment allowance, 12-month ECL represent a portion of the lifetime ECL and are in fact expected losses that will arise if the asset (loan) defaults (if the default status occurs) within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months), weighted by the probability of default (PD).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the borrower's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement under the item of net gains/losses on impairment of financial assets not measured at FVtPL.

3.12. Financial Assets Measured at Amortized Cost (AC)

This category includes financial assets meeting the two below listed criteria, if they are not designated upon initial recognition as financial assets measured at FVtPL:

- the objective of the business model in which the assets are held is achieved by collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognitions, such assets are measured at amortized cost using the effective interest rate, net of expected credit losses.

Interest income from these instruments is calculated using the effective interest and presented in the income statement. Impairment losses on financial instruments measured at AC are recognized within the income statement under losses on impairment of financial assets. Interest income is recognised on the amortised cost of the loan net of allowances.

3.13. Financial Assets Measured at Fair Value through Other Comprehensive Income (FVtOCI)

This category includes financial assets meeting the two below listed criteria, if they are not designated upon initial recognition as financial assets measured at FVtPL:

- the objective of the business model within which the Group holds the assets is achieved by collection of the contractual cash flows and by sale of the assets; and
- the contractual terms of the assets give rise to the cash flows at specific future dates that represent solely payments of the principal and interest on the principal amount outstanding.

Following their initial recognition, these financial assets are measured at fair value. The fair value of the assets is determined in line with the Group's internally adopted fair value assessment methodology. Gains or losses on the changes in their fair value of these assets, except for impairment losses and foreign exchange gains/losses, are recognized in OCI until derecognition. Upon derecognition, the accumulated gains or losses previously recognized within the other comprehensive income are reclassified to the profit or loss if those are debt instruments or in retained earnings if those are equity instruments.

Interest accrued on such assets is recognized under the effective interest method within interest income in the income statement.

The calculated impairment losses (ECL) on these assets are recognized within the other comprehensive income and they do not reduce the carrying value of the financial assets (as is the case with financial assets measured at AC), in other words, the impairment allowance does not affect the carrying value of these assets.

3.14. Financial Assets Measured at Fair Value through Profit or Loss (FVtPL)

Financial assets measured at FVtPL are all those financial assets that are not measured at AC or FVtOCI. In line with IFRS 9, such assets are measured at fair value, with the effect of changes in their fair value recorded within profit or loss (income statement).

A financial asset classified into this category is a financial asset held for trading, i.e., an asset acquired



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.14. Financial Assets Measured at Fair Value through Profit or Loss (FVtPL) (Continued)

primarily for sale or repurchase in the near future, with the aim to earn a profit from short-term price fluctuations and/or dealer's margin.

Financial instruments (including shares held for trading) in the Group's trading book are initially recognized at their purchase price. Transaction costs are not included in their value but represent expenses for the period of acquisition. The financial assets held for trading are remeasured- adjusted to the fair value on a daily basis. Gains and/or losses on the sale of such assets are recognized within income or expenses for the period.

Derivative Instruments

Financial derivatives comprise forward and swap transactions. Financial derivatives are initially recognized at cost and are subsequently measured at market value. Market values are obtained using different valuation techniques, including discounted cash flows. Financial derivatives are accounted for under assets if their market value is positive, and under liabilities if their market value is negative.

Unless designated as hedging instruments, derivatives are treated as held for trading and measured at FVtPL under IFRS 9. Fluctuations in market value of financial derivatives are reported in the income statement within net gains or losses on the changes in the fair value of financial instruments.

3.15. Equity Instruments

All investments in equity instruments are measured at FVtPL under IFRS 9, with the changes in their fair values recognized in the profit or loss (income) statement, except for those equity investments for which the Group has elected to recognize fair value changes within OCI.

Dividend income on the equity instruments for which the Group has elected to recognize fair value changes within OCI, is recognized within the profit or loss (income) statement. Upon derecognition, gains or losses accumulated within OCI are not reclassified to PL. In accordance with IFRS 9, such financial instruments are not tested for impairment.

Moreover, under IFRS 9, if an equity instrument is not held for trading, the Group may make an irrevocable election, upon initial recognition, to measure such an instrument at FVtOCI, with only dividend income recognized within the profit or loss (income) statement. Such instruments are not subject to impairment assessment in accordance with IFRS 9.

3.16. Property and Equipment

Items of property and equipment qualifying for recognition are measured at cost or purchase price. Subsequent expenditure such as modification or adaptation to the assets is recognized as an increase in cost of the respective assets, when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequently incurred expenses are charged in the period in which these are incurred.

Following the initial recognition, property (land and buildings) is recognized at its revalued amount being its fair value as of the revaluation date net of any accumulated depreciation and accumulated impairment losses. Fair value is the market value determined in an appraisal. Revaluation is performed when the fair value of an asset differs substantially from its carrying value. After initial recognition, items of equipment are stated at cost or purchase price net of net of any accumulated depreciation and impairment losses.

Fixed assets (property and equipment) are assets with useful lives of over a year and value in excess of the minimum amount defined by the Group's Accounting Rulebook and accounting policies. Any gains or losses arising on the disposal or retirement of an asset as the difference between the estimated net sales proceeds and the carrying value of the assets are recognized in the income statement.

Property, equipment items are derecognized from the balance sheet upon disposal or permanent retirement, when future economic benefits from asset disposal are no longer expected. Any gains or losses arising on the disposal or retirement of an asset as the difference between the estimated net sales proceeds and the carrying value of the assets are recognized in the income statement.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.17. Right-of-use assets

Starting from January 1, 2019, the Group began applying IFRS 16 Leasing using a modified retrospective approach (the so-called cumulative catch-up approach) in accordance with IFRS 16: C5 (b) and IFRS 16: C8 (b) (ii). Therefore, the Group did not adjust the comparative information but recognized the right to use the asset in an amount equal to the amount of the lease liability at the date of initial application. The accounting policies for the recognition and measurement of leases applied to the current and prior periods are set out below.

i. Group as a lessee

In accordance with IFRS 16, a lease is defined as a contract or part of a contract that transfers the right to use the property for a specified period of time in exchange for a fee. A qualifying asset is recognized if the following conditions are cumulatively fulfilled:

- if the leased asset can be identified explicitly or implicitly,
- when all material economic benefits from the use of the asset can be realized during the leasing period and
- if the use of the assets can be managed, that is, deciding how and for what purposes the asset will be used throughout the leasing period.

The Group does not apply IFRS 16 requirements for assets with short-term leases (up to one year) and intangible assets. These leases are recognized as an expense on a proportional basis in the income statement.

When an analysis of a contract determines that the contract is a lease, the asset with the right to use is recognized in the assets and the liability for the leasing in the liabilities of the balance sheet. An asset with a right of use is initially measured at cost, consisting of:

- the initial amount of the lease liability adjusted for all lease payments incurred on or before the lease begins,
- increased by any initial direct costs incurred and the estimated cost of dismantling and removing the asset or restoring the asset or location to its original condition, and
- reduced for received leasing allowances.

After the initial recognition, the asset is measured at cost reduced for impairment loss and adjusted for re-measuring leasing liabilities.

Right-of-use assets are amortized on a straight-line basis. Depreciation starts from the first day of the next month in relation to the month in which the assets are available for use.

The lease liability is initially measured at the present net worth of all future lease payments (excluding value added tax), discounted at the interest rate implicit in the lease, and in the absence thereof, at the incremental borrowing rate. The incremental borrowing rate is determined based on the cost of financing a liability for a similar duration and similar security to that provided for in the leasing contract.

Future leasing payments that are included in the value of the lease liability after discounting include:

- fixed payments less any lease incentives received,
- variable leasing payments, that is, index- or rate-dependent payments,
- payments under the residual value guarantee clause of the leased item,
- the purchase price of the redemption option, if there is reasonable possibility for redemption, and
- penalties for termination of the contract, if there is reasonable possibility for termination.

After initial recognition, the lease liability is reduced by the lease liability payments made, increased by the imputed interest and adjusted based on:

- changes in future lease payments resulting from a change in the rate or index used to determine the initial lease liability,
- changes in the valuation of the use of the option to purchase the property,
- changes in the amount expected to be paid under the residual value guarantee, and
- changes in the leasing period.



Adjusting the value of the lease liability also requires adjusting the asset to its right of use. On a lease

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.17. Right-of-use assets (Continued)

i. Group as a lessee (Continued)

basis, the Group recognizes depreciation expense and interest expense in the income statement.

ii. Group as a leasing provider

When the Group appears as a leasing provider, it is assessed whether it is a financial lease or an operating lease. If the Group estimates that the contract transfers all the risks and benefits arising from the ownership, the lease is classified as financial. Otherwise, it is operating leasing. IFRS 16 does not make any material changes to the accounting treatment of leases with a lessor compared to IAS 17.

3.18. Intangible Assets

Intangible assets comprise of software, licenses and other intangible assets. Intangible assets acquired by the Group are stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization of intangible assets is calculated on a straight-line basis in order to write off the assets over their estimated useful lives of five years. For intangible assets with contractually defined period of usage amortization rates are determined based on such contractually defined terms. Amortization methods, useful lives and residual values are reassessed at each financial year-end and adjusted as appropriate.

Membership in CSDCH is accounted for within other intangible assets and in its substance represents the amount placed with the Guarantee Fund of the Central Securities Depository and Clearing House, which is refunded after discontinuation of operations. In accordance with the amendments to the Law on Accounting and Rules on the Layout of Chart of Accounts and Financial Statements for Broker-Dealer Companies (Official Gazette of RS, nos. 15/14, 137/14 and 143/14 - corrected), the Group reclassified the opening balances of cash and cash equivalents to intangible assets – as membership in CSDCH – in the amount of EUR 40,000.

Intangible assets are derecognized from the balance sheet upon disposal or permanent retirement, when future economic benefits from asset disposal are no longer expected. Any gains or losses arising on the disposal or retirement of an asset as the difference between the estimated net sales proceeds and the carrying value of the assets are recognized in the income statement.

3.19. Investment Property

Investment property is property (land or a building, part of building or both) held by the owner (or lessee) either to earn rental income or for capital appreciation or for both (IAS 40 “Investment Property”). Upon acquisition, investment property is measured at cost. Upon initial measurement, all acquisition related costs are included in the cost or purchase price of investment property.

For subsequent measurement of investment property the Group uses the fair value model. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from the fair value adjustment of investment property are recognized as income or expenses in the period when realized/incurred.

3.20. Inventories

Inventories include tangible assets acquired in lieu of debt collection. Tangible assets acquired in lieu of debt collection represent properties initially assigned under mortgage liens in favor of the Group as collaterals securitizing loan repayment, which the Group foreclosed in lieu of debt collection.

Such properties are initially recognized in accordance with the value at which the debt is replaced by the transfer of ownership rights, or the transfer of movable property and goods at the value of receivables



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.20. Inventories (Continued)

charged, or at the net selling value, depending on the lower one or the sales price of the mortgaged real estate.

Subsequent measurement of material values acquired by collection of receivables in accordance with IAS 2-Inventories by balancing to the net realizable value, if it is lower than the purchase cost. Net realizable value is the estimated sales price in the ordinary course of business minus cost to sell determined by the independent appraiser through the fair value assignment.

3.21. Managed Funds

The Group manages funds on behalf of and for the account of third parties and charges fees for these services. These items are not included in the Group's statement of Consolidated financial position.

3.22. Deposits and Borrowings

Deposits are stated in the amount of deposited funds, which may be increased by interest accrued, depending on the contractual terms agreed between depositors and the Group.

Deposits and borrowings are initially measured at fair value increased for all directly attributable transaction costs, while they are subsequently measured at amortized cost using the effective interest rate method.

3.23. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.24. Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

An issued financial guarantee contract is a financial liability and is initially recognized at fair value. Subsequently, the financial guarantee contract is measured at the 'higher of':

- The IFRS 9 Expected Credit Loss (ECL) allowance, and
- The amount initially recognized (i.e. fair value) less any cumulative amount of income/ amortization recognized.

Financial guarantees are reported under off-balance sheet items.

3.25. Obligations for Retirement Benefits and Jubilee Awards

In accordance with the regulations, the Group is obliged to pay contributions to various state social security funds, which guarantee social security insurance benefits to employees. These obligations involve the payment of taxes and contributions on behalf of the employee, by the employer, in the amounts computed by applying the specific, legally prescribed rates, which are withheld from the gross salaries.

The Group also calculates and pays social security contributions charged to the employer. In accordance with the effective Labor Law, the Group is under obligation to pay its employees retirement benefits and, pursuant to its bylaws, to disburse jubilee awards for completed 10, 20, 30 and 40 consecutive years of service with the Group.

Long-term liabilities for retirement benefit provisions and jubilee awards in accordance with IAS 19 represent the present value of the expected future payments to employees as determined by actuarial assessment using assumptions disclosed in Note 33.



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.26. Equity

The Group's equity consists of founders' capital, subsequent issue shares, share premium, reserves, fair value reserves, and retained earnings for the current and prior years. The Group's equity was formed from monetary contributions invested by the Group's founders. A founder cannot withdraw funds invested in the Group's paid up capital.

3.27. Related Party Disclosures

For the purpose of these consolidated financial statements, legal entities are considered as related parties where one legal entity exercises control over the other or exerts significant influence on the financial and operating decisions of the other party pursuant to the provisions of IAS 24 "Related Party Disclosures."

Related parties within the meaning of the aforesaid standard are considered to be all members of Agri Holding AG, its subsidiaries and related parties, as well as those legal entities in which Group holds ownership interest.

Related parties may enter into mutual transactions that third parties might not perform. Related party transactions may be performed under terms and in the amounts different from those included in same transactions performed at arm's length.

The Group provides services to and at the same time uses services of its related parties. Relations between the Group and its related parties are governed by contracts and market terms.

3.28. Business Combinations

Business combinations are accounted for using the acquisition method, which entails identification of the acquirer, definition of the acquisition date, recognition and measurement of identifiable assets and liabilities assumed and recognition and measurement of goodwill or bargain purchase gains. The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is recognized when the amount of the consideration transferred exceeds the net amount of the acquired assets and liabilities assumed in the business combination. Otherwise, bargain purchase gains are recognized.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from the interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which that combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.29. Investments in Associates

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

The Group uses the equity method for accounting investments in an associate. Under the equity method the Group does the following steps:

- The investment is stated as one line item in the Consolidated statement of financial position initially recognized at cost. Any difference between the cost of the investment and the Group's share in the net fair values of the associate's identifiable assets and liabilities is goodwill (however, it is not disclosed separately and not regarded as a separate asset).



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.29. Investments in Associates (Continued)

- The carrying amount of the investment is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition.

If the Group's share of losses of an associate equal or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. In general, when an associate is making losses, there may be a significant diminution in the associate's value.

- Any distributions received from the associate reduce the investment's carrying amount. If dividends paid by the associate are in excess of the carrying amount of the investment, the carrying value is reduced to nil, but does not become negative.
- Adjustments to the associate's carrying amount may be carried out in the investor's proportionate interest in the associate in case of changes in the associate's other comprehensive income, that have not been recognized in the associate's profit or loss. Such changes include those arising from foreign exchange translation differences. The investor's share of such changes is recognized directly in the consolidated statement of other comprehensive income of the Group.

Transactions and balances with associates or joint ventures are not eliminated as they are not part of the Group and not consolidated. Profits and losses resulting from 'upstream' and 'downstream' transactions between the Group (including its consolidated subsidiaries) and an associate are eliminated to the extent of the Group's interest in the associate.

3.30. Investments in subsidiaries

The subsidiary is an entity over which the entity within AikGroup (CY) has control, in other words, it has the right to receive dividend on the basis of its share and has the ability on the business decisions of the entity on the basis of the rights it has over the entity in which it has invested.

Consolidation of Financial Statements is carried out using the method of full consolidation, which among other things involve the addition of "row by row" items of assets, liabilities, income and expenses with the elimination of all balances and income and expense transactions within the group.

Non-controlling interests (NCI)

NCI are measured initially at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.31. Cash and cash equivalents reported in the statement of cash flows

As cash and cash equivalents in the terms of statements of cash flow presentation, the Group considers the total amount of Cash and cash funds held with Central Bank should be decreased for the Obligatory foreign currency reserve held with NBS and increased for the foreign currency accounts held with foreign and domestic banks which are classified under Loans and receivables due from banks and other financial institutions (Note 22). The calculation is presented in the end of Note 20.



4. RISK MANAGEMENT

Risk is the possibility of adverse effects on the capital, liquidity and financial result of the Group as a result of transactions that the Group performs and the macroeconomic environment in which it operates. The Group's long-term objective in risk management is to minimize the adverse effects on its financial performance and equity resulting from the Group's risk exposure.

Risk is inherent in banking business and cannot be completely eliminated. It is important to manage risks in such a manner that they are restricted to the levels acceptable for all stakeholders: owners, i.e., shareholders, creditors, depositors and the regulator.

The risk management process entails continued risk identification, measurement, monitoring, minimizing and control through setting risk limits as well as reporting on risks in accordance with the internal bylaws and the regulator's decisions. An adequate risk management system represents a key element in ensuring stability of the operations.

A comprehensive and reliable risk management system has been determined within the Group. It is fully integrated into all of the Group's activities, ensuring that the Group's risk profile is in accordance with its risk appetite.

In order to ensure adequate risk management, Group members have in place an adequate organizational structure that corresponds to the volume, type and complexity of operations they perform and in order to prevent conflict of interest, risk assumption function (front office) is separated from the risk management function (middle office) and support activities (back office). Such organizational structure enables achievement of the goals set and risk management principles in practice.

Group risk management process involves both Group's and each Group Member's bodies as well as organizational units with either direct or supporting risk management function. Each Group Member more closely defines the roles and responsibilities of the governing bodies according to the principles prescribed in Group Strategy on Risk Management and respective local regulations.

In its regular course of business, the Group is exposed to the following risks: credit risk and risks associated with the credit risk, concentration risk, liquidity risk, interest rate risk including credit spread risk, market risks, operational risk and its subtypes (legal risk, model risk, etc.), sovereign risk, compliance risk, risk of money laundering and terrorist financing, financial sanction risk, reputational risk, strategic and business risk, geopolitical risk, human resource risk and ESG risks. Risk identification and materiality assessment process is performed within the Group at least on an annual basis or more often if necessary.

Risk Management System

The basic principles of risk management that the banking Group is exposed to or may be exposed to in its operations are set on the Group level. Risk governance and management are in more detail described in the following Group documents:

- Group Strategy on Risk Management
- Group ESG Strategy
- Group Policy on Risk Management
- Group Framework on Risk Appetite
- Group Risk Appetite Statement
- Group Framework on ICAAP and ILAAP
- Group Framework on Counterparty Credit Risk and Country Risk Limits
- Group Policy on Market Risk Management
- Group Framework on Impairment Calculation
- Group Framework on Underwriting
- Group Policy on Lending
- Group Policy on Forbearance, Restructuring and Workout Process
- Group Policy on Default Detection
- Group Collateral Management Policy
- Group Policy on Connected Clients
- Group Policy on Concentration Risk Management
- Group Policy on Early Warning Signals and Monitoring Process



4. RISK MANAGEMENT (Continued)

Risk Management System (Continued)

- Group Framework on Liquidity Risk Management and Liquidity Stress Testing
- Group Framework on Liquidity Contingency Plan
- Group Framework on Trading and Banking Book
- Group Framework on Interest Rate Risk in Banking Book
- Group Framework on Model Risk Management
- Group Policy on Rating
- Group Policy on Validation
- Group Policy on Stress Test
- other Group risk management internal acts.

The Group's Strategy on Risk Management defines the principles of risk management to ensure an adequate assessment of all risks that the Group is exposed to or may be exposed to in its operations and the appropriate capital needed to support the realization of the Group's strategic objectives in accordance with the Group Business Strategy.

With Strategy on Risk Management, as part of a comprehensive risk management system, the Group:

- identifies all risks that the Group is exposed to or may be exposed to in its business,
- defines long-term risk management objectives,
- determines the Group-wide principles of risk management,
- defines the Group risk management governance,
- defines the main principles of the Group risk culture, and
- determines the obligation of regular reporting on risk management.

Each Group subsidiary follows principles of risk management set on Group level. Group Policy on Risk Management provides guidelines for the risk management process that the Group members apply in accordance with the nature, scope and complexity of their business activities. Members of the banking Group will further define in more details the principles of risk management according to its local specifics but adhering to this Policy.

Group members define in more detail the principles of risk management according to their local specifics but adhering to Group Policy on Risk Management. Each Group member has locally defined risk management policies and procedures that prescribe the responsibilities, method of individual risk management process, the method and methodology for identifying, measuring, evaluating, mitigating and monitoring these risks and the principles of the internal control system.

Risk management policies and procedures are reviewed at least once a year, or more often if there are significant changes in the risk profile of the Group.

4.1. Credit risk

Credit risk represents the risk of negative effects on the Group's financial result and capital arising from borrowers' inability to settle the matured liabilities to the Group. The strategy, business model and current risk profile arising from mostly traditional banking operations show that the most important risk for the Group is credit risk.

The objective of managing credit risk is to minimize the possibility of adverse effects on the financial result and the capital of the Group due to non-fulfilment of the obligations of the debtor. In pursuing the stated goal, Group subsidiaries are guided by the principles defined in Group Policy on Risk Management. The Group manages credit risk at the level of individual receivables, at the level of individual debtor, at the level of group of related debtors, as well as at the level of its entire portfolio of receivables.

All subsidiaries are obliged to adhere both to rules and principles set in Group internal acts as well as regulations in the countries in which each subsidiary operates.

The process of credit risk management is carried out through the following phases:

- identification of the risk,
- measurement and assessment of the risk,
- mitigation of risk,
- risk monitoring and control, and
- risk reporting.



4. RISK MANAGEMENT (Continued)

4.1. Credit risk (Continued)

The process of identifying credit risk involves determination of the current level of exposure to credit risk based on historical data, as well as the exposure to credit risk that may arise during the period of repayment of placements. The identification of credit risk is carried out at the stage of establishing the initial contact with the client, which is established by the sales function.

Subsidiaries measure and assess credit risk by applying quantitative and qualitative criteria on the basis of which debtors and their claims are classified into the appropriate risk categories. The credit risk assessment is performed when considering the request for a particular loan, the request to change the terms and conditions for the use and repayment of particular loans, during monitoring of the loan/client and calculate the rating, as well as during the preparation of a regular annual review on the client's business until the final collection of a particular placement.

Level of credit risk is measured also by the level of provisions and allowances calculated based on IFRS 9 requirements.

The Group Risk Management function is involved in credit risk measurement and assessment as defined in the Group Framework on Underwriting. In addition, measurement and assessment of credit risk is performed further by assessing and following various internally defined credit risk related indicators.

Credit risk mitigation involves the establishment of measures and rules for the application of these measures, relating to the acquisition, reduction, diversification, transfer and avoidance of risks. In order to maintain risk at an acceptable level, each subsidiary applies credit risk mitigation techniques at the level of individual placements by respecting internally set limits, diversifying placements/investments and acquiring acceptable security instruments (collaterals).

The process of monitoring credit risk involves determining the rules, frequency and methods for monitoring credit risk so that eventual deterioration in the financial condition and creditworthiness of the debtor and credit provider can be identified in time to avoid or reduce losses on this basis. Credit risk monitoring is carried out at the level of each subsidiary as well as on the Group level, both at the level of individual receivables, i.e. debtors / groups of related parties, as well as at the level of the total loan portfolio.

Regulatory reporting on Group level (consolidated basis) is done in accordance with relevant regulation, and internal reporting is arranged in line with processes defined in internal acts. Reporting on credit risk at the level of each subsidiary includes external and internal reporting system as well as reporting to the Group relevant functions for risk management/control. External reporting of each subsidiary is carried out in accordance with the requirements of the regulator.

Impairment assessment of loans and receivables

Group assesses on-balance and off-balance sheet receivables for impairment in accordance with its accounting policies and Group Impairment Calculation Framework.

In accordance with the requirements of IFRS 9, the Group defines the concept of expected credit losses, which provides calculation of impairment for all financial instruments. The banks have defined criteria for staging of their on-balance sheet assets and off-balance sheet items (to Stages 1, 2 and 3) depending on the level of credit risk increase since the initial recognition, as well as criteria for transfers of assets/receivables from one stage to another.

Off balance sheet exposures are included in EAD calculation using the credit conversion factors (CCF) developed internally based on the historical data of utilization of off balance sheet exposures by defaulted clients.

