

National Bank of Serbia
Financial Statements for the
Year Ended December 31, 2025

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This is English translation of the Report
originally issued in Serbian language
(For management purposes only)

INDEPENDENT AUDITORS' REPORT

TO THE COUNCIL OF GOVERNORS OF NARODNA BANKA SRBIJE

Opinion

We have audited the financial statements of **Narodna banka Srbije** (the Bank), which comprise the balance sheet as at **31 December 2025** and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IFRS accounting standards).

Basis for opinion

We conducted our audit in accordance with Standards on Auditing applicable in the Republic of Serbia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Auditing Standards applicable in Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with Auditing Standards applicable in Republic of Serbia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Belgrade, 20 March 2026



Nikola Ribar
Authorized Auditor
Ernst & Young d.o.o. Beograd



BALANCE SHEET
As at December 31, 2025

<u>In thousands of RSD</u>	<u>Note</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ASSETS			
Cash and current accounts held with banks	15, 3.4	439,269,503	443,362,919
Gold and other precious metal	16, 3.5	729,636,706	455,843,848
Deposits	17, 3.3	408,365,443	524,219,095
Derivative receivables	3.3	41,742	31,435
Securities	18, 3.3	1,990,728,734	2,180,099,991
Loans and placements	19, 3.3	253,838	815,913
IMF membership quota and SDR holdings	20, 3.3	91,051,697	97,568,791
Intangible assets	21, 3.7	2,635,822	1,657,448
Property, plant and equipment	21, 3.7	23,649,884	22,688,259
Investment property	21, 3.7	509,587	484,208
Other assets	22	7,948,003	7,252,276
TOTAL ASSETS		3,694,090,959	3,734,024,183
LIABILITES AND EQUITY			
Liabilities			
Derivative liabilities	3.3	41,742	31,435
Deposits and other liabilities to Government and financial organisations	23	1,540,608,233	1,688,125,076
Deposits and other liabilities to Government and other depositors	24	812,023,238	902,710,992
Liabilities to the IMF	25, 3.3	90,984,235	97,508,018
Provisions	26.3.11	3,197,057	2,452,278
Current tax liabilities	27, 3.9	422,193	452,939
Cash in circulation	28	430,183,421	399,640,272
Other liabilities	29	3,168,352	5,510,038
Total liabilities		2,880,628,471	3,096,431,048
Equity			
State-owned capital		270,588,482	221,061,583
Reserves		331,062,137	233,960,766
Retained earnings		211,811,869	182,570,786
Total equity	30	813,462,488	637,593,135
TOTAL LIABILITIES AND EQUITY		3,694,090,959	3,734,024,183

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

These financial statements were approved by the Governor:

.....
Jorgovanka Tabakovic, PhD
Governor

INCOME STATEMENT

For the period from January 1 to December 31, 2025

<u>In thousands of RSD</u>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Interest income		87,886,730	98,788,473
Interest expenses		(41,111,768)	(49,650,224)
Net interest income	4, 3.1	<u>46,774,962</u>	<u>49,138,249</u>
Fee and commission income		8,097,085	7,281,494
Fee and commission expenses		(503,149)	(533,829)
Net fee and commission income	5, 3.1	<u>7,593,936</u>	<u>6,747,665</u>
Net losses from derecognition of financial Instruments measured at fair value through other comprehensive income	6, 3.3	2,566,996	351,632
Net exchange rate gains and gains from contractual currency clause	7, 3.2	163,685,987	134,205,240
Net (expense) of impairment/Net income from impairment of financial assets	8, 3.3, 31	113,274	170,683
Other operating income	9	7,338,736	7,404,020
Salaries, salary compensations and other personal expenses	10, 3.10	(9,297,762)	(7,907,508)
Depreciation costs	11, 3.7	(1,913,908)	(1,825,159)
Other income	12	1,640,102	68,518
Other expenses	13	<u>(6,268,261)</u>	<u>(5,329,615)</u>
PROFIT BEFORE TAX		212,234,062	183,023,725
Income tax	27, 3.9	<u>(422,193)</u>	<u>(452,939)</u>
PROFIT AFTER TAX	30	<u><u>211,811,869</u></u>	<u><u>182,570,786</u></u>

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

These financial statements were approved by the Governor:

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Jorgovanka Tabakovic, PhD
Governor

STATEMENT OF OTHER COMPREHENSIVE INCOME
In the period from January 1 to December 31, 2025

<u>In thousands of RSD</u>	<u>2025</u>	<u>2024</u>
Profit for the period	211,811,869	182,570,786
Components of other comprehensive income which cannot be reclassified to profit or loss:		
Increase in revaluation reserves based on intangible assets and fixed assets	-	-
Positive effects of change in value of equity instruments measured at fair value through other comprehensive income	1,442,741	1,611,273
Actuarial losses	(309,072)	(128,254)
Components of other comprehensive income that may be reclassified to profit or loss:		
Positive effects of change in value of debt instruments measured at fair value through other comprehensive income	(3,220,302)	7,420,312
Other comprehensive income for the period	<u>(2,086,633)</u>	<u>8,903,331</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>209,725,236</u>	<u>191,474,117</u>

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

These financial statements were approved by the Governor:

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Jorgovanka Tabakovic, PhD
Governor

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2025

In thousands of RSD	State owned capital	Special reserves	Revaluation reserves	Fair Value Reserves	Actuarial losses	Retained earnings	Total
Balance as at January 1, 2024	216,507,798	187,289,555	17,031,131	11,737,228	(116,427)	26,012,509	458,461,794
Distribution of profit from previous year (Note 30)	4,553,785	9,115,948	-	-	-	(26,012,509)	(12,342,776)
Increase in fair value reserve of equity instruments measured at fair value	-	-	-	1,611,273	-	-	1,611,273
Actuarial losses	-	-	-	-	(128,254)	-	(128,254)
Increase in fair value reserves of debt instruments measured at fair value	-	-	-	7,420,312	-	-	7,420,312
Net gain for the current year	-	-	-	-	-	182,570,786	182,570,786
Balance as of December 31, 2024	221,061,583	196,405,503	17,031,131	20,768,813	(244,681)	182,570,786	637,593,135
Balance as at January 1, 2025	221,061,583	196,405,503	17,031,131	20,768,813	(244,681)	182,570,786	637,593,135
Distribution of profit from previous year (Note 30)	49,526,899	99,188,004	-	-	-	(182,570,786)	(33,855,883)
Increase in fair value reserve of equity instruments measured at fair value	-	-	-	1,442,741	-	-	1,442,741
Actuarial losses	-	-	-	-	(309,072)	-	(309,072)
Increase in fair value reserves of debt instruments measured at fair value	-	-	-	(3,220,302)	-	-	(3,220,302)
Net gain for the current year	-	-	-	-	-	211,811,869	211,811,869
Balance as at December 31, 2025	270,588,482	295,593,507	17,031,131	18,991,252	(553,753)	211,811,869	813,462,488

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

Financial statements were approved by the Governor:

Jorgovanka Tabakovic, PhD
Governor

CASH FLOW STATEMENT

In the period from January 1 to December 31, 2025

In thousands of RSD	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Interest	74,203,439	74,986,610
Fee and commission	8,185,724	7,348,507
Inflows from sales of products and services (Institute for Manufacturing Banknotes and Coins)	8,061,501	8,292,549
Inflows from other operating activities	2,669,271	820,695
Cash inflow from dividends and profit sharing	152,055	155,023
<i>Cash inflow from operating activities</i>	<i>93,271,990</i>	<i>91,603,384</i>
Interest payments	(44,844,068)	(54,644,217)
Fee and commission payments	(506,618)	(536,143)
Payments for operating expenses	(17,368,534)	(14,483,758)
<i>Cash outflow from operating activities</i>	<i>(62,719,220)</i>	<i>(69,664,118)</i>
Net inflow in deposits received	(258,270,785)	349,669,206
Net outflow in loans and placements	98,041,297	(99,249,765)
Net outflow in securities and other financial assets not held for investing	208,459,937	(557,929,696)
<i>Net increase from operating activities before income tax</i>	<i>78,783,219</i>	<i>(285,570,989)</i>
Income tax paid	(452,939)	(416,934)
Payment of the distributed result-transfer to the budget of the Republic of Serbia	(33,855,882)	(12,342,776)
Net cash inflow from operating activities	44,474,398	(298,330,699)
CASH FLOW FROM INVESTING ACTIVITIES		
Inflow from purchase intangible assets and fixed assets	-	1,434
Outflow for purchase of intangible assets and fixed assets	(4,336,170)	(2,535,603)
Net cash outflow from investing activities	(4,336,170)	(2,534,169)
CASH FLOW FROM FINANCING ACTIVITIES		
Other outflows from financing activities	(177,829)	(165,432)
Net cash outflow from financing activity	(177,829)	(165,432)
Net increase in cash and cash equivalents	39,960,399	(301,030,300)
Cash and cash equivalents at the beginning of the period	451,283,413	716,100,693
Foreign exchange. net	(44,376,848)	36,213,020
CASH AND CASH EQUIVALENTS AT THE PERIOD END (Note 2d)	446,866,964	451,283,413

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

These financial statements were approved by the Governor:

Jorgovanka Tabakovic, PhD
Governor

1. BANK'S ESTABLISHMENT AND ACTIVITY

The National Bank of Serbia (hereinafter: the "Bank") draws its origins to the establishment and commencement of operations of the Privileged National Bank of the Kingdom of Serbia in 1884. In 1920 the Privileged National Bank of the Kingdom of Serbs, Croats and Slovenes was established, and in 1929 the Bank changed its official name to the National Bank of the Kingdom of Yugoslavia. Since 1946 the Bank performed its functions under the name of the National Bank of Yugoslavia (hereinafter: the "NBY"), as the central monetary institution of the FNRJ (Federative National Republic of Yugoslavia), which was later renamed into the Socialist Federative Republic of Yugoslavia (hereinafter: the SFRY), and until dissolution of SFRY under the name of National Bank of the Federal Republic of Yugoslavia. In accordance with the Law on the Implementation of the Constitutional Charter of the State Union of Serbia and Montenegro that came in effect on February 4, 2003, the Bank continued to perform its function of the central bank of the Republic of Serbia (hereinafter: the "RS").

The position, organization, authority and functions of the National Bank of Serbia, as well as its relation to the authorities of the RS and international institutions, are defined by the Law on the National Bank of Serbia (Official Gazette of RS, nos. 72/2003 and 55/2004, 85/2005-other law and 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 - Constitutional Court decision and 44/2018, (hereinafter: the Law) and the Constitution of the RS (Official Gazette of RS, nos. 98/2006 and 115/2021).

The Bank is independent in the performance of functions determined by the Law and other laws and is subject to the supervision of the National Assembly to which it is accountable for its work.

The primary objective of the Bank shall be to achieve and maintain price stability. In addition to its primary objective, the Bank shall also strive towards maintaining financial system stability. Without prejudice to its primary objective, the Bank shall support the pursuance of economic policy of the Government of the Republic of Serbia operating in accordance with the principles of market economy.

The Bank also performs the following functions:

- Determines and implements monetary and foreign exchange policies;
- Manages state foreign currency reserves;
- Establishes and implements activities and measures falling under its remit that relate to the maintaining and strengthening of financial stability;
- Issues banknotes and coins and manages cash flows;
- Regulates, oversees and promotes uninterrupted functioning of internal and external payment operations, in accordance with Law;
- Issues and revokes operating licenses to banks, supervises bank solvency and legal compliance of banking operations, and performs other activities in accordance with the law governing banks;
- Issues and revokes licenses, i.e. authorization for carrying out insurance operations, supervises such operations and performs other duties in line with the law governing the field of insurance;
- Issues and revoke licenses, i.e. authorization for carrying out finance lease operations, supervises such operations and performs other duties in line with the law governing finance lease operations;
- Issues and revokes licenses, i.e. authorization for carrying out the operations of a voluntary pension fund, supervises such operations and performs other duties in line with the law governing voluntary pension funds;

1. BANK'S ESTABLISHMENT AND ACTIVITY (continued)

- Issues and revokes licenses, i.e. authorization for carrying out the operations of payment services and issuance of electronic money, supervises such operations and performs other duties in line with the law governing payment services;
- Issues and revokes payment institutions licenses for the provision of payment services, and electronic money institutions licenses for the issuance of electronic money, supervises the provision of payment services and the issuance of electronic money, and performs other tasks, in accordance with the law governing payment services;
- Performs activities of protection of the rights and interests of service users provided by banks, insurance companies, financial leasing providers, voluntary pension fund management companies, payment service providers and electronic money issuers, in accordance with the law;
- Determines whether the conditions for initiating the restructuring procedure in respect of banks and/or members of a banking group are met, to conduct the restructuring procedure, decides on the tools and measures to be applied and performs other activities relating to bank restructuring, in accordance with the law governing banks;
- Issues and revokes licenses to payment system operators, supervises such operations and performs other duties in line with the law governing payment services;
- Issues and revokes licenses for performing exchange transactions, supervises exchange and foreign exchange operations and performs other activities, in accordance with the law regulating foreign exchange operations;
- Performs specific statutory operations for the Republic of Serbia without compromising its own autonomy and independence;
- Performs other tasks within its scope of authority, in accordance with Law.

The governing bodies of the Bank are: Executive Board of the National Bank of Serbia (hereinafter: the Executive Board), the Governor of the National Bank of Serbia (hereinafter: the Governor) and the Board of Governors of the National Bank of Serbia (hereinafter: the Council).

The Executive Board, comprised of the Governor and Vice-Governors, determines monetary and foreign exchange policies and establishes measures and activities for the purpose of strengthening stability of the financial system.

The Governor represents and acts as the agent of the Bank, manages the Bank's operation and is responsible for the implementation of decisions of the Executive Board and the Council, proposes regulations, general and individual acts to be enacted by the Executive Board and the Council, unless otherwise provided by the Law, enacts regulations, general and individual acts falling within the scope of authority of the National Bank of Serbia, which are not assigned by the Law to the authority of the Executive Board and the Council, regulates the internal organization of the National Bank of Serbia and the classification of jobs in the National Bank of Serbia, as well as labour relations of employees in the National Bank and performs other tasks defined by the Law and other legislation. The Governor shall be nominated by the President of the Republic and appointed by the National Assembly, for a six-year renewable term of office. The Bank has between two and four Vice-Governors, who are elected by the National Assembly, for a six-year renewable term of office at the Governor's proposal.

Among other matters, the Council of the Governor adopts the Statute at the recommendation of the Executive Board, enacts the financial plan of the Bank, adopts the annual financial statements of the Bank, selects an external auditor, considers and discusses the external (independent) auditor's report and monitors the implementation of the auditor's recommendations throughout the National Bank of Serbia. The Council of the Governor consists of five members including the Chairman, who are appointed by the National Assembly at the proposal of the National Assembly committee in charge of financial affairs. The Council members are elected for a five-year renewable term of office and are not employed with the Bank.

1. BANK'S ESTABLISHMENT AND ACTIVITY (continued)

The Bank is a legal entity headquartered in Belgrade at 12 Kralja Petra Street. The activities of the National Bank of Serbia as determined by the law and other regulations are performed through the Bank's basic organizational units, branch offices in Belgrade, Novi Sad, Nis, Kragujevac and Uzice and the Institute for Manufacturing Banknotes and Coins - Topcider (hereinafter: "ZIN").

As at December 31, 2025 the bank had 2,426 employees (December 31, 2024: 2,354 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

a) Statement of Compliance with the International Financial Reporting Standards

The accompanying financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards (IFRS).

b) Basis of Measurement

Financial statements are prepared at the historical cost principle, with exception of the following items:

- Gold and other precious metals, which are stated at fair value;
- Financial assets at fair value through profit and loss;
- Financial assets at fair value through other comprehensive income;
- Land and properties, which are stated at revalued value;
- Investment properties, which are stated at fair value;
- Works of art and museum objects and numismatic collection, which are stated at fair value;
- Provisions for retirement benefits and jubilee awards, which are stated at the present value of the future liabilities for retirement benefits and jubilee awards;
- Provisions for litigation stated at estimated value of possible court outcomes;
- Foreign currency swaps, which are stated at fair value.

c) Use of Estimates

Preparation of financial statements in accordance with IFRS requires the Bank's management to use certain estimates in the application of the accounting policies. Areas that are subject to estimates of greater significance to the financial statements of the Bank are presented in Note 3.11.

d) Functional and Presentation Currency

The Bank's financial statements are presented in thousands of dinars (RSD). The Dinar is the Bank's functional currency and the official presentation currency in the Republic of Serbia.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

e) New Standards, Interpretations and Revisions to Issued Standards

The following standards, interpretations and amendments to the published standards have entered into force for the accounting period beginning on January 1, 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The Bank's management assessed the impact of these standards and interpretations on the Bank's financial statements. Given the nature of the Bank's operations, the stated standards, interpretations and changes to published standards, according to the assessment, do not have a significant impact on the Bank's financial statements.

Until the date of the balance sheet, the following standards, interpretations and changes to published standards were issued, but did not take effect:

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The effects of this standard are not expected to have a significant impact on the Bank's financial statements.

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The effects of this standard are not expected to have a significant impact on the Bank's financial statements

- Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The effects of these clarifications and amendments are not expected to have a significant impact on the Bank's financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU. In the following reporting periods, Management will analyse the requirements of this newly issued standard and assess its impact.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments)

IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. The amendments issued in August 2025 reduce the disclosure requirements of new IFRS accounting standards, which had been included in full when IFRS 19 was first issued. IFRS 19 (including the amendments) is effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The standard (including the amendments) has not yet been endorsed by the EU. The effects of this standard are not expected to have a significant impact on the Bank's financial statements.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements. The amendments have not yet been endorsed by the EU. The effects of this standard are not expected to have a significant impact on the Bank's financial statements

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The effects of this standard are not expected to have a significant impact on the Bank's financial statements.

