



ANNUAL REPORT 2022

ANNUAL REPORT

Nova banka AD Banja Luka

Content

Opening remarks	6
About us	8
Management Board of the Bank	10
Bank Profile	12
Corporate values of the Bank	12
Macroeconomic environment	13
Banking sector in Bosnia and Herzegovina	15
The most significant financial and regulatory business indicators	18
Statement of financial position	18
Statement of profit or loss and other comprehensive income	20
Key Performance Indicators (KPI)	21
Quantative achievement of business strategy	22
Retail operations	22
Retail deposits	25
Quality of service	27
Corporate banking	30
Development of retail products	31
Development of corporate products	31
Treasury management	31
Liquidity management	32
Foreign exchange risk management	33
Risk management framework and system	33
Risk management organization	33
Credit risks	34
Non-credit risks	34
ICAAP - Internal Capital Adequacy Assessment Process	35
ILAAP - Internal Liquidity Adequacy Assessment Process	36
Human Resource Management	37
Internal organization of the Bank	37
Employee structure and turnover	38
Employee educations	40
New employee onboarding program	41
Talent management	41
Student practice	41
Work performance management	42
Employee satisfaction and motivation	42
Corporate social responsibility	43
Takeover of Sberbank a.d. Banja Luka	47
Financial statements	49

Opening remarks

The strength of the success of Nova banka lies in the partnership relationships that we have been building for years, in sharing a common vision and values. From our foundation until today, we have two goals - to facilitate access to financial services and to contribute to the further development of society and the environment in which we operate. Due to the goals set in this way, a large number of service users see us as their own, domestic bank, in which they show their trust.

During 2022, just like in the previous years, innovations fueled our growth. We believe that it is very important to provide quality service, because by creating additional value through the user experience, a significant competitive advantage is achieved. We listen to the users of our services, they are the first initiators of the innovation process, because we work to meet their needs in terms of improving the performance of existing services, as well as developing new services. However, every application of new technologies is a consequence of a stimulating work environment and fostering a culture of creating new ideas, and we are particularly proud of that.

The year 2022 brought us top business indicators. A total net profit of 41 million BAM was achieved, which is 17.7 million BAM more than the previous year. The Bank's total assets at the end of 2022 amounted to 3.2 billion BAM and are higher by 244 million BAM compared to the end of 2021. Along with the Bank's assets, the percentage of use of all services offered by the Bank, as well as the number of users, grew.

Every award presented to us during this year is confirmation that we are on the right track to increasing our value as a responsible and strong domestic bank, which is especially manifested through the care of employees, dedication to the needs of service users, readiness for any economic scenario, and strengthening of basic business activities. Nova banka pays special attention to the most sensitive categories of the population, and during 2022, just like in the previous years, we undertook numerous activities for the benefit of individuals and the community.

Constant growth and development can only be achieved by continuous investment in the education and training of all employees. That is why we pay special attention to organizing educations, with a special emphasis on the internal transfer of knowledge. All this speaks in favor of the fact that I strongly believe in all employees. The successes we have achieved are the result of a common vision and joint work on its realization, for which I am immensely grateful to everyone.

Sincerely,

Siniša Adžić
President of the Management Board of Nova banka





About us

Nova banka a.d. Banja Luka has been present under this name since 1999 as one of the first private banks in Bosnia and Herzegovina. From then until today, the Bank has grown into one of the leading banks in Republika Srpska and Bosnia and Herzegovina. The Bank is 100% domestically owned, and the largest shareholder of the Bank is the renowned company MG MIND d.o.o.

The organizational structure of the Bank consists of the Bank's headquarters in Banja Luka and 61 other organizational units, that is, the Branch Office for trade in securities „Broker Nova“, 13 sub-branches, 19 separate counters and 28 agencies, grouped within 13 Branch Offices. The Bank's organizational units are located in Banja Luka, Mrkonjić Grad, Gradiška, Sanski Most, Novi Grad, Prnjavor, Laktaši, Prijedor, Kozarska Dubica, Bijeljina, Ugljevik, Doboj, Teslić, Modriča, Brod, Derventa, Stanari, Brčko, Lončari, Istočno Sarajevo, Pale, Rogatica, Sokolac, Sarajevo, Ključ, Zvornik, Milići, Bratunac, Šekovići, Vlasenica, Trebinje, Gacko, Foča, Višegrad, Tuzla, Međugorje and Mostar. The majority of the Bank's organizational units are located in Republika Srpska, 48 of them to be exact, while 12 organizational units are located in the Federation of Bosnia and Herzegovina and one in the Brčko District of BiH. All organizational units are channels of distribution of the Bank's services to service users, who are primarily retail and SME users, and secondarily large corporate users.

We provide our services:

- Via 60 business units
- On over 2150 POS terminals
- At 104 ATMs
- 24/7 via electronic and mobile banking
- We proudly serve more than 200,000 service users

The Bank has made a significant step forward in the introduction of digital applications in dealing with clients, and in the period of the Strategic Plan, it intends to carry out a digital transformation of all bank processes. It offers a wide portfolio of traditional banking services (including various types of loans, documentary business, deposits and savings, payment transactions and money transfers, foreign currency exchange operations, etc.), but also performs a large number of primarily non-banking activities such as brokerage operations, custody business, factoring and forfeiting.

Until now, the Bank has mostly based its growth on doing business with the economy and the population. In the structure of the Bank's business, a dominant place is occupied by services related to placements to the economy and the population, as well as payment transaction services, that these users of the Bank's services have been serviced with. The Bank's offer to users is differentiated depending on the segment to which the user naturally belongs, and in accordance with the above, they are Directorate for retail banking, Directorate for corporate banking within which operate the Corporate and public enterprises banking Sector and SME banking Sector. The Corporate and public enterprises banking Sector has two departments: Corporate clients banking department and the Public sector, financial sector and project financing banking department.

The Bank's standard range of retail services includes credit and savings services, as well as retail packages. Within the Bank's range of services, card services are particularly distinguished. The Bank is constantly improving and expanding the payment card acceptance network. Following market trends and the increasing need for online trade, the Bank continued to develop and expand the network of users in e-commerce. Nova banka also offers the service of an authorized exchange office in the retail banking section.

For medium and small companies, the standard offer consists of loans for various purposes (fixed and current assets, maintenance of current liquidity, refinancing of existing loans, project financing), whereby the maturity and method of loan repayment are adjusted to the user's creditworthiness. A large share of the loan portfolio of this segment is made up of loans from the Investment-Development Bank of Republika Srpska. Other services offered are documentary business (guarantees, letters of credit), purchase of receivables, term deposits, domestic and foreign payment transactions, electronic banking services, business cards and POS terminals. For medium and small businesses, the service of an authorized exchange office is also available.

The main services provided to the corporate service users and the public sector are loans, purchase of receivables, guarantees, letters of credit, framework placements, deposits, payment transactions. Nova banka is recognized on the market as one of the few that provides purchase of receivables services. This type of banking services has grown over time into a very important profitable factor of cooperation with corporate users.

In the segment of trade in securities, the services of a custodian bank and brokerage are available to users. The Bank also offers its users the possibility of accessing the domestic capital market, as well as the purchase and sale of debt and equity securities, with the mediation of the Branch Office for trade in securities „Broker Nova“. The Bank still has the ambition of strengthening and creating the largest domestic banking group in the territory of Bosnia and Herzegovina.



Management Board of the Bank



Siniša Adžić, President of the Management Board

Siniša Adžić was born in Prijedor, on July 19, 1974. He finished elementary school and high school in Prijedor and earned the title of BSc in Economics at the Faculty of Economics of the University of Banja Luka in 1999. He has exceptional professional experience, seventeen years of work in banking, with a special emphasis on the field of Corporate and Investment Banking. During his rich work experience, he has been continuously improving in his profession, participating in numerous seminars, educational workshops and the like.

He started his career in the Mira Biscuit Factory from Prijedor, where he spent three years

and gained significant experience in understanding the way the BH market works.

He started his banking career in UniCredit Bank d.d. in 2004, as the Head of the Branch Office in Prijedor, then as the Director of the Personal and Entrepreneurial Banking Segment. In the period from 2009 to 2017 he was the Executive Director / Member of the Management Board for Corporate and Investment Banking of UniCredit Bank a.d. Banja Luka. In 2017 he became responsible for Retail, and from August 2020 he was a member of the Management Board for Corporate and Investment Banking in UniCredit bank a.d.

Mr. Adžić took over the position of the President of the Management Board of Nova banka a.d. Banja Luka in mid-February 2021, with the goal of continuing to work on improving all indicators in the Bank with a special emphasis on employee satisfaction, through improving the processes.



Jasna Zrilić, member of the Management Board

Jasna Zrilić was born on September 19, 1975, in Banja Luka, where she finished primary and secondary school, and at the Faculty of Economics of the University of Banja Luka, she earned the title of BSc in Economics. At the Faculty of Economics of the University of Novi Sad she obtained the title of Master Economist for Finance, Banking and Insurance by defending the thesis "Asset and Liability Management Strategy of the Bank".

She holds the licenses of a broker and investment manager.

She has been working in Nova banka a.d. since November 1, 2000, and since 2003 as the Director of the Branch Office for trade in Securities "Broker Nova". Since 2009, she has been appointed Director of the Treasury Division and was responsible for the following processes: Bank asset and liability management, liquidity management, foreign exchange position management, capital management, strategic planning, securities in the Bank's portfolio, correspondent banking, credit lines, and custody and depository operations. From January 2019 to November 2020, she was a member of the Management Board of the Bank responsible for assets, finances, risks, AML/CFT, and compliance.

She performed the duties of the President of the Management Board of the Bank from September 2020 until mid-February 2021, and after that she assumed the duties of a member of the Management Board of Nova banka, responsible for assets and finances.

She has been a member of the Group for the implementation of the Basel directives related to capital and LCR in Nova banka, as well as a member of the Management Board of the Banja Luka Stock Exchange a.d. since August 2014.



Nenad Nenadić, member of the Management Board

Nenad Nenadić was born on April 18, 1982, in Bosansko Grahovo. After graduating from the Grammar School in Banja Luka, he obtained the title of BSc in Economics at the Faculty of Economics of the University of Banja Luka, majoring in Banking.

He started his professional career in 2006 in Hypo Alpe Adria Leasing d.o.o, and in 2009 he continued his work in UniCredit Bank a.d. Banja Luka, primarily in the segment of small and medium enterprises, and corporate and investment banking. Since 2016, he has been the

Director of the Segment of Domestic Business Entities, Corporate and Investment Banking, and since June 2020, the Acting Director of the Segment of the Public and Financial Sector and International Entities, Corporate and Investment Banking. In March 2021, he was appointed a member of the Management Board of Nova banka a.d. Banja Luka, thus becoming a superior for Business with legal entities.

Commitment to clients, establishing and maintaining business relationships with clients from various fields, both business and geographical areas, are his most pronounced competencies.



Dejan Vukosavljević, member of the Management Board

Dejan Vukosavljević was born on October 1, 1978 in Banja Luka, where after graduating from the High School of Economics, he graduated from the Faculty of Economics in Banja Luka, majoring in General Management. During his professional career, he expanded his professional knowledge and skills through continuous education in the fields of finance and management, sales and human resources. He started his professional career in Citizens' Association and Microcredit Organization "Sinergija", as a Loan Officer in the period from 2005-2007. In May 2007, he started working for Hypo Alpe-Adria-Bank a.d. Banja Luka in the position of SME Manager. From December 2008 to December 2010, he was employed by Balkan Investment Bank a.d. Banja Luka, where he was the Director of the Banja Luka Branch Office until his employment with Nova Banka which started on January 1, 2011. In Nova banka, he continues his career in the position of Head of the SME Sales Management Department, and from December 1, 2013 he was appointed Director of Retail and Network Management Division and was responsible for the overall business process in the Retail and SME segment, as well as for the operation of the branch network, which accounts for almost 60% of the Bank's employees. From January 16, 2020 he was a member of the Management Board of the Bank in charge of the Bank's operations with Retail and SME clients, management of the Bank's information technologies, and management of restructuring and collection operations.



Borislav Trampa, member of the Management Board

Borislav Trampa was born on August 21, 1978 in Banja Luka, where he earned the title of BSc in Economics, and in 2007 he passed the brokerage exam. After that, he defended his Master's thesis at the Faculty of Economics in Subotica, University of Novi Sad. He has gained work experience in banking since 2007 in Zepter Komerc Bank, Volksbank a.d. Banja Luka, and Sberbank a.d. Banja Luka. His employment in Nova banka started on September 16, 2013 as the Head of the Large Clients Department within the Corporate Banking Division. From July 11, 2016 he was appointed Director of the Corporate Banking Division. Within his authority, he was responsible for doing business with large clients and public companies. On January 16, 2020 he was appointed as a member of the Management Board of the Bank, superior for the Bank's operations with corporate clients and public companies, as well as for payment operations and business support.



Bank profile

Vision

Our vision is to be part of the largest domestic banking group that operates simply, safely and responsibly, to be a reliable partner and the Bank of first choice for our clients and employees.

Mission

We are a strong and reliable domestic bank, ready to grow together with our clients and their ideas, but also to support those who are just starting out. We direct our business in a simple, accessible and responsible way, so that care for people and economic progress are woven into our corporate values, and our activities confirm that we are a socially responsible partner of the community.

Corporate values of the Bank

Corporate values of Nova banka do not only include business success. They are not just a suggestion of behavior, but primordial beliefs from which competitive strength of Nova banka derives. Once established, corporate values must be firm and unwavering. Therefore, the Bank singled out the five most important ones, on which it bases all its activities, from creating strategies to making decisions.



