Annual Report 2024

There is no moving forward without looking back.

Addiko Bank

Key data

			EUR thousand
Selected items of the Profit or Loss statement	**2024**	**2023**	**(%)**
Net banking income	77,544	72,619	6.8%
Net interest income	61,443	58,199	5.6%
Net fee and commission income	16,101	14,421	11.7%
Net result on financial instruments	561	672	-16.5%
Other operating result	-2,995	22	<-100%
Operative income	**75,110**	**73,313**	**2.5%**
Administrative expenses	**-34,466**	**-31,644**	8.9%
Operating result before impairments and provisions	40,644	**41,669**	**-2.5%**
Other result	-5,825	-6,415	-9.2%
Expected credit loss expenses on financial assets	-18,873	-9,455	99.6%
Taxes on income	-2,709	141	<-100%
Profit after tax	13,237	**25,941**	**-49.0%**
Performance ratios	**2024**	**2023**	**(pts)**
Net interest income/total average assets	4.4%	4.3%	0.15
Return on tangible equity	6.6%	12.5%	-5.9
Cost/income ratio	44.4%	43.6%	0.87
Cost of risk ratio (net loans)	1.53%	0.74%	0.79
Cost of risk ratio	1.48%	0.72%	0.76
Selected items of the Statement of financial position	**2024**	**2023**	**(%)**
Loans and advances to customers	986,144	977,734	0.9%
Deposits of customers	1,093,643	1,160,990	-5.8%
Equity	198,976	210,364	-5.4%
Total assets	1,376,045	1,448,044	-5.0%
Risk-weighted assets	858,079	853,589	0.5%
Balance sheet ratios	**2024**	**2023**	**(pts)**
Loan to deposit ratio	90.3%	84.3%	6.0
NPE ratio	1.85%	1.37%	0.5
NPE Ratio (on balance loans)	2.18%	1.60%	-0.6
NPE coverage ratio	81.7%	86.3%	-4.6
Liquidity coverage ratio	346.0%	220.8%	125.3
Common equity tier 1 ratio	19.9%	19.8%	0.1
Total capital ratio	22.3%	20.7%	1.6

The indicators are calculated in accordance with the Instructions for the preparation of the statement of financial position, income statement and statement of comprehensive income and the calculation of indicators of operations of banks and savings banks (29.11.2021)

Annual Report 2024

Disclaimer:

Certain statements contained in this report may be forward-looking statements and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied by such statements.

The Bank's interim results are generally not indicative of expected results for the full year. Actual results may differ materially from those projected, and information about past performance does not permit reliable conclusions about future success. Forward-looking statements based on management's current views and assumptions involve risks and uncertainties that could cause a material departure from the statements contained in this document.

The English version of the Report is a translation. Only the Slovene is the authentic language version.

The tables in this report may contain rounding differences.

Letter from the Management for 2024

Dear Shareholders, Clients, Partners and Employees,

at Addiko Bank, we are committed to simple and easy-to-understand banking, anywhere, anytime. And if we reflect our mission in the opening words, we can sum up 2024 in two words: successful and dynamic.

In 2024, we focused on consolidating our position as a specialised bank, known for its fast loans, digital services and unwavering commitment to customer satisfaction. We are proud to have successfully navigated the business twists and turns shaped by numerous local and global challenges with a clear strategy. Slowing economic growth, inflation, rapid digitalisation, regulatory requirements and changing customer expectations - these are just some of the trends we have embraced as an incentive to work even more efficiently by focusing on what counts.

With a well-coordinated team of employees, we have managed to achieve most of our objectives, underpinned by strong full-year results:

- Profit for the period amounted to EUR 13,237 thousand;
- General administrative expenses increase by 8.9% in 2024 mainly driven by inflation and following business initiatives in order to support targeted revenue to execute business strategy;
- The successful continuation of the transformation program resulted in 5% percent growth of our focus area. Our non-focus portfolio decreased by 24.3%.

With an agile approach and relevant products, we focused on growing our business in our focus segments: consumers and SMEs. With the aim of delivering high quality services, we have improved our business processes, increased our digital capabilities and opened new channels to ensure even greater relevance and accessibility to our services. Our online quick loans - for both individuals and entrepreneurs - have grown in popularity, and the same applies to deposits, where we have remained among the best providers on the market.

We are honored to have been given the opportunity to implement, under the aegis of Addiko Group, a development project of expansion into a new market, involving practically all departments of Addiko Bank. We are confident that we will justify the confidence and thus move the Addiko Group's business milestones towards further growth and development with the launch of our operations in the Romanian market in 2025.

We have also made significant progress in the area of cooperation with business partners, with particularly encouraging growth in the expansion of the partnership network. The growth of our network has successfully broadened our customer base and further facilitated access to our products.

We have greatly strengthened the brand's visibility and positive image among the general public, including through the media, by intertwining the stories of charity and sport. In addition to donating to the local fire brigade, installing electric chargers for sustainable vehicles and renovating playgrounds, we marked 2024 by supporting the most important basketball spectacle in Slovenia and beyond - "I feel Slovenia Night of the Dragon" and the humanitarian efforts of the Goran Dragić Foundation.

One of our key priorities is to take care of our employees, creating a stimulating work environment for them to develop their full potential. In 2024, we educated ourselves for more than 4,000 hours, which is almost 12 hours per employee, and we also encourage motivation through teambuilding, internal competitions, relaxed social events and the Family Friendly Company certification.

We will continue with our clear mission, vision and strategy as a specialised bank in 2025. We will think outside the box, building a supportive work environment, new collaborations and a responsible attitude towards the environment in which we operate - always close to our employees, our customers and in step with the times.

Anja Božac, *Member*	*Andraž Vrh,* *Member*	*Andrej Andoljšek,* *President of the* *Management Board*

The Management Board



ANJA BOŽAC

Responsibilities

- Finance
- Risk Controlling
- Credit Risk Management
- Compliance
- Anti - Money Laundering
- Information and Physical Security
- Data Management

ANDRAŽ VRH

Responsibilities

- Product Management
- Operations
- Information Technology
- Markets and channels expansion

ANDREJ ANDOLJŠEK

Responsibilities

- Retail Banking
- Corporate Banking
- Legal Affairs
- Marketing & Public Relations
- People & Culture
- Balance Sheet Management and Treasury
- Internal Audit

On 31 December 2024, the Management Board comprised of three members:

- Andrej Andoljšek, President of the Management Board (CEO, CMO),
- Anja Božac, Member of the Management Board (CFO, CRO),
- Andraž Vrh, Member of the Management Board (CTO, COO).

Management Report

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

Addiko Group is a specialist banking group focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Central and South-Eastern Europe (CSEE). The Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 31 December 2024 approximately 0.9 million customers in CSEE using a well-dispersed network of 155 branches and modern digital banking channels.

Based on its strategy, Addiko Bank has repositioned itself as a specialist Consumer and SME bank with a focus on growing its Consumer and SME lending activities as well as payment services (its 'focus areas'). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers and is largely funded by retail deposits. The accelerated run-down of Addiko Bank's Mortgage, Public and Large Corporate lending business (its 'non-focus areas') was concluded in the year 2024.

1. Macroeconomic environment

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

Inflation in the eurozone also fell significantly in 2024. Since peaking at 10.6% in October 2022, it has fallen rapidly and ranged between 2.8% (January) and 1.7% (September) in 2024 and 2.4% at the end of 2024. Depending on the structure of the local economies and the measures taken by governments to combat inflation in the individual EU member states, the rates of price increases in December 2024 varied greatly, ranging from a low 1.0% in Ireland and 1.4% in Italy to 4.4% in Belgium and 4.5% in Croatia. Slovenia was in the middle of the eurozone countries with a 2.1% increase in consumer prices.

After two years of high inflation in South-Eastern Europe, inflation also fell in Addiko's countries of operation in 2024. While price increases came in at the expected value of 2.0% in Slovenia, they were with 4.5% well above the latest forecast from fall 2024 in the EU member state Croatia. Inflation in Bosnia & Herzegovina for 2024 is expected to come in at a low 2.2%, while Serbia and Montenegro are expected to be at 4.5% and 4.8%, respectively.

After the European Central Bank (ECB) carried out a total of ten interest rate hikes in the period from July 2022 to September 2023, the key interest rate, the rate for the marginal lending facility for central bank loans, at 31 December 2024, stood at 4.5%, the highest level in the last two decades. In 2024, the ECB lowered the key interest rates a total of four times, most recently in accordance with the decision of 12 December 2024. A further reduction of 0.25% was made on 30 January 2025. With effect from 5 February 2025, the key interest rates are now as follows:

- for deposit facility: 2.75% (YE23: 4.00%)
- for main refinancing operations: 2.90% (YE23: 4.50%)
- for marginal lending facility: 3.15% (YE23: 4.75%)

If inflation in the eurozone remains at a low level in the coming months, market participants are currently assuming that the ECB will make further interest rate cuts in 2025.

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

In contrast to the low GDP growth in the eurozone, the CSEE markets recorded significantly stronger growth in 2024. Compared to its spring forecast, the Vienna Institute for International Economic Studies (wiiw) has raised its GDP growth forecasts for Croatia, Bosnia and Herzegovina and Serbia in its fall forecast. GDP growth for 2024 is forecasted to be at 3.3% for Croatia, 2.6% for Bosnia & Herzegovina and a strong 3.8% for Serbia. Expectations for GDP growth in Slovenia and Montenegro have been lowered to 1.7% and 3.5% respectively.

The 1.7% GDP growth forecast for Slovenia in 2024 is mainly due to slower growth in exports and private investment. Exports were hampered by weak foreign demand, particularly in Germany, but also by eroding cost competitiveness.

(Source: Eurostat, UMAR, WIIW)

2. Acceleration Program

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

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

The Acceleration Program started in 2023 and ended with the conclusion of the financial year 2024.

2.1. First pillar: Business Growth in Focus Areas

The first pillar of the Acceleration Program is to foster consistent and sustainable business growth within the current geographical footprint and beyond via a digital expansion to Romania. In recent years, Addiko has notably enhanced its digital platform to improve customer service. The aim now is to further capitalise, refine and maximise the value from its established platform.

In 2024, the Bank succeeded in expanding its focus book in Consumer segment and achieved a 14.4% annual increase in loan disbursements, growing from EUR 170.1 million (2023) to EUR 194.7 million (2024). This growth was supported by the following initiatives:

- Continued to focus and strengthen its E2E lend digital capabilities to attract digital customers achieving full implementation.
- Implementation of a new E2E application and extended partnership network of more than 208 partners and its presence in over 215 locations enabled Addiko to tap into a new customer segment that values financing at the point-of-sale.

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

In 2024, the SME segment was characterized by a highly competitive environment and a muted demand. In addition, SME customers were hesitant to take our new loans because they expected key interest rates to continue falling. However, Addiko Bank further succeeded to grow with new business volumes and despite the lower interest rate environment successfully maintained its premium pricing approach. Loan disbursements increased of 11.4%, growing from EUR 167.7 million (2023) to EUR 186.9 million (2024). Several growth initiatives have been launched to support the unique environment of the SME market:

- Addiko introduced three new products aimed at enhancing its SME ecosystem, including "Automated Overdraft" and "Business Credit Card", as well as "Bankassurance". The Automated Overdraft and Business Credit Card are showing encouraging initial results while the Bankassurance product will show its full potential when being launched in 2025.
- The Bank leveraged its "Digital Agent" platform by introducing the "web loan acceleration" resulting in a notable increase in web-originated volume. With the webLoan loans initiated via the web already significantly contributing to new business volume in the targeted segment in 2024.
- Newly launched products and processes were introduced using a multichannel strategy, fully incorporated into Addiko's digital sales process. The Automated Overdraft and the Business Credit Card are available together with a loan or on a standalone basis. Obtaining these products requires only minimal efforts from the customer. Addiko is piloting important design principles for its future mobile and web-first approach.

Addiko will continue to expand its product offering to Consumers and SMEs and will launch further E2E digital capabilities to attract digital customers and expand through its partnership ecosystem. At the same time, unprofitable products and services will be retired.

Marketing capabilities are an essential part of the Business Growth pillar and will continue to be enhanced and optimised. In 2024, Addiko ran approximately 10 large campaigns in Slovenia, leveraging both online and offline media channels. Key promotional activities included:

- Marketing campaigns highlighting the online convenience of Addiko loans and showcasing the ease and accessibility of Addiko's digital services.
- In the field of deposits the Bank communicated competitive interest rates, strengthen the Bank's market presence and drive deposit growth.
- Addiko continued to communicate its unique offerings also through sponsorship where the Bank emphasized not only simplicity, speed, convenience, minimum documentation but also communicated its values to consumers and SME clients.
- The Bank organized a Mastercard prize games to boost card utilisation and customer involvement.

Recognising the growing influence of social media, Addiko expanded its digital presence by having a pilot advertising on TikTok channel at the end of the year. This move aimed to tap into younger, digitally-savvy audiences, leveraging TikTok dynamic platform to drive engagement, improve brand visibility and connect with a new generation of customers.

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

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

As already mentioned Addiko also launched a major sponsorship collaboration to elevate the brand's visibility and association with excellence. The sponsorship of The Goran Dragić Foundation and his farewell match in Slovenia "I Feel Slovenia Night of the Dragon" significantly marked the year 2024 as the farewell match was one of the country's most prominent sporting events in 2024.

In 2024, Addiko completed the main preparatory work for entering the Romanian market in 2025 using its cross-border license. This move takes advantage of the European passporting system as the most efficient and cost-effective business model. Addiko will leverage its current digital platform, risk management expertise, and business practices for its digital launch in Romania with an initial Personal Loan product. Following partnership agreements with key vendors for remote identification, E-signature, Credit Bureau access, and soft collection services, the implementation phase was launched and is currently focusing on IT integration and planning for future testing. The Bank aims to initiate a pilot phase in the first half of 2025 for system stabilisation and adjusting its value proposition.

2.2. Second pillar: Operational Excellence & Digital

As part of the second pillar of the Acceleration Program, designed to address Operational Excellence & Digital, Addiko further optimised the E2E core processes during 2024, aiming to deliver a Best-in-Class customer experience across focus areas and products, irrespective of which distribution channel the customer uses. By introducing new digital solutions and automating back-office tasks, Addiko is making lending faster and easier, showing its commitment and ability to use technology and make banking more accessible, efficient and customer focused.

In the Consumer segment, Addiko further developed its mobile banking applications, concentrating on refining the user interface and overall customer experience. Enhancements included a redesigned interface that provided additional information for card transactions. The implementation of this feature has improved customer experience and satisfaction. In parallel, Addiko was working on a complete overhaul of the app's user interface. By redesigning the app's user interface, Addiko aims to make it more attractive, intuitive, and user-friendly for its customers.

For the SME segment, Addiko continues to enhance services also for SME customers by upgrading existing online lending platforms offering personalised offers to its SME customers while enabling a smooth start of the loan process through a modern online platform. Moreover, Addiko has made various adjustments to its lending system to optimise processes and increase convenience for its customers. Addiko completed a successful roll-out of its mobile banking app for SME clients in 2024. Addiko continues to upgrade its mobile banking app for SME clients, with both functional and regulatory enhancements. Addiko's goal is to provide a convenient, reliable, and secure service to its SME clients throughout our market by constantly improving its mobile banking app.

2.3. Third pillar: Best-in-Class Risk Management

The initiatives implemented as part of the third pillar, which focuses on becoming Best-in-Class in risk management, were also quite successful during 2024:

- Based on the comprehensive risk reporting platform which was rolled out in previous year, in 2024 Addiko further optimised its collection process.
- Addiko also worked to establish a scalable and automated leading-edge underwriting, monitoring and reporting environment in order to further improve efficiency, effectiveness and, most importantly, portfolio quality. During 2024, the level of automation in the customer segment increased significantly.
- Several initiatives, as part of the Risk Excellence stream, started with the aim of further improving efficiency.

Addiko will continue to invest in its IT systems to establish factory-like underwriting to enable a further increase of the share of automatic underwriting decisions via standardisation. Addiko will also continue to focus on effective NPE management to generate additional value for the Bank.

3. Branches

At the year end of 2024, Addiko Bank operated a total of 20 branches in 16 major cities in Slovenia and 39 ATMs. This physical distribution is optimally sized to deliver Addiko Bank's Consumer and SME focused strategy, in the context of the increasing customer preference for digital channels.

4. Business performance and economic situation

4.1. Overview of financial performance

- **Operating result before impairments and provisions,** lower by 2.5% to EUR 40,644 thousand vs. EUR 41,669 thousand in the previous year.
- **Net banking income** up 6.8% to EUR 77,544 thousand vs. EUR 72,619 thousand last year which was positively impacted by 5.6% YoY increase in net interest income and 11.7% YoY increase in net fee and commission income.
- **Administrative expenses** remained slightly below expectation.
- **Cost of Risk** at 1.48% or EUR 18,873 thousand compared to EUR 9,455 thousand a year earlier.
- **NPE ratio (on balance loans)** at 1.85% (YE23: 1.37%) with slightly decreased **NPE coverage** at 81.7% (YE23: 86.3%).
- **Return on average tangible equity** lower to 6.6% (YE23: 12.5%).

The **result after tax** reached EUR 13,237 thousand (YE23: EUR 25,941 thousand) was by EUR 12,704 thousand lower than YE23 mainly driven by EUR 9,418 thousand higher credit loss expenses on financial assets and additional balance sheet tax requirement in 2024 EUR 2,775 thousand (YE 2023: EUR 0 thousand) related to reconstruction, development and protection against natural disasters occurring in 2023 August floods.

The **share of the two focus segments Consumer and SME** as a percentage of the gross performing loan book increased to 89% compared to 85% at year-end 2023. The overall focus customer gross performing loan book continued along its growth trajectory, expanding to EUR 888,456 thousand compared to EUR 846,388 thousand at the end of 2023 while the non-focus loan book decreased. The overall focus loan book grew at 5% YoY, driven by a significant increase of the Consumer segment of 7.1%.

Net interest income achieved growth of 5.6%, rising to EUR 61,443 thousand (YE23: EUR 58,199 thousand) with improved NIM at 4.4% (YE23: 4.3%). **The net fee and commission income** increased by 11.7% YoY to EUR 16,101 thousand (YE23: EUR 14,421 thousand), benefitting from increased engagement business activities related to accounts & packages, credit cards and bancassurance. **General administrative expenses** went up to EUR 34,466 thousand (YE23: EUR 31,644 thousand) as result of the high level of inflation and business initiatives to support targeted revenues to execute the business strategy. The cost-income ratio reaching 44.4% (YE23: 43.6%), slightly lower by 0.87 percentage points.

Expected credit loss expenses on financial assets (ECL) stood at EUR 18,873 thousand or 1.48% Cost of Risk (2023: EUR 9,455 thousand or 0.72% Cost of Risk).

The **NPE ratio** stood at 1.85% (YE23: 1.37%) and **NPE coverage** ratio of 82.0% (YE23: 86.3%); **NPE ratio related to on-balance loans** came in at 2.18% (YE23: 1.60%), based on a **non-performing exposure (NPE)** of EUR 30,056 thousand (YE23: EUR 23,608 thousand).

The **CET1 ratio** stood stable at 19.9% compared to 19.8% in the previous year.

4.2. Detailed analysis of the reported result

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023	(%)
Net banking income	77,544	72,619	6.8%
Net interest income	61,443	58,199	5.6%
Net fee and commission income and dividend income	16,101	14,421	11.7%
Net result on financial instruments	561	672	-15.3%
Other operating result	-2,995	22	<-100%
Operating income	**75,110**	**73,313**	**2.5%**
General administrative expenses	**-34,466**	**-31,644**	**8.9%**
Operating result before impairments and provisions	**40,644**	**41,669**	**-2.5%**
Other result	-5,825	-6,415	-9.2%
Expected credit loss expenses on financial assets	-18,873	-9,455	99.6%
Profit before tax	**15,947**	**25,800**	**-38.2%**
Taxes on income	-2.709	141	<-100%
Profit after tax	**13,237**	**25,941**	**-49.0%**

Net banking income improved in 2024 by EUR 4,925 thousand (6.8%) to 77,544 thousand.

Net interest income EUR 61,443 thousand increased by EUR 3,244 thousand or +5.6% to compared with 2023 (YE23: EUR 58,199 thousand). The growth mainly came from loans to customers with EUR 7.153 thousand and investment securities with cash balances at central bank EUR 2.126 thousand. At the same time, interest expenses increased due to higher expenses for customer deposits EUR 5,008 thousand, driven by higher interest rates on term deposits (-72bps) with further maintaining a-vista share of 54% same as previous year. Overall, the net interest margin in 2024 of 4.4% was 15bps higher compared to the previous year, as the rise in the yield on average interest earning assets of 47bps was partly offset by the rise in the funding costs.

Net fee and commission income increased to EUR 16,101 thousand compared to EUR 14,420 thousand in previous year. This growth was mainly driven by improved sales performance by the beneficial effects of an upsurge in economic activity and consumer spending activities. As a result, there was an increase in fees generated especially in area such as accounts & packages, fees from cards and bancassurance.

The **net result on financial instruments** amounted to EUR 561 thousand in 2024, resulting from FX and related trading activities, compared to EUR 672 thousand at YE23.

Other operating result which is sum of the other operating income and the other operating expense, decreased by EUR -3,017 thousand from EUR +22 thousand in 2023 to EUR -2,995 thousand in 2024. This position included the following significant items:

- Bank levy for additional balance sheet tax requirement (EUR -2,775 thousand) related to reconstruction, development and protection against natural disasters occurring in 2023 August floods (2023: EUR 0 thousand).
- Banking levies from ECB, SRB and national bank supervision of EUR -517 thousand (2023: EUR -397 thousand).
- Deposit guarantee expenses of EUR -942 thousand (2023: EUR -622 thousand).
- The Single Resolution Fund (SRF) reached its target level at the end of 2023. Consequently, banks were not required to contribute to the SRF in 2024 (2024: EUR 0 thousand, 2023: EUR -102 thousand).

Administrative expenses increased to EUR -34,466 thousand in 2024 from EUR -31,644 thousand in 2023.

- **Personnel expenses** increased by EUR -2,429 thousand to EUR 19,648 thousand in the reporting period. The development is mainly driven by increased number of highly qualified staff, salary adjustments due to inflation pressure, highly competitive labor market as well as legally driven increases of minimum wages. The bank in 2023 started the project Expansion to Romania which resulted in hiring of additional employees in 2024.
- **Other administrative expenses** increased by EUR -476 thousand to EUR -11,897 thousand driven by inflation related adjustments to the cost base, following business initiatives which support business growth and digitalization and start-up costs in connection with the planned expansion into Romania.
- **Depreciation and amortization** decreased by EUR 84 thousand (by 2.8%) to EUR -2,920 thousand (YE23: EUR -3,004 thousand).

The **other result,** at EUR -5,825 thousand (YE22: EUR -6,415 thousand) was mainly impacted by one-off expenses reflecting the following circumstances:

- The National Bank was providing in 2023 additional guidance in relation to the treatment of early loan repayments (“Lexitor case”), which forced banks to specific behaviors despite the unclear legal situation. In year 2024 bank due to the lower trend in the use of provisions and no new material requests expected in the future release provisions of EUR 490 thousand (YE23: EUR -1,512 thousand).
- Furthermore, court practice regarding Swiss franc cases changed to the detriment of the banks during 2023. The changed circumstances, albeit in a very limited number of cases, were driving the recognition of additional provisions of EUR -6,107 thousand (YE23: EUR -3,714 thousand).
- Expenses were recognised in connection with customer-related operational risk cases.

Expected credit loss expenses on financial assets increased by EUR -9.418 thousand to EUR -18,873 thousand during the reporting period, compared to EUR -9,455 thousand in 2023. The development was mainly influenced by provision requirements in both Consumer and SME segments. The provisions in the YE24 financial statements include also post-model adjustments (PMA) of EUR 1.2 million, which is EUR 1.5 million lower compared to the PMA amount in the 2023.

Taxes on income decreased to EUR -2,709 thousand in 2024 compared to EUR 141 thousand in 2023. The development reflects lower corporate income tax due to lower profit in 2024 and lower deferred tax assets on existing taxable losses following lower expected profits for the years 2025 to 2029 and the decrease of the corporate tax rate from 22% to 19% in 2029.

Overall, the **result after tax** decreased by 49% to EUR 13,237 thousand (YE23: EUR 25,941 thousand).

4.3. Detailed analysis of the statement of financial position

EUR thousand

	31.12.2024	31.12.2023	Change (%)
Cash, cash balances at central banks and other demand deposits at banks	138,873	225,377	-38.4%
Financial assets held for trading	992	1,382	-28.2%
Loans and advances to credit institutions	380	50,676	-99.3%
Loans and advances to customers	986,144	977,734	0.9%
Other financial assets	956	944	1.3%
Investment securities	223,477	166,325	34.4%
Tangible assets	6,204	7,676	-19.2%
Intangible assets	3,640	2,234	62.9%
Tax assets	14,399	14,928	-3.5%
Current tax assets	930	0	n.a.
Deferred tax assets	13,469	14,928	-9.8%
Other assets	800	591	35.4%
Non-current assets held for sale	182	177	2.8%
Total assets	**1,376,045**	**1,448,044**	**-5.0%**

The statement of financial position of Addiko continues to evidence with a simple and solid interest-bearing asset structure: 72% of the assets were represented by loans and advances to customers, predominately concentrated in the focus areas (YE24: 89% share; YE23: 85% share). In addition, a substantial part of the residual assets consisted of cash reserves and high-rated plain vanilla debt securities predominantly related to CESEE sovereign bonds.

Cash, cash balances at central banks and other demand deposits at banks decreased by EUR 86,504 thousand to EUR 138,873 thousand as of YE24 (YE23: EUR 225,377 thousand) while maintaining a comfortable and solid liquidity position.

Loans and advances to credit institutions decreased by EUR 50,296 thousand to EUR 380 thousand (YE23: EUR 50,676 thousand).

Loans and advances to customers increased by EUR 8,410 thousand to EUR 986,144 thousand (YE23: EUR 977,734 thousand). Their increase mirrored Addiko's strategy to shift from the lower-yielding segments of ‘non-focus’ portfolio (exposures of housing loans, public sector and large companies) towards the more profitable lending business in the

Consumer and SME segments. These focus segments continued their upward growth momentum and grew loans by EUR 42.068 thousand to EUR 888,456 thousand (YE23: EUR 846,388 thousand), representing 89% of the total gross performing loans and advances to customers (YE23: 85%). The non-focus segments decreased as planned by EUR 36,642 thousand to EUR 113,990 thousand at YE24 (YE23: EUR 150,632 thousand).

Investment securities increased from EUR 166,325 thousand at YE23 to EUR 223,477 thousand at YE24 in line with the established investment strategy. The investments are predominantly in high-rated and investment grade government bonds mainly issued by governments of the CESEE region.

Tax assets decreased to EUR 14,399 thousand (YE23: EUR 14,928 thousand) due to decreased deferred tax assets from EUR 14,928 thousand at YE23 to EUR 13,469 thousand at YE24.

Compared to year-end 2023 the **total assets** of Addiko Bank decreased from EUR 1,448,044 thousand to EUR 1,376,045 thousand by EUR 71,998 thousand or 5.0%. The total risk, i.e. risk-weighted assets including credit, market and operational risk, increased slightly 0.5% to EUR 858,079 thousand (YE23: EUR 853,589 thousand) as higher interest income was increasing RWA for operational risk.

EUR thousand

	31.12.2024	31.12.2023	Change (%)
Financial liabilities held for trading	792	1,837	-56.9%
Financial liabilities measured at amortised cost	**1,157,994**	**1,224,610**	**-5.4%**
Deposits and borrowings from customers	1,093,643	1,160,990	-5.8%
Deposits and borrowings from credit institutions and central banks	19,727	32,540	-39.4%
Certificates of deposits	0	0	-
Issued bonds, subordinated and supplementary capital	31,010	15,014	>100
Other financial liabilities	13,614	16,066	-15.3%
Provisions	11,409	8,302	37.4%
Tax liabilities	0	598	n.a.
Other liabilities	6,874	2,333	>100%
Equity	198,976	210,364	-5.4%
Total equity and liabilities	**1,376,045**	**1,448,044**	**-5.0%**

On the liabilities' side, **financial liabilities measured at amortized cost** decreased by 5.0% to EUR 1,376,045 thousand compared to EUR 1,448,044 thousand at year end 2023:

Other financial liabilities decreased from EUR 16,066 in year 2023 to EUR 13,614 thousand in 2024 mostly due to lower liabilities of credit cards.

Deposits and borrowings from customers decrease by EUR 5.8% to EUR 1,093,643 thousand (YE23: EUR 1,160,990 thousand) The solid funding profile is one of the strengths of Addiko Bank, which drives its low dependence on market funding. Share of a-vista remained at 54% at the end of 2024 and is comparable with year 2023.

Issued bonds, subordinated and supplementary capital included subordinated debt from Addiko Group increased by EUR 15,996 thousand to EUR 31,010 thousand at YE24 (YE23: EUR 15,014 thousand).

Other financial liabilities decreased from EUR 16,066 thousand at YE23 to EUR 13,614 thousand in YE24 mainly due to lower liabilities to credit cards.

Provisions increased from EUR 8,302 thousand at YE23 to EUR 11,409 thousand at YE24. This position included mainly credit-linked and portfolio-based provisions in connection with expected court rulings on Swiss franc denominated loans as well as provisions for proportional fee reimbursements in case of early loan repayments ('Lexitor case'). This position additionally included Commitments and guarantees given, Other long term employee benefits, Pensions and other post employment benefit obligations and provisions for variable performance-based bonus expenses.

Tax liabilities decreased from EUR 598 thousand at YE23 to EUR 0 thousand at YE24. In 2024 the profit was lower than 2023, consequently the advance payments paid were too high and consequently the tax liability was 0.

Other liabilities at EUR 6,874 thousand increase versus previous year by EUR 4,541 thousand (YE23: EUR 2,333 thousand) mainly related to increase liabilities for balance sheet tax requirement in amount of EUR 2,775 thousand as approved by the Slovenian parliament in 2023.

Equity decreased from EUR 210,364 thousand in 2023 to EUR 198,976 thousand in 2024 driven by the lower year end result in YE24 EUR by EUR 13,237 thousand compared to year 2023. In April 2024 bank paid EUR 25,941 thousand dividend payment from the 2023 result.

4.4. Capital and liquidity

As of 31 December 2024, the capital base of Addiko Bank comprised solely of Tier 1 (CET1) and Tier 2 (T2) and Total capital (TC) stood at 19.88% (YE23: 19.83%), significantly above the currently applicable requirements and the Pillar 2 Guidance (P2G) of 17.53% in total (YE23: 17.78%).

Regulatory capital requirements

The Overall Capital Requirement (OCR) for the Addiko Bank remains 14.53%, consisting of:

- 11.25% Total SREP Capital Requirement (TSCR), comprising an 8.00% Pillar 1 requirement and a 3.25% Pillar 2 requirement and
- 3.28% Combined Buffer Requirements (CBR), comprising a 2.50% Capital Conservation Buffer (CCB), a 0.5% Counter-Cyclical Capital Buffer (CCyB) and 0.28% Systemic Risk Buffer (SyRB).

The Pillar 2 Guidance (P2G) amounts to 3.00%. The regulator therefore expects Addiko Bank to maintain a Total Capital Ratio of 17.53% (11.25% SREP requirement, plus 3.28% CBR, plus 3.00% P2G).

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

The Countercyclical capital buffer (CCyB) increased from 0.0% to 0.5% driven by increasing systemic risk in Slovenian banking system because of the growing uncertainty in the economic environment.

The Systemic risk buffer is related to sectoral exposures in the Republic of Slovenia in the following amount:

- 1.0% for all retail exposures to natural persons secured by residential immovable property and
- 0.5% for all other exposures to natural persons.

The 2023 SREP decision includes a decrease of the P2G from 3.25% to 3.00% valid from 1 January 2024.

Own funds

Own funds according to the CRR consist of Common Equity Tier 1 (CET1) and Tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk amount. The determination of eligible total capital in accordance with the applicable regulations is based on international accounting standards.

The Bank during the year 2024 and 2023 did not use any transitional rules when calculating capital adequacy.

During the reporting period, the capital base increased by EUR 14,362 thousand reflecting the following components:

- A decrease by EUR -3,007 thousand of the Tier 2 due to amortisation,
- An increase by EUR 16,000 thousand due to issuing of additional TIER2 instrument,
- An increase by EUR 1,319 thousand of the other comprehensive income due to the valuation of debt instruments,
- An increase by EUR 8 thousand of the retained earnings,
- An increase in regulatory deduction items in the amount of EUR 42 thousand as net impact of increase in deferred tax assets on existing taxable losses (EUR 999 thousand), increase in intangible assets (EUR -954 thousand), decrease of adjustments due to prudential filters (EUR 2 thousand) and increase of insufficient coverage for non-performing loans (EUR -5 thousand).

The Risk-weighted assets (RWA) increased by EUR 4,490 thousand during the reporting period, whereby EUR 17,536 thousand RWA increase is related to operational risk where the basis for the calculation is based on the three-year average of relevant income, the RWA for credit risk decreased by EUR 12,366 thousand, mainly driven by repayments of 'non-focus' portfolio. RWA for market risk increased by EUR -290 thousand and RWA for counterparty credit risk (CVA) decrease by EUR -389 thousand.

Please refer to note (70) of the condensed financial statements for further details on this topic.

Liquidity position

The liquidity position of the Bank remained strong and amply exceeded regulatory requirements, with the Liquidity Coverage Ratio (LCR) ranging from its low of 309.2% in May 2024 to its high of 512.3 % in March 2024, well above the required minimum coverage of 100%. As of 31 December 2024, the LCR stood at 358.0%.