On a monthly basis, for all of its financial instruments, Group:

- assesses the asset quality and determines whether there is objective evidence of impairment;
- assesses whether there has been a significant increase in the credit risk since the initial recognition; and
- calculates the amount of impairment per expected credit losses (ECL)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Impairment assessment of loans and receivables (Continued)

Process and rules of classification of financial assets are regularly monitored. Key criteria for asset classification are derived from the applicable regulatory requirements and IFRS 9. Financial instruments are classified into the following three stages: Stages 1 and 2 for performing receivables and Stage 3 for non-performing receivables. Classification criteria are defined in the Group's internal act.

Impairment calculation is based on expected credit losses arising from the classification of assets into a specific group stage, the estimated probability of default (PD) in the following 12 months (Stage 1) or over the lifetime of the asset if the credit risk for that financial instrument has significantly increased from initial recognition or there is objective evidence of impairment (financial assets in Stage 2 and Stage 3). The Group has defined criteria for significant increase in probability of default, defined by segment on the basis of qualitative and quantitative information and analyses made on the basis of past information, experiences and expert credit assessments and forward-looking information.

When assessing expected credit losses for the purposes of calculating impairment, the Group assesses for all financial instruments (at the level of a single exposure) whether there has been a significant increase in credit risk or default, and on the basis of this, performs the distribution of exposures by stages. Classification takes place in several steps: first, it is checked whether a financial asset was bought or originally impaired. Then, it is checked whether a default has occurred in a financial asset, in which case the asset is allocated to Stage 3. In the following step, criteria for significant increase of credit risk are checked, whereby the fulfilment of any of them implies classification of the asset to Stage 2.

The Group monthly assesses whether there has been a significant increase in credit risk for all financial instruments.

The Group applies internally developed rating models within its credit risk management framework for different client segments. Statistically developed rating models are used for retail clients, corporate clients, and the micro segment. The internal rating model determines the credit quality of an individual client and the corresponding level of probability of default. The Group uses master rating scale comprising 26 rating categories, 25 representing non-default status, while rating category 26 marks default status.

An expert-based rating model is applied to clients with specific characteristics for which the Group was not able to develop an adequate statistical PD model, such as specialized lending exposures. This is primarily due to the lack of a statistically significant number of clients and/or an insufficient number of observed defaults within these portfolios.

An exception applies to Hipotekarna Bank, where neither statistical nor expert-based internal rating models are used to assess clients' credit quality. Instead, exposures are classified into Days Past Due (DPD) buckets, which form the basis for credit quality assessment. There are 4 non-default buckets defined as follows: (i) 0 DPD, (ii) 1–30 DPD, (iii) 31–60 DPD, and (iv) 61–90 DPD and 1 default bucket that contains all defaults.

The Group applies an additional PD overlay to reflect the impact of emerging novel risks and has enhanced its methodology for incorporating such risks into risk provision calculations. The approach determines the level of PD overlay based on forecasted levels of all significant novel risks.

In order to address legacy NPL, new NPL and NPL from newly originated placements, to have adequate NPL Coverage, and to be in line with regulatory requirements and expectations, the Group performs calculations of NPE Coverage on regular basis and make necessary reporting and actions afterwards. In respect of exposures classified as NPEs in accordance with Capital Requirements Regulation and ECB communication on supervisory coverage expectations for NPEs, the Group achieved the expected NPE coverage for 2025.



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Impairment assessment of loans and receivables (Continued)
PD - probability of default

PD is estimated by observing behavior of a particular population that is not in default for a specified period of time and by calculating the percentage of the population that entered in default during that period. For purposes of calculating impairment, the probability of default (PD) is estimated by using transition matrices that show transition of debtors from different performing ratings to default in the period between two dates.

The starting point is quarterly transition matrices representing clients' transitions between different ratings. Quarterly matrices are obtained for each sub-segment individually. Regression model evaluating linear regression between default rates and macroeconomic variable/variables is separately determined for segments of entities.

Forward looking PD

In order to determine correlation between default rate and macroeconomic variables, Group members develop regression model separately for the Retail, Micro and Corporate segment. By analyzing the assumptions, they determined the variables that have a significant impact on the movement of the default rate. The Group tests the correlation between Default rates and the following macroeconomic indicators: GDP, unemployment rate, inflation rate, exchange rate RSD/EUR (applicable only in subsidiaries outside euro zone), reference interest rate, public debt, etc.

For the purpose of the calculation of a "forward-looking" adjusted PD, subsidiaries define three scenarios (baseline, pessimistic and optimistic). The AikBank and Gorenjska bank use an error distribution method, through which values of macroeconomic variables are predicted for six years ahead and for different scenarios. Afterwards, regression model is used to predict default rates. From predicted default rates, annual transition matrices for six years ahead are predicted. For all later years, average transition matrix is used.

At Hipotekarna Bank, future banking sector default rates are projected using a regression model linking macroeconomic variables to observed banking sector default rates. The ratio of sector-level default rates to bank-specific default rates is then applied to adjust the PD curves derived from the bank's transition matrices. Only baseline scenario for macroeconomic indicators is used.

The Group defines the values of macroeconomic indicators in three scenarios: basic, optimistic and pessimistic. As a consequence of the geopolitical uncertainties the share of the pessimistic scenario is 30% for the purpose of adjusting the PD parameter, while the share of the baseline scenario is 60%. Weights of the scenarios represent probabilities of the realization of a certain scenario.

IMF Country report, National Bank of Serbia, Central Bank of Montenegro and Bank of Slovenia Review of macroeconomic developments are used as a GDP projection sources.

AikBank:

AikBank uses the following macroeconomic scenarios:

	Year	Basic scenario	Optimistic scenario	Pessimistic scenario
Scenario share		60%	10%	30%
GDP	2026	3,00	6,22	1,68
	2027	4,75	8,75	3,11
	2028	3,46	7,65	1,75



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Gorenjska Bank:

On portfolio level: The Bank considered a forecast of macroeconomic variables in the calculation of impairments. These values were obtained using the following values of independent variables and corresponding weights:

	Year	Basic scenario	Optimistic scenario	Pessimistic scenario
Scenario share		60%	10%	30%
GDP	2026	1,10	2,94	0,35
	2027	1,36	5,82	-0,46
	2028	1,71	6,76	-0,36

For scenarios longer than three years and less than six years (i.e. 2029 and 20230), the GDP forecast is the average between the long-term average (2007 onwards) and the previous year's forecast. For the year 2031 and all subsequent years, the average of the forecasts for the long-term average (2007 onwards) is taken.

Hipotekarna Bank:

Hipotekarna Bank uses the following macroeconomic scenario:

	Year	Basic scenario
GDP	2026	3.00
	2027	3.10

LGD – Loss Given Default

Loss Given Default (LGD) represents an estimate of loss in the event of default and is a key input in the measurement of expected credit losses (ECL). The Group considers recoveries from both contractual cash flows and collateral realization. Accordingly, LGD is determined separately for the secured and unsecured portions of exposures.

For Stage 1 exposures, impairment is measured as 12-month ECL, representing the portion of lifetime losses arising from default events possible within 12 months after the reporting date. The Exposure at Default (EAD) reflects the expected exposure at the time of default, taking into account contractual cash flows and potential additional drawdowns on committed facilities. Off-balance sheet exposures are included through the application of credit conversion factors (CCF).

For Stage 2 exposures, ECL is measured as a probability-weighted estimate of lifetime credit losses, defined as the difference between contractual cash flows due and cash flows expected to be received.

For Stage 3 exposures, impairment is recognized for all credit-impaired assets and is assessed either individually or collectively.

Individually significant exposures are assessed on an individual basis using probability-weighted recovery scenarios, including collateral realization, restructuring, bankruptcy, sale of receivables, and other relevant strategies. Scenario probabilities are based on historical recovery experience, exposure-specific characteristics, and other available information, and sum to 100%.

All other Stage 3 exposures are assessed on a collective basis by grouping exposures with similar credit risk characteristics. Impairment is determined using a residual LGD approach, with PD set at 100%. Residual LGD reflects discounted recovery patterns over time in default, with recoveries discounted using the effective interest rate (EIR), defined as the weighted average EIR of exposures within each group of assets with similar credit risk characteristics, and is applied to the unsecured portion of the exposure.

4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Objective Evidence of Impairment and Significant Increase in Credit Risk

Upon assessing the expected credit losses (impairment allowance calculation), the Group assesses individual financial instruments (at the loan facility level) to determine whether there has been a significant increase in credit risk or default, and performs the following staging accordingly:

- Stage 1 includes all financial assets without a significant increase in credit risk since initial recognition at the reporting date;
- Stage 2 includes financial assets with a significant increase in credit risk since initial recognition, but without objective evidence of impairment based on the credit losses; and
- Stage 3 includes financial assets with objective evidence of impairment at the reporting date.

Default, i.e. a default status is defined as a material delay in liability settlement of at least 90 days at the level of individual financial asset.

Default status may be identified even before 90 days past due occurs if other quantitative or qualitative criteria are identified that indicates the existence of objective evidence of impairment of a financial asset:

- Significant deterioration in financial status of the client
- Significantly changed terms of the repayment of placements due to the financial difficulties of the borrower (FNPE or NPE)
- Initiating bankruptcy proceedings or initiating another type of financial reorganization
- Other available qualitative information.

Non-performing exposures are exposures where the payment of principal or interest is past due over 90 days, or the Group assessed that the borrower's repayment ability has deteriorated and doubts that the payments will be made in full.

Identification of a Significant Increase in Credit Risk

Stage 2 includes receivables for which there has been a significant increase in credit risk compared to the moment of initial recognition. The criteria for a significant increase in credit risk are:

- material delay in liability settlement over 30 days,
- significant deterioration of borrower's lifetime PD or internal rating,
- restructuring of receivable due to the financial difficulties of the borrower (FPE status),
- deterioration in the rating of an external rating agency (applies in the case of exposures to financial institutions and countries), and/or
- Watch list/Decision of the Watch loan Committee.

The Group upgraded the model for identification of significant increase in credit risk. The quantitative criterium of change in rating grade was supplemented by quantitative criterium of change in lifetime PD with which the harmonization of SICR methodology across the Group was achieved.

Calculation of Impairment – Stage 1

For the purpose of calculating the impairment in Stage 1, the expected twelve-month credit losses are part of the expected credit losses over the entire term of the financial asset and represent cash shortages over the term that will result if default occurs within 12 months after the reporting date, weighted by the likelihood of such non-execution.

Calculation of Impairment – Stage 2

The expected loss represents the probability weighted assessment of credit losses (i.e., the present value of all cash shortages) over the expected life of financial instrument, while the cash shortage itself is the difference between cash flows that belong to the Group and under the contract and cash flows that the Group expects to receive.

Expected Credit Loss here represents probability-weighted estimates of credit losses (i.e., the present value of all cash shortages) that will arise over the expected life of a financial instrument, while the cash shortage itself is the difference between cash flows that belong to the Group under the contract and cash flows that the Group expects to receive.



4. RISK MANAGEMENT (Continued)**4.1. Credit risk (Continued)*****Identification of a Significant Increase in Credit Risk (Continued)****Calculation of Impairment – Stage 3*

For impairment allowance calculation, all exposures in Stage 3 entail exposures with identified default status. Assessment of impairment could be done on an individual and group basis depending on the individual significance of the exposure.

Assessment on an individual basis

The individual assessment is performed for individually significant clients and threshold is defined on the Group level (credit institution subsidiaries may define more conservative threshold depending on local specifics, local regulations, etc.).

Since, under IFRS 9, expected credit losses (ECL) represent probability weighted assessment of expected credit losses, the Group recognizes several possible collection scenarios when assessing expected future cash flows. When defining the scenario, the Group considers the collection strategy defined for particular client. When determining probability for certain scenarios, Group is guided by the history of realization and collection of default loans, as well as individual exposure specifics and all other available information that may be relevant in assessing the probability of realizing a particular collection strategy.

Group Assessment

For all other exposures, impairment is calculated on the group level, which implies the grouping of the remaining financial instruments in Stage 3 by the sub-segments depending on the portfolio structure.

Exposure to government and financial institutions

Since the Group does not have an adequate history of migrations and default for exposures to governments and financial institutions, it relies on the data of an external credit rating agency for impairment calculation.

For banks that do not have external ratings, the Group uses as input the ratings of the countries of their domicile.

Provisions for off balance sheet items

In Group, the calculation of provisions for off balance sheet items is performed in the same manner as for balance sheet items, except for the application of credit conversion factors (CCF). CCF parameter used in the calculation of provisions for AikBank and Gorenjska Bank is internally developed. In Hipotekarna bank CCF of 1.0 is applied to overdrafts and financial guarantees. For performance-related guarantees (including advance, tender and customs guarantees) and other off-balance sheet exposures, a CCF of 0.5 is applied.

Maximum credit risk exposure

The table below represents the maximum credit risk exposure without collaterals or other means that improve securities' credit rating. The exposure is based on the carrying amounts from the statement of financial position (balance sheet).

In case of financial instruments measured at fair value (market value), the amounts presented relate to the current credit risk exposure, but not the maximum credit risk exposure that may arise in the future as a result of fair value adjustments.



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

Maximum credit risk exposure before collateral or other credit enhancements

Assets	December 31, 2025		
	Gross Exposure	Impairment Allowance	Net Amount
I Balance sheet items	10,110,525	(184,311)	9,926,214
Cash and cash funds held with the central bank	1,480,837	(114)	1,480,723
Pledged financial assets	11,414	-	11,414
Receivables under derivatives	1,713	-	1,713
Securities	1,428,075	(3,999)	1,424,076
Loans and receivables due from banks and other financial institutions	818,756	(2,983)	815,773
Loans and receivables due from customers	6,328,488	(174,262)	6,154,226
Other assets	41,242	(2,953)	38,289
II Off-balance sheet items	1,669,025	(6,301)	1,662,724
Guarantees issued, unsecured letters of credit and acceptances	911,395	(2,344)	909,051
Irrevocable commitments – per framework loans	757,630	(3,957)	753,673
Total	11,779,550	(190,612)	11,588,938

Assets	December 31, 2024		
	Gross Exposure	Impairment Allowance	Net Amount
I Balance sheet items	8,752,153	(152,320)	8,599,833
Cash and cash funds held with the central bank	1,447,959	(79)	1,447,880
Receivables under derivatives	2,250	-	2,250
Securities	901,381	(967)	900,414
Loans and receivables due from banks and other financial institutions	1,069,216	(3,094)	1,066,122
Loans and receivables due from customers	5,302,331	(146,039)	5,156,292
Other assets	29,016	(2,141)	26,875
II Off-balance sheet items	1,515,788	(5,947)	1,509,841
Guarantees issued, unsecured letters of credit and acceptances	894,024	(3,626)	890,398
Irrevocable commitments – per framework loans	621,764	(2,321)	619,443
Total	10,267,941	(158,267)	10,109,674

During 2025, movements in impairment allowance were primarily driven by the acquisition of Hipotekarna Banka, which had the most significant impact.



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

The following tables present the movements of the impairment allowance of assets per class of assets:

Cash and balances held with the central bank	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(95)	-	-	-	(95)
Increases due to changes in the credit risk	(3)	-	-	-	(3)
Decreases due to changes in the credit risk	4	-	-	-	4
Newly acquired/originated assets	(123)	-	-	-	(123)
Decreases due to derecognition	138	-	-	-	138
Impairment allowance at December 31, 2024	(79)	-	-	-	(79)

Cash and balances held with the central bank	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(79)	-	-	-	(79)
Newly acquired/originated assets	(132)	-	-	-	(132)
Decreases due to derecognition	98	-	-	-	98
Foreign exchange effects	(1)	-	-	-	(1)
Impairment allowance at December 31, 2025	(114)	-	-	-	(114)

Securities	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(180)	(167)	(375)	-	(722)
Increases due to changes in the credit risk	(39)	(6)	-	-	(45)
Decreases due to changes in the credit risk	7	40	-	-	47
Newly acquired/originated assets	(46)	(351)	-	-	(397)
Decreases due to derecognition	115	1	1	-	117
Changes in model / risk parameters	27	6	-	-	33
Impairment allowance at December 31, 2024	(116)	(477)	(374)	-	(967)

Securities	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(116)	(477)	(374)	-	(967)
Movements of the impairment allowance					
Transfer to Stage 3	-	351	(351)	-	-
Effects of Hipotekarna Bank acquisition	(1,519)	(628)	-	(903)	(3,050)
Increases due to changes in the credit risk	(107)	(22)	(699)	-	(828)
Decreases due to changes in the credit risk	198	55	-	35	288
Newly acquired/originated assets	(504)	-	-	-	(504)
Decreases due to derecognition	639	436	-	-	1,075
Write-offs, transfer to off balance	-	-	5	-	5
Changes in model / risk parameters	(13)	(5)	-	-	(18)
Impairment allowance at December 31, 2025	(1,422)	(290)	(1,419)	(868)	(3,999)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

Loans and receivables due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(845)	(1,216)	(1,637)	(2)	(3,700)
Movements of the impairment allowance					
Transfer to Stage 2	(234)	234	-	-	-
Increases due to changes in the credit risk	(648)	(114)	(3)	-	(765)
Decreases due to changes in the credit risk	109	17	1	2	129
Newly acquired/originated assets	(461)	-	(2)	-	(463)
Decreases due to derecognition	270	1,161	71	-	1,502
Changes in model / risk parameters	110	91	2	-	203
Impairment allowance at December 31, 2024	(1,231)	(295)	(1,568)	-	(3,094)

Loans and receivables due from banks and other financial institutions	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(1,231)	(295)	(1,568)	-	(3,094)
Movements of the impairment allowance					
Transfer to Stage 1	(257)	257	-	-	-
Transfer to Stage 3	-	38	(38)	-	-
Effects of Hipotekarna Bank acquisition	(142)	-	-	-	(142)
Increases due to changes in the credit risk	95	-	(2)	-	93
Decreases due to changes in the credit risk	1,007	-	5	-	1,012
Newly acquired/originated assets	(1,805)	-	(2,313)	-	(4,118)
Decreases due to derecognition	1,347	-	1,708	-	3,055
Write-offs, other changes	(117)	-	92	-	(25)
Changes in model / risk parameters	(13)	-	-	-	(13)
Foreign exchange effects	(1)	-	63	-	62
Other adjustments	13	-	174	-	187
Impairment allowance at December 31, 2025	(1,104)	-	(1,879)	-	(2,983)

Loans and receivables due from customers	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(28,581)	(36,766)	(37,664)	(14,098)	(117,109)
Movements of the impairment allowance					
Transfer to Stage 1	(6,680)	5,577	1,103	-	-
Transfer to Stage 2	1,901	(6,196)	4,295	-	-
Transfer to Stage 3	658	2,400	(3,058)	-	-
POCI	-	-	-	-	-
Increases due to changes in the credit risk	(9,392)	(19,668)	(37,606)	(13,436)	(80,102)
Decreases due to changes in the credit risk	11,646	13,439	12,638	0	37,723
Newly acquired/originated assets	(58,606)	(32,969)	(39,730)	(1,511)	(132,816)
Decreases due to derecognition	54,289	30,253	23,866	2,596	111,004
Write-offs, transfer to off balance, sales	2,262	2,389	17,627	14,960	37,238
Changes in model / risk parameters	12	1,101	770	0	1,883
Foreign exchange effects and adjustments	(51)	(31)	(64)	(19)	(165)
Other	(2,291)	(38)	(744)	(622)	(3,695)
Impairment allowance at December 31, 2024	(34,833)	(40,509)	(58,567)	(12,130)	(146,039)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

Loans and receivables due from customers	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(34,833)	(40,509)	(58,567)	(12,130)	(146,039)
Movements of the impairment allowance					
Transfer to Stage 1	(13,230)	11,834	1,388	7	(1)
Transfer to Stage 2	4,817	(10,212)	5,385	10	-
Transfer to Stage 3	368	3,642	(4,010)	-	-
POCI	5	57	3,858	(3,920)	-
Effects of Hipotekarna Bank acquisition	(3,950)	(8,306)	(4,246)		(16,502)
Increases due to changes in the credit risk	(11,679)	(9,484)	(20,569)	((41,732)
Decreases due to changes in the credit risk	8,482	7,241	15,439	4,450	35,612
Newly acquired/originated assets	(82,172)	(53,526)	(66,520)	634	(201,584)
Decreases due to derecognition	77,447	56,579	32,869	472	167,367
Write-offs, transfer to off balance, sales	770	816	12,084	432	14,102
Changes in model / risk parameters	92	2,686	(285)	-	2,493
Foreign exchange effects and adjustments	1,510	1,035	3,090	52	5,687
Other	5,087	522	3,001	(2,275)	6,335
Impairment allowance at December 31, 2025	(47,286)	(37,625)	(77,083)	(12,268)	(174,261)

Other assets	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(414)	(26)	(1,703)	(94)	(2,237)
Movements of the impairment allowance					
Transfer to Stage 1	(40)	9	31	-	-
Transfer to Stage 2	1	(12)	11	-	-
Transfer to Stage 3	-	4	(4)	-	-
Increases due to changes in the credit risk	(24)	(7)	(197)	-	(228)
Decreases due to changes in the credit risk	191	1	2	-	194
Newly acquired/originated assets	(706)	(20)	(258)	-	(984)
Decreases due to derecognition	818	8	179	22	1,027
Write-offs, foreign exchange effects, other adjustments	7	23	50	7	87
Impairment allowance at December 31, 2024	(167)	(20)	(1,889)	(65)	(2,141)

Other assets	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(167)	(20)	(1,889)	(65)	(2,141)
Movements of the impairment allowance					
Transfer to Stage 1	(96)	6	90	0	0
Transfer to Stage 2	3	(8)	6	0	(1)
Transfer to Stage 3	0	5	216	(221)	0
Effects of Hipotekarna Bank acquisition	(541)	0	(306)	0	(847)
Increases due to changes in the credit risk	(10)	(5)	(29)	0	(44)
Decreases due to changes in the credit risk	(58)	(18)	23	0	(53)
Newly acquired/originated assets	(9)	(12)	(1,803)	(9)	(1,833)
Decreases due to derecognition	292	60	2,036	0	2,388
Write-offs, foreign exchange effects	6	0	26	131	163
Other adjustments	14	(27)	(546)	0	(559)
Impairment allowance at December 31, 2025	(566)	(19)	(2,176)	(164)	(2,925)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

Off-balance sheet items	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2023	(2,616)	(818)	(2,413)	(4)	(5,851)
Movements of the impairment allowance					
Transfer to Stage 1	(246)	212	34	-	-
Transfer to Stage 2	280	(303)	23	-	-
Transfer to Stage 3	13	84	(97)	-	-
Increases due to changes in the credit risk	(24)	(7)	(197)	-	(228)
Decreases due to changes in the credit risk	191	1	2	-	194
Newly acquired/originated assets	(706)	(20)	(258)	-	(984)
Decreases due to derecognition	818	8	179	22	1,027
Foreign exchange effects, other	7	23	50	7	87
Impairment allowance at December 31, 2024	(3,284)	(833)	(1,787)	(43)	(5,947)

Off-balance sheet items	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance at December 31, 2024	(3,284)	(833)	(1,787)	(43)	(5,947)
Movements of the impairment allowance					
Transfer to Stage 1	(394)	382	12	-	-
Transfer to Stage 2	99	(136)	37	-	-
Transfer to Stage 3	4	9	(13)	-	-
POCI	-	1	22	()	-
Effects of Hipotekarna Bank acquisition	(781)	(206)	(31)	0	(1,018)
Increases due to changes in the credit risk	(450)	(322)	(559)	-	(1,331)
Decreases due to changes in the credit risk	1,227	119	114	-	1,460
Newly acquired/originated assets	(4,869)	(568)	(3,498)	-	(8,935)
Decreases due to derecognition	4,698	1,094	3,950	-	9,742
Changes in model / risk parameters	(285)	(19)	(1)	-	(305)
Foreign exchange effects	3	1	4	-	9
Other adjustments	229	(200)	(48)	-	24
Impairment allowance at December 31, 2025	(3,803)	(678)	(1,802)	(43)	(6,301)

Loans and receivables from customers, banks and other financial institutions by risk level

	Exposure				Impairment			
	Stage 3			Total	Stage 3			Total
	Stage 1	Stage 2	incl. POCI		Stage 1	Stage 2	incl. POCI	
Corporate	2,726,349	517,566	87,344	3,331,259	(24,897)	(23,348)	(35,184)	(83,429)
Entrepreneurs	75,054	22,884	4,768	102,706	(471)	(628)	(2,412)	(3,511)
Total Corporate	2,801,403	540,450	92,112	3,433,965	(25,368)	(23,976)	(37,596)	(86,940)
Cash loans	945,398	168,577	61,567	1,175,542	(7,938)	(15,262)	(27,255)	(50,455)
Credit cards	37,886	7,026	1,546	46,458	(331)	(469)	(483)	(1,283)
Current accounts-overdraft	19,493	3,718	693	23,904	(135)	(129)	(304)	(568)
Housing loans	531,772	55,159	14,978	601,909	(908)	(527)	(4,933)	(6,368)
Agricultural loans	-	-	-	-	-	-	-	-
Other	17,923	2,024	599	20,546	(153)	(146)	(119)	(418)
Total Retail	1,552,472	236,504	79,383	1,868,359	(9,465)	(16,533)	(33,094)	(59,092)
Total	4,353,875	776,954	171,495	5,302,324	(34,833)	(40,509)	(70,690)	(146,032)
Receivables from banks	1,064,725	2,908	1,583	1,069,216	(1,231)	(295)	(1,568)	(3,094)
Not covered by models	-	-	7	7	-	-	(7)	(7)



