

# ABSE Annual Report 2024

There is no moving forward  
without looking back.

**Addiko Bank**



# HIGHLIGHTS

## 1 Key financial data

### EARNINGS:

NET PROFIT	1.08b RSD
NET OPERATING INCOME	7.3b RSD
NIM	5.1%
CIR	54.8%

### STRUCTURE:

TOTAL ASSETS	108.1b RSD
CUSTOMER LOANS	62.5b RSD
CUSTOMER DEPOSITS	73.7b RSD

### CAPITAL:

CET1 RATIO	31.87%
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## 2 Business development

- OPERATING RESULT recorded an 8% YoY increase, reaching 2.4 b RSD, while the net result after tax saw a significant 63% YoY growth, amounting to 1.1 b RSD.
- CONSUMER lending activities outperforming plans while SME below expectations owing to muted demand
- A robust 13% increase in NII, totalling 7.2 b RSD, contributed to an improvement in the NIM to 5.1%.

## 3 Key achievements

- Consumer portfolio shows growth of 11% YoY with an impressive 22% increase in revenues. Acquisition of 48 thousand new-to-bank customers through the expansion of network and alternative channels.
- Sustained REVENUE GROWTH coupled with enhanced STABILITY IN FUNDING sources.
- Advancement of MODERN DIGITAL CHANNELS by integrating credit card features into the mobile banking app.
- Enhanced CUSTOMER CONVENIENCE and efficiency through the implementation of an ATM cash-in solution across our branches.

## Key data

### Addiko Bank a.d. Beograd operating results

based on the financial statements prepared in accordance with the IFRS

	2024	2023
Income statement (in RSD '000)	01-Jan to 31-Dec	01-Jan to 31-Dec
Net operating income	7,249,363	6,491,396
Net interest income	5,515,638	4,873,861
Net fee and commission income	1,733,725	1,617,535
Other operating income	403,105	398,407
Operating expenses	(5,255,246)	(4,665,882)
<b>Operating result before credit risk provisions</b>	<b>2,397,222</b>	<b>2,223,921</b>
Credit risk provisioning costs	(1,320,563)	(1,563,835)
<b>Result for the period after tax</b>	<b>1,076,659</b>	<b>660,086</b>
Balance sheet (in RSD '000)	31.12.2024.	31.12.2023.
Loans and receivables due from clients	62,487,290	67,787,883
Deposits and financial liabilities due to clients	73,732,122	73,031,935
Equity	23,768,735	24,057,518
<b>Total assets</b>	<b>108,131,854</b>	<b>110,237,441</b>
Key performance ratios	2024.	2023.
Net interest income/total assets	5.10%	4.42%
Cost to income ratio (CIR)	54.75%	53.19%
Tier 1 capital ratio	31.87%	30.23%
Total capital adequacy ratio	31.87%	30.23%
Headcount as of the reporting date	613	581
Number of branches	34	34

This Annual Report is prepared in accordance with Article 29 of the Law on Accounting (Official Gazette of RS nos. 62/13, 30/2018, 73/2019 and 44/2021 - the other law), containing the following:

# Addiko Bank a.d. Beograd Annual Report 2024

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## Letter from the CEO

Dear Clients, Shareholders, and Employees,

We would like to extend our sincere gratitude for all the support we have received throughout 2024, a year that, by all accounts, has been challenging across many dimensions. Geopolitical and economic shocks, disruptions in supply chains, inflationary pressures, and the ongoing trend of social and political fragmentation worldwide have all contributed to a complex environment. Internally, we have questions regarding future ownership, and changes in the Bank's governance structure.

Against this backdrop, we are proud to have successfully managed extraordinary circumstances, made significant progress in executing our strategy, and delivered a set of strong financial results.

We believe the numbers speak for themselves. Our consumer lending grew by 11%, while net interest and fee income in the consumer segment increased by 22%. We welcomed 48 thousand new clients, a testament to the strength and resilience of our specialist banking model, our acquisition strategy, and our unwavering client focus. One of our key products, credit cards, saw significant growth driven by marketing campaigns and various initiatives, resulting in over 10 thousand new credit cards issued—an impressive 45% increase compared to the previous year. This reflects the trust our customers have placed in our instalment-based payment model.

Needless to say, this success would not have been possible without the hard work, dedication, and commitment of our colleagues. As always, they have been there for our clients across 34 branches and business centres in Belgrade. We extend our heartfelt appreciation to each and every one of them for their dedication, flexibility, and innovative approach, which have enabled us to overcome challenges, continuously improve our services, and achieve positive results. Our ability to adapt to change and respond swiftly to market needs remains a key driver of our success. Although many economic challenges persist, we have ensured that every decision we make is rooted in long-term goals and sustainability principles.

As a bank, we have a crucial role in promoting and supporting economic, social, and environmental progress. Our greatest contribution to our stakeholders lies in fulfilling our core banking functions, which is evident in the interest of strategic investors and the performance of our stock price on the Vienna Stock Exchange. We efficiently process payments, safeguard our clients' funds and data, provide credit, invest, and offer a range of financial services and benefits.

We believe that in 2024, we laid a solid foundation for a new phase of the Bank's growth and development, one that focuses on increasing our market share in specialized business segments and delivering even more streamlined and digital products. Our objective is to strengthen our position as the leading specialist bank in the Serbian market, guided by strategic priorities of delivering superior customer experience and offering simple, efficient, and functional products.

Our efforts are centred on providing seamless digital services, leveraging virtualized technologies and operations, ensuring security and protection, and unlocking the full potential of our employees. We recognize that achieving this goal is impossible without technology, which is why we will continue to invest in IT, data, and digitalization. While digitalization is a recurring theme across all industries, it is crucial to remember that banks must not merely participate in this transformation, they must lead it. To truly support the development of a digital economy, we must invest in digital infrastructure, including broadband networks, cloud services, and e-services. Moreover, banks must develop their own digital products and services, not only for internal efficiency but also to enable clients to conduct their business faster, more easily, and more securely.

We are acutely aware of concerns regarding data security and usage. Ensuring security in these areas is of paramount importance to us, and we have taken, and will continue to take, all necessary measures to fulfil our moral and social obligations, while also raising awareness of these critical issues.

Another key priority is the development of our employees. We are committed to providing learning and growth opportunities, equipping them with the skills and capabilities needed for the future, and fostering a work environment that encourages them to contribute to our vision.

Our approach is inclusive and collaborative - we work with others to maximize our impact. We firmly believe that no single division, let alone a single bank, can tackle global challenges alone. Therefore, we strive to strengthen our relationships with regulators, government institutions, banks, local communities, and numerous organizations that share our values and objectives. We also recognize the need to support vulnerable groups and do so as part of our corporate social responsibility strategy, often without publicizing these efforts.

These are not just words - they are the fundamental components of the better environment we aspire to build.

To summarize, we anticipate that 2025 will bring a new Addiko Bank, refreshed, modernized, focused, and strong. A bank that will be seen as a remarkable presence in the market. From today's standpoint, this may seem ambitious but looking at our employees and their dedication to everything we do, I have no doubt that we will succeed.

We are confident that we have the necessary capabilities and tools to navigate all challenges ahead and continue delivering value to our clients, while ensuring a healthy return on capital for our shareholders, supported by our strong and growing client base and solid core performance. We are fully aware of our responsibilities and commitments to all stakeholders, and we will do everything within our power to meet these expectations.

In advance, we thank you for your support in helping us transform our ambitious goals into measurable achievements - ones we will proudly celebrate together next year.

Sincerely,



Srđan Kondić,  
President of the Executive Board of Addiko Bank a.d. Beograd

## 1. Overview of Addiko Bank

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

Based on the Group's strategy, Addiko Bank a.d. Beograd (hereinafter Addiko Bank) has repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"). Addiko Bank's Mortgage business, Public and Large Corporate lending portfolios (its "non-focus areas") are subject of an accelerated run-down process, thereby providing liquidity and capital for the growth in its Consumer and SME lending.