The Bank's management is currently considering the impact of the mentioned standards and interpretations on the Bank's financial statements, as well as the effective date of their implementation, particularly regarding the structure of the income statement and the cash flow statement of the Bank, as well as the necessary additional disclosures related to the performance measures defined by management (MPMs - Management-defined performance measures). It is assessed that the mentioned standards, interpretations, and amendments to the published standards will not have a significant impact on the Bank's financial statements in the period following their application.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS
(continued)

f) Cash Flow Statement

The differences between cash and cash equivalents position at the end of the period in the Cash Flow Statement and the position Cash and cash Equivalents in the Balance Sheet are as follows:

<u>In thousands of RSD</u>	<u>Cash Flow Statement In period from 1 January to December 31, 2025 - cash and cash equivalents at the end of period</u>	<u>Cash Flow Statement In period from 1 January to December 31, 2024 - cash and cash equivalents at the end of period</u>
Cash on hand in local and foreign currency (Note 15)	174,145,043	181,809,618
Current accounts with domestic banks and National Bank of Serbia and with foreign banks (Note 15)	264,881,766	261,081,075
<i>Total</i>	<u>439,026,809</u>	<u>442,890,693</u>
Membership quota (Reserve Tranche) (Note 20)	6,409,997	6,869,027
Funds in SRD (Note 20)	1,430,158	1,523,693
<i>Total</i>	<u>7,840,155</u>	<u>8,392,720</u>
Total	<u>446,866,964</u>	<u>451,283,413</u>

g) Comparative data

Accounting policies and estimates relating to the recognition and valuation of assets and liabilities used in the preparation of these financial statements are consistent with accounting policies and estimates made in preparing the financial statements of the Bank for 2024. In the interest of better presentation, the Bank has adjusted the structure of comparative data in certain segments as a part of disclosures made through the notes to the financial statements as at December 31, 2025.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

3.1. Interest, Fee and Commission Income and Expenses

When calculating interest income or expense based on a financial asset or a financial liability, the effective interest rate is applied to the gross carrying amount of the asset or the amortized cost of liabilities. The gross carrying amount of the financial asset is the amortized cost of the financial asset before adjusting for the amount of the impairment. The amortized cost of a financial asset is the value of a financial asset at initial recognition, minus the principal repayment, increased or decreased by the amount of cumulative amortization using the effective interest method of any difference between the value of the financial asset at initial recognition and the amount at maturity and adjusted for the amount of impairment.

If the financial asset is not credit impaired, interest income is calculated using the effective interest rate on the amortized cost of a financial asset.

Interest income from financial assets that subsequently have become credit-impaired financial assets after initial recognition are calculated by applying the effective interest rate on the amortized cost of that asset.

Interest income from purchased or originated credit-impaired financial assets is calculated using the effective interest rate adjusted for credit risk on the amortized cost of that asset.

Fee and commission income from banking services are recognized as related services performed and fee and commission expenses are recognised as related services are received.

3.2. Foreign Currency Translation

Business transactions performed in foreign currencies whose exchange rates are officially published by the Bank, are translated into dinars by applying the official middle exchange rates effective as at the transaction date, whereas for currencies whose exchange rates are not officially published by the Bank, recalculation is performed by applying the adequate exchange rates of the Bank effective as at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into dinars by applying the official middle exchange rate prevailing at the statement of financial position date (if the currency rate is published by the Bank in the official exchange rate list) or at the appropriate rate of the Bank (for foreign currencies which are not published in the official exchange rate list).

Net foreign exchange positive or negative effects arising upon the translation of transactions, and the assets and liabilities denominated in foreign currencies are credited or charged to the income statement as Net exchange rate gains/losses and gains/losses from agreed currency clause. The structure of monetary assets and liabilities is presented in the framework of the foreign currency risk analysis in Note 31.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3.3. Financial Instruments

The Bank classifies its financial assets into the following categories:

- financial assets carried at amortized cost
- financial assets carried at fair value through other comprehensive income and
- financial assets carried at fair value through profit and loss.

The classification depends on the business model in which the assets are held and characteristic of cash flows related to those financial assets. Financial liabilities are classified as financial liabilities that are measured at amortized cost and financial liabilities that are carried at fair value through profit and loss.

The business model in which financial assets are held represents the way in which the Bank manages those funds in order to generate cash flows from a financial asset. The objective of the business model may be the collection of contractual and other fixed cash flows and cash flows from the sale of that asset or other, and the type of business model within which certain financial assets are held is determined on the basis of:

- policies and objectives related to certain financial assets (implementation of monetary and foreign exchange policies and other regulations and activities within the competence of the National Bank of Serbia, liquidity management, realization of manual compliance of financial assets and liabilities, realization of interest income, realization of income on the basis of change in fair value financial resources, etc.).
- the frequency, volume and point of sale of financial assets in the previous period, the reasons for these sales and expectations regarding future sales activities.
- the method of assessing the effectiveness of management and the manner of reporting in relation to financial assets.
- types of risks that affect certain financial assets and ways of managing these risks.

Financial assets are classified in the category of financial assets that are carried at amortized cost if they are applied to a business model whose primary objective is the collection of contracted and other established cash flows, and if the cash flows that are incurred consist exclusively of principal payment and interest on the outstanding principal amount on a fixed date.

Financial assets are classified in the category of financial assets carried at fair value through other comprehensive income if they are applied to a business model whose basic objectives are the collection of contracted cash flows and sales and if the cash flows that are incurred consist exclusively of principal and interest payments on the outstanding amount of principal on a fixed date.

All other financial assets are measured at fair value through profit and loss.

The management determines the classification of assets and liabilities at initial recognition, and any subsequent reclassifications are made if the Bank changes the business model for managing financial instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3.3. Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

Financial assets carried at fair value through other income are securities designated as securities carried at fair value through other comprehensive income if they reflection the business model of managing financial assets holding for collection and sale and if the cash flows arising consist exclusively and interest collection on outstanding amount principal on a fixed date. Financial assets carried at fair value through other income refer to government bonds, securities of the public sector, securities with high quality collateral, as well as government discounted securities and in the balance sheet are carried at fair value on balance sheet date as quoted in the financial market.

In addition to these securities, for the participation in the capital of international financial institutions on December 31, 2025. The Bank has opted for accounting for them at fair value through other comprehensive income. This choice was carried out on the basis of a single instrument at the time of initial recognition and cannot be revoked.

Also, on the date of initial recognition, the Bank may irrevocably classify an asset as an asset carried at fair value through profit and loss, although it meets the requirements of measurement at amortized cost or fair value measurement through comprehensive income, and only in cases where the objective is to eliminate or significantly reduce accounting mismatches that would otherwise arise.

The effects of changes in fair value are recorded within equity as a fair value reserve. During the holding of securities, the Bank determines the interest using effective interest rate and records revenues from the collection of coupons within the position of interest income.

For equity investments that are carried at fair value through other income, changes in fair value after initial recognition are reported in equity under reserves based on fair value and can never be recognized through profit or loss, even at the time of sale. Accumulated gains or losses recognized in the other result are transferred to retained earnings upon the expiry of the recognition of the investment.

Equity investments are not subject to impairment. The effects of changes in foreign exchange rates are included within the capital as a fair value reserves. Dividends are recorded under other operating income in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are valued at amortized cost less impairment charges. Loans are stated separately in position Loans and placements, while receivables are presented in other assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3.3. Financial Instruments (Continued)

Financial assets carried at amortized cost

Financial assets carried at amortized cost are investments in debt securities where the Bank has a firm intention and the ability to hold these securities until maturity. These securities are valued at amortized cost less impairment costs.

Deposits

Deposits include time deposits in accounts with foreign banks with adequate investment rating and other deposits are stated at amortized cost.

Financial liabilities at amortized cost

Financial liabilities for repo transactions are measured at amortized cost. The difference between the cost and the redemption value is recognized in the income statement on the basis at the effective interest method.

Swap transactions

The Bank organizes a swap of auctions of the sale or purchase of foreign currency, which are a regular instrument for securing the foreign exchange, i.e. dinar liquidity of the banking sector. The aim of their organization was to encourage the development of the interbank swap of foreign exchange trading and the development of the market of instruments for protection against the risk of changing the foreign exchange rate.

At the balance sheet date, the Bank values swaps at fair value through profit and loss. The positive fair value of swaps is recognized as an asset within the derivative receivables, the negative as an obligation under the derivative liability, and the effects of the change in fair value are recognized in the income statement within position net profit on financial instruments carried at fair value through the income statement.

Membership Quota in the International Monetary Fund and special drawing rights and Obligations under the International Monetary Fund

Assets and liabilities to the International Monetary Fund expressed at initial cost in special drawing rights are estimated at the special drawing rights rate published by the International Monetary Fund - using the official middle exchange rate of the USD that is valid on the appropriate date. Transactions in Special Drawing Rights are converted into Dinars using the official middle exchange rate of the National Bank of Serbia at the time of the transaction.

Date of recognition and fair value

Regular purchases and sales of placements are recognized at the date of the transaction - the date on which the Bank pays for the purchase or receives funds from the sale of assets or at settlement date. All financial assets are initially recognized at fair value plus transaction costs, while financial assets at fair value through profit or loss are initially recognized at fair value without the stated costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3.3. Financial Instruments (continued)

Date of recognition and fair value (continued)

The fair value of financial assets quoted on the stock exchange is determined on the basis of fair values. In the case of instruments for which there is no active market (not quoted on the stock exchange), the Bank determines their fair value based on an estimate using information on recent transactions on the market, using the discounted cash flow method or using the "option pricing" model.

Reclassification of financial assets

Reclassification of financial assets is carried out in the case of a change in the business model within which they are held. The effects of the reclassification of financial assets from the category measured at amortized cost and at fair value through other comprehensive income into the category of financial assets carried at fair value through profit and loss are reported as net gain/(loss) under reclassification of financial assets in the income statement, while other reclassifications, including their effects are recorded within the positions of balance sheet.

Modification of financial instruments

Modification of financial instruments is a change in the established (contracted, prescribed or otherwise in accordance with the regulations established) cash flows of a financial instrument arising from renegotiation or otherwise. If when modifying the financial instrument, it is estimated that the cash flows have not changed significantly, recognition of such financial instrument continues at modified amount, and the difference between the book value and the modified amount is recorded in the income statement. Otherwise, the financial instrument is derecognized and a new financial instrument is recognized. In assessing whether cash flows are substantially modified, the Bank uses the following criteria:

- discounted (present) value of cash flow on changed terms (modified value) changed by 10% or more in relation to discounted (present) value of remaining cash flow on terms of original financial instrument or
- significantly changed conditions of the original financial instrument in accordance with the particular circumstances of the individual case, regardless of the extent to which the cash flow was changed (change of debtors, change of currency, introduction of the possibilities of conversion of claims into equity securities, change of fixed interest rate into variable and reversed and changes in classification of financial instruments).

Impairment of financial assets

Impairment of financial assets (allowance for expected credit losses) is carried out at each balance sheet date, for the amount expected credit losses of financial assets carried at amortized cost and financial assets carried at fair value through other comprehensive income. The expected credit loss is the amount of the present value of the estimated losses weighted by the risk of default.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3. Financial Instruments (continued)

Impairment of financial assets (continued)

The carrying amount of financial assets is decreased indirectly through the allowance account and is recorded within net income from decrease in impairment / (expenses) on impairment of financial assets. If during next year, there is a decrease in the amount of recognized impairment loss, the previously recognized impairment loss is reduced by adjusting the allowance account and the amount of the adjustment is recognized in the income statement.

Impairment of financial assets is explained in detail in Note 31.

Write-offs of financial assets

Financial assets are written off directly in whole or in part, when there is no reasonable expectation of recovering a financial asset, either in whole or in part, as in the case where it is established that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out on an individual basis.

Financial assets that have been written off, and which are still the subject to collection are recorded as off-balance sheet items.

Derecognition

Financial assets cease to be recognized when the Bank loses control over the contractual rights over these instruments, which occurs when the rights to use the instruments are realized expired, abandoned or transferred. The financial liability ceases to be recognized when the liability ceases to exist.

Offsetting of financial assets

The financial asset and financial liabilities are set off and the net balance is presented in the balance sheet only if there is a legal right to carry out offset and if there is an intention of the Bank to make the collection of funds and payment of liabilities in the net amount or to simultaneously collect funds and settle liabilities. Revenues and expenses are presented in the book on the net basis if the result (effect) of the offset reflects the substance of the transaction they originated from.

3.4. Cash and current accounts held with banks

Cash and cash equivalents include cash and balances on current accounts. Cash and current accounts held with banks are measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5. Gold and other precious metals

Gold and other precious metals are measured at fair value at the balance sheet date.

Precious metals, which are part of the foreign exchange reserves, were estimated at the price of gold and silver in the day-to-day fixing at the London Bullion Market Association, using the official US dollar average dinar exchange rate valid on the last day of the month, or on the basis of the price Platinum & Palladium Market Association, London fixing, using the official mid-dinar exchange rate for the US dollar that was valid on the last day of the month.

The effects of changes in the fair value of gold and other precious metals that are part of the foreign exchange reserves are presented in the profit and loss account, as gain/loss on the basis of exchange differences and the effects of the contractual currency clause. The effects of estimating the cost of refining gold, as at December 31, 2025, are presented in Note 16.

3.6. Inventories

The Bank's inventories comprise of materials, work in progress and finished products of ZIN mostly, as well as precious metals used for making commemorative coins, and ZIN products intended for the market. These inventories are stated at the lower of cost and net realizable value.

3.7. Property, plant, equipment, investment property and intangible assets

Plant, equipment and intangible assets are stated at cost less any allowance for impairment. The Bank applied the allowed alternative method of measuring real estate that it uses, a part of other fixed assets (works of art and museum values) and parts of equipment (period furniture) at the revalued value.

Valuation of used real estate and investment real estate was performed by hiring an external independent appraiser using market (comparable prices of real estate subject to purchase / sale in the local market, with adjustments related to the physical condition of a particular property), yield (determining the present value of future cash flows during the economic life of funds by applying a capitalization rate that reflects the risk of achieving projected cash flows and time value of money) and cost approach (costs of building a new building, which deduct three possible forms of obsolescence: physical, functional and economic).

The increase in the revalued value of land that is reported in the Bank's accounting records, i.e. the recording of the difference between the estimated value and the current book value is expressed through an increase in revaluation reserves. The decrease in value on the basis of revaluation is recorded by a proportional decrease in the purchase value and accumulated depreciation of fixed assets, and the increase in value on the basis of revaluation - by a proportional increase in the purchase value and accumulated depreciation of fixed assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7. Property, plant, equipment, investment property and intangible assets (continued)

The amounts of accrued revaluations are recorded in favour of the total remaining results, for the positive effects of the estimation, and are accumulated on the accounts of revaluation reserves within the capital. The negative effects of the assessment are recognized as the expense of the profit and loss account, unless the revaluation reserve has been formed for the specific asset in the previous periods, in which case the negative effects are recognized in the balance of the total other comprehensive income, to the level of previously formed revaluation reserves. Positive effects of the valuation are recognized in favour of the profit and loss account only up to the amount of previously recognized negative valuation effects the event that individual items in previous periods had a negative effect of the appraisal recognized at the expense in the profit and loss account.

Investment property is valued at fair value. The effects of the change in fair value are disclosed at the expense or in favour of the profit and loss account within other income or other expenses.

Calculation of depreciation of property, plant and equipment and intangible assets begins when these assets are put into use. Depreciation is calculated equally on the cost of property, plant and equipment using the following annual rates, which were not changed during 2023, with a view to completely disposing of assets during their useful life:

Computers	25%
Furniture and other equipment	3.34%-20%
Motor vehicles	14.29% - 20%
Intangible assets	25% i.e. the deadline prescribed by the contract

The cost of repairs and maintenance of property, plant and equipment generated to preserve the asset's useful life is recognized as an expense at the time of formation. Capitalization of investment costs is permitted only if it increases or extends the use value of the assets.

The gains arising from the sale of property, plant and equipment are credited to other operating income. The losses incurred in the disposal and disposal of property, plant and equipment are recorded at the expense of other expenses. Revaluation reserve on disposal and write-offs of assets transferred to retained earnings.

The Law on Public Property prescribes that the Government of the Republic of Serbia decides on the disposal of immovable property used by the Bank and the establishment of a mortgage on such real estate.

3.8. Funds for operations on behalf of third parties

Funds for transactions in the name and for the account of third parties, which are managed by the Bank for remuneration, are not included in the balance sheet of the Bank but are carried out within off-balance sheet items.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9. Corporate Income Tax

Current taxes

The Bank is a tax payer in accordance with the provisions of the Law on Corporate Income Tax of the Republic of Serbia and the Regulations on the Contents of the Tax Balance for Non-Profit Organizations - Taxpayers of Corporate Taxes explained in more detail in Note 27.

Deferred taxes

Deferred income taxes are calculated according to the balance sheet on all temporary differences on the balance sheet date between the present value of assets and liabilities, in the financial statements, and their values for purposes of taxation. The Bank does not account for and does not disclose deferred taxes due to the absence of temporary differences.

3.10. Employee Benefits

In accordance with regulations effective in the Republic of Serbia, the Bank is under obligation to pay contributions to various state social security funds. These obligations involve the payment of contributions on behalf of the employees by the employer in the amounts calculated by applying the specific legally prescribed rates. The Bank is also legally obligated to withhold contributions from gross salaries to employees and to transfer the withheld portions on their behalf directly to the appropriate Government funds. The contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

For short-term employee benefits, the Bank recognizes within expenses the undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered.

For long-term benefits the Bank recognizes a discounted amount of fees that are expected to be paid in exchange for the services provided by employees. The Bank implements a defined remuneration plan for employees in accordance with internal acts, according to which the employee is entitled to severance pay in the amount of three times the earnings he earned for the month preceding the month in which his employment is terminated or in the amount of three times the average monthly salary per employee paid in for the month preceding the month in which his employment is terminated, depending on which of these two amounts is more favourable.

The last estimate of the present value of liabilities based on the established compensation plan was made as of December 31, 2025.

The Bank uses the best possible estimates of the variables when determining the total cost of provisioning for termination benefits. The basic assumptions of the assessment are explained in Note 26.

In the financial statements of the Bank as at December 31, 2025, provision was made on the basis of the estimated present value of retirement funds for retirement after fulfilled conditions, as well as the provision based on the estimated present value of jubilee awards. The Bank applied the actuarial method of lending to the projected unit for determining the present value of its liabilities and all actuarial assumptions, primarily demographic (mortality and disability) in accordance with IAS 19 - "Employee Benefits".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Employee Benefits

Actuarial gains and losses and costs of previously performed services are recognized in the income statement when they occur, while actuarial gains and losses on retirement benefits are recognized in the statement of other comprehensive income.

Payments for unused annual holidays from the current year represent short-term liabilities of the Bank. In the financial statements of the Bank as at December 31, 2025, provision was made for funds for the payment of compensation for the days of unused annual leave for 2024, which employees did not use during 2025. The Bank's obligation shall cease if the employee does not use the holiday until June 30 of the following year. The Bank is obliged to pay compensation for unused annual leave only in case of unused vacation in case of termination of employment.

3.11. Summary of Key Accounting Estimates and Assumptions

The presentation of the financial statements requires the Bank's management to use best estimates and reasonable assumptions that affect assets and liabilities amounts, disclosures of contingent liabilities and receivables as of the date of preparation of the financial statements, and the income and expenses arising during the reporting period. These estimations and assumptions are based on information available as at the date of preparation of the financial statements. Actual amounts may vary from these estimates.