Unencumbered liquidity reserves of the Bank, comprising cash, balances with central banks (CB) without minimum reserve requirement and unencumbered debt securities portfolio, decreased from EUR 353.0 million at YE23 to EUR 324.0 million at YE24, corresponding to 23.5% of total assets (YE23: 24.4% of total assets). The debt securities portfolio increased from EUR 152.9 million at YE23 to EUR 209.6 million at YE24.

The securities, which accounted for 68.0% of the Bank's liquidity reserves (YE23: 45.9%), largely included high-rated and investment grade government bonds, mainly issued by governments of the CESEE region.

The main funding base at the Bank predominately consists of customer deposits, especially in the retail segment, which represents a highly stable base. The Bank's ratio (LDR), the ratio between net loans to customers and deposits from customers, stood at 90.3% (YE23: 84.3%), which represents a comfortable level and provides the Bank with the potential for further customer loan origination.

5. Market and operations development

5.1. Consumer Banking

Strategy

Addiko's strategy is to offer modern banking, focusing on products for the essential needs of customers via unsecured loans and payments. This approach is communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution approach, utilizing both 20 physical branches and modern digital channels. The Consumer segment focuses on unsecured lending, followed by account packages, regular transactions and cards. Addiko Bank also dedicates substantial efforts to continuously improving its digital capabilities and is recognized in the market as a digital challenger with digital products and services such as Webloans and mLoans online capabilities.

Consumer YE24 Business review

In year 2024 despite a continuous margin pressure on the market and competing on the price, Addiko Bank focused on its strategy in order to differentiate and maintain high market share. The principal incremental drivers are:

- Digital E2E as differentiated USP towards competition
- Significant expansion in the partnership acquisition through the use of new digital platforms which is being upsold to regular lending products
- Leveraging proactive customer acquisition using Bank@Work and CRM channels
- Process automation with an optimised set of required data and documentation

The consumer segment is divided into two parts, the sales force, covering the complete business network and other sales channels, including partnerships. It actively cooperates with the product and segment management, comprising support, services management and sales channel management.

In the sales network, the Bank continued with activities for boosting the efficiency of sales, the purpose of which was to increase the number of services per client and reduce the time necessary to render a service. The sales results and analysis of the Bank's clients' opinions show that the activities had a positive effect on client satisfaction and have improved the sales network's efficiency.

Through a professional, business and trustworthy relationship, the Bank also continued with intense cross-sales activities within the "Bank@Work" project, aimed at the Bank's business customers' employees, with retail consultants offering them customised financial solutions at their workplace.

The Bank complemented its sales activities through product-oriented campaigns guided by the Marketing & PR Department and the results of individual campaigns have been monitored.

The segment result is driven by the business strategy to focus on consumer lending and payments while reducing the mortgage portfolio. The results of the Bank's strategy are evident in the number of services sold per customer, per employee as well as per branch office.

The Product Management and Marketing & PR departments followed the strategy and, in cooperation with other departments, made sure that the processes ran smoothly. Activities related to process product changes and marketing support were coordinated together with monthly branch plans. During 2024 the Bank ran the strategy of gaining new customers by adapting products and services and targeting smaller consumer segments along with introducing new as well as improving sales channels through partnerships and point of sale loans.

5.2. SME Banking

Strategy

Addiko's strategic objective is to offer modern banking services that focus on addressing essential customer needs through unsecured loans and payments solutions. This approach is communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution model that includes both physical branches and modern digital channels. In the SME segment, the focus is on short to mid-term unsecured financing, followed by transaction banking and trade finance products complemented by deposit products.

The Bank remains committed to deliver a compelling value proposition through digitally enhanced loan products and online self-services capabilities, effectively reducing service costs for customers. Furthermore, Addiko continues to concentrate on serving on untapped niches of micro and small enterprises that require financing solutions.

SME YE24 Business review

Year 2024 was successful for the Bank in all strategic areas of business operations. The Bank has continued to focus on smaller segments (especially micro, which refers to companies with annual gross revenue up to EUR 1.5 million, with higher yields) and further optimization of the lending and onboarding process with less documentation, which enables faster time-to-yes and time-to-cash loan lending. Digitalisation of lending and customer onboarding processes (focusing on E2E processes) is one of the key strategic tasks within development initiatives.

With strong focus of sales staff on targeted numbers and innovative approach of addressing potential customers Addiko Bank increased the number of new customers and the volume of approved/disbursed loans. Although the Bank's branch network represents important channel for servicing customers, Addiko Bank constantly works on new approaches for addressing new customers (sales calls, web loan form, call center…) with the goal to increase process speed and achieve higher level of user experience for the customers.

While we expect a continuous margin pressure on the market, Addiko Bank's strategy is focused on digital services and underserved customer segments, which allow the Bank to differentiate and gain market share. Main incremental drivers are:

- Building E2E lending as differentiated USP towards competition;
- Expanding USP to ancillary lending & non-lending products;
- Upgrade of DLS process with implementation of:
    - new lending product Automated Over-draft with bundle sale of Business Credit Card,
    - implementation of variable interest rate,
    - refinancing lending process;
- and optimization of package offer, introduction of Mobile Business bank with the goal to establish an ecosystem for SME customers.

6. Sustainability

In compliance with the CSRD, Addiko Group has integrated its sustainability reporting into the Group management report, moving away from a separate consolidated non-financial report. This integration underscores Addiko's commitment to transparency and accountability, while ensuring that sustainability considerations are systematically integrated into all aspects of its business activities.

The CSRD mandates the sustainability report is prepared in a machine-readable European Single Electronic Format (ESEF). Since the final standards for tagging have not yet been adopted on European level, tagging will not be implemented for the 2024 Sustainability Report.

The 2024 Sustainability Report has been prepared by the management Board of Addiko Bank AG on a consolidated level and will undergo a review by the group Supervisory Board prior to publication. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG), as the appointed auditor of the annual and consolidated financial statements of Addiko Bank AG, conducted an independent limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000). KPMG's assurance opinion is presented at the end of the group report.

Subsidiaries are exempted from sustainability reporting obligations pursuant to Article 19a (9) and Article 29a(8) of the amended Directive 2013/34/EU (Accounting Directive) if they are included in the consolidated management report of a parent company that fulfils the CSRD reporting requirements and reviewed by an external assurance provider. The disclosures under CSRD establish that Addiko's Slovenian and Croatian banking subsidiaries meet the conditions for exemption from single entity reporting obligations, even in the absence of a national CSRD implementation law in Austria.

7. Research & Development

In recent years, Addiko's research and development activities in the field of digitalisation have played a key role in driving innovation and supporting business growth through various initiatives in the business areas in focus.

In the Consumer segment, Addiko Bank's top priority in 2024 was the development of an end-to-end lending process tailored for POS (Point of Sale). It involves several key steps and integrations to ensure a smooth and efficient loan application and approval process. In the process there are actively included merchant, customer and in accordance to the customer and loan parameters also the Bank (middle office). Process was designed in the way that it is user friendly, with automatic controls, digital reading of data (ID scanning), integrated risk decisions, automatically generated, archived and digitally signed Bank documentation with aim to reduce manual controls, prevent frauds and assure lean loan process.

Addiko is constantly rethinking and streamlining its processes to provide customers with more accessible and easier to use products and services via ongoing optimisation and adaptation in accordance with local market customs applicable regulations.

In the field of deposits, the Bank has launched unique offer on the Slovenian market. The product "Deposit with interest in advance" differs from classic deposit products as customers receive interest immediately upon conclusion of the deposit. A deposit in the amount of EUR 1,000 or more can be concluded for a minimum of 3 months and up to 5 years (60 months). Customers receive interest upon conclusion of the deposit. The principal is released to the customer after the agreed deposit period has expired. A deposit with interest in advance can be concluded in branches and/or via mobile banking. An informative calculation can be obtained on the Bank's website.

During 2024, Addiko continued to work on the development of its mobile banking app, with a special focus on improving the user interface and user experience, which is considered an essential element for the success of mobile banking apps.

Besides improvements in the Consumer segment, Addiko also aims to bring its services closer to its SME customers with optimisations of its lending system in order to further simplify and improve the underlying processes and increase convenience for its customers.

The focus in 2024 was also the launch of the Bank's first mobile banking solution for SME customers with the aim of providing the necessary digital solution.

8. Analysis of non-financial key performance indicators

8.1. Shift from Human Resources Management to People & Culture

In 2024 Addiko shifted the perspectives also in the field of human capital, from traditional Human Resources Management to People&Culture focus, which embodies a profound shift towards more strategic, employee-centric practices that recognize the value of investing in people for the long-term organizational success by acknowledging individuality, fostering collaboration and reflecting the changing nature of work. By embracing People & Culture, Addiko signals the commitment to creating a workplace where every individual feels valued, respected, and empowered to contribute their best. People&Culture aims to increase recruitment quality, retain and develop talents, secure high performance, endorse diversity and inclusion, enable work life balance, build employer brand and leadership excellence and much more.

The Bank is determined to continue well established and well accepted practices (such as mentoring, on and off boarding, trainings, development activities, …) and implement new, modern measures and thus maintain its status of a competitive and attractive employer on the Slovenian market.

The Bank is proud of its full Family-Friendly Company Certificate, which proves that the Bank lives in accordance with the principles of the certificate and trusts its employees and encourages them to act responsibly in many areas.

Addiko Bank Slovenia Gender Diversity Status in 2024:

Management level	Number of employees based on gender diversity (Female to male ratio)
Senior management	46.2% : 53.8%
Management Board	33.3% : 66.7%
Supervisory Board	50.0% : 50.0%
Total Bank	63.3% : 36.7%

At the end of 2024, the Bank had 346 employees.

Year	Number of employees on 31.12.	Number of employees based on working hours*	Average number of employees
2024	346	333.75	343.75
2023	334	323.25	323.75

*The number of employees calculated based on working hours shows the real number of employees in the company. There are a certain number of employees who, due to the nature of their work and their responsibilities, have employment contracts with the Bank.

The educational structure of the Bank's employees is at a very high level.

Level of education	Number of employees based on educational structure
IV. vocational secondary education	3
V. secondary education	118
VI. non-university higher education courses	29
VII. higher education programs, university programs	193
VIII. university degree specialisation, diploma of Master of Science	13
Total on 31.12.2024	**346**

8.2. Remuneration policy

The remuneration policy is governed by the provisions of the applicable legislation, the CEBS guidelines, the Bank of Slovenia decisions and EU directives on capital requirements. The policy clearly sets criteria and conditions for the payment of various bonuses to the managerial staff and employees. In accordance with the aforementioned acts the Bank also determines key functions that may, due to the scope of work tasks and activities, significantly influence the Bank's risk profile.

8.3. Corporate Social Responsibility projects

Addiko Bank is committed to not only operational excellence but also contributing positively to the environment and society. The Bank's mission emphasizes helping wherever it can, believing that sustainability, ethical corporate governance and social responsibility are fundamental to a brighter future.

Fostering a strong corporate social responsibility culture, the Addiko Cares project has engaged and supported employees in participating in various socially responsible activities for over nine years now.

In 2024 employee social responsibility engagement orbited predominantly around activities connected to the partnership with the Goran Dragić Foundation, an organization dedicated to supporting children and youth from disadvantaged backgrounds, developing young talent through basketball and improving sports infrastructure by renovating and building outdoor basketball courts.

The brand fit of Addiko with Goran Dragić can be best described as Addiko Bank's CEO, Andrej Andoljšek commented: »*Addiko Bank decided to sponsor Goran Dragić Foundation because we realized that sport is closer to us than culture or art. There are several reasons for that. The name "Gogi from Koseze" best describes the personality traits that we like about Goran Dragić and that we identify with ourselves. Goran Dragić has always been among the fastest on the field and we are the fastest on the market in the banking world according to many indicators. And then there's his fighting spirit. When a player gets a tooth knocked out in the middle of a match, he throws it away and continues playing! We also strive for this kind of attitude towards the business.*«

Inauguration of the Basketball Court in Ptuj – go out and play

In June, Addiko Bank collaborated with the Goran Dragić Foundation to inaugurate a renovated outdoor basketball court in Ptuj as part of the #PODAMDAIGRAM project. This initiative aims to promote sports and healthy lifestyles among youth by providing modern outdoor sports facilities. The Ptuj court is the sixth “smart” outdoor basketball court established by the Foundation, following previous projects in Ljubljana, Maribor, Novo mesto, Laško, and Murska Sobota. Addiko employees from Addio Ptuj branch made the event even more special by preparing gifts for young visitors.

Participation in the Goran Dragić Basketball Camp

In early July, Addiko supported the 10th consecutive Goran Dragić Basketball Camp, which hosted 145 children from eight different countries. Addiko Bank facilitated the attendance of children from the Botrstvo v športu program, a project aimed at supporting children from socially disadvantaged families in their sports endeavours. Addiko employees also joined the event, with the Addiko Bank basketball team participating in a friendly match, further strengthening the Bank’s commitment to youth development fostering team spirit and community engagement.

"I Feel Slovenia Night of the Dragon" Charity Events

Addiko Bank was one of the main sponsors and an exclusive one in the banking segment, as well as an active participant in the "I Feel Slovenia Night of the Dragon" events on 23 and 24 August 2024. The two-day spectacle included a business talk, gala event, and the final farewell game, raising impressive EUR 885,983 for the Botrstvo v športu program and the Goran Dragić Foundation.

Despite the fact that tickets for the game were sold out in less than 30 minutes, Addiko Bank made it possible for its employees to witness Goran Dragić's farewell game, enabling them to contribute to this worthy cause and making sports accessible to all children in Slovenia. Addiko employees contributed more than EUR 68,000 by aquiring the game tickets and in addition - with being granted premium seats directly behind Goran Dragić's team - demonstrated a true Addiko team spirit as they painted the whole section of the Stožice Arena venue in Addiko red.

In the “I feel Slovenia Night of the Dragon” events Addiko Bank also demonstrated its digital innovation spirit in providing fundraising possibilities where the Bank leveraged its banking expertise and joined IT, Marketing, Back office, Product management and Sales departments with external partners to create seamless donation opportunities for the Botrstvo v športu program:

- Digital Donations: the Bank facilitated quick and easy financial contributions through POS terminals and QR codes, enabling both Slovenian and international donors to support Anita Ogulin’s Association, the ZPM Associations, and the Goran Dragić Foundation.
- Broadcasted Fundraising: Addiko’s digital payment solutions were also integrated into the live broadcast of the farewell game, ensuring a broad reach and maximizing the impact of charitable contributions.

Addiko Cares Back to School Initiative: Providing School Supplies for Children in Need

In August, as part of Addiko Cares initiative, Addiko continued its annual school supply and fundraising campaign at the beginning of the school year. Addiko employees across all branches also came together to collect essential school items and financial support for children from socially disadvantaged backgrounds. Through employee contributions, the Bank raised EUR 1,055 and collected school supplies, which were donated to the Anita Ogulin’s Association and the Moste-Polje Friends of Youth Association.

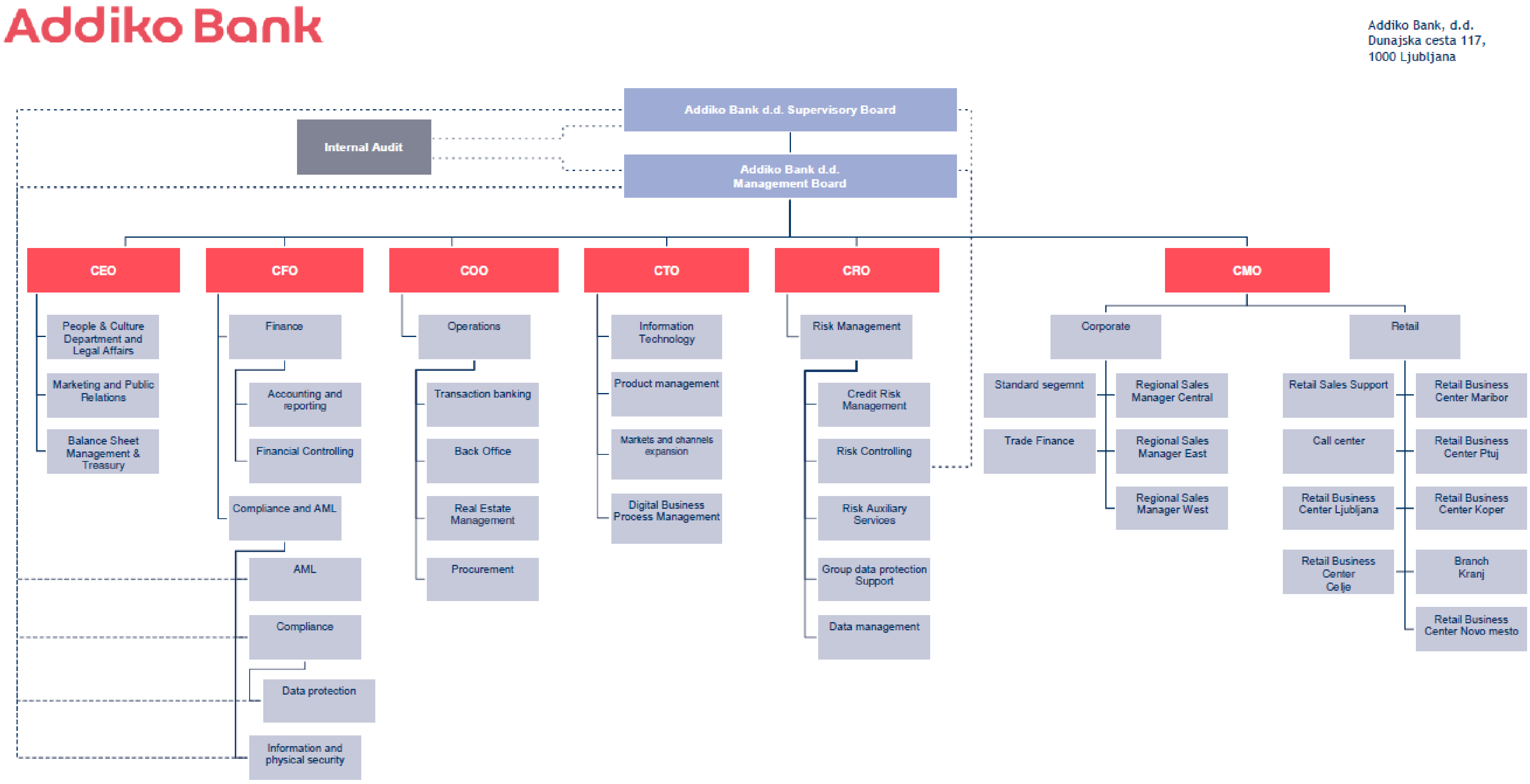
"Green Thread" – new employee ESG engagement step

As the year drew to close, Addiko Bank introduced the Green Thread initiative as a new employee engagement step towards embedding sustainability into the Bank’s workplace culture. Recognizing the impact of the textile industry on the environment, the project aimed to raise awareness about responsible fashion consumption while fostering employee engagement in a meaningful way. The Green Thread connected Addiko employees through an exchange of clothes, encouraging them to give pre-loved garments a second life. By participating, employees refreshed their wardrobes without generating waste, demonstrating that small, mindful choices can lead to significant environmental benefits.

Beyond personal impact, the initiative had a wider social purpose: all remaining clothing was donated to a Center supporting single mothers in safe houses, ensuring that the Green Thread extended from sustainability to social responsibility.

In summary, Addiko Bank believes that corporate social responsibility is not just an obligation — it is an opportunity for all Addiko employees to inspire positive change and leave a lasting impact on the communities the Bank serves.

8.4. Organisation of the Bank



Solid line: disciplinary and professional supervision. In case of Internal Audit, Compliance, AML, Data Protection and Information and Physical Security and Risk Controlling: responsibility for daily operative requests required for smooth operation of the organisational unit, tasks are carried out independently by these functions.

Dotted line: In accordance with relevant legal regulations, it represents direct access and possibility to report to the Supervisory Board and/or Management Board.

8.5. Supervisory Board

The Supervisory Board of the Bank is comprised of six members. On 31 December 2024, the members of the Supervisory Board were:

- Edgar Flaggl, Chairman of the Supervisory Board,
- Joško Mihić, Deputy Chairman of the Supervisory Board,
- Georgiana Grigore, Member of the Supervisory Board,
- Klemen Brenk, Member of the Supervisory Board and
- Ana Dorić Škeva, Member of the Supervisory Board.

The Supervisory Board met four times in 2024 for regular meetings.

The Bank also has two Committees of the Supervisory Board, which are:
- An Audit Committee comprising three members, all members of the Supervisory Board: Edgar Flaggl, Chairman, Joško Mihić and Deputy Chairman and Members Klemen Brenk. In 2024, they met four times.
- A Risk Committee comprising four members, all members of the Supervisory Board: Ana Dorić Škeva, Chairwoman, Georgiana Grigore, Deputy Chairwoman, Edgar Flaggl and Joško Mihić, Members. In 2024, they met four times for regular meetings.

8.6. Shareholders Assembly

The Management Board of the Bank convenes the Shareholders' Assembly meetings in cases laid down by law or in the Articles of Association or when this benefits the Bank. Two Shareholders' Assembly meetings were convened in 2024.

At the Shareholders' Assembly meeting, the Shareholders exercise their rights in accordance with the provisions of the Companies Act. Addiko Bank's Shareholders' Assembly is universal, as the Bank only has one shareholder; it is 100% owned by Addiko Bank AG. The shareholder exercises its rights by proxy voting. The proxy is chosen for each meeting individually.

In 2024, the Shareholders' Assembly acknowledged the audited 2023 Annual Report, the 2023 Internal Audit Annual Report, decided on the utilization of the accumulated (net) profit and with the appointment of Ana Dorić Škeva as a member of the Supervisory Board.

8.7. Committees and Commissions of the Bank:

- Liquidity Commission - LICO,
- Bank Credit Committee,
- Assets and Liability Committee – ALCO,
- Risk Executive Committee – RECO,
- Capital Steering Committee – CSC,
- Operational Risk Management, Internal Control System, Reputation Risk Management Committee (OpRisk Committee) and Security Committee,
- Change Advisory Board – CAB,
- Outsourcing Committee,
- PPSC - Project portfolio steering committee.

The objectives, tasks, authorisations and composition of the committees and commissions are laid down in the Rules on Organisation and Job Systematisation of the Bank as well as in the Rules on the Powers, Authorisation and Signatories in the Bank, while the operation of the Bank's bodies is governed by various rules of procedure or other internal acts.

9. Internal Control System for accounting procedures

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

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

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

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

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

The internal control system of the Bank is built on a process-oriented approach. The Bank deploys control activities through process documentation that incorporates the tracking and documentation of each process, including the information about process flow according to the internally set up guidelines for process management. The overall effectiveness of the internal controls is monitored on an ongoing basis. Monitoring of key risks is part of the Bank's daily activities as well as periodic evaluations by the business lines, internal control functions, risk management, compliance and internal audit.

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

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

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

10. Non-financial report

In line with the EU regulation, Addiko Bank fully complies with the Directive 2014/95/EU and the rules on disclosure of non-financial and diversity information. The Bank operates and manages social and environmental related topics by continuously further developing its responsible approach to business. Accordingly, the Bank's non-financial report includes policies it implemented in relation to: environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery and diversity. The non-financial report is prepared as an independent report and is published online on Addiko Bank's website www.addiko.si.

11. Other disclosures

Supplementary information required by the Bank of Slovenia

In compliance with the Bank of Slovenia Decision on business ledgers (Ur. l. RS, št. 67/17,73/19, 164/20) in accordance with the Instructions for the preparation of the statement of financial position, income statement and statement of comprehensive income and the calculation of indicators of operations of banks and savings banks (29.11.2021), the following additional data are presented below for a period of three years:

EUR thousand

INDICATORS[1]	2024	2023	2022
1. STATEMENT OF FINANCIAL POSITION			
Total assets	1,376,045	1,448,044	1,329,827
Total deposits by the non-banking sector, measured at amortised cost	1,093,639	1,160,990	1,029,784
a) by legal and other persons carrying out economic activity	383,632	449,288	501,845
b) by retail sector	710,007	711,702	527,939
Total loans to the non-banking sector	941,378	952,113	932,571
a) legal and other persons carrying out economic activity	410,313	419,204	407,284
b) retail sector	531,065	532,910	525,287
Total capital	198,976	210,364	201,499

Valuation adjustments and credit loss provisions	39,202	34,411	31,979
Off-balance sheet operations	268,194	283,710	283,649
2. INCOME STATEMENT			
Net interest	61,443	58,199	42,723
Net non-interest income	17,723	15,542	15,779
Labor costs, overhead and administrative costs	35,819	30,256	28,474
Amortisation and depreciation	2,920	3,004	2,796
Impairments and provisions (credit losses)	-18,873	-9,455	-5,747
Pre-tax profit or loss from continuing and discontinued operations	15,947	25,800	21,515
Corporate income tax from continuing and discontinued operations	2,709	-141	1,866
Other comprehensive income, before tax	3,075	3,038	-6,406
Income tax from other comprehensive income	-372	-464	1,219
Number of branches	20	20	19
3. INDICATORS			
a) Capital			
Common Equity Tier 1 ratio	19.88%	19.83%	20.15%
Core Tier 1 ratio	19.88%	19.83%	20.15%
Total capital ratio	22.30%	20.73%	21.44%
Financial leverage ratio	11.82%	11.16%	11.81%
b) Profitability			
Interest margin	4.4%	4.3%	3.2%
Margin of financial intermediation	5.7%	5.4%	4.4%
Return on assets after tax	1.0%	1.9%	1.9%
Return on equity before tax	7.9%	13.1%	13.4%
Return on equity after tax	6.5%	12.5%	12.9%
c) General administrative expenses			
General administrative expenses /Average assets	2.8%	2.4%	2.3%
e) Credit risk			
Non-performing (balance sheet and off-balance-sheet) exposures/classified balance sheet and off-balance sheet exposures	1.9%	1.4%	1.7%
Non-performing loans and other financial assets/classified loans and other financial assets	2.1%	1.7%	1.9%
Non-performing loans and other financial assets/classified loans and other financial assets	2.0%	1.8%	2.0%
Valuation adjustments and credit loss provisions/non-performing exposures	82.0%	86.5%	65.5%
Valuation adjustments and credit loss provisions/non-performing exposures	82.0%	86.5%	65.5%
Received collateral/non-performing exposures	4.6%	4.6%	25.1%

EUR thousand

INDICATORS	2024	2023	2022
4. EMPLOYEES			
at year-end	346	334	314
5. SHARES AT YEAR-END			
number of shareholders	1	1	1
number of shares	41,706	41,706	41,706
share book value (EUR)	4.8	5.0	4.8
Nominal value of share	2.1	2.1	2.1

1) The indicators are calculated in accordance with the Instructions for the preparation of the statement of financial position, income statement and statement of comprehensive income and the calculation of indicators of operations of banks and savings banks (29.11.2021)

	1.-3.2024	4.-6.2024	7.-9.2024	10.-12.2024
d.) Liquidity				
Liquidity coverage ratio	396.3%	318.5%	326.3%	343.0%
Net stable funding ratio	153.8%	153.5%	152.2%	150.7%

12. Outlook 2025

Addiko intends to further focus on its core segments, Consumer financing as well as Standard and SME companies' financing and strive to complete its strategy of becoming the leading specialist for these focus groups in Slovenia as well as the wider region. Addiko's prudent risk approach will remain a key anchor for the loan growth generation.

The clear focus on Consumer and SME business will continue to accelerate the transformation of the balance sheet of Addiko towards these higher value generating segments. In this context, the Bank continuously monitors its focal segments by reducing all non-focus elements in its business portfolio. Addiko's growth already has also been achieved through the reduction in the non-focus portfolio that generates value in the long-term by sharpening the focus in the core segments and releasing capital from higher risk weight non-focus loans.

A short-term ambition of Addiko remains to be a further increase of its efficiency by reducing costs and complexity and further streamlining its operating model. Addiko will continue to implement efficiency measures such as the Acceleration Program to generate sustainable and visible saving effects.

A very strong retail portfolio, both in loans and deposits shall slightly increase through 2025 which will benefit predominantly the Bank's customer cluster in the consumer loans area. Short term overdrafts are expected to decrease somewhat due to an inverted interest curve which supports longer term loans and which we expect to remain throughout 2025. Addiko in Slovenia has benefited and will benefit from not operating in real estate financing which has come almost to a complete halt in Slovenia during the past few years.

In corporate financing (micro, small and middle-sized companies) we expect demand to stay on the current level, with possible slight increase especially if the uncertainty present in the market will somewhat decrease and lowered interest rates due to decreases by the central bank will flow into lower market rates altogether thus making companies more investment oriented.

We expect inflation to settle at around 2% in eurozone and to remain at this level in Slovenia. In Slovenia, the inflation rate on a year-to-year basis has already reached the bottom of 0% in October of 2024 and is at 2% at the end of January 2025. We see the main inflationary pressures from previous year vanish almost completely and the ECB decreasing its key interest rate further with inflationary pressures being reduced in eurozone altogether.

In Slovenia we see GDP growth to climb to 2.5% in 2025 and 2.6 in 2026 which is in line with governmental forecasters. The other macroeconomic parameters are not to change significantly, with unemployment staying low due to work force shortage across all sectors of the economy. Exports will depone economic development in the largest exporting countries for the Slovenian economy, foremost Austria, Germany and Italy.

Given the current lending conditions, the quality of the loan portfolio shall not deteriorate as the Bank has not been active in real estate financing, furthermore, the quality of the loan portfolio is expected to increase due to well diversified risks and constant monitoring of its borrowers. Besides, the amount of non-performing exposures in the Slovenian banking market altogether remains extremely low with the central bank not seeing any systemic risks that might change this picture profoundly. The Bank's focus on consumer, Standard and SME lending ("focus areas") and payment services and its commitment to further digital transformation continues to make a decisive contribution to this.

The Bank's liquidity shall remain high and above regulatory demands. Larger outflows are not expected, given the Bank's well-diversified lending portfolio. The Bank's liquidity and solvency are not and will not be jeopardized in any way.

Report of the President of the Supervisory Board of the Bank

In 2024, the Supervisory Board of Addiko Bank d.d. supervised the business of the Bank, its financial results and the performance of its Management Board.

The Supervisory Board operated in accordance with the Bank's Statute and the Rules of Procedure of the Supervisory Board. The prepared materials and notes on meetings enabled an efficient supervision of the Bank's operations in line with the Slovenian and Austrian legislation. The Bank of Slovenia submitted to the Supervisory Board the results from the regular audits of the Bank's operations. The Bank's Management Board regularly informed the Supervisory Board members about the Bank's operations. At its meetings, the Supervisory addressed different aspects of Addiko's current operations and development and adopted appropriate decisions as well as supervised their fulfilment. The decisions of the Supervisory Board were based on the findings, suggestions and the diligent assessments of the Audit and Risk Committees of the Supervisory Board, as well as the reports of the Management Board of the Bank. One of the key activities of the Supervisory Board was also the monitoring of the implementation and fulfilment of the Bank's strategy.

In 2024, the Supervisory Board had four regular meetings. The Supervisory Board has two committees: The Risk Committee and the Audit Committee. Both committees perform tasks set forth in the relevant laws and the Rules of procedure.

The decisions of the Supervisory Board were unanimous, the members of the Supervisory Board expressed their opinions with arguments and actively participated in the discussions. The Supervisory Board has adopted and confirmed the following in 2023: the Annual report of the Bank for the year 2023 and the allocation of profits, Business Strategy 2024, Risk Strategy 2024, IT Strategy 2024 and ESG Strategy 2024, Sales Incentive Scheme 2024, the work plans for the Internal Audit and Compliance departments, the report on the Internal Capital Adequacy Assessment (ICAAP), the risk appetite framework and the framework for the remediation of the Bank, and Risk Committee, Collective Assessment of Management Board members and Supervisory Board members. Further, the Supervisory Board had acquainted itself with the five-year budget of the Bank as well as the annual reports of the Internal Audit, Compliance and Anti-Money laundering departments.

The Audit Committee had four regular meetings in 2024. The Audit Committee helps the Supervisory Board with the fulfilment of its duties and competences regarding the adequacy and efficiency of internal controls, which includes risk management, compliance, the adequacy of accounting standards used for the preparation of the financial statements, and the suitability and independence of external auditors.

The Risk Committee had four regular meetings in 2024. The Risk Committee counsels the Supervisory Board regarding the risk appetite of the Bank and its risk management strategy and monitors whether the remuneration system takes into account risk, capital, liquidity, the probability and timeline of the Bank's income, as well as whether the Bank's product pricing is compatible with its business model and risk management strategy. The Risk Committee also addresses and monitors the reports on various types of risk and acquaints itself with pending topics regarding risk management.

In accordance with Article 282 of the Companies Act and based on the current monitoring of the Bank's operations, periodical reports by the Internal Audit department and the unmodified opinion issued by the audit firm KPMG poslovno svetovanje d.o.o., the Supervisory Board analyzed the Business Report of Addiko Bank in 2024.

The Report will also be presented at the Bank's Shareholders' Assembly. In accordance with Article 230 of the Companies Act, the Supervisory Board approved the proposal by the Management Board regarding the allocation of accumulated profit and proposed to the Meeting of Shareholders to adopt it. In line with its tasks and responsibilities, the Supervisory Board supervised the internal controls and risk management activities.

The Supervisory Board assesses that it has performed its duties in 2024 with quality, responsibly, with the highest ethical standards, due diligence and in compliance with the relevant legislation and internal rules.

President of the Supervisory Board

Edgar Flaggl,
President

Ljubljana, 26.3.2025

Statement on internal governance arrangements

As at 31.12.2024, Addiko Bank d.d. is not a public company in terms of the Takeover Act because it has no financial instruments included in any organised trading or quoted on the stock market.

