



**ANNUAL
REPORT
2024**

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OPENING REMARKS

Nova banka AD Banja Luka, together with its member Atos Bank, confirmed its leading position in the market of the Republic of Srpska in 2024 as well. We were committed to expanding our business operations in the territory of the Federation of Bosnia and Herzegovina, and we opened new branch offices in Posušje and Živinice. Our 700 employees in 60 branches across Bosnia and Herzegovina worked diligently to improve the quality of service and customer care.

In 2024, we continued to nurture the approach of 'digitalization, not dehumanization', and by respecting the needs and habits of our clients, we showed that users come first. In addition to digitalizing and automating processes, the Bank remains available to clients face-to-face. The growth in the number of users across all segments confirms the justification for enabling the use of traditional sales channels alongside the development of digitalization.

The Bank's product catalog was further enriched with a range of digital solutions. In cooperation with Mastercard, the TIZI & Money Send service was introduced, making Nova Bank the first domestic portal to offer simple and fast money transfers from abroad to Bosnia and Herzegovina. Additionally, credit card users were offered the ability to split transactions into installments through the Installment service, which quickly gained high acceptance and trust among users. The banking offer was also expanded by introducing the Google Pay service, a modern digital wallet that enables fast and secure transactions via mobile phones and smartwatches in more than 60 countries worldwide.

In the corporate client segment, the cash deposit service was improved, along with the expansion of the ATS device network, resulting in a significant increase in the number and volume of transactions via the E-commerce platform. During 2024, the Bank developed and introduced two new credit products: a long-term investment loan for fixed assets – the 'Green Loan', and a long-term loan for socially responsible financing, aimed at strengthening financial inclusion and supporting sustainable development. The 'Green Loan' is intended to financing projects that contribute to energy efficiency and reducing the negative impact on the environment, such as investments in heat pumps, energy-efficient lighting, solar panels, electric and hybrid vehicles, and other forms of eco-friendly transport. On the other hand, the loan for socially responsible financing is directed towards supporting investments in education, acquisition of specialized knowledge, employment, and the implementation of projects important to local communities.

We strive to offer to the clients of Nova banka solutions that facilitate financial services while raising the standards of information system safety and security.

We concluded the business year with the highest net profit since the Bank's founding. A net profit of 86.04 million BAM was achieved, which is 30.51 million BAM more compared to the previous year. Credit growth reached 9 %, with the highest growth recorded in the corporate sector – nominally 145.29 million BAM. The support that Nova banka continuously provides to the economy was recognized and awarded by the Chamber of Commerce of the Republic of Srpska for the highest credit growth to the economy in 2024. Alongside this award, we also received the STP Award – a recognition from Commerzbank AG in Frankfurt for accuracy in processing international transfers for clients and financial institutions.

The foundation of the Bank's future development lies in its employees, and we have dedicated significant resources to investing in their education and development.

On behalf of the Bank's Management Board, I thank all clients and business partners for their trust, and our employees for their great effort and dedication.

We are pleased that trust in Nova banka grows year by year, which is the result of continuous work on improving the quality and standards of our operations.

Respectfully,

Siniša Adžić
President of the Management Board
Nova banka AD Banja Luka



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In 2024, we continued to nurture the approach of 'digitalization, not dehumanization', and by respecting the needs and habits of our clients, we showed that users come first.



ABOUT US

Nova banka AD Banja Luka, the largest domestically owned bank in Bosnia and Herzegovina, is positioned as a reliable and long-term partner to legal entities and individuals – both to those developing big ideas and those just starting their business journey. Since 1999, the Bank has been present in the market and has continuously grown, developed, and built a relationship of trust with its clients, always remaining true to its core values.

The Bank is 100% domestically owned, with its majority shareholder being the renowned company MG MIND DOO. Through responsible and transparent operations, Nova banka achieves stable results, efficiently manages capital, deposits, and liquidity, while providing strong support to the markets of the Republic of Srpska and Bosnia and Herzegovina.

Today, the Bank provides its services through a network of 60 branches across Bosnia and Herzegovina, with 114 ATMs and more than 2,000 POS terminals. With modern digital platforms for mobile and electronic banking, clients are provided with full accessibility and ease in their daily financial activities. The core values that form the basis of Nova banka's corporate culture are: customer care, integrity, employee development, teamwork, and long-term partnership. These values are reflected daily in the work of all employees, in resource management, and in the way relationships are developed with clients and the community.

The Bank offers a wide range of services – from standard banking products such as various forms of lending, savings, and payment transactions, to specialized services like brokerage operations, custody services, and factoring. Continuous improvement of business processes, including the introduction of digital solutions and modernization of services, is set as a strategic development direction. The Bank is clearly focused on the digital transformation of all key processes, with the aim of increasing efficiency and further enhancing the customer experience.

The Bank's operations are based on a strong business philosophy – to build trust, listen to the needs of clients and the community, invest in people and technology, and responsibly contribute to economic and social development.



MANAGEMENT BOARD



SINIŠA ADŽIĆ, PRESIDENT OF THE MANAGEMENT BOARD

Siniša Adžić was born in 1974 in Prijedor. He completed his secondary education at the Grammar school in Prijedor and earned his degree in Economics in 1999 from the Faculty of Economics of the University of Banja Luka.

Throughout his career, Mr. Adžić has consistently pursued professional development, participating in numerous seminars and training workshops. Some of the most notable programs in the field of strategic management include: “Strategic Planning,” “Translating Strategy into Results,” “Maximizing Market Potential,” and “BLT – Leadership 4 Results.”

In addition, Mr. Adžić attended training programs focused on developing interpersonal and leadership skills, including: “Managing Diversity, Biases and Stereotypes,” “Presentation and Communication Skills,” “Customer Experience Management,” “Directive Coaching – Coaching in Practice,” “Positive Thinking,” “Stress Management,” “Situational and Directive Leadership,” “Internal Communication Improvement,” “Team Management,” and “Change Management.”

Mr. Adžić began his professional career in 2000 at the Mira Biscuit Factory in Prijedor, initially as a sales representative and later as the Head of the Sales Department. In 2004, he transitioned from the real sector to the financial sector, assuming the role of Head of the Branch Office at Zagrebačka Bank in Prijedor. He subsequently served as Regional Director for Banja Luka and later as Director of the Personal and Entrepreneurial Banking Segment for Bosnia and Herzegovina.

From 2009 to 2017, he was Executive Director and Management Board Member for Corporate and Investment Banking at UniCredit Bank a.d. Banja Luka. Beginning in 2017, he also assumed additional responsibilities as a Management Board Member for Retail. In August 2020, he moved to UniCredit Bank d.d. Mostar, where he served as a Management Board Member responsible for Corporate and Investment Banking.

He assumed the role of President of the Management Board of Nova banka a.d. Banja Luka in February 2021, with primary goals of improving the Bank’s efficiency, positioning it as an attractive employer important to the community in which it operates, and establishing the Bank as a simple, fast, and reliable partner – the partner of first choice for its clients.

JASNA ZRILIĆ, MEMBER OF THE MANAGEMENT BOARD



Jasna Zrilić was born on September 19, 1975, in Banja Luka, where she completed her primary and secondary education. She obtained a degree in Economics from the Faculty of Economics of the University of Banja Luka. She later earned a Master's degree in Finance, Banking, and Insurance from the Faculty of Economics at the University of Novi Sad, defending her thesis titled "Asset and Liability Management Strategy of the Bank." She holds licenses as a broker and investment manager.

She has been employed at Nova banka AD since November 1, 2000, and since 2003 has served as Director of the Branch Office for trade in Securities "Broker nova." In 2009, she was appointed Director of the Treasury Division, where she was responsible for managing the bank's assets and liabilities, liquidity, foreign currency position, capital, strategic planning, securities portfolio, correspondent banking, credit lines, and custody and depository services.

From January 2019 to September 2020, she served as a Member of the Bank's Management Board responsible for assets, finance, risk, AML/CFT, and compliance. She held the position of President of the Management Board from September 2020 to February 2021, after which she resumed her role as a Board Member in charge of assets, finance, and risk. She is also a member of the working group for the implementation of Basel directives related to capital and LCR at Nova banka, and a member of the Management Board of the Banja Luka Stock Exchange AD since August 2014.

NENAD NENADIĆ, MEMBER OF THE MANAGEMENT BOARD



Nenad Nenadić was born on April 18, 1982, in Bosansko Grahovo. After completing the Grammar school in Banja Luka, he earned a degree in Economics with a specialization in Banking from the Faculty of Economics of the University of Banja Luka. He began his professional career in 2006 at Hypo Alpe Adria Leasing DOO, and in 2009 he continued his career at UniCredit Bank AD Banja Luka, primarily in the small and medium-sized enterprises segment, as well as in corporate and investment banking.

From 2016, he served as Director of the Domestic Corporate Clients Segment within Corporate and Investment Banking, and as of June 2020, he was also acting Director of the Public and Financial Sector and International Clients Segment within the same division.

In March 2021, he was appointed a Member of the Management Board of Nova banka AD Banja Luka, assuming responsibility for Corporate and Retail Banking. His strongest competencies are his dedication to clients and the ability to establish and maintain business relationships with clients across various business sectors and geographic regions.

MLADEN ČULIĆ, MEMBER OF THE MANAGEMENT BOARD



Mladen Čulić was born on September 24, 1987, in Mrkonjić Grad. He completed his secondary technical education in Banja Luka, earning the title of Traffic Technician. After completing his undergraduate studies, he enrolled in master's studies at the Faculty of Technical Sciences, University of Novi Sad, where he obtained the title of Master of Engineering in Management.

He began his professional career in 2011 at Tržnica DOO Banja Luka, where he worked as Deputy General Director until 2019. In early 2019, he continued his career at Nova banka, serving as Assistant to the President of the Management Board, within the Cabinet of the President of the Management Board.

At the beginning of 2023, he was appointed a Member of the Bank's Management Board, with responsibility for the Operations Directorate. His key competencies include unconditional dedication to work, a high level of communication skills, and a strong focus on teamwork and collaboration.

BORIS DRAGIĆ, MEMBER OF THE MANAGEMENT BOARD



Boris Dragić was born on January 4, 1976, in Prijedor, where he completed his primary and secondary education. He obtained a degree in Economics from the Faculty of Economics of the University of Banja Luka.

He began his professional career at Termont Company DOO Laktaši, a firm engaged in construction and wood processing, where he worked as an accountant. He continued to build his experience and expertise in economic affairs through various positions in several companies, before transitioning to the banking sector in 2008.

He spent most of his banking career at UniCredit Bank a.d. Banja Luka, primarily in the sales segment, where he held senior management roles such as Director of the SME Segment, Director of the Large Enterprises Segment, and Director of the Public and Financial Sector and International Clients Segment. His last experience in the aforementioned bank was Director of Compliance and Anti-Money Laundering.

In March 2021, he joined Nova banka AD Banja Luka as Assistant to the President of the Management Board, working within the Cabinet of the President of the Management Board. In mid-2021, he moved to the position of Director of the Risk Management and Control Sector. At the beginning of 2023, he was appointed a Member of the Bank's Management Board, with responsibilities covering the Risk Management Directorate.

Throughout his career, he has completed numerous professional and technical training programs, as well as programs focused on personal growth and development.

BANK PROFILE



VISION

Our vision is to be part of the largest domestic banking group that operates in a simple, secure, and responsible manner, to be a reliable partner and the bank of first choice for our customers and employees.

MISSION

We are a strong and reliable domestic bank, ready to grow together with our customers and their ideas, while also supporting those who are just starting out. In a simple, accessible, and responsible manner, we guide our business so that care for people and economic progress are embedded in our corporate values. Through our activities, we demonstrate that we are a socially responsible partner to the community.

CORPORATE VALUES OF THE BANK

Nova banka corporate values do not revolve solely around business success. They are not merely suggestions for behavior, but fundamental beliefs from which the Bank's competitive strength arises. Once established, these corporate values must remain firm and unwavering. That is why the Bank has identified five core values that form the foundation of all its activities – from strategy development to decision-making.

CUSTOMER CARE



At Nova banka, customer care comes first. The goal of this value is to build long-term, strong relationships through day-to-day operations. That is why it is important for the Bank to continuously learn about its customers, recognize and understand their needs, and create tailored offerings based on the knowledge acquired. For the Bank, every customer is a person to be cared for and protected.

INTEGRITY



Moral values and legal obligations are of great importance. Business must be approached ethically and professionally. Relationships are built on mutual trust, with respect for others' opinions and views. Agreements are honored, and one stands firmly behind their word.

EMPLOYEE DEVELOPMENT



All employees at Nova banka are key to its successful operations. That is why the Bank invests in both team and individual development, with the goal of acquiring new knowledge, understanding work tasks, and strengthening team spirit, communication skills, and motivation. Nova banka places special emphasis on organizing training sessions, with a particular focus on internal knowledge sharing.



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 quote perfectly reflects one of the core values of Nova banka. The goal of this value is to build strong teams whose members foster mutual respect, effective communication, information sharing, and positive interpersonal relationships.



LONG-TERM PARTNERSHIP

Nova banka strives to establish mutually beneficial, caring relationships based on trust and a shared desire for success by providing outstanding customer experience and service. Trust is the foundation of every strong relationship.



A team is not a group of people who work together. A team is a group of people who trust each other.

- Simon Sinek

MANAGEMENT BOARD

BANK MANAGEMENT

Siniša Adžić
*president of the
Management board*

Jasna Zrilić
*member of the
Management board*

Nenad Nenadić
*member of the
Management board*

Mladen Čulić
*member of the
Management board*

Boris Dragić
*member of the
Management board*

SUPERVISORY BOARD

Goran Radanović
*chairman of the Supervisory
Board*

Aleksandar Kesić
independent member

Miloš Vujnović
member

Ljupko Miletić
member

Avram Milenković
independent member

SECRETARY OF THE BANK

Nikolina Erak

INTERNAL AUDITOR

Đorđe Ševa

MACROECONOMIC ENVIRONMENT

At the global level, the year 2024 was marked by the ongoing conflict in Ukraine and the accompanying economic effects of sanctions. The global economy proved more resilient than expected in the first half of 2023. According to estimates, the global economy is expected to grow by 3.2% in both 2024 and 2025, based on the IMF's October 2024 forecast. In addition, the IMF expects inflation to continue slowing down – from 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025 – with developed economies returning to their inflation targets faster than developing countries.

In June 2024, for the first time in a long period, the ECB reduced its key interest rate by 25 basis points. Throughout 2024, the ECB continued cutting interest rates on three occasions: on September 18, 2024, by 60 basis points, and on October 23 and December 18, 2024, by 25 basis points each. Movements in key interest rates in 2025, according to the European Central Bank, will continue to depend on assessments of inflation expectations, the dynamics of core inflation, and the strength of monetary policy transmission. EURIBOR continued its downward trend in 2024, which began at the end of 2023, and further declines are expected due to ECB interest rate cuts.

According to the IMF's estimates, Bosnia and Herzegovina ended 2024 with a real GDP growth rate of 2.5%, while the latest projection for 2025 foresees a real GDP growth rate of 3.0%.