Estimates and assumptions are subject to constant review. Changes to accounting estimates are recognized in the period when they are made if their impact is limited to that period or in future periods, in case when the change impacts future periods as well.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial assets

Expected credit losses of financial assets are estimated for an individual financial asset or for a group of financial assets with the same characteristics, taking into account all relevant and available quantitative and qualitative information, related to past, present and future events.

Impairment of financial assets implies defining criteria that determine whether the credit risk of a financial asset has been increased in relation to the initial recognition of that financial asset by defining, selecting and accepting an appropriate internal methodology by the management, as explained in Notes 3.3 and 31.

Fair Value of Assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11. Summary of Key Accounting Estimates and Assumptions (continued)

Fair Value of Assets (continued)

Bank's policy is to disclose fair value information on those financial assets and financial liabilities for which published market information is readily available or such value may be calculated by applying certain alternative valuation techniques, and whose fair value is materially different from their recorded amounts. As per the Banks' management, amounts presented in the financial statements reflect fair value which is most reliable and useful for financial reporting purposes, in accordance with International Financial Reporting Standards.

Fair value of financial instruments for which an active market does not exist is determined by applying adequate methods of estimating future cash flows of assets that are discounted by applying an adequate discount rate to their fair value. The Bank applies its professional judgment in the selection of adequate methods and assumptions. Fair values information is set out in Note 31.

Provisions for Long-Term Employee Benefits

The Bank has independently calculated provisions for employee retirement benefits and jubilee awards by using its professional judgment to determine the discount rate, income growth rate and employee turnover rate based on the available information, which is explained in detail in Notes 3.10 and 26.

Depreciation and Amortization Rates Applied

The calculation of depreciation and amortization, as well as depreciation and amortization rates are based on the estimated economic useful life of property, plant, equipment and intangible assets. Once a year the Bank assesses economic useful life based on current assumptions.

Provisions for Litigations

The Bank estimates the probability of occurrence of an unfavourable event that is the result of a past event, and if it is estimated that the event will occur with probability greater than 50%, the Bank makes provisions in the total amount of the liability. The Bank is cautious in its estimates, but due to high level of uncertainty, in some cases, the estimate might not be consistent with eventual future outcome of the litigation.

4. NET INTEREST INCOME

In thousands of RSD	For the year ended December 31,	
	2025	2024
Interest income from:		
Debt securities:		
- in dinars	8,564,999	9,226,423
- in foreign currency	60,399,169	57,648,079
Deposits placed:		
- in foreign currencies	18,870,437	31,911,839
Loans approved:		
- in dinars	51,992	1,934
Other placements:		
- in dinars	133	197
- in foreign currency	-	1
<i>Total</i>	<u>87,886,730</u>	<u>98,788,473</u>
Interest expenses arising from:		
Securities:		
- in dinars	(291,101)	(465,607)
- in foreign currency	(883,893)	(953,931)
Deposits in dinars:		
- required special reserve of banks in dinars	(3,577,816)	(3,286,311)
- surplus liquid assets of banks	(6,338,059)	(6,843,771)
- transaction deposits	(1,715)	(999)
Deposits in foreign currencies:		
- time deposits	(9,621,606)	(11,806,518)
- demand deposits	(1,237,353)	(2,214,547)
- other	(28,989)	(30,392)
Repurchase transactions	(18,883,323)	(23,710,901)
Liabilities to IMF	(235,643)	(314,453)
Other	(12,270)	(22,794)
<i>Total</i>	<u>(41,111,768)</u>	<u>(49,650,224)</u>
Net interest income	<u>46,774,962</u>	<u>49,138,249</u>

4. NET INTEREST INCOME (continued)

The stated amount of Net interest income includes interest income and expense calculated using the effective interest method which relate to the following:

<u>In thousands of RSD</u>	Year ended December 31,	
	2025	2024
Interest income arising from:		
Financial assets measured at amortized cost	27,487,561	41,140,394
Financial assets at fair value through other comprehensive income	60,399,169	57,648,079
<i>Total</i>	<u>87,886,730</u>	<u>98,788,473</u>
Interest expenses arising from:		
Financial liabilities measured at amortized cost	(40,227,875)	(48,696,293)
Financial assets at fair value through other comprehensive income	(883,893)	(953,931)
<i>Total</i>	<u>(41,111,768)</u>	<u>(49,650,224)</u>
Net interest income	<u>46,774,962</u>	<u>49,138,249</u>

5. NET FEE AND COMMISSION INCOME

<u>In thousands of RSD</u>	Year ended December 31,	
	2025	2024
Fee and commission income in dinars:		
- fees for RTGS and clearing operations	1,985,399	1,894,694
- fees for enforced collection	2,324,798	1,926,548
- fees for supervision over insurance operations and voluntary pension funds	856,348	763,112
- other fees in dinars	437,876	444,960
Fee and commission income in foreign currencies		
- fees for foreign currencies	2,229,631	1,989,444
- operating fees in the name and on behalf of third parties	154,596	121,338
- other fees in foreign currency	108,437	141,398
<i>Total</i>	<u>8,097,085</u>	<u>7,281,494</u>
Fee and commission expenses in dinars:		
- commission based on the sales of bill of exchange forms	(14,377)	(13,456)
- other fees and commissions in dinars	(7,235)	(9,519)
Fee and commission expenses in foreign currencies:		
- foreign account maintenance fees and foreign payment transactions	(146,239)	(120,284)
- fee for foreign exchange and currency transactions	(335,298)	(390,570)
<i>Total</i>	<u>(503,149)</u>	<u>(533,829)</u>
Net fee and commission income	<u>7,593,936</u>	<u>6,747,665</u>

The total reported income and expense on fees and commissions relates to financial assets and financial liabilities that are measured at amortized cost.

6. NET GAIN/(LOSS) FROM DERECOGNITION OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

In thousands of RSD	In thousands of RSD	
	Year ended December 31, 2025	2024
Gains from derecognition (sale) of financial instruments measured at fair value through comprehensive income	2,985,240	1,147,465
Losses from derecognition (sale) of financial instruments measured at fair value through comprehensive income	(418,244)	(795,833)
Net gain/(loss)	<u>2,566,996</u>	<u>351,632</u>

7. NET INCOME FROM FOREIGN EXCHANGE RATE AND EFFECTS OF CONTRACTED FOREIGN CURRENCY

In thousands of RSD	Year ended December 31,	
	2025	2024
Net income/(expenses) from foreign exchange rate and effect of contracted foreign currency:		
- cash and current accounts held with banks	(1,501,726)	85,254
- gold and other precious metals	224,832,348	106,406,850
- deposits, loans and placements	(25,079,378)	9,649,563
- securities	(60,753,617)	27,716,786
- IMF assets and liabilities	(78,635)	(28,273)
- liabilities arising from received deposits and other liabilities to banks, financial organizations, state and other depositors	26,189,500	(9,684,562)
- other assets and other liabilities	77,495	59,622
Total net income from exchange differences and effects of contracted currency clause	<u>163,685,987</u>	<u>134,205,240</u>

8. NET INCOME/(EXPENSE) OF IMPAIRMENT/INCOME FROM IMPAIRMENT OF FINANCIAL ASSETS

a) Structure of income and expenses

<u>In thousands of RSD</u>	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Income from impairment allowances:		
- of financial assets at amortized cost	274,250	304,937
- of financial assets at FVOCI	48,060	39,958
Income from collected written-off receivables	1,544	2,455
<i>Total</i>	<u>323,854</u>	<u>347,350</u>
Expenses from impairment:		
- of financial assets at amortized cost	(93,915)	(125,152)
- of financial assets at FVOCI	(116,665)	(51,515)
<i>Total</i>	<u>(210,580)</u>	<u>(176,667)</u>
Net income/(expense) from impairment of financial assets	<u>113,274</u>	<u>170,683</u>

NOTES TO THE FINANCIAL STATEMENTS
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8. NET INCOME (EXPENSE) OF IMPAIRMENT/ INCOME FROM REDUCTION OF IMPAIRMENT OF FINANCIAL ASSETS/ (continued)

b) Movements on the Accounts of Impairment Allowances

In thousands of RSD	Cash and current accounts held with banks (Note 15)	Deposits (Note 17)	Securities* (Note8)	Loans and placements (Note 19)	Other assets (Note 22)	Total
Balance as at January 1, 2025	935,958	2,849,341	349,900	1,438,147	266,461	5,839,807
New allowance for impairment - financial assets	-	16,543	25,543	8,479	43,350	93,915
New allowance for impairment - inventories	-	-	-	-	2,743	2,743
Reversed impairments	-	(17,736)	(119,904)	(114,746)	(21,864)	(274,250)
Foreign exchange effects	(90,949)	(238,039)	-	-	(503)	(329,491)
Write-offs	-	-	(75,345)	(123,520)	(7,011)	(205,876)
Other	-	-	-	1,030	-	1,030
Balance as at December 31, 2025	845,009	2,610,109	180,194	1,209,390	283,176	5,127,878
Balance as at January 1, 2024	888,253	2,733,954	306,402	1,472,634	445,238	5,846,481
New allowance for impairment - financial assets	-	22,304	63,733	7,597	31,518	125,152
New allowance for impairment - inventories	-	-	-	-	2,326	2,326
Reversed impairments	-	(28,757)	(20,235)	(43,019)	(212,926)	(304,937)
Foreign exchange effects	47,705	121,840	-	-	7,869	177,414
Write-offs	-	-	-	(16)	(7,564)	(7,580)
Other	-	-	-	951	-	951
Balance as at December 31, 2024	935,958	2,849,341	349,900	1,438,147	266,461	5,839,807

* In accordance with IFRS 9, the effect of impairment of debt securities through other comprehensive income are recognised through other comprehensive income and profit and loss and do not decrease carrying amount of related debt securities in the balance sheet.

9. OTHER OPERATING INCOME

<u>In thousands of RSD</u>	Year ended December 31,	
	2025	2024
Income from operations – ZIN	6,766,644	6,850,173
Income from the sale of bill of exchange forms	145,942	134,596
Rental income	19,323	20,824
Increase in the value of inventories	64,917	113,113
Dividend income	152,814	155,784
Other income	189,096	129,530
Other operating income	<u>7,338,736</u>	<u>7,404,020</u>

Revenues from the operational activities of the ZIN relate to the income from the sale of finished products of the ZIN which, in addition to the production of banknotes, circulating coins, and commemorative coins, is also engaged in the production of documents, securities, and other products.

Dividend income realized in 2025 in the amount of RSD 152,814 thousand (2024: RSD 155,784 thousand), refers entirely to equity investment in the capital of the Bank for International Settlements, Basel.

10. SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL EXPENSES

<u>In thousands of RSD</u>	Year ended December 31,	
	2025	2024
Salaries, salary compensations, taxes and contributions	8,591,088	7,219,021
Expenses from provisions for retirement and other employee benefits	439,302	488,981
Temporary and seasonal employees	10,739	17,367
Jubilee awards	91,977	44,314
Financial aid to employees	75,710	51,622
Retirement benefits	67,798	76,409
Remunerations to the Council members	16,028	4,697
Other personal expenses	5,120	5,097
Total salaries, salary compensations and other personal expenses	<u>9,297,762</u>	<u>7,907,508</u>

11. DEPRECIATION COSTS

<u>In thousands of RSD</u>	<u>2025</u>	<u>Year ended December 31, 2024</u>
Depreciation and amortization of:		
- intangible assets	527,299	478,591
- building properties	270,671	270,806
- equipment	1,115,708	1,075,441
- other assets	230	321
Total depreciation costs	<u>1,913,908</u>	<u>1,825,159</u>

12. OTHER INCOME

<u>In thousands of RSD</u>	<u>2025</u>	<u>Year ended December 31, 2024</u>
Income from reversal of provisions for litigations (Note 26)	5,500	13,280
Other	1,634,602	55,238
Total other income	<u>1,640,102</u>	<u>68,518</u>

Of the total amount of other income, the largest part, amounting to 1,571,727 thousand dinars, relates to income from the liquidation estate of legal entities under the jurisdiction of the Deposit Insurance Agency.

13. OTHER EXPENSES

In thousands of RSD	Year ended December 31,	
	2025	2024
Costs of materials	2,781,965	2,635,737
Cost of production services:		
- transportation services	3,305	3,842
- telecommunication services	66,573	63,515
- automatic data transfer	181,196	171,507
- maintenance	1,013,272	857,730
- software licenses up to one year	259,543	58,034
- rental costs	9,378	8,830
- marketing and advertising	2,244	728
- official gazettes and magazines	8,619	7,861
- finishing costs – ZIN	23,980	24,470
- other services	667	821
Non-material expenses:		
- business travel expenses	41,677	47,763
- employee commuting allowance	73,260	74,093
- fees to voluntary pension funds	48,001	152,363
- employee professional training costs	4,858	6,471
- intellectual services	470,001	383,198
- security services (for property and money)	40,531	54,083
- public utilities	25,644	23,685
- entertainment	17,099	14,273
- insurance premiums	52,499	53,652
- other non-material expenses	207,878	148,232
Tax expenses:		
- property tax	53,442	54,492
- value added tax payable	392,787	269,542
- other taxes payable	58,027	36,475
Contributions paid	12,830	5,872
Other costs	133,978	115,411
Decrease the value of inventories	77,952	8,228
Provisions for litigations (Note 26)	4,166	7,747
Other expenses	24,175	40,960
Total other expenses	<u>6,268,261</u>	<u>5,329,615</u>

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification of financial assets and financial liabilities

The following table summarizes the financial assets and financial liabilities according to the categories to which they are classified:

<u>In thousands of RSD</u>	<u>Note</u>	<u>Valued at amortized cost</u>	<u>Valued at fair value through profit and loss</u>	<u>Valued at fair value through other comprehensive income- mandatory</u>	<u>Valued at fair value through other comprehensive income- optionally</u>	<u>Total December 31, 2025</u>
Balance as at December 31, 2025						
Financial assets						
Cash and current accounts held with banks	15	439,269,503	-	-	-	439,269,503
Deposits	17	408,365,443	-	-	-	408,365,443
Derivative receivables		-	41,742	-	-	41,742
Securities	18	113,812,398	-	1,861,262,876	15,653,460	1,990,728,734
Loans and placements	19	253,838	-	-	-	253,838
IMF membership quota and SDR holdings	20	91,051,697	-	-	-	91,051,697
Other assets	22	1,209,997	-	-	-	1,209,997
Total		1,053,962,876	41,742	1,861,262,876	15,653,460	2,930,920,954
Financial liabilities						
Liabilities from derivatives		-	41,742	-	-	41,742
Deposits and other liabilities to banks and other financial organisations	23	1,540,608,233	-	-	-	1,540,608,233
Deposits and other liabilities to Government and other depositors	24	812,023,238	-	-	-	812,023,238
Liabilities to the IMF	25	90,984,235	-	-	-	90,984,235
Cash in circulation	28	430,183,421	-	-	-	430,183,421
Other liabilities	29	2,856,272	-	-	-	2,856,272
Total		2,876,655,399	41,742	-	-	2,876,697,141

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

14. FINANCIAL ASSETS AND LIABILITIES (Continued)

Classification of financial assets and liabilities (continued)

In thousands of RSD	Note	Valued at amortized cost	Valued at fair value through profit and loss	Valued at fair value through other comprehensive income- mandatory	Valued at fair value through other comprehensive income- optional	Total December 31, 2024
Balance as at December 31, 2024						
Financial assets						
Cash and current accounts held with banks	15	443,362,919	-	-	-	443,362,919
Deposits	17	524,219,095	-	-	-	524,219,095
Derivative receivables		-	31,435	-	-	31,435
Securities	18	193,571,985	-	1,972,317,287	14,210,719	2,180,099,991
Loans and placements	19	815,913	-	-	-	815,913
IMF membership quota and SDR holdings	20	97,568,791	-	-	-	97,568,791
Other assets	22	1,220,798	-	-	-	1,220,798
Total		1,260,759,501	31,435	1,972,317,287	14,210,719	3,247,318,942
Financial liabilities						
Liabilities from derivatives		-	31,435	-	-	31,435
Deposits and other liabilities to banks and other financial organisations	23	1,688,125,076	-	-	-	- 1,688,125,076
Deposits and other liabilities to Government and other depositors	24	902,710,992	-	-	-	- 902,710,992
Liabilities to the IMF	25	97,508,018	-	-	-	- 97,508,018
Cash in circulation	28	399,640,272	-	-	-	- 399,640,272
Other liabilities	29	5,152,091	-	-	-	- 5,152,091
Total		3,093,136,449	31,435	-	-	- 3,093,167,884

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15. CASH AND CURRENT ACCOUNTS HELD WITH BANKS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand:		
- in local currency	76	65
- in foreign currency	174,144,967	181,809,553
<i>Total</i>	<u>174,145,043</u>	<u>181,809,618</u>
Current accounts:		
- with domestic banks and NBS	40,296,284	27,837,177
- with foreign banks	225,430,491	234,179,856
Allowance for impairment of current accounts	(845,009)	(935,958)
<i>Total</i>	<u>264,881,766</u>	<u>261,081,075</u>
Calculated and accrued interest	<u>242,694</u>	<u>472,226</u>
Total cash and current accounts held with banks	<u><u>439,269,503</u></u>	<u><u>443,362,919</u></u>

SDR holdings at IMF's current account (including reserve tranche) amounted to RSD 7,840,155 thousand (December 31, 2024: RSD 8,392,720 thousand) are presented in Note 20.

16. GOLD AND OTHER PRECIOUS METALS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Gold	726,642,918	454,445,035
Other precious metals	<u>2,993,788</u>	<u>1,398,813</u>
Total gold and other precious metals	<u><u>729,636,706</u></u>	<u><u>455,843,848</u></u>

The Bank estimated the cost of refining as at December 31, 2025, in order to assess the material significance of the estimated amounts in the overall financial statements and to consider the possible need to adjust the fair value of gold and other precious metals.

Estimated refinement costs as at December 31, 2025, in the amount to 0.04% of the total value of gold and other precious metals (December 31, 2024: 0.07%) do not represent a material amount within the meaning of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

17. DEPOSITS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deposits:		
- time deposits	410,975,552	527,064,881
- other deposits	-	3,555
<i>Total</i>	<u>410,975,552</u>	<u>527,068,436</u>
Allowance for impairment of time deposits	<u>(2,610,109)</u>	<u>(2,849,341)</u>
Total deposits	<u>408,365,443</u>	<u>524,219,095</u>

Term deposits refer to short-term term deposits placed with foreign banks and 'call' deposits that do not have a specified maturity date but are withdrawn and replenished according to the needs of the Bank.

The management of investments in deposits with banks abroad is done on the basis of the Strategic Guidelines for Managing the Foreign Exchange Reserves of the Bank, as explained in Note 31.