Customer care

For Nova banka, customer care is in the first place. The goal of this value is to build long-term good relationships through daily business. That is why it is important for the Bank to continuously learn about clients, recognize and understand their needs, and create a unique offer in accordance with the collected knowledge. For the Bank, every client is a person that it cares about and protects.



Integrity

Moral values and legal duties are very important. It is necessary to approach the business ethically and professionally. Relationships are built on mutual trust, respecting other people's opinions and attitudes. Agreements are respected, and a given word is kept.



Employee development

All employees of Nova banka are the key to its successful business, therefore it invests in the development of teams and individual development of employees, with the aim of acquiring new knowledge, understanding work tasks, and strengthening team spirit, communication skills and motivation. Nova Bank pays special attention to the organization of education, with a special emphasis on the internal transfer of knowledge.



Team work

„A team is not a group of people who work together. A team is a group of people who trust each other," said Simon Sinek, and this sentence reflects one of fundamental values of Nova banka. The goal of this value is the formation of quality teams, among whose members there is respect, good communication, information sharing and good interpersonal relations.



Long-term partnership

Nova Bank strives to establish mutually beneficial, caring relationships based on trust and the desire for mutual success by providing superior customer experience and service. Trust is the foundation of every good relationship.

Macroeconomic environment

By observing the situation in the Eurozone, it can be concluded that there has been some deterioration: growth is weaker, and inflation is higher and more persistent than predicted in the ECB experts' macroeconomic projections for September 2022.

During the summer, economic growth was stronger than previously expected as the reopening of the economy and government support measures boosted activity in the service sector. However, the continued energy crisis, high inflation, increased uncertainty, global slowdown and tight financing conditions are reducing economic activity and have already led to a sharp slowdown in real GDP growth in the third quarter of 2022. Experts now expect a short-term and mild recession in the Eurozone at the end of 2022 and the beginning of 2023. The consequences of the war in Ukraine on the economy are showing and fueling strong inflationary pressures. At the same time, consumer and business confidence is still weak, while real disposable income is decreasing and increased cost pressures are limiting production, especially in energy-intensive sectors. These negative economic consequences should be partially mitigated by fiscal policy measures. In addition, high levels of natural gas inventories and continued efforts to reduce demand and replace Russian gas with alternative sources indicate that mandatory energy-related production cuts should not be necessary in the eurozone over the projection period, although risks of energy supply disruptions remain, which would lead to an increase in consumption, especially during the winter at the transition from 2023 to 2024. It is expected that in the medium term, in conditions of re-establishment of balance on the energy market, uncertainty will decrease and real incomes will increase. This is why economic growth is expected to strengthen, which will be contributed by the strengthening of foreign demand and the resolution of remaining bottlenecks in supply chains, despite less favorable financing conditions. The labor market is expected to remain relatively resilient to the coming mild recession due to labor retention in conditions still characterized by significant labor shortages. Generally speaking, annual average real GDP growth is expected to slow significantly, from 3.4% in 2022 to 0.5% in 2023, after which it should pick up again to 1.9% in 2024, and 1.8% in 2025. Compared to the September 2022 projections, the outlook for GDP growth that has been revised upwards by 0.3 percentage points for 2022 due to positive summer surprises, has been revised downwards by 0.4 percentage points for 2023, while for 2024 it remained unchanged.



Real GDP growth in the euro area; Source: ECB

Notes: Data are seasonally and calendar adjusted. Historical data may differ from the latest Eurostat data if these data were published after the end date of the projections. The beginning of the projection period is marked with a vertical line.

Inflation remains surprisingly high compared to September 2022 projections and has spread across all components of the HIPC despite strong cuts in wholesale gas and electricity prices, weakening demand, easing supply chain bottlenecks and government measures to contain energy price inflation. Core HIPC inflation is expected to remain extremely high in the near term as the impact of producer cost pressures related to past commodity price increases,

past euro depreciation, supply-side deficits and difficult labor market conditions continue to feed through to consumer prices. However, inflation is expected to decrease from an average of 8.4% in 2022 to 6.3% in 2023, with inflation decreasing from 10% in the last quarter of 2022 to 3.6% in the last quarter of 2023. For the following years, a decrease is expected to an average of 3.4% in 2024 and 2.3% in 2025.

The decrease of inflation in the projection period is a consequence of the strong negative effects of basic energy sources in 2023, the gradual effect of the normalization of the ECB's monetary policy that began in December 2021, weaker prospects for growth and the assumed drop in the prices of energy and food raw materials in line with forward prices, and the assumption that long-term inflationary expectations will remain anchored. Headline inflation is expected to fall to the ECB's medium-term inflation target of 2% in the second half of 2025, while HIPC inflation excluding energy and food will remain above 2% during the projection period. These developments are due to the delayed indirect effects of high energy prices and a strong history of euro depreciation (despite a recent mild appreciation) and a strong labor market and the compensatory effects of inflation on wages, which are expected to grow at rates well above historical nominal averages (although real growth will remain below the pre-war level in Ukraine throughout the entire projection period).

Banking sector in Bosnia and Herzegovina

Banks operate on the territory of three entities in Bosnia and Herzegovina: Republika Srpska, Federation of BiH and Brčko District.

At the level of the banking sector in the Federation of BiH for the year 2022, a positive financial result was reported in the amount of 361.4 million BAM, which is 67.84 million BAM more compared to the same period of the previous year. All banks based in the Federation of BiH reported a positive financial result in this period.

The banking sector of Republika Srpska as of December 31, 2022, consists of 8 banks, with a network of 280 organizational units and 2,946 employees.

The financial result of the banking sector in 2022 is positive, and the profit is higher by 16.5 million or 13% compared to the same period in 2021.

Non-performing loans (NPLs) are lower by 13.3 million BAM, i.e. 6% compared to the end of 2021. In the first quarter of 2022, banks carried out an accounting write-off of loan principal in the amount of 36.7 million BAM and a permanent write-off of loan principal in the amount of 22.4 million BAM, which affected the reduction of non-performing loans in the course of 2022. The share of NPLs in total loans decreased from 4% to 3.7% compared to the end of 2021.

The total coverage rate of ECL loans is lower by 0.6 percentage points compared to the end of 2021. The total NPL coverage rate with ECL is lower by 8.1 percentage points compared to the end of 2021.

Total loans are higher by 87.8 million BAM or 1.5% compared to the end of 2021. The largest share in total loans, 50.5%, is still held by retail loans in the amount of 2.9 billion BAM and is higher by 131.6 million BAM or 5% compared to 2021, while corporate loans make up 32.8% of total loans and are lower by 73.5 million BAM or 4%. Loans to public and state enterprises grew by 88.1 million BAM or 37%, to non-profit organizations by 6.7 million BAM or 139%, to non-bank financial institutions by 3.8 million BAM or 5% and loans to other clients by 14.9 million BAM or 204% and participate in the structure with 0.4% of total loans. We have a decline in loans given to the government and government institutions by 83.7 million BAM or 13%. Loans for financing the general consumption of the population make up 63.2% of the total loans of the population and increased by 4.2%, and non-purpose cash loans dominate their structure at 92.55%. Loans for housing needs increased by 5.8%.

Deposits recorded an increase of 96.6 million BAM or 1% compared to the end of 2021. In the first quarter of 2022, there was a larger drop in deposits due to geopolitical events caused by the conflicts between Ukraine and Russia, which affected the business operations of "Sberbank" a.d. Banja Luka (deposit outflow), the current rise in inflation (which disincentivizes saving), as well as media headlines related to the court case of a bank (increasing its reputational risk). However, if only the second and third quarters are observed, progress in terms of stopping the downward trend of deposits at the sector level is evident, while in the 4th quarter there was an increase of 1% compared to 2021. According to the sectoral structure, the sectors that make up 58.11% of the total structure of deposits had a drop in deposits, namely: household deposits (2%), deposits of non-banking financial institutions (6%) and other deposits (24%). We have deposit growth in sectors that make up 41.89% of total deposits, namely: deposits of public and state enterprises (9%), deposits of non-profit organizations (13%), deposits of the government and state institutions (2%), deposits of banks and banking institutions (2%), deposits of private companies and enterprises (11%). Deposits in domestic currency account for 68.9% of total deposits and recorded a growth of 3%, while deposits in foreign currency recorded a decrease of 2%. Long-term deposits fell by 12%, while short-term deposits rose by 7%.

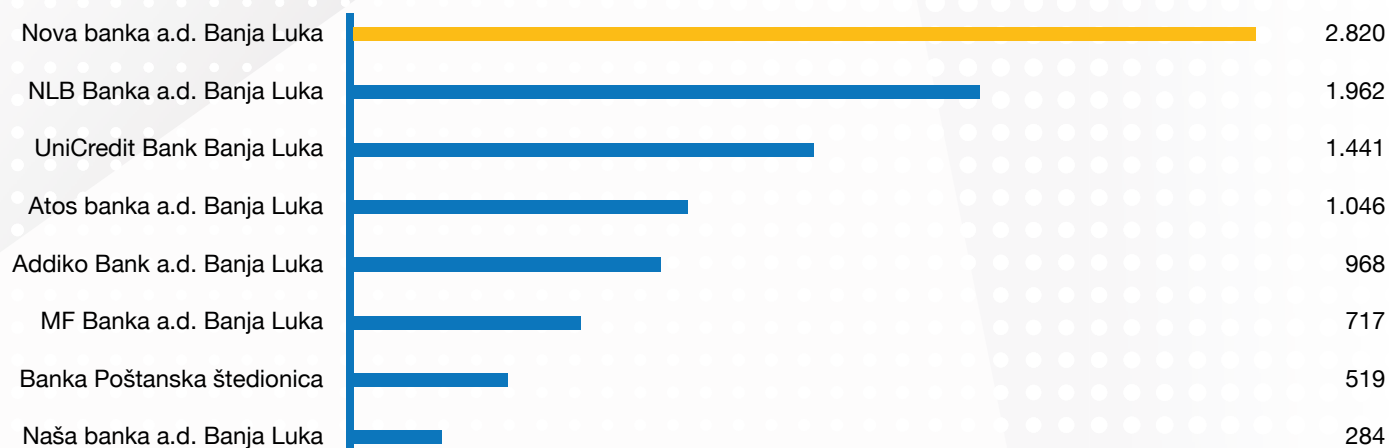
The LCR at the level of the banking sector is higher by 19 percentage points compared to the end of 2021. In addition to the aforementioned developments (in the part of deposits), the banking sector of Republika Srpska maintained liquidity at a satisfactory level during 2022, which also affected the maintenance of the Liquidity Coverage Ratio (LCR) at a high level.

Based on data as of December 31, 2022, among banks operating in Republika Srpska, Nova banka is in first place in terms of assets, i.e. in second place in terms of equity.

**Latest data available*

ASSETS

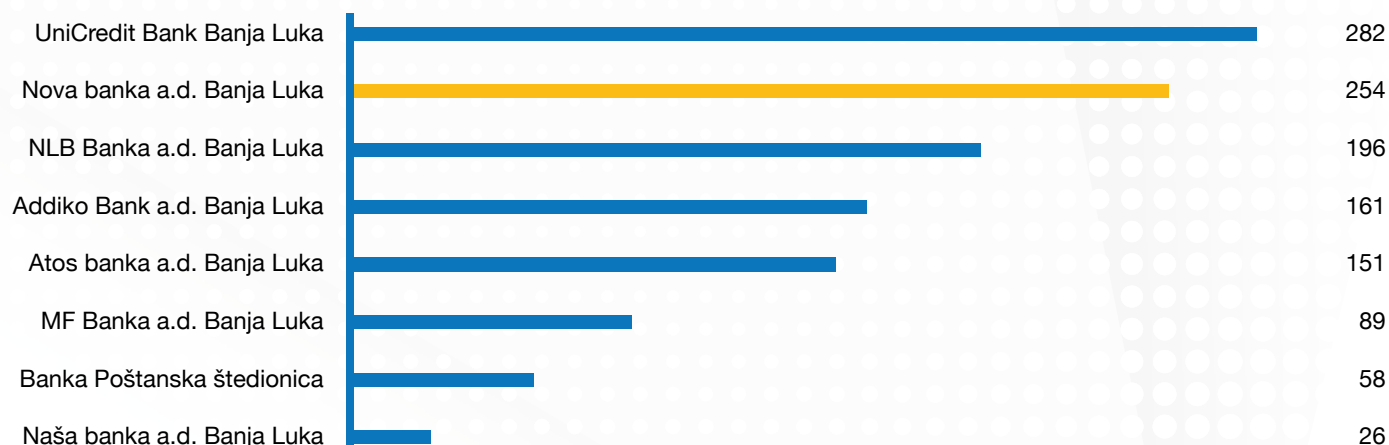
(in million BAM)



In the banking sector of Republika Srpska, Nova banka participates with 28.90% in the level of total assets, i.e. with 20.87% in the total level of capital.

