



**Adriatic Bank JSC Belgrade  
Annual report  
2025**



February 2026

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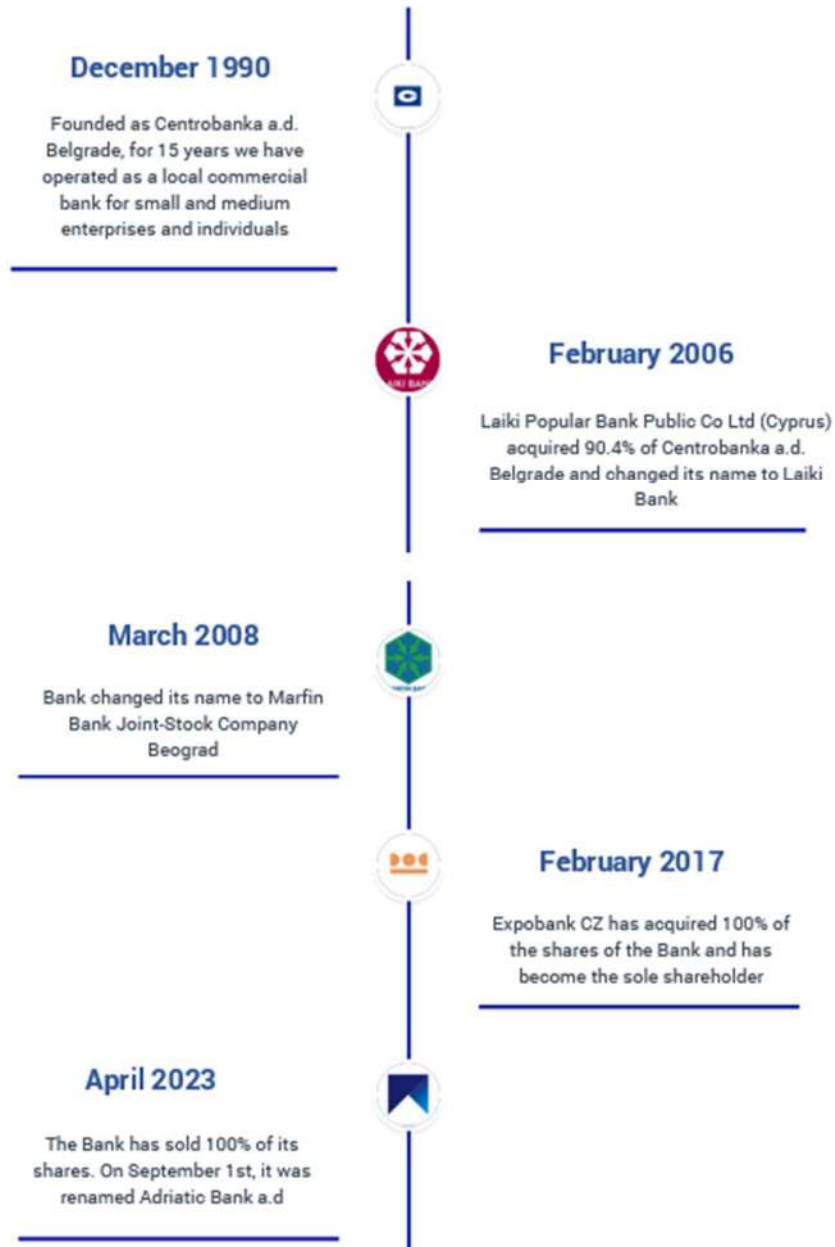
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## 1. ABOUT US

### 1.1 Bank's ID

1.	Business name:	<b>Adriatic Bank JSC Belgrade</b>
2.	Seat and address:	<b>Beograd, Dalmatinska 22</b>
3.	Registration number:	<b>07534183</b>
4.	TIN:	<b>100003148</b>
5.	Web-site:	<b><a href="https://www.adriaticbank.rs/index.php/sr/">https://www.adriaticbank.rs/index.php/sr/</a></b>
6.	e-mail:	<b>office@adriaticbank.rs</b>
7.	No. and date of Decision of registering in the register of business entities:	<b>BD 498 of 14.02.2005</b>
8.	Activity:	<b>6419 – Other monetary intermediaries</b>
9.	Number of employees:	<b>187</b>
10.	Number of shareholders:	<b>1 shareholder</b>
11.	Place of insight into the Shareholder Register:	<b>Central Securities, Depository and Clearing House of the Republic of Serbia, <a href="http://www.crhov.rs">www.crhov.rs</a></b>
12.	Social networks:	
13.	Auditor for 2024:	

## 1.2 Adriatic Bank timeline



### 1.3 Ownership structure of the Bank

The ownership structure is presented in the table below:

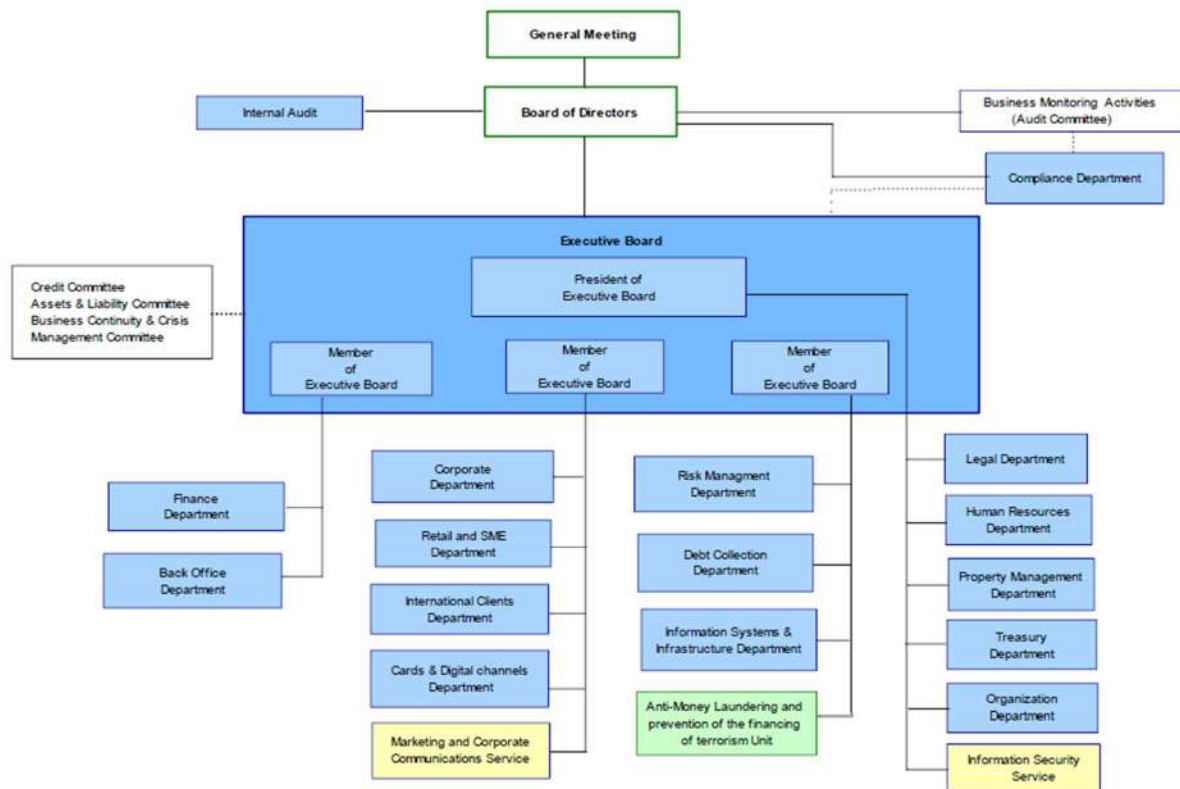
No.	Shareholder	Number of shares	% of ownership
1	SHNAIDER ALEXANDER	11,343,217	100%
	<b>Total</b>	<b>11,343,217</b>	<b>100%</b>

\* data as of 31. december 2025.

Value of share capital (in thousands of dinars):	3,065,958
Number of issued shares (ordinary and preference shares, with ISIN number and CFI code):	Ordinary shares: ISIN:RSCEBAE31481 CFI:ESVUFR, 11,343,217 shares
Business name, registered office and business address of the auditing company that audited the last financial report:	MOORE STEPHENS Revizija i računovodstvo d.o.o. Beograd, Studentski trg 4/V, 11070 Beograd, Srbija

### 1.4 Organizational structure of the Bank

Organization Structure Adriatic Bank JSC Belgrade



During 2025, the Executive Board was further strengthened by the appointment of a new member, which, together with the existing members possessing diverse experience and competencies, ensured a comprehensive and balanced approach to strategic decision-making as one of the key components of the Bank's corporate governance. Through a clearly defined allocation of responsibilities among the members of the Executive Board, functional and organizational separation of risk management and support activities from risk-taking activities has been ensured.

The Bank's business policy during 2025 was focused on the development, diversification, and further strengthening of commercial activities within the corporate banking segment, retail banking, and small and medium-sized enterprises, as well as business with international clients. Across all organizational units, continuous efforts are made to develop teams of highly qualified professionals dedicated to providing a wide range of the Bank's products and services.

## 2. CORPORATE GOVERNANCE

Corporate governance is organized through the activities of the Supervisory, Executive, Credit, and other committees defined by the Law on Banks and the Bank's Statute.

All relevant provisions of the Law on Banks and internal regulations defining the composition and operation of the Supervisory and Executive Board are fully implemented.

The Bank's operations are also supported by other committees:

- 1 Asset and Liability Management Committee (ALCO Committee)
- 2 Bank Business Monitoring Committee (Audit Committee)
- 3 Credit Committee
- 4 Crisis Management and Business Continuity Committee.

In addition to the above-mentioned committees, the Executive Board has established Commissions to support the performance of its duties prescribed by the Law on Banks, the purpose, composition, scope of work, and manner of work of which are regulated by internal regulations.

## 2.1 Supervisory Bord

The Supervisory Board of the Bank consists of five members, including the Chairman of the Supervisory Board, of whom three members are individuals independent of the Bank:

<b>1</b>	<b>Name, surname and place of residence:</b>	<b>Wolfgang Mitterberger, Austria</b>
Education:	Master of Business Administration, Master of Social and Economic Sciences	
Current employment (company's business name and position):	Member of the board of Adriatic Bank AD Podgorica; Managing Director in companies: MERU Holding GmbH Vienna, MERU KaW Projektentwicklungs GmbH Vienna, MERU Velden Hills Projektentwicklungs GmbH Vienna, MERU Real Prime Service GmbH Vienna	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>2</b>	<b>Name, surname and place of residence:</b>	<b>Fraser Eliot Marcus, U.S.</b>
Education:	Bachelor - English Language and Mathematics	
Current employment (company's business name and position):	Global director at Ormonde Capital Partners London and Dallas, board member of Adriatic Bank AD Podgorica and Adriatic LLC Capital Management Dallas	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>3</b>	<b>Name, surname and place of residence:</b>	<b>Bassem Snaije, France</b>
Education:	Master of economy	
Current employment (company's business name and position):	SciencesPo – Paris University, Associate Professor of Economics, Finance and Geopolitics	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>4</b>	<b>Name, surname and place of residence:</b>	<b>Aleksandar Preradović, Republic of Serbia</b>
Education:	Graduated Lawyer	
Current employment (company's business name and position):	Law Office Preradović – AP Legal – Attorney-at-Law	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>5</b>	<b>Name, surname and place of residence:</b>	<b>Dragiša Lekić, Republic of Serbia</b>
Education:	Bachelor of Economics	
Current employment (company's business name and position):	/	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	

## 2.2 Executive Bord

The Executive Board of the Bank consists of four members, including the President of the Executive Board:

<b>1</b>	<b>Name, surname and place of residence:</b>	<b>Đorđe Lukić, Republic of Serbia</b>
Education:	Bachelor of Economics	
Current employment (company's business name and position):	Adriatic Bank JSC Belgrade, CEO	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>2</b>	<b>Name, surname and place of residence:</b>	<b>Marko Čorić, Republic of Serbia</b>
Education:	Bachelor of Economics	
Current employment (company's business name and position):	Adriatic Bank JSC Belgrade, Member of the Executive Board	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>3</b>	<b>Name, surname and place of residence:</b>	<b>Andrija Crnogorac, Republic of Serbia</b>
Education:	Bachelor of Economics	
Current employment (company's business name and position):	Adriatic Bank JSC Belgrade, Member of the Executive Board	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	
<b>4</b>	<b>Name, surname and place of residence:</b>	<b>Marko Matić, Republic of Serbia</b>
Education:	Bachelor of Economics	
Current employment (company's business name and position):	Adriatic Bank JSC Belgrade, Member of the Executive Board	
Number and percentage of shares possessed in the joint stock company:	There is no share capital in the company	

## 2.3 Corporate governance principles



Responsibility is one of the most important ethical principles, and it implies that the Bank's boards are responsible, and answer to the shareholders for their decisions and acts. The respective Boards of the Bank are responsible for strategies, plans and actions, management of the Bank through practice, but also for the introduction of new changes when necessary.