18. SECURITIES

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Securities in RSD:		
Securities measured at amortized cost	113,992,592	138,373,242
Allowance for impairment of securities measured at amortized cost	<u>(180,194)</u>	<u>(349,900)</u>
<i>Total securities in RSD</i>	<u>113,812,398</u>	<u>138,023,342</u>
Securities in foreign currency:		
Securities measured at amortized cost	-	55,548,643
Securities measured at FVOCI:		
- mandatory	1,861,262,876	1,972,317,287
- optional	<u>15,653,460</u>	<u>14,210,719</u>
<i>Total securities in foreign currency</i>	<u>1,876,916,336</u>	<u>2,042,076,649</u>
Total securities	<u>1,990,728,734</u>	<u>2,180,099,991</u>

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Securities in RSD:		
Securities measured at amortized cost		
Banknotes and bonds of domestic banks in Bankruptcy and liquidation	65,700	141,045
Coupon bonds	113,926,892	138,232,197
Allowance for impairment of securities measured at amortized cost	<u>(180,194)</u>	<u>(349,900)</u>
Total	<u>113,812,398</u>	<u>138,023,342</u>

18. SECURITIES (continued)

Coupon bonds are in the amount of RSD 113,926,892 thousand refer to government and corporate bonds, were obtained by the Bank through permanent purchases from banks on the secondary market.

The Bank's regulations governing monetary operations, i.e. the conditions and manner of conducting open market operations, provide criteria under which the Bank may accept securities issued by domestic companies as explained in Note 31.

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Securities in foreign currency:		
Securities measured at amortized cost	-	55,548,643
Securities measured at FVOCI- Mandatory		
Coupon bonds	1,722,663,088	1,945,028,320
Discount securities	138,599,788	27,288,967
	<hr/>	<hr/>
Total	1,861,262,876	2,027,865,930

Coupon securities in foreign currency valued at fair value through other comprehensive income relate to foreign government bonds, foreign public sector securities (Supranational, Subnational, Agencies, Sovereign). Floating Rate Notes (FRN), as well as foreign covered bonds with quality collateral, amounting to RSD 1,722,663,088 thousand (December 31, 2024: RSD 1,945,028,320 thousand). Coupon securities are denominated in EUR, USD, GBP, CAD and CNY.

Discount securities in foreign currency valued at fair value through other comprehensive income relate to foreign government discount securities (T-bills) with a maturity of up to one year, amounting to RSD 138,599,788 thousand (December 31, 2024: RSD 27,288,967 thousand) and represent short-term securities denominated in EUR, GBP, and CAD.

The change in fair value, as well as the expected credit losses of these assets are stated within the equity fair value reserve position (note 30).

The management of financial assets at fair value through other comprehensive income is done on the basis of the Strategic Guidelines for Managing Foreign Exchange Reserves of the Bank, as explained in note 31.

18. SECURITIES (continued)

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Equity securities measured at FVOCI (Optional)		
Equity investments in foreign currencies:		
- Bank for International Settlements. Basel	15,652,362	14,209,778
- S.W.I.F.T. scrI	1,098	941
Total	15,653,460	14,210,719

As at December 31, 2025, the increase in reserves based on the change in the fair value of equity securities amounted to RSD 1,442,741 thousand (December 31, 2024: decrease of RSD 1,611,273 thousand). Realized dividend income amounts to RSD 152,814 thousand (2024: RSD 155,784 thousand).

19. LOANS AND PLACEMENTS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loans and placements:		
- loans to banks in bankruptcy and liquidation	160,440	375,049
- loans to commercial banks	-	530,465
- loans from primary emission	956,639	956,639
- housing loans approved to employees	338,234	385,986
- other placements	7,915	5,921
<i>Total</i>	<i>1,463,228</i>	<i>2,254,060</i>
Allowance for impairment of loans and placements:		
- loans to banks in bankruptcy and liquidation	(160,440)	(375,049)
- loans from primary emission	(956,639)	(956,639)
- housing loans approved to employees	(92,311)	(106,459)
<i>Total</i>	<i>(1,209,390)</i>	<i>(1,438,147)</i>
Total loans and placements	253,838	815,913

20. IMF MEMBERSHIP QUOTA AND SDR HOLDINGS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Membership quota (Holdings of Currency)	83,189,954	89,147,309
Membership quota (Reserve Tranche)	6,409,997	6,869,027
SDR holdings (SDR Holdings)	1,430,158	1,523,693
Accrued interest	21,588	28,762
Total	<u>91,051,697</u>	<u>97,568,791</u>

As at December 31, 2025, the Republic of Serbia's membership quota in the International Monetary Fund (including reserve tranche) amounted to RSD 89,599,951 thousand (December 31, 2024: RSD 96,016,336 thousand).

The membership quota stated as a placement denominated in special drawing rights (*Special Drawing Rights* - SDR) amounts to SDR 654,800 thousand (December 31, 2024: SDR 654,800 thousand).

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21. INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

Movements on property, plant, equipment, investment property and intangible assets are presented in the following table:

In thousands of RSD	Land	Buildings	Equipment	Other Fixed Assets	Investments in progress	Total	Investment Property	Intangible Assets
COST/REVALUED AMOUNT								
Opening balance as at January 1, 2024	3,654,579	13,540,280	16,572,883	430,136	485,700	34,683,578	484,208	4,249,188
Additions	-	-	75,233	-	1,955,519	2,030,752	-	635,227
Transfer from investment in progress	-	-	908,702	25	(908,727)	-	-	-
Sales, transfers, disposals and shortages	-	-	(77,464)	(793)	-	(78,257)	-	-
Surplus, receipt, and subsequently recorded funds	-	-	570	164	-	734	-	-
Other	-	-	-	-	(74,982)	(74,982)	-	74,982
Balance as at December 31, 2024	3,654,579	13,540,280	17,479,924	429,532	1,457,510	36,561,825	484,208	4,959,397
Additions	-	-	30,604	-	2,389,218	2,419,822	-	1,465,833
Transfer from investment in progress	-	2,036	1,079,410	300	(1,081,746)	-	-	-
Transfer to investment properties	-	(26,856)	-	-	-	(26,856)	25,379	-
Sales, transfers, disposals and shortages	-	-	(134,204)	(32)	-	(134,236)	-	(22,966)
Other	-	(2,036)	2,036	-	(39,847)	(39,847)	-	39,840
Balance as at December 31, 2025	3,654,579	13,513,424	18,457,770	429,800	2,725,135	38,780,708	509,587	6,442,104
ALLOWANCE FOR IMPAIRMENT								
Opening balance as at January 1, 2024	-	1,681,970	10,884,889	28,646	-	12,595,505	-	2,823,358
Depreciation	-	270,806	1,075,441	321	-	1,346,568	-	478,591
Sales, transfers, disposals and shortages	-	-	(67,940)	(794)	-	(68,734)	-	-
Surplus, receipt, subsequently recorded funds	-	-	227	-	-	227	-	-
Balance as at December 31, 2024	-	1,952,776	11,892,617	28,173	-	13,873,566	-	3,301,949
Depreciation	-	270,671	1,115,708	230	-	1,386,609	-	527,299
Transfer to investment properties	-	(1,477)	-	-	-	(1,477)	-	-
Sales, transfers, disposals and shortages	-	-	(127,842)	(32)	-	(127,874)	-	(22,966)
Balance as at December 31, 2025	-	2,221,970	12,880,483	28,371	-	15,130,824	-	3,806,282
Present value as at December 31, 2025	3,654,579	11,291,454	5,577,287	401,429	2,725,135	23,649,884	509,587	2,635,822
Present value as at December 31, 2024	3,654,579	11,587,504	5,587,307	401,359	1,457,510	22,688,259	484,208	1,657,448

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21. INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT AND INVESTMENT
PROPERTY (continued)

Fair Value Hierarchy

The Bank measures fair value of land, buildings, a portion of other fixed assets (artworks and museum values), a portion of equipment (period furniture) and investment property using a hierarchy regarding the quality of the inputs used in the valuation as disclosed in Note 31.

The fair values of assets as at December 31, 2025 carried at fair value per hierarchy level in accordance with IFRS 13 can be presented as follows:

<u>In thousands of RSD</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Land	-	-	3,654,579	3,654,579
Buildings	-	11,291,454	-	11,291,454
Other fixed assets – artworks, museum values and numismatic collection	-	-	360,971	360,971
Equipment- period furniture	-	-	196,731	196,731
Investment property	-	509,587	-	509,587
December 31, 2025	-	11,801,041	4,212,281	16,013,322

The fair value of the revalued assets as at December 31, 2025 and the present value of revalued assets that would have been recognized that the assets were recorded at cost is shown as follows:

<u>In thousands of RSD</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Fixed Assets</u>	<u>Investments in progress</u>	<u>Total</u>
Fair value: December 31, 2025	3,654,579	11,291,454	557,702	509,587	16,013,322
The present value of the revalued assets stated at cost as of December 31, 2025	967,585	9,321,526	169,623	323,622	10,782,356

The Bank's management believes that there were no movements or changes in the market during 2025 that would lead to a significant deviation in value, and that the assessment made on December 31, 2022, reflects the carrying amount as of December 31, 2025.

22. OTHER ASSETS

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Advances paid	794.236	277.504
Fee and commission receivables	270.490	259.935
Receivables from the sales of finished products and services	217.458	195.583
Receivables from employees	128.515	103.977
Other receivables from operations	755.558	805.883
Inventories		
- Finished products	688.852	696.617
- Work in progress	468.866	403.950
- Semi-finished products	256.398	320.164
- Material	3.182.624	3.012.902
- Spare parts	272.253	252.938
- Commemorative coins and commercial packages of cash	165.810	162.793
- Gold and silver, which is not cashable	587.108	587.108
- Other	318.524	331.801
<i>Total inventories</i>	<u>5.940.435</u>	<u>5.768.273</u>
Deferred other expenses	52.827	37.884
Other assets	71.660	69.698
<i>Total</i>	<u>8.231.179</u>	<u>7.518.737</u>
Allowances for impairment of:		
Fee and commission receivables	(66.129)	(66.630)
Receivables from the sales of finished products and services	(31.860)	(15.308)
Other receivables from operations	(127.901)	(132.038)
Inventories	(49.494)	(52.183)
Other assets	(7.792)	(302)
<i>Total</i>	<u>(283.176)</u>	<u>(266.461)</u>
Total other assets	<u>7.948.003</u>	<u>7.252.276</u>

From the total amount of Other assets, RSD 1,209,997 thousand are measured at amortized cost (December 31, 2024: RSD 1,220,798 thousand).

23. DEPOSITS AND OTHER LIABILITIES TO BANKS AND OTHER FINANCIAL ORGANIZATIONS

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Transaction deposits in dinars:		
- required reserves of the banks	503,832,114	521,766,355
- central deposits	40,296,284	27,837,177
- other transaction deposits in dinars	36,265	34,298
<i>Total</i>	<u>544,164,663</u>	<u>549,637,830</u>
Transaction deposits in foreign currencies:		
- required reserves of the banks	380,739,336	396,557,707
<i>Total</i>	<u>380,739,336</u>	<u>396,557,707</u>
Total transaction deposits	924,903,999	946,195,537
Other deposits in dinars:		
- surplus liquid assets	144,513,321	206,717,086
- cash in valuts of banks	180,477,833	143,867,274
<i>Total</i>	<u>324,991,154</u>	<u>350,584,360</u>
Other deposits in foreign currencies:		
- other deposits in foreign currencies	676,796	765,933
<i>Total</i>	<u>676,796</u>	<u>765,933</u>
Total other deposits	325,667,950	351,350,293
Liabilities arising from repurchase transactoins	290,036,284	390,048,781
Other financial liabilities	-	530,465
Total other liabilities	<u>290,036,284</u>	<u>390,579,246</u>
Total deposits and other liabilities to banks and other financial organizations	<u>1,540,608,233</u>	<u>1,688,125,076</u>

23. DEPOSITS AND OTHER LIABILITIES TO BANKS AND OTHER FINANCIAL ORGANIZATIONS (continued)

Transaction Deposits

Transaction deposits of banks and other financial institutions in dinars represent current accounts of banks and other financial institutions with the Bank. Required reserves in dinars are held on the current accounts of commercial banks with the Bank, where banks are under obligation to maintain the average daily balance of their required reserves in the reporting period at or above the level of calculated required reserves.

On the amount of realized average daily balance of allocated dinar required reserves in the accounting period that does not exceed the amount of calculated dinar required reserves in 2025, the Bank paid interest in the amount of 0.75% annually (2024: 0.75% annually).

Required foreign currency reserve refers to the obligation of commercial banks to hold non-interest bearing deposits with the Bank in accordance with rules prescribed by the Law and relevant bylaws.

24. DEPOSITS AND OTHER LIABILITIES TO GOVERNMENT AND OTHER DEPOSITORS

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Transaction deposits in dinars:		
- deposits of the Ministry of Finance and Treasury Department	342,037,455	243,984,121
- other transaction deposits in dinars	13,322,731	2,718,533
<i>Total</i>	<u>355,360,186</u>	<u>246,702,654</u>
Transaction deposits in foreign currencies:		
- deposits of the Ministry of Finance and Treasury Department	59,043,645	84,947,958
- other transaction deposits in foreign currencies	6,843	7,257
<i>Total</i>	<u>59,050,488</u>	<u>84,955,215</u>
Total transaction deposits	414,410,674	331,657,869
Other deposits in dinars:		
- cash held with the Treasury Administration	1,438,409	1,581,179
- other deposits	20,429,299	16,749,985
<i>Total</i>	<u>21,867,708</u>	<u>18,331,164</u>
Other deposits in foreign currencies:		
- deposits of the Revolving Loan Fund	1,494,588	1,052,684
- special-purpose deposits – Ministry of Finance and Treasury Department	61,954,177	50,938,994
- other special-purpose deposits	40,713,840	62,847,994
- special purpose deposits – donations for direct And indirect users of budget funds of the Republic of Serbia. i.e. local authorities	1,965,280	3,100,136
- deposits related to the seized foreign currency	5,582,133	5,330,405
- time deposits	245,767,700	351,880,434
- other deposits in foreign currencies	18,111,243	77,397,185
- other financial liabilities	155,895	174,127
<i>Total</i>	<u>375,744,856</u>	<u>552,721,959</u>
Total other deposits	<u>397,612,564</u>	<u>571,053,123</u>
Total deposits and other liabilities to Government and other depositors	<u>812,023,238</u>	<u>902,710,992</u>

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25. LIABILITIES TO THE IMF

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Securities and other liabilities regulating the Bank's status with the IMF	83,195,139	89,152,806
Liabilities to the IMF in SDR	7,753,761	8,309,020
Interest accrued	35,335	46,192
Total liabilities to the IMF	90,984,235	97,508,018

26. PROVISIONS

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Provisions for employee retirement benefits	1,440,477	1,051,252
Provisions for employee jubilee awards	1,331,592	1,041,959
Provisions for unused vacations	376,583	307,067
Provisions for litigations	48,405	52,000
Total provisions	3,197,057	2,452,278

Movements on Provisions

<u>In thousands of RSD</u>	Provisions for retirement benefits	Provisions for jubilee awards	Provisions for unused vacations	Provisions for litigations	Total
Balance as at January 1, 2024	891,101	653,706	238,236	114,010	1,897,053
New provisions (Note 10, 13 and 30)	160,151	388,253	68,831	7,747	624,982
Release of provisions during the period	-	-	-	(56,477)	(56,477)
Reversal of provisions (Note 12)	-	-	-	(13,280)	(13,280)
Balance as at December 31, 2024	1,051,252	1,041,959	307,067	52,000	2,452,278
Balance as at January 1, 2025	1,051,252	1,041,959	307,067	52,000	2,452,278
New provisions (Note 10, 13 and 30)	389,225	289,633	69,516	4,166	752,540
Release of provisions during the period	-	-	-	(2,261)	(2,261)
Reversal of provisions (Note 12)	-	-	-	(5,500)	(5,500)
Balance as at December 31, 2025	1,440,477	1,331,592	376,583	48,405	3,197,057

26. PROVISIONS (Continued)

Provisions for Retirement Benefits and Jubilee Awards

Provisions for retirement benefits and jubilee awards were established on the basis of the report of the certified actuary and are presented in the amount of discounted present value of future payments.

The basic assumptions on which the assessment relies include the following:

- 1) Discount rate of 5.45%, derived as the average of the reference interest rate on December 31, 2025, which was 5.75%, and the rate of 5.14% on domestic government bonds in dinars;
- 2) Expected annual wage growth rate consisting of: annual wage growth rates of 15.94% for 2026, 8.0% for 2027, and for the years thereafter;
- 3) Employee turnover rate: 0.47% for the branch network and 1.23% for the Bank's headquarters and branches, based on the Bank's data on the number of employees whose employment contracts were terminated in the period from 2021 to 2025;
- 4) Disability rate: average rate of 0.61% for the branch network and 0.14% for the headquarters and branches, based on the Bank's data on the number of employees who retired due to disability in the period from 2021 to 2025;
- 5) Mortality tables of the Republic of Serbia 2021-2023, separately for female and male genders, published by the Republic Statistical Office of the Republic of Serbia.

On the basis of the same assumptions, the Bank made a provision based on jubilee awards paid to employees by the Bank in accordance with internal acts after fulfilling a certain number of years of service.

Provisions for Litigations

Provisions for litigations totaling RSD 48,405 thousand as at December 31, 2025 (December 31, 2024: RSD 52,000 thousand) were formed based on the estimates of the outcomes made by the Bank's Legal Department in respect of the lawsuits related to the Bank's functions, estimates made by the Human Resources Department in respect of the labour lawsuits and those made by the Bank's attorney. The amount of provisions formed represents the best possible estimate of the Bank's management in respect of expected expenses arising from legal suits with outcomes estimated as unfavourable for the Bank.

27. CURRENT TAX LIABILITIES

The Bank calculates and pays income taxes in accordance with the Corporate Income Tax Law of the Republic of Serbia and Rules on the Contents of the Tax Balance for Non-Profit Organizations-Corporate Income Tax Payers. The ultimate tax base to which the statutory corporate income tax rate of 15% is applied is determined by the tax balance for non-profit organizations applying the chart of accounts effective for the Bank, which is submitted within 180 days from the expiration date of the period for which the tax liability is determined. Payment of the income tax is made within the time prescribed for filing the tax return and tax balance.

The amount of taxable profit is calculated on the basis of revenues generated on the market, i.e. income from the sale of products and services, for expenses related to revenues realized on the market: costs of salaries, compensation of salaries and other personal expenses, depreciation costs and other operating expenses. Revenues realized on the market relate mostly to the operating income of ZIN, income from the sale of bill of exchange forms and rental income explained in Note 9.