EQUITY

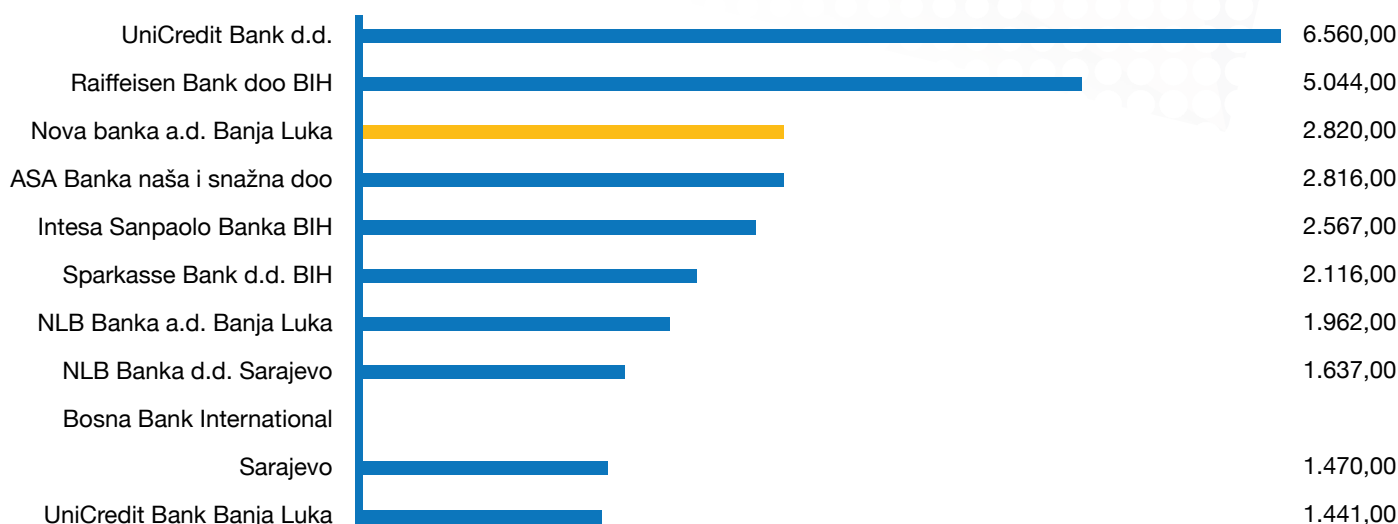
(in million BAM)



Observing the banking sector of Bosnia and Herzegovina, as of December 31, 2022, Nova banka is in third place in terms of assets (first 10 banks).

ASSETS

(in million BAM)



In the coming period, the Bank will also carry out activities that will enable it to maintain a competitive position on the market, which will be based on flexibility, speed, the Bank's built network, shortening the time of service realization and product diversification.

There are 21 commercial banks operating on the market of Bosnia and Herzegovina, 13 with headquarters in the Federation of Bosnia and Herzegovina and 8 with headquarters in Republika Srpska. Although banks are very different from each other when it comes to their internal structure and the origin of capital, they are mostly uniform when it comes to the offer of credit and deposit products, since they are defined based on the needs of clients.

If the offers of direct and indirect competitors of Nova banka are compared, it can be noted that all banks try to adapt as quickly as possible to the challenges of the environment by modifying the parameters of existing products or introducing new ones.

Based on data from December 31, 2022, among banks operating in Republika Srpska, Nova banka is in first place in terms of assets, loans and deposits, i.e. in second place in terms of equity.

BANK	Assets	Equity	Assets/ Equity	Loans	Deposits	Number of employees	Assets per employee
Nova banka ad Banja Luka	2.820.317	253.954	9,00	1.611.883	2.207.816	675	4.178
NLB banka ad Banja Luka	1.962.127	195.690	9,97	1.056.463	1.611.038	496	3.956
UniCredit Bank ad Banja Luka	1.440.649	281.802	19,56	876.052	1.050.386	422	3.414
Atos Bank ad Banja Luka	1.046.140	151.002	14,43	653.170	809.817	371	2.820
Addiko Bank ad Banja Luka	968.402	160.550	16,58	655.321	767.513	345	2.807
MF banka ad Banja Luka	716.781	89.405	12,47	527.454	516.088	293	2.446
Banka Poštanska štedionica ad Banja Luka	519.195	57.993	11,17	255.042	401.380	160	3.245
Naša banka ad Bijeljina	283.542	25.635	9,04	157.525	231.122	184	1.541
TOTAL	9.757.153	1.216.031		5.792.910	7.595.160	2.946	
% Nove Banke	28,91	20,88		27,83	29,07	22,91	

Financial indicators of key competitors in Republika Srpska as of December 31, 2022

Considering the ownership structure of banks in Bosnia and Herzegovina, the majority of banks are in dominant foreign ownership.

The most significant financial and regulatory business indicators

Statement of financial position

	(in 000 BAM)		
	2022.	2021.	Ind 22/21
Cash and funds held with the Central Bank	776.096	825.788	94
Financial assets	414.235	299.309	138
Investments in subsidiaries	11.007		
Loans and receivables due from customers	1.545.616	1.450.528	107
Tangible and intangible assets	44.913	48.570	92
Assets acquired in the lieu of debt collection	545	8.742	6
Other assets	27.906	30.361	92
Total assets	2.820.318	2.663.298	106
Deposits	2.207.816	2.068.719	107
Credit lines	279.277	293.435	95
Subordinated debt	37.600	37.600	100
Other liabilities	41.670	48.176	86
Equity	253.954	215.368	118
Total liabilities and equity	2.820.317	2.663.298	106
Off balance	444.778	357.645	124

The level of net assets as of December 31, 2022 was realized in the amount of 2,820,317 thousand BAM and was 6% higher than the realization for 2021. Assets grew due to higher investment in financial assets compared to the previous year.

Cash resources amounted to 776,095 thousand BAM and were 6% less than in the previous year.

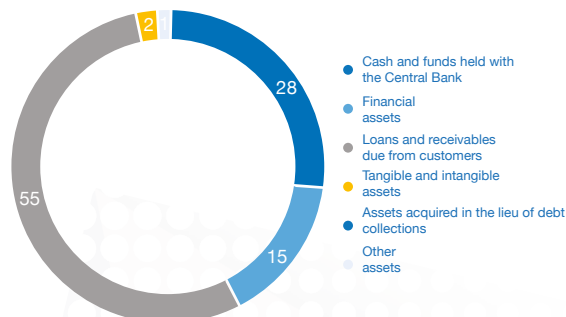
Financial assets include assets valued at amortized cost, at fair value through the income statement and at fair value through other comprehensive result. This item was realized 38% more than the realization of the previous year: realized 414,235 thousand BAM (2021: 299,309 thousand BAM) due to the purchase of bonds of the Ministry of Finance of Republika Srpska in the amount of 56 million BAM.

Loans and receivables due from customers (net) were realized by 7% more compared to the previous year: realization as of December 31, 2022, was 1,545,617 thousand BAM (2021: 1,450,528 thousand BAM).

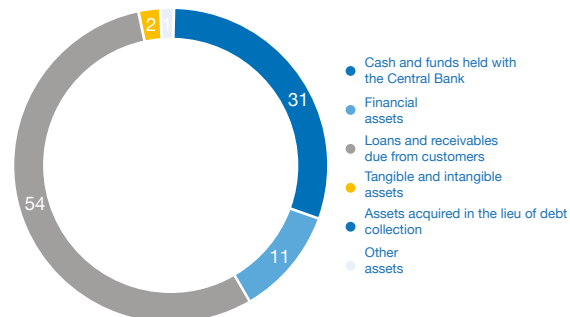
The level of fixed assets was realized in the amount of 44,913 thousand BAM (2021: 48,570 thousand BAM). The lower achievement in 2022 was conditioned by the Bank's lower need for investments and acquisition of fixed assets.

Level of net value of acquired tangible assets as of December 31, 2022, was achieved at a significantly lower level than the previous year: 545 thousand BAM (2021: 8,742 thousand BAM). The Bank sold a certain number of items of acquired tangible assets, and at the same time it set aside a certain amount for depreciation. Also, the Bank still intends to continue this practice in the future and reduce the net value of the acquired tangible assets to the lowest possible value. Coverage of acquired tangible assets by impairments/depreciation for 2022 was 94.95% (the rate for the year 2021 was 76.37%).

• Structure of assets items for 2022



• Structure of assets items for 2021



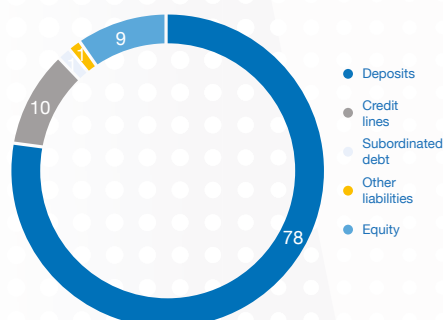
Deposits grew by 7% compared to the achievement in 2021, and, by segment, the balance as of December 31, 2022, was as follows:

- Public sector 730,462 thousand BAM or 10% more than the achievement in 2021,
- Corporate clients 187,341 thousand BAM or 41% more than the achievement in 2021,
- SME clients 299,950 thousand BAM or 313% more than the achievement in 2021,
- Retail clients 976,215 thousand BAM or 3% less than the achievement in 2021 (noting that 44.21% of the Bank's deposits are deposits of the Retail segment),
- Banks 13,848 thousand BAM or 234% more compared to the achievement in 2021.

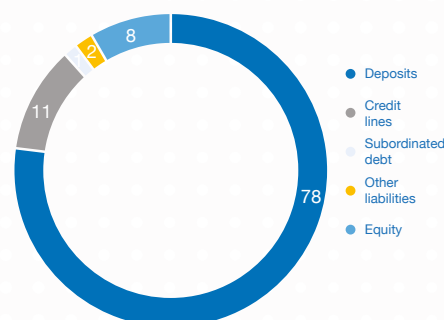
Liabilities per credit lines amounted to 279,277 thousand BAM (2021: 293,435 thousand BAM), that is, 5% less than the achievement in 2021. This position depends on the clients' demand for loans from other sources (credit lines from the Investment and Development Bank of Republika Srpska (IRB)).

The off-balance sheet is also higher than the realization for 2022 and amounts to 444,778 thousand BAM (2021: 357,645 thousand BAM), mostly due to the growth of payable, performance guarantees as well as irrevocable credit obligations.

• Structure of liabilities and equity items for 2022



• Structure of liabilities and equity items for 2021



Statement of profit or loss and other comprehensive income

	(in 000 BAM)		
	2022.	2021.	Ind 22/21
Net interest income	71.055	63.115	113
Net income from fees and exchange rate differences	34.407	25.761	134
Other operating income	8.936	6.247	143
Operating and other expenses	(55.889)	(51.757)	108
Impairment of assets acquired through the collection of receivables	(1.263)	(6.549)	19
Net expense of impairments and provisions for expected credit losses	(12.751)	(12.113)	105
Profit before taxes	44.495	24.704	180
Income tax expenses	(3.412)	(1.414)	241
Profit for the year	41.083	23.290	176
Other gains and losses for the year	(2.438)	(1.953)	125
Total comprehensive income for the year	38.645	21.337	181

The income statement followed the growth in the balance sheet, and the income in the income statement was significantly higher compared to the achievement in 2021.

Net interest income was realized in the amount of 71,055 thousand BAM and was 13% higher compared to 2021 (63,115 thousand BAM).

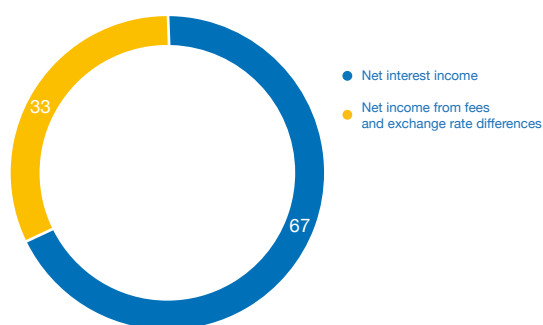
Net income from fees and exchange rate differences grew by 34% compared to the previous year and amounted to 34,407 thousand BAM (2021: 25,761 thousand BAM). All business processes increased profitability compared to the achievement in 2022: in accordance with the growth of guarantees, income from off-balance sheet operations increased by 25%, income from domestic payment transactions fees increased by 10%, income from foreign payment transactions fees increased by 29%, income from trading activities increased by 108%, income from foreign exchange and conversion operations increased by 94%, and income from payment cards increased by 30% compared to the plan. In 2022, there was a larger volume of business operations, mostly due to the increased volume of business operations in all segments compared to the previous year, but also due to the digitalization of the services provided by the Bank (the number of electronic orders in domestic payment transactions increased).

The net income from financial transactions was 7% higher than the realization for 2020: it was 88,876 thousand BAM for 2021, that is, 82,944 thousand BAM for 2020. The Bank achieved a higher net income from financial transactions in the amount of 5,932 thousand BAM, compared to the same period last year.

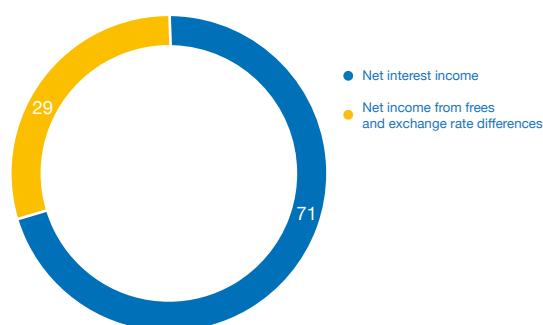
Other operating income were realized in the amount of 8,936 thousand BAM, i.e. by 43% more compared to the realization in 2021. This year, the impact of the securities assessment amounted to only 41 thousand BAM (same period last year: 122 thousand BAM). A significant effect was achieved from collected receivables, i.e. 1,146 thousand BAM (same period last year: 75 thousand BAM) as well as income from the early term deposit withdrawal penalties that in 2022 amounted to 828 thousand BAM, which is a growth in the amount of 91% (2021: 434 thousand BAM). Operating and other expenses were realized at a slightly lower level compared to 2022 and amounted to 55,889 thousand BAM (2021: 51,757 thousand BAM).

The net profit for 2021 is 41,083 thousand BAM and is 76% higher than the previous year. For the year 2021, the Bank achieved a net profit in the amount of 23,290 thousand BAM.