In 2024, our consumer strategy focused on sustainable growth in Cash and consumer lending, expanding our customer base, and enhancing the overall customer experience. Digital and partnership channels as a main pillar of the strategy played a key role in accelerating disbursed loan volumes and customer acquisition, ensuring broad market coverage and an efficient, seamless process. These achievements were driven by the strong performance of core channel, branch network, which played a pivotal role in ensuring stability and deepening customer engagement. We successfully achieved cash and consumer loan disbursements exceeding 144 million EUR, reflecting a significant 48% increase compared to the previous year. The number of new customers demonstrated the success of our acquisition strategy with 48 thousand new to bank customers, reflecting 6% YoY growth, primarily driven through partnership channel. Credit cards as one of the key products, through marketing campaigns and various activities resulted in above 10k newly sold credit cards, which was an increase of 45% YoY, reflecting customers' trust in instalment-based payments.

As we navigate an increasing digital banking environment, our branches continue to serve during the year as a vital pillar in delivering value to our customers. While digital solutions provide accessibility and efficiency, the importance of our physical presence cannot be overstated. Branches remain crucial for offering personalized service, human touch, and solutions based on individual needs. This unique combination of in-branch expertise and digital convenience ensures that we meet our customers where they are, enhancing their overall banking experience and fostering long-term relationships.

By ensuring a seamless customer experience across both in-branch and digital touchpoints, we strengthened our market position. The growth in both traditional and digital loans highlight our ability to balance accessibility and innovation, providing customers with convenient solutions to meet their needs.

During 2024 SME strategy was aimed on new disbursement growth in focus segments (Standard, Small and Medium), unsecured as well as simple collateralized loans and streamlined processes to attract customers looking for efficiency. The goal was to attract new clients, while retaining existing ones through process optimization and continuous improvements of digital products to enrich the client's experience.

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

Serbia's macroeconomic indicators for 2024 point to stable economic growth and the preservation of financial stability. According to preliminary data, the gross domestic product (GDP) grew by 3.9% in real terms compared YoY. The other economic data continued to point to relatively stronger recovery than in rest of Europe, with industrial production growing 3.0%, strong construction and retail trade growth (8.6% and 5.9% YoY, respectively). Slightly on negative side, inflation pressures remained slightly elevated (4.3%) and near upper end of NBS targeted range of 3% ± 1.5%. Overall, these results indicate the resilience of the Serbian economy despite global challenges, with continued positive trends in key sectors of the economy - but with slightly higher than desired inflation.



## 2. Key Highlights

Addiko Bank achieved a net profit of 1.1 billion dinars, reflecting a significant 63% increase compared to the previous year. This growth was primarily driven by a strong 13% rise in net interest income and a significant 16% reduction in risk costs due to better performance of Retail portfolio.

The positive performance was mainly attributed to the Consumer segment which exhibits 11% YoY growth, with an impressive 22% rise in revenues. The bank continued to emphasize product diversification, expansion of POS business through partnerships with retailers with acquisition of 48 thousands new-to-bank customers and the development of digital channels.

The increase in focus segment growth, coupled with favorable market conditions, contributed to higher interest income as the main driver of operating results. Additionally, a stable funding base, which grew by 0.7 b RSD, supported strong profitability, leading to a 68bps rise in the net interest margin to 5.1%.

Operating costs increased year-over-year, partly due to higher staff expenses, driven by workforce expansion, salary adjustments to attract and retain key talent, and inflationary effects. Further cost pressures came from increased IT, CREM, and marketing expenses, influenced by inflation and support for new business initiatives. As a result, operating costs grew by 12.6% year-over-year, outpacing total income growth by 9.4%, leading to an increase in the Cost-to-Income ratio to 54.8%,

## 3. Acceleration Program

Addiko established a group-wide ‘Acceleration Program’ in 2023. The goal of this program is to accelerate the Group’s capabilities to create incremental value for its customers and to assure a faster achievement of the Group’s mid-term targets. The program is based on three main pillars: Business Growth in Focus Areas, Operational Excellence & Digital innovation, and Best-in-Class Risk Management.

### 3.1. First pillar: Business Growth in Focus Areas

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

Acceleration Program was focused on innovation and improving the customer experience, with key initiatives that reinforced our commitment to making banking more accessible, efficient, and customer friendly.

A significant milestone was the integration of the credit card feature into our mobile banking app. This innovation enables existing customers to easily apply for a credit card, with the approval process and card delivery to their homes all completed seamlessly through the app. This enhancement has significantly improved the customer experience and added further value to our mobile banking services.

We also introduced **Etocha**, a new Master card feature within the mobile app that helps users understand where their money is being spent by categorizing transactions and displaying spending patterns. This gives customers greater control over their finances and empowers them to make smarter financial decisions.

Additionally, we launched **ATM cash-in for local currency**, providing customers, private individuals and legal entities, with the ability to deposit cash directly into their accounts at our ATMs. This feature eliminates the need for trips to the branch, offering greater convenience and efficiency. With this, we’ve made it easier for customers to manage their cash, further enhancing their overall banking experience.

These innovations reflect our ongoing dedication to meeting the evolving needs of our customers and strengthening our digital transformation. By combining convenience, user-centric features, and seamless service offerings, we are building deeper relationships with our customers and positioning ourselves for continued growth.



Extended partnership network of more than 60 partners and its presence in over 550 locations enabled Addiko to tap into a new customer segment that values financing at the point-of-sale.

In Corporate segment, Addiko Bank continued to enhance its services for Micro (Standard), Small and Medium-sized enterprises, with strong focus on digitalization and streamlining business processes. Lending activity was focused on Appian DLS unsecured (Digital Lending Solution) as well as simple collateralized loans, finding the best financial solutions for the client to support their business growth. Our key objectives for the year were on retaining existing clients through proactive retention strategies, as well as attracting new ones, on enhancing user experience and improving digital channels to make transactions faster and easier for users.

Bank implements several key activities:

- Improvement of WebLoan for legal entities
- Bundle product group (Credit Card and Automatic Overdraft)
- ESG Downgrade (DLS)
- mBank
- e-signature (for revolving and overdraft renewals)
- Smart targeting using a predictive model (propensity)

Our ultimate goal in this segment is growth in new business, strengthening of digital business with introduction of e2e loan process, expand market share and client base through introduction of new products, improvement of non-branch channels (web loan, telemarketing, partners/DSA).

Marketing capabilities are an essential part of the Business Growth pillar and will continue to be enhanced and optimised. In the first half of 2024, Addiko ran various campaigns across the CSEE region, leveraging both online and offline media channels. Key promotional activities included:

- Marketing campaigns in Serbia, Slovenia, and Croatia highlighting the online convenience of Addiko loans and showcasing the ease and accessibility of Addiko's digital services.
- In Montenegro, Serbia, and Croatia, deposit campaigns were introduced to showcase competitive interest rates and strengthen the Group's market presence.
- Addiko continued to communicate its unique offerings, launching new iterations of the ID-only small ticket loans in Bosnia & Herzegovina, and promoting the record-short feedback promise loan campaigns for consumers in BiH and SME clients in Serbia.

Furthermore, following customer segmentation research results for Croatia, Slovenia, and Serbia, Addiko is currently undertaking a marketing initiative to tailor its offerings and messaging to specific target segments. The segmentation research is ongoing for the remaining countries in the region, aiming to fully grasp customer perspectives and expectations concerning digital lending, and to shape the strategic planning of upcoming marketing initiatives. In Serbia six marketing campaigns were launched in 2024 - four for cash loan, and one for credit cards and SME.

Addiko also launched two major sponsorship projects to elevate the brand's visibility and association with excellence. These include a partnership with the esteemed Serbian basketball team, Partizan, and the sponsorship of The Goran Dragić Basketball Foundation and his farewell match in Slovenia "Night of the Dragon" which is anticipated to be one of the country's most prominent sporting events in 2024.

