

PUBLISHING DATA AND INFORMATION OF THE BANK

FOR THE PERIOD 01.01. – 30.06.2021

Sarajevo, September 2021

 **INTESA SANPAOLO BANKA**
Bosna i Hercegovina

**FOR ALL THAT
COUNTS.**



Bank of INTESA  SANPAOLO



www.intesaspaolobanka.ba

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Introduction

Based on the Decision of the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH 39/2021) Decision on publishing data and information of the bank (hereinafter the Decision), and the Law on Banks (Official Gazette of the Federation of BiH 27/2017, Article 111), Intesa Sanpaolo Banka d.d. Bosna i Hercegovina hereby publicly publishes data and information for the period 01.01.2021 – 30.06.2021.

This report contains data and information in accordance with the minimum requirements of the aforementioned decision. Published data represent information that is material, and which is not protected and confidential.

The public publishing as of 30.06.2021. is prepared in accordance with the Manual adopted by the Management Board of the Bank, adopted in accordance with Article 2, paragraph 3, with Article 18 of the Decision, and Instructions for publishing data and information, item 1.4.

The Bank adequately manages its risks and guarantees that its established risk management systems are adequate and appropriate given the profile and strategy of the institution. Annually, within the ICAAP process, the Bank defines and quantifies the risk appetite of the Bank. The risk strategy defines the desired risk appetite, while ensuring adequate monitoring of the risk profile, which includes integrated and comprehensive management of risks which might affect the risk profile. When determining the risk appetite, the Bank integrates activities related to business planning and budgeting and based on business strategies, budget and assessed risks in environment, it identifies key and significant risks for the upcoming period and defines strategic key limits that ensure the stability of the Bank in future periods. The Bank has developed an integrated framework for monitoring the Bank's risk profile, which provides a comprehensive overview of risk profiles and risk appetites as additional information with standard reports on exposure to certain risk.

The total risk appetite of Intesa Sanpaolo Banka dd BiH, hereinafter referred to as the Bank, (Risk Management Strategy) is defined by the following structure of the highest level limits, intended to ensure the long-term solvency and liquidity of the Bank:

- The long-term solvency of the Bank is ensured by the capital adequacy framework with limits defined based on regulatory and internal rules (such as capital adequacy ratio, economic capital and leverage).
- The Bank's liquidity is ensured by established policies on liquidity with limits relating to both short-term and structural liquidity. The prescribed policies take into account a number of aspects of liquidity risk management, but due to their importance and significance for the Bank, liquidity risk limits (LCR, NSFR) are of strategic importance and therefore form an integral part of the Tier 1 risk appetite limit.
- The Bank's operational risk is limited by defining specific limits for operating losses.

Introduction (continued)

Within first half of the 2021, there were no changes in the Bank's risk exposure profile, while credit risk remains the most significant risk in all segments. The Bank is sufficiently capitalized with an adequate liquidity position and is fully compliant with all crucial internal and external requirements, thus ensuring the stability of the Bank, both in the past and in future periods.

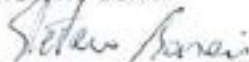
The Report was adopted at the meeting of the Management Board of the Bank MB_21_14.09.2021 and at the meeting of the Supervisory Board of the Bank on SB_14_21.09.2021

The Report is publicly published on Website of Intesa Sanpaolo Banka dd. Bosna i Hercegovina (www.intesasanpaolobanka.ba).

On behalf of the Bank's Management Board

Marko Trevisan


Chairman of the Management Board

Stefano Barsari


Management Board Member



1. BUSINESS NAME AND SEAT OF THE BANK

Pursuant to Article 4 of the Decision, the Bank hereby publishes the following information

1.1. ESTABLISHMENT AND ACTIVITY OF THE BANK

The Bank was established by the Decision of the Supreme Court in Sarajevo, number: UF/I – 3816/90 of 9 January 1991, under the name UPI Banka dd Sarajevo, and in compliance with the new Law, by decision of the Cantonal Court in Sarajevo number UF/I-4091/00 of 20 October 2000 under the same name.