The average net salary paid in December 2024 in the Republic of Srpska amounted to 1,438 BAM, representing a nominal increase of 1.3% and a real increase of 0.8% compared to the previous month. Compared to the same month of the previous year, the average net salary increased by 10.3% nominally and 8.2% in real terms.

The banking system of the Republic of Srpska remained stable and adequately capitalized throughout 2024, with liquidity and profitability at a satisfactory level.

The banking sector of the Republic of Srpska represents a significant part of the overall banking system of Bosnia and Herzegovina. Foreign ownership continues to dominate the capital structure of banks.

The banking sector is based on traditional and highly regulated deposit-lending operations. Since the beginning of 2024, previously initiated activities have continued. In addition to intensive efforts to interpret adopted legal regulations, these include strengthening the capacity of supervisors – particularly in the SREP methodology, developing a framework for supervisory stress testing, bank restructuring, and improving regulatory requirements for asset classification (implementation of IFRS 9). As a result, banks were required to submit a significantly larger volume of data and reports at the request of regulators.

The banking sector performs the function of payment transactions both domestically and internationally and plays a significant role in preventing money laundering and financing of terrorist activities. Banks and other financial organizations are continuously aligning their operations with the requirements of the Law on the Prevention of Money Laundering and Financing of Terrorist Activities. As a result, systematic practices in this segment have been established, and cooperation with other supervisory

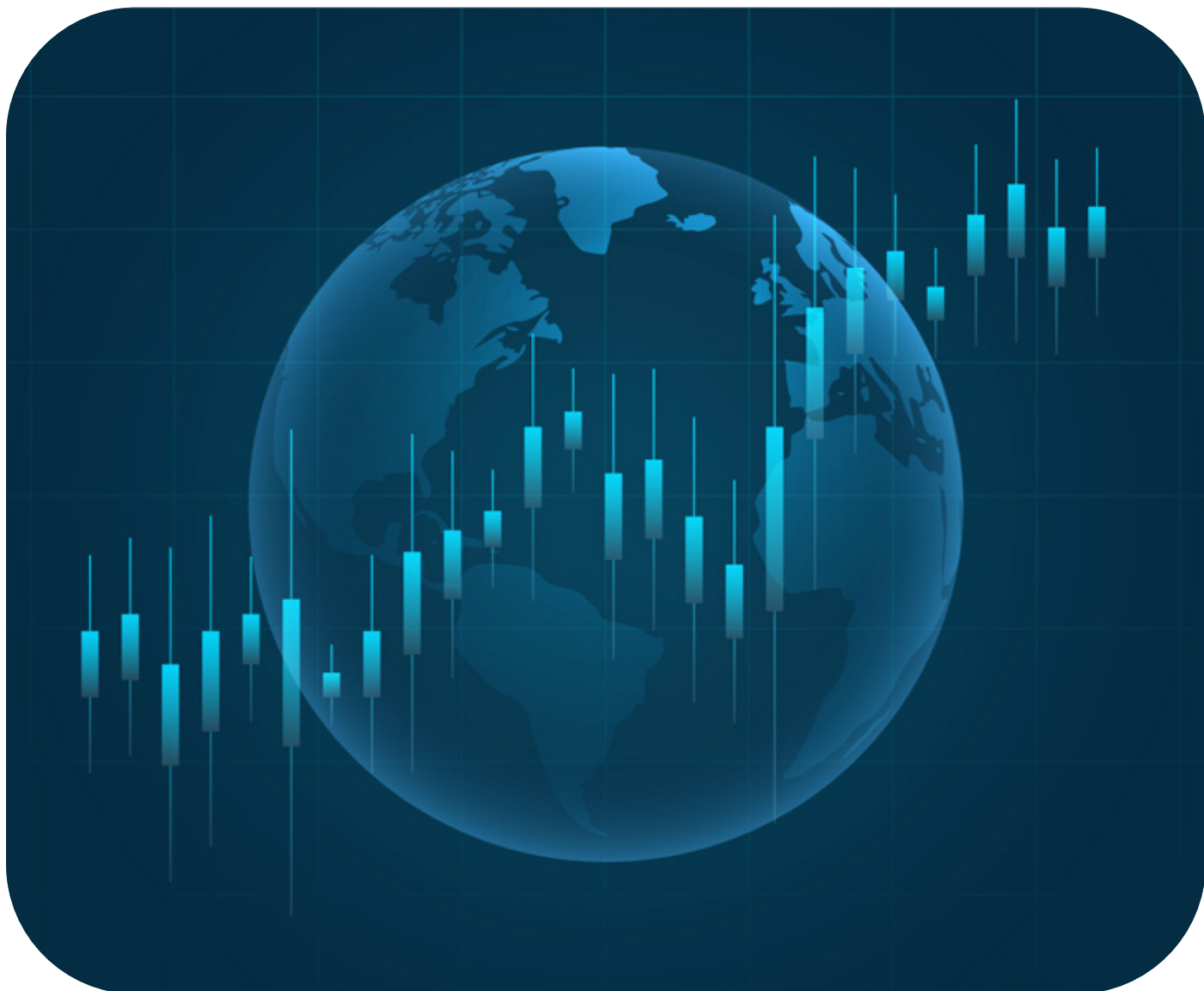
and control institutions has improved.

Banks and other financial institutions are continuously improving and modernizing their operations to adapt banking products and services to customer needs.

Additionally, activities related to implementing the provisions of the Law on Banks of the Republic of Srpska, particularly those regulating the protection of financial service users' rights, are ongoing.

In line with the above-mentioned changes, the Bank will focus its future activities on the following to improve service quality and maintain stability:

- prudent and sound business practices and capital strengthening through partial profit retention,
- control of overdue receivables, particularly non-performing loans, along with additional activities to enhance collection efficiency and improve the early warning system for credit portfolio quality deterioration,
- continuous improvement of the risk management system, particularly for credit, interest rate, and liquidity risks.



BANKING SECTOR

IN BOSNIA AND HERZEGOVINA

Banks operate in two entities within Bosnia and Herzegovina: the Republic of Srpska and the Federation of Bosnia and Herzegovina, as well as the Brčko District.

As of September 30, 2024, the banking sector in Bosnia and Herzegovina comprises 21 banks – 8 in the Republic of Srpska and 13 in the Federation of BiH – with the following results:

- The financial result of the BiH banking sector is positive, with an increase of 113 million BAM (+19.5%) compared to September 30, 2023, totaling 693 million BAM.
- Net balance sheet assets recorded growth of 2.64 billion BAM (+6.8%) compared to the end of 2023 and amounted to 41.62 billion BAM as of September 30, 2024.
- Cash assets increased by 992.3 million BAM or +8.9%. The largest share of cash assets, 6.75 billion BAM or 55.54%, is held in reserve accounts with the Central Bank of BiH.
- Total loans in the BiH banking sector amount to 25.18 billion BAM, marking an increase of 1.65 billion BAM or 7% in 2024. The largest share of total loans is retail loans at 50.15%, which grew by 7.6% compared to the end of 2023 (+890 million BAM).
- Deposits increased by 1.75 billion BAM (+5.54%) compared to the end of 2023, amounting to 33.39 billion BAM as of September 30, 2024. Retail deposits constitute 49.66% of total deposits and increased by 900.2 million BAM or 5.5%.

As of September 30, 2024, the banking sector of the Republic of Srpska consists of 8 banks, with a network of 278 organizational units and 3,113 employees, achieving the following results:

- Net balance sheet assets amount to 10.5 billion BAM, an increase of 500.6 million BAM (+5%) compared to the end of 2023.
- The financial result of the banking sector is positive, with net profit increased by 49.3 million BAM or 33.5% compared to the same period in 2023, reaching 196.6 million BAM as of September 30, 2024.
- Total gross loans increased by 385.1 million BAM or 6% compared to the end of 2023. The largest share of total loans, 50.2%, consists of retail loans.
- Deposits in banks in the Republic of Srpska amount to 8.1 billion BAM and grew by 369 million BAM or 5% compared to the end of 2023. Retail deposits have the largest share at 59.7%, with an increase of 253.7 million BAM or 6%.

According to data as of September 30, 2024, among banks headquartered in the Republic of Srpska, Nova banka ranks first in terms of total assets, and second in terms of capital, accounting for 28% of total assets and 18% of total capital.

Considering the banking sector of Bosnia and Herzegovina as of September 30, 2024, Nova banka accounts for 7.34% of total assets, 7.32% of total loans, and 6.90% of total deposits.

(in millions BAM)

BANKING SECTOR	ASSETS	LOANS	DEPOSITS
Banks in RS	10.531	6.442	8.109
Banks in FBiH	31.085	18.739	25.284
Total banking sector of BiH	41.616	25.181	33.393
Nova Banka share (%)	7,34%	7,32%	6,90%



KEY FINANCIAL AND REGULATORY PERFORMANCE INDICATORS

1. STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

(in 000 BAM)

	2024.	2023.	Ind 24/23
Cash and funds held with the Central Bank	644.559	630.364	102
Financial assets	466.967	499.015	94
Placements to other banks	233	608	38
Investments in subsidiaries	11.007	11.007	100
Loans and receivables due from customers	1.809.486	1.653.125	109
Tangible and intangible assets	46.328	43.926	105
Assets acquired in lieu of debt collection	95	110	86
Other assets	61.512	32.929	187
Total assets	3.040.187	2.871.084	106
Deposits	2.280.618	2.207.878	103
Credit lines	270.157	276.087	98
Subordinated debt	37.600	37.600	100
Other liabilities	86.193	39.997	215
Equity	365.619	309.522	118
Total liabilities and equity	3.040.187	2.871.084	106
Off-balance	587.811	494.844	119

As of December 31, 2024, the level of net assets amounted to 3,040,187 thousand BAM, which is 6% higher compared to 2023.

Cash and cash equivalents amounted to 644,559 thousand BAM, which is a 2% increase compared to the previous year.

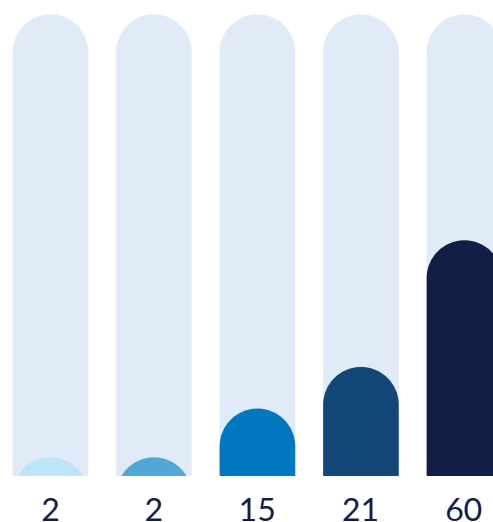
Financial assets include assets measured at amortized cost, fair value through profit or loss, and fair value through other comprehensive income. As of December 31, 2024, this position amounted to 466,967 thousand BAM, representing a 6% decrease compared to the previous year (2023: 499,015 thousand BAM).

Loans and receivables (net) increased by 9% compared to the previous year: as of December 31, 2024, they amounted to 1,809,486 thousand BAM (2023: 1,653,125 thousand BAM).

Fixed assets amounted to 46,328 thousand BAM (2023: 43,926 thousand BAM), representing a 5% increase compared to the previous year.

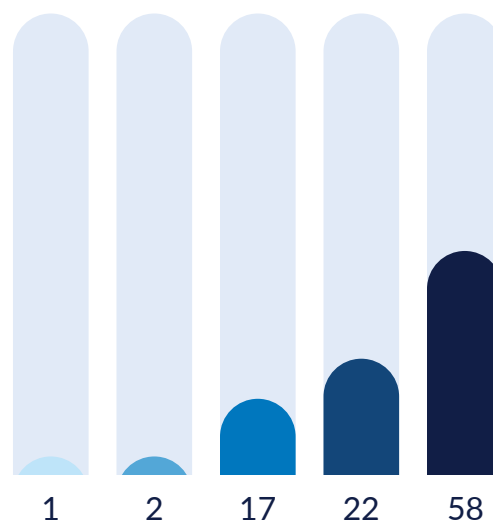
Structure of asset items for 2024

- Cash and funds held with the Central Bank
- Financial assets
- Loans and receivables due from customers
- Tangible and intangible assets
- Funds collected through receivables recovery
- Other assets



Structure of asset items for 2023

- Cash and funds held with the Central Bank
- Financial assets
- Loans and receivables due from customers
- Tangible and intangible assets
- Funds collected through receivables recovery
- Other assets



Deposit liabilities as of December 31, 2024, amounted to 2,280,618 thousand BAM, a 3% increase from the previous year. The segment structure is as follows:

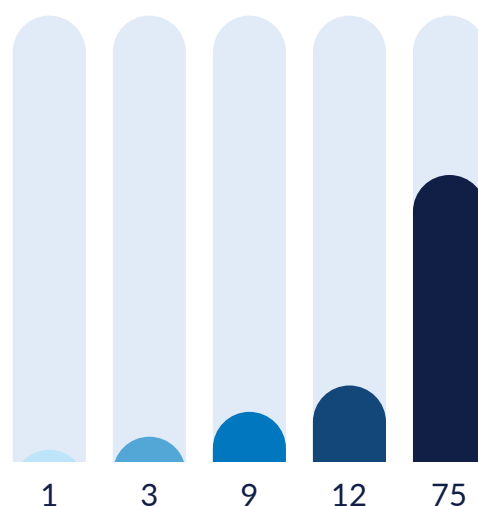
- Public sector: 584,316 thousand BAM or 9% less than in 2023;
- Corporate clients: 155,856 thousand BAM or 11% less than in 2023;
- SME clients: 290,476 thousand BAM or 13% more than in 2023;
- Retail: 1,214,824 thousand BAM or 6% more than in 2023 (note that 53.27% of the Bank's deposits are from the retail segment);
- Banks: 35,146 thousand BAM or 291% more than in 2023.

Liabilities from credit lines amounted to 270,157 thousand BAM (2023: 276,087 thousand BAM), a 2% decrease. This position depends on client demand for borrowed funds (Investment-Development Bank (IRB) credit lines).

Off-balance sheet items increased in 2024 to 587,811 thousand BAM (2023: 494,844 thousand BAM), due to the growth of letters of credit and irrevocable credit obligations.

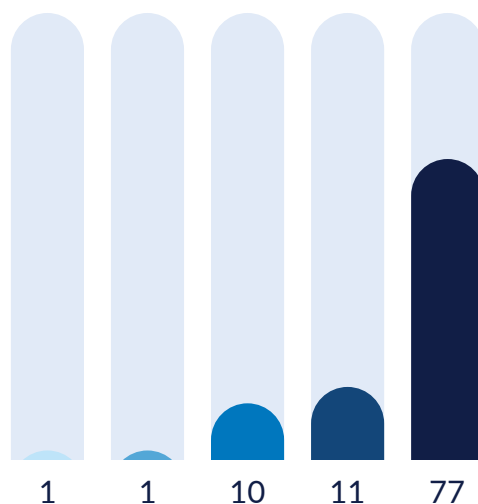
Structure of liabilities and equity items for 2024

- Deposits
- Credit lines
- Subordinated debt
- Other liabilities
- Equity



Structure of liabilities and equity items for 2023

- Deposits
- Credit lines
- Subordinated debt
- Other liabilities
- Equity



2. STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)

(in 000 BAM)

	01.01 - 31.12.2024.	01.01 - 31.12.2023.	Ind 24/23
Net interest income	105.005	89.715	117
Net income from fees and exchange rate differences	44.226	41.473	107
Other operating income	23.262	8.631	270
Operating and other expenses	(60.039)	(61.429)	98
Impairment of assets acquired through the collection of receivables	0	(7)	0
Net expense of impairments and provisions for expected credit losses	(19.915)	(17.535)	114
Profit before taxes	92.539	60.848	152
Income tax expenses	(6.497)	(5.320)	122
Profit for the year	86.042	55.528	155
Other gains and losses for the year	55	39	141
Total comprehensive income for the year	86.097	55.567	155

The income statement followed the balance sheet growth, with revenues increasing significantly compared to 2023.