In Serbia, Addiko's brand visibility was further enhanced by the continuation of the phishing campaign, which started in 2023. The campaign "Don't get hooked" which focused on educating the public about the dangers of phishing on the Internet received two awards. The first was Top50 for raising the digital safety and is annually awarded by PC press. The second, called The!Award, came from the Croatian Public Relations Association, and was awarded for the digital communication in the campaign.

### 3.2. Second pillar: Operational Excellence & Digital

As part of the second pillar of the Acceleration Program, designed to address Operational Excellence & Digital, Addiko further optimised the E2E core processes during 2024 and continues in 2025, aiming to deliver a Best-in-Class customer experience across focus areas and products, irrespective of which distribution channel the customer uses. By introducing new digital solutions and automating back-office tasks, Addiko is making on-boarding and lending faster and easier, showing its commitment and ability to use technology and make banking more accessible, efficient and customer focused.

In line with the defined business strategy, Information technology focus was on further development of digital initiatives, expansion of the digital services towards clients supporting by enhancements and development of IT infrastructure.

Development and improvements in Retail segment were primarily focused on loan and card processes and solutions. Within the loan business domain, car loan solution was developed and Webloan E2E solution was functionally improved as major achievements. Within the digital card business domain, mCard solution was implemented as a major achievement, but also Etocha for transaction details, PIN delivery in mBanking application and Dina contactless card.

Changes in SME segment were focused on improvements of standard loan process and WebLoan solution for simple loan products, but also implementation of solution for manual digital signature process for clients for revolving and overdraft products. Following the digital agenda, ATM features were extended with cash-in functionalities for domestic RSD and foreign EUR currency. Cash-in functionality is offered to PI and LE, where debit and credit cards are used for identification purposes.

IT infrastructure was developed and enhanced enabling further development of digital processes and solutions. Within IT operations, regular active monitoring of critical assets and services was established by implementation of monitoring tools. Security, as one of the most important information technology segments, was enhanced by implementation of antivirus/antimalware EDR solution, following many process improvements.

As a bank committed to a Digital First strategy, 2024 was a year of bold strides in transforming our digital channels. Our relentless focus was on elevating the WebLoan experience, ensuring a seamless, intuitive, and highly accessible journey for our users. With a customer-first mindset, we have worked on the solution to expand the pool of users eligible for fully online loan contracting—most notably, employees on fixed-term contracts—while streamlining the path for existing clients by eliminating redundant steps such as video identification and income verification through the implementation of mBank authentication.

Beyond surface appearances, a series of backend optimizations have been essential in removing friction from our digital interactions, making them effortless and seamless. Video identification, a key component of our remote contracting process, will be greatly improved with the integration of a new platform, designed to provide a faster, smoother, and more user-friendly experience. This enhancement not only reduces operational strain on our employees but also respects our customers' time, reinforcing our commitment to efficiency and convenience.

Our mobile app evolution has been another defining chapter. We took decisive steps toward making it a universal digital hub, that will enable access for all users—regardless of whether they hold a current account. But we will not stop there. Our vision extends beyond traditional banking; we are actively shaping the mobile app into a powerful marketplace, a cross- and up-sell platform that will redefine digital engagement and make it an indispensable tool for every user.

Year 2024 also marked a pivotal moment in our journey toward digital signatures, expanding beyond document signing to enable seamless user identification. This innovation unlocks multiple benefits: greater accessibility in regions where our physical footprint is limited, a paperless future, and a cutting-edge authentication system based on qualified digital certificates. At the heart of this transformation is the creation of a centralized digital hub—our upcoming web portal—which will integrate with all existing processes and fully come to life in 2025, delivering a truly modern banking experience.

Our approach to customer communication underwent a complete transformation, shifting from a product-centric to a customer-centric narrative. Instead of merely presenting products, we now focus on helping users achieve their goals with our solutions, delivering relevant and engaging content tailored to their specific needs. Underutilized channels, such as app stores, were leveraged to communicate every new feature clearly, direct, and engaging for our customers.

And the numbers speak for themselves—our commitment to innovation and customer-centric digital excellence has driven remarkable results, with a 36.24% share of digital loan placements in total disbursement.

The journey doesn't stop here. In 2025, a full mobile app redesign will further elevate the user experience, simplifying login processes and enhancing product contracting through our integrated marketplace approach. With every step forward, we are reshaping the digital banking landscape, ensuring that our customers enjoy the most efficient, intuitive, and rewarding experience possible.

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

### 3.3. Third pillar: Best-in-Class Risk Management

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

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

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

The Information Security function at Addiko permanently improved the KPI/KRI indicators. Security principles were incorporated into all current projects and initiatives of the Bank. Addiko additionally raises the awareness of all employees that information security goals are incorporated within all business processes, to ensure that all the Bank's business and products are safe.

Within the Product Department in the PIP process, a new Information Security Assessment of the ICT infrastructure on which the product is executed is being introduced, with the aim of continuous implementation of Risk Management of the ICT infrastructure in question, for the purpose of technologically securing the product, permanent monitoring of ICT infrastructure and continuous implementation of mandatory security measures.

Addiko mitigated all the measures from the Risk Treatment Plan identified in the Risk Assessment of the Bank's information and ICT infrastructure, which further increase the visibility of all the security circumstances of the Bank's ICT assets.

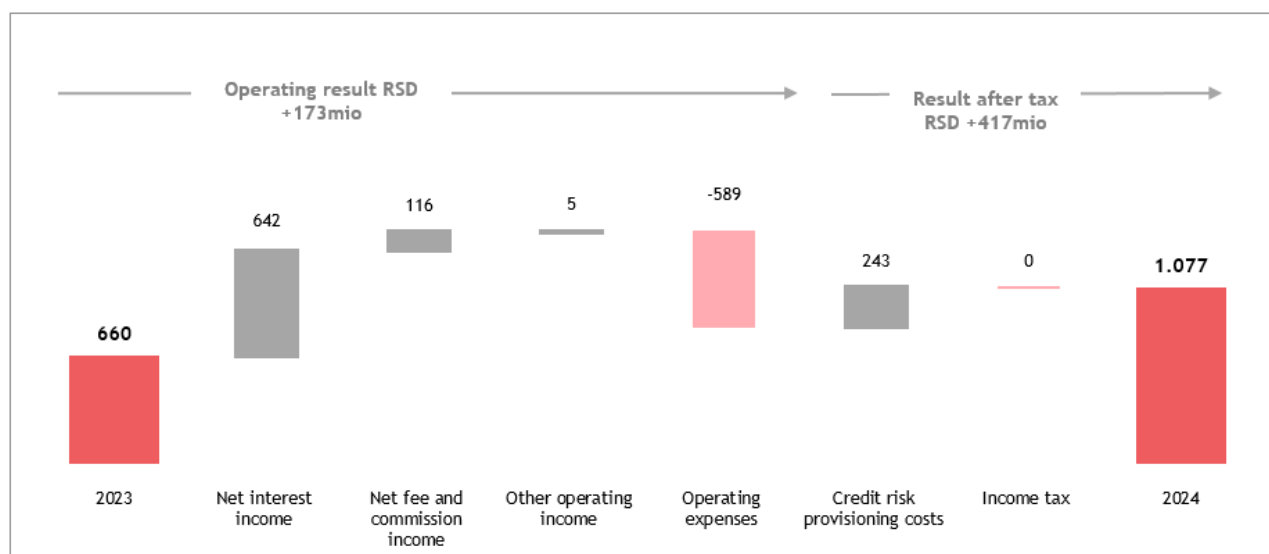
Employee training has been improved when it comes to social engineering threats and phishing attacks, as the Bank tests employees every month through the acquired Phishing platform/campaigns but also conducts Incident Response training through training of ISIRT members, as well as adequate management of Business Continuity and Crisis Management.