By Decision of the Municipal Court in Sarajevo number 065-0-Reg-08-002471 of 20 August 2008, the Bank changed the name, so that now it operates under the name: "INTESA SANPAOLO BANKA dd BOSNA i HERCEGOVINA".

Seat of the Bank:	Obala Kulina bana 9 A
Phone:	+387 33 49 75 55
Fax:	+387 33 49 75 72
SWIFT:	UPBK BA 22
E-mail:	info@intesasanpaolobanka.ba
Website:	www.intesasanpaolobanka.ba

Registration of the Bank in the Registry of the Sarajevo Municipal Court:

I.D. number:	4200720670007
Registration number:	65-02-0009-11
Tax number:	01071138

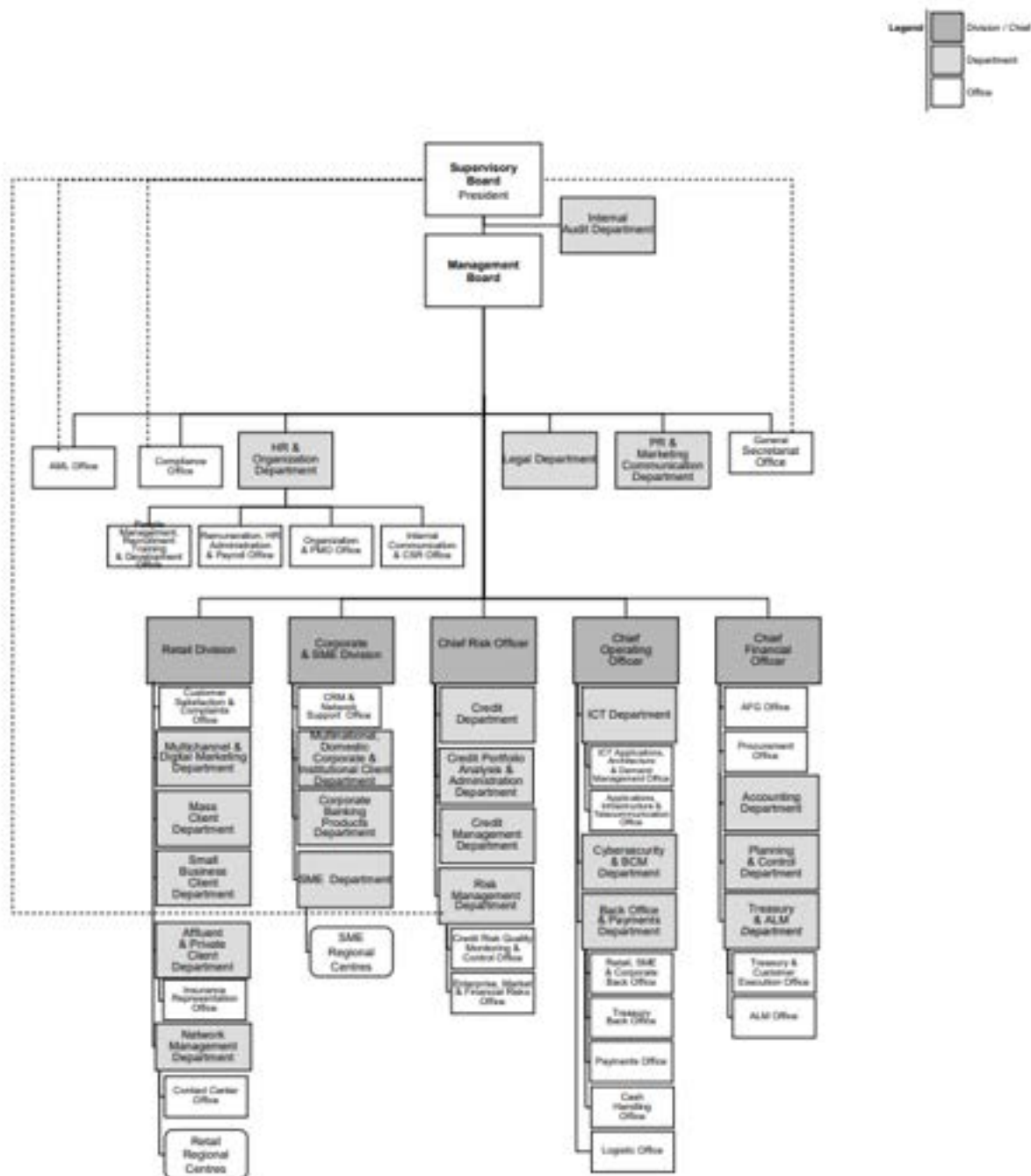
The Bank is registered to perform the following activities:

- a) receiving and depositing deposits or other funds with the repayment obligation,
- b) lending and receiving loans,
- c) issuance of guarantees and all forms of guarantee,
- d) domestic and international payment and money transfer services, in accordance with special regulations,
- e) purchase and sale of foreign currency and precious metals,
- f) issuing and managing means of payment (including payment cards, traveler's and banking checks),
- g) financial leasing,
- h) purchase, sale and collection of receivables (factoring, forfeiting, etc.),
- i) participation, purchase and sale of money market instruments for its own or another's account,
- j) purchase and sale of securities (broker and dealer operations),
- k) management of securities portfolio and other values,
- l) support activities for securities market, agent activities and takeover of issues, in accordance with the regulations governing the securities market,
- m) investment consulting and custody activities,
- n) financial management and consulting services,
- o) data collection services, analysis and provision of information on the creditworthiness of legal entities and natural persons who independently perform a registered business activity,
- p) renting safe boxes,
- r) mediation in insurance, in accordance with the regulations governing insurance
- s) other operations that represent support to specific banking operations

1. BUSINESS NAME AND SEAT OF THE BANK (continued)

1.2. ORGANIZATION UNITS OF THE BANK

Organizational parts and structure of the Bank 30.06.2021. are shown below:



1. BUSINESS NAME AND SEAT OF THE BANK (continued)

1.2. Organization units of the Bank (continued)

The Bank performs its operations through a wide network of business units belonging to the following regional centers: Sarajevo, Zenica, Tuzla, Mostar and Banja Luka. As at 30.06.2021, the Bank has 52 business units with the regional centers.

Table 1

Branch Sarajevo	Branch Tuzla
Agency Centar Sarajevo	Agency Bijeljina
Agency Iliđža	Agency Brčko
Agency Alipašina	Agency Gračanica
Agency Dobrinja	Agency Gradačac
Agency Otoka	Agency Odžak
Agency Šipad	Agency Srebrenik
Agency Vogošća	Agency Slatina
Agency Titova	Agency Tuzla
Agency Istočno Sarajevo	Agency Živinice
Agency Alipašino Polje	
	Branch Mostar
Branch Zenica	Agency Avenija-Mostar
Agency Bugojno	Agency Čapljina
Agency Jajce	Agency Livno
Agency Kakanj	Agency Široki Brijeg
Agency Kiseljak	Agency Tomislavgrad
Agency Novi Travnik	Agency Glamoč
Agency Park-Zenica	Agency Drvar
Agency Travnik	Agency Posušje
Agency Jelah	Agency Mostar
Agency Visoko	Agency Ljubuški
Agency Vitez	Agency Ero
Agency Žepče	
Agency Zenica	Branch Banja Luka
Agency Breza	Agency Prijedor
Agency Nova Zenica	Agency Jevrejska
	Agency Krajina

1.3. EMPLOYEES OF THE BANK

As at 30 June 2021, the Bank had 558 employees, out of which 292 employees relates to the business network of the Bank.