Based on the above as well as the exception noted in the second point of the fifth paragraph of Art. 70 of the Companies Act, Addiko Bank d.d. implements the internal governance arrangements, including corporate governance, in accordance with the legislation in force in the Republic of Slovenia, taking into account its internal acts. Addiko Bank d.d. also fully complies with the acts referred to in Paragraph 2 of Article 9 of the Banking Act (ZBan-3).

In order to strengthen the internal governance arrangements, the Bank operates particularly in accordance with the following:

1) Provisions of the applicable Banking Act (ZBan-3), which define internal governance arrangements, in particular the provisions of Chapter 3.4 (Organisation of the Bank) and Chapter 6 (Internal governance) in the requirements applicable to a bank/savings bank or members of a management board;
2) Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks; and
3) EBA guidelines governing internal governance, assessment of the suitability of the members of the management body and key function holders as well as remuneration policies and practices on the basis of the relevant decisions of the Bank of Slovenia on the application of these guidelines.

At the same time, we are striving to the greatest extent possible to act in accordance with the non-binding recommendations stated in the Letter of the Bank of Slovenia (ref. 38.20-0288/15-TR dated 23 October 2015) and the recommendations given by the Bank of Slovenia based on the conducted inspection of banks in respect of disclosures of information for 2017.

The Bank provides disclosures of important information in the Management Report:

1) a description of the main characteristics of internal control and risk management systems and mechanisms of the Bank in Chapter 9. Internal Control System for accounting procedures. The Bank keeps books and other records that enable financial reporting and ongoing monitoring of the Bank's effectiveness and compliance of risk management
2) data on the activities of the General Assembly and its key competences and the description of the rights of the shareholders in Chapter 8.4. Organisation of the Bank
3) data on the activities of management and supervisory bodies and their committees in Chapter 8.4. Organisation of the Bank
4) policies for the selection of management board members, the diversity policy upon such selection, the remuneration policy and other information in Chapter 8.1. Shift from Human Resources Management to People & Culture

By signing this Statement, we also commit ourselves to further proactive action to enhance and promote adequate internal governance arrangements and corporate integrity in the wider professional, financial, economic and other public.

Ljubljana, 26.3.2025

Management Board of the Bank

Anja Božac,
Member

Andraž Vrh,
Member

Andrej Andoljšek,
President

Supervisory Board of the Bank

Edgar Flaggl,
President

[1]Banking Act (ZBan-3), Official Gazette of the Republic of Slovenia, no.92/21.

[2] The Bank of Slovenia Regulation on Internal Governance Arrangements, the Management body and the Internal Capital Adequacy Assessment Process for Banks and Savings banks , Official Gazette of the Republic of Slovenia, no. 115/21.

Declaration on the adequacy of risk management

In accordance with Article 435(e) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the governance bodies of Addiko Bank d.d.

the Management Board represented by Members Andrej Andoljšek, Anja Božac and Andraž Vrh

and

the Supervisory Board represented by President Edgar Flaggl,

confirm, by signing this Declaration, the adequacy of the risk management system, which represents an independent area in the organisational scheme of the Bank.

The risk management system is in line with the Bank's risk profile and the Bank's strategy and risk-taking capabilities.

Ljubljana, 26.3.2025

Management Board of the Bank

Anja Božac, Member	Andraž Vrh, Member	Andrej Andoljšek, President of the Management Board

Supervisory Board of the Bank
Edgar Flaggl,
President

Financial report

Statement of Management's responsibility

The Management Board has approved the financial statements for the year ended 31 December 2024, the accounting policies and estimates used and the notes to the financial statements.

The Management Board is responsible for the preparation of financial statements that give a true and fair presentation of the financial position of the Bank and of its financial performance for the year ended 31 December 2024. The Management Board is also responsible for proper management of the Bank’s accounts and adoption of measures to secure the Bank’s assets and to prevent and detect fraud and other irregularities.

The management confirms to have consistently applied the appropriate accounting policies and made the accounting estimates according to the principle of prudence and due diligence. The Management Board also confirms that the financial statements, along with the notes, were prepared based on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by EU.

Tax authorities may, at any time within a period of five years after the end of the period for which tax assessment was made, inspect the Bank's operations, which may lead to additional tax liabilities, default interest and penalties with regard to corporate income tax or other taxes and levies. The Bank’s Management Board is not aware of any circumstances that may result in a significant tax liability in this respect.

Ljubljana, 26.3.2025

Management Board of the Bank

Anja Božac, Member	Andraž Vrh, Member	Andrej Andoljšek, President of the Management Board

Independent auditor's report

KMPG's AUDIT REPORT

Financial Statements

I. Statement of profit and loss and statement of other comprehensive income

Statement of profit or loss

EUR thousand

	Note	01.01. - 31.12.2024	01.01. - 31.12.2023
Interest income calculated using the effective interest method		81,103	71,589
Other interest income		801	1,036
Interest expenses		-20,462	-14,426
Net interest income	25	**61,443**	**58,199**
Dividend income		8	0
Fee and commission income		20,164	18,690
Fee and commission expenses		-4,062	-4,270
Net fee and commission income	26	**16,101**	**14,421**
Net gains or losses on financial assets and liabilities held for trading	27	900	-736
Net exchange differences	27	-339	1,408
Net gains and losses on derecognition of non-financial assets		3	-2
Other net operating income	28	1,048	528
Administrative expenses	29,30	-34,877	-29,532
Cash contributions to resolution funds and deposit guarantee schemes	31	-942	-724
Depreciation and amortisation	32	-2,920	-3,004
Modification gain or loss		2	-103
Provision for other liabilities and charges	33	-5,607	-5,226
Provision for commitment and guarantees	34	-149	1,425
Impairment financial assets	34	-18,724	-10,880
Net gains or losses from non-current assets held for sale		0	26
Profit before tax		**15,946**	**25,800**
Income tax expense	35	-2,709	141
Profit for the period		**13,237**	**25,941**

The following notes (1) - (75) are an integral part of these financial statements.

Statement of other comprehensive income

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Profit after tax	**13,237**	**25,941**
Other comprehensive income	**1,315**	**2,574**
Items that will not be reclassified to profit or loss	**358**	**509**
Actuarial gains or (-) losses on defined benefit pension plans	-4	69
Fair value reserve - equity instruments	362	440
Net change in fair value	464	541
Income tax	-102	-101
Items that may be reclassified to profit or loss	**957**	**2,065**
Fair value reserve - debt instruments	957	2,065
Net change in fair value	1,227	2,428
Income tax	-270	-363
Total comprehensive income for the year	**14,552**	**28,515**

The following notes (1) - (75) are an integral part of these financial statements.

II. Statement of financial position

EUR thousand

	Note	31.12.2024	31.12.2023
Assets			
Cash, cash balances at central banks and other demand deposits at banks	36	138,873	225,377
Financial assets held for trading	37	992	1,382
Non-trading financial assets mandatorily at fair value through profit or loss	39	313	313
Financial assets at fair value through other comprehensive income	39	53,979	54,192
Financial assets at amortised cost		1,156,665	1,141,175
Loans and advances to credit institutions	38	380	50,676
Loans and advances to customers	38	986,144	977,734
Debt securities	39	169,185	111,820
Other financial assets	38	956	944
Tangible assets	40,42	6,204	7,676
Intangible assets	41,42	3,640	2,234
Tax assets		14,399	14,928
Current tax assets		930	0
Deferred tax assets	35	13,469	14,928
Other assets		800	591
Non-current assets and disposal groups classified as held for sale		182	177
Total assets		**1,376,045**	**1,448,044**
Equity and liabilities			
Financial liabilities held for trading	43	792	1,837
Financial liabilities measured at amortised cost	44	1,157,994	1,224,610
Deposits from banks and central banks		1,218	5,967
Borrowings from banks and central banks		18,509	26,572
Deposits from customers		1,093,643	1,160,990
Subordinated liabilities		31,010	15,014
Other financial liabilities		13,614	16,066
Provisions [1]	45	11,409	6,684
Tax liabilities		0	598
Current tax liabilities		0	598
Other liabilities [1]	46	6,874	3,951
Total liabilities		**1,177,070**	**1,237,679**
Subscribed capital		89,959	89,959
Capital reserve		18,814	18,814
Reserves		-1,188	-2,495
Retained earnings (including profit or loss for the financial year)		91,391	104,087
Total equity	**47**	**198,976**	**210,364**
Total equity and liabilities		**1,376,045**	**1,448,044**

1) The comparative figures have been amended. Reference to note (2) Changes in the presentation of the financial statements for further details.

The following notes (1) - (75) are an integral part of these financial statements.

III. Statement of changes in equity

The statement of changes in equity is presented at the 31.12.2024 as follows:

EUR thousand

	Subscribed capital	Capital reserve	Fair value reserve debt instruments	Fair value reserve equity instruments	Remeasurement on defined benefit plans	Retained earnings (including profit or loss for the financial year)	Total
Equity as at 01.01.2024	**89,959**	**18,814**	**-2,563**	**-44**	**111**	**104,087**	**210,364**
Result after tax	0	0	0	0	0	13,237	13,237
Other comprehensive income	0	0	957	362	-12	8	1,315
Total comprehensive income	0	0	957	362	-12	13,245	14,552
Transactions with equity holders	0	0	0	0	0	-25,941	-25,941
Dividends paid	0	0	0	0	0	-25,941	-25,941
Equity as at 31.12.2024	**89,959**	**18,814**	**-1,605**	**318**	**99**	**91,391**	**198,976**

The statement of changes in equity is presented at the 31.12.2023 as follows:

EUR thousand

	Subscribed capital	Capital reserve	Fair value reserve debt instruments	Fair value reserve equity instruments	Remeasurement on defined benefit plans	Retained earnings (including profit or loss for the financial year)	Total
Equity as at 01.01.2023	**89,959**	**18,814**	**-4,628**	**-484**	**46**	**97,791**	**201,499**
Result after tax	0	0	0	0	0	25,941	25,941
Other comprehensive income	0	0	2,065	440	65	4	2,574
Total comprehensive income	0	0	2,065	440	65	25,945	28,515
Transactions with equity holders	0	0	0	0	0	-19,649	-19,649
Dividends paid	0	0	0	0	0	-19,649	-19,649
Equity as at 31.12.2023	**89,959**	**18,814**	**-2,563**	**-44**	**111**	**104,087**	**210,364**

The following notes (1) - (75) are an integral part of these financial statements.

IV. Statement of cash flows

EUR thousand

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from operating activities before changes in operating assets and liabilities	**40,091**	**40,138**
Total profit or loss before tax	15,947	25,800
Depreciation and Amortisation	2,920	3,004
Impairments / (reversal of impairments) of loans and other financial assets measured at fair value through other comprehensive income	-57	23
Impairments / (reversal of impairments) of loans and other financial assets measured at amortised cost	20,948	12,614
Net (gains) / losses from exchange differences	339	-1,408
Modification gains/losses	-2	103
Net (gains) / losses from sale of tangible assets	-3	2
(Increases) / decreases in operating assets (excluding cash & cash equivalents)	**16,670**	**-34,904**
Net (increase) / decrease in financial assets held for trading	390	1,546
Net (increase) / decrease in financial assets measured at fair value through other comprehensive income	2,251	16,572
Net (increase) / decrease in loans and receivables measured at amortised cost	14,242	-52,916
Net (increase) / decrease in non-current assets and disposal groups classified as held for sale	-5	-56
Net (increase) / decrease in other assets	-209	-50
Increases / (decreases) in operating liabilities	**-74,930**	**109,443**
Net increase / (decrease) in financial liabilities held for trading	-1,045	-694
Net increase / (decrease) in deposits, loans and receivables measured at amortised cost	-81,533	107,456
Net increase / (decrease) in debt securities issued measured at amortised cost	0	-50
Net increase / (decrease) in other liabilities	7,648	2,731
Cash flow from operating activities	**-18,169**	**114,677**
Income taxes (paid) / refunded	-3,150	-1,528
Net cash flow from operating activities	**-21,320**	**113,148**
CASH FLOW FROM INVESTING ACTIVITIES		
Receipts from the sale of tangible assets	4	0
Receipts from the disposal of investments in debt securities measured at amortized cost	49,050	21,333
Cash flows from investing activities	**49,054**	**21,334**
(Cash payments to acquire tangible assets)	-537	-781
(Cash payments to acquire intangible assets)	-2,136	-955
(Cash payments to acquire investments in debt securities measured at amortized cost)	-100,414	-67,171
Cash payments on investing activities	**-103,087**	**-68,907**
Net cash flow from investing activities	**-54,032**	**-47,573**
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from financing activities	**16,000**	**0**
Cash proceeds from subordinated liabilities issued	16,000	0
Cash payments on financing activities	**-27,444**	**-21,092**
(Dividends paid)	-25,941	-19,649
(Lease payments)	-1,503	-1,443
Net cash flow from financing activities	**-11,444**	**-21,092**
Effects of change in exchange rates on cash and cash equivalents	281	-53
Net increase in cash and cash equivalents	**-86,796**	**44,483**
Opening balance of cash and cash equivalents	**225,391**	**180,961**
Closing balance of cash and cash equivalents	**138,876**	**225,391**

The following notes (1) - (75) are an integral part of these financial statements.

V. Notes to the financial statements

General information

Addiko Bank is a specialist bank focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Slovenia. Through its branches, the Bank services approximately 110 thousand customers, using a network of 20 branches and modern digital banking channels.

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

Addiko Bank d.d. is a Slovenian Public Limited company registered in the Slovenian business register under company registration number SRG 99/01362. The headquarter is located at Dunajska cesta 117, 1000 Ljubljana, Slovenia.

The Bank is 100% owned by Addiko Bank AG. The Addiko Bank AG headquarters is located at Canettistraße 5 / 12. OG 1100 Vienna, Austria. Addiko Bank d.d. is included in the consolidated financial statements of the Addiko Bank AG. The financial statements can be obtained at the headquarters and the following websites: www.addiko.si and www.addiko.com.

Material accounting and measurement policies

(1) Accounting principles

The financial statements of Addiko Bank were prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with their interpretation by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU) as they apply in the European Union pursuant to Regulation (EC) No. 1606/2002 (IAS Regulation) and, where necessary, explanatory notes are added in line with local legal requirements.

The financial statements consist of the statement of profit of loss and statement of other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

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

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

The euro (EUR) is the presentational and functional currency of the financial statements. All figures are in thousands of euros (EUR thousand), except otherwise stated. The tables shown may contain rounding differences.

On 26 March 2025, the Management Board of Addiko Bank d.d. approved the financial statements as at 31 December 2024 for publication by submitting them to the Supervisory Board. The Supervisory Board is responsible for examining the financial statements and announcing whether it approves the financial statements as at 31 December 2024.

(2) Changes in the presentation of the financial statements

In 2024 Addiko Bank reviewed presentation of certain items in the statement of financial position. The result of the review led to a change in the presentation of obligations for variable payments and cash-settled sharebased payments, which are now reported as part of the Other liabilities. Previously they were reported as part of the Provisions. The previous reporting period was adjusted by EUR -1,618 thousand in the position Provisions and consequently by EUR

+1,618 thousand in the position Other liabilities. As a result from the change in the presentation, the financial statements provide a more relevant information about the level of uncertainty of the reclassified position.

The table below shows the effects of this change in presentation:

EUR thousand

31.12.2023	As previously reported	Amendments	Amended
Statement of financial position			
Provisions	8,302	-1,618	6,684
Other liabilities	2,333	1,618	3,951

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

3.1. New currently effective requirements

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

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

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

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

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

3.2. Forthcoming requirements

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

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

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

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

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

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

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

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

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

The amendments to **IFRS 7** add new required disclosures for any investments in equity instruments designated at fair value through other comprehensive income and Contractual terms that could change the amount of contractual cash flow based on contingent events not directly related to basic lending risk.

These amendments are not anticipated to cause significant changes within the Addiko Bank, due to the limited volume of investments in equity instruments designated at fair value through other comprehensive income in the existing portfolio. Additionally, no contractual terms have been identified within the Bank's financial assets that could alter the timing or amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event unrelated to basic lending risks and costs.

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

Annual Improvements to IFRS Accounting Standards – Volume 11 address several potential confusions arising from inconsistencies in wordings and references between the different IFRS Accounting Standards. Apart from minor amendments, IFRS 9 was amended to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 and to clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

These amendments apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. These amendments are not expected to result in any changes within Addiko Bank, as generally no trade receivables falling under that amendment have been identified.

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

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

An entity is required to apply IFRS 18 and all consequential amendments for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

Addiko Bank is still in the process of assessing the impact of IFRS 18 and the related amendments, particularly with respect to the structure of the Bank´s statement of profit or loss, the statement of cash-flows, other disclosures of MPMs and the grouping of financial information. The net profit of Addiko Bank will not change because of adoption of IFRS 18.

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

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

The hedge accounting requirements in IFRS 9 to permit an entity using a contract for renewable electricity with specified characteristics as a hedging instrument:

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

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

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

Addiko's financial statements contain values based on judgments and calculated using estimates and assumptions.

4.1. Judgements

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

4.1.1. ECL calculation methodology

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. Details are described in note (11.4) Impairment and (54.1) Method of calculating risk provisions.

4.1.2. Classification of financial assets

Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. Details are described in note (11.2) Classification and (11.3) Measurement.

4.2. Assumptions and estimates

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

Significant estimates and assumptions in Addiko Bank relate to:

4.2.1. Credit risk provisions

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

The Bank allocates individual allowances for individually significant financial assets classified under Stage 3. Individually significant financial assets are assets having an exposure above EUR 150 thousand. This classification is determined based on information related to the fulfilment of contractual obligations or other financial difficulties of the debtor, as well as other relevant factors. Individual assessments are based on the expected cash flows from operations, duration and/or the anticipated payments from collateral. This assessment is based on a detailed analysis and assumptions made, which are however subject to uncertainties.

Allowances are assessed collectively for financial assets classified under Stage 1 or 2, as well as for financial assets in Stage 3 with exposure below the materiality threshold. The expected ECL for these groups of assets are calculated based on models which require the assessment of significant increase in credit risk and integrates historical data with future macroeconomic forecasts. Addiko applies 3 different macroeconomic scenarios to collectively assess the allowances for credit risk: optimistic, baseline, and severe scenario. The key features of each scenario are described in note (54.2) Development of risk provisions and note (54.1) Method of calculating risk provisions. Recognised allowances represent a weighted average of the results of the three scenarios. The models deployed to estimate future risk parameters undergo regular validation and back testing to ensure the accuracy and realism of the loss estimations.

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

4.2.2. Deferred tax assets

Deferred tax assets on deductible temporary differences and on losses carried forward are only recognised when future tax profits that allow utilisation appear to be likely high. These estimates are based on the respective 5 years tax plans prepared by the management. With regard to input factors, the 5-year plan is essentially based on current available external estimates of expected economic growth, general cost trends (inflation), interest rate and currency trends and market and credit default trends. The main parameters are disclosed under note (54.1) Method of calculating risk provisions. These factors are only adjusted internally to the extent necessary due to Addiko's specific business model.

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

In addition, there could be a change in the tax regulations, this may be revised in the future, with the imposition of a time limit or reduction for carry forward losses. For further details regarding tax loss carried forward please refer to note (35) Taxes on income.

4.2.3. Provisions for pending legal disputes

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

Provisions for legal proceedings typically require a higher degree of judgment than other types of provisions. When matters are at an early stage, there is typically the high degree of uncertainty associated with determining whether a present obligation exists and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better-defined set of possible outcomes. The calculation of potential losses takes generally into account possible scenarios of how the litigation would be resolved and their probability, considering the history of former verdicts and assessments by independent law firms. In certain cases, due to a short horizon of available historical data and significant uncertainty as to the direction of court decisions as well as the market conditions, the adopted methodology and assumptions may be subjects of updates in subsequent reporting periods. Details regarding provisions for legal cases and uncertainty of estimates are described in note (45.2) Provisions for pending legal disputes.

4.2.4. Lease contracts

The application of IFRS 16 requires Addiko Bank to make judgments that affect the valuation of lease liabilities and the valuation of right of use assets. The lease term determined by Addiko Bank comprises the non-cancellable periods of lease contracts, periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Bank is reasonably certain not to exercise that option. If there is a significant event or significant changes in circumstances within the Bank’s control, the lease terms are reassessed, especially with regards to extension or termination options. For lease contracts with indefinite term Addiko Bank estimates the length of the contract by using planning models.

The present value of the lease payments is determined using the incremental borrowing rate (discount rate) representing the risk-free rate, adjusted by country default swap rates to be applicable for the country and currency of the lease contract and for similar tenor, adjusted by add-on based on mid-to-long credit facilities. Addiko Bank secured interest rate curve reflects a loan-to-value ratio of 60%. In general, the determination of the discount rates is based on an arm’s length pricing principal.

For further details regarding the treatment of leasing contracts please refer to the note (17) Leases.

The other most significant uses of judgements, assumptions and estimates are described in the notes of the respective assets and liabilities and relate to:

- Classification of financial assets (business model assessment, SPPI assessment) – the note (11) Financial instruments

(5) Impact of climate change on financial statements

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

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

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

(6) Foreign currency translation

6.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the date of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates.

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

(7) Net interest income

7.1. Effective interest rate

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

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

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

For all financial instruments measured at amortised cost as well as interest-bearing financial assets measured at fair value through other comprehensive income and non-trading financial assets measured at fair value through profit or loss, interest income and interest expenses are recorded based on the effective interest rate.

7.2. Amortised cost and gross carrying amount

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

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

7.3. Calculation of interest income and expense

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

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

7.4. Presentation

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

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income;
- negative interest on financial liabilities measured at amortised cost and
- interest income on cash balances at central banks and other demand deposits.

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

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

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

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

(8) Net fee and commission income

Fee and commission income (other than those that are integral part of effective interest rate on a financial asset or financial liability are included in the effective interest rate) are accounted for in accordance with IFRS 15 Revenue from contracts with customer and are reported in “Net fee and commission income”.

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

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

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

- *Bancassurance*, representing commission income and expense from insurance brokerage.

The fees generated by the following products are recognised upon completion of the underlying transaction:
- *Transaction services*, representing fee income charged to clients for transactions performed (except credit cards) like payment order, standing order.
- *Cards*, representing fee income related to prepaid and credit cards and acquiring business like, interchange fees, scheme fees, service fees, etc.
- *FX & DCC*, representing fee income related to foreign exchange transactions like fees from FX spot transaction or Dynamic currency conversions.
- *Trade finance*, representing fee income earned from providing transaction services to third parties, such as arranging the acquisition of shares or other securities.

Other fee and commission expenses relate mainly to transaction and service fees which are expensed as the services are received. Fee and commission expenses includes in the position Client incentives sales incentives paid to Addiko employees based on the achievement of pre-defined sales targets.

In the note (26) Net fee and commission income the product view is used as a base for presentation.

(9) Net gains and losses from trading assets and liabilities

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

(10) Other operating income and other operating expenses

Other operating income and other operating expenses reflect all other income and expenses not directly attributable to ordinary activities as expenses for restructuring, gains and losses from sale of non-financial assets or income from operating lease assets.

(11) Financial instruments

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

11.1. Recognition and initial measurement

A financial instrument or financial liability is recognized when Addiko becomes a party to the contractual provisions of the instrument.

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

11.2. Classification

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

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

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

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

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

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

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

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

11.2.1. Business model assessment

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

- *Hold to collect:* a financial asset held with the objective to collect contractual cash flows.
- *Hold to collect and sell:* a financial asset held with the objective of both collecting the contractual cash flows and selling financial assets.

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

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

The following business models have been identified within Addiko Bank:

- The Bank’s Consumer and SME business comprises primarily loans to customers that are held for collecting contractual cash flows. In the Focus segment, the loans comprise unsecured lending and credit card facilities. Sales of loans from these portfolios are very rare and relate only to non-performing assets with the objective to keep the volume of non-performing assets below pre-defined limits, in line with the expectations of regulators. In the Non-focus segments, the loans comprise mortgage lending and loans to large corporate and public finance. Given the run-down strategy, these products are not being actively marketed.
- Certain debt securities are held within the “investment portfolio” for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.
- Certain other debt securities are held within the “liquidity portfolio” to meet everyday liquidity needs. The Treasury department seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank’s considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The Bank’s debt securities portfolio includes also a portfolio of instruments, which were purchased before 2022 under the strategy to both collect contractual cash flows and realise profits from increases in fair value. Such instruments, which were initially classified in the hold to collect and sell business model, are now managed based on the new treasury strategy to predominantly collect contractual cash flows. Despite the change in the strategy, these instruments continue to be measured in accordance with the original business model.

11.2.2. Contractual cash flow characteristics

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

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

Significant areas of judgements are unilateral changes in margins and interest rates, prepayment clauses, other contingent payment features, project financing and benchmark test for loans with interest mismatch features.

The SPPI compliance is assessed as follows:

- Unilateral changes of margins and interest rates: passing on costs related to the basic lending agreement, introducing the clauses designed to maintain a stable profit margin, and the changes of interest rates that reflect the worsening of the credit rating, are not SPPI harmful.
- Prepayment clauses: if the prepaid amount reflects the outstanding principal, interest and fees associated with the early redemption they are not critical. The prepayment fee has to be smaller than the loss of interest margin and loss of interest.
- Other contingent payment features: those could be typically side business clauses where the penalty represents the increased costs for risk monitoring or the reimbursement of lost profit which is associated with the triggering event. Such clauses are not SPPI harmful.
- Project financing: if there is no reference to the performance of the underlying business project and the borrower has adequate equity for the project to absorb losses before affecting ability to meet payments on the loan, it may pass the SPPI test.
- Loans with floating interest rates: if the loan contains interest mismatch features (fixation date is before the start of the period, reference rate's tenor is different to the rate reset frequency, etc.), it has to be assessed whether the time value of money element of interest has been significantly modified (whether the interest mismatch feature could result in contractual undiscounted cash flows that are significantly different from benchmark deal), and a quantitative benchmark test has to be performed.
- Financial instruments with environmental, social and governance (ESG) features that change contractual cash flows based on the borrower meeting certain contractually specified ESG targets: in case of issuance or acquisition of instruments with ESG feature, Addiko policy is first to verify if the effect of the ESG feature could only have a de minimis effect on the contractual cash flows of the loan, then the feature does not affect the classification of the loan. However, if the effect of the ESG feature could be more than de minimis, then the feature will assessed as to whether it is consistent with a basic lending arrangement and meet the SPPI criterion.

When performing the benchmark test, at the initial recognition, contractual undiscounted cash flows of financial instrument are compared with the benchmark cash flow, i.e. contractual undiscounted cash flows that would arise if the time value of money element was not modified. The effect of the modified time value of money element is considered in each reporting period and cumulatively over the lifetime of the financial instrument. The benchmark test is based on a range of reasonable scenarios. The appropriate comparable benchmark financial instrument is the one with the same credit quality and the same contractual terms except for the modification, either real existing or hypothetical asset. If an entity concludes that the contractual (undiscounted) cash flows could be significantly different (10% threshold) from the (undiscounted) benchmark cash flows (either periodical or cumulative), the financial asset does not meet the condition in the IFRS 9 paragraphs 4.1.2(b) and 4.1.2A(b) and therefore cannot be measured at amortised cost or at FVTOCI.

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

11.2.3. Reclassifications

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

11.3. Measurement

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

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

Interest income is presented in the line "Interest income calculated using the effective interest rate method". Expected credit losses are presented in the line "Impairment financial assets". The changes in fair value during the reporting period for debt instruments are presented in the line "Fair value reserve - debt instruments" in the statement of other comprehensive income.

For equity instruments that are not held for trading, entities can make an irrevocable election at initial recognition to classify the instruments at FVTOCI. This election is available for each separate investment. All subsequent changes in fair value are presented in the line "Fair value reserve - equity instruments" in the statement of other comprehensive income without recycling in the statement of profit or loss.

Addiko Bank designated at FVTOCI investments a small portfolio of equity instruments. This presentation alternative was chosen because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose these investments in the short or medium term.

Financial assets at fair value through profit or loss
Interest income from financial asset measured at fair value through profit or loss is presented in the line "Other interest income". Gains and losses from revaluation and derecognition are presented in the line "Net gains and losses from trading assets and liabilities”. Dividend income is presented in the line “Dividend income”.

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

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

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

11.4. Impairment

While applying the forward-looking ECL model, Addiko Bank recognises ECL and updates the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. Addiko estimates ECL based on reasonable and supportable information that includes historical, current and forecast information, thus considering possible future credit loss events in different scenarios.
The lifetime ECL is the expected present value of losses based on expectation of borrowers’ probability to default on their obligations at some time during the complete maturity of the financial assets with simultaneous consideration of probability of recovery (loss given default).

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;

- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: as the carrying amount of these assets is their fair value, loss allowances are recognised in OCI with opposite entry in the statement of profit or loss. Loss allowances are disclosed in note (39) Investment securities.

11.4.1. Overview ECL calculation

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

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

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

The PD (probability of default) parameters reflect the probability of default for a certain period of time. The PDs used for the ECL calculation are derived by models/methodology which were developed by Addiko Bank internal model development units. Generally, the models are country and segment specific whenever possible and plausible. For certain parts of the portfolio Bank wide models are applied to reflect data availability and portfolio characteristics. In certain cases, also external data from rating agencies is applied for the same reason. Methodology wise, an indirect modelling approach is chosen. This means that underlying existing Basel III methodology is used as a starting point and is adapted in a way to be fully IFRS 9 compliant. This includes the removal of any conservatism from the models, the inclusion of forward-looking point-in-time information within the methodology as well as the estimation of lifetime PD term structures.

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

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

Considering the ability of models to correctly capture the forward-looking information and predict the development of PDs, consequently development of ECL, Addiko regularly (quarterly) estimates the need to introduce or revoke post-model adjustments (“overlays”) into the ECL calculation with the aim to ensure that the risk is not underestimated while the models are adjusted. The process of estimation and introduction of such post-model adjustment (PMAs) is strongly governed. For end of year 2024, PMA is allocated to the sub-portfolio of retail clients, where insufficient data for precise estimate of PD on individual client level is available. The amount is estimated using the actual default rates of this sub-portfolio. The PMA is further granularly allocated to exposures of clients in this sub-portfolio, based on the individual client exposure.

11.4.2. *Significant increase in credit risk*

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

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

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

- 30 days past due: Addiko identifies a staging criterion trigger when contractual payments are more than 30 days past due.
- Forborne exposures are those exposures where Addiko has extended forbearance measures because of the debtor facing financial difficulties. Forbearance events may result in an exposure being classified as performing or non-performing which implies a stage transfer into stage 2 or 3.
- Further qualitative criteria in connection with the watchlist/early warning systems are reflected in the PD via the automatic downgrade of the non-retail clients (as incorporated within the rating models and processes)
- Additionally, specific staging triggers are defined for specific portfolios
- Significant adverse changes in the lifetime probability of default at the reporting date compared to the initial recognition of the exposure is considered a staging trigger, with significance being assessed as a threefold increase of PD. Due to limited timeseries there are cases where the rating at origination is not available. For such cases, a simplified proxy approach based on historically simulated ratings is used (PD at certain point in time is used as a proxy for the initial recognition) while additional mechanisms are applied to account for potential adverse effects resulting from this assumption.

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

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

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

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

The recovery from Stage 3 to Stage 2 and Stage 2 to Stage 1 is recognized when the indicators that trigger staging have been eliminated within a certain period to ensure that recovery is stable.

11.4.3. Forward-looking information

Addiko Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Bank has identified and documented key drivers of credit risk for each portfolio of financial instruments, incorporating historical data analysis and estimated relationships between macroeconomic variables and credit risk. These key drivers used for the analyses include in addition to other important factors the following major indicators: unemployment rates, GDP growth rates, real estate prices, industrial production. To account for the potential effect of climate-related and environmental risk on credit risk, Addiko considers the impact of transitional risks on the macroeconomic indicators. For this purpose the effect of a significant increase of carbon prices, which would be needed to meet “net-zero targets”, is simulated.

All variables incorporated are at country level (Slovenia specific) and portfolio level whenever possible and plausible.

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

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

11.4.4. Validation

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

Addiko Bank distinguishes between an initial and an ongoing validation:

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

In addition to the yearly process a close monthly monitoring is undertaken to ensure that portfolio and model developments are timely identified while already raised findings are timely tackled.

The validation is performed by an independent internal unit which delivers reports to Risk controlling unit, which after performed review, further delivers reports to management.

11.4.5. Write-offs

When Addiko Bank has no reasonable expectations of recovery, a write-off event occurs. A write-off constitutes a derecognition event typically triggered by concessions given to borrowers in significant financial difficulties and/or by the Bank's judgment that it is no longer reasonable to expect any recovery of that amount.

Write-off can be done only against already recognised ECL. The amount written off can be either a full write-off or a partial write-off.

In addition to the general derecognition criteria (see note 11.5 "Derecognition and contract modification") the following specific criteria fulfilment would lead to the derecognition of financial assets:

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

11.5. Derecognition and contract modification

A financial asset is derecognised when:

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

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

The following main criteria result in significant modifications:

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

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

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

For financial instruments in stage 1 and 2 measured at amortised costs, the unamortised balance of the origination fees and transaction costs considered in the effective interest rate is presented in the line "Net interest income" and for financial instruments in stage 3 measured at amortised costs, it is presented in the line "Impairment financial assets". The release of the credit loss allowances of the original asset and the recognition of credit loss allowance for the new asset are presented in the line "Impairment financial assets".

11.5.2. Insignificant modifications not leading to derecognition of financial assets

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(12) Fiduciary transactions

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

(13) Financial guarantees

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

(14) Cash and cash equivalents

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

The mandatory minimum reserve requirement is calculated from defined balance sheet items and has to be fulfilled in average through an extended period of time. Therefore, the minimum reserve requirement deposits are not subject to any restraints.