• structure of net income from financial transactions for 2022



• structure of net income from financial transactions for 2021



Key Performance Indicators (KPI)

(in 000 BAM)			
	2022.	2021.	Ind 22/21
Cost Income Ratio CIR (operating expenses)_SREP	49,96%	61,30%	82
Operating and other expenses/Total income	34,86%	38,22%	91
ROE (Return on Equity)	17,70%	11,49%	154
ROA (Return on Assets)	1,55%	0,95%	163
Share of capital in total assets	9,00%	8,09%	111
Net loans as % of total assets	54,80%	54,46%	101
Regulatory capital ration (min 12%) + minimum capital conservation buffer (min 14,5%)	18,42%	17,98%	102
Tier 1 ratio (min 9%)	16,28%	15,41%	106
Common equity tier 1 ratio + capital conservation buffer (min 11,5%)	16,28%	15,41%	106
Financial leverage ratio	7,95%	7,44%	107
Cash-to-deposit ratio	35,18%	39,95%	88

During 2022, the Bank reduced its Cost Income (C/I) Ratio by 18%, which was influenced by the growth of income from financial transactions.

The achieved higher profit for 2022 also affected the growth of ROE and ROA from 11.49% to 17.79% for ROE, that is, from 0.95% to 1.55% for ROA.

The share of loans in total assets is at approximately the same level as in 2021. Thus, for 2022, the participation was 54.80%, while for 2021, it was 54.46%.

The Tier 1 ratio is 16.28% (2021: 15.41%), and the Regulatory capital ratio is 18.42% (2021: 17.98%). The higher ratios in 2022 were achieved due to the increased net profit achieved in 2022.

Financial leverage was achieved at the level of 7.95% (2021: 7.44%).

Quantitative achievement of business strategy

In the past year, Nova banka a.d. Banja Luka maintained one of the leading positions on the banking market of Bosnia and Herzegovina, by emphasizing stability and strengthening the liquid position, all thanks to and respecting the principles of values that led to continuous growth and development. Values, as a set of guiding principles and fundamental beliefs, help people in an organization to function together as a team and work towards a common business goal. Values are related to business relationships, employee relationships, customer relationships, and company growth. Values are what unite us and define our culture! In 2022, just like in previous years, Nova banka achieved growth in almost all business segments.

The growth trend of clients was maintained in all segments, for natural persons, SMEs and corporate clients, as well as for the public sector, which was also the case with credit placements and deposits. The Bank has placed great emphasis on improving the quality of the loan portfolio, increasing collection activity and retaining existing and attracting new clients desirable for the Bank.

Retail operations

In 2022, the Retail and Branch Network Management Sector had changes in its organizational structure, so that in addition to retail business, two new departments operate within the Sector: the Department for doing business with independent entrepreneurs (SP) and the Early collection department. In the coming year, a new organization and systematization of the network of branches is planned, and it would be organized and divided into seven regions with associated branches.

For the purpose of more efficient, better and faster management of the business relationship with the group of clients, independent entrepreneurs (SP) and communities of apartment owners (ZEV), the management of the business relationship takes place through the network of branches and the Department for doing business with SP. The Department for doing business with SP and the network of branches took over the management of business relations with 10,714 clients from the Small and Medium Enterprises Sector (SME Sector). This is the number of clients that represents 43% of the total client portfolio of the SME Sector.

The Department for doing business with SP centrally manages the model and business relationship through the use of the branch network infrastructure, i.e. through coordination and support to employees in branches responsible for managing business relations with this segment of clients. Managing a business relationship means establishing a business relationship with new clients and opening products and services provided in the catalog for legal entities that are adequate to the needs of this segment of clients, managing a business relationship with existing clients through regular and necessary client updates, processing credit and guarantee requests, etc.

The goal and mission in doing business with SP and ZEV clients is to increase client satisfaction and a better experience with the Bank through digitalization and automation of the business relationship.

The Early collection department monitors the quality and movement of the portfolio on a daily basis through the Report on the status of the portfolio classified in credit risk level S1 and S2 by delinquency intervals (delinquency matrix) at the branch level. The goal of the department is to react more efficiently and quickly when collecting overdue receivables for placements classified as credit risk level S1 and S2, as well as achieving better business results at the Bank level with the aim of reducing costs.

Through a business network of 13 branches, i.e. 60 sub-branches, Nova Banka offers its clients a wide range of products and services. The Bank provides a wide range of traditional banking and digital services (including various types of loans, guarantees, deposits and savings, payment transactions and money transfers, documentary letters of credit and foreign currency exchange operations, electronic and mobile banking), but also performs a large number of non-banking activities such as brokerage operations, custody business, factoring and forfeiting. The basic characteristic of all the Bank's products is that they are standardized, adapted to the needs and requirements of clients, that they are of high quality and competitive, they are easily available and they bring new value for the money invested.

In addition to traditional banking services, during 2022, Nova banka also started digital transformation, which according to the four-year strategic plan is the primary business goal. Following the trends in the market, the focus of the operations of the Retail and Branch Network Management Sector is the migration of clients from traditional to digital

channels. Through continuous employee education and changing the systematization of workplaces, we have enabled the transformation of business in such a way that the transition to digital business places our employees in the role of advisors and personal bankers to clients, while clients themselves use standard bank services through digital channels.

In 2022, we are recording an increase in the number of users of the Smart Nova service by 114% compared to 2021, that is, 17,340 users at the end of last year compared to 8,100 users at the end of 2021.

By analyzing the use of digital channels by our clients, we came to the result that we had 184% more transactions through Smart Nova in 2022 compared to 2021. Looking at the transactions made through mobile and electronic banking, we see that 52% more transactions were made in 2022 compared to the previous year. ATM withdrawal transactions are higher in 2022 by 6% compared to 2021.

Retail loans

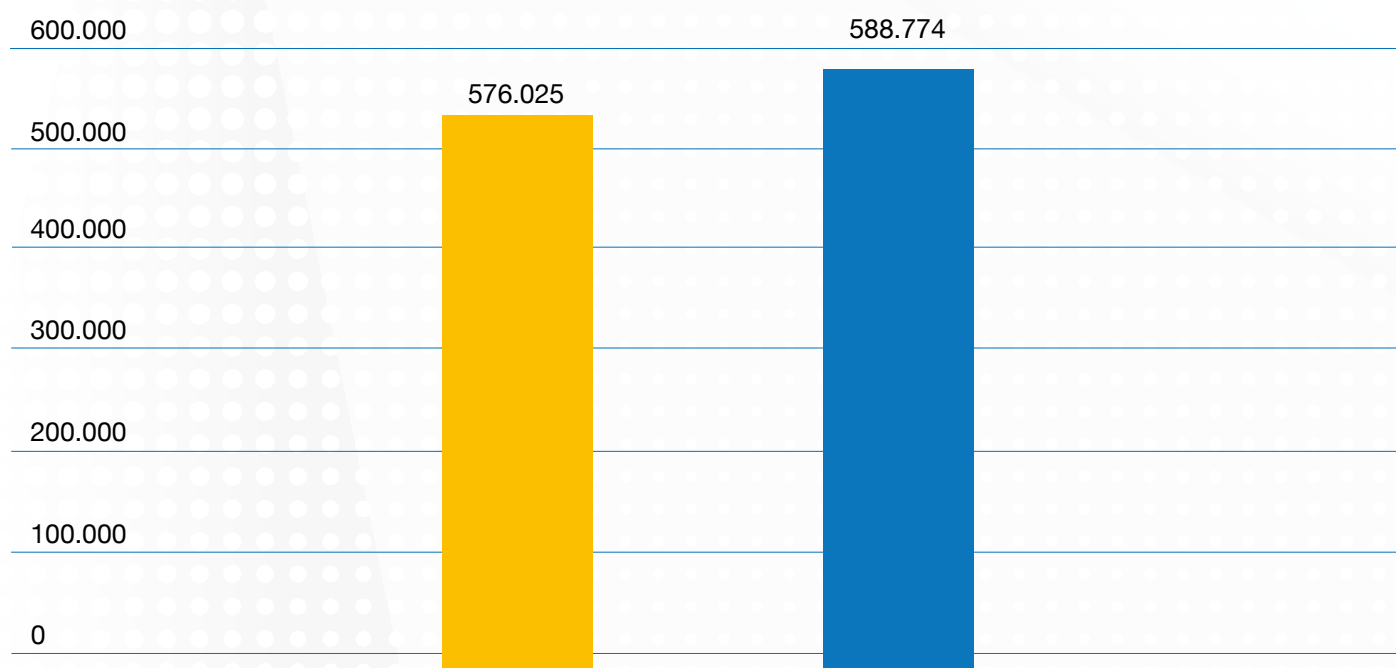
Balance of the retail loan portfolio with loans due on December 31, 2022, is 593.4 million BAM and is higher than the same period in 2021 by 1.58%, when it amounted to 584.1 million BAM. In 2022, 0.32 million more loans were placed than in the previous year, i.e. 447 loan sub-accounts more. In 2022, there was a net increase in placements in the amount of 9.3 million BAM. Of the total portfolio of placements, 93.81% or 589.6 million BAM refers to profitable placements of clients who regularly repay their obligations.

In 2022, the Bank maintained a positive trend in the placement of housing loans from the funds of the Investment-Development Bank of Republika Srpska (IRB RS), and placed 16.7 million BAM in loans to all groups of users, or 33.2% of the total housing loans placed from the funds of the IRB RS.

The achieved growth is the result of team work, well-designed and implemented credit placement actions, primarily non-purpose and replacement loans, as well as housing loans from own and IDB RS funds.

Trend of placements from 2012 - 2022

in thousands BAM



Placement trend levels from 2012 to 2022 (without due placements)

Retail deposits

The first half of 2022 records a decline in retail deposits on the entire market of Bosnia and Herzegovina, so in Republika Srpska as well. By analyzing the deposit market, it was estimated that around one billion retail deposits were withdrawn from the banking sector, due to the global crisis caused by the war in Ukraine, along with general inflation in which money loses its value. In such circumstances, a significant part of the retail deposits is directed to the purchase of real estates as an alternative to savings, i.e. keeping money in banks.

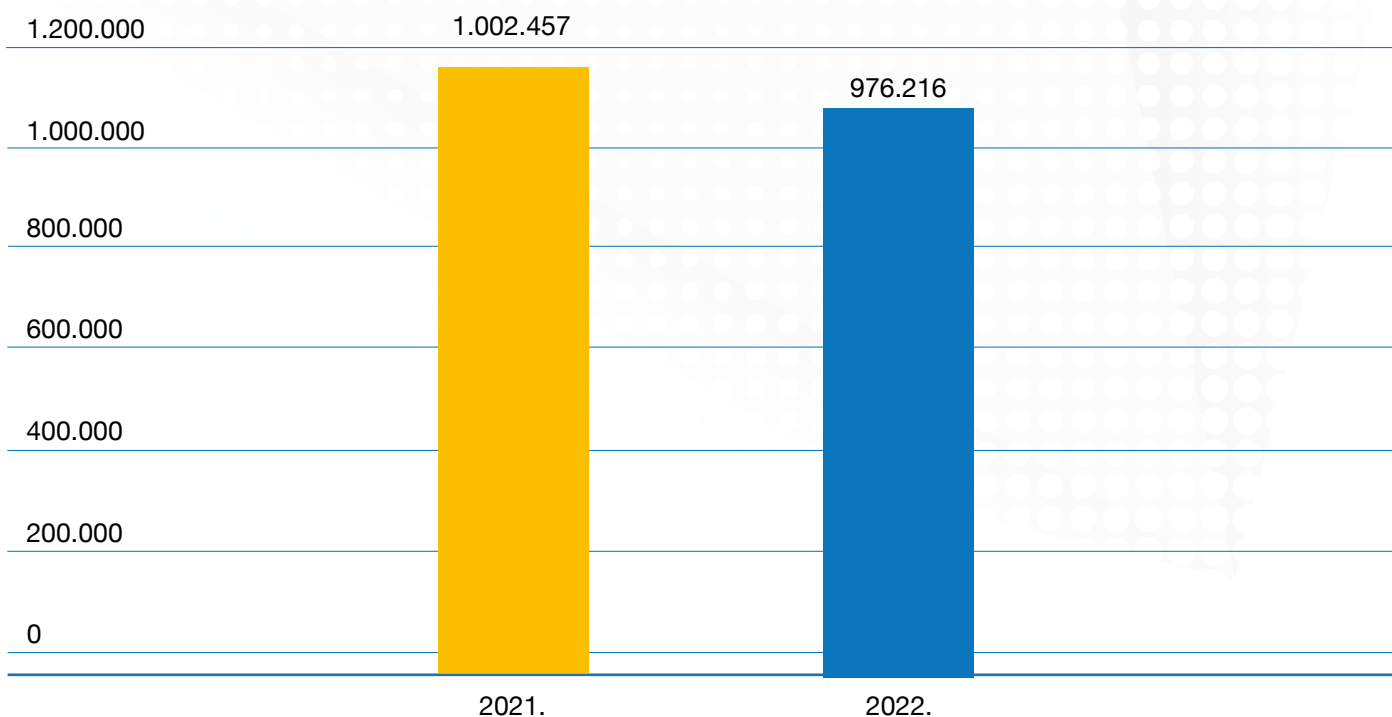
Nova banka, with 1,008 million BAM of retail deposits, a market share of 24.7% in Republika Srpska, i.e. 6.8% at the BiH level, shows a leadership position on the RS market, and a high degree of trust of the citizens of BiH. The trust of our clients was also shown in the period of the above-mentioned uncertainty caused by the war in Ukraine, so the drop in deposits in the Bank was much milder than the drop in the market (in the first quarter, the market recorded a drop of 6.59%, and the Bank recorded a drop of 4.19%). This is confirmed by the stable trend in terms of market share.