2. OWNERSHIP STRUCTURE AND BODIES OF THE BANK

Pursuant to Article 5 of the Decision, the Bank publishes the following information:

2.1. LIST OF SHAREHOLDERS WITH 5% OR MORE SHARES WITH THE VOTING RIGHTS

Structure of shareholders capital of the Bank as at 30.06.2021. is as follows and it has not changed in relation to 31.12.2020:

Table 2

Owner structure			
No.	Name and surname / name of shareholders who have 5% or more participation in the capital (order by size of participation)	% participation	
		Ordinary shares	Priority shares
1.	Privredna banka Zagreb d.d.	100.00%	33.33%
2.	Others	0.00%	66.67%

2.2. MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF THE BANK

As at 30. June 2021, members of the Supervisory Board of the Bank were the following persons:

- Alessio Cioni, President of the Supervisory Board;
- Matija Birov, Deputy President;
- Miroslav Halužan, Member;
- Andrea Fazzolari, Member;
- Gianluca Tiani, Member;
- Alden Bajgorić, Independent member;
- Massimo Lanza, Independent member.

As at 30. June 2021, the Management Board of the Bank is comprised of the President and three members of the Management Board. The following persons performed those functions within the year:

- Marco Trevisan, President of the Management Board;
- Edin Izmirlija, Member;
- Stefano Borsari, Member;
- Alek Bakalović, Member.

Mr. Termiz was relieved of his duties as member of the Management Board on 10. June 2021.

Mr. Trevisan, whose short biography is given below, was appointed President of the Management Board of Intesa Sanpaolo Bank d.d. Bosnia and Herzegovina since 06.01.2021.

2. OWNERSHIP STRUCTURE AND BODIES OF THE BANK (continued)

2.2 MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF THE BANK (continued)

Table 3

No.	Name and surname	Short biography
		(for the location where the bank publishes the mentioned)
1	Marco Trevisan President of the Management Board since 06.01.2021	Education/Title: Master in Corporate Finance, Bocconi BA Economics, University of Trieste Experience: Mr. Trevisan began his career in 1995 in Intesa Sanpaolo Group at various positions. During 2011, he held the position of Director, International Legal Entities - Great Britain, Scandinavia and CEE, based in London, and since 2014 he held the position of Head of Department in Istanbul, Turkey. From 2015, he worked as the Head of the Region, Middle East, Turkey and Africa, based in Dubai, and from 2019 to 2020 he was the Director of the Credit Restructuring Group for large, complex and international companies. He was appointed President of the Management Board of Intesa Sanpaolo Bank d.d. Bosnia and Herzegovina in 2021.

2.3. MEMBERS OF THE AUDIT COMMITTEE

As at 30. June 2021., members of the Audit Committee were as follows:

- Stefano Bruschi, President;
- Jadranko Grbelja, Member;
- Ana Jadrešić, Member;
- Dražen Karakašić, Regular invitee;
- Salvatore Giuliano, Regular invitee;
- Daniele Davini, Regular invitee.

2.4. MEMBERS AND FUNCTIONING OF OTHER BOARDS

Members of the boards of Supervisory Board and frequency of the meetings are as follows:

Table 4

Members of the Supervisory Board, if established in the bank		
Nomination Committee		Frequency of meetings
1.	Alessio Cioni	One meeting
2.	Andrea Fazzolari	
3.	Matija Birov	
Risk Committee		Frequency of meetings
1.	Matija Birov	Six meetings
2.	Gianluca Tiani	
3.	Alden Bajgorić	
4.	Cesar De Bona Bottegal (stalno pozvani član)	
Remuneration Committee		Frequency of meetings
1.	Alessio Cioni	Six meetings
2.	Miroslav Halužan	
3.	Gianluca Tiani	

2. OWNERSHIP STRUCTURE AND BODIES OF THE BANK (continued)

2.5. EXTERNAL AUDIT

The appointment of the external audit for 2021 is prescribed by:

- the Law on Accounting and Auditing of the Federation of BiH (Official Gazette of the Federation of BiH 15/2021),
- the Decision of the Banking Agency of the Federation of BiH on the conditions and procedure for issuing, refusing to issue and revoking the consent to perform banking activities (Official Gazette of the Federation of BiH 60/2017), and
- Decision of the Banking Agency of Federation of BiH on external audit and audit content in the bank (Official Gazette of the Federation of BiH 81/2017).