Net interest income amounted to 105,008 thousand BAM, representing a 17% increase compared to 2023 (89,715 thousand BAM).

Net income from fees and exchange rate differences increased by 7%, reaching 44,226 thousand BAM (2023: 41,473 thousand BAM). All business processes improved profitability compared to 2023: income from off-balance sheet operations rose by 4%, income from internal payment transactions (UPP) fees rose by 5%, card fee income by 6%, and foreign exchange/money exchange income rose by 15%. These increases were driven by higher transaction volumes.

Net income from financial transactions rose by 14% compared to 2023: 149,231 thousand BAM in 2024 vs. 131,188 thousand BAM in 2023. The Bank realized 18,043 thousand BAM more net income from financial transactions than in the previous year.

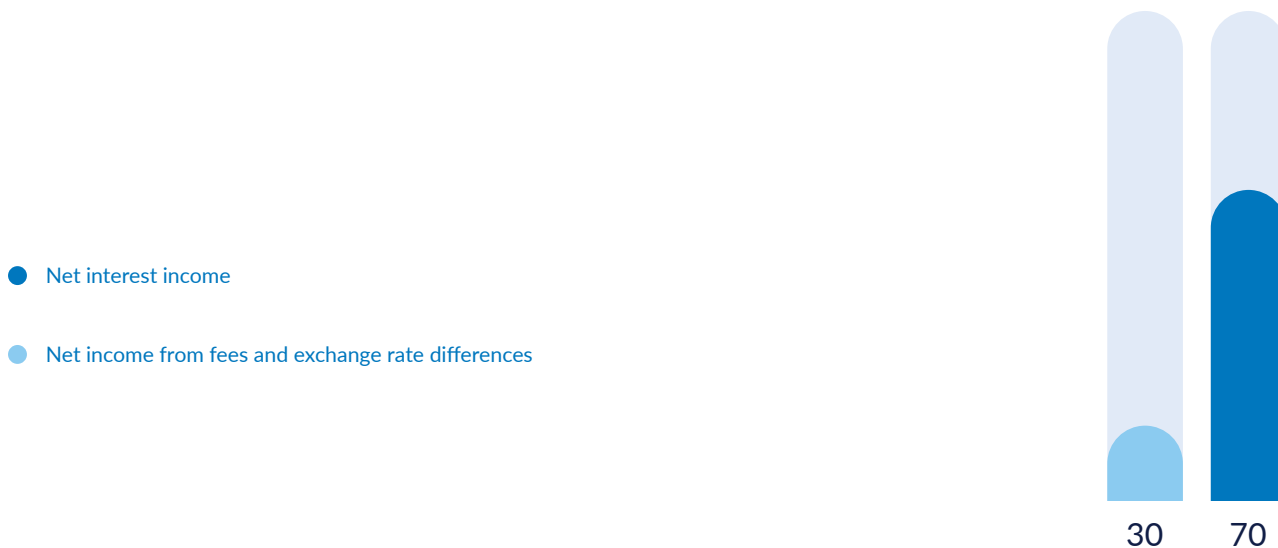
Other operating income amounted to 23,262 thousand BAM, representing a 170% increase compared to 2023. The increase in the item Other operating income relates to the dividend paid by ATOS bank ad in the amount of 12,000 thousand BAM on May 21, 2024.

Operating and other expenses were realized in the amount of 60,039 thousand BAM, representing a

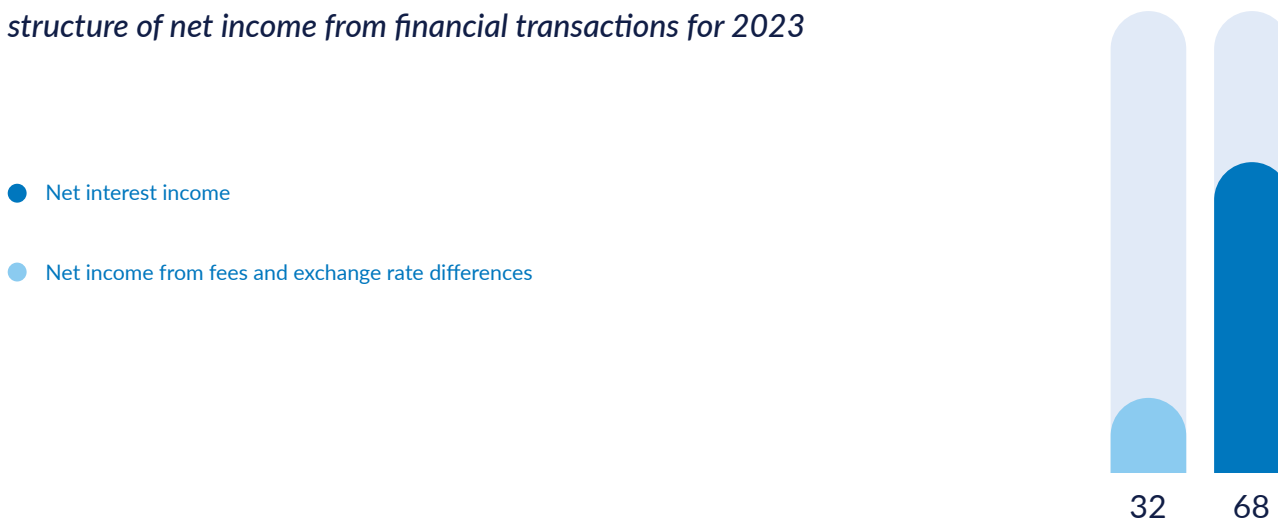
2% decrease compared to 2023 (61,429 thousand BAM).

Net profit for 2024 amounted to 86,042 thousand BAM and is by 55% higher compared to 2023 (55,528 thousand BAM).

structure of net income from financial transactions for 2024



structure of net income from financial transactions for 2023



3. KEY PERFORMANCE INDICATORS (KPI)

	01.01 - 31.12.2024.	01.01 - 31.12.2023.
Cost Income Ratio CIR (operating expenses)	34,81%	43,94%
Operating and other expenses/Total income	26,82%	31,82%
ROE (Return on Equity)	24,20%	19,66%
ROA (Return on Assets)	2,88%	2,01%
Share of capital in total assets	12,03%	10,78%
Net loans as % of total assets	59,52%	57,58%
Regulatory capital ratio (min 12%) + minimum capital conservation buffer (min 14.5%)	21,47%	20,19%
Tier 1 ratio (min 9%)	20,38%	18,54%
Common equity tier 1 ratio + capital conservation buffer (min 11.5%)	20,38%	18,54%
Financial leverage ratio	11,08%	9,66%
Cash-to-deposit ratio	28,33%	28,57%

During 2024, the Bank reduced its Cost-to-Income (C/I) ratio, and as of December 31, 2024, it amounts 34.81% (2023: 43.94%).

The achieved higher profit in 2024 also led to increases in ROE and ROA, from 19.66% to 24.2% for ROE, and from 2.01% to 2.88% for ROA.

The Tier 1 capital ratio was 20.38% (2023: 18.54%), and the Regulatory capital ratio was 21.47% (2023: 20.19%). The higher ratios in 2024 are driven by the higher net profit achieved in 2024.

The Financial leverage ratio was achieved at the level of 11.08% (2023: 9.66%).

QUANTITATIVE ACHIEVEMENT OF THE BUSINESS STRATEGY

RETAIL BANKING

In 2024, the Retail Banking Sector remained focused on customer needs and the development of long-term relationships.

The focus of retail banking is primarily customer satisfaction and user experience, combined with the introduction of changes, and constant work on an offer that has utility value for users and makes their everyday banking activities as easy as possible.

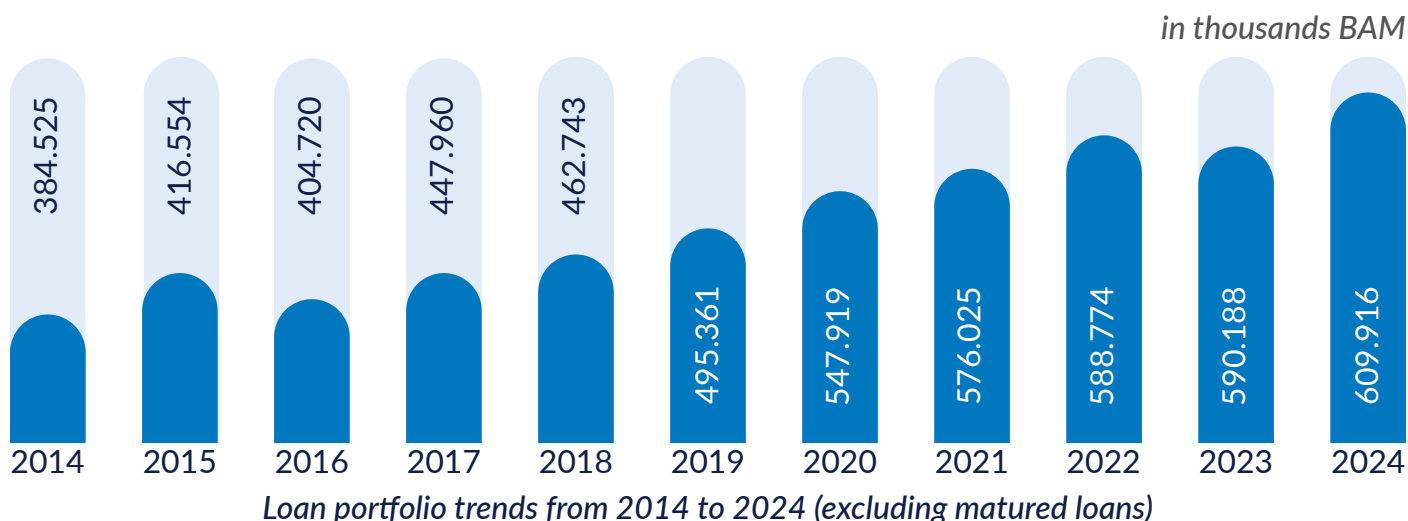
Throughout 2024, growth was recorded in both deposits and loans, which is one of the key indicators of the support that the Bank provides to users, natural persons. The positive trend is the result of finding the optimal price level and product combination.

Following global trends in the digital banking segment, Nova banka pays exceptional attention to the development of digital culture, with the aim of improving the accessibility of services and financial inclusion.

Retail loans

The balance of the retail placement portfolio with due loans as of December 31, 2024 amounts to 618.0 million BAM with a growth trend compared to the same period in 2023 (+3.4%), when it amounted to 597.5 million BAM.

Of the total placement portfolio, 98.7% refers to placements to users who are regular in repaying their obligations.

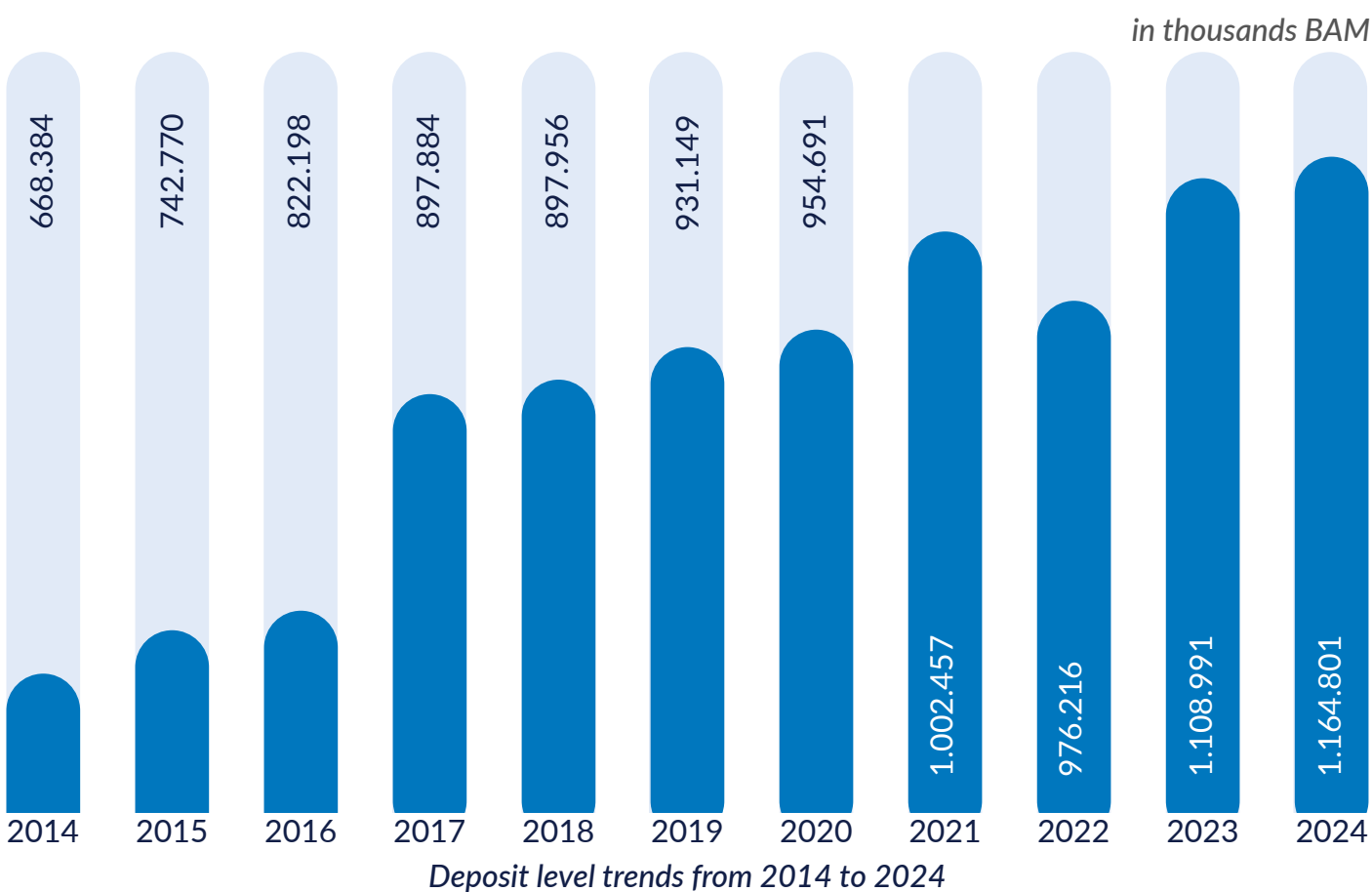


In 2024, a total of 161 million BAM in new loans was disbursed (+11% compared to 2023), across 6,033 loan accounts. The highest growth was recorded in the housing loan segment, with 52.1 million BAM in new housing loans disbursed—an increase of 48% compared to 2023 (when 35.1 million BAM was disbursed).