By analyzing the movement of deposits on a monthly basis during 2022, we came to the conclusion that in the last three months of 2022, the trend of deposit outflows caused by the crisis caused by the war in Ukraine stopped, so that in the last quarter of 2022 we have growth compared to a constant decline which was present in the first three quarters of 2022. From September to December 2022, retail deposits grew by 5.47 million BAM, which tells us that savers and depositors have retained their trust in banks and the banking sector as a whole.

Nova banka offers its clients a wide range of savings products, which are adapted primarily to the demands and needs of clients. Savings in our bank enables the preservation of the value of invested funds while achieving a certain return (interest). The term period is chosen by the client, as well as the currency in which the savings deposit will be expressed. Interest is paid, depending on the client's wishes, in advance, or immediately for the entire term, monthly, quarterly, semi-annually, annually or at the end of the term.

Trend of deposits from 2012 - 2022

in thousands BAM



Deposit trend levels from 2012 to 2022

Quality of service

Focus on clients and their needs is the strategic goal and mission of the Bank. The Bank will provide a better orientation towards clients in the following ways: by building a normative structure by market segments for the Bank's sellers, by establishing and standardizing a system for measuring client satisfaction, and by increasing client loyalty and satisfaction.

Satisfied client: buys again, speaks highly of the Bank to others, pays less attention to competing brands and economic propaganda, and wants and takes other products and services of the Bank. Retaining existing customers is many times cheaper than attracting new ones. The key goal is client satisfaction, as research shows that clients leave banks for the following reasons:

- due to poor services 45%
- due to lack of attention 20%
- due to cheaper products 15%
- due to better products 15%
- due to other reasons 5%

The Bank will continue to focus special attention on establishing and measuring the quality of service that employees provide to clients. As before, our goal is to retain existing clients and attract new ones, because only in this way will the Bank be able to grow and maintain its leading role in the market.

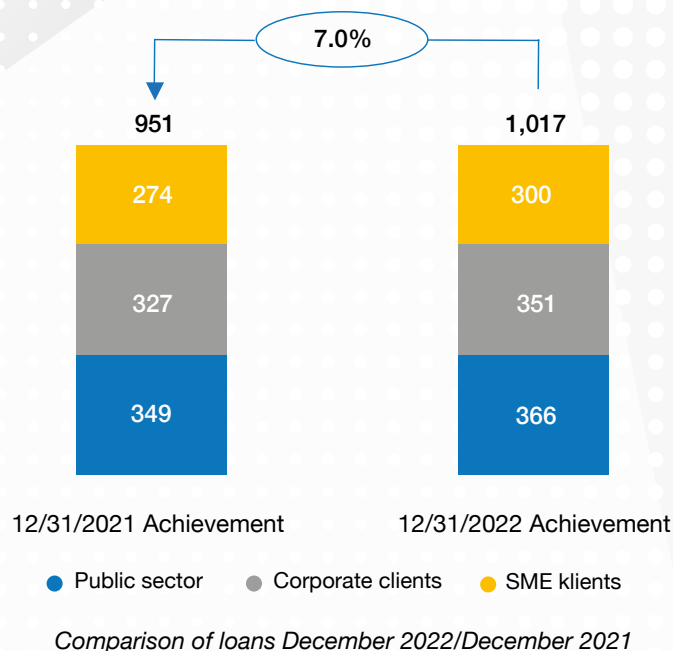
The Bank will increase the quality of the products and services it offers to clients by simplifying and adapting the Bank's products to the needs of clients, developing a system of alternative distribution channels, redesigning service packages, improving payment transactions and the call center, creating a model of the economic justification of the product, and defining a system of analysis and comparing the Bank's products with the competition. The imperative of modern banking is simplified products and services, reduced to a level that, on the one hand, is understandable to all clients, and on the other hand, within the set standards and rules. It is equally important to provide clients with information about the Bank's products and services, at the lowest possible costs. Therefore, the Bank is committed to the modernization and digitalization of operations in the provision of standard services.

Corporate banking

Corporate Banking Division includes business operations with large corporate clients, the public sector, public enterprises, as well as business operations with small and medium-sized enterprises. Significant business activities of the Division are aimed at maintaining stable market growth and development, through constant improvement of business cooperation and support in doing business with clients.

In 2022, the Bank continued to expand its corporate client base. Compared to 2021, the total number of clients increased by 4.2%, and there is a noticeable growth in all sectors within the Division. A similar trend was achieved when it comes to the number of transaction accounts. The significant increase in the client base in the observed year is the result of continuous adjustment to the needs of clients and acquisition activities in the market.

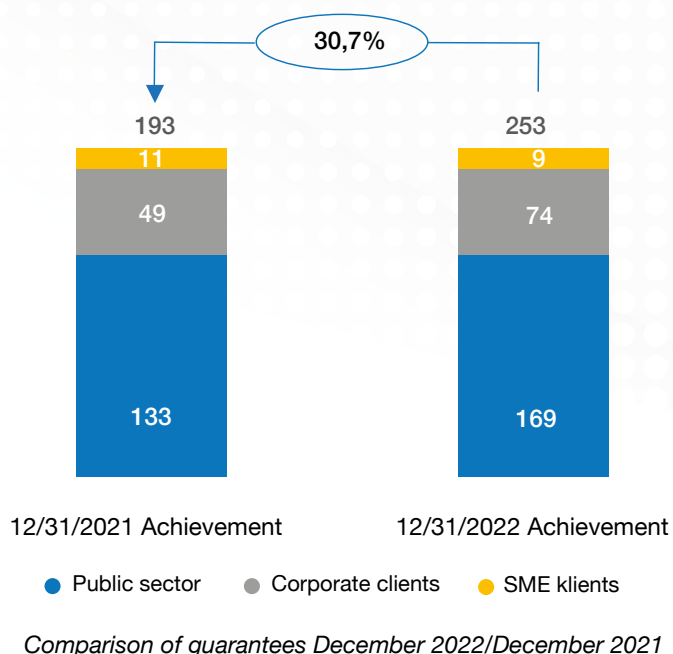
During 2022, the Bank placed 56% more loans to legal entities compared to 2021, with a constant tendency to increase the rate of placed loans. In 2022, Nova banka placed 552 million BAM, that is, slightly more than 0.5 billion BAM loans were placed to legal entities. Along with the quantitative growth of the portfolio, a significant result was achieved in the domain of portfolio quality. During the previous years, the Bank's focus was on the reduction of non-performing loans in the total portfolio, so the share of NPL loans of legal entities through various activities, compared to 2021, was reduced by 1.7 pp, i.e. from 6.6% in 2021 to 4.9% in 2022.



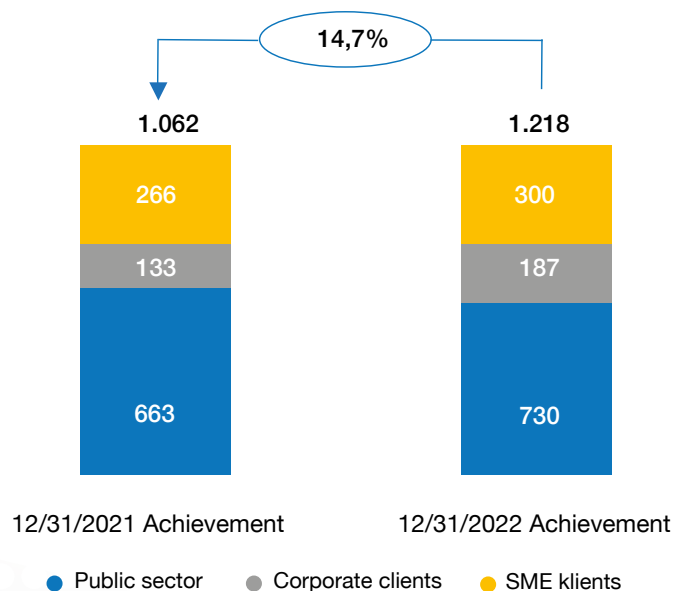
In the domain of corporate loans, the Bank achieved an increase in market shares in 2022, and in terms of total loans, it is ranked first in Republika Srpska. The market share in corporate loans increased from 31.9% in 2021 to 34.6% in 2022 in Republika Srpska, that is, from 8.3% to 8.7% in Bosnia and Herzegovina.

The Bank is recognized by clients as a reliable partner in the efficient performance of their requests, which also shows a significant growth in the part of guarantees. The Bank ended 2022 with 253 million BAM of corporate guarantees, which is over 30% more compared to the end of 2021.

The Bank also achieved a significant growth in market shares in the field of corporate guarantees from 35.4% in 2021 to 39.6% in 2022.



In 2022, a strong growth of deposits was recorded +14.7% compared to 2021, which influenced the growth of market shares. Clients' trust in the Bank's security is best demonstrated by the Bank's position on the market, where it ranks first in Republika Srpska. The market share of deposits of legal entities in Republika Srpska increased from 31.3% in 2021 to 34.2% in 2022, that is, from 7.6% to 7.9% in Bosnia and Herzegovina.



Comparison of deposits December 2022/December 2021

Following modern trends, the Bank continued with the process of improving the so-called alternative channels and increasing the number of their users, which resulted in increased sales of other Bank products (transaction accounts, foreign currency accounts, e-banking, business cards). One of the indicators of a positive trend is the increase in the volume of transactions by 27.2% and the number of transactions by 11.6% compared to 2021.

Development of retail products

The focus of the Bank's development during 2022, as well as in the following period, is certainly digital transformation. The goal of digital transformation is the optimization and digitalization of internal processes, as well as the further development of digital solutions, with constant innovation and improvement of the user experience through a simpler and more personalized service.

In the part of the credit process, the internal process was significantly improved, and the duration of the process was shortened by increasing the degree of automation and simplifying the steps. It is possible for the client to receive all the necessary information in a very short time when contacting the Bank for the first time, and the process is completely ready for online from start to finish. The goal is to be our clients' first and foremost partner and advisor, as well as fast and efficient.

In addition to cash and housing loans, a special focus in the coming period will be placed on credit cards, which, in addition to the standard payment options for goods and services in the country and abroad, as well as on the Internet, will also have additional benefits in accordance with the needs of clients. Also, the Bank will continue with specially created offers for entrepreneurs in order to support their continuous growth.

During 2022, the Bank's website was significantly improved in the area of online application for products and services. We aim to make our products primarily easily accessible. The application process is fast and simple, and the client receives a message about the success of the application after just one minute.

Through the campaign SAVINGS IS A GOOD HABIT, we provided the possibility of an additional benefit through an increase in the interest rate for clients who apply through the Bank's website. The trust of our clients was also shown during the period of uncertainty caused by the war in Ukraine, so the decrease in deposits in the Bank was much milder than the decrease in the market.



As part of the development of Smart Nova mobile and web banking, the user experience was improved by implementing a new functionality - BILL IN ONE CLICK. BILL IN ONE CLICK is a service for receiving filled-in orders for paying monthly bills from the bill issuer (public utilities and telecommunications companies), whereby the client receives a filled-in order and chooses the moment when they want to pay the bill, with significantly more favorable fees compared to payments at bank counter.



The Bank continued to work on improvement - the SMART zone, which offers its services to clients on a 24/7 basis, which is not the case with other traditional organizational units, and contributes to increasing the degree of availability of banking products and services on self-service devices. The Bank has already developed the technology of banking multifunctional devices, which in the field of payment systems enable clients to view the balances, transactions and statements of all their accounts in the Bank, as well as pay bills of natural persons related to utility services. In the coming period, the direction of activities in this domain will be towards the extension of functionality on multifunctional devices, that is, the expansion of the network. By developing a network of multifunctional devices, the Bank will increase the number of locations where it sells its services to clients, without opening traditional counters.

Cooperation with card companies continued during 2022 in terms of improving and increasing the degree of quality and protection of payment cards, as well as increasing the degree of use of cards as payment instruments. All cards currently issued by the Bank have contactless functionality and 3DDS protection when paying online. The Bank is constantly improving and expanding the payment card acceptance network.

The bank understood the need of clients to provide them with information and support at any time, and it strengthened support to clients through personnel reinforcement and transformation of the contact center. With the aim of improving the contact center, the Bank implemented tools for the contact center (LIVE software). The effects of the implementation in the future period through work in the application LIVE will be reflected in raising the efficiency of the work of agents from the contact center, as well as opening a new sales channel.



One of the strategic goals within the digital transformation is certainly the implementation and introduction of analytical and operational CRM, which is in the final phase. During 2022, the Bank started with CRM campaigns and recorded the first positive effects of the campaigns.

New developments and opportunities were recognized by clients as a new user experience and an opportunity to change their consumer habits, and they can receive Bank's service in a more accessible and simpler manner.

In the coming period, the focus will continue to be on automating and simplifying procedures in order to improve the efficiency of business processes. The goal is to continue with a sustainable growth of market share based on a good relationship with clients.

Development of corporate products

During 2022, by taking care of its clients and respecting the current regulations that apply to business operations with legal entities, the Bank offered a wide range of traditional banking products and services defined in the Product Catalog (loans, purchase of receivables/factoring, guarantees, letters of credit, framework placements, deposits, payment transactions), as well as products and services of direct sales channels (electronic and mobile banking, cards, POS, internet POS).

The Bank is constantly working on improving processes, products and services, as well as improving the knowledge of sales and operational staff.

When it comes to loan activities, loans from the Investment-Development Bank of Republika Srpska (IRB RS), which are highly sought after by clients due to favorable interest rates and long repayment terms, still make up a significant part of the loan portfolio.

In 2022, in cooperation with the Investment-Development Bank of Republika Srpska (IRB), in addition to two other banks in the RS, Nova banka provided easier access to the funds of the World Bank's Firm Recovery and Support Project. The target group for access to funds was expanded and a fixed interest rate was made possible, which enabled a competitive advantage and the acquisition of new clients.