The Banking Agency of the Federation of Bosnia and Herzegovina, with its memo 04-1-3-2037-1/21 dated 28 June 2021, gave its prior consent for the selection of an external auditor for the audit of the financial statements for 2021.

Consent was given to appoint the company Ernst & Young d.o.o. Sarajevo.

3. CAPITAL AND REGULATORY CAPITAL ADEQUACY

The Bank hereby publishes the following information pursuant to Article 8, 9 and 10 of the Decision and item 1.4.2 of the Instruction.

All information is indicated in BAM 000, unless stated otherwise.

3.1. BANK'S CAPITAL STRUCTURE

The Bank's regulatory capital is an amount of assets the Bank is under obligation to maintain to ensure secure and stabile business operations, i.e. to meet its obligations towards its creditors.

By Decision on calculation of the capital of a bank (Official Gazette of FBiH 81/2017, 50/2019, 37/2020, 81/2020, 68/2021) of the Banking Agency, banks are required to maintain an adequate amount of regulatory capital in accordance with the risks they assume in their operations on an individual and consolidated basis.

The Bank's regulatory capital as at 30 June 2021 amounted to 302,171 thousand BAM. It consists of the most stable and solid sources of funds-paid-in ordinary shares and reserves, increased every year by a decision of the Assembly, thus directing a part of the earned net profit of the current year into the capital.

The Bank's equity capital includes, mostly, paid-in ordinary shares of Privredna Banka Zagreb d.d. and the accompanying share premium, other reserves and other total accumulated profit.

The other total accumulated profit includes unrealised losses/gains based on value adjustments of financial assets allocated to the portfolio of assets measured at a fair value through other total accumulated income.

The share capital is reduced by intangible assets in accordance with the Decision on the calculation of the Capital of a Bank.

3. CAPITAL AND REGULATORY CAPITAL ADEQUACY (continued)

3.1. Bank's capital structure (continued)

The Bank's supplementary capital consists of regulatory adjustments as described below.

The Bank has no hybrid, or subordinated instruments and additional equity capital.

The structure of the capital requirements of banks, according to Article 34 of the Decision, defines minimum levels for three capital requirements:

- the ratio of Common Equity Tier 1 of 6.75%,
- the ratio of Tier 1 capital of 9%,
- the ratio of regulatory capital of 12%.

Apart from the minimum adequacy rates set by the regulator, the Bank is also required to ensure the capital conservation buffer in the form of Common Equity T1 in the amount of 2.5% of the total amount of the risk exposure.

In addition to the foregoing stipulated rates, the Decision on calculation of the capital of a bank has envisaged but not yet stipulated the requirements for other capital buffers, i.e. a combined buffer which is a minimum Common Equity T1 Capital increased by a capital conservation buffer and increased by the following buffers, as applicable:

- pro-cyclic bank-specific buffer;
- buffer for systemically significant bank (stipulated to range from 0% to 2% and will be defined for each bank individually once FBA has ranked banks based on their systemic significance); and
- system risk buffer.

The Bank's capital structure as at 30 June 2021 was the following:

Table 5

Capital	Iznos
REGULATORY CAPITAL	302,171
COMMON EQUITY	302,165
COMMON EQUITY TIER 1 (CET1)	302,165
Capital Instruments recognised as CET1	93,581
Paid capital instruments	44,776
Share premium	48,805
Profit or loss belonging to the ultimate shareholder	13,910
(-) Part of the profit for the period generated in the business year or profit for the period generated at the end of the business year, that is not recognised	-13,910
Other accumulated aggregate profit	1,834
Other reserves	209,582
(-) Other intangible assets	-2,832
ADDITIONAL TIER 1 CAPITAL (AT1)	6
Capital instruments recognised as AT1	6