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

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

Property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. Scheduled depreciation is recorded on a straight-line basis over the expected useful life. Factors involved in determining the useful life include the asset's age when purchased, how frequently the asset will be used, technology changes and changes due to climate risks. The following depreciation rates and expected useful lives are used:

Depreciation rate	in percent	in years
for immovable assets (buildings)	2 - 4%	25 - 50 yrs
for movable assets (plant and equipment)	5 - 33%	3 - 20 yrs

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

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

Scheduled depreciation on property, plant and equipment used by Addiko Bank is reported separately under depreciation and amortisation in the income statement. Gains and losses on disposal of property, plant and equipment and investment properties are reported under "Net gain and losses on derecognition of non-financial assets".

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

(16) Intangible assets

Purchased software as well as prepayments made on intangible assets are reported under intangible assets. Expenditure on internally developed software is recognised as an asset when Addiko Bank is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. These assets are measured at cost less amortisation.

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

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

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

(17) Leases

17.1. Leases in which Addiko Bank is a lessee

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

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

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

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

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

17.2. Leases in which Addiko Bank is a lessor

Lessor accounting depends on which party bears the material opportunities and risks in the lease asset.

For the classification and recognition of leases as a lessor (as finance or operating lease), the economic effect of the lease contract prevails over the legal ownership of the leased asset.

Addiko Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Under operating leases, the lessor presents the leased assets at cost less scheduled depreciation over the useful life of the asset and less any impairment loss.

17.3. Presentation in the financial statements

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

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

(18) Tax assets and tax liabilities

Current and deferred income tax assets and liabilities are jointly reported in the statement of financial position under "Tax assets" and "Tax liabilities". Current income taxes are determined according to the tax law regulations of the country.

Deferred tax assets and liabilities are accounted for using the liability method, which compares the tax base of the items in the statement of financial position with the amounts stated pursuant to IFRS. In the case of expected taxable temporary differences, taxes are deferred. A deferred tax liability shall be recognised if the reversal of taxable temporary differences will lead to an effective tax burden. Deferred tax assets are recognised for taxable temporary differences that result in a tax credit when recovered. Deferred tax assets and deferred tax liabilities have been offset as required by IAS 12. The recognition of deferred tax is only allowed if there is convincing other evidence that sufficient taxable profits will be available.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. In accordance with IAS 12, non-current deferred taxes are not discounted. Deferred tax assets are recorded for tax loss carry-forwards if there is convincing evidence that future taxable profits will be available against which losses can be utilised. This assessment is made on tax plans which are based on business plans as agreed by the Management Board.

The recoverability of a deferred tax asset due to tax losses carried forward and taxable temporary differences is reviewed at the end of each reporting period. Recognition and reversal of tax assets and tax liabilities is recorded either in the income statement or in other comprehensive income, shown as a separate position.

(19) Other assets

Other assets mainly consist of prepayments and accruals.

Deferred assets are recognised at their nominal value.

(20) Non-current assets classified as held for sale

Pursuant to IFRS 5, an asset (or a disposal group) held for sale is classified as such if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Essential conditions that, cumulatively fulfilled, result in such a classification pursuant to IFRS 5.7 and 5.8 are:

- Immediate availability, i.e. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets,
- Commitment to a plan to sell the asset, active search to locate a buyer,
- High probability of sale,
- Sale within a period of twelve months.

If the requirements are met, the disposal item must thus be measured according to the special provisions under IFRS 5 as at the reporting date and written down to the lower of the carrying amount or the fair value less costs to sell.

The measurement requirements of IFRS 5 that refer to measurement of fair value less cost to sell shall not apply for financial assets previously treated in accordance with IFRS 9. Such financial assets continue to be measured in accordance with IFRS 9. Assets classified as held for sale and the associated liabilities are each recorded in a separate main item in the statement of financial position. Gains and losses from disposal for assets classified as held for sale and disposal groups are presented in "Net gains or losses from non-current assets held for sale".

(21) Provisions

21.1. Provisions for risks arising from the lending business

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

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

21.2. Provisions for legal disputes and other provisions

Provisions for legal disputes and other provisions are recorded if there is a present liability related to a past event towards a third party, if the assertion of the relevant claim is probable and if the amount of the claim can be determined reliably. If the time value of the money effect due to passage of time is material, then provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised as interest expense. The measurement of provisions for contingent liabilities and impending losses is based on reliable (best) estimates according to IAS 37.36 et seq. Provisions for legal cases include disputes with business partners, customers and external institutions, and are created based on an evaluation of the probability of a court case being lost by the Bank. In certain cases, the legal risk-related loss is calculated using statistical methods with the expected value being the sum of the products of the probabilities of specific litigation resolutions and the loss calculated for each scenario, taking into account alternative prediction methods with respect to the number of disputes within the relevant time horizon.

21.3. Provisions for retirement benefits and similar obligations

Addiko Bank maintains both defined contribution and defined benefit plans. Under defined contribution plans, a fixed contribution is paid to an external provider. These payments are recognised under personnel expenses in the income statement. Except for these, there are no further legal or other obligations on the part of the employer. Therefore, no provision is required.

Defined benefit obligations relate to pension commitments and severance obligations. These schemes are unfunded, i.e. all of the funds required for coverage remain within the Company.

Non-current personnel provisions are determined according to IAS 19 – Employee Benefits – using the projected unit credit method. The valuation of future obligations is based on actuarial opinions prepared by independent actuaries. The present value of the defined benefit obligation is reported in the statement of financial position. According to the provisions of IAS 19, the resulting actuarial gains and losses are recorded under equity in other comprehensive income without affecting profit or loss. The key parameters underlying the actuarial calculations for staff members in Slovenia are an actuarial interest rate of 3.15% as at 31 December 2024 (2023: 3.6%) and a salary increase of 3.5% p.a. (2023: 3.5% p.a.) for active staff members. Biometric basic data are taken into account using the generation mortality tables for salaried employees. Non-current personnel provisions are calculated on the basis of the earliest possible legal retirement age.

The expenditure to be recognised through profit or loss consists of service cost reported under personnel expenses and interest expense which is recorded as such; actuarial gains and losses are reported under equity in other comprehensive income without affecting profit or loss.

21.4. Provisions for restructuring

Provisions for restructuring are only recorded if the general criteria for recording provisions in accordance with IAS 37.72 are fulfilled. This requires the existence of a constructive obligation for the company, which is fulfilled by the existence of a formal, detailed restructuring plan and the announcement of the measures set out in this plan to those affected.

(22) Other liabilities

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

(23) Share-based payments

23.1. Cash-settled share-based payments

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

(24) Equity

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

Subscribed (registered) capital represents the amounts paid in by shareholder in accordance with the articles of association.

Capital reserve includes share premium which is the amount by which the issue price of the shares exceeded their nominal value. In addition, direct capital contributions are presented in this position.
Fair value reserve includes the measurement results – after taking deferred taxes into account – for the financial assets measured at fair value through other comprehensive income.

The cumulative result includes the cumulated profits generated by Addiko Bank.

Notes to the statement of comprehensive income

(25) Net interest income

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Interest income calculated using the effective interest method	**81,103**	**71,589**
Financial assets at fair value through other comprehensive income	422	555
Financial assets at amortised cost	74,799	66,083
Other assets	5,883	4,951
Other interest income	**801**	**1,036**
Financial assets held for trading	801	1,036
Total interest income	**81,905**	**72,625**
Financial liabilities measured at amortised cost	-19,646	-13,378
o/w lease liabilities	-89	-111
Financial liabilities held for trading	-782	-1,005
Other liabilities	-34	-42
Total interest expense	**-20,462**	**-14,426**
Net interest income	**61,443**	**58,199**

Interest income break down by instrument and sector as follows:

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Derivatives	**801**	**1,036**
Debt securities	**5,498**	**3,540**
Governments	4,650	2,790
Credit institutions	695	500
Non-financial corporations	152	251
Loans and advances	**69,722**	**63,098**
Governments	502	655
Credit institutions	189	728
Other financial corporations	357	306
Non-financial corporations	22,268	20,268
Households	46,407	41,140
Other assets	**5,883**	**4,951**
Total	**81,905**	**72,625**

Other assets includes cash balances at central banks and other demand deposits.

Interest expenses break down by instrument and sector as follows:

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Derivatives	**-782**	**-1,005**
Deposits	**-19,558**	**-13,265**
Governments	-206	-144
Credit institutions	-4,511	-3,253
Other financial corporations	-89	-113
Non-financial corporations	-2,641	-2,010
Households	-12,111	-7,744
Issued bonds, subordinated and supplementary capital	**0**	**-3**
Other liabilities	**-122**	**-153**
Total	**-20,462**	**-14,426**

(26) Net fee and commission income

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Accounts and Packages	5,772	5,229
Transactions	2,987	3,013
Cards	4,979	4,221
Foreign exchange & Dynamic currency conversion	73	70
Bancassurance	1,218	1,166
Loans	3,074	2,982
Trade finance	1,420	1,472
Deposits	1	7
Other	640	531
Fee and commission income	**20,164**	**18,690**
Cards	-2,321	-2,144
Transactions	-958	-869
Client incentives	0	-384
Securities	-11	-13
Accounts and Packages	-517	-640
Loans	-191	-180
Trade finance	-64	-40
Fee and commission expenses	**-4,062**	**-4,270**
Net fee and commission income	**16,101**	**14,421**

The fees and commission presented in this note include income of EUR 4,443 thousand (YE23 EUR 4,377 thousand) and expenses of EUR -86 thousand (YE23: EUR -53 thousand) relating to financial assets and liabilities not measured at FVTPL. The fees and commission include EUR 18,206 thousand (2023: EUR 16,342 thousand) from contracts with customers in the scope of IFRS 15 Revenues from Contracts with Customers and EUR 1,958 thousand (2023: EUR 2,348 thousand) from financial guarantees contracts and loan commitments.

(27) Net result on financial instruments

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Foreign exchange	-339	1,408
Held for trading financial instruments	900	-736
Total	**561**	**672**

27.1. Gains or losses from trading assets and liabilities, net - by instrument

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Derivatives	724	-718
Other financial liabilities	176	-17
Total	**900**	**-736**

The "derivatives" item shows the net losses arising from foreign exchange and interest rate swaps and foreign exchange futures and options.

27.2. Gains or losses from trading assets and liabilities, net - by risk

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Interest rate instruments and related derivatives	-11	-13
Foreign exchange trading and derivatives related to foreign exchange and gold	911	-723
Total	**900**	**-736**

(28) Other operating income and other operating expense

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Other operating income	**1,348**	**1,155**
Direct income arising from legal cases	7	55
Investment property	208	191
Other income	1,133	909
Other operating expenses	**-300**	**-627**
Other expenses	-300	-627
Total	**1,048**	**528**

(29) Personnel expenses

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Wages and salaries	-13,570	-11,782
Social security contribution	-1,046	-970
Variable remuneration	-1,250	-865
Bonuses	-647	-702
Sales Incentive	-388	0
Cash-settled share-based payments	-215	-163
Voluntary social expenses	-2,346	-2,535
Expenses for retirement benefits	-1,142	-1,044
Expenses for severance payments	-260	0
Other personnel expenses	-36	-24
Total	**-19,649**	**-17,220**

Certain incentives are paid to Addiko sales employees based on the achievement of pre-defined targets. For the year 2023 sales incentive were presented under Fees and commission expenses. In 2024 such incentives were disclosed under personnel expenses. Considering EUR -388 thousand sales incentives paid during 2024 (YE23: -348 thousand) the overall personnel expenses would amount to EUR -19,649 thousand (YE23: EUR -17,568 thousand).

(30) Other administrative expenses

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
IT expense	-4,400	-4,443
Premises expenses (rent and other building expenses)	-2,086	-2,269
Legal and advisory costs	-1,600	-1,594
Advertising costs	-1,484	-1,265
Banking levies and other taxes	-3,506	-612
Other administrative expenses	-2,153	-2,131
Total	**-15,229**	**-12,312**

The **increase of banking levies and other taxes is due to balance sheet tax, implemented in 2024.**

(31) Recovery and resolution fund

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Recovery and resolution fund	0	-102
Deposit guarantee	-942	-622
Total	**-942**	**-724**

(32) Depreciation and amortisation

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Property, plant and equipment	-2,189	-1,896
o/w Right of use assets	-1,132	-1,141
Investment properties	-189	-195
Intangible assets	-730	-913
Total	**-2,920**	**-3,004**

(33) Provisions for other liabilities and charges

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Net result from legal provision	**-6,107**	**-3,714**
Release of provisions for legal cases	0	25
Allocation of provisions for legal cases	-6,107	-3,739
Net result from restructuring provision	**11**	**0**
Release of provisions for restructuring	11	0
Net result from operational risk provisions	**490**	**-1,512**
Release of provisions for operational risk	700	0
Allocation of provisions for operational risk	-210	-1,512
Total	**-5,607**	**-5,226**

The net result from legal cases amounting to EUR -6,107 thousand during the year 2024 (2023: EUR 3,714 thousand) was mainly impacted by credit linked and portfolio based provisions for expected legal matters on Swiss franc denominated loans. Further details regarding provisions for legal cases are included in note (45.2) Provisions for pending legal disputes.

The net result from operational risk amounting to EUR 490 thousand during the year 2024 (2023: EUR -1,512 thousand) includes provisions connected with proportional fee reimbursements in Slovenia in case of early loan repayments ("Lexitor case") and expenses in connection with customer-related operational risk cases.

(34) Expected credit loss expenses on financial assets

Expected credit loss expenses of impairment on financial assets measured at fair value through other comprehensive income, at amortised cost and financial guarantees and commitments breaks down as follows:

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Change in CL on financial instruments at FVTOCI	**57**	**-23**
Change in CL on financial instruments at amortised cost	**-18,781**	**-10,857**
Net allocation to risk provision	-20,929	-12,584
Proceeds from loans and advances previously written-off	2,166	1,757
Write off directly to the statement of profit and loss	-18	-30
Net allocation of provisions for commitments and guarantees given	**-149**	**1,425**
Total	**-18,873**	**-9,455**

(35) Taxes on income

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2023
Current tax	-1,623	-2,393
Deferred tax	-1,087	2,534
thereof: temporary differences	-88	6
thereof: tax losses carried forward	-999	2,529
Total	**-2,709**	**141**

Taxes on income increased to EUR –2.709 thousand in 2024 compared to EUR 141 thousand in 2023. The development reflects the lower corporate income tax due to lower profit in 2024 and lower deferred tax assets on existing taxable losses and the temporary increase in the corporate tax rate in Slovenia, as approved by the Slovenian parliament in 2023, from 19% to 22% for the years 2024 to 2028.

35.1. Reconciliation of effective tax rate

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

EUR thousand

	01.01. - 31.12.2024	01.01. - 31.12.2024	01.01. - 31.12.2023	01.01. - 31.12.2023
Profit before tax		**15,947**		**25,800**
Theoretical income tax expense based on Slovenian corporate tax rate	22.0%	3,508	19.0%	4,902
Tax effects of:				
from foreign income and other tax-exempt income	-0.3%	-46	0.1%	-21
from investment related tax relief and other reducing the tax burden	-12.5%	-1,990	-10.3%	-2,664
from tax non-deductible expenses	0.9%	151	0.7%	177
Recognition of previously unrecognised tax losses and re-assess-ment of related DTA	6.3%	999	-9.8%	-2,529
Recognition/non-recognition of temporary differences	-0.6%	88	-0.0%	-6
Actual income tax (effective tax rate)	**17.0%**	**2,709**	**-0.5%**	**-141**

In 2024, the income tax was EUR 2,709 thousand (2023: EUR -141 thousand).

In the current tax, item tax non-deductible income arises from the disposal (utilisation) of provisions. The majority of tax non-deductible expenses is represented by the expenses arising from the impairment of investments, expenses for providing bonuses and other payments related to employment.

In 2024, when calculating corporate income tax, the Bank took into account EUR 9,076 thousand (2023: EUR 14,022 thousand) of tax deductions arising from transferred tax loss, investment relief, relief from the employment of disabled people, relief for voluntary supplementary pension insurance and donation relief. The Bank was able to take into account EUR 8,211 thousand (2023: EUR 13,302 thousand) of tax relief from transferred tax loss.

The effective tax rate for 2024 stood at 17.0% (2023: -0.5%). The increase is due to lower recognition of previously unrecognised tax losses, due to lower expected profits in future years.

35.2. Movements in deferred tax balances

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

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

EUR thousand

				Balance at 31 December		
2024	Net bal-ance 01.01.	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabili-ties
Financial assets designated at FVTPL	255	0	0	255	255	0
Financial assets at fair value through other comprehensive income	756	-11	-372	373	373	0
Tangible assets	70	-70	0	0	0	0
Provisions	66	-7	0	59	59	0
Tax losses carried forward	13,780	-999	0	12,782	12,782	0
Tax assets (liabilities) before set-off	**14,928**	**-1,087**	**-372**	**13,469**	**13,469**	**0**
Tax assets (liabilities)	**14,928**	**-1,087**	**-372**	**13,469**	**13,469**	**0**

EUR thousand

2023	Net balance 01.01.	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Financial assets designated at FVTPL	220	35	0	255	255	0
Financial assets at fair value through other comprehensive income	1,208	12	-464	756	756	0
Tangible assets	102	-32	0	70	70	0
Provisions	75	-9	0	66	66	0
Tax losses carried forward	11,252	2,528	0	13,780	13,780	0
Tax assets (liabilities) before set-off	**12,857**	**2,534**	**-464**	**14,928**	**14,928**	**0**
Tax assets (liabilities)	**12,857**	**2,534**	**-464**	**14,928**	**14,928**	**0**

The total change in deferred taxes in the financial statements is EUR -1,458 thousand (2023: EUR 2,070 thousand). Of this, EUR -1,087 thousand (2023: EUR 2,534 thousand) is reflected in the current income statement as deferred tax income and an amount of EUR -372 thousand (2023: EUR -464 thousand) is shown in other comprehensive income in equity.

35.3. Unrecognized deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probably that future taxable profits will be available in the next 5 years against which Addiko Bank can use the benefit therefrom.

EUR thousand

	2024		2023	
	Gross amounts	Tax effect	Gross amounts	Tax effect
Deductible temporary differences	0	0	0	0
Tax losses	75,163	16,536	80,714	17,757
Total	**75,163**	**16,536**	**80,714**	**17,757**

35.4. Tax losses carried forward

In November 2024, the Slovenian parliament approved an amendment of the Corporate Income Tax Act, introducing – among other things – a five-year limit on the carry forward of tax losses (the possibility to carry forward tax losses was previously unlimited). The measures are applicable from 1 January 2025. As the utilisation period considered by Addiko is five years, the approval of the law had no impacts on the 2024 financial statements, however it had an impact on the ability to fully utilise the existing taxable losses of EUR 135.1 million (2023: EUR 143.3 million).

In 2024, DTA arising from the carry-forward of taxable losses amounted to EUR 12,782 thousand (YE23: EUR 13,780 thousand). Additional DTA from the carry-forward of taxable losses of EUR 16,536 thousand (2023: EUR 17,757 thousand) could not be recognised, because it is not probable that the entity will generate enough taxable profits in the future five years to entirely utilise the existing taxable losses. The DTA amount recognised in 2024 is based on the corporate tax rate, applied to the five-year tax plan of the Slovenian subsidiary and taking into consideration that the use of tax loss is limited to 50% of the actual tax base. Due to some uncertainties regarding external factors (regulatory environment, market situation, etc.), a lower range of expected outcomes was considered for the purposes of the deferred tax assets calculation.

35.5. Uncertainty over income tax treatments

Addiko Bank considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Bank determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. However, due to the fact that Addiko Bank is subject to a large number of tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and enforced by political divisions, there is a risk that tax audits could, on account of diverging interpretations, result in assessments of tax deficiencies, which could require Addiko Bank to pay additional taxes not previously expected.

At the moment there are no ongoing disputes with local tax authorities.

Addiko Bank believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

35.6. Global minimum tax

To address concerns about uneven profit distribution and tax contributions of large multinational groups, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. Following the draft legislative framework released by the Organisation for Economic Cooperation and Development (OECD) in December 2021, and the related detailed guidance in March 2022, the EU Council approved Directive 2022/2523 in December 2022. This directive was transposed into Slovene legislation through the Minimum Tax Act and came into effect at the beginning of 2024.

In scope are large company groups reaching a minimum of EUR 750 million in net sales in at least two of the last four financial years, irrespective whether it is a solely domestic or a multinational company group. Addiko Bank was not exceeding in the previous years the above-mentioned thresholds and for this reason it is currently not subject to the top-up tax.

Notes to the statement of financial position

(36) Cash, cash balances at central banks and other demand deposits at banks

EUR thousand

31.12.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash on hand	9,159	0	9,159
Cash balances at central banks	126,158	0	126,158
Other demand deposits at banks	3,559	-3	3,556
Total	**138,876**	**-3**	**138,873**

EUR thousand

31.12.2023	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash on hand	8,889	0	8,889
Cash balances at central banks	214,108	0	214,108
Other demand deposits at banks	2,394	-14	2,380
Total	**225,391**	**-14**	**225,377**

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

The cash balances at central banks include EUR 9,972 thousand (YE23: EUR 10,319 thousand) minimum reserves which was holding at the reporting date in current accounts at national central bank in order to meet on average during the maintenance period the prescribed requirements.

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

EUR thousand

2024	Stage 1
Gross carrying amount at 01.01.2024	**216,502**
Changes in the gross carrying amount of existing assets	-86,785
Gross carrying amount at 31.12.2024	**129,717**

EUR thousand

2023	Stage 1
Gross carrying amount at 01.01.2023	**172,981**
Changes in the gross carrying amount of existing assets	43,521
Gross carrying amount at 31.12.2023	**216,502**

36.2. Cash balances at central banks and other demand deposits at banks – development of ECL allowance

EUR thousand

2024	Stage 1
ECL allowance as at 01.01.2024	**-14**
New remeasurement of loss allowance	11
ECL allowance as at 31.12.2024	**-3**

EUR thousand

2023	Stage 1
ECL allowance as at 01.01.2023	**-7**
New remeasurement of loss allowance	-7
ECL allowance as at 31.12.2023	**-14**

(37) Financial assets held for trading

EUR thousand

	31.12.2024	31.12.2023
Derivatives	992	1,382
Total	**992**	**1,382**

(38) Loans and advances and other financial assets

Addiko Bank measures all loans and advances at amortised cost.

38.1. Loans and advances and other financial assets to credit institutions

EUR thousand

31.12.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances	380	0	380
Other financial assets	172	0	172
Total	**552**	**0**	**552**

EUR thousand

31.12.2023	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances	50,864	-188	50,676
Other financial assets	226	0	226
Total	**51,090**	**-188**	**50,902**

Loans and advances and other financial assets to credit institutions – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**51,090**	**0**	**0**	**0**	**51,090**
New financial assets originated or purchased	380	0	0	0	380
Financial assets that have been derecognised	-50,969	0	0	0	-50,969
Changes in the gross carrying amount of existing assets	4	0	0	0	4
Foreign exchange and other movements	47	0	0	0	47
Gross carrying amount at 31.12.2024	**552**	**0**	**0**	**0**	**552**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**50,764**	**0**	**0**	**0**	**50,764**
New financial assets originated or purchased	1	0	0	0	1
Financial assets that have been derecognised	-1	0	0	0	-1
Changes in the gross carrying amount of existing assets	326	0	0	0	326
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2023	**51,090**	**0**	**0**	**0**	**51,090**

Loans and advances and other financial assets to credit institutions - development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-188**	**0**	**0**	**0**	**-188**
New remeasurement of loss allowance	188	0	0	0	**188**
Increases due to origination and acquisition	0	0	0	0	**0**
ECL allowance as at 31.12.2024	**0**	**0**	**0**	**0**	**0**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-35**	**0**	**0**	**0**	**-35**
New remeasurement of loss allowance	-151	0	0	0	**-151**
Increases due to origination and acquisition	-1	0	0	0	-1
ECL allowance as at 31.12.2023	**-188**	**0**	**0**	**0**	**-188**

38.2. Loans and advances and other financial assets to customers

EUR thousand

31.12.2024	Gross carrying amount	ECL allowance				Carrying amount (net)
		Stage 1	Stage 2	Stage 3	POCI	
Loans and advances	**1,026,374**	**-7,516**	**-8,461**	**-24,253**	**0**	**986,144**
Households	647,389	-4,080	-5,570	-12,232	0	625,507
Non-financial corporations	370,684	-3,365	-2,868	-12,021	0	352,430
Governments	3,769	-5	0	0	0	3,764
Other financial corporations	4,533	-66	-23	-1	0	4,443
Other financial assets	**802**	**-2**	**-1**	**-16**	**0**	**784**
Households	20	0	0	0	0	20
Non-financial corporations	272	-1	-1	-16	0	255
Governments	170	-1	0	0	0	169
Other financial corporations	339	0	0	0	0	338
Total	**1,027,176**	**-7,518**	**-8,461**	**-24,269**	**0**	**986,928**

EUR thousand

31.12.2023	Gross carrying amount	ECL allowance				Carrying amount (net)
		Stage 1	Stage 2	Stage 3	POCI	
Loans and advances	**1,010,535**	**-4,249**	**-9,516**	**-19,036**	**0**	**977,734**
Households	614,276	-2,413	-5,703	-8,485	0	597,674
Non-financial corporations	385,118	-1,823	-3,759	-10,544	0	368,993
Governments	6,488	-5	0	0	0	6,484
Other financial corporations	4,653	-8	-54	-7	0	4,584
Other financial assets	**795**	**0**	**-63**	**-13**	**0**	**718**
Households	16	0	0	0	0	16
Non-financial corporations	268	0	0	-13	0	255
Governments	210	0	-63	0	0	147
Other financial corporations	301	0	0	0	0	301
Total	**1,011,330**	**-4,249**	**-9,580**	**-19,049**	**0**	**978,453**

Loans and advances and other financial assets to customers – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**842,358**	**146,900**	**22,071**	**0**	**1,011,330**
New financial assets originated or purchased	374,874	2,623	0	0	377,497
Financial assets that have been derecognised	-93,702	-12,995	-1,343	0	-108,040
Changes in the gross carrying amount of existing assets	-201,802	-34,877	-1,484	0	-238,163
Transfer between stages	-25,893	338	25,555	0	0
Write-offs/utilisation	-15	-5	-12,562	0	-12,582
Changes due to modifications that did not result in de-recognition	-43	34	11	0	2
Foreign exchange and other movements	2	0	-2,872	0	-2,869
Gross carrying amount at 31.12.2024	**895,779**	**102,019**	**29,377**	**0**	**1,027,176**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**823,864**	**121,108**	**23,105**	**0**	**968,077**
New financial assets originated or purchased	324,634	2,699	0	0	327,333
Financial assets that have been derecognised	-68,871	-7,795	-1,357	0	-78,023
Changes in the gross carrying amount of existing assets	-171,685	-23,427	-1,036	0	-196,148
Transfer between stages	-65,520	54,384	11,136	0	0
Write-offs/utilisation	-25	-4	-7,562	0	-7,591
Changes due to modifications that did not result in de-recognition	-39	-65	1	0	-103
Foreign exchange and other movements	0	0	-2,215	0	-2,215
Gross carrying amount at 31.12.2023	**842,358**	**146,900**	**22,071**	**0**	**1,011,330**

Loans and advances and other financial assets to customers – development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-4,249**	**-9,580**	**-19,049**	**0**	**-32,877**
New remeasurement of loss allowance	6,424	-7,902	-19,468	0	-20,946
Increases due to origination and acquisition	-3,047	-256	0	0	-3,303
Decreases due to derecognition	558	1,491	1,080	0	3,129
Transfer between stages	-7,214	7,785	-571	0	0
Write-offs/utilisation	9	1	12,553	0	12,564
Changes due to modifications that did not result in de-recognition	0	-2	0	0	-2
Foreign exchange and other movements	1	0	1,187	0	1,188
ECL allowance as at 31.12.2024	**-7,517**	**-8,462**	**-24,269**	**0**	**-40,248**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-2,817**	**-10,470**	**-15,136**	**0**	**-28,424**
New remeasurement of loss allowance	6,673	-4,033	-14,260	0	-11,620
Increases due to origination and acquisition	-1,936	-209	0	0	-2,146
Decreases due to derecognition	231	494	641	0	1,365
Transfer between stages	-6,406	4,638	1,768	0	0
Write-offs/utilisation	7	1	7,552	0	7,561
Changes due to modifications that did not result in de-recognition	0	0	0	0	0
Foreign exchange and other movements	0	0	386	0	386
ECL allowance as at 31.12.2023	**-4,249**	**-9,580**	**-19,049**	**0**	**-32,877**

38.2.1. LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS TO HOUSEHOLDS

Loans and advances and other financial assets to households – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**502,454**	**101,293**	**10,545**	**0**	**614,292**
New financial assets originated or purchased	223,587	2,085	0	0	225,672
Financial assets that have been derecognised	-67,307	-6,584	-931	0	-74,822
Changes in the gross carrying amount of existing assets	-87,728	-20,539	-977	0	-109,244
Transfer between stages	-3,324	-11,293	14,617	0	0
Write-offs/utilisation	-12	-3	-5,088	0	-5,103
Changes due to modifications that did not result in de-recognition	-42	4	0	0	-38
Foreign exchange and other movements	-353	-137	-2,859	0	-3,348
Gross carrying amount at 31.12.2024	**567,274**	**64,827**	**15,308**	**0**	**647,409**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**476,467**	**88,890**	**8,371**	**0**	**573,727**
New financial assets originated or purchased	189,276	2,336	0	0	191,612
Financial assets that have been derecognised	-55,191	-6,416	-442	0	-62,049
Changes in the gross carrying amount of existing assets	-67,807	-15,404	-387	0	-83,598
Transfer between stages	-40,262	31,881	8,381	0	0
Write-offs/utilisation	-21	-3	-3,182	0	-3,206
Changes due to modifications that did not result in de-recognition	-9	9	2	0	2
Foreign exchange and other movements	0	0	-2,196	0	-2,196
Gross carrying amount at 31.12.2023	**502,454**	**101,293**	**10,545**	**0**	**614,292**

Loans and advances and other financial assets to households – development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-2,413**	**-5,703**	**-8,485**	**0**	**-16,602**
New remeasurement of loss allowance	6,308	-6,079	-11,695	0	**-11,466**
Increases due to origination and acquisition	-1,825	-189	0	0	**-2,014**
Decreases due to derecognition	318	345	674	0	**1,337**
Transfer between stages	-6,480	6,045	435	0	**0**
Write-offs/utilisation	8	1	5,079	0	**5,089**
Changes due to modifications that did not result in de-recognition	0	0	0	0	**0**
Foreign exchange and other movements	4	11	1,760	0	**1,774**
ECL allowance as at 31.12.2024	**-4,080**	**-5,570**	**-12,232**	**0**	**-21,882**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-1,778**	**-5,222**	**-6,507**	**0**	**-13,507**
New remeasurement of loss allowance	3,950	-3,559	-7,158	0	**-6,767**
Increases due to origination and acquisition	-1,244	-189	0	0	**-1,433**
Decreases due to derecognition	205	312	325	0	**842**
Transfer between stages	-3,553	2,953	600	0	**0**
Write-offs/utilisation	7	1	3,178	0	**3,186**
Changes due to modifications that did not result in de-recognition	0	0	0	0	**0**
Foreign exchange and other movements	0	0	1,077	0	**1,077**
ECL allowance as at 31.12.2023	**-2,413**	**-5,703**	**-8,485**	**0**	**-16,602**

Overall gross carrying amount increased during the year 2024, mostly through disbursements of new loans – outperforming the repayments and write offs – accompanied by slightly increasing ECL stock for performing portfolio despite decreasing coverage on total portfolio mainly driven by write off/utilisation.

38.2.2. LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS TO NON-FINANCIAL CORPORATIONS

Loans and advances and other financial assets to non-financial corporations – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**330,115**	**43,752**	**11,519**	**0**	**385,386**
New financial assets originated or purchased	150,641	538	0	0	151,179
Financial assets that have been derecognised	-25,796	-6,407	-413	0	-32,616
Changes in the gross carrying amount of existing assets	-111,517	-14,001	-505	0	-126,023
Transfer between stages	-23,651	12,713	10,938	0	0
Write-offs/utilisation	-3	-2	-7,469	0	-7,475
Changes due to modifications that did not result in derecognition	-1	29	11	0	40
Foreign exchange and other movements	343	134	-13	0	464
Gross carrying amount at 31.12.2024	**320,132**	**36,756**	**14,068**	**0**	**370,955**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**332,995**	**32,210**	**14,734**	**0**	**379,939**
New financial assets originated or purchased	134,356	363	0	0	134,719
Financial assets that have been derecognised	-13,465	-1,379	-915	0	-15,759
Changes in the gross carrying amount of existing assets	-99,923	-8,435	-651	0	-109,009
Transfer between stages	-23,815	21,068	2,748	0	0
Write-offs/utilisation	-4	-1	-4,377	0	-4,382
Changes due to modifications that did not result in derecognition	-29	-75	0	0	-104
Foreign exchange and other movements	0	0	-19	0	-19
Gross carrying amount at 31.12.2023	**330,115**	**43,752**	**11,519**	**0**	**385,386**

Loans and advances and other financial assets to non-financial corporations – development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-1,823**	**-3,758**	**-10,557**	**0**	**-16,138**
New remeasurement of loss allowance	91	-1,837	-7,775	0	**-9,522**
Increases due to origination and acquisition	-1,216	-68	0	0	**-1,284**
Decreases due to derecognition	239	1,146	405	0	**1,791**
Transfer between stages	-655	1,661	-1,006	0	**0**
Write-offs/utilisation	1	0	7,469	0	**7,471**
Changes due to modifications that did not result in de-recognition	0	-1	0	0	**-2**
Foreign exchange and other movements	-3	-11	-572	0	**-586**
ECL allowance as at 31.12.2024	**-3,366**	**-2,868**	**-12,036**	**0**	**-18,270**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-1,020**	**-5,249**	**-8,628**	**0**	**-14,897**
New remeasurement of loss allowance	2,714	-359	-7,095	0	**-4,740**
Increases due to origination and acquisition	-687	-20	0	0	**-707**
Decreases due to derecognition	25	182	316	0	**523**
Transfer between stages	-2,856	1,687	1,168	0	**0**
Write-offs/utilisation	0	0	4,371	0	**4,372**
Changes due to modifications that did not result in derecognition	0	0	0	0	**0**
Foreign exchange and other movements	0	0	-690	0	**-690**
ECL allowance as at 31.12.2023	**-1,823**	**-3,758**	**-10,557**	**0**	**-16,138**

Overall gross carrying amount of loans and advances to non-financial corporations decreased during 2024 accompanied by a concurrent increase in ECL in stage 3 (increasing ECL coverage for stage 3), and minor increase of absolute ECL amount in performing portfolio.