## 4. Financial Statements

### 4.1. Income Statement Analysis

	000 RSD		
	2024	2023	Change
Interest income	7,272,964	6,617,249	9.91%
Interest expenses	(1,757,326)	(1,743,388)	0.80%
<b>Net interest income</b>	<b>5,515,638</b>	<b>4,873,861</b>	<b>13.17%</b>
Commission income	2,034,649	1,869,435	8.84%
Commission expenses	(300,924)	(251,900)	19.46%
<b>Net commission income</b>	<b>1,733,725</b>	<b>1,617,535</b>	<b>7.18%</b>
Net gains/(losses) on changes in the fair value of financial instruments	(21,073)	56,664	-137.19%
Net losses on derecognition of financial instruments measured at fair value	(5)	(15)	-66.67%
Net exchange gains / losses and negative currency clause effects	51,678	(61,573)	-183.93%
Net losses on impairment of financial assets not measured at fair value through profit or loss	(1,320,563)	(1,563,835)	-15.56%
Other operating income	291,621	285,956	1.98%
<b>TOTAL NET OPERATING INCOME</b>	<b>6,273,330</b>	<b>5,230,914</b>	<b>19.93%</b>
Salary expenses, salary compensations and other personal expenses	(1,651,289)	(1,486,454)	11.09%
Amortisation/depreciation charge	(429,227)	(457,388)	-6.16%
Other income	58,575	95,054	-38.38%
Other expenses	(3,174,730)	(2,722,040)	16.63%
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>1,076,659</b>	<b>660,086</b>	<b>63.11%</b>
<b>PROFIT / (LOSS) AFTER TAX</b>	<b>1,076,659</b>	<b>660,086</b>	<b>63.11%</b>

## Result after tax - development YoY (in m RSD)



Addiko Bank achieved a **net profit** of 1.1 b RSD, reflecting an annual increase of 417 m RSD or 63%.

**Net interest income** reached 5.5 b RSD, marking a 13.2% increase (0.64 b RSD) compared to year-end 2023.

**Interest income** totalled 7.3 b RSD, growing by 0.66 b RSD year-over-year, primarily driven by strong performance in the Consumer segment and investments in higher-yielding securities. Meanwhile, **interest expenses** increased by less than 1%, influenced by the growth of the client deposit portfolio, a shift in currency composition (more deposits in local currency), and a slight rise in average interest rates by 3bps. Overall, the **net interest margin** for 2024 stood at 5.10%, up 68bps from the previous year, mainly due to an increase in the average yield on interest-bearing loans and securities.

**Net fee and commission** income grew by 116 m RSD (7.2%) in 2024 compared to the previous year, driven primarily by improved sales performance, particularly in bancassurance and account & package offerings.

**Operating expenses** saw a year-over-year increase, partly due to higher staff costs, along with increased IT, CREM, and marketing expenses, as well as higher legal. The growth of operating costs (12.6%) outpaced total income growth (9.4%), resulting in an increase in the Cost-to-Income ratio to 54.8%.

**The operating result** before impairment changes amounted to 2.4 b RSD, an increase of 173 m RSD compared to 2023, primarily driven by the rise in interest and fee income, which helped offset higher operating expenses.

**Expected credit loss (ECL)** expenses on financial assets equalled 1.3 b RSD, down from 1.6 b RSD in 2023. This decrease was largely due to better performance of Retail portfolio.

Additionally, Addiko Bank's results were impacted by several one-off factors, including:

- The National Bank of Serbia's decision to impose an interest rate cap on specific housing loans, resulting in the recognition of modification losses in accordance with IFRS 9.
- Adjustments to risk models following a review of several Probability of Default (PD) and Loss Given Default (LGD) models, along with updates to macroeconomic data used for PD calculation.

Overall, the **result after tax** increased by 63% YoY to 1.1 b RSD

## 4.2. Balance Sheet Analysis

	000 RSD		
	31.12.2024	31.12.2023	Change
Cash and balances held with the Central Bank	18,050,517	16,267,366	11%
Receivables from derivatives	1,624	25,264	-94%
Securities	18,718,261	15,831,990	18%
Loans and receivables due from banks and other financial institutions	6,630,227	8,172,727	-19%
Loans and receivables due from customers	62,487,290	67,787,883	-8%
Intangible assets	601,584	588,163	2%
Property, plant and equipment	854,467	791,107	8%
Deferred tax assets	83,452	112,362	-26%
Tax assets	9,743	6,304	55%
Other assets	694,689	654,275	7%
<b>TOTAL ASSETS</b>	<b>108,131,854</b>	<b>110,237,441</b>	<b>-2%</b>

Total Assets are mainly structured from **customer loans and receivables** which contribute 58% of total assets. Addiko Bank has continued to follow its strategy to further pursue the accelerated change in the business composition from lower margin Large Corporate, Mortgage and Public Finance lending towards higher value-adding lending business in the focus segments Consumer and SME. This resulted in a further increase in the share of these two segments, corresponding to a focus book share of 91% (YE23: 89%). Main annual growth was achieved in the Consumer segment by 2.9 b RSD. At the same time SME portfolio decreased because of higher irregular repayments. Aligned with the bank's strategy, **the non-focus portfolio declined** in the year 2024 by 1.6 b RSD, with the largest declines in housing loans and Large segment.

The residual assets mostly consisted of **cash reserves and debt securities**. Balances with the National Bank of Serbia are higher at YE 2024 due to liquidity surplus in RSD, because of collection more RSD deposits from clients. Additional investment in debt securities with higher interest rates was realised in 2024.

Total Other assets recorded an increase of 40 m RSD due to investment in fixed assets and decrease in deferred tax assets.

Compared to year-end 2023, the **total assets** of Addiko Bank remained relatively stable at 108 b RSD, down 2.1 b RSD or 2%.



	000 RSD		
	31.12.2024	31.12.2023	Change
Liabilities under derivatives	6,228	1,136	448%
Deposits and other financial liabilities due to banks, other financial institutions and the Central Bank	7,819,192	10,786,854	-28%
Deposits and other financial liabilities due to customers	73,732,122	73,031,935	1%
Provisions	1,011,051	692,450	46%
Other liabilities	1,794,526	1,667,548	8%
Share capital	20,545,294	20,545,294	0%
Profit	1,076,659	1,529,612	-30%
Reserves	2,146,782	1,982,612	8%
<b>TOTAL LIABILITIES</b>	<b>108,131,854</b>	<b>110,237,441</b>	<b>-2%</b>

One of the main tasks of Addiko Bank was to develop a stable clients' deposit base. The growth of the customers deposit portfolio stems from growth in the focus segment, total increase is 0.7 b RSD in 2024 mostly due to increase of RSD deposits in Retail and Corporate segment. On other hand, financing from IFIs is lower for 3 b RSD, which led to 3% YoY decrease of total funding from deposit and other financial liabilities due to banks and other financial institutions.

**Provisions** increased for 319 m RSD at YE24, mainly due to increase of provisions for credit commitments and guarantees and additional provisioning for court cases.

Profit of previous years formed as of December 2023 in the amount of 1.5 b RSD is paid to the Bank's shareholders as dividends in May 2024.

## 5. Outlook

Supported by a higher level of digitalisation and greater brand recognition of Addiko's 3D animated character Oskar, the Addiko Bank will continue to accelerate its specialist strategy on the market, focusing on sustainable business growth in the focus segments Consumer and SME.

A positive macroeconomic outlook for the country for 2025 is expected to support the projected positive development of the Bank. All the GDP growth projections for Serbia targeted to 3.0-4.5 growth.

After two years of high inflation it is expected to come down faster in 2024, forecasted to be in Serbia at 4.5%. The forecast inflation would not return to levels seen prior to this inflationary cycle for several years.

National Bank of Serbia (NBS) has made several changes to its benchmark interest rate in 2024, adjusting its monetary policy to the current economic conditions. At the beginning of the year, the reference interest rate was 6.50%. In June, it decreased to 6.25%, then in July to 6.00%, and in September to 5.75%, where it remained until the end of the year. These cuts totalled 75 basis points and were aimed at supporting economic growth and controlling inflation, which during the year remained within the NBS's targeted range of 3% ± 1.5%. Having in mind expected trajectory of inflation, NBS is expected to lower its reference rate, in 2025, applying some caution in the process, as inflation proved to be more stubborn than expected.