Capital instruments included into the regulatory capital calculation are paid in share capital and share premium:

3. CAPITAL AND REGULATORY CAPITAL ADEQUACY (continued)

3.1. Bank's capital structure (continued)

Table 6

Capital Instruments recognised as CET1	93,581
Paid capital instruments	44,776
Share premium	48,805

Calculation of the regulatory capital also includes:

- total accumulated profit amounting to 1,834 thousand BAM related to a fair value of the assets measured through the Other Comprehensive Income;
- other reserves amounting to 209,582 thousand BAM consisting of profit from the previous periods which were allocated by the Bank to its Retained reserves, Other provisions; and
- intangible assets amounting to 2,832 thousand BAM (software and licenses) which, according to the Decision, are a capital deductible item.

Adjustments to the regulatory capital calculation amount to 6 thousand BAM and refer to paid-in priority shares and forms the position of Additional Capital.

Table 7

ADDITIONAL TIER 1 CAPITAL (AT1)	6
Capital instruments and subordinated debt recognised as AT1	6

3.2. CAPITAL REQUIREMENTS AND REGULATORY CAPITAL ADEQUACY

Overview of capital requirements and capital adequacy rates are presented below:

Table 8

Capital adequacy			
No.	Item	Risk-weighted exposure amount	Capital requirements
1.	Exposures to central governments and central banks	18,508	2,221
2.	Exposures to regional governments and local authorities	34,954	4,198
3.	Exposures to public sector entities	8,757	1,051
4.	Exposures to multilateral development banks	0	0
5.	Exposures to international organisations	0	0
6.	Exposures to institutions	40,816	4,898
7.	Exposures to companies	395,049	47,406
8.	Exposures to retail	395,028	47,403
9.	Exposures to secured with real estate	458,378	55,005
10.	Exposures with default status	21,119	2,534
11.	High risk items	0	0
12.	Exposures to covered bonds	0	0
13.	Exposures to institutions and companies with short-term credit assessment	0	0
14.	Exposures to units or shares in investment funds	0	0
15.	Exposures based on equity investments	1,008	121
16.	Other exposures	25,456	3,056
17.	Total capital requirements for credit risk	1,399,093	167,891
18.	Capital requirements for settlement / delivery amount		0
19.	Capital requirements for market risks	7,066	848
19.1.	Capital requirements specific and general position risk based on debt and equity instruments		0
19.2.	Capital requirements for large exposures arising from trading book items		0
19.3.	Capital requirements for foreign exchange risk	7,066	848
19.4.	Capital requirements for commodity risk		0
20.	Capital requirements for operational risk	111,246	13,350
21.	Total capital requirements	1,517,405	182,089
22.	CET1 ratio		19.91%
23.	T1 ratio		19.91%
24.	Regulatory capital ratio		19.91%

3. CAPITAL AND REGULATORY CAPITAL ADEQUACY (continued)

3.3. LEVERAGE RATE

Pursuant to Article 11 of the Decision, the Bank hereby publishes the following information

All data are indicated in 000 BAM, unless stated otherwise.

Pursuant to the Decision on calculation of the Capital, the Bank is under obligation to calculate the financial leverage rate as a ratio of the equity capital and total exposure of the bank, expressed in percentage. The total exposure is a sum of all and off-balance items which are not deducted when determining the measure of capital, all in accordance with the mentioned Article.

The leverage ratio is defined as one of the strategic limits for risk management, and it has to be maintained above a defined minimum, and the compliance with the limit is followed on a quarterly basis.