4. RISK MANAGEMENT (Continued)

4.1. Credit risk (Continued)

Maximum credit risk exposure (Continued)

	Exposure				December 31, 2025 Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
			incl. POCI				incl. POCI	
Corporate	3,107,219	609,171	95,087	3,811,477	(24,670)	(28,737)	(40,169)	(93,576)
Entrepreneurs	53,937	5,276	2,493	61,706	(670)	(378)	(1,677)	(2,725)
Total Corporate	3,161,156	614,447	97,580	3,873,183	(25,340)	(29,115)	(41,846)	(96,301)
Cash loans	1,347,296	135,897	62,352	1,545,544	(20,171)	(8,684)	(39,757)	(68,612)
Credit cards	34,276	6,887	1,591	42,754	(341)	(215)	(1,062)	(1,619)
Current accounts- overdraft	27,992	2,943	886	31,821	(126)	(39)	(484)	(650)
Housing loans	796,078	23,648	10,870	830,596	(1,277)	(653)	(4,986)	(6,916)
Agricultural loans	2,826	580	933	4,339	(21)	(9)	(123)	(153)
Other	243	-	-	243	(4)	-	-	(4)
Total Retail	2,208,712	169,954	76,632	2,455,298	(21,940)	(9,601)	(46,413)	(77,954)
Total	5,369,868	784,401	174,212	6,328,481	(47,280)	(38,716)	(88,259)	(174,255)
Receivables from banks	816,707	46	2,003	818,756	(1,104)	-	(1,879)	(2,983)
Not covered by models	7	-	-	7	(6)	-	-	(6)

The AikGroup classified the risk into categories based on the classification of receivables in accordance with its internal rating scale. Low risk includes receivables classified in rating categories 1-14, medium risk includes receivables classified in categories 15-18, while high risk includes receivables classified in categories 19-26. The following tables provide movements in exposures by assets class and risk level:

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances held with the central bank				
Low credit risk level	1,447,959	-	-	1,447,959
Total gross carrying value	1,447,959	-	-	1,447,959
Impairment allowance	(79)	-	-	(79)

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Cash and balances held with the central bank				
Low credit risk level	1,480,837	-	-	1,480,837
Total gross carrying value	1,480,837	-	-	1,480,837
Impairment allowance	(114)	-	-	(114)

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Pledged financial assets				
Low credit risk level	11,414	-	-	11,414
Total gross carrying value	11,414	-	-	11,414
Impairment allowance	-	-	-	-



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Securities				
Low credit risk level	887,388	-	-	887,388
Medium credit risk level	3,860	9,722	-	13,582
High credit risk level	2	-	409	411
Total gross carrying value	891,250	9,722	409	901,381
Impairment allowance	(116)	(477)	(374)	(967)

	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Securities				
Low credit risk level	1,406,052	-	-	1,406,052
Medium credit risk level	8,997	2,532	-	11,529
High credit risk level	2,405	533	7,556	10,494
Total gross carrying value	1,417,454	3,065	7,556	1,428,075
Impairment allowance	(1,422)	(290)	(2,287)	(3,999)

	December 31, 2024			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Loans and receivables due from banks and other financial institutions				
Low credit risk level	988,147	21	-	988,168
Medium credit risk level	76,561	90	-	76,651
High credit risk level	17	2,797	1,583	4,397
Total gross carrying value	1,064,725	2,908	1,583	1,069,216
Impairment allowance	(1,231)	(295)	(1,568)	(3,094)

	December 31, 2025			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Loans and receivables due from banks and other financial institutions				
Low credit risk level	769,467	15	-	769,482
Medium credit risk level	36,064	31	-	36,095
High credit risk level	11,175	-	2,003	13,179
Total gross carrying value	816,707	46	2,003	818,756
Impairment allowance	(1,104)	-	(1,879)	(2,983)

	December 31, 2024			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Loans and receivables due from customers				
Low credit risk level	2,311,964	143,098	117	2,455,179
Medium credit risk level	1,820,631	258,015	7,265	2,085,911
High credit risk level	221,280	375,841	164,120	761,241
Total gross carrying value	4,353,875	776,954	171,502	5,302,331
Impairment allowance	(34,833)	(40,509)	(70,697)	(146,039)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Maximum credit risk exposure (Continued)

Loans and receivables due from customers	December 31, 2025			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Low credit risk level	3,287,433	65,049	1,629	3,354,111
Medium credit risk level	1,854,743	374,085	3,632	2,232,460
High credit risk level	227,699	334,875	179,342	741,916
Total gross carrying value	5,369,875	774,010	184,603	6,328,488
Impairment allowance	(47,286)	(37,532)	(89,351)	(174,169)

Other assets	December 31, 2024			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Low credit risk level	22,255	76	645	22,976
Medium credit risk level	2,882	120	31	3,033
High credit risk level	512	564	1,931	3,007
Total gross carrying value	25,649	760	2,607	29,016
Impairment allowance	(167)	(20)	(1,954)	(2,141)

Other assets	December 31, 2025			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Low credit risk level	32,622	45	78	32,745
Medium credit risk level	2,088	75	156	2,319
High credit risk level	549	335	5,294	6,179
Total gross carrying value	36,251	456	5,527	41,242
Impairment allowance	(622)	(20)	(2,311)	(2,953)

Off-balance sheet items	December 31, 2024			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Low credit risk level	942,454	54,356	56	996,866
Medium credit risk level	449,811	18,535	273	468,619
High credit risk level	5,458	39,584	5,261	50,303
Total gross carrying value	1,397,723	112,475	5,590	1,515,788
Impairment allowance	(3,284)	(833)	(1,830)	(5,947)

Off-balance sheet items	December 31, 2025			
	Stage 1	Stage 2	Stage 3 incl POCI	Total
Low credit risk level	1,260,911	63,063	101	1,324,074
Medium credit risk level	263,044	37,745	44	300,832
High credit risk level	13,048	24,740	6,331	44,118
Total gross carrying value	1,537,003	125,547	6,475	1,669,025
Impairment allowance	(3,803)	(678)	(1,820)	(6,301)



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Loans with renegotiated initially agreed terms

Loans with renegotiated initially agreed terms are rescheduled and/or restructured due to the borrowers' deteriorating financial situation or difficulties in servicing liabilities as these falls due.

Restructuring loan agreements stipulate terms significantly different from those originally defined and agreed and all the previous receivables (or their major portion) due from the borrower are replaced by a new loan. Significantly different terms are deemed to be particularly the following: extension of repayment due date for principal and interest, reduction of interest rate or amount receivable, change in valuation manner and other changes facilitating the borrower's position.

Loan restructuring is acceptable to the Group only if pertaining to loans otherwise not likely collectable and if the loan restructuring according to the financial consolidation program enables, within a period acceptable to the Group, significant improvement in the financial situation of the borrower, with high probability of loan collection in the agreed amount and upon newly defined maturity, and additional collaterals or security – in the form of co-sureties adhering to debt or in the form of pledge lien registered over movable and immovable property of third parties, improving the quality of assets.

Upon loan restructuring, the Group performs financial analysis of the borrowers, and if it estimates that, after restructuring, the borrower will realize cash flows sufficient for principal and interest repayment, the Group decides on loan restructuring.

	Restructured		Rescheduled	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Corporate	180,838	142,542	4,220	-
Retail	16,644	33,734	1,216	455
Total	197,483	176,276	5,436	455

Concentration risk

The Group manages concentration risk by establishing a system of limits to the exposures with the same or similar risk factors (entities or groups of related entities, industry sectors/activities, etc.) on credit institutions and Group level.

Loans and receivables due from customers, banks and other financial institutions per industry sector, net of allowances:

	December 31, 2025	December 31, 2024
Finance and insurance sector	815,773	800,624
Public companies	179,553	228,185
Corporate customers	3,108,261	2,654,288
Entrepreneurs	117,627	99,203
Public sector	126,738	67,003
Retail customers	2,300,626	1,800,434
Non-residents	300,817	558,568
Private households with employed members and registered agricultural producers	4,200	3,412
Other customers	16,403	10,697
Total	6,969,999	6,222,414



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Concentration risk (Continued)
Loans and receivables due from customers, banks and other financial institutions per geographic area:

	December 31, 2025			
	Serbia	Europe	Other	Total
Loans and receivables from banks and other financial institutions	386,686	419,188	9,900	815,774
Loans and receivables from customers	3,876,615	2,257,024	20,587	6,154,226
TOTAL LOANS AND RECEIVABLES	4,263,301	2,676,211	30,487	6,969,999

	December 31, 2024			
	Serbia	Europe	Other	Total
Loans and receivables from banks and other financial institutions	572,483	475,705	17,934	1,066,122
Loans and receivables from customers	3,430,212	1,701,281	24,799	5,156,292
TOTAL LOANS AND RECEIVABLES	4,002,695	2,176,986	42,733	6,222,414

Loans and receivables due from customers per industry sector:

Industry sector	December 31, 2025				December 31, 2024			
	Gross carrying value	%	Impairment allowance	Net book value	Gross carrying value	%	Impairment allowance	Net book value
Wholesale and retail trade, repair of motor vehicles and motorcycles	817,253	13%	(16,707)	800,546	665,695	13%	(15,762)	649,933
Manufacturing	805,663	13%	(29,812)	775,851	761,752	14%	(24,725)	737,027
Construction	404,069	6%	(9,261)	394,807	378,368	7%	(8,640)	369,728
Real estate activities	368,395	6%	(4,525)	363,870	334,345	6%	(4,785)	329,560
Transportation and storage	298,951	5%	(8,251)	290,699	232,738	4%	(7,970)	224,768
Electricity, gas, steam and air conditioning supply	232,747	4%	(3,473)	229,274	229,539	4%	(2,801)	226,738
Accommodation and food service activities	166,708	3%	(4,360)	162,348	143,669	3%	(3,815)	139,854
Information and communication	165,765	3%	(932)	164,833	146,766	3%	(1,584)	145,182
Professional, scientific and technical activities	139,812	2%	(3,525)	136,287	103,800	2%	(2,711)	101,089
Agriculture, forestry and fishing	132,822	2%	(3,297)	129,525	79,682	1%	(2,044)	77,638
Mining and quarrying	125,711	2%	(7,059)	118,652	122,991	2%	(7,183)	115,808
Administrative and support service activities	84,977	1%	(1,291)	83,686	64,531	1%	(1,323)	63,208
Financial and insurance activities	47,434	1%	(704)	46,731	33,316	1%	(406)	32,910
Public administration and defense, compulsory social security	40,556	1%	(578)	39,978	44,013	1%	(386)	43,627
Arts, entertainment and recreation	40,462	1%	(2,008)	38,454	31,248	1%	(1,026)	30,222
Water supply, sewerage, waste management and remediation activities	23,543	0%	(310)	23,232	19,608	0%	(269)	19,339
Human health and social work activities	16,251	0%	(134)	16,116	17,693	0%	(97)	17,596
Other service activities	15,244	0%	(246)	14,997	15,959	0%	(636)	15,323
Education	7,973	0%	(1,236)	6,737	8,259	0%	(784)	7,475
Retail	2,394,151	38%	(76,551)	2,317,600	1,868,359	35%	(59,092)	1,809,267
Total	6,328,488	100%	(174,262)	6,154,226	5,302,331	100%	(146,039)	5,156,292



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Credit risk hedges (Collaterals)

For the purpose of protection against credit risk, in addition to regular monitoring of the customer business operations, the Group most commonly obtains security instruments (collaterals) to secure the collection of receivables and minimize credit risk.

As a standard type of loan security instrument, the Group receives from clients contractual authorizations for account withdrawals and bills of exchange, whereas, depending on the credit risk assessment and loan type, additional collaterals agreed upon include the following: mortgages assigned over property; pledge liens assigned over movable assets; partial or full loan coverage with deposits; obtaining guarantees from another bank or a legal entity; adequate securities; arranging co-surety or debt adherence whereby another legal entity becomes a co-debtor; and other.

In the event that the Group arranges for mortgage or pledge lien, assigned over property or movable assets, the Group always demands an appraisal performed by a certified independent appraiser in order to minimize potential risks.

In the following breakdown the value of collaterals is presented as fair value of collaterals so that it is presented as capped ie: only up to the extent of the gross loan amount (when collateral value exceeds the loan amount). In instances of collateral values below the gross loan amounts, the fair value of collateral is stated.

The values of collaterals and guarantees received in order to mitigate credit risk exposure inherent in the loans approved to customers as of December 31, 2025 and 2024 are provided in the table below:

	December 31, 2025				
	Mortgages	Guarantees	Deposits	Other	Total
Corporate loans	1,505,715	41,481	119,780	813,819	2,480,796
Loan to entrepreneurs	8,752	779	1,730	45,122	56,383
Total corporate	1,514,467	42,260	121,510	858,941	2,537,179
Cash loans	21,516	-	3,961	275,505	300,982
Credit cards	5	-	1,019	-	1,024
Current account overdrafts	-	-	191	6,708	6,899
Housing loans	606,386	-	884	77,734	685,004
Agricultural loans	1,780	-	3	-	1,783
Other	284	-	48	-	333
Total retail	629,971	-	6,106	359,947	996,024
Total	2,144,438	42,260	127,617	1,218,888	3,533,203

	December 31, 2024				
	Mortgages	Guarantees	Deposits	Other	Total
Corporate loans	1,415,449	62,528	166,190	745,662	2,389,829
Loan to entrepreneurs	13,730	645	2,147	43,021	59,543
Total corporate	1,429,179	63,173	168,337	788,683	2,449,372
Cash loans	6,660	29	2,825	272,052	281,566
Credit cards	-	-	2,388	28	2,416
Current account overdrafts	-	-	-	4,413	4,413
Housing loans	436,269	-	508	64,263	501,040
Agricultural loans	1,587	-	17	7	1,611
Other	43,839	-	227	983	45,049
Total retail	488,355	29	5,965	341,746	836,095
Total	1,917,534	63,202	174,302	1,130,429	3,285,467

Other collaterals include pledge liens assigned over goods, receivables, equipment, shares and precious metals.

The loan to value ratio is calculated as the ratio of the gross carrying amount of the loan to the fair market value of the underlying collateral. This calculation reflects the current market value of the



4. RISK MANAGEMENT (Continued)
4.1. Credit risk (Continued)
Credit risk hedges (Collaterals)

property prior to the application of any regulatory or internal capping).

Breakdown of housing loans per LTV ratio spread

	December 31, 2025	December 31, 2024
<50%	326,444	241,491
51% - 70%	238,457	161,450
71% - 100%	320,752	189,126
100% - 150%	46,664	25,339
>150%	20,786	16,218
Other	18,879	15,784
Total	971,981	649,408
<i>Average LTV ratio</i>	55.41%	56.22%

Assets acquired in lieu of debt collection

Assets representing security instruments (collaterals) acquired by the Group in the process of debt collection are provided in the table below:

	December 31, 2025	December 31, 2024
Business premises (Note 30)	4,362	5,306
Securities	290	-
Equipment (Note 30)	1,965	1,379
Total	6,617	6,685

4.2 Liquidity risk

Liquidity risk management objective is managing assets and liabilities in each subsidiary in a way that enables fulfilment of all obligations at any time in order to eliminate the possibility of negative effects on the financial result and capital taking into consideration the specific business activities, strategic goals and organizational structure of the Group. Liquidity risk measurement is performed through the calculation and monitoring of liquidity ratios which have to meet internally and regulatory defined limits. In order to protect itself against liquidity risk and for its measurement, the Group performs GAP analysis and stress testing.

Liquidity risk is mitigated through diversification, transfer, reduction and/or avoidance of risks that may arise from the Group's liquidity risk exposure. In order to minimize liquidity risk, the Group uses long-term and short-term protection measures against liquidity risk. In addition, the Group analyses the behaviour of depositors and identifies sources of funds that are stable under various circumstances, as well as those that will be gradually drawn with the problems arising and those that will be drawn down as soon as the first problem signals appear. Accordingly, the Group reduces reliance on sources of funds that are unstable or volatile.

The basic method of liquidity measurement involves estimating and comparing all future cash inflows and outflows based on balance sheet and off-balance sheet items at different time intervals, with the aim of identifying potential shortfalls of liquid assets, both in the conditions of regular operations and in the conditions of stress events or liquidity crisis. Within liquidity risk measures, Group monitors regulatory LCR (Liquidity coverage ratio) and NSFR (Net stable funding ratio). LCR and NSFR were within regulatory prescribed limits during 2025 within the Group.

As of 31st of December 2025
Group level

Regulatory limit

Liquidity coverage ratio (LCR)
264.4%
100%



4. RISK MANAGEMENT (Continued)

4.2. Liquidity risk (Continued)

As of 31st of December 2025

Group level
Regulatory limit

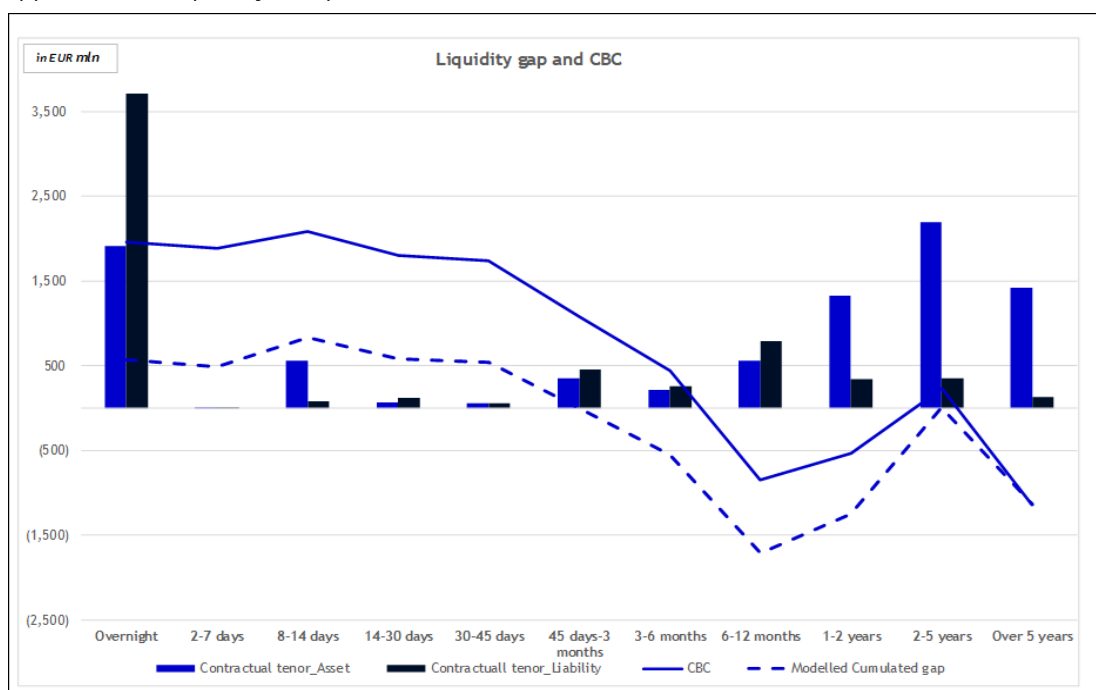
Net Stable Funding Ratio (NSFR)	
	154.7%
	100%

In the process of liquidity risk management, the Group is using Gap analysis. Differences in gaps (modelled and maturity) come from different perspectives, contractual and modelled gap.

Modelled position within the Gap, are the following:

- mandatory reserve, based on modelled deposit outflow
- sight deposits outflow is based on new Monte Carlo simulation for calculation of VaR for the liquidity risk
- term deposits withdrawal based on historical data

The results presented of Group Liquidity Gap as of 31.12.2025 are under unified implemented Group approach, developed by Group ALM (all amounts in mEUR):



The contractual gap shows a negative position in the short-term horizon due to the conservative assumption of immediate outflow of non-maturing deposits. However, the modelled liquidity gap provides a more realistic representation by incorporating behavioural assumptions and features mentioned above. This results improved liquidity profile showing that Cumulative modelled gap turns negative between 2m-3m. Additionally, the Group maintains sufficient counterbalance capacity (CBC) to cover net outflows for up to 6 months, ensuring an adequate survival horizon.

The Group also prepares additional monitoring metrics regulatory reports for liquidity risk on consolidated level a monthly basis which include the required reports listed below:

- Maturity ladder time bucket
- Concentration of funding by counterparty
- Concentration of funding by product type
- Prices for various lengths of funding
- Roll-over of funding
- Concentration of counterbalancing capacity by issuer/counterparty



4. RISK MANAGEMENT (Continued)**4.2. Liquidity risk (Continued)**

In addition to managing liquidity in regular business conditions, the Group also monitors the exposure to liquidity risk in stress circumstances (liquidity crisis). The main objective of liquidity stress test is to create counterbalancing capacity, which consists of liquidity buffer (the most liquid and high-quality assets available immediately to cover stressed situation outflows during one month survival period) and other unencumbered high liquid assets that can be used outright for covering outflows when stress conditions remain in place longer than foreseen by the liquidity buffer survival period.

Liquidity risk in stress situations is monitored and controlled through a liquidity contingency plan. The Liquidity Contingency Plan clearly sets out detailed information on liquidity contingency measures, including an assessment of the potential contingent liquidity that can be generated during times of stress, the time the measures would take to execute and likelihood and prioritization of completion of the measures under stressed conditions. Within the local Framework on Liquidity Contingency Plan, each credit institution subsidiary has to define the measures which would be taken (in addition to the defined obligatory activities) to improve its liquidity situation and to ensure that all financial obligations could be met.

The breakdown of maturity structure of monetary assets and monetary liabilities as of December 31, 2025 and 2024 is provided in the following tables. The monetary items are grouped as per the outstanding maturity. The Group applied a rather conservative assumption on the transaction deposits and demand deposits, which, accordingly, were allocated to the time bucket of up to 1-month maturity.



4. RISK MANAGEMENT (Continued)

4.2. Liquidity risk (Continued)

	December 31, 2025						Total
	Up to 1 month	From 1 - 3 months	From 3 - 6 months	From 6 -12 months	From 1 - 5 years	Over 5 years	
Cash and balances held with the central bank	1,453,796	-	-	-	-	26,927	1,480,723
Pledged financial assets	-	-	-	61	-	11,353	11,414
Receivables under derivative financial instruments	284	15	72	47	989	305	1,713
Securities	207,586	94,701	97,842	82,012	694,886	247,049	1,424,076
Loans and receivables due from banks and other financial institutions	765,792	5,421	5,492	22,228	8,652	8,185	815,770
Loans and receivables due from customers	220,185	309,999	522,689	946,196	2,991,305	1,163,852	6,154,226
Other assets	96,754	3,415	-	-	235	70	100,474
TOTAL ASSETS	2,744,397	413,551	626,094	1,050,545	3,696,067	1,457,742	9,988,396
Liabilities under derivative financial instruments	1,629	-	-	-	-	-	1,629
Deposits and other liabilities due to banks, other financial institutions and the central bank	418,804	64,034	147,459	237,377	46,649	8,562	922,885
Deposits and other liabilities due to customers	3,877,095	850,011	588,612	1,308,557	854,272	36,605	7,515,151
Subordinated liabilities	8,288	143	1	1	131,499	9,958	149,890
Liabilities under securities	30	59	88	2,008	39,153	59,752	101,090
Other liabilities	84,861	9,384	7,999	4,602	28,372	7,913	143,132
TOTAL LIABILITIES	4,390,706	923,631	744,158	1,552,545	1,099,945	122,791	8,833,777
Net liquidity GAP as at December 31, 2025	(1,646,309)	(510,080)	(118,064)	(502,000)	2,596,122	1,334,951	1,154,619
Cumulative liquidity GAP as at December 31, 2025	(1,646,309)	(2,156,389)	(2,274,453)	(2,776,453)	(180,332)	1,154,619	-



4. RISK MANAGEMENT (Continued)

4.2. Liquidity risk (Continued)

	December 31, 2024						
	Up to 1 month	From 1 - 3 months	From 3 - 6 months	From 6 -12 months	From 1 - 5 years	Over 5 years	Total
Cash and cash funds held with the central bank	1,135,505	59,207	36,256	29,278	70,860	116,774	1,447,880
Receivables under derivatives	70	10	-	-	40	2,130	2,250
Securities	100,910	15,410	20,594	149,053	454,072	160,375	900,414
Loans and receivables due from banks and other financial institutions	879,555	39,022	82,801	5,571	4,890	54,283	1,066,122
Loans and receivables due from customers	250,742	369,626	465,030	736,773	2,379,527	954,594	5,156,292
Other assets	37,255	2,498	-	-	67	40,851	80,671
TOTAL ASSETS	2,404,037	485,773	604,681	920,675	2,909,456	1,329,007	8,653,629
Liabilities under derivative financial instruments	293	170	-	-	-	2,079	2,542
Deposits and other liabilities due to banks, other financial institutions and the central bank	92,160	85,206	123,937	183,623	268,376	71,398	824,700
Deposits and other liabilities due to customers	3,517,993	598,326	462,516	1,179,299	809,708	7,728	6,575,570
Liabilities under securities	-	-	-	-	101,166	-	101,166
Other liabilities	74,039	10,382	5,305	3,393	9,843	2,831	105,793
TOTAL LIABILITIES	3,684,485	694,084	591,758	1,366,315	1,189,093	84,036	7,609,771
Net liquidity GAP as at December 31, 2024	(1,280,448)	(208,311)	12,923	(445,640)	1,720,363	1,244,971	1,043,858
Cumulative liquidity GAP as at December 31, 2024	(1,280,448)	(1,488,759)	(1,475,836)	(1,921,476)	(201,113)	1,043,858	-

4. RISK MANAGEMENT (Continued)
4.3. Market risk

Market risk represents the possibility of occurrence of negative effects on the financial result and equity due to changes in values of balance sheet and off-balance sheet items due to the movements in market prices. Market risks include foreign exchange risks for all banking operations, position risk per items in the trading book and commodity risk. In the broader sense, market risk also includes the risk of changes in interest rates within the banking book.