In terms of market share, the Bank maintained a stable position, with a 19.2% share in the territory of the Republic of Srpska and 4.9% at the level of Bosnia and Herzegovina.

Retail deposits

The total amount of deposits in the Retail Banking Sector amounts to 1.164 billion BAM, with a market share of 23.8% in the Republic of Srpska and 6.7% at the level of Bosnia and Herzegovina. This reflects a leading market position in the Republic of Srpska and a high level of trust among the citizens of Bosnia and Herzegovina.



Nova banka offers its clients a wide range of savings products tailored primarily to their demands and needs. These products are flexibly adapted in terms of both the deposit term and interest payment options. Clients choose the term of deposit and the currency in which the savings will be held. Interest can be paid according to the client's preference – either in advance for the entire deposit period, monthly, quarterly, semi-annually, annually, or upon expiry of the term deposit.

Digital transformation of network operations

Client satisfaction and providing a high-quality user experience are at the core of our operations. By continuously introducing changes, we are working to create an offer that has a useful value for users and makes their everyday banking activities easier.

The Smart Nova application has been extremely well received by users, as it provides users with a simple and easy way to perform everyday transactions. With 36,786 digital users (an increase of 33% compared to 2023), 702 thousand transactions were recorded (an increase of 59% compared to 2023). This is a confirmation of the quality and commitment to providing a top-notch digital banking experience. Through continuous innovations and improvements, and by cultivating a culture of innovation, we aim to make our users' everyday banking activities as easy as possible.

Users of banking services are increasingly demanding independence in their work, without the obligation to go to branches. The trend is that branches will remain the dominant channel for somewhat more complex banking products. This is also facilitated by the growing number of self-service devices that are increasingly present in our branches. In order to provide the highest quality service for customers, in 2024 we modernized the ATM network by installing new devices, which also allow for cash deposits.

In addition, Nova banka has joined the network with its sister company Atos Bank, thus enabling its customers to withdraw cash free of charge with debit cards from both banks. In this way, clients are provided with access to current account funds without a fee, at a significantly larger number of ATMs compared to the individual networks of Nova banka and Atos Bank. The joint network of over 150 ATMs allows for easier and more affordable access to current account funds. A quality ATM network is the basis of banking services that meet the needs of modern society. Reducing costs and increasing accessibility are a reflection of the commitment to intuitive solutions for easier and faster access to money, which is in line with the vision of providing the best experience to customers of Nova banka and Atos Bank services.

A special emphasis during 2024 was certainly on strategic sales management, which, through the implementation of operational CRM, significantly influenced the recognition of user needs and the creation of the best offer for our clients. In the coming period, the Bank will continue to work intensively on implementing and applying the best CRM practices and the alignment of CRM activities with the Bank's strategy.

Quality of service

In the banking world, it is increasingly difficult to achieve competition based on new services, price and distribution channels. Quality has become a fundamental factor in the operation of successful banks.

The task of a bank is to understand the current and future needs of its clients, to be able to meet them and to strive to exceed their expectations. In light of the above, the Bank aims to direct its operations through organizational, technological and IT changes in such a way that the client is at the center of its operations.

An important indicator of the quality of a bank's service is measured by the time clients wait for the desired service to be provided and the number of clients who give up entering the bank due to long waiting lines. In light of the above, the Bank has implemented monitoring of waiting times, times of execution or approval of the transaction, both in the part of counter operations and in credit operations.

Great effort is invested in improving the quality of services, which includes the professionalism and communicativeness of employees with whom clients come into contact.

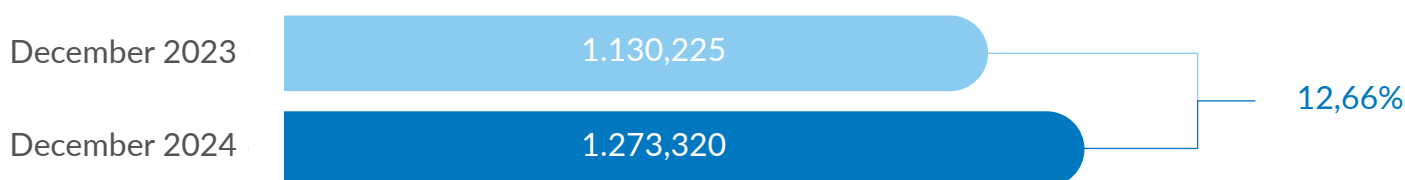
In the coming period, the Bank will also have a special focus on improving the quality management system within which quality policies and quality objectives have been established, as well as monitoring their implementation. Certainly, the emphasis here is on the needs and expectations of users of our services. As before, our goal is to retain existing users and attract new ones, because only in this way can Nova banka maintain its growth and maintain its leading role in the market.

CORPORATE BANKING

The Corporate Banking Directorate at Nova Banka includes cooperation with large corporate clients, the public sector, public enterprises, as well as small and medium-sized enterprises. The focus of the Directorate is on maintaining stable growth and business development, while constantly improving cooperation with clients and providing support in all phases of their business. The high level of trust that clients place in the Bank is also confirmed by its leading position in the market, with Nova Banka ranking first in the Republic of Srpska in terms of the total volume of business operations with corporate clients.

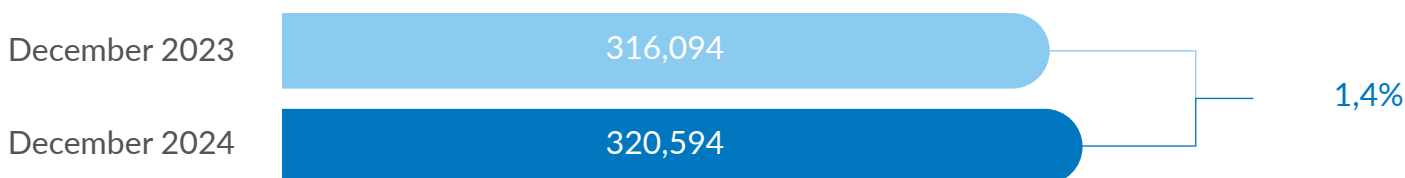
During 2024, the Bank continued to expand its client base from the corporate banking sector, with growth recorded in all business segments. The number of transaction accounts also increased, which is the result of adapting the offer to client needs and continuous presence in the market.

In 2024, the Bank placed 14% more loans to corporate clients compared to the previous year, with a slight increase in the total placement rate. A total of 717 million BAM of new loans were placed, and despite the growth in placements, the percentage of non-performing loans remained stable at 5.0%. In the corporate lending segment, the Bank continued to strengthen its market position. Market share in the Republic of Srpska increased from 36.8% in 2023 to 37.3% in 2024, while at the level of Bosnia and Herzegovina, growth was recorded from 9.5% to 9.8%.



Comparison of loans December 2024/December 2023

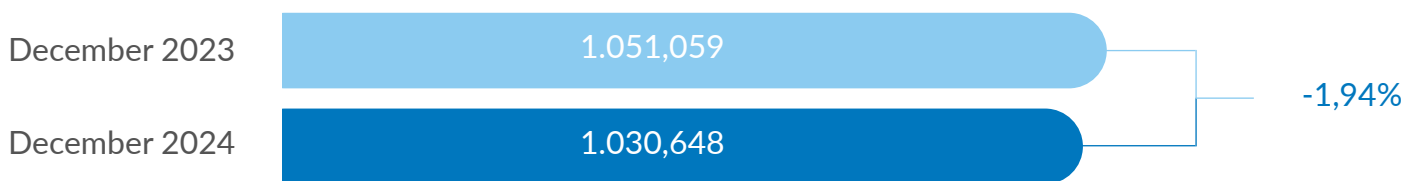
The trust of users is also confirmed by the continuous growth in the area of issued guarantees. At the end of 2024, the total value of guarantees amounted to 321 million BAM, which represents an increase of 1.4% compared to the previous year.



Comparison of guarantees December 2024/December 2023

In 2024, a slight decline in corporate deposits of -1.96% was recorded. Despite this, the Bank's market

share in this segment remains high, confirming Nova banka's stable position among the leading financial institutions in the Republic of Srpska.



Following modern trends and client needs, the Bank continued to improve alternative service channels, which led to a significant increase in the number of users of these services. This process directly affected the sales of other Bank products, including transaction and foreign exchange accounts, electronic banking and business cards. One of the key indicators of the success of this trend is reflected in the growth of the total volume and number of transactions.

Products

In the dynamic world of banking, client demands change rapidly. To meet their needs, Nova banka placed a strong focus on innovation, digitalization, and optimization in 2024.

In addition to maintaining its market position, Nova banka prioritized digital transformation. Processes of digitalization, automation, and efficiency enhancement – aimed at increasing client satisfaction – were the focus of our investments. In this context, during 2024, Nova banka implemented three new digital experiences for our clients:

- Tizi & Money Send
- Installment Payments via the Smart Nova App
- Google Pay™

Tizi & Money Send

Nova banka, in cooperation with the card company Mastercard, completed the project titled Money Send & TIZI.

TIZI is the first domestic portal that enables easy and fast money transfers from abroad to Bosnia and Herzegovina. Transfers can be made from any device (computer, phone, etc.) by entering the required information about the sender and the recipient. The TIZI portal is accessible via the website <https://tizi.novabanka.com/> as well as through the app available for Android and iOS devices. Transfers are carried out using Mastercard debit or credit cards.

The countries from which money can be sent include: Serbia, France, Italy, Norway, Belgium, Croatia, Sweden, Germany, Austria, Slovenia, Bulgaria, the Netherlands, and Spain.

The Money Send service provides users with:

- A fast and simple way to send money from abroad to Bosnia and Herzegovina. Funds are available to the recipient within minutes of being sent, and the Bank notifies the recipient via SMS. Payouts are made exclusively in BAM (Convertible Marks).

- The ability to transfer money from any device (tablet, computer, mobile phone).
- For Nova banka clients, the funds are credited directly to their account, while non-clients can collect the money in cash at any Nova banka branch.
- The recipient receives an SMS notification about the payment, with no additional transaction fees.

TIZI
POŠALJITE NOVAC

BEZ SKRIVENIH TROŠKOVA

TIZI transfer novca iz inostranstva u Bosnu i Hercegovinu

NOVA BANKA

Više informacija:
tizi.novabanka.com

Installment payments via the Smart Nova App

Nova banka offers a Mastercard World credit card that enables installment payment functionality and revolving functionality. The existing installment payment option is enabled at merchants with whom the Bank has a signed contract, by selecting a certain number of installments at the POS terminal. With the aim of increasing flexibility and the ability for users to independently adjust to their own capabilities, the Bank has expanded the existing functionalities by introducing a new installment payment option via mobile or web banking (Smart Nova).

Dividing into installments is enabled for all payment transactions, regardless of whether the payment transaction is made in BiH or abroad, as well as for internet transactions.

The installment payment itself is performed through the Bank's mobile or web banking, and is initiated by the client him/herself by selecting 3, 6, 12, 18, 24 or 36 installments. There is no interest calculation on installment transactions, but a fee for installment payment is calculated, which is distributed over the number of installments. Early repayment is also enabled for all transactions divided into installments. In that case, the fee for installments that are repaid ahead of time will not be charged. The Bank also retained the existing revolving functionality, along with the option to divide payments into installments with merchants as well.

NOVA BANKA

Složi budžet po svojoj mjeri.

Plaćaj na rate bez kamate!

Korisnicima Mastercard World Super Nova kreditnih kartica omogućena je podjela transakcija na rate, bez kamate, putem Smart Nova digitalnog bankarstva.

www.novabanka.com

Google Pay™

The Bank has enabled Mastercard card users to use an innovative contactless payment method via the Google Pay™ digital wallet.

Google Pay™ is a digital wallet that enables fast and secure transactions via mobile phones and smartwatches (Android devices, Wear OS). With availability in more than 60 countries around the world and more than 150 million users, it plays a significant role in market competitiveness.

To use the Google Pay™ digital wallet, Nova banka service users are not required to come to a branch and submit a request for use. If they are users of payment cards from the Mastercard program, issued by Nova banka, they can use the Google Pay™ service by digitizing their payment card through the Smart Nova application. In addition, users can digitize loyalty cards they have with domestic or foreign merchants.

Due to its simplicity and speed, the Google Pay™ digital wallet is characterized by a great user experience. Nova banka Mastercard card users can make contactless payments for products and services at POS terminals, i.e. by touching their mobile phone or smartwatch to the POS terminal. To make a payment, it is not necessary to enter the payment card PIN code, but it is enough to unlock the device screen. In addition, with the digital wallet, users can withdraw money at ATMs with a contactless card acceptance sign. Paying online using Google Pay™, at merchants that support this option, is significantly simplified compared to paying with a physical card, because it is enough for the user to select the Google Pay™ option and enter the card security code (CVV), without entering additional data.

A key component of the Google Pay™ digital wallet is security, because it protects card user data by replacing card numbers with a unique alternative card number or token that is linked to a dynamic security code, which means that the actual physical card number is not used in the transaction process, thus protecting the data from unauthorized use. Additional security is mandatory protection of the device screen, i.e. the digital wallet cannot be used unless the user sets up protection on the device screen (password, fingerprint, etc.).

Innovation, digitalization and optimization are the key guidelines that Nova banka follows when improving services and implementing new products and functionalities, and the key motive for changes is user satisfaction and strengthening reliability in the use of digital services.



NOVA BANKA | **Google Pay**

Budućnost plaćanja

Nova banka i Mastercard® donose Google Pay™ za plaćanje bez granica

Dodajte svoju Mastercard® karticu u Google Wallet™ i plaćajte brzo i pouzdano uz Google Pay™.

Google Pay and Google Wallet are trademarks of Google LLC.

Digital branch & CRM

Users of banking services increasingly demand independence in their work, without the obligation to go to branches. The tendency is that branches will remain the dominant channel for somewhat more complex banking products. Clients expect us to enable them to conduct business relations with the Bank without visiting a branch, which implies a significant engagement of the Nova banka Digital Branch.

Clients have access to the Digital Branch on a daily basis for all information about products and services, and in light of the above, the plan is to provide consulting, information, application for products and services, and payment without having to go to a traditional branch.

The Digital Branch continuously promotes products and services based on targeted data delivered via CRM. In light of the above, a special emphasis is certainly placed on strategic sales management, which aims to best and most efficiently utilize the internal potential of clients, recognize their needs, and create the best offer for users. The Bank is working intensively on the implementation and implementation of best CRM practices.

DEVELOPMENT OF CORPORATE PRODUCTS

In 2024, the Bank, taking care of its clients and respecting the current regulations applicable to business with legal entities, offered a wide range of traditional banking products and services defined by the Product Catalog (loans, receivables purchase/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 standard loan offer to corporate clients consists of loans for various purposes (fixed and working capital, maintenance of current liquidity, refinancing of existing loans), where the maturity and method of loan repayment are aligned with the creditworthiness of the client, as well as framework placements that, by signing a single contract with the client, enable the combination of different types of products (loans, guarantees, receivables purchase and factoring).