Besides an escalation of Russia's war in Ukraine or a major geopolitical crisis, economic risks could materialise. Four major factors play a decisive role for the local economies: employment, inflation, the pace and extent of monetary policy tightening to fight inflation and economic growth – all of which can have a major impact on domestic demand for loans or the ability of customers to repay outstanding amounts. In a scenario of galloping inflation set off by a wage-price-spiral, central bank would be forced to further increase the reference rate, which might not only lead to financial market volatility but could also cause a severe recession.

The Bank is conducting preparation for the bank regulation announced update (Law on Banks update, Law on the Protection of Financial Service Consumers update, etc.), so that implementation would be adequate and potential risks mitigate.

## 6. Corporate Governance

### 6.1. Addiko Bank a.d. Beograd Board of Directors and Executive Board

The Board of Directors is as of 31<sup>st</sup> December 2024 comprised of five members: Mr. Ganeshkumar Krishnamoorthi at the position of the Chairman, Ms. Sanela Pašić at the position of Deputy Chairman, Mr. Slađan Stanić (appointed 27th September 2024, replacing Ms. Jozefina Trnavska), Ms. Marija Desivojević-Cvetković and Mr. Velimir Lukić being Members of the Board of Directors.

The Audit Committee consists of three members: Mr. Ganeshkumar Krishnamoorthi at the position of the Chairman, Mr. Sladjan Stanić at the position of Deputy Chairman (appointed 30th July 2024 to the position of Member and 10th September 2024 to the position of Deputy Chairman), and Mr. Velimir Lukić being Member of the Audit Committee. Ms. Jozefina Trnavska has been released from the position of the Audit Committee Member on 20th February 2024 and Ms. Sanela Pašić has been released from the position of the Member and Deputy Chairman of the Audit Committee on 10th September 2024.

The Executive Board is comprised of three members, Chairman position being held by Mr. Srdjan Kondić (CEO & CMO), from 1st October 2024, replacing Mr. Vojislav Lazarević, Deputy Chairman position by Mr. Vladimir Stanisavljević (CFO &CRO) and Mr. Miloš Nedeljković being Member of the Executive Board (COO).

## 7. Internal Control System for accounting procedures

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

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

The internal control system consists of a set of rules, procedures and organisational structures which aim to:

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

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

The internal control system of the Addiko Group is built on a process-oriented approach. Addiko Group deploys control activities through process documentation, which incorporates the tracking and documentation of each process, including the information about process flow according to the internally set up guidelines for process management.

The overall effectiveness of the internal controls is monitored on an ongoing basis. The monitoring of key risks is part of the daily activities of the Group as well as periodic evaluations by the business lines, internal control functions, risk management, compliance and internal audit.

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

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

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

## **8. Non-Financial Report**

The main topics covered in this section include taking care of environmental matters and Group-Wide Compliance (including the Code of Business Conduct and Ethics, Anti-Corruption, Anti-Bribery, Customer Privacy, and Information Security), while Addiko Bank's approach to human resources is covered in more detail in section 9.

### **8.1. Addiko's ESG framework**

Addiko Bank continued to endorse the growing importance and relevance of environmental, social and governance ("ESG") issues, specifically that of climate change to its business and operating environment.

Therefore, Addiko Bank, adopted C/E Governance Policy, and according to the Policy an ESG Advisory Body, with representatives from risk, market, governance, and compliance streams has a key role for adequate ESG management, with the aim to steer, develop and implement ESG related topics from strategic perspective to reporting requirements as well as to steer the process of sustainable development within Addiko Bank, having in mind that the improvement of business sustainability is one of the key responsibilities of the company towards the community and economy it operates in. Together with our Addiko Group this ESG Advisory Body focuses their activities on further developing Addiko Bank's ESG strategy and further raising awareness all over the bank.

Addiko Bank's ESG framework consists of 3 strategic pillars:

#### **a) ESG Strategy**

As a major milestone within its path to sustainability, Addiko Bank has formulated an ESG strategy, which was approved by the Addiko Board of Directors in June 2023.

This ESG strategy is closely interconnected with both Addiko Bank and Addiko Group's business and risk strategy, striving to provide an organized approach to ESG and sustainability. The ESG strategy provides support to incorporate ESG considerations into governance, loan origination, risk management, financing decisions and reporting. Furthermore, it also determines which C&E risks may impact on the business strategy and how to reflect these risks in strategy implementation.

The Bank has already identified industries that are currently affected and may be affected in the future by climate-related and environmental risks. At the end of 2024, the Bank portfolio does not show any concentration in these industries, while measures are being introduced to monitor and limit such exposures.

Addiko Bank's vision is carbon footprint reduction, committed to the good and making ESG work through good governance. Given vision is being achieved subsequently through the mission to help its employees and clients to become more climate neutral, to support social equality on all levels and through the sound principles of governance in Addiko Bank's DNA.

Addiko Bank presented a comprehensive ESG strategy which serves as a governance roadmap for managing ESG agenda. Within the ESG strategy, Addiko Bank also defines specific sustainable development goals and gives its commitment to fulfil these goals by executing 15 initiatives that foster ESG awareness and achievements within Addiko Bank.

#### **b) ESG Governance**

In addition, a strong corporate governance framework was established to ensure that strategic objectives are holistically promoted through the institution. ESG governance model promotes recognition of the growing challenges associated with climate change. It performs a comprehensive climate-related and environmental risks assessment on its business model.

Therefore, according to the adopted C/E Governance Policy, a dedicated ESG Advisory Body has a key role in adequate ESG management, with the aim to integrate ESG in business lines and core processes of Addiko Bank and regularly monitor the Bank's efforts in the management of ESG risks. The ESG Advisory Body is chaired by the Director of Non-Financial Risk Management, who has the ultimate responsibility over the ESG agenda and ensures a structured discussion and regular reporting on Executive Board and Board of Directors level.

#### **c) ESG Risk Management and Compliance**

Another important element of the ESG framework is the integration of ESG into its risk management and compliance framework. From a risk management perspective, Addiko Bank continues to identify ESG risk factors (primarily climate-related and environmental risks), assessing their materiality and incorporating them into existing risk types rather than into a single, standalone ESG risk type.

From a compliance perspective, the dynamic developments of regulatory requirements on ESG disclosure standards are duly tracked and incorporated to ensure that all mandatory disclosure requirements regarding ESG are complied with.

Currently, Addiko Group discloses non-financial information according to the Non-Financial Reporting Directive and complies with disclosure requirements for the Green Asset Ratio as stipulated by the EU Taxonomy Regulation.

## **8.2. Environmental Matters**

Addiko Bank acknowledges the urgency of dealing with climate change and its associated risks. The Bank has undertaken a comprehensive evaluation of potential climate and environmental risks in adherence to the European Banking Authority (EBA) guidelines. This assessment aims to identify any potential risks inherent in Addiko Bank's business model and determine their impact. Engaging in this assessment proactively can effectively mitigate climate-related risks and identify opportunities for sustainable growth in line with market demands.

Additionally, Addiko Bank is devoted to minimizing its carbon footprint by monitoring its energy usage and emissions of greenhouse gases closely. In line with these efforts, the Bank is actively pursuing environmental initiatives, including transitioning to renewable energy sources, transitioning to an electric car fleet, and implementing loan restrictions on industries with substantial contributions to climate change.

Responsible resource management has been the focus of environmental protection and sustainability activities for the past year. There were no instances of non-compliance with environmental regulations in 2024.

### **a) Addiko Bank's current activities in connection with environmental issues**

#### **Energy Saving**

Addiko Bank's primary aim is to find opportunities for energy savings applicable to both equipment and operations at new and existing branches. Investments in branch renovation are governed by the principles of energy efficiency, encompassing the implementation of technical solutions and materials such as LED lighting, modern HVAC systems, heat pumps, and new windows. Efforts to reduce heating and cooling consumption include the installation of advanced heating boilers, electronic thermostats, and other efficient heating, cooling, and ventilation devices.