38.2.3. LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS TO GENERAL GOVERNMENTS

Loans and advances and other financial assets to general governments – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**6,568**	**130**	**0**	**0**	**6,698**
New financial assets originated or purchased	1	0	0	0	1
Financial assets that have been derecognised	-572	0	0	0	-572
Changes in the gross carrying amount of existing assets	-2,106	-59	0	0	-2,165
Transfer between stages	72	-72	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0
Foreign exchange and other movements	-23	0	0	0	-23
Gross carrying amount at 31.12.2024	**3,939**	**0**	**0**	**0**	**3,939**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**9,827**	**0**	**0**	**0**	**9,827**
New financial assets originated or purchased	0	0	0	0	0
Financial assets that have been derecognised	-121	0	0	0	-121
Changes in the gross carrying amount of existing assets	-3,050	42	0	0	-3,007
Transfer between stages	-88	88	0	0	0
Changes due to modifications that did not result in derecognition	-1	0	0	0	-1
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2023	**6,568**	**130**	**0**	**0**	**6,698**

Loans and advances and other financial assets to general governments – development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-5**	**-63**	**0**	**0**	**-68**
New remeasurement of loss allowance	34	29	0	0	**63**
Transfer between stages	-35	35	0	0	**0**
ECL allowance as at 31.12.2024	**-6**	**0**	**0**	**0**	**-6**

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-8**	**0**	**0**	**0**	**-8**
New remeasurement of loss allowance	3	-63	0	0	**-60**
Transfer between stages	0	0	0	0	**0**
ECL allowance as at 31.12.2024	**-5**	**-63**	**0**	**0**	**-68**

The overall gross carrying amount of loans and advances to general governments decreased during 2024 accompanied by decrease in ECL in stage 2.

38.2.4. LOANS AND ADVANCES AND OTHER FINANCIAL ASSETS TO OTHER FINANCIAL CORPORATIONS

Loans and advances and other financial assets to other financial corporations – development of gross carrying amount

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**3,221**	**1,725**	**7**	**0**	**4,953**
New financial assets originated or purchased	645	0	0	0	645
Financial assets that have been derecognised	-26	-4	0	0	-30
Changes in the gross carrying amount of existing assets	-451	-278	-2	0	-731
Transfer between stages	1,010	-1,010	0	0	0
Write-offs/utilisation	0	0	-4	0	-4
Foreign exchange and other movements	35	3	0	0	38
Gross carrying amount at 31.12.2024	**4,435**	**436**	**1**	**0**	**4,872**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**4,576**	**8**	**0**	**0**	**4,584**
New financial assets originated or purchased	1,002	0	0	0	1,002
Financial assets that have been derecognised	-94	0	0	0	-94
Changes in the gross carrying amount of existing assets	-906	369	2	0	-535
Transfer between stages	-1,355	1,348	7	0	0
Write-offs/utilisation	0	0	-3	0	-3
Foreign exchange and other movements	0	0	0	0	0
Gross carrying amount at 31.12.2023	**3,221**	**1,725**	**7**	**0**	**4,953**

Loans and advances and other financial assets to other financial corporations – development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-7**	**-54**	**-7**	**0**	**-69**
New remeasurement of loss allowance	-9	-14	2	0	**-21**
Increases due to origination and acquisition	-5	0	0	0	**-5**
Transfer between stages	-45	45	0	0	**0**
Write-offs/utilisation	0	0	4	0	**4**
Foreign exchange and other movements	0	0	0	0	**0**
ECL allowance as at 31.12.2024	**-66**	**-23**	**-1**	**0**	**-91**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-11**	**0**	**0**	**0**	**-12**
New remeasurement of loss allowance	6	-52	-8	0	**-54**
Increases due to origination and acquisition	-6	0	0	0	**-6**
Transfer between stages	3	-2	0	0	**0**
Write-offs/utilisation	0	0	3	0	**3**
Foreign exchange and other movements	0	0	-1	0	**-1**
ECL allowance as at 31.12.2023	**-7**	**-54**	**-7**	**0**	**-69**

The overall gross carrying amount of loans and advances to other financial corporations decreased during 2024 accompanied by increase in ECL in stage 1, which is predominantly resulting out of provision requirements for big tickets.

(39) Investment securities

EUR thousand

	31.12.2024	31.12.2023
Fair value through other comprehensive income (FVTOCI)	53,979	54,192
Mandatorily at fair value through profit or loss (FVTPL)	313	313
At amortised cost	169,185	111,820
Total	**223,477**	**166,325**

39.1. Investment securities measured at fair value through other comprehensive income (FVTOCI)

EUR thousand

	31.12.2024	31.12.2023
Debt securities	**40,421**	**41,098**
Governments	23,609	22,760
Credit institutions	16,812	16,336
Non-financial corporations	0	2,002
Equity instruments	**13,558**	**13,094**
Governments	13,558	13,094
Total	**53,979**	**54,192**

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

EUR thousand

	31.12.2024	31.12.2023
Slovenian Bank Resolution Fund	13,558	13,094
Total	**13,558**	**13,094**

Investment securities – development of gross carrying amount (Debt Securities)

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**44,454**	**0**	**0**	**0**	**44,454**
Financial assets that have been derecognised	-2,066	0	0	0	**-2,066**
Changes in the gross carrying amount of existing assets	104	0	0	0	**104**
Gross carrying amount at 31.12.2024	**42,492**	**0**	**0**	**0**	**42,492**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**61,193**	**0**	**0**	**0**	**61,193**
Financial assets that have been derecognised	-16,433	0	0	0	**-16,433**
Changes in the gross carrying amount of existing assets	-306	0	0	0	**-306**
Gross carrying amount at 31.12.2023	**44,454**	**0**	**0**	**0**	**44,454**

Investment securities - development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-71**	**0**	**0**	**0**	**-71**
New remeasurement of loss allowance	56	0	0	0	**56**
Decreases due to derecognition	1	0	0	0	1
ECL allowance as at 31.12.2024	**-13**	**0**	**0**	**0**	**-13**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-47**	**0**	**0**	**0**	**-47**
New remeasurement of loss allowance	-27	0	0	0	**-27**
Decreases due to derecognition	4	0	0	0	**4**
ECL allowance as at 31.12.2023	**-71**	**0**	**0**	**0**	**-71**

39.2. Investment securities measured mandatorily at fair value through profit or loss (FVTPL)

EUR thousand

	31.12.2024	31.12.2023
Equity instruments	**313**	**313**
Non-financial corporations	313	313
Total	**313**	**313**

39.3. Investment securities measured at amortised cost

EUR thousand

	31.12.2024	31.12.2023
Debt securities	**169,185**	**111,820**
Governments	157,523	98,454
Credit institutions	8,340	10,406
Non-financial corporations	3,321	2,961
Total	**169,185**	**111,820**

Investment securities - development of gross carrying amount (Debt Securities)

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2024	**111,846**	**0**	**0**	**0**	**111,846**
New financial assets originated or purchased	100,414	0	0	0	100,414
Financial assets that have been derecognised	-49,050	0	0	0	-49,050
Changes in the gross carrying amount of existing assets	6,006	0	0	0	6,006
Gross carrying amount at 31.12.2024	**169,216**	**0**	**0**	**0**	**169,216**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at 01.01.2023	**62,939**	**0**	**0**	**0**	**62,939**
New financial assets originated or purchased	67,156	0	0	0	67,156
Financial assets that have been derecognised	-19,988	0	0	0	-19,988
Changes in the gross carrying amount of existing assets	1,738	0	0	0	1,738
Gross carrying amount at 31.12.2023	**111,846**	**0**	**0**	**0**	**111,846**

Investment securities - development of ECL allowance

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-25**	**0**	**0**	**0**	**-25**
New remeasurement of loss allowance	11	0	0	0	**11**
Increases due to origination and acquisition	-19	0	0	0	**-19**
Decreases due to derecognition	3	0	0	0	**3**
ECL allowance as at 31.12.2024	**-31**	**0**	**0**	**0**	**-31**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-1**	**0**	**0**	**0**	**-1**
New remeasurement of loss allowance	2	0	0	0	**2**
Increases due to origination and acquisition	-27	0	0	0	**-27**
Decreases due to derecognition	0	0	0	0	**0**
ECL allowance as at 31.12.2023	**-25**	**0**	**0**	**0**	**-25**

(40) Tangible assets

EUR thousand

	31.12.2024	31.12.2023
Owned property, plant and equipment	**2,802**	**3,135**
Land and buildings	1,406	1,788
Plant and equipment	1,396	1,347
Right of use assets	**3,402**	**4,540**
Land and buildings	2,697	3,815
Plant and equipment	330	138
Investment property	375	588
Total	**6,204**	**7,676**

(41) Intangible assets

EUR thousand

	31.12.2024	31.12.2023
Purchased software	2,963	2,234
Intangible assets under development	676	**0**
Total	**3,640**	**2,234**

(42) Development of tangible and intangible assets

42.1. Development of cost and carrying amounts

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

EUR thousand

2024	Land and buildings	Plant and equipment - internally used	Total
Acquisition cost 01.01.2024	**4,769**	**8,180**	**12,949**
Additions	30	507	**537**
Disposals	-3	-24	**-27**
Other changes	19	-142	**-123**
Acquisition cost 31.12.2024	**4,815**	**8,521**	**13,336**
Cumulative depreciation and impairment 31.12.2024	-3,409	-7,125	-10,534
Carrying amount 31.12.2024	**1,406**	**1,396**	**2,802**

EUR thousand

2023	Land and buildings	Plant and equipment - internally used	Total
Acquisition cost 01.01.2023	**4,472**	**7,782**	**12,254**
Additions	297	470	**767**
Disposals	0	-72	**-72**
Other changes	0	0	**0**
Acquisition cost 31.12.2023	**4,769**	**8,180**	**12,949**
Cumulative depreciation and impairment 31.12.2023	-2,981	-6,833	-9,814
Carrying amount 31.12.2023	**1,788**	**1,347**	**3,135**

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

EUR thousand

2024	Land and buildings	Plant and equipment	Investment properties	Total
Acquisition cost 01.01.2024	**6,156**	**402**	**954**	**7,512**
Additions	0	280	0	**280**
Disposals	-71	-59	-24	**-154**
Other changes	0	-26	0	**-26**
Acquisition cost 31.12.2024	**6,085**	**597**	**931**	**7,612**
Cumulative depreciation and impairment 31.12.2024	-3,388	-267	-556	-4,210
Carrying amount 31.12.2024	**2,697**	**330**	**375**	**3,402**

EUR thousand

2023	Land and buildings	Plant and equipment	Investment properties	Total
Acquisition cost 01.01.2023	**5,622**	**324**	**940**	**6,886**
Additions	0	0	14	**14**
Disposals	534	78	0	**612**
Other changes	0	0	0	**0**
Acquisition cost 31.12.2023	**6,156**	**402**	**954**	**7,512**
Cumulative depreciation and impairment 31.12.2023	-2,341	-265	-366	-2,972
Carrying amount 31.12.2023	**3,815**	**138**	**588**	**4,540**

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

EUR thousand

2024	Purchased software
Acquisition cost 01.01.2024	**16,369**
Additions	2,136
Disposals	-15
Acquisition cost 31.12.2024	**18,490**
Cumulative depreciation and impairment 31.12.2024	-14,851
Carrying amount 31.12.2024	**3,640**

EUR thousand

2023	Purchased software
Acquisition cost 01.01.2023	**15,413**
Additions	955
Disposals	0
Acquisition cost 31.12.2023	**16,369**
Cumulative depreciation and impairment 31.12.2023	-14,135
Carrying amount 31.12.2023	**2,234**

42.2. Development of depreciation and amortisation

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

EUR thousand

2024	Land and buildings	Plant and equipment - internally used	Total
Cumulative depreciation 01.01.2024	**-2,987**	**-6,833**	**-9,819**
Disposals	2	153	**155**
Scheduled depreciation	**-424**	**-445**	**-868**
Cumulative depreciation 31.12.2024	**-3,409**	**-7,125**	**-10,534**

EUR thousand

2023	Land and buildings	Plant and equipment - internally used	Total
Cumulative depreciation 01.01.2023	**-2,563**	**-6,573**	**-9,136**
Disposals	0	72	**72**
Scheduled depreciation	**-424**	**-332**	**-755**
Cumulative depreciation 31.12.2023	**-2,987**	**-6,833**	**-9,819**

The development of depreciation and amortisation of right of use is presented in the table below.

EUR thousand

2024	Land and buildings	Plant and equipment	Investment properties	Total
Cumulative depreciation 01.01.2024	**-2,341**	**-265**	**-366**	**-2,972**
Disposals	0	83	0	**83**
Scheduled depreciation	-1,047	-85	-189	**-1,321**
Impairment	0	0	0	**0**
Write-ups	0	0	0	0
Cumulative depreciation 31.12.2024	**-3,388**	**-267**	**-555**	**-4,210**

EUR thousand

2023	Land and buildings	Plant and equipment	Investment properties	Total
Cumulative depreciation 01.01.2023	**-1,287**	**-202**	**-171**	**-1,660**
Disposals	0	25	0	**25**
Scheduled depreciation	-1,053	-87	-195	**-1,336**
Impairment	0	0	0	**0**
Write-ups	0	0	0	0
Cumulative depreciation 31.12.2023	**-2,341**	**-265**	**-366**	**-2,972**

The development of depreciation and amortisation of intangible assets is presented in the table below.

EUR thousand

2024	Purchased software
Cumulative depreciation 01.01.2024	**-14,135**
Disposals	15
Scheduled depreciation	-730
Cumulative depreciation 31.12.2024	**-14,851**

EUR thousand

2023	Purchased software
Cumulative depreciation 01.01.2023	**-13,222**
Disposals	0
Scheduled depreciation	-913
Cumulative depreciation 31.12.2023	**-14,135**

(43) Financial liabilities held for trading

EUR thousand

	31.12.2024	31.12.2023
Derivatives	792	1,837
Total	**792**	**1,837**

(44) Financial liabilities measured at amortised cost

EUR thousand

	31.12.2024	31.12.2023
Deposits and borrowings	**1,113,370**	**1,193,530**
Deposits from banks and central banks	1,218	5,967
Borrowings from banks and central banks	18,509	26,572
Deposits from customers	1,093,643	1,160,990
Issued bonds, subordinated and supplementary capital	**31,010**	**15,014**
Investment securities issued	0	0
Subordinated loan	31,010	15,014
Other financial liabilities	**13,614**	**16,066**
o/w lease liabilities	3,683	4,907
Total	**1,157,994**	**1,224,610**

44.1. Deposits and borrowings of credit institutions

EUR thousand

	31.12.2024	31.12.2023
Current accounts / overnight deposits	258	345
Deposits with agreed terms	960	5,622
Borrowings of central bank and credit institutions	18,509	26,572
Total	**19,727**	**32,540**

44.2. Deposits and borrowings of customers

EUR thousand

	31.12.2024	31.12.2023
Current accounts / overnight deposits	**596,720**	**635,137**
Governments	2,355	3,814
Other financial corporations	5,102	25,251
Non-financial corporations	217,894	237,189
Households	371,369	368,883
Deposits with agreed terms	**493,745**	**521,263**
Governments	6,369	6,072
Other financial corporations	1,799	4,843
Non-financial corporations	114,394	131,869
Households	371,182	378,479
Deposits redeemable at notice	**3,178**	**4,589**
Governments	999	992
Other financial corporations	50	50
Non-financial corporations	2,128	3,547
Total	**1,093,643**	**1,160,990**

44.3. Subordinated loans

EUR thousand

	31.12.2024	31.12.2023
Subordinated loans	31,010	15,014
Total	**31,010**	**15,014**

Addiko Bank discloses subordinated liabilities in the amount of EUR 31,010 thousand. Subordinated liabilities take the form of a borrowed loan from the parent company in the amount of 31,010 thousand. The Bank obtained the Bank of Slovenia's approval for the loan to be included in the calculation of additional capital.

Subordinated debt is subordinated to all other liabilities of the Bank. The Bank of Slovenia may as a supervisory measure, which may be used in the event that it is determined that the Bank would not be able to settle its liabilities with its assets, in accordance with statutory provisions, stipulate that subordinated liabilities partially or fully terminate or that subordinate liabilities of the Bank convert partly or wholly into new ordinary shares of the Bank on the basis of an increase in the share capital of the Bank by paying an in-kind contribution in the form of claims of creditors representing subordinated liabilities.

(45) Provisions

EUR thousand

	31.12.2024	31.12.2023
Pending legal disputes	8,687	3,720
Commitments and guarantees granted	1,832	1,683
Other long term employee benefits	189	125
Pensions and other post employment defined benefit obligations	700	637
Provisions for operational risk	0	507
Restructuring measures	0	11
Total	**11,409**	**6,684**

45.1. Provisions for commitments and guarantees granted

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

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Nominal value at 01.01.2024	**272,578**	**10,252**	**880**	**0**	**283,710**
New loan commitments, financial guarantee and other commitments given originated or purchased	72,801	257	0	0	73,058
New loan commitments, financial guarantee and other commitments given that have been derecognised	-70,630	-2,246	-709	0	-73,585
Changes in the nominal value of existing instruments	-13,558	-1,295	-134	0	-14,987
Transfer between stages	-1,102	721	381	0	0
Nominal value at 31.12.2024	**260,089**	**7,688**	**418**	**0**	**268,194**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Nominal value at 01.01.2023	**274,619**	**6,063**	**2,968**	**0**	**283,649**
New loan commitments, financial guarantee and other commitments given originated or purchased	85,279	88	0	0	85,367
New loan commitments, financial guarantee and other commitments given that have been derecognised	-77,499	-970	-1,017	0	-79,485
Changes in the nominal value of existing instruments	-5,519	540	-841	0	-5,821
Transfer between stages	-4,301	4,530	-229	0	0
Nominal value at 31.12.2023	**272,578**	**10,252**	**880**	**0**	**283,710**

EUR thousand

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2024	**-565**	**-257**	**-862**	**0**	**-1,683**
New remeasurement of loss allowance	-106	-484	-30	0	**-620**
Increases due to origination and acquisition	-300	-28	0	0	**-328**
Decreases due to derecognition	65	31	702	0	**799**
Transfer between stages	-292	267	25	0	**0**
ECL allowance as at 31.12.2024	**-1,197**	**-471**	**-164**	**0**	**-1,832**

EUR thousand

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.2023	**-268**	**-198**	**-2,642**	**0**	**-3,108**
New remeasurement of loss allowance	27	23	544	0	**594**
Increases due to origination and acquisition	-196	-8	0	0	**-204**
Decreases due to derecognition	71	71	892	0	**1,034**
Transfer between stages	-199	-145	345	0	**0**
ECL allowance as at 31.12.2023	**-565**	**-257**	**-862**	**0**	**-1,683**

45.2. Provisions for pending legal disputes

The term “pending legal disputes” includes litigations from lending business.

During 2024 additional provisions for pending legal disputes of EUR 6,107 thousand (YE23: EUR 3,720 thousand) were recognized for lawsuits in connection with Swiss Franc-denominated loans. The new claims follow the 2023 retroactive change of the interpretation of the local laws by the Slovenian Supreme Court, establishing higher requirements for the fulfilment of the information duty by the banks. By taking into consideration the EUR 1,140 thousand utilizations (YE23:

EUR 11 thousand) the overall stock of provisions for pending legal disputes in connection with Swiss Franc-denominated loans increased in 2024 to EUR 8,687 thousand (YE23: EUR 3,720 thousand).

The provisions calculation is based on the best possible estimation according to IAS 37 of expected outflows of economically useful resources as of the reporting date. Estimation of the costs of legal risk in relation to Swiss Franc-denominated loans is complex and requires a considerable degree of judgement with respect to the key estimates, in particular in relation to the stated below:

- The probability to be able to demonstrate that the bank was fulfilling its information duty at the time of issuing the respective Swiss Franc-denominated loan.
- The calculation of the compensation for the use of the funds, that were loaned to the borrower by the bank with the Swiss Franc-denominated loan. In 2023, judicial practice introduced a new approach which involves a contractually agreed-upon interest rate, consisting of a reference rate Swiss Franc LIBOR and an interest margin, at the time of conclusion of the respective loan agreement with the foreign currency clause in Swiss Francs as a fixed interest rate for the entire duration of the respective loan agreement or until the loaned funds are fully returned by the borrower to the bank. In addition to the new judicial practice, it is possible that individual first instance courts could apply different approaches.
- The application of the statute of limitations whereby provisions have been calculated based on the legal assessment that monetary claims of the borrowers became time-barred after the end of 2020. The respective legal assessment is supported by legal opinions of several law firms and legal scholars. The Bank anticipates that the Slovenian courts will adhere to the conclusions reached in the respective legal opinions.

The final provisioned sum may vary from the current estimation, depending on the development of the case law in future years.

Additional information in relation to legal disputes is presented in point (60) Legal risk.

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

EUR thousand

2024	Carrying amount 01.01.2024	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2024
Pending legal disputes	3,720	6,107	-1,140	0	0	8,687
Total	**3,720**	**6,107**	**-1,140**	**0**	**0**	**8,687**

EUR thousand

2023	Carrying amount 01.01.2023	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2023
Pending legal disputes	17	3,739	-11	-25	0	3,720
Total	**17**	**3,739**	**-11**	**-25**	**0**	**3,720**

45.3. Other provisions

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

EUR thousand

2024	Carrying amount 01.01.2024	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2024
Pensions and other post-employment defined benefit obligations	637	66	-30	0	27	700
Other long term employee benefits	125	18	-18	0	64	189
Restructuring measures	11	0	0	-11	0	0
Provisions for operational risk	507	210	-17	-700	0	0
Total	**1,280**	**294**	**65**	**-711**	**91**	**890**

EUR thousand

2023	Carrying amount 01.01.2023	Allocations	Use	Releases	Other changes	Carrying amount 31.12.2023
Pensions and other post employment defined benefit obligations	626	59	0	0	-48	637
Other long term employee benefits	115	12	-5	0	3	125
Restructuring measures	123	0	-112	0	0	11
Provisions for operational risk	0	1,512	-1,005	0	0	507
Total	**864**	**1,584**	**-1,122**	**0**	**-44**	**1,280**

Obligations for variable payments with a carrying amount as of 1 January 2023 of EUR 1,561 thousand, allocations during 2023 of EUR 1,146 thousand utilizations of EUR -793 thousand and release of EUR -297 thousand and thus a carrying amount as of 31 December 2023 of EUR 1,618 thousand were transferred from provisions to Other liabilities. The carrying amounts were adjusted accordingly in the statement of financial position. Reference to note (2) Changes in the presentation of the financial statements for further details.

45.3.1. DEFINED BENEFIT OBLIGATIONS

The development of the present value of obligations relating to retirement benefits and severance payments is displayed below. For reasons of immateriality, disclosures were summarised.

EUR thousand

	2024	2023
Present value of the defined benefit obligations as of 01.01.	**638**	**626**
+ Current service cost	66	59
+ Interest costs	22	22
+/- Actuarial gains/losses	**4**	**-69**
+/- Actuarial gains/losses arising from changes in financial assumptions	0	-51
+/- Actuarial gains/losses arising from changes from experience assumptions	4	-19
- Payments from the plan	-30	0
Present value of the defined benefit obligations as of 31.12.	**700**	**638**

45.3.2. PROVISIONS FOR OPERATIONAL RISK

During 2024 Addiko Bank derecognized provisions for operational risk in connection with 2024 the treatment of early loan repayments (“Lexitor case”).

(46) Other liabilities

EUR thousand

	31.12.2024	31.12.2023
Deferred income	414	391
Liabilities for variable payments	1,449	1,618
Accruals and other liabilities	5,011	1,942
Total	**6,874**	**3,951**

Obligations for variable payments in the amount of EUR 1,449 thousand (YE23: EUR 1,618 thousand) have been transferred from Provisions to Other liabilities. The comparative figures have been amended accordingly.

Deferred income as at 31 December 2024 contains contract liabilities in accordance with IFRS 15 in the amount of EUR 414 thousand (31 December 2023: EUR 391 thousand). The amount of EUR 313 thousand included in contract liabilities as at 31 December 2023 has been recognised as revenue for the year ended 31 December 2024 (2023: EUR 292 thousand).

(47) Equity

EUR thousand

	31.12.2024	31.12.2023
Equity		
Subscribed capital	89,959	89,959
Capital reserves	18,814	18,814
Fair value reserve debt instruments	-1,605	-2,563
Fair value reserve equity instruments	318	-44
Remeasurement of defined benefit plans	99	111
Retained earnings	91,391	104,087
Total	**198,976**	**210,364**

The subscribed capital of EUR 89,959 thousand (2023: EUR 89,959 thousand) corresponds to that fully paid up by the owner, which is divided into 141,706,318 no-par value shares.

The capital reserves include contributions from shareholders that do not represent subscribed capital. Capital reserves amounted to EUR 18,814 thousand (2023: EUR 18,814 thousand).

The fair value reserve includes the measurement results – after taking deferred taxes into account – for the financial assets measured at fair value through other comprehensive income. At the end of 2024, the revaluation surplus amounted to EUR -1,287 thousand (2023: EUR -2,607 thousand).

Pursuant to the Companies Act, the Bank shall set aside legal reserves in such an amount that the sum of legal reserves and capital surplus amounts to 10% of the nominal capital or to a higher amount that is prescribed in the Articles of Association. If the legal reserves and capital reserves do not reach the percentage of share capital stated in the previous sentence, the Bank, when compiling the balance sheet, shall pay into the legal reserves 5% of the amount of net profit less the amount used to cover any transferred losses.

Capital surplus and legal reserves (tied-up reserves) may only be used under the following conditions.

a. If the total amount of these reserves falls short of the statutory percentage of share capital, they may only be used for:
- coverage of net loss for the financial year if it cannot be offset against retained earnings or other revenue reserves;
- coverage of transferred loss if it cannot be offset against the net profit for the financial year or other revenue reserves.

b. If the total amount of these reserves exceeds the statutory percentage of share capital, the surplus amount of these reserves may only be used for:
- increasing the share capital from company assets;
- coverage of net loss for the financial year if it cannot be offset against retained earnings and if no revenue reserves are used for the payment of profit to the shareholders; or
- coverage of transferred net loss if it cannot be offset against the net profit for the financial year and if the revenue reserves are not used for the payment of profit to the shareholders.

Addiko Bank has no legal reserves. Retained earnings from the previous years amounted to EUR 91,391 thousand at the end of the year (2023: EUR 104,087 thousand).

In 2024, the Bank recognised profit in the amount of EUR 13,237 thousand (2023: EUR 25,941 thousand).

(48) Statement of cash flows

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

The cash flow from operating activities of Addiko Bank contains cash inflows and outflows arising from loans and advances from credit institutions and customers, liabilities to credit institutions and customers and debt securities measured at fair value through other comprehensive income. Changes in assets and liabilities held for trading are also included, as are the cash flow from dividends received and taxes.

The cash flow from investing activities includes cash inflows and outflows arising from intangible assets, property, plant and equipment, debt securities measured at amortised cost and assets held for sale. Reclassifications regarding non-current assets and liabilities classified as held for sale are considered in the respective items.

Lease payments and cash flows from the sale and purchase of equity instruments are disclosed in the cash flow from financing activities. In addition the position includes capital increases/decreases and dividend payments.

Cash and cash equivalents include cash, cash balances at central banks that are daily due and deposits that are daily due.

EUR thousand

	2024	2023
CASH FLOWS FROM INTEREST AND DIVIDENDS		
Interest paid	-17,294	-14,085
Interest received	78,852	71,708
Dividends received	8	0
TOTAL	**61,566**	**57,623**

EUR thousand

	2024	2023
CASH AND CASH EQUIVALENTS		
Cash, cash balances at central banks and other demand deposits at banks	138,876	225,391
TOTAL	**138,876**	**225,391**

Risk Report

(49) Risk controlling and monitoring

The Bank steers and monitors its risks across all business segments with the aim of optimising the risk/performance profile and guaranteeing risk-bearing capacity at all times and therefore protecting the Bank's creditors. In this respect, it influences the business and risk policies of its participations through its involvement in shareholder and supervisory committees. In the case of participations, compatible risk control processes, strategies and methods are implemented.

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

(50) Risk strategy & Risk Appetite Statement (RAS)

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

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

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

(51) Risk organisation

The Bank has a single organisational structure, which is to great extent aligned with the group structure. The responsibilities of individual risk management segments are divided into three areas. All risk management segments report directly to a Member of the Management Board responsible for risks (CRO). The CRO acts independently of market and trading units, which is in line with the banking regulation.

In risk management, the Bank considers all significant risks. The core tasks of risk management are the individual risk management of counterparty default risks, the reorganisation of troubled loans and loan settlement as well as risk control and monitoring of counterparty default, market, liquidity, operational and other risks at the portfolio level.

In 2024, the following organisational units were operative:
- Credit Risk management
- Risk Controlling
- Data management

Credit Risk Management is responsible for Retail and Corporate customer segments (incl. Financial Institution). The function has both an operational and strategic role related to credit risk management. Operationally it covers assessment and approval of lending products and test initiatives, analysis and approval of credit applications, early warning system, Collection (for both – Retail and Corporate). Strategically it defines policies, procedures, manuals, guidelines in relation to the governance of lending activities and collections and all other documents for above-mentioned activities. On top of this, credit risk management continuously monitors portfolio development and ensures the development and maintenance of a reporting toolkit that serves this purpose. This enables the risk appetite of the lending products is in line with the risk appetite of the Bank.

Risk Controlling operates as the independent risk management function, identifying, monitoring, controlling, and reporting of all material risks to Management and Supervisory Board, proposing of mitigation measures, initiating escalation in case defined limits are breached and defining methodology for risk measurement and assessment together with the Group. Risk Controlling is actively involved in all major decisions relating to risk management and the development and review of risk strategy, own funds and economic capital management, stress testing, risk budgeting, tracking of risk exposure and steering of the processes related to ICAAP, SREP and recovery plan as well reports on them to the Management and Supervisory Board. Organisationally the following functions are embedded in Risk Controlling:

- Market and Liquidity Risk Controlling
- Credit Risk Controlling
- Operational Risk Controlling

Market & Liquidity Risk Controlling is involved in identifying, monitoring, controlling and reporting of market and liquidity risks, cooperates in defining methodology for risk measurement and assessment of the Bank, limit setting process, initiating escalation in case defined limits are breached and proposing mitigation measures within the defined risk appetite and regulatory limitations.

Credit Risk Controlling deals with identifying, measuring, managing, monitoring and reporting credit risk and oversees the credit risk model landscape from a portfolio management perspective and supervises development of portfolio dependent and business-related credit risk models as well as validation and regular monitoring of credit risk and IFRS 9. It makes sure that applied models fulfil expected quality standards while fitting within the model architecture also in terms of budget and strategy. The unit also deals with credit risk reporting. The validation function is outsourced to Risk Validation team within Addiko Group; however, the local team is strongly involved in the performed validation and review of the validation results and reports.

Operational Risk Controlling provides strategic direction with a robust framework of operational risk management, which includes identifying, measuring, managing, monitoring and reporting operational risk, providing a mechanism for discussion and effective escalation of issues leading to better risk management and increasing institutional resilience. The unit also deals with the Fraud Risk management with the goal of ensuring a consistent approach to the entire process of Fraud Risk Management. Fraud risk management operates by means of a risk management assessment for supporting fraud risk identification, assessment, and control implementation in business processes; they support early identification of fraud risk in business products and proposing anti-fraud controls.

Data management (LDO) is the main responsible function for the business aspects of enterprise data management. LDO implements and maintains group-wide methods, standards and definitions to achieve a common and harmonized view on enterprise data. In operational matters the LDO team is supporting business functions in regular and ad-hoc reporting, common/central data transformations and calculations and data quality monitoring and reporting.

(52) Internal risk management guidelines

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

The Bank has clearly defined responsibilities for all risk guidelines, including preparation, review, and update. Each group guideline must be implemented at the local level and adjusted to local conditions. Compliance with these guidelines is ensured by those directly involved in the risk management process. The Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(53) Credit risk

53.1. Definition

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

53.2. General requirements

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

In line with a Group wide instruction on authority levels as defined by the Management and Supervisory Boards, credit decisions are made by the Supervisory Board, Management Board and Credit Committee as well as by key staff in the credit risk management units.

The Credit Committee is a permanent institution of the Addiko Bank and the highest body for making credit decisions, subordinated only to the Management Board. All methodological matters relating to credit risk are accepted by the Management Board.