During 2024, the Bank introduced two new loan products: a long-term loan for financing investments in fixed assets – “Green Loan” and a long-term loan for socially responsible financing, with the aim of strengthening financial inclusion and sustainable operations of the Bank. “Green Loan” refers to investments that contribute to achieving energy efficiency and reducing negative environmental impact, such as investments in heat pumps, lighting, solar panels, electric/hybrid vehicles, investments in environmentally friendly transport and other investments aimed at achieving energy efficiency, while loans for socially responsible financing include investments in areas related to education and acquiring specialist knowledge, employment and projects for the benefit of the community.

In addition to standard loan products, the Bank continuously provides professional support and offers loans for project financing as a specific type of financial support, where the use of funds is adjusted to the needs of the construction of residential, commercial, residential-commercial, infrastructure or industrial projects, while on the other hand, the repayment is adapted to the market placement of the financing object.

The Bank maintained its recognition in the field of guarantee operations, as well as in the provision of domestic and foreign payment services, which also contributed significantly to the Bank’s income.

During 2024, the entire process of opening user accounts was revised, as well as simplifying and

improving the outgoing documentation for users, with appropriate system improvements, with the aim of shortening the account opening process.

The Bank is constantly focused on the development of digital services and products, and, in addition to activities to improve the existing Smart Nova web and mobile banking, the Bank worked on introducing and promoting to users a new B2B channel that enables automated data exchange between the Bank's business systems and users, with the aim of facilitating business operations and increasing efficiency in work on both sides.

The Bank invested significant efforts in expanding the POS terminal network, increasing sales of POS products and monitoring network activities, as well as the profitability of products and services. The Bank will work on improving and upgrading the network of regular POS terminals for accepting payment cards, including devices that are not owned by the Bank, with the aim of expanding the network of merchants, which will further improve the quality and competitiveness of the Bank's services on the market.

During 2024, the Bank achieved significant revenue growth due to the growth in the volume of transactions via Internet POS, i.e. E-commerce, a service that makes the Bank unique in the domestic banking sector. It is planned to continue developing the E-commerce platform for online payments, which will further increase its application. The E-commerce platform offers state-of-the-art functionality, and users can make easy and secure purchases via their website.

During 2024, the Bank implemented an ATS cash deposit device. It is a self-service device for depositing cash in local currency, intended for legal entities that have an open transaction account with the Bank. The device allows for a fast and reliable way to deposit cash with user identification based on the cash deposit card.

Benefits of a deposit machine for the Bank:

- Reduction of crowding in the Bank's counter halls
- More efficient redistribution of employees
- Reduced operating costs
- Greater security in handling cash
- Acquisition of new users

Benefits of a deposit machine for the user:

- Time savings, no waiting in lines
- Availability of bank services 24/7/365
- Ease of use
- Increased transaction speed and increased service quality
- Lower transaction fee costs
- Increased user satisfaction



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 and optimal liquidity and profitability, in accordance with the defined risk exposure tolerance (interest rate risk and liquidity risk).

Key items under the jurisdiction of the ALM department are:

- Planning and management of the Bank's liquidity position and sources of financing
- Strategic management and planning of deposit potential from the aspect of maturity structure, concentration, 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
- Managing capital positions

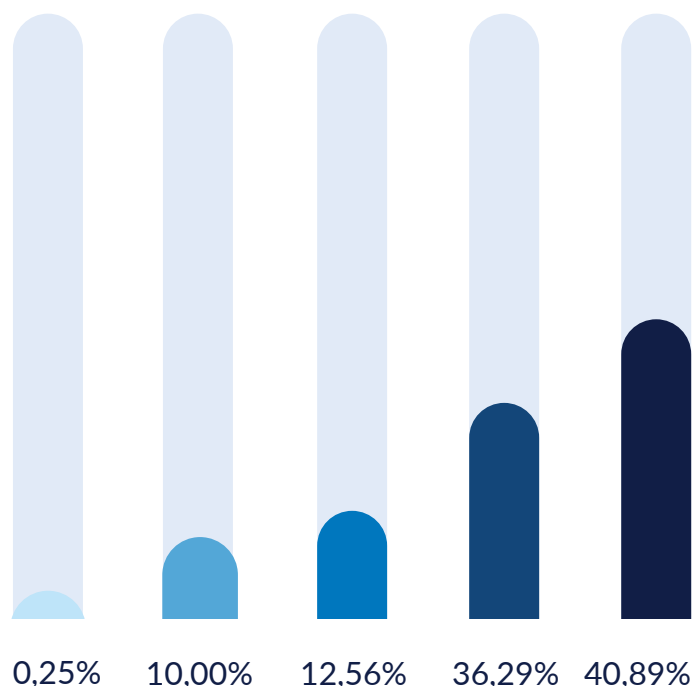
Liquidity and deposit potential management is based on maintaining optimal liquidity while minimizing costs and maintaining an adequate structure of cash assets, but also liquid reserves, in order to ensure an adequate level and unhindered payment of due liabilities in regular and stressful circumstances.

In managing funding sources, the greatest emphasis is on deposits (the share as of December 31, 2024, is 88.11% or 2.281 billion BAM). The deposit management policy is based on: managing the structure in order to reduce concentration, optimal maturity structure, and defining a stable level.

As of December 31, 2024, cash assets amount to 646 million BAM, which consists of: cash (137 million BAM or 21.26%), funds with the CBBH (397 million BAM or 61.39%), funds with foreign banks (109 million BAM or 16.93%). Observed together with securities (447 million BAM), liquid reserves amount to 1.09 billion BAM with the share of: cash (12.56%), funds with the CBBH (36.29%), funds with foreign banks (10.00%) and securities (40.89%).

Structure of liquid reserves as of December 31, 2024

- Securities
- Cash
- Giro account
- Foreign banks
- Funds with the CBBiH



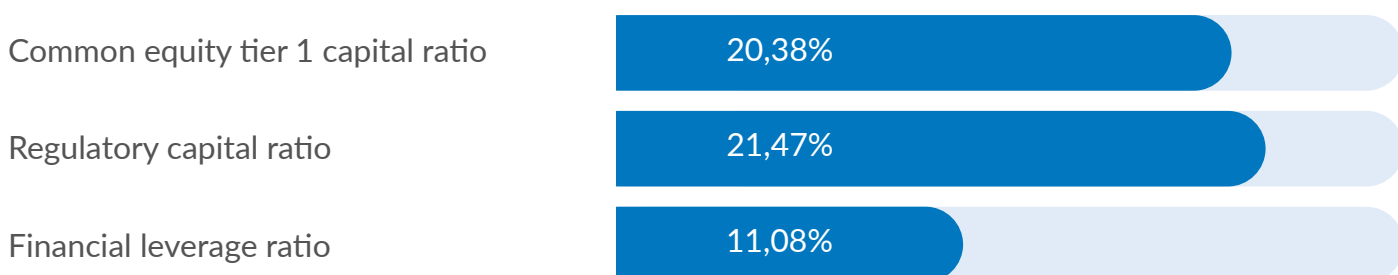
CAPITAL MANAGEMENT

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 the acceptable risk level
- Fulfillment of strategic goals

As of December 31, 2024 the Bank fulfilled the legal ratios, as well as internally defined indicators, and the total recognized capital amounted to 381.7 million BAM, of which 362 million BAM (94.90%) is Common Equity Tier 1 capital.



Capital ratios as of December 31, 2024

FOREIGN EXCHANGE RISK MANAGEMENT

Foreign exchange risk represents the possibility of negative effects on the Bank's financial results due to unfavorable changes in exchange rates. Foreign exchange risk arises when the Bank has an open foreign exchange position that may lead to a loss due to changes in inter-currency relations, i.e. 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 continued their upward trend in 2024, and a total of 16.304 million BAM of income from exchange rate differences was achieved, which is an increase of 8.28% compared to 2023. The largest share in income is accounted for by operations with authorized exchange offices, at 70.19%. The authorized exchange office business continued its upward trend in 2024, with this type of income recording an increase of 9.85% compared to the previous year, 2023. In 2024, Nova banka maintained its leading position in terms of turnover and number of authorized exchange offices.



RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK AND SYSTEM

The Bank's risk management framework includes:

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

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

- Identification of 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 manner that will minimize negative impacts on the Bank's business operations and creditworthiness.
- Risk monitoring, analysis and control.
- Establishing an appropriate organization of operations for the efficient 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 to the Bank's management bodies about 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 risks in the Bank's business operations.
- Making plans for dealing with unforeseen or emergency situations in the Bank's business operations, such as the Contingency Liquidity Plan and the Recovery Plan at the level of the Banking Group.

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, and
- Restructuring and collection sector.

Risk management and control sector was established as a control function of the Bank's risk management in accordance with the applicable regulations (Decision on the Bank's Management System), 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.

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.

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 result 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 the 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 and off-balance sheet exposures in accordance with the Methodology for classification and measurement of financial instruments, Methodology for valuation of financial instruments and the Credit risk classification policy, respecting the provisions of the IFRS 9 standard.

NON-CREDIT RISKS

Market risk is the risk of 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 represents the risk of changes in the price of goods.

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

Foreign exchange risk management implies 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 inter-currency market relations, the Bank has introduced internal limits as an additional level of protection.

In addition to the defined limits, the Bank regularly conducts stress testing of changes in foreign exchange rates. Stress tests refer to the analysis of the impact of sudden changes in 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 additional capital requirement. In accordance with regulatory regulations, 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 the 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 decrease 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, volume and structure of liquid assets required to ensure its continuous and stable business operations in accordance with the defined risk appetite.

In order to optimally manage liquidity risk, the Bank maintains an adequate level of liquid reserves 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 from the domestic market. The Bank takes into account the concentration of deposits and prescribes maximum levels of deposit concentration with 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 on the basis of which it performs the projection of liquidity in normal and stressful circumstances.

Operational risk is the risk of negative effects on the financial results 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 operational losses, it identifies shortcomings in its processes, products and procedures and, by improving them, reduces the frequency and negative impact of operational losses on the Bank's operations and profitability.

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

- Monitoring Key Risk Indicators (KRI),
- Monitoring and analyzing operational events,
- Adequate risk assessment of outsourcing,
- Information system risk monitoring,
- 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 applied measures and techniques to mitigate 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.

Environmental, social and governance (ESG) risks are risks of negative financial impact on a bank arising from the current or future impacts of ESG factors on the operations and assets of its clients or assets in which the bank has invested.

Climate and environmental risks are part of ESG risks, i.e. risks of negative financial impact on a bank arising from the bank's exposure to physical risk or transition risk, which are caused by or are associated with climate change.

Physical risks are risks of negative financial impact on a bank whose triggers are:

- Short and sudden extreme weather events associated with climate change (or extreme weather events) such as heat waves, landslides, floods, fires and storms (i.e. acute physical risks);
- Long-term and gradual climate change such as changes in precipitation, rising sea levels and average temperatures (i.e. chronic physical risks).

Transition risks are risks of negative financial impact on the bank arising from the existing or future impacts of the bank's clients' transition to environmentally sustainable operations or other assets in which the bank has invested (e.g. transition to CO2 neutral operations), the drivers of which are:

- Policy/regulatory changes, i.e. those arising from energy efficiency requirements, carbon cap adjustment mechanisms or policies promoting sustainable land use,
- Technology changes, i.e. those arising from changing technologies with a more harmful impact on the climate to technologies with a less harmful impact on the climate, and
- Market sentiment changes, i.e. those arising from shifting consumer, corporate client preferences and demand towards products and services that are less harmful to the climate.

In mid-2024, the Bank introduced into practice regular activities related to the preparation of the Assessment of the impact of climate and environmental risks on collateral and assets with the aim of enabling the identification, measurement, management and control of the aforementioned risks within the established risk management system in the Bank, in order to ensure that the Bank responds promptly to possible negative consequences caused by climate and environmental risks.

The Bank has integrated the risks in question into its risk management framework.

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 also 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 the business 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

ILAAP - Internal Liquidity Adequacy Assessment Process

The Internal Liquidity Adequacy Assessment Process (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 Process (ILAAP) contributes to the continuity of the Bank's business operations by ensuring liquidity adequacy and includes two important parts related to qualitative elements and quantitative elements of the process.

Qualitative elements of the process relate to 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.

The Internal Liquidity Adequacy Assessment Process (ILAAP) is conducted at least once a year.

HUMAN RESOURCES MANAGEMENT

ON THE WORK OF HUMAN RESOURCES DURING 2024

During 2024, the Segment for Human Resources Management made a major step forward in the development and improvement of work processes, primarily in the area of digitalization and optimization of the selection process, acceptance and introduction of new employees into the work process, as well as work performance and career management. In addition, a completely new process and program was created - Wellbeing, which is focused on caring for the health of our employees.

The Segment for Human Resources Management actively invests in, promotes and supports the growth and development of its employees through various activities.

INTERNAL ORGANIZATION OF THE BANK AS OF DECEMBER 31, 2024

5 members of the Management Board who have in their competence:

14 SECTORS

12 SEGMENTS

3 FUNCTIONS

Within the Retail and Branch Network Management Sector operations are carried out through:

2 DEPARTMENTS

8 REGIONS

60 BRANCHES

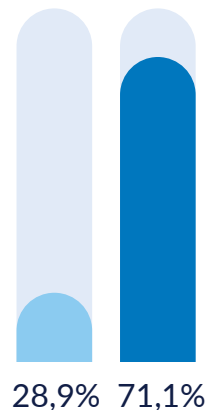
EMPLOYEE STRUCTURE

As of December 31, 2024, the Bank had 698 employees, of which 654 were permanent. According to the data on the qualification structure of employees in the Bank, 71.1% (in numbers: 496) of employees have a college or university degree, including a master's or doctorate degree, while 28.9% (in numbers: 202) of employees have a secondary education or lower education.

Qualification structure in 2024, in percentages

● Lower education - NS, KV, VKV, SSS

● Higher education - VŠS, VSS, MR, DR



QUALIFICATION STRUCTURE OF EMPLOYEES

	NS	KV	VKV	SSS	VŠS	VSS	MR	DR
Number of employees in 2024	1	9	0	192	26	455	14	1

Qualification structure in 2024, in numbers

By gender, the Bank employs 529 female employees, representing 75.8%, and 169 male employees, representing 24.2%.