**TRANSPARENCY**

**RESPONSIBILITY**

**IMPARTIALITY**

The Bank implements comprehensive, truthful and timely disclosure of information on all important issues concerning financial condition, profitability, ownership and management structure.

The applied corporate governance framework protects the rights of shareholders.

### 3. MACROECONOMIC ENVIRONMENT

The economic environment in the Republic of Serbia during 2025 was marked by the continued process of macroeconomic stabilization and the adjustment of the economy to complex global conditions. Despite the slowdown of economic activity at the international level, the domestic economy maintained positive growth and preserved key stability indicators, confirming the resilience of the economic system. According to estimates of the Statistical Office of the Republic of Serbia, overall economic activity, measured by real gross domestic product growth, amounted to 2.0% compared to 2024.

Thus, gross domestic product, although growing at a more moderate pace than in previous years, remained in positive territory. Changes in the structure of growth were primarily driven by service activities and household consumption, while investments in fixed assets recorded a modest real increase of 0.9%.

Inflationary pressures during 2025 were further alleviated, and inflation was brought back within the target range of the National Bank of Serbia. According to SORS data, the annual inflation rate was estimated at 2.8%, which is in line with the monetary policy objective aimed at price stability and the preservation of consumers' purchasing power.

The labor market also maintained favorable trends. The employment rate in the third quarter amounted to 51.3%, while the unemployment rate stood at 8.2%, indicating the adaptability of the labor market to changing economic conditions and its contribution to preserving household disposable income.

Foreign trade continued to grow despite challenges. Merchandise exports, expressed in euros, increased by 8.0%, while merchandise imports rose by 7.3% compared to 2024, confirming the activity of domestic producers in international markets and the continued expansion of trade flows.

Fiscal policy during 2025 remained focused on sustainable management of public finances, with a controlled level of the budget deficit and a stable level of public debt. Foreign exchange reserves, at the end of 2025, reached a high level of EUR 29 billion, providing additional support to macroeconomic stability and the resilience of the financial system.

Overall, Serbia concluded 2025 with preserved macroeconomic stability and clear foundations for the gradual continuation of growth. A stable institutional framework, responsible economic policy, and continuity of reform activities create a favorable environment for long-term development and the improvement of the business climate, which represents an important prerequisite for further strengthening the confidence of clients and investors.

## 4. STRATEGY

The Bank's strategy for the upcoming period will be focused on improving its position in the domestic banking market through enhanced business performance. Based on the analysis of financial performance, revenue and expense structures, and asset balances in the previous year, and considering the expected macroeconomic business conditions, clear strategic objectives have been set for the period from 2026 to 2028:

1. Working with Small and Medium Enterprises (SMEs)

The Bank takes an active approach to supporting small and medium-sized enterprises by providing tailored products and services aligned with their investment activities. Developing an agile approach and responding quickly to their current needs are considered key elements. The focus is on expanding the client base through proactive marketing strategies and the continuous enhancement of service quality. Entering a new lending segment through corporate bonds issued by legal entities will also represent a strong driver of credit portfolio growth in the period ahead. The Bank plans to exit activities with limited prospects while intensively investing in sectors expected to make the greatest contribution to GDP.

2. Employee services in the public and corporate segment:

Enhancing services for employees of corporate clients and employees in public segment competitive pricing terms for Bank's credit products. The focus is on supporting employees in financial management, thereby further strengthening collaboration with corporate clients. This approach is part of a broader business development plan with small and medium enterprises, creating an integrated approach to meeting the financial needs of corporate clients and their employees while building deeper connections within the community.

3. Technological Innovations and Process Modernization:

Significant investments in technology, operational processes, branch modernization, the introduction of support for Google and Apple Pay, and digital cards as well as online accounts opening for retail segment aim to optimize internal processes. Through these investments, the bank will shape an agile and innovative framework, fostering overall operational performance and increasing customer satisfaction.

4. Efficient Risk Management and Non-Performing Assets:

The bank will adopt a comprehensive approach to risk management, with a particular emphasis on the structure of the credit portfolio and non-performing assets. The goal is to maintain the share of non-performing assets at an acceptable level and gradually reduce it. In day-to-day operations, the bank will focus on strategies such as restructuring and forced collection.

## 5. FINANCIAL RESULT

### 5.1 Balance Sheet as at 31. December, 2025

	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
Cash and balances with Central Bank	17	4,698,014	14,742,205
Securities	18	6,687,568	5,105,752
Loans and receivables from banks and others financial organizations	19	10,262,169	8,221,578
Loans and receivables from customers	20	9,955,163	8,582,173
Intangible assets	21	164,404	154,179
Property, plant and equipment	22	1,073,592	1,026,515
Investment property	23	195,190	195,087
Deferred tax assets	28	-	21,188
Other assets	24	355,148	437,018
<b>TOTAL ASSETS</b>		<b>33,391,248</b>	<b>38,485,695</b>
<b>LIABILITIES</b>			
Deposits and other liabilities due to banks, other financial institutions and Central Bank	25	252,721	531,662
Deposits and other financial liabilities due to customers	26	25,604,529	31,235,313
Provisions	27	393,317	432,523
Current tax liabilities	16	89,784	156,006
Deferred tax liabilities	28	31,102	-
Other liabilities	29	756,655	765,566
<b>TOTAL LIABILITIES</b>		<b>27,128,108</b>	<b>33,121,070</b>
<b>EQUITY</b>			
Share capital	31	3,065,958	3,065,958
Profit for the period	31	1,706,942	1,982,284
Previous years losses	31	-	-
Reserves /(unrealised loss)	31	1,490,240	316,383
<b>TOTAL CAPITAL</b>		<b>6,263,140</b>	<b>5,364,625</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>33,391,248</b>	<b>38,485,695</b>