The total electrical energy consumption was approximately 1.4 GWh in 2024, a decrease of 13.5% compared to 2023. The deployment of devices using innovative technology solutions that enhance functionality and energy efficiency aims to reduce electricity consumption, improve operational reliability, extend operational lifespan, and enhance environmental acceptability as part of a long-term sustainability plan.

A key focus to mitigate environmental impact includes further improving energy efficiency and increasing the use of renewable electricity. The largest supplier in the Serbian market supplies electricity from mixed sources, with approximately 20% of bought energy originating from renewable sources.

Heating consumption, converted to MWh, encompasses various resources such as natural gas, heating oil, liquid petroleum gas, and fuel combustion (gasoline, diesel). In 2024, the total consumption for heating was reduced by 26% compared to 2023.

#### **Reduction of CO2 emissions**

About its carbon footprint, energy consumption/building management, material consumption, and mobility are the most key areas of focus. Addiko Bank aims to positively affect environmental and climate development, so efficiency, cost-effectiveness, and environmental considerations should be prioritized when selecting transportation, with rail travel being the preferred choice. Starting in 2024, three new plug-in hybrid vehicles are in use. The proportion of alternative drive vehicles will be 10% of the fleet, with a plan to increase this to 40% by 2025.

#### **Document Management System**

We are focused on the development and implementation of new products for our clients, aiding the transition towards a low-carbon society and a circular economy. Additionally, we offer fully digitalized financial services, dropping the need for any physical form factor. By using digitalization, we aim to continually expand our paperless operations.

### Paper Reduction and Sustainable Printing

Addiko Bank uses conventional, multi-purpose large printers, categorized in energy efficiency category A. The default settings on these printers are for double-sided printing and black-and-white printing. Paper printing is managed using ID cards.

Cardboard bins are provided for recycling in the office space. These bins offer a cost-effective and environmentally friendly way to separate recyclables in the office. Since the bins are made entirely of cardboard, they can be easily recycled at the end of their useful life.

Employees take part in the recycling process by sorting waste (paper, aluminium, P.E.T.) at their workplace. They also voluntarily collect plastic bottle caps for recycling to support the initiative “Bottle Caps for the Disabled”.

### General Awareness of Environmental Protection

We focus on developing general environmental knowledge and skills among our employees, including environmental protection, the rational use of resources such as implementing paperless operations, reducing electricity and water consumption, and minimizing carbon footprint. We emphasize the development of professional competencies in areas such as product development, sales, and customer relations. This ensures that employees understand and can effectively address Environmental, Social, and Governance (ESG) risks and opportunities, alongside developing financial products and financing conditions.

Additionally, we are committed to enhancing the professional competencies of employees in other key business processes essential for integrating ESG factors into their areas of expertise.

### b) Supplier Management

Addiko responsibly integrates the assessment of ESG (Environmental, Social, and Governance) risks at all stages of the procurement life cycle. ESG factors are embedded in procedures and other related procurement documents, which must be adhered to by employees, bidders, and suppliers.

A critical part of the procurement policy is the ESG due diligence process of the supply chain. All bidders and suppliers must complete a questionnaire on their environmental, social, human rights, and governance practices. In addition to these questionnaires, procurement officers regularly conduct other monitoring activities, such as reviewing media coverage on bidders and suppliers. To become suppliers for Addiko, bidders must meet legal, financial, and non-financial criteria, including those related to ESG, and follow predefined standards. If these criteria and standards are not satisfied, the bidder will not be selected.

### Human Rights

Addiko Bank respects the protection of internationally proclaimed human rights. Addiko Bank is committed to upholding the fundamental human rights of its employees, and expects vendors, partners and others who provide services on behalf of Addiko Bank to adhere to the same high standards.

Addiko Bank is committed to a workplace that is free from sexual, racial, and other unlawful harassment, and from threats or acts of violence or physical intimidation. Abusive, harassing, or other offensive conduct is unacceptable, whether verbal, physical or visual.

Addiko Bank's values and workplace behaviors are built on trust, respect, and integrity. Addiko Bank is an equal opportunity employer and bases its recruitment, employment, development, and promotion decisions solely on a person's ability and potential in relation to the needs of the job.



## **Anti-Corruption, Anti-Bribery**

Addiko Bank has a zero-tolerance approach when it comes to bribery and corruption. In that sense, all employees at every level of the organization follow the Group's standards and policies.

All forms of bribery and corruption, including giving or promising, directly or indirectly, anything of value to any employee or government official (including state-owned companies) or a political party, candidate for office, or to any person performing public duties or state functions in order to obtain or retain business or to secure an improper advantage with respect to any aspect of Addiko Bank's business, are strictly prohibited.

Gifts and invitations must always be proportionate and must not create a conflict of interest or the perception thereof. Addiko Bank expects the same from clients, business partners and third parties. Bribery and corruption are not accepted in any form.

It is strictly forbidden to request, take or offer any form of under-the-table payment, kickback, bribe, barter or other improper payment or gratuity in connection with any corporate expenditure or sale of goods or services.

Addiko Bank requires that all third-party agreements include a provision to comply with applicable anti-corruption laws.

In 2024, Addiko Bank did not discover or record any incident of corruption.

## **Whistleblowing**

Addiko Bank is committed to supporting a culture in which all employees are encouraged to raise concerns about unacceptable practices and misconduct, and has therefore implemented a whistleblowing process - as an early warning system - that enables employees to raise concerns about potential risks related to serious wrongdoing (including unethical, illegal, corrupt, or other inappropriate conduct) via various channels such as e-mail, post, Intranet, Internet, etc.

"Whistleblowers" will not suffer any disadvantage because of their whistleblowing undertakings. Addiko Bank strictly forbids retaliation against anyone who reports a possible infringement in good faith, no matter who is included in their report.

Reports are always handled in a strictly confidential manner, analyzed thoroughly, and managed with due care.

## **Conflict of Interest**

In line with the Addiko Bank Code of Business Conduct and Ethics, Compliance and Conflict of Interest Policy, respective guidelines and applicable legal stipulations, Addiko Bank can identify potential or actual conflicts of interest and manage them appropriately.

Addiko Bank's employees are expected to manage their relationships with each other, within Addiko Bank and outside of Addiko Bank with impartiality and honesty to commit to the highest level of integrity.

Employees must not use their positions for personal advantage. As a rule, all employees must keep away from and disclose ethical, legal, financial, or other conflicts of interest involving Addiko Bank and/or its clients and/or third parties and exclude themselves from a position of decision-making authority with respect to any conflict situation involving Addiko Bank. Special rules have been defined within the respective rules of procedure for Executive and Board of Directors members.

## 9. People & Culture Management

The People & Culture strategy is the main driver of the Addiko Bank culture.

The people & culture strategy is a driver of the cultural transformation of Addiko Bank. P&C processes of Addiko Bank possess quality and imply performance management, selection and recruiting, talent development, education and development of leadership skills aiming at ensuring agility of employee opinions and capabilities.

Our employees are the building blocks of our bank, defining the skills, culture code and success. Retaining and engaging qualified staff while attracting new talent is an enabler of the Bank's successful transformation. Addiko Bank aims to establish a good work environment to offer possibilities for further career development of its employees, to attract new talents and to become one of the most desirable employers.

Addiko Bank is committed to the Culture of Collaboration. These efforts underscore the Bank's stance as an equal opportunity employer dedicated to fostering a diverse and inclusive workforce. Proof of this culture in Addiko Bank can be the On-ramping program, that continued to develop through years, Teambuilding activities and different engagement and voluntary activities that included all employees.

All employees have equal opportunities for learning and development at the Bank. Addiko Bank actively encourages employees to apply for jobs internally and supports cross-departmental transfers.