The objective of market risk management entails maintenance of the level of exposure to the aforesaid risks acceptable to the institution and simultaneous maximizing of the financial performance through establishing market positions in respect of the existing and new products. For adequate market risk management, the Group has established an organizational structure suitable to the volume, type and complexity of its operations, and ensured the separation of functions assuming the risk from those in charge of support and control.

During 2025 the Group was exposed to the foreign exchange risk and general and specific position risk in equity instruments and interest rates swaps, held in the trading book and treated under the standardized approach.

4.3.1. Foreign exchange risk

Foreign exchange risk represents the possibility of negative impact on the Group's financial result and equity arising from the fluctuations in exchange rates. All items denominated in a foreign currency as well as items in reporting currency that different from reporting currency, including reporting currency items indexed to foreign currency clause, are exposed to the foreign exchange risk.

The process of foreign exchange risk management entails identifying, measuring, minimizing, monitoring, control and foreign exchange risk reporting. The Group identifies its exposure to the foreign exchange risk by means of open positions in certain currencies and for all currencies it operates within the aggregate. Each credit institution within the Group monitors and manages foreign exchange (FX) risk on a daily basis by calculating its foreign currency positions across all currencies. This includes not only direct foreign currency exposures but also positions denominated in local currency that are indexed to foreign currencies (e.g., RSD-denominated positions in the Serbian subsidiary that include a foreign currency clause).

The Group also calculates total net FX position in order to monitor and control FX risk exposure of the whole Group which cannot exceed internal limit defined in Risk Appetite Statement (RAS). Limits per each currency on credit institution subsidiary level are defined in Group Policy on Market Risk Management and they are monitored on a daily basis. The Group has no positions in gold.

The Group calculates minimum capital requirement for FX risk as a sum of individual capital requirements for this risk of all members if sum of total net open FX position exceeds 2% of Group's own funds.

FX risk ratios as of 31.12.2025 and 31.12.2024 are presented in the table below:

	2025	2024
As of December, 31 st	1.81%	2.22%
Internal limit	<10%	<15%

The Group performs regular stress testing of foreign exchange risk in order to estimate the impact of extraordinary circumstances and stress events on the financial result, equity and foreign exchange risk ratio.



4. RISK MANAGEMENT (Continued)
4.3. Market risk (Continued)
4.3.1. Foreign exchange risk (Continued)

The table below illustrates the Group's foreign exchange risk exposure per currency as of December 31, 2025:

	December 31, 2025					
	RSD	EUR	USD	CHF	Other currencies	Total
Cash and cash funds held with the central bank	501,275	962,718	7,191	7,763	1,776	1,480,723
Pledged financial assets		11,414				11,414
Receivables under derivatives	124	1,589	-	-	-	1,713
Securities	538,582	869,243	15,537	-	714	1,424,076
Loans and receivables due from banks and other financial institutions	326,164	402,538	63,654	15,566	7,851	815,770
Loans and receivables due from customers	1,396,689	4,754,457		3,080	-	6,154,226
Other assets	25,717	71,025	2,695	1	47	99,485
TOTAL ASSETS	2,788,551	7,072,984	89,077	26,410	10,388	9,987,410
Liabilities under derivatives	16	1,613				1,629
Deposits and other liabilities due to banks, other financial institutions and the central bank	447,307	466,627	105	8,837	9	922,885
Deposits and other liabilities due to customers	1,552,799	5,763,953	84,969	104,353	9,077	7,515,151
Subordinated liabilities		149,890				149,890
Liabilities under securities		101,090				101,090
Provisions	13,317	8,613	-	-		21,930
Other liabilities	33,770	82,287	3,853	4	315	120,229
TOTAL LIABILITIES	2,047,209	6,574,073	88,927	113,194	9,401	8,832,804



4. RISK MANAGEMENT (Continued)
4.3. Market risk (Continued)
4.3.1. Foreign exchange risk (Continued)

The table below illustrates the Group's foreign exchange risk exposure per currency as at December 31, 2024:

	December 31, 2024					
	RSD	EUR	USD	CHF	Other currencies	Total
Cash and cash funds held with the central bank	658,469	777,273	5,029	4,177	2931	1,447,880
Receivables under derivatives	80	2,170	-	-	-	2,250
Securities	458,828	440,518	881	-	186	900,414
Loans and receivables due from banks and other financial institutions	506,933	461,643	37,805	13,217	46,524	1,066,122
Loans and receivables due from customers	1,240,699	3,910,699	3,915	979	-	5,156,292
Other assets	22,389	58,258	23	1	-	80,671
TOTAL ASSETS	2,887,398	5,650,561	47,653	18,374	49,641	8,653,629
Liabilities under derivatives		2,542				2,542
Deposits and other liabilities due to banks, other financial institutions and the central bank	289,833	527,683	2,617	4,553	14	824,700
Deposits and other liabilities due to customers	1,807,372	4,561,905	83,344	69,837	53,113	6,575,570
Liabilities under securities		101,166				101,166
Provisions	16,667	5,684		-	7	22,358
Other liabilities	51,316	53,213	997	63	204	105,793
TOTAL LIABILITIES	2,165,188	5,252,193	86,958	74,453	53,338	7,632,130



4. RISK MANAGEMENT (Continued)

4.3. Market risk (Continued)

4.3.2. Interest rate risk

Interest rate risk represents the probability of negative effects on the Group's financial result and equity through items of the banking general ledger due to adverse interest rate fluctuations. Movements in interest rates directly affect the generation of interest income due to mismatching between the aggregate interest-bearing assets and interest-bearing liabilities or fixed prices of interest-bearing instruments.

Interest rate risk management involves a trade-off between maximizing the economic value of the interest rate position, optimizing yield / risk ratio and realizing the desired earnings. Generally, there are two approaches in analyzing Interest Rate Risk:

- Earnings perspective (or income effect) with main focus on the impact of interest rate changes on near-term earnings, and thus this approach is rather short term, typically up to 1 year.
- The net present value perspective (or economic value perspective) is designated to capture the potential impact of interest rate changes on the net present value of all future cash flows of the bank.

The process of interest rate risk management consists of identification, measurement, minimizing, monitoring, control and interest rate risk reporting. The interest rate risk arising from the banking book activities is monitored by computing the interest rate gaps and calculating the impact of changes in market interest rates on Economic value of equity (EVE) and Net interest income (NII). The Group identifies, measures and manages interest rate risk on a quarterly basis per all significant currencies in the banking book.

Interest rate risk management is based on the system of interest rate risk limits on Group level and its members. As of December 31, 2025, the Group complied with the regulatory and internal EVE and NII prescribed limits.

	Regulatory thresholds	December 31, 2025
EVE ratio under worst scenario	<15% of Tier 1	-7.68%
NII under worst scenario	<5% of Tier 1	-0.88%

Interest rate risk exposure is considered based on the report on interest rate GAP in monetary assets and liabilities. Exposure towards interest rate risk in banking book is at an acceptable level and within defined limits. Interest rate GAP is provided in the following tables:



4. RISK MANAGEMENT (Continued)

4.3. Market risk (Continued)

4.3.2. Interest rate risk (Continued)

	December 31, 2025								
	Up to 1 Month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest- bearing	Non- interest bearing	Total
Cash and cash funds held with the central bank	1,032,074	-	-	-	-	24,903	1,056,977	423,746	1,480,723
Pledged financial assets	-	-	-	61	-	11,353	11,414	-	11,414
Receivables under derivatives	-	-	-	-	-	-	-	1,713	1,713
Securities	238,929	85,628	97,563	79,652	503,123	371,733	1,376,628	47,448	1,424,076
Loans and receivables due from banks and other financial institutions	757,808	2,812	8,818	20,666	14,839	1,452	806,395	9,378	815,773
Loans and receivables due from customers	1,410,984	1,980,540	669,147	359,931	1,180,211	483,899	6,084,712	69,514	6,154,226
Other assets	4,769	-	-	-	-	2,024	6,793	92,692	99,485
TOTAL ASSETS	3,444,564	2,068,980	775,528	460,310	1,698,173	895,364	9,342,919	644,490	9,987,410
Liabilities under derivatives	-	-	-	-	-	-	-	1,629	1,629
Deposits and other liabilities due to banks, other financial institutions and the central bank	142,248	153,834	353,275	204,832	43,979	18,214	916,382	6,503	922,885
Deposits and other liabilities due to customers	4,058,321	978,209	526,172	1,183,579	642,183	16,130	7,404,594	110,557	7,515,151
Subordinated liabilities	8,288	6,642	-	-	124,993	9,958	149,881	9	149,890
Liabilities under securities	-	-	-	-	100,000	-	100,000	1,090	101,090
Provisions	-	-	-	-	-	-	-	21,930	21,930
Other liabilities	-	-	3,878	-	986	331	5,195	115,034	120,229
TOTAL LIABILITIES	4,208,857	1,138,685	883,325	1,388,411	912,141	44,633	8,576,052	256,752	8,832,804
Net interest rate GAP as at December 31, 2025	(764,293)	930,295	(107,797)	(928,101)	786,032	850,731	766,868	387,738	1,154,606
Cumulative interest rate GAP as at December 31, 2025	(764,293)	166,002	58,205	(869,895)	(83,863)	766,868			

4. RISK MANAGEMENT (Continued)

4.3. Market risk (Continued)

4.3.2. Interest rate risk (Continued)

	December 31, 2024								
	Up to 1 Month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest- bearing	Non- interest bearing	Total
Cash and cash funds held with the central bank	1,230,350	-	-	-	-	-	1,230,350	217,530	1,447,880
Receivables under derivatives	2,170	-	-	-	-	-	2,170	80	2,250
Securities	54,678	8,440	18,854	137,741	452,183	188,334	860,230	40,184	900,414
Loans and receivables due from banks and other financial institutions	819,925	78,757	77,944	4,276	2,101	49,990	1,032,993	33,129	1,066,122
Loans and receivables due from customers	926,195	1,745,074	295,185	500,834	1,237,387	422,265	5,126,940	29,352	5,156,292
Other assets	-	-	-	-	-	-	-	80,671	80,671
TOTAL ASSETS	3,033,318	1,832,271	391,983	642,851	1,691,671	660,589	8,252,683	400,944	8,653,627
Liabilities under derivatives	-	-	-	-	-	-	-	2,542	2,542
Deposits and other liabilities due to banks, other financial institutions and the central bank	206,982	178,360	129,286	125,113	91,099	69,452	800,292	24,408	824,700
Deposits and other liabilities due to customers	3,387,152	764,649	456,461	1,164,094	656,061	111,402	6,539,819	35,751	6,575,570
Liabilities under securities	-	-	-	-	102,176	-	102,176	(1,010)	101,166
Other liabilities	-	-	-	-	1,214	-	1,214	104,579	105,793
TOTAL LIABILITIES	3,594,134	943,009	585,747	1,289,207	850,550	180,854	7,443,501	166,270	7,609,771
Net interest rate GAP as at December 31, 2024	(560,816)	889,262	(193,764)	(646,356)	841,121	479,735	809,182	234,676	1,043,858
Cumulative interest rate GAP as at December 31, 2024	(560,816)	328,446	134,682	(511,674)	329,447	809,182			

4. RISK MANAGEMENT (Continued)
4.3. Market risk (Continued)
4.3.2. Interest rate risk (Continued)

The Group is using gap analysis to measure interest rate risk, according to the EBA/GL/2022/14, EBA/RTS/2022/10 and EBA/RTS/2022/09. Gap analysis allocates all relevant interest rate-sensitive assets and liabilities to a certain number of predefined time buckets according to their next contractual reset date. The analysis also allocates equity, non-maturing deposits, prepaying loans or other instruments with future cash flows subject to customer behaviours, according to general/behavioural assumptions regarding their maturity or reset date, to time buckets. It then measures the arithmetic difference (the gap) between the amounts of assets and liabilities in each time bucket, in absolute terms. For certain interest rate sensitive items, the contractual maturity is undetermined, therefore the Group classifies them into interest rate gaps according to the historical data and the characteristics of the markets in which credit institution operates. Sight deposits are classified in accordance with the Group rules for modelling of sight deposits, which defines a methodology for assigning of non-maturity deposits into time buckets, distinguishing between stable and unstable deposits and between core and non-core deposits. Embedded options have been implemented into IRR Gap report, meaning that early prepayment rate has been applied at loans with fixed interest rate while at term deposits have been applied early repayment rate.

One of the elements of interest rate risk management entails considering interest rate risk exposure in stress circumstances. The Group performs stress tests in order to identify and measure interest rate risk in extraordinary circumstances, by analysing possible impact on the financial result and equity. Stress tests consist of several different interest rate shock scenarios for measuring net interest income and economic value of equity on consolidated level, considering different shock sizes for significant currencies EUR and RSD.

4.3.3. Credit Spread Risk in Banking Book

Credit spread risk in banking book (CSRBB) is defined as a risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk. CSRBB captures the risk of an instrument's changing spread while assuming the same level of creditworthiness, i.e. how the credit spread is moving within a certain rating/PD range.

CSRBB captures a combination of two elements:

- The changes of the "market credit spread" or "market price of credit risk" (distinct from the idiosyncratic credit spread) representing the credit risk premium required by market participants for a given credit quality; and
- The changes of the "market liquidity spread" representing the liquidity premium that sparks market appetite for investments and presence of willing buyers and sellers.

CSRBB is calculated an internal measurement model based on the VaR approach, within the Group. VaR is estimated to use historical simulation method where empirical normal-to-anything copulas (NORTA) are used to drive the underlying simulation process. Generated yield movements are translated to VaR using linear duration-based basis-point-value estimates. The 99.9th percentile Value at Risk (VaR) is applied to all bonds in the Group's bond portfolio, under the assumption that the overall size of the portfolio remains constant. Primary source of input market data is Bloomberg, complemented by Refinitiv in cases of data unavailability.

The model's result is then compared to own funds to calculate the RAS indicator, EVE sensitivity to credit spread shocks. This metric is expressed relative to own funds. As of 31.12.2025, the RAS indicator is within the established RAS limit, as shown in the table below

	Internal limit	December 31, 2025
EVE Sensitivity to Credit Spread Shocks	<7% of Own Funds	3.96%

4. RISK MANAGEMENT (Continued)


4.3. Market risk (Continued)

4.3.4. Equity Position Risk

Position risk is the risk of adverse effects on the financial result and the Group's capital due to the change in the value of the portfolio of financial instruments (debt and equity securities) in the trading book and includes general and specific position risk. The Group is exposed to general and specific position risk in equity instruments and interest rates swaps, held in the trading book and treated under the standardized approach.

Trading book portfolio consists of equities with a total market value of EUR 8.85 million as of December 31, 2025. These equities consist of 6.19 mEUR held in the AikBank portfolio and a smaller portion of 2.66 mEUR from the M&V portfolio, diversified across several countries, primarily within the EU market. In addition, it includes interest rate swaps, which are reported in the regulatory COREP report (C18.00 – Market Risk: Standardized approach for position risks in traded debt instruments). Throughout the year, the trading book remained within the Group's internally defined limits.

Regular stress testing of positions arising from trading book is performed within the Group, in order to estimate the impact of extraordinary circumstances and stress events on the financial result and equity.

4.4. Operational risk

Operational risk represents the possibility of negative effects on the Group's financial result and equity due to employee errors (intentional or accidental), inadequate procedures and processes in the Group, inadequate management of information and other systems in the Group, as well as the occurrence of unforeseen external events. Apart from Operational Risk in general, there are also the following subtypes: legal risk, data quality risk, conduct risk, information and communication technology (ICT) and security risk, ICT Third party risk, model risk and outsourcing risk.

Operational risks are identified for all significant products, service outsourcing, processes, systems, and external factors. Operational risk identification throughout the Group is performed through a combination of mapping operational risks, performance of risk and control self-assessment as well as collection of information on the events deemed to constitute operational risks.

The Group monitors operational risk events per following business lines: corporate finance, trading and sales, retail brokerage, commercial banking, retail banking, payment and settlement, agency services, asset management and corporate items.

The Group classifies identified events into predefined categories of events giving rise to losses: internal fraud, external fraud, employment practices and workplace safety, clients, products & business practices, damages to physical assets, business disruption and system failures and execution, delivery and process management in the Group.

The Group performs both quantitative and qualitative measurement of its operational risk exposure. The measurement includes risk assessment, risk indicators monitoring, calculations within internal capital adequacy assessment process and collection of information and data on operational risk events.

The Group measures/assesses operational risk exposure considering possibility (frequency) of such risk occurrence, as well as its potential effects on the Group's financial result, with particular focus on the events assessed as almost unlikely to occur but assumed or known to be able to cause huge material losses should they occur after all. Upon measurement and assessment of operational risk, the Group particularly estimates whether it is or may be exposed to this type of risk regarding introduction of new products, activities, processes and systems and whether and how its outsourced activities (if any) may affect the operational risk level.

Control, monitoring and reporting on the identified and assessed sources of risk, as well as undertaking measures to alleviate possible adverse effects of these risks are an integral part of the operational risk management process.

Considering its size, organization and scale of operations, the Group uses the Business Indicator Component to calculate the capital requirement for operational risk (in line with applicable EBA Capital Requirements Regulation). Capital requirement is equal to BIC, which is calculated as $BIC = 12\% * BI$ (BI is business Indicator, represents measure of the institution business size, and is calculated as sum of 3 components: the interest, leases and dividend component (ILDC), the services component (SC), and the



4. RISK MANAGEMENT (Continued)

4.4. Operational risk (Continued)

financial component (FC) over the last three financial years. On 31st December 2025, capital requirements for operational risk amounted to 44,144 thousand EUR.

4.5. Investment risks

The Group's investment risk arises from its investments in undertakings that are not part of the financial sector.

Qualifying holdings exceeding 15% of the institution's eligible capital in a single undertaking, as well as the aggregate amount of qualifying holdings (excluding those exceeding the 15% threshold) that exceed 60% of eligible capital, are subject to the following treatment:

- For the purpose of calculating capital requirements, the Group applies a risk weight of 1,250% to the higher of:
 - the amount of qualifying holdings exceeding 15% of eligible capital; or
 - the total amount of qualifying holdings (excluding those exceeding 15%) that exceeds 60% of eligible capital.
- Alternatively, instead of applying the 1,250% risk weight, the Group may deduct the respective amounts from Common Equity Tier 1 capital.

The Group's exposure to investment risk remained within the above mentioned prescribed regulatory limits throughout 2025

The Group's investment risks include risks of the Group's investments in an undertaking which is not a financial sector entity

. A qualifying holding, the amount of which exceeds 15 % of the eligible capital of the institution, in an undertaking which is not a financial sector entity, and total amount of the qualifying holdings in undertakings, other than those which exceed 15% of eligible capital of the institution, that exceeds 60 % of its eligible capital, are subject to following provisions:

- for the purpose of calculating the capital requirement, Group will apply a risk weight of 1 250 % to the greater of the following:
 - amount of qualifying holdings in excess of 15 % of eligible capital,
 - total amount of qualifying holdings (other than those which exceed 15% of eligible capital) that exceed 60 % of the eligible capital of the institution,
- As an alternative to applying a 1 250 % risk weight to the amounts in excess of above limits, Group may deduct those amounts from Common Equity Tier 1 items.

The Group's exposure to the investment risk was within the prescribed limits throughout 2025.

4.6. Concentration risk

Concentration risk is the risk that directly or indirectly arises from the Group's exposure to the same or similar source of risk, or the same or similar type of risk. Concentration risk monitoring is carried out at the level of individual receivables, i.e. debtors, as well as at the level of a group of related parties (connected clients) and/or at the level of the industry sectors and geographical structure (country risk).

Concentration risk monitoring and control is performed at the level of each subsidiary and on Group level by setting limits and monitoring compliance with regulatory and internally prescribed limits.

Key risk indicators regarding concentration risk are included in Group Risk Appetite Statement. As of December 31, 2025 the Group's concentration risk indicators values were within the prescribed limits.

4.7. Country risk

Country risk relates to:

- the risk of the country of origin of the entity with which the Group has entered or is to enter into the business relationship; and
- risk of negative effects on the Group's financial result and equity due to inability to collect receivables from abroad and is caused by political, economic and social conditions in the borrower's country of origin.

Country risk is measured by determining the amount of the claim from the person to whom it is exposed, and whose country of origin is not the country of residence of the subsidiary, and by monitoring the utilization of the limit for each individual country.



4. RISK MANAGEMENT (Continued)

4.7. Country risk (Continued)

The framework for country risk limits works as follows: subsidiaries submit their needs across all market sectors, and these are then combined at the Group level and assessed using an internal methodology based on external ECAI country credit ratings. If the ratings differ, the analysis also considers the outlook, and the second-worst credit quality step is applied.

Any exceptions to this methodology can only be made in rare cases and must be approved by the Board of Directors. Country risk limits are approved by the relevant bodies, depending on internally defined thresholds.

If unexpected negative events occur, such as a downgrade in a country's credit rating, the approved limits may be reduced until a new approval process is completed. In such cases, the Group ALM Unit informs subsidiaries that the limit for a specific country has been lowered or temporarily frozen.

The Group ALM Unit and GSRMF/MLRCU continuously monitor country exposures and limits. If a limit is exceeded, the appropriate escalation procedures are followed.

As of December 31, 2025 there were no any breaches within the Group, when it comes to country risk limits.

Group's exposure to the country's risk was within the prescribed limits.

4.8. Environmental, Social and Governance (ESG) risk

The Group is committed to the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement as a global plan for the transition to a low-carbon economy and achieving Net-zero target. According to the ECB, climate change and environmental degradation are sources of structural change that affect economic activity and, in turn, the financial system i.e., Bank's business.

Group ESG & Sustainability Management focuses on the integration of ESG factors in Risk Managements through its governance and risk framework. Group RAS includes KRIs for Environmental and Climate related risk.

Climate-related and environmental risks are commonly understood to comprise two main risk drivers

- Physical risk refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore categorized as "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains.

- Transition risk refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

Physical and transition risks are drivers of existing risk, in particular credit risk, operational risk, market risk and liquidity risk, as well as non-Pillar 1 risks such as model risk, IRRBB risk, business (including profitability) risk, strategic risk, compliance/AML risk etc.

The Group identifies climate related and environmental risks ("E" component) as material risks that can have effects on the Group's result and capital via transmission channels, on traditional types of risks.

Materiality assessment

Materiality assessment comprehensively includes ESG risks in Group assessment of materiality, for all business areas in the short, medium and long term under various scenarios.

The first step in the process of materiality assessment is the identification of risk drivers. The Group considers the wide spectrum of risk drivers stemming from climate change and environmental degradation, considering where possible their distinctive characteristics, such as their forward-looking nature.