\* All amounts are expressed in 000 RSD unless otherwise indicated

## ASSETS

During 2025, the Bank's total assets decreased by 13.23%, from RSD 38,485,695 thousand at the end of 2024 to RSD 33,391,248 thousand as of 31 December 2025. Cash and balances with the central bank declined by 68.14%, from RSD 14,742,205 thousand to RSD 4,698,014 thousand, reflecting a reduction in excess liquidity and its reallocation into more profitable forms of placements. Securities recorded a significant increase and amounted to RSD 6,687,568 thousand at the end of 2025, representing a 29.79% increase compared to the previous year (RSD 5,105,752 thousand), while loans and receivables from banks and other financial institutions increased by 24.73%, from RSD 8,221,578 thousand to RSD 10,262,169 thousand.

The significant asset item in 2025 were loans and receivables from customers, which amounted to RSD 9,955,163 thousand as of 31 December 2025, representing a 16% increase compared to 2024 (RSD 8,582,173 thousand). The table below presents changes in loans and receivables from customers by sector.:

SECTOR	31.12.2025	%	31.12.2024	%
Corporate	7,554,162	75.88%	6,833,226	79.62%
Entrepreneurs	186,471	1.87%	117,277	1.37%
Retail	2,106,099	21.16%	1,517,207	17.68%
Non residents	103,346	1.04%	106,837	1.24%
Other	5,084	0.05%	7,626	0.09%
<b>Ukupno:</b>	<b>9,955,163</b>	<b>100%</b>	<b>8,582,173</b>	<b>100%</b>

The growth of lending activity was accompanied by changes in the sectoral structure, with more pronounced growth in lending to households and entrepreneurs, alongside nominal growth in lending to corporates.

The largest portion of the loan portfolio continues to relate to corporates, which as of 31 December 2025 amounted to RSD 7,554,162 thousand, representing an increase of 10.55% compared to 2024 (RSD 720,936 thousand). Although exposure to this sector increased in absolute terms, its share in total loans decreased from 79.62% to 75.88%, due to faster growth in lending to other sectors.

Exposure to households also recorded more pronounced growth and amounted to RSD 2,106,099 thousand at the end of 2025, representing an increase of 38.81% compared to the previous year (RSD 588,892 thousand). The share of households in total loans increased from 17.68% to 21.16%.

Loans granted to households during 2025 were predominantly long-term consumer loans with maturities longer than one year, mainly denominated in domestic currency, with an average weighted annual interest rate of 8.28%, while the average weighted interest rate for newly granted housing loans amounted to 4.76%.

Within newly granted loans to corporates, long-term investment loans with a currency clause accounted for the largest share, and the average weighted interest rate on corporate loans during 2025 amounted to 6.82%.

Balance sheet items relating to fixed assets, property, plant and equipment recorded a slight increase of 4.58%, from RSD 1,026,515 thousand to RSD 1,073,592 thousand, while investment property increased by 5.18%, from RSD 195,087 thousand to RSD 195,190 thousand.

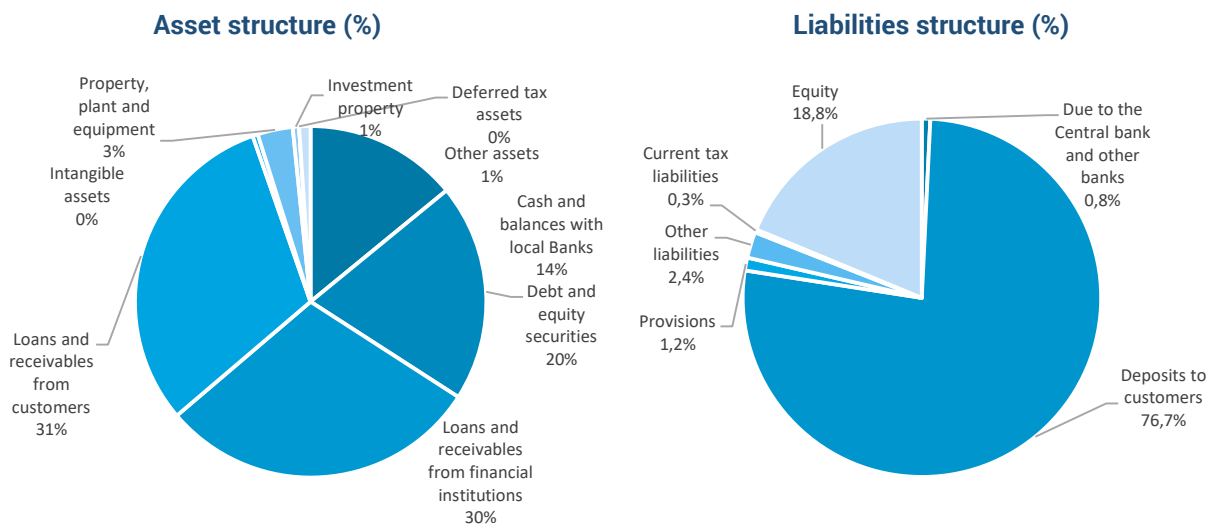
## LIABILITES

Changes in the Bank's liabilities during 2025 relate to a decrease in total liabilities of 18.11%, from RSD 33,121,070 thousand to RSD 27,128,108 thousand. The most significant changes in the structure of liabilities refer to a decrease in customer deposits of 18.07% (RSD 5,630,784 thousand), while deposits and other liabilities to banks, other financial institutions, and the central bank recorded a decline of 52.47% (RSD 278,941 thousand).

The amount of provisions decreased by 9.07% (RSD 39,206 thousand); the Bank remains exposed to various legal proceedings related to certain fees under loan agreements. For such cases, the Bank has created additional provisions currently amounting to RSD 393,317 thousand.

Within the structure of customer deposits, household deposits account for 56%, while 44% of deposits relate to corporate deposits. In both segments, deposits were predominantly placed in foreign currency, with maturities of up to one year.