27. CURRENT TAX LIABILITIES (continued)

Expenses incurred in connection with revenues generated on the market are partly accounted for and presented in proportion to the share of revenues generated on the market in the total income of the taxpayer.

The income tax expense for 2025 as per the final calculation amounted to RSD 422,193 thousand (December 31, 2024: RSD 452,939 thousand).

Tax balance for the National Bank of Serbia

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Income earned in the market		
- revenues from the sale of products and services	7,118,857	7,134,527
Expenses arising in relation to the income earned in the market		
- Salaries, salary compensations and other personal expenses	(1,197,005)	(1,146,171)
- Depreciation costs	(493,197)	(540,091)
- Other operating expenses	(2,614,038)	(2,428,669)
Tax base	<u>2,814,617</u>	<u>3,019,596</u>
Statutory income tax rate (effective tax rate)	15%	15%
Income tax expense	<u><u>422,193</u></u>	<u><u>452,939</u></u>

28. CASH IN CIRCULATION

Cash in circulation in amount of RSD 430,183,421 thousand (December 31, 2024: RSD 399,640,272 thousand) represents the Bank's liability toward payment transaction participants. This amount does not include cash in circulation held in vaults of commercial banks presented within Deposits and other liabilities to banks and other financial organizations (Note 23), nor cash in circulation held with the Treasury Administration, as presented within Deposits and other liabilities to government and other depositors (Note 24).

29. OTHER LIABILITIES

<u>In thousands of RSD</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Trade payables:		
- domestic	243,993	266,031
- foreign	68,889	58,277
Advances received:		
- in dinars	270,620	315,455
- in foreign currencies	2,412	7,434
Liabilities for employee salaries	430,952	367,850
Foreign currency liabilities to domestic banks for replacement of foreign currency cash	564,972	951,294
Inheritance liabilities	19,046	20,231
Other accruals	39,048	35,057
Taxes and contributions payable	137,781	71,882
Other liabilities from operations	<u>1,390,639</u>	<u>3,416,527</u>
Total other liabilities	<u><u>3,168,352</u></u>	<u><u>5,510,038</u></u>

Translations disclaimer : The English version is a translations of the original in Serbian for information purposes only. In case of discrepancy, the Serbian version will prevail.

30. EQUITY

The structure of the Bank's equity is presented in the table below:

In thousands of RSD	December 31, 2025	December 31, 2024
State-owned capital	270,588,482	221,061,583
Reserves:		
- Special reserves	295,593,507	196,405,503
- Revaluation reserves	17,031,131	17,031,131
- Fair value reserves	18,991,252	20,768,813
- Actuarial losses	(553,753)	(244,681)
Retained earnings	211,811,869	182,570,786
Total equity	<u>813,462,488</u>	<u>637,593,135</u>

The Republic of Serbia is the sole owner of the Bank's entire capital.

The Bank's equity comprises state-owned capital and reserves. Pursuant to the Law, the minimum amount of the Bank's basic capital shall amount to RSD 10 million. The basic capital of the Bank totalled RSD 270,588,482 thousand as at December 31, 2025. (December 31, 2024: RSD 221,061,583 thousand), which is above the prescribed threshold. Special reserves are used for loss absorption. Losses exceeding the minimum level of the basic capital are covered from the reserves and basic capital if the funds therefrom are not sufficient to cover for the losses incurred, the losses are covered with the funds from the Republic of Serbia Budget or securities issued for this purpose by the Republic of Serbia and transferred to Bank. If the Republic of Serbia fail to cover for the Bank's loss, such loss is subsequently absorbed from the earnings realized in the future periods.

Fair value reserves represent a cumulative net change in the value of equity and debt securities measured at FVOCI. This amount also includes the amount of impairment of debt securities.

Profit Allocation

Pursuant to the Law, until the minimum amount of the basic capital is achieved, the entire profit of the Bank is allocated to the basic capital. Upon reaching the minimum amount of there of, the entire profit of the Bank is allocated to special reserves of the Bank, until such reserves shall have reached the level of RSD 20 billion.

Upon reaching the minimum amount of the basic capital and special reserve amount referred to in the paragraph above, the profit share originating from foreign exchange gains, gains from agreed currency clause and revaluation reserves of the Bank is allocated to the basic capital (33.3%) and to special reserves (66.7%), while the remaining profit which does not come from foreign exchange gains, gains from agreed currency clause and revaluation reserves is allocated to the basic capital (10%), special reserves (20%) and to the Budget of the Republic of Serbia (70%).

In 2025, the Bank made a profit before tax in the amount of RSD 212,234,061 thousand (in 2024 made a profit in the amount of RSD 18,023,725 thousand), i.e. after taxation in the amount of 211,811,869 thousand dinars (2024: 182,570,786 thousand dinars).

The table below shows the distribution of profit for 2025, in accordance with the Decision on adoption of financial statements of the National Bank of Serbia for 2025, which will be subject to adoption by the Council. The presented distribution of profits for the previous year 2024 is following.

30. EQUITY (continued)

In thousands of RSD	December 31, 2025	December 31, 2024
Gains arising from exchange rate gains and agreed currency clause	163,685,987	134,205,240
Profit arising from revaluation reserves	-	-
1. Total profit arising from exchange rate from agreed currency clause and revaluation reserves	163,685,987	134,205,240
2. Profit not originating from exchange rate gains, gains from agreed currency clause and revaluation reserves before taxation	48,548,075	48,818,485
Profit before taxation (1+2)	212,234,062	183,023,725
3. Income tax	422,193	452,939
4. Profit not originating from exchange rate gains, gains from agreed currency clause and revaluation reserves after taxation (2-3)	48,125,882	48,365,546
Retained earnings (1+4)	211,811,869	182,570,786
Allocation of profit arising from exchange rate gains, gains from agreed currency clause and revaluation reserves (1)		
1.1) basic capital increase 33.3%	54,507,434	44,690,345
1.2) special reserve increase 66.7%	109,178,553	89,514,895
	163,685,987	134,205,240
Allocation of profit not originating from exchange rate gains, gains from agreed currency clause and revaluation reserves (4)		
2.1) transfer the RS budget 70%	33,688,117	33,855,882
2.2) basic capital increase 10%	4,812,588	4,836,555
2.3) special reserve increase 20%	9,625,177	9,673,109
	48,125,882	48,365,546
Total basic capital increase (1.1+2.2)	59,320,022	49,526,900
Total special reserve increase (1.2+2.3)	118,803,730	99,188,004
Special reserve increase (2.1)	33,688,117	33,855,882
Retained earnings	211,811,869	182,570,786

31. RISK MANAGEMENT POLICIES

Basic financial risks to which the Bank is exposed to in its daily operations are the following:

- credit risk,
- liquidity risk,
- interest rate risk and
- currency risk.

Given that the primary purpose of the Bank is to preserve stability of prices and financial stability in the Republic of Serbia, its financial risk management framework is different from those of other commercial financial institutions. The majority of financial risks in the Bank arise from the management of foreign currency reserves and financial market operations.

Management of foreign exchange reserves is based on Strategic Guidelines for Managing the Bank's Foreign Exchange Reserves, which are determined by the Executive Board. The Strategic Guidelines define the criteria for foreign exchange reserve placement, aims of using the reserves, as well as the global investment framework and more. Tactical guidelines for foreign exchange reserve management are developed on the basis of the Strategic Guidelines, and are adopted by the Bank's Executive Board at the proposal of the Bank's Investment Committee.

The Tactical Guidelines for managing foreign exchanges reserves are carried out by the Management of Foreign Exchange Reserves Department within the Monetary and Foreign Exchange Operations Sector. The Risk Management and Risk Control Division, operates within the Management of Foreign Exchange Reserves Department, in charge of creating and maintaining the framework for managing the financial risks of foreign exchange reserves, monitors and analyzes these risks on a daily basis and reports monthly to the Executive Board.

As with the majority of central banks, the very nature of the Bank's business operations and its functions exposes it to a number of operational and reputational risks.

31. RISK MANAGEMENT POLICIES (continued)

Financial Instruments (Assets and Liabilities)

The following table presents the net exposure of the Bank in financial assets and liabilities as at December 31, 2025 and 2024:

In thousands of RSD	December 31, 2025	December 31, 2024
Financial assets		
Cash and current accounts held with banks	439,269,503	443,362,919
Deposits	408,365,443	524,219,095
Derivative receivables	41,742	31,435
Securities	1,990,728,734	2,180,099,991
Loans and placements	253,838	815,913
IMF membership quota and SDR holdings	91,051,697	97,568,791
Other assets	1,209,997	1,220,798
Total financial assets	<u>2,930,920,954</u>	<u>3,247,318,942</u>
Financial liabilities		
Derivative liabilities	41,742	31,435
Deposits and other liabilities to banks and other financial organisations	1,540,608,233	1,688,125,076
Deposits and other financial liabilities to Government and other depositors	812,023,238	902,710,992
Liabilities to the IMF	90,984,235	97,508,018
Cash in circulation	430,183,421	399,640,272
Other liabilities	2,856,272	5,152,091
Total financial liabilities	<u>2,876,697,141</u>	<u>3,093,167,884</u>

Credit risk

Credit risk is the risk of default, i.e. the possibility that assets will not be timely and/or fully recovered or will not be collected with the planned/contracted dynamics and the tables below show the maximum exposure of the financial assets as of December 31, 2025 and December 31, 2024.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Credit quality of financial assets

The following table sets out information about the Bank's net exposure to credit risk, i.e. credit quality of financial assets measured at amortised cost, except cash and IMF membership quotas and financial assets measured at fair value through other comprehensive income, except equity instruments that are optionally measured at FVOCI, net:

<u>In thousands of RSD</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>December 31, 2025</u>
FINANCIAL ASSETS				
Cash and current accounts held with banks				
Gross carrying amount	265,124,460	-	845,009	265,969,469
Impaired amount	-	-	(845,009)	(845,009)
Net carrying amount	265,124,460	-	-	265,124,460
Deposits				
Gross carrying amount	408,367,379	-	2,608,173	410,975,552
Impaired amount	(1,936)	-	(2,608,173)	(2,610,109)
Net carrying amount	408,365,443	-	-	408,365,443
Securities measured at amortized cost				
Gross carrying amount	113,926,892	-	65,700	113,992,592
Impaired amount	(114,494)	-	(65,700)	(180,194)
Net carrying amount	113,812,398	-	-	113,812,398
Securities measured at FVOCI				
Net carrying amount	1,861,262,876	-	-	1,861,262,876
Provisions for expected credit losses	131,776	-	-	131,776
Gross carrying amount* (Note 18)	1,861,262,876	-	-	1,861,262,876
Loans and placements				
Gross carrying amount	261,663	49,987	1,151,578	1,463,228
Impaired amount	(56,162)	(11,580)	(1,141,648)	(1,209,390)
Net carrying amount	205,501	38,407	9,930	253,838
IMF membership quota and SDR holdings	7,861,743	-	-	7,861,743
Other assets				
Gross carrying amount	1,082,762	66,776	294,141	1,443,679
Impaired amount	-	(7,874)	(225,808)	(233,682)
Net carrying amount	1,082,762	58,902	68,333	1,209,997

* In accordance with IFRS 9, the effect of impairment of debt securities at fair value through other comprehensive income is recognized through other comprehensive income and income statement, and they do not reduce the carrying amount of securities.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Credit quality of financial assets (continued)

In thousands of RSD	Stage 1	Stage 2	Stage 3	December 31, 2024
FINANCIAL ASSETS				
Cash and current accounts held with banks				
Gross carrying amount	261,549,967	-	939,292	262,489,259
Impaired amount	-	-	(935,958)	(935,958)
Net carrying amount	261,549,967	-	3,334	261,553,301
Deposits				
Gross carrying amount	524,222,221	-	2,846,215	527,068,436
Impaired amount	(3,126)	-	(2,846,215)	(2,849,341)
Net carrying amount	524,219,095	-	-	524,219,095
Securities measured at amortised cost				
Gross carrying amount	193,780,840	-	141,045	193,921,885
Impaired amount	(208,855)	-	(141,045)	(349,900)
Net carrying amount	193,571,985	-	-	193,571,985
Securities measured at FVOCI-mandatory				
Gross carrying amount	1,972,317,287	-	-	1,972,317,287
Provisions for expected credit losses	(63,171)	-	-	(63,171)
Gross carrying amount* (Note 18)	1,972,317,287	-	-	1,972,317,287
Loans and placements				
Gross carrying amount	822,596	56,330	1,375,134	2,254,060
Impaired amount	(58,819)	(14,419)	(1,364,909)	(1,438,147)
Net carrying amount	763,777	41,911	10,225	815,913
IMF membership quota and SDR holdings	8,421,482	-	-	8,421,482
Other assets				
Gross carrying amount	1,122,374	97,607	215,095	1,435,076
Impaired amount	-	(1,185)	(213,093)	(214,278)
Net carrying amount	1,122,374	96,422	2,002	1,220,798

* In accordance with IFRS 9, the effect of impairment of debt securities at fair value through other comprehensive income is recognized through other comprehensive income and income statement, and they do not reduce the carrying amount of securities.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Credit quality of financial assets (continued)

The basic exposure of the Bank to credit risk is principally inherent to managing foreign exchange reserves. When investing foreign currency reserves, the Bank relies on the principles of liquidity and safety. The Bank strives to invest foreign exchange reserves in such a manner that it realizes as high return on investment as possible without jeopardizing liquidity and safety.

The analysis and measurement of credit risk inherent in the Bank's portfolio is performed in accordance with the generally accepted methods, including the requirements of minimum credit rating.

Securities invested in must be at least rated as A- for state-issued bonds, A+ for public sector bonds and AA for bonds securitized with collaterals, according to Standard & Poor's, Moody's Investor Service (Moody's) and Fitch Ratings.

Banks maintaining deposits placed by the Bank, unless collateralized, must have a minimum long term credit rating of AA- according to Standard & Poor's, Moody's and Fitch Ratings. For each bank, the individual credit limit is determined based on the bank's credit rating, prior experience in operations with that bank and by analyzing data on its business performance. Individual credit limits are determined in the List of Authorized Issuers and Banks, in which it is permissible to place deposits, which is approved by Executive Board.

There are no limitations to placements with central banks and international financial institutions.

The exception from the previous paragraphs relates to funds held on the regular current accounts of the Bank held with banks without the required credit rating, used for international payment transactions.

The Bank's placements in dinar securities refer to government and corporate securities acquired through permanent purchases from banks on the secondary market. According to external rating agency S&P, the Republic of Serbia has a credit rating of BBB- with a stable outlook, according to Fitch Ratings it has a credit rating of BB+ with a positive outlook, while according to Moody's it has credit rating Ba2 with stable outlook. The condition for accepting corporate bonds in monetary operations is that the company, their issuer, has a credit rating of the Business Registers Agency at least at the level of "(D) acceptable" creditworthiness.

Impairment of financial assets

The Bank will recognise a loss allowance (disclosure of a value adjustment i.e. loss allowance for expected credit loss) for the expected credit losses of financial assets that are measured at amortized cost and financial assets at fair value through other comprehensive income.

Expected credit loss is the amount of the present value of estimated credit losses, with the respective risks of a default occurring as the weights.

Financial assets are classified as impairment Stage 1, 2 or 3 based on an assessment of whether the credit risk has been significantly increased in relation to the risk that existed at the date of initial recognition of those financial assets.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

Financial assets are classified within the impairment Stage 1 if they are determined to have low credit risk or if the credit risk has not been significantly increased since initial recognition of those financial assets. For these financial assets the loss allowance is measured at an amount equal to 12-month expected credit losses.

Financial assets are classified within the impairment Stage 2 if it is estimated that the credit risk has been significantly increased in relation to the risk that existed at the date of initial recognition and for these financial assets the loss allowance is measured at an amount equal to the life time expected credit losses.

Financial assets are classified within the impairment Stage 3, if it is estimated that the credit risk has been significantly increased, so that the value of these financial assets can be considered to be impaired and for these financial assets the loss allowance is measured at an amount equal to the life time expected credit losses.

Financial assets whose credit value is impaired at initial recognition are required to be classified in impairment Stage 3 and remain at that level throughout the life time.

When defining the criteria for assessing the increase in credit risk that are considered significant, all financial assets for which the estimated credit losses are assessed are applied criteria that are consistent with the criteria in use in the regular management of credit risks for the related financial assets, including the consideration of qualitative indicators, and in particular:

- changes in the terms of a financial asset established (contracted, determined or otherwise established in accordance with the regulations), which would then differ significantly from market conditions,
- changes in the internal / external credit rating of the debtor,
- significant changes in the economic branch (in financial and/or economic conditions),
- changes in the operating result of the debtor,
- a significant increase in the credit risk of other financial assets of the same borrower,
- changes in the value of the collateral or third-party guarantees,
- past due information,
- other relevant indicators.

Regardless of the criteria used in the regular credit risk management for the related financial assets - if it is not proven otherwise, it is considered that there has been a significant increase in the credit risk of all financial assets that were due on the last day of the reporting period, and contractual payments are more than 30 days past due.

The value of the financial asset is impaired (credit - impaired assets) when one or more events that have a detrimental impact on the estimated future cash flow of that financial asset occur, and then the asset is classified within impairment Stage 3.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

Evidence of the impairment of the value of all financial assets subject to the assessment of expected credit losses include, in particular, available information on the following events:

- significant financial difficulties of the debtor,
- breach of contract or other established conditions, such as default or past due event,
- debt restructuring for economic or legal reasons related to the financial difficulties of the debtor,
- the obvious possibility that bankruptcy proceedings or other forms of financial reorganization will be initiated against the debtor,
- the cessation of the existence of an active market for a financial asset due to the financial difficulties of the borrower,
- purchase or issue of a high-discount financial asset that reflects the incurred credit losses.

Regardless of the criteria used in the regular credit risk management for the related financial assets - if it is not proven otherwise, it is considered that the financial asset has become a defaulting status (impairment level 3) if it is due on the last day of the reporting period, and contractual payments are more than 90 days past due.

Expected credit losses of financial assets are estimated on an individual or collective basis for financial assets with the same characteristics, taking into account all relevant and available quantitative and qualitative information, related to past, present and future events.