In the process of the assessment of the physical risk drivers the Group considers all available data and publications from the relevant and credible institutions (e.g. institutions stated as third-party data provider). Materiality assessment consists of several different phases including:



4. RISK MANAGEMENT (Continued)
4.8. Environmental, Social and Governance (ESG) risk (Continued)
Materiality assessment (Continued)

1. Identification of risk drivers and transmission channels,
2. Gathering of the expert assessments,
3. Preparation of the portfolio analysis,
4. Implementation of the qualitative and quantitative methods of analysis, and
5. Interpretation of the results and conclusion on the materiality assessment.

To perform comprehensive materiality assessment and minimize the possibility of the occurrence of “pockets of risks”, the Group has performed a multi-layer materiality assessment analysis. Several dimensions of the materiality assessment are considered:

1. Risk type,
2. Geography of exposure, and
3. Entity subject to prudential consolidation.

The materiality assessment report is prepared in line with regulatory requirements and recommendations. Regulatory requirements and recommendations are provided and disclosed in several different risk management frameworks. Significant ones which are applicable to the Group’s business are:

- Capital requirements regulation (hereinafter: CRR) & Capital requirements directive (hereinafter: CRD)
- ECB Guide on climate-related and environmental risks;
- Final guidelines on the management of ESG risks;
- TCFD – Task force on climate related financial disclosures;
- Other relevant regulations

The materiality assessment is performed for all Group’s entities. The materiality assessment is concentrated on the geographies of each individual bank subsidiary (GB – Slovenia and AikBank Serbia. HB- Montenegro) as well as geographies where Group has material exposure (e.g. Croatia, Switzerland, Montenegro etc.).

For the purpose of climate risk assessment, an industry is classified as high-risk (material) if it meets at least one of the following quantitative criteria:

Individual Threshold Criterion

The industry accounts for 15% or more of total national greenhouse gas (GHG) emissions in the reference year

Cumulative Contribution Criterion

The industry belongs to the group of top-emitting industries which, when ranked by their share of national GHG emissions in descending order, collectively account for at least 70% of total national emissions.

This dual-threshold approach ensures that both individually dominant sectors and structurally significant emission clusters are captured within the materiality assessment framework.

Based on the above-defined materiality criteria, the sectoral high-risk classification results by country are as follows:

The sectoral emission structure in Serbia shows a strong concentration in:

- NACE C – Manufacturing (17%)
- NACE D – Electricity, gas, steam and air conditioning supply (60%)

In Slovenia, emissions are more diversified but remain materially concentrated in:

- NACE C – Manufacturing (17%)
- NACE D – Electricity, gas, steam and air conditioning supply (25%)
- NACE H – Transportation and storage (36%)

In Montenegro, emissions are highly concentrated, primarily driven by:

- NACE D – Electricity, gas, steam and air conditioning supply (44%)
- NACE H – Transportation and storage (26%)

The following data is sourced from PCAF calculation of financed emission on the AikGroup level and provides a detailed representation of financed emissions (Scope 1,2,3) based on NACE codes. It highlights industries with the highest greenhouse gas (GHG) emissions in the Group, offering insights into sector-specific contributions to overall emissions and enabling better analysis of environmental impact.



4. RISK MANAGEMENT (Continued)
4.8. Environmental, Social and Governance (ESG) risk (Continued)
Materiality assessment (Continued)

For Serbia, the industries with the highest exposure to CO₂ emissions (PCAF Financed emissions) are:

- B (Mining and Quarrying) – due to the extraction and processing of fossil fuels and minerals.
- C (Manufacturing) – particularly in energy-intensive sectors such as metal production, chemicals, and cement manufacturing.
- D (Electricity, Gas, Steam, and Air Conditioning Supply) – primarily driven by fossil fuel-based energy production.
- G (Wholesale and retail trade; repair of motor vehicles and motorcycles) – due to high exposure to this industry

Serbia (AIK Bank)					
NACE_Rev_2	Total	Financed	Financed	Financed	On
	Financed	emissions	emissions	emissions	balance
	Scope 1, 2, 3	Scope 1	Scope 2	Scope 3	Exposure
	(t CO2)	(t CO2)	(t CO2)	(t CO2)	(mEUR)
C-Manufacturing	613,661	123,471	48,358	441,832	496.8
D-Electricity, gas, steam and air conditioning supply	606,217	308,235	12,048	285,934	198.4
B -Mining and quarrying	298,957	38,170	8,298	252,489	117.4
G-Wholesale and retail trade	239,928	26,008	25,611	188,309	570.9
A-Agriculture, forestry and fishing	97,446	8,267	332	88,847	126.7
F-Construction	42,948	2,590	1,317	39,041	270.6
H-Transportation and storage	9,917	4,882	1,599	3,436	200.9

For Slovenia, the industries with the highest CO₂ exposure are:

- C (Manufacturing) – with significant emissions from industrial processes and energy use.
- G (Wholesale and retail trade; repair of motor vehicles and motorcycles), as industry with an increasing exposure
- E (Water Supply; Sewerage, Waste Management and Remediation Activities), due to the Group's exposure to clients operating in this sector and its relevance from an environmental perspective
- F (Construction), due to the large number of clients operating in this sector and the relatively high exposure of the Group's credit portfolio to construction-related activities.

Slovenia (Gorenjska Bank)					
NACE_Rev_21	Total	Financed	Financed	Financed	On
	Financed	emissions	emissions	emissions	balance
	Scope 1, 2, 3	Scope 1	Scope 2	Scope 3	Exposure
	(t CO2)	(t CO2)	(t CO2)	(t CO2)	(mEUR)
C-Manufacturing	261,077	79,213	5,876	175,987	284.8
G-Wholesale and retail trade	58,289	9,599	1,993	46,697	198.0
E -Water supply; sewerage, waste management and remediation activities	36,987	5,274	193	31,520	13.8
F-Construction	35,468	4,287	45	31,137	98.0
B -Mining and quarrying	32,195	2,153	205	29,837	5.7
A-Agriculture, forestry and fishing	14,763	1,281	18	13,463	3.8
N-Professional, scientific and technical activities	11,012	2,246	21	8,746	85.4
M-Real estate activities	10,640	1,272	232	9,136	183.2

For Montenegro, the industries with highest CO₂ exposures are:

- C (Manufacturing) – with significant emissions from industrial processes and energy use.
- D (Electricity, Gas, Steam, and Air Conditioning Supply) – reflecting the impact of energy production and distribution on carbon emissions
- G (Wholesale and retail trade; repair of motor vehicles and motorcycles) - reflecting significant financed emissions driven by extensive supply chains, energy consumption in retail and logistics operations, transportation and distribution activities, as well as indirect emissions embedded in traded goods.



4. RISK MANAGEMENT (Continued)
4.8. Environmental, Social and Governance (ESG) risk (Continued)
Materiality assessment (Continued)

Montenegro (Hipotekarna Bank)					
NACE_Rev_2	Total Financed emissions Scope 1, 2, 3 (t CO2)	Financed emissions Scope 1 (t CO2)	Financed emissions Scope 2 (t CO2)	Financed emissions Scope 3 (t CO2)	On balance Exposure (mEUR)
G-Wholesale and retail trade	56,791	9,723	6,463	40,605	60.2
D-Electricity, gas, steam and air conditioning supply	39,371	11,499	534	27,338	32.7
C-Manufacturing	39,269	3,000	601	35,667	25.2
F-Construction	30,317	1,111	887	28,319	24.8
B -Mining and quarrying	29,243	1,897	233	27,112	6.8
I-Accommodation and food service activities	24,580	912	727	22,941	30.7
H-Transportation and storage	8,908	2,750	523	5,635	11.1

The scope of Due diligence process depends on the outcome of the ESG materiality assessment, which identifies high-risk sectors and activities from an environmental and transition risk perspective. These high-risk sectors are consistently reflected in the **Group's Lending Policy**, also consisting of exclusion criteria and restrictions on financing for certain activities

Transmission channels are examined and assessed per each type of risk, split by climate transition risk, climate physical risk and environmental risk. Quantitative methods of analysis include conducting stress tests according to the internally defined methodology that relies on the authoritative sources (ECB stress test scenarios, NGFS etc.).

After all steps of the materiality assessment process are performed, a Heat map which identifies the sectors most exposed to C&E risks is created. The result of risk materiality assessment process is a Risk Materiality Assessment report that contains list of all identified risk types with assigned responsible unit and way of consideration under ICAAP/LAAP, a materiality assessment of each identified risk with details related to risk assessment criteria i.e., indicators that is used for materiality assessment, indicators values on reference date, defined thresholds, and assessments whether the risk is material or not. Material impact of ESG risks for the E component is recorded for credit default risk and in terms of capital adequacy for specific key risk indicators.

The Social (S) component is derived from Moody's S-score table and incorporated into the final sector-specific ESG score with a 5% weighting for each industry. To assess the impact of this component, an analysis was conducted to determine the implications of its exclusion from the final score across all industry segments.

For the first time this year, we have included new component – analysis of the labour-intensive industries, i.e. sectors where production relies primarily on human labour rather than capital or automation. The Group has assessed its exposure to labour-intensive industries where production could potentially be relocated to lower-cost jurisdictions, which could lead to job losses and negative social impacts. The analysis focused on sectors with a high share of manual labour, such as textiles, apparel, construction, and certain segments of manufacturing. The Group's exposure to companies operating in these sectors was assessed and represents only a limited share of the overall corporate portfolio. Given the relatively low concentration and the diversified structure of the portfolio, the potential impact on employment and social stability is considered limited. Therefore, this risk driver is assessed as immaterial.

Based on all findings, it is concluded that AikGroup has incorporated Social (S) components into the overall ESG score for all corporate clients. The Group has also conducted a rating adjustment process and analyzed the portfolio distribution by ESG scores, aligning with the methodology previously shared with the ECB as part of additional ESG reporting.

4. RISK MANAGEMENT (Continued)


4.8. Environmental, Social and Governance (ESG) risk (Continued)
The C&E KRIs inclusion in the RAS

Integration of C&E risks into internal acts, the Risk Appetite for the short, medium, and long term by using (stress) scenario analyses and incorporate the C&E risks into the Risk Inventory and Risk Appetite Framework (RAF):

- Review of the existing Materiality Assessment and Portfolio Screening to identify any new factors which may affect the Group
- Identification of Physical Risk
- Identification of Transition Risk

In the process of deciding on the final KRI materiality score, the scoring scale calibration rules are complemented with other criteria. A non-exhaustive list is presented below:

- Nature of the KPI/KRI;
- Plans to which Group is already committed;
- Ability to mitigate C&E risks impacts; and
- Rationale behind internal limit thresholds.

If the final materiality score is marked as medium-high or high, the impact of C&E risks on the Group operations and financial risks is considered to be significant (material) and follow-up actions should be initiated. Setting interim targets for mid-term C&E risk indicators is crucial for effectively steering the Group towards its long-term sustainability objectives and effectively steering climate change efforts. S and G components were not found material.

The initial set of KRIs as stated below are adopted as a result of the performed Materiality assessment in accordance with the Group Methodology on materiality assessment for ESG risk.

- **The Green financing ratio**
In the set of KPIs for banks is internally set ratio according to the internal definition aligned with Green Loan Principles (GLP) published by Loan Market Association (LMA). It represents the proportion of a portfolio that's directed towards environmentally sustainable or green projects. Green finance ratio provides a clear, quantifiable metric that the Group can report to stakeholders. Transparent reporting can build trust and might become a requirement as ESG (Environmental, Social, and Governance) criteria become standardized in financial reporting.
- **Exposure to electricity, gas, steam, and air conditioning supply (NACE code 35)-**
this KRI is relevant in the context of managing climate change and environmental risks. The production and consumption of energy, particularly from non-renewable sources, is one of the largest contributors to greenhouse gas (GHG) emissions worldwide. By understanding the exposure to these specific energy sectors, stakeholders can better grasp the potential carbon footprint and environmental impacts.
- **Exposure toward sectors with the highest CO2 emission:**
By quantifying exposure to high-emission sectors, this ratio provides a direct metric for assessing the carbon intensity of an entity's operations or investments. It allows for more targeted and effective risk management strategies in reduction and mitigate GHG emissions of managing portfolio.
- **Changes in financed CO2 emissions over time at the level of asset classes, NACE code exposures and individual clients** - introduction of financed GHG emission KRIs in Group's (subsidiaries') monitoring systems is a response to the growing recognition of the financial sector's role in addressing climate change. This move aligns with broader global efforts to transition to a low carbon economy and manage climate-related risk. These KRIs are based on the yearly comparison of financed GHG emission at the different levels of aggregation: asset class (as per PCAF methodology), NACE code or client level.

In addition to the RAS, in 2024 the Group introduced new operational-level key performance indicators (KPIs) that are regularly monitored and are crucial for monitoring performance in key areas such as data collection and C&E review portfolio coverage. Starting from January 2026, the Group has introduced new KPIs under monitoring, currently without limit but in line with expectations provided in EBA Guidelines on Management of ESG Risks.

4. RISK MANAGEMENT (Continued)


4.8. Environmental, Social and Governance (ESG) risk (Continued)
The C&E KRIs inclusion in the RAS (continued)

Following table discloses current interim targets for mid-term C&E KRIs/KPIs on consolidated level:

<i>Environmental and Climate Risk KPIs</i>	Target - End of 2025	Target - End of 2026	Interim target - End of 2027	Mid-term target value 2028	Value on 31.12.2025.
Green financing (share in portfolio)	>4%	> 6%	>7%	>8%	5.5%
Value of collaterals by regions, with an indication of highly exposed to physical risk	<18%	<14%	<13%	<12%	13.4%
Exposures towards sectors with the highest CO2 emission- RS	<18%	<17%	<15%	<13%	12.41%
Exposures towards sectors with the highest CO2 emission-SI	<17%	<16%	<15%	<14%	16.30%
Exposure to Electricity, gas, stream and air conditioning supply (NACE code 35)	<5%	<4%	<3%	<2%	3.24%
YoY change in total financed emission (per D,B and C NACE code)-Serbia	<-5%	<-5%	<-5%	<-5%	-47.78%
YoY change in total financed emission (per C, I and D NACE code)-Slovenia	<-5%	<-5%	<-5%	<-5%	-70.9%
YoY change in total financed emission (per asset class in the scope of PCAF)	<-5%	<-5%	<-5%	<-5%	-36.2%

4.9. Capital management

The Group has established a risk management system in accordance with the volume and structure of its business activities, and the capital management is aimed at unhindered achievement of the Group's business strategy goals. The Group defines its business strategy goals and periods for their realization in its Business Policies and Business Strategy with a three-year strategic plan.

The calculation of the amount of eligible capital and capital adequacy ratios is reconciled with the Basel framework as defined under Regulation (EU) No 575/2013 (CRR).

The main capital management goals support effective usage of the available capital, in order to ensure:

- sufficient level of capital in order to comply with the regulatory capital requirements on the Group level as well as on the banking markets where the Group operates,
- maintaining a strong capital base to support the development of business and operations on the Group level,
- ability to continue to provide adequate returns for shareholders and benefits for all other stakeholders.

The Group's strategic goal is to maintain the capital adequacy ratios at the level above the prescribed minimum (4.5% for the common equity Tier 1 capital adequacy ratio (CET1 ratio), 6% for the Tier 1 capital adequacy ratio (T1 ratio) and 8% for the total capital adequacy ratio (CAR) and not below the level that allows coverage of the requirement for the combined capital buffer in accordance with CRR regulation.

As of December 31, 2025, the Group calculated CET1, T1 and CAR in accordance with the effective CRR regulation.

4. RISK MANAGEMENT (Continued)


4.10. Capital Adequacy Ratios

	December 31, 2025	December 31, 2024
Common equity Tier 1 capital – CET 1	1,165,223	1,062,275
Total capital	1,280,064	1,119,829
Risk weighted exposure amount for credit risk	6,473,651	5,312,303
Risk exposure amount for market risk	22,110	44,269
Risk exposure amount for operational risk	551,804	744,622
	13,028	7,348
Risk exposure amount for credit valuation adjustment risk		
Total risk exposure amount	7,060,593	6,108,542
CET 1 adequacy ratio (minimum 4.5%)	16.50%	17.39%
Tier 1 adequacy ratio (minimum 6%)	16.50%	17.39%
Total capital adequacy ratio – CAR (minimum 8%)	18.13%	18.33%

The overall objective of the Group's capital management is that at any moment the Group has at its disposal adequate level and structure of available internal capital that ensures the fulfilment of legal obligations, maintaining the trust of shareholders and depositors in safety and stability of its business, the realization of business and financial plans that can support the expected growth of placements, future sources of funds and their use, and the realization of dividend policy.

In the course of 2025, the Group's total capital adequacy ratio was well in excess of the prescribed regulatory limit of 8%. In the following period, based on SREP „Decision establishing prudential requirement“ issued by ECB, AikGroup (CY) shall at all times meet on a consolidated basis Overall Capital Requirement (OCR, consisting of Total SREP capital requirements (TSCR) and combined capital buffer) including Pillar 2 capital guidance (P2G) at the level 15.66%.

The Group by capital management implies:

- Organization of the internal capital management process, which includes determining competences and responsibilities of the Group's bodies, divisions and departments,
- Planning adequate internal capital levels,
- Definition of the Group's capital – core capital, supplementary capital and deductible items,
- Process of internal capital adequacy assessment (described in detail in the Group Framework on ICAAP and ILAAP),
- Calculation of capital requirements for credit risk (i.e., RWA calculation for Credit risk and Credit counterparty risk), capital requirements for market risks, operational risk and for Credit valuation adjustment (CVA) risk,
- Basic principles of internal capital adequacy assessment, and
- Available internal capital management.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation and presentation of the consolidated financial statements in accordance with IFRS Accounting Standards requires the Group's management to make judgments, estimates and assumptions that affect the application of the accounting policies and amounts of assets and liabilities and income and expenses presented in the financial statements. Actual results may vary from these estimates.

Estimates and assumptions are subject to constant review and are based on previous (historical) experience and other factors, including anticipation of future events deemed reasonable under the current circumstances. Revised accounting estimates are recognized in the period in which the revisions were made, as well as in those future periods affected by the revisions of the estimates.

5. USE OF ESTIMATES AND JUDGMENTS (Continued)


5.1. Key sources of estimation uncertainty
Depreciation and Amortization Charge and Rates Applied

The calculation of depreciation and amortization, as well as depreciation and amortization rates are based on the economic useful life of property, plant, equipment and intangible assets. Once a year, the Group assesses the economic useful life based on the current estimates. In addition, due to the significance of fixed assets in the total Group's assets, any change in the aforementioned assumptions may lead to material effects on the Group's financial position, as well as in its financial performance.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax credits as arising from capital expenditures, to the extent that it is probable that taxable profit will be available against which these tax credit carry forwards can be utilized. The Group's management needs to make prudent assessments of deferred tax assets which may be recognized, based on the period when these arise and the amount of future taxable income and tax policy planning strategy.

Impairment of financial assets

Impairment of assets carried at amortized cost is estimated in the manner described in accounting policy 3.10 – Identification and Measurement of Impairment.

A separate counterparty element in the aggregate impairment provision is applied to financial assets subject to individual-level impairment assessment, and is based on the management's best estimate of the present value of expected future cash flows. Upon estimating such cash flows, the management makes estimates on the financial standing of the counterparty and on the net realizable value of the existing collateral. Each impaired asset is assessed in terms of quality and output strategy, where the Group's Credit Risk Function independently approves the estimate of the cash flows considered to be recoverable.

Provisions assessed on a group-level cover credit losses inherent in the portfolios of loans and receivables and securities held to maturity sharing similar credit risk characteristics due to the objective evidence of impaired items that are not yet identifiable. Upon estimating the need for forming group-level provisions for losses, the management takes into accounts factors such as loan quality, assize of the portfolio, risk concentration and economic factors.

In order to estimate the required provision, the management makes assumptions to define the manner for modelling losses inherent in the portfolio and determine the necessary inputs, based on historical experience and current economic circumstances. The accuracy of the provision depends on the estimated cash flows for individual counterparty provisions, as well as on the assumptions and inputs of the model used in determining the amount of group-level provision.

Loss Allowance of Equity Investments

The Group makes impairment allowance of equity investments (interests) measured at FVTOCI when there are indications that the recoverable value of an investment may be below its carrying value.

When the fair value is directly observable in a market, the determination is straightforward, otherwise a valuation technique is used.

The Group use the following valuation techniques

- *the market approach*, the Group uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities; and
- *the income approach*, the Group converts future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount.

Provisions for Employee Retirement Benefits

Costs of retirement benefits paid to employees upon retirement upon fulfillment of the retirement criteria are determined by actuarial assessment. Actuarial calculation involves the assessment of the discount

5. USE OF ESTIMATES AND JUDGMENTS (Continued)


5.1. Key sources of estimation uncertainty (Continued)

rate, future salary growth rate, mortality rates and future growth of retirement benefits. Due to the long term nature of such plans, significant uncertainties affect the estimate outcome. Assumptions underlying the actuarial calculation of the employee benefits are disclosed in Note 33 to the consolidated financial statements.

Provisions for Litigations

There are a number of legal suits involving the Group that arise from the daily operations and relate to the commercial and labor issues that are addressed or considered in the course of regular business operations. The Group makes regular estimates of the probability of negative outcomes of such issues and amounts of probable or reasonable losses arising therefrom. The required provisions may vary in the future due to occurrence of new events or obtaining new information. Matters that either represent contingent liabilities or do not meet the criteria for provisioning are disclosed, except if the probability of outflow of resources containing economic benefits is remote.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments for which an active market does not exist is determined by applying alternative valuation methods. The Group applies its professional judgment in the selection of alternative methods and assumptions.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and other option models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent to the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

In the banking operations, assets and long positions are measured at bid prices and liabilities and short positions are measured at ask prices. When the Group has a risk offsetting position, median market prices are used for measuring offsetting or risk-weighted assets, while adjustment to bid or ask prices is applied only to the net open positions. Here the fair value reflects the credit risk of the instrument and includes adjustments reflecting the credit risk of the Group and the counterparty, where relevant. Fair value assessments based on the valuation models are adjusted for all other factors, such as liquidity risk or uncertainty models, to the extent that the Group believes that third party market participants may take them into consideration upon determining transaction cost.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is recognized in profit or loss. Otherwise, the difference is not recognized in profit or loss immediately but over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

5. USE OF ESTIMATES AND JUDGMENTS (Continued)

5.1. Key sources of estimation uncertainty (Continued)

Fair values of financial instruments which are rarely traded and the prices of which are not very transparent are less objective and require estimating to a greater extent, depending on the liquidity, concentration, uncertainty of the market factors, assumptions on pricing and other risks related to the specific instruments.

It is a policy of the Group to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts. In the Republic of Serbia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result of this, fair value cannot readily or reliably be determined in the absence of an active market for these instruments.

Estimation of fair value of land and buildings and investment properties

Fair values of land and buildings presented in Property, plant and equipment as well as land and buildings presented within Investment properties and foreclosed assets or material values are estimated by certified appraisers.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- a. current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- b. recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- c. discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Determining the fair value of financial assets and liabilities for which there is no observable market price requires estimation techniques described in accounting policy 3.10. – Fair Value Measurement. Fair values of financial instruments which are rarely traded and the prices of which are not very transparent are less objective and require estimating to a greater extent, depending on the liquidity, concentration, uncertainty of the market factors, assumptions on pricing and other risks related to the specific instruments.

Significant influence over associates

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is presumed that the entity has significant influence if it holds 20 per cent or more of the voting power of the investee, unless it can be clearly demonstrated that significant influence does not exist due to the inability of the investor to exercise its rights.

In assessing whether the Group has significant influence over associates management of the Group uses judgement and considers facts and circumstances that might affect the ability of the Group to exercise significant influence.

5.2. Key accounting estimates in the application of the Group's accounting policies

The key accounting estimates in the application of the Group's accounting policies include:

Measurement of financial instruments

The Group's accounting policy on the fair value measurement is disclosed in Note 3.10.

The Group measures fair value of financial assets using the following fair value hierarchy of the quality of the inputs used in measurement of the inputs used in measurement:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

5. USE OF ESTIMATES AND JUDGMENTS (Continued)


5.1. Key sources of estimation uncertainty (Continued)

Measurement of financial instruments (Continued)

- Level 2 - Valuation techniques based on inputs other than quoted prices included within Level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes instruments measured by way of the official active market prices of instruments with similar characteristics, official market prices of identical or instruments with similar characteristics in a market deemed less active or using other valuation techniques with all significant inputs directly or indirectly available on the market.
- Level 3 - Valuation techniques involve unavailable or unobservable inputs. This level includes all instruments the fair values of which are assessed based on unavailable or unobservable input data, which therefore have significant effects on the instrument's fair value measurement. Such instruments are measured based on the official market prices for instruments with the similar characteristics, where significant adjustment or assumptions are required to reflect the differences between the instruments.