GENDER

PERCENTAGE

● female

75,8%

● male

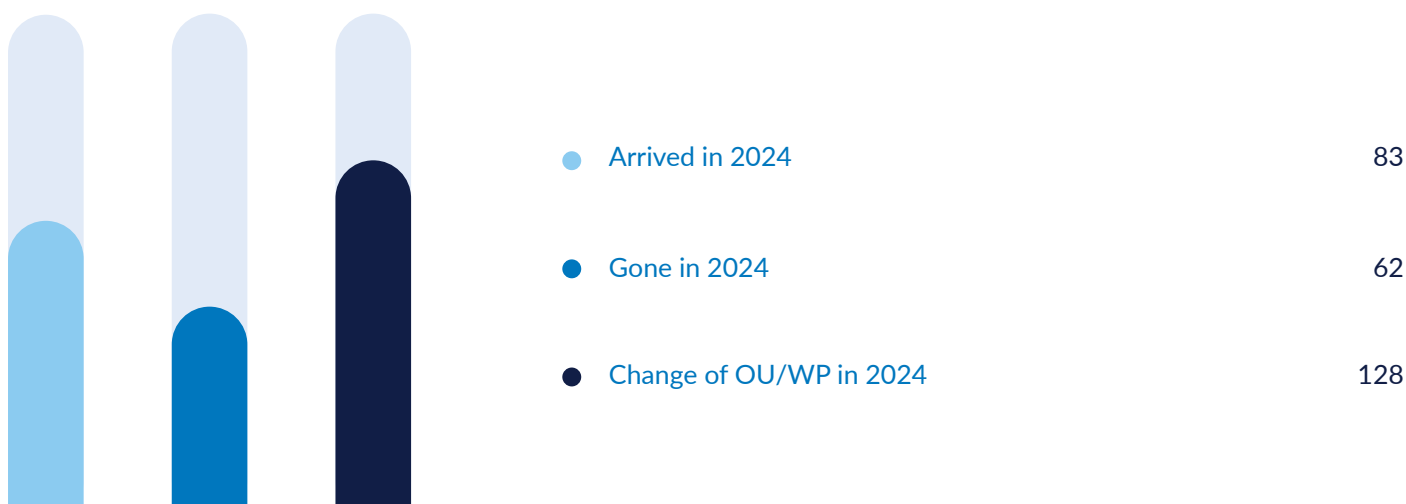
24,2%

Structure of employees by gender

EMPLOYEE TURNOVER

During 2024, 83 people started working, while 62 left the Bank, of which 10 employees retired. A total of 128 employees changed organizational units or workplaces within the Bank.

Accordingly, the turnover rate in 2024 was 7,4%.



Numerical display of employee turnover

IMPROVEMENT OF WORK PROCESSES

Digitalization of the candidate selection platform

The selection process takes place at several levels, which requires a great deal of intellectual and material resources. As a result of hard work and effort, we have employees whose abilities, personality profile and expectations match corporate motives and interests. In order to simplify and optimize this process, the creation and implementation of an internal platform for selection and psychological testing is underway, which will greatly facilitate the implementation, organization and coordination of the process, and ultimately ensure that by paying more detailed attention to the oral part of the performance (primarily paraverbal and nonverbal communication), while shortening the time required for the written part, it is possible to make an optimal decision that would place the right candidate in the right place, at the right time.

Digitalization of the employee onboarding process

Nova banka strives to provide new employees with an adequate and timely onboarding and to begin their work experience in the Bank with support and assistance in order to adapt to the new environment as soon as possible and include them in the regular work process through the creation of an individual work and development plan, and the assignment of a mentor who, together with the manager and with the support of the Segment for Human Resources Management, monitors the employee's work by providing feedback on progress and development needs. Through clearly developed steps and activities, targeted training and mentoring, new employees are able to learn the basics of the job in a short period of time, and to further develop and mature into experienced and successful employees through practice. So far, this program has been implemented several times, primarily for network employees, sales staff: bankers and bank advisors, approximately every 2-3 months, during 2024. All new employees had the opportunity to get to know the Bank in the best possible way within 5 working days of intensive training, lectures and practical work, after which their monitoring and further progress continued in the specific workplace, with an additional set of training, tailored to the needs of the workplace itself, individual abilities and competencies. The entire program is organized in two directions, so that feedback from the educators and mentors, on the one hand, as well as feedback and impressions from new colleagues, on the other hand, are very important, and will serve

as a benchmark for the further development of the entire project. In the current year, the plan is to digitalize this process by posting all professional and mandatory training on the internal website. After the period for monitoring them expires, a test will follow to verify the adopted content. In parallel with this type of training, new employees will have the opportunity to receive specific training on the test version of the ABACUS system and until they master the necessary basics, they will not be directly involved in working with clients. In this way, the number of possible errors will be minimized, and it will also enable easier and less stressful start-up and adaptation to the new work environment and surroundings.

Performance management

Performance management enables the alignment of employee work and results with organizational goals, and continuous performance evaluation leads to more efficient operations for both employees and the entire organization.

The goal of performance evaluation is to improve organizational capabilities, achieve strategic goals, improve work productivity, establish a reward system, identify needs, plans and potentials, both individual and organizational, and optimally allocate employees.

The performance system includes:



Throughout 2024, the performance management system was officially completed for the first time and all the above steps were met.

In 2025, greater emphasis will be placed on application and systemic improvements in goal setting and assessment. In order to ensure maximum objectivity and impartiality when making decisions about employee performance, training on Performance and Objectivity in Assessment and Feedback training have been prepared for managers, which aims to train both managers and employees to regularly monitor, evaluate and report on performance. Increasing objectivity in decision-making and assessment directly affects employee satisfaction and motivation, and therefore improves performance.

Promotion and prevention of employee health and establishing a good balance between private and work life.

The Segment for Human Resources Management has launched a Wellbeing program project for employees, which will take place in several phases.

Aspect of physical health

Exercise is one of the most effective ways to keep the body and mind healthy and functional. In this regard, a short training course - Exercises for the Office - has been implemented for employees via the edu 720 platform. The very idea of these exercises is to get moving and, through short physical activity, prevent or alleviate existing health problems caused by prolonged sitting and passive body positions. Other activities are planned in the coming period, such as additional training and work actions, which will promote and improve this important aspect of life.

Mental health aspect

At the beginning of the last quarter of 2024, the Segment for Human Resources Management organized and conducted workshops in the field of mental health, under the leadership of a professional in the team of psychologists. The topics are well-known, and their goal is to more rationally and carefully consider our inner world and experience, the way in which our inner state is reflected in behavior and communication in the work environment, and to increase the level of tolerance, acceptance and appreciation of diversity, recognition and understanding of other people's experiences and conditions, for the sake of the highest quality business cooperation, the best possible work performance and productivity, and the most pleasant working atmosphere. The workshops are interactive and experiential in nature, with a limited number of participants, which allows for better intra-group cohesion, dynamics and cooperation. The idea is to visit all organizational units at the Head Office and branch levels in the coming period, and so far about 15 teams within the Bank have received support and attention.



Stress management workshops

In addition to workshops, the plan is to organize psychoeducational content in this area at the training center in Incel and via online educational channels, for defined target groups. The first education will be based on better understanding, recognizing and managing stress, and on that occasion, the promotion and distribution of the Stress Management Manual, symbolically named “**Stress less**”, will be organized. The manual was created based on previous experience, with the aim of enabling employees to more easily recognize the causes of stress, manifestations of stress, their own reactions, and to learn to manage stress more adequately, i.e. to manage reactions in stressful situations more efficiently, with the help of appropriate techniques and tools. The manual will be available to everyone on the home page of the Bank’s internal system.



Employee counseling and support

Within the Wellbeing program, employees have the opportunity for individual counseling (one-on-one), and anyone who feels the need or desire to develop and improve personally and privately and successfully overcome private and business challenges can contact the Bank’s internal psychologist. This type of support ensures full confidentiality and protection of employees’ personal data.

The Wellbeing program for employees will be periodically evaluated through various assessment instruments, at multiple levels, in order to collect relevant information, assess its usefulness and contribution to employees, and to potentially identify areas in which we could further develop and improve.

Employee satisfaction and motivation

Satisfied and motivated employees are the basis of stable and successful business. On this path to success and excellence, a very important prerequisite is the implementation of continuous monitoring and measurement of employee satisfaction levels, especially job satisfaction. Satisfaction research provides the basis for defining a motivation strategy, taking into account needs and the level of satisfaction of needs, which is of key importance for taking actions and measures aimed at improving the level of employee satisfaction. During the previous year, the Bank launched an initiative to develop and implement a strategy for monitoring and measuring employee satisfaction, along with establishing adequate motivation and reward systems, which will be significantly included through the work performance project. More specific activities in this area will be implemented in the current year, and the Segment for Human Resources Management has begun the first phase of assessing employee satisfaction in the area of managing and working with employees in the field of human resources. A survey is currently being conducted at the Bank level, and the goal is to both collect information and useful suggestions for improving human resources operations, and to create space for exploring honest and authentic attitudes in future assessments and analyses. Transparent organizational culture and stable corporate values are the strategic commitment of the Bank. The obtained indicators will enable further development and improvement of the organizational climate and employee satisfaction.



AWARDS AND RECOGNITIONS



For Nova banka, every award is not only a symbol of past success but also a confirmation of the right path on which it builds its future. The year 2024 was especially significant, as the efforts, dedication, and strategic orientation of the Bank were recognized by both domestic economic authorities and international financial institutions, as well as the broader community in which it operates. These recognitions further obligate Nova banka to continue maintaining a high level of professionalism, innovation, and team spirit on which its identity is built.

A special recognition came from the Chamber of Commerce of the Republic of Srpska, which awarded Nova banka for the highest volume of credit placements to the economy during 2024. This recognition carries deep value as it comes from the very community in which the Bank operates daily and to which it is strongly committed, contributing to its stability and development. Just in this year, Nova banka placed 1.28 billion BAM in loans to business entities, directly supporting the development of small, medium, and large enterprises across the Republic of Srpska and Bosnia and Herzegovina. The award confirms the Bank's role as a key partner of the domestic economy and highlights its strategy focused on sustainable growth and development. Through a broad network of 60 branches and a team of around 700 employees, Nova banka proves every day that it is not just a financial institution but also a reliable support to entrepreneurs, businesses, and communities it serves.

Among this year's recognitions, a special place is held by winning first place at the prestigious international football tournament Champions Bank, held in Poreč, Croatia. Competing among 36 teams and nearly a thousand participants from 13 European countries, the Nova banka team demonstrated outstanding athletic skills, unwavering determination, and true team spirit. For Nova banka, this first-place victory represents far more than a sports trophy – it symbolizes the power of unity and teamwork, values that the Bank nurtures daily in its operations. Achievements like this reaffirm the belief that dedication and collective energy lead to great results, whether on the playing field or in everyday interactions with clients and partners.



Internationally, Nova banka once again confirmed its reliability and expertise in the field of payment transactions by receiving the prestigious STP Award from Commerzbank AG Frankfurt, in recognition of outstanding accuracy in processing international financial transactions. This award confirms that Nova banka, despite increasing global market challenges and rapid changes in the financial industry, has managed

to maintain high standards of accuracy, security, and efficiency. The award is not only the result of the Bank's advanced technological infrastructure but also of the knowledge, professionalism, and dedication of its employees who contribute daily to the highest quality of service. Through continuous process improvement, development of digital solutions, and application of modern technologies, Nova banka continues to build a reputation as a reliable partner that guarantees safety and trust in every segment of its operations.

Each of these awards and recognitions serves as encouragement for Nova banka to continue investing in the enhancement of its services, development of employees' professional competencies, and building strong relationships with clients and partners. With a clear vision and commitment to excellence, Nova banka remains focused on being recognized in the future for its quality, innovation, and reliability, further strengthening its position among the leading financial institutions in the Republic of Srpska and Bosnia and Herzegovina.

CORPORATE SOCIAL RESPONSIBILITY

Modern business is unimaginable without active, concrete, and continuous responsibility toward the community. In an era of rapid social change, climate challenges, and global instability, corporate social responsibility has evolved from a trend into a necessity – and from a strategic choice into a core value of corporate identity. Nova banka AD Banja Luka does not treat this value as a formality, but as a genuine and profound obligation toward the people, environment, and time in which it operates.

Guided by the belief that responsible business does not end with the income statement, Nova banka builds its social role on the foundations of solidarity, ethics, sustainability, education, humanity, and the empowerment of all segments of society – from children, youth, and families to athletes, pensioners, marginalized groups, and the natural environment. In 2024, this commitment was translated into hundreds of concrete activities, donations, forms of support, partnerships, and initiatives – which together create a mosaic of values that Nova banka lives and promotes.

For Nova banka, corporate social responsibility is not a one-off project activity, but a strategic and value-based orientation deeply embedded in its corporate culture. Through its daily activities, partnerships, support, and initiatives, the Bank continuously affirms its role as a driver of positive change in society. From humanitarian initiatives and education to environmental protection, sports, culture, and the empowerment of local communities – Nova banka remains a strong and reliable pillar of development, leaving its mark where it matters most – in people's lives.

Humanity and solidarity

The most vulnerable members of society deserve attention, understanding, and support. Investing in activities that demonstrate solidarity represents a core value of Nova banka's operations, as the Bank recognizes its responsibility to the community in which it operates. Such activities strengthen the trust of clients and the public, contributing to a positive image and long-term relationships. By supporting the most vulnerable, the Bank actively participates in building a society of equal opportunities and human dignity. Solidarity and humanity are woven into its corporate culture, as success depends not only on financial results, but also on the values the Bank upholds.

Through concrete examples of aid and support, Nova banka demonstrates that it is a reliable partner not only in business but also in life. As part of the humanitarian aspect of the "Royal Savings" campaign, Nova banka made donations to organizations caring for children with cancer – "Heart for Children with Cancer" Association from Sarajevo and the "Iskra" Association from Banja Luka. These funds directly improved the conditions for children staying and receiving treatment at the Parent House, providing a space filled with warmth, play, and hope.





One example of socially responsible action in 2024 was Nova banka's support for the American Chamber of Commerce in Bosnia and Herzegovina, and, through it, for numerous organizations actively involved in child protection, health, and inclusion. This support enabled the implementation of programs and activities by SOS Children's Villages in BiH (Sarajevo and Gračanica), which provide homes and family care for children without parental care; the "Heart for Children with Cancer" Association (Sarajevo); the "Iskra" Association of Parents of Children with Malignant Diseases (Banja Luka), which provides daily care for the most vulnerable members of society; and the "Bright Smile" Association of Parents and Children with Special Needs (Mostar), which advocates for the inclusion and equal development of children with disabilities. Through this multilayered support, Nova banka has demonstrated a deep understanding of the need for systemic care for children, families, and health, as well as its readiness to be part of a broader social front advocating for equal opportunities and dignity for every individual. Both qualitatively and quantitatively, this collaboration serves as an example of how the business sector can invest in the common good effectively, in a coordinated manner, and with long-term impact.

The Bank also donated holiday gift packages to the Red Cross of the Borik local community, participated in the donor evening "With Love to Brave Hearts," and provided computer equipment

to organizations that directly contribute to the education and protection of vulnerable groups - including the Serbian Educational and Cultural Society "Prosvjeta" in Bijeljina and the Association of Children and Youth with Special Needs "Zagrljaj" in East Sarajevo.

As part of its long-standing cooperation and social responsibility efforts, Nova banka's Foča Branch donated a television to the Pediatric Department of the University Hospital Foča. This donation, symbolically presented during the holiday season, was intended to make the children's stay more pleasant and fulfilling. The gift was received with great gratitude, and representatives of both the hospital and the Bank expressed their willingness to continue their successful cooperation in the future, to the delight of children from Upper Podrinje and parts of Eastern Herzegovina who receive treatment at this institution.



As part of its support for gender equality, women's empowerment, and the fight against domestic violence, Nova banka provided tangible assistance to the "United Women" Foundation from Banja Luka by donating computer equipment essential for the organization's daily work. Through its longstanding activities, the "United Women" Foundation offers advisory, psychological, and legal support to women and children victims of violence, while also actively working on education, prevention, and the promotion of women's rights. With this donation, Nova banka contributed to enhancing the organization's operational capacity, enabling more efficient operations and broader outreach to service users. This support reflects the Bank's sensitivity to social issues that extend beyond economics and deeply affect questions of dignity, safety, and equality for all women.