The ways in which it is determined whether the financial assets have a low credit risk and the procedures on the basis of which it is estimated whether the credit risk is significantly increased on the reporting date in relation to the date of initial recognition, as well as the procedures for assessing the amount of the impairment, the method and the techniques used to estimate the impairment, the models used to measure expected credit losses are set out in the methodologies for assessing the impairment on the basis of expected credit losses within the relevant organizational units of the Ban, for:

- cash and current accounts held with banks,
- foreign exchange reserves,
- financial assets obtained in the framework of activities related to the implementation of monetary policy and instruments envisaged by the Law and other laws,
- IMF membership quota and special drawing rights holdings,
- other assets and receivables.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

The nature of Cash and current accounts held with banks is such that these assets are currently available, and the expected credit loss for the 12 months and for the entire lifetime of these financial assets is the same. As long as this financial asset is currently available, it is considered that the credit risk is negligible and that the expected credit loss is zero. Also, bearing in mind that assetson current accounts held with banks, whose credit ratings are of the investment rank, these assets have low credit risk and it is considered that there has been no significant increase in credit risk until their credit rating remains at that level. The inability of dispose of these financial assets for more than one or two working days in case of technical difficulties, is a basic indicator that their value is credit-impaired. As additional relevant information for determining the credit risk status, knowing the default in the performance of the obligations of other account holders, i.e. delays in fulfilling the obligations towards the creditors, as well as the information published by the rating agency, such as the assignment of status D and other information on possibility of bankruptcy proceedings.

Credit risk of foreign exchange reserves (deposits and securities in foreign currency) is quantified through the *default* model, based on the probability of loss of the counterparty. The parameters for measuring credit risk are as follows:

- the amount exposed to the risk (the maximum amount that may become a loss in the case of a failure to settle the contractual obligation). equal to the carrying amount of the placements,
- probability of default (the probability of a counterparty default), which depending on the composite credit rating of the bank/issuer, is calculated as an average *default* rate for one year according to rating agencies *Standard & Poor's and Moody's*,
- loss for a given probability, obtained as a 1 - recovery rate (the level by which the loss can be recovered due to the inability of the counterparty to fulfil its obligation) and
- the expected credit loss, which represents the average potential loss of the carrying amount of assets that is the result of an event in the market, and is related to credit risk.

Placements of foreign exchange reserves with banks or issuers whose credit rating of the investment grade has low credit risk. The reduction of the credit rating for one level lower than the investment grade is considered a significant increase in the credit risk, in which case parameter used is value of probability of loss for the remaining lifetime of the financial asset, that is calculated as the average default rate according to Standard & Poor's and Moody's for the appropriate period.

Any default in the fulfilment of obligations by the counterparty more than one or two working days in the event of technical difficulties, is the basic indicator that the value of the foreign exchange reserves placement is credit-impaired. As additional relevant information for determining status of impairment of these assets, may be used cognition about the delay of the bank with which deposits are placed or securities issuers, in fulfilment of obligations towards other creditors, as well as information published by the rating agency, such as the granting of a status D and other information on the possibility of bankruptcy proceedings.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

The credit quality of foreign exchange reserves is continuously monitored and, if necessary, it is reacted in order to reduce credit risk to a minimum. Given the high credit quality of instruments in the Bank's foreign exchange reserves and the fact that the methodology for assessing impairment based on expected credit losses provides for an increase in calculated expected credit losses in the event of a decrease in credit quality of instruments/counterparties, in 2025 there was no need to change the methodology for assessing impairment based on expected credit losses.

Financial assets obtained within the framework of activities related to the implementation of the monetary policy and instruments envisaged by the Law and other laws are low credit risk assets in cases of settling the debtor's obligations at maturity, when issues are not expected on the basis of the borrower's creditworthiness and when they are covered by appropriate means of security.

Criteria for determining a significant increase in credit risk are the default of debt obligations, the decrease in the creditworthiness of the debtors, the decrease in the value of the collateral, significant credit risk increase in other financial assets of the same debtor, regional or global economic and financial crisis, specific issues related to individual groups of banks or companies, issues in maintaining the current liquidity of the bank and other debtors, issues related to deterioration of indicators of the risk of business of the borrower and other available information.

Criteria for determining the default status are: significant problems with the borrower's creditworthiness, restructuring for economic or legal reasons related to the borrower's financial difficulties, the possibility of bankruptcy proceedings or other forms of financial reorganization.

The estimate of expected credit losses in repo transactions of securities and liquidity loans is calculated as the sum of the values of all possible losses, each weighted by the probability of occurrence of that loss. The assessment of the probability of default is made based on the "credit rating", i.e. the default rate set by the rating agencies Standard & Poor's and Moody's for the level of credit rating that the Republic of Serbia has. The basic probability of loss determined in this way is adjusted by the probability of loss of the parent bank, as well as the internal assessment of banks' ratings determined on the basis of monitoring basic risk indicators, business model analysis, corporate governance and internal control system, solvency, liquidity and capital adequacy risk, and the adequacy of liquid assets, as well as on the basis of operational data available internally.

Estimation of the amount of impairment of financial assets related to permanent operations with securities, regulated by the Decision on conditions and manner of conducting open market operations (except corporate bonds) and placements in securities in dinars and foreign currency, acquired outside monetary policy activities (except for corporate bonds), is performed on the basis of the number of days of delay in settling liabilities, if these assets are classified in the first level of impairment. If these assets are classified in impairment level 2 or 3, the impairment calculation is performed in accordance with the calculation applied to corporate bonds, with the exception of the scoring factor.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

The assessment of expected credit losses in permanent operations related to corporate bond placements is based on data from rating agencies Standard & Poor's and Moody's on default rates on credit ratings for the Republic of Serbia and data from the Business Registers Agency on the company's creditworthiness. In addition, the assessment is made on the basis of other significant data, such as the number of days of illiquidity of the company in the last 12 months, data on the prohibition of disposing of funds in bank accounts, etc., as well as on operational data on companies has (expected movements of basic macroeconomic indicators of the country, assessment of the stability of the financial system, knowledge of problems in the operations of individual companies or groups of companies, etc.).

For other assets and liabilities which are subject of credit risk assessment at the level of defined groups and subgroups, the estimate of expected credit losses is based on the average historical loss rates for defined segments, based on the migration matrix, the length of the delay in settling the debtor's obligations and the level of insurance of their collection.

The following tables show the balance and changes in impairment and provisions on the basis of expected credit losses by type of financial asset and impairment levels for 2025 and 2024:

CASH AND CASH EQUIVALENTS

<u>In thousands of RSD</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance January 1, 2025	-	-	935,958	935,958
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Foreign exchange effects	-	-	(90,949)	(90,949)
Balance December 31, 2025	-	-	845,009	845,009
Balance December 31, 2024	-	-	888,253	888,253
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Foreign exchange effects	-	-	47,705	47,705
Balance December 31, 2024	-	-	935,958	935,958

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

DEPOSITS

<u>In thousands of RSD</u>	Stage 1	Stage 2	Stage 3	Total
Balance January 1, 2025	3,126	-	2,846,215	2,849,341
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	16,543	-	-	16,543
Reversed impairments	(17,736)	-	-	(17,736)
Foreign exchange effects	3	-	(238,042)	(238,039)
Balance December 31, 2025	1,936	-	2,608,173	2,610,109
Balance January 1, 2024	6,190	-	2,727,764	2,733,954
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	22,304	-	-	22,304
Reversed impairments	(25,364)	-	(3,393)	(28,757)
Foreign exchange effects	(4)	-	121,844	121,840
Balance December 31, 2024	3,126	-	2,846,215	2,849,341

SECURITIES MEASURED AT AMORTIZED COST

<u>In thousands of RSD</u>	Stage 1	Stage 2	Stage 3	Total
Balance January 1, 2025	208,855	-	141,045	349,900
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	25,543	-	-	25,543
Reversed impairments	(119,904)	-	-	(119,904)
Write-offs	-	-	(75,345)	(75,345)
Balance December 31, 2025	114,494	-	65,700	180,194
Balance January 1, 2024	165,357	-	141,045	306,402
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	63,733	-	-	63,733
Reversed impairments	(20,235)	-	-	(20,235)
Balance December 31, 2024	208,855	-	141,045	349,900

Translations disclaimer : The English version is a translations of the original in Serbian for information purposes only. In case o discrepancy, the Serbian version will prevail.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

SECURITIES MEASURED AT FVOCI - MANDATORY

In thousands of RSD	Stage 1	Stage 2	Stage 3	Total
Balance January 1, 2025*	63,171	-	-	63,171
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	116,665	-	-	116,665
Reversed impairments	(48,060)	-	-	(48,060)
Balance December 31, 2025*	131,776	-	-	131,776
Balance January 1, 2024*	51,614	-	-	51,614
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Change for the period	51,515	-	-	51,515
Reversed impairments	(39,958)	-	-	(39,958)
Balance December 31, 2024*	63,171	-	-	63,171

CREDIT AND PLACEMENTS

In thousands of RSD	Stage 1	Stage 2	Stage 3	Total
Balance January 1, 2025	58,819	14,419	1,364,909	1,438,147
Transfer to stage 1	6,375	(3,953)	(2,422)	-
Transfer to stage 2	(4,324)	9,718	(5,394)	-
Transfer to stage 3	(2,252)	(7,021)	9,273	-
Change for the period	6,617	56	1,806	8,479
Reversed impairments	(9,073)	(1,639)	(104,034)	(114,746)
Write-offs	-	-	(123,520)	(123,520)
Other	-	-	1,030	1,030
Balance December 31, 2025	56,162	11,580	1,141,648	1,209,390
Balance January 1, 2024	63,788	13,906	1,394,940	1,472,634
Transfer to stage 1	7,101	(2,618)	(4,483)	-
Transfer to stage 2	(5,844)	12,050	(6,206)	-
Transfer to stage 3	(272)	(9,333)	9,605	-
Change for the period	3,556	2,032	2,009	7,597
Reversed impairments	(9,509)	(1,618)	(31,892)	(43,019)
Write-offs	(1)	-	(15)	(16)
Other	-	-	951	951
Balance December 31, 2024	58,819	14,419	1,364,909	1,438,147

* In accordance with IFRS 9, the impairment effect of debt securities measured at fair value through other comprehensive income is not presented in the balance sheet since these securities are measured at fair value.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Impairment of financial assets (continued)

OTHER ASSETS

<u>In thousands of RSD</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance January 1, 2025	-	1,185	213,093	214,278
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	(5,905)	5,905	-
Change for the period	-	23,743	19,607	43,350
Reversed impairments	-	(11,150)	(8,681)	(19,831)
Foreign exchange effects	-	1	(504)	(503)
Write-offs	-	-	(3,612)	(3,612)
Balance December 31, 2025	-	7,874	225,808	233,682
Balance January 1, 2024	-	20,291	372,896	393,187
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	1	(1)	-
Transfer to stage 3	-	(4,764)	4,764	-
Change for the period	-	13,603	17,915	31,518
Reversed impairments	-	(27,952)	(184,974)	(212,926)
Foreign exchange effects	-	6	7,863	7,869
Write-offs	-	-	(5,370)	(5,370)
Balance December 31, 2024	-	1,185	213,093	214,278

Other non-credit risk assets include inventories, advances and deferred fees and charges in the total amount at December 31, 2025 of RSD 6,738,006 thousand (December 31, 2024: RSD 6,031,478 thousand).

During 2025, no reclassification or modification of financial assets was performed.

Also in 2025, there are no financial assets which are credit impaired, and whose conditions have been significantly modified, so that asset has been derecognized and new financial instrument recognised.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

*Concentration of Credit Risk in Financial Assets*a) *Concentration per Region*

<u>In thousands of RSD</u>	<u>Serbia</u>	<u>Europe</u>	<u>USA and Canada</u>	<u>Asia</u>	<u>Other</u>	<u>Total</u>
Financial assets						
Cash and current accounts held with banks	40,296,285	223,277,865	1,358,736	79,266	112,308	265,124,460
Deposits	-	232,912,069	175,453,374	-	-	408,365,443
Securities	113,812,398	1,433,227,457	278,718,813	141,997,924	7,318,682	1,975,075,274
Credit and placements	253,838	-	-	-	-	253,838
IMF membership quota and SDR holdings	-	-	7,861,743	-	-	7,861,743
Other assets	1,208,290	419	1,288	-	-	1,209,997
Total as at December 31, 2025	155,570,811	1,889,417,810	463,393,954	142,077,190	7,430,990	2,657,890,755
Total as at December 31, 2024	167,896,978	2,117,657,496	570,895,373	98,104,610	7,565,404	2,962,119,861

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Concentration of Credit Risk in Financial Assets

b) *Concentration per Industry*

<u>In thousands of RSD</u>	Banks	Public sector (Government and public companies)	Other financial organizations	*Foreign Consumers (except banks)	Retail customers	Other legal entities sector	Total
Financial assets							
Cash and current accounts held with banks	265,124,460	-	-	-	-	-	265,124,460
Deposits	408,365,443						408,365,443
Securities	94,898,881	113,812,398	245,346,688	1,521,017,307	-	-	1,975,075,274
Credit and placements	7,915	-	-	-	245,923	-	253,838
IMF membership quota and SDR holdings	-	-	7,861,743	-	-	-	7,861,743
Other assets	336,631	726,205	11,035	1,283	134,070	773	1,209,997
Total as at December 31, 2025	768,733,330	114,538,603	253,219,466	1,521,018,590	379,993	773	2,657,890,755
Total as at December 31, 2024	890,914,359	136,479,219	198,535,569	1,733,490,803	389,239	2,310,672	2,962,119,861

* *Issuers of securities: the international financial institutions (Supranational), a federal unit of the most developed countries (Subnational-municipal) and financial institutions with statesupport (Agency).*

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

*Concentration of Credit Risk in Financial Assets (continued)*c) *Concentration per Credit Rating*

In thousands of RSD	December 31, 2025	December 31, 2024
Securities in foreign currency		
- Coupon bonds:		
AAA	759,541,659	859,036,454
AA+	425,671,941	582,842,934
AA	39,379,622	30,242,229
AA-	68,270,455	402,649,343
A+	413,372,316	52,988,529
A	11,768,665	14,957,255
A-	4,658,430	2,311,576
Total	1,722,663,088	1,945,028,320
- Discounted securities:		
AAA	70,084,052	14,321,100
AA+	-	55,548,643
AA	-	-
AA-	68,515,736	12,967,867
Total	138,599,788	82,837,610
-Time Deposits:		
No rating (risk-free)*	22,198,478	114,835,367
AAA	130,651,204	169,976,148
AA+	220,323,169	182,576,742
AA	35,192,592	56,827,283
AA-	-	-
Total	408,365,443	524,215,540
Coupon securities:		
-government bonds of the Republic of Serbia- the rating of the Republic of Serbia**	22,549,565	24,129,861
- corporate securities The issuer's credit rating from "(BB+) very good" to "(DD-) acceptable" rating of the Serbian Business Registers Agency***	91,262,833	113,893,481
Total	113,812,398	138,023,342

* Deposits with BIS Basel are not subject to credit rating and are treated as zero risk investments.

** According to external rating agencies S&P and the Republic of Serbia has a credit rating of BBB- with a positive outlook. Fitch credit rating of BB+ with a positive outlook, while according to Moody's it has a credit rating of Ba2 with a stable outlook.

*** Rating of creditworthiness (scoring) is an objectified assessment determined on the basis of data from financial statements in the last five and at least three years, and when making scoring, the financial performance of the company is evaluated and analyzed through indicators for credit rating, taking into account basic tendencies in the area of which the activities are performed. In addition, other important data are included, such as the number of days of illiquidity in the last 12 months and alike. The condition for accepting corporate bonds in monetary operations is that the company, their issuer, has a credit rating of the Serbian Business Registers Agency at least at the level of "(D) acceptable" creditworthiness.

31. RISK MANAGEMENT POLICIES (continued)

Credit risk (continued)

Concentration of Credit Risk in Financial Assets (continued)

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Funds in current accounts with foreign banks (used for international payment operations):		
- Assets in international financial institutions (without rating)	13,612	14,692
- Foreign banks with ratings AAA	223,335,237	232,668,204
- Foreign banks with ratings AA+	244,185	67,507
- Foreign banks with ratings AA, AA-, A+, A and A-	1,228,114	958,283
-without rating	7,028	7,438
Total	224,828,176	233,716,124
Other financial assets exposed to credit risk	49,621,862	38,298,925
Total	2,657,890,755	2,962,119,861

Other financial assets exposed to credit risk are assets that are not subject to the Bank's investment in accordance with the guidelines for the management of foreign exchange reserves and internal instructions and reflect the following structure:

<u>In thousands of RSD</u>	December 31, 2025	December 31, 2024
Current account funds with NBS	40,296,284	27,837,177
Deposits (and interest) given for housing construction to employees	-	3,555
Loans and placements	253,838	815,913
Funds in special drawing rights	7,861,743	8,421,482
Other assets	1,209,997	1,220,798
Total	49,621,862	38,298,925

Liquidity risk

Liquidity risk relates both to the risk of the inability to finance the Bank's assets from funds with equal maturities and interest rates, and to the risk of not being able to collect assets at adequate price and within agreed timelines.

The Bank's daily activities are focused on ensuring the necessary liquidity, i.e. settlement of all liabilities when due. The Bank assesses liquidity risk by identifying it and by controlling changes in the sources of financing necessary to attain business targets determined in the Bank's strategy.

Considering the specific role of the Bank as the central bank and unique monetary institution of the Republic of Serbia, the liquidity risk in the implementation of monetary policy does not exist. The Bank manages liquidity risk by determining and maintaining liquid assets at a level appropriate for the implementation of foreign exchange policy, as well as timely and regular payment of obligations to foreign entities.

31. RISK MANAGEMENT POLICIES (continued)

Liquidity risk (continued)

The management of the risk of difficulty in converting assets into liquid funds due to market disruptions (market liquidity risk) is ensured by placing foreign exchange funds in accounts with top-tier foreign banks and bonds issued by developed countries, international financial institutions, federal units of the most developed countries, and financial institutions supported by those states, as well as bonds issued based on top-tier collateral, in accordance with the Strategic Guidelines for the Management of the Bank's Foreign Exchange Reserves.

In this regard, as part of the liquidity risk management strategy, the Bank holds a portfolio of liquid assets that can be monetized within one to three days, thereby practically eliminating any mismatch in the maturity of assets and liabilities.

The risk of withdrawal of existing funding sources, or the inability to obtain new funding sources (liquidity risk of funding sources), is minimized. A large percentage of the Bank's liabilities (91.40%) relates to demand liabilities, classified in the category of liabilities maturing within one month and liabilities without a maturity date, primarily consisting of transactional and other dinar and foreign currency deposits from the state and banks, as well as cash in circulation arising from the Bank's function as the central Bank.

The maturity alignment of the Bank as the main monetary institution and regulator of the banking system arises from its function to independently and autonomously determine and implement monetary and foreign exchange policy. The flows of dinar liquidity in the banking sector primarily depend on the implementation of the Bank's monetary policy and state activities. The maturity of most of the Bank's liabilities depends on the nature of the monetary policy instruments. Changes related to the required reserve, repo transactions, and the depositing of excess liquid funds by banks in dinars, as well as state deposits in dinars, do not automatically represent a reduced or increased liquidity obligation of the Bank, but often a change in the structure of the Bank's obligations, considering the subsequent spillover of funds between banks, between banks and the state, as well as changes in specific types of claims of banks against the Bank, and consequently the Bank's obligations (a reduction in placements through repo operations leads to an increase in balances in banks' giro accounts and/or deposit surplus accounts, but the total balance sheet obligations of the Bank may remain at the same level).