53.3. Risk measurement

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

53.4. Risk limitation

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

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

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

53.5. Reconciliation between Financial instruments classes and Credit risk exposure

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account expected credit losses (including those for guarantees), any collateral held, netting effects, other credit enhancements or credit risk mitigating transactions. Market values are used to calculate the relevant exposure for securities classified in the Hold-to-Collect&Sale business model, whereas amortised cost is used for loans and securities classified in the Hold-to-Collect business model. Unless explicitly stated differently, all values in the risk report are shown inclusive of the portfolio that is classified as held for sale according to IFRS 5.

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

EUR thousand

31.12.2024	Performing			Non Performing			Total	
Financial instruments	Exposure	ECL	Net	Exposure	ECL	Net	Exposure	Net
Cash balances at central banks and other demand deposits at banks[1)]	129,717	-3	129,714	0	0	0	129,717	129,714
Financial assets held for trading [2)]	992	0	992	0	0	0	992	992
Loans and advances	998,351	-15,979	982,371	29,377	-24,269	5,109	1,027,728	987,480
of which credit institutions	552	0	552	0	0	0	552	552
of which customer loans	997,798	-15,979	981,819	29,377	-24,269	5,109	1,027,176	986,928
Investment securities [3)]	223,208	-44	223,164	0	0	0	223,208	223,164
Other Assets - IFRS 5 [4)]	0	0	0	662	-480	182	662	182
On balance total	1,352,268	-16,027	1,336,241	30,039	-24,748	5,291	1,382,307	1,341,532
Off balance	267,776	-1,668	266,108	418	-165	253	268,194	266,361
Total credit risk exposure	1,620,044	-17,695	1,602,350	30,457	-24,913	5,544	1,650,501	1,607,894

[1)] The position does not include cash on hand in amount of EUR 9.2 million. [2)] The position consists of on-balance exposure on derivatives - it is excluded from every other table in this report, unless specifically stated otherwise. [3)] Investment securities, without equity instruments, including participation in the bank resolution fund in Slovenia. [4)] The position includes only loans and advances.

The following table shows the exposure in accordance with IFRS 7.35M as of 31 December 2023:

EUR thousand

31.12.2023	Performing			Non Performing			Total	
Financial instruments	Exposure	ECL	Net	Exposure	ECL	Net	Exposure	Net
Cash balances at central banks and other demand deposits at banks[1)]	216,502	-14	216,487	0	0	0	216,502	216,487
Financial assets held for trading [2)]	1,382						1,382	1,382
Loans and advances	1,040,345	-14,016	1,026,329	22,074	-19,049	3,025	1,062,420	1,029,355
of which credit institutions	51,090	-188	50,902	0	0	0	51,090	50,902
of which customer loans	989,256	-13,829	975,427	22,074	-19,049	3,025	1,011,330	978,453
Investment securities [3)]	166,108	-96	166,012	0	0	0	166,108	166,012
Other Assets - IFRS 5 [4)]	0	0	0	645	-468	177	645	177
On balance total	1,424,337	-14,126	1,410,211	22,719	-19,516	3,203	1,447,056	1,413,413
Off balance	282,830	-822	282,009	880	-862	19	283,710	282,027
Total credit risk exposure	1,707,167	-14,948	1,692,219	23,599	-20,378	3,221	1,730,766	1,695,440

[1)] The position does not include cash on hand in amount of EUR 8.9 million. [2)] The position consists of on-balance exposure on derivatives - it is excluded from every other table in this report, unless specifically stated otherwise. [3)] Investment securities, without equity instruments, including participation in the bank resolution fund in Slovenia. [4)] The position includes only loans and advances.

53.6. Credit risk exposure by rating class

As of 31 December 2024, approximately 37.3% (YE23: 37.5%) of the exposure falls into rating classes 1A to 1E. This portion is largely associated with primarily relates to receivables from financial institutions, small and medium enterprises and private individuals.

During 2024 the NPE Stock increased by EUR +6.9 million to EUR 30.4 million (YE23: EUR 23.6 million). Increase in Consumer portfolio (EUR +4.7 million) and small and medium portfolio (EUR +2.5 million) have been partially offset by write offs and portfolio sales as well as due to collection effects.

The following table shows the exposure by rating class and market segment as of 31 December 2024:

EUR thousand

31.12.2024	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	48,598	323,313	99,683	62,638	13,276	0	547,508
SME	122,401	346,928	66,740	34,244	15,791	0	586,104
Non-Focus	87,010	51,136	13,730	2,717	1,389	0	155,982
o/w Large Corporate	14,727	32,878	9,962	502	7	0	58,076
o/w Mortgage	69,152	17,180	3,685	2,215	1,382	0	93,614
o/w Public Finance	3,131	1,079	83	0	0	0	4,292
Corporate Center [1)]	356,510	3,404	0	0	0	0	359,914
Total	**614,520**	**724,781**	**180,152**	**99,599**	**30,457**	**0**	**1,649,509**

1) Corporate Center includes financial institutions comprising also the exposure towards Bank of Slovenia, Investment securities and Intragroup business

The following table shows the exposure by rating class and market segment as of 31 December 2023:

EUR thousand

31.12.2023	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	37,018	292,547	110,050	56,240	8,615	0	504,470
SME	115,557	366,026	55,164	26,752	13,254	0	576,755
Non-Focus	113,709	73,890	19,506	2,752	1,730	0	211,588
o/w Large Corporate	21,569	52,175	15,255	336	7	0	89,342
o/w Mortgage	84,259	19,729	4,184	2,417	1,723	0	112,312
o/w Public Finance	7,881	1,986	67	0	0	0	9,934
Corporate Center [1)]	382,463	54,108	0	0	0	0	436,571
Total	**648,748**	**786,572**	**184,721**	**85,745**	**23,599**	**0**	**1,729,384**

1) Corporate Center includes financial institutions comprising also the exposure towards Bank of Slovenia, Investment securities and Intragroup business

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

- 1A-1E: representing customers with a very low risk, having the best, excellent or very good credit standing, (comparable to Moody's rating Aaa-Baa3),
- 2A-2E: representing customers with a good or moderate credit standing, (comparable to Moody's rating Ba1-B1),
- 3A-3E: representing customers with a medium or high credit risk (comparable to Moody's rating B2-Caa1),
- 4A-4E: representing customers with a very high credit risk or who are likely to default. This class includes customers that may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term (comparable to Moody's rating Caa2-C),
- NPE (default): one or more of the default criteria under Article 178 CRR are met: among others, interest or principal payments on a material exposure have been overdue for more than 90 days, the bank significantly doubts the customer's credit standing, there are risk-oriented restructuring measures leading to a forborne non-performing exposure, there is a realisation of a loan loss or bankruptcy proceedings are initiated (comparable to Moody's rating Default).

When external ratings are mapped to internal it must be allocated to the rating grades of the master scale as follows:

Internal ratings	Moodys	PD range
1A-1E	AAA - Baa3	0.0% - 0.3%
2A-2E	Baa3 – B1	0.3% - 2.3%
3A-3E	B1 - Caa1	2.3% - 7.5%
4A-4E	Caa1 – C	7.5% - 25%

Addiko Bank applies the customer view to all customer segments, including retail clients. If an obligor defaults on one deal, then all the customer's performing transaction are classified as non-performing as well. The classifications per rating class and ECL stage can be seen in the tables below.

Loans and advances to customers at amortised cost:

EUR thousand

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	174,167	6,532	0	0	180,699
2A-2E	559,790	9,435	0	0	569,225
3A-3E	143,063	10,389	0	0	153,452
4A-4E	18,754	75,668	0	0	94,422
NPE	0	0	29,377	0	29,377
No rating	0	0	0	0	0
Total gross carrying amount	**895,773**	**102,025**	**29,377**	**0**	**1,027,176**
Loss allowance	-7,518	-8,461	-24,269	0	-40,248
Carrying amount	**888,255**	**93,564**	**5,109**	**0**	**986,928**

EUR thousand

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	164,025	12,029	0	0	176,055
2A-2E	538,510	28,702	0	0	567,212
3A-3E	135,548	27,173	0	0	162,721
4A-4E	4,266	79,003	0	0	83,269
NPE	0	0	22,074	0	22,074
No rating	0	0	0	0	0
Total gross carrying amount	**842,349**	**146,907**	**22,074**	**0**	**1,011,330**
Loss allowance	-4,249	-9,580	-19,049	0	-32,878
Carrying amount	**838,100**	**137,327**	**3,025**	**0**	**978,453**

For information regarding the changes in the calculation of portfolio risk provisions refer to the note 54.3.

Loans and advances to banks at amortised cost:

EUR thousand

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	534	0	0	0	534
2A-2E	18	0	0	0	18
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**552**	**0**	**0**	**0**	**552**
Loss allowance	0	0	0	0	0
Carrying amount	**552**	**0**	**0**	**0**	**552**

EUR thousand

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	83	0	0	0	83
2A-2E	51,007	0	0	0	51,007
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**51,090**	**0**	**0**	**0**	**51,090**
Loss allowance	-188	0	0	0	-188
Carrying amount	**50,902**	**0**	**0**	**0**	**50,902**

Debt instruments measured at FVTOCI:

EUR thousand

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	53,979	0	0	0	53,979
2A-2E	0	0	0	0	0
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**53,979**	**0**	**0**	**0**	**53,979**

EUR thousand

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	52,190	0	0	0	52,190
2A-2E	2,002	0	0	0	2,002
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**54,192**	**0**	**0**	**0**	**54,192**

Debt instruments measured at amortised cost:

EUR thousand

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	165,869	0	0	0	165,869
2A-2E	3,348	0	0	0	3,348
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**169,216**	**0**	**0**	**0**	**169,216**
Loss allowance	-31	0	0	0	-31
Carrying amount	**169,185**	**0**	**0**	**0**	**169,185**

EUR thousand

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	111,846	0	0	0	111,846
2A-2E	0	0	0	0	0
3A-3E	0	0	0	0	0
4A-4E	0	0	0	0	0
NPE	0	0	0	0	0
No rating	0	0	0	0	0
Total gross carrying amount	**111,846**	**0**	**0**	**0**	**111,846**
Loss allowance	-25	0	0	0	-25
Carrying amount	**111,820**	**0**	**0**	**0**	**111,820**

Commitments and financial guarantees given:

EUR thousand

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	83,473	258	0	0	83,731
2A-2E	150,635	1,532	0	0	152,167
3A-3E	25,428	1,272	0	0	26,701
4A-4E	553	4,625	0	0	5,178
NPE	0	0	418	0	418
No rating	0	0	0	0	0
Total gross carrying amount	**260,089**	**7,688**	**418**	**0**	**268,194**
Loss allowance	-1,197	-471	-165	0	-1,832
Carrying amount	**258,892**	**7,216**	**253**	**0**	**266,361**

EUR thousand

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	90,823	1,249	0	0	92,072
2A-2E	161,380	4,903	0	0	166,282
3A-3E	19,900	2,101	0	0	22,000
4A-4E	476	2,000	0	0	2,476
NPE	0	0	880	0	880
No rating	0	0	0	0	0
Total gross carrying amount	**272,578**	**10,252**	**880**	**0**	**283,710**
Loss allowance	-565	-257	-862	0	-1,683
Carrying amount	**272,014**	**9,995**	**19**	**0**	**282,027**

53.7. Credit risk exposure by region

Addiko Bank's country portfolio focuses on South Eastern Europe, especially on the domestic market. The following table shows the breakdown of exposure by region within the Bank's portfolio (at customer level):

EUR thousand

	31.12.2024	31.12.2023
SEE	1,431,373	1,536,395
Europe (excl. CEE/SEE)	84,275	92,709
CEE	125,795	94,190
Other	8,066	6,090
Total	**1,649,509**	**1,729,384**

53.8. Exposure by business sector and region

The following tables present the exposure by industry based on the classification code "NACE Code 2.0". This code is mapped into ten business sectors for reporting purposes.

The lower-risk business sector groups – financial institutions and the public sector – account for a share of 22.6% at YE24 (YE23: 26.4%). The private customers sector accounts for a share of 38.9% (YE23: 35.7%).

EUR thousand

31.12.2024 Business sector	Europe (excl. CEE/SEE)	SEE	CEE	Other	Total
Private	1,097	628,830	11,140	17	641,084
Financial services	22,152	161,076	512	131	183,871
Public sector	57,067	10,537	114,143	7,919	189,666
Industry	3,933	315,513	0	0	319,446
Trade and commerce	25	102,517	0	0	102,542
Services	0	167,978	0	0	167,978
Real estate business	0	15,642	0	0	15,642
Tourism	0	25,044	0	0	25,044
Agriculture	0	3,487	0	0	3,487
Other	0	749	0	0	749
Total	84,275	1,431,373	125,795	8,066	1,649,509

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

EUR thousand

31.12.2023 Business sector	Europe (excl. CEE/SEE)	SEE	CEE	Other	Total
Private	507	611,405	4,824	0	616,736
Financial services	66,299	256,532	408	105	323,343
Public sector	21,290	16,344	88,958	5,985	132,577
Industry	4,300	326,131	0	0	330,431
Trade and commerce	107	106,754	0	0	106,861
Services	333	168,503	0	0	168,836
Real estate business	0	17,628	0	0	17,628
Tourism	0	28,606	0	0	28,606
Agriculture	0	3,880	0	0	3,880
Other	0	486	0	0	486
Total	92,835	1,536,269	94,190	6,090	1,729,384

The figures are broken down according to the country of the customer's registered office. Corporate and Retail business is mainly focused on Addiko Bank's core domestic market in South Eastern Europe. The business strategy envisages a further increase in this portion, particularly in the Retail business.

53.9. Presentation of exposure by overdue days

EUR thousand

31.12.2024	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	505,310	28,026	2,664	2,033	9,475	547,508
SME	557,542	12,713	3,055	1,120	11,676	586,104
Non Focus	154,489	645	30	39	780	155,982
o/w Large Corporate	58,076	0	0	0	0	58,076
o/w Mortgage	92,121	645	30	39	780	93,614
o/w Public Finance	4,292	0	0	0	0	4,292
Corporate Center	359,884	30	0	0	0	359,914
Total	1,577,225	41,414	5,748	3,191	21,931	1,649,509

The volatile macroeconomic environment accompanied by inflationary pressures did not result in a material increase of days past due on the portfolio.

EUR thousand

31.12.2023	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	468,712	25,282	3,164	1,702	5,609	504,470
SME	545,806	20,473	1,427	934	8,116	576,755
Non Focus	209,971	286	277	189	865	211,588
o/w Large Corporate	89,342	0	0	0	0	89,342
o/w Mortgage	110,695	286	277	189	865	112,312
o/w Public Finance	9,934	0	0	0	0	9,934
Corporate Center	436,571	0	0	0	0	436,571
Total	1,661,060	46,041	4,869	2,825	14,590	1,729,384

53.10. Presentation of exposure by size classes

As of 31 December 2024, around 63.3% (YE23: 56.4%) of the exposure is found in the size range < EUR 1 million. The bank pursues a strict strategy of reducing concentration risk in the corporate banking area.

The amount of EUR 139.7 million (YE23: EUR 227.2 million) of exposure in the range > EUR 100 million is entirely attributable to national Bank. These transactions are necessary for securing liquidity, minimum deposit levels and long-term investments as well as for hedge transactions. The presentation is based on the group of borrowers (GoBs).

EUR thousand

Size classes	31. 12. 2024		31. 12. 2023	
	Exposure EUR thousand	Gobs	Exposure EUR thousand	Gobs
< 10.000	165,945	68,853	135,201	49,970
10.000-50.000	423,644	18,955	414,330	19,011
50.000-100.000	107,625	1,553	100,782	1,437
100.000-250.000	145,010	937	129,272	853
250.000-500.000	119,479	345	113,007	325
500.000-1.000.000	83,116	123	83,375	124
1.000.000-10.000.000	292,409	111	365,372	141
10.000.000-50.000.000	172,568	8	109,762	6
50.000.000-100.000.000	0	0	51,082	1
> 100.000.000	139,715	1	227,201	1
Skupaj	**1,649,509**	**90,886**	**1,729,384**	**71,869**

53.11. Breakdown of financial assets by degree of impairment

Financial assets that are neither overdue nor impaired:

EUR thousand

Rating class	31.12.2024		31.12.2023	
	Exposure	Collateral	Exposure	Collateral
1A-1E	613,621	48,251	647,594	64,693
2A-2E	716,062	69,990	771,486	83,402
3A-3E	173,896	15,793	178,054	23,685
4A-4E	69,753	11,417	58,727	8,874
NPL	0	0	0	0
No rating	0	0	0	0
Total	**1,573,331**	**145,451**	**1,655,862**	**180,655**

Overdue but not impaired financial assets:

EUR thousand

Loans and advances to customers (on- and off-balance)	31.12.2024		31.12.2023	
	Exposure	Collateral	Exposure	Collateral
- overdue to 30 days	38,281	1,062	44,277	4,875
- overdue 31 to 60 days	4,874	60	3,831	2
- overdue 61 to 90 days	2,536	0	1,816	0
- overdue 91 to 180 days	0	0	0	0
- overdue 181 to 365 days	0	0	0	0
- overdue over 1 year	0	0	0	0
Total	**45,691**	**1,122**	**49,925**	**4,878**

Impaired financial instruments:

EUR thousand

Loans and advances to customers (on- and off-balance)	31.12.2024	31.12.2023
Exposure	29,795	22,953
Provisions	24,433	19,910
Collateral	2,218	2,696

All financial assets triggering the Stage 3 classification criteria as described in 11.4.2 are considered impaired and provisioned accordingly. Consequently, an impairment calculation according to note (54.1.) “Method of calculating provisions” of financial statements 2024 is performed. Receivables with rating category 4A or worse (watch list) are regularly tested for potential impairment triggers within the monitoring and pre-workout process.

53.11.1. FORBEARANCE

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

The following chart provides an overview of the forbearance status at Addiko Bank during 2024. The on-balance figures reflect the carrying amount; the off-balance positions only include loan commitments:

EUR thousand

	01.01.2024	Classified as forborne during the year (+)	Transferred to non-forborne during the year (-)	Repayments and other changes (+/-)	31.12.2024
Central banks	0	0	0	0	0
General governments and government related entities	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial corporations	0	0	0	0	0
Non-financial corporations	8,953	6,879	-323	-2,508	13,001
Households	7,688	2,303	-1,137	-1,749	7,105
Loans and advances	**16,641**	**9,182**	**-1,460**	**-4,257**	**20,106**
Loan commitments given	112	0	-16	-95	0

The following table shows the forbearance status in during the year 2023:

EUR thousand

	01.01.2023	Classified as forborne during the year (+)	Transferred to non-forborne during the year (-)	Repayments and other changes (+/-)	31.12.2023
Central banks	0	0	0	0	0
General governments and government related entities	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial corporations	0	0	0	0	0
Non-financial corporations	16,173	2,104	-6,153	-3,171	8,953
Households	10,363	2,139	-3,194	-1,620	7,688
Loans and advances	26,536	4,243	-9,347	-4,791	16,641
Loan commitments given	200	0	0	-88	112

The forbearance gross exposure as of YE24 as well as YE23 can be broken down as follows:

EUR thousand

	31.12.2024	Neither past due nor impaired	Past due but not impaired	Impaired
General governments and government related entities	0	0	0	0
Credit institutions	0	0	0	0
Other financial corporations	0	0	0	0
Non-financial corporations	13,001	4,670	2,526	5,805
Households	7,105	5,067	1,152	886
Loans and advances	20,106	9,737	3,678	6,691

EUR thousand

	31.12.2023	Neither past due nor impaired	Past due but not impaired	Impaired
General governments and government related entities	0	0	0	0
Credit institutions	0	0	0	0
Other financial corporations	0	0	0	0
Non-financial corporations	8,953	5,484	227	3,242
Households	7,688	5,435	1,042	1,212
Loans and advances	16,641	10,918	1,269	4,454

The following tables shows the collateral allocation for the forbearance exposure at the YE24 as well as at the YE23:

EUR thousand

Internal Collateral Value (ICV) in respect of forborne assets 31.12.2024	Internal Collateral Value (ICV)	thereof Commercial Real Estate (CRE)	thereof Residential Real Estate (RRE)	thereof financial collateral	thereof guarantees	thereof other
Large Corporates	0	0	0	0	0	0
Medium and Small Corporate	3,791	3,791	0	0	0	0
Retail	3,043	866	2,076	0	98	4
Total	**6,835**	**4,657**	**2,076**	**0**	**98**	**4**

EUR thousand

Internal Collateral Value (ICV) in respect of forborne assets 31.12.2023	Internal Collateral Value (ICV)	thereof Commercial Real Estate (CRE)	thereof Residential Real Estate (RRE)	thereof financial collateral	thereof guarantees	thereof other
Large Corporates	0	0	0	0	0	0
Medium and Small Corporate	3,894	3,772	0	0	121	0
Retail	3,519	942	2,570	0	0	7
Total	**7,413**	**4,715**	**2,570**	**0**	**121**	**7**

(54) Risk provisions

54.1. Method of calculating risk provisions

The risk provisions were modelled on transactional level and reflect the most recent macroeconomic forecasts provided by the Vienna Institute for International Economic Studies (wiiw). After Spring 2024 forecasts when the likelihood for pessimistic scenario exhibited third consecutive downward revision that reflected high and persistent inflation shock being gradually absorbed by markets, with monetary policy adjusting for some time, it was kept stable towards the very end of the year. This was confirmed to some extent by simultaneous qualitative information on lower policy, business and forecasts uncertainties as recently measured by corresponding professional and consumer European surveys. Negative risks, such as the broadening of the military conflict in the Middle East and the more protracted (than initially assumed) economic weakness in the EU with German manufacturing crisis deepening and global market fragmentation, are being outweighed by positive factors in terms of both impact and likelihood. The latter include advancing monetary loosening and increased public investment, although, admittedly, the risks are heavily skewed in favour of negative outcomes still. Consequently, probability of the optimistic scenario remains low at 5%, and the baseline scenario at 65%.

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

The following table summarises the quantitative elements of the baseline case, upside (optimistic) case and downside (pessimistic) case scenarios for selected forward-looking information/variables used to estimate the ECL as of 31.12.2024. The figures represent the average value of the macroeconomic variables over the first 12 months and the remaining 2-year forecast period for the baseline case, as well as average values of the entire projection horizon (3-year) for the optimistic and pessimistic cases.

Scenario	Historical[1)]	Baseline case			Optimistic case	Pessimistic case
Sample period			2025-2027			
Sub-sample	2023	2024e	First 12 months	Remaining 2-year period [2)]	3-year period [2)]	3-year period [2)]
Real GDP (constant prices YoY, %)						
Slovenia	2.1	1.7	2.2	2.7	4.3	-0.5
Euroarea	0.4	0.6	1.4	1.6	3.1	-0.1
Unemployment Rate (ILO, average %)						
Slovenia	3.7	3.7	3.6	3.7	1.5	5.7
Euroarea	6.6	6.7	6.6	6.6	4.8	8.4
Real Estate (% of change)						
Slovenia	7.2	5.5	4.5	5.3	9.2	1.8
Euroarea	-1.1	2.7	2.6	3.9	8.0	-0.2
CPI Inflation (average % YoY)						
Slovenia	7.2	2.5	2.3	2.2	2.2	3.1
Euroarea	5.4	2.5	2.2	2.0	1.8	3.2

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

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

Scenario	Historical	Baseline case			Optimistic case	Pessimistic case
Sample period			2024-2026			
Sub-sample	2022	2023	First 12 months	Remaining 2-year period[1)]	3-year Period [1)]	3-year Period [1)]
Real GDP (constant prices YoY, %)						
Slovenia	2.5	1.3	2.7	2.9	4.4	0.0
Euroarea	3.3	0.5	1.2	1.6	3.0	0.0
Unemployment Rate (ILO, average %)						
Slovenia	4.0	3.7	3.7	3.7	1.8	5.6
Euroarea	6.8	6.6	6.6	6.6	4.8	8.4
Real Estate (% of change)						
Slovenia	14.7	-1.5	0.6	3.8	6.7	-0.4
Euroarea	7.1	-1.3	-0.1	2.6	5.8	-1.5
CPI Inflation (average % YoY)						
Slovenia	9.3	7.2	3.6	2.5	2.2	4.3
Euroarea	8.4	5.7	3.2	2.3	1.7	4.4

[1)] The numbers represent average values for the quoted periods.

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

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

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

The respective narratives are as follows:

- **Baseline**: The global economy is expected to continue its steady growth during the forecast period, albeit skewed in favour of USA and India, rather than EU and China. What is more, zooming in on the Euro area, the Germany´s growth model is breaking down under pressure coming from international competition and recent energy price shocks (most pronounced in the manufacturing sector). This will most likely shape its delayed slow recovery facing serious structural and cyclical challenges ahead. This provides focal risk context for regional markets and is especially important for Addiko´s operations. Nevertheless, widespread inflation moderation, and favourable labour market developments, ensure confidence in a relatively optimistic outlook for the euro area with its economic activity most likely picking up in 2025 and continue on its steady path over the simulation horizon. Therefore, from regional perspective external demand will remain strong, while internal consumption remains invigorated by recent real wage adjustments and rapid drawdown of NGEU funds. So far, the Addiko´s market proved shielded from geopolitical risks for reasons of greater distance from the war operations, limited pre-war trade and investment links with Russia and Ukraine, a large share of renewable energy in total consumption, and the ability to quickly source alternative sources of energy such as LNG. Overall, one can expect that it will continue to outperform the EU average. Over the short-term period (3Y horizon), Slovenia can be expected to grow at 2.5%. Due to the moderation of inflation and with monetary policy gradually being loosened, one can expect favourable real wage dynamics and continuous credit growth in the short-run, supporting regional private consumption. The present labour shortages helped wage growth and consumption recovery, but in case they continue to widen it could eventually hamper potential growth convergence paths. This was off-set to some extent by migrant labour supply, but currently it is difficult to assess its longer term utilization. Turning to the climate risks, during 2024 one could observe potential political shift away from the prioritization of the green agenda. Although policy implications of this remain unclear, the EC’s continued commitment to the green agenda. The European Green Deal (EGD), proposed in 2019 and under implementation, remains the umbrella framework for the EU’s climate efforts aimed at a climate-neutral continent by 2050. In February 2024, the European Commission proposed targets for reducing net GHG emissions in the EU by 90% by 2040 compared to 1990 levels. On current performance, the EU is projected to achieve total GHG emission reductions of 51% by 2030, four percentage points below the agreed target. The largest current initiative to incentivise the green transition is the Green Deal Industrial Plan, which builds upon the EUR 300 million disbursed through RePowerEU since May 2022 to mitigate the energy-related disruption caused by the full-scale invasion of Ukraine. Finally, in June 2023 the EU reformed its Emissions Trading System (ETS), a cap-and-trade set of regulations in place since 2005, aiming to increase the emissions covered by it and channel a larger share of the funds obtained through the scheme back into the EU budget. From 2026 onwards, the EU will fully launch a Carbon Border Adjustment mechanism, which puts a fee on goods imported from countries without sufficient climate mitigation, which the Commission expects will generate about EUR 1.5 billion per year for the EU budget by 2028. Considering that most of the physical risks are skewed towards the second half of the century, it can be expected that both the transition and physical risks are to remain minor over the forecast period.

- **Optimistic**: positive scenario assumes that active warfare between Russia and Ukraine ends by Q1 2025, with an effective stalemate followed by lengthy political negotiations, with gradual easing of trade restrictions for essential commodities as a result. The ability to re-open trade routes relieves pressure from the markets for food and metals, putting downward price pressures. Inflation should stay moderate even as the economy becomes more vibrant due to geopolitical risks, like tensions between the US and China as well as the warfare in the Middle East, subside. One could expect that global energy markets stabilize, and global manufacturing continues to recover. New credit risks do not materialise, emerging markets enjoy increased capital inflows and currency appreciations. This would increase consumption levels and open possibilities for higher investment rates that would enable European economies to grow considerably faster. Scenario gain for Slovenia could be 1.8 percentage points in relation to the baseline growth over the 2025-27 period. For the period 2027-28, macroeconomic indicators are simulated to converge to the baseline scenario, according to the assumption that in the long run the economy will operate on its potential level, although reached by growth moderation in this scenario. These conditions may foster strengthening of the ambition regarding the greenhouse gas emissions and policies advocated by largest CO2 emitters, but one can still expect, in line with the latest Climate Action Tracker, that policy ambitions will stay within existing unconditional nationally determined contributions (NDC) commitments, i.e. individual country plans to reduce its emissions follow the Paris Agreement. Therefore, increases in carbon pricing over the forecast horizon are not to be expected.

- **Pessimistic**: The negative scenario assumes that active warfare between Russia and Ukraine continues – or even intensifies - with poor prospects for negotiations until the end of next year. Global prices of essential goods would therefore certainly increase due to trade fragmentation caused by EU and G7 gradually expanding the scope of secondary sanctions and a resurgence of protectionism, which of course jointly contribute to the upward price pressures and more volatile capital flows. Monetary policy loosening is advancing less rapidly than in the baseline scenario, and credit risks materialise in real estate markets outside the EU, although probably without unmanageable negative externalities to the EU financial system. Republican administration takes over in the US, resulting in a reduction of support to Ukraine and a weakening of security assurances to other NATO countries, as well as an increase in trade barriers with China and EU. Major global leaders continue to protract the implementation of climate change policies and opt for protecting local industries instead. In this case major nations tighten climate policies gradually, giving a 67% chance of keeping global warming below 2°C. This scenario assumes that climate policies are implemented immediately and gradually become more stringent, though not to the same extent as in the scenario of net-zero GHG emissions by 2050. CO2 emissions will be zero only by 2070. CDR deployment is relatively low. Of course, one has to admit there is a sizable chance that the global leaders may fail to coordinate on implementation of the climate action programs beyond the nationally determined contributions, which may be the source of additional risks and disturbances in both directions. Overall output loss for Slovenia, in terms of GDP contraction in relation to the baseline trajectories, amounts to -5.3%.

The 31 December 2024 financial statements include also a post model adjustment (PMA) of EUR 1.2 million, which is a decrease of EUR 1.5 million from the PMA in the financial statements as of 31 December 2023.

The decrease of the PMA reflects the improvement of IFRS9 PD models, which are now better suited to correctly estimate probability of default within the macro-economic uncertainties. The remaining PMA is booked for the sub-portfolios of retail clients where no sufficient data history exists for precise PD modelling.

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

EUR thousand

31.12.2024	ECL incl. post model overlay	ECL excl. post model overlay	Optimistic scenario	Base scenario	Pessimistic scenario
Retail	8,853	7,640	6,515	7,304	8,554
Non-retail	8,793	8,793	8,310	8,674	9,130
Corporate center	49	49	36	46	59
Total	**17,695**	**16,482**	**14,861**	**16,024**	**17,743**

EUR thousand

31.12.2023	ECL incl. post model overlay	ECL excl. post model overlay	Optimistic scenario	Base scenario	Pessimistic scenario
Retail	7,619	7,271	7,064	7,202	7,417
Non-retail	7,022	4,617	4,354	4,559	4,754
Corporate center	304	304	212	283	352
Total	**14,945**	**12,192**	**11,631**	**12,045**	**12,524**

54.2. Development of risk provisions

The development of risk provisions during 2024 is mainly influenced by provision requirements in the consumer portfolio (EUR 10.1 million Cost of Risk) as well as within the SME segment (EUR 9.6 million Cost of Risk) - strongly driven by allocation in the NPE portfolio. The overall ECL coverage for performing loans (stage 1 and 2) increased slightly above the level as YE23 (1.4%), leading to minor P/L effects on the performing portfolio. Despite the tense macroeconomic environment, Addiko's asset quality remained stable during 2024. Despite the new allocations of provisions in Stage 3 during the reporting period, the combined effect of collections and write offs helped to stabilize the overall NPE ratio as well as associated risk provisions.

54.3. Changes in the calculation of portfolio risk provisions

Based on the ongoing model improvement framework at the Addiko Group, updates are performed regularly to make sure that the latest available information is considered and that methodologies are improved and aligned with portfolio development and market practice. During 2024 several changes were implemented:

- The IFRS9 PD models were reviewed and improved for all segments, followed by a large release of the post-model adjustment booked in 2023.
- Addiko switched to classification of staging based on the lifetime PD. In 2024 Bank introduced lifetime probability of default (PD) in assessing whether there is an increase in credit risk of the financial instrument since initial recognition, while so far 12 months probability of default has been used as an adequate proxy. Above mentioned parameter change resulted in 48.1 million EUR of total exposure to transfer from Stage 2 to Stage 1 and reduction of ECL for 0.9 million EUR, mainly related to loans and advances to customers in focus segments.
- Low credit risk exemption was removed from the staging methodology for private individuals.

54.4. Development of the coverage ratio

The coverage ratio (calculated as the ratio of the total risk provisions to non-performing exposure) has decreased in 2024 (81.8%) compared to YE23 (86.4%). Reductions are mainly driven by the SME portfolio due to realised write offs of highly provisioned clients.

The following table shows the NPE and coverage ratio (NPE coverage ratio considers Stage 3 allowances, while NPE coverage ratio (including collateral) additionally considers collaterals) according to the internal segmentation at YE24 and YE23:

EUR thousand

31.12.2024	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Coverage Ratio	NPE Coverage Ratio (incl collateral)
Consumer	547,508	13,276	10,685	0	2.4%	80.5%	80.5%
SME	586,104	15,791	13,315	1,434	2.7%	84.3%	93.4%
Non Focus	155,982	1,389	913	785	0.9%	65.7%	122.2%
o/w Large Corporate	58,076	7	6	7	0.0%	86.3%	185.8%
o/w Mortgage	93,614	1,382	907	778	1.5%	65.6%	121.8%
o/w Public Finance	4,292	0	0	0	0.0%	0.0%	0.0%
Corporate Center	359,914	0	0	0	0.0%	0.0%	0.0%
Total	**1,649,509**	**30,457**	**24,913**	**2,218**	**1.8%**	**81.8%**	**89.1%**
o/w Credit Risk Bearing	**1,300,143**	**30,457**	**24,913**	**2,218**	**2.3%**	**81.80%**	**89.1%**

The Credit Risk Bearing exposure does not include exposure towards the national bank as well as securities and derivatives.