The Bank shall ensure and maintain the leverage ratio at the level of 6% at the minimum. Calculation of the leverage ratio as at 30 June 2021.:

Table 9

Exposure value	Amount
Financial derivatives: current replacement cost	2
Financial derivatives Increase in accordance with the market value methodology	168
Off-balance items with the 10% conversion factor (CCF) in line with Decision on the Bank's Capital Calculation	8,512
Off-balance items with the 20% conversion factor (CCF) in line with Decision on the Bank's Capital Calculation	64,095
Off-balance items with the 50 % conversion factor (CCF) in line with Decision on the Bank's Capital Calculation	79,834
Off-balance items with the 100 % conversion factor (CCF) in line with Decision on the Bank's Capital Calculation	0
Other assets	2,418,545
(-) Amount of the assets deductible items - equity - in line with Decision on the Bank's Capital Calculation	-2,832
Exposure of the financial leverage rate - in line with Decision on the Bank's Capital Calculation	2,568,324
Capital	
Common Equity in line with Decision on the Bank's Capital Calculation	302,165
Leverage ratio	
Financial leverage rate - in line with Decision on the Bank's Capital Calculation	11.77%

4. OTHER INFORMATION

The Bank publishes, in the form of an audit report, the Statement of Financial Position and the Statement of Profit or Loss as of 30. June 2021.

4.1. STATEMENT OF FINANCIAL POSITION AS OF 30.06.2021

Table 10

Statement of financial position (000 KM)	30.06.2021	31.12.2020
Assets		
Cash and cash equivalentst	513,555	458,909
Reserves with Central Bank	195,061	190,280
Placements with other banks	0	29
Financial assets at fair value through other comprehensive income	81,895	55,146
Financial assets at fair value through profit and loss	298	467
Financial assets at Amortized cost	5,920	5,832
Loans and receivables from customers	1,559,505	1,578,987
Income tax prepayment	5,316	5,005
Deferred Tax assets	327	329
Other assets	16,624	5,905
Property and equipment	25,444	25,694
Intangible assets	2,832	3,667
TOTAL ASSETS	2,406,777	2,330,250
Liabilities		
Due to banks and other financial institutions	367,447	387,529
Due to customers	1,634,707	1,584,612
Financial liabilities at fair value through profit and loss	67	106
Other liabilities	63,240	31,450
Provisions for liabilities and charges	5,635	5,589
Deferred Tax liabilities	68	68
TOTAL LIABILITIES	2,071,164	2,009,354
Equity		
Share capital	44,782	44,782
Share premium	57,415	57,415
Other reserves and fair value reserves	4,149	3,866
Rretained earnings	229,267	214,833
TOTAL EQUITY	335,613	320,896
TOTAL LIABILITIES AND EQUITY	2,406,777	2,330,250

4.2. STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 01.01.-30.06.2021

Table 11

Statement of profit or loss (000 KM)	30.06.2021	30.06.2020
Interest income	36,793	36,864
Interest expense	-4,983	-6,115
Net interest income	31,810	30,749
Fee and commission income	16,393	14,548
Fee and commission expense	-3,500	-2,968
Net fee and commission income	12,893	11,580
Net trading income	1,144	1,183
Other operating income/(expense)	-3,119	-3,339
Other operating expenses, net	-1,975	-2,156
Total operating income, net	42,728	40,173
Personnel expenses	-10,884	-10,335
Administrative expenses	-8,131	-7,578
Depreciation and amortisation	-2,872	-2,873
Operating expenses	-21,887	-20,786
Profit before impairment losses and other provisions and income tax	20,841	19,387
Net impairment gains/(losses) and other provisions	-6,931	-12,695
Profit before tax	13,910	6,692
Income tax expense	-1,817	-1,657
Net profit for the year	12,093	5,035

4.3. OTHER INFORMATION

During the first six months of 2021, the Bank did not record significant changes in its operations, nor new equity investments.

Risk management strategies and policies, liquidity risk, interest rate risk, and fee policy are the same as on the previously published financial date 31.12.2020, and they are announced on the Bank's website within the document "Publication of data and information of the Bank for the period 01.01.-31.12. 2020. "

5. FINAL PROVISIONS

The Report shall be disclosed on the website of Intesa Sanpaolo Bank dd. Bosnia and Herzegovina (www.intesasanpaolobanka.ba) after its adoption by the Management Board and Supervisory Board of the Bank.

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Bosna i Hercegovina

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