On the other hand, the Bank's foreign currency obligations, including potential foreign currency obligations arising from interventions in the foreign exchange market, are secured by highly liquid foreign currency assets managed by the Bank in accordance with the Strategic Guidelines for the Management of the Bank's Foreign Exchange Reserves.

The following table presents an analysis of the maturity of the Bank's financial obligations based on contractual terms, where the maturities of financial obligations are determined based on the remaining period as of the balance sheet date in relation to the established maturity date, or based on the earliest possible maturity for assets and liabilities without a defined maturity date. The contractual amounts disclosed in the maturity analysis are the agreed undiscounted cash flows:

31. RISK MANAGEMENT POLICIES (continued)

Liquidity risk (continued)

	Total book value	To 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Without a maturity date	Total undiscounted cash flow
Non-derivative financial liabilities								
Deposits and other liabilities to banks and other financial organizations	1,540,608,233	1,541,107,907	-	-	-	-	-	1,541,107,907
Deposits and other financial liabilities to Government and other depositors	812,023,238	774,943,745	8,863,865	28,619,647	-	-	-	812,427,257
Liabilities to the IMF	90,984,235	35,334	-	-	-	7,753,761	83,195,140	90,984,235
Cash in circulation	430,183,421	430,183,421	-	-	-	-	-	430,183,421
Other liabilities	2,856,272	2,743,991	26,822	89,312	-	-	-	2,860,125
<i>Total</i>	<i>2,876,655,399</i>	<i>2,749,014,398</i>	<i>8,890,687</i>	<i>28,708,959</i>	<i>-</i>	<i>7,753,761</i>	<i>83,195,140</i>	<i>2,877,562,945</i>
Derivative financial liabilities								
Liabilities on the basis of derivatives	41,742	16,544	25,198	-	-	-	-	41,742
Inflows	-	12,314,610	22,933,206	-	-	-	-	35,247,816
Outflows	-	(12,355,834)	(22,936,610)	-	-	-	-	(35,292,444)

The table on the quantitative analysis of the Bank's liabilities maturity shows undiscounted cash flows based on assumptions that can be considered extremely conservative (such as the maturity of liabilities to banks based on mandatory reserves, which is an instrument of the Bank's monetary policy (884,571,450 thousand dinars) and the Bank's liabilities based on money in circulation (430,183,421 thousand dinars) in the next month, considering that their status is relatively stable and subject to the Bank's monetary policy. These liabilities essentially represent long-term obligations with no maturity date.

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information

The following table presents a comparison of the carrying amounts (after adjusted for impairment) to the fair values of all financial assets and liabilities of the Bank as at December 31, 2025 and 2024:

In thousands of RSD	Carrying Value		Fair Value	
	2025	2024	2025	2024
Financial assets				
Cash and current accounts held				
with banks	439,269,503	443,362,919	439,269,503	443,362,919
Deposits	408,365,443	524,219,095	408,390,162	524,368,815
Derivative receivables	41,742	31,435	41,742	31,435
Securities	1,990,728,734	2,180,099,991	1,990,382,484	2,182,217,137
Loans and placements	253,838	815,913	252,927	812,713
IMF membership quota and SDR holdings	91,051,697	97,568,791	91,051,697	97,568,791
Other assets	1,209,997	1,220,798	1,209,997	1,220,798
Total financial assets	2,930,920,954	3,247,318,942	2,930,598,512	3,249,582,608
Financial liabilities				
Derivative liabilities	41,742	31,435	41,742	31,435
Deposits and other liabilities to banks and other financial organisations	1,540,608,233	1,688,125,076	1,540,608,233	1,688,125,076
Deposits and other financial liabilities to Government and other depositors	812,023,238	902,710,992	812,077,227	902,888,809
Liabilities to the IMF	90,984,235	97,508,018	90,984,235	97,508,018
Cash in circulation	430,183,421	399,640,272	430,183,421	399,640,272
Other liabilities	2,856,272	5,152,091	2,856,272	5,152,091
Total financial liabilities	2,876,697,141	3,093,167,884	2,876,751,130	3,093,345,701

Fair Value Hierarchy

The Bank measures the fair value of financial assets using the following hierarchy in terms of the quality of inputs used in the valuation:

- Level 1: Quoted market price in an active market for identical instruments,
- Level 2: Valuation inputs which are not quoted market price for identical instruments in market, instead are based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in activemarkets from similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data,
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable and available data and as such have a significant effect on the instrument' s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant adjustments or assumptions are required to reflect differences among the instruments.

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information (continued)

Fair Value Hierarchy (continued)

Fair Value Hierarchy of Financial Assets and Liabilities Measured at fair value

Fair values of financial assets and liabilities measured at fair value categorized per fair value hierarchy levels in accordance with IFRS 13 are provided below:

<u>In thousands of RSD</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
AS OF DECEMBER 31, 2025				
Financial assets				
Derivative receivables	-	41,742	-	41,742
Securities	1,861,262,876	-	15,653,460	1,876,916,336
Total financial assets	1,861,262,876	41,742	15,653,460	1,876,958,078
Financial liabilities				
Derivative liabilities	-	41,742	-	41,742
Total financial liabilities	-	41,742	-	41,742
AS OF DECEMBER 31, 2024				
Financial assets				
Derivative receivables	-	31,435	-	31,435
Securities	1,972,317,287	-	14,210,719	1,986,528,006
Total financial assets	1,972,317,287	31,435	14,210,719	1,986,559,441
Financial liabilities				
Derivative liabilities	-	31,435	-	31,435
Total financial liabilities	-	31,435	-	31,435

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information (continued)

Fair Value Hierarchy (continued)

*Fair Value Hierarchy of Financial Assets and Liabilities Measured at fair value (continued)***a) Financial Assets and Liabilities at fair value – mandatory (continued)**

Receivables from derivatives amounting to RSD 41,742 thousand as of December 31, 2025 (December 31, 2024: RSD 31,435 thousand) relate to the positive change in the fair value of derivatives (foreign exchange swap transactions of buying and selling foreign currency), which is recognized as an asset.

Liabilities from derivatives amounting to RSD 41,742 thousand as of December 31, 2025 (December 31, 2024: RSD 31,435 thousand) relate to the negative change in the fair value of derivatives, which is recognized as a liability.

Inputs for the calculation of the fair value of swaps available on the market are the applicable NBS reference rate, the EURIBOR rate for the corresponding maturity, and the official valid EUR/RSD middle exchange rate.

Swap transactions are recorded at the spot or forward rate at which the Bank is to repurchase or sell foreign currency and are recorded in off-balance sheet records. Swap transactions recorded in off-balance sheet records in the total amount of RSD 70,711,320 thousand (December 31, 2024: RSD 46,417,212 thousand) relate to swap sales of foreign currency, with the forward part amounting to RSD 35,355,660 thousand (December 31, 2024: spot part 585,074 thousand dinars and forward part RSD 22,623,532 thousand), and swap purchases of foreign currency, with the forward part amounting to RSD 35,355,660 thousand (December 31, 2024: spot part RSD 585,074 thousand and forward part RSD 22,623,532 thousand).

Securities amounting to RSD 1,861,262,876 thousand as of December 31, 2025 (December 31, 2024: RSD 1,972,317,287 thousand), classified in level 1 of the fair value hierarchy, relate to government bonds, public sector securities (Supranational, Subnational, Agencies, Sovereign), securities with high-quality collateral (Covered Bonds), as well as government discount securities (T-bills), and are measured at fair value based on published prices in financial markets.

b) Financial Assets and Liabilities at fair value – optional

The remaining part of securities in the amount of RSD 15,653,460 thousand as at December 31, 2025 (2024: RSD 14,210,719 thousand) allocated to level 3 of the fair value hierarchy refers to equity investment in Bank for International Settlements Basel (hereinafter: BIS Basel), where the Bank owns 2,920 shares. Bank measured these shares at fair value. based on the net present value of BIS Basel shares. discounted by 30%.

This method of calculating fair value was established on the basis of the decision of the International Court of Justice in Hague. which refers to the purchase of shares of BIS Basel in 2001 and to the determination of the value of the share of BIS Basel based on its net assets reduced by 30% as a basis for recording all subsequent transactions in relation to the shares. which is the established practice of central banks.

During 2025 and 2024, there were no transfers between levels of the fair value hierarchy of financial assets and liabilities measured at fair value.

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information (continued)

Fair Value Hierarchy (continued)

b) *Financial Assets and Liabilities at fair value – optional (continued)**Fair Value Hierarchy of Financial Assets and Liabilities not Measured at Fair Value*

The estimated fair values of financial assets and liabilities that are not measured at fair value per fair value hierarchy levels in accordance with IFRS 13 are presented below:

<u>In thousands of RSD</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>	<u>Carrying Value</u>
As at December 31, 2025					
Financial assets					
Cash and current accounts held with banks	-	439,269,503	-	439,269,503	439,269,503
Deposits	-	408,390,162	-	408,390,162	408,365,443
Securities	-	113,466,148	-	113,466,148	113,812,398
Loans and placements	-	-	252,927	252,927	253,838
IMF membership quota and SDR holdings	-	7,861,743	83,189,954	91,051,697	91,051,697
Other assets	-	-	1,209,997	1,209,997	1,209,997
Total	-	968,987,556	84,652,878	1,053,640,434	1,053,962,876
Financial liabilities					
Deposits and other liabilities to banks and other financial organizations	-	1,499,678,214	40,930,019	1,540,608,233	1,540,608,233
Deposits and other liabilities to the Government and other depositors	-	245,821,710	566,255,517	812,077,227	812,023,238
Liabilities to the IMF	-	-	90,984,235	90,984,235	90,984,235
Cash in circulation	-	-	430,183,421	430,183,421	430,183,421
Other liabilities	-	-	2,856,272	2,856,272	2,856,272
Total	-	1,745,499,924	1,131,209,464	2,876,709,388	2,876,655,399

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information (continued)

Fair Value Hierarchy (continued)

b) *Financial Assets and Liabilities at fair value – optional (continued)*

In thousand of RSD	Level 1	Level 2	Level 3	Fair Value Total	Carrying Value
As at December 31, 2024					
Financial assets					
Cash and current accounts held with banks	-	443,362,919	-	443,362,919	443,362,919
Deposits	-	-	524,368,815	524,368,815	524,219,095
Securities	55,565,360	140,123,771	-	195,689,131	193,571,985
Loans and placements	-	-	812,713	812,713	815,913
IMF membership quota and SDR holdings	-	8,421,482	89,147,309	97,568,791	97,568,791
Other assets	-	-	1,220,798	1,220,798	1,220,798
Total	55,565,360	591,908,172	615,549,635	1,263,023,167	1,260,759,501
Financial liabilities					
Deposits and other liabilities to banks and other financial organizations	-	-1,688,125,076	1,688,125,076	1,688,125,076	1,688,125,076
Deposits and other liabilities to the Government and other depositors	55,565,360	-	847,323,449	902,888,809	902,710,992
Liabilities to the IMF	-	-	97,508,018	97,508,018	97,508,018
Cash in circulation	-	-	399,640,272	399,640,272	399,640,272
Other liabilities	-	-	5,152,091	5,152,091	5,152,091
Total	55,565,360	-3,037,748,906	3,093,314,266	3,093,314,266	3,093,136,449

For financial assets and liabilities that are not measured at fair value, fair values are calculated only for the purpose of disclosing information on the estimated fair values of such instruments. The Bank's management considers that there are no materially significant differences between the carrying values and respective fair values of certain items of financial assets and liabilities given the Bank's specific role of a central bank.

The main methods and assumptions used in estimating the fair values of the financial instruments presented in the table above are provided as at December 31, 2025.

The fair value of cash and current accounts at banks belongs to Level 2 and is presented in amounts equal to the book value, considering that they are currently available assets.

31. RISK MANAGEMENT POLICIES (continued)

Fair Value Information (continued)

Fair Value Hierarchy (continued)

The fair values of the positions Deposits, Loans and placements, Deposits and other liabilities to banks and other financial organizations belong to Level 3, while Deposits and other liabilities to the state and other depositors belong to Level 1 and Level 3. Their fair values have been estimated:

- As equal to the book value when it comes to receivables that represent currently available assets or are collectible within one month, as well as for liabilities that are payable within one month,
- By discounting cash flows based on receivables reduced by expected credit losses, or the amounts of liabilities based on deposits using available indicative rates for the placement of deposits with maturities closest to the remaining maturity of individual deposits and
- As equal to the book value when it comes to liabilities without a maturity date characterized by payment on demand, and their estimated fair value is not less than the amount to be paid on demand, discounted from the first date when payment of the liability amount can be requested, which for all financial liabilities of the Bank is the date in the category of maturities up to one month.

Securities (government and corporate) with a fair value of RSD 113,466,148 thousand consist of RSD denominated securities acquired within monetary operations, whose fair value belongs to Level 2. For the fair value assessment of government bonds, data on yield to maturity rates from secondary market trading were used. Due to lower market liquidity, these are average weighted yields recorded in transactions during the period preceding the reporting date. For corporate securities with a variable coupon that are not traded on the secondary market, current market conditions were used for price calculation – the 3M BELIBOR interest rate as of the reporting date, which represents the variable component of the interest coupon for these securities.

The fair values of the positions of the Quota in the IMF and the Special Drawing Rights, Liabilities to the IMF and Currency in Circulation are presented at book value, considering that these are assets and liabilities arising from the Republic of Serbia's membership in the International Monetary Fund and obligations resulting from the Bank's function as a central bank, which have no maturity date.

The carrying amount represents a reasonable estimate of the fair value of short-term assets and liabilities from operating activities in the positions Other assets and Other liabilities.

31. RISK MANAGEMENT POLICIES (continued)

Interest Rate Risk

Interest rate risk is the risk of a decrease in the net result or net worth of the Bank's assets due to changes in interest rates. Interest rate risk exposure depends on the ratio of the Bank's interest rate of sensitive assets and liabilities.

The Bank, as a central bank of the Republic of Serbia, which performs the functions determined by Law and other laws:

- determines the method of calculating, collecting and paying interest on the Bank's placements and other receivables, as well as on the assets on which the Bank pays interest in order to achieve the objectives of adopted monetary policy (key policy rate, interest rates for required reserve requirements, liquidity loans, deposited liquidity surpluses, etc.);
- by holding deposits placed by the state and its institutions, by maintaining funds on current accounts and by time deposits placed with foreign banks as well as by investing into coupon securities, i.e. bonds of governments and central banks issued by most developed states, high quality financial institutions supported by those states and international financial institutions with adequate rating, and discounted securities pertaining to treasury bills issued by most developed states.

31. RISK MANAGEMENT POLICIES (continued)

Interest Rate Risk (continued)

The exposure to interest rate risk as at December 31, 2025 is presented in the following table:

In thousands of RSD	Interest-bearing items	Non-interest bearing items	Total
Financial assets			
Cash and current accounts held with banks	224,427,925	214,841,578	439,269,503
Deposits	407,673,810	691,633	408,365,443
Derivative receivables	-	41,742	41,742
Securities	1,975,189,768	15,538,966	1,990,728,734
Loans and placements	231,998	21,840	253,838
IMF membership quota and SDR holdings	7,840,155	83,211,542	91,051,697
Other assets	-	1,209,997	1,209,997
Total	2,615,363,656	315,557,298	2,930,920,954
Financial liabilities			
Derivative liabilities	-	41,742	41,742
Deposits and other liabilities to banks and other financial organisations	938,867,374	601,740,859	1,540,608,233
Deposits and other liabilities to the Government and other depositors	287,246,447	524,776,791	812,023,238
Liabilities to the IMF	7,753,761	83,230,474	90,984,235
Cash in circulation	-	430,183,421	430,183,421
Other liabilities	-	2,856,272	2,856,272
Total	1,233,867,582	1,642,829,559	2,876,697,141
Net exposure as at			
December 31, 2025	1,381,496,074	(1,327,272,261)	54,223,813
December 31, 2024	1,279,750,372	(1,125,599,314)	154,151,058

31. RISK MANAGEMENT POLICIES (continued)

Interest Rate Risk (continued)

Two basic methods the Bank uses to quantify market risks in respect of financial assets carried at fair value through profit and loss include Value at risk ("VaR") and Stress test. The first is used to anticipate maximum possible loss under normal market conditions, while the second is used to forecast losses under extreme market conditions.

VaR

VaR is the method that predicts with high probability (95% or 99%) total loss which, in the given time interval, will not be exceeded.

When VaR (95%) is calculated on a monthly basis, for the total portfolio which includes coupon and discount securities and time deposits included in the investment portfolio in foreign currency converted in EUR as at December 31, 2025, only in 5% of cases we can expect a loss of more than 0.80% or RSD 15,916.34 million (EUR 135.71 million).

Total portfolio recalculated in EUR as at December 31, 2024 indicates that under normal market conditions in only 5% of the cases can the Bank expect a loss greater than 0.75% or RSD 15,727.97 million (EUR 134.41 million).

Stress Test

In case of extreme market risks, VaR is not the most suitable tool to be used in the assessment of potential loss, instead, the stress test is used, which provides a model that approximates the effects contingent on the movements of interest rates and other worst case scenarios on the portfolio value based on duration and convexity of the portfolio.

For the Bank, the most important scenario is a possible unexpected rise in interest rates (a decline in the prices of securities), and thus it is calculated what would happen to the total portfolio if interest rates increased by 100 basis points. If interest rates had risen by 100 basis points as of December 31, 2025, the EUR portfolio would have lost 22,376.23 million dinars (EUR 190.79 million), the USD portfolio would have lost 6,437.62 million dinars (USD 64.43 million), the GBP portfolio would have lost 516.29 million dinars (GBP 3.84 million), the CAD portfolio would have lost 394.46 million dinars (CAD 5.41 million), and the CNY portfolio would have lost 200.31 million dinars (CNY 14.01 million).

The total effect of the increase in interest rates by 100 basis points on the EUR, USD, GBP and CAD portfolio as of December 31, 2024 would amount to RSD 30,565 million.

31. RISK MANAGEMENT POLICIES (continued)

Interest Rate Risk (continued)

The change of 100 base points in the presented interest rates, exclusive of the effect of changes in interest rates on financial assets (foreign securities) at fair value through other comprehensive income, as of the balance sheet date, would increase / (decrease) equity and net profit of the Bank in the amounts presented in the following table. This analysis presumes that all other variables, particularly exchange rates, remained unchanged. The analysis for 2024 was prepared in the same way.