### Employees Structure

At the end of 2024, a total of 613 employees were employed at Addiko Bank. Most Addiko Bank's employees have full-time, permanent employment contracts.

Type of contract		Working time	
PERMANENT	TEMPORARY	FULL TIME	PART TIME
89.23%	10.77%	93.31%	6.69%
547	66	572	41

### Age Structure and Seniority

The average overall age of Addiko Bank's employees is 41.52 years of age, while the average age in 2023 was 41.23 years. The trend of increasing of number of "Generation Z" employees and decreasing number of "Baby boomers" stabilized in previous year. The average seniority at Addiko Bank in 2024 was 6.57 years.

Age distribution by gender	Female		Male	
	HC	%	HC	%
Baby boomers (born between 1949-1965)	23	3.8%	9	1.5%
Generation X (born between 1966-1979)	156	25.4%	66	10.8%
Generation Y (born between 1980-1994)	198	32.3%	71	11.6%
Generation Z (born between 1995-2012)	74	12.1%	16	2.6%

## Educational Level

The education level across Addiko Bank shows that more than 41% of employees are educated with a bachelor's degree or higher.

The statistics show differences in educational level, whereby approximately 37% of female employees and around 56% of male employees have academic degrees.

## Wellbeing

As in previous years, in 2024 the focus is still on the well-being of employees. Employees have access to the Resilient platform, which offers a wide range of articles and webinars on various topics related to well-being. They also have the option to schedule confidential sessions with a psychotherapist to help balance their personal and professional lives. All employees benefit from private health insurance, which was identified as one of the most valued benefits in our recent Employee Engagement Survey.

Additionally, Addiko Bank implemented various initiatives annually aimed at promoting employee well-being. These initiatives include organizing sports events, team-building activities, Masterclass lectures on relevant topics, etc.

## Diversity and Equal Opportunities

Addiko Bank is committed to establishing a diverse and inclusive workforce irrespective of gender, race, nationality, religion, national origin, ethnicity, LGBTIQ sexual orientation, age, colour, marital status and parental status.

EoY 2024 (Gender, Type of contract)	Gender distribution		
	TOTAL	FEMALE	MALE
Percentage	100.00%	73.57%	26.43%
Total	613	451	162

The principles of diversity and inclusion are integral to Addiko Bank's corporate culture and are reflected in all organizational processes, including selection, recruitment, compensation, talent management, internal promotions, and employee development, and all others.

Collaboration with the Youth with Disabilities Forum has continued in the area of facilitating professional internships across various sectors of the Bank.

All job descriptions, internal communications, and job postings use gender-sensitive language.

In 2024 no incidents of discrimination were identified.

## Recognition & Awards

Addiko Bank a.d. Beograd was granted the fifth "Employer Partner Certificate", and with this kept its recognised status as companies with high standards of Human Resource management. Also, Addiko Bank received the letter of appreciation for its contribution from humanitarian organization Dečje Srce and Youth with Disabilities Forum.

## 10. Financial Risk Management

The Addiko Bank risk management system is focused at providing, by observing and applying risk management principles, policies, and procedures, that the risks the Bank is exposed to in its operation are minimized to the largest possible extent, that all aspects of the Bank's business operations are stable and sensitive to negative internal and external factors to the smallest possible extent and that the Bank's risk profile satisfies requirements of prudent banking operation in every moment.

The Bank's risk strategy stems from its business strategy and depicts planned business structure, strategic development, and growth with considering processes, methodologies, and organizational structure relevant for managing risk factors.

The stated strategy is setting a framework for monitoring, controlling and limiting risks to which the Bank is exposed in its operations, while ensuring adequacy of internal capital, liquidity position, solvency position and total profitability. Policies and procedures for managing individual risks are grounded on requirements of laws and bylaws of the National Bank of Serbia and guidelines, principles, and relevant documents of the Addiko Group.

The Bank established a comprehensive risk management system which is integrated in all business activities and always ensures the compliance of the Bank's risk profile with the established risk appetite statement - RAS. The risk management framework defines the level of risks acceptable by the Bank. Measures of the RAS definition is calibrated with consideration of the business plan, risk strategy and recovery plan representing a framework for adequate internal risk management and control.

Additionally, within its strategic risk management, the Bank implements another key process - Internal Capital Adequacy Assessment Process - ICAAP to establish the level of capital sufficient to cover all material risks the Bank is exposed to. The ICAAP serves as a tool for assessment of internal capital adequacy in relation to the Bank's risk profile and implementation of the Bank's strategy applied to preserve adequate internal capital level.

During the year 2024, the Bank's risk management (risk identification, measurement/assessment, mitigation, and monitoring) was performed by the following:

- Bank bodies and other committees envisaged by the Law on Banks - Board of Directors, Executive Board, Audit Committee, Asset & Liability Management Committee (ALCO) and Credit Committee.
- Working bodies of the Executive Board of the Bank - Risk Control Advisory Body, Operational Risk Advisory Body and IT Risk Advisory Body
- Organizational units of the Bank - Risk Control Department, Credit Risk Management Division, Balance Sheet Management and Treasury Department, Compliance Department, Non-Financial Risk Management Department, and other organizational parts of the Bank when needed.

The key risks the Addiko Bank is exposed to are inherent in the Bank's business and market conditions and they are manifested as the credit risk, liquidity risk, interest rate risk, market risks, operational risk, and other risks, such as the risk of investments in legal entities and fixed assets and country risk.

### 10.1. Credit Risk

According to the adopted policies and procedures, rules and criteria for approving new placements are established and activities to be undertaken and obligations and responsibilities of people involved in the credit risk monitoring process are defined. All of them are used in the process of credit risk assessment and monitoring which is performed at the level of individual clients and groups of related parties.

The possible impact of changes in the macroeconomic environment and business conditions on the business and credit-worthiness of clients were considered during 2024. According to the results of the analysis, appropriate adjustments to the criteria and conditions for approval of new loans were made, as well as in the way of monitoring and exposure strategies for existing clients. The aim of the adjustments was reducing the potential unwanted consequences of external factors and maintaining the desired risk appetite.

The credit risk identification, assessment, measurement, and management are implemented on an ongoing basis and covers the total Bank portfolio prone to credit risk.

During 2024 Bank's impairment methodology under IFRS 9 was additionally improved by shifting to Lifetime PD in staging process and recalculating rating and PD at origination when needed in case when underlying rating model is re-developed (or re-calibrated). In addition, new macroeconomic models for PD and new LGD models were developed.

In 2024, the Bank was fully compliant with the Basel III standards of capital adequacy. As of 31 December 2024, the capital adequacy ratio (CAR) stood at 31.87%, with the Common Equity Tier 1 capital ratio (equaling the Tier 1 capital ratio) also at 31.87%.

## 10.2. Liquidity Risk and Interest Rate Risk

The Bank's liquidity risk management system is based on measures and criteria prescribed by the National Bank of Serbia, and it is focused on short-term and structural liquidity, with implementing an adequate limit system and early warning policies and procedures compliant with the ICAAP and ILAAP (Internal Liquidity Adequacy Assessment Process) and liquidity risk management principles of the Addiko Group.

The liquidity risk management activities in the course of 2024 were aimed at measurement, monitoring and reporting on forecasts of liquidity inflows and outflows, liquidity reserves in various scenarios of normal business and potential liquidity crises and at monitoring and regular reporting to Bank bodies and ALCO on movements of regulatory liquidity ratios (liquidity ratio and narrow liquidity ratio - LIK, liquidity coverage ratio - LCR, Net Stable Funding Ratio - NSFR) and other liquidity ratios according to the internal methodology of the Bank or the Basel III standard (Loan to local stable funding ratio - LLSFR, Liquidity Reserve - Counterbalancing Capacity and Time to Wall - T2W).

In the course of 2024, all liquidity ratios, both regulatory and internally defined, in relation to liquidity risk management were aligned and above the prescribed limits. The liquidity ratios prescribed by regulations of the National Bank of Serbia as of 31 December 2024 were as follows: liquidity ratio: 2.88, narrow liquidity ratio: 2.33, LCR: 281% and NSFR: 184%.