Through such initiatives, Nova banka reaffirms that the true strength of a financial institution lies in its ability to be a source of support, hope, and change for those who need it most.

Support for children, youth, and education

Investing in education and the development of youth is one of the most important paths to long-term societal progress. In 2024, Nova banka organized educational visits for preschool children and primary school students, who participated in workshops and interactive content to learn about the basics of saving, financial literacy, and the role of banks in society. As part of the celebration of World Savings Day, more than 400 students from various cities across Bosnia and Herzegovina visited Bank branches and took part in educational workshops.



On the occasion of a significant anniversary – 50 years of existence and work of the Faculty of Economics at the University of Banja Luka – Nova banka provided financial support to facilitate the activities marking this important milestone. As an institution that relies on knowledge, analysis, and long-term strategy, the Bank recognizes the importance of educational institutions in creating qualified professionals, economic leaders, and the experts of the future. Cooperation with the Faculty of

Economics brings multiple benefits – it connects academia with the economy, ensures the exchange of knowledge and experience, and contributes to building a more competitive society. Through its support for this anniversary, Nova banka once again confirmed its commitment to advancing higher education and investing in knowledge as the foundation of sustainable development.



In cooperation with the Experience Work and Travel Center, favorable loan conditions were provided to students for participation in international programs, making it easier for them to access educational and professional experiences abroad. In addition, academic institutions such as the Faculty of Economics of the University of Banja Luka were supported on the occasion of their 50th anniversary, and specialized books by local authors – such as “Didaktika” (Didactics) by Dr. Vlado Simeunović and a publication on the transformation of the currency board – were donated to libraries and educational institutions.



As part of its ongoing support for children and education, Nova banka provided financial assistance to the public kindergarten “Bajka” in connection with the opening of the new Posušje Branch. This gesture symbolized the Bank’s connection with the local community and investment in the youngest generations. Through this initiative, the Bank demonstrated that it views its business expansion not solely in terms of economic growth, but also through the strengthening of social ties and responsibility to the environment in which it begins its presence. Support for preschool education institutions is of exceptional importance, as this is the stage when the foundations of knowledge, values, and personal development are laid. With this donation, Nova banka contributed to creating better conditions for the growth and learning of young children, once again affirming that children remain a priority in all segments of its socially responsible work.



To support the teaching process and improve the quality of education, Nova banka also donated computer equipment to the Secondary School Center “Jovan Cvijić” in Modriča and to the Faculty of Pedagogy in Bijeljina.



Nova banka also marked the beginning of the school year in a special way – by organizing an event for the first-graders of its employees, giving them thoughtful gifts and allowing parents a day off to celebrate this first school milestone together. This gesture toward employees and their families affirms that the Bank cares not only about numbers, but also about emotions, belonging, and mutual support.



Environmental protection

Environmental responsibility represents a key pillar of modern social engagement. In 2024, Nova banka organized a reforestation initiative in Sutjeska National Park, in an area that had been devastated by a large wildfire. Together with employees and the Park's team, more than 700 conifer seedlings were planted – marking the beginning of the recovery process for one of the country's most valuable ecosystems. This initiative affirms that caring for nature is not a one-time act, but a long-term responsibility toward future generations.

Participation in professional and economic events

As an active member of the business community and an institution committed to the continuous advancement of knowledge and best practices, Nova banka participated in numerous relevant professional forums and conferences throughout 2024. At the Energy Summit "SET – Trebinje 2024," representatives of the Bank took part in discussions on the role of prosumers and energy communities, emphasizing the importance of financial support for the development of renewable energy projects.



The Bank also traditionally supported the 28th International Congress of the Accounting and Auditing Profession of the Republic of Srpska. Under the theme “Accounting, Auditing and Finance in Strengthening the Resilience of Business Entities,” the congress brought together leading experts in the field, providing an opportunity for the exchange of knowledge and experience – including contributions from Nova banka professionals, who played a key role in enhancing business sector resilience and growth.



Nova banka also supported the conference titled “The Future of Banks and Insurance Companies – The Digital Revolution, ESG Focus, and Emerging Trends,” which gathered top professionals from the fields of finance and insurance. The event focused on topics transforming the business landscape: digital transformation, the implementation of sustainability principles through ESG standards, and new market challenges and opportunities. By supporting this event, Nova banka demonstrated its active role in shaping contemporary trends in the financial sector and its openness to innovations that bring long-term benefits to both clients and society.



Participation in these and similar forums enables the exchange of expertise, promotes responsible business practices, and fosters collaboration with domestic and international partners – further strengthening the Bank’s position as a reliable and forward-thinking market player.

Culture, sports, and community

Nova banka strongly supports the development of sports, culture, and local initiatives that strengthen the spirit of community. During 2024, dozens of sports organizations received support, including: OKK Sloboda Tuzla, OKK Lukavac, RK Konjuh Živinice, OK Radnik Bijeljina, FK Glasinac Sokolac, FK Drina Višegrad, FK Mladost Rogatica, FK Gomjenica Prijedor, Athletic Club “Marathon” Brčko, judo clubs Atos and Olimpik, Taekwon-do Club Sloga, Karate Club Shodan, the Universal Sports School Spartakus from Gacko, and many others. The Bank also supported the Chess Championship for Pensioners of the Republic of Srpska and several tournaments organized by Chess Club Velemajstor from Brčko.



A special contribution to the cultural life of the local community was made through support for the event “Painting and Music in the Squares of Banja Luka,” which traditionally brings together visual and musical artists from across the country and the region. This event transforms public urban spaces into open galleries and concert stages, making art accessible to everyone, regardless of age, education, or social status. Through the synergy of visual art and music, local authors are promoted, the urban spirit is revitalized, and cultural diversity is celebrated. Nova banka recognizes such initiatives as a valuable tool for strengthening the identity of the city and the cultural connectedness of its residents, and strives to be a stable partner for all projects that contribute to the aesthetic, educational, and emotional development of society.

As part of its support for the music and festival scene, Nova banka was a sponsor of one of the most recognizable cultural and entertainment events in Banja Luka – the Banja Luka Fest. This festival brings together renowned performers and music lovers from across the region, offering a rich program that blends art, socializing, and urban experiences.

Through its sponsorship of the event, Nova banka contributes to the development of local tourism, the affirmation of creative industries, and the creation of inclusive spaces for the exchange of ideas and energy. By supporting the Banja Luka Fest, the Bank reaffirms its commitment to revitalizing public spaces through culture and contemporary expression, making the city more open, dynamic, and responsive to the needs of younger generations.



Nova banka was also a partner in numerous events that gather citizens of all ages, such as Zvornik Summer, the “Five Stars” memorial tournament, PASCi Cup, the FIBA 3x3 tournament in Prijedor, “Jagnjijada” in Zvornik, and the “Bean War” in Mrkonjić Grad. Employee participation in these events helped promote healthy lifestyles, team spirit, and authentic local culture.



Support for culture and sports is an investment in the identity, health, and future of the community. Culture preserves tradition, language, and values, while sport promotes teamwork, discipline, and a healthy lifestyle. Nova banka recognizes the importance of these areas as pillars of social development and integration. By investing in cultural projects and sports organizations, the Bank contributes to the availability of enriching content and the strengthening of community cohesion. Special importance is placed on support for youth, who develop confidence, creativity, and responsibility through art and sports. Culture and sports bring people together, bridge differences, and foster solidarity, making them powerful tools for positive social change. Nova banka believes that society grows strongest where talent, effort, and spirit are encouraged. That is why it remains committed to its mission of being a partner in development – on the field, on the stage, and in the hearts of the people.



EVENT ORGANIZATION

Throughout 2024, Nova banka continued to actively build a recognizable identity as a bank that consistently connects people, ideas, and communities through various events and initiatives. By organizing its own events and participating in partner events, the Bank strengthened its market presence, enhanced the professional capacities of its employees, and further connected with clients—reaffirming its role as a responsible partner and reliable pillar of the economy and society. The event calendar that marked the year stands as a testament to Nova banka’s strategy of remaining an active participant in social, professional, and educational gatherings, while simultaneously developing and strengthening its internal team.

The year began in grand style with participation in the first International Business Fair Banja Luka Expo 2024, where the Bank presented itself as a modern, open, and advisory institution. Nova banka’s booth was a meeting place for existing and potential clients, as well as business partners from various sectors, which contributed to strengthening the Bank’s presence on the economic map of the Republic of Srpska and beyond.



Nova banka uniquely marked International Women's Day on March 8 by organizing a special event at Krajina Square in Banja Luka, during which it gifted women white roses – symbols of purity, strength, and equality. This gesture was not only an expression of respect for all women but also recognition of their invaluable contribution in all spheres of life.



A special highlight among the Bank's activities was a trip to Italy, organized as a reward for employees' exceptional performance. Through visits to Florence, San Gimignano, and the enchanting Cinque Terre, Nova banka employees celebrated achievements and further strengthened bonds that foster team spirit and motivation for new challenges.



Throughout the year, Nova Bank made significant investments in education and professional development. A two-day training session for branch network managers, accompanied by a relaxing visit to the National Theatre of the Republic of Srpska, further strengthened leadership skills and trust within the team. Later in the year, a training session was held in Neum on the importance of feedback, where 50 members of the management team deepened their understanding of open communication as the foundation of a successful collective. Additionally, the Bank was proud of its employees' participation in the prestigious Young Leaders Program organized under the auspices of AmCham BiH, further confirming its commitment to developing the leaders of the future.



In 2024, through a series of activities, Nova banka further brought modern financial services closer to clients. Orange Day in Sarajevo and Banja Luka, organized in cooperation with Ria Money Transfer, gave citizens the opportunity to learn more about the benefits of fast and secure money transfers, while socializing and giveaways enriched the experience of all visitors. Such events help build client trust and clearly demonstrate the Bank's commitment to innovation in payment systems.



The team strength that underpins Nova banka's success was also demonstrated on sports fields. By participating in the 2024 Banking Games and the Run and More race, employees promoted healthy lifestyles, sportsmanship, and team cohesion. These moments of unity create unbreakable bonds that extend into daily client interactions.





Nova banka reaffirmed its contribution to the local community by participating in the 3rd Sarajevo Children's Festival, where the Bank's booth was one of the most visited. The smiles of children and the satisfaction of parents were the best confirmation of the Bank's dedication to creating positive experiences for all generations.

The internal competition Challenge Nova 2024 was a particular highlight of the year. The FEEDBACK NOVA team earned a well-deserved trip to Budapest after four months of dedicated work. This initiative confirmed that internal competitions not only enhance performance but also foster mutual respect and a shared ambition for excellence.



The year concluded with additional trainings for banking advisors, members of the Corporate Banking Directorate, and participants of the Mastercard workshop in Porto Montenegro, which covered topics such as leadership skills, payment industry trends, and improving customer experience. All these trainings were aimed at continued growth and adapting to the dynamic demands of the market.



The session of the extended board of directors was also particularly significant, at which the results of the year were summarized, recognition was paid to colleagues who had been building the foundations of Nova banka for decades, and confirmation was once again made that Nova banka is not just a business institution, but also a community of people united by a common vision and shared values.



As the crowning event of a rich and successful year, the New Year's corporate celebration gathered the Nova banka team in an atmosphere of joy and festivity, leaving behind great memories and providing additional motivation for an even more successful 2025.



These events were not just dates on a calendar – they were opportunities for learning, growth, celebration, and strengthening bonds both within the team and with the community in which the Bank operates. Nova banka will continue on this path, confident that only through unity can it build a future full of success and trust.

BUSINESS OPERATIONS OF THE BANKING GROUP

After the successful implementation of the restructuring plan through the sale of shares in Sberbank AD Banjaluka (currently ATOS BANK AD Banja Luka) to Nova banka AD Banja Luka from May 2022, Nova banka, as the holder of the Banking Group, decided that both members would continue to operate as two separate legal entities, thus achieving a synergistic effect in such a way that greater value for both banks would be achieved by using technical, organizational and personnel assumptions. A banking group was formed, which became the largest domestic banking group.

The Banking Group offers a wide portfolio of traditional banking services (including various types of loans, documentary operations, deposits and savings, payment transactions, money transfers and currency exchange operations), and also performs a large number of primarily non-banking activities such as brokerage operations, custody operations and factoring.

The Banking Group maintains liquidity, solvency, profitability and capital adequacy parameters at a significantly higher level compared to legal limits, as it prioritizes stability and long-term sustainability over other requirements.

The incentives for economic development, the constant improvement of products and services offered by the Banking Group and their adaptation to client needs, and the continuous introduction of innovations are also recognized by the community in which the banks operate. The Banking Group continues to work intensively on further improving digital applications in customer business. Namely, by integrating the card systems of both banks into one in the field of ATM networks, POS terminals and card issuance, accessibility of services to end clients has been enabled through free withdrawals at all ATMs of the group, personalization of cards in one place, as well as their production in a few minutes.

The Banking Group bases its future on real opportunities, relying on its own strengths and the professional knowledge of its employees. On the one hand, the Banking Group motivates its employees by encouraging transparency and innovation in work, and on the other hand, it wants to be a strong and reliable domestic banking group equally attractive to investors, clients and employees.

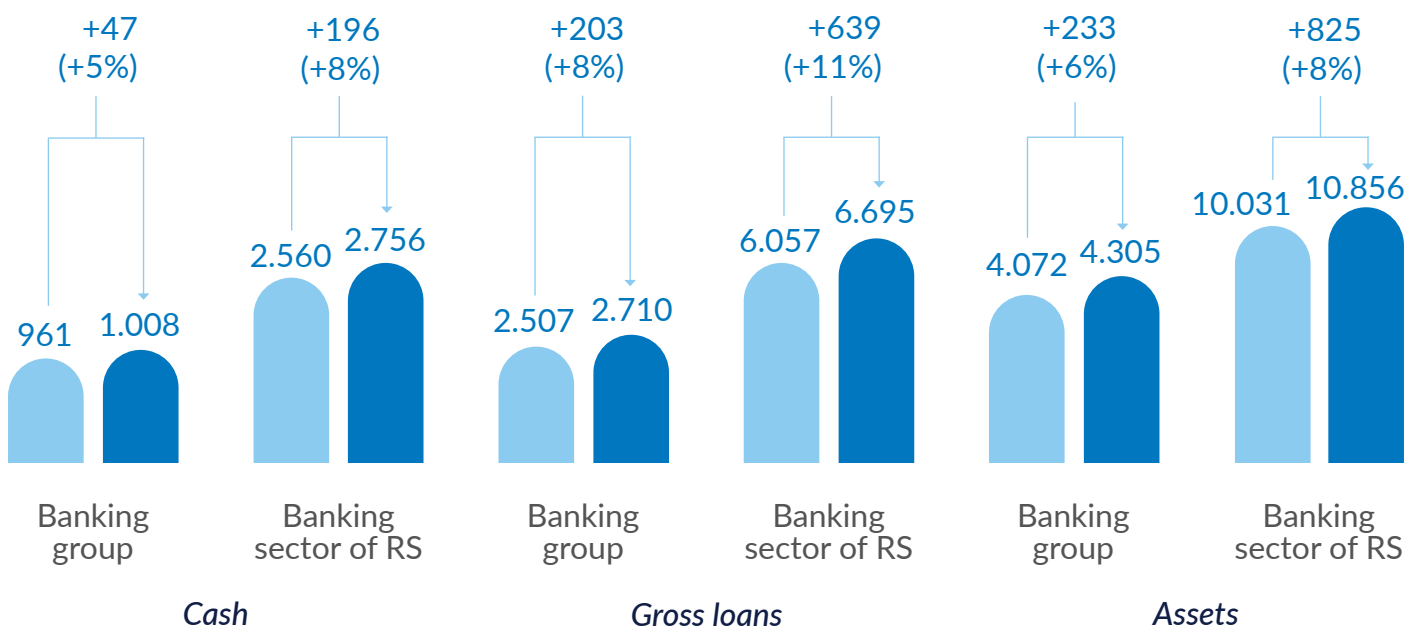
Stability, maintaining high liquidity rates, strengthening the capital base were the strategic priorities of the group in 2024.