EUR thousand

31.12.2023	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Coverage Ratio	NPE Coverage Ratio (incl collateral)
Consumer	504,470	8,615	6,958	0	1.7%	80.8%	80.8%
SME	576,755	13,254	12,194	1,756	2.3%	92.0%	105.2%
Non Focus	211,588	1,730	1,226	940	0.8%	70.9%	125.2%
o/w Large Corporate	89,342	7	5	7	0.0%	75.3%	174.9%
o/w Mortgage	112,312	1,723	1,221	933	1.5%	70.9%	125.0%
o/w Public Finance	9,934	0	0	0	0.0%	0.0%	0.0%
Corporate Center	436,571	0	0	0	0.0%	0.0%	0.0%
Total	**1,729,384**	**23,599**	**20,378**	**2,696**	**1.4%**	**86.4%**	**97.8%**
o/w Credit Risk Bearing	**1,349,169**	**23,599**	**20,378**	**2,696**	**1.7%**	**86.35%**	**97.8%**

The Credit Risk Bearing exposure does not include exposure towards the national bank as well as securities and derivatives.

(55) Measurement of real estate collateral and other collateral

The Bank is using conservative haircuts in the calculation of internal collateral values, which buffer potential losses. Furthermore, all eligible collateral values are recorded at their original value established at loan origination (i.e. not indexed upwards). They are regularly monitored and, a re-assessment of the market values for collaterals was not considered to be necessary in the preparation of the year-end financial statements.

Pursuant to the Collateral Management Policy and the Real Estate Valuation Policy values of residential real estate (RRE) are monitored at least once every three years. All commercial real estate (CRE) and all real estates which are collateral for NPE or FB exposures (both CRE and RRE) are monitored annually. The monitoring of all commercial real estate is performed on an individual level if the market value is above EUR 1.0 million. The market value of the properties with value below EUR 1 million is monitored using a statistical model. Thresholds for individual monitoring for residential real estate are more conservative, and those correspond to all RRE with market value of over EUR 400,000 are monitored manually. The market values of residential real estate with MV below EUR 400,000 are monitored statistically. Any outliers identified through statistical monitoring (CRE and RRE) are additionally monitored manually.
The following table shows the development of the internal collateral values (ICV):

EUR thousand

Collateral Distribution	31.12.2024	31.12.2023
Exposure	1,649,509	1,729,384
Internal Collateral Value (ICV)	148,918	188,577
thereof CRE	68,368	93,113
thereof RRE	49,206	56,197
thereof financial collateral	4,616	12,312
thereof guarantees	22,621	21,057
thereof other	4,107	5,899
ICV coverage rate	**9.0%**	**10.9%**

The predominant part of the collaterals is provided for loans and advances (negligible collaterals for other exposure types). The decline in gross exposure also has correspondingly led to a reduction in the internal collateral. Specifically, the value of residential real estate used as collateral for mortgage loans has decreased, reflecting a decline in the mortgage loan portfolio within the non-focus segment. The collateral coverage also decreased in the portfolio overall to 9.0 % compared to YE23 (10.9 %).

(56) Market risk

56.1. Definition

Market risks consist of potential losses arising from a change in market prices. The Bank structures market price risks according to the risk factors in interest rate, credit spread, currency and equity price risk. The Bank places a special emphasis on identifying, measuring, analysing and managing market risk. Market price risks may result from securities (and products similar to securities), money and foreign currency products, derivatives, exchange rate hedges and results hedging, assets similar to equity or from the management of assets and equity/liabilities. In addition to market risks, market liquidity risks may also arise if, in the event of low market demand, the bank is unable to sell trading positions during liquidity bottlenecks (or due to risk-based offsetting requirements) in the short term. For existing positions, these are taken into account as part of the risk limitations for market risks.

56.2. Risk measurement

Addiko Bank calculates market risk as part of daily monitoring with value-at-risk methods on the basis of a one-day holding period, with a confidence level of 99.0%. The VaR risk measure estimates the potential loss over the given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99.0% VaR number used by the Bank reflects the 99% probability that the daily loss should not exceed the reported VaR. The VaR methodology employed to estimate daily risk numbers is a Monte Carlo simulation with 10,000 runs, or a simulation under Variance-Covariance method. While the latter method is used to estimate interest rate risk for non-trading activities, the Monte Carlo approach is then used to estimate potential losses of other market risk types. The Bank uses VaR to capture potential losses arising from changes in the risk-free rates, security issuers' credit margins, foreign exchange rates, equity prices and commodity prices. All VaR methods in place rest on assumption of exponentially weighted moving averages and correlations in the market risk factors collected for the historical series of 250 days.

56.3. Market risk overview

56.3.1. INTEREST RATE RISK

The value at risk of the economic interest rate risk (including the interest rate risk of the trading book) for the Bank per 31.12.2024 is EUR 433 thousand (YE23: EUR 164 thousand). The interest rate gap profile of the Bank contains all interest-rate-sensitive items (Assets, liabilities and off-balance-sheet items in the non-trading book), which are either contractually fixed, floating or based on behavioural assumptions. The stochastic cash flows are illustrated using uniform Group standards as well as local models for country-specific transactions. All interest sensitive items in the balance sheet are taken as the basis for calculating economic value and earnings-based measures as well as other measures of IRRBB, based on the interest rate shock and stress scenarios. Any non-interest-sensitive items are not comprised in the interest risk calculation but dealt with in association with other risk factors, such as the participation risk.

The methodology of regulatory interest risk calculation is based on the EBA Guidelines on the management of interest rate risk arising from non-trading activities (EBA/GL/2022/14) and the Guidelines on IRRBB and credit spread risk arising from non-trading book activities (CSRBB).

Regulatory requirements state that impact on EVE (Economic Value of Equity) of scenarios 1 to 6 as set out in the final draft RTS (Regulatory Technical Standards) on IRRBB supervisory outlier tests (SOT – Supervisory Outlier Tests), the impact may not exceed 15% of Tier 1 capital, with the relevant risk estimation at 3.4% at 31.12.2024 versus 1.9% at 31.12.2023.

The change in present value of the banking book in EUR thousands with a parallel rise in the interest rate curves by 1 base point in all maturity bonds and currencies as of 31 December 2024 amounts to EUR -45 thousand (entire aggregated effect of this interest rate simulation) – the aggregated effect in 2023 was EUR -14 thousand.

Sensitivity analysis to interest rate movements:

EUR thousand

2024	25bps decrease	50bps decrease	75bps decrease	100bps decrease	125bps decrease
Impact on NII	-500	-800	-1.000	-1.400	-1.700
Impact on equity	-609	-1.040	-1.383	-1.903	-2.334

EUR thousand

2023	25bps decrease	50bps decrease	75bps decrease	100bps decrease	125bps decrease
Impact on NII	-543	-782	-718	-958	-1.197
Impact on equity	-734	-1.199	-1.394	-1.858	-2.323

56.3.2. FOREIGN EXCHANGE RISK

Foreign exchange risk covers the entire FX risk of the Bank. The main foreign exchange risk drivers are the RON, CHF and USD currencies. The total volume of open currency positions as of 31 December 2024 is roughly EUR 1.42 million (volume as of 31 December 2023 of approx. EUR 643 thousand), with the majority attributed to the currencies RON, CHF and USD. The value at risk for foreign exchange risk was approximately EUR 6.69 thousand per day as of 31 December 2024 (value at risk as of 31 December 2023: EUR 1.72 thousand), at a confidence interval of 99.0%. The limit of EUR 25.0 thousand was adhered in year 2024.

In addition to monitoring VaR in respect of foreign currency, the Bank also monitors any concentration of relevant single foreign exchange positions at the single currency level – this is reported on a quarterly basis within the Asset Liability Committee.

Exposure to currency risk:

EUR thousand

	31.12.2024	EUR	USD	CHF	RON	other
Cash, cash balances at central banks and other demand deposits at banks	**138,873**	134,129	2,942	389	459	955
Financial assets held for trading	**992**	992	0	0	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	**313**	313	0	0	0	0
Financial assets at fair value through other comprehensive income	**53,979**	48,939	5,040	0	0	0
Financial assets at amortised cost	**1,156,665**	1,120,010	2,879	24,466	9,309	0
Debt securities	**169,185**	166,306	2,879	0	0	0
Loans and advances to credit institutions	**380**	380	0	0	0	0
Loans and advances to customers	**986,144**	952,462	0	24,466	9,216	0
Other financial assets	**956**	862	0	0	93	0
Tangible assets	**6,204**	6,204	0	0	0	0
Intangible assets	**3,640**	3,640	0	0	0	0
Tax assets	**14,399**	14,335	64	0	0	0
Current tax assets	**930**	930	0	0	0	0
Deferred tax assets	**13,469**	13,405	64	0	0	0
Other assets	**800**	800	0	0	0	0
Non-current assets and disposal groups classified as held for sale	**182**	182	0	0	0	0
Total assets	**1,376,045**	**1,329,543**	**10,924**	**24,855**	**9,768**	**956**

EUR thousand

	31.12.2024	EUR	USD	CHF	RON	other
Financial liabilities held for trading	**792**	792	0	0	0	0
Financial liabilities measured at amortised cost	**1,157,994**	1,146,640	6,227	4,265	76	785
Deposits of credit institutions	**1,218**	1,218	0	0	0	0
Deposits of customers	**1,093,643**	1,083,367	5,164	4,263	76	774
Loans of banks and central banks	**49,520**	49,520	0	0	0	0
of which subordinated loans	**31,010**	31,010	0	0	0	0
Other financial liabilities	**13,614**	12,536	1,063	2	1	12
Provisions	**11,409**	11,409	0	0	0	0
Tax liabilities	**0**	0	0	0	0	0
Current tax liabilities	**0**	0	0	0	0	0
Other liabilities	**6,874**	6,874	0	0	0	0
Total liabilities	**1,177,070**	**1,165,716**	**6,227**	**4,265**	**76**	**785**
Capital	**89,959**	89,959	0	0	0	0
Capital reserve	**18,814**	18,814	0	0	0	0
Accumulated other comprehensive income	**-1,188**	-1,188	0	0	0	0
Retained earnings (including profit or loss for the financial year)	**91,391**	91,391	0	0	0	0
Total equity	**198,976**	**198,976**	**0**	**0**	**0**	**0**
Total liabilities and equity	**1,376,045**	**1,364,692**	**6,227**	**4,265**	**76**	**785**
Net off-balance-sheet liabilities arising from spot transactions and derivatives	**789**	34,056	-4,005	-19,938	-9,440	116
Other off balance exposures	**268,194**	267,950	242	0	2	0

EUR thousand

	31.12.2023	EUR	USD	CHF	RON	other
Cash, cash balances at central banks and other demand deposits at banks	**225,377**	223,314	313	267	305	1,179
Financial assets held for trading	**1,382**	1,382	0	0	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	**313**	313	0	0	0	0
Financial assets at fair value through other comprehensive income	**54,192**	49,518	4,674	0	0	0
Financial assets at amortised cost	**1,141,175**	1,105,088	1,312	29,543	5,232	1
Debt securities	**111,820**	110,509	1,311	0	0	0
Loans and advances to credit institutions	**50,676**	50,676	0	0	0	0
Loans and advances to customers	**977,734**	942,960	0	29,542	5,232	0
Other financial assets	**944**	943	0	1	0	0
Tangible assets	**7,676**	7,676	0	0	0	0
Intangible assets	**2,234**	2,234	0	0	0	0
Tax assets	**14,928**	14,842	86	0	0	0
Current tax assets	**0**	0	0	0	0	0
Deferred tax assets	**14,928**	14,842	86	0	0	0
Other assets	**591**	591	0	0	0	0
Non-current assets and disposal groups classified as held for sale	**177**	177	0	0	0	0
Total assets	**1,448,044**	**1,405,133**	**6,384**	**29,810**	**5,537**	**1,180**

EUR thousand

	31.12.2023	EUR	USD	CHF	RON	other
Financial liabilities held for trading	**1,837**	1,837	0	0	0	0
Financial liabilities measured at amortised cost	**1,224,610**	1,204,893	8,487	10,265	11	953
Deposits of credit institutions	**5,967**	1,629	15	4,323	0	0
Deposits of customers	**1,160,990**	1,146,854	7,246	5,942	11	938
Loans of banks and central banks	**41,586**	41,586	0	0	0	0
of which subordinated loans	**15,014**	15,014	0	0	0	0
Other financial liabilities	**16,066**	14,824	1,227	0	0	15
Provisions	**8,302**	8,302	0	0	0	0
Tax liabilities	**598**	598	0	0	0	0
Current tax liabilities	**598**	598	0	0	0	0
Other liabilities	**2,333**	2,333	0	0	0	0
Total liabilities	**1,237,679**	**1,217,963**	**8,487**	**10,265**	**11**	**953**
Capital	**89,959**	89,959	0	0	0	0
Capital reserve	**18,814**	18,814	0	0	0	0
Accumulated other comprehensive income	**-2,495**	-2,495	0	0	0	0
Retained earnings (including profit or loss for the financial year)	**104,087**	104,087	0	0	0	0
Total equity	**210,364**	**210,364**	**0**	**0**	**0**	**0**
Total liabilities and equity	**1,448,044**	**1,428,327**	**8,487**	**10,265**	**11**	**953**
Net off-balance-sheet liabilities arising from spot transactions and derivatives	**317**	21,830	1,974	-18,296	-5,308	118
Other off balance exposures	**283,710**	283,468	242	0	0	0

56.3.3. EQUITY RISK

The equity instruments held in the Bank is susceptible to market price risks, which arise from the uncertainty surrounding the future value of these shares. The Value at Risk for the equity risk is estimated at EUR 3 thousand as of 31 December 2024. The Value at Risk as of 31 December 2023 was also at EUR 3 thousand. Size of risk exposure to movements in equity market prices is seen as low given the Bank strategy, in general, not to invest into such asset classes. If the comparison is done on each separate risk type, equity risk exposure thus displays that no major concentration risk arises from therein.

56.3.4. CREDIT SPREAD RISK

The credit spread risk within the Bank stood at EUR 59 thousand at 31 December 2024 with a one-day value at risk and a confidence level of 99.0% (value at risk as of 31 December 2023: EUR 52 thousand). The greatest influencing factor in credit spread risk is the holding of liquidity reserves in the form of securities at the Bank. Consequently, there is not much room for reducing risk from these items. In addition to monitoring VaR in respect to the credit spread risk, the Bank also monitors concentration risks within the bond portfolio over the whole Bank's total assets as well as concentrations of bonds within the categories of government bonds, financial bonds and corporate bonds.

The following table shows the estimated exposures of market risks, which Addiko Bank uses for internal risk management:

EUR thousand

	31.12.2024	31.12.2023
Interest Rate Risk (Banking and Trading Book)	9,086	3,446
Credit Spread Risk	1,230	1,084
Foreign Exchange Risk	140	36
Equity Risk	57	69

Total market risk exposure was higher at year end 2024 compared with the end of the year 2023, highly influenced by the higher volatility arising from the interest rate and credit spread risk.

The business and investment strategy of Addiko Bank follows further a prudent definition based on a Hold-to-Collect business model.

(57) Liquidity risk

57.1. Definition

Addiko Bank defines liquidity risk as the risk of not being able to fully or timely meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risks also includes the risk, in the event of a liquidity crisis, to only being able to procure refinancing at increased market rates, or only being able to sell assets if a discount has been included to the market prices. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Banks's operations and investments.

57.2. Management of liquidity risk

The controlling and management of the liquidity is under responsibility of Balance Sheet Management & Treasury. The unit is responsible for operational liquidity steering and liquidity offset. The liquidity risk control is the responsibility of Market and liquidity risk controlling, where risk measurement and mitigation as well as timely and consistent reporting are carried out there.

The Bank's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank has liquidity contingent plans in place, which set out the instruments and the measures required to avert imminent crises or to overcome acute crises. A bundle of different liquidity reserves, including also ECB-eligible securities, ensures the Bank's solvency at all times, even during crisis situations.

Regular liquidity stress testing is conducted under a variety of scenarios, developed taking into account market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes) and Group-specific events (e.g. a reputation deterioration).

57.3. Exposure to liquidity risk

The liquidity position of the Bank remained strong, with the Loan to deposit ratio (LDR) (net) of 90.3% (YE23: 84.3%). One of the ways used to manage liquidity position is via the liquidity coverage ratio (LCR), which the regulator defines as the ratio of a credit institution's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period. In 2024 the LCR has moving between its lowest level of 309.2% in May 2024 and its peak of 512.3 % in March 2024 (during 2023 the LCR has moving between its lowest level of 185.6% in May 2023 and its peak of 251.6% in December 2023) and was significantly above the minimum regulatory requirement of 100%.

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

	31.12.2024	31.12.2023
End of period	358.0%	251.6%
Average for the period	346.0%	220.8%
Maximum for the period	512.3%	251.6%
Minimum for the period	309.2%	185.6%

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

In 2024, the NSFR has been moving between its lowest level of 149.2% in December 2024 and its peak of 154.7% in February 2024 (during 2023 the NSFR was moving between 137.4% in January 2023 and its peak of 150.3% in December 2023).

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

	31.12.2024	31.12.2023
End of period	149.2%	150.3%
Average for the period	152.5%	141.9%
Maximum for the period	154.7%	150.3%
Minimum for the period	149.2%	137.4%

57.4. Maturity analysis

57.4.1. CONTRACTUAL MATURITIES

The following tables set out the contractual maturities of undiscounted cash flows of the Bank’s financial assets, liabilities and off-balance items:

EUR thousand

31.12.2024	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash, cash balances at central banks and other demand deposits at banks	128,901	9,972	0	0	0	138,873	0	138,873
Financial assets held for trading	0	310	-74	-17	0	235	-17	219
Outflow	0	-29,026	-3,181	-367	0	-32,207	-367	-32,574
Inflow	0	29,336	3,107	350	0	32,442	350	32,792
Financial assets mandatorily at fair value through profit or loss	313	0	0	0	0	313	0	313
Financial assets at fair value through other comprehensive income	0	999	5,611	36,641	13,558	6,610	50,199	56,809
Financial assets at amortised cost	76,724	92,517	226,675	673,207	226,629	395,916	899,837	1,295,753
Total	**205,937**	**103,798**	**232,211**	**709,832**	**240,187**	**541,947**	**950,019**	**1,491,966**
Financial liabilities held for trading	0	127	155	16	0	283	16	299
Outflow	0	-9,498	-3,822	-316	0	-13,319	-316	-13,635
Inflow	0	9,370	3,666	300	0	13,037	300	13,337
Financial liabilities measured at amortised costs	607,157	149,817	310,403	83,152	31,645	1,067,376	114,796	1,182,173
Loan commitments	96,041	0	0	0	0	96,041	0	96,041
Financial guarantees	14,479	0	0	0	0	14,479	0	14,479
Other commitments	157,674	0	0	0	0	157,674	0	157,674
Total	**875,351**	**149,944**	**310,558**	**83,168**	**31,645**	**1,335,853**	**114,812**	**1,450,665**

EUR thousand

31.12.2023	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash, cash balances at central banks and other demand deposits at banks	215,058	10,319	0	0	0	225,377	0	225,377
Financial assets held for trading	0	13	-2	-68	0	11	-68	-57
Outflow	0	-4,488	-261	-1,576	0	-4,749	-1,576	-6,325
Inflow	0	4,501	260	1,508	0	4,760	1,508	6,268
Financial assets mandatorily at fair value through profit or loss	313	0	0	0	0	313	0	313
Financial assets at fair value through other comprehensive income	0	0	15,734	41,526	0	15,734	41,526	57,260
Financial assets at amortised cost	78,129	94,371	262,430	634,795	205,646	434,930	840,441	1,275,371
Total	**293,500**	**104,703**	**278,162**	**676,253**	**205,646**	**676,364**	**881,899**	**1,558,264**
Financial liabilities held for trading	0	523	25	120	0	548	120	668
Outflow	0	-21,732	-1,316	-2,503	0	-23,048	-2,503	-25,550
Inflow	0	21,209	1,291	2,382	0	22,500	2,382	24,882
Financial liabilities measured at amortised costs	652,793	169,908	309,355	100,681	7,619	1,132,056	108,301	1,240,357
Loan commitments	117,166	0	0	0	0	117,166	0	117,166
Financial guarantees	12,784	0	0	0	0	12,784	0	12,784
Other commitments	153,761	0	0	0	0	153,761	0	153,761
Total	**936,504**	**170,431**	**309,380**	**100,802**	**7,619**	**1,416,314**	**108,421**	**1,524,736**

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are complied
Non-derivative financial liabilities	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognized loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

57.4.2. EXPECTED MATURITIES

The following table sets out the carrying amount of assets and liabilities by remaining maturities, taking into consideration the period between the reporting date and the expected payment date for the receivable or liability. Where receivables or liabilities fall due in partial amounts, the remaining maturity is reported separately for each partial amount.

EUR thousand

31.12.2024	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash, cash balances at central banks and other demand deposits at banks	128,901	9,972	0	0	0	138,873	0	138,873
Financial assets held for trading	992	0	0	0	0	992	0	992
Financial assets mandatorily at fair value through profit or loss	313	0	0	0	0	313	0	313
Financial assets at fair value through other comprehensive income	0	999	4,983	34,439	13,558	5,982	47,997	53,979
Financial assets at amortised cost	68,196	81,076	220,822	569,949	216,621	370,094	786,570	1,156,665
Tangible assets	6,204	0	0	0	0	6,204	0	6,204
Intangible assets	3,640	0	0	0	0	3,640	0	3,640
Tax assets	14,399	0	0	0	0	14,399	0	14,399
Current tax assets	930	0	0	0	0	930	0	930
Deferred tax assets	13,469	0	0	0	0	13,469	0	13,469
Other assets	800	0	0	0	0	800	0	800
Non-current assets and disposal groups classified as held for sale, financial instruments	182	0	0	0	0	182	0	182
Total	**223,625**	**92,048**	**225,805**	**604,388**	**230,179**	**541,478**	**834,567**	**1,376,045**
Financial liabilities held for trading	792	0	0	0	0	792	0	792
Financial liabilities measured at amortised cost	606,905	153,002	300,482	69,803	27,803	1,060,389	97,605	1,157,994
Provisions	11,409	0	0	0	0	11,409	0	11,409
Tax liabilities	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0	0	0
Other liabilities	6,874	0	0	0	0	6,874	0	6,874
Total	**625,980**	**153,002**	**300,482**	**69,803**	**27,803**	**1,079,464**	**97,605**	**1,177,070**

Non-maturity deposits are presented as daily due. This results in creating a significant negative liquidity gap in the first bucket. However, taking into account the behavioral part of non-maturity deposits, sight deposits are shifted into longer buckets which aligns the structural liquidity position.

EUR thousand

31.12.2023	daily due	up to 3 months	from 3 months to 1 year	from 1 year to 5 years	> 5 years	up to 1 year	over 1 year	Total
Cash reserves	215,058	10,319	0	0	0	225,377	0	225,377
Financial assets held for trading	1,382	0	0	0	0	1,382	0	1,382
Financial assets mandatorily at fair value through profit or loss	313	0	0	0	0	313	0	313
Financial assets at fair value through other comprehensive income	0	0	15,095	39,097	0	15,095	39,097	54,192
Financial assets at amortised cost	69,583	88,536	255,425	539,631	188,000	413,544	727,631	1,141,175
Tangible assets	7,676	0	0	0	0	7,676	0	7,676
Intangible assets	2,234	0	0	0	0	2,234	0	2,234
Tax assets	14,928	0	0	0	0	14,928	0	14,928
Current tax assets	0	0	0	0	0	0	0	0
Deferred tax assets	14,928	0	0	0	0	14,928	0	14,928
Other assets	591	0	0	0	0	591	0	591
Non-current assets and disposal groups classified as held for sale, financial instruments	177	0	0	0	0	177	0	177
Total	**311,942**	**98,855**	**270,520**	**578,728**	**188,000**	**681,316**	**766,728**	**1,448,044**
Financial liabilities held for trading	1,837	0	0	0	0	1,837	0	1,837
Financial liabilities measured at amortised cost	654,198	167,495	303,232	80,964	18,720	1,124,925	99,684	1,224,610
Provisions	8,302	0	0	0	0	8,302	0	8,302
Tax liabilities	598	0	0	0	0	598	0	598
Deferred tax liabilities	598	0	0	0	0	598	0	598
Other liabilities	2,333	0	0	0	0	2,333	0	2,333
Total	**667,268**	**167,495**	**303,232**	**80,964**	**18,720**	**1,137,995**	**99,684**	**1,237,679**

Non-maturity deposits are presented as daily due. This results in creating a significant negative liquidity gap in the first bucket. However, taking into account the behavioral part of non-maturity deposits, sight deposits are shifted into longer buckets which aligns the structural liquidity position.

57.5. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, balances with central bank and debt securities issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Bank holds unencumbered assets eligible for use as collateral with central bank.

The following table sets out the counterbalancing capacity of the Bank:

EUR thousand

Counterbalancing Capacity	31.12.2024		31.12.2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Coins and bank notes	9,159	9,159	8,889	8,889
Withdrawable central bank reserves	116,185	116,185	203,789	203,789
Level 1 tradable assets	182,713	183,911	120,748	120,594
Level 2A tradable assets		-	-	-
Level 2B tradable assets		-	-	-
Total Counterbalancing Capacity	**308,058**	**309,255**	**333,427**	**333,272**

57.6. Financial assets available to support future funding

The following table sets out the availability of the Bank's financial assets (carrying amount) to support future funding.

EUR thousand

31.12.2024	Encumbered assets	Unencumbered assets
Cash balances at central banks and other demand deposits	380	129,334
Equity instruments	0	13,870
Debt securities	10,913	198,693
Loans and advances	0	987,480
Total	**11,293**	**1,329,377**

EUR thousand

31.12.2023	Encumbered assets	Unencumbered assets
Cash balances at central banks and other demand deposits	0	216,487
Equity instruments	0	13,406
Debt securities	12,636	140,282
Loans and advances	0	1,029,355
Total	**12,636**	**1,399,530**

57.7. Financial assets pledged as collateral

The carrying amount of financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at 31 December 2024 and 2023 is shown in the following table:

EUR thousand

	31.12.2024	31.12.2023
Cash, cash balances at central banks and other demand deposits	380	0
Total	**380**	**0**

Financial assets are pledged as collateral as part of sales and repurchases and securities borrowing under terms that are usual and customary for such activities. Cash collaterals were pledged in relation to derivatives. No financial assets (either financial assets at fair value through other comprehensive income or financial assets at amortised costs) were pledged as collateral for liabilities arising from refinancing transactions, repurchase agreements and other collateral arrangements.

(58) Operational risk

58.1. Definition

The Bank defines operational risk as the risk of direct and indirect losses resulting from inadequate or failed internal processes, systems, people or external factors other than credit, market and liquidity risks. This definition includes legal risk but excludes reputational risk and strategic risk.

58.2. General requirements - Operational risk management framework

Operational risk management (ORM) is at the core of a bank's operations, integrating risk management practices in processes, systems and culture. As a pro-active partner to senior management, ORM's value lies in supporting and challenging senior management to align the business control environment with the bank's strategy by measuring and mitigating risk loss exposure, contributing to optimal return for stakeholders.

A robust framework of operational risk management which includes identifying, measuring, managing, monitoring and reporting operational risk provides a mechanism for discussion and effective escalation of issues leading to better risk management and increasing institutional resilience.

The comprehensive data collection, which the framework supports, allows analysis of complex issues and facilitates tailored risk mitigation actions.

Operational risk management is a continuous cyclic process which includes risk and control self-assessment, risk decision making, scenario analysis and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk.

58.3. Risk monitoring

Operational Risk Management reports on a regular basis to the Management Board and on a quarterly basis to the Operational Risk and Security Committee in order to provide an overview of the operational risk situation to the management to enable the related risk steering and to integrate the operational risk management into the bank processes.

Activities related to identifying, measuring, managing, monitoring and reporting operational risk for an effective oversight over the operational risk exposure have been continued according to the defined standards.

The monitoring of Operational Risk losses in 2024 shows impacts for expected legal matters on Swiss franc denominated loans and increased number of credit fraud cases.

(59) Sustainability (Environmental, Social and Governance - ESG) Risks

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

The Bank does not treat the ESG risks as a separate risk type but integrates them in the existing risk classification and into the existing risk management framework, as drivers for other risk types (e.g. credit risk or operational risk). In line with regulatory expectations, Addiko puts a special focus on climate-related and other environmental risk (C&E risk) management. In this context Addiko considers both physical and transition risks:

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

The Bank performed an assessment of climate-related and other environmental risks in two consecutive steps. In a first step the Bank assessed the impact of climate and environmental change on its countries of operation considering various scenarios for the short, medium and long-term. In a second step Bank analysed how the impact identified in the first step will transmit onto the Group. Based on this analysis, Addiko concluded that in particular its credit risk can be impacted climate-related and other environmental risk drivers. While due to the granularity and diversification of Addiko Bank's loan portfolio, there is no immediate material threat to the quality of assets of Bank, the potential impact on the economy in the area of Addiko operation drives the systemic risk Addiko is exposed to. In this context it is evident that acute and chronic climate and environmental risks already do impact macroeconomic indicators, whereby the severity of this impact over the medium- to long term is highly dependent on the measures taken to curb climate change. Consequently, Addiko also considered the impact from climate-related transition risks in the macroeconomic financial forecasts used in the calculation of the Expected Credit Loss, thus, directly impacting the risk provisions of the loan book.

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

Further details regarding ESG risks are disclosed in the Management Report in chapter (6) Sustainability Statement.

(60) Legal risk

60.1. Passive legal disputes: monitoring and provisioning of legal risks

Legal provisions for legal risks inherent in passive legal proceedings, specifically risks of not prevailing in legal proceedings and having to bear the associated costs, are generally calculated in accordance with international accounting principles. Accordingly, no legal provisions are required if the Bank is more likely to prevail than to not prevail in the respective legal proceedings. If the Bank's likeliness to prevail is equal to or below 50%, legal provisions are established. The Bank extensively monitors its effectiveness in each legal proceeding, including the Bank's likeliness to prevail, with the engagement of external legal experts and lawyers. Additionally, legal provisions are also established for particularly complex and/or high-profile legal proceedings, which inherent higher legal risks.

60.2. Overview of legal disputes - Possible subsequent invalidity of agreed foreign currency

Particularly during 2004-2008 numerous borrowers in Slovenia decided for loans in foreign currency or foreign currency-denominated loans (especially Swiss Franc). Since 2015 the respective loan agreements in foreign currency or with the foreign currency clause have increasingly become the subject of borrowers' complaints and legal proceedings against the banks. The respective borrowers are claiming that the loan agreements in foreign currency or with the foreign currency clause are null and void as the banks did not provide enough information on the consequences of loans in foreign currency or foreign currency-denominated loans to borrowers at the time the respective loan agreements in foreign currency or with the foreign currency clause were concluded.

The number of ongoing legal proceedings against the Bank in connection with loan agreements with the foreign currency clause in Swiss Francs increased during 2024. From 2015 until 2023 the judicial jurisprudence was favourable for the banks and the majority of judicial verdicts were ruled in their favour, depending on the circumstances of each respective legal case. In 2023 the judicial jurisprudence changed and contrary to the previous judicial jurisprudence the arguments that were so far interpreted in favour of the banks, were now interpreted differently. The Slovenian Supreme Court interpreted Slovenian laws in a way that retroactively establishes higher requirements for the fulfilment of the information duty of the banks. As the judicial jurisprudence is inconsistent the final outcomes of the respective legal proceedings are not yet known. Furthermore, the legal issues regarding the statute of limitations of claims of borrowers are not yet resolved.

EUR thousand

		31.12.2024		31.12.2023
	Exposure	Of which CHF	Exposure	Of which CHF
Addiko Bank Slovenia	1,649,496	24,936	1,729,314	30,061

In 2024 the Bank was able to further reduce its foreign exchange risk due to the portfolio of Swiss Franc-denominated loans reduction from 30.1 million EUR at the end of 2023 to 24.9 million EUR at the end of 2024.

60.3. Overview of legal disputes - Possible subsequent invalidity of agreed »floor« clause

In 2015 the reference interest rate EURIBOR became negative. To counteract the negative consequences of the negative reference interest rate EURIBOR the Bank introduced so called "floor" clause into the loan agreements thus negative interests could not apply and the interest rate would amount to at least the interest margin, agreed in the loan agreements. In September 2023 a consumer organization submitted a class action against the Bank with the intent to nullify the "floor" clause. Similar to the legal proceedings regarding the loan agreements with the foreign currency clause in Swiss Francs the main allegations also in the respective class action is that the borrowers were not provided with enough information on the consequences of the respective "floor" clause. The respective consumer organization also submitted class actions against all other Slovenian banks that offered loans with the reference interest rate EURIBOR. In the preliminary stage of the legal proceeding regarding the class action the first instance court issued a decision to dismiss the class action as the preliminary conditions to even consider the class action on merit are not fulfilled. The first instance court decision was appealed.