During 2025, interest rates on newly time-deposited funds ranged from 0.01% (for short-term and long-term deposits in USD and GBP) to 4.25% (for short-term and long-term deposits in EUR).



## 5.2 Income statement for the year ended 31 December 2025

(in thousands of dinars)

	Note	2025	2024
Interest income	6	1,381,816	1,373,150
Interest expenses	6	(323,206)	(331,261)
<b>Net interest income</b>		<b>1,058,610</b>	<b>1,041,889</b>
Fee and commission income	7	3,281,035	3,268,919
Fee and commission expense	7	(408,436)	(434,752)
<b>Net fee and commission income</b>		<b>2,872,599</b>	<b>2,834,167</b>
Net foreign exchange gains/(loss) and currency clause effects	8	(86,165)	(106,367)
Net loss from impairment of financial assets that are not valued at fair value through profit and loss	9	63,427	(111,978)
Net gains from derecognition of the financial instruments recognized at amortised cost	10	9,019	-
Other operating income	11	12,183	23,902
<b>TOTAL NET OPERATING INCOME</b>		<b>3,929,673</b>	<b>3,681,613</b>
Salaries, compensations and other personal expenses	12	(1,060,917)	(991,895)
Depreciation expenses	13	(213,860)	(164,182)
Other income	14	33,654	34,423
Other expenses	15	(742,206)	(749,770)
<b>PROFIT BEFORE TAX</b>		<b>1,946,344</b>	<b>1,810,189</b>
Income tax	16	(235,242)	(160,435)
Gains from deferred taxes	16	-	10,197
Loss from deferred taxes	16	(4,160)	-
<b>PROFIT AFTER TAX</b>		<b>1,706,942</b>	<b>1,659,951</b>

*All amounts are expressed in 000 RSD unless otherwise indicated*

During 2025, net interest income recorded an increase of 1.6%, from RSD 1,041,889 thousand in 2024 to RSD 1,058,610 thousand. Interest income increased by 0.6%, from RSD 1,373,150 thousand to RSD 1,381,816 thousand, while interest expenses decreased by 2.4%, from RSD 331,261 thousand to RSD 323,206 thousand. Movements in these items were the result of changes in the structure of assets and liabilities, as well as adjustments of the Bank's interest rate policy to market conditions.

Net fee and commission income in 2025 amounted to RSD 2,872,599 thousand, representing an increase of 1.4% compared to 2024, when it amounted to RSD 2,834,167 thousand. Total fee and commission income increased from RSD 3,268,919 thousand to RSD 3,281,035 thousand, while related expenses decreased from RSD 434,752 thousand to RSD 408,436 thousand, which had a positive impact on the net result of this category.

Net expense from foreign exchange differences and the effects of the agreed currency clause in 2025 amounted to RSD 86,165 thousand, representing a reduction in the negative effect compared to 2024, when it amounted to RSD 106,367 thousand.

Net income from impairment of financial assets not measured at fair value through profit or loss in 2025 amounted to RSD 63,427 thousand, while in 2024 a net expense of RSD 111,978 thousand was recorded, representing a significant improvement in results in this category and reflecting more favorable developments in the loan portfolio.

Within other income, total revenues recorded a slight decline of 2.2%, decreasing from RSD 34,423 thousand in 2024 to RSD 33,654 thousand in 2025. The decrease was primarily driven by a lower amount of the "Other income" item (RSD 15,634 thousand compared to RSD 17,209 thousand in 2024), reduced income from awarded court cases (RSD 3,395 thousand versus RSD 4,699 thousand), as well as one-off income from the sale of investment property recognized in 2024. On the other hand, in 2025 an increase was recorded in income from the reversal of provisions for legal disputes, amounting to RSD 3,963 thousand (2024: RSD 2,228 thousand), as well as higher income from the sale of assets acquired through the collection of receivables (RSD 10,067 thousand compared to RSD 459 thousand).

Other expenses decreased by 1.0%, from RSD 749,770 thousand to RSD 742,206 thousand, with the largest portion still related to operating and administrative expenses.

Profit before tax reached RSD 1,946,344 thousand as of 31 December 2025, representing an increase of 7.5% compared to RSD 1,810,189 thousand in the previous year, while net profit after tax amounted to RSD 1,706,942 thousand, representing an increase of 2.8% compared to 2024.

### 5.3 Business events after the reporting period

As of the date of this report, there have been no significant events after the end of the reporting period that would require separate disclosure in the attached financial statements of the Bank for the year 2025.

## 6. BUSINESS WITH CLIENTS

### 6.1 Corporate Department

During 2025, the Corporate Banking sector was focused on strengthening its market position through achieving growth in key business segments. This objective was pursued through continuous support to clients and the provision of reliable banking solutions, alongside the application of modern and innovative approaches to improving business processes, operational efficiency, and the product offering.

Particular emphasis was placed on understanding and adapting to client needs within a complex economic environment. Through an individual approach and flexible solutions, the Bank supported clients in overcoming market challenges, with the aim of preserving the stability of their operations and creating a foundation for further growth and development.

Throughout the year, the sector intensified cooperation with existing clients while simultaneously expanding the client base by establishing relationships with new partners, particularly in sectors with strong growth potential. Special attention was devoted to working with large enterprises as well as small and medium-sized enterprises, with a consistent focus on building long-term partnerships based on trust and mutual understanding.

One of the key elements of the strategy in 2025 was the further enhancement of pricing policy, aligned with risk levels and market conditions, with the objective of achieving sustainable returns and long-term business stability. Client satisfaction remained the central indicator of success and the quality of cooperation.

During 2025, new functionalities were also introduced to facilitate clients' day-to-day operations and more efficient fulfillment of obligations toward the Bank, while further development of products and services continues in order to ensure that the Bank's offering remains competitive and fully aligned with the needs of corporate clients..

### 6.2 Retail and SME Department

During 2025, the Bank made a significant shift in the strategic and sales positioning of Adriatic Bank, which resulted in the following outcomes:

- Growth of the retail loan portfolio by 25.48%, significantly above the market average;
- Growth of the small and medium-sized enterprises (SME) loan portfolio by 28.58%, thereby establishing a growth trend in this segment that began in the previous year.