As of December 31, 2024, the Banking Group achieved an asset level of 4,305 million BAM. Cash at the consolidated level amounted to 1,008 million BAM.

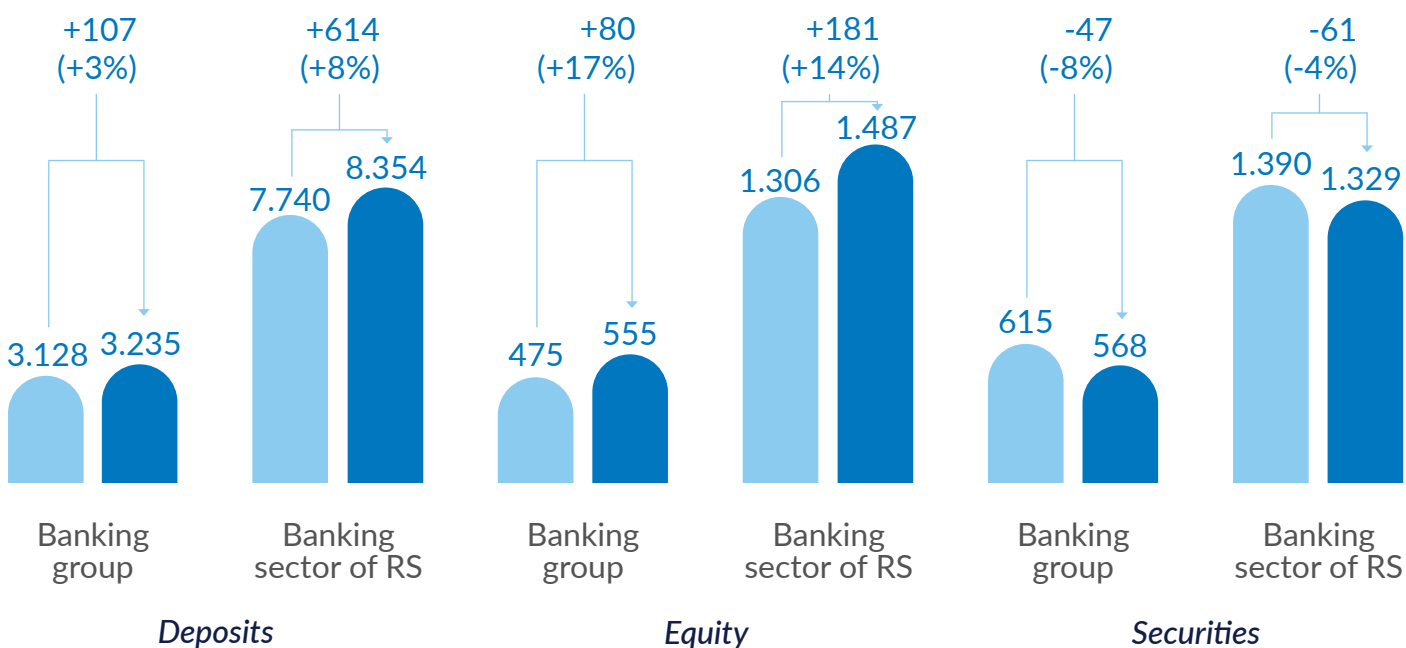
The Banking Group Nova Banka a.d. Banja Luka operates in Bosnia and Herzegovina. Market share measured by the amount of assets is 39.74% in the Republic of Srpska, or 10.05% if we look at the level of Bosnia and Herzegovina. The Banking Group is in third place in terms of the size of assets at the level of Bosnia and Herzegovina.

The share of Nova banka a.d. Banja Luka and Atos bank a.d. Banja Luka as the Banking Group in key balance sheet positions in the market of the Republic of Srpska is around 40%. As of December 31,

2024, the Banking Group had 1,112 employees.



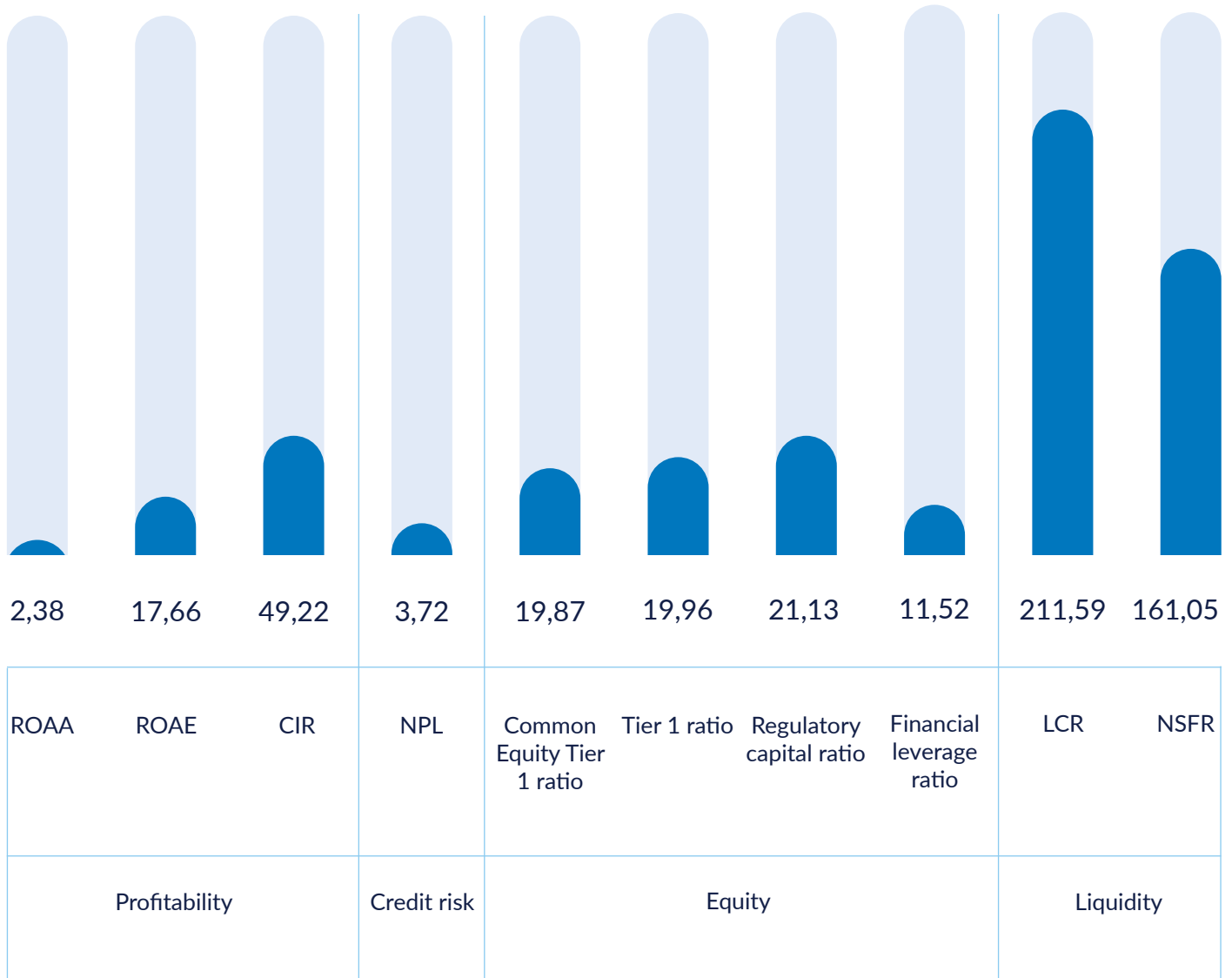
■ 2023 ■ 2024



Comparative overview of balance sheet positions of the Banking Group and the RS banking sector (2023 - 2024)

The banking sector of the Republic of Srpska records high profitability, while maintaining satisfactory liquidity. Compared to 2022, which was characterized by a strong withdrawal of deposits, in 2023 there was a recovery and a significant growth in deposits, especially retail deposits, and a similar trend continued in 2024. On the other hand, despite the inflationary increase in the tax base and the growth of indirect taxes, entity government deposits recorded a decline for the first time in 9 years. One of the key positive characteristics is the continuation of the growth trend in retail deposits in the domestic currency. On average, the lower annual growth in active interest rates, despite the tightening of credit standards in banks and the expected increase in the cost of financing sources,

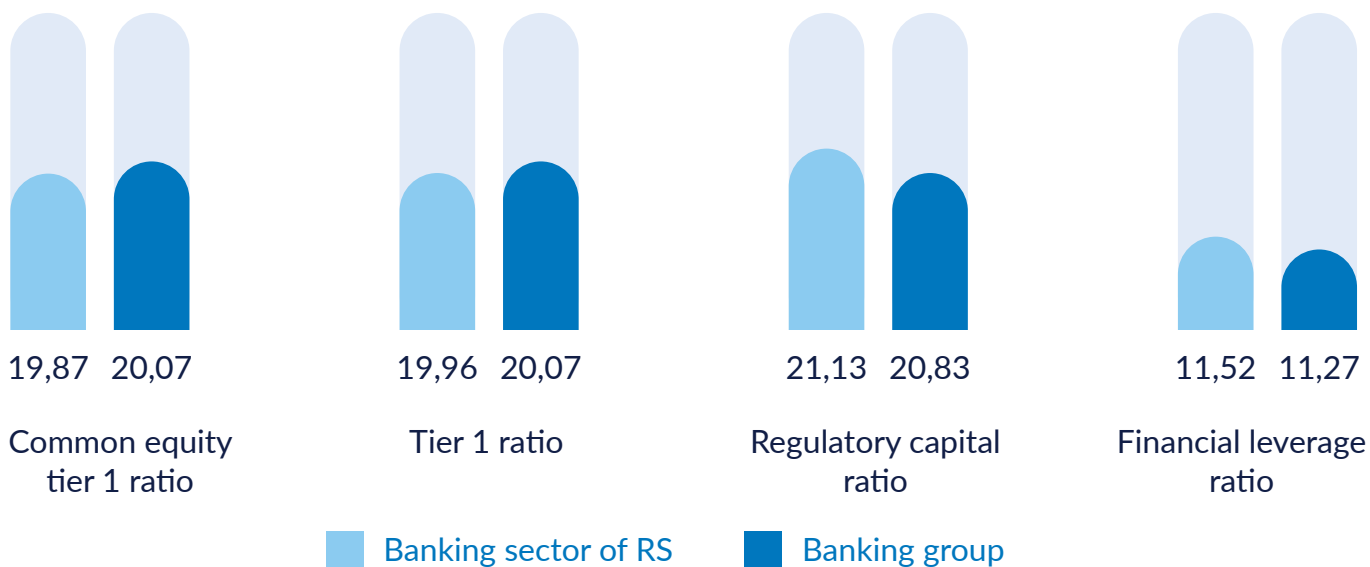
had the effect of credit growth of 7%. The reason for the lack of a significant growth in active interest rates is that the BiH banking sector only partially followed changes in the ECB reference interest rate. Namely, the low share of foreign sources of financing in banks' liabilities reduces the impact of the ECB's monetary policy on interest rates on term deposits. Passive interest rates on term deposits have increased on average more than active interest rates, although it is important to note that rates on retail demand deposits and non-financial corporations, which account for more than 60% of total deposits, remain extremely low and unchanged compared to the end of the previous year.



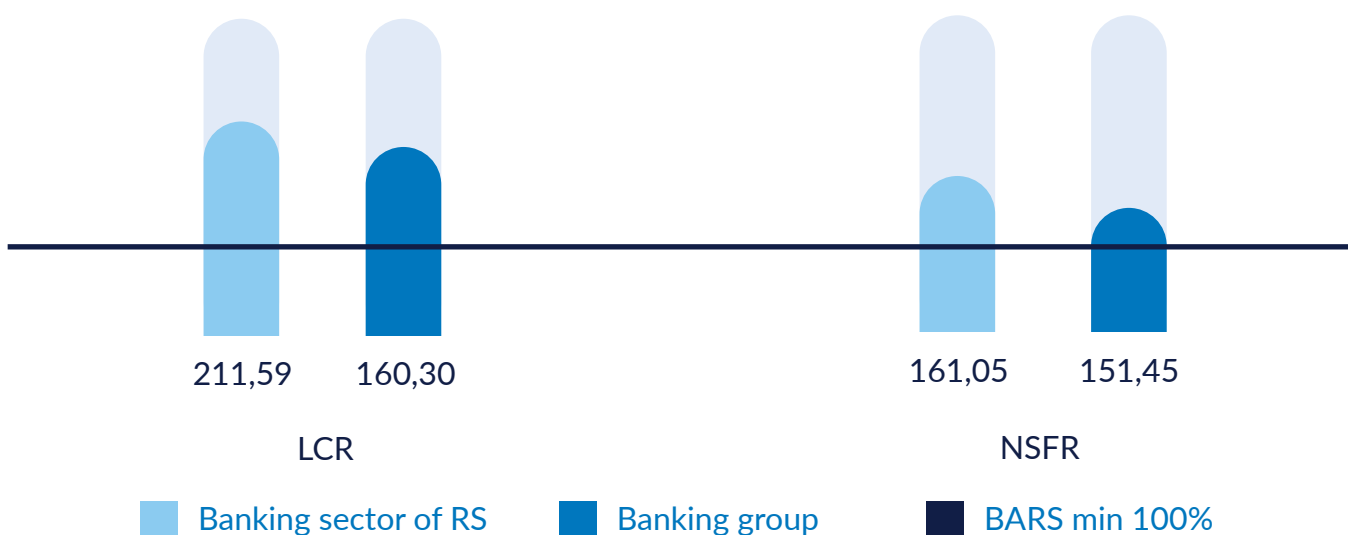
Key indicators of the banking sector of the Republic of Srpska



Comparative overview of key liquidity and capital indicators of the Banking Group and the RS banking sector (2023 - 2024)



Capital ratios as of December 31, 2024



Liquidity indicators (LCR and NSFR) as of December 31, 2024

FINANCIAL STATEMENTS

Nova banka AD Banja Luka

Seperate Financial Statements for the year ended 31. December 2024. and Independent Auditor's Report

NOVA BANKA A.D. BANJA LUKA

Seperate Financial Statements for the year ended 31. December 2024. and Independent Auditor's Report

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