In addition to standard credit products, the Bank offers loans for project financing as a specific type of financial support, where the use of funds is adjusted to the needs of building residential, business, residential-business, infrastructure or industrial projects, while on the other hand, the repayment is adjusted to the market placement of the financed objects. As the Bank is completely oriented towards its clients and in order to provide professional support to clients in the field of project financing, in 2022 there was a change in the organizational structure and a department was established, which deals exclusively with the mentioned type of financing.

The Bank has retained its recognizability in the activity of business with guarantees, as well as in the activity of providing domestic and international payment transactions services, which contributed significantly to the Bank's income.

The Bank invested significant efforts in expanding the network of POS terminals, increasing the sales of POS products and monitoring network activity and product profitability. In the future, the development of the network and POS as a product is planned. In this business segment, the Internet POS service, that is, online payments (e-commerce), is particularly noteworthy, which makes the Bank unique in the entire banking sector.

It is planned to continue the development of the e-commerce platform for online payments, increase its application, as well as further development and improvements. The e-commerce platform offers the most up-to-date functionalities, and it offers clients an easy and safe purchase through their websites. In the coming period, within the e-commerce platform, new Card on file and Pay by link functionalities will be available to clients, which will expand the client base and increase turnover among existing clients.

Treasury management

Liquidity management

The main role of the ALM department is to plan and manage the Bank's assets and liabilities in order to achieve adequate/optimal liquidity and profitability, in accordance with the defined risk exposure tolerance (interest risk and liquidity risk).

The key items under the jurisdiction of the ALM department are:

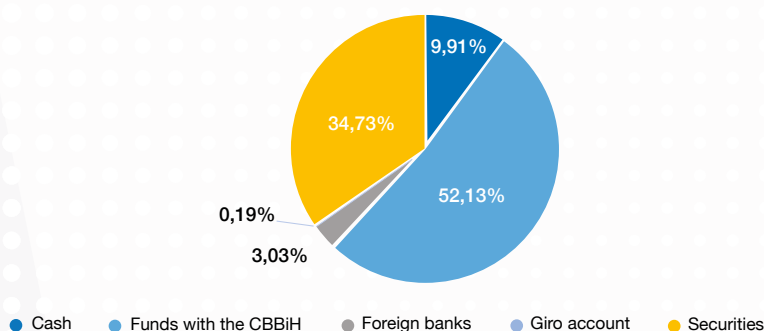
- Planning and managing the Bank's liquidity position and funding sources,
- Strategic management and planning of deposit potential from the aspect of term structure, concentration, and interest rates,
- Defining internal transfer prices in accordance with market conditions by determining the minimum price of credit products and the maximum price of deposit products,
- Capital position management.

Liquidity and deposit potential management is based on maintaining optimal liquidity while minimizing costs and maintaining an adequate structure of funds, but also liquid reserves, in order to ensure an adequate level and uninterrupted payment of due obligations in regular and stressful circumstances.

In the funding sources management, the greatest emphasis is on deposits (share as of December 31, 2022 amounts to 87.5% or 2.208 billion BAM). The deposit management policy is based on managing the structure with the aim of reducing concentration, optimal maturity structure, and defining a stable level of deposits.

As of December 31, 2022, funds amounted to 777 million BAM, consisting of cash (118 million BAM or 15.19%), funds with the CBBH (620 million BAM or 79.9%), funds with foreign banks (36 million BAM or 4.64%), while observed with securities (413 million BAM), liquid reserves amount to 1.19 billion BAM with the share of cash (9.91%), funds with the CBBH (52.13%), funds with foreign banks (3.03%) and securities (34.73%).

Structure of liquid reserves as of 31.12.2022



Foreign exchange risk management

Foreign exchange risk represents the possibility of negative effects on the Bank's financial result due to adverse changes in foreign exchange rates. Foreign exchange risk occurs when the Bank has an open foreign exchange position that can lead to a loss due to changes in intercurrency relations, that is, changes in the price of BAM in relation to other currencies. The Bank's foreign exchange position is managed on a daily basis in accordance with the Bank's internal limits as well as the standards and limits set and prescribed by the regulator.

Exchange rate differences completely stabilized during 2022 and continued the growth trend after the pandemic period when this type of income recorded a significant decline. During 2022, a total of 13,799 million BAM of exchange rate differences was realized, which is an increase of 47.34% compared to 2021. Transactions with authorized exchange offices have the largest share in income at 66.96%. The business operations of authorized exchange offices continued their growth trend during 2022, where this type of income recorded a growth of 58.75% compared to the previous 2021. In 2022, Nova banka maintained its leading position in terms of turnover and the number of authorized exchange offices.

Capital management

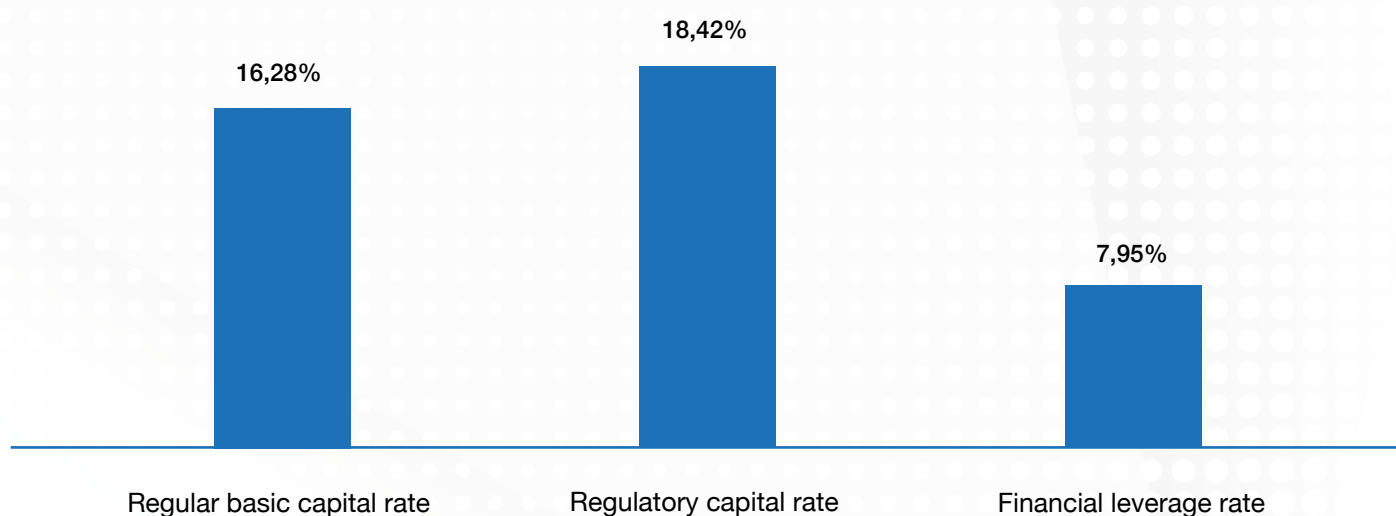
Since capital is a scarce economic and strategic resource, capital management is one of the most important components of prudent, efficient and strategic planning and management of the Bank.

The goal of capital management is based on providing and maintaining the optimal volume, structure and sources of capital, in such a way that the Bank is committed to strengthening the Common Equity Tier 1 (CET 1), which will enable:

- Fulfillment of regulatory limits,
- Fulfillment of limits defined by the Decision on acceptable risk level,
- Fulfillment of strategic goals.

As of December 31, 2022, the Bank fulfilled the legal ratios, as well as internally defined indicators, and the total recognized capital amounted to 268.5 million BAM, of which the Common Equity Tier 1 is 237 million BAM (88.36%).

Capital rates as at 31.12.2022.



Risk management

Risk management framework and system

The Bank's risk management framework includes:

- risk identification,
- risk assessment, i.e. measurement,
- risk monitoring, analysis and control,
- risk reporting.

The Bank's comprehensive, reliable and efficient risk management system includes the following:

- Identifying significant risks to which the Bank is exposed or could be exposed in its operations.
- Measurement, i.e. risk assessment through established programs, procedures and methods.
- Measures to limit and mitigate risks in a way that will minimize negative impacts on the Bank's operations and creditworthiness.
- Risk monitoring, analysis and control.
- Establishing an appropriate organization of work for the effective implementation of risk management processes and procedures with clearly defined, transparent and consistent powers and responsibilities within the Bank.
- Appropriate lines for timely and continuous reporting of the Bank's management bodies on risks.
- Providing an information system that enables comprehensive and reliable collection of data necessary for monitoring and analysis of all risks to which the Bank is exposed.
- Conducting stress testing, taking into account assumptions about changes in external and internal factors that may have a significant impact on the risks in the Bank's operations.
- Making plans for dealing with unforeseen, i.e. emergency situations in the Bank's operations, such as the Contingency Liquidity Plan and the Recovery Plan.

Risk management organization

Risk management is organized in such a way that independence in work is ensured by the division of tasks, responsibilities and duties of employees, which prevents conflicts of interest.

The organizational units responsible for risk management are:

- Risk Management and Control Sector,
- Underwriting Sector,
- Restructuring and Collection Sector.

In accordance with the applicable regulations (Decision on the Bank's Management System), the Risk Management and Control Sector was established as a control function of the Bank's risk management and is organized independently of business processes and activities in which risk arises.

In addition to monitoring and reporting on all significant risks, it is responsible for defining and proposing risk management strategies and policies and is also responsible for overseeing the functioning of risk management methods and procedures.

The Underwriting Sector is responsible for credit risk assessment in approving placements to legal entities and natural persons, and for monitoring credit risks through control and analysis of credit risk exposure to existing placements of the Bank's clients, in order to minimize credit risk costs.

The Restructuring and Collection Sector is responsible for managing non-performing loans, primarily through restructuring and forced collection procedures, in order to reduce uncollected receivables from clients to minimize losses related to credit risk.

Credit risks

In the ordinary course of business, the Bank is exposed to credit risk, which is defined as the possibility of adverse effects on the financial results and capital of the Bank due to default of a debtor on its obligations to the Bank.

In implementing its credit policy, the Bank adheres to certain principles established by the Bank's business and credit policy and thus protects itself from excessive exposure to credit risk.

Through independent separate sectors, the Bank manages credit risk at the level of individual transactions through approval and monitoring within the Underwriting Sector, restructuring and collection of non-performing loans within the Restructuring and Collection Sector, while within the Risk Management and Control Sector it manages credit risk at the level of the Bank's entire portfolio.

The Bank's goal is to approve low-risk placements to the greatest extent possible through credit policy and credit risk management program, using risk assessment models.

The Bank continuously assesses and measures the amount of expected credit losses for on-balance sheet and off-balance sheet exposures in accordance with the Methodology for classification and measurement of financial instruments, Methodology for valuation of financial instruments and Credit risk classification policy, respecting the provisions of the IFRS 9 standard.

Non-credit risks

Market risk is the risk of possible negative effects on the financial result and capital of the Bank due to changes in market prices, and includes:

- Foreign exchange risk, which refers to the risk of changes in foreign exchange rates and changes in the price of gold;
- Position risk, which represents the risk of changes in the price of securities or in the case of a derivative financial instrument, changes in the price of the respective (underlying) instrument;
- Commodity risk, which is the risk of changes in the price of goods.

Since the Bank does not have a trading book or a position in commodities, the capital requirement and measuring market risk exposure refers to measuring foreign exchange risk exposure.

Foreign exchange risk management involves optimizing the foreign exchange structure of assets and liabilities, in a way that allows that fluctuations in exchange rates do not jeopardize business continuity and do not have a significant impact on the Bank's business results.

The Bank regularly monitors and analyzes relevant factors that may affect exchange rate fluctuations and maintains compliance with regulatory requirements regarding foreign exchange risk management and continuously monitors regulatory regulations related to foreign exchange risk.

In order to prevent possible losses due to unfavorable movements in intercurrency relations on the market, the Bank has introduced internal limits as an additional level of protection.

In addition to the defined limits, the Bank regularly performs stress testing of changes in foreign exchange rates. Stress tests relate to the analysis of the impact of sudden changes in the exchange rates of individual currencies on the value of the foreign exchange portfolio and the Bank's business results.

For the purposes of foreign exchange risk, the Bank calculates the request for additional capital. In accordance with the regulations of the regulator, the Bank calculates the capital requirement for foreign exchange risk if the sum of its total net open foreign exchange position exceeds 2% of its regulatory capital.

Interest rate risk, in the banking book represents the risk of the possibility of negative effects on the financial result and capital of the Bank, based on positions in the banking book due to changes in interest rates. Increased interest rate risk can pose a significant threat to the Bank's earnings and its core capital, through a reduction in interest income or an increase in interest expenses.

In order to ensure adequate interest rate risk management, the Bank has established a system for identifying, assessing,

monitoring and reporting on interest rate risk. In this sense, the Bank analyzes and controls the relationship between changes in the economic value of the banking book and the Bank's regulatory capital as well as the impact of changes in interest rates on the Bank's net interest income.

The Bank also regularly conducts stress tests, which are an important indicator of the Bank's sensitivity to changes in market interest rates.

When managing liquidity risk, the Bank identifies the sources, scope and structure of liquid assets required to ensure its continuous and stable operations in accordance with the defined risk appetite.

In order to optimally manage liquidity risk, the Bank maintains an adequate level of liquidity reserves, i.e. funds allocated for possible sudden withdrawals of a significant level of concentrated deposits.

The Bank's primary sources of financing are domestic market deposits and partially contracted credit lines also of the domestic market. The Bank takes into account the concentration of deposits and prescribes maximum levels of concentration of deposits within internal limits.

With the Liquidity risk management Strategy and Policy as well as the Contingency liquidity plan, the Bank has, among other things, defined rules and established a system of responsibilities for liquidity risk management.