Fair values of financial assets and financial liabilities traded in an active market are based on the market prices. The Group determines the fair values of all other financial instruments using valuation techniques.

Valuation techniques include the net present value and discounted cash flows, comparison to similar instruments for which observable market prices are available and other methods. Assumptions and inputs used in valuation techniques include risk-free and key policy interest rates, credit spreads and other factors used in estimating discount rates, prices of bonds or equity, foreign exchange rates, equity and equity price indexes and the expected instability of prices and correlations. The objective of the use of valuation techniques is to determine the fair value that reflects the price of a financial instrument at the reporting date, which would be determined by market participants in an arm's length transaction.

The Group uses generally accepted models for determining the fair values of regular and common financial instruments such as interest and currency swaps, for which exclusively observable inputs are used, requiring less estimates and assumptions to be made by the management. Observable model inputs are mostly available on the market of the quoted debt and equity instruments, trading derivatives and simple derivatives such as interest rate swaps.

Availability of observable market prices and model inputs reduces the need for estimates and assumptions made by management and reduces uncertainty associated with determining fair value. Availability of observable market prices and inputs varies depending on the products and market; it is prone to changes caused by various events and general conditions prevailing in the future markets.

Accounting estimates related to the assessment whether the Group has control over another legal entity:

In accordance with the requirements of IFRS 10 and IFRS 12, the Group reassesses whether it truly exercises control over its investee and considers all the facts, events, and circumstances indicating that there may have been a change in one or more of the three elements of control. The Group also considers changes that affect its exposure to or rights to variable returns from its involvement with the investee. The Group's initial assessment of control does not change merely due to the occurrence of different market conditions (e.g., change in the returns from the investee triggered by market conditions), unless such changes in market conditions cause changes in one or more of the three elements of control or the entire relationship with the investee has changed.

Under IFRS 10 "Consolidated Financial Statements" control over an investee is achieved when the investor has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of returns. Hence, the investor controls the investee only and only if the all of the following criteria are met:

- (1) power over the investee,
- (2) exposure, or rights, to variable returns from its involvement with the investee, and
- (3) the ability to use its power over the investee to affect the amount of returns.

6. FINANCIAL ASSETS AND LIABILITIES – ACCOUNTING CLASSIFICATION AND FAIR VALUE



The following table provides the breakdown of financial instruments measured at fair value at the end of the reporting period per fair value hierarchy levels, according to which fair value measurement is categorized:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total assets at fair value
Assets				
Pledged financial assets available for sale	11,414	-	-	11,414
Receivables under derivatives	-	1,713	-	1,713
Financial assets at FVtPL	53,698	-	7,616	61,314
Financial assets at FVtOCI	5,422	612,776	9,363	627,561
Total	70,534	614,489	16,979	702,002
Liabilities per derivatives held for trading	-	-	1,629	1,629

	December 31, 2024			
	Level 1	Level 2	Level 3	Total assets at fair value
Assets				
Receivables under derivatives	-	2,250	-	2,250
Financial assets at FVtPL	38,336	-	7,323	45,659
Financial assets at FVtOCI	6,942	590,675	2,518	600,135
Total	45,278	592,925	9,849	648,044
Liabilities per derivatives held for trading	-	2,542	-	2,542

Level 1 includes financial instruments traded on the stock exchange, while Level 2 includes securities the fair value of which are assessed based on the internally developed models based on the information from auctions on the secondary securities market. Fair value of assets determined based on the prices from the stock market for instruments with similar characteristics are allocated to Level 3.

The carrying value and fair value of the financial assets and liabilities measured at other than fair value are presented in the table below:

	December 31, 2025				
	Carrying value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Loans and receivables due from banks	815,773	820,745	21,508	18,522	780,715
Loans and receivables due from customers	6,154,226	5,925,381	-	-	5,925,381
Securities measured at AC	735,201	735,619	449,705	230,908	55,006
Total	7,705,200	7,481,745	471,213	249,430	6,761,102
Financial liabilities					
Deposits and other liabilities due to banks	922,885	939,494	-	142,991	796,503
Deposits and other liabilities due to customers	7,515,151	7,360,632	-	1,957,579	5,403,053
Total	8,438,036	8,300,126	-	2,100,570	6,199,556
Net total	(732,836)	(818,381)	471,213	(1,851,140)	561,546

6. FINANCIAL ASSETS AND LIABILITIES – ACCOUNTING CLASSIFICATION AND FAIR VALUE



(Continued)

	December 31, 2024				
	Carrying value	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Loans and receivables due from banks	1,066,122	1,062,871	23,227	18,522	1,021,122
Loans and receivables due from customers	5,156,292	5,160,554	-	-	5,160,554
Securities measured at AC	254,620	236,581	-	230,908	5,673
Total	6,477,034	6,460,006	23,227	249,430	6,187,349
Financial liabilities					
Deposits and other liabilities due to banks	758,195	754,230	-	144,746	609,484
Deposits and other liabilities due to customers	6,575,570	6,596,727	-	1,956,353	4,640,374
Total	7,333,765	7,350,957	-	2,101,099	5,249,858
Net total	(856,731)	(890,951)	23,227	(1,851,669)	937,491

The methodology and assumptions used for calculating fair values of the aforesaid financial assets and liabilities not stated at fair value in the consolidated financial statements are as follows:

Assets whose fair values approximate their carrying values

For highly liquid financial assets and liabilities with short-term maturities (up to a year) it is assumed that their carrying values approximate their fair values. This assumption is also used for demand deposits, savings deposits without defined maturity and all financial instruments at variable interest rates.

Financial instruments at fixed interest rates

Fair value of financial assets and liabilities at fixed interest rates carried at amortized cost is assessed by comparing the market interest rates upon initial recognition to the current interest rates prevailing on the market for financial assets with similar characteristics.

The estimated fair values of financial instruments at fixed interest rates are based on the cash flows discounted using the interest rate prevailing on the money market for financial instruments with similar credit risk characteristics and maturities.

Financial assets held to maturity, loans and deposits include a portion of the fixed interest rate portfolio, which gives rise to the differences between their carrying values and fair values.

7. INTEREST INCOME AND EXPENSES



Interest income and expenses per financial instrument classes are presented below:

	2025	2024
Interest income per:		
Loans and receivables due to customers	335,729	358,734
Loans and receivables due from banks	11,907	15,163
Deposits held with the National Bank	12,341	18,959
Securities:		
- Repo transactions	12,134	23,763
- Republic of Montenegro EUR bonds	2,475	-
- Republic of Serbia RSD bonds	20,815	16,129
- Republic of Serbia EUR bonds	2,804	2,474
- Corporate EUR bonds	5,602	-
- Republic of Slovenia EUR bonds	755	1,812
- Other government bonds	2,283	2,883
- Other corporate bonds	885	721
Interest on financial leasing	33,623	37,577
Interest on investments in bills of exchange	851	313
Interest on held-to-maturity corporate bonds	223	-
Other interest income	5	20
Total	442,432	478,548
Interest expenses per:		
Borrowings received from banks	(16,497)	(22,284)
Borrowings received from customers	(2,394)	(956)
Deposits and liabilities due to customers	(100,004)	(121,516)
Deposits and liabilities due to banks	(10,151)	(5,719)
Lease liability	(1,040)	(773)
Securities	(15,016)	(11,119)
Other interest expenses	(2,400)	(2)
Total	(147,502)	(162,369)
Net interest income	294,930	316,179

8. FEE AND COMMISSION INCOME AND EXPENSES

	2025	2024
Fee and commission income		
Fees arising from payment card operations	41,810	24,385
Fees for payment transfer operations	42,790	34,644
Fees on issued guarantees	10,329	11,160
Fees for loan agreement	3,385	4,148
Commission income arising from trading shares	387	593
Fees earned for corporate services rendered	116	322
Fees arising from custody services	545	-
Other fees and commissions	23,213	21,022
Total	122,575	96,274
Fee and commission expenses		
Fees arising from payment card operations	(24,023)	(16,630)
Fees for payment transfer operations	(4,092)	(3,175)
Fees for received guarantees	(13)	-
Fees for transaction costs	(141)	(419)
Other fees and commissions	(6,860)	(7,123)
Total	(35,129)	(27,347)
Net fee and commission income	87,446	68,927

9. NET GAINS ON CHANGES IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS

	2025	2024
Gains on the changes in the fair value of securities FVtPL	387	605
Gains on the changes in the fair value of investment units	1,206	945
(Losses)/Gains on changes in the fair value of other instruments	(2,613)	1,455
Net (loss)/ gains	(1,020)	3,005

10. NET GAINS ON DERECOGNITION OF THE FINANCIAL ASSETS MEASURED AT FAIR VALUE

	2025	2024
Gains on the sales of securities measured at FVtPL	671	648
Gains on the sales of securities measured at FVtOCI	4,243	578
Net gains	4,914	1,226

11. NET FOREIGN EXCHANGE (LOSSES) / GAINS AND CURRENCY (LOSSES)/GAINS ON FINANCIAL INSTRUMENTS

	2025	2024
Foreign exchange (losses) / gains		
Foreign exchange (losses) /gains	(1,351)	423
Negative currency clause effects	4,545	(2,610)
Net foreign exchange gains/(losses)	3,194	(2,187)



12. NET GAINS ON DERECOGNITION OF THE FINANCIAL ASSETS MEASURED AT AMORTIZED COST (AC)

	2025	2024
Net gains from derecognition of the financial instruments recognized at amortized costs - credit sales	15	1,035
Net losses from derecognition of the financial instruments recognized at amortized costs - housing loans	-	(2)
Net (losses)/gains from derecognition of the financial instruments recognized at amortized costs - other credits	(599)	100
Net (losses) / gains	(584)	1,133

13. OTHER OPERATING INCOME

	2025	2024
Rental income (Note 27)	10,770	8,589
Cost refunds	1,350	1,157
Dividend income	549	3,813
Other operating income	2,971	1,028
Total	15,640	14,587

Rental income in the amount of EUR 10,770 thousand (2024: 8,589 thousand) mostly pertain to income from the lease of business premises totaling EUR 1,760 thousand (2024: EUR 2,925 thousand) that entirely relates to income from the lease of investment property to third parties (Note 27) and income from operating lease of movables in the amount of EUR 9,010 thousand (2024: 5,705 thousand). Total increase in 2025 in amount of EUR 2,181 thousand is due to increase of income from leasing activities in Gorenjska bank.

Income from cost refunds of EUR 1,348 thousand (2024: EUR 1,157 thousand) mostly, in the amount of EUR 497 thousand (2024: EUR 80 thousand) relates to the refunds of cost relating to the use of company vehicles for private purposes and to costs relating to the leased out real estate properties in the amount of EUR 51 thousand (2024: EUR 204 thousand).

Dividend income in the total amount of EUR 549 mainly relates to dividend received from Alfi PD, SIS, Ljubljana, in the amount of EUR 265 thousand and Sava Turizem d.d., Ljubljana, in the amount of EUR 89 thousand.

During 2024 dividend income in the total amount of EUR 3,813 mainly relate to dividend received from Addiko Bank AG Vienna, Austria, in the amount of EUR 2,454 thousand.



14. NET IMPAIRMENT GAINS / (LOSSES) ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVtPL)
14.1 NET IMPAIRMENT GAINS / (LOSSES) ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVtPL)

	2025	2024
Losses on impairment of balance sheet items		
Cash and balances held with the central bank (Note 20)	(137)	(181)
Securities measured at amortized cost (AC) (Note 21.3)	(501)	(49)
Loans and receivables due from banks (Note 22)	(4,836)	(4,044)
Loans and receivables due from customers (Note 23)	(258,765)	(249,085)
Other assets (Note 30)	(1,954)	(2,438)
	(266,193)	(255,797)
Provisioning charge for off-balance sheet items (Note 33)	(13,339)	(12,373)
Losses on impairment of financial assets measured at FVtOCI	(1,627)	(673)
Losses on modification of financial instruments	-	(3,719)
Total Write-off of uncollectable receivables		
Loans and receivables due from customers	(260)	(782)
Other assets	(142)	(93)
	(402)	(875)
Total losses	(281,561)	(273,437)
Gains on the reversal of impairment of balance sheet items		
Cash and balances held with the central bank (Note 20)	102	196
Securities measured at amortized cost (AC) (Note 21.3)	1,291	112
Loans and receivables due from banks (Note 22)	5,111	5,190
Loans and receivables due from customers (Note 23)	227,545	191,729
Other assets (Note 30)	1,902	2,394
	235,951	199,621
Gains on the reversal of provisions for off-BS items (Note 33)	13,995	12,422
Gains on reversal of impairment of fin. assets at FVtOCI	574	357
Gains on reversal of impairment of investments in subsidiaries	2,073	-
Collected receivables previously written off		
Loans and receivables due from customers	24,159	28,280
Other assets	822	101
	24,981	28,381
Total gains	277,574	240,781
Net losses on impairment of financial assets not measured at fair value through profit or loss	(3,987)	(32,656)

14.2 MOVEMENTS ON IMPAIRMENT ALLOWANCE ACCOUNTS AND PROVISIONS FOR OFF-BALANCE SHEET ITEMS

	Cash (Note 20)	Securitie s at AC (Note 21.3)	Loans due from banks (Note 22)	Loans due from customers (Note 23)	Other assets (Note 30)	Off- balance sheet liabilities (Note 33)	Total
Balance at January 1, 2025	(79)	(593)	(3,094)	(146,039)	(2,141)	5,947	(145,999)
Effects of Hipotekarna bank acquisition	-	(3,050)	(261)	(17,255)	(846)	719	(20,693)
Charge for the year	(137)	(499)	(4,836)	(258,765)	(1,954)	12,915	(253,276)
Decrease – reversal	102	1,291	5,111	227,545	1,902	(13,571)	222,380
Interest income adjustment	-	-	-	(3,633)	-	-	(3,633)
Write-offs	-	5	(1)	9,667	32	-	9,703
Transfer to off-balance sheet items	-	-	92	13,493	-	-	13,585
Derecognition of financial instruments	-	-	-	(3,746)	-	-	(3,746)
Foreign exchange effects	-	-	6	274	3	(7)	276
Sales	-	42	-	-	-	-	42
Other movements	-	-	-	-	51	298	349
Balance at December 31, 2025	(114)	(2,804)	(2,983)	(178,459)	(2,953)	6,301	(181,012)

15. SALARIES, SALARY COMPENSATIONS AND OTHER PERSONNEL EXPENSES

	2025	2024
Net salaries	(62,288)	(59,616)
Net salary refunds and benefits	(8,793)	(5,014)
Payroll taxes and contributions per salaries, refunds and benefits	(30,864)	(26,193)
Other staff costs and considerations paid to seasonal and temporary staff	(2,384)	(2,104)
Provision charge for employee benefits (Note 33)	(4,285)	(7,948)
Provision reversal for employee benefits (Note 33)	2	-
Total	(108,612)	(100,875)



16. DEPRECIATION AND AMORTIZATION CHARGE

	2025	2024
Depreciation charge – buildings (Note 26.a)	(1,754)	(1,300)
Depreciation charge – leasehold improvements (note 26 a)	(1,516)	(820)
Depreciation charge – equipment and other assets (Note 26.a)	(11,322)	(8,739)
Amortization charge – intangible assets (Note 25)	(11,485)	(22,012)
Depreciation charge – buildings - Right of use asset (Note 26.b)	(7,804)	(6,737)
Total	(33,881)	(39,608)

17. OTHER INCOME

	2025	2024
Reversal of provisions for litigations liabilities (Note 33)	1,488	373
Reversal of provisions for other liabilities	152	-
Gains on the sale of property, plant, equipment and fixtures, other asset	2,056	3,769
Write-off of liabilities	6,868	1,602
Recovery of purchased receivables (POCI)	4,773	2,967
Gains on the valuation of property	1,583	575
Other income*	5,314	7,714
Total	22,234	17,000

* Part of the Other income during 2025 and 2024 related to negative goodwill

18. OTHER EXPENSES

	2025	2024
Cost of materials	(4,887)	(4,864)
Rental costs and other costs relating to leased business premises	(3,816)	(3,523)
Telecommunications and postage	(15,997)	(12,744)
Cost of other services	(3,236)	(3,536)
Property and equipment maintenance costs	(18,341)	(16,338)
Marketing and advertising	(5,450)	(5,118)
Donations and sponsorships	(1,334)	(1,640)
Entertainment	(1,121)	(1,238)
Auditing and consulting costs	(6,707)	(9,486)
Deposit insurance and other insurance premiums	(17,483)	(14,115)
Membership fees	(270)	(246)
Lawyer, appraiser and valuer fees	(7,079)	(7,683)
Court and other fees and costs	(1,278)	(1,337)
Broker and Central Depository fees	(160)	(103)
Security services	(3,364)	(2,769)
Other non-material costs	(9,555)	(7,985)
Taxes and contributions payable	(11,242)	(12,254)
Re-invoiced costs	(74)	(218)
Provisions for litigations (Note 33)	(3,374)	(1,403)
Provisions for other liabilities	-	(333)
Other expenses	(9,832)	(9,272)
Losses on the sale of other investments	(3,223)	(985)
Losses on the valuation of property	(520)	(507)
Total	(128,343)	(117,697)



19. INCOME TAXES
19.a) Components of income taxes

	2025	2024
Current income tax expense	(24,766)	(11,976)
Deferred income tax benefits	6,696	6,266
Deferred tax expenses	(4,797)	(6,126)
Total	(22,867)	(11,836)

19.b) Reconciliation of the income tax and profit before taxes

	2025	2024
Profit for the year before taxes	151,931	129,034
Tax calculated using the statutory income tax rate (15%)	22,790	19,355
Tax effects of expenses not recognized for tax purposes	7,444	257
Tax effects of income not recognized for tax purposes	(83)	(201)
Tax effects of capital gains/(losses)	225	(14)
Tax effects of income adjustment	(169)	(1,713)
Tax credits utilized	(705)	(345)
Tax loss carryforwards utilized	(7,672)	(5,499)
Adjustment in respect of transfer pricing effects	2	2
Tax effects on debt securities	(4,283)	(3,970)
Effects arising due to difference in the tax rates	4,261	3,608
Temporary difference due to impairment of assets	(202)	130
Other temporary differences	1,259	226
Tax effects presented within the income statement	22,867	11,836
Effective tax rate	15.05%	9.17%

20. CASH AND CASH FUNDS HELD WITH THE CENTRAL BANK

	2025	2024
Gyro account	487,263	419,628
Cash on hand	263,061	210,779
Surpluses of liquid assets held with the central bank	-	141,008
Prepayments on funds held with the central bank	127	77
Balances with Central bank	358,464	359,498
Other cash funds	371,922	316,969
	1,480,837	1,447,959
Less: Allowance for impairment	(114)	(79)
Total	1,480,723	1,447,880

Adjustment to cash and cash equivalents for the purpose of preparing the statements of cash flow

	2025	2024
Foreign currency accounts held with foreign and domestic banks (Note 22)	176,028	158,097
Prepayments on funds held with the central bank	(127)	(77)
Surpluses of liquid assets held with the central bank	-	(141,008)
Obligatory foreign currency reserve held with NBS	(358,464)	(359,498)
	(182,563)	(342,486)
Cash and cash equivalents reported in the statement of cash flows	1,298,160	1,105,473



20. CASH AND CASH FUNDS HELD WITH THE CENTRAL BANK (Continued)

Movements on the impairment allowance	2025	2024
Balance at January 1	(79)	(95)
Charge for the year (Note 14)	(137)	(181)
Reversal of impairment allowance (Note 14)	102	196
Foreign exchange effects	-	1
Balance at December 31	(114)	(79)

The amount of EUR 487,263 thousand (December 31, 2024: EUR 419,628 thousand) entirely relates to the funds on giro accounts of: AIK Bank in the amount of EUR 367,133 thousand (December 31, 2024: EUR 225,626 thousand), Gorenjska bank in the amount of EUR 20,149 thousand (December 31, 2024: EUR 18,506 thousand), Hipotekarna bank in the amount of EUR 99,981 thousand, and Eurobank Direktna, EUR 175,496 thousand as of December 31, 2024.

Obligatory foreign currency reserve held with the central bank in the amount of EUR 358,464 thousand fully relates to the funds of AikBank (2024: EUR 359,498 thousand fully relates to the funds of AikBank and Eurobank Direktna).

Other cash funds as of December 31, 2025 in the amount of EUR 371,922 thousand mainly relate to funds of Gorenjska Bank held with Bank of Slovenia and Hipotekarna bank held with Central Bank of Montenegro (2024: EUR 316,969 thousand).

21. SECURITIES

	2025	2024
Securities measured at fair value through profit or loss (FVtPL)	61,314	45,659
Securities measured at fair value through the other comprehensive income (FVtOCI)	627,561	600,135
Debt securities measured at amortized cost (AC)	735,201	254,620
Total	1,424,076	900,414

21.1 Financial assets initially recognized at fair value through profit and loss

	2025	2024
Securities at FVtPL – shares - trading	8,853	9,538
Securities initially recognized at fair value – investment units	47,711	32,326
Securities initially recognized at fair value – shares foreign currency	4,750	3,795
Total	61,314	45,659

The Group's investments in shares - trading as of December 31, 2025 comprise of:

- investments in RSD shares in the amount of EUR 6,193 thousand (December 31, 2024: EUR 6,270 thousand) refers to the purchased shares of the Fintel energija a.d., Belgrade.
- investments in other than RSD currency securities held for trading totaling EUR 6,768 thousand (December 31, 2024: EUR 7,063 thousand).



21. SECURITIES (Continued)
21.1 Financial assets initially recognized at fair value through profit and loss (Continued)

The Group's investments in investments units as of December 31, 2025 comprise of investment units in RSD currency in the amount of EUR 27,596 thousand (December 31, 2024: EUR 19,499 thousand) and investment units in other than RSD currency in the amount of EUR 20,115 thousand (December 31, 2024: EUR 12,827 thousand).

The investment units in RSD currency refer to AikBank's investment units in Raiffeisen Cash in the amount of EUR 4,062 thousand (December 31, 2024: EUR 3,937 thousand), Kombank Cash Fund EUR 4,047 thousand (December 31, 2024: EUR 3,907 thousand) and Intesa Invest Cash EUR 19,487 thousand (December 31, 2024: EUR 11,655 thousand).

The investment units denominated in other than RSD currency majorly pertain to investment units in Intesa Invest EUR Cash in the amount as of EUR 16,567 thousand (December 31, 2024: EUR 9,256 thousand) and in the Alfi Distressed Assets Fund in the amount as of EUR 3,540 thousand (December 31, 2024: EUR 3,563 thousand).

21.2 Financial assets at fair value through other comprehensive income (FVtOCI)

	2025	2024
Securities		
Republic of Serbia bonds	529,897	503,114
Equity investments and shares	7,641	7,466
Sovereign bonds (EU countries)	78,459	60,838
Corporate bonds	307	-
Other bonds	12,452	29,091
	628,756	600,509
Less: Allowance for impairment	(1,195)	(374)
Total securities	627,561	600,135
Movements on the impairment allowance		
	2025	2024
Balance at January 1	(374)	(65)
Charge for the year	(994)	(449)
Reversal of impairment allowance	173	138
Write-off, foreign exchange effects	-	2
Balance at December 31	(1,195)	(374)

As of December 31, 2025 group investments in the Republic of Serbia bonds have maturities from 24 months to 180 months at interest rates ranging from 1.23% to 5.50% p.a. (2024: maturities from 24 to 180 months and interest rates ranging from 1.60% to 5.85% p.a.).

Out of total amount of Republic of Serbia bonds EUR 529,897 thousand (December 31, 2024: EUR 503,114 thousand) RSD bond amounts to EUR 450,408 thousand (December 31, 2024: EUR 424,456 thousand) while other than RSD bond amounts to EUR 79,489 thousand (December 31, 2024: EUR 78,658 thousand).

Group investments in the Sovereign EUR currency bonds (EU Countries) have maturities from 2 months to 9.2 years at interest rates (Coupon interest rate) ranging from 0.00% to 5.12% p.a. (2024: 2 months to 10.2 years at interest rates (Coupon interest rate) ranging from 0.10% to 5.12% p.a.).