During 2025, the following improvements were implemented:

- Enhancement of the retail lending process;
- Revision of the retail loan offering, with market-attractive interest rates;
- Development of tailored products and services aligned with the needs of employees in the public-budget sector, corporate clients, and SMEs, enabling cross-selling and strengthening client loyalty;
- Implementation of targeted marketing campaigns in the retail segment;

The Bank continued to develop and implement activities initiated in the previous year, which include:

- Expansion and modernization of the branch network. The Bank operates a total of seven branches, and during 2025 two branches were refurbished with a new and modern design, demonstrating the Bank's commitment to efficient service delivery, as well as its determination to provide dedicated space within branches for advisory and sales teams, thereby elevating the level of client service to the highest standard.



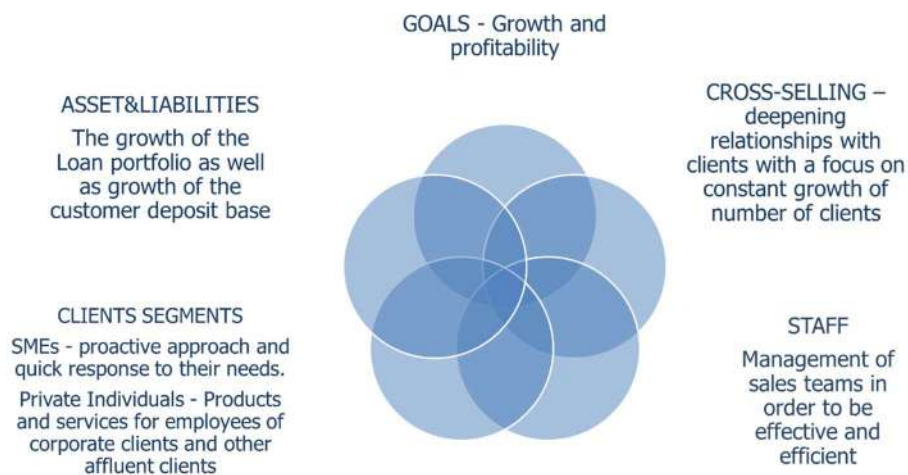
- Continuous implementation of training, professional development, and quality enhancement activities for employees within branches, as well as for sales staff within the small and medium-sized enterprises segment;
- Ensuring profitability and a high level of service quality for clients through regular branch meetings focused on performance, as well as visits to branches and key clients;

The strategic objective of this Sector is positioning primarily within the retail segment through further expansion of the base of satisfied clients, as well as within the small and medium-sized enterprises segment, with the aim of making the Bank the first choice for the highest-quality clients by offering a comprehensive set of products and services for successful business operations.

A flexible and proactive approach, combined with rapid response, represents the foundation on which the Bank builds and expands its client base. This objective is achieved through the application of active marketing strategies and continuous investment in improving the quality of services.

The organizational structure of the Sector includes a branch network, a sales team at the Bank's head office, and a Contact Center. This organizational structure is designed to support a dynamic business environment and to ensure the Bank's recognition in the field of innovation and service quality within the banking sector.

#### Objectives of Retail and SME Department:



### 6.3 International Clients Department

During 2025, the Sector for Non-Resident Clients operated in line with the Bank's strategic commitments, in full compliance with the applicable regulatory framework and internal procedures. The Sector's activities were focused on maintaining a high standard of service, further strengthening partnership relationships with existing clients, and continuously improving organizational and operational capacities.

Throughout 2025, the Sector continued to provide comprehensive, reliable, and tailored banking services to individual and corporate non-resident clients. A key role in this process was played by relationship managers, who served as the central point of communication and support, ensuring efficient coordination among all relevant organizational units of the Bank. Particular emphasis was placed on business security, operational efficiency, and the adaptation of services to the specific needs of international clients.

A significant step forward was achieved in the area of human resources development through continuous training and professional development of employees, with the aim of strengthening professional competencies and keeping pace with contemporary trends in international banking. In addition, during the year a new organizational unit – the KYC Analysis Unit – was established and commenced operations, further enhancing the system of customer due diligence, risk assessment, and compliance with regulatory and internal requirements of the Bank.

The establishment of the KYC Analysis Unit significantly contributed to improving the efficiency of business processes, accelerating operational activities, and raising the overall quality of service. At the same time, clearer and more efficient communication between related organizational units of the Bank was enabled, as well as more transparent communication with clients, thereby further strengthening the level of professionalism and coordination in day-to-day operations.

The Sector for Non-Resident Clients continues to operate with a clearly defined client-focused approach, building long-term relationships based on trust, discretion, and reliability. The results achieved during 2025 represent a solid foundation for the further development of the Sector and the strengthening of its role in the overall operations of Adriatic Bank JSC Belgrade.

## 7. FINANCIAL RISK MANAGEMENT

### 7.1 Risk Management System

The Bank continuously identifies, assesses, monitors, and controls risks in accordance with national and international banking and accounting regulations, ensuring an integrated, prudent, and consistent risk management system. Through its internal acts, the Bank's Board of Directors has established an adequate risk management system and an internal control system that includes various corporate bodies and management committees: the Board of Directors, the Executive Board, the Audit Committee, the Asset and Liability Management Committee (ALCO), and the Credit Committee.

The functioning of the system is governed by policies and procedures adopted individually for each materially significant type of risk.

In accordance with the adopted strategic goals of the Bank's operations and the bases for their realization, the Bank has defined the goals for the needs of continuous risk management (credit, market, interest rate, currency, operating), as follows:

- ✓ Achieving and maintaining the status of a stable and reputable financial institution, specialising in supporting the population, small and medium enterprises,
- ✓ Maintaining the trust of its clients and ensuring the security and profitability of their investments,
- ✓ Providing assistance to clients in their business, development, business projects,
- ✓ Achieving stable growth,
- ✓ Strengthening its market position,
- ✓ Maintaining the stability of the Bank's financing sources,
- ✓ Ensuring liquid, economical and successful operations, in order to prevent any kind of instability

In order to improve the level of capital and improve the portfolio, the Bank focuses on:

- ✓ Targeted lending to higher-quality clients.
- ✓ Strengthened monitoring of credit activities.
- ✓ Tracking the structure of assets to minimize the risk of new NPL formation.