In thousands of RSD	December 31, 2025			
	Equity		Net profit	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp decrease
Financial assets				
Cash and current accounts held with banks	2,244,279	(2,244,279)	2,244,279	(2,244,279)
Deposits	4,076,738	(4,076,738)	4,076,738	(4,076,738)
Securities	1,139,269	(1,139,269)	1,139,269	(1,139,269)
Loans and placements	2,855	(2,855)	2,855	(2,855)
IMF membership quota and SDR holdings	78,402	(78,402)	78,402	(78,402)
Total	7,541,543	(7,541,543)	7,541,543	(7,541,543)
Financial liabilities				
Deposits and other liabilities to banks and other financial organizations	(9,388,674)	9,388,674	(9,388,674)	9,388,674
Deposits and other liabilities to the Government and other depositors	(2,872,464)	2,872,464	(2,872,464)	2,872,464
Liabilities to the IMF	(77,538)	77,538	(77,538)	77,538
Total	(12,338,676)	12,338,676	(12,338,676)	12,338,676
Net effect	(4,797,133)	4,797,133	(4,797,133)	4,797,133
	December 31, 2024			
In thousands of RSD	Equity		Net profit	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets				
Cash and current accounts held with banks	2,323,527	(2,323,527)	2,323,527	(2,323,527)
Deposits	5,221,420	(5,221,420)	5,221,420	(5,221,420)
Securities	1,382,323	(1,382,323)	1,382,323	(1,382,323)
Loans and placements	3,215	(3,215)	3,215	(3,215)
IMF membership quota and SDR holdings	83,927	(83,927)	83,927	(83,927)
Total	9,014,412	(9,014,412)	9,014,412	(9,014,412)
Financial liabilities				
Deposits and other liabilities to banks and other financial organizations	(11,745,936)	11,745,936	(11,745,936)	11,745,936
Deposits and other liabilities to the Government and other depositors	(4,111,055)	4,111,055	(4,111,055)	4,111,055
Liabilities to the IMF	(83,090)	83,090	(83,090)	83,090
Total	(15,940,081)	15,940,081	(15,940,081)	15,940,081
Net effect	(6,925,669)	6,925,669	(6,925,669)	6,925,669

31. RISK MANAGEMENT POLICIES (continued)

Currency Risk

The Bank is exposed to currency risk through transactions performed in foreign currencies. The risk exposure leads to the increase in foreign exchange gains and losses recorded within the income statement. The exposure to foreign currency risk occurs based on monetary assets and liabilities that are not denominated in the Bank's functional currency. The Bank manages foreign currency risk through the policy of determining the currency structure of assets in accordance with the expected future foreign currency liabilities.

The 1% depreciation of RSD value against the EUR, USD, CHF, CNY and SDR as at December 31, 2025 would increase equity and increase profit /decrease loss of the Bank in the amount of RSD 17,810,656 thousand (December 31, 2024: RSD 18,608,163 thousand). This analysis assumes that all other variables, in particular interest rates, remained unchanged.

RSD appreciation of 1% against the mentioned currencies would have the exact opposite effect, under the assumption that all other variables remained unchanged.

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31. RISK MANAGEMENT POLICIES (continued)

Currency Risk (continued)

The analysis of financial assets and liabilities exposure to currency risk per currency as at December 31, 2025 was as follows:

<u>In thousands of RSD</u>	EUR	USD	SDR	GBP	CAD	Other currencies*	Total foreign currency balance	RSD	Total
Financial assets									
Cash and current accounts held with banks	355,738,422	19,846,116	-	757,063	2,253,455	20,371,965	398,967,021	40,302,482	439,269,503
Deposits	164,770,385	235,786,176	-	7,808,356	-	526	408,365,443	-	408,365,443
Derivative receivables	-	-	-	-	-	-	-	41,742	41,742
Securities	1,357,619,793	408,713,126	15,652,361	34,337,676	39,947,298	20,646,081	1,876,916,335	113,812,399	1,990,728,734
Loans and placements	-	-	-	-	-	-	-	253,838	253,838
IMF membership quota and SDR holdings	-	-	91,051,697	-	-	-	91,051,697	-	91,051,697
Other assets	31,007	541,898	-	306	1	1,238	574,450	635,547	1,209,997
Total	1,878,159,607	664,887,316	106,704,058	42,903,401	42,200,754	41,019,810	2,775,874,946	155,046,008	2,930,920,954
Financial liabilities									
Derivative liabilities	-	-	-	-	-	-	-	41,742	41,742
Deposits and other liabilities to banks, other financial organisations	381,408,821	1,378	-	5,919	-	13	381,416,131	1,159,192,102	1,540,608,233
Deposits and other liabilities to Government and other depositors	205,874,305	226,799,490	521,482	69,648	34,034	1,496,384	434,795,343	377,227,895	812,023,238
Liabilities to the IMF	-	-	90,984,235	-	-	-	90,984,235	-	90,984,235
Cash in circulation	-	-	-	-	-	-	-	430,183,421	430,183,421
Other liabilities	980,005	187,155	-	37,013	40,974	247,952	1,493,099	1,363,173	2,856,272
Total	588,263,131	226,988,023	91,505,717	112,580	75,008	1,744,349	908,688,808	1,968,008,333	2,876,697,141
Net exposure as at December 31, 2025	1,289,896,476	437,899,293	15,198,341	42,790,821	42,125,746	39,275,461	1,867,186,138	(1,812,962,325)	54,223,813
Net exposure as at December 31, 2024	1,309,252,676	519,842,380	13,817,493	42,639,662	42,727,438	17,814,728	1,946,094,377	(1,791,943,319)	154,151,058

* Other currencies, are primarily related to CHF

The currency mismatch of assets and liabilities comes from specific nature of the Bank as a central bank, its roles as the main monetary institution and regulator of the banking system, as well as its function to autonomously and independently determine and implement monetary and foreign exchange policies and, in the framework of this, to manage foreign exchange reserves in such a way that contributes to the unimpeded fulfilment of the obligations of the Republic of Serbia abroad.

Translations disclaimer : The English version is a translations of the original in Serbian for information purposes only. In case of discrepancy, the Serbian version will prevail.

31. RISK MANAGEMENT POLICIES (continued)

Macroeconomic and geopolitical instability and the impact they have on operations and financial reporting

In the management of foreign exchange reserves, the Bank regularly adjusts the method of risk management in order to respond to the challenges it faces in connection with current macroeconomic trends (interest rate growth, inflation, changes in foreign exchange markets, etc.). In these, as well as in regular conditions, the Bank manages market risk (risk of interest rate changes and foreign exchange risk) and credit risk in accordance with current circumstances and the projection of macroeconomic trends on the international market. One of the basic ways of managing the risk of interest rate changes is defining the appropriate level of duration of the portfolio of foreign exchange reserves, which is harmonized with the projection and expected movement of the yield curve on the reference international markets in the upcoming period. As for foreign exchange risk, as already mentioned, the Bank manages this risk by determining the currency structure of assets, in accordance with the expected foreign exchange liabilities in the future. The Bank manages credit risk by defining adequate criteria for the investments of foreign exchange reserves.

Climate risks

The Bank has recognized climate risks as a potential source of uncertainty in the future, while exposure to these risks is currently at a very low level, considering the investment method and asset structure.

32. ANALYSIS OF THE MATURITY OF ASSETS AND LIABILITIES

The following tables provide classification of assets and liabilities in accordance with the expected period of their realization (current/non-current items) as at December 31, 2025 and 2024:

<u>In thousands of RSD</u> December 31, 2025	Current items (within 12 months)	Non-current items (over 12 months)	Without maturity	Total
ASSETS				
Cash and current accounts held with banks	439,269,503	-	-	439,269,503
Gold and other precious metals	729,636,706	-	-	729,636,706
Deposits	406,184,193	-	2,181,250	408,365,443
Derivative receivables	-	-	41,742	41,742
Securities	733,827,655	1,241,247,619	15,653,460	1,990,728,734
Loans and placements	7,915	245,923	-	253,838
IMF membership quota and SDR holdings	7,861,743	-	83,189,954	91,051,697
Intangible assets	-	2,635,822	-	2,635,822
Property, plant and equipment	-	23,649,884	-	23,649,884
Investment property	-	509,587	-	509,587
Other assets	7,313,158	-	634,845	7,948,003
Total assets	2,324,100,873	1,268,288,835	101,701,251	3,694,090,959
LIABILITIES				
Derivative liabilities	-	-	41,742	41,742
Deposits and other liabilities to banks and other financial organisations	1,159,192,090	-	381,416,143	1,540,608,233
Deposits and other financial liabilities to Government and other depositors	661,900,860	-	150,122,378	812,023,238
Liabilities to the IMF	35,334	-	90,948,901	90,984,235
Provisions	376,583	2,820,474	-	3,197,057
Current tax liabilities	422,193	-	-	422,193
Cash in circulation	-	-	430,183,421	430,183,421
Other liabilities	2,119,933	-	1,048,419	3,168,352
Total assets	1,824,046,993	2,820,474	1,053,761,004	2,880,628,471
NET ASSETS	500,053,880	1,265,468,361	(952,059,753)	813,462,488

32. ANALYSIS OF THE MATURITY OF ASSETS AND LIABILITIES (continued)

<u>In thousands of RSD</u> December 31, 2024	Current items (within 12 months)	Non-current items (over 12 months)	Without maturity	Total
ASSETS				
Cash and current accounts held with banks	443,362,919	-	-	443,362,919
Gold and other precious metals	455,843,848	-	-	455,843,848
Deposits	523,265,689	801	952,605	524,219,095
Derivative receivables	-	-	31,435	31,435
Securities	660,061,545	1,505,827,727	14,210,719	2,180,099,991
Loans and placements	6,161	279,287	530,465	815,913
IMF membership quota and SDR holdings	8,421,482	-	89,147,309	97,568,791
Intangible assets	-	1,657,448	-	1,657,448
Property, plant and equipment	-	22,688,259	-	22,688,259
Investment property	-	484,208	-	484,208
Other assets	6,560,857	-	691,419	7,252,276
Total assets	2,097,522,501	1,530,937,730	105,563,952	3,734,024,183
LIABILITIES				
Derivative liabilities	-	-	31,435	31,435
Deposits and other liabilities to banks and other financial organisations	1,146,403,693	-	541,721,383	1,688,125,076
Deposits and other financial liabilities to Government and other depositors	739,390,052	-	163,320,940	902,710,992
Liabilities to the IMF	46,192	-	97,461,826	97,508,018
Provisions	307,067	2,145,211	-	2,452,278
Current tax liabilities	452,939	-	-	452,939
Cash in circulation	-	-	399,640,272	399,640,272
Other liabilities	2,067,048	238,258	3,204,732	5,510,038
Total assets	1,888,666,991	2,383,469	1,205,380,588	3,096,431,048
NET ASSETS	208,855,510	1,528,554,261	(1,099,816,636)	637,593,135

33. LITIGATIONS

As of December 31, 2025, the Bank is involved in legal disputes with a total estimated amount of RSD 6,290,152 thousand (December 31, 2024: RSD 10,695,221 thousand). Of the total estimated amount of disputes, 48,405 thousand dinars (December 31, 2024: RSD 52,000 thousand) relates to disputes for which a negative outcome for the Bank is estimated. This amount includes court costs and the estimated amount of potential default interest.

As disclosed in Note 26, as of December 31, 2025, the Bank has made provisions for potential losses that may arise from the aforementioned legal disputes in the amount of RSD 48,405 thousand (as of December 31, 2024, in the amount of RSD 52,000 thousand). The provision was made based on the assessment of the Bank's legal representatives regarding the status of ongoing disputes in which the Bank appears as the defendant or plaintiff, in an amount corresponding to the best estimate of expenses that will be incurred in the event of an unfavorable outcome. The Bank's management considers that it is not possible to predict the final outcome of ongoing legal disputes with a high degree of accuracy but estimates that there will be no materially significant losses from ongoing legal disputes beyond the amount for which the provision has been made.

34. RELATED PARTY TRANSACTIONS

Transactions with the State and Government Institutions

Pursuant to the Law on the National Bank of Serbia, the Bank is the central bank of the Republic of Serbia and operates in line with the above mentioned and other laws. The Republic of Serbia is the sole owner of the entire Bank's equity.

In carrying out their tasks, the National Bank of Serbia, the bodies of the National Bank of Serbia and the members of those bodies shall neither seek nor take instructions from government bodies and institutions, or other persons. Government bodies and institutions, and other persons may not threaten the autonomy and independence of the National Bank of Serbia nor seek to influence the National Bank of Serbia, the bodies of the National Bank of Serbia, or the members of these bodies in carrying out their tasks. Without prejudice to achieving its objectives, the National Bank of Serbia may act for and on behalf of the Republic of Serbia in international financial organizations and institutions and other forms of international cooperation with the consent of the Government.

In addition to the aforesaid, the Bank performs the following operations on behalf of and for the account of the Republic of Serbia:

- Maintains the system of consolidated Treasury account for assets denominated in dinars and foreign currencies, as well as other accounts prescribed by the law or stipulated by the relevant agreement executed;
- Performs fiscal agent operations on behalf of and for the account of the Republic of Serbia in respect of foreign borrowings of the Republic of Serbia, i.e. operations concerning the withdrawal of borrowed funds and repayment of foreign obligations/liabilities;
- Issues long-term securities related to the Republic of Serbia's membership in the International Monetary Fund (IMF);
- Settles the liabilities of the Republic of Serbia arising from its membership in the IMF;
- Performs other operations for the Republic of Serbia, Government institutions and bodies pursuant to the law or relevant agreement executed.

The Bank pays interest on the funds of the consolidated treasury account system and other accounts established by law in accordance with the contract concluded with the depositor. For the operations and services rendered to the Government and state institutions the Bank charges fees according to the unique tariff list or based on the relevant agreement executed.

34. RELATED PARTY TRANSACTIONS (continued)

Transactions with the State and Government Institutions (continued)

According to the Law, the Bank cannot approve loans, borrowings, overdrafts, or other types of credit facilities to the Republic of Serbia, autonomous provinces, or local self-government units, public enterprises, and other legal entities founded by the Republic of Serbia, autonomous provinces, or local self-government units, or in which the Republic of Serbia, autonomous provinces, or local self-government units have a controlling interest, nor can it provide guarantees for the settlement of obligations of these entities or otherwise secure the settlement of their obligations.

The Bank cannot directly purchase securities issued by the aforementioned entities.

Based on those provisions of the Law, Republic of Serbia, its ministries, agency and state-owned companies are not regarded as related parties of the Bank.

Loss coverage/profit allocation

Pursuant to the Law, after attaining the minimum prescribed amount of the basic capital (Article 77. paragraph 3) and the prescribed amount of the special reserves (Article 77. paragraph 4), profit not resulting from foreign exchange gains and revaluation reserves, the Bank allocates 70% to the Republic of Serbia Budget.

The realized loss of the Bank (paragraph I Article 78) is covered by special reserves and basic capital above the minimum basic capital level, and if the mentioned funds are insufficient - from the budget of the Republic of Serbia or from securities for this purpose, under market conditions, issued by the Republic of Serbia and transferred to the Bank (note 30).

Transactions on Behalf of and for the Account of the Government

Transactions on behalf of and for the account of the Government of the Republic of Serbia refer to the payment of old foreign currency savings, loan for economic development, records of public debt of the Republic of Serbia and other operations.

These transactions are stated within the Bank's off-balance sheet items, given the fact that the Bank acts as an agent in such transactions or merely maintains records of the public debt.

Transactions with the Key Management

According to the Bank, key management refers to: the Chairman and members of the Council, Governor, Vice Governors, Secretary General, Managers, deputies and assistants to the managers of organizational units and department directors.

The Bank's management members receive compensation for their services to the Bank and do not hold equity investments in the Bank.

In addition to net salaries of the management, the Bank also pays contributions on behalf of the management in accordance with the legal provisions of the Republic of Serbia. The net salaries of the management are also subject to personal income tax charged annually. The Bank neither makes payments to its management subsequent to the termination of their employment, nor compensates their work in shares or equity interests.

34. RELATED PARTY TRANSACTIONS (continued)

Transactions with the Key Management (continued)

The summary of remuneration paid to key management of the Bank is provided in the following table:

<u>In thousands of RSD</u>	<u>Gross remunerations disbursed in 2025</u>	<u>Net remunerations disbursed in 2025</u>	<u>Gross remunerations disbursed in 2024</u>	<u>Net remunerations disbursed in 2024</u>
Position				
Governor	20,386	16,809	17,320	14,242
Vice Governors	63,092	50,618	52,623	41,967
Secretary General	8,265	5,920	7,120	5,079
Directors General, Directors of organizational units within the headquarters, Directors of branch offices and Managing Director of ZIN	230,110	166,780	195,364	142,082
Deputies and assistants to Directors General and Directors General of organizational units, Directors of branch offices and Managing Director of ZIN	242,264	172,622	196,682	140,577
Department heads	388,654	276,571	329,652	235,088
Chairman and members of the Bank Council of the Governor	24,735	16,028	7,249	4,697
Total for the period	<u>977,506</u>	<u>705,348</u>	<u>806,010</u>	<u>583,732</u>

35. RECONCILIATION OF RECEIVABLES AND PAYABLES

Pursuant to Article 22 of the Law on Accounting, the Bank reconciled balances of receivables and payables with creditors and debtors. The balances of receivables and liabilities with domestic parties were reconciled as at October 31, 2025. while the balances of receivables and payables with foreign parties were reconciled as at December 31, 2025.

Unreconciled receivables total RSD 597,315 thousand (13 open items/parties) which represents 0.02% in relation to the total amount of receivables for reconciliation (RSD 2,655,032,881 thousand) or 3.48% in relation to the total number of receivable items/parties (374 open items/parties).

Unreconciled liabilities total RSD 11,835 thousand (101 open items/parties) which represents 0.0006% in relation to the total amount of liabilities for reconciliation (RSD 1,933,186,390 thousand) or 9.61% in relation to the total number of liability items (1,051 open items/parties).

36. EVENTS AFTER THE BALANCE SHEET DATE

Up to the issue date of these financial statements, there have been no materially significant events subsequent to the balance sheet date, which would require correction of the accompanying financial statements (adjusting events). nor non-adjusting events.

37. EXCHANGE RATES

The official exchange rates for major currencies used in the translation of balance sheet positions denominated in foreign currencies into dinars as at December 31, 2025 and 2024 were as follows:

<u>In Dinars</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
USD	99.9165	112.4386
EUR	117.2820	117.0149
GBP	134.4515	141.1178
CAD	72.9139	78.3652
CHF	126.0013	124.5237
SDR	136.8356	146.6346

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