(61) Leases from the view of Addiko Bank as lessor

The undiscounted minimum lease payments to be received after the reporting date from operating leases for each of the years of the lease contract are shown as follows:

EUR thousand

	31.12.2024	31.12.2023
up to 1 year	206	202
from 1 year to 2 years	206	202
from 2 year to 3 years	0	202
from 3 year to 4 years	0	0
from 4 year to 5 years	0	0
over 5 years	0	0
Total	**412**	**605**

The breakdown of minimum lease payments from non-cancellable operating leases, by leased assets, is as follows:

EUR thousand

	31.12.2024	31.12.2023
Investment properties	375	588
Total	**375**	**588**

Rental income recognised by Addiko Bank during the year 2024 is EUR 208 thousand (2023: EUR 191 thousand).

(62) Leases from the view of Addiko Bank as lessee

The majority of offices and branches are leased under various rental agreements. Addiko Bank leases also equipment and vehicles. Most of the lease contracts are made under usual terms and conditions and include price adjustment clauses in line with general office rental market conditions. Rental contracts are typically made for fixed periods up to 10 years. Extension and termination options are included in a number of property and equipment leases. Several lease contracts have indefinite lease term and several contracts contain insignificant residual value guarantees. There are no restrictions placed upon the lessee by entering into these contracts. There are no lease contracts with variable payments other than that depending on an index or a rate. For further details regarding lease contracts please refer to note (17) Leases, and to note (4) Critical accounting estimates and judgements in applying accounting policies.

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

The total cash outflows for leases are as follows:

EUR thousand

	31.12.2024	31.12.2023
Payments for principal portion of lease liability	-1,408	-1,332
Payments for interest portion of lease liability	-89	-111
Payments for short-term, low value assets and variable lease payments not included in the measurement of the lease liability	-7	-7
Total	-1,503	-1,450

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

EUR thousand

Maturity analysis - contractual undiscounted cashflow	31.12.2024	31.12.2023
up to 1 year	1,436	1,444
from 1 year to 5 years	2,145	3,174
more than 5 years	281	423
Total undiscounted lease liabilities	**3,862**	**5,042**

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

EUR thousand

	31.12.2024	31.12.2023
Short-term leases	0	-2
Leases of low value assets	-7	-5
Total	**-7**	**-7**

Addiko Bank has no commitments for future cash outflows which are not reflected in the measurement of lease liabilities at the current reporting date.

(63) Assets/liabilities denominated in foreign currencies

The following amounts in the statement of financial position are denominated in foreign currencies:

EUR thousand

	31.12.2024	31.12.2023
Assets	46,503	42,910
Liabilities	11,354	19,716

The majority of the difference between the respective sums is hedged through foreign exchange swaps and forward exchange transactions.

(64) Commitments

The following gross commitments not included in the statement of financial position existing at the reporting date:

EUR thousand

	31.12.2024	31.12.2023
Loan commitments, given	96,041	117,166
Financial guarantees, given	14,479	12,784
Other commitments, given	157,674	153,761
Total	**268,194**	**283,710**

The position other commitments, given includes mainly non-financial guarantees, like performance guarantees or warranty guarantees and guarantee frames.

(65) Contingent liabilities in relation to legal cases

The Bank is subject to legal proceedings that are often highly complex, take considerable time and are difficult to predict or estimate. As of 31 December 2024 the Bank's passive legal proceedings, in which the Bank is the defendant, for which the probability of a cash outflow was deemed to be not likely and consequently no provisions were established, amounted to claims of EUR 12.4 million (excluding accrued interests) relating to 13 legal cases, including the class action claim by a consumer protection organization aimed at reimbursement of overpayments due to "floor" clause in the loan agreements in the dispute amount of EUR 11.7 million. The outcome of the respective legal proceedings is difficult to predict or estimate until late in the proceedings, which may also last for several years. Nevertheless, according to the external legal opinion the probability of a cash outflow is deemed to be not likely and based on legal advice, the management of the Bank believes that the Bank's defense in the respective legal proceedings will be successful.

(66) Fair value disclosures

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

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IFRS 13 specifies the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- **Level I - Quoted prices in active markets.** The fair value of financial instruments traded in active markets is best established through quoted prices of identical financial instruments where these quoted prices represent market values/prices used in regularly occurring transactions. This applies above all to equity instruments traded on an active market, debt instruments traded on the interbank market and quoted derivatives.

- **Level II - Value determined using observable parameters.** If there are no quoted prices for individual financial instruments, the market prices of comparable financial instruments or accepted measurement models applying directly or indirectly observable prices or parameters (interest rates, yield curves, implied volatilities and credit spreads) must be used to determine the fair value. This level includes the majority of the OTC derivatives and non-quoted debt instruments. A financial instrument is classified in Level II if all significant inputs in the valuation are observable on the market.
- **Level III - Value determined using non-observable parameter.** This category includes financial instruments for which there are no observable market rates or prices. The fair value is therefore determined using measurement models and unobservable inputs (typically internally derived credit spreads) appropriate for the respective financial instrument. These models make use of management assumptions and estimates depending on the pricing transparency and complexity of the financial instrument. A financial instrument is classified in level III if one or more significant inputs are not observable directly on the market.

The used valuation models are regularly reviewed, validated and calibrated. All valuations are performed independently of the trading departments.

Financial assets and financial liabilities are reported by instrument in the following way:

- **Equity instruments** - Equity instruments are reported under level I if prices are quoted in an active market. If no quoted prices are available, they are reported under level III. Valuation models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.
- **Derivatives** - The fair value of derivatives that are not options is determined by discounting the relevant cash flows with the corresponding yield curves. These are reported under level II if they are measured on the basis of observable input factors. If non-observable significant input factors are used, these derivatives are reported under level III. The fair value of structured financial products is calculated according to the type of embedded derivative using a measurement technique; they are reported under level II or level III depending on the input factors used.
- **Debt financial assets and liabilities** - The method used to measure debt financial assets and liabilities depends on the liquidity in the relevant market. Liquid instruments measured on the basis of the relevant market value are reported under level I. The fair value is determined using valuation techniques where expected cash flows are discounted by the risk premium adjusted curves in the event that there is no active market. The proximity to the risk premium curve used determines whether these instruments are reported under level II or level III. They are reported under level III in an event that a significant, non-observable risk premium is used. Market prices provided either at a low frequency or only from one source are reported under level III.

Measurement methods used to determine the fair value of level II and level III items

The accepted measurement models according to IFRS 13 are the market approach, the cost approach and the income approach. The measurement method using the market approach is based on identical or comparable assets and liabilities. With the income approach, future cash flows, expenses or revenue are discounted at the measurement date. The fair value determined in this manner reflects current market expectations regarding these future amounts. It primarily includes present value models and also option price models used for the measurement of financial instruments or option-based cash flows. The cost approach is not used. The fair value of financial instruments with short terms where the carrying amount is an adequate approximation of the fair value was not separately determined.

The following measurement techniques are applied to items that are measured internally based on models:

- Present value of the future cash flows (discounted cash flow method) - Level II and III items that are not traded in active markets but where the date and amount of the cash flows are known are measured at the present value of the future cash flows. Discounting takes a risk premium into account. All significant input factors are observable for level II instruments while some significant parameters cannot be directly observed for level III.
- Option measurement models - The existing portfolio of level III items includes cash flows with amounts tied to various market variables such as swap rates, stock market indexes and FX rates, or with dates that cannot be determined. Accepted interest and option measurement models calibrated daily with market data (swaption prices, market prices, FX rates) are used for the measurement of such cash flows.

Non-observable input factors for level III items:

- Volatilities and correlations - Volatilities are important input parameters for all option measurement models. The volatilities are derived from market data using accepted models.
- Risk premiums - Credit risk premiums indicate the default risk of an issuer. They provide information about the expected loss if the issuer defaults and therefore reflect the loss given default and the probability of default. For

some issuers, risk premiums can be observed directly in the market. When single-name CDS curves are not available for an issuer, the risk premiums have to be estimated based on similarities to other issuers or based on the issuer's country and sector. This applies to the risk premium of Addiko Bank. Increase (decrease) in the credit risk premiums would decrease (increase) the fair value.

- Loss given default - The loss given default is a parameter that is never directly observable before an entity default.
- Probability of default - Risk premiums and loss given default are used to estimate the probability of default, which is used for possible fair value adjustments.

Fair value adjustments - Credit value adjustment (CVA) and debt value adjustment (DVA)

Credit value adjustment (CVA) and debt value adjustment (DVA) are reported for all OTC derivatives. The calculation is based on a Monte Carlo simulation of the future replacement value (exposure), taking into account the effects of CSA agreements (credit support annex, CSA) by path. This results in a distribution of replacement values for all future dates. To determine the CVA, the absolute expected values from the positive exposure paths are multiplied by the counterparty's marginal probabilities of default and discounted. The DVA, on the other hand, is determined by multiplying and discounting the absolute expected values from the negative exposure paths with the Bank's own marginal probabilities of default.

For counterparties with a collateral contract, the CVA and DVA have to be calculated at the portfolio level. The calculation takes into account contractual parameters such as minimum transfer amount, threshold, rounding and netting. The relative CVA approach is used to allocate the portfolio CVA to specific items. Here, the portfolio CVA is distributed in proportion to the individual CVAs. The full CVA approach is applied to items not secured by collateral. This approach calculates the CVA at the individual item level. A waterfall principle is applied to determine the probabilities of default. First, the probabilities of default are derived from CDS curves. Synthetic curves are used if there are no single-name curves available; and are composed of country-specific curves and an internal rating.

OIS discounting

Addiko Bank measures derivatives taking into account base spread influences by applying various interest curves to calculate the forward rates and discount factors (multi-curve framework). According to the current market standards, overnight-indexed swap rates (OIS interest rates) are used for discounting in the measurement of OTC derivatives secured by collateral. A cross-currency base spread is taken into account for foreign currency swaps, where the collateral and cash flows are in a different currency.

66.1. Fair value of financial instruments carried at fair value

The table below shows the allocation of financial instruments carried at fair value to their level in the fair value hierarchy.

EUR thousand

31.12.2024	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions	Total
Financial assets held for trading	0	992	0	992
Derivatives	0	992	0	992
Investment securities mandatorily at FVTPL	0	0	313	313
Equity instruments	0	0	313	313
Investment securities at FVTOCI	13,558	40,421	0	53,979
Equity instruments	13,558	0	0	13,558
Debt securities	0	40,421	0	40,421
Total assets	**13,558**	**41,413**	**313**	**55,283**
Financial liabilities held for trading	0	792	0	792
Derivatives	0	792	0	792
Total liabilities	**0**	**792**	**0**	**792**

EUR thousand

31.12.2023	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions	Total
Financial assets held for trading	0	1,382	0	1,382
Derivatives	0	1,382	0	1,382
Investment securities mandatorily at FVTPL	0	0	313	313
Equity instruments	0	0	313	313
Investment securities at FVTOCI	13,094	39,097	2,002	54,192
Equity instruments	13,094	0	0	13,094
Debt securities	0	39,097	2,002	41,098
Total assets	**13,094**	**40,479**	**2,314**	**55,887**
Financial liabilities held for trading	0	1,837	0	1,837
Derivatives	0	1,837	0	1,837
Total liabilities	**0**	**1,837**	**0**	**1,837**

Transfers between level I and level II

Addiko Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the financial instrument does no longer meet the criteria for the categorisation in the respective level.

There were no transfers between levels in 2024.

Unobservable inputs and sensitivity analysis for Level 3 measurements

During the reporting period, the Bank disposed of its debt securities classified in level III. The remaining instruments in this level pertain to some illiquid unlisted equity instruments, having a carrying amount of EUR 0.3 million. Changes in the input parameters used for the measurement of these instruments do not generate material impacts.

The development of level III was as follows:

EUR thousand

2024	01.01.	Valuation gains/losses - profit or loss	Valuation gains/losses - OCI	Additions (+)	Disposals (-)	Settlement (-)	31.12.
Investment securities mandatorily at FVTPL	313	0	0	0	0	0	313
Equity instruments	313	0	0	0	0	0	313
Investment securities at FVTOCI	2,002	0	0	0	0	-2,002	0
Equity instruments	0	0	0	0	0	0	0
Debt securities	2,002	0	0	0	0	-2,002	0
Total assets	**2,314**	**0**	**0**	**0**	**0**	**-2,002**	**313**

EUR thousand

2023	01.01.	Valuation gains/losses - profit or loss	Valuation gains/losses - OCI	Additions (+)	Disposals (-)	Settlement (-)	31.12.
Investment securities man-datorily at FVTPL	313	0	0	0	0	0	313
Equity instruments	313	0	0	0	0	0	313
Investment securities at FVTOCI	4,963	0	0	0	0	-2,962	2,002
Equity instruments	0	0	0	0	0	0	0
Debt securities	4,963	0	0	0	0	-2,962	2,002
Total assets	**5,276**	**0**	**0**	**0**	**0**	**-2,962**	**2,314**

With regards to level III in the current and in the previous reporting period no transfers into/out of other levels took place.

66.2. Fair value of financial instruments and assets not carried at fair value

EUR thousand

31.12.2024	Carrying amount	Fair Value	Difference	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions
Cash, cash balances at central banks and other demand deposits at banks[1)]	138,873	138,873	0	0	0	0
Financial assets at amortised cost	1,156,665	1,192,265	35,601	0	169,386	1,022,879
Debt securities	169,185	172,762	3,578	0	169,386	3,376
Loans and receivables	987,480	1,019,503	32,023	0	0	1,019,503
Non-current assets held for sale	182	188	6	0	0	188
Total assets	**1,295,720**	**1,331,326**	**35,606**	**0**	**169,386**	**1,023,067**
Financial liabilities at amortised cost	1,157,994	1,155,559	-6,197	0	1,138,257	13,541
Deposits	1,113,370	1,107,413	-5,958	0	1,107,413	0
Issued bonds, subordinated and supplementary capital	31,010	30,844	-166	0	30,844	0
Other financial liabilities	13,614	13,541	-73	0	0	13,541
Total liabilities	**1,157,994**	**1,151,798**	**-6,197**	**0**	**1,138,257**	**13,541**

[1)] Cash, cash balances at central banks and other demand deposits at banks have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

EUR thousand

31.12.2023	Carrying amount	Fair Value	Difference	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions
Cash, cash balances at central banks and other demand deposits at banks[1])	225,377	225,377	0	0	0	0
Financial assets at amortised cost	1,141,175	1,163,552	22,377	0	107,482	1,056,070
Debt securities	111,820	110,346	-1,474	0	107,482	2,864
Loans and receivables	1,029,355	1,053,206	23,851	0	0	1,053,206
Non-current assets held for sale	177	181	3	0	0	181
Total assets	**1,366,729**	**1,389,109**	**22,380**	**0**	**107,482**	**1,056,250**
Financial liabilities at amortised cost	1,224,610	1,218,057	-6,553	0	1,202,076	15,980
Deposits	1,193,530	1,187,143	-6,387	0	1,187,143	0
Issued bonds, subordinated and supplementary capital	15.014	14.933	-80	0	14,933	0
Other financial liabilities	16,066	15,980	-86	0	0	15,980
Total liabilities	**1,224,610**	**1,218,057**	**-6,553**	**0**	**1,202,076**	**15,980**

[1)] Cash, cash balances at central banks and other demand deposits at banks have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

Financial instruments not carried at fair value are not managed on a fair value basis and their fair values are calculated only for disclosure purposes and do not impact the statement of financial position and the income statement. The fair value of receivables and liabilities is determined according to the present value of future cash flows. The risk premium amounts for receivables depend on the internal or external rating of the borrower taking into account the country risk. The fair value valuation of debt securities at amortised costs is based on quoted prices or other observable inputs on the markets. For liabilities, the own credit spread is taken into account in the discount factor. Due to the fact that no debt issues of Addiko Group are placed on the market, the calculation of the credit spread curves for senior unsecured liabilities is based on quoted credit default swap curves or credit spreads from senior unsecured bonds in a weighted peer group consisting of banking groups operating in CSEE whose markets and estimated credit standing is as similar to that of Addiko Group as possible. For liabilities covered, a weighted credit spread curve from available benchmark-covered bonds from the peer group was used. Due to the existing uncertainties, a broad range exists for the fair values to be determined.

The Bank assessed that the fair value of the cash positions approximately corresponds to their carrying amounts largely due to the short-term maturities of these instruments.

66.3. Fair value of Investment properties

The fair value of investment properties is determined using market-based estimates which are generally calculated by experts. If no market-based estimate exists, the fair value is determined using a discounted cash flow method. At 31 December 2024 the carrying amount of investment properties amounts to EUR 375 thousand (YE23: EUR 588 thousand), whereas the fair value amounts to EUR 387 thousand (YE23: EUR 599 thousand). All investment properties are classified in level III.

(67) Derivative financial instruments

67.1. Derivatives held for trading

The following transactions had not yet been carried out at the reporting date:

EUR thousand

	31.12.2024			31.12.2023		
	Nominal amounts	Fair values		Nominal amounts	Fair values	
		Positive	Negative		Positive	Negative
a) Interest rate						
OTC-products	33,196	677	-649	58,022	1,277	-1,222
OTC options	13,429	278	-275	16,766	411	-403
OTC other	19,767	400	-374	41,256	866	-819
b) Foreign exchange and gold						
OTC-products	46,031	315	-144	31,159	105	-615
OTC other	46,031	315	-144	31,159	105	-615
c) Credit derivatives	0	0	0	0	0	0
Credit default swap	0	0	0	0	0	0

All active derivatives, which are grouped by derivative types, are presented by total nominal amounts and fair values (positive, negative) as of 31 December 2024 and as of 31 December 2023.

(68) Related party disclosures

Addiko Bank d.d. is 100-percent owned by Addiko Bank AG.

Related parties as defined by Addiko Bank are other entities within Addiko Group, Management Board and the Supervisory Board members and members of their families and Key management personnel with individual contract.

Addiko Bank's business with its parent bank, affiliated banks and companies includes lending, deposits, letters of credit and guarantees, as shown in the table below.

Pursuant to Article 545 of the Companies Act, we declare that the Addiko Bank, in circumstances known to it, performs the transactions between connected entities under normal market conditions.

In 2024, in all transactions held with the parent bank and other related parties, the Addiko Bank received adequate payments and repayments and was not disadvantaged on the basis of any transactions.

Business relations with related parties are as follows at the respective reporting date:

EUR thousand

31.12.2024	Parent company	Subsidiaries and other entities of the same group	Key personnel of the institution or its parent
Cash, cash balances at central banks and other demand deposits at banks	12	55	0
Financial assets held for trading	228	0	0
Loan and advances	18	0	4
Financial liabilities held for trading	0	23	0
Deposits	31,280	258	166
Other financial liabilities	0	4	0
Loan commitments, financial guarantees and other commitments received	1,400	0	9

EUR thousand

31.12.2023	Parent company	Subsidiaries and other Group companies	Key personnel of the institution or its parent
Cash, cash balances at central banks and other demand deposits at banks	66	16	0
Financial assets held for trading	455	0	0
Loan and advances	50,985	0	4
Financial liabilities held for trading	574	9	0
Deposits	15,354	495	228
Other financial liabilities	27	0	0
Loan commitments, financial guarantees and other commitments received	1,400	9	9

EUR thousand

31.12.2024	Parent company	Subsidiaries and other entities of the same group	Key personnel of the institution or its parent
Interest and similar income	526	0	0
Interest expenses	-3,442	0	-6
Fee and commission income	0	4	0
Fee and commission expenses	-57	-4	0
Other administrative expenses	-94	-738	0
Other expenses/income	831	0	0
Total	**-2,236**	**-738**	**-6**

EUR thousand

31.12.2023	Parent company	Subsidiaries and other Group companies	Key personnel of the institution or its parent
Interest and similar income	1,235	0	0
Interest expenses	-1,705	0	-6
Fee and commission income	0	2	0
Fee and commission expenses	-33	-2	0
Other administrative expenses	-121	-660	0
Other expenses/income	858	0	0
Total	**234**	**-660**	**-6**

(69) Share-based payments

Under the variable remuneration scheme, the members of the management board of Addiko Bank receive an amount determined based on the estimation or the achievement of preselected criteria. The variable remuneration will only be activated if certain knock-out criteria are met. Those knock-out criteria are based on capital, liquidity and risk requirements. Only once they are achieved the second step for the regular bonus is the achievement of the individual targets.

In addition to the annual bonus Addiko offers a Performance Acceleration Incentive Framework (PAIF) based on which Addiko granted to defined key employees (including management board of Addiko Bank variable remuneration components in the form of share-based payments. The program is intended to ensure alignment of the interests of the senior leadership team with those of the shareholders and is set up as a multi-year incentive scheme. Vesting of the shares depends on the fulfilment of certain conditions. In addition, in alignment with EBA guidelines, the program is activated only if regulatory requirements in respect of own funds and liquidity are met and no breaches of specific risk indicators took place within a pre-defined timeframe. The remuneration program includes cash-settled share-based payments.

(70) Own funds and capital management

70.1. Capital requirements

The European Central Bank (ECB) is the competent authority in charge for the direct supervision of Addiko Bank.

Addiko Bank regulatory minimum capital ratios, including the regulatory buffers and the capital requirements determined in the Supervisory Review and Evaluation Process (SREP) are presented in the following table:

	31.12.2024			31.12.2023		
	CET1	T1	TCR	CET1	T1	TCR
Pillar 1 requirement	4.50%	6.00%	8.00%	4.50%	6.00%	8.00%
Pillar 2 requirement	1.83%	2.44%	3.25%	1.83%	2.44%	3.25%
Total SREP Capital Requirement (TSCR)	**6.33%**	**8.44%**	**11.25%**	**6.33%**	**8.44%**	**11.25%**
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Sistemic Risk Buffer (SyRB)	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Counter-Cyclical Capital Buffer (CCyB)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Combined Buffer Requirements (CBR)	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**	**3.28%**
Overall Capital Requirement (OCR)	**9.61%**	**11.72%**	**14.53%**	**9.61%**	**11.72%**	**14.53%**
Pillar 2 guidance (P2G)	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%
Overall capital requirement and Pillar II guidance (OCR + P2G)	**12.61%**	**14.72%**	**17.53%**	**12.86%**	**14.97%**	**17.78%**

Based on the SREP decision 2023, a **Pillar 2 Requirement** (P2R) of 3.25% was applicable from 1 January until 31 December 2024.

In relation to the **combined buffer requirement** (CBR) as of 31 December 2024 the countercyclical capital buffer (CCyB) amounted to 0.50% (unchanged compared to last year). In January 2025 the CCyB rate will be set to 1.0%. The Bank is also subject to a **systemic risk buffer** (SyRB) of 0.28% (2023: 0.28%).

Based on the SREP 2023 decision, the **Pillar 2 guidance** (P2G) for period from 1 January until 31 December 2024 was at 3.0% (2023: 3.0%). In December 2024 the (new) SREP 2024 was issued, stipulating no changes to the P2R and the P2G for the year 2025.

70.2. Own funds

The Bank's regulatory capital consists of Common Equity Tier 1 capital, which includes ordinary share capital, related share premiums, retained earnings, reserves and accumulated other comprehensive income after adjustment for dividends proposed after the end of the reporting period and deductions for intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The Bank during the year 2024 and 2023 did not use any transitional rules when calculating capital adequacy.

The following table therefore shows the breakdown of Bank's own funds pursuant to CRR.

EUR thousand

		31.12.2024	31.12.2023
Common Equity Tier 1 (CET1) capital: Instruments and reserves			
1	Capital instruments and the related share premium accounts	108,773	108,773
2	Retained earnings	78,154	78,146
3	Accumulated other comprehensive income (and other reserves)	-1,287	-2,607
6	**CET1 capital before regulatory adjustments**	**185,639**	**184,312**
CET1 capital: regulatory adjustments			
7	Additional value adjustments	-61	-58
8	Intangible assets (net of related tax liability)	-2,170	-1,216
10	Deferred tax assets that rely on future profitability	-12,782	-13,780
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-15,013**	**-15,055**
29	**Common Equity Tier 1 (CET1) capital**	**170,626**	**169,258**
Tier 2 (T2) capital: instruments and provisions			
58	Tier 2 (T2) capital	20,723	7,730
59	Total capital (TC = T1 + T2)	191,350	176,988
60	Total risk weighted assets	858,079	853,589
Capital ratios and buffers %			
61	CET1 ratio	19.88%	19.83%
63	TC ratio	22.30%	20.73%

* The references identify the lines prescribed in the EU template, which are applicable and where there is a value. The structure is based on the technical standards included in Commission implementing regulation (EU) 2021/637 of 15 March 2021.

The capital requirements in force during the reporting period, including a sufficient buffer, were met at all times.

Total capital increased by EUR 14,362 thousand during the reporting period, reflecting the net impact of the following components:

- a decrease by EUR -3,007 thousand of the TIER2 due to amortisation,
- an increase by EUR 16,000 thousand due to issuing of additional TIER2 instrument,
- an increase by EUR 1,319 thousand of the other comprehensive income due to the valuation of debt instruments,
- an increase by EUR 8 thousand of the retained earnings,
- a decrease in regulatory deduction items in the amount of EUR +42 thousand as net impact of decrease in deferred tax assets on existing taxable losses (EUR +999 thousand), increase in intangible assets (EUR -954 thousand), decrease of adjustments due to prudential filters (EUR +2 thousand) and increase of insufficient coverage for non-performing loans (EUR -5 thousand).

70.3. Risk structure

Addiko Bank uses the standardised approach in the calculation of the credit and market risk and basic indicator approach in the calculation of operational risk, which partly explains the relatively high risk density (measured by comparing RWA to assets) of 62.36% (YE23: 58.9%). The bank's focus on unsecured consumer lending and SME business is another important source of the reported risk density.

The risk-weighted assets (RWA) increased by EUR 4,490 thousand during the reporting period:

- The **RWA for credit risk** decreased by EUR -12,366 thousand.
- The **RWA for counterparty credit risk (CVA)** decreased during the reporting period by EUR -389 thousand.
- The **RWAs for market risk** increased by EUR 290 thousand.
- The **RWA for operational risk** increased by EUR 17,536 thousand. The RWA for operational risk is based on the three-year average of relevant income, which represents the basis for the calculation.

EUR thousand

	31.12.2024	31.12.2023
1 Credit risk	726,028	738,394
6 Counterparty credit risk	1,702	2,091
20 Market risk	1,845	2,135
23 Operational risk	128,505	110,969
29 Total risk exposure amount (RWA)	**858,079**	**853,589**

* The references identify the lines prescribed in the EU template, which are applicable and where there is a value. The structure is based on the technical standards included in Commission implementing regulation (EU) 2021/637 of 15 March 2021.

70.4. Leverage ratio

The leverage ratio for the Banka, calculated in accordance with Article 429 CRR was 11.82% at 31 December 2024 and 11.16% at 31 December 2023.

EUR thousand

	31.12.2024	31.12.2023
2 Tier 1 capital	170,626	169,258
13 Total leverage ratio exposure	1,443,755	1,516,842
14 Leverage ratio %	**11.82%**	**11.16%**

* The references identify the lines prescribed in the EU template, which are applicable and where there is a value. The structure is based on the technical standards included in Commission implementing regulation (EU) 2021/637 of 15 March 2021.

70.5. Capital allocation

The Bank's policy aims to keep a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Bank employs a centralised capital management process which covers both normative and economic perspectives of capital management. Securing the Bank's ability to satisfy capital requirements in economic perspective forms a central part of the “Internal Capital Adequacy Assessment Process” (ICAAP) steering activities. The starting point for performing the risk-bearing capacity calculation is the identification of all material risks through an annual risk inventory. The standardized approach is used for calculating risk capital requirement. The value at risk (VaR) method is applied for calculating risk capital requirements for market and liquidity risk, whereby the main risk categories appliy the confidence level of 99.9%.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken during the budgeting process. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of expectations of specific risk drivers development in the following period, synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer-term strategic objectives.

70.6. MREL requirements

The Bank Recovery and Resolution Directive (BRRD) provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of a resolution tool. MREL targets are determined on a case-by-case basis for each institution or banking group by the competent resolution authority, which is the SRB (Single Resolution Board) in the case of Addiko Bank.

Based on the resolution plan received on 25 May 2023 from the SRB, the Bank is determined as a resolution entity as it was assessed by the resolution authority to provide critical functions to the local market. The SRB concluded that a multiple point of entry (MPE) is a suitable strategy for Addiko. On 21 February 2024 the SRB determined the following minimum requirements for own funds and eligible liabilities in its decision with immediate effect:

- Addiko Bank d.d. (Slovenia) 11.3% of TREA and 3.0% of LRE on an individual basis. The Bank has to ensure a linear build-up of own funds and eligible liabilities towards the MREL requirement applicable as of 30 June 2025 of 20.9% of TREA and 5.2% of LRE on an individual basis.

During the reporting period the MREL ratio was always above the respective requirements.

(71) Remunerations of auditors

Audit costs of the external auditor incurred for the financial years 2024 and 2023:

EUR thousand

	31.12.2024	31.12.2023
Total statutory audit fees	**89**	**81**
Fees for the audit of financial statements pursuant to legislation [1]	89	81
Other assurance services [2]	7	6
Tax advisory services	0	0
Other non-audit services [3]	3	8
Total fees	**99**	**95**

[1] Includes fees of KPMG Audit firm and fees of the KPMG Audit firm network of independent member firms affiliated with KPMG International Cooperative for work on component reporting prepared for financial statement purposes.
[2] Includes fees review of Report on relations with affiliated companies.
[3] Includes fees related to various services, such as Agreed-Upon procedures Report, ZBan3, SRB.

All fees stated above are without VAT.

(72) Trading Book

The volume of the trading book of Addiko Bank breaks down as follows:

EUR thousand

	31.12.2024	31.12.2023
Derivatives in trading book (nominal amount)	79,227	89,181
Debt securities (carrying amount)	0	0
Trading book volume	**79,227**	**89,181**

(73) Remuneration received by Management Board, Supervisory Board and Key management personnel with individual contracts

EUR thousand

2024	Fixed ongoing payments	Variable ongoing payments	Repayments of variable remuneration from previous year	Cost reimbursement	Supplementary pension insurance	Other payments	Total
Management board	612	70	112	11	9	0	814
Supervisory Board	36	0	0	0	0	0	36
Ex members of management Board	0	0	14	0	0	0	14
Key management personnel with individual contracts	1,399	203	0	53	34	0	1,689
Total	**2,047**	**273**	**126**	**64**	**43**	**0**	**2,553**

EUR thousand

2023	Fixed ongoing payments	Variable ongoing payments	Repayments of variable remuneration from previous year	Cost reimbursement	Supplementary pension insurance	Other payments	Total
Management board	520	55	65	4	7	0	651
Supervisory Board	24	0	0	0	0	0	24
Ex members of management Board	0	0	32	0	0	0	32
Key management personnel with individual contracts	1,386	150	0	24	35	0	1,595
Total	**1,930**	**205**	**97**	**28**	**42**	**0**	**2,302**

(74) Subsequent events after the year endreporting year

Since 31 December 2024, there were no events that would materially affect the financial statement herein.

(75) Accumulated profit

Net profit for the financial year may be used for:

- setting aside legal reserves,
- setting aside reserves for own shares,
- setting aside reserves provided for by the articles of association
- setting aside other revenue reserves.

Addiko Bank generated a profit after tax in the amount of EUR 13,237 thousand in the financial year 2024 (2023: EUR 25,941 thousand).

The Bank will propose at the General Meeting the distribution of the total accumulated profit of EUR 91,391 thousand as follows:

- EUR 78,154 thousand remains unallocated and represents the retained earnings,
- EUR 13,237 thousand will be distributed as a dividend.

The accumulated profit is shown in the table below:

EUR thousand

	31.12.2024	31.12.2023
Profit for the financial year	13,237	25,941
Retained earnings	78,154	78,146
Total accumulated profit	**91,391**	**104,087**

Glossary

Addiko uses alternative performance measures (APM) to describe its performance or financial position which are not defined or specified in the financial (IFRS) or regulatory (CRR) reporting framework. The following additional information provide a reconciliation of the APM to the reconciled line item, subtotal or total presented in the financial statements and explaining the material reconciling items.

Bank@Work	An alternative sales channel, focusing on delivering the convenience promise as a main advantage to the customer. Branch teams regularly visit large companies' headquarters with mobile equipment, presenting Addiko's product and service offer, opening products on the spot or helping potential customers apply for a loan
CL	Credit loss
Cost/income ratio (CIR)	Operating expenses / (Net interest income + Net fee and commission income)
Cost of risk ratio	Credit loss expenses on financial assets/Credit risk bearing exposures (not annualised)
LCR	Liquidity coverage ratio; the ratio of high quality liquid assets and net cash flows in the next 30 days
Leverage ratio	The ratio of Tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRD IV
Loan to deposit ratio	Indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is based on net customer loans and calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households
Net banking income	The sum of net interest income and net fee and commission income
NIM	Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries, joint ventures and associates, intangible assets, tangible assets, tax assets and other assets)
NPE	Defaulted, non-performing exposure (Gross Carrying Amount). A default and thus a non-performing exposure applies if it can be assumed that a customer is unlikely to fulfil all of its credit obligations to the bank, or if the debtor is overdue at least 90 days on any material credit obligation to the bank
NPE ratio	Is an economic ratio to demonstrate the proportion of loans that have been classified as defaulted non-performing in relation to the entire customer loan portfolio. The definition of non-performing has been adopted from regulatory standards and guidelines and comprises in general those customers where repayment is doubtful, a realisation of collaterals is expected and which thus have been moved to a defaulted customer rating segment. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management. Non performing exposure/credit risk bearing exposure (on and off balance)
NPE coverage ratio	Describes to what extent defaulted non-performing exposures have been covered by impairments (individual and portfolio-based loan loss provisions), thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses set in relation to defaulted non-performing exposure
Risk-weighted assets	On-balance and off-balance positions, which shall be risk weighted according to (EU) Nbr 575/2013

Business Centres and Branch Offices

Basic data about Addiko Bank d.d.

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Transaction account: SI56 3300 0330 0000 034
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