The interest rate risk management system of the Bank is based on principles prescribed by the National Bank of Serbia and the Addiko Group, focusing on the analysis, measurement, monitoring, and reporting on banking book interest rate risk. In the course of 2024, all interest rate risk ratios of the Bank were aligned and within limits defined by the Bank's policies and procedures on interest rate risk management.

## 10.3. FX Risk and Other Market Risks

In accordance with the Decision of the National Bank of Serbia on Capital Adequacy of Banks, the Bank must maintain the foreign exchange risk ratio, being the ratio between the total net open FX position and the capital of the Bank, so that the total net open FX position of the Bank, including the absolute value of the net open position in gold, at the end of each business day, does not exceed 20% of the Bank's capital. In the course of 2024, the FX risk ratio of the Bank was aligned with requirements of the National Bank of Serbia and as of 31 December 2024, it stood at 6.82%.

Market risk management of the Bank is regulated by adequate policies defining the manner of implementing criteria and measures prescribed by the National Bank of Serbia and principles of the Addiko Group for market risk control and management adopted, at a proposal of the Executive Board, by the Board of Directors of the Bank. In the course of 2024, the Bank managed and continually aligned the level of exposure to the price risk stemming from Bank investments in debt securities, and the exposure was predominantly generated from Bank investments in government securities of the Republic of Serbia.

#### 10.4. Exposure Risk

The risk of exposure to one person or a group of related people is controlled and monitored through unified databases of information on related people, active monitoring, and the regulatory reporting process.

In the course of 2024, the Bank did not record any exceeding of regulatory limits of exposure to one person/group of related persons, which was regularly reported to the Risk Control Advisory Body and bodies of the Bank.

#### 10.5. Operational Risk

Aiming at comprehensive monitoring of Bank's exposure to the operational risk, the operational risk management system is based on standard principles of identification through obtaining and classifying data on operational risk events and related losses, implementing and monitoring measures for the elimination and mitigation and regular reporting to Bank bodies and the Operational Risk Advisory Body, focusing on timely analysis of causes and proposals of measures for minimization of Bank's exposure to the operational risk.

In the course of 2024, the Bank continued assessing potential operational risks from new products and outsourcing, as well as the Risk and Control Self-Assessment.

The calculation of the capital requirement for operational risk is based on the Basic indicator approach according to which the capital requirement for operational risk of the Bank as of 31 December 2024 stood at RSD 1 billion.

#### 10.6. Adequacy of the Risk Management System

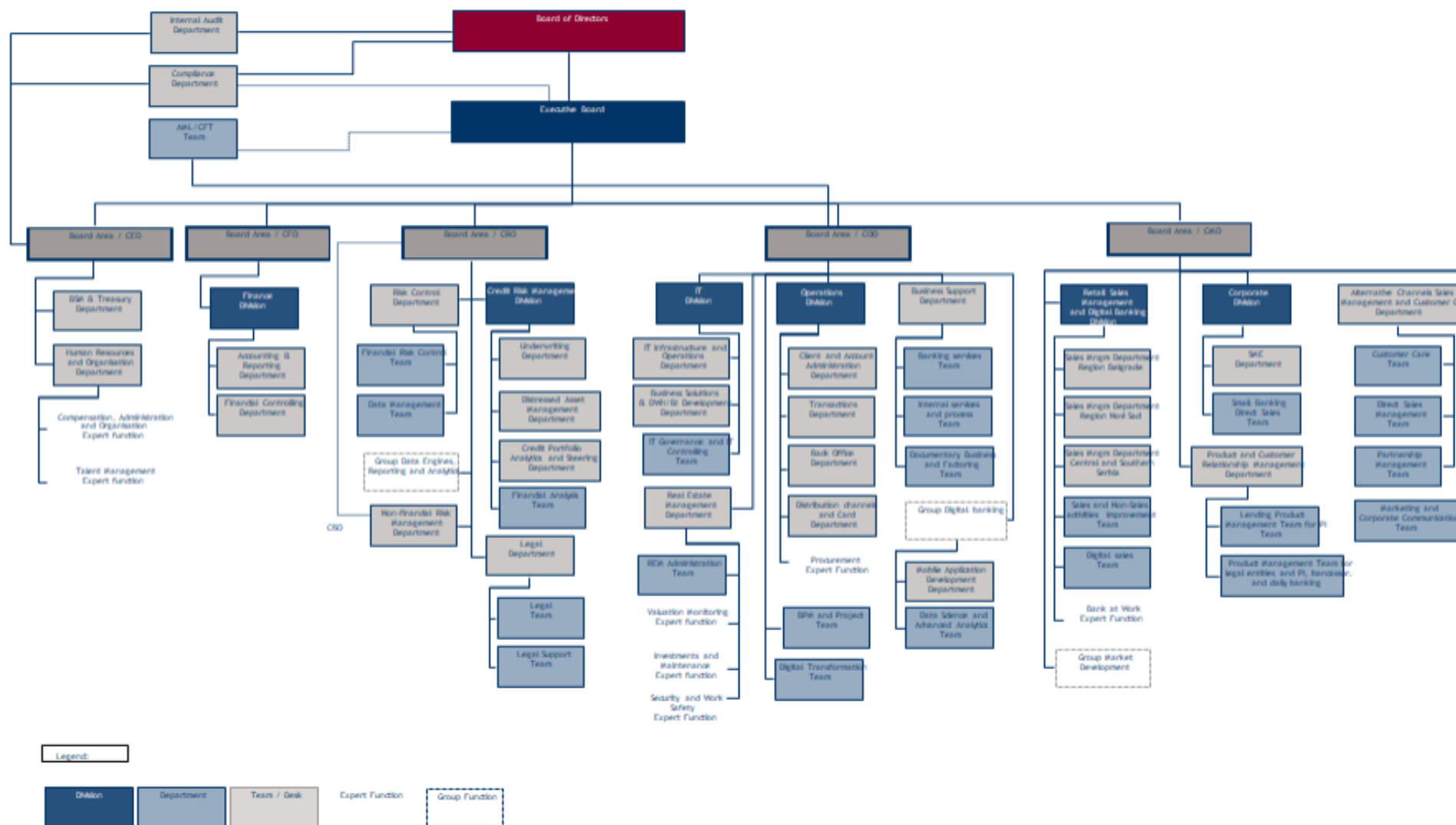
During the year 2024, the Bank's risk management system was adequate, in view of the following facts for the period:

- The Bank maintains regulatory and internal ratios of exposure to significant risks, considering prescribed limits and regularly monitored and reported to the management bodies and working bodies of the Bank, including the ratios envisaged by the effective recovery plan.
- The Bank regularly monitored exposures to several types of risk in relation to regulatory and internal limits and timely defined measures for limit breaching prevention.
- The Bank implemented ICAAP regularly and focused that all calculated capital values aligned with internal and regulatory limits.
- Improvements of Banks system of integrated risk management have been made, among other considering special focus on the Supervisory Review and Evaluation Process (SREP) recommendations, i.e. recommendations from the National Bank of Serbia note. The Bank has continuously complied with the MREL limit determined by local regulator based on performance shown within quarterly reports, as well as percentage based on SREP note.
- The Bank has continued to improve the IFRS 9 standard implementation for the calculation of impairment of financial assets by shifting to Lifetime PD in staging process and recalculating rating and PD at origination when needed, as well as applying new macroeconomic forecasts, redeveloping macroeconomic models for PD and redeveloping LGD models.



## 11. Organizational Chart

The organizational chart of the Bank as of 31 December 2023 is presented below:



**Belgrade, March 17<sup>th</sup>, 2025**

Addiko Bank a.d. Belgrade

**EXECUTIVE BOARD**

**Srđan Kondić**  
Chairman of the Executive Board

**Vladimir Stanisavljević**  
Deputy Chairman of Executive Board

**Miloš Nedeljković**  
Member of the Executive Board