Equity investments in other legal entities and other securities available for sale net of any impairment, stated as of December 31, 2025 in the amount of EUR 7,641 thousand (December 31, 2024: EUR 7,466 thousand). These investments primarily consist of securities available for sale within the markets of Serbia, Montenegro, and Slovenia and are nominated mostly in EUR and RSD



21. SECURITIES (Continued)
21.3 Debt securities measured at amortized cost (AC)

	2025	2024
Bonds	689,168	251,974
Corporate bonds	5,340	-
Corporate bills of exchange	43,497	3,239
	<u>(2,804)</u>	<u>(593)</u>
<i>Less: Impairment allowance</i>		
Total	<u>735,201</u>	<u>254,620</u>

Movements on the impairment allowance

	2025	2024
Balance at January 1	(593)	(657)
Effects of Hipotekarna bank acquisition	(3,050)	-
Charge for the year (Note 14)	(499)	(49)
Reversal of impairment allowance (Note 14)	1,291	112
Translation effects		1
Write-off, foreign exchange effects	5	-
Sales	42	-
Balance at December 31	<u>(2,804)</u>	<u>(593)</u>

Bonds in total gross amount of EUR 689,168 thousand as of December 31, 2025 (December 31, 2024: EUR 251,974 thousand) fully relate to debt securities measured at AC. The largest portion relates to HB (amounts EUR 456,744 thousand), while the remainder consists of GB (EUR 232,140 thousand) and the remaining MVI portion (EUR 14 thousand).

As of December 31, 2025, out of total gross amount of EUR 689,168 thousand (December 31, 2024: EUR 251,974 thousand) EUR 605,493 thousand relates to investments in bonds issued by the governments (December 31, 2024: EUR 236,864 thousand), EUR 42,536 thousand (December 31, 2024: EUR 9,518 thousand) of investments in bonds issued by banks and EUR 41,139 thousand (December 31, 2024: EUR 5,592 thousand) of investments in bonds issued by other.

22. LOANS AND RECEIVABLES DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
Receivables on repo transactions	321,460	429,831
Overnight deposits	118,298	215,589
Currency accounts held with banks (Note 20)	176,031	158,097
Time deposits from Banks	6,870	114,704
Loans for liquidity maintenance and working capital	18,703	46,547
Investment loans	173	39,412
Loans to other financial institutions	38,672	35,822
Other receivables	4,347	18,513
Other general-purpose deposits	124,953	7,283
Other earmarked deposits	8,816	2,571
Interest and fee receivables	426	562
Transaction account overdrafts	4	296
Other loans	14	112
Deferred income from fees	(11)	(123)
	<u>818,756</u>	<u>1,069,216</u>
Loans and receivables, gross		
<i>Less: Impairment allowance</i>	(2,983)	(3,094)
Balance as of December 31	<u>815,773</u>	<u>1,066,122</u>



22. LOANS AND RECEIVABLES DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (Continued)

Movements on the impairment allowance	2025	2024
Balance at January 1	(3,094)	(3,700)
Effects of Hipotekarna bank acquisition	(261)	-
Charge for the year (Note 14)	(4,836)	(4,044)
Reversal of impairment allowance (Note 14)	5,111	5,190
Write-off, foreign exchange effects and other changes	(1)	(537)
Translation effects	6	(3)
Transfer to off-balance sheet items	92	-
Balance at December 31	(2,983)	(3,094)

23. LOANS AND RECEIVABLES DUE FROM CUSTOMERS

	2025	2024
Corporate customers		
Transaction account overdrafts	57,349	30,209
Working capital loans	1,135,569	751,527
Investment loans	1,965,597	1,924,637
Export loans	52,892	-
Deposits placed	4,117	1
Foreign currency loans	165,169	214,490
Receivables for financial leasing	256,081	186,881
Receivables for factoring	182,412	197,267
Receivables per guarantees and acceptances	359	389
Other loans and receivables	48,050	64,178
Interest and fee receivables	17,379	17,242
Deferred income from fees	(7,816)	(7,644)
	3,877,158	3,379,177
Retail customers		
Transaction account overdrafts	34,230	29,342
Consumer loans	68,313	16,757
Housing loans	823,620	598,283
Cash loans	945,472	755,345
Other loan and receivables	232,518	189,849
Receivables for financial leasing	336,995	323,425
Interest and fee receivables	14,051	14,068
Deferred income from fees	(3,869)	(3,915)
	2,451,330	1,923,154
Loans and receivables, gross	6,328,488	5,302,331
<i>Less: Impairment allowance</i>	(174,262)	(146,039)
Balance at December 31	6,154,226	5,156,292

Movements on the impairment allowance	2025	2024
Balance at January 1	(146,039)	(117,109)
Effects of Hipotekarna bank acquisition	(13,136)	-
Charge for the year (Note 14)	(258,765)	(249,085)
Reversal of impairment allowance (Note 14)	227,545	191,729
Interest income adjustment	(3,633)	(3,794)
Accounting write-off	9,667	38,402
Transfer to off-balance items	13,493	18,424
Derecognition of financial instruments / Other changes	(3,668)	(24,467)
Translation effects	274	(139)
Balance at December 31	(174,262)	(146,039)



24. INVESTMENTS IN SUBSIDIARIES**24.1 AikBank**

Shares of Eurobank Direktna a.d., Belgrade were pledged according to Agreement on pledge of the shares that AikBank (acting as the pledgor) has been concluded with Eurobank S.A. Athens, Greece (as the pledgee) on November 2, 2023. It represented securitization for liabilities which Eurobank Direktna a.d., Belgrade had to Eurobank S.A. Athens, Greece according to funding agreement. Repayment of the loan proportionally reduced number of the pledged shares. During 2024, Eurobank Direktna a.d., Belgrade has reduced the volume of the liabilities in the amount of EUR 116,338 thousand and consequently decreased pledged amount to EUR 58,170 thousand.

Loan is completely repaid on February 27, 2025.

24.2 AIK Leasing

In accordance with the strategy of further growth and development as of February 29, 2024, Group became the sole owner of NDM Leasing d.o.o., Belgrade who is changed name into AIK Leasing d.o.o., Belgrade. This acquisition is an opportunity for expanding the range of products and services for existing clients of Group through simultaneously strengthening the position on the market of financial services. AIK Leasing d.o.o., Belgrade will be important channel for attracting new clients.

24.3 Hipotekarna bank

One of the strategic goals on the Group level is further growth, both organic and inorganic. In line with this goal, the Group's parent company AikGroup (CY) Ltd, in December 2024 signed a contract for the acquisition of 74,94% of the equity shares of Hipotekarna bank a.d Podgorica, Montenegro. The closing of the transaction was the subject of regulatory approvals. After obtaining of all regulatory approvals, on June 16, 2025, AikGroup (CY) Ltd completed the acquisition of a 74.90% equity interest in its subsidiary, Hipotekarna bank a.d Podgorica.

The purchase consideration for the 74.90% of shares amounted to EUR 74,978 thousand and was fully paid in cash.

Additionally, during July and August 2025, AikGroup (CY) Ltd through further actions acquired additional 5.1% shares of Hipotekarna bank, totaling 80.00% as of December 31, 2025.

AikGroup (CY) Ltd owns 80.00% of Hipotekarna bank, therefore non-controlling interests were recognised as a result of acquisition.

Assets and liabilities recognised as a result of the acquisition of Hipotekarna bank are as follows: :



	Hipotekarna bank_31.05.2025
ACQUIRED ASSETS	
Cash, cash balances and Securities	564,965
Loans and receivables	473,532
Intangible asset, plant and equipment	12,643
Other asset	11,924
TOTAL ACQUIRED ASSETS	1,063,064
ACQUIRED LIABILITIES	
Deposits	919,250
Subordinated Liabilities	13,219
Provisions	1,478
Other liabilities	26,618
TOTAL ACQUIRED LIABILITIES	960,565
Net identifiable assets acquired total	102,499
Net identifiable assets acquired (74.90%)	76,772
Consideration given (for 74.90% shares)	74,978
Bargain Purchase (Negative goodwill)	1,794

Acquired assets relate mostly to securities, loans and receivables, as well as acquired liabilities which refer to deposits. The acquired loans and receivables in the amount as of EUR 478,095 thousand relates to performing and non-performing loans which latter was recognised as purchased or originated credit-impaired financial assets (POCI).

EUR 46,545 thousand of revenue and EUR 12,423 thousand gain related to Hipotekarna bank is included in the consolidated statement of profit or loss for the reporting period, starting from the day of acquisition.

Acquisition of Hipotekarna bank resulted in a gain from a bargain purchase (negative goodwill) in the amount of EUR 1,794 thousand, which is recognised in income statement under line item Other income. The main reasons for negative goodwill is the result of an negotiation and acquisition agreement between acquirer and acquiree.

As a result of the acquisition, Agri Europe Cyprus Group's off-balance sheet liabilities increased by EUR 1,235,845 thousand on the moment of the acquisition.

AikGroup (CY) obtained all the necessary information for measuring fair values, therefore no amounts were measured and recognised on a provisional basis.

25. INTANGIBLE ASSETS

	2025	2024
Patents, license and software	75,957	65,607
Intangible assets in progress	4,051	3,554
Other intangible assets	1,255	2,019
	81,263	71,180
The Accumulated amortization of intangible assets	(54,422)	(53,098)
Net book value	26,841	18,082

Movements on the account of intangible assets in 2024 and 2025 are presented below:

	Patents, licenses and software	Intangible assets in progress	Other intangible assets	Total
Cost				
Balance at December 31, 2023	59,819	2,826	2,016	64,661
Balance at January 1, 2024	59,819	2,826	2,016	64,661
Effects of AIK Leasing acquisition	6	-	-	6
Additions	4,683	4,465	-	9,148
Transfer to/from assets in progress	3,726	(3,726)	-	-
Disposal and retirement	(2,686)	(14)	-	(2,700)
Transaltion effects	59	3	3	65
Balance at December 31, 2024	65,607	3,554	2,019	71,180
Balance at January 1, 2025	65,607	3,554	2,019	71,180
Effects of Hipotekarna bank acquisition	2,363	221	-	2,584
Additions	11,784	5,898	-	17,682
Transfer to/from assets in progress	5,622	(5,622)	-	-
Disposal and retirement	(9,321)	-	(759)	(10,080)
Translation effects	(98)	-	(5)	(103)
Balance at December 31, 2025	75,957	4,051	1,255	81,263
Accumulated amortization				
Balance at December 31, 2023	32,205	-	1,439	33,644
Balance at January 1, 2024	32,205	-	1,439	33,644
Charge for the year (Note 16)	21,551	-	461	22,012
Disposal and retirement	(2,602)	-	-	(2,602)
Transaltion effects	40	-	4	44
Balance at December 31, 2024	51,194	-	1,904	53,098
Balance at January 1, 2025	51,194	-	1,904	53,098
Charge for the year (Note 16)	11,485	-	-	11,485
Disposal and retirement	(9,316)	-	(643)	(9,959)
Translation effects	(195)	-	(7)	(202)
Balance at December 31, 2025	53,168	-	1,254	54,422
Net book value as at:				
December 31, 2025	22,789	4,051	1	26,841
December 31, 2024	14,413	3,554	115	18,082



26.a) PROPERTY, PLANT AND EQUIPMENT

	2025	2024
Property, plant and equipment		
Property – buildings	139,617	150,207
Equipment	82,420	71,395
Investment in progress	872	3,588
Right of use assets	45,444	36,322
Leasehold improvements	10,076	6,772
Cost	278,429	268,284
Accumulated depreciation	(110,549)	(121,914)
Net book value	167,880	146,370

As of December 31, 2025, the Group had no buildings assigned under mortgage as collateral securing repayment of borrowings.

As a result of incomplete land (real estate cadaster) registers, as of December 31, 2025, the Group did not have title deeds as proof of ownership for six buildings with the net book value of EUR 692 thousand (2024: EUR 1,675 thousand).

The Group's management is undertaking all actions necessary to obtain the appropriate property titles for these buildings. According to the degree of availability of inputs for fair value assessment, the fair value of the Group's properties as of December 31, 2025 and 2024, belongs to Level 3 of the fair value hierarchy in accordance with IFRS 13.

Movements on the account of property and equipment in 2024 and 2025 are presented below:

26.a) PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Equipment and other assets	Advances paid and investment in progress	Leasehold improvements	Right of use assets	Total
Cost						
Balance at December 31, 2023	109,886	62,628	19,680	4,439	34,164	230,797
Balance at January 1, 2024	109,886	62,628	19,680	4,439	34,164	230,797
Effects of AIK Leasing acquisition	-	1	-	-	-	1
Additions	5,209	17,775	9,481	2,843	8,662	43,970
Transfer to/from investments in progress	1,194	2,201	(3,395)	-	-	-
Revaluation effects	11,718	-	-	-	-	11,718
Transfer from investment property	-	-	620	-	-	620
Transfer to non-current assets held for sale	(383)	-	-	-	-	(383)
Disposal and retirement	(254)	(11,252)	(23)	(516)	(6,559)	(18,604)
Other	22,802	-	(22,802)	-	-	-
Translation effects	35	42	27	6	55	165
Balance at December 31, 2024	150,207	71,395	3,588	6,772	36,322	268,284
Balance at January 1, 2025	150,207	71,395	3,588	6,772	36,322	268,284
Effects of Hipotekarna bank acquisition	-	3,412	27	540	6,080	10,059
Additions	1,522	29,305	8,459	4,085	12,447	55,818
Transfer to/from investments in progress	6,973	3,280	(10,288)	35	-	-
Revaluation effects	(10,871)	-	-	-	-	(10,871)
Transfer to non-current assets held for sale	(190)	(331)	-	-	-	(521)
Disposal and retirement	(7,904)	(28,462)	(656)	(1,386)	(9,957)	(48,365)
Modifications increase / (decrease)	-	-	-	-	630	630
Other	10	3,903	(255)	46	-	3,704
Translation effects	(130)	(82)	(3)	(16)	(78)	(309)
Balance at December 31, 2025	139,617	82,420	872	10,076	45,444	278,429
Accumulated depreciation						
Balance at December 31, 2023	70,236	28,015	-	1,242	8,480	107,973
Balance at January 1, 2024	70,236	28,015	-	1,242	8,480	107,973
Charge for the year (Note 16)	1,300	8,739	-	820	6,737	17,596
Revaluation effects	5,150	-	-	-	-	5,150
Transfer to non-current assets held for sale	(8)	-	-	-	-	(8)
Disposal and retirement	(2)	(4,240)	-	(493)	(4,131)	(8,866)
Translation effects	2	19	-	8	38	67
Other	-	2	-	-	-	2
Balance at December 31, 2024	76,678	32,535	-	1,577	11,124	121,914
Balance at January 1, 2025	76,678	32,535	-	1,577	11,124	121,914
Charge for the year (Note 16)	1,754	11,322	-	1,516	7,804	22,396
Revaluation effects	(10,945)	-	-	-	-	(10,945)
Transfer to non-current assets held for sale	(163)	(83)	-	-	-	(246)
Disposal and retirement	(6,979)	(8,984)	-	(1,088)	(5,470)	(22,521)
Modifications increase / (decrease)	-	12	-	-	21	33
Translation effects	(3)	(50)	-	(1)	(28)	(82)
Balance at December 31, 2025	60,342	34,752	-	2,004	13,451	110,549
Net book value as at:						
- December 31, 2025	79,275	47,668	872	8,072	31,993	167,880
- December 31, 2024	73,529	38,860	3,588	5,195	25,198	146,370



26.b) RIGHT OF USE ASSETS

26.b) 1. Right of use assets comprise:

	2025	2024
Buildings	30,808	24,664
Parking lots and vehicles	113	44
ATM's	1,072	490
Total	31,993	25,198

Movements on the account of right of use assets in 2025 and 2024 are presented below:

	Parking lots and vehicles			
	Buildings	vehicles	ATM's	Total
Gross carrying amount				
Balance at December 31, 2023	31,933	212	2,019	34,164
Balance at January 1, 2024	31,933	212	2,019	34,164
Additions	8,566	43	54	8,663
Disposals	(6,117)	(125)	(306)	(6,548)
Translation effects	42	-	1	43
Balance at December 31, 2024	34,424	130	1,768	36,322
Balance at January 1, 2025	34,424	130	1,768	36,322
Effects of Hipotekarna bank acquisition	5,202	-	878	6,080
Additions	11,051	221	1,175	12,447
Disposals	(7,785)	(115)	(2,058)	(9,958)
Modifications increase / (decrease)	406	(18)	242	630
Translation effects	(74)	-	(3)	(77)
Balance at December 31, 2025	43,224	218	2,002	45,444
Accumulated depreciation				
Balance at December 31, 2023	7,498	100	882	8,480
Balance at January 1, 2024	7,498	100	882	8,480
Charge for the year (Note 16)	6,175	73	489	6,737
Disposals	(3,939)	(87)	(95)	(4,121)
Translation effects	26	-	2	28
Balance at December 31, 2024	9,760	86	1,278	11,124
Balance at January 1, 2025	9,760	86	1,278	11,124
Charge for the year (Note 16)	7,428	77	299	7,804
Disposals	(4,768)	(57)	(645)	(5,470)
Modifications increase / (decrease)	21	-	-	21
Translation effects	(25)	(1)	(2)	(28)
Balance at December 31, 2025	12,416	105	930	13,451
Net book value as at:				
- December 31, 2025	30,808	113	1,072	31,993
- December 31, 2024	24,664	44	490	25,198



27. INVESTMENT PROPERTY

	2025	2024
Investment property	31,480	37,019
Total	31,480	37,019

Movements on the account of investment property in 2024 and 2025 are presented below:

Balance at January 1, 2024	56,340
Additions	236
Retirement and disposal	(17,316)
Transfer to non-current assets held for sale (Note 28)	(2,003)
Transfer to PPE	(620)
Valuation/appraisal effects	359
Translation effects	23
Balance at December 31, 2024	37,019
Balance at January 1, 2025	37,019
Additions	86
Retirement and disposal	(1,611)
Transfer to non-current assets held for sale (Note 28)	(5,489)
Valuation/appraisal effects	1,499
Translation effects	(24)
Balance at December 31, 2025	31,480

The total amount of investment properties as of December 31, 2025 and 2024 fully relate to investment properties held by AikBank and Gorenjska Bank.

According to the degree of availability of inputs for fair value assessment, the fair value of the Group's investment property belongs to Level 2 and 3 of the fair value hierarchy in accordance with IFRS 13. All of the Group's investment property is held under freehold interests. There were no changes in the valuation techniques applied during the year.

The Group rental income for 2025 was EUR 1,760 thousand (2024: EUR 2,925 thousand) (Note 13).

As a result of incomplete land registers (real estate cadaster), as of December 31, 2025, the Group did not have title deeds as proof of ownership for six properties classified as investment property with the total net book value of EUR 794 thousand. The Bank's management is undertaking all actions necessary to obtain the appropriate property titles for these buildings.

28. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS

	2025	2024
Balance at January 1	3,226	6,583
Effects of AIK Leasing acquisition	-	7
Assets acquired in lieu of debt collection	5,471	2,072
Transfer from PPE	547	375
Transfer from investment property (Note 27)	5,489	2,003
Sales during the year	(5,656)	(7,814)
Translation effects	(6)	-
Balance at December 31	9,071	3,226

The Group is in possession of valid title deeds as proof of ownership for all properties classified as non-current assets held for sale.



29. DEFERRED TAX ASSETS AND LIABILITIES
29.1. Balances on the Accounts of Deferred Tax Assets and Liabilities

	2025		
	Tax assets	Tax liabilities	Net tax effect
Effects of building property valuation	-	(3,223)	(3,223)
Impairment of assets	2,214	-	2,214
Financial assets at FVtOCI	-	(866)	(866)
Actuarial losses	95	-	95
Tax loss carryforwards	3,940	-	3,940
Financial assets at AC	15	-	15
Severance provision	396	-	396
Provisions for litigations	726	-	726
Deferred tax asset regarding unrecognized other provisions	-	(2)	(2)
Balance at year-end	7,386	(4,091)	3,295

	2024		
	Tax assets	Tax liabilities	Net tax effect
Effects of building property valuation	-	(3,228)	(3,228)
Impairment of assets	3,257	-	3,257
Financial assets at FVtOCI	-	(560)	(560)
Actuarial losses	49	-	49
Tax loss carryforwards	1,854	-	1,854
Financial assets at AC	-	(50)	(50)
Severance provision	400	-	400
Provisions for litigations	609	-	609
Deferred tax asset regarding unrecognized other provisions	232	-	232
Balance at year-end	6,401	(3,838)	2,563

Tax loss carryforwards of Gorenjska bank amounted EUR 64,627 thousand as of December 31, 2025 (2024: EUR 87,214 thousand). Within this total, the recognized Deferred Tax Assets (DTA) amount to EUR 3,940 thousand (2024: EUR 1,792 thousand) whereas unrecognized EUR 10,380 thousand (2024: EUR 17,511 thousand).

29.2. Movements on the Accounts of Deferred Tax Assets and Liabilities

Movement on deferred tax assets/liabilities were as follows:

	2025					
	Opening balance	Effects of acquisition of Hipotekarna bank	Within profit or loss	Within equity	Translation differences	Closing balance
Effects of building property valuation	(3,228)	(73)	260	(187)	5	(3,223)
Impairment of assets	3,257	73	(1,109)	-	(7)	2,214
Financial assets at FVtOCI / AFS	(560)	(72)	716	(951)	1	(866)
Actuarial losses	49	4	17	26	(1)	95
Tax loss carry forwards	1,854	(1)	2,088	-	(1)	3,940
Financial assets at AC	(50)	-	65	-	-	15
Provision for severance payment	400	-	(3)	-	(1)	396
Provisions for litigations	609	232	(114)	-	(1)	726
Deferred tax assets regarding unrecognized other provisions	232	(213)	(21)	-	-	(2)
Total	2,563	163	1,899	(1,112)	(5)	3,295



29. DEFERRED TAX ASSETS AND LIABILITIES (Continued)
29.2. Movements on the Accounts of Deferred Tax Assets and Liabilities (Continued)

	2024				
	Opening balance	Within profit or loss	Within equity	Translation differences	Closing balance
Effects of building property valuation	(2,223)	(81)	(926)	2	(3,228)
Impairment of assets	3,622	(367)	-	2	3,257
Financial assets at FVtOCI / AFS	1,397	70	(2,030)	3	(560)
Actuarial losses	55	(17)	10	1	49
Tax loss carry forwards	2,082	(226)	-	(2)	1,854
Financial assets at AC	(140)	90	-	-	(50)
Provision for severance payment	41	359	-	-	400
Provisions for litigations	-	609	-	-	609
Deferred tax assets regarding unrecognized other provisions	529	(297)	-	-	232
Total	5,363	140	(2,946)	6	2,563

30. OTHER ASSETS

	2025	2024
Other receivables from operating activities	24,913	16,470
Receivables in settlement	10,626	7,708
Fee receivables relating to other assets	1,991	2,064
Receivables for advances paid for working capital	1,351	2,063
Receivables for advances paid for capital expenditures	2,361	710
Interest receivables per other assets	-	1
	41,242	29,016
Other investments:		
Equity investments	49,314	43,669
	49,314	43,669
Prepayments:		
Deferred interest expenses	13	47
Deferred other expenses	5,244	3,386
	5,257	3,433
Inventories:		
Other inventories	8	10
Assets acquired in lieu of debt collection	6,617	6,685
	6,625	6,695
Other receivables, gross	102,438	82,813
	2025	2024
Less: Impairment allowances of:		
- other receivables	(2,782)	(2,141)
- prepayments	(171)	-
	(2,953)	(2,141)
Balance at December 31, net	99,485	80,672



30. OTHER ASSETS (Continued)

Movements on the impairment allowance	2025	2024
Balance at January 1	(2,141)	(2,449)
Effects of Hipotekarna bank acquisition	(846)	-
Charge for the year (Note 14)	(1,954)	(2,438)
Reversal of impairment allowance (Note 14)	1,902	2,394
Write-off of foreign exchange effects	32	41
Other changes	51	312
Translation effects	3	(1)
Balance at December 31	(2,953)	(2,141)

As of 31 December, 2025 and 2024, the Group's tangible assets acquired in lieu of debt collection amounted to:

	2025	2024
Buildings	4,362	5,306
Securities	290	-
Equipment	1,965	1,379
Total	6,617	6,685

Movements on the Group's tangible assets acquired in lieu of debt collection were as follows:

	2025	2024
Balance at January 1	6,685	8,604
Effects of Hipotekarna bank acquisition	690	-
Additions – assets acquired during the year	5,137	4,372
Sales	(1,391)	(19)
Retirement and disposal	(4,415)	(6,033)
Impairment of assets (Note 18)	(77)	(248)
Translation effects	(12)	9
Balance at December 31	6,617	6,685

The Group's management is undertaking all the necessary measures to complete the sales of the acquired assets.

As a result of incomplete land (real estate cadaster) registers, as at December 31, 2025, the Group did not have a valid title deed as proof of ownership for five items of property classified as tangible assets acquired in lieu of debt collection, with the total net book value of EUR 379 thousand.