Monitoring and reporting on liquidity risk is performed on an intraday, daily, weekly, decadal, monthly, quarterly, semi-annual and annual basis through regulatory and internal reports.

The Bank regularly monitors indicators that may indicate an increase in liquidity risk and conducts regular stress tests based on which it determines the amount of liquidity reserves in normal and stressful circumstances.

Operational risk is the risk of negative effects on the financial result and capital of the bank due to failures in business processes, human errors, system errors or external factors.

The role of the operational risk management process is to identify, assess, control and reduce the possibility of occurrence and impact of operational risks and losses. The Bank cannot eliminate all operational risks, but through the process of recording and analyzing operating losses it identifies shortcomings in its processes, products and procedures and by improving them reduces the frequency and negative impact of operating losses on the Bank's operations and profitability..

The Bank continuously mitigates operational risk, which means maintaining the risk at an acceptable level, by establishing measures to minimize operational risk, which include:

- Monitoring of Key Risk Indicators (KRI),
- Monitoring and analyzing operational events,
- Adequate risk assessment of outsourcing,
- Monitoring of information system risk,
- Reducing the risk of manipulation of money in circulation to a minimum.

A process of monitoring and reporting on the effects of the implementation of the applied measures and techniques for mitigating operational risk has been established. The reporting system includes reporting on operational risk events by types of events and lines of business, causes and sources of events, significance of events, measures that are intended to be taken or have been taken in order to mitigate and limit the consequences of events and activities entrusted by the Bank to third parties. One of the more significant operational risks is cyber risk.

ICAAP - Internal Capital Adequacy Assessment Process

The Bank's internal capital adequacy assessment has been established as a comprehensive, continuous process of monitoring and managing risks. In addition to including and covering risks according to the standardized approach, it includes all other risks to which the Bank is exposed. This process is part of business planning, strategy and anticipation of potential stressful events that would affect the sustainability of operations and capital of the Bank.

Through the ICAAP process, the Bank continuously identifies relevant and material risks, and defines and, if necessary, reviews its risk appetite, and assesses the level of capital necessary to cover material risks. ICAAP as a process has sublimated and established a balance between the defined risk profile of the Bank, the risk management system and

the capital available to the Bank.

The Bank's internal capital adequacy assessment process is conducted at least once a year, and more often if necessary. sistema upravljanja rizicima i kapitala kojim Banka raspolaže.

ILAAP - Internal Liquidity Adequacy Assessment Process

Internal liquidity adequacy assessment (ILAAP) is an internal liquidity adequacy and funding assessment process conducted by the Bank on an ongoing basis, which is an assessment of strategies, policies, processes and systems to identify, measure, manage and monitor risks affecting the Bank's liquidity.

The Internal liquidity adequacy assessment (ILAAP) process contributes to the continuity of the Bank's operations by ensuring liquidity adequacy and includes two significant parts related to the qualitative elements and quantitative elements of the process.

Qualitative elements of the process relate to the management, strategies, policies, procedures, methodologies, processes, measures and constraints used in the Bank to monitor and manage liquidity risk.

Quantitative aspects of ILAAP are directly related to qualitative elements and include regulatory and internally defined minimum management restrictions, exposure measurements, stress test, liquidity ratios and monitoring tools used in the Bank.

Internal liquidity adequacy assessment process (ILAAP) is conducted at least once a year, and more often if necessary.

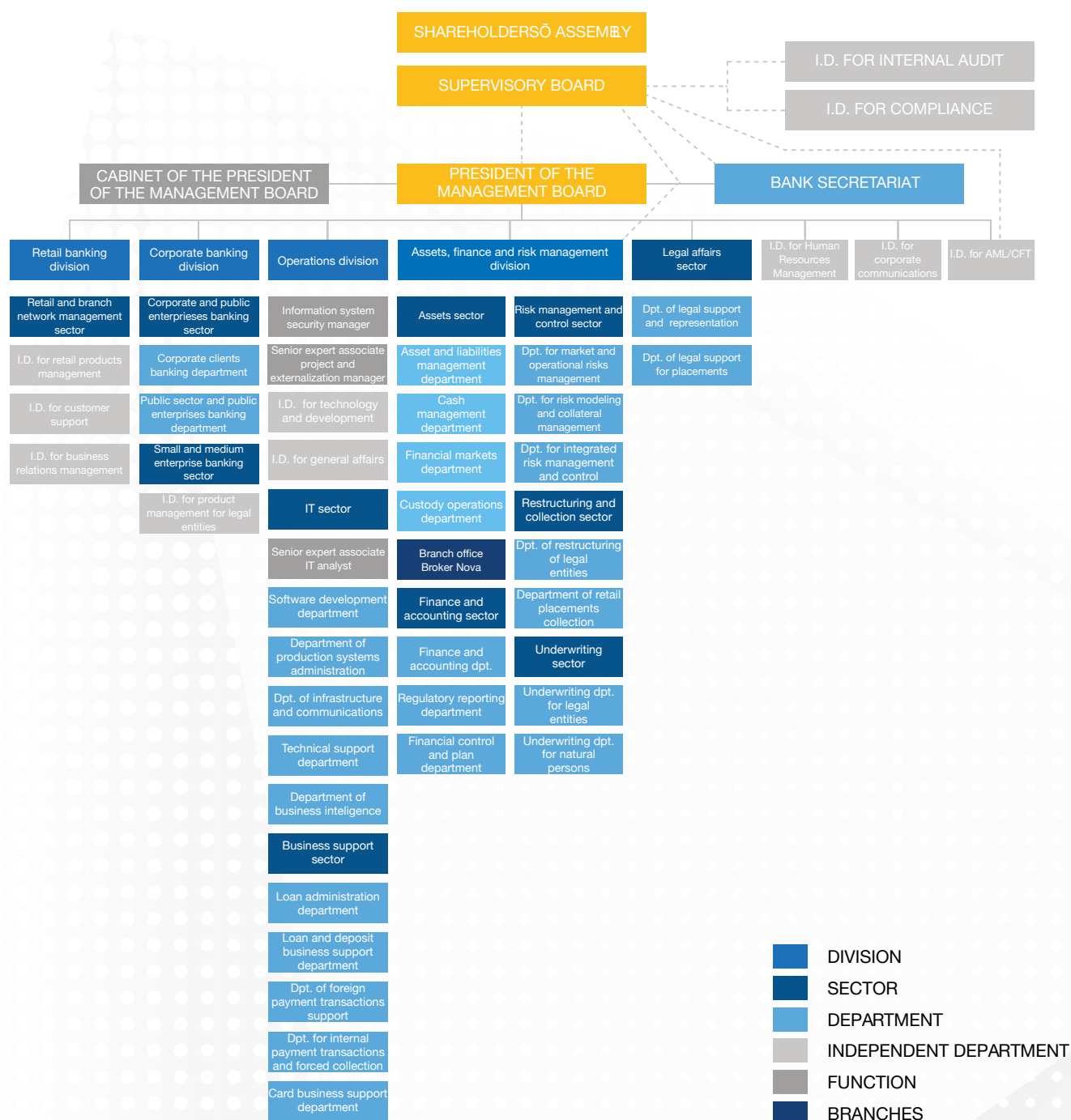
Human Resource Management

Internal organization of the Bank

- ▶ 3 members of the Management Board who have in their jurisdiction
 - ▶ 11 sectors
 - ▶ 12 independent departments

Within the Retail and Branch Network Management Sector there are:

- ▶ 13 Branch Offices within which there are 60 agencies/sub-branch offices/separate counters



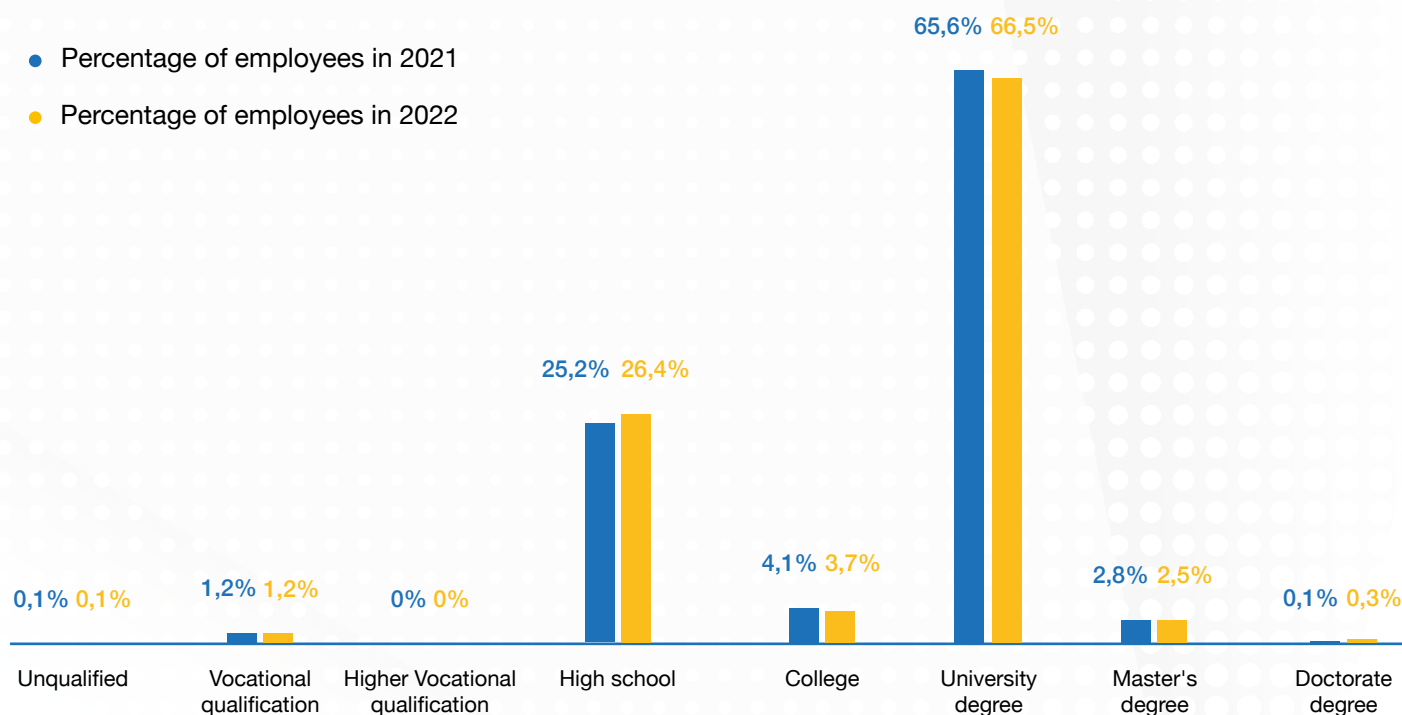
Organizational chart of the Bank

Employee structure and turnover

As of December 31, 2022, the Bank had 675 employees, of which 638 full-time employees. The average age of employees is 41 years.

According to the data on the qualification structure of the Bank's employees, 72.3% of employees have a university degree, master's degree or a doctorate degree, while 27.7% of employees have a high school diploma or lower education.

Compared to the previous year, the number of employees with a university degree is in a slight decline, while the number of employees with a high school diploma is in a slight increase.



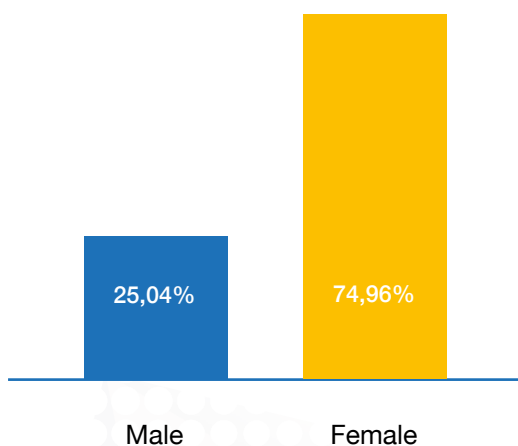
Qualification structure 2021-2022 in percentages/chart

Qualification structure of employees								
	Unqualified	Vocational qualification	Higher Vocational qualification	High school	College	University degree	Master's degree	Doctorate degree
% of employees in 2022	0,1%	1,2%	0%	25,2%	4,1%	65,6%	2,8%	0,1%
% of employees in 2021	0,1%	1,2%	0%	26,4%	3,7%	66,5%	2,5%	0,3%

Qualification structure 2021-2022 in percentages/table

By gender, the Bank employs 506 female employees, of which 78 hold managerial positions in the Bank and 169 male employees.

Employee structure by gender



Structure of employees by gender/chart

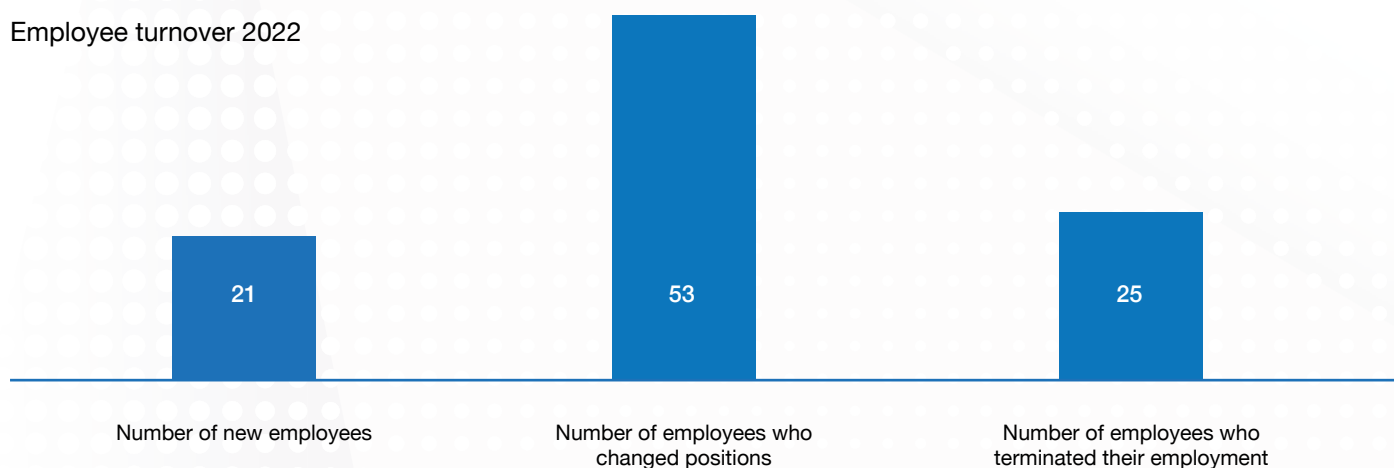
Gender	Percentage
Male	25,04%
Female	74,96%

Structure of employees by gender in percentages/table

Additional data on employee turnover

During 2022, 21 employees started employment, while 25 of them terminated employment at the Bank. A total of 53 employees changed positions within the Bank.