The comprehensiveness and reliability of the risk management system, as well as the Bank's risk appetite, are based on:

- ✓ Active participation of the Bank's Executive Board and Managing Board in the risk management process (the Executive Board and the Managing Board regularly review reports on the Bank's exposure to risks, as well as measures to manage and mitigate these risks; the Audit Committee oversees the implementation and adequate enforcement of adopted risk management strategies and policies)
- ✓ Establishment and operation of the Bank's Credit Committee
- ✓ Establishment of the Bank's Assets and Liabilities Management Committee (ALCO)
- ✓ Adoption of the Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP)
- ✓ Adopted methodologies for risk identification and measurement
- ✓ Adopted measures to mitigate certain types of risks and rules for the application of these measures
- ✓ Established limit system
- ✓ Calculation and distribution of internal capital

The long-term goal of the Bank in risk management is to minimise the negative effects on the financial result and capital of the Bank due to exposure to all potential risks.

In accordance with its strategic and long-term commitment, the Bank has defined the following objectives regarding risk management:

- avoiding or minimising risks in order to maintain operations within acceptable risk levels, in accordance with the Bank's defined risk appetite;
- minimising risks within the acceptable level of the Bank's exposure in dinars with a currency clause and in foreign currency, both at the portfolio level and by type of exposure;
- minimising negative effects on the Bank's capital;
- maintaining the Bank's capital adequacy ratio at a level that covers all identified risks;
- increasing the share of exposure to companies with the aim of diversifying the portfolio of placements;
- increasing the source of financing in order to improve the structure and level of the deposit base;
- adequate placement management in order to timely identify potentially problematic placements;
- establishing an adequate system of prevention against misuse of the Bank for money laundering and terrorist financing, which would minimise the possibility of using the business relationship, transaction, service or products of the Bank for money laundering and terrorist financing, as well as raising employee awareness regarding this risk
- ensuring constant harmonisation of the Bank's operations with the law, regulations and internal acts, especially in the field of money laundering and terrorist financing, namely mutual harmonisation of the Bank's internal acts.
- ensuring the continuous development of IT support in order to adequately monitor and manage all risks.

The basic principles of risk management are defined by the Risk Management Policy. Based on the Risk Management Strategy and the Risk Management Policy, the Bank's Executive Board adopts and implements risk management procedures that describe individual risk management processes.

Risk management policies and procedures prescribe the manner in which the Bank's individual risk management processes are organized, the methods and methodologies for identifying, measuring or assessing, mitigating, and monitoring specific risks, as well as the principles governing the functioning of the internal control system.

## 7.2 Credit risk

The process of assessing and monitoring credit risk at the level of an individual client and a group of related parties is carried out in accordance with adopted policies and procedures that define the rules and criteria for approving new exposures, the activities to be undertaken, as well as the obligations and responsibilities of persons involved in the credit risk monitoring process.

The process of identifying, assessing, measuring, and managing credit risk is conducted on a continuous basis and covers the Bank's entire portfolio subject to credit risk.

During 2025, validation of the internal rating model was performed, and the development of a new rating model in line with the validation findings is currently underway.

### 7.3 Liquidity and Interest Rate Risk

The liquidity risk management system is based on measures and criteria prescribed by the National Bank of Serbia and focuses on short-term and structural liquidity.

Liquidity risk management activities during 2025 were focused on measuring, monitoring, and reporting liquidity inflow and outflow projections, liquidity reserves under various scenarios of regular operations and potential liquidity stress situations, as well as on monitoring and regularly reporting to the Bank's governing bodies and the ALCO Committee on the dynamics of regulatory liquidity indicators (liquidity ratio, narrow liquidity ratio, liquidity coverage ratio – LCR), as well as other liquidity indicators calculated in accordance with the Bank's internal methodology. During 2025, all liquidity indicators, both regulatory and those defined by internal acts related to liquidity risk management, were compliant and above the prescribed limits.

The Bank's interest rate risk management system is based on principles prescribed by the National Bank of Serbia, with a focus on the analysis, measurement, monitoring, and reporting of interest rate risk in the banking book. The Bank continuously monitors the indicator of changes in net interest income resulting from an interest rate shock of 200 basis points (delta NII). This indicator, as well as other measures of the Bank's exposure to interest rate risk (delta EVA), remained compliant and within the risk tolerance levels defined in the Risk Appetite Statement.

### 7.4 FX Risk

In accordance with the Decision of the National Bank of Serbia on bank capital adequacy, the Bank is required to maintain the foreign exchange risk indicator, defined as the ratio of the total net open foreign exchange position to capital, in such a manner that the total net open foreign exchange position, including the absolute value of the net open position in gold, at the end of each business day, does not exceed 20% of its capital. Throughout 2025, the Bank maintained the level of this indicator within the regulatory limit.

### 7.5 Operational risk

As a result of exposure to operational risks during 2025, the majority of recorded events in the loss database relate to lawsuits filed against the Bank concerning the collection of a one-time loan processing fee. During 2025, following the closure of one operational risk event in which the audit procedure was concluded in favor of the Bank, the level of potential losses was reduced by approximately EUR 1 million.

During 2025, the Bank also continued to assess operational risks that may arise from the introduction of new products and from activities outsourced to third parties, as well as to assess the risk management system and internal controls within the Bank's key processes.

## 8. BANKING SUPPORT

### 8.1 Human Resources

In 2025, the Human Resources Sector focused on providing strategic support to the achievement of the Bank's planned business activities, overcoming challenges, and attaining objectives through the enhancement of organizational culture and employee competencies, including the development of skills and knowledge, teamwork, communication, digital transformation, and innovation.

Human resources management is carried out through several key segments:

- **Workforce planning and management:** defining compensation and benefits in line with market conditions and developments in the banking sector, and supporting principles of mutual respect, fair business practices, transparency, and open communication. Automation and digitalization of processes are priorities for improving efficiency and optimizing costs, with a particular focus on employee selection and development.
- **Development of competencies and knowledge:** mapping individual expert skills and creating a work environment that motivates continuous learning and knowledge sharing, including participation in seminars, conferences, and training programs with professionals from the banking sector.
- **Optimization of the operating model:** simplification of structures and processes with a focus on reducing employee turnover, improving work organization, and enhancing communication efficiency. Efforts are aimed at achieving a flatter hierarchy, eliminating unnecessary procedures, and enabling faster decision-making, thereby equipping the Bank to respond effectively to new opportunities and challenges.
- **Fairness and inclusion:** promoting gender equality and a culture of equality and respect for diversity.