The Group's management is undertaking all actions necessary to obtain the appropriate property title for these properties.



31.a DEPOSITS AND OTHER LIABILITIES DUE TO BANKS, OTHER FINANCIAL INSTITUTIONS AND THE CENTRAL BANK

	2025	2024
Transaction deposits	65,500	54,275
Deposits redeemable at notice	3,987	3,642
Earmarked deposits	8,519	9,879
Other deposits	307,069	276,090
Overnight deposits	2	2,564
Saving deposits	25	-
Borrowings	531,186	404,222
Other financial liabilities	943	163
Interest payable, accrued interest liabilities and fees	5,654	7,360
Total	922,885	758,195

As of December 31, 2025 total borrowings in the amount of EUR 531,186 thousand (December 31, 2024: EUR 404,222 thousand) mostly relate to: borrowings from Eurobank S.A. in the amount of EUR 100,000 thousand (December 31, 2024: EUR 150,000 thousand), borrowing from EBRD in the amount of EUR 130,912 thousand (December 31, 2024: EUR 136,261 thousand), borrowing from International Finance Corporation (IFC) in the amount of EUR 105,000 thousand (December 31, 2024: EUR 40,000 thousand), and the remainder relates to borrowings from other banks and other financial institutions in the amount of EUR 195,274 thousand (December 31, 2024: EUR 77,961 thousand).

31.b SUBORDINATED LIABILITIES

Total subordinated liabilities amount EUR. 149,890 (December 31, 2024: EUR 66,505 thousand) out of which EUR 66,509 relate to Aik Bank (funds received from Eurobank S.A.) (December 31, 2024: EUR 66,505 thousand) ,EUR 23,381 thousand relate to Hipotekarna banka. and EUR 60 million relates to Gorenjska banka.

Maturity date of AIK subordinated loan is June 30, 2029 while bonds under the code HB03, HB04 and HB05 in Hipotekarna banka mature on January 16,2026, January 15,2028 and September 15,2031 respectively.

Gorenjska banka issued subordinated bonds with the designation GBT01 on the international market on October 16,2025 and maturity on .October 16, 2035, with an option for early redemption after October 16, 2030.



32.a) DEPOSITS AND OTHER LIABILITIES DUE TO CUSTOMERS

	2025	2024
Corporate customers		
Transaction deposits	1,458,356	1,074,724
Deposits redeemable at notice	34,833	26,649
Saving deposits	20,523	-
Deposits for loans approved	113,486	118,839
Earmarked deposits	47,097	104,713
Other deposits	985,437	1,065,412
Overnight deposits	96,847	54,032
Borrowings	14,564	12,868
Other financial liabilities	2,152	3,909
Interest payable, accrued interest liabilities and fees	5,848	7,952
	2,779,143	2,469,098
Retail customers		
Transaction deposits	2,400,133	1,838,899
Savings deposits	1,970,544	2,208,439
Deposits for loans approved	18,778	20,887
Earmarked deposits	1,769	1,682
Other deposits	321,994	7,209
Other financial liabilities	588	1,145
Interest payable, accrued interest liabilities and fees	22,202	28,211
	4,736,008	4,106,472
Total	7,515,151	6,575,570

32.b) LIABILITIES UNDER SECURITIES

Liabilities under securities are related to MREL bonds issued by Gorenjska banka, where on November 22, 2023, with the aim of fulfilling the MREL requirement, Gorenjska bank successfully concluded the issuance of bonds in the total amount of EUR 72.6 million. The Bonds are offered to investors both domestically and internationally. On November 22, 2024, Gorenjska bank issued an additional EUR 27.4 million of MREL bonds under the code GB02. As at December 31, 2025, a total issued bonds amounted to EUR 100 million MREL bonds. The bond matures on November 22, 2027, with an early call option after November 22, 2026. Principal interest rate is set at the level of 9.25% p.a.

33. PROVISIONS

	2025	2024
Provisions for litigations (Note 37.1)	4,905	5,641
Provisions for employee benefits	10,375	10,248
Provisions for losses per off-balance sheet items	6,301	5,947
Other provisions	349	522
Total	21,930	22,358



33. PROVISIONS (Continued)

Movements on provisions for litigations during the year are presented in the table below:

	2025	2024
Balance at January 1	5,641	8,681
Effects of Hipotekarna bank acquisition	38	-
Charge for the year (Note 18)	3,374	1,403
Reversal of provisions (Note 17)	(1,488)	(373)
Used provisions	(2,698)	(4,095)
Translation effects	(12)	8
Other	50	17
Balance at December 31	4,905	5,641

Movements on provisions for employee benefits (retirement benefits, jubilee awards and other benefits) during the year are presented in the table below:

	2025	2024
Balance at January 1	10,248	4,289
Effects of Hipotekarna bank acquisition	61	-
Charge for the year (Note 15)	4,285	7,948
Reversal of provisions (Note 15)	(2)	-
Actuarial gains	192	124
Release of provisions	(6,087)	(2,121)
Translation effects	(17)	8
Other	1,695	-
Balance at December 31	10,375	10,248

The main actuarial assumptions used in calculation of provisions for retirement benefits were as follows:

	2025				2024			
	M&V Investments	AikBank	Hipotekarna bank	GB	M&V Investments	AikBank	Eurobank Direktna	GB
Discount rate	7.0%	7.0%	4.72%	3.5%	7.0%	7.0%	6.0%	3.15%
Salary growth rate	4.5%	6.0%	-	3.5%	4.5%	6.0%	8.5%	3.5%
Employee turnover rate	5.0%	12%	31.28%	5.5%	5.0%	10.0%	13.0%	4.9%

Movements on provisions for losses per off-balance sheet items during the year are presented in the table below:

	2025	2024
Balance at January 1	5,947	5,992
Effects of Hipotekarna bank acquisition	719	-
Charge for the year (Note 14)	12,915	12,373
Reversal of provisions (Note 14)	(13,571)	(12,422)
Foreign exchange effects	(7)	(1)
Other	298	5
Balance at December 31	6,301	5,947



34. CURRENT TAX
34.a) Current tax assets

	2025	2024
Current tax assets	6,733	28,804
Total	6,733	28,804

34.b) Current tax liabilities

	2025	2024
Current tax liabilities	3,910	92
Total	3,910	92

35. OTHER LIABILITIES

	2025	2024
Other liabilities:		
Account trade payables	11,802	8,865
Advances received	11,116	4,284
Lease liabilities	31,409	25,547
Liabilities per guarantees and acceptances called on	-	2
Profit sharing liabilities	439	502
Liabilities per managed funds	6,904	121
Other liabilities from operating activities	21,688	19,391
Liabilities in settlement	6,405	15,171
Suspense and temporary accounts	2,366	60
Liabilities to employees	1,570	1,348
Other liabilities	6,645	5,892
	100,344	81,183
Tax liabilities:		
Value added tax payable	1,385	2,215
Other taxes and contributions payable	6,102	6,408
	7,487	8,623
Accruals:		
Accrued liabilities per other accrued expenses	9,172	11,998
Deferred interest income	71	487
Deferred other income	3,155	3,502
	12,398	15,987
Total	120,229	105,793

35.1 Lease liabilities

Maturity analysis of lease liabilities in 2025 and 2024 are presented in the table below:

	2025	2024
Maturity:		
- less than one year	7,218	3,170
- up to 2 years	6,821	2,839
- up to 3 years	6,262	2,801
- up to 4 years	4,981	3,944
- up to 5 years	3,264	2,986
- more than five years	2,863	9,807
Total	31,409	25,547

Maturity analysis of contractual undiscounted cash flows of lease payments including interest payments in 2025 and 2024 are presented in the table below:

	2025	2024
Maturity:		
- less than one year	7,749	3,576
- up to 2 years	7,281	3,208
- up to 3 years	6,653	3,116



- up to 4 years	5,298	4,303
- up to 5 years	3,461	3,423
- more than five years	2,968	13,584
Total	33,410	31,210

Structure of total payments / outflows based on leasing in 2025 and 2024 are presented in the table below:

	2025	2024
Fixed lease payments	6,199	11,706
Variable lease payments	1,772	11,543
Total	7,971	23,249

36. EQUITY

The structure of the issued capital of the Parent Company as of December 31, 2025, and December 31, 2024 was as follows:

	2025		2024	
	In EUR	%	In EUR	%
Foreign entities				
Agri Holding AG	20,000,612	50,02	40,001,216	100.00
The Sloane Trust	10,000,304	24,99		
The Circle Trust	10,000,304	24,99		
	40,001,220	100.00	40,001,216	100.00

Movements in share capital can be presented as follows:

	2025		2024	
	Number of shares	In EUR	Number of shares	In EUR
Authorised				
Ordinary shares of EUR 1 each	40,005,000	40,005,000	40,005,000	40,005,000
Issued and fully paid				
Balance at 1 January	40,001,216	40,001,216	40,001,213	40,001,213
Issue of shares	4	4	3	3
Balance December 31	40,001,220	40,001,220	40,001,216	40,001,216

Upon the date of incorporation of the Parent Company on 16 March, 2011, the authorized share capital of the Parent Company was EUR 5,000 divided into 5,000 ordinary shares of EUR 1 each.

During 2013 the Parent Company issued to its shareholders 100 shares of nominal value EUR 1 each at a premium of EUR 47.62 per share (Agri Holding AG) and 72 shares of nominal value EUR 1 at a premium of EUR 694,437.50 per share (EBRD). During 2016 Agri Holding AG transferred to EBRD 26 ordinary shares out of the Agri Holding AG shares, being the effect of an upward adjustment per the terms of Shareholders Agreement signed during 2013.

On September 7, 2017, the ultimate holding Company Agri Holding A.G., Switzerland signed a Capital Contribution Agreement for the transfer of 100% of the shares in the company Hotel Palace Portoroz d.o.o., Slovenia (hereinafter "HPP") with Agri Europe Cyprus Limited, Cyprus (now: AikGroup (CY) Limited). As consideration payable for the contribution, Agri Europe Cyprus Limited (now: AikGroup (CY) Limited) issued 41 ordinary shares with the nominal value of EUR 1 in favour of Agri Holding AG, while the value of capital contribution amounted to EUR 23,000 thousand (the difference represents the share premium in the amount of EUR 22,999,959).

In December 2019 the AEC (now: AikGroup (CY)) has transferred 3 out of 4 subsidiaries (all except NordAgri N.V.) to the newly established company MK Group Global, whereas both AEC (now: AikGroup (CY)) and MK Group Global are wholly owned by the common owner - Agri Holding AG. As a part of this reconstruction, AEC (now: AikGroup (CY)) transferred to the MK Group Global following:



36. EQUITY (Continued)

- 1,000 ordinary shares of EUR 1.00 each in Oseane Holding Limited, with book value of EUR 1 thousand;
- 1,300 ordinary shares of EUR 1.00 each in AEC Hotels Limited, with book value of EUR 23,000 thousand;
- 1,101 ordinary shares of EUR 1.00 each in AEC Agrinvestment Limited, with book value of EUR 49,307 thousand;
- Cash and cash equivalents in the amount of EUR 695 thousand and
- Share premium in the amount of EUR 73,004 thousand.

During the financial year 2023 the authorized share capital was increased and as of December 31, 2023, amounts to EUR 40,005,000 divided into 40,005,000 ordinary shares of EUR 1 each.

The Company issued and allotted additional 40,000,000 (forty million) ordinary shares with a nominal value of EUR 1 each to its sole Shareholder namely AGRI HOLDING AG of 18 Rue St-Pierre, 1700 Fribourg, Switzerland, according to Resolution of the Board of Directors dated the 2nd of October 2023. Sole Shareholder of the Company proceeded with the payment of the amount of EUR 40,000,000 (forty million Euro) in full settlement of the consideration for the allotment of 40,000,000 (forty million) ordinary shares with a nominal value of EUR 1 each issued in the Company. Full payment and realized capital increase was finalized as of October 25, 2023.

The Company allotted additional 3 (three) ordinary shares with a nominal value of EUR 1 each to its sole Shareholder namely AGRI HOLDING AG of 18 Rue St-Pierre, 1700 Fribourg, Switzerland, according to Resolution of the Board of Directors dated the 14th of October 2024. Sole Shareholder of the Company proceeded with the payment of the amount of EUR 3.

The Company allotted additional 4 (four) ordinary shares with a nominal value of EUR 1 each to its sole Shareholder namely AGRI HOLDING AG of 18 Rue St-Pierre, 1700 Fribourg, Switzerland, according to the Board Resolution i on November 7, 2025. and Shareholders' Resolution on November 12, 2025.

37. CONTINGENT LIABILITIES AND OTHER OFF-BALANCE SHEET ITEMS
37.1. Litigation

As legal proceedings involve the Group members individually, brief descriptions are provided for each Group member separately:

Parent Company

As of December 31, 2025, AikGroup (CY) did not have any legal proceedings.

Nord Agri

As of December 31, 2025, Nord Agri N.V. did not have any legal proceedings.

M&V Investments

As of December 31, 2025, there were no legal suits with expected negative outcome involving the Broker-Dealer as a defendant.

AikBank

As of December 31, 2025 the Bank acts as a defendant in 21,099 (December 31, 2024: 5,321) disputes in which plaintiffs seek monetary claims from the AikBank. The aggregate value of these legal claims which may result in cash outflows (for damage compensation, debts, etc.) in case of negative outcome for the Bank amounted to EUR 168,119 thousand (December 31, 2024: EUR 82,770 thousand).

The main differences in 2025 compared to previous year is result of realised merger with Eurobank Direktna thus includes combined litigation portfolio of both banks.



37. CONTINGENT LIABILITIES AND OTHER OFF-BALANCE SHEET ITEMS (Continued)**37.1. Litigation (Continued)**

Based on the opinion of the attorneys, legal suits with a positive estimated outcome represent 92.51% of total amount of the legal suits with monetary claims of the plaintiffs against AikBank as of December 31, 2025. Pursuant to the requirements of IAS 37 and methodology of AikBank as of December 31, 2025, the AikBank made a provision in the amount of EUR 4,843 thousand (December 31, 2024: EUR 4,060 thousand) for claims with the negative outcome estimated by lawyers.

Additionally, according to Share Purchase Agreement for legal suites of ex Eurobank Direktna, all expenses regarding lost legal suites that existed on the day of acquisition (November 2, 2023) as well as for legal suites initiated after this date but which originate from contractual relationship that exist before November 2, 2023, affect the Sellers. The responsibility of Sellers is valid during the period of 30 months after conclusion the Share Purchase Agreement on November 2, 2023, taking into account that for timely reported claims, the responsibility of the Sellers lasts until the final resolution of the legal suites..

The current level of provisions has been assessed as adequate by AikBank's management. However, AikBank will closely monitor the market situation and outcomes of such litigation proceedings and, according to the best estimates, make adequate provisions in the future reporting periods in order to avoid unexpected effects on AikBank's performance.

AikBank was also involved as a plaintiff in a number of lawsuits filed against third parties, mostly for debt collection.

AIK Leasing

AIK Leasing act as a defendant in a number of legal suites arising from its daily operations and related to commercial and contractual issues, as well as labor relations, which are resolved or considered in the course of regular business. AIK Leasing assesses the probability of negative outcomes of these matters, as well as the amounts of estimated losses. A provision for litigation is established when it is probable that a liability exists, the amount of which can be reliably estimated through detailed analysis.

As of December 31, 2025, AIK Leasing has made provisions in the amount of EUR 11 thousand.

Gorenjska Bank

As of December 31, 2025 the Bank acts as a defendant in 3 (December 31, 2024: 8) disputes in which plaintiffs seek monetary claims from the Gorenjska Bank. The aggregate value of these legal claims which may result in cash outflows (for damage compensation, debts, etc.) in case of negative outcome for the Bank amounted to EUR 3,613 thousand (December 31, 2024: EUR 3,869 thousand).

Based on the opinion of the attorneys, legal suits with a positive estimated outcome represent 100% of total amount of the legal suits with monetary claims of the plaintiffs against Gorenjska Bank as of December 31, 2025. Pursuant to the requirements of IAS 37 and methodology of Gorenjska Bank as of December 31, 2025, the Gorenjska Bank made no a provision (December 31, 2024: EUR 17 thousand) for claims with the negative outcome estimated by lawyers.

The current level of provisions has been assessed as adequate by Gorenjska Bank's management. However, Gorenjska Bank will closely monitor the market situation and outcomes of such litigation proceedings and, according to the best estimates, make adequate provisions in the future reporting periods in order to avoid unexpected effects on GorenjskaBank's performance.

Gorenjska Bank was also involved as a plaintiff in a number of lawsuits filed against third parties, mostly for debt collection.

Hipotekarna bank

As of December 31, 2025 the Bank acts as a defendant in 25 disputes in which plaintiffs seek monetary claims from the Hipotekarna bank. The aggregate value of these legal claims which may result in cash outflows (for damage compensation, debts, etc.) in case of negative outcome for the Bank amounted to EUR 460 thousand.

Based on the opinion of the attorneys, legal suits with a positive estimated outcome represent 48% of total amount of the legal suits with monetary claims of the plaintiffs against HB as of December 31, 2025.



Pursuant to the requirements of IAS 37 and methodology of Hipotekarna bank as of December 31, 2025, the Hipotekarna bank made a provision in the amount of EUR 51 thousand for claims with the negative outcome estimated by lawyers.

The current level of provisions has been assessed as adequate by Hipotekarna bank 's management. However, Hipotekarna bank will closely monitor the market situation and outcomes of such litigation proceedings and, according to the best estimates, make adequate provisions in the future reporting periods in order to avoid unexpected effects on HB's performance.

Hipotekarna bank was also involved as a plaintiff in a number of lawsuits filed against third parties, mostly for debt collection.

37.2. Other Off-Balance Sheet Items (assets and liabilities)

	2025	2024
Managed funds	54,028	85,521
Guarantees and other sureties issued	1,781,280	1,588,543
Financial assets securitizing liability settlement		58,170
Derivatives held for trading at contractually agreed value	453,964	280,929
Securities received as pledges	1,267,687	1,407,421
Other off-balance sheet assets	16,185,792	13,472,946
Total	19,742,751	16,893,530
	2025	2024
a) Managed funds		
Loans per managed funds		
- current	71	8,597
- non-current	53,957	76,924
	54,028	85,521
b) Contingent liabilities		
Payment guarantees	215,651	160,634
Performance guarantees	686,949	733,390
	902,600	894,024
Unsecured letters of credit	8,795	3,632
Undrawn loan facilities	757,630	618,132
	766,425	621,764
- Irrevocable commitments per own guarantees and spot	112,255	72,755
	112,255	72,755
	1,781,280	1,588,543
c) Assets securitizing liabilities		
Financial assets securitizing liability settlement	-	58,170
		58,170
d) Derivatives		
Currency swaps and forwards	176,048	280,929
Interest rate swap	277,916	-
	453,964	280,929
e) Sureties received to secure liabilities		
Securities received to secure loan repayment	1,267,687	1,407,421
	1,267,687	1,407,421
f) Other off-balance sheet items		
Tangible assets, guarantees and other sureties received to secure loan repayment	13,961,570	11,726,823
Unused revocable lines of credit	673,584	675,552
Depository operations	5	299,112
Loro guarantees	59,851	85,318
Suspended interest	88,047	91,672
Receivables transferred to the off-balance sheet items	506,213	508,380
Other	896,522	86,089
	16,185,792	13,472,946
Total	19,742,751	16,893,530



38. RELATED PARTY DISCLOSURES
Transactions with Entities Related to the Group

In the normal course of business, a number of banking transactions are performed with the Group's shareholders and other persons/entities related to the Group at arm's length.

The following table provides details of related party transactions as of the reporting date:

	December 31, 2025					
	The parent	Subsidiaries	Associates	Joint ventures	Key management personnel	Other related parties
Loans and receivables						
Balance at January 1, 2025	-	-	-	-	1,466	24,538
Effects of Hipotekarna bank acquisition	-	-	-	-	183	4,303
Increase	-	-	-	-	364	721
Decrease	-	-	-	-	(263)	(23,973)
Balance at December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,750</u>	<u>5,589</u>
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>2,346</u>
Deposits						
Balance at January 1, 2025	-	-	-	-	15,647	104,438
Effects of Hipotekarna bank acquisition	-	-	-	-	544	4,601
Increase	-	-	-	-	4,212	22,470
Decrease	-	-	-	-	(11,469)	(23,985)
Balance at December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,934</u>	<u>107,524</u>
Interest expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>1,406</u>
Guarantees issued and loan commitments						
Income/expenses provisions for guaranties and commitments	-	-	-	-	1	3
Other						
Fee income	-	-	-	-	47	175
Fee expenses	-	-	-	-	-	5
Other income	-	-	-	-	2	96
Other expenses	-	-	-	-	13	339
Other assets						
Income/expenses						75

December 31, 2024


	The parent	Subsidiaries	Associates	Joint ventures	Key management personnel	Other related parties
Loans and receivables						
Balance at January 1, 2024	-	-	-	-	1,332	51,741
Increase	-	-	-	-	250	6,660
Decrease	-	-	-	-	(116)	(33,863)
Balance at December 31, 2024	-	-	-	-	1,466	24,538
Interest income	-	-	-	-	84	1,611
Deposits						
Balance at January 1, 2024	-	-	-	-	12,773	134,014
Increase	-	-	-	-	4,570	15,466
Decrease	-	-	-	-	(1,697)	(45,043)
Balance at December 31, 2024	-	-	-	-	15,647	104,438
Interest expenses	-	-	-	-	136	3,839
Guarantees issued and loan commitments						
Income/expenses provisions for guaranties and commitments	-	-	-	-	33	9
Other						
Fee income	-	-	-	-	21	357
Fee expenses	-	-	-	-	-	27
Other income	-	-	-	-	-	87
Other expenses	-	-	-	-	50	282

39. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year from continuing operations is stated after charging the following items:

a) Compensation expense of key management personnel:

	2025	2024
Short - term benefits	6,680	6,636
Post - employment benefits	22	36
Other long - term benefits	86	666
	6,788	7,338

b) Auditors' fees during the year in absolute net EUR was as follows:

	2025	2024
Auditors' fee for the audit of FS reports	453,952	342,005
Auditors' fee for other auditing services	25,897	21,824
	479,879	363,829



40. EVENTS AFTER THE REPORTING PERIOD***Parent Company***

As of 23rd March 2026, Saffery Trustee Company Limited has become the new trustee of the Circle, succeeding South Dakota Trust Company.

A change Board of Directors became effective on 1 January 2026, when one non-executive Board member ceased to hold office.

There have been no other significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

Nord Agri

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

M&V Investments

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

AikBank

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

AIK Leasing

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

Hipotekarna bank

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

Gorenjska Bank

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.

GB Leasing

There have been no significant events after the reporting period that would require adjustments to or disclosures in the notes to the accompanying consolidated financial statements of the Group as of December 31, 2025.



41. OPERATING ENVIRONMENT OF THE COMPANY

At the beginning of March 2022, increased volatility emerged in global financial and commodity markets due to the escalation of the conflict in Ukraine, which is still ongoing and has been accompanied by the introduction of sanctions against certain Russian companies and individuals. In March 2026, additional conflicts involving the United States and Israel with Iran further complicated the geopolitical situation, particularly with respect to the availability and prices of energy resources.

These and other events during 2025 have led to multiple challenges affecting the stability of the global economy, increased geopolitical uncertainty, rising inflation rates, energy market instability, a significant increase in energy prices, and heightened uncertainty in the global banking sector. These factors may have significant financial effects on many entities, including those with physical operations in the affected regions and sectors, as well as indirect stakeholders (e.g. suppliers and customers, investors, and lenders).

The Group has an immaterial direct exposure to Russia and Ukraine, as well as to countries in the Middle East, and on this basis no adverse effects were recorded in 2025 and 2024. No significant impact is expected in the forthcoming period as a result of direct exposure to these countries.

Despite the limited direct exposure, ongoing geopolitical uncertainty and continued macroeconomic instability, further exacerbated by tariffs imposed by the United States on numerous countries, may result in an increased adverse impact on the global economy. This is particularly relevant with regard to energy prices, foreign exchange rate fluctuations, interest rates, capital market activity, disruptions in supply chains, and intensified inflationary pressures, which may indirectly affect the Bank's operations.

The Group's and Bank's management carefully monitors and assesses the potential impact of global macroeconomic instability and takes all necessary measures to ensure the stability of the Bank's operations. However, future effects cannot be predicted with reasonable certainty.

42. EXCHANGE RATES

The official middle exchange rates for major currencies as determined at the interbank currency market and used in the translation of financial statements of the components in foreign currencies into EUR were as follows:

	2025	2024
RSD	117.282	117.0149
USD	1.1738	1.0407
CHF	0.793	0.9397