Employee turnover 2022



Employee turnover/chart

Number of new employees	Number of employees who changed jobs/positions within the Bank	Number of employees who terminated their employment
21	53	25

Employee turnover/table

Employee educations

During 2022, a large number of internal and external educations were organized for employees with a focus on efficiency, digitalization and optimization of the work process, while at the higher management level the focus was on strengthening and developing the organizational climate and strategic management.

Given that Nova banka is an organization that invests significant resources in the competence and knowledge of its employees and an organization that continuously learns and develops, the goal was to make learning and training simple and accessible at any time, according to the "anytime-anywhere" principle.

In this regard, an online education platform was tested at the end of 2021 and implemented at the beginning of 2022, which all employees can use for educational and informational purposes and which is available to them as a desktop version and a mobile application. The presented visual-auditory materials are relatively short (about 10 minutes per education), and can be followed and listened to both during and outside of the working day. After each education, testing is possible, that is, knowledge verification, and in this way feedback is obtained that the employees have reviewed and understood the content of the education. The platform also enables detailed analytics and monitoring both by employee and by education. With the introduction of the platform, the costs of internal educations have been significantly reduced, which would additionally include: the costs of renting a hall, booking accommodation and transportation for participants. In addition, 30 employees of the Bank have been trained to be creators of educational content and internal trainers for creating online multimedia educations. During 2022, 10 trainings were released through the edu 720 platform, 7 of which were primarily for sales staff.



Type/method of education	Number of educations	Number of education participants
EXTERNAL TRAINING	69	442
classroom	30	335
online	39	107
INTERNAL TRAINING	20	1.508
classroom	10	846
online	10	662
Total	89	1.950

New employee onboarding program

Nova banka strives to provide new employees with an adequate and timely introduction to work and to start their work experience in the Bank with the support in order to adapt to the new environment in the shortest possible time and join the regular work process through the creation of an individual work and development plan, and by assigning a mentor who, together with the manager and with the support of the Independent Department for Human Resources Management, monitors the work of employees by providing feedback on progress and development needs. Through clearly developed steps and activities, targeted education and mentoring, new employees are able to learn the basics of the job in a short period of time, and to further develop through practice and become experienced and successful. So far, this program has been implemented several times, primarily for network employees, sales staff: counter workers and sales managers. In the coming period, additional elaboration of the program itself is planned, the primary goal of which will enable all new employees, in all positions, to join this program, for the sake of faster familiarization, gaining experience and mastering the knowledge and skills necessary for the given jobs.

Talent management

At the end of the year, the process of identification and discovery of talents at the level of the Bank was started. Employees have been identified who have distinguished themselves with their knowledge, skills and dedicated approach and who in the future can be a stable support in the work and who can in some way contribute to the development and improvement of the Bank. In the coming period, the plan is to increase the visibility and active promotion of these employees, as well as the organization and introduction of various training programs, in the form of education, mentoring and self-learning, and the introduction of certain benefits, in order to motivate and encourage their further progress and development.

Student practice

Nova banka has traditionally continued its successful cooperation with the Faculty of Economics of the University of Banja Luka this year. Thus, 15 students in the 3rd and 4th year of different majors (Economics and Business Management, Business Informatics, Accounting and Auditing, International Economics) started practical classes in November 2022, and it is planned for the same to be realized by June 2023, as long as the student year lasts. The focus in working with students is to enable a better insight into the organizational culture and corporate values and the general functioning and operations of the Bank at all its levels, through observing the application of various types of knowledge and skills, and at the same time working on the process of building and strengthening their self-confidence,

and detecting their capacity and potential, through the direct use of knowledge and skills acquired during studies. The period of student practice will be accompanied by a mutual evaluation of the process itself, so, after the end of the practical classes, both fellow mentors and the students themselves will have the opportunity to give their opinion and useful feedback, which will serve as a relevant framework for monitoring the work done, but also for the additional improvement of the entire organization of this important segment.



Work performance management

In 2022, Nova banka started work on establishing a system for monitoring work performance. Monitoring the performance of employees reveals the degree of their effectiveness in performing tasks, as well as the degree of motivation, while the purpose of performance evaluation is to provide adequate rewards or correction, i.e. to detect and remove factors that influence the poor performance of employees in performing the assigned tasks. The plan for the next year includes the creation and final setting of goals for all employees, depending on the type of work they perform and the level of responsibility that the job carries. Goals will be monitored, evaluated according to precisely established and defined criteria, and communicated regularly and transparently on a monthly, quarterly and annual level, and more often if necessary.

Employee satisfaction and motivation

Satisfied and motivated employees are the backbone of a good and successful business operations. On this path to success and excellence, a very important prerequisite is the application of continuous monitoring and performance measurement of employee satisfaction, especially job satisfaction. By researching satisfaction, a basis is obtained for defining the concept of motivation, understanding needs and the level of satisfaction of needs, which is crucial for taking actions and measures in order to raise the level of employee satisfaction. At the end of the year, the Bank launched an initiative to develop and implement a strategy for measuring and monitoring employee satisfaction, along with the establishment of adequate motivation and reward systems, which will largely be covered by the work performance project itself.

Corporate social responsibility

Nova banka is committed to planning and implementing responsible and transparent corporate activities that include social, ethical, environmental and economic efforts, with the aim of improving the quality of life of its employees, as well as the economic stability and development of the local community and society as a whole. As the largest domestic bank on the market, it is recognized as a long-term partner and support for legal entities and citizens, with a willingness to grow together with its clients and their ideas, but also to support those who are just starting out. Business based on such a paradigm has influenced the fact that in 2022, just like in the previous years, there was no lack of public recognition of which Nova banka is particularly proud.

The Chamber of Commerce of Republika Srpska, at the traditional event "Selection of the most successful in the economy of Republika Srpska for 2022", awarded the Bank a special award for the largest placement of loans in the economy of Republika Srpska. Although the Bank has lent to the economy of the entire Bosnia and Herzegovina, the amount of funds placed in the economy of the Republika Srpska stood out in particular. By doing business responsibly, Nova banka achieves significant results, protecting clients' capital and interests, effectively managing liquidity and deposits, which represents additional security and stability for the Republika Srpska market.

Cooperation with domestic companies, which is reflected in joint projects in the field of civil engineering and construction, projects in the field of energy, as well as in monitoring the regular business operations of domestic companies, resulted in the Golden BAM award for the bank with the largest amount of assets with predominantly domestic capital. The purchase of Sberbank a.d. was recognized as the move of the year, which was awarded with a special plaque. These two awards are the result of the evaluation work of a jury made up of journalists and expert associates of „Banke i Biznis“ magazine.



Nova banka's business excellence was confirmed by the recognition granted by Visa company in the form of an award called "Exceptional Growth in E-commerce Acquiring", which refers to Nova banka's significant contribution to the growth of online payments on the BiH market. The Visa company is considered one of the world leaders in digital payments, present on the market of Southeast Europe for many years.

Innovations drive the Bank's growth. It is very important to provide a quality service, because by creating additional value through the user experience, a significant competitive advantage is achieved. The Bank listens to the needs of clients, because they are the first initiators of the innovation process. We work to meet their needs in terms of improving the performance of existing products, as well as developing new products. The project to introduce the e-Novčanik service was awarded the best rating of the business move of the year by the portal Indikator.ba, in partnership with the Chamber of Commerce of the Federation of Bosnia and Herzegovina. The service is available within the Smart Nova application and enables contactless payments with a mobile phone with an Android operating system.

In its business operations, the Bank respects all positive regulations, principles of conscientiousness and honesty, good banking standards, as well as standards prescribed by domestic and international institutions, which the professional community recognized and rewarded. At a business conference organized by the Union of Employers of Republika Srpska, Prime Minister of Republika Srpska, Radovan Višković, presented Nova banka with a plaque for being a responsible taxpayer in the sector of financial organizations.



Sport contributes to the creation of a culture of better social relations and the creation of a positive physical and spiritual balance in man. In 2022, Nova banka continued with the practice of supporting sports, and therefore the positive values it promotes. Of particular note are the long-term cooperation with OKK Sloboda and KK Igokea, as well as cooperation with OK Radnik, OK Borac Stars, KMP Kneževo, KK Rookie, RK Leotar, OOK Leotar, ORK BL, and many others.



Improving the life of the community, supporting and responsibly investing in its better future is the foundation of our corporate social responsibility. Following the needs of the society in which we work, we tried to support projects and initiatives that contribute to the education of young people. The Bank's donation enriched the library fund of the Elementary School "Ćirilo i Metodije" from Piskavica, which enabled the children to have better schooling conditions. The IT equipment donated by the Bank will help improve the IT literacy of the students of the "Filip Višnjić" Grammar School in Bijeljina.



The well-being of the local community implies raising awareness of the importance of cultural development as well as supporting contemporary creativity, which Nova banka did through the support of the organization of festivals such as Banja Luka Fest, Zvornik Summer, the "Painting and Music on the Squares of Banja Luka" manifestation, organized by the City Tamburitza Orchestra Banja Luka.



Corporate philanthropy is a key component of the broader concept of social responsibility. Nova banka pays special attention to the most sensitive categories of the population. The "Mosaic of Friendship" public kitchen prepares hundreds of meals for socially disadvantaged fellow citizens every day, and in Nova banka it recognized a permanent partner who continuously supports its work. The Bank also operated in the East of our country, where it supported the project "One meal for one day" organized by the Association "Oplemeni srce" from East Sarajevo. The principles of corporate social responsibility by which Nova banka was guided include undertaking activities for the benefit of individuals and the community, tolerance, respect for diversity, human rights, and the promotion of positive values.



Takeover of Sberbank a.d. Banja Luka

Purchase of Sberbank a.d. Banja Luka by Nova banka a.d. Banja Luka

As a result of the developments on the geopolitical scene caused by the conflicts between Ukraine and Russia, and the economic and financial sanctions imposed by the United States of America, the European Union and other countries against Russia, the European Central Bank assessed that Sberbank Europe AG cannot or probably will not be able to continue operations due to significant outflow of deposits that lead to and will lead to a complete disruption of its liquidity position, which was also confirmed by the unique recovery mechanism.

On March 1, 2022, the Banking Agency of Republika Srpska adopted a decision to initiate the restructuring procedure for Sberbank a.d. Banja Luka. In order to preserve the stability of the financial system and protect the funds of clients and depositors, as of March 2, 2022, a restructuring plan was adopted through the sale of shares, and based on the offer submitted by Nova banka a.d. Banja Luka.

The subject of this Agreement was the sale of 61,974 ordinary shares of the issuer Sberbank a.d. Banja Luka in restructuring, with the nominal value of 1,000 BAM, which are owned by Sberbank Europe AG, headquartered in Vienna, Austria, and which represent 99.64% ownership of the capital, that is, 99.64% participation in the voting rights of Sberbank a.d. Banja Luka. The remaining 0.36% of Atos bank shares are related to purchased own (treasury) shares, so no minority interest was recognized as a result of the acquisition. The purchase price and all associated purchase costs were paid from own funds of Nova banka a.d. Banja Luka, and there was no arrangement on contingency fees.

The transaction was concluded on May 3, 2022, and after that the Banking Agency of Republika Srpska issued a press release stating that the process of selling shares of Sberbank a.d. Banja Luka ended and that Nova banka a.d. Banja Luka became the new owner.

On May 23, 2022, the bank changed its business name from Sberbank a.d. Banja Luka to Atos bank a.d. Banja Luka, and uninterruptedly continued to provide products and services to its clients in 27 branches.

Both banks continued to operate as two separate business entities in accordance with the regulations governing the operation of banks in the territory of Republika Srpska and Bosnia and Herzegovina. Banks are obliged to respect internal and external restrictions set by legislation and internal documents, while the restrictions of the banking group are monitored at the consolidated level and are reported to the competent bodies in the bank and the RS Banking Agency.

In this way, the banking group Nova banka a.d. was established, the banking group with the largest domestic capital in Bosnia and Herzegovina. Stability, maintenance of high liquidity rates and capitalization is the strategic commitment of the banking group. In the coming period, both banks will continue to support investment projects of domestic business entities and continue lending to the public and further improving sales through digital channels.







Nova bank a.d. Banja Luka

FINANCIAL STATEMENTS

Separate Financial Statements For the Year Ended
31 December 2022 and
Independent Auditor's Report

NOVA BANKA A.D. BANJA LUKA

Financial statements for the year ended December 31, 2021 and Independent Auditor's Report

Download link here:

https://www.novabanka.com/storage/public/files/Izvještaja nezavisnog revizora Nova banka 31.12.2022_engleska verzija.pdf