With the aim of supporting employees in achieving their business objectives and improving performance, the Human Resources Sector continuously enhances professional and social skills through participation in trainings, conferences, and seminars organized by regulators and recognized experts. During 2025, particular focus was placed on continuous internal training in the areas of information security, anti-money laundering, payment services, consumer protection, and personal data protection, as well as on promoting good business practices and ethical standards. In doing so, the Bank is particularly committed to preserving the personality and integrity of its clients, respecting their needs and rights.

Special emphasis was given to workshops titled "Developing Effective Internal Communication as a Basis for Business Success," organized by an external consultant. The workshops were designed to provide employees with practical tools and techniques for more efficient communication within teams, strengthening mutual trust and collaboration, as well as better understanding of each team member's roles and responsibilities. Through interactive sessions, discussions, and practical exercises, participants had the opportunity to improve their communication skills, reduce misunderstandings in daily work, and contribute to building a positive, transparent, and efficient organizational culture. The Bank also continued in 2025 to support employee well-being by providing private health insurance and reliable medical protection.

## 8.2 Strengthening the Adriatic Bank Brand

As part of its efforts to expand and enhance its business network, the Bank initiated and executed key brand-strengthening projects during 2025, including:

- The opening of a new branch in Zemun, which, with its representative design, provides clients with an enhanced customer experience;
- With the objective of promoting new products and services, as well as increasing brand visibility, the Bank successfully implemented a large-scale outdoor campaign that ensured brand visibility at more than 30 locations in Belgrade and more than ten locations across other cities, including megaboard campaigns at the busiest and largest marketing surfaces in Belgrade;

- The Bank successfully began cooperation with the media through the purchase of advertising space on relevant web portals as well as in print media, where an interview with the President of the Executive Board was published, along with PR articles, advertisements, and banner campaigns;
- The CSR activity “Aj ti za tri” enabled Bank employees to participate in and promote a healthy lifestyle and team spirit at a humanitarian basketball tournament organized by SOS Children’s Village, as well as at the boat carnival organized by the same foundation;
- The Bank continued sponsoring mass sports and music events, thereby increasing brand visibility;
- New printed marketing materials were distributed to all branches, providing accurate and timely information on the products offered by the Bank.

### 8.3 Research and Development

With the aim of enhancing the security of payment transactions, the Bank continuously worked throughout 2025 on improving its protection systems, with a particular focus on online payments. During 2026, the Bank plans to upgrade the 3D Secure service for VISA cardholders in order to align with SCA (Strong Customer Authentication) requirements, in accordance with the Law on Payment Services (ZPU), as well as to implement the 3D Secure service for DINA cardholders.

In addition, the Bank plans to introduce the Click to Pay service for VISA cardholders, designed to further simplify and improve the user experience in online card payments. Furthermore, the implementation of the VISA+ service is planned, enabling card-to-card fund transfers, i.e. real-time P2P (Person-to-Person) payments between VISA cardholders, regardless of their location.

### 8.4 Digitalisation

During the final quarter of 2025, the Bank implemented the Google Pay digital wallet for all VISA cardholders and initiated work on the introduction of the Apple Pay digital wallet, with completion planned for Q1 2026. As part of the 2026 development roadmap, the Bank plans to implement a fully digital card, which will be available for provisioning into digital wallets without the need for issuing a physical card, aiming to enhance customer experience and accelerate the delivery of active cards.

Additionally, in 2026 the Bank plans to introduce a fully online account opening process for retail clients, including video-based customer identification, further supporting digital onboarding and service accessibility.

### 8.5 Compliance

Compliance of the Bank’s operations with legal and regulatory requirements represents a fundamental obligation and an integral part of the Bank’s business strategy, embedded across all levels of the Bank’s operations. The objective is to achieve full compliance with the regulatory framework, thereby strengthening the stability and integrity of the Bank’s operations, which is ensured through the strong commitment of the Bank’s senior management, who jointly assume a key role in establishing and implementing effective procedures and systems. The risk of non-compliance, which could adversely affect the Bank’s financial results and capital, is present across various segments of the Bank’s operations, particularly in operational areas. It is identified as the risk of potential sanctions, financial losses, and reputational damage to the Bank resulting from non-compliance with regulatory requirements, professional standards, good business practices, and ethical norms.

In order to properly and continuously manage this complex risk, the Bank has established a systematic and comprehensive approach to its management, applying the highest level of professional diligence.

The compliance function is organized as a separate sector – the Bank Compliance Control Sector – and is aligned with the size and specific characteristics of the Bank’s operations.

During 2024, a process of amending numerous laws and by-laws that directly and substantially affect the Bank’s operations was initiated and continued throughout 2025 through amendments to systemic banking laws and by-laws, including amendments to the Law on Banks, the Law on the Protection of Financial Services Users, the Law on the Prevention of Money Laundering and Terrorist Financing, as well as numerous Decisions of the National Bank of Serbia. Accordingly, during the year the Compliance Function made additional efforts to analyze these changes in a timely and appropriate manner and to present them to management and other organizational units of the Bank, with the aim of ensuring timely compliance. In addition to presenting changes and requirements in the process of alignment with amended and new regulations, the Compliance Function also monitors the process and dynamics of compliance across the Bank’s organizational units and reports to the Bank’s management on a monthly/quarterly basis.

## 8.6 Environmental Protection

During 2025, the Bank continued to apply environmental protection principles through responsible resource management and the improvement of internal processes. Particular attention was devoted to the rational use of energy, as well as further digitalization of operations, thereby contributing to the reduction of paper consumption and the negative impact on the environment.

The application of digital solutions and the optimization of business processes represent part of the Bank’s ongoing commitment to sustainable operations and compliance with modern environmental standards. The Bank continues to support initiatives and projects aimed at preserving natural resources and applying environmental principles within its business activities..

Belgrade, February 2026

Signed on behalf of Adriatic Bank JSC Belgrade

  
 Tatjana Šipka  
 Head of Finance Department

  
 Marko Ćorić  
 Member of the Executive Board

  
  
 Đorđe Lukić  
 Chairman of the